

KRISTINE A. SASSER  
DEPUTY ATTORNEY GENERAL  
IDAHO PUBLIC UTILITIES COMMISSION  
PO BOX 83720  
BOISE, IDAHO 83720-0074  
(208) 334-0357  
BAR NO. 6618

RECEIVED  
2008 SEP 25 PM 4:58  
IDAHO PUBLIC  
UTILITIES COMMISSION

Street Address for Express mail  
472 W. WASHINGTON  
BOISE, IDAHO 83702-5983

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )  
INTERMOUNTAIN GAS COMPANY FOR ) CASE NO. INT-G-08-3  
AUTHORITY TO CHANGE ITS PRICES (2008 )  
PURCHASED GAS COST ADJUSTMENT) )  
)  
) **COMMENTS OF THE  
COMMISSION STAFF**  
)  
\_\_\_\_\_)**

The Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Kristine A. Sasser, Deputy Attorney General, in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 30634 submit the following comments.

**BACKGROUND**

On August 15, 2008, Intermountain Gas Company (Intermountain, Company) filed its annual Purchased Gas Cost Adjustment (PGA) Application requesting authority to increase its annualized revenues by \$54.3 million. Application at 2. The PGA mechanism is used to adjust rates to reflect annual changes in Intermountain's costs for the purchase of natural gas from suppliers – including transportation, storage, and other related costs. See Order No. 26019. Intermountain's earnings will not be increased as a result of the proposed changes in prices and revenues. The Company requests that its Application be processed by Modified Procedure and that new rates become effective October 1, 2008.

Intermountain Gas seeks to pass through to each of its customer classes a change in gas-related costs resulting from: (1) a decrease in costs billed to Intermountain pursuant to the

Settlement of the General Rate Case filed by Gas Transmission Northwest Corporation (Gas Transmission Northwest or GTN); (2) the procurement of discounted interstate transportation on Northwest Pipeline GP (Northwest or Northwest Pipeline); (3) benefits included in Intermountain's firm transportation and storage costs resulting from Intermountain's management of its storage and firm capacity rights on pipeline systems including Northwest Pipeline, GTN and TransCanada's BC system; (4) an increase in Intermountain's Weighted Average Cost of Gas, or "WACOG"; (5) an updated customer allocation of gas-related costs pursuant to the Company's Purchased Gas Cost Adjustment provision; and (6) the inclusion of temporary surcharges and credits for one year relating to gas and interstate transportation costs from Intermountain's deferred gas cost accounts. Application at 3-4.

The Company calculates that, if its Application is approved, residential customers using natural gas for space heating alone could experience an average increase of \$7.90 on their monthly bill (15% increase per therm). Residential customers using natural gas for both space and water heating could experience an increase of \$12.30 on an average monthly bill (18% increase per therm). Commercial customers could realize a \$55.30 increase in monthly billing (18% increase per therm).

Intermountain Gas proposes to increase the WACOG from the currently approved \$0.63583 per therm to \$0.78484 per therm. Additionally, the Application states that, in an effort to further stabilize the prices paid by customers during the upcoming winter period, Intermountain has entered into various hedging agreements to lock-in the price for significant portions of its underground storage and other winter "flowing" supplies. Application at 6.

## **STAFF ANALYSIS**

Staff has reviewed the Company's Application and gas purchases for the year to verify that the Company's earnings will not change as a result of the filing, that the deferred costs are prudent, and to determine the reasonableness of the WACOG request. The table below illustrates the impact the proposed increase will have on the various customer classes served by the Company:

<b>Customer Class</b>	<b>Proposed Change in Class Revenue</b>	<b>Proposed Average Change in \$/Therm</b>	<b>Proposed Average % Change</b>	<b>Proposed Average Price \$/Therm</b>
RS-1 Residential	5,565,294	0.16761	14.85%	1.29607
RS-2 Residential	30,333,595	0.18281	18.09%	1.19353
GS-1 General Service	17,460,213	0.17570	18.40%	1.13050
LV-1 Large Volume	553,740	0.20782	27.24%	0.97066
T-3 Transportation	78,842	0.00130	6.60%	0.02099
T-4 Transportation	162,140	0.00130	2.89%	0.04628
T-5 Transportation*	176,433	0.00849	35.42%	0.03246
	<b>54,330,257</b>	<b>0.10709</b>	<b>17.56%</b>	<b>0.71695</b>

\*Includes both Commodity and Demand charges

The overall effect of the proposed changes in the Company's Application would increase the annual revenue received by Intermountain Gas Company by \$54,330,257. This increase is comprised of the following items:

**Deferrals:**

Removal of INT-G-07-03 Temporaries	\$ 7,185,859
INT-G-08-03 Temporaries	<u>(2,121,191)</u>

**Total Deferrals** \$ 5,064,668

**Lost and Unaccounted for Gas** 2,661,460

**Re-allocation of Fixed Costs** 293,797

**Changes in the Weighted Average Cost of Gas** 44,877,806

**Fixed Cost Changes:**

Northwest Pipeline	\$ 3,446,343
New Upstream Capacity Costs	(1,409,160)
LS & SGS Storage Cost Changes	(45,965)
AECO & Clay Basin Cost Changes	<u>(558,691)</u>

**Total Fixed Cost Changes** \$ 1,432,527

**Total Annual Price Change** \$ 54,330,257

Pursuant to Order No. 30443, The Company included temporary surcharges and credits in PGA rates last October. The removal of the temporary credits is reflected on Exhibit No. 4, line 26 and amounts to \$7,185,859 as illustrated above. The new temporary credits shown above consist of three separate items: (1) A credit of approximately \$9 million in benefits generated from releasing some pipeline transportation capacity that Intermountain is proposing to pass back to customers; (2) an additional \$8.4 million attributable to the collection of pipeline capacity

costs, the true-up of expenses from the previous PGA case, and the refunds attributable to the settlement of the GTN General Rate Case with the Federal Energy Regulatory Commission (FERC); and (3) the \$15.4 million deferred balance, which is the difference from the commodity costs that Intermountain actually paid for natural gas and the WACOG that was included in rates for the past year.

**Weighted Average Cost of Gas (WACOG)**

In the current Application, Intermountain Gas is proposing a WACOG of \$0.78484 per therm, which is an increase of approximately 23.43% from the \$0.63583 WACOG currently included in the Company’s rates. The current WACOG (approved last year by Order No. 30443 in Case No. INT-G-07-03) has been in effect since October 1, 2007. Although the request reflects the first increase since 2005, the table below illustrates the increases in the natural gas market over the past eleven years and the volatility experienced over the same time:

<b>Year</b>	<b>WACOG</b>	<b>Percentage Increase/(Decrease) From Prior Year</b>
1998	0.15684	n/a
1999	0.18252	16.37%
2000	0.28673	57.10%
2001	0.38796	35.30%
2002	0.32000	-17.52%
2003	0.47500	48.44%
2004	0.55492	16.83%
2005	0.73219	31.95%
2006	0.68500	-6.45%
2007	0.63583	-7.18%
2008	0.78484	23.43%

Intermountain has seen significant fluctuations in natural gas prices throughout the past year. In the summer months a number of concurrent uncontrollable factors influenced prices and market stability, primarily: (1) last winter’s usage due to colder than normal temperatures dropped storage levels; (2) a forecasted worse than average hurricane season caused supply speculation; (3) higher than normal international LNG (Liquid Natural Gas) demand; (4) Independence Hub, which typically produces about 1 BCF per day went offline for repair; (5)

demand speculation caused by the completion of a Midwest flowing pipeline; and (6) industry wide industrial demand increased by 3.7 percent in parallel with exports as the dollar devalued relative to other currencies.

Last year's WACOG of \$0.63583 per therm was based on forward gas prices for the Company's supply sources as of the date of the Company's 2007 amended PGA filing. With actual gas prices increasing and varying throughout the year, last year's WACOG estimates were low compared to what Intermountain paid for gas throughout the year. The result was an under collection of the Company's variable costs, which will be recovered by the Company over the next twelve months through a per therm surcharge.

When reviewing the Company's forecasted natural gas prices through September 2009 and the proposed WACOG of \$0.78484, Staff utilized the NYMEX Futures Index, Global Insights Forecast, and the Energy Information Administration's (EIA) outlook. When comparing these information sources to the forward prices indicated by Intermountain, the Company appears slightly optimistic but has predicted reasonable estimates. The fragility of current economic conditions, the addition of extended pipeline east, and the near term impacts of hurricane disruptions may add upward pressure to prices. September has historically been the peak month for hurricane activity often times setting the tone for Gulf Coast production and volatility to the market. However, Intermountain's optimism is understandable based on the following factors: 1) production declines attributable to Gulf Coast storms are expected to only contribute to short run price increases; 2) growth in onshore natural gas production continues to increase; 3) winter temperatures are forecasted to be warmer than normal; 4) industry demand by the industrial sector is expected to decline; and 5) the Company's extensive storage allows it to hedge prices. It is also understandable that given the current economic conditions forecasting is difficult as evidenced by significant variations in future prices even among companies specializing in natural gas predictions.

Intermountain has continued to store gas at Northwest's Plymouth LNG and Jackson Prairie's facilities, Questar Pipeline's Clay Basin facility and the AECO storage facility in Alberta, Canada. The Company has the ability to utilize 12.3% of their total storage as LNG (Liquid Natural Gas) for design weather peaking purposes and entitlements. Entitlements occur when the pipeline imposes stringent control of pipeline flows, leaving Intermountain with limited supply options other than LNG. Based on Intermountain's design weather IRP (Integrated

Resource Plan) projections, liquid storage is at 48.1% of capacity going into this winter season which is adequate to meet the expected potential demand. Storing significantly more than what is expected to be used in LNG during the winter season would come at an additional expense to ratepayers because of Intermountain's cost to maintain the LNG temperature. Although Intermountain is able to utilize 87.7% of its total storage as underground at full storage capacity by the end of the injection period ending October 31st, this year's underground storage represents 93.6% of storage because LNG is being maintained below capacity. Underground storage is typically used for fulfilling the Company's basic core market needs. By the end of the injection season Intermountain will have 121,120,960 therms in underground storage accounting for roughly 51% of the total core markets supply requirement from November 2008 to March 2009. Intermountain can avoid high winter prices by procuring gas during the summer when prices are cheaper. In addition, Intermountain has entered into various hedging agreements to lock-in the price for significant portions of its underground storage and other winter flowing supplies. Intermountain has already purchased a significant amount of storage gas locking with over \$600,000 in savings from the management of these assets, therefore the resulting affect of the Company's forward purchasing plan on the WACOG is small and any difference will be reconciled in customer rates next year.

Staff has also reviewed the established WACOG of other northwest gas utilities, and with the exception of Puget Sound Energy, the proposed WACOG for Intermountain Gas is less than others in the region. Much of the disparity can be attributed to Intermountain's reliance on a significant portion of its gas supply coming from Rockies. Although in the past Rockies prices have benefited Intermountain's region due to lack of pipeline infrastructure to move gas east, this is beginning to change. Rockies Express (Mid-west) (a recently added pipeline infrastructure to connect resources produced in Wyoming, Colorado and Utah with Mid-west consumers) created upward pressure on prices based on speculative demand. Since producer supply was dramatically increased to account for potential Mid-west demand most of the impact was offset, and although Rockies prices never "bottomed out" like last year, the full change in prices remain to be realized. Another planned section of pipeline expected to balance prices nationwide is the eastern arm of Rockies Express (Rex-East), this is expected to serve some customers in the east as early as this December with full service anticipated for June 2009.

Although current commodity futures prices support the use of a \$0.78484 per therm WACOG, the Company should remain vigilant in monitoring natural gas prices and work toward favorably purchasing the remaining 43.4% of unlocked necessary winter flowing gas supplies. Although 56.5% of the Company's expected winter flowing supplies have been purchased, if forward prices for the remaining natural gas purchases materially deviate from \$0.78484 per therm, the Company should return to the Commission prior to this winter's heating season to amend these proposed rates.

### **Pipeline Transportation Rate Cases**

On June 30, 2006, GTN filed a general system rate case with the Federal Energy Regulatory Commission in Docket No. RP06-407-000. The FERC suspended the effective date of GTN's proposed rates until January 1, 2007, subject to refund and the outcome of the FERC hearing. Intermountain's prices, as approved in Case No. INT-G-07-03, remain currently reflective of GTN's proposed January 1, 2007 prices. The outcome of GTN's General Rate Case is now final; this has resulted in FERC allowing GTN lower shipper prices than originally proposed. This lower price first became effective November 1, 2007 and was revised effective January 1, 2008. Therefore Intermountain proposes with this Application to incorporate the lower prices and credit customers back the amount that has been over collected.

Foothills Pipeline System ("Foothills") and its Alberta system also known as Nova Gas Transmission ("Nova"), implemented price changes during 2008. Foothills tariff prices decreased effective April 1, 2008 largely reflecting a settlement stemming from the bankruptcy of a shipper on the Foothills system while Nova's tariff prices increased relating to a revenue requirement settlement with the Alberta Energy and Utilities Board. Although this capacity remains a key component in serving customers and maintaining supply diversity, Intermountain's capacity costs have increased on these Canadian pipelines due to the tightening exchange rate between U.S. and Canadian currencies. As outlined in the 2008 IRP, Intermountain performed an adequacy review of its interstate transportation and storage services forward looking under design weather and with certain load growth assumptions. Within the pipeline capacity component of the review, it was indicated that a need existed to procure additional Northwest Pipeline capacity in order to more closely align deliveries from upstream pipelines with Intermountain's take-away rights on Northwest at its Stanfield interconnect with GTN. The

additional cost was approximately \$3,079,646, however this is misleading since Intermountain was able to obtain this capacity at a price equal to 85% of Northwest's maximum TF-1 Rate which generated an annual savings to Intermountain's customers of approximately \$595,000. Staff agrees with the importance of aligning upstream pipeline deliveries to its take-away rights on Northwest at Stanfield. This is an important component for diversifying the basin supply Intermountain counts on to provide customers the lowest possible price. As prices potentially increase from the Rockies Express pipeline movement eastward, this could someday hedge the abundant Canadian supply.

### **Recovery of Lost and Unaccounted for Gas**

Intermountain Gas requests the recovery of Lost and Unaccounted for Gas (L&U) through a per therm surcharge. The PGA surcharge request reflects L&U amounts above those which are included in base rates as approved by the Commission in 1985. In the 2007-2008 PGA the surcharge for L&U was \$1.6 million of the total \$2.5 million. However, in the 2008-2009 PGA the Company has requested a surcharge increase of 27%, or \$2 million above base rates for a total L&U of \$3 million. This year the Company has alleged an increase in L&U to .85% of throughput, a 19% increase over the 2007-2008 PGA.

Lost and unaccounted for gas is simply the difference between the physical inputs and physical outputs of the system. The causes for unaccounted for gas can be grouped into two main categories, primarily leaks and measurements. Leaks are defined as gas escaping from the system at a given rate unknown on the pipeline system. These can occur from leaking valves, pipeline ruptures, relief valve releases, and compressor rod packing leaks. Gas measurement is defined as the accounting of all bought and sold gas, and is often times a significant source of unaccounted for gas. Measurement error can occur in reporting or metering. Some companies have a business process to address reporting which tracks nominations, scheduling, measurement, flow volume allocation, billing, and financial accounting. Other companies have measurement inaccuracies because of poor application, operation and maintenance. Although metering errors because of temporary gas measurement device failures are inevitable, there have been significant advances in control systems and best measurement practices for quickly identifying these failures. Staff recognizes that the percentage of L&U gas is dependent on the complexity of a pipeline distribution system and the flow measurement complexities involved.

However, there is some concern as to the increase of 19%, despite Intermountain's historically reasonable loss levels.

The normalized unit cost collection as part of base rates was established as \$0.00182 per therm in 1985. However, adjusted for growth and the natural gas rate of recovery approved per Case No. INT-G-07-03, the normalized level is \$1,017,951, as illustrated on Workpaper No. 8 included with the Company's Application. Intermountain is requesting to recover the difference between the projected total FY08 L&U gas and the normalized level of L&U gas revenue already collected in current base rates. As stated above, the normalized level of L&U already collected is \$1,017,951 while the projected FY08 amount is \$3,051,984. Thus Intermountain is requesting an additional \$2,034,033. If the Company decreases its level of unaccounted for gas during the coming PGA year, the Company will credit the difference back to customers in next year's PGA filing.

Staff recommends that the Commission allow the Company to recover the additional amount for L&U gas in this PGA. However, as mentioned in the 2006 Staff Comments, "if the system were to experience a catastrophic failure, Staff would expect the Company to file for an accounting order authorizing it to defer the costs of the repair and lost gas." Staff also maintains its viewpoint that losses due to errors in faulty meters or measurement control practices should not be recovered in the PGA. In order to evaluate these losses more closely, Staff recommends the Commission order Intermountain to provide a quarterly report outlining the Company's framework for how it has tested for, identified, and remediated equipment measurement errors or leaks. Additionally, this report should outline the Company's business process for alleviating measurement errors through its financial accounting of nominations, scheduling, measurements, flow volume allocation, and billing. Staff also would like to meet with the Company to outline steps that the Company is taking toward identifying the source of L&U gas and how these may be working toward improvement. Also, because of the significant increase in L&U gas from last year to this year, Staff recommends that the Commission place a cap on the amount recovered for L&U gas at 0.85% of throughput, which is the current level proposed for recovery in this case. After the Company has adequately shown its practices to limit the causes of L&U gas and the Company's approach towards reducing it, Staff would then consider recommending removal of the imposed cap.

## **Risk Management and Gas Purchasing**

The Company's risk management and gas purchasing strategies ensure adequate gas supplies are available to its customers, the adverse impact of significant price movements in the natural gas commodity is mitigated, and the credit risk inherent in the implementation of certain price risk reducing strategies is minimized. The Company and Staff continue to evaluate the market fundamentals and management guidelines within the "Gas Supply Risk Management Program" to evaluate the risk of price volatility to customers. This program provides for the use of the judgment of the Gas Management Committee in reviewing the fundamentals of the natural gas environment and relating those to the current and future price expectations. In so doing, the Committee may then decide to periodically layer in the execution of a given hedge strategy, whether it be fixing the price of natural gas for a given time frame specific to certain supply basins or utilizing other forms of financial pricing. The Company's documentation of these market evaluations, along with fundamentals in hedging strategies and price management, continues to improve.

The Company's contracts for physical gas supplies are typically based on the first-of-month index price. However, forecasting this summer's volatile price swings has been difficult. In August, the Company contracted its Rockies gas at a first-of-month price averaging \$6.97 per dekatherm. As part of the short-term hedging strategy, the Company utilized its risk management program to evaluate the incremental fees associated with converting the first-of-month price to daily pricing and determined it beneficial to move on the opportunity. This strategy, foresight, and flexibility reduced the price customers would pay by an average price of \$1.13 per dekatherm.

As indicated by the Company's Risk Management program, Intermountain Gas does not acquire financial hedges to obtain the lowest possible price, but rather to mitigate the volatility in the natural gas markets by hedging in comparison to the WACOG. During the 2007-2008 PGA year, the Company executed numerous financial hedges by locking in specific prices for gas. Prior hedges for the last heating season mitigated much of the volatility. The colder than usual spring weather along with rapid fluctuations in spot prices during the spring and summer months caused the Company to purchase gas at prices much higher than the WACOG currently set in rates, which contributed substantially to the \$15 million deferral balance.

As previously mentioned, Intermountain Gas physically hedges the price of gas with its abundance of storage capacity. Intermountain locked in the price of the gas injected into storage, and had to make significant cash settlements. However, these cash settlements are misleading since the benefit from those hedges will provide price stability for customers when it is withdrawn. The \$7.84 per dekatherm requested in the WACOG filing embeds an underground storage price of \$8.13 per dekatherm. However, when the storage hedges currently in place are incorporated, that same storage WACOG is reduced to \$8.05 per dekatherm. Although the run up in this summer's (injection season) prices impacted this WACOG, Staff understands that the trends shown below (illustrating the market price this past summer as being higher than the outlook for this upcoming winter) are very unusual.

Intermountain's proximity to several interstate pipelines allows it to effectively allocate its natural gas supply mix from different basins based on price differentials, and subsequently redeliver that specified volume on its own distribution pipeline network at the lowest possible price. Since Northwest Pipeline (a large pipeline connecting the Rockies supply basin) runs directly through Intermountain's service territory, Intermountain is able to geographically utilize this service more directly. Currently nearly 62% percent of the Company's gas is purchased from the Rockies basin, leaving approximately 38% between Sumas and AECO. This diversity of supply basins has enabled the Company to hedge expected winter flowing gas requirements at favorably contracted prices.

## **CONSUMER ISSUES**

### **Customer Notice and Press Release**

The Customer Notice and Press Release were included in Intermountain's Application. The Application was received on August 15, 2008. Staff reviewed the customer notice and press release and determined they were in compliance with the requirements of Rule 102, Utility Customer Information Rules (UCIR), IDAPA 31.21.02.102. The customer notice was mailed with cyclical billings beginning August 15, 2008 and ending September 15, 2008.

### **Customer Comments**

Customers were given until September 25, 2008 to file comments. As of September 23, 2008, fifty-one comments had been received; all but one opposed the increase in rates. More

than one-half of the comments were from low and fixed income customers who were concerned about being able to afford an additional 18% for natural gas rates.

### **Financial Assistance for Paying Heating Bills**

If approved, customers will see approximately an 18% increase in their natural gas rates. Due to the rising cost of energy and many other basic needs, more and more customers are finding it difficult to make ends meet. Staff encourages all qualified customers to apply for the federally-funded Low Income Home Energy Assistance Program (LIHEAP). Bill payment assistance is also available through organizations such as Project Share in southwestern Idaho and Project Warmth and Helping Hand in southeastern Idaho. For more information on these programs, customers may call the nearest Community Action Agency, Intermountain Gas Company, the Idaho Public Utilities Commission, or the 2-1-1 Idaho Care Telephone Line.

### **Energy Affordability Workshops**

Many factors are contributing to upward pressure on natural gas and electric rates. Low and fixed income customers will be the most negatively impacted by higher natural gas rates. The Commission is concerned about the inability of many customers to pay for increased utility rates and the effect that eventually has on all ratepayers.

On September 8, 2008, the Commission initiated a formal generic case (GNR-U-08-01) to examine issues surrounding energy affordability and customers' ability to pay energy bills. These issues will be examined at a series of scheduled workshops within the next few months. Utilities will be directed to participate. Staff recommends that Intermountain Gas Company actively participate in these workshops and begin formulating ideas as to how residential customers can be better served currently as well as in the future.

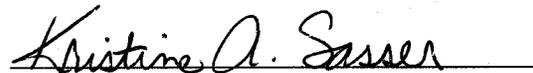
### **Low Income Weatherization**

Staff also recommends that Intermountain create a low income weatherization program for the purpose of weatherizing homes of needy customers in its service territory. Monies from Idaho Power and Rocky Mountain Power cannot be used to weatherize homes that are heated by natural gas.

## RECOMMENDATION

After a complete examination of the Company's Application and gas procurements for the year, Staff recommends that the Commission accept the Company's Application and filed tariffs increasing the annual revenue of Intermountain Gas Company by \$54,330,257 and establishing a weighted average cost of gas at \$0.78484/therm. Staff also recommends that the Commission order Intermountain Gas Company to file an Application with an amended WACOG prior to this winter's heating season if gas prices materially deviate from the \$0.78484 per therm. Regarding lost and unaccounted for gas, Staff recommends the Commission order Intermountain to: (1) provide a quarterly report outlining the Company's framework for how it has tested for, identified, and remediated equipment measurement errors or leaks; (2) provide a quarterly report outlining the Company's business process for alleviating measurement errors through its financial accounting of nominations, scheduling, measurements, flow volume allocation, and billing; (3) work with Staff to outline steps towards identifying the sources of L&U gas and work towards an improvement; (4) cap the total L&U gas at 0.85% of throughput until the Company and Staff have adequately evaluated the causes and approach the Company utilizes to reduce L&U gas; (5) participate in the Energy Affordability Workshops to be scheduled by the Commission in Case No. GNR-U-08-01; and (6) work with Staff to create low income weatherization programs for its customers.

Respectfully submitted this 25<sup>TH</sup> day of September 2008.

  
Kristine A. Sasser  
Deputy Attorney General

Technical Staff: Matt Elam  
Donn English  
Marilyn Parker

i:\umisc:\comments\intg08.31ksmedemp comments

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 25<sup>TH</sup> DAY OF SEPTEMBER 2008, SERVED THE **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. INT-G-08-03, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

MICHAEL P McGRATH / DIRECTOR  
GAS SUPPLY & REG. AFFAIRS  
INTERMOUNTAIN GAS COMPANY  
PO BOX 7608  
BOISE ID 83707

STEPHEN R THOMAS  
MOFFATT THOMAS BARRETT  
ROCK & FIELDS  
PO BOX 829  
BOISE ID 83701

  
\_\_\_\_\_  
SECRETARY