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UTILITIES COMMISSION

Via Facsimile 208.334-3762 and First Class Mail

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Ms. Jean D. Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, Idaho 83720-0074

Re: Application of Intermountain Gas Company for Authority to Increase its Rates  
for Service, Case No. INT-G-04-2, Comments of Northwest Industrial Gas Users

Dear Ms. Jewell:

In response to the Notice of Application, Modified Procedure and Comment Deadline issued by the Idaho Public Utilities Commission ("Commission") on May 12, 2004 for the May 5, 2004 Purchased Gas Adjustment ("PGA") filing of Intermountain Gas Company ("Intermountain"), the Northwest Industrial Gas Users ("NWIGU") respectfully submits the following comments for the Commission's consideration.

NWIGU is a non-profit trade association comprised of thirty-two end-users of natural gas with major facilities in the States of Oregon, Washington, and Idaho. NWIGU members include diverse industrial interests, including food processing, pulp and paper, wood products, electric generation, aluminum, steel, chemicals, electronics, and aerospace. The association provides an informational service to its members and participates in various regulatory matters that affect member interests. NWIGU member companies purchase transportation services from Williams Gas Pipeline – West, also known as Northwest Pipeline Corporation, and from Gas Transmission Northwest Corporation, and purchase sales and transportation services from local distribution companies ("LDCs"), such as Intermountain, that acquire service from these interstate pipelines.

In its May 12, 2004 Notice of Application, the Commission specifically requested comments on whether Intermountain's PGA applications in this and future cases should be processed and approved closer to the winter heating season, *e.g.*, October 1. NWIGU supports retention of the current annual filing structure with rates effective July 1. NWIGU does not perceive any customer benefit from a change in the effective date of Intermountain's PGAs for either the current filing or in the near future.

NWIGU members are concerned with the significant cost increases reflected in the current Intermountain filing, in particular for T-1 and T-2 firm transportation services

(with respectively 16% and 24 % proposed increases). These firm transportation services include firm transportation upstream of Intermountain's local distribution system and therefore reliance and access to all Intermountain's upstream transportation contracts. Those upstream contracts other than those on Northwest Pipeline reflect major cost increases in this PGA for Intermountain's bundled transportation customers. Changing the effective date of this filing will only increase the magnitude of the costs to be collected, however, if 15 months of costs (12 months plus three months delay) are then collected on a 12-month amortization schedule. If the Commission does change the effective date of the current Intermountain PGA, NWIGU respectfully requests that the costs be amortized over a longer period of time so that the rate impact of date shifting is mitigated to the T-1 and T-2 customers.

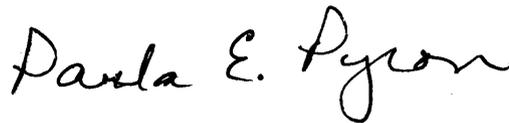
Although there may be appropriate circumstances in which the Commission should act to delay the effective date of a PGA filing, for example to capture a known significant cost reduction event or otherwise mitigate customer impact, NWIGU does not see any customer benefit to altering the filing schedule this year or in the near term.

Intermountain should instead be held to a prudent standard in managing its natural gas commodity and pipeline capacity portfolio year round on behalf of its customers, both those buying commodity through the utility and those buying local distribution service which has been bundled with upstream transportation service.

All natural gas customers, including industrial customers, are most concerned about high prices, but moving the effective date of the PGA into the fall will not and should not impact Intermountain's gas management practices. The only result will be less notice to customers who buy their commodity from the LDC of price changes before the winter heating season and a potentially even larger increase to those industrial customers buying bundled transportation services on T-1 and T-2 (which are at such proposed price increase levels to be considered rate shock already with this PGA filing). While there may be unusual circumstances in which the Commission may find in its discretion that a delayed implementation is warranted for a particular PGA filing, such is not the case with this filing or with Intermountain's subsequent filings unless there is change in the marketplace structure that would provide demonstrated customer benefit with a fall PGA filing.

NWIGU appreciates this opportunity to provide comments on this issue. If you have any questions with regard to this comment filing, please contact me at 503.636-2580.

Respectfully submitted,

A handwritten signature in black ink that reads "Paula E. Pyron". The signature is written in a cursive style with a large, looped 'P' and 'y'.

Paula E. Pyron  
Executive Director  
Northwest Industrial Gas Users

Cc Michael Huntington  
Michael McGrath  
Morgan Richards, Jr.  
Edward A. Finklea