

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF) CASE NO. INT-G-02-4
INTERMOUNTAIN GAS COMPANY FOR)
AUTHORITY TO INCREASE ITS COMPOSITE) NOTICE OF APPLICATION
DEPRECIATION RATE.)
)
) NOTICE OF MODIFIED
) PROCEDURE
)
) NOTICE OF COMMENT/
) PROTEST DEADLINE
)
) ORDER NO. 29153

YOU ARE HEREBY NOTIFIED that Intermountain Gas Company (Intermountain; Company) filed an Application with the Commission on October 18, 2002, requesting authority to increase its composite depreciation rate from 3.71% (3.93% when weighted by 9/30/01 assets) to 4.08%. The Company stated that this 0.15% increase is necessary to accrue the proper dollars over the remaining service life of the Company's property. If approved, the higher rate would increase Intermountain's annual depreciation accrual and decrease Intermountain's ratebase by \$428,482 annually. Although the Company's depreciation expense would increase under its proposal, the present Application did not request a related increase in customer rates.

Intermountain's current composite depreciation rate of 3.71% was approved by the Commission on March 29, 2000 in Case No. INT-G-99-2. At that time, the Commission found that "the Company's depreciation rates and methodology should be revisited in three years." Order No. 28311 at 6. In compliance with the Commission's Order, the Company solicited an updated depreciation study (study) by AUS Consultants. Based upon the study's findings, the Company concluded that the current rate is under-depreciating its assets. A four-page summary of the depreciation study was included with the Company's Application. The complete depreciation study with workpapers, which the Company stated are voluminous, is available for inspection at Intermountain's general business office, which is located at 555 South Cole Road, Boise, Idaho (208-377-6097).

Based upon Intermountain's books and records as of September 30, 2001, the updated depreciation study determined that the original cost of depreciable property increased from \$234,093,752 to \$280,990,082 during the three-year period. Likewise, the accumulated reserve increased from \$116,479,251 to \$143,992,182. If its findings were approved by the Commission, the study would require an annual depreciation and amortization expense accrual of \$11,462,932 for the remaining life of the Company's property.

The updated depreciation study also addressed Intermountain's planned deployment of electronic meter reading equipment and recovery of the associated investment by recommending unique depreciation parameters and rates for that investment. The study also discussed the service life and estimated removal cost of the Company's liquefied natural gas (LNG) facilities.

Intermountain Gas Company requested that its Application be processed pursuant to the Commission's Rules of Procedure, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. The Company also asked that the increase to the annual composite depreciation rate and amortizations be made effective at the beginning of the Company's fiscal year, October 1, 2002.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the Company's Application. The Commission has preliminarily found that the public interest regarding the Company's proposal to increase its composite depreciation rate may not require a hearing to consider the issues presented and that the Application may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, the Commission notes that Modified Procedure and written comment have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the Commission will not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission will consider the matter on its merits and enter its Order without a formal hearing. If comments or protests are filed within the deadline, the

Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order on the basis of the written positions before it. IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF COMMENT DEADLINE

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to the Application and the Commission's use of Modified Procedure in Case No. INT-G-02-4 is **Wednesday, January 15, 2003**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that the deadline for Intermountain Gas Company to file written reply comments with respect to this case is **Wednesday, January 22, 2003**.

YOU ARE FURTHER NOTIFIED that written comments concerning this Application must be mailed to the Idaho Public Utilities Commission and Intermountain Gas Company at the following addresses:

COMMISSION SECRETARY
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074

Street Address for Express Mail:

472 W WASHINGTON ST
BOISE, ID 83702-5983

MICHAEL E. HUNTINGTON
VICE PRESIDENT
MARKETING & EXTERNAL AFFAIRS
INTERMOUNTAIN GAS COMPANY
PO BOX 7608
BOISE, ID 83707
Email: mhunting@intgas.com

MORGAN W. RICHARDS, JR., ESQ.
Moffatt, Thomas, Barrett, Rock & Fields, Chartered
PO BOX 829
BOISE, ID 83701
Email: mwr@moffatt.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.state.id.us under the "Comments and Questions"

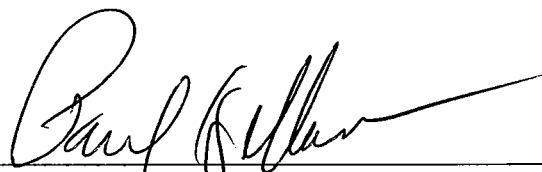
icon. Once at the "Comments and Questions" icon fill in the case number as it appears on the front of this document, and enter your comments. These comments must also be sent to the Applicant at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Application and a four page summary of the depreciation study have been filed with the Commission and are available for inspection during regular business hours at the Commission offices. You are further notified that the complete depreciation study with workpapers, are available for inspection at Intermountain's general business office, which is located at 555 South Cole Road, Boise, Idaho (208) 377-6097. In addition, the Application (excluding exhibits) is available on the Commission's Website at www.puc.state.id.us under "File Room".

ORDER

IT IS HEREBY ORDERED that the foregoing scheduling be adopted.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 15th day of November 2002.



PAUL KJEILANDER, PRESIDENT

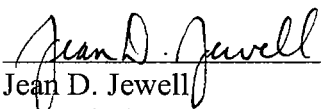


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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