

## **DECISION MEMORANDUM**

**TO:           COMMISSIONER REDFORD  
              COMMISSIONER SMITH  
              COMMISSIONER KEMPTON  
              COMMISSION SECRETARY  
              COMMISSION STAFF**

**FROM:       KRISTINE SASSER  
              DEPUTY ATTORNEY GENERAL**

**DATE:       MAY 22, 2008**

**SUBJECT:   APPLICATION OF INTERMOUNTAIN GAS FOR AUTHORITY TO  
              CANCEL ITS EXISTING T-1 AND T-2 TRANSPORTATION TARIFFS  
              AND IMPLEMENT A T-5 TARIFF, CASE NO. INT-G-08-01**

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 an Industrial Transportation Tariff (T-5 Tariff). The Company requests that the Application be processed by Modified Procedure and that the tariff changes become effective July 1, 2008.

### **THE APPLICATION**

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'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 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, 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 T4 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.

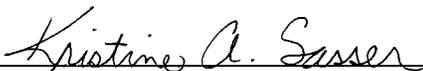
According to its Application, T-1 customers have had the option of selecting an unbundled version the T-1 tariff – it is the T-4 tariff. T-2 tariff customers have had no equivalent unbundled tariff option. Therefore, the proposed T-5 Rate Schedule is an unbundled version of the Company's T-2 tariff. 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.

### STAFF RECOMMENDATION

Staff has reviewed the Application and recommends that the case proceed by Modified Procedure. Although the Company does not anticipate resistance, the Application may elicit responses from the affected parties. Consequently, Staff recommends the Commission suspend the schedule changes to be effective July 1, 2008, issue a Notice of Application, and set a deadline for intervention. Once the parties are determined, they can discuss processing the case via Modified Procedure.

### COMMISSION DECISION

1. Does the Commission find that the public interest may not require a hearing to consider the issues presented, and that this proceeding may be processed under Modified Procedure?
2. Does the Commission wish to issue a Notice of Application including a deadline for intervention?
3. Does the Commission wish to suspend the Company's proposed effective date of July 1, 2008, pursuant to *Idaho Code* § 61-622, to allow adequate time for intervention and comment? If yes, what period of suspension is appropriate?
4. Is there anything else that the Commission wishes to consider regarding this Application?

  
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Kristine A. Sasser  
Deputy Attorney General

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