

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION |) | |
| OF INTERMOUNTAIN GAS COMPANY |) | CASE NO. INT-G-08-01 |
| FOR AUTHORITY TO CANCEL ITS |) | |
| EXISTING T-1 AND T-2 TRANSPORTATION |) | NOTICE OF |
| TARIFFS AND IMPLEMENT A T-5 TARIFF. |) | MODIFIED PROCEDURE |
| |) | |
| |) | ORDER NO. 30586 |

On May 7, 2008, Intermountain Gas Company filed an Application with the Commission seeking authority to cancel its existing T-1 and T-2 Transportation Tariffs and place into effect a new Industrial Transportation Tariff (T-5 Tariff). More specifically, the Company asserts that it is necessary to cancel the T-1 and T-2 tariffs in order to ensure continued compliance with the applicable rules and regulations pertaining to Northwest Pipeline.¹

On May 29, 2008, the Commission issued a Notice of Application and Intervention Deadline. Order No. 30562. Northwest Industrial Gas Users petitioned to intervene and was granted intervention status in Order No. 30577. The Commission issued its Notice of Parties on June 20, 2008. Following consultation with the parties, it was determined that a formal discovery period was unnecessary to address issues raised by the Application. The parties also jointly request a 14-day comment period in order to expedite the processing of the Company's Application.

THE APPLICATION

The Company asserts that it is necessary to cancel the T-1 and T-2 tariffs and implement the new T-5 tariff to comply with the applicable rules and regulations pertaining to Northwest Pipeline's interstate pipeline system. Northwest's FERC Gas Tariff requires that a shipper have sole title to the natural gas transported on Northwest's system. The shipper must have concurrent title to both the gas molecule as well as the interstate transportation rights transporting that same gas molecule. Intermountain Gas maintains that there are two fundamental attributes of its T-1 and T-2 tariffs at odds with Northwest's regulation requirement: (1) the Company's T-1 and T-2 tariffs are "bundled" transportation services to include the use,

¹ Northwest Pipeline is an interstate pipeline system utilized to transport natural gas.

and compensation for, the Company's firm capacity on Northwest's system; and (2) the tariffs require that customers procure their own supply of natural gas from a third-party marketer.

Concurrent with the elimination of its T-1 and T-2 tariffs, Intermountain Gas intends to offer each T-1 and T-2 customer the opportunity to choose from the menu of remaining unbundled industrial transportation services; specifically those services as offered under the Company's T-3 and T-4 tariffs, and, if approved by the Commission, the proposed T-5 tariff. In order to help facilitate a customer's option to elect the T-4 tariff, the Company seeks Commission approval to waive the T-4 tariff's Exit Fee provision.

According to its Application, T-1 customers have had the option of selecting an unbundled version of the T-1 tariff – it is the T-4 tariff. T-2 tariff customers have had no equivalent unbundled tariff option. Therefore, the proposed T-5 rate schedule is an unbundled version of the Company's T-2 tariff. Intermountain Gas asserts that the T-5 customer's burner-tip price "should be economically equivalent" to that provided under the bundled T-2 service.

NOTICE OF MODIFIED PROCEDURE

YOU ARE HEREBY NOTIFIED that the Commission has determined that the public interest may not require a formal evidentiary hearing in this matter and will proceed under Modified Procedure pursuant to the Commission's Rules of Procedure 201 through 204, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure (with written comments) has proven to be an effective means for obtaining public input and participation in cases of this nature.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission no later than 14 days from the date of this Order. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the parties 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 83702-5918

Intermountain Gas Company:

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

Stephen R. Thomas
Moffatt, Thomas, Barrett, Rock &
Fields, Chartered
PO Box 829
Boise, ID 83701-0829

Northwest Industrial Gas Users:

Edward A. Finklea
Cable Huston Benedict Haagenon & Lloyd LLP
1001 SW Fifth Avenue, Suite 2000
Portland, OR 97204-1136
E-mail: efinklea@cablehuston.com

Paula E. Pyron
Executive Director
Northwest Industrial Gas Users
4113 Wolf Berry Court
Lake Oswego, OR 97035-1827
E-mail: ppyron@nwigu.org

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 home page located at 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. E-mail comments should also be sent to the parties at the addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application, supporting workpapers 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 other workpapers are also available on the Commission's Website at www.puc.idaho.gov under the "File Room" and then "Gas Cases."

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-307, 61-313, 61-503, and 61-622. The Commission may enter any final Order consistent with its authority under Title 61.

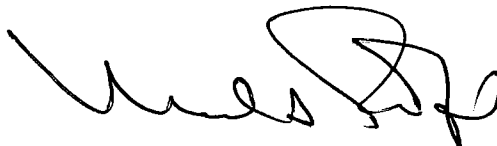
YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons and the parties may file written comments no later than 14 days from the date of this Order.

IT IS FURTHER ORDERED that the parties service their comments, if any, on each other according to the addresses listed above. We encourage the parties to utilize electronic mail for serving comments.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 27th
day of June 2008.



MACK A. REDFORD, PRESIDENT

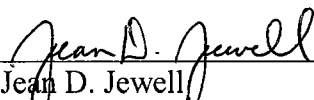


MARSHA H. SMITH, COMMISSIONER



JIM D. KEMPTON, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:INT-G-08-01_ks2