

INTERMOUNTAIN GAS COMPANY

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IDAHO PUBLIC
UTILITIES COMMISSION

August 20, 2002

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

Re: Case INT-G-02-2
Reply Comments of Intermountain Gas Company

Intermountain Gas Company hereby respectfully submits for consideration by this Commission, a response to the Comments of the Commission Staff filed as part of the above referenced Case. In its response, the Company would like to clarify a few of the issues originating within the Staff's remarks.

In regards to Intermountain's questioned participation in the Department of Water Resources "Rebuild Idaho" program, the Staff noted "...Intermountain's name is surprisingly absent from the list of partners and participants on the program's web site." The Company has taken the necessary actions to see to it that this administrative clerical oversight has been corrected. Most importantly, as previously communicated to the Staff and as attested to in the attached letter, Intermountain has been and will continue to be an active participant in the Rebuild Idaho program in promoting the efficient and wise use of natural gas in Idaho.

The Company's Integrated Resource Plan filed as part of the above referenced case noted that Intermountain encourages HVAC dealers to promote high-efficiency furnaces. The Plan also noted that IGC is an active voice in Idaho's legislative process as lawmakers consider new, higher efficiency building and energy codes. Intermountain is pleased with the outcome of these efforts thus far and today, according to 24 HVAC dealers serving our service territory, over 70% of the natural gas space heaters sold and installed are at least 90% efficient. Intermountain has facilitated the financing of these high-efficiency heaters through a cooperative program with Wells Fargo Bank. The Staff noted that "Intermountain Gas representatives have informed Staff that the program would finance a minimally efficient appliance much the same as an efficient one." The Energy Policy Act of 1992 mandated the high efficiency standards for natural gas heating equipment and the gas furnace efficiency standard was set at 78% Annual Fuel Utilization Efficiency ("AFUE"). Prior to the 1992 Act, gas furnaces were typically 50% to 60% efficient. To imply that the Wells Fargo program finances inefficient natural gas equipment is a distortion of both the program as well as the natural gas equipment marketplace.

In their remarks, the Staff believed the Company's IRP should include a more extensive analysis for alternative supply basins. As stated in the IRP, our sourcing of gas supplies is completely dependent upon the transportation capacity available to move those supplies into Idaho. Natural gas from basins

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which normally supply the "Midwest" and/or California are not price competitive nor does Intermountain have access to the transportation capacity to deliver such supplies into Idaho.

Intermountain Gas Company appreciates the opportunity to respond to the comments made by the Staff and requests that the above remarks are considered in the final ruling given by this Commission. I would like to personally thank the Staff for the time spent in reviewing this voluminous Integrated Resource Plan document.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael P. McGrath", with a long horizontal flourish extending to the right.

Michael P. McGrath
Director
Market Services & Regulatory Affairs

MPM/slk

Enclosures



State of Idaho

DEPARTMENT OF WATER RESOURCES

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DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

August 5, 2002

Byron Defenbach
Program Development and Planning Manager
Intermountain Gas Company
P.O. Box 7608
Boise, ID 83707

Dear Byron,

I understand there has been some confusion about the status of Intermountain Gas Company as a Rebuild Idaho partner. We inadvertently overlooked that Intermountain Gas Company did not complete a Rebuild Idaho Partner Agreement that officially puts you on the Rebuild America public web site as a Rebuild Idaho partner. However, in spite of the lack of an official agreement, Intermountain Gas Company has operated in the capacity of a partner and has worked with the staff of the Idaho Energy Division Rebuild Idaho program and cooperatively provided specific assistance and services to the Rebuild Idaho Partnerships since September 2000.

As a Partner, providing utility data electronically to help partnerships track their data has helped tremendously. The utility tracking identifies areas where they can conserve energy resources and reduce operating costs. Without your help, it could have been very time consuming for some of the partners with many accounts. Also, the company provides support to the annual Idaho Energy Conference, sponsored a break in the utility tracking software training, and provides Rebuild marketing support from customer representatives. This demonstrates that your actions as a Rebuild Idaho Partner enhances the efficient use of natural gas, improves environmental stewardship efforts and provides a foundation for good customer relations.

To make your partnership with Rebuild official, please complete the attached Partner Agreement form. The voluntary agreement states that you, the partner, and the Rebuild Idaho partnership agree that increasing the energy efficiency of buildings is a win-win opportunity for our communities and the nation. More energy efficient buildings reduce building energy costs, increase available capital, spur economic growth, and improve working and living environments. Once it is signed I will submit it to Rebuild America and they will post the company on the Rebuild America public website as an official Rebuild Idaho Partner.

Thank you for your continued effort in energy efficiency.

Sincerely,

Sue Seifert
Energy Specialist, Sr.

Enclosure (1)