

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

November 5, 2009

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-09-03

Dear Ms. Jewell:

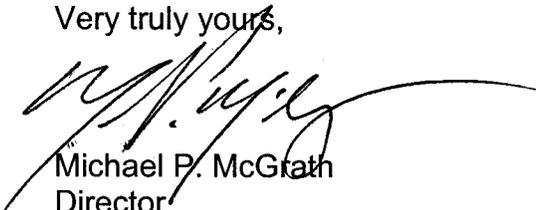
Enclosed for filing with this Commission are a signed original and seven copies of Intermountain Gas Company's Application for Authority to Establish Interruptible Snowmelt Tariffs.

Should the Commission approve the attached Rate Schedules as filed, also attached herein are clean copies for stamped approval by the Commission.

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: D. Haider
F. Morehouse
E. N. Book
S. Madison

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IDAHO PUBLIC
UTILITIES COMMISSION

INTERMOUNTAIN GAS COMPANY

CASE NO. INT-G-09-03

APPLICATION

AND

EXHIBIT

In the Matter of the Application of INTERMOUNTAIN GAS COMPANY

for Authority to Establish Interruptible Snowmelt Tariffs

Morgan W. Richards, Jr., ISB No.1913
RICHARDS LAW OFFICE
804 East Pennsylvania Lane
Boise, Idaho 83706
Telephone: (208) 283-0334
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 Establish Interruptible
Snowmelt Tariffs

Case No. INT-G-09-03
APPLICATION

Intermountain Gas Company ("Intermountain" or "Company"), a subsidiary of MDU Resources Group, Inc. 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 15, 2009 new Rate Schedules. The proposed Rate Schedules would require any new residential or small commercial customer installing new natural gas equipment, or any existing residential or small commercial customer performing remodeling work that includes modification of equipment and piping, for the purpose of melting snow on sidewalks, driveways or other similar appurtenances ("Snowmelt"), to receive interruptible service for such Snowmelt either under the Company's proposed Rate Schedule IS-R or Rate Schedule IS-C. Intermountain's earnings will not change as a result of the proposed new Rate Schedules. Intermountain's proposed Rate Schedules are attached hereto as Exhibit No. 1 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 - Glenns 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.

The concept and application of interruptible service is not new to Intermountain or this Commission. Interruptible service has offered many benefits to the Company's customers in the

past. An important benefit of interruptible service is a reduction in costs for all customers as compared to what would be required to provide firm service for those same interruptible customers.

Intermountain has designed and constructed its distribution facilities to serve the needs of its firm service customers as provided for in its General Service Provisions. The Company continually evaluates its system deliverability and regularly makes substantial capital upgrades in order to ensure peak-day deliverability for its growing firm loads. The Company also serves other lower priority customers, including those receiving wholly interruptible service, which rely on capacity that is only available when firm sale and transportation customers are not utilizing their peak-day throughput needs. However, during periods of peak-day throughput, interruptible customers can be required to cease using natural gas to help ensure the needs of firm sales and transportation customers are met.

III.

Market innovations allow natural gas to be used in environmentally friendly and economical ways aside from the traditional space and water heating applications. A service that has increased in popularity over the past decade is the use of natural gas-fired Snowmelt equipment.

Snowmelt usage can be viewed as beneficial in off-peak periods as it may help to more efficiently use otherwise unused distribution capacity. However, it can also negatively affect system pressures when firm sales and transportation customers require peak-day deliveries. Further, most Snowmelt equipment uses an inordinate amount of natural gas when compared to a standard space or water heating application. During periods of peak-day throughput, Snowmelt usage competes with firm customers for the finite amount of available natural gas that can flow through the Company's distribution system, potentially degrading service to those firm customers.

Intermountain therefore asserts that Snowmelt use must be considered an interruptible service and through this filing, seeks to implement new Interruptible Snowmelt Rate Schedules to govern the use of all new incremental Snowmelt load.

IV.

From a cost recovery standpoint, Snowmelt applications tend to have a very low load factor meaning that they use large amounts of natural gas for perhaps only a few days or weeks during the winter with no other usage for the rest of the year. This is an inefficient use of the Company's distribution system. Allowing Snowmelt to operate uninterrupted, during periods of peak-day

throughput, causes Intermountain to add incremental capacity in order to ensure adequate peak-day firm deliveries of natural gas. Additionally, the low load factor usage pattern of Snowmelt customers contributes little cost recovery as compared to year-round firm sales customers. Year-round firm customers therefore end up subsidizing Snowmelt applications.

V.

Intermountain will, upon the approval of this filing, require that all new Snowmelt applications have individual metering facilities, separate and distinct from any metering providing any other natural gas service. Intermountain will also require each new or incremental Snowmelt application to adhere to the Service Provisions of the proposed Rate Schedules as delineated on Exhibit No. 1.

From a practical standpoint, Intermountain will, at its sole discretion, manually or remotely, turn-off all Snowmelt meters in affected regions of its system when system integrity is at issue. Intermountain will then turn those Snowmelt meters and associated equipment back on when conditions warrant. The Company believes that such interruptions will be of short duration; from a few hours to a few days depending upon weather and snowfall conditions.

The Company has already negotiated voluntary agreements with existing Large Volume Snowmelt users that provides for similar cessation of Snowmelt upon notice by the Company. Intermountain will also allow any existing Snowmelt user, at the election of the customer, to convert existing Snowmelt applications to operate under the terms and conditions of the proposed Rate Schedules.

VI.

The proposed Rate Schedules include a Facility Reimbursement Charge to recover the capital investment required to provide Snowmelt service to a new customer.

Currently, there are no affordable solutions available within the natural gas industry to effectively automate a remote off/on cycling of a Snowmelt system. Intermountain is committed to keeping abreast of these types of automated systems as they become available in the marketplace. At such time a workable and affordable automated solution becomes available, the Company will come before this Commission to re-evaluate the appropriateness of including such an automated system within the proposed Facility Reimbursement Charge.

VII.

Intermountain proposes to price Rate Schedule IS-R, or Residential Interruptible Snowmelt Service, similar to its existing residential Rate Schedule RS-2. The proposed Rate Schedule IS-R includes seasonal demand charges and a single commodity charge equal to the residential RS-2 Winter Commodity Charge.

Existing residential Snowmelt customers will have the elective option to migrate their Snowmelt service to the proposed Rate Schedule IS-R. Since a portion of a residential customer's Snowmelt usage can occur during the April through November time period, allowing residential Snowmelt consumption to be priced at the lower RS-2 Winter (December through March) commodity price may serve as an inducement for existing Snowmelt customers to elect the Company's proposed Rate Schedule IS-R. Additionally, the proposed Rate Schedule IS-R includes a provision whereby existing residential Snowmelt users would be exempt from paying the one-time Facility Reimbursement Charge thereby adding further inducement for existing residential Snowmelt customers to elect this new service.

Intermountain proposes to price Rate Schedule IS-C, or Small Commercial Interruptible Snowmelt Service, similar to its existing Small Commercial Rate Schedule GS-1. The proposed Rate Schedule IS-C includes a seasonal demand charges and a tiered commodity charge equal to the Rate Schedule GS-1 Winter Commodity Charges.

Existing small commercial Snowmelt customers will have the elective option to migrate their Snowmelt service to the proposed Rate Schedule IS-C. Since a portion of a small commercial customer's Snowmelt usage can occur during the April through November time period, allowing small commercial Snowmelt consumption to be priced at the lower GS-1 Winter (December through March) commodity price may serve as an inducement for existing small commercial Snowmelt customers to elect the Company's proposed Rate Schedule IS-C. Additionally, the proposed Rate Schedule IS-C includes a provision whereby existing residential Snowmelt users would be exempt from paying the one-time Facility Reimbursement Charge thereby adding further inducement for existing small commercial Snowmelt customers to elect this new service.

VIII.

The Company proposes to administer these Snowmelt Rate Schedules beginning at the proposed effective of December 15, 2009.

IX.

The proposed Rate Schedules requested herein are just, fair, and equitable. Allowing Snowmelt users to operate uninterrupted during peak throughput periods would cause undue subsidization and upward price pressure on the Company's firm sales and transportation customers.

X.

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 News Release sent to daily and weekly newspapers in Intermountain's service area where customers would be impacted by the proposed Rate Schedule. The News Release is attached hereto and incorporated herein by reference. Copies of this Application and Exhibit have been provided to those governmental bodies whose jurisdictional area would be more directly impacted by the proposed Rate Schedules.

XI.

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. 1 be approved without suspension and made effective as of December 15, 2009 in the manner shown on Exhibit No. 1.

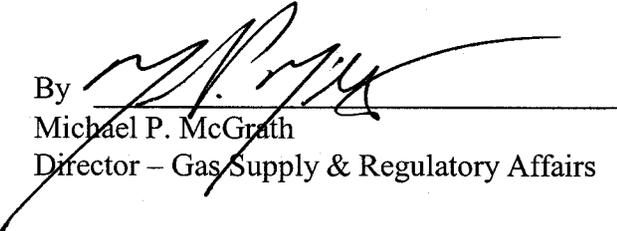
b. That this Application be heard and acted upon without hearing under modified procedure, and

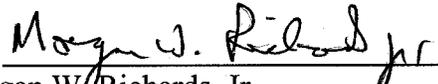
c. For such other relief as this Commission may determine proper herein.

DATED at Boise, Idaho, this 5th day of November, 2009.

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 5th day of November, 2009, I served a copy of the foregoing Case No. INT-G-09-03 upon:

Mayor Randy Hall
Box 2315
Ketchum, Idaho 83340

Mayor Wayne Willich
Box 416
Sun Valley, Idaho 83353

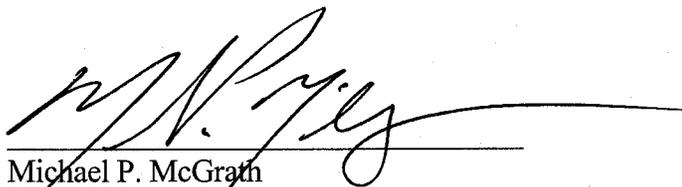
Senator Clint Stennett
District 25
P.O. Box 475
Ketchum, ID 83340

Representative Wendy Jaquet
District 25
P.O. Box 783
Ketchum, ID 83340

Senator Jon Thorson
P.O. Box 2210
Sun Valley, ID 83353

Representative Donna Pence
District 25
1960 U.S. Highway 26
Gooding, 83330

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