Exhibit D
Testimony of James P. Ward
Case No. 08-G-1392
(filed Nov. 26, 2008)

Q. Please state your name, profession and place of business.

A. My name is James P. Ward. I am the Manager, Strategic Accounts & Planning at St. Lawrence Gas Company, Inc. which has its main office at 33 Stearns St., Massena, New York.

Q. What is your education and professional background which might be relevant to this proceeding?

A. I graduated from the State University of New York at Canton with an Associates of Applied Science Degree in Business Administration in 1980. In 1982, I graduated from the State University of New York at Plattsburgh with a Bachelors of Science Degree in Business Administration. I have been employed by the Company for more than 24 years in a variety of positions. From January 1993 to August 2001, I held the position of Assistant to the Treasurer. In this position my duties included gas cost accounting, Gas Adjustment Clause ("GAC") calculations and gas cost and revenue forecasting for budgeting and rate case purposes. I also worked with the Treasurer on various regulatory issues.

On August 1, 2001, I was promoted to the position of Manager Gas Supply and on May 14, 2002, I assumed additional responsibilities and my job title changed to Manager, Strategic Accounts and Planning. On October 1, 2004, my responsibilities were increased to include the management of the Utility Sales and Customer Relations functions.

Q. Have you previously submitted testimony before the Public Service Commission?

A. Yes, I submitted testimony relating to gas supply, aggregation, interruptible incentive sharing revenues and the requirement of a new billing system as part of Case 02-G-1275.
In 2005, I submitted testimony relating to gas supply, the status of the Three Nations Bridge replacement, the Company's Service Quality Performance Mechanism, the status of the Franklin County expansion project and the status of residential and commercial aggregation as part of Case 05-G-1635.

Q. What is the purpose of your testimony?

A. My testimony will address the following topics:

a. Gas Purchasing Practices

b. Three Nations Bridge

c. Expansion into Franklin County

d. AG-Energy Cogeneration Facility

e. Energy Efficiency Program

f. Billing System

Gas Purchasing Practices

Q. Can you please describe the gas supply arrangements of the Company?

A. The Company currently holds Firm Transportation Service ("Firm Service") contracts on the TransCanada Pipeline System ("TCPL") with a capacity of 11,246 Gigajoules/day. This Firm Service capacity has a receipt point of Empress Alberta and delivery point at the Niagara Gas Transmission Limited ("Niagara Gas") interconnection at Cornwall, Ontario. Three transportation customers have reserved a portion of this Firm Service capacity equal to 907 Gigajoules/day. The balance of 10,339 Gigajoules/day Firm Service capacity is filled through short term commodity contracts with various suppliers.

Q. How does the Company purchase its commodity requirements?

A. The Company relies on the expertise of Enbridge Gas Services Inc. ("EGSI") for assistance with commodity purchases. When commodity purchases are required the Company informs EGSI of the necessary information required to develop an RFP for the commodity purchase. EGSI then submits an RFP to approved commodity suppliers. Once all offers are received, the Company and EGSI mutually agree on the best offer. Commodity pricing, available credit, level of service and other considerations are reviewed and discussed before a final determination is made.

Q. What other supply arrangements does the Company utilize?

A. The Company holds 1 billion cubic feet of storage capacity ("Storage"). Firm supplies are injected into Storage during periods of low demand and withdrawn from Storage during periods of high demand. Storage is obtained through an RFP process and is designed to align with the daily base load commodity purchases. Storage is currently split evenly between Union Gas Limited located in Southern Ontario and Bluewater Gas Storage LLC located in Michigan. Both Storage contracts will expire on March 31, 2010.

The Company contracts for winter firm service through an RFP process with the assistance of EGSI. Winter firm service is defined as a supply of natural gas including the delivery, via firm transportation capacity on TCPL, to the Niagara Gas interconnection at Cornwall, Ontario or to the Iroquois Gas Transmission System interconnection near Waddington, N.Y. The use of winter firm service contracts provides a secure supply for the winter period only and as a result reduces the total amount of TCPL capacity the Company is required to purchase on a year-round basis.

Short term firm capacity ("STFT") on TCPL is also used for the winter period only. STFT is long haul firm capacity contracted for individual winter months and allows the Company to purchase additional supplies, priced at the monthly AECO C/N.I.T (7A) index ("AECO"), to cover peak winter demand. STFT is not always available.

The Company uses a combination of winter firm service, STFT, peaking contracts, pipeline balancing accounts and interruptible curtailment to supply the system during periods of high demand

when its base load firm service and storage deliveries are not adequate to meet total system requirements.

The St. Lawrence Gas system is also connected to the Iroquois Gas Transmission System ("IGTS") at three locations; the Lisbon Gate, the Edwards Gate, and the New Bremen Gate. Gas supply on the IGTS pipeline is primarily delivered by transportation customers including two cogeneration customers, AG-Energy which has gas delivered at the Lisbon Gate and WPS Energy which has gas delivered at the New Bremen Gate.

The goal of the Company's purchasing strategy is to provide a reliable source of natural gas to its customers at an affordable cost. The current supply portfolio as discussed above is diversified and provides a reliable source of firm supply for its sales customers and also provides the required supply for the load balancing service provided to both sales and transportation customers.

Q. Can you explain how the Company limits price volatility for its customers?

A. To limit the price volatility associated with winter natural gas prices the Company uses financial hedges for a portion of its base load supply contracts. Financial hedges are based on supply contracts in place and their associated monthly index pricing. The Company's base load supply, for example, is contracted at the monthly AECO index. Hedges are then based on a portion of the contracted supply and the hedge price is based on the monthly AECO index.

The hedging strategy utilized by the Company requires hedging for prices associated with commodity contracts in place for the period beginning November 1 and continuing through March 31 each year. Hedge frequency is limited however due to the relatively small size of the Company's supply portfolio. The typical minimum requirement to complete a financial hedge is 1,250 Gj's per day, or 20% of the Company's planned daily hedged volume.

The Company mitigates market volatility by spreading hedge transactions over the period beginning April 1 through September 30th to be effective for the following winter period.

To remove speculation one hedge must be completed each month from April through July with one final hedge completed by September 30th.

For the 2008-2009 winter season the Company has hedged commodity contracts in place for approximately 30% of its firm supply requirements. Storage accounts for an additional 37% of the winter supply requirements. The combination of hedged commodity contracts and storage provides a level of price protection for 68% of the Company's winter supply portfolio. The remaining balance of base load supply floats on monthly index pricing.

Q. Does St. Lawrence Gas rely on Enbridge for assistance with hedge transactions?

A. Yes, the Company utilizes the expertise of Enbridge Risk Management (US) LLC ("Enbridge Risk Management") to complete financial hedge transactions. Transactions are based on the terms of an ISDA Master Agreement between the Company and Enbridge Risk Management and each transaction

is confirmed by a written confirmation signed by two officers of both the Company and Enbridge Risk Management.

Before each scheduled hedge transaction the Manager of Strategic Accounts & Planning and Enbridge Risk Management discuss current market conditions and review pricing options under different hedging instruments (e.g. swap, call, collar). A mutual decision is made as to the preferred instrument based on current market pricing, instrument premium costs and market intelligence.

The un-hedged portion of the base load supply floats on the monthly AECO index. Monthly index pricing also tends to limit price volatility by reducing the large price swings associated with daily market pricing. This portion of supply represents approximately 20% of the 2008-2009 winter requirements.

The balance of winter supply is made up of winter firm service, typically based on the monthly New York Mercantile Exchange ("NYMEX") rate and supply purchased to fill STFT based on the monthly AECO rate. Winter firm and STFT supplies account for

approximately 12% of the 2008-2009 winter supply and are not hedged. In total 30% of the 2008-2009 winter supply is hedged, 37% comes from storage and 33% floats on monthly index pricing.

The Company's plan to mitigate price volatility has continued to evolve over the last several years and is reviewed annually as system requirements and market conditions change.

Three Nations Bridge

Q. Mr. Ward, can you please describe the status of the Three Nations Bridge replacement?

A. St. Lawrence Gas receives 93% of its throughput (excluding cogeneration throughput) via the Niagara Gas pipeline which is owned and operated by Niagara Gas Transmission Limited ("Niagara Gas"), a wholly owned subsidiary of Enbridge Energy Distribution Inc. The Niagara Gas pipeline connects TransCanada Pipeline with the St. Lawrence Gas distribution system. A section of the pipeline is suspended from the two bridges that span the St. Lawrence River near Cornwall, Ontario. The North Channel Bridge links Cornwall, Ontario to

Cornwall Island, and the South Channel Bridge links Cornwall Island to the State of New York. The Federal Bridge Corporation Limited ("FBCL") of Canada manages the right-of-way for both bridges. The right-of-way crosses through the Akwesasne, Mohawk Reservation.

In April 2002 the FBCL notified Niagara Gas that the license to operate the pipeline on the North and South Channel Bridge was terminated. This termination was due to a plan to construct a new low-level bridge as a replacement for the North Channel Bridge. A North Channel Bridge replacement will necessitate the removal of the Niagara Gas Pipeline before the bridge can be demolished.

Soon after the termination notification was received, Niagara Gas began discussions with key stakeholders, including St. Lawrence Gas, as to the possible ramifications of relocating the pipeline. St. Lawrence Gas met with its largest customers to discuss the situation and to gather data to be used in various reports to be presented to the FBCL by Niagara Gas.

In April 2003 Niagara Gas issued a Preliminary Assessment which restated its desire to maintain the existing crossing location but also discussed options for relocating the pipeline.

Since 2003 representatives of NGTL, the FBCL and the Mohawk Council of Akwesasne ("MCA") have met several times to work out issues related to the existing pipeline and the location of the new pipeline. Safety and security issues were discussed relating to the existing pipeline and have been addressed.

As of the date of this filing, the FBCL has renewed NGTL's license to be on the existing North Channel Bridge and has also indicated their willingness to accept and consider an application by NGTL to install a new gas pipeline on the proposed new low-level North Channel Bridge.

As part of the agreement to allow NGTL to place the pipeline on the new low-level North Channel Bridge, FBCL has insisted that NGTL reach an agreement with the MCA on a memorandum of

understanding to ensure NGTL's ability to continue to operate the existing pipeline on the Cornwall Island

Dialogue continues in an effort to reach a compromise among all parties directly involved in the negotiations including the FBCL, the MCA & NGTL.

Q. Can you explain how costs incurred by NGTL for work done in relation to the Three Nations Bridge replacement are recovered?

A. Yes, NGTL bills the Company a fixed charge each month. Costs and revenue are reconciled on an annual basis and a one time adjustment is invoiced or credited to the Company. All expenses and capital costs are recovered by NGTL through the monthly invoices.

The NGTL charges are recovered by the Company through the Company's GAC calculation and are part of the Gas Interconnection charge. The Gas Interconnection charge is a per therm rate charged to all firm customers.

Q. How will the cost of the new pipeline be recovered?

A. If a new pipeline is built on the new North Channel Bridge the costs incurred by NGTL will be capitalized and recovered through the monthly invoice to the Company. The Company will recover these costs through the Gas Interconnection GAC charge.

Q. Does the Company expect major changes to its existing distribution system if the new bridge is built?

A. No, if the new pipeline is built on the new North Channel Bridge, as expected, there will not be any major changes required to the existing Company distribution system. If however NGTL is not successful in its negotiations and they are not allowed to build the pipeline on the new bridge the Company would be forced to look at other options that may include major changes to its distribution system.

Expansion into Franklin County

Q. Can you please explain the status of the Company's expansion plans into Franklin County?

A. Franklin County is a rural county located in northern New York State about 180 miles north of Albany. The economy of Northern Franklin County is largely dependent on the employment provided by the dairy industry and the New York State Department of Corrections facilities located in Malone and Chateaugay. The introduction of natural gas to Franklin County will not only provide significant economic and environmental benefits to the immediate area but the estimated savings generated from the conversion to natural gas by the state facilities will also benefit the entire State of New York.

The Company has been looking to expand its distribution system into Northern Franklin County since the late 1990's. However, the projected revenues generated from the project are not sufficient to produce the allowed rate of return (currently 7.77%) by the fifth year of development as directed under the State of New York Public Service Commission Policy Statement (Case 89-G-078). The current estimated capital costs of $19.6 million produce a revenue shortfall of approximately $7.5 million. The Company has requested that the Franklin County IDA and the St. Lawrence County IDA ("IDA's") assist the Company in its

acquisition and construction of the natural gas pipeline and distribution system. It was determined that IDA assistance can provide the funding necessary to cover the revenue shortfall through a funding mechanism that will include a $7.5 million allocation from state and federal agencies that will be paid directly to the IDA's. The IDA's will disperse the funds to pay for a portion of the mains located in the expansion area. St. Lawrence Gas will operate and maintain but not own those facilities paid by IDA funding. This mechanism has been used successfully in other New York Article VII/Section 68 cases (Case 04-G-0537 & Case 98-G-1024).

Discussions with local, state and federal officials began in 2005 and have been ongoing with very significant progress. All parties to the discussions agree that the project is worthwhile and that funding should be made available. As of the date of this testimony the following sources of funds have been secured for the project. A $300,000 grant from the Franklin County Legislature was announced on February 21, 2008. This grant will be used to assist the Company in preparing portions of the work required to complete an Article VII filing. A $2 million

allocation in the 2008 state budget through Senator Betty Little was announced on April 9, 2008.

The Company is committed to this project and is preparing to undertake the necessary steps to move forward with an Article VII filing with the Public Service Commission. The Company has recently made a commitment to proceed with an aerial survey of the expansion area during the fall of 2008. The formal Article VII filing can not be completed, however, until all funding sources have been identified. The Company has set a goal of January 1, 2009 to clearly identify the remaining funding sources.

AG-Energy Cogeneration Facility

Q. Can you please explain the status of the AG-Energy Cogen?

A. AG-Energy, L.P. ("AGE") owns and operates a 79 MW electric and steam generating facility located in Ogdensburg, NY. The Company entered into a 20 year interruptible gas transportation agreement with AGE dated April 20, 1992 with an expected first delivery on or about June 1, 1993.

The facility was designed and built as a base load facility and during the first years of operation the unit ran as designed. However, as prices for electricity and gas changed over time, the facility changed its mode of operation, generating electricity as a peaking facility only and providing a small amount of steam required by its host facilities. AGE's annual usage pattern ranged from 3.5 to 4.2 million Mcf's in the period 1994 to 1998. Since then, usage has declined with the low occurring in 2007 at 206,000 Mcf's.

On June 17, 2005, AGE petitioned the New York Public Service Commission ("PSC") for approval to transfer the ownership to Alliance Energy New York, L.L.C. ("Alliance"). This approval was granted September 7, 2005. Alliance immediately began a routine of paying its monthly invoices to the Company on a 60 to 90 day plus lag and requested that the existing transportation contract be renegotiated with the goal of eliminating minimum take provisions and reducing fixed monthly fees. The Company has refused to negotiate the terms of the agreement unless monthly invoices are paid on time which has not happened.

In order to serve AGE, SLG constructed a 12.5 mile, 8" steel main connecting the facility to the Company's interconnection with the Iroquois Gas Transmission System at Lisbon, New York. A total capital investment of $2,174,526 was required. To recover the cost of investment and to earn a reasonable return the interruptible transportation contract was designed to include two fixed charges and one variable charge. The Monthly Facilities Charge ("MFC") was designed to recover the costs of dedicated investments and a Property Tax Demand Charge ("PTDC") was established to collect the fixed property taxes associated with the dedicated facilities required to serve AGE. A volumetric charge was established at $0.005 per therm, using the Implicit Price Deflator as a price escalator.

The contract also included a minimum annual charge ("MAC"). The MAC was defined as the sum of the minimum monthly charges (the MFC and PTDC) and a minimum annual transportation quantity of 3 million Mcf's multiplied by the current year's therm rate, adjusted for the number of days interrupted during the year. Since the plant was initially designed to be operated as base load facility, the minimum annual charge was

not expected to come into play as the facility would not fall below the minimum annual quantity of 3 million Mcf's.

On August 30, 2007, AGE filed a letter with the New York State Public Service Commission ("PSC") giving notice of its intent to cease its provision of steam service to its host facility, the St. Lawrence Psychiatric Center, and to relinquish its certificate of public convenience and necessity to provide steam service. On December 6, 2007, the Company filed comments in response to AGE's proposal. As of November 26, 2008, the Company is not aware of any decision on AGE's request.

The facility has recently removed its two generating turbines but continues to provide steam to the St. Lawrence Psychiatric Center. Local news articles and the Alliance website indicate that the facility hopes to produce electricity through biomass fuel. Payments of SLG's invoices continue on a 30 to 60 day lag.

Energy Efficiency Program

Q. Can you please explain the status of the Company's Energy Efficiency Program?

A. On May 16, 2007, the Commission issued an Order Instituting Proceeding, establishing the goals to facilitate the design of an energy efficiency portfolio standard in New York State. On June 23, 2008 the Commission issued an Order Establishing Energy Efficiency Portfolio Standard and Approving Programs. In this order the Commission authorized gas utilities serving more than 14,000 customers to establish surcharges to collect revenue to cover costs associated with energy efficiency programs. These costs were summarized in Appendix 1, Table 18 of the Order. On July 3, 2008 an Errata Notice was issued in which Appendix 1, Table 18 was revised to include both Corning Natural Gas Corporation and St. Lawrence Gas Company, Inc. The Company did not participate in and was not included in the proceeding until the June 23, 2008 Order was clarified through the July 3, 2008 Errata Notice.

To comply with the Commission Order the Company has collaborated with other utilities, NYSERDA and other parties and has developed a preliminary Energy Efficiency Plan ("EEP"). The EEP was filed with the New York State Public Service Commission on August 22, 2008 and later revised on September 23, 2008.

The Company's EEP has been developed to promote the efficient use of energy, including natural gas. The EEP has two major components: (1) incentive rebates on high efficiency appliances and controls, and (2) customer outreach and education.

The Company began charging a System Benefits Charge ("SBC") effective October 1, 2008 for all Residential customer accounts. The SBC is billed as a separate line item "System Benefits Charge" on all residential gas bills. Revenue collected through the SBC will be used specifically for EEP costs.

The Company will hire one part-time employee, who will administer the EEP. The part-time employee will report to the

Manager of Strategic Accounts & Planning. Together, those two employees will have responsibility for the entire program. Costs associated with the part-time position and costs of implementing the programs will be recovered through the SBC.

Billing System

Q. Can you please explain the status of the Company's billing system?

A. On August 30, 2005 the Company purchased a new billing system from Optiron Corporation ("Optiron"). A new billing system was deemed necessary to provide the Company with a solution to accommodate a single bill for both the Company's charges and charges associated with ESCO aggregation of small commercial and residential customers. A new system was also intended to provide additional functionality and productivity to the billing process. The Readi System ("Readi"), distributed by Optiron was selected through an RFP process as the best solution for the Company as Readi could provide everyday billing functionality, the ability to account for and bill ESCO charges, EDI capability, bill frequency calculations and additional functionality.

In June 2006 the Company went live with the Readi system. After more than two years the system is not working as envisioned and there are still components of the system that have not been put into production. Billing errors, unexpected results, bill print problems and a very small available workforce at Optiron have created difficulties for the Company. The Company has been forced to increase resources to work through everyday billing problems. The Supervisor of Billing has been reassigned to deal with billing corrections and testing. The duties performed by the Supervisor of Billing have been transferred to the Supervisor of Collections. This move has helped the Company deal with billing system issues but has also put a strain on the billing department. To combat this loss the Company has incorporated a new full time position in the rate year. This new position is a direct result of the additional workload required to handle billing system issues and system testing.

Certain components of the system including the retail access component, on-line functionality and large volume billing have been put on hold until the main billing system is stabilized.

Q. How does the Company propose to solve the issues related to the billing system?

A. The Company continues to work with Optiron to solve outstanding billing and operational issues. Weekly conference calls are held with Optiron and Company management to prioritize issues and work schedules. While some progress has been made there are many issues that have not yet been resolved. The Company is therefore reluctant to move forward with any of the remaining functionality including the retail access component. It is the Company's opinion that the Readi system may never meet the every day billing needs of the Company.

If the remaining billing system issues can not be resolved in the short term, the Company will look to replace the Readi system with a different billing solution. Preparation for a possible replacement solution will include the following actions. First the Company is proposing to reduce the length of depreciation for

the Readi system from 10 years to 5 years. This depreciation change has been incorporated into the rate year (See Exhibit 7, Schedule 16).

The second step required to prepare for a new billing solution is to seek a permanent exemption from the requirement to offer a single bill to retail access customers (Case 99-M-0631). The Readi system was chosen, in part, based on its ability to bill and account for Retail Access customers. If the single bill requirement had not been in place the Company would have most likely stayed with its existing billing system vendor. In the event that a new system or solution is needed, the fact that the Company is not required to bill and account for ESCO charges will create more vendor choices and reduce the complexity required under the new billing solution. The Company proposes that it could still offer customers a choice of suppliers but the supplier would bear the responsibility for providing an invoice for commodity separately from the Company's invoice for distribution.

The requirement to offer a single bill to retail access customers has not yet become an issue as the Company does not have any ESCOs who are currently aggregating customers within its service territory. ESCO's who are not currently operating in the St. Lawrence Gas service territory also do not appear too eager to provide aggregation service. In fact the Company has completed two separate surveys of all New York State ESCOs. These surveys were designed to determine the level of interest in providing aggregation to customers within the Company's service territory as ordered in Case 05-G-1635. The first survey was completed in April 2007 and the second survey was completed in July 2008. Both surveys showed a very low interest in participating in an aggregation program. With low interest on the part of ESCO's and the increased complexity required to bill and account for ESCO charges an exemption from the requirement to offer the single bill option seems appropriate.

Q. Does this conclude your testimony?

A. Yes, it does.