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## **Customer Notice**

On August 15, 2008, Intermountain Gas Company ("Intermountain") filed its annual Purchased Gas Cost Adjustment ("PGA") application with the Idaho Public Utilities Commission ("IPUC"). This type of application is filed each year to ensure that the costs that Intermountain is incurring on behalf of its customers are properly reflected in its sales prices. In its application, Intermountain requests permission to adjust its prices to reflect the cost of natural gas supplies that it expects to incur. This adjustment reflects how volatile prices have been as this increase follows consecutive decreases amounting to approximately 12% over the past two years for Intermountain's residential heating and water heating customers.

William C. "Bill" Glynn, President of Intermountain Gas Company, said, "The world wide demand for energy is now at an all time high. This demand, when coupled with constraints being placed on the drilling and production for new supplies, is driving the price of all energy to record highs. Intermountain continues to support the efforts of increased domestic exploration and production and reductions in the delays to bring production to market. Putting more supplies in the market is one sure way to lower the cost. America has vast reserves of Natural Gas—we just need to get it to market."

Glynn went on to say, "Although the price of natural gas is higher this year, it still is the most affordable domestic energy source to heat your home and water. Intermountain continues to urge all its customers to be conscious of their energy usage and use it wisely. Helpful tips on ways to do that and how to request government energy-payment assistance are provided through bill inserts and on the Company's website ([www.intgas.com](http://www.intgas.com)). Intermountain also has a program to help our customer's level out their energy bills over the year, and stabilize the potential impact that cold weather will have during periods of higher natural gas usage. For more information, look for Level Pay on our website."

If this proposed adjustment is approved, residential customers using natural gas for heating and water heating could experience an increase of \$12.30 on an average monthly bill, an 18% increase per therm. Those residential customers using natural gas just for space heating could experience a \$7.90 increase on their monthly bill, or a 15% increase per therm. Commercial business customers could realize a \$55.30 increase on their monthly bill, which is an increase of 18%.

IF APPROVED AS FILED, THE COMPANY'S TOTAL NET REVENUE WILL INCREASE BY APPROXIMATELY \$54.3 MILLION (18%). THIS INCREASE WILL ONLY COVER THE INCREASE OF THE COST OF GAS AND WILL NOT AFFECT THE COMPANY'S PROFIT. THE PROPOSED EFFECTIVE DATE IS OCTOBER 1, 2008. THIS PROPOSAL IS SUBJECT TO PUBLIC REVIEW AND APPROVAL BY THE IPUC. A COPY OF INTERMOUNTAIN'S APPLICATION IS AVAILABLE AT THE OFFICES OF BOTH THE IDAHO PUBLIC UTILITIES COMMISSION AND THE COMPANY.