

INTERMOUNTAIN GAS COMPANY

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IDAHO PUBLIC
UTILITIES COMMISSION

September 9, 2008

Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702-5983

RE: INT-G-08-02
Reply Comments of Intermountain Gas Company

Dear Mrs. Jewell,

In response to the Comments of the Commission Staff filed in regards to the above referenced Case, Intermountain Gas Company hereby respectfully submits for consideration by the Commission the following remarks.

The Company notes the thoroughness of Staff's analysis and appreciates its suggestions to enhance the Company's efforts to construct a sound planning document that not only meets Commission requirements but also provides meaningful information for Staff, Intermountain and the natural gas customers of Southern Idaho.

Staff Recommendation No. 1: *That the Company provide an analysis of how accurately its "IGC Conversion Rate" and "IGC Commercial Multiplier Rate" predict growth in number of customers and load over time.*

The Company does track the above rates on an ongoing basis and will, in future IRPs, provide that data showing the correlation between the projected and actual rates.

Staff Recommendation No. 2: *That the Company continue to monitor the benefit of enhancing its ERT system technology for selected sampling given the associated costs.*

Intermountain recognizes the value that more frequent data sampling provides, using data gathered through the use of its currently existing ERT technology or as provided through the use of other data gathering techniques. As the Staff points out as part of the above recommendation, there is an associated cost with any data collecting tool. At this juncture, the Company is concerned about the effect (cost) that more frequent access (electronic interrogations) to these ERT devices will have on the both the useful life of these devices and the potential loss of data should these devices fail due to premature loss of battery life. The Company is evaluating ways to improve access to the ERT data and will report on those efforts as part of its next IRP.

Staff Recommendation No. 3: *The Company will continue to briefly summarize the statistical significance, outcome, and decisions resulting from the Company's more complete SVL and IFL total daily usage data.*

Intermountain continues to collect the total daily usage data on both the Sun Valley and Idaho Falls Laterals and is hopeful that the data will soon provide statistically valid information that will assist in its efforts to more accurately analyze daily usage patterns on these laterals. Intermountain will include a detailed summary of these findings in future IRPs.

Staff Recommendation No. 4: *That the Company define the effectiveness of DSM opportunities as both year-round and peak gas savings, and elaborate on cost effective programs with a framework for program design, estimating costs, deployment potential, peak savings, year-round savings and implementation deadlines.*

Intermountain believes that one of the primary objectives or critical benchmarks of the IRP process is to plan for and ensure that sufficient interstate and distribution resources are available to serve its firm sales customers during an extreme weather event – or peak day. The Company does recognize that the efficient use of natural gas provides year-round benefits. The programs targeted by Intermountain not only provide peak day mitigation but also year-round savings for the customer. Intermountain's future IRP's will better define the effectiveness of DSM opportunities both year-round and during the peak day.

Staff Recommendation No. 5: *That the Company provide more detail on the differences in DSM evaluation between its IRPs.*

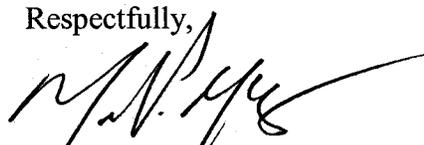
Intermountain's future IRP's will provide this more detailed comparison.

Staff Recommendation No. 6: *That the Commission remove the statement requiring "A short-term (e.g., two-year) plan outlining the specific actions to be taken by the utility in implementing the integrated resource plan." Order 25342, page 4.*

The Company agrees that the two-year plan is redundant and appreciates and supports Staff's recommendation to remove it from future IRP requirements.

Please feel free to call me at 377-6168 should you have any questions regarding the above Reply Comments.

Respectfully,



Michael P. McGrath
Director – Gas Supply and Regulatory Affairs