

OCT 27 2008

Boise, Idaho

**INT-G-08-04**

**INTERMOUNTAIN GAS**

**COMPANY**

**CUSTOMER NOTICE**

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## ***Customer Notice***

On October 27, 2008, Intermountain Gas Company ("Intermountain") filed for a decrease to 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 lower its prices to reflect the prices of natural gas supplies that it expects to incur.

Frank Morehouse, Executive Vice President and General Manager of Intermountain Gas Company, said, "The short-term natural gas supply picture is strong and much of the nation's natural gas held in storage for this coming winter is above normal. Production, much of which is from public lands, is up and these increasing supplies are helping to push the prices down. This can be attributed to the increased number of drilling rigs searching for new supplies, improved technology in drilling techniques and the softening of consumer demand for natural gas." Commenting further Morehouse said, "The goal of Intermountain's management team is to manage our gas supplies in order to provide market responsive supplies to our customers prior to the coming heating season. Intermountain continues to support the efforts of domestic exploration and production."

In light of the economic challenges nationwide, Morehouse went on to say, "We are pleased to be able to share some good news and pass this saving on to our residential and commercial customers. Intermountain continues, however, 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 payment energy assistance are provided through bill inserts and on the Company's website ([www.intgas.com](http://www.intgas.com)). The website also outlines a number of programs and tips 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.

If this proposed adjustment is approved, residential customers using natural gas for heating and water heating could experience a \$7.41 savings on an average monthly bill, a price decrease of 9.22% per therm. Those residential customers using natural gas for space heating only could experience \$5.18 decrease on their monthly bill, a price decrease of 8.49% per therm. Commercial business customers would receive a 9.73% decrease per therm, realizing an average monthly bill savings of \$34.63.

If approved as filed, the Company's total net revenue will decrease by approximately \$28.7 million (9.31%). The proposed effective date is December 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.