

EXECUTIVE OFFICES

INTERMOUNTAIN GAS COMPANY

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IDAHO PUBLIC
UTILITIES COMMISSION

April 11, 2003

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

Re: Case No. INT-G-01-1
Order No. 29199

Pursuant to the above referenced Case and Order number, Intermountain was directed, among other things, "to provide to Staff: 1) a complete statement of qualifications for IGI Resources; 2) a complete list of the services that IGI Resources provides to Intermountain Gas Company; 3) a complete list of other available services offered by IGI Resources not currently utilized by Intermountain Gas Company; and 4) a complete list of services and qualifications the Company finds necessary in a marketing service provider."

As a result of the maturing of the natural gas industry in a deregulated environment since its inception in late 1985, together with a the significant number of industry participants that have entered and then exited the market over the past 18 years (particularly the past 3 years) Intermountain ascertains that the standards for qualification as a service provider acceptable to serve its needs has risen quite substantially over the years. At a minimum, for any service provider to be acceptable to Intermountain, the following minimum qualifications and services are required. IGI Resources currently meets all of these minimum qualifications:

QUALIFICATIONS:

- Corporate credit rating of Standard & Poor's BBB+ or Moody's baa1.
- Demonstrated and documented ability of providing requisite services to other utilities.
- Minimum of 5 years experience in the industry for providing of such services with specific demonstrated expertise over such period on Northwest, PGT, ANG, NOVA and Westcoast pipelines.
- Demonstrated commitment of staffing to provide such services.
- Operations department which works and is available 24 hours a day, 365 days a year.
- Local or regional geographic presence of personnel.

SERVICES:

Operational Services

- Perform all requisite daily nomination, balancing and scheduling as between all Intermountain suppliers and all applicable interstate pipelines.
- Daily balancing of Intermountain's load as between residential – commercial nominations and industrial transportation nominations under several different transportation rate schedules.
- Nomination and scheduling of Intermountain storage.
- Daily monitoring of and mitigation of any negative economics to Intermountain due to entitlement or OFO situations on each of the requisite pipelines.
- Insuring adherence to supplier minimum take provisions.
- Access to operations department twenty four hours a day, seven days a week.
- Complete underwriting of any and all pipeline penalties incurred by Intermountain.
- Daily, weekly and monthly review of most opportunistic way to optimize and generate lowest cost delivered gas supply to Intermountain.

Administrative Services

- Commitment and availability of senior management of service provider as to routine or requested meetings and communications with Intermountain.
- FERC regulatory support as requested by Intermountain.
- Pipeline Committee and Task Force representation as requested by Intermountain.
- Reconciliation of daily pipeline entitlements to producer statements.
- Assists Intermountain in the verification of the accuracy of all invoices from suppliers, transporters, storage and hedging counter-parties.
- Preparation of monthly invoices for services rendered.

Supply, Transportation and Storage Services

- Ability to purchase any day gas requirements of Intermountain at market responsive prices.
- Ability to off-sell any long day gas position of Intermountain at market responsive prices.
- Execution of certain selected supply purchase RFP's on behalf of Intermountain.
- Continuous review and evaluation of optimization and/or mitigation opportunities so as to deliver lowest cost gas supply to Intermountain system. Providing adequate documentation of all such decisions.

Hedging Services

- Daily monitoring and reporting of futures prices for selected periods and pricing points.
- Secure hedging price quotes from Intermountain ISDA counterparties.
- Execution of Intermountain's approved hedging strategy from time to time.

Transportation Services

- Optimization of most economical transportation path for delivery of gas to Intermountain's system.
- Evaluation and identification of Intermountain's excess transportation capacity on a monthly and/or seasonal basis.
- Development and execution of excess transportation capacity cost mitigation plans.

As to a listing of "other available services" offered by IGI Resources not currently utilized by Intermountain Gas Company, Intermountain respectfully submits that, at this time, Intermountain is only aware of those services offered by IGI which are required by Intermountain in order to facilitate the management of its gas supplies and pipeline transportation. To further address this issue, however, it's worth noting that throughout the history of Intermountain's business relationship with IGI, when Intermountain required any such additional services, IGI has provided the same – hedging services, a recent requirement in the natural gas industry, is a case in point. As Intermountain Gas Company proceeds with its solicitation of natural gas service providers, additional services provided by IGI Resources may indeed become known.

If you have any additional questions regarding this submission of information, please contact me at 377-6168.

Sincerely,



Michael P. McGrath
Director
Market Services and Regulatory Affairs

MPM/slk