
IDAHO PUBLIC UTILITIES COMMISSION

For Immediate Release

Case No. INT-G-04-2, Order No. 29500

May 12, 2004

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Website: www.puc.state.id.us

Comment deadline set in Intermountain Gas case

Boise – Customers of Intermountain Gas have until June 11 to comment on the company's request for an approximate 10 percent increase in rates to reflect the higher prices the company must pay its suppliers.

Intermountain Gas is asking the Idaho Public Utilities Commission to approve the new rate for a July 1 effective date. The commission is seeking comment not only regarding the reasonableness of the rate but also on the question of whether Intermountain's annual applications for purchase gas cost adjustments should be processed closer to the winter heating season.

The purchase gas cost adjustment (PGA) is typically a yearly process that adjusts rates up or down depending largely on the cost of natural gas in the wholesale market. During years when wholesale prices are higher than the company forecasts, customers experience an increase in the gas purchase portion of their overall rate. When wholesale prices drop lower than projections, customers get a decrease. In 2003, customers got a 33 percent increase while in 2002 they got a 28 percent decrease.

The large majority of customers did not feel the impact of last year's 33 percent increase until well into the winter heating season. The commission is seeking comment on whether moving the PGA process into fall would improve the effectiveness of customer price signals and promote greater customer interest in PGA proceedings. Further, the commission suggests, a later PGA process could result in more accurate price forecasts due to the availability of end-of-summer storage and market pricing data.

Unlike a change in the permanent overall rate, PGA adjustments do not increase or decrease the company's earnings. Revenue from the PGA goes directly toward gas purchases. If the commission approves the company's approximate 10 percent increase, it would increase annualized revenues by \$22.1 million to be directed toward gas purchases.

If Intermountain's proposal were approved, residential customers who use natural gas for both space and water heating (about 75 therms a month) would experience an increase of about \$6.02 per month, or 9.9 percent. Customers who use gas for space heating alone (about 50 therms a month) would see their rates go up by about \$4.08 per month or 8.7 percent. An average commercial customer who uses 322 therms a month would receive an increase of about \$26.19 per month or 10.5 percent.

Intermountain Gas supplies natural gas to about 230,000 customers in southern Idaho.

The commission is proposing that the case be handled through a modified procedure of written comment rather than public hearings. The commission will not hold hearings unless it receives written protests or comments that state why a modified procedure of written comment will not work.

Persons wishing to submit comments can do so via e-mail by accessing the commission's homepage at www.puc.state.id.us and clicking on "Comments & Questions." Fill in the case number (INT-G-04-2) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

A full text of the company's application, along with other documents related to this case, are available on the commission's Web site. Click on "File Room" and then on "Gas Cases" and scroll down to Case No. INT-G-04-2.

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