

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF INTERMOUNTAIN GAS COMPANY ) CASE NO. INT-G-07-03  
FOR AUTHORITY TO CHANGE ITS )  
PRICES (2007 PURCHASED GAS COST ) NOTICE OF APPLICATION  
ADJUSTMENT) )  
)  
) NOTICE OF  
) MODIFIED PROCEDURE  
)  
) ORDER NO. 30413  
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On August 16, 2007, Intermountain Gas Company filed its annual Purchased Gas Cost Adjustment (PGA) Application with the Commission requesting authority to place new rate schedules in effect as of October 1, 2007 that will decrease its annualized revenues by \$25.4 million (7.7%). Application at 2. The PGA mechanism is used to adjust rates to reflect changes in costs for the purchase of natural gas from suppliers, including transportation, storage, and other related costs of acquiring natural gas. See Order No. 26019. Intermountain's earnings will not be decreased as a result of the proposed changes in prices and revenues. Application at 2. With this Order the Commission authorizes the use of Modified Procedure to process the Company's Application and establishes a written comment/protest deadline.

**NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that Intermountain Gas seeks to pass through to each of its customer classes a change in gas related costs resulting from: (1) a decrease in costs billed to Intermountain pursuant to the settlement of the general rate case filed by Northwest Pipeline Corporation (NPC); (2) the annualized impact of the general rate case filed by Gas Transmission Northwest Corporation (GTN); (3) changes in Intermountain's firm transportation and storage costs resulting from its management of storage and firm capacity rights on pipeline systems including NPC 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 PGA provisions; (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 the Company's deferred gas cost accounts. Application at 3-4.

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YOU ARE FURTHER NOTIFIED that according to the Company's customer notice, if its Application is approved as filed, residential customers using natural gas for space heating and water heating could experience a \$6.00 decrease (8.1%) on an average monthly bill. Those residential customers using natural gas for space heating only could experience a \$4.00 decrease (7.5%) on an average monthly bill. Commercial business customers could realize an average monthly bill decrease of \$29.00 (8.7%). Industrial customers who use only Intermountain's delivery service, but do not purchase their natural gas from the Company, could experience an average increase of 9.5% or \$0.004 per therm delivered.

YOU ARE FURTHER NOTIFIED that Intermountain Gas proposes to decrease the WACOG from the currently approved \$0.68500 per therm to \$0.63583 per therm. Application at 6. The Company states that the proposed WACOG includes the benefits to Intermountain's customers generated by the Company'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. Application at 7. The Company states that although current commodity futures prices dictate the use of a \$0.63583 WACOG, it continues to remain vigilant in monitoring natural gas prices and is committed to come before the Commission prior to this winter's heating season to amend these proposed prices, if the forward prices materially deviate from the \$0.63583 per therm. Application at 7.

YOU ARE FURTHER NOTIFIED that Intermountain Gas proposes to incorporate the benefits of lower prices resulting from a settlement filed in the 2006 NPC general rate case. In last year's PGA, Case No. INT-G-06-04, Intermountain's prices were weighted to reflect the inclusion of nine months of NPC's proposed increased transportation costs, subject to refund pursuant to FERC's order on the then pending rate case. The subsequent settlement reached in NPC's rate case was approved by FERC with an effective date of April 1, 2007. Intermountain Gas proposes to incorporate the benefits of these lower prices to include the annualization, or 12-month application, of the rate reduction when compared with NPC's initial case. Application at 5. The outcome of GTN's general rate case proceeding is still pending before FERC, and Intermountain Gas proposes to incorporate the annualization, or 12-month application of GTN's filed case. Additionally, Intermountain reports that its capacity costs have increased on several Canadian pipelines due to rate increases, expired temporary credits, and the tightening exchange rate between U.S. and Canadian currencies. Application at 5-6.

YOU ARE FURTHER NOTIFIED that the Company states that it incurred costs to procure additional upstream capacity in order to more closely align deliveries from those upstream pipelines with Intermountain's take-away rights on NPC at its Stanfield interconnect with GTN. Application at 6. These costs have been included at Exhibit 4, Row 5. The Company includes costs to procure additional incremental liquid storage at NPC's Plymouth LNG facility to enhance its overall storage portfolio. Application at 6. These costs are included at Exhibit 4, Row 13-18. The Company also states that it is party to certain agreements whereby it manages its storage related assets in conjunction with a third-party asset manager. Intermountain Gas proposes to pass back to its customers the benefits generated from these agreements as shown on Exhibit 4, Line 19. Application at 6.

YOU ARE FURTHER NOTIFIED that the Company proposes to include various surcharges, credits, and adjustments in its proposed prices. Application at 7-8. Intermountain has included the elimination of temporary surcharges and credits pursuant to last year's PGA, Case No. INT-G-06-04. Application at 8, Exhibit 4, L. 29. The Company includes a fixed-cost collection adjustment pursuant to the provisions of its PGA tariff, which provides that proposed prices will be adjusted for updated customer class sales volumes and purchased gas cost allocations. Application at 8, Exhibit 5, L. 24. The Company proposes to pass back to customers the benefits generated from its capacity release agreements through the inclusion of a \$3.4 million credit. Application at 8, Exhibit 7. Further, the Company proposes to allocate deferred gas costs from its Account No. 186 balance to customers through temporary price adjustments effective during the 12-month period ending September 30, 2008 as follows: (1) fixed gas costs credit of \$3.9 million attributable to collection of interstate pipeline capacity costs, the true-up of expense issues previously ruled on by the Commission, refunds attributable to the settlement of NPC's general rate case, and mitigating capacity release credits from Intermountain's upstream capacity; and (2) deferred gas cost credits of \$1.5 million attributable to variable gas costs since October 1, 2007. Application at 8-9. Intermountain proposes to pass back the balances via the per-term credit. Application at 9, Exhibit 9, L. 4, Column (b), Exhibit 6, L. 3.

YOU ARE FURTHER NOTIFIED that the Company states that a straight cents-per-term price decrease was not utilized for the T-1 tariff. Application at 9. Absent Williams' firm transportation TF-1 commodity charge increase and the unaccounted for gas recovery as

included on Exhibit 9, the proposed increase in the T-1 tariff is fixed-cost related, and since there are no fixed costs recovered in the tail block of the T-1 tariff, a cents-per-therm increase related to fixed costs was made only to the first two blocks of the T-1 tariff. Application at 9-10. Likewise, since the proposed decrease to the T-2 tariff demand charge is fixed-cost related, a cents-per-therm decrease was made to the T-2 demand charge for these fixed costs. Application at 10. Additionally, the proposed increase to the T-2 commodity charge incorporates the increase in the Williams' firm transportation TF-1 commodity charge pursuant to NPC's current tariffs as well as the collection of unaccounted for gas as included on Exhibit 9. *Id.*

YOU ARE FURTHER NOTIFIED that the Company states that customers have been notified about the Application through a customer notice and press release. *Id.* Intermountain Gas requests that this matter be handled under Modified Procedure pursuant to Rules 201-204 of the Commission's Rules of Procedure. Application at 11. The Company has requested an effective date of October 1, 2007.

YOU ARE FURTHER NOTIFIED that the Company's Application to decrease its rates is merely a proposal subject to public review and Commission approval.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter and Intermountain Gas Company, a public utility, pursuant to the authority and power granted under Title 61 of Idaho Code and the Commission Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

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

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

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. INT-G-07-03. The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, the Commission

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

YOU ARE FURTHER NOTIFIED that the Commission may not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no protests or written comments are received within the deadline, the Commission will consider the matter and enter its Order without a hearing. If protests or comments are filed within the deadline, the Commission will consider them and may, in its discretion, set the matter for hearing or decide the matter and issue its Order on the basis of the written positions before it. IDAPA 01.01.01.204.

#### **NOTICE OF COMMENT/PROTEST DEADLINE**

YOU ARE FURTHER NOTIFIED that **the deadline for filing written comments or protests** with respect to Intermountain's Application and the Commission's use of Modified Procedure in Case No. INT-G-07-03 is **September 18, 2007**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

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

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

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

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

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

Stephen R. Thomas, Attorney  
Moffatt, Thomas, Barrett, Rock & Fields,  
Chartered  
PO Box 829  
Boise, ID 83701

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's homepage located at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this

document. These comments must also be sent to the Applicant at the e-mail address listed above.

### FINDINGS/CONCLUSIONS

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

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

### ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Persons interested in submitting written comments regarding this case or protesting the use of Modified Procedure must do so no later than September 18, 2007.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 22<sup>nd</sup>  
day of August 2007.

  
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PAUL KJELLANDER, PRESIDENT

  
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MARSHA H. SMITH, COMMISSIONER

  
\_\_\_\_\_  
MACK A. REDFORD, COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
Jean D. Jewell  
Commission Secretary

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