

EXECUTIVE OFFICES

INTERMOUNTAIN GAS COMPANY

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

RECEIVED

2008 MAY 30 AM 10:07

May 30, 2008

IDAHO PUBLIC
UTILITIES COMMISSION

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

RE: Intermountain Gas Company's 2008 Integrated Resource Plan
Case No. INT-G-08-02

Dear Ms. Jewell:

Attached for filing with the Idaho Public Utilities Commission are the original and seven copies of Intermountain Gas Company's 2008 Integrated Resource Plan.

If there are any questions regarding the attached, please contact me at (208) 377-6168.

Very truly yours,



Michael P. McGrath
Director
Gas Supply and Regulatory Affairs

MPM/sc

Attachments

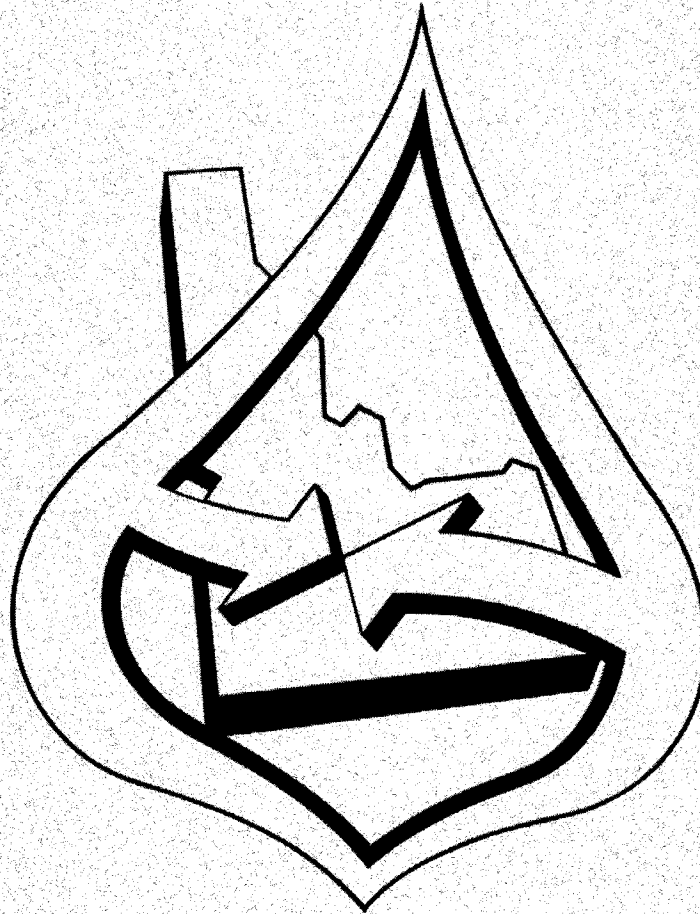
cc W. C. Glynn
E. Book
P. Powell
M. Rich

INTERMOUNTAIN GAS COMPANY

INTEGRATED RESOURCE PLAN

2009 – 2013

INT-G-08-02



RECEIVED
2008 MAY 30 AM 10:12
IDAHO PUBLIC
UTILITIES COMMISSION

MAY 2008

Table of Contents

EXECUTIVE SUMMARY	1
DEMAND FORECAST OVERVIEW	8
HEATING DEGREE DAYS AND DESIGN WEATHER.....	22
USAGE PER CUSTOMER	27
CUSTOMER USAGE DURING PEAK MONTHS.....	27
CUSTOMER USAGE DURING NON-PEAK MONTHS	28
INDUSTRIAL FORECAST.....	31
LOAD DURATION CURVES	38
TRADITIONAL SUPPLY-SIDE RESOURCES.....	43
NON-TRADITIONAL SUPPLY RESOURCES	51
AVAILABLE AND POTENTIAL SYSTEM CAPACITY ENHANCEMENTS	55
DISTRIBUTION SYSTEM MODELING	56
THE EFFICIENT AND DIRECT USE OF NATURAL GAS	58
INTERMOUNTAIN DEMAND-SIDE MANAGEMENT PROCESS	64
RESOURCE OPTIMIZATION.....	67
COMPARATIVE ANALYSIS	74
ATTACHMENTS.....	79

Table of Exhibits

Exhibit No. 1

- Appendix A: John Church Economic Forecast
- Appendix B: Intermountain Gas Market Penetration rates
- Appendix C: Intermountain Gas Market Conversion Rates
- Appendix D: Base Case – New Customers, Adjustments & Total Customer Forecast
- Appendix E: High Case – New Customers, Adjustments & Total Customer Forecast
- Appendix F: Low Case – New Customers, Adjustments & Total Customer Forecast

Exhibit No. 2

- Appendix A: Regression Statistical Output
- Appendix B: Regression Equations
- Appendix C: AGA / Intermountain Gas Company Price Elasticity Study
- Appendix D: Regression Data – Peak and Non-Peak

Exhibit No. 3

- Appendix A: Total Company Design Weather LDC Data – Low Growth
- Appendix B: Total Company Design Weather LDC Data – Base Growth
- Appendix C: Total Company Design Weather LDC Data – High Growth

Exhibit No. 4

- Appendix A: Idaho Falls Lateral Design Weather LDC Data – Low Growth
- Appendix B: Idaho Falls Lateral Design Weather LDC Data – Base Growth
- Appendix C: Idaho Falls Lateral Design Weather LDC Data – High Growth

Exhibit No. 5

- Appendix A: Sun Valley Lateral Design Weather LDC Data – Low Growth
- Appendix B: Sun Valley Lateral Design Weather LDC Data – Base Growth
- Appendix C: Sun Valley Lateral Design Weather LDC Data – High Growth

Exhibit No. 6

- Appendix A: Canyon County Area Design Weather LDC Data – Low Growth
- Appendix B: Canyon County Area Design Weather LDC Data – Base Growth
- Appendix C: Canyon County Area Design Weather LDC Data – High Growth

Exhibit No. 7

- Appendix A: Map: Western North America – Natural Gas Basins and Pipelines
- Appendix B: Chart - Historical Index Prices
- Appendix C: Charts - Forecast Index Prices (Base, Low, High)
- Appendix D: Arc and Node Representation

Exhibit No. 8

- Appendix A: Aggregation of Days into 12 Periods
- Appendix B: Model Inputs – Peak and Annual Demand by Period by Year
- Appendix C: Model Inputs – Supply Resources
- Appendix D: Model Inputs – Transport Resources
- Appendix E: Model Results – Design Weather, Base Price, Base Case Growth
- Appendix F: Model Results – Design Weather, High Price, Low Case Growth
- Appendix G: Model Results – Design Weather, Low Price, High Case Growth
- Appendix H: Model Results – Normal Weather, Base Price, Base Case Growth
- Appendix I: Model Results – Normal Weather, High Price, Low Case Growth
- Appendix J: Model Results – Normal Weather, Low Price, High Case Growth

Exhibit No. 9

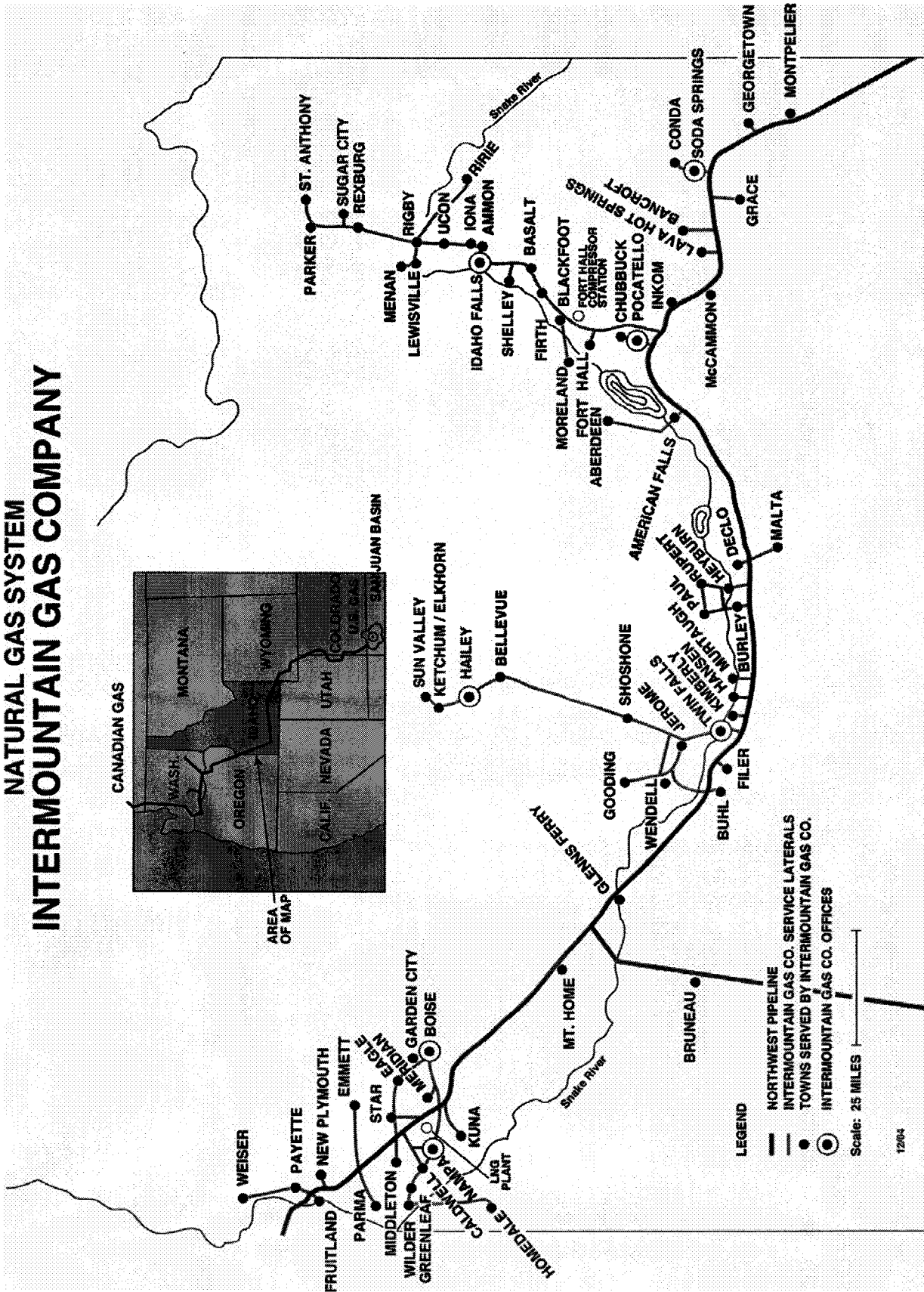
- Appendix A: Boise Public Workshop Announcement & Agenda
- Appendix B: Pocatello Public Workshop Announcement & Agenda
- Appendix C: Boise/Pocatello Workshop Presentation

Exhibit No. 10

Intermountain Gas Company Natural Gas Energy Efficiency DVD

Intermountain Gas Company System Map

NATURAL GAS SYSTEM INTERMOUNTAIN GAS COMPANY



Intermountain Gas Company

Integrated Resource Plan

Executive Summary

This Executive Summary provides an overview of Intermountain Gas Company's (Intermountain or IGC) 2008 Integrated Resource Plan (IRP or Plan). Intermountain files an IRP bi-annually as directed by the Idaho Public Utilities Commission (IPUC). This IRP encompasses a five-year forecast period from 2009 through 2013. Public input is an integral part of this planning process.

The main objective of the IRP is to rigorously develop a range of demand forecasts and then ensure the Company has adequate natural gas supply resources to meet those projected demands over the five-year timeline. The Company's commitment to provide reliable, year-round natural gas service to its firm service customers is not limited to the IRP process but is grounded in a continual process of long-term resource planning. Resource planning matches forecasted customer demand over various scenarios and time periods with the appropriate mix of resources to ensure a reliable and consistent supply of natural gas over the planning horizon.

This document represents a snapshot in time similar to a balance sheet. It is not meant to be a prescription for all future energy resource decisions, as conditions will invariably change over the planning horizon impacting components of this Plan. Rather, this document is meant to describe conditions based on current expectations for various demand scenarios over the 2009-13 five-year planning horizon, the anticipated resource portfolio, and the process for making resource decisions. The planning process described herein is an integral part of Intermountain's ongoing commitment to make the wise and efficient use of natural gas an important part of Idaho's energy future.

Backdrop

Natural gas continues to be the fuel of choice in Idaho. Many of Southern Idaho's homes, manufacturing plants, commercial businesses, and anticipated natural gas fired generation, rely on natural gas to provide an economic, efficient, environmentally friendly and most comfortable form of heating energy. Intermountain endorses and encourages the wise and efficient use of energy in general and, in particular, the direct use of natural gas within the Company's service area (see page 58).

Intermountain is the sole distributor of natural gas in Southern Idaho. Its service area extends across the entire breadth of Southern Idaho, an area of 50,000 square miles, with a population of approximately 1,000,000. During fiscal year 2008, Intermountain has served over 300,000 customers in 74 communities through a system of over 10,000 miles of transmission, distribution and service lines. Over 421 miles of distribution and service lines were added during fiscal 2007 to accommodate new customer additions and maintain service for Intermountain's growing customer base.

The economy of the Company's service area is based largely on agriculture and related industries. Major crops are potatoes and sugar beets. Major agricultural industries include food processing and production of chemical fertilizers. Other significant industries are electronics, general manufacturing, services and tourism.

Intermountain provides natural gas sales and services to two major markets: the residential/commercial market (or "Core Market") and the large volume, contract customer (or "Industrial") market. During the first half of fiscal year 2008, an average of 272,200 residential and 33,700 commercial customers used natural gas primarily for space and water heating, compared to an average of 261,000 residential and 26,200 commercial customers in the first half of fiscal year 2007. This equates to an increase in average residential and commercial customers of nearly 5%.

Intermountain's industrial customers use natural gas for boiler and manufacturing applications, as well as for feedstock in the production of chemical fertilizers. Industrial demand for natural gas is strongly influenced by demand for agricultural products, the general state of the economy and the price of

alternative fuels. Forty-three percent (43%) of IGC's total system throughput during fiscal 2007 was attributable to industrial sales and transportation.

Intermountain's peak day loads (throughput during the projected coldest winter day) are growing at a manageable rate. But peak day loads are growing at a faster rate than the summer off-peak (or baseload) throughput. The growth in Intermountain's projected peak day load is attributable to two factors: 1) growth in Intermountain's customer base, primarily residential and commercial, and 2) production related growth occurring in the industrial market which primarily impacts Intermountain's distribution system requirements but not its interstate pipeline capacity demand. The disproportionate growth in the Core Market peak loads are largely driven by the fact that much of the energy efficiency gained from new technology and codes is most effective on the non-peak load.

The customer growth forecast and commensurate demand forecast was analyzed and forecast not only from a total company perspective but also by three specific geographic regions within Intermountain's service territory. The regions were selected because they are located in growth areas that have a finite amount of capacity which therefore could potentially be exceeded under the most robust demand projections. Those regions, or "Focus Zones", as more fully delineated later in this document, are known as the Idaho Falls Lateral (IFL), the Sun Valley Lateral (SVL) and the Canyon County Area (CCA). The remaining demand zones on the distribution system do not exhibit the same potential capacity issues and are therefore combined into one group denoted as "All Other".

Peak day sendout studies and load duration curves were developed under both normal and design weather conditions (see page 38) to determine the magnitude and timing of future deficiencies in firm peak day delivery capability from both a total company interstate mainline perspective, as well as within each specific geographic Focus Zone. Residential, commercial and industrial customer peak day sendout was matched against available resources to determine which combination of new resources would be needed to meet Intermountain's future peak day delivery requirements at the best possible cost.

Forecast Peak Day Sendout

Total Company

Residential, commercial and industrial peak day load growth on Intermountain's system under design conditions is forecast over the five-year period to grow at an average annual rate of 4%. The table below summarizes the forecast for peak day sendout under the Design "Base Case," which includes the most likely customer growth and gas price assumptions. Those figures also highlight the fact that growth in the peak day is commensurate with the growth projected to occur in Intermountain's residential and small commercial customer markets.

LOAD DURATION CURVE - TOTAL COMPANY DESIGN BASE CASE
(Volumes in Therms)

	NWP Firm Transport Capacity	Peak Day Sendout			Incremental Peak Day Sendout		
		Core Market	Industrial Firm CD	Total	Core Market	Industrial Firm CD ¹	Total
FY09	2,749,590	3,614,703	190,630	3,805,333			
FY10	2,748,770	3,726,241	190,630	3,916,871	111,538	0	111,538
FY11	2,751,270	3,837,766	190,630	4,028,396	111,525	0	111,525
FY12	2,743,760	3,949,245	190,630	4,139,875	111,479	0	111,479
FY13	2,736,250	4,060,829	190,630	4,251,459	111,584	0	111,584

¹ Future growth in transport CD is limited to T-4, which does not affect Intermountain's interstate pipeline capacity requirements.

Existing Resources:

Intermountain's existing firm delivery capability on the peak day is made up of the resources shown below:

	PEAK DAY FIRM DELIVERY CAPABILITY				
	(Volumes in Therms)				
	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>
Maximum Daily Storage Withdrawals:					
Nampa LNG	560,000	560,000	560,000	560,000	560,000
Plymouth LS	1,132,000	1,132,000	1,132,000	1,132,000	1,132,000
Jackson Prairie SGS	<u>225,000</u>	<u>303,370</u>	<u>303,370</u>	<u>303,370</u>	<u>303,370</u>
Total Storage	1,917,000	1,995,370	1,995,370	1,995,370	1,995,370
Maximum Deliverability (NWP)	<u>2,749,590</u>	<u>2,748,770</u>	<u>2,751,270</u>	2,743,760	2,736,250
Total Peak Day Deliverability	<u>4,666,590</u>	<u>4,744,140</u>	<u>4,746,640</u>	<u>4,739,130</u>	<u>4,731,620</u>

When forecasted peak day sendout is matched against existing resources, there are no peak day delivery deficits.

Regional Studies

As mentioned above, certain Focus Zones within Intermountain's distribution system were analyzed based upon the anticipated need for distribution system upgrades. Not unlike the total company interstate mainline perspective, the projected peak day sendout for each region was measured against the known distribution capacity available to serve that region under various demand projections. In addition to the firm delivery requirements for Intermountain's residential and commercial customers, the needs of those industrial customers contracting for firm distribution transportation service (Intermountain's T-1, T-2 and T-4 customers) were also included as part of these regional studies. A wide array of alternatives were evaluated in determining the preferred method of meeting any projected deficits in Intermountain's service territory (see Non-Traditional Supply Resources - Page 51). Additionally, each region is assessed within the framework of the Company's Distribution System Model (See Page 56).

Idaho Falls Lateral Region

The IFL is 104 miles in length and serves a number of cities from Pocatello in the south through St. Anthony in the north (See Map on Page vi). The customers served off the IFL represent a diverse base of residential, commercial and large industrial customers. The residential, commercial and industrial load served off the IFL represents approximately 16% of the total company customers and 21% of the company's total winter sendout during December 2009.

When forecasted peak day sendout on the IFL is matched against the existing peak day distribution capacity of 1,000,000 therms, there are no peak day deficits throughout the 5 year IRP Plan:

