

**Idaho Public Utilities Commission**

**September 9, 2008**

**Case No. INT-G-08-03**

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**UPDATED: Comments due on Sept. 25 for Intermountain Gas PGA request**

The Idaho Public Utilities Commission will take comments through Sept. 25 on an application by Intermountain Gas Company to increase its one-year gas cost surcharge in order to adjust rates to reflect the cost of natural gas supplies it expects to incur over the next year. None of the money collected from the surcharge can go to increase company profits, but must go directly to meet gas supply expenses.

Every year on Oct. 1, gas rates are adjusted either downward or upward through the annual Purchased Gas Cost Adjustment (PGA) to account for the always fluctuating wholesale prices for natural gas and related transportation and storage costs. When wholesale gas prices are lower than anticipated, customers get a credit. When they are higher, customers get a surcharge. In 2007, Intermountain Gas customers got an 8 percent PGA decrease. In 2006, customers got a 4 percent decrease. However, during the last year wholesale gas market prices have soared to levels not seen since Hurricanes Rita and Katrina in 2005. Although natural gas prices have decreased in recent weeks, prices remain above levels at this time a year ago.

For an average Intermountain Gas customer who uses natural gas for space heating only, the proposed one-year increase is about \$7.90 per month, or about 15 percent. For customers who use natural gas for space and water heating, the increase is about \$12.30 per month or about 18 percent. The actual proposed increase would vary depending on customer use. The company is asking that the surcharge become effective Oct. 1.

Commission staff will review Intermountain's purchasing policies to ensure that it found the most reasonably priced gas it could and that it also used other tools such as hedging and storage to protect customers as much as possible from market volatility.

Intermountain says it buys natural gas during the summer season for use during the winter months when prices would otherwise be higher. Additionally, the company says it has entered into various hedging agreements to lock-in the price for significant portions of its underground storage.

The PGA does not affect permanent base rates, but is a one-year surcharge that will expire next fall. Intermountain Gas has not had a general rate case since 1985. Gas rates are increasing nationwide due to the increase in wholesale gas prices. Avista Gas, which operates in northern Idaho, also has an application before the commission for a similarly-sized increase. In the face of ever-increasing expenses from all utilities, the commission continues to encourage customers to participate in energy efficiency programs available

through community action agencies and the utilities. Customers can also take advantage of level-pay plans and programs that can assist customers on low- and fixed-incomes. Customers can read details about those plans by clicking on "Consumer Information," on the top left-hand corner of the PUC Website at [www.puc.idaho.gov](http://www.puc.idaho.gov). Those without Internet access can contact the commission at 1-800-432-0369 to request consumer assistance information.

The commission intends to proceed under a modified procedure that allows this case to be handled through written public comments rather than by public hearing. However, comments may request a public hearing.

Comments are accepted through Sept. 25 via e-mail by accessing the commission's homepage at [www.puc.idaho.gov](http://www.puc.idaho.gov) and clicking on "Comments & Questions." Fill in the case number (INT-G-08-03) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

A full text of the commission's order, along with other documents related to this case, is available on the commission's Web site. Click on "File Room" and then on "Gas Cases" and scroll down to the above case number.