

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: KARL KLEIN
DEPUTY ATTORNEY GENERAL

DATE: NOVEMBER 1, 2011

SUBJECT: INTERMOUNTAIN GAS COMPANY'S APPLICATION TO CHANGE ITS
COMPOSITE DEPRECIATION RATE, CASE NO. INT-G-11-02

On October 12, 2011, Intermountain Gas Company applied to the Commission for an Order authorizing the Company to increase its composite depreciation rate from 2.96% to 3.07%, effective January 1, 2012. The Company asks the Commission to allow the rates to take effect on an interim basis on January 1, 2012, if the Commission is unable to enter a final Order approving the rates by that date. The Company asks the Commission to process this matter under Modified Procedure.

THE APPLICATION

The Company recounts that the Commission approved the Company's current composite depreciation rate (2.96%) in March 2009. That rate is based on a 2008 depreciation study. The Company says it reviews and asks the Commission to update its depreciation rate every three years and that, in this case, it has retained a consultant to update the Company's 2008 depreciation study. According to the Company, the consultant's study indicates that the Company should increase its composite depreciation rate from 2.96% (2.98% when the accrual rates per Order No. 29975 are weighted by December 30, 2010 assets) to 3.07%. The Company says the higher rate would increase the Company's annual depreciation accrual by \$375,337. The Company states that the depreciation rate increase would not increase the Company's prices.


STAFF RECOMMENDATION

Staff believes Modified Procedure may be appropriate, but it recommends that the Commission initially issue only a Notice of Application and Notice of Intervention Deadline.

Following the intervention period, Staff and the Company and any other parties will convene informal workshops to attempt to resolve Intermountain's request by agreement. Modified Procedure can commence after the workshops conclude.

COMMISSION DECISION

Should the Commission issue a Notice of Application and Notice of Intervention Deadline?



Karl Klein
Deputy Attorney General

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