

## DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER HANSEN  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL**

**FROM: DONOVAN E. WALKER**

**DATE: OCTOBER 8, 2004**

**SUBJECT: IN THE MATTER OF INTERMOUNTAIN GAS COMPANY'S 2005-2009  
INTEGRATED RESOURCE PLAN, CASE NO. INT-G-04-1**

On April 30, 2004 Intermountain Gas Company (Company) submitted its Integrated Resource Plan (IRP) for the years of 2005-2009 to the Commission. The Company's filing was made pursuant to the Commission's directive in Order No. 25342. (PURPA § 303(b)(3), Energy Policy Act of 1992). Order No. 25342 initiated Integrated Resource Plan requirements for local gas distribution companies (LDC) in accordance with amended Section 303 of PURPA. That Order lists the elements that the IRP should contain. The Commission twice modified the requirements for Natural Gas IRPs: Order No. 27024 allowed natural gas utilities to shorten the planning horizon to five years to match the Company's planning horizon and available market products; and Order No. 27098 removed the requirement that IRPs include a formal evaluation of the costs and benefits of potential demand side management (DSM) programs, stating that a general explanation of whether there are cost effective DSM opportunities will be sufficient.

### THE INTEGRATED RESOURCE PLAN

According to the Company's IRP Executive Summary, the IRP is meant to describe the currently anticipated conditions over the five-year planning horizon, the anticipated resource selections, and the process for making those resource decisions. IRP at 1. Intermountain Gas is the sole distributor of natural gas in southern Idaho, and during fiscal year 2003 it served about 242,000 customers in 74 communities. *Id.* Their system contains approximately 9,500 miles of transmission, distribution, and service lines, with over 350 miles of those lines being added in fiscal year 2003 to accommodate new customer additions and to maintain service for the Company's growing customer base. *Id.*

Intermountain Gas has two major markets: 1) the residential/commercial market; and 2) the industrial market. The Company's residential and commercial customers increased 5% during the first quarter of fiscal year 2004. *Id.* Forty-eight percent (48%) of the throughput on the Company's system during fiscal year 2003 was attributable to industrial sales and transportation. *Id.*

### **Forecast Peak Day Sendout**

Customer growth forecast in the IRP was analyzed not only from a total company perspective but also by specific geographic regions within the Company's service territory. *Id.* at 2. Peak day sendout studies and load duration curves were developed under design weather conditions to determine the magnitude and timing of future deficiencies in firm peak day delivery capability from both a total company interstate mainline perspective, as well as within each specific geographic region. *Id.* Residential, commercial and industrial customer peak day sendout was matched against available resources to determine which combination of new resources would be needed to meet the Company's future peak day delivery requirements at the best possible cost. *Id.*

Total Company – Residential, commercial, and industrial peak day load growth on the Company's system is forecast over the five-year period to grow at an average of 4%. *Id.* When matched against existing resources, a peak day delivery deficit occurs starting in January 2007, and increases each year thereafter. *Id.* at 3. The projected deficits in firm deliverability will be eliminated through one or more means including: 1) long-term firm capacity release and/or segmentation; 2) city gate deliverable gas supply; 3) storage, together with related mainline rights; and 4) call back opportunities. *Id.* at 4

Idaho Falls Lateral Region – The Idaho Falls Lateral Region serves a number of cities between Pocatello in the south to St. Anthony in the north. *Id.* The residential, commercial, and industrial load served off of the Lateral represents approximately 16% of the total Company customers and 20% of the Company's total winter sendout during the winter of 2003-2004. *Id.* When forecasted peak day sendout is matched against the existing peak day distribution capacity, a peak day delivery deficit occurs in 2005 and increases each year thereafter. *Id.* at 5. The Company believes that small, short duration peak day distribution delivery deficits can be eliminated or at least mitigated by working with the regions industrial customers to facilitate the use of fuel oil during extreme cold temperatures. *Id.* However, the

projected delivery deficits are of such magnitude that “looping” of the existing system is warranted, adding the necessary firm delivery capability to that area. *Id.*

*Sun Valley Lateral Region* – The load served by this region represents approximately 4% of the total Company customers and 4% of the Company’s total winter sendout during the winter of 2003-2004. *Id.* A peak day delivery deficit under the IRP’s forecasted peak day sendout occurs during 2005 and increases each year thereafter. *Id.* at 5-6. Growth along the Sun Valley Lateral warrants an upgrade to the existing pipeline system. *Id.* at 6. The tourism industry driven industrial load in this region is limited in size and does not currently have the capability to switch to alternative fuels as a means of mitigating peak day sendout. *Id.*

*Canyon County Region* – The load served off of the Canyon County Lateral represented approximately 14% of the total Company customers and 17% of the Company’s total winter sendout during the winter of 2003-2004. *Id.* Forecasted peak day sendout results in a peak day delivery deficit occurring during 2006 and increasing each year thereafter. *Id.* at 6-7. The industrial customer base served by the Canyon County Lateral does not currently have the capability to switch to alternative fuels as a means of mitigating peak day sendout and the Company is currently exploring optional means of enhancing the distribution capability on this Lateral. *Id.*

#### **STAFF RECOMMENDATION**

Staff recommends that the Company’s Integrated Resource Plan filing be processed by Modified Procedure, and a comment period opened.

#### **COMMISSION DECISION**

Should Intermountain Gas Company’s Integrated Resource Plan be processed by Modified Procedure?

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Donovan E. Walker