

EXECUTIVE OFFICES

**INTERMOUNTAIN GAS COMPANY**

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IDAHO PUBLIC  
UTILITIES COMMISSION

September 21, 2005

Jean Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington  
Boise, Idaho 83702-5983

RE: INT-G-05-2  
Reply Comments of Intermountain Gas Company

Dear Ms. Jewell,

In response to the Comments of the Commission Staff in regards to the above referenced Case, Intermountain Gas Company respectfully submits for consideration by the Commission the following remarks.

The Staff recommends in their Comments "that a new docket be opened to address the issues of customer deposits, fuel fund contributions, and low-income weatherization."

In regards to customer deposits, the Staff correctly notes that the issue of customer deposits was addressed by this Commission as recently as 2003. The preponderance of the Staff's Comments regarding customer deposits centers around the Company's RS-1 customer deposit requirements. In developing deposit requirements, the 2003 proceedings recognized the unique attributes of a "space heating only" RS-1 customer whose natural gas usage was limited to the space heating "season" and modified the deposit requirements for RS-1 customers to account for the same. In contrast to electric customers or natural gas space and water heating customers whose consumption is year round, the new deposit rules acknowledged the on-again off-again nature, and accompanying risk, of this particular class of customer and the deposit rules were modified accordingly. The Company has no additional facts to present that are germane to RS-1 deposit requirements than those already presented and incorporated when Rule 105 was modified and adopted by this Commission in 2003. Additionally, the Staff comments that "customers who struggle to pay their bills and end up having service disconnected are required to pay the total amount that is past due in order to re-establish gas service as well as a deposit and reconnect fee." The Company acknowledges that it follows the Commission approved disconnect and re-connect rules that facilitate responsible payment patterns for a certain segment of the Company's customers. With the Commission's help, the Company has continued to increase its focus on differentiating between those who choose not to pay their natural gas bill versus those who have difficulty paying their natural gas bill. The Company will continue to allow for payment accommodations for those truly in need and will also continue to direct its customers to those agencies where payment assistance is available. As pointed out by the Staff, "low-income customers of Intermountain have some options for financial assistance through the federally-funded Low Income

Home Energy Assistance Program (LIHEAP) and several non-profit fuel funds: Project Share in southwestern Idaho and Project Warmth and Helping Hand in southeastern Idaho.”

In regards to fuel fund contributions, the Staff seems to be at issue with what they describe as a “disproportionate contribution from Intermountain Gas Company as compared to other Idaho energy companies” in donating monies towards fuel funds. The Staff quotes some simple contribution related statistics that do not account for, among other things, the Company’s continued sponsorship, both in terms of volunteer time by Company employees as well as shareholder contributions, in activities such as the Project Warmth Golf Tournament held in Soda Springs which is a major funding source for Project Warmth in Eastern Idaho. These contribution efforts should also be viewed in the context of the relative size of Intermountain as compared to the other utilities noted by the Staff. If the Staff’s contribution statistics for the various utilities in question, for instance, would have been viewed in the context of Net Income per Customer, Intermountain’s level of shareholder contributions far exceeds that of the other utilities noted by the Staff. Intermountain has been recognized as a community leader by agencies providing fuel assistance services to those customers in need.

In regards to low-income weatherization, the Staff points out “that all funding for utility low-income weatherization programs is collected through rates charged to utility customers.” The Staff also correctly notes that Intermountain Gas Company has not raised its prices to accommodate weatherization or conservation funding. The Company believes this to be appropriate in light of its customers already funding these programs through other utility collections. For additional weatherization customer funding, the Staff notes that “for those low-income customers who live in poorly insulated housing stock or who are using inefficient appliances, assistance may be available to improve a home’s energy efficiency through various agencies receiving funds from federal, state, and local grants as well as private foundations, corporate and individual donations.” As included in the Company’s Integrated Resource Plan on file with this Commission, and as partially acknowledged in the Staff’s Comments, Intermountain continues to communicate and support those conservation efforts that benefit all its customers, which encourage the wise and efficient use of all energy sources, which do not translate into higher prices to those customers who would otherwise provide weatherization subsidies, and are not redundant to those measures offered in the marketplace which can be funded by various governmental and private agencies.

Intermountain Gas Company believes that to address the above concerns raised by the Staff in a newly opened docket would be redundant to the undertakings already addressed in previous dockets which established practices now followed and adhered to by the Company.

Intermountain Gas Company appreciates the opportunity to address the above few issues raised by the Staff and respectfully requests that the Commission consider the Company’s Reply Comments in their final ruling.

Sincerely,



Michael P. McGrath

Director

Gas Supply and Regulatory Affairs