

EXECUTIVE OFFICES

**INTERMOUNTAIN GAS COMPANY**

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

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IDAHO PUBLIC  
UTILITIES COMMISSION

October 27, 2008

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

RE: Intermountain Gas Company  
Case No. INT-G-08-04

Dear Ms. Jewell:

Enclosed for filing with this Commission are a signed original and seven copies of Intermountain Gas Company's Application and supporting Exhibits for Authority to Decrease its Prices on December 1, 2008.

Please acknowledge receipt of this filing by time stamping and returning a photocopy of this Application cover letter to us.

If you have any questions or require additional information regarding this Application, please contact me at (208) 377-6168.

Very truly yours,



Michael P. McGrath  
Director  
Gas Supply & Regulatory Affairs

MPM/sc

Enclosures

cc: K.F. Morehouse  
E.N. Book  
M.W. Richards

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INDIANA PUBLIC  
UTILITIES COMMISSION

**INTERMOUNTAIN GAS COMPANY**

**CASE NO. INT-G-08-04**

**APPLICATION**

**AND**

**EXHIBITS**

**In the Matter of the Application of INTERMOUNTAIN GAS COMPANY  
for Authority to Decrease Its Prices on December 1, 2008**

**(December 1, 2008 Purchased Gas Cost Adjustment Filing)**

Morgan W. Richards, Jr., ISB No.1913  
RICHARDS LAW OFFICE  
804 East Pennsylvania Lane  
Boise, Idaho 83706  
Telephone: (208) 345-8371  
Facsimile: (208) 345-8371  
Attorney for Intermountain Gas Company

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IDAHO PUBLIC  
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of  
INTERMOUNTAIN GAS COMPANY  
for Authority to Decrease Its Prices

Case No. INT-G-08-04  
APPLICATION

Intermountain Gas Company ("Intermountain"), an Idaho corporation with general offices located at 555 South Cole Road, Boise, Idaho, hereby requests authority, pursuant to Idaho Code Sections 61-307 and 61-622, to place into effect December 1, 2008 new rate schedules which will decrease its December 1, 2008 to September 30, 2009 revenues by \$28.7 million, pursuant to the Rules of Procedure of the Idaho Public Utilities Commission ("Commission"). Because of changes in Intermountain's commodity gas costs, as described more fully in this Application, Intermountain's earnings will not be decreased as a result of the proposed decrease in prices and revenues. Intermountain's current rate schedules showing proposed changes are attached hereto as Exhibit No. 1 and are incorporated herein by reference. Intermountain's proposed rate schedules are attached hereto as Exhibit No. 2 and are incorporated herein by reference.

Communications in reference to this Application should be addressed to:

Michael P. McGrath  
Director – Gas Supply & Regulatory Affairs  
Intermountain Gas Company  
Post Office Box 7608, Boise, ID 83707

and

Morgan W. Richards, Jr.  
Richards Law Office  
804 East Pennsylvania Lane  
Boise, ID 83706

In support of this Application, Intermountain does allege and state as follows:

## I.

Intermountain is a gas utility, subject to the jurisdiction of the Idaho Public Utilities Commission, engaged in the sale of and distribution of natural gas within the State of Idaho under authority of Commission Certificate No. 219 issued December 2, 1955, as amended and supplemented by Order No. 6564, dated October 3, 1962.

Intermountain provides natural gas service to the following Idaho communities and counties and adjoining areas:

Ada County - Boise, Eagle, Garden City, Kuna, Meridian, and Star;  
Bannock County - Chubbuck, Inkom, Lava Hot Springs, McCammon, and Pocatello;  
Bear Lake County - Georgetown, and Montpelier;  
Bingham County - Aberdeen, Basalt, Blackfoot, Firth, Fort Hall, Moreland/Riverside, and Shelley;  
Blaine County - Bellevue, Hailey, Ketchum, and Sun Valley;  
Bonneville County - Ammon, Idaho Falls, Iona, and Ucon;  
Canyon County - Caldwell, Greenleaf, Middleton, Nampa, Parma, and Wilder;  
Caribou County - Bancroft, Conda, Grace, and Soda Springs;  
Cassia County - Burley, Declo, Malta, and Raft River;  
Elmore County - Glens Ferry, Hammett, and Mountain Home;  
Fremont County - Parker, and St. Anthony;  
Gem County - Emmett;  
Gooding County - Gooding, and Wendell;  
Jefferson County - Lewisville, Menan, Rigby, and Ririe;  
Jerome County - Jerome;  
Lincoln County - Shoshone;  
Madison County - Rexburg, and Sugar City;  
Minidoka County - Heyburn, Paul, and Rupert;  
Owyhee County - Bruneau, Homedale;  
Payette County - Fruitland, New Plymouth, and Payette;  
Power County - American Falls;  
Twin Falls County - Buhl, Filer, Hansen, Kimberly, Murtaugh, and Twin Falls;  
Washington County - Weiser.

Intermountain's properties in these locations consist of transmission pipelines, a liquefied natural gas storage facility, distribution mains, services, meters and regulators, and general plant and equipment.

## II.

Intermountain seeks with this Application to pass through to each of its customer classes a decrease in gas commodity costs resulting from a decrease in Intermountain's Weighted Average Cost of Gas, or "WACOG". The aforementioned changes would result in an overall price decrease to Intermountain's RS-1, RS-2, GS-1 and LV-1 customers.

These price changes are applicable to service rendered under rate schedules affected by and subject to Intermountain's Purchased Gas Cost Adjustment ("PGA"), initially approved by this Commission in Order No. 26109, Case No. INT-G-95-1, and additionally approved through subsequent proceedings.

Exhibit No. 3 summarizes the decrease in Intermountain's WACOG. Exhibit No. 3 is attached hereto and incorporated herein by reference.

### III.

The current prices of Intermountain are those approved by this Commission in Order No. 30649, Case No. INT-G-08-03.

### IV.

The WACOG reflected in Intermountain's proposed prices is \$0.67482 per therm, as shown on Exhibit No. 3, Line 3, Column (b). The WACOG incorporates supplier contracts and estimated prices that will be in effect during the PGA period December 1, 2008 through September 30, 2009.

Domestic supplies for natural gas remain strong. This proposed \$0.11002/therm decrease in the proposed WACOG reflects the downward pricing pressures on domestic supplies of natural gas.

Intermountain believes that the WACOG proposed in this Application, subject to the effect of actual supply and demand in the marketplace, will likely materialize during the remainder of the current PGA period. Intermountain will employ, in addition to those natural gas hedges already in place for the upcoming winter season, cost effective financial instruments to further secure those prices embedded within the filed WACOG when and if those pricing opportunities materialize in the marketplace.

### V.

Intermountain has allocated the proposed price changes to each of its customer classes based upon Intermountain's PGA provisions.

### VI.

Exhibit No. 4 is an analysis of the overall price changes by class of customer. Exhibit No. 4 is attached hereto and incorporated herein by reference.

## **VII.**

The proposed overall price changes herein requested among the classes of service of Intermountain reflects a just, fair, and equitable pass-through of changes in gas commodity costs to Intermountain's customers.

## **VIII.**

This Application is filed pursuant to the applicable statutes and the Rules and Regulations of the Commission. This Application has been brought to the attention of Intermountain's customers through a Customer Notice and by a Press Release sent to daily and weekly newspapers, and major radio and television stations in Intermountain's service area. The Press Release and Customer Notice are attached hereto and incorporated herein by reference. Copies of this Application, its Exhibits, and Workpapers have been provided to those parties regularly intervening in Intermountain's rate proceedings.

## **IX.**

Intermountain requests that this matter be handled under modified procedure pursuant to Rules 201-204 of the Commission's Rules of Procedure. Intermountain stands ready for immediate consideration of this matter.

WHEREFORE, Intermountain respectfully petitions the Idaho Public Utilities Commission as follows:

a. That the proposed rate schedules herewith submitted as Exhibit No. 2 be approved without suspension and made effective as of December 1, 2008 in the manner shown on Exhibit No. 2.

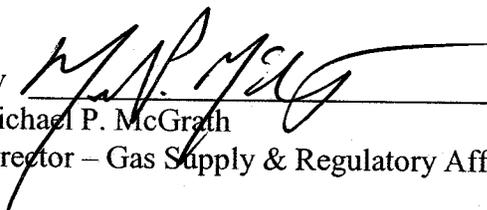
b. That this Application be heard and acted upon without hearing under modified procedure, and

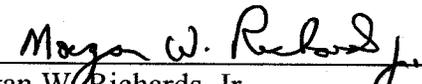
c. For such other relief as this Commission may determine proper herein.

DATED at Boise, Idaho, this 27th day of October, 2008.

INTERMOUNTAIN GAS COMPANY

Morgan W. Richards, Jr.

By   
Michael P. McGrath  
Director – Gas Supply & Regulatory Affairs

By   
Morgan W. Richards, Jr.  
Attorney for Intermountain Gas Company

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 27th day of October, 2008, I served a copy of the foregoing Case No. INT-G-08-04 upon:

Paula Pyron  
Northwest Industrial Gas Users  
4113 Wolf Berry Court  
Lake Oswego, OR 97035-1827

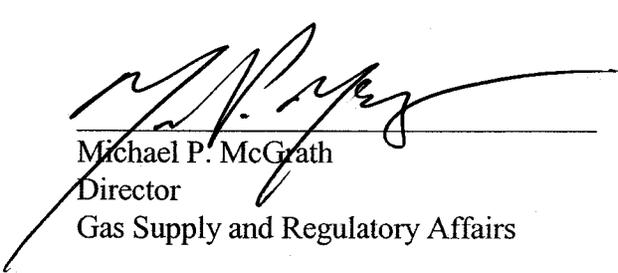
Edward A. Finklea  
Cable Huston Benedict Haagensen & Lloyd LLP  
1001 SW Fifth Avenue, Suite 2000  
Portland, Oregon 97204-1136

R. Scott Pasley  
J. R. Simplot Company  
PO Box 27  
Boise, ID 83707

Steven Gray  
J. R. Simplot Company  
PO Box 27  
Boise, ID 83707

Conley E. Ward, Jr.  
Givens, Pursley, Webb & Huntley  
277 N. 6th St., Suite 200  
PO Box 2720  
Boise, ID 83701

by depositing true copies thereof in the United States Mail, postage prepaid, in envelopes addressed to said persons at the above addresses.



Michael P. McGrath

Director  
Gas Supply and Regulatory Affairs