

**INTERMOUNTAIN GAS COMPANY**

555 SOUTH COLE ROAD • P.O. BOX 7608 • BOISE, IDAHO 83707 • (208) 377-6000 • FAX: 377-6097

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August 16, 2006

IDAHO PUBLIC  
UTILITIES COMMISSION

Ms. Jean Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington St.  
P. O. Box 83720  
Boise, ID 83720-0074

RE: Intermountain Gas Company  
Case No. INT-G-06-04

Dear Ms. Jewell:

Enclosed for filing with this Commission is a signed original and seven copies of Intermountain Gas Company's Application and supporting Workpapers for Authority to change its Prices on October 1, 2006.

Please acknowledge receipt of this filing by stamping and returning a photocopy of this Application cover letter to us.

If you have any questions or require additional information regarding the attached, please contact me at 377-6168.

Very truly yours,



Michael P. McGrath  
Director  
Gas Supply and Regulatory Affairs

MPM/blf

Enclosures

cc W. C. Glynn  
P. R. Powell  
M. E. Rich  
M. W. Richards, Jr.

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UTILITIES COMMISSION

**INTERMOUNTAIN GAS COMPANY**

**CASE NO. INT-G-06-04**

**APPLICATION,  
EXHIBITS,  
AND  
WORKPAPERS**

**In the Matter of the Application of INTERMOUNTAIN GAS COMPANY  
for Authority to Change Its Prices on October 1, 2006**

**(October 1, 2006 Purchased Gas Cost Adjustment Filing)**

Morgan W. Richards, Jr.  
ISB # 1913  
804 East Pennsylvania Lane  
Boise, Idaho 83706  
Telephone (208) 345-8371  
Attorney for Intermountain Gas Company

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IDAHO PUBLIC  
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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of  
INTERMOUNTAIN GAS COMPANY  
for Authority to Change Its Prices

Case No. INT-G-06-04  
**APPLICATION**

Intermountain Gas Company ("Intermountain"), an Idaho corporation with general offices located at 555 South Cole Road, Boise, Idaho, hereby requests authority, pursuant to Idaho Code Sections 61-307 and 61-622, to place in effect October 1, 2006 new rate schedules which will decrease its annualized revenues by \$1.6 million, pursuant to the Rules of Procedure of the Idaho Public Utilities Commission ("Commission"). Because of changes in Intermountain's gas related costs, as described more fully in this Application, Intermountain's earnings will not be decreased as a result of the proposed changes in prices and revenues. Intermountain's current rate schedules showing proposed changes are attached hereto as Exhibit No. 1 and are incorporated herein by reference. Intermountain's proposed rate schedules are attached hereto as Exhibit No. 2 and are incorporated herein by reference.

Communications in reference to this Application should be addressed to:

Paul R. Powell  
Executive Vice President & Chief Financial Officer  
Intermountain Gas Company  
Post Office Box 7608, Boise, ID 83707  
and  
Morgan W. Richards, Jr.  
Attorney  
804 East Pennsylvania Lane, Boise, ID 83706

In support of this Application, Intermountain does allege and state as follows:

## I.

Intermountain is a gas utility, subject to the jurisdiction of the Idaho Public Utilities Commission, engaged in the sale of and distribution of natural gas within the State of Idaho under authority of Commission Certificate No. 219 issued December 2, 1955, as amended and supplemented by Order No. 6564, dated October 3, 1962.

Intermountain provides natural gas service to the following Idaho communities and counties and adjoining areas:

Ada County - Boise, Eagle, Garden City, Kuna, Meridian, and Star;  
Bannock County - Chubbuck, Inkom, Lava Hot Springs, McCammon, and Pocatello;  
Bear Lake County - Georgetown, and Montpelier;  
Bingham County - Aberdeen, Basalt, Blackfoot, Firth, Fort Hall, Moreland/Riverside, and Shelly;  
Blaine County - Bellevue, Hailey, Ketchum, and Sun Valley;  
Bonneville County - Ammon, Idaho Falls, Iona, and Ucon;  
Canyon County - Caldwell, Greenleaf, Middleton, Nampa, Parma, and Wilder;  
Caribou County - Bancroft, Conda, Grace, and Soda Springs;  
Cassia County - Burley, Declo, Malta, and Raft River;  
Elmore County - Glens Ferry, Hammett, and Mountain Home;  
Fremont County - Parker, and St. Anthony;  
Gem County - Emmett;  
Gooding County - Gooding, and Wendell;  
Jefferson County - Lewisville, Menan, Rigby, and Ririe;  
Jerome County - Jerome;  
Lincoln County - Shoshone;  
Madison County - Rexburg, and Sugar City;  
Minidoka County - Heyburn, Paul, and Rupert;  
Owyhee County - Bruneau, Homedale;  
Payette County - Fruitland, New Plymouth, and Payette;  
Power County - American Falls;  
Twin Falls County - Buhl, Filer, Hansen, Kimberly, Murtaugh, and Twin Falls;  
Washington County - Weiser.

Intermountain's properties in these locations consist of transmission pipelines, a compressor station, a liquefied natural gas storage facility, distribution mains, services, meters and regulators, and general plant and equipment.

## II.

Intermountain seeks with this Application to pass through to each of its customer classes a change in gas related costs resulting from: 1) an increase in costs billed Intermountain pursuant to General Rate Cases filed by Northwest Pipeline Corporation ("Northwest" or "Northwest Pipeline") and Gas Transmission Northwest Corporation ("Gas Transmission Northwest" or

“GTN”), 2) benefits included in Intermountain’s firm transportation and storage costs resulting from Intermountain’s management of its storage and firm capacity rights on pipeline systems including Northwest Pipeline and GTN, 3) a decrease in Intermountain’s Weighted Average Cost of Gas (“WACOG”), 4) an updated customer allocation of gas related costs pursuant to the Company’s Purchased Gas Cost Adjustment provision, and 5) the inclusion of temporary surcharges and credits for one year relating to gas and interstate transportation costs from Intermountain's deferred gas cost account. Exhibit No. 3 contains pertinent excerpts from pipeline and related facilities’ tariffs. Intermountain also seeks with this Application to eliminate the temporary surcharges and credits included in its current prices during the past 12 months, pursuant to Case No. INT-G-05-2. The aforementioned changes would result in an overall price decrease to Intermountain’s RS-1, RS-2, GS-1, and LV-1 customers, a price decrease to Intermountain’s T-1 customers, and an increase in Intermountain’s T-2 Demand Charge and a decrease to the T-2 Commodity Charge.

These price changes are applicable to service rendered under rate schedules affected by and subject to Intermountain's Purchased Gas Cost Adjustment ("PGA"), initially approved by this Commission in Order No. 26109, Case No. INT-G-95-1, and additionally approved through subsequent proceedings.

Exhibit No. 4 summarizes the price changes in: 1) Intermountain's base rate gas costs and its rate class allocation, and 2) adjusting temporary surcharges or credits flowing through to Intermountain's direct sales and transportation customers. Exhibit No.'s 3 and 4 are attached hereto and incorporated herein by reference.

### **III.**

The current prices of Intermountain are those approved by this Commission in Order No. 29875, Case No. INT-G-05-2.

### **IV.**

Intermountain’s proposed prices incorporate all price changes impacting Intermountain’s firm interstate transportation capacity including, but not limited to, any such changes implemented by Northwest and GTN which have occurred since Intermountain’s last PGA filing in Case No. INT-G-05-2. Exhibit No. 4, Lines 1 through 23, details the proposed changes in

Intermountain's prices resulting from adjustments to Intermountain's cost of interstate and upstream capacity from its various suppliers.

On June 30, 2006, Northwest Pipeline Corporation filed a general system rate case with the Federal Energy Regulatory Commission ("FERC") in Docket No. RP06-416-000. This filing is the first general rate increase sought by Northwest in nearly ten years. The FERC suspended the effective date of Northwest's proposed rates until January 1, 2007, subject to refund and conditions and the outcome of the FERC hearing. Intermountain's proposed prices have been weighted to reflect this January 1, 2007 effective date. Intermountain has representation at FERC to intervene in Northwest's General Rate Case proceeding.

Intermountain transports natural gas from Alberta on the Gas Transmission Northwest system from the international border at Kingsgate to the interconnection with Northwest Pipeline at Stanfield. On June 30, 2006, GTN filed a general system rate case with the Federal Energy Regulatory Commission in Docket No. RP06-407-000. The FERC suspended the effective date of GTN's proposed rates until January 1, 2007, subject to refund and conditions and the outcome of the FERC hearing. Intermountain's proposed prices have been weighted to reflect this January 1, 2007 effective date. GTN's current rates are based on its last rate case, filed in 1994. Intermountain has representation at FERC to intervene in GTN's General Rate Case proceeding.

Intermountain is party to certain agreements whereby Intermountain manages its storage related assets in conjunction with a third party asset manager. Intermountain proposes to pass back to its customers the benefits generated from these agreements as included on Exhibit No. 4, Line 19.

## V.

The WACOG reflected in Intermountain's proposed prices is \$0.72400 per therm, as shown on Exhibit No. 4, Line 24, Column (f). This compares to \$0.73219 per therm currently included in the Company's tariffs.

As stated in the Company's Customer Notice, despite a 30% increase in crude oil prices during this past year when the Company last changed its natural gas prices, the Company has not increased in its Application the natural gas cost to its customers. Natural gas prices have been moderated by historically high levels of natural gas stored in the nation's inventory; natural gas production, which was shut-in after the impact of Hurricane Katrina, has now largely come back

on-line in the Gulf of Mexico and the outlook for the upcoming hurricane season is moderate as compared to last season; and price induced domestic natural gas rig counts and production are up as compared to a year ago.

The proposed WACOG includes the benefits to Intermountain's customers generated by Intermountain's management of significant natural gas storage assets whereby gas is procured during the traditionally lower priced summer season for withdrawal and use during the winter when prices would otherwise be substantially higher. Additionally, and in an effort to further stabilize the prices paid by our customers during the upcoming winter storage withdrawal period, Intermountain entered into hedging agreements to lock-in the price for 100% of the company's April 2006 to October 2006 storage injections.

Intermountain also believes that the WACOG proposed in this Application, subject to the effect of actual supply and demand, will likely materialize during the upcoming PGA period because Intermountain is planning to employ, in addition to those natural gas hedges already in place for the high winter demand, cost effective financial instruments to secure those prices embedded within the filed WACOG when and if those pricing opportunities materialize in the marketplace.

However, liquidity in the market is sustained by contrary opinions and natural gas prices could indeed realize levels different from those included in this Application. Although current commodity futures prices dictate the use of this \$0.72400 per therm WACOG, Intermountain continues to remain vigilant in monitoring natural gas prices and is committed to come before this Commission prior to this winters heating season with an Application to further amend these proposed prices, should these forward prices materially deviate from the \$0.72400 per therm.

Timely natural gas price signals and the accounting for any cost differences brought about by these volatile markets, facilitated through the use of the PGA mechanism, enhances our customers' ability to make timely and informed energy use decisions and ensures they only pay the actual cost of such supplies. It is important to continue to alert our customers in a timely manner to these impending increases before their higher natural gas usage is before them. By employing the use of customer mailings and various media resources, Intermountain will continue to educate its customers regarding the wise and efficient use of natural gas, billing options available to help our customers manage their energy budget, and pending natural gas unit price changes.

## **VI.**

Pursuant to Case No. INT-G-05-2, Intermountain has included temporary surcharges and credits in its October 1, 2005 prices for the principal reason of collecting or passing back to its customers deferred gas cost charges and benefits, as outlined in Case No. INT-G-05-2. Line 29 of Exhibit No. 4 reflects the elimination of these temporary surcharges and credits.

## **VII.**

Intermountain's PGA tariff includes provisions whereby Intermountain's proposed prices will be adjusted for updated customer class sales volumes and purchased gas cost allocations, pursuant to the Company's approved cost of service methodology. Intermountain's proposed prices include a fixed cost collection adjustment pursuant to these PGA provisions, as outlined on Exhibit No. 5, Line 24. The price impact of this adjustment is included on Exhibit No. 4, Line No. 30. Exhibit No. 5 is attached hereto and incorporated herein by reference.

## **VIII.**

Intermountain is party to certain agreements whereby Intermountain has released segmented portions of its firm capacity rights when not needed to meet its customer needs. Intermountain proposes to pass back to its customers the benefits generated from the capacity release agreements, totaling \$3.5 million. Exhibit No. 6, Line 1, reflects the inclusion of the \$3.5 million credit. Intermountain proposes to pass back this amount via the per therm credit as detailed on Exhibit No. 7. Exhibit No.'s 6 and 7 are attached hereto and incorporated herein by reference.

## **IX.**

Intermountain proposes to allocate deferred gas costs from its Account No. 186 balance to its customers through temporary price adjustments to be effective during the 12-month period ending September 30, 2007, as follows:

- 1) Intermountain has been deferring in its Account No. 186 fixed gas costs. The credit amount shown on Exhibit No. 8, Line 9, Col. (b) of \$3.1 million is predominantly attributable to the collection of interstate pipeline capacity costs and the true-up of expense issues previously ruled on by this Commission. Intermountain proposes to collect or pass back these balances via the per therm surcharges and credits, as detailed on Exhibit No. 8 and included on Exhibit No. 6, Line 2. Exhibit No. 8 is attached hereto and incorporated herein by reference.



2) Intermountain has been deferring in its Account No. 186 deferred gas cost debits of \$14.1 million, as shown on Exhibit No. 9, Line 2, Col. (b), attributable to Intermountain's variable gas costs since September 1, 2005. Intermountain proposes to collect this debit balance via a per therm surcharge, as shown on Exhibit No. 9, Line 4, Col. (b) and included on Exhibit No. 6, Line 3. Exhibit No. 9 is attached hereto and incorporated herein by reference.

**X.**

Intermountain has allocated the proposed price changes to each of its customer classes based upon Intermountain's PGA provision. A straight cent-per-therm price decrease was not utilized for the T-1 tariff. No fixed costs are currently recovered in the tail block of Intermountain's T-1 tariff. Absent Williams' firm transportation TF-1 Commodity Charge, the proposed decrease in the T-1 tariff is fixed cost related, and therefore, a cent per therm decrease was made only to the first two blocks of the tariff for these fixed costs.

**XI.**

The proposed increase to the T-2 tariff Demand Charge is fixed cost related, and therefore, a cent per therm increase was made to the T-2 Demand Charge for these fixed costs. Additionally, the proposed decrease to the T-2 Commodity Charge incorporates the decrease in the Williams' firm transportation TF-1 Commodity Charge.

**XII.**

Exhibit No. 10 is an analysis of the overall price changes by class of customer. Exhibit No. 10 is attached hereto and incorporated herein by reference.

**XIII.**

The proposed overall price change herein requested among the classes of service of Intermountain will not affect Intermountain's earnings, and is just, fair, and equitable.

**XIV.**

This Application is filed pursuant to the applicable statutes and the Rules and Regulations of the Commission. This Application has been brought to the attention of Intermountain's customers through a Customer Notice and by a Press Release sent to daily and weekly newspapers, and major radio and television stations in Intermountain's service area. The Press Release and Customer Notice are attached hereto and incorporated herein by reference. Copies of this

Application, its Exhibits, and Workpapers have been provided to those parties regularly intervening in Intermountain's rate proceedings.

**XV.**

Intermountain requests that this matter be handled under modified procedure pursuant to Rules 201-204 of the Commission's Rules of Procedure. Intermountain stands ready for immediate consideration of this matter.

WHEREFORE, Intermountain respectfully petitions the Idaho Public Utilities Commission as follows:

a. That the proposed rate schedules herewith submitted as Exhibit No. 2 be approved without suspension and made effective as of October 1, 2006 in the manner shown on Exhibit No. 2.


b. That this Application be heard and acted upon without hearing under modified procedure, and

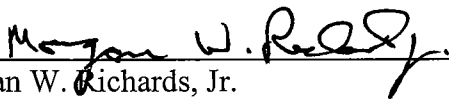
c. For such other relief as this Commission may determine proper herein.

DATED at Boise, Idaho, this 16th day of August, 2006.

INTERMOUNTAIN GAS COMPANY

Morgan W. Richards, Jr.

By   
Paul R. Powell  
Executive Vice President & CFO

By   
Morgan W. Richards, Jr.  
Attorney for Intermountain Gas Company

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 16th day of August, 2006, I served a copy of the foregoing Case No. INT-G-06-04 upon:

Paula Pyron  
Northwest Industrial Gas Users  
4113 Wolf Berry Court  
Lake Oswego, OR 97035

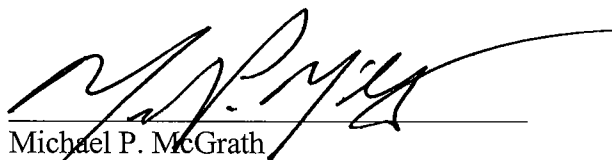
Edward A. Finklea  
Cable Huston Benedict Haagensen & Lloyd LLP  
1001 SW Fifth Avenue, Suite 2000  
Portland, Oregon 97204-1136

R. Scott Pasley  
J. R. Simplot Company  
PO Box 27  
Boise, ID 83707

David Hawk  
J. R. Simplot Company  
PO Box 27  
Boise, ID 83707

Conley E. Ward, Jr.  
Givens, Pursley, Webb & Huntley  
277 N. 6th St., Suite 200  
PO Box 2720  
Boise, ID 83701

by depositing true copies thereof in the United States Mail, postage prepaid, in envelopes addressed to said persons at the above addresses.



Michael P. McGrath  
Director  
Gas Supply and Regulatory Affairs

**EXHIBIT NO. 1**

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**CASE NO. INT-G-06-04**

**INTERMOUNTAIN GAS COMPANY**

**CURRENT TARIFFS**

**Showing Proposed Price Changes**

**(8 pages)**

**COMPARISON OF PROPOSED OCTOBER 1, 2006 PRICES  
TO OCTOBER 1, 2005 PRICES**

<u>Line No.</u>	<u>Rate Class</u>	<u>October 1, 2005 Prices per INT-G-05-2</u>	<u>Proposed Adjustment</u>	<u>Proposed October 1, 2006 Prices</u>
	(a)	(b)	(c)	(d)
1	<b>RS-1</b>			
2	April - November	\$ 1.25501	\$ (0.00058)	\$ 1.25443
3	December - March	1.14245	(0.00058)	1.14187
4	<b>RS-2</b>			
5	April - November	1.10648	(0.00100)	1.10548
6	December - March	1.07285	(0.00100)	1.07185
7	<b>GS-1</b>			
8	April - November			
9	Block 1	1.13515	(0.01209)	1.12306
10	Block 2	1.11342	(0.01209)	1.10133
11	Block 3	1.09240	(0.01209)	1.08031
12	December - March			
13	Block 1	1.08430	(0.01209)	1.07221
14	Block 2	1.06310	(0.01209)	1.05101
15	Block 3	1.04264	(0.01209)	1.03055
16	CNG Fuel	1.04264	(0.01209)	1.03055
17	<b>LV-1</b> <sup>(1)</sup>			
18	Block 1	0.88912	(0.00025) <sup>(2)</sup>	0.88887
19	Block 2	0.85063	(0.00025) <sup>(3)</sup>	0.85038
20	Block 3	0.77051	0.00916 <sup>(4)</sup>	0.77967
21	<b>T-1</b>			
22	Block 1	0.12929	(0.01110) <sup>(2)</sup>	0.11819
23	Block 2	0.09080	(0.01110) <sup>(3)</sup>	0.07970
24	Block 3	0.01068	(0.00169) <sup>(4)</sup>	0.00899
25	<b>T-2</b>			
26	Demand Block 1	1.70931	0.12103	1.83034
27	Demand Block 2	0.90773	0.12103	1.02876
28	Commodity Charge	0.00653	(0.00169)	0.00484
29	Over-Run Service	0.04912	(0.00169)	0.04743

<sup>(1)</sup>The LV-1 Adjustment is calculated by taking the figures in Lines 22 - 24, Col (c), plus removal of the TF-1 Commodity Charge change, plus the change in the WACOG, plus removal of the temporary variable surcharge from INT-G-05-2 of \$0.03171, plus the temporary variable debit on Exhibit 9, Line 4, Col (b)

<sup>(2)</sup> See Workpaper No. 7, Line 13, Col (e)

<sup>(3)</sup> See Workpaper No. 7, Line 20, Col (e)

<sup>(4)</sup> See Workpaper No. 7, Line 21, Col (e)

Name  
of Utility

**Intermountain Gas Company**

IDAHO PUBLIC UTILITIES COMMISSION  
APPROVED EFFECTIVE

SEP 30 '05 OCT 1 - '05

Per. O.W. 29875

*Paul R. Powell* SECRETARY

**Rate Schedule RS-1  
RESIDENTIAL SERVICE**

**AVAILABILITY:**

Available to individually metered consumers not otherwise specifically provided for, using natural gas for residential purposes.

**RATE:**

Monthly minimum charge is the customer charge.

For billing periods ending April through November

Customer Charge - \$2.50 per bill

Commodity Charge - \$1.25504 \$1.25443 per therm\*

For billing periods ending December through March

Customer Charge - \$6.50 per bill

Commodity Charge - \$1.44245 \$1.14187 per therm\*

**\*Includes:**

Temporary purchased gas cost adjustment of \$0.06562 \$0.03422

Weighted average cost of gas of \$0.73219 \$0.72400

**PURCHASED GAS COST ADJUSTMENT:**

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

**SERVICE CONDITIONS:**

All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this rate schedule is a part.

Issued by: **Intermountain Gas Company**

By: Paul R. Powell

Title: Executive Vice President & Chief Financial Officer

Effective: October 1, 2005 2006

I.P.U.C. Gas Tariff  
Second Revised Volume No. 1  
(Supersedes First Revised Volume No. 1)  
Thirty-Sixth Seventh Revised Sheet No. 02 (Page 1 of 1)

Name of Utility **Intermountain Gas Company**

Exhibit No. 1  
Case No. INT-G-06-04  
Intermountain Gas Company  
Page 3 of 8

IDAHO PUBLIC UTILITIES COMMISSION  
APPROVED EFFECTIVE

SEP 30 '05 OCT 1 - '05  
Per. o.v. 29875  
*Paul R. Powell* SECRETARY

**Rate Schedule RS-2  
MULTIPLE USE RESIDENTIAL SERVICE**

**AVAILABILITY:**

Available to individually metered consumers using gas for several residential purposes including both water heating and space heating.

**RATE:**

Monthly minimum charge is the customer charge.

**For billing periods ending April through November**

Customer Charge - \$2.50 per bill

Commodity Charge - \$1.10648 \$1.10548 per therm\*

**For billing periods ending December through March**

Customer Charge - \$6.50 per bill

Commodity Charge \$1.07285 \$1.07185 per therm\*

**\*Includes:**

Temporary purchased gas cost adjustment of \$0.04838 \$0.02786  
Weighted average cost of gas of \$0.73219 \$0.72400

**PURCHASED GAS COST ADJUSTMENT:**

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

**SERVICE CONDITIONS:**

All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this rate schedule is a part.

Issued by: **Intermountain Gas Company**  
By: Paul R. Powell Title: Executive Vice President & Chief Financial Officer  
Effective: October 1, 2005 2006



I.P.U.C. Gas Tariff  
Second Revised Volume No. 1  
(Supersedes First Revised Volume No. 1)  
Thirty-Eighth Ninth Revised Sheet No. 03 ( Page 1 of 2)

Name  
of Utility

**Intermountain Gas Company**

Exhibit No. 1  
Case No. INT-G-06-04  
Intermountain Gas Company  
Page 4 of 8

IDAHO PUBLIC UTILITIES COMMISSION  
APPROVED EFFECTIVE

SEP 30 '05 OCT 1 - '05

Per. o.w. 29875

*Paul R. Powell* SECRETARY

**Rate Schedule GS-1  
GENERAL SERVICE**

**AVAILABILITY:**

Available to individually metered customers whose requirements for natural gas do not exceed 2,000 therms per day, at any point on Company's distribution system. Requirements in excess of 2,000 therms per day may be served under this rate schedule upon execution of a one-year written service contract.

**RATE:**

Monthly minimum charge is the customer charge.

For billing periods ending April through November

Customer Charge - \$2.00 per bill

Commodity Charge - First 200 therms per bill @ \$1.43515\* \$1.12306\*  
Next 1,800 therms per bill @ \$1.11342\* \$1.10133\*  
Over 2,000 therms per bill @ \$1.09240\* \$1.08031\*

For billing periods ending December through March

Customer Charge - \$9.50 per bill

Commodity Charge - First 200 therms per bill @ \$1.08430\* \$1.07221\*  
Next 1,800 therms per bill @ \$1.06340\* \$1.05101\*  
Over 2,000 therms per bill @ \$1.04264\* \$1.03055\*

**\*Includes:**

Temporary purchased gas cost adjustment of \$0.04984 \$0.02520  
Weighted average cost of gas of \$0.73219 \$0.72400

Issued by: **Intermountain Gas Company**

By: Paul R. Powell

Title: Executive Vice President & Chief Financial Officer

Effective: October 1, 2005 2006

I.P.U.C. Gas Tariff  
Second Revised Volume No. 1  
(Supersedes First Revised Volume No. 1)  
Thirty-Eighth Ninth Revised Sheet No. 03 ( Page 2 of 2)

Name  
of Utility

**Intermountain Gas Company**

Exhibit No. 1  
Case No. INT-G-06-04  
Intermountain Gas Company  
Page 5 of 8

IDAHO PUBLIC UTILITIES COMMISSION  
APPROVED EFFECTIVE

SEP 30 '05 OCT 1 - '05

Per. O.V. 29875

*Paul R. Powell* SECRETARY

**Rate Schedule GS-1  
GENERAL SERVICE (Continued)**

For separately metered deliveries of gas utilized solely as Compressed Natural Gas Fuel in vehicular internal combustion engines.

Customer Charge - \$9.50 per bill

Commodity Charge - \$1.04264 \$1.03055 per therm\*

**\*Includes:**

Temporary purchased gas cost adjustment of \$0.04984 \$0.02520  
Weighted average cost of gas of \$0.73219 \$0.72400

**PURCHASED GAS COST ADJUSTMENT:**

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

**SERVICE CONDITIONS:**

1. Any GS-1 customer who leaves the GS-1 service will pay to Intermountain Gas Company, upon exiting the GS-1 service, all gas and transportation related costs incurred to serve the customer during the GS-1 service period not borne by the customer during the time the customer was using GS-1 service. Any GS-1 customer who leaves the GS-1 service will have refunded to them, upon exiting the GS-1 service, any excess gas commodity or transportation payments made by the customer during the time they were a GS-1 customer.
2. All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this rate schedule is a part.

Issued by: **Intermountain Gas Company**

By: Paul R. Powell

Title: Executive Vice President & Chief Financial Officer

Effective: October 1, 2005 2006

SEP 30 '05 OCT 1 - '05

Per. o.w. 29875  
*Ann D. Powell* SECRETARY

**Rate Schedule LV-1  
LARGE VOLUME FIRM SALES SERVICE**

**AVAILABILITY:**

Available at any mutually agreeable delivery point on the Company's distribution system to any existing customer receiving service under the Company's rate schedules LV-1, T-1, or T-2, or any new customer whose usage does not exceed 500,000 therms annually, upon execution of a one-year minimum written service contract for firm sales service in excess of 200,000 therms per year.

**MONTHLY RATE:**

**Commodity Charge:**

First 250,000 therms per bill @ \$0.88912\* \$0.88887\*  
Next 500,000 therms per bill @ \$0.85063\* \$0.85038\*  
Amount Over 750,000 therms per bill @ \$0.77051\*\* \$0.77967\*\*

The above prices include weighted average cost of gas of \$0.73219 \$0.72400

\* Includes temporary purchased gas cost adjustment of \$0.03032 \$0.03084

\*\* Includes temporary purchased gas cost adjustment of \$0.03174 \$0.04906

**PURCHASED GAS COST ADJUSTMENT (PGA):**

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

**SERVICE CONDITIONS:**

1. All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this Rate Schedule is a part.
2. Any LV-1 customer who exits the LV-1 service at any time (including, but not limited to, the expiration of the contract term) will pay to Intermountain Gas Company, upon exiting the LV-1 service, all gas and/or interstate transportation related costs to serve the customer during the LV-1 contract period not borne by the customer during the LV-1 contract period. Any LV-1 customer will have refunded to them, upon exiting the LV-1 service, any excess gas and/or interstate transportation related payments made by the customer during the LV-1 contract period.
3. In the event that total deliveries to any customer within the last three contract periods met or exceeded the 200,000 therm threshold, but the customer during the current contract period used less than the contract minimum of 200,000 therms, an additional amount shall be billed. The additional amount shall be calculated by billing the deficit usage below 200,000 therms at the T-1 Block 1 rate. The customer's future eligibility for the LV-1 Rate Schedule will be renegotiated with the Company.

Issued by: **Intermountain Gas Company**

By: Paul R. Powell

Title: Executive Vice President & Chief Financial Officer

Effective: October 1, 2005 2006

I.P.U.C. Gas Tariff  
Second Revised Volume No. 1  
(Supersedes First Revised Volume No. 1)  
Thirty-Second Third Revised Sheet No. 05 ( Page 1 of 2)

Name  
of Utility **Intermountain Gas Company**

Exhibit No. 1  
Case No. INT-G-06-04  
Intermountain Gas Company  
Page 7 of 8

IDAHO PUBLIC UTILITIES COMMISSION  
APPROVED EFFECTIVE

SEP 30 '05 OCT 1 - '05

Per. O.W. 29875

*Jan. H. Powell* SECRETARY

**Rate Schedule T-1  
FIRM TRANSPORTATION SERVICE**

**AVAILABILITY:**

Available at any mutually agreeable delivery point on the Company's distribution system to any existing customer receiving service under the Company's rate schedules LV-1, T-1, or T-2, upon execution of a one year minimum written service contract for firm transportation service in excess of 200,000 therms per year.

**MONTHLY RATE:**

**Commodity Charge:**

<b>Block One:</b>	First 250,000 therms transported @ \$0.12929* \$0.11819*
<b>Block Two:</b>	Next 500,000 therms transported @ \$0.09080* \$0.07970*
<b>Block Three:</b>	Amount over 750,000 therms transported @ \$0.04068 \$0.00899

\*Includes temporary purchased gas cost adjustment of \$(0.00139) \$(0.01822)

**PURCHASED GAS COST ADJUSTMENT:**

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

**SERVICE CONDITIONS:**

1. All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this Rate Schedule is a part.
2. The customer shall negotiate a Maximum Daily Firm Quantity (MDFQ) amount, which will be stated in and will be in effect throughout the term of the service contract. The MDFQ shall not exceed the customer's historical maximum daily usage, as agreed to by the Company.

In the event the Customer requires daily usage in excess of the MDFQ, and subject to the availability of firm interstate transportation to service Intermountain's system, all such usage may be transported and billed under either secondary rate schedule T-3 or T-4. The secondary rate schedule to be used shall be predetermined by negotiation between the Customer and Company, and shall be included in the service contract. All volumes transported under the secondary rate schedule are subject to the provisions of the applicable rate schedule T-3 or T-4.

Issued by: **Intermountain Gas Company**

By: Paul R. Powell

Title: Executive Vice President & Chief Financial Officer

Effective: October 1, 2005 2006

I.P.U.C. Gas Tariff  
Second Revised Volume No. 1  
(Supersedes First Revised Volume No. 1)  
Thirteenth Fourteenth Revised Sheet No. 10 (Page 1 of 2)

Name of Utility **Intermountain Gas Company**

Exhibit No. 1  
Case No. INT-G-06-04  
Intermountain Gas Company  
Page 8 of 8

IDAHO PUBLIC UTILITIES COMMISSION  
APPROVED EFFECTIVE

SEP 30 '05 OCT 1 - '05  
Per. o.v. 29875  
*Ann D. Jewell* SECRETARY

**Rate Schedule T-2  
FIRM TRANSPORTATION SERVICE WITH MAXIMUM DAILY DEMANDS**

**AVAILABILITY:**

Available at any mutually agreeable delivery point on the Company's distribution system to any existing T-2 customer whose daily contract demand for nonammonia therms on any given day meets or exceeds a predetermined level agreed to by the customer and the Company upon execution of a one-year minimum written service contract for firm transportation service in excess of 200,000 therms per year.

**MONTHLY RATE:**

<u>Firm Service</u>	<u>Rate Per Therm</u>
<b>Demand Charge:</b>	
<b>Firm Daily Demand -</b>	
First 15,000 therms	\$1.70931* \$1.83034*
Amount over 15,000 therms	\$0.90773* \$1.02876*
<b>Commodity Charge:</b>	
For Firm Therms Transported	\$0.00653 \$0.00484
<b>Over-Run Service</b>	
<b>Commodity Charge:</b>	
For Therms Transported In Excess Of MDFQ:	\$0.04912 \$0.04743

\*Includes temporary purchased gas cost adjustment of \$(0.08920) \$(0.15687)

**PURCHASED GAS COST ADJUSTMENT:**

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

**SERVICE CONDITIONS:**

- 1 All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this Rate Schedule is a part.
- 2 The customer shall nominate a Maximum Daily Firm Quantity (MDFQ), which will be stated in and will be in effect throughout the term of the service contract.
- 3 The monthly Demand Charge will be equal to the MDFQ times the Firm Daily Demand rate. Firm demand relief will be afforded to those T-2 customers paying both demand and commodity charges for gas when, in the Company's judgment, such relief is warranted.
- 4 The actual therm usage for the month or the MDFQ times the number of days in the billing month, whichever is less, will be billed at the applicable commodity charge for firm therms.

Issued by: **Intermountain Gas Company**  
By: Paul R. Powell Title: Executive Vice President & Chief Financial Officer  
Effective: October 1, 2005 2006

**INTERMOUNTAIN GAS CO.**

**CASE NO. INT-G-06-04**

**EXHIBIT NO. 2**

**(PROPOSED TARIFFS)**

**HAS BEEN SCANNED**

**SEPARATELY**

**EXHIBIT NO. 3**

**RECEIVED**  
**2006 AUG 16 AM 9:22**  
**IDAHO PUBLIC**  
**UTILITIES COMMISSION**

**CASE NO. INT-G-06-04**

**INTERMOUNTAIN GAS COMPANY**

**PERTINENT EXCERPTS FROM INTERSTATE PIPELINES AND RELATED  
FACILITIES**

**(49 pages)**

**Williams Northwest Pipeline Corporation  
("Northwest Pipeline" or "Northwest")**

**Applicable Tariffs/Rate Schedules**





**NORTHWEST PIPELINE**  
P.O. Box 58900  
Salt Lake City, UT 84158-0900  
Phone: (801) 584-7155  
FAX: (801) 584-7764

**To: All Shippers on Northwest Pipeline Corporation's Transmission System  
and Affected State Regulatory Commissions**

On June 30, 2006, Northwest Pipeline Corporation filed a general system rate case with the Federal Energy Regulatory Commission. The attached is an abbreviated copy of the rate case filing. Please distribute to interested people within your organization. Upon request, Northwest will send a full copy of this filing to you or others within your organization.

Requests for full copies should be directed to Barbara Odland as follows:

Barbara Odland  
Northwest Pipeline Corporation  
P.O. Box 58900  
Salt Lake City, Utah 84158-0900  
(801) 584-6781  
nwpratecase@williams.com

If you have any questions concerning this rate case filing, please give Barbara or me a call.

A handwritten signature in cursive script, appearing to read "Jan Caldwell".

Jan Caldwell  
Manager, Cost of Service/Rate Design  
Northwest Pipeline Corporation  
(801) 584-7155  
nwpratecase@williams.com



**NORTHWEST PIPELINE**  
P.O. Box 58900  
Salt Lake City, UT 84158-0900  
Phone: (801) 584-7200  
FAX: (801) 584-7764

June 30, 2006

Ms. Magalie R. Salas, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: Northwest Pipeline Corporation**  
Docket No. RP06-\_\_\_\_\_

Dear Ms. Salas:

Pursuant to Section 4 of the Natural Gas Act, 15 U.S.C. § 717c, and Part 154 of the regulations of the Federal Energy Regulatory Commission ("Commission"), 18 CFR 154, Northwest Pipeline Corporation ("Northwest") tenders for filing as part of its FERC Gas Tariff, Third Revised Volume No. 1, an original and twelve copies of certain revised tariff sheets to reflect a general rate increase and *pro forma* Sheet No. 5, together with supporting rate case statements and schedules. The revised tariff sheets, which are enumerated herein and included in the filing, are proposed to be effective August 1, 2006.

***Statement of Nature, Reasons and Basis for the Filing – 18 CFR 154.7(a)(6)***

**I. Overview**

This general rate case filing reflects various revisions to the rates for jurisdictional transportation and storage services contained in Northwest's Tariff along with supporting statements and schedules as required by the Commission's regulations. As background, this filing represents the first general rate increase that Northwest has filed since its Docket No. RP96-367 rate application, which was filed approximately ten years ago. Following a period of several years of "pancaked" rate case filings, Northwest entered into a Settlement Agreement in Docket No. RP96-367 with its customers which, among other things, was intended to help Northwest avoid filing repeated rate increases and provide rate stability for its customers.

In the ten years since the Settlement Agreement, many circumstances have changed that necessitate increases in the jurisdictional rates reflected in this filing to permit Northwest the opportunity to recover its cost of service. As shown in Statement G of this filing, revenues at current rates are inadequate to recover Northwest's cost of service and result in a revenue deficiency of approximately \$119.1 million.

In compliance with 18 CFR 154.7(a)(6), the following table compares the cost of

