

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF INTERMOUNTAIN GAS COMPANY )** **CASE NO. INT-G-05-2**  
**FOR AUTHORITY TO CHANGE ITS )**  
**PRICES (2005 PURCHASED GAS COST )** **NOTICE OF APPLICATION**  
**ADJUSTMENT) )**  
**)** **NOTICE OF MODIFIED**  
**)** **PROCEDURE**  
**)**  
**)** **ORDER NO. 29856**  
**)**

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On August 8, 2005, Intermountain Gas Company filed its annual Purchased Gas Cost Adjustment (PGA) Application with the Commission requesting authority to place new rate schedules in effect as of October 1, 2005 that will increase its annualized revenues by \$67.6 million (27.2%). Application at p. 2. The PGA mechanism is used to adjust rates to reflect changes in the costs for the purchase of gas from the Williams Northwest Pipeline and other suppliers, including transportation, storage, and other related costs of acquiring natural gas. See Order No. 26019. Intermountain's earnings will not be increased as a result of the proposed changes in prices and revenues. Application at p. 8. With this Order the Commission authorizes the use of Modified Procedure to process the Company's Application 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 the Company's firm transportation and storage costs resulting from the Company's management of its storage and firm capacity rights on pipeline systems, (2) an increase in the Company'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) 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 p. 3-4.

YOU ARE FURTHER NOTIFIED that according to its customer notice, if its Application is approved, the Company states that rates for residential customers using natural gas for space heating only could increase an average of 25.5%. Rates for residential customers using natural gas for space and water heating could increase an average of 27.4%, and rates for commercial customers could increase an average of 28.4%.

YOU ARE FURTHER NOTIFIED that Intermountain Gas proposes increasing the WACOG from the currently approved \$0.55492 per therm to \$0.73219 per therm. Application at p. 5. The Company states that over the past year natural gas prices have more closely followed the price of crude oil, as hedge funds and traders have become increasingly indifferent as to which commodity provides btu's to the marketplace, and that both crude oil and natural gas prices are at historic high levels. *Id.* The Company states that the price levels in its Application are forward prices currently available through the use of financial derivatives as of July 29, 2005. Application at p. 6. Although current commodity futures prices dictate the use of \$0.73219 WACOG, Intermountain states that it continues to remain vigilant in monitoring natural gas prices and is committed to come before the Commission prior to this winter's heating season to amend these proposed prices, if the forward prices materially deviate from the \$0.73219 per therm. *Id.*

YOU ARE FURTHER NOTIFIED that the Company proposes to include various surcharges, credits, and adjustments in its proposed prices. Application at pp. 6-8. Intermountain has included the elimination of temporary surcharges and credits pursuant to last year's PGA, Case No. INT-G-04-2. Application at p. 6, Exhibit 4, l. 33. The Company includes a fixed cost collection adjustment pursuant to the provisions of its PGA tariff which provides that proposed prices will be adjusted for updated customer class sales volumes and purchased gas cost allocations. Application at p. 6, Exhibit 6, l. 24. The Company proposes to pass back to customers the benefits generated from its capacity release agreements through the inclusion of a \$2.3 million credit. Application at p. 7, Exhibit 7, l. 1. Further, the Company proposes to allocate deferred gas costs from its Account No. 186 balance to customers through temporary price adjustments effective during the 12-month period ending September 30, 2006 as follows: (1) fixed gas costs debits of \$7.5 million attributable to collection of interstate pipeline capacity costs and the true-up of expense issues previously ruled on by the Commission; and (2) deferred

gas cost debits of \$8.7 million attributable to variable gas costs since July 1, 2004. Application at p. 7. Intermountain proposes to collect each balance via a per therm surcharge and credit. *Id.*

YOU ARE FURTHER NOTIFIED that the Company states that a straight cents-per-therm price decrease was not utilized for the T-1 tariff. The proposed decrease in the T-1 tariff is fixed cost related, and since there are no fixed costs recovered in the tail block of the T-1 tariff, a cents-per-therm decrease was made only to the first two blocks of the tariff. Application at p. 7. Likewise, since the proposed increase to the T-2 tariff demand charge is fixed cost related, a cents-per-therm increase was made to the T-2 demand charge. *Id.* at p. 8.

YOU ARE FURTHER NOTIFIED that the Company states the proposed increase is due to the higher prices the Company must pay to acquire natural gas for its customers and that its own earnings will not increase 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 Intermountain Gas requests that this matter be handled under Modified Procedure pursuant to Rules 201-204 of the Commission's Rules of Procedure. The Company has requested an effective date of October 1, 2005.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter and Intermountain Gas Company, a gas public 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.*

YOU ARE FURTHER NOTIFIED that the Application together with supporting workpapers, testimonies and exhibits, (if any) have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's Website at [www.puc.idaho.gov](http://www.puc.idaho.gov) under the "File Room" icon.

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

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filing of record in Case No. INT-G-05-2. The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, the Commission

notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the Commission may 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. IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no protests or written comments are received within the deadline, the Commission will 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, in its discretion, set the matter for hearing or decide the matter and issue its Order on the basis of the written positions before it. IDAPA 01.01.01.204.

#### NOTICE OF COMMENT/PROTEST DEADLINE

YOU ARE FURTHER NOTIFIED that **the deadline for filing written comments or protests** with respect to the Application and the Commission's use of Modified Procedure in Case No. INT-G-05-2 is **September 20, 2005**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that written comments concerning this case should be mailed to the Commission and to the Company at the addresses reflected below.

Commission Secretary  
Idaho Public Utilities Commission  
PO Box 83720  
Boise, ID 83720-0074

Street Address For Express Mail:  
472 W. Washington Street  
Boise, ID 83702-5983

Paul R. Powell  
Executive VP & Chief Financial Officer  
Intermountain Gas Company  
PO Box 7608  
Boise, ID 83707

E-mail: [customerinput@intgas.com](mailto:customerinput@intgas.com)

Morgan W. Richards, Jr., Attorney  
804 E. Pennsylvania Lane  
Boise, ID 83706

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 homepage located at [www.puc.idaho.gov](http://www.puc.idaho.gov). 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 address listed above.

### FINDINGS AND CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Intermountain Gas Company, its Application for authority to change rates and prices, and the issues involved in this case by virtue of Title 61, Idaho Code, specifically *Idaho Code* §§ 61-129, 61-117 and 61-307, and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case, and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, the Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation, especially when combined with public workshops.

### ORDER

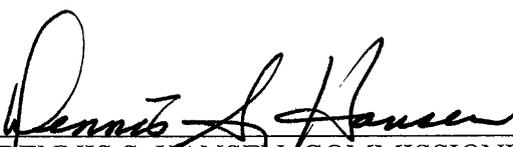
IT IS HERBY ORDERED that this case be processed under Modified Procedure. Persons interested in submitting written comments regarding this case or protesting the use of Modified Procedure must do so no later than September 20, 2005.

IT IS FURTHER ORDERED that pursuant to Rule 125, IDAPA 31.01.01.125, Commission Staff is directed to conduct two public workshops, one in Boise and one in Pocatello, to dispense information concerning the Company's Application and to receive written or oral comments from the public prior to the Staff filing its comments in this case. These public workshops will be scheduled during the week of September 12 through September 16, 2005. A separate Notice of Public Workshop will be issued with specific dates and times, as well as designation of the meeting place.

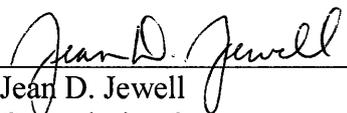
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 26<sup>th</sup>  
day of August 2005.

  
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PAUL KJELLANDER, PRESIDENT

  
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MARSHA H. SMITH, COMMISSIONER

  
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DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

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