

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF ) CASE NO. INT-G-04-2**  
**INTERMOUNTAIN GAS COMPANY FOR )**  
**AUTHORITY TO INCREASE ITS RATES FOR ) NOTICE OF APPLICATION**  
**SERVICE. )**  
**)**  
**) NOTICE OF MODIFIED**  
**) PROCEDURE**  
**)**  
**) NOTICE OF COMMENT**  
**) DEADLINE**  
**)**  
**) ORDER NO. 29500**

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On May 5, 2004, Intermountain Gas Company (Intermountain, Company) filed its annual Purchased Gas Cost Adjustment (PGA) Application with the Commission for authority to place into effect on July 1, 2004, new rate schedules that will increase its annualized revenues by \$22.1 million. Intermountain Gas supplies natural gas to approximately 230,000 customers in southern Idaho. The PGA account is a deferral mechanism for over- and under-collections and for realized savings on spot market gas purchases. If its Application is approved, Intermountain states that customer rates will increase on average by approximately 10%. Because of changes in Intermountain's gas-related costs, Intermountain states that its earnings will not be affected as a result of the proposed increase in prices and revenues. In this Order the Commission processes this filing under Modified Procedure and establishes a written comment deadline.

**THE APPLICATION**

YOU ARE HEREBY NOTIFIED that Intermountain Gas seeks to pass through to each of its customer classes a change in gas-related costs resulting from: 1) changes in Intermountain's firm transportation and storage costs resulting from Intermountain's management of its storage and firm capacity rights on pipeline systems, 2) an increase in Intermountain's weighted average cost of gas (WACOG), 3) an updated customer allocation of gas-related costs pursuant to the Company's Purchased Gas Cost Adjustment provision, and 4)

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the inclusion of temporary surcharges and credits for one year relating to gas and interstate transportation costs from Intermountain's deferred gas cost account. Application at 3-4.

YOU ARE FURTHER NOTIFIED that Intermountain's requested increase in annual revenue is \$22.1 million, or approximately 10%. According to its customer notice, Intermountain states that residential customers using natural gas for both space and water heating could experience an average monthly increase of \$6.02 (9.9%). Those residential customers using natural gas for space heating only could experience an average monthly increase of \$4.08 (8.7%). Moreover, commercial customers could experience an average monthly increase of \$26.19 (10.5%).

YOU ARE FURTHER NOTIFIED that Intermountain proposes increasing the WACOG from the \$0.47500 per therm currently included in the Company's tariffs to \$0.55492 per therm. The Company states it believes that current future prices, subject to the laws of supply and demand, are poised to soften. Although current commodity future prices dictate the use of this \$0.55492 per therm WACOG, Intermountain states that it is committed to come before the Commission prior to this winter's heating season to amend these proposed prices if forward prices materially deviate from the \$0.55492 per therm. *Id.* at 5.

YOU ARE FURTHER NOTIFIED that the Company's Application requests approval of other changes to its tariffs, including:

- Elimination of temporary surcharges and credits in its July 1, 2003 prices that collected or passed back to customers deferred gas cost charges and benefits,
- A fixed cost collection adjustment for updated customer class sales volumes and purchased gas cost allocation pursuant to the Company's approved cost of service methodology,
- A per therm credit for \$2.4 million in firm capacity release benefits,
- A per therm surcharge for \$2.7 million in interstate pipeline capacity costs and true-up of expense issues previously ruled on by the Commission, and
- A per therm credit for \$1.1 million in Account No. 186 deferred gas cost credits attributable to Intermountain's management of variable gas costs since July 1, 2003.

YOU ARE FURTHER NOTIFIED that the proposed increase in the T-1 tariff is fixed cost related, and therefore a cents per therm increase was made only to the first two blocks of the tariff. Likewise, the proposed T-2 tariff increase is fixed cost related so a cents per therm increase was only applied to the T-2 demand charge. *Id.* at 7.

YOU ARE FURTHER NOTIFIED that because of changes in Intermountain's gas-related costs, Intermountain states that its earnings will not be affected as a result of the proposed increase in prices and revenues.

YOU ARE FURTHER NOTIFIED that the Company's Application to increase its rates is merely a proposal subject to public review and Commission approval.

YOU ARE FURTHER NOTIFIED that the Company requests that this matter be handled under Modified Procedure pursuant to Rules 201-204 of the Commission's Rules of Procedure. *Id.* at 9.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter and Intermountain Gas Company, a gas utility, pursuant to the authority and power granted under Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

#### **NOTICE OF MODIFIED PROCEDURE**

YOU ARE FURTHER NOTIFIED that Intermountain Gas requests that its Application be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204. The Company has requested an effective date of July 1, 2004.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. INT-G-04-2. The Commission notes that the annual PGA tracker reflects only those changes in gas costs that are generally recognized as outside the Company's control. The Commission has preliminarily determined that the public interest may not require workshops or hearings to consider the issues presented in this case, and that the issues raised by the Company's filing may be processed under Modified Procedure. IDAPA 31.01.01.125. 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. Reference IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no protests or comments are received within the deadline, the Commission may consider the matter and enter its Order without a hearing. If protests or comments are filed within the deadline, the Commission will consider them and may set the matter for hearing or may decide the matter and issue its Order on the basis of the written positions before it. Reference IDAPA 31.01.01.204.

### NOTICE OF COMMENT DEADLINE

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to the Application and the use of Modified Procedure in Case No. INT-G-04-2 is **Friday, June 11, 2004**. Reference IDAPA 31.01.01.202.02. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

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: [customerinput@intgas.com](mailto:customerinput@intgas.com)

MORGAN W. RICHARDS, JR., ESQ.  
Moffatt, Thomas, Barrett, Rock & Fields, Chartered  
PO BOX 829  
BOISE, ID 83701  
Email: [mwr@moffatt.com](mailto: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](http://www.puc.state.id.us) under the "File Room" icon. Click the "Comments and Questions" icon and complete the comment form using the case number as it

appears on the front of this document. These comments must also be sent to the Applicant at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that Intermountain Gas Company shall have until **June 17, 2004** to file a written response to any comments, if it so desires.


YOU ARE FURTHER NOTIFIED that the Commission specifically requests comment on whether Intermountain Gas's PGA applications in this and future cases should be processed and approved closer to the winter heating season (e.g., an effective date of October 1) to: 1) take advantage of end-of-summer storage and market pricing data, 2) improve the effectiveness of customer pricing signals, and 3) promote customer interest in PGA proceedings when held closer to the winter heating season.

YOU ARE FURTHER NOTIFIED that the Application in Case No. INT-G-04-2 together with accompanying exhibits and workpapers can be reviewed at the Commission's office and at the principal office of Intermountain Gas Company during regular business hours. Intermountain Gas Company is located at 555 South Cole Road, Boise, Idaho (377-6000). In addition, the Application and testimonies (excluding exhibits) are available on the Commission's Website at [www.puc.state.id.us](http://www.puc.state.id.us) under the "File Room" icon.

#### **ORDER**

IT IS HEREBY ORDERED that the Commission adopts the forgoing scheduling and deadlines.

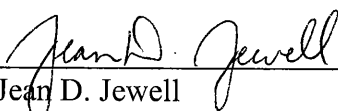
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 12<sup>th</sup>  
day of May 2004.

  
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PAUL KJELLANDER, PRESIDENT

  
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MARSHA H. SMITH, COMMISSIONER

  
\_\_\_\_\_  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
Jean D. Jewell  
Commission Secretary

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