

EXECUTIVE OFFICES

INTERMOUNTAIN GAS COMPANY

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IDAHO PUBLIC
UTILITIES COMMISSION

February 5, 2003

Ms. Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, ID 83720-0074

Re: Case No. INT-G-01-1
Supplemental Comments of Intermountain Gas Company

Dear Ms. Jewell:

On February 7, 2001 the Commission initiated Case No. INT-G-01-1 to begin an investigation into the Purchased Gas Adjustment (PGA) Mechanism and the natural gas purchasing policies of Intermountain Gas Company. What ensued was a cooperative effort by the Staff and the Company that culminated in approximately 70 pages of investigative findings, which were filed by the Staff on May 22, 2001 and additionally commented on by the Company on June 1, 2001. Subsequent to these dates and given the amount of time that has elapsed since efforts were initially directed toward these matters, the Commission asked the Staff and Company on January 21, 2003 to provide any updating remarks.

The Commission Staff, per their filed remarks dated January 24, 2003, reaffirmed their endorsement of the current PGA mechanism. Intermountain continues to support the use of the PGA mechanism as an efficient tool in managing the natural gas cost component of our customer's prices.

The natural gas purchasing policies and practices of Intermountain Gas Company continue to be documented and maintained for Staff review. Through ongoing open dialog with the Staff, which includes periodic documentation review, the prudence of Intermountain's purchased gas costs have been validated. Intermountain is committed to a continuance of these documentation efforts and open dialog with the Commission Staff.

Intermountain filed its 2002 Natural Gas Integrated Resource Plan (IRP) on April 19, 2002. The Plan contained a "point in time" perspective on natural gas demand and the supply options necessary to serve Intermountain's growing customer base. Included within this perspective were measures promoting the efficient use of natural gas for Intermountain's residential, commercial and industrial customers. Intermountain will continue to endorse and encourage the wise and efficient use of energy in general and, in particular, natural gas. These efforts will continue to be an integral component of Intermountain's IRP which is filed with this Commission and presented to our customers on a regular basis.

Sincerely,

Michael P. McGrath
Director
Market Services and Regulatory Affairs

MPM/slk