

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF INTERMOUNTAIN GAS)
COMPANY'S 2007-2011 INTEGRATED) CASE NO. INT-G-06-03
RESOURCE PLAN)
_____) ORDER NO. 30159**

On May 1, 2006, Intermountain Gas Company ("Intermountain" or "Company") filed its 2006 Integrated Resource Plan (IRP) for the years 2007-2011 with the Commission. On June 29, 2006, the Commission issued a Notice of Filing and solicited comments. Order No. 30090. The only comments received were submitted by Commission Staff. The Company filed Reply Comments on September 14, 2006.

BACKGROUND

This filing is pursuant to the directives in Order No. 25342, Case No. GNR-G-93-2 (PURPA § 303(b)(3), Energy Policy Act of 1992). Order No. 25342 set forth the original requirements for IRPs for local gas distribution companies in accordance with amended Section 303 of the Public Utility Regulatory Policies Act of 1978 (PURPA). The Commission has twice modified the requirements for natural gas IRPs: Order No. 27024 allowed the Company and Avista Corporation (f.k.a. Washington Water Power Company) to shorten the planning horizon to five years to match the companies' planning horizon and available market products; and Order No. 27098 removed the requirement that IRPs include a formal evaluation of the costs and benefits of potential demand-side management (DSM) programs, stating that a general explanation of whether there are cost-effective DSM opportunities will be sufficient.

THE INTEGRATED RESOURCE PLAN

In the Executive Summary of the Company's IRP, the Company stated that the IRP is meant to describe the currently anticipated conditions from 2007-2011. It further stated that the document is meant to present strong guidelines rather than be "a prescription for all future energy resources." IRP at 1. The Company is the sole distributor of natural gas in southern Idaho, serving 275,800 customers in 74 communities during the first half of fiscal year 2006. Its system contains over 10,000 miles of transmission, distribution and service lines. *Id.* In fiscal year 2005, over 446 miles of distribution and service lines were added in response to new customer additions and to maintain service for the growing customer base. *Id.*

Intermountain's two major markets are the residential/commercial market (the "core market") and the industrial market. *Id.* Intermountain saw an increase of 5% in average residential and commercial customers during the first half of fiscal year 2006. *Id.* Forty-four percent (44%) of the throughput on Intermountain's system during fiscal year 2005 was attributable to industrial sales and transportation. *Id.*

Forecast Peak Day Send-Out

According to the IRP, peak day send-out studies and load duration curves were developed under design weather conditions to determine the magnitude and timing of future deficiencies in firm peak day delivery capability. Residential, commercial and industrial peak day load growth on the Company's system is forecast to grow at an annual average rate of 4% over the next five years. The Company calculated the growth for the system as a whole as well as for the separate regions in which the Company operates. When forecasted peak day send-out is matched against existing resources, a peak day delivery deficit occurs during January 2007 and increases at a rate of 38%. According to the Company's calculations, a deficit of firm capacity begins to occur near the peak day beginning in the winter of 2009. *Id.* at 4.

Idaho Falls Lateral Region

The Idaho Falls Lateral (IFL) region serves many cities between Pocatello to the south and St. Anthony to the north. The residential, commercial and industrial load served off the IFL represents approximately 15% of the total Company customers and 18% of the Company's total winter send-out during December of 2005. *Id.* When forecasted peak day send-out on the IFL is matched against the existing peak day distribution capacity, a peak day delivery deficit occurs during 2007 and increases thereafter. *Id.* Intermountain believes that small, short duration peak day distribution delivery deficits in the future can be mitigated by working with customers who have the potential to cut their peak day consumption by switching to fuel oil during extremely cold temperatures. IRP at 5. However, the Company stated that the projected delivery deficits are of such magnitude that "looping" of the existing system is warranted to add necessary firm delivery capability to the area.

Sun Valley Lateral Region

The Company's residential, commercial and industrial customers in the Sun Valley Lateral (SVL) region account for 4% of the total customer base and 4% of the Company's total winter send-out during December of 2005. *Id.* When forecasted peak day send-out on the SVL

is matched against the existing peak day distribution capacity, a peak day delivery deficit occurs during 2009 and increases thereafter. The tourism industry-related industrial load on the SVL is limited in size and does not currently have the capability to switch to alternative fuels in order to mitigate peak day send-out. *Id.* at 6. The Company believes that the growth in the SVL will warrant future upgrades to the existing pipeline system, and the Company plans to increase the delivery capability and capacity on the SVL through a series of cost-effective system upgrades. *Id.*

Canyon County Region

Fourteen percent (14%) of the Company's residential, commercial and industrial load is served off the Canyon County Lateral (CCL) region, and it accounted for 13% of the Company's total winter send-out during December of 2005. *Id.* When forecasted peak day send-out on the CCL is matched against the existing peak day distribution capacity, a peak day delivery deficit occurs during 2007 and increases thereafter. *Id.* The industrial customer base in the CCL region does not currently have the capability to switch to alternative fuels as a means of mitigating peak day send-out and the Company stated that it is currently exploring optional means of enhancing the distribution capability in this region. *Id.* at 7.

COMMENTS

Staff timely filed its comments on August 29, 2006. In accordance with PURPA (as amended by the 1992 Energy Policy Act), and Commission Order Nos. 25342, 27024 and 27098, the Company submitted an IRP that addressed the following elements:

- Demand Forecasting
- Assessment of Efficiency Improvements (DSM Actions) & Avoided Costs
- Natural Gas Supply Options
- Natural Gas Purchasing Options and Cost effectiveness
- Integration of Demand and Resources
- Two-Year Action Plan
- Relationship Between Consecutive Plans (2004 Plan to 2006 Plan)
- Public Participation
- Legal Effect

Staff's comments addressed each of these in turn. After a complete evaluation of the Company's IRP, its methodology and conclusions, the Staff presented four recommendations to the Commission that focused on the Company's demand forecasting, DSM program and integration of demand and resources. The Company timely filed its reply comments on September 14, 2006.

The Company's reply comments addressed each of the Staff's four formal recommendations to the Commission.

Demand Forecasting

In June 1997 the Commission granted the Company's request to change the planning horizon for the Company's IRP process from 20 years to 5 years. *See* Order No. 27024. The planning period of 2007-2011 used for this IRP meets that requirement. The Company forecast, that is the basis for the five-year planning period, provides daily, monthly and peak demands and predicts significant growth of peak demand in the core sectors of residential and commercial customers and stable peak demand in the industrial sector over the planning period. The forecast is based on: (1) growth in the number of households in the service territory commensurate with growth of the population and the economy, (2) corresponding growth in the number of small commercial customers, and (3) conversion to natural gas use by residences that presently do not use natural gas. The Staff stated that it believes the economic forecast issued by John S. Church in May 2005 and the conservative design heating degree year were appropriate to use in the IRP; however, it is Staff's opinion that, in general, the forecasting inputs and methodologies used by the Company are neither as comprehensive nor as robust as they could be. Staff Comments at 4.

The Staff noted the following areas where it felt the IRP was deficient in some manner:

1. Market Penetration Data. The Staff believes that the market penetration numbers presented in the IRP are more realistic than those presented in the 2004 IRP. However, the increasing market penetration going forward seems contradictory to market conditions and invites more explanation. *Id.* at 5.

2. Conversion Rate Data. The conversion rates for existing homes noted in this IRP are less optimistic than in the previous IRP, however, those conversion rates are presented as generally increasing over the planning period. This seems counter-intuitive because conversion reduces the size of the non-natural gas users market. Staff suggested that the Company should provide a fuller explanation of its data and conclusions regarding conversion rates to clarify this inconsistency. *Id.*

3. Forecasting Method. Staff believes that the Company employed an overly simplistic forecasting method that ignores other factors driving demand, such as prices of natural gas and electricity, seasonality, and timed heating systems among other factors. Staff

commented that use of one or more of these other factors could be included to improve the model with little computational cost. *Id.* at 6.

4. Range of Pricing Forecasts. Staff commented that the Company used a single source for the natural gas pricing used in the IRP (the NYMEX market close data), and that no effective date or dates for the price data was stated in the IRP. *Id.* The Company stated in its response to a production request that an additional pricing data point from November 6, 2005 was used in the model to check for the impacts of differing pricing. *Id.* According to the Company, the results did not materially effect the model's optimization, thus the Company did not include details of the modeling run. Staff expressed the need to have more information on such other data points used and the effect, rather than have the Company omit that information from the IRP. *Id.*

5. Price Elasticity of Demand. In Staff's opinion, the demand forecast appears to lack a consideration of the price elasticity of demand. *Id.* at 7. Staff noted that although this factor has not been thought to be significant within the retail price levels of natural gas, the recent large price increases could result in an expected change in demand of 2.50-3.75%. *Id.* Staff considers this to be a significant change. *Id.* Staff noted that in its response to a production request on this topic, the Company stated that it has considered addressing price elasticity of demand but believes it is not appropriate, primarily due to its belief that price elasticity of demand will not effect the design weather assumptions for the coldest day to be served. *Id.*

The Staff recommended that in future IRPs, models that were tested but subsequently rejected in favor of the documented models be reported (along with a summary of why the alternatives were rejected), including customer usage over seasonal and annual time periods, a range of natural gas price forecasts from multiple sources, and price elasticity of demand. *Id.* at 15.

In response to this recommendation, the Company noted that a primary driver of an IRP is a mathematically-based model created from a system of inputs and constraints. Reply Comments at 1. Many models with varying inputs and constraints are likely to be run, and the outcome of a model run may be "rejected" simply because the model could not run to completion or did not provide satisfactory results without violating any number of model or mathematical constraints or criteria. *Id.*

The Company asserted that it does include seasonal differences in consumption in the IRP. *Id.* at 2. The Company performs individual regression models for peak usage months of November through February, takes into account the unique usage numbers of the “shoulder months,” and because there are very few heating degree days in July and August, it assumes that usage in those months is strictly baseload usage. *Id.*

Intermountain stated that its usage of NYMEX is reasonable as the price reflects the market consensus of future prices at a given point in time and, when combined with basin differentials, provide the most reasonable estimate of forecast prices available to the Company. *Id.* Further, the Company asserted that other forecast prices have no tie to the economic forecast provided by John Church, and there is no way to know whether the other price forecast would provide better or worse results. *Id.* Lastly, the Company commented “adding several different price forecasts to each demand scenario could result in a multitude of models when the main focus of the Company and the Commission is to develop a most likely scenario from which to build an overall strategy or action plan.” *Id.*

Intermountain commented that because its regression models already include the impact of declining usage, it believes that including price elasticity in the models would be “inappropriate . . . because it has the potential to underestimate the Company’s peak-day requirements. . . .” *Id.* The Company believes that most of the decline in usage is related to non-peak load and “has masked the true peaking load that will occur” when Idaho again experiences severely cold weather. *Id.* at 3. The Company has installed metering equipment in the Sun Valley and Idaho Falls laterals, where the peak usage per customer is higher than the average peak user per customer for the rest of its customers. *Id.* The Company stated that it has not yet collected sufficient data to conduct statistically significant analyses regarding the customer usage, but as it accumulates such data, it “look[s] forward to having enough data to test those correlations in a future IRP.” *Id.*

Assessment of Efficiency Improvements (DSM Resource Options)

Order No. 27098 directed the Company to address efficiency measures in its biennial IRP with a “general explanation with each IRP filing of whether there are cost effective DSM opportunities.” Order No. 27098 at 2. Prior to that time the Commission required that the IRP address “. . . a full spectrum of opportunities available to the Company, including conservation and efficiency measures. . . .” Order No. 25342.

In addressing efficiency, the IRP provides an overview of growth of the North American natural gas markets and makes its case for natural gas being the most efficient energy source available. IRP at 58-63. Staff recognized that Intermountain goes further by addressing, among other things, its support and promotion of certain conservation-based programs. Staff Comments at 8. Staff commented “except for a very general statement of support for these and similar activities, there is no mention in the IRP of any efficiency or DSM programs or evaluations of those programs being performed or reviewed by the Company.” *Id.* Staff also believes that any analysis to identify whether there are other cost-effective DSM opportunities available is absent from the IRP. *Id.*

The Staff recommended that in future IRPs, the Company address the “full spectrum of DSM opportunities available to the Company, including conservation and efficiency measures” that were part of the IRP process prior to Order No. 27098 and that the IRP process be modified to require that a cost/benefit evaluation of all feasible DSM measures be performed and that the Commission consider actions aimed at creating a mechanism that will result in all cost-effective DSM measures being implemented. *Id.* at 15.

Intermountain stated in its reply comments to this recommendation that it believes it has met the requirements of Order No. 27098 that it provide “a general explanation with each IRP filing of whether there are cost effective demand-side management (DSM) opportunities.” Reply Comments at 4. Intermountain commented that it is continuing “in its efforts to improve customer education regarding the wise and efficient use of natural gas.” *Id.* The Company believes that market forces are the best motivator for conservation and that consumers have a “strong incentive” to conserve in their usage of natural gas as prices rise. *Id.* The Company asserted that moving from “the current market based approach to a system where DSM measures are Company funded through an incremental charge would put upward pressure on customers’ bills at a time when they can least afford it. . . .” *Id.* at 5. The Company does not believe a return to the DSM measures in place prior to Order No. 29078 would be warranted. *Id.*

Natural Gas Supply Options

In Staff’s opinion, the Company adequately addressed supply-side options in the IRP. Intermountain provided detail regarding how it currently accesses natural gas from two supply basins, and extensively uses natural gas storage to assure the ability to meet winter demands. The Company utilizes both underground and liquefied storage and Intermountain owns

underground storage in three different and geographically diverse locations. Staff Comments at 10.

Natural Gas Purchasing Options and Cost Effectiveness

Staff commented that the Company's documentation of its market evaluations and market fundamentals continues to improve. *Id.* at 11. The market expertise and experience of the Company and its purchasing agent are extensive and will provide the background to evaluate the current guidelines and expand the Gas Supply Risk Management Program as Intermountain and Staff continue to meet on this topic. *Id.*

Integration of Demand and Resources

Staff noted that the Company identified certain delivery constraints that fall into two categories: (1) deficits in delivery to the Company's system from the interstate pipeline, and (2) deficits in the Company's distribution system capacity for delivery to its customers. *Id.* These deficits are addressed in the IRP section entitled "Resource Optimization." IRP at 64. Staff commented that, according to the IRP, peak day deficits in delivery into the system will grow substantially from 2007-2011. Further, the IRP states that this deficit will be met by acquiring an incremental 25,000 mmbtu of interstate delivery on Northwest Pipeline in Year 1 of the plan (2007) along with unspecified contracts for matching commodity. Staff Comments at 12. Staff noted that the IRP mentions merely "fill" (generic acquisition) as the method of meeting the deficit without further explanation. Staff believes that an improvement to this part of the IRP would be for Intermountain to define the linkage between identifying the necessary resources and performance under its natural gas acquisition policies and the Risk Management Program. *Id.*

Staff stated the Company set forth, in a response to a production request, how it originally planned to meet the specific lateral deficits that comprised the basis for much of the IRP itself. *Id.* at 13. Staff noted the Company stated in its response that it "has further refined its plans to eliminate the projected distribution deficits in a more cost efficient manner" and that further study has resulted in delaying the need for these resources with only brief explanatory information. *Id.* (citing Response by Company to Staff's First Set of Production Requests at 5-6).

Staff recommended that the Company be directed to specifically describe and evaluate the additional resources that will be acquired, developed or constructed to eliminate

demand deficits in commodity supply and transportation in all future IRPs. *Id.* at 15. Staff further recommended that the Company be directed to publish an addendum to the Resource Optimization section of the IRP addressing the changed lateral transportation capacity deficit positions stated in the Company's response to a production request. *Id.* at 16.

Intermountain responded that it believes it supplied sufficient information regarding the resources that will be needed to meet demand. Reply Comments at 5. The Company commented that the difficulty in providing specific information regarding short-term gas supplies, including "fill" resources "lies in the fact that they usually become available unexpectedly" and the timing and availability of these rarely is within the Company's prior knowledge. *Id.* at 6.

Further, the Company asserted that despite the errors in the data, they "in no way affected the optimization model outcome." *Id.* Intermountain asserted that it has filed corrected data and believes that filing an addendum would be redundant. *Id.*

Two-Year Plan

Order No. 25342 mandated that each IRP include a two-year plan "outlining the specific actions to be taken by the utility in implementing" the IRP. Staff believes that the Company's five-year IRP provides information that adequately addresses the original need for requiring the two-year plan, and that it may no longer be necessary for the Company to submit a two-year plan within its IRP. Staff Comments at 14.

Relationship Between the Plans (2006 IRP vs. 2004 IRP)

Staff believes that the IRP satisfies this requirement. In the comparative analysis section of the IRP, the Company addresses the differences between the 2004 IRP and the present IRP. Each major section of the IRP is addressed and the significant differences between the two plans discussed. *Id.* at 15.

Public Participation

The Staff believes that the Company met the requirement for public participation in the IRP process. Public involvement in the IRP process consisted of a half-day session wherein the Company met with customers, concerned consumer groups and Commission Staff to discuss the inputs to the IRP and questions and comments were solicited from all present. *Id.*

Legal Effect

The Staff had no comments on the legal effect of the IRP.

DISCUSSION

The Commission has jurisdiction over Intermountain Gas Company, a natural gas utility, and the issues raised in Case No. INT-G-06-3 pursuant to the jurisdiction granted under Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.* Commission Order No. 25342 initiated IRP requirements for local gas distribution companies in accordance with amended Section 303 of PURPA. That Order lists the elements that the IRP should contain. The Commission has twice modified the requirements for natural gas IRPs: Order No. 27024 allowed natural gas utilities to shorten the planning horizon to five years to match the Company's planning horizon and available market products; and Order No. 27098 removed the requirement that IRPs include a formal evaluation of the costs and benefits of potential DSM programs, stating that a general explanation of whether there are cost effective DSM opportunities will be sufficient.

An IRP is meant to be a planning document for the Company that takes into account the many factors and variables that can arise, as it looks at supply and demand in the coming years. The plan is not meant to be merely an academic or regulatory exercise but a showing to the public that the Company has prepared for, and has considered, a multitude of scenarios. We expect each company submitting an IRP to vigorously test each assumption used in its plan to better ensure that the results of its IRP reflect the changing markets and demand, and Intermountain is no exception.

The Company fulfilled most of the IRP requirements under our prior Orders and we appreciate the Company's attention to and efforts regarding those requirements. For certain requirements, however, we find that the Company did not apply the same rigor.

Demand Forecasting

The Company asserted that it subjected its modeling to a number of variables and that some of these may have been "rejected" because the modeling could not run to completion or the modeling did not provide "satisfactory results without violating any number of model or mathematical constraints or criteria." Reply Comments at 1. That is easily understood, and is actually expected. The Company should experience some of these results if it is truly pushing the boundaries of its modeling. What is critical here is for the Company to include a summary of those factors that may have challenged the modeling. Such a summary keeps the Commission informed as to how certain factors contributed to the Company's final IRP and provides

illumination to the public regarding the issues that the Company faces, including, *inter alia*, service growth and supply deficits.

The weather certainly plays a primary role in the availability and need for natural gas and must be considered. However, we find that a healthy model should include other economic factors to present a clearer picture of the Company's planning. One of these factors is the difference among the customer classes. Currently, the Company provides a model that groups the RS-1, RS-2 and commercial customer classes together. We find that it would be useful for the Company to consider scenarios for future IRPs in which the customer classes are separated, and for the IRP to include at least a brief summary of the Company's findings and analyses of how the separate customers classes affect the modeling outcome and the Company's IRP as a whole.

Also, we find that the Company should evaluate customer usage over seasonal, as well as annual, time periods. The Company stated that it uses customers' summertime usage as its base rate of use. Employing the summer usage may create an acceptable base from which to compare usage at other times of the year; however, there is no analysis provided to substantiate that premise. This can be critical as the Company bases a number of conclusions on this one assumption. A testing of this assumption and disclosure of the results (in at least summary form) is necessary to instill confidence that the plan is not premised on mere conjecture.

We find that another factor for the Company to include in its model and in the discussion of its IRP is a range of natural gas price forecasts from multiple sources. The NYMEX market close is one solid data point, but there are many perspectives and forecasts available. There is no single consensus on where the market is headed and using additional forecasts in the modeling will improve the IRP's robustness. Including the additional scenarios or sensitivity analyses from a variety of forecasts are exactly the product that should be published in the IRP in order to show that the IRP has resulted in selection of the best plan going forward. The number of scenarios or the computer sensitivity runs necessary to develop those scenarios is not an undue burden. Many other utilities in the region perform literally hundreds of runs for many scenarios to arrive at their planning results. Several other natural gas price forecasts exist that could be used for comparison, to ensure that not too much weight is placed in any single forecast.

Lastly, we find that the Company should factor the price elasticity of demand into its calculations. The Company asserted that it includes the impact of declining usage, as caused by a variety of factors, in its modeling. Unfortunately, the Company does not further identify how it includes the impact of declining usage in its calculations, nor does it include any discussion in the IRP of what effect the fluctuation in rates may have upon the consumption by its customers. Instead, the Company dismisses price elasticity as a factor because it believes that it will not affect the design weather assumptions. Though the Company may logically come to that conclusion in its analysis, the Commission would prefer to see the analysis conducted and presented rather than have the appearance of an IRP driven by an assumption.

In future IRPs, if the Company deems that any of the above factors provide no improvement on formulating its resource plan, we expect documentation and at least a narrative summary to support that conclusion. Such information may appear in the body of the IRP or in an appendix, as appropriate, but it should be included to demonstrate the factors that determined the Company's filing.

Assessment of Efficiency Improvements (DSM Resource Options)

We commend the Company for its efforts in providing resources on its website, in brochures and other media to educate its consumers on ways they can conserve energy, as well as its participation in Rebuild Idaho, its support of the Gas Technology Initiative, and certain other activities. These activities are relatively passive, however, and comprise only one part of the equation in formulating a complete DSM program. Education and information are an important aspect of a DSM program even though providing information and education is not a DSM measure in and of itself and does not create alternative resources that can be quantified and substituted for supply side resources.

The DSM measures set forth in the 2006 IRP mirror those in the 2004 IRP without any mention of whether additional measures were evaluated for cost-efficiency in the intervening years. Prior Commission Orders require that the Company continually seek out and evaluate new measures that may be added to its DSM program. We find that for future IRPs, the Company should address the full spectrum of DSM opportunities available to it, including both conservation and efficiency improvement measures, and that the Company shall provide a summary as to the cost-effectiveness of all measures considered even if they are not selected for implementation.

A DSM program based on a robust mixture of measures selected and implemented after appropriate analysis will produce positive results. The entire premise of Commission Order No. 27098 is that the Company examine and implement cost-effective DSM opportunities. The Commission reaffirms that it does not intend for the Company to chase opportunities that would be counter-productive and inefficient. The Commission's philosophy regarding DSM has been clearly stated in its Orders – it strongly supports the development and implementation of DSM measures and wants natural gas utilities in Idaho to investigate and implement cost-effective measures that improve energy efficiency.

Integration of Demand and Resources

We recognize the difficulty of predicting the exact timing necessary to assure that both transport and commodity are available when a deficit appears in a growing service area; however, we are confident that the Company can provide accurate planning at least two years in advance. Additionally, we appreciate that the Company revisited its IRP during the review period and further refined its plans to mitigate or eliminate projected capital improvements needed to meet distribution deficits. It is welcome to learn that the Company has conducted some early research that shows that new technology may allow the Company to delay certain expensive pipeline upgrades in areas of the system. Upon review, however, the IRP does not clearly and adequately match those deficits with planned resources so that any reader of the IRP can understand what is needed and what is planned. The Company's brief statements in its response to a production request leave the Commission desiring additional explanation.

Based upon its review of the Company's filings in this case, as well as the review and recommendations of the Staff, the Commission accepts Intermountain Gas Company's 2006 Natural Gas IRP for filing. This acknowledgement and acceptance of the IRP should not be interpreted as approval of the plan or as a judgment of the prudence of any transactions undertaken as part of the plan.

ORDER

IT IS HEREBY ORDERED that the Commission accepts the Intermountain Gas Company 2006 Natural Gas Integrated Resource Plan for filing.

IT IS FURTHER ORDERED that in future IRPs, Intermountain Gas Company shall report models that were tested and rejected along with a summary of why they were rejected, and

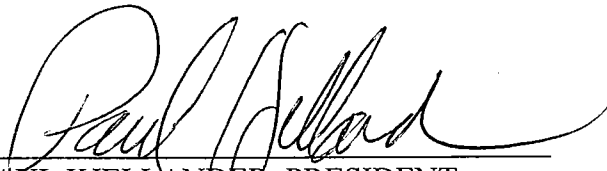
will include in the models customer usage over seasonal and annual time periods, a range of natural gas price forecasts from multiple sources and the price elasticity of demand.

IT IS FURTHER ORDERED that in future IRPs, the Company shall address the full spectrum of DSM opportunities available to the Company, including conservation and efficiency measures and shall submit a cost/benefit evaluation of all feasible DSM measures be performed.

IT IS FURTHER ORDERED that the Company shall specifically describe and evaluate the additional resources that will be acquired, developed or constructed to eliminate demand deficits in commodity supply and transportation in all future IRPs.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See Idaho Code §§ 61-626 and 62-619.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *2nd* day of November 2006.



PAUL KJELLANDER, PRESIDENT

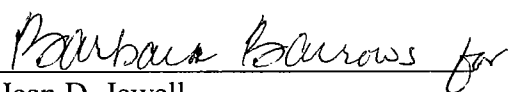


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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