

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN) CASE NO. INT-G-09-01
GAS COMPANY'S REQUEST FOR)
AUTHORITY TO ESTABLISH A HOOKUP) NOTICE OF
FEE ALONG ITS SUN VALLEY LATERAL) MODIFIED PROCEDURE
)
)
) **ORDER NO. 30876**

On June 15, 2009, Intermountain Gas Company filed an Application with the Commission seeking authority to establish a hookup fee along its Sun Valley Lateral. The Company requests that the Application be processed by Modified Procedure and that the hookup fee be implemented as of July 15, 2009. On July 10, 2009, the Commission issued a Notice of Application, set a deadline for intervention, and suspended the Company's request for a July 15, 2009, effective date. Order No. 30857. No parties petitioned to intervene.

THE APPLICATION

The Sun Valley Lateral is currently operating near system capacity. The Company maintains that it has made and continues to make substantial capital upgrades to its Sun Valley Lateral in order to serve the daily natural gas needs of all its Sun Valley Lateral customers. The next planned distribution system upgrade off the main Sun Valley Lateral is the "Ketchum Uprate¹" planned to be completed in 2009. This upgrade will provide 16,000 therms per day of incremental distribution capacity to new Ketchum and Sun Valley, Idaho customers at an estimated cost of \$640,000.

Intermountain Gas proposes a new rate schedule that will require new customers to pay a fee for the disproportionate amount of incremental distribution system plant investment that these new customers create. The fee will apply to new customers whose estimated peak usage on the Company's Sun Valley Lateral exceeds the average peak-day usage on the Lateral. Customers who will be subject to the proposed hookup fee will be the same new customers causing the need for, and who directly benefit from, additional Sun Valley Lateral distribution system capital upgrades.

The Company reports that the average peak-day usage per customer along the Sun Valley Lateral is presently 15.5 therms per day.

¹ The "uprate" of a natural gas pipeline is the process required to increase the allowable operating pressure of a pipeline segment.

Intermountain Gas proposes that the hookup fee initially be set based on the estimated cost of construction of the Ketchum Uprate Project – \$640,000. The Company intends to file a revised rate schedule with the Commission reflecting the actual costs of the Ketchum Project when they become known. If actual costs of the Project result in a lower hookup fee than that which is initially approved and charged to customers, the Company will issue a refund to customers who paid the excess fee. If actual costs result in a higher hookup fee, the Company does not intend to seek the difference from customers who paid the lower fee prior to knowledge of the actual costs.

Intermountain Gas insists that its earnings will not change as a result of the proposed new rate schedule. Any collected hookup fee will be applied as a reduction to the distribution system plant investment (rate base) provided to serve the incremental Ketchum/Sun Valley area customers, thereby avoiding any cross-subsidies that would otherwise occur to pay for any above average customer usage.

The Company believes that failure to approve a hookup fee will cause undue subsidization and upward price pressure on customers who are not directly benefitted from the Ketchum/Sun Valley area distribution system upgrades.

NOTICE OF MODIFIED PROCEDURE

YOU ARE HEREBY NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission’s Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within twenty-one (21) days from the service date of this Notice. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the Applicant at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:
472 W. Washington Street
Boise, ID 83702-5918

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

E-mail: mmcgrath@intgas.com

Morgan W. Richards, Jr.
Richards Law Office
804 East Pennsylvania Lane
Boise, ID 83706
Email: mwrlaw@cableone.net

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to the Applicant at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application, supporting workpapers and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and other workpapers are also available on the Commission's Website at www.puc.idaho.gov under the "File Room" and then "Gas Cases."

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-117, 61-129, and 61-502. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons and the parties may file written comments no later than 21 days from the date of this Order.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 11th day of August 2009.



JIM D. KEMPTON, PRESIDENT

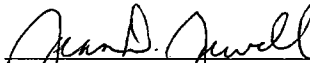


MARSHA H. SMITH, COMMISSIONER



MACK A. REDFORD, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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