

EXECUTIVE OFFICES

INTERMOUNTAIN GAS COMPANY

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IDAHO PUBLIC
UTILITIES COMMISSION

September 28, 2004

Mr. Michael Fuss
Idaho Public Utilities Commission
472 W. Washington St.
P. O. Box 83720
Boise, ID 83720-0074

RE: Case No. INT-G-04-1

Dear Mike:

Attached is the IRP Comparative Analysis you requested.

You will note from the attached tables we limited the measurement of several of the specific quantitative differences to the "overlapping" years between the two IRP's.

Please call me if you have any questions at 377-6168.

Sincerely,



Michael P. McGrath
Director
Market Services & Regulatory Affairs

MPG/slk

Attachment

INTERMOUNTAIN GAS COMPANY

2005-2009 INTEGRATED RESOURCE PLAN

COMPARATIVE ANALYSIS

SEPTEMBER 2004

Residential and Commercial Growth Forecast

The methodology used to calculate residential and commercial customers for the 2004 IRP is consistent with that used in the 2002 IRP. Customer growth in the 2004 IRP is forecast to remain strong but some significant changes were evident in the underlying data used to calculate customer growth. First, the 2004 IRP projects an 8% increase over the 2002 filing in the new household market share in the area impacting the Sun Valley lateral. Secondly, the 2002 IRP customer growth forecast for Canyon County predicted very low economic, population and customer growth in 2002 and 2003. Actual growth was more robust and therefore the 2004 IRP forecast for Canyon County begins with a much higher beginning customer balance and also shows higher growth rates in the 2005-2007 period than does the 2002 filing.

The end result of these two issues is that even though overall company-wide customer growth rate of approximately 4% is similar for 2005-2007 in both forecasts, the 2004 IRP projects more customers in regions with potential capacity constraints on Intermountain's distribution system (discussed in more detail below).

Usage per Customer With Design Degree Days

The 2004 IRP used the same design degree day calculations as the 2002 IRP filing. As noted in the 2004 filing, Intermountain has now installed new meter index devices in order to enhance the Company's ability to correlate usage with weather on the Idaho Falls and Sun Valley laterals.

Industrial Forecast

Overall, the 2004 IRP industrial load forecast is not as robust as the 2002 filing particularly in the Potato Processing and Chemical/Fertilizer group (see Attachment No. 1, tables 1.1 and 1.3). The decline in potato processing reflects lower demand for processed potato products, lower prices for the raw potato product (thereby reducing supply) and natural gas prices that have risen relative to those experienced prior to 2003 thereby encouraging the use of alternative fuels. The decrease in the chemicals segment largely reflects higher costs of feedstock inputs and the low-cost of competing foreign products. A second factor affecting the 2004 industrial contract demand ("CD") is the economic and operational value of the Company's interruptible T-3 transportation tariff as several industrial customers were able to realize lower costs and still meet their energy needs by shifting load from firm tariffs to interruptible T-3. Consequently, the industrial "firm" CD is lower in all years in the 2004 filing.

The 2004 IRP industrial CD forecast reflects the Company's belief that the market factors underlying the industrial demand decline in the past few years have "bottomed-out" and that future economic conditions will now have the greatest affect on projected industrial CD levels. The Company is active in managing this market as in general, a reduction in industrial CD may forestall the timing of capital enhancements to Intermountain's distribution system and also may provide the Company with an alternative to purchasing new interstate capacity to serve the growing core market.

Load Duration Curves

The total company core market volumes forecast for 2005-2007 are only slightly higher (1%) than the 2002 IRP (See Attachment 1, table 1.3). Peak day delivery capacity has increased by 540,000 therms in 2005 as Intermountain has increased the Northwest Pipeline delivery capacity (See Attachment No. 2, table 2.3). The overall peak day deliverability in 2006-07 is up by 446,630 therms over that assumed in the 2002 filing.

Idaho Falls lateral. Peak loads increase by more than 10% in the 2004 IRP each year as compared to the 2002 IRP although a decline in firm industrial CD offset those increases somewhat. The "beginning balance" of Idaho Falls lateral customers was higher than that used in the 2002 IRP and growth, attributable to the expansion at BYU – Idaho in Rexburg, is also more robust in the 2004 IRP. Absent any additional capacity, the number of days over capacity increases in every year as compared to the 2002 IRP as does the total winter deficit (See Attachment No. 3, Table 3.3 and Attachment No. 4, Table 4.3).

Sun Valley lateral. Peak loads increase between 5% and 6% for 2005-2007 and industrial CD has grown as well (See Attachment No. 5, Table 5.3). However, additional capacity added since the 2002 IRP has lowered the peak deficit to 1.5% of Design load and the total winter deficit by 25,344 MMBtu in 2005 (See Attachment No. 6, Table 6.3).

Canyon County. Peak loads continue to grow in Canyon County in the 4% range. A small variance in existing distribution capacity between the two filings reflects a more refined calculation for the 2004 filing. The growth in core market peak day is almost entirely offset by a reduction in industrial CD (See Attachment No. 7, Table 7.3). Absent any additional capacity, no deficit occurs in 2005 but does in 2006-07 (See Attachment No. 8, Table 8.3).

Traditional Gas Supply Related Resources

Interstate transport resources have been enhanced in the past two years based on a need as demonstrated by the 2002 IRP (See Attachment No. 9, Table 9.3). With these additions, interstate capacity is forecast to be sufficient through 2009.

The supply resources used in the 2004 filing are essentially unchanged as compared to those included in the 2002 IRP including a mix of term and spot supplies and storage withdrawals as well as other nontraditional resources (see below). In addition, a new type of supply resource utilizing third-party interstate "citygate" capacity was first utilized in the 2004 IRP.

Non-Traditional Resources

The 2004 IRP included similar non-traditional resources options as used in the 2002 filing. These options included portable LNG on the Sun Valley lateral and industrial sited fuel-oil and propane-air alternatives on the Idaho Falls lateral.

Distribution System

Intermountain utilized the same software to model the pressure and capability of the distribution system. Again, when load growth and available system enhancements were considered (e.g. various pipe and compression upgrades), the resultant overall system

capacity was forecast to be adequate to serve all firm loads, and eliminate any capacity deficit thru the 5-year horizon.

The Efficient Use of Natural Gas

Intermountain continues to embrace and support the need for efficient use of natural gas and since the 2002 IRP, has enhanced its conservation efforts on behalf of its residential, commercial and industrial customers.

By way of example, Intermountain has 1) mailed brochures outlining conservation tips and low income assistance, 2) upgraded its website to include information on residential and commercial conservation measures to include the ability to view the customers historical therm usage, 3) implemented a new and detailed video conservation tool available by request on DVD as well as the company's website, 4) held public meetings in conjunction with the IRP Planning Process meetings that emphasize conservation, 5) recently introduced an industrial website designed to provide real-time and historical consumption data to better enable those customers to make wise energy management decisions.

In support of high efficiency standards, Intermountain has notified Parade of Homes participants that the Company will only partner with builders installing high efficiency space and water heating equipment. Intermountain is also partnering with the Idaho Department of Water Resources to develop a training program to assist those retrofitting older homes to comply with efficiency standards. And of course, Intermountain continues to encourage homeowners to replace older, inefficient heating equipment through the furnace rebate program.

Resource Optimization

Intermountain utilized the same consultant and software vendor to run the 2004 optimization. The 2004 model was enhanced over the prior program to allow for additional supply and transport resource options and to better mirror operations between Northwest Pipeline and Intermountain.

The results of the optimization runs indicate that the Company's current resource portfolio of interstate transport and storage capacity along with its term and spot gas supplies, are adequate to meet the natural gas demands of southern Idaho. As well, the optimization model indicates that the projected distribution system upgrade options for 2005-2009 are sufficient to meet firm the forecast requirements of Intermountain's customers.

ATTACHMENT NO. 1

Table 1.1

2004 IRP LOAD DURATION CURVE - TOTAL COMPANY DESIGN BASE CASE (Volumes in Therms)				
NWP Firm Transport Capacity	Peak Day Send out			
	Core Market	Industrial Firm CD¹	Total	
FY05	2,403,300	3,499,800	223,890	3,723,690
FY06	2,463,300	3,632,070	223,890	3,855,960
FY07	2,463,300	3,825,120	223,890	4,049,010

¹ Future growth in transport CD is limited to T-4, which does not affect Intermountain's interstate pipeline capacity requirements.

Table 1.2

2002 IRP LOAD DURATION CURVE - TOTAL COMPANY DESIGN BASELINE (Volumes in Therms)				
NWP Firm Transport Capacity	Peak Day Send out			
	Core Market	Industrial Firm CD¹	Total	
FY05	1,863,300	3,474,790	408,680	3,883,470
FY06	1,863,300	3,629,920	408,680	4,038,600
FY07	1,863,300	3,789,040	408,680	4,197,720

¹ Future growth in transport CD is limited to T-4, which does not affect Intermountain's interstate pipeline capacity requirements.

Table 1.3

2004 IRP LOAD DURATION CURVE - TOTAL COMPANY DESIGN BASE CASE Over/ (Under) 2002 IRP (Volumes in Therms)				
NWP Firm Transport Capacity	Peak Day Send out			
	Core Market	Industrial Firm CD¹	Total	
FY05	540,000	25,010	(184,790)	(159,780)
FY06	540,000	2,150	(184,790)	(182,640)
FY07	540,000	36,080	(184,790)	(148,710)

¹ Future growth in transport CD is limited to T-4, which does not affect Intermountain's interstate pipeline capacity requirements.

ATTACHMENT NO. 2

Table 2.1

2004 IRP PEAK DAY FIRM DELIVERY CAPABILITY		
(Volumes in Therms)		
	<u>FY05</u>	<u>FY06-FY07</u>
Maximum Daily Storage Withdrawals:		
Nampa LNG	600,000	600,000
Plymouth LS	720,000	720,000
Jackson Prairie SGS	<u>150,000</u>	<u>150,000</u>
Total Storage	1,470,000	1,470,000
Maximum Deliverability (NWP)	<u>2,463,300</u>	<u>2,463,300</u>
Total Peak Day Deliverability	<u>3,873,300</u>	<u>3,933,300</u>

Table 2.2

2002 IRP PEAK DAY FIRM DELIVERY CAPABILITY		
(Volumes in therms)		
	<u>FY05</u>	<u>FY06-FY07</u>
Maximum Daily Storage Withdrawals:		
Nampa LNG	600,000	600,000
Plymouth LS	720,000	720,000
Jackson Prairie SGS	<u>150,000</u>	<u>303,270</u>
Total Storage	1,470,000	1,623,370
Maximum Deliverability (NWP)	<u>1,863,300</u>	<u>1,863,300</u>
Total Peak Day Deliverability	<u>3,333,300</u>	<u>3,486,670</u>

Table 2.3

2004 IRP PEAK DAY FIRM DELIVERY CAPABILITY		
Over/(Under) 2002 IRP		
	<u>FY05</u>	<u>FY06-FY07</u>
Maximum Daily Storage Withdrawals:		
Nampa LNG	0	0
Plymouth LS	0	0
Jackson Prairie SGS	<u>0</u>	<u>(153,370)</u>
Total Storage	0	(153,370)
Maximum Deliverability (NWP)	<u>540,000</u>	<u>600,000</u>
Total Peak Day Deliverability	<u>540,000</u>	<u>446,630</u>

ATTACHMENT NO. 3

Table 3.1

2004 IRP LOAD DURATION CURVE - IDAHO FALLS DESIGN BASE CASE				
(Volumes in Therms)				
	Existing Distribution Transport Capacity	Peak Day Sendout		
		Core Market	Industrial Firm CD¹	Total
FY05	690,000	546,650	243,040	789,690
FY06	690,000	566,380	243,040	809,420
FY07	690,000	594,240	243,040	837,280

¹Existing firm contract demand includes T-1, T-2 and T-4 , and Idaho Falls Compressors Station requirements.

Table 3.2

2002 IRP LOAD DURATION CURVE - IDAHO FALLS DESIGN BASELINE				
(Volumes in Therms)				
	Existing Distribution Transport Capacity	Peak Day Sendout		
		Core Market	Industrial Firm CD¹	Total
FY05	690,000	486,640	250,630	737,270
FY06	690,000	509,420	250,630	760,050
FY07	690,000	534,040	265,630	799,670

¹Existing firm contract demand includes T-1, T-2 and T-4 requirements.

Table 3.3

2004 IRP LOAD DURATION CURVE - IDAHO FALLS DESIGN BASELINE				
Over/(Under) 2002 IRP				
(Volumes in Therms)				
	Existing Distribution Transport Capacity	Peak Day Sendout		
		Core Market	Industrial Firm CD¹	Total
FY05	0	60,010	(7,590)	52,270
FY06	0	56,960	(7,590)	49,370
FY07	0	60,200	(7,590)	37,610

¹Existing firm contract demand includes T-1, T-2 and T-4 requirements.

ATTACHMENT NO. 4

Table 4.1

2004 IRP FIRM DELIVERY DEFICIT - IDAHO FALLS DESIGN BASE CASE (Volumes in Therms)			
	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Peak Day Deficit	99,690	119,420	147,280
Total Winter Deficit ¹	240,720	313,900	395,940
Days Requiring Additional Capacity	4	4	4

¹Equal to the total winter sendout in excess of distribution capacity.

Table 4.2

2002 IRP FIRM DELIVERY DEFICIT - IDAHO FALLS DESIGN BASELINE (Volumes in Therms)			
	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Peak Day Deficit	47,272	70,055	109,671
Total Winter Deficit ¹	65,091	130,068	266,275
Days Requiring Additional Capacity	2	3	4

¹Equal to the total winter sendout in excess of distribution capacity.

Table 4.3

2004 IRP FIRM DELIVERY DEFICIT - IDAHO FALLS DESIGN BASELINE Over/(Under) 2002 IRP (Volumes in Therms)			
	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Peak Day Deficit	52,418	49,365	37,609
Total Winter Deficit ¹	175,629	183,832	129,665
Days Requiring Additional Capacity	2	1	0

¹Equal to the total winter sendout in excess of distribution capacity.

ATTACHMENT NO. 5

Table 5.1

2004 IRP LOAD DURATION CURVE - SUN VALLEY DESIGN BASE CASE (Volumes in Therms)				
	Existing Distribution Transport Capacity	Peak Day Send out		
		Core Market	Industrial Firm CD¹	Total
FY05	144,000	137,980	8,150	146,130
FY06	144,000	141,780	8,150	149,930
FY07	144,000	147,750	8,150	155,900

¹Existing firm contract demand includes T-1, T-2 and T-4 requirements.

Table 5.2

2002 IRP LOAD DURATION CURVE - SUN VALLEY DESIGN BASE CASE (Volumes in Therms)				
	Existing Distribution Transport Capacity	Peak Day Send out		
		Core Market	Industrial Firm CD¹	Total
FY05	120,000	131,180	5,680	136,860
FY06	120,000	135,360	5,680	141,040
FY07	120,000	139,590	5,680	145,270

¹Existing firm contract demand includes T-1, T-2 and T-4 requirements.

Table 5.3

2004 IRP LOAD DURATION CURVE - SUN VALLEY DESIGN BASE CASE Over/(Under) 2002 IRP (Volumes in Therms)				
	Existing Distribution Transport Capacity	Peak Day Send out		
		Core Market	Industrial Firm CD¹	Total
FY05	24,000	6,800	2,470	9,270
FY06	24,000	6,420	2,470	8,890
FY07	24,000	8,160	2,470	10,630

¹Existing firm contract demand includes T-1, T-2 and T-4 requirements.

ATTACHMENT NO. 6

Table 6.1

2004 IRP FIRM DELIVERY DEFICIT - SUN VALLEY DESIGN BASE CASE (Volumes in Therms)			
	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Peak Day Deficit	2,130	5,930	11,900
Total Winter Deficit ¹	2,130	7,590	17,450
Days Requiring Additional Capacity	1	2	2

¹Equal to the total winter sendout in excess of distribution capacity.

Table 6.2

2002 IRP FIRM DELIVERY DEFICIT - SUN VALLEY DESIGN BASE CASE (Volumes in Therms)			
	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Peak Day Deficit ¹	16,860	21,037	25,269
Total Winter Deficit ²	27,504	41,822	56,005
Days Requiring Additional Capacity	3	3	4

¹Equal to the total winter sendout in excess of distribution capacity.

Table 6.3

2004 IRP FIRM DELIVERY DEFICIT - SUN VALLEY DESIGN BASE CASE Over/(Under) 2002IRP (Volumes in Therms)			
	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Peak Day Deficit	(14,730)	(15,107)	(13,369)
Total Winter Deficit ¹	(25,344)	(34,323)	(38,555)
Days Requiring Additional Capacity	(2)	(1)	(2)

¹Equal to the total winter sendout in excess of distribution capacity.

ATTACHMENT NO. 7

Table 7.1

2004 IRP LOAD DURATON CURVE - CANYON COUNTY DESIGN BASE CASE (Volumes in Therms)				
	Existing Distribution Transport Capacity	Peak Day Sendout		
		Core Market	Industrial Firm CD¹	Total
FY05	595,000	495,720	94,140	589,860
FY06	595,000	518,510	94,140	612,650
FY07	595,000	550,540	94,140	644,680

Existing firm contract demand includes T-1, T-2 and T-4 requirements.

Table 7.2

2002 IRP LOAD DURATON CURVE - CANYON COUNTY DESIGN BASELINE (Volumes in Therms)				
	Existing Distribution Transport Capacity	Peak Day Sendout		
		Core Market	Industrial Firm CD¹	Total
FY05	600,000	466,430	121,130	587,560
FY06	600,000	492,400	121,130	613,530
FY07	600,000	519,010	121,130	640,140

Existing firm contract demand includes T-1, T-2 and T-4 requirements.

Table 7.3

2004 IRP LOAD DURATON CURVE - CANYON COUNTY DESIGN BASE CASE Over/(Under) 2002 IRP (Volumes in Therms)				
	Existing Distribution Transport Capacity	Peak Day Sendout		
		Core Market	Industrial Firm CD¹	Total
FY05	(5,000)	29,290	(26,130)	2,300
FY06	(5,000)	26,110	(26,130)	(880)
FY07	(5,000)	31,440	(26,130)	4,540

Existing firm contract demand includes T-1, T-2 and T-4 requirements.

ATTACHMENT NO. 8

Table 8.1

2004 IRP FIRM DELIVERY DEFICIT - CANYON COUNTY DESIGN BASE CASE (Volumes in Therms)			
	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Peak Day Deficit	0	17,650	49,680
Total Winter Deficit ¹	0	19,730	75,740
Days Requiring Additional Capacity	0	2	2

¹Equal to the total winter sendout in excess of distribution capacity.

Table 8.2

2002 IRP FIRM DELIVERY DEFICIT - CANYON COUNTY DESIGN BASELINE (Volumes in Therms)			
	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Peak Day Deficit	0	13,531	40,138
Total Winter Deficit ¹	0	13,531	58,540
Days Requiring Additional Capacity	0	1	2

¹Equal to the total winter sendout in excess of distribution capacity.

Table 8.3

2004 IRP FIRM DELIVERY DEFICIT - CANYON COUNTY DESIGN BASE CASE Over/(Under) 2002 IRP (Volumes in Therms)			
	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>
Peak Day Deficit	0	4,119	9,542
Total Winter Deficit ¹	0	6,199	17,200
Days Requiring Additional Capacity	0	1	0

¹Equal to the total winter sendout in excess of distribution capacity.

ATTACHMENT NO. 9

Table 9.1

**Intermountain Gas Company
2004 IRP Firm Receipt Point Capacity Through 2007
Volumes in MMBtu**

Receipt Point	<u>2005</u>	<u>2006</u>	<u>2007</u>
Sumas	41,146	41,146	41,146
Stanfield	86,800	86,800	86,800
Rockies	93,384	93,384	93,384
Storage	87,000	87,000	87,000
Citygate	25,000	25,000	25,000
Total	<u>333,330</u>	<u>333,330</u>	<u>333,330</u>

Table 9.2

**Intermountain Gas Company
2002 IRP Firm Receipt Point Capacity Through 2007
Volumes in MMBtu**

Receipt Point	<u>2005</u>	<u>2006</u>	<u>2007</u>
Sumas	41,146	41,146	41,146
Stanfield	66,800	66,800	66,800
Rockies	78,384	78,384	78,384
Storage	87,000	102,337	102,337
Citygate	0	0	0
Total	<u>273,330</u>	<u>288,667</u>	<u>288,667</u>

Table 9.3

**Intermountain Gas Company
2004 IRP Firm Receipt Point Capacity Through 2007
Over/(Under) 2002 IRP
Volumes in MMBtu**

Receipt Point	<u>2005</u>	<u>2006</u>	<u>2007</u>
Sumas	0	0	0
Stanfield	20,000	20,000	20,000
Rockies	15,000	15,000	15,000
Storage	0	(15,337)	(15,337)
Citygate	25,000	25,000	25,000
Total	<u>60,000</u>	<u>44,663</u>	<u>44,663</u>