

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN)	
GAS COMPANY'S APPLICATION FOR)	CASE NO. INT-G-08-05
APPROVAL OF CHANGES TO ITS)	
COMPOSITE DEPRECIATION RATE)	ORDER NO. 30756
)	

On November 21, 2008, Intermountain Gas Company filed an Application requesting approval to change its composite depreciation rate. Intermountain's current effective depreciation rate of 3.35% was approved by the Commission in February 2006. The Commission directed the Company to update its depreciation study and submit it to the Commission for review no later than three years from entry of the February 2006 Order. Intermountain subsequently retained a consultant to update its 2005 Depreciation Study. The consultant's study indicated that a decrease in the composite rate from 3.35% to 2.96% is appropriate. The effect of the lower rate would be a decrease in the Company's annual depreciation accrual by \$1,462,205. The Company asked that its new composite depreciation rate be effective January 1, 2009.

Intermountain Gas requested that its Application be processed by Modified Procedure. The Commission determined to initially issue only a Notice of Application and Notice of Intervention Deadline. Order No. 30695. No petitions to intervene were filed. Following the intervention period, Staff and the Company convened informal workshops as directed by the Commission "to attempt to resolve Intermountain's request by agreement." Order No. 30695, p. 1. On March 18, 2009, Intermountain Gas and Staff filed a Stipulation resolving the issues and proposing new depreciation rates for Intermountain Gas.

The Stipulation provides that the 2007 removal activity in Account 376 (Mains) will be excluded from the determination of depreciation rates in this case. Intermountain Gas provided an explanation to Staff of account activity for the removals during 2007 for Account 376. The 2007 removal activity for Account 376 will be considered for inclusion in the Company's next depreciation study. Stipulation ¶¶ 4-6. The Stipulation further states that a decrease in Intermountain Gas's composite depreciation rate, from 3.34% (weighted by September 30, 2007, assets) to 2.90%, is appropriate. The effect of the lower rate is a decrease in the Company's annual depreciation accrual by \$1,683,747, or an additional decrease of

\$221,542 as requested in the Company's Application. Stipulation ¶ 8. Finally, the Stipulation states that the depreciation rates should be effective as of January 1, 2009. The account-by-account depreciation rates are shown in Attachment 1 to this Order.

After reviewing the depreciation application and the Stipulation, the Commission finds it reasonable to approve the Stipulation. We find the depreciation rates contained in the Stipulation to be fair, just and reasonable. Consistent with our procedural Rule 274, it is appropriate for the Commission to summarily accept the settlement of these depreciation rates. IDAPA 31.01.01.274. Accordingly, we find that an evidentiary hearing in this matter is not necessary. Finally, the Commission directs that the new depreciation rates contained in the Stipulation shall be effective as of January 1, 2009.

ORDER

IT IS HEREBY ORDERED that the Stipulation dated March 18, 2009, between Intermountain Gas Company and Staff is approved. Intermountain Gas's depreciation rates for its gas properties on an account-by-account basis as set out in the parties' Stipulation and Attachment 1 to this Order are approved.

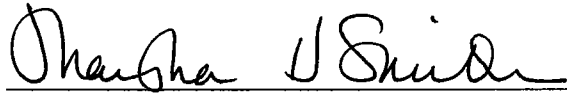
IT IS FURTHER ORDERED that the stipulated depreciation rates shall be effective as of January 1, 2009.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 25th
day of March 2009.



MACK A. REDFORD, PRESIDENT

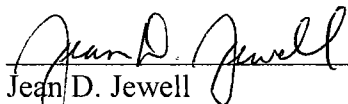


MARSHA H. SMITH, COMMISSIONER



JIM D. KEMPTON, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

bls/O:INT-G-08-05_ws2

Intermountain Gas Company
 Summary of Present and Proposed
 Depreciation Accrual Parameters and Expenses
 Study Date September 30, 2007

Net Change in Annual Accruals
 (Depreciation Life & Rate Procedures)

Line Number	Account Number	Study Category	Account Name	Investment Balance	Reserved Investment Balance	Percent Reserved (e)/(d)	Present		Proposed		Net Change
							Annual Accrual Rate (g)	Annual Accruals (h)(d)*(g)	Annual Accrual Rate (i)	Annual Accruals (j)(i)	
1	363.00	LNG	LNG Plant	8,227,886	8,404,650	102.1%	1.61%	132,469	1.25%	102,849	(29,620)
2			Subtotal Storage Plant	8,227,886	8,404,650	102.1%	1.61%	132,469	1.25%	102,849	(29,620)
3	365.00	ROW	Right of Way	623,714	232,598	37.3%	2.10%	13,098	2.10%	13,098	0
5	366.00	TCS	Structures and Improvements	72,115	34,758	48.2%	3.61%	2,603	3.46%	2,495	(108)
4	367.00	TMN	Transmission Mains	41,445,968	27,602,413	66.6%	3.04%	1,259,957	2.97%	1,230,945	(29,012)
5	368.00	TCS	Compressor Equipment	0	(667,756)	0.0%	3.61%	0	0.00%	44,517	44,517
6	370.00	TCE	Communication Equipment	714,440	747,476	104.6%	0.53%	3,787	0.04%	286	(3,501)
7			Subtotal Transmission Plant	42,856,237	27,949,489	65.2%	2.99%	1,279,445	3.01%	1,291,341	11,896
8	374.00	LRT	Land Rights	376,467	213,652	56.8%	1.94%	7,303	1.86%	7,002	(301)
9	375.00	STR	Structures and Improvements	18,864	19,032	100.9%	0.82%	155	0.65%	123	(32)
10	376.00	MNS	Mains	130,318,740	73,578,887	56.5%	3.16%	4,118,072	2.69%	3,505,574	(612,498)
11	378.00	MRG	Regulator Station Equipment	3,840,979	1,966,826	51.2%	3.02%	115,998	3.11%	119,454	3,456
12	380.00	SVC	Services	118,434,015	62,867,338	53.1%	3.34%	3,955,696	2.86%	3,387,213	(568,483)
13	381.00	MTR	Meters	25,986,411	9,057,463	34.9%	2.86%	743,211	2.11%	548,313	(194,898)
14	381.20	ERT	ERT Units	8,512,747	2,473,299	29.1%	6.43%	547,370	6.45%	549,072	1,702
15	382.00	MTI	Meter Installations	8,909,576	3,587,245	40.3%	2.92%	260,160	1.97%	175,519	(84,641)
16	382.20	ERI	ERT Installations	1,509,464	438,706	29.1%	6.58%	99,323	6.39%	96,455	(2,868)
17	383.00	HRG	House Regulators	4,684,088	2,028,892	43.3%	2.64%	123,660	1.94%	90,871	(32,789)
18	384.00	HRI	House Regulators - Installation	4,819,317	1,182,981	24.5%	2.90%	139,760	2.18%	105,061	(34,699)
19	385.00	IMR	Regulator Station - Industrial	8,526,575	4,502,228	52.8%	3.72%	317,189	3.50%	298,430	(18,759)
20			Subtotal Distribution Plant	315,937,243	161,916,549	51.2%	3.30%	10,427,897	2.81%	8,883,087	(1,544,810)
21	390.00	GSI	Structures and Improvements	9,561,856	4,959,364	51.9%	2.65%	253,389	2.10%	200,799	(52,590)
22	392.00	GTR	Transportation Equipment	5,959,609	3,337,256	56.0%	11.00%	655,557	9.75%	581,062	(74,495)
23	396.00	GPE	Power Operated Equipment	917,564	463,303	50.5%	5.99%	54,962	6.63%	60,834	5,872
24			Subtotal General Plant	16,439,029	8,759,923	53.3%	5.86%	963,908	5.13%	842,695	(121,213)
25			Total Depreciable Plant	383,460,395	207,030,611	54.0%	3.34%	12,803,719	2.90%	11,119,972	(1,683,747)

Orig Depreciation Parameters

Intermountain Gas Company
 Summary of Present and Proposed
 Depreciation Accrual Parameters and Expenses
 Study Date September 30, 2007

Proposed Depreciation Rate Parameters (Depreciation Life & Rate Procedures)

Line Number	Account Number	Study Category	Account Name	Investment Balance	Reserved Investment Balance	Percent Reserved (e)/(d)	Retirement Dispersion	Projection Life	Average Service Life	Average Age	Average Remaining Life	Net Salvage	Annual Accrual Rate (1-(f))/(k)	Annual Accruals (m)(d)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	363.00	LNG	LNG Plant	8,227,886	8,404,650	102.1%	R5.0	43.2	43.7	28.9	15.0	-20.80%	1.25%	102,849
2			Subtotal Storage Plant	8,227,886	8,404,650	102.1%								102,849
3	365.00	ROW	Right of Way	623,714	232,598	37.3%	R5.0	41.4	41.5	11.7	29.8	0.00%	2.10%	13,098
5	366.00	TCS	Structures and Improvements	72,115	34,758	48.2%	R3.0	27.0	30.3	16.2	16.4	-5.00%	3.46%	2,495
4	367.00	TMIN	Transmission Mains	41,445,968	27,602,413	66.6%	S5.0	48.7	49.8	23.2	27.1	-47.00%	2.97%	1,230,945
5	368.00	TCS	Compressor Equipment	0	(667,756)	0.0%	Amort	15.0	15.0	0.0	15.0	0.00%	0.00%	44,517
6	370.00	TCE	Communication Equipment	714,440	747,476	104.6%	R3.0	30.0	35.0	26.4	9.4	-5.00%	0.04%	286
7			Subtotal Transmission Plant	42,856,237	27,949,489	65.2%								1,291,341
8	374.00	LRT	Land Rights	376,467	213,652	56.8%	R5.0	48.0	50.0	27.5	23.2	0.00%	1.86%	7,002
9	375.00	STR	Structures and Improvements	18,864	19,032	100.9%	R5.0	45.0	48.1	41.8	6.3	-5.00%	0.65%	123
10	376.00	MNS	Mains	130,318,740	73,578,887	56.5%	R4.0	54.0	55.0	18.8	36.6	-55.00%	2.69%	3,505,574
11	378.00	MRG	Regulator Station Equipment	3,840,979	1,966,826	51.2%	R3.0	32.0	34.9	17.8	18.9	-10.00%	3.11%	119,454
12	380.00	SVC	Services	118,434,015	62,867,338	53.1%	R2.0	46.0	48.5	14.4	34.9	-53.00%	2.86%	3,387,213
13	381.00	MTR	Meters	25,986,411	9,057,463	34.9%	R4.0	42.0	42.8	12.4	30.9	0.00%	2.11%	548,313
14	381.20	ERT	ERT Units	8,512,747	2,473,299	29.1%	R3.0	15.0	15.2	4.2	11.0	0.00%	6.45%	549,072
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17	383.00	HRG	House Regulators	4,684,088	2,028,892	43.3%	R3.0	42.0	43.7	15.4	29.2	0.00%	1.94%	90,871
18	384.00	HRI	House Regulators - Installation	4,819,317	1,182,981	24.5%	R3.0	42.0	42.6	8.2	34.6	0.00%	2.18%	105,061
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22	392.00	GTR	Transportation Equipment	5,959,609	3,337,256	56.0%	L4.0	9.0	10.3	7.0	4.0	5.00%	9.75%	581,062
23	396.00	GPE	Power Operated Equipment	917,564	463,303	50.5%	R4.0	13.5	15.3	11.3	5.2	15.00%	6.63%	60,834
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