

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

October 12, 2011

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

NEW CASE

RE: Intermountain Gas Company
Case No. INT-G-11-02

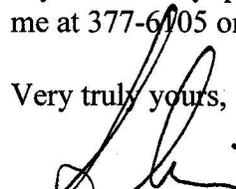
Dear Ms. Jewell:

Enclosed for filing with this Commission is an original and seven (7) copies of Intermountain Gas Company's Application seeking approval to place into effect a change in its Composite Depreciation Rate, effective January 1, 2012.

Please acknowledge receipt of this filing by stamping and returning a copy of this Application cover letter to us.

If you have any questions or require additional information regarding the attached, please contact me at 377-6105 or Dave Swenson at 377-6118.

Very truly yours,


Scott W. Madison
Vice President – Chief Accounting Officer

cc: K.F. Morehouse
D. Haider
M. Parvinen

SWM/mt

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INTERMOUNTAIN GAS COMPANY IDAHO PUBLIC
UTILITIES COMMISSION

CASE NO. INT-G-11-02

APPLICATION

AND

EXHIBIT

In the Matter of the Application of INTERMOUNTAIN GAS COMPANY

for Approval to Place into Effect

a Change in Its Composite Depreciation Rate

Stephen R. Thomas, ISB 2326
MOFFATT THOMAS BARRETT ROCK & FIELDS, CHTD.
101 S. Capitol Boulevard, Suite 1000
Boise, Idaho 83702
Telephone: (208) 345-2000
Attorneys for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of
INTERMOUNTAIN GAS COMPANY for
Approval to Place into Effect a Change in
Its Composite Depreciation Rate

Case No. INT-G-11-02
APPLICATION

COMES NOW Intermountain Gas Company ("Intermountain" or "Applicant"), a subsidiary of MDU Resources Group, Inc. with general offices located at 555 South Cole Road, Boise, Idaho, and pursuant to Idaho Code, Title 61, and rules 6.2 and 6.3 of the Rules of Practice and Procedure of the Idaho Public Utilities Commission ("Commission"), makes an Application seeking approval to place into effect a change in its composite depreciation rate.

Communications in reference to this Application should be addressed to:

Scott Madison
Vice President & Chief Accounting Officer
Intermountain Gas Company
Post Office Box 7608
Boise, ID 83707

and

Stephen R. Thomas, ISB 2326
MOFFATT THOMAS BARRETT ROCK & FIELDS, CHTD.
101 S. Capitol Boulevard, Suite 1000
Boise, Idaho 83702

In support of this Application, Intermountain does allege and state as follows:

I.

Intermountain is an Idaho corporation, whose principal place of business is 555 South Cole Road, Boise, Idaho, and is qualified to do business in the state of Idaho.

II.

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 - Glens 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, and 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.

III.

Intermountain's currently effective composite depreciation rate of 2.96% was approved by this Commission in Case No. INT-G-08-05, Order No 30756, dated March 25, 2009. Applicant has traditionally reviewed and filed an update to its deprecation rate with this Commission approximately every three years. Case INT-G-11-02 reflects Applicant's first filing under its new calendar year financial reporting period.

IV.

With each update of Applicant's depreciation parameters and associated rates, special circumstances regarding Intermountain's recovery rates are addressed. The current study addresses, among other things, adjustments to the projected lives of Electronic Read Transmitters ("ERTs"), mains and service lines and corresponding net salvage of the same.

Intermountain began utilizing ERTs system-wide beginning in 2002 and the units were expected to continue in service for 15 years. However, recent sampling studies indicate that these devices will need to be replaced earlier than anticipated, beginning in 2012, resulting in a shortening of the remaining useful life of this asset class.

Intermountain continues to make increased use of plastic pipe in its main and service lines. The cost advantage of plastic pipe over steel pipe, coupled with increasing evidence for the longer service life of plastic pipe, necessitates the proposed increase in the lives of main (from 54 to 58 years) and service (from 46 to 52 years) investment.

V.

Intermountain contracted the services of AUS Consultants, the same outside vendor employed for the prior six (6) depreciation filings (from INT-G-94-1 through INT-G-08-05) to perform an update of the 2008 study. The results of this study indicate that Intermountain's current composite rate is under-depreciating its assets. Therefore, Applicant requests an increase in its composite depreciation rate from 2.96% (2.98% when the accrual rates per Order 29975 are weighted by December 30, 2010 assets) to 3.07%. The effect of the higher rate would be to increase Intermountain's annual depreciation accrual by \$375,337.

VI.

Intermountain does not seek a change in its prices as a result of this Application.

VII.

The current definition of depreciation used by the Federal Energy Regulatory Commission and the National Association of Regulatory Commissioners is as follows:

“Depreciation,” as applied to depreciable plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the caused to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of public authorities.

The American Institute of Certified Public Accountants in its Accounting Terminology Bulletin #1 defines depreciation accounting as follows:

Depreciation accounting is a system of accounting which aims to distribute cost or other basic value of tangible capital assets, less salvage (if any), over the estimated useful life of the unit (which may be a group of assets) in a systematic and rational manner. It is a process of allocation, not of valuation.

The prescription of depreciation rates is an important element of the regulatory process because it must allocate the full cost of an asset over the life of the property items in a rational manner.

VIII.

The depreciation study update filed with this Case was based upon Intermountain’s books and records as of December 31, 2010. The calculation of the amount of the annual depreciation expense required per year was calculated on an individual account basis. The methods used in the calculation were the Simulated Plant Record Balances Method and the Simulated Plant Retirement Method. Both Methods use the “Iowa Curves” mortality distribution. The current study was conducted using Applicant’s data and the “Iowa Curves” as described in the NARUC publication of July 25, 1984, “Depreciation Practices for Small Gas Distribution Companies”. The current study is summarized and shown in Exhibit No. 1 attached hereto and incorporated herein by reference. A

copy of the current depreciation study working papers, which is voluminous, is available for inspection and examination at Intermountain's general business office located at 555 S. Cole Road in Boise, Idaho.

IX.

Since Applicant's last depreciation filing in Case No. INT-G-08-05, the original cost of depreciable property increased from \$383,460,395 to \$415,697,857 as shown in Column (d), Line 28, on Page 1 of Exhibit No. 1. The accumulated reserve increased from \$207,030,611 to \$240,667,847 as shown in Column (e), Line 28, on Page 1 of Exhibit No. 1. The current study necessitates an annual depreciation accrual of \$12,772,130 per year over the remaining life of the property as shown in Column (j), Line 28, on Page 2 of Exhibit No. 1.

X.

The current study indicates a need to increase the current composite rate of 2.96% (2.98% when weighted by 12/31/2010 assets) to 3.07%, an increase of 0.11% (.0011). This increase is required in order to accrue the proper dollars over the remaining life of the property. Exhibit No. 1, Pages 2 - 4, contains a summary comparison of the current depreciation rates, by plant function and by account, versus the requested rates in the Application.

XI.

Applicant requests that the increase to the annual composite depreciation rate be effective January 1, 2012 consistent with the beginning of Intermountain's annual financial reporting period. Due to inflexibility of Intermountain's new accounting system and, in the event the Commission is unable to rule on this filing in time to place new rates into effect on January 1, 2012, Applicant requests the Commission place into effect the requested depreciation rates on an interim basis effective January 1, 2012 until such time that the Commission is able to place into effect a final Order in this proceeding.

XII.

Intermountain requests that this matter be processed pursuant to Rules 201-204 under the Commission's Rules of Modified Procedure. Intermountain stands ready to respond to any requests for information in this matter.

WHEREFORE, Intermountain respectfully petitions this Commission for relief as follows:

1. That Applicant be authorized to increase the current composite depreciation rate on an accrual rate on an account by account basis from 2.96% (2.98% when weighted by 12/31/2010 assets) to 3.07% as shown in Column (i), on page 1 of Exhibit No.1. In the event that this Commission is unable to place final rates into effect by January 1, 2012, Intermountain respectfully requests the Commission place into effect the proposed rates as filed on an interim basis effective January 1, 2012 until such time as the Commission can place into effect permanent rates pursuant to a final Order in this Case.
2. That Applicant's current prices remain unchanged as a result of this Application.
3. That Applicant be authorized to record the increase in the annual composite depreciation rate effective on January 1, 2012.
4. For such other relief as this Commission may determine proper herein.

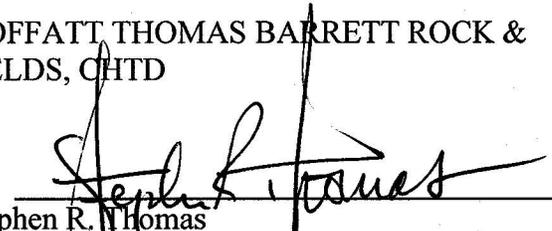
DATED at Boise, Idaho, this 12th day of October, 2011.

INTERMOUNTAIN GAS COMPANY

By 

Scott Madison
Vice President & Chief Accounting Officer

MOFFATT THOMAS BARRETT ROCK &
FIELDS, CHTD

By 

Stephen R. Thomas
Attorney for Intermountain Gas Company

EXHIBIT NO. 1

CASE NO. INT-G-11-02

INTERMOUNTAIN GAS COMPANY

(Depreciation Study)

(4 pages)

Intermountain Gas Company
 Summary of Present and Proposed
 Depreciation Accrual Parameters and Expenses
 Study Date : As of December 31, 2010

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

Line Number	Account Number	Study Category	Account Name	Current Study 12-31-2010			Present		Proposed		Net Change
				Investment Balance	Reserved Investment Balance	Percent Reserved	Annual Accrual Rate	Annual Accruals	Annual Accrual Rate	Annual Accruals	
	(a)	(b)	(c)	(d)	Last Study (e)	Last Study (f) (e)/(d)	(g)	(h) (d)*(g)	(i)	(j) (d)*(i)	(k) (j)-(h)
1	361.00	LNG	LNG Equipment - Nampa Facilities	9,584,650.79	8,704,958.67	90.8%	1.25%	119,807	2.00%	191,691	71,884
2	361.20	LNG	LNG Equipment - Rexburg Vaporization Facilities	4,771,916.03	719,279.84	15.1%	5.74%	273,860	5.74%	273,908	48
3			Subtotal Storage Plant	14,356,466.82	9,424,238.51	65.6%	2.74%	393,667	3.24%	465,599	71,932
4	365.00	ROW	Right of Way	678,619.53	276,357.60	40.6%	2.10%	14,251	2.11%	14,319	68
5	366.00	TCS	Structures and Improvements	77,152.11	8,521.40	11.0%	3.46%	2,669	6.44%	4,969	2,300
6	367.00	TMN	Transmission Mains	42,190,850.36	31,614,924.50	74.9%	2.97%	1,253,068	2.82%	1,189,782	(63,286)
7	368.00	TCS	Compressor Equipment	-	(632,377.62)	0.0%	0.00%	44,517	6.67%	42,159	(2,358)
8	368.10	TCS	Compressor Equipment Sun Valley Lateral	-	-	0.0%	3.81%	0	4.75%	0	0
9	370.00	TCE	Communication Equipment	714,440.07	752,780.59	105.4%	0.04%	286	-0.04%	(286)	(572)
10			Subtotal Transmission Plant	43,661,062.07	32,019,206.47	73.3%	3.01%	1,314,791	2.87%	1,250,943	(63,848)
11	374.00	LRT	Land Rights	407,749.39	237,214.91	58.2%	1.86%	7,584	1.79%	7,299	(285)
12	375.00	STR	Structures and Improvements	18,863.90	19,470.44	103.2%	0.65%	123	0.38%	72	(51)
13	376.00	MNS	Mains	138,215,590.27	85,211,545.50	61.7%	2.69%	3,717,999	2.56%	3,538,319	(179,680)
14	378.00	MRG	Regulator Station Equipment	4,498,568.46	2,076,941.48	46.2%	3.11%	139,905	2.79%	125,510	(14,395)
15	380.00	SVC	Services	126,669,872.88	73,728,908.93	58.2%	2.86%	3,622,758	2.42%	3,065,411	(557,347)
16	381.00	MTR	Meters	20,610,136.53	10,730,498.26	52.1%	2.11%	434,874	1.76%	362,738	(72,136)
17	381.20	ERT	Electronic Meter Reading Transmitter (ERT) Units	15,825,976.51	4,794,178.48	30.3%	6.45%	1,020,775	14.22%	2,250,454	1,229,679
18	382.00	MTI	Meter Installations	8,626,362.40	4,203,509.70	48.7%	1.97%	169,939	1.85%	159,588	(10,351)
19	382.20	ERI	ERT Installations	2,132,525.96	813,552.65	38.1%	6.39%	136,268	12.63%	269,338	133,070
20	383.00	HRG	House Regulators	4,987,886.11	2,353,815.60	47.2%	1.94%	96,765	1.89%	94,271	(2,494)
21	384.00	HRI	House Regulators - Installation	5,341,509.45	1,581,263.98	29.6%	2.18%	116,445	2.15%	114,842	(1,603)
22	385.00	IMR	Regulator Station - Industrial	8,776,905.69	4,845,291.18	55.2%	3.50%	307,192	2.65%	232,588	(74,604)
23			Subtotal Distribution Plant	336,111,947.55	190,596,191.11	56.7%	2.91%	9,770,627	3.04%	10,220,430	449,803
24	390.10	GSI	Structures and Improvements	15,170,425.56	5,487,553.07	36.2%	2.10%	318,579	2.33%	353,471	34,892
25	392.00	GTR	Transportation Equipment	5,607,175.21	2,954,400.82	52.7%	9.75%	546,700	7.42%	416,052	(130,648)
26	396.00	GPE	Power Operated Equipment	790,779.36	186,256.87	23.6%	6.63%	52,429	8.30%	65,635	13,206
27			Subtotal General Plant	21,568,380.13	8,628,210.76	40.0%	4.25%	917,708	3.87%	835,158	(82,550)
28			Total Depreciable Plant	415,697,856.57	240,667,846.85	57.9%	2.98%	12,396,793	3.07%	12,772,130	375,337

Intermountain Gas Company
 Summary of Present and Proposed
 Depreciation Accrual Parameters and Expenses
 Study Date : As of December 31, 2010

Proposed Depreciation Rate Parameters (Depreciation Life & Rate Procedures)

Line Number	Account Number	Study Category	Account Name	Current Study 12-31-2010			Retirement Dispersion	Projection Life	Average Service Life	Average Age	Average Remaining Life	Net Salvage	Annual Accrual Rate	Annual Accruals
				Investment Balance	Reserved Investment Balance	Percent Reserved								
(a)	(b)	(c)	(d)	Last Study (e)	Last Study (f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
					(e)/(f)							(1-(f)-(l))/(k)	(m)*(d)	
1	361.00	LNG	LNG Equipment - Nampa Facilities	9,584,550.79	8,704,958.67	90.8%	R5.0	43	34.6	27.2	15.0	-20.80%	2.00%	191,691
2	361.20	LNG	LNG Equipment - Rexburg Vaporization Facilities	4,771,916.03	719,279.84	15.1%	R5.0	20	19.9	2.5	17.4	-15.00%	5.74%	273,908
3			Subtotal Storage Plant	14,356,466.82	9,424,238.51	65.6%			27.8	19.0	16.1	-18.11%	3.24%	465,599
4	365.00	ROW	Right of Way	678,619.53	275,357.60	40.6%	R5.0	41	41.6	13.5	28.2	0.00%	2.11%	14,319
5	366.00	TCS	Structures and Improvements	77,152.11	8,521.40	11.0%	R3.0	27	30.7	24.5	14.6	-5.00%	6.44%	4,969
6	367.00	TMN	Transmission Mains	42,190,850.36	31,614,924.50	74.9%	S5.0	49	50.6	25.7	25.6	-47.00%	2.82%	1,189,782
7	368.00	TCS	Compressor Equipment	-	(632,377.62)	0.0%	R3.0	15	15.0	0.0	15.0	0.00%	6.67%	42,159
8	368.10	TCS	Compressor Equipment Sun Valley Lateral	-	-	0.0%	R3.0	20	20.0	0.0	20.0	5.00%	4.75%	0
9	370.00	TCE	Communication Equipment	714,440.07	752,780.59	105.4%	L3.0	30	38.1	29.4	10.0	-5.00%	-0.04%	(286)
10			Subtotal Transmission Plant	43,661,062.07	32,019,206.47	73.3%			50.1	25.6	25.3	-45.10%	2.87%	1,250,943
11	374.00	LRT	Land Rights	407,749.39	237,214.91	58.2%	R5.0	48	50.5	28.3	23.3	0.00%	1.79%	7,299
12	375.00	STR	Structures and Improvements	18,863.90	19,470.44	103.2%	R5.0	45	49.4	44.8	4.7	-5.00%	0.38%	72
13	376.00	MNS	Mains	138,215,590.27	85,211,545.50	61.7%	R4.0	58	59.0	20.6	38.8	-61.00%	2.56%	3,538,319
14	378.00	MRG	Regulator Station Equipment	4,498,568.46	2,076,941.48	46.2%	R3.0	35	37.3	15.9	22.9	-10.00%	2.79%	125,510
15	380.00	SVC	Services	126,669,872.88	73,728,908.93	58.2%	R2.0	52	54.6	16.1	39.2	-53.00%	2.42%	3,065,411
16	381.00	MTR	Meters	20,610,136.53	10,730,498.26	52.1%	R4.0	42	43.2	16.8	27.2	0.00%	1.76%	362,738
			Electronic Meter Reading											
17	381.20	ERT	Transmitter (ERT) Units	15,825,976.51	4,794,178.48	30.3%	R3.0	11	11.8	6.9	4.9	0.00%	14.22%	2,250,454
18	382.00	MTI	Meter Installations	8,626,362.40	4,203,509.70	48.7%	R3.0	42	43.6	16.6	27.7	0.00%	1.85%	159,588
19	382.20	ERI	ERT Installations	2,132,525.96	813,552.65	38.1%	R3.0	12	12.3	7.4	4.9	0.00%	12.63%	269,338
20	383.00	HRG	House Regulators	4,987,886.11	2,353,815.60	47.2%	R3.0	42	44.0	17.1	27.9	0.00%	1.89%	94,271
21	384.00	HRI	House Regulators - Installation	5,341,509.45	1,581,263.98	29.6%	R3.0	42	42.7	10.3	32.8	0.00%	2.15%	114,842
22	385.00	IMR	Regulator Station - Industrial	8,776,905.69	4,845,291.18	55.2%	R2.0	30	33.3	15.8	18.8	-5.00%	2.65%	232,588
23			Subtotal Distribution Plant	336,111,947.55	190,596,191.11	56.7%			44.9	17.4	29.8	-35.87%	3.04%	10,220,430
24	390.10	GSI	Structures and Improvements	15,170,425.56	5,487,553.07	36.2%	R2.0	34	37.1	13.7	25.2	5.00%	2.33%	353,471
25	392.00	GTR	Transportation Equipment	5,607,175.21	2,954,400.82	52.7%	L3.0	10	11.2	6.2	5.7	5.00%	7.42%	416,052
26	396.00	GPE	Power Operated Equipment	790,779.36	186,256.87	23.6%	R3.0	14	15.3	8.5	7.4	15.00%	8.30%	65,635
27			Subtotal General Plant	21,568,380.13	8,628,210.76	40.0%							3.87%	835,158
28			Total Depreciable Plant	415,697,856.57	240,667,846.85	57.9%							3.07%	12,772,130

Intermountain Gas Company
 Summary of Present and Proposed
 Depreciation Accrual Parameters and Expenses
 Study Date : As of December 31, 2010

Theoretical Reserve Analysis (Depreciation Life & Rate Procedures)

Line Number	Account Number	Study Category	Account Name	Current Study 12-31-2010			Future Net Salvage	Average Net Salvage	Average Remaining Life	Average Service Life	Theoretical Reserve Percent	Theoretical Reserve	Reserve Variance
				Investment Balance	Reserved Investment Balance	Percent Reserved							
	(a)	(b)	(c)	(d)	Last Study (e)	Last Study (f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
						(e)/(d)					(1-(g))-((1-(h))*(i)/(j))	(k)*(d)	(l)-(e)
1	361.00	LNG	LNG Equipment - Nampa Facilities	9,584,550.79	8,704,958.67	90.8%	-20.80%	-20.80%	15.0	34.6	68.4%	6,558,708	(2,146,251)
2	361.20	LNG	LNG Equipment - Rexburg Vaporization Facilities	4,771,916.03	719,279.84	15.1%	-15.00%	-15.00%	17.4	19.9	14.5%	689,542	(29,738)
3			Subtotal Storage Plant	14,356,466.82	9,424,238.51	65.6%	-18.11%	-18.11%	16.1	27.8	50.5%	7,248,250	(2,175,989)
4	365.00	ROW	Right of Way	678,619.53	275,357.60	40.6%	0.00%	0.00%	28.2	41.6	32.2%	218,583	(56,775)
5	366.00	TCS	Structures and Improvements	77,152.11	8,521.40	11.0%	-5.00%	-5.00%	14.6	30.7	55.1%	42,488	33,967
6	367.00	TMN	Transmission Mains	42,190,850.36	31,614,924.50	74.9%	-47.00%	-47.00%	25.6	50.6	72.6%	30,643,215	(971,710)
7	368.00	TCS	Compressor Equipment	-	(632,377.62)	0.0%	0.00%	0.00%	15.0	15.0	0.0%	0	632,378
			Compressor Equipment Sun Valley Lateral	-	-	0.0%	5.00%	5.00%	20.0	20.0	0.0%	0	0
8	368.10	TCS	Valley Lateral	-	-	0.0%	5.00%	5.00%	20.0	20.0	0.0%	0	0
9	370.00	TCE	Communication Equipment	714,440.07	752,780.59	105.4%	-5.00%	-5.00%	10.0	38.1	77.4%	553,262	(199,519)
10			Subtotal Transmission Plant	43,661,062.07	32,019,206.47	73.3%	-45.10%	-45.10%	25.3	50.1	72.0%	31,457,548	(561,658)
11	374.00	LRT	Land Rights	407,749.39	237,214.91	58.2%	0.00%	0.00%	23.3	50.5	53.9%	219,614	(17,601)
12	375.00	STR	Structures and Improvements	18,863.90	19,470.44	103.2%	-5.00%	-5.00%	4.7	49.4	95.0%	17,923	(1,547)
13	376.00	MNS	Mains	138,215,590.27	85,211,545.50	61.7%	-61.00%	-61.00%	38.8	59.0	55.1%	76,184,433	(9,027,113)
14	378.00	MRG	Regulator Station Equipment	4,498,568.46	2,076,941.48	46.2%	-10.00%	-10.00%	22.9	37.3	42.5%	1,910,542	(166,399)
15	380.00	SVC	Services	126,669,872.88	73,728,908.93	58.2%	-53.00%	-53.00%	39.2	54.6	43.2%	54,658,050	(19,070,859)
16	381.00	MTR	Meters	20,610,136.53	10,730,498.26	52.1%	0.00%	0.00%	27.2	43.2	37.0%	7,633,995	(3,096,503)
			Electronic Meter Reading Transmitter (ERT) Units	15,825,976.51	4,794,178.48	30.3%	0.00%	0.00%	4.9	11.8	58.5%	9,253,448	4,459,270
17	381.20	ERT	Transmitter (ERT) Units	15,825,976.51	4,794,178.48	30.3%	0.00%	0.00%	4.9	11.8	58.5%	9,253,448	4,459,270
18	382.00	MTI	Meter Installations	8,626,362.40	4,203,509.70	48.7%	0.00%	0.00%	27.7	43.6	36.5%	3,146,034	(1,057,476)
19	382.20	ERI	ERT Installations	2,132,525.96	813,552.65	38.1%	0.00%	0.00%	4.9	12.3	60.2%	1,282,928	469,375
20	383.00	HRG	House Regulators	4,987,886.11	2,353,815.60	47.2%	0.00%	0.00%	27.9	44.0	36.6%	1,825,068	(528,748)
21	384.00	HRI	House Regulators - Installation	5,341,509.45	1,581,263.98	29.6%	0.00%	0.00%	32.8	42.7	23.2%	1,238,696	(342,568)
22	385.00	IMR	Regulator Station - Industrial	8,776,905.69	4,845,291.18	55.2%	-5.00%	-5.00%	18.8	33.3	45.7%	4,012,901	(832,490)
23			Subtotal Distribution Plant	336,111,947.55	190,596,191.11	56.7%	-35.87%	-35.87%	29.8	44.9	48.0%	161,383,532	(29,212,659)
24	390.10	GSI	Structures and Improvements	15,170,425.56	5,487,553.07	36.2%	5.00%	5.00%	25.2	37.1	30.5%	4,622,429	(865,124)
25	392.00	GTR	Transportation Equipment	5,607,175.21	2,954,400.82	52.7%	5.00%	5.00%	5.7	11.2	46.7%	2,615,747	(338,654)
26	396.00	GPE	Power Operated Equipment	790,779.36	186,256.87	23.6%	15.00%	15.00%	7.4	15.3	43.9%	347,073	160,816
27			Subtotal General Plant	21,568,380.13	8,628,210.76	40.0%	5.54%	5.54%	14.1	22.4	35.2%	7,585,249	(1,042,962)
28			Total Depreciable Plant	415,697,856.57	240,667,846.85	57.9%	-31.70%	-31.70%	27.1	42.3	50.0%	207,674,579	(32,993,268)

Intermountain Gas Company
 Summary of Present and Proposed
 Depreciation Accrual Parameters and Expenses
 Study Date : As of December 31, 2010

Present Depreciation Parameters (Depreciation Life & Rate Procedures)

Line Number	Account Number	Study Category	Account Name	Current Study 12-31-2010			Retirement Dispersal	Average Service Life	Average Age	Average Remaining Life	Net Salvage	Annual Accrual Rate	Annual Accruals
				Investment Balance	Reserved Investment Balance	Percent Reserved							
	(a)	(b)	(c)	(d)	Last Study (e)	Last Study (f) (e)/(d)	(g)	(h)	(i)	(j)	(k)	(l)	(m) (l)*(d)
1	361.00	LNG	LNG Equipment - Nampa Facilities	9,584,550.79	8,704,958.67	90.8%	R5.0	43.7	28.9	15.0	-20.80%	1.25%	119,807
2	361.20	LNG	LNG Equipment - Rexburg Vaporization Facilities	4,771,916.03	719,279.84	15.1%	R5.0	20.0	0.0	20.0	-15.00%	5.74%	273,860
3			Subtotal Storage Plant	14,356,466.82	9,424,238.51	65.6%		31.4	19.3	17.6	-17.78%	2.74%	393,667
4	365.00	ROW	Right of Way	678,619.53	275,357.60	40.6%	R5.0	41.5	11.7	29.8	0.00%	2.10%	14,251
5	366.00	TCS	Structures and Improvements	77,152.11	8,521.40	11.0%	R3.0	30.3	16.2	16.4	-5.00%	3.46%	2,669
6	367.00	TMN	Transmission Mains	42,190,850.36	31,614,924.50	74.9%	S5.0	49.8	23.2	27.1	-47.00%	2.97%	1,263,068
7	368.00	TCS	Compressor Equipment	-	(632,377.62)	0.0%	Amort	15.0	0.0	15.0	0.00%	0.00%	44,517
			Compressor Equipment Sun Valley Lateral	-	-	0.0%	R3.0	27.7	0.0	27.7	0.00%	3.61%	0
8	368.10	TCS	Valley Lateral	-	-	0.0%	R3.0	27.7	0.0	27.7	0.00%	3.61%	0
9	370.00	TCE	Communication Equipment	714,440.07	752,780.59	105.4%	R3.0	35.0	26.4	9.4	-5.00%	0.04%	286
10			Subtotal Transmission Plant	43,661,062.07	32,019,206.47	73.3%		49.3	23.1	26.7	-45.05%	3.01%	1,314,791
11	374.00	LRT	Land Rights	407,749.39	237,214.91	58.2%	R5.0	50.0	27.5	23.2	0.00%	1.86%	7,584
12	375.00	STR	Structures and Improvements	18,863.90	19,470.44	103.2%	R5.0	48.1	41.8	6.3	-5.00%	0.65%	123
13	376.00	MNS	Mains	138,215,590.27	85,211,545.50	61.7%	R4.0	55.0	18.8	36.6	-55.00%	2.69%	3,717,999
14	378.00	MRG	Regulator Station Equipment	4,498,568.46	2,076,941.48	46.2%	R3.0	34.9	17.8	18.9	-10.00%	3.11%	139,905
15	380.00	SVC	Services	126,689,872.88	73,728,908.93	58.2%	R2.0	48.5	14.4	34.9	-53.00%	2.86%	3,622,758
16	381.00	MTR	Meters	20,610,136.53	10,730,498.26	52.1%	R4.0	42.8	12.4	30.9	0.00%	2.11%	434,874
			Electronic Meter Reading	-	-	-	-	-	-	-	-	-	-
17	381.20	ERT	Transmitter (ERT) Units	15,825,976.51	4,794,178.48	30.3%	R3.0	15.2	4.2	11.0	0.00%	6.45%	1,020,775
18	382.00	MTI	Meter Installations	8,626,362.40	4,203,509.70	48.7%	R3.0	43.3	13.6	30.3	0.00%	1.97%	169,939
19	382.20	ERI	ERT Installations	2,132,525.96	813,552.65	38.1%	R3.0	15.2	4.1	11.1	0.00%	6.39%	136,268
20	383.00	HRG	House Regulators	4,987,886.11	2,353,815.60	47.2%	R3.0	43.7	15.4	29.2	0.00%	1.94%	96,765
21	384.00	HRI	House Regulators - Installation	5,341,509.45	1,581,263.98	29.6%	R3.0	42.6	8.2	34.6	0.00%	2.18%	116,445
22	385.00	IMR	Regulator Station - Industrial	8,776,905.69	4,845,291.18	55.2%	R2.0	28.4	15.1	14.9	-5.00%	3.50%	307,192
23			Subtotal Distribution Plant	336,111,947.55	190,596,191.11	56.7%		43.8	15.5	30.2	-36.42%	2.91%	9,770,627
24	390.10	GSI	Structures and Improvements	15,170,425.56	5,487,553.07	36.2%	R2.0	38.6	19.6	20.5	5.00%	2.10%	318,579
25	392.00	GTR	Transportation Equipment	5,607,175.21	2,954,400.82	52.7%	L4.0	10.3	7.0	4.0	5.00%	9.75%	546,700
26	396.00	GPE	Power Operated Equipment	790,779.36	186,256.87	23.6%	R4.0	15.3	11.2	5.2	15.00%	6.63%	52,429
27			Subtotal General Plant	21,568,380.13	8,628,210.76	40.0%		21.8	16.0	10.6	5.52%	4.25%	917,708
28			Total Depreciable Plant	415,697,856.57	240,667,846.85	57.9%		41.5	16.5	27.4	-32.19%	2.98%	12,396,793