EXECUTIVE OFFICES
INTERMOUNTAIN GAS COMPANY
555 SOUTH COLE ROAD • P.O. BOX 7608 • BOISE, IDAHO • (208) 377-6000 • FAX (208) 377-6097

August 16, 2007

RECEIVED
2007 AUG 16 P 5:15
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-07-03

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, 2007.

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/sc

Enclosures

cc W. C. Glynn
E. N. Book
P. R. Powell
M. E. Rich
S. R. Thomas .

Idaho Public Utilities Commission
Office of the Secretary
RECEIVED

AUG 16 2007

Boise, Idaho

INTERMOUNTAIN GAS COMPANY

CASE NO. INT-G-07-03

APPLICATION,

EXHIBITS,

AND

WORKPAPERS

In the Matter of the Application of INTERMOUNTAIN GAS COMPANY for Authority to Change Its Prices on October 1, 2007

(October 1, 2007 Purchased Gas Cost Adjustment Filing)

Idaho Public Utilities Commission
Office of the Secretary
RECEIVED

AUG 16 2007

Boise, Idaho

Stephen R. Thomas, ISB No. 2326
MOFFATT, THOMAS, BARRETT, ROCK &
FIELDS, CHARTERED
Post Office Box 829
Boise, Idaho 83701
Telephone: (208) 345-2000
Facsimile: (208) 385-5384
MTBR&F 11-500.0340

Attorney for Intermountain Gas Company

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-07-03 **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, 2007 new rate schedules which will decrease its annualized revenues by $25.4 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
Stephen R. Thomas
Moffatt, Thomas, Barrett, Rock & Fields, Chartered
Post Office Box 829
Boise, ID 83701

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 - Glenns 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 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) a decrease in costs billed Intermountain pursuant to the Settlement of the General Rate Case filed by Northwest Pipeline Corporation ("Northwest" or "Northwest Pipeline"), 2) the annualized impact of the General Rate Case filed by Gas Transmission Northwest Corporation ("Gas Transmission Northwest" or "GTN"), 3) changes 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, 4) a decrease in Intermountain's Weighted Average Cost of Gas ("WACOG"), 5) an updated customer allocation of gas related costs pursuant to the Company's Purchased Gas Cost Adjustment provision, 6) the collection of unaccounted for gas on Intermountain's distribution system and, 7) the inclusion of temporary surcharges and credits for one year relating to gas and interstate transportation costs from Intermountain's deferred gas cost accounts. 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-06-04. The aforementioned changes would result in an overall price decrease to Intermountain's RS-1, RS-2, GS-1, LV-1, and T-2 Demand customers, and a price increase to Intermountain's T-1, T-2 Commodity, T-3 and T-4 customers.

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. 30137, Case No. INT-G-06-04.

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-06-04.

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. 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 final FERC Order on the matter. Intermountain's prices as approved in Case No. INT-G-06-04 were weighted to reflect this January 1, 2007 effective date, or 9 months of Intermountain's 12 month October 1, 2006 through September 30, 2007 PGA period. Subsequent to Northwest's original filing and Intermountain's filed Case No. INT-G-06-04, on January 31, 2007, Northwest and other parties, including Intermountain Gas Company, filed a Settlement ("Settlement") to resolve all outstanding issues in the RP06-416-000 proceeding resulting in a rate reduction as compared to Northwest's initial Case. On March 30, 2007, the FERC issued an Order approving the Settlement effective April 1, 2007. Intermountain proposes with this Application to incorporate the benefits of these lower prices to include the annualization, or 12 month application, of the same. Rows 3 and 4 of Exhibit No. 4 reflect these changes.

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 prices as approved in Case No. INT-G-06-04 were weighted to reflect this January 1, 2007 effective date, or 9 months of Intermountain's 12 month October 1, 2006 through September 30, 2007 PGA period. The outcome of GTN's General Rate Case proceeding is still pending before the FERC. Intermountain proposes with this Application to incorporate the annualization, or 12 month application, of GTN's filed Case.

TransCanada's BC system, formally known as Alberta Natural Gas ("ANG") and now known as Foothills Pipeline System ("Foothills") and its Alberta system also know as Nova Gas Transmission ("Nova"), implemented price increases during 2007. The Foothills increase relates to the assignment of its former ANG assets to its parallel Foothills system while the Nova increase largely relates to temporary credits passed back to customers during the last quarter of 2006 which have now expired. Intermountain's capacity costs have also increased on these Canadian pipelines due to the tightening exchange rate between U.S. and Canadian currencies.

Intermountain's review of the adequacy of its interstate transportation and storage services is performed on an annual basis under design weather and certain load growth assumptions. A summary of the methodology incorporated within this annual review was included in the Company's Integrated Resource Plan, which is currently on file with this Commission.

Intermountain's adequacy review included analyzing upstream pipeline capacity which indicated a need to procure additional upstream capacity in order to more closely align deliveries from those upstream pipelines with Intermountain's take-away rights on Northwest at its Stanfield interconnect with GTN.

Row 5 of Exhibit No. 4 includes the costs for this incremental upstream capacity as well as the aforementioned annualization of GTN's General Rate Case and price increases on TransCanada's pipelines.

Intermountain continues to take the necessary steps to manage its natural gas storage and has procured an incremental amount of economically priced liquid storage at Northwest's Plymouth LNG facility to enhance Intermountain's overall storage portfolio. Rows 13 through 18 of Exhibit No. 4 include the costs for this incremental storage.

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.

Exhibit No. 4, Lines 1 through 23, details the proposed changes in Intermountain's prices resulting from the aforementioned adjustments to Intermountain's cost of storage, and interstate and upstream capacity from its various suppliers.

V.

The WACOG reflected in Intermountain's proposed prices is $0.63583 per therm, as shown on Exhibit No. 4, Line 24, Column (f). This compares to $0.68500 per therm currently included in the Company's tariffs.

Above normal natural gas storage inventory levels in the nation, continued gains in exploration and production of natural gas at the regional level in relation to demand, coupled with Intermountain's management of its natural gas supply portfolio all combined to facilitate this reduction to the Company's proposed WACOG.

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 period, Intermountain entered into various hedging agreements to lock-in the price for significant portions of its underground storage and other winter "flowing" supplies.

Intermountain 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. Intermountain will 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 $0.63583 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 forward prices materially deviate from the $0.63583 per therm.

Timely natural gas price signals and the accounting for any cost differences brought about by changes in the natural gas market, 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 impending changes before their winter 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-06-04, Intermountain has included temporary surcharges and credits in its October 1, 2006 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-06-04. 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 $3.4 million. Exhibit No. 6, Line 1, reflects the inclusion of the $3.4 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, 2008, as follows:

1) Intermountain has been deferring in its Account No. 186 fixed gas costs. The credit amount shown on Exhibit No. 8, Line 10, Col. (b) of $3.9 million is predominantly attributable to the collection of interstate pipeline capacity costs, the true-up of expense issues previously ruled on by this Commission, refunds attributable to the Settlement of Northwest's General Rate Case and mitigating capacity release credits from Intermountain's up-stream capacity.

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 credits of $1.5 million, as shown on Exhibit No. 9, Line 2, Col. (b), attributable to Intermountain's variable gas costs since October 1, 2007. Intermountain proposes to pass back this credit balance via a per therm credit, 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 seeks with this Application to recover, or pass-back during periods of positive gas imbalances, unaccounted for natural gas on its distribution system. Unaccounted for gas is the difference between the quantity of gas received at the various Northwest gate stations and the quantity of gas delivered and billed to customers on Intermountain's distribution system, whether it is more or less.

Intermountain's base rates include a component to recover a portion of unaccounted for gas on Intermountain's system. However, the existing base rate component was set during a period of very low natural gas commodity costs prior to open access rules. The significant increase in commodity cost since that time results in a difference in unaccounted for gas recovery as compared to today's unaccounted for gas levels. Intermountain's level of unaccounted for gas on its distribution system remains one of the lowest in the nation and Intermountain continues to monitor and manage towards low levels of unaccounted for gas on its system

Intermountain proposes to allocate and collect this unaccounted for and unrecovered gas balance via a per therm surcharge, as shown on Exhibit No. 9, Lines 5-12, Col. (b) and included on Exhibit No. 6, Line 3.

XI.

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 increase 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 increase and the unaccounted for gas recovery as included on Exhibit No. 9, the proposed increase in the T-1 tariff is fixed cost related, and therefore, a cent per therm increase relating to fixed costs was made only to the first two blocks of the T-1 tariff.

XII.

The proposed decrease to the T-2 tariff Demand Charge is fixed cost related, and therefore, a cent per therm decrease was made to the T-2 Demand Charge for these fixed costs. Additionally, the proposed increase to the T-2 Commodity Charge incorporates the increase in the Williams' firm transportation TF-1 Commodity Charge pursuant to Northwest's current tariffs as well as the collection of unaccounted for gas as included on Exhibit No. 9.

XIII.

Each block of the proposed T-3 and T-4 tariffs include a uniform cents per therm increase for unaccounted for gas recovery as detailed on Exhibit No. 9, Line 12, Col. (b). The prices including the proposed adjustment for each block of the T-3 and T-4 tariffs are outlined on Exhibit No. 1, Page 1, Lines 30 through 37.

XIV.

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.

XV.

The proposed overall price changes herein requested among the classes of service of Intermountain reflects a just, fair, and equitable pass-through of changes in gas related costs to Intermountain's customers.

XVI.

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.

XVII.

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, 2007 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, 2007.

INTERMOUNTAIN GAS COMPANY

By Paul R Powell

Paul R. Powell
Executive Vice President & CFO

Stephen R. Thomas

By Stephen R Thomas

Stephen R. Thomas
Attorney for Intermountain Gas Company

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 16th day of August, 2007, I served a copy of the foregoing Case No. INT-G-07-03 upon:

Paula Pyron
Northwest Industrial Gas Users
4113 Wolf Berry Court
Lake Oswego, OR 97035-1827

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

Steven Gray
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

Idaho Public Utilities Commission
Office of the Secretary
RECEIVED
AUG 16 2007
Boise, Idaho

EXHIBIT NO. 1

CASE NO. INT-G-07-03

INTERMOUNTAIN GAS COMPANY

CURRENT TARIFFS

Showing Proposed Price Changes

(10 pages)

COMPARISON OF PROPOSED OCTOBER 1, 2007 PRICES TO OCTOBER 1, 2006 PRICES

Line No.	Rate Class	October 1, 2006 Prices per INT-G-06-04	Proposed Adjustment	Proposed October 1, 2007 Prices
	(a)	(b)	(c)	(d)
1	**RS-1**			
2	April - November	$ 1.21543	$ (0.09084)	$ 1.12459
3	December - March	1.10287	(0.09084)	1.01203
4	**RS-2**			
5	April - November	1.06648	(0.08913)	0.97735
6	December - March	1.03285	(0.08913)	0.94372
7	**GS-1**			
8	April - November			
9	Block 1	1.08406	(0.09057)	0.99349
10	Block 2	1.06233	(0.09057)	0.97176
11	Block 3	1.04131	(0.09057)	0.95074
12	December - March			
13	Block 1	1.03321	(0.09057)	0.94264
14	Block 2	1.01201	(0.09057)	0.92144
15	Block 3	0.99155	(0.09057)	0.90098
16	CNG Fuel	0.99155	(0.09057)	0.90098
17	**LV-1** (1)			
18	Block 1	0.84987	(0.08685) (2)	0.76302
19	Block 2	0.81138	(0.08685) (3)	0.72453
20	Block 3	0.74067	(0.10139) (4)	0.63928
21	**T-1**			
22	Block 1	0.11819	0.01811 (2)	0.13630
23	Block 2	0.07970	0.01811 (3)	0.09781
24	Block 3	0.00899	0.00357 (4)	0.01256
25	**T-2**			
26	Demand Block 1	1.83034	(0.01087)	1.81947
27	Demand Block 2	1.02876	(0.01087)	1.01789
28	Commodity Charge	0.00484	0.00357	0.00841
29	Over-Run Service	0.04743	0.00357	0.05100
30	**T-3**			
31	Block 1	0.05560	0.00191	0.05751
32	Block 2	0.02300	0.00191	0.02491
33	Block 3	0.00887	0.00191	0.01078
34	**T-4**			
35	Block 1	0.05983	0.00191	0.06174
36	Block 2	0.02134	0.00191	0.02325
37	Block 3	0.00661	0.00191	0.00852

(1) 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-06-04 of $0.04906, plus the temporary variable debit on Exhibit 9, Line 4, Col (b)

(2) See Workpaper No. 7, Line 13, Col (e)

(3) See Workpaper No. 7, Line 20, Col (e)

(4) See Workpaper No. 7, Line 23, Col (e)

IDAHO PUBLIC UTILITIES COMMISSION
APPROVED EFFECTIVE

SEP 28 '06 OCT 1 - '06
Per-O.10-30137
Jean D. Jewell 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 - ~~$1.21543~~ per therm* $1.12459

For billing periods ending December through March

Customer Charge - $6.50 per bill

Commodity Charge - ~~$1.10287~~ per therm* $1.01203

***Includes:**

Temporary purchased gas cost adjustment of ~~$0.03422~~ $(0.02041)
Weighted average cost of gas of ~~$0.68500~~ $0.63583

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.

IDAHO PUBLIC UTILITIES COMMISSION
APPROVED EFFECTIVE

SEP 28 '06 OCT 1 - '06
Per. O.N. 30137
Jean D. Jewell 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 - ~~$1.06648~~ per therm* $0.97735

For billing periods ending December through March

Customer Charge - $6.50 per bill

Commodity Charge ~~$1.03285~~ per therm* $0.94372

***Includes:**

Temporary purchased gas cost adjustment of ~~$0.02786~~ $(0.02458)
Weighted average cost of gas of ~~$0.68500~~ $0.63583

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.

Name of Utility **Intermountain Gas Company**

IDAHO PUBLIC UTILITIES COMMISSION
APPROVED EFFECTIVE

SEP 28 '06 OCT 1 - '06
Per O.N. 30137
Jean D. Jewell 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 @ ~~$1.08406~~* $0.99349
Next 1,800 therms per bill @ ~~$1.06233~~* $0.97176
Over 2,000 therms per bill @ ~~$1.04131~~* $0.95074

For billing periods ending December through March

Customer Charge - $9.50 per bill

Commodity Charge - First 200 therms per bill @ ~~$1.03321~~* $0.94264
Next 1,800 therms per bill @ ~~$1.01201~~* $0.92144
Over 2,000 therms per bill @ ~~$0.99155~~ * $0.90098

***Includes:**

Temporary purchased gas cost adjustment of ~~$0.02520~~ $(0.02655)
Weighted average cost of gas of ~~$0.68500~~ $0.63583

IDAHO PUBLIC UTILITIES COMMISSION
APPROVED EFFECTIVE

SEP 28 '06 OCT 1 - '06
Per. O.N. 30137
Jean D. Jewell 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 - ~~$0.99155~~ per therm* $0.90098

***Includes:**

Temporary purchased gas cost adjustment of ~~$0.02520~~ $(0.02655)
Weighted average cost of gas of ~~$0.68500~~ $0.63583

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.**

IDAHO PUBLIC UTILITIES COMMISSIO
APPROVED EFFECTIVE

SEP 28 '06 OCT 1 - '06
Per - G.N. 30137
Jean D. Jewell 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 @ ~~$0.84987~~* $0.76302
Next 500,000 therms per bill @ ~~$0.81138~~* $0.72453
Amount Over 750,000 therms per bill @ ~~$0.74067~~ $0.63928**

The above prices include weighted average cost of gas of ~~$0.68500~~ $0.63583
*** Includes temporary purchased gas cost adjustment of ~~$0.03084~~ $(0.06240)**
**** Includes temporary purchased gas cost adjustment of ~~$0.04906~~ $(0.05222)**

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.

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Per. O.N. 30137
Jean D. Jewell 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:

Block One:	First 250,000 therms transported @ ~~$0.11819~~* $0.13630
Block Two:	Next 500,000 therms transported @ ~~$0.07970~~* $0.09781
Block Three:	Amount over 750,000 therms transported @ ~~$0.00899~~ $0.01256**

*Includes temporary purchased gas cost adjustment of ~~$(0.01822)~~ $(0.00827)
Includes temporary purchased gas cost adjustment of $0.00191

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.

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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:

Firm Service	**Rate Per Therm**
Demand Charge:	
Firm Daily Demand -	
First 15,000 therms	~~$1.83034~~* $1.81947
Amount over 15,000 therms	~~$1.02876~~* $1.01789
Commodity Charge:	
For Firm Therms Transported	~~$0.00484~~ $0.00841**
Over-Run Service	
Commodity Charge:	
For Therms Transported In Excess Of MDFQ:	~~$0.04743~~ $0.05100**

***Includes temporary purchased gas cost adjustment of ~~$(0.15687)~~ $(0.22610)**
****Includes temporary purchased gas cost adjustment of $0.00191**

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.**