

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF INTERMOUNTAIN |) | |
| GAS COMPANY'S 2011-2015 INTEGRATED |) | CASE NO. INT-G-10-04 |
| RESOURCE PLAN |) | |
| |) | NOTICE OF FILING |
| |) | |
| |) | NOTICE OF |
| |) | MODIFIED PROCEDURE |
| |) | |
| |) | ORDER NO. 32074 |

YOU ARE HEREBY NOTIFIED that on August 31, 2010, Intermountain Gas Company (Intermountain or Company) filed its Integrated Resource Plan (IRP) for the years 2011-2015. The Company filed its IRP pursuant to the requirements of Commission Order No. 25342 and Section 303(b)(3) of the Public Utility Regulatory Policies Act (PURPA). Intermountain is the sole distributor of natural gas in southern Idaho. Its service area covers approximately 50,000 square miles containing a population of approximately 1 million. During the first half of 2009, the Company served approximately 305,000 customers in 74 communities through a system of over 10,000 miles of transmission, distribution and service lines. The Company added 120 miles of distribution and 2,883 service lines to accommodate new customers and maintain service for the Company's growing customer base.

THE INTEGRATED RESOURCE PLAN

YOU ARE FURTHER NOTIFIED that Intermountain provides natural gas sales to two major markets: the residential and commercial market and the industrial market. During 2009, the Company served an average of 275,522 residential and 29,673 commercial customers, which equates to an increase in average residential and commercial customers of 1.1% from 2008. Residential and commercial customers use natural gas primarily for space and water heating. Intermountain's industrial customers use natural gas supplied by the company for boiler and manufacturing applications. The IRP states that industrial demand for natural gas is strongly influenced by the agricultural economy and the price of alternative fuels. During 2009, 41.2% of the throughput on Intermountain's system was attributable to industrial sales and transportation.

YOU ARE FURTHER NOTIFIED that the IRP states that the Company's peak day loads (throughput during the projected coldest winter day) are growing at a manageable rate.

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The growth in the Company's projected peak day load is attributable to (1) growth in Intermountain's customer base, primarily residential and commercial, and (2) production-related growth occurring in the Company's industrial firm transportation market.

Forecast Peak Day Send-Out

YOU ARE FURTHER NOTIFIED that the Company analyzed several peak day send-out (delivery) studies to determine the magnitude and timing of future deficiencies in firm peak day delivery capabilities, looking at both a total interstate mainline perspective as well as geographic region specific perspectives. Residential, commercial, and industrial customer peak day load send-out was matched against available resources to determine which combination of new resources would be needed to meet the Company's future peak day delivery requirements in the most cost-effective manner. IRP, p. 6. The Company estimates that residential, commercial, and industrial peak day load growth over the five-year period will increase at an average annual rate of 1.75% under a base case scenario. The IRP indicates that there are no peak day delivery deficits when forecasted peak day send-out is matched against existing resources. IRP, p. 7.

Regional Studies

YOU ARE FURTHER NOTIFIED that the IRP analyzes certain geographic regions within Intermountain's service territory based upon the anticipated or known need for distribution system upgrades within each specific region. The geographic regions are identified as the Idaho Falls Lateral Region, the Sun Valley Lateral Region, the Canyon County Region, the State Street Lateral Region and an All Other Region. The Idaho Falls Lateral is 104 miles in length and serves a number of cities between Pocatello and St. Anthony in eastern Idaho. The residential, commercial, and industrial load served off the Idaho Falls Lateral represents approximately 15% of the total Company customers and 19% of the Company's total winter send-out during December 2009. IRP, p. 7. The IRP identified a peak day delivery deficit for the Idaho Falls Lateral that occurs during 2011 and increases in each of the next four years. Some of the industrial customers in the Idaho Falls Lateral have the ability to mitigate peak day consumption by switching to fuel oil during extremely cold temperatures. Intermountain believes that small, short-duration peak day distribution delivery deficits in the future can be mitigated by working with these customers to facilitate the use of fuel oil at the customers' facilities. In addition, the IRP states that peak day delivery deficits can be managed by bringing on gas from the new Rexburg LNG facility.

YOU ARE FURTHER NOTIFIED that the residential, commercial, and industrial customers served off the Sun Valley Lateral represent approximately 4% of the total customers and 4% of the Company's total winter send-out during December 2009. When forecasted peak day send-out on the Sun Valley Lateral is matched against existing capacity, a peak day delivery deficit occurs during 2011 and slightly increases during each of next four years. The IRP states that the growth along the Sun Valley Lateral will require a future upgrade to the existing pipeline system. The IRP states that the Company plans to increase the delivery capability on the Sun Valley Lateral using a series of cost-effective system upgrades beginning in 2011.

YOU ARE FURTHER NOTIFIED that the Canyon County Lateral represents approximately 14% of the total Company customers and 13% of the Company's total winter send-out during December 2009. The IRP states that a matching of the existing peak day distribution with anticipated demand shows that there are no peak day delivery deficits during 2011-2015.

YOU ARE FURTHER NOTIFIED that the State Street Lateral is identified for the first time in the 2010 IRP. The IRP states that there is currently no threat of capacity constraint in the State Street Lateral, but that the Company is monitoring it as demand is beginning to approach design capacity. During the 2011-2015 timeframe, the IRP states there are no capacity constraints for the State Street Lateral.

Assessment of Potential DSM Programs

YOU ARE FURTHER NOTIFIED that the IRP states that, in addition to reviewing traditional and non-traditional resource alternatives, Intermountain also analyzed potential demand-side management (DSM) measures to mitigate potential constraint areas. Specifically, the Company evaluated two different programs: the continuation of its \$200 rebate to customers who install a 90% or greater efficiency natural gas furnace when converting to natural gas, and (2) a \$30 rebate when a customer installs a .64 or greater energy factor gas water heater at the time of conversion.

YOU ARE FURTHER NOTIFIED that the IRP analyzed residential, commercial and industrial customer growth and its impact on Intermountain's distribution system using design weather conditions under various scenarios for Idaho's economy. Peak day send-out under each of these customer growth scenarios was measured against the available natural gas delivery systems to project the magnitude and timing of delivery deficits, both from a total Company

perspective as well as a regional perspective. The resources needed to meet the projected deficits were analyzed within a framework of options, including DSM measures, to help determine the most cost-effective means to manage the potential deficits.

YOU ARE FURTHER NOTIFIED that the IRP is a planning document for the Company to analyze numerous factors and variables that affect the supply and demand for natural gas in the next few years. The Executive Summary of the IRP identifies the purpose of the plan as “to describe the currently anticipated conditions over the five year planning horizon, the anticipated resource selections and the process for making resource decisions.” IRP, p. 5. The Commission will review Intermountain’s IRP to ensure that it represents a diligent effort by the Company to plan for anticipated supply and demand for natural gas during 2011-2015. The Commission’s acceptance of the IRP does not constitute approval of plan specifics or of any transaction undertaken as part of the plan.

NOTICE OF MODIFIED PROCEDURE

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

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on Intermountain’s IRP may file a written comment in support or opposition with the Commission no later than sixty (60) days from the date of this Order. 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 Intermountain’s IRP shall be mailed to the Commission and Intermountain Gas 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

Katherine J. Barnard, Manager
Gas Supply and Regulatory Affairs
Intermountain Gas Company
555 South Cole Road
PO Box 7608
Boise, ID 83707

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 form, using the case number as it appears on the front of this document.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If written comments or protests are received within the deadline, the Commission will consider them and, in its discretion, may set the matter for hearing or may decide the matter and issue its Order based on the written comments before it. IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that Intermountain's IRP has been filed with the Commission and is available for public inspection during regular business hours at the Commission offices or on the Commission's website at www.puc.idaho.gov under "File Room" and then "Gas Cases."

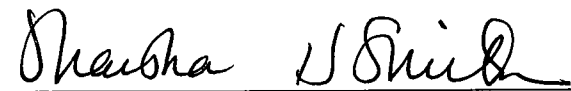
YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code.

O R D E R

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons may file written comments no later than sixty (60) days from the service date of this Order.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 28th
day of September 2010.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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