

INTERMOUNTAIN GAS COMPANY

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IDAHO PUBLIC
UTILITIES COMMISS

May 4, 2010

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

Re: IPUC Case No. INT-G-09-03
Comments relating to the Snowmelt Workshop

Dear Jean:

As a follow-up to the February 4th, 2010 Workshop in the above referenced Case, Intermountain Gas Company hereby submits the following comments.

Intermountain Gas Company ("Intermountain" or "Company") wishes to express its appreciation to the Commission for sponsoring the Workshop and to all participants for the positive atmosphere and cooperative dialogue that occurred during the Workshop. Intermountain is committed to meet customers natural gas needs, values their input and believes that useful ideas were presented during the Workshop.

The Company wishes to assure any affected customers that because its revenues are based on volumetric sales, Intermountain has no financial motive to unnecessarily interrupt gas sales on its system. Further, the Company is supportive of practices that help it more thoroughly utilize existing capacity. Intermountain recognizes that interruptible sales can help increase system load factor – which can lead to lower costs for all customers – and therefore has the financial incentive to encourage interruptible load by minimizing the frequency and duration of any interruption. The purpose of the proposed Snowmelt tariff is to ensure that essential needs for natural gas are not displaced by discretionary uses and that the Company's firm capacity is used in the most efficient and cost effective manner possible.

The important issues or questions that were raised at the Workshop are listed below along with Intermountain's response and/or explanation:

Intermountain Gas actively promoted Snowmelt use and now wants to interrupt it.

Intermountain Gas Company has an obligation to serve if an entity requesting service meets the Company's approved service provisions. While Intermountain does promote natural gas use in general, it has neither specifically promoted, nor discouraged, Snowmelt applications.

Upon any customer requests service, the total required load is determined based on the information provided and, if sufficient capacity is available, the service is installed. In many instances however, the larger residential or commercial developments are multi-year developments and by the time such a project is completed, the final required load has increased several times over the initial projection. The increase in the final load requirement

is typically not known until the final meter is requested. More often than not, Snowmelt load drives much of the unexpected load increase.

Do current City Ordinances require Snowmelt systems?

Intermountain reviewed city ordinances for Sun Valley, Ketchum, Hailey, Bellevue and Blaine County and found no ordinance requiring Snowmelt. Snowmelt is mentioned in the Cities of Sun Valley and Bellevue ordinances as a means to reduce the amount of required onsite snow storage.

All jurisdictions prohibit or limit storing snow in road right of ways. (Although a City of Ketchum Street Department memo, located on their web site, provides for means whereby entities in the downtown core may, under certain conditions, push snow into the street for Street Department removal.) Also, State Codes 40-2319 and 49-613 prohibit debris and obstructions being placed in road right of ways.

What percentage of Snowmelt customers are commercial vs. residential?

Of the 108 Snowmelt customers identified in Blaine County, 76% (82) were residential and 24% (26) were commercial.

When would the Company begin to shut off the Snowmelt systems?

Events that would result in Snowmelt interruption are specifically dependent upon the pressures within an area in the distribution system; temperature is not necessarily the determining factor.

Under the proposed Snowmelt tariff, Intermountain would first interrupt Snowmelt in an affected area of its distribution system when the pressure nears or drops below 20 psig. Per the Company's General Service Provisions, interruptible services located in areas where gas supply becomes insufficient would be the first off.

What types of options are available to shutoff Snowmelt applications?

The Company initially proposed to turn off Snowmelt at the Company's meter either manually or by use of electronically controlled devices. However due to public input received at the Workshop, Intermountain investigated alternate solutions and subsequently found that interrupting Snowmelt at the Customer's boiler system offered advantages to both the customer and the Company. Three (3) different types of remote control devices to control a customer's boilers were researched. All three options eliminate the need for Company personnel to enter the customer's home and they do not require Intermountain to shut off the customer's meter eliminating the requirement to relight/recycle equipment when service is restored:

- 1. The first option uses a simplistic device similar to a garage door opener where an on/off switch is installed on the boiler. Company personnel would drive to a point near the Customer's premise and then remotely turn the Snowmelt system on or off using the electronic switch. The advantages of such a system are its simplicity and low cost (expected to be less than \$100 per customer). Disadvantages include no ability to verify that the switch has turned the boiler on or off and there is no way to evaluate the reliability of the system in real time.*

2. *The second option - which is the method the Company prefers in today's operating environment - utilizes an externally located hardwire switch that controls the boiler. The switch would be placed at a site easily accessible to only Company personnel and would require the installation of a certain amount of wire, conduit and a locking control box. Company personnel would drive out to each applicable residence to manually turn the boiler on or off; a light would indicate the control status. The advantage of this type of system is its reliability, the ability to verify on/off status and the relative ease at which it can be upgraded to a remote controlled system if and when technology and conditions warrant such a change. The installed cost is estimated at \$200 - \$500 per customer.*
3. *The last alternative involves a more elaborate system that can remotely operate a Snowmelt boiler thru the use of a cell or land-line phone, radio wave devices or the internet. One particular system evaluated acts as a server, controller, platform and browser, and can be monitored and controlled through any electronic device connected to a phone line or the internet. Such a system would also allow for continuous monitoring, feedback and status of each Snowmelt boiler and would thus offer a better real-time view of the distribution system. Future upgrades include integrating the retrieval of temperature, flow, pressure and historical data.*

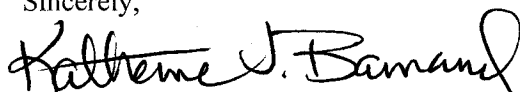
Advantages include a tamper-proof system that does not require an employee to drive to the premise, provides verification of boiler shut-off and a great deal of real-time data. Disadvantages include the necessity of the customer providing access to an internet connection, working phone line or satellite service at the boiler location - none of which Intermountain could control. Further, even if provided by the customer, there are mountainous or remote areas where internet or other forms of wireless service is unavailable or unreliable. Also, cost estimates are highest of the three options at \$1,000 - \$2,000 per customer after an initial startup cost to Intermountain of \$3,000 - \$5,000 (excluding costs associated with on-going maintenance of communication connections).

How difficult would it be to tie into the Snowmelt equipment's electrical system to control its activation?

Intermountain contacted several HVAC contractors and received valuable feedback. All contractors thought the tie-in would be easy to accomplish and indicated that it could be done either on the 24 volt side or the 120 volt side of the boiler equipment. They also recommended that the "on/off" switch be located at an outdoor site easily accessible to Company personnel and that the use of a locking control box of sufficient size would provide the flexibility to upgrade the device to a remotely operated system when future conditions warrant.

The Company appreciates the opportunity to provide more information to the Commission and does hereby respectfully petition that this Commission adopt Intermountain's Snowmelt tariff.

Sincerely,



Katherine J. Barnard
Manager
Gas Supply and Regulatory Affairs

cc: Parties of Record