

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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2011 DEC 22 AM 11:17

IDAHO PUBLIC
UTILITIES COMMISSION

December 21, 2011

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

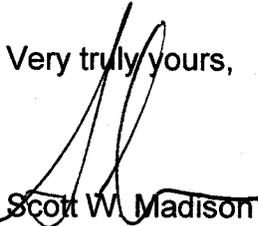
RE: Case No. INT-G-11-03

Dear Ms. Jewell:

Attached for consideration by this Commission are the original and seven (7) copies of Intermountain Gas Company's Application for Authority to Decrease Its Prices on February 1, 2012.

If you have any questions regarding the attached, please contact me at (208) 377-6105.

Very truly yours,



Scott W. Madison
Vice President & Chief Accounting Officer

SWM/mt

Enclosures

cc: K.F. Morehouse
T.M. Clark
D.L. Haider

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2011 DEC 22 AM 11:17

IDAHO PUBLIC
UTILITY COMMISSION

INTERMOUNTAIN GAS COMPANY

CASE NO. INT-G-11-03

APPLICATION

AND

EXHIBITS

**In the Matter of the Application of INTERMOUNTAIN GAS COMPANY
for Authority to Decrease Its Prices on February 1, 2012**

(February 1, 2012 Purchased Gas Cost Adjustment Filing)

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 Authority to Decrease Its Prices

Case No. INT-G-11-03
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 February 1, 2012 new rate schedules which will decrease its revenues for the February 1, 2012 to September 30, 2012 period by \$6.0 million, pursuant to the Rules of Procedure of the Idaho Public Utilities Commission ("Commission"). Because this proposed decrease relates to changes in Intermountain's gas purchase costs, as described more fully in this Application, Intermountain's earnings will not be decreased as a result of the proposed decrease in prices and revenues. Intermountain's current rate schedules showing proposed changes are attached hereto as Exhibit No. 1 and are incorporated herein by reference. Intermountain's proposed rate schedules are attached hereto as Exhibit No. 2 and are incorporated herein by reference.

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 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, 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.

II.

Intermountain seeks with this Application to pass through to each of its sales customer classes a decrease in gas commodity costs resulting from a decrease in Intermountain's Weighted Average Cost of Gas, or "WACOG". This change would result in an overall price decrease to Intermountain's RS-1, RS-2, GS-1, LV-1, IS-R and IS-C customers.

The price change is applicable to service rendered under the aforementioned rate schedules subject to Intermountain's Purchased Gas Cost Adjustment ("PGA"), initially approved by this Commission in Order No. 26109, Case No. INT-G-95-1, and additionally approved through subsequent proceedings.

Exhibit No. 3 summarizes the change in Intermountain's WACOG. Exhibit No. 3 is attached hereto and incorporated herein by reference.

III.

The current prices of Intermountain are those approved by this Commission in Order No. 32372, Case No. INT-G-11-01.

IV.

The WACOG reflected in Intermountain's proposed prices is \$0.41812 per therm as shown on Exhibit No. 3, Line 3, Col. (b). This compares to \$0.45342 per therm currently included in the Company's tariffs.

Natural gas prices across the region have continued a steady downward trend since Intermountain filed INT-G-11-01 in August 2011. Several fundamental factors have contributed to this decline. These factors include 1) the continued prolific availability of shale gas production across the United States, 2) storage balances that are at or near record high levels, 3) the lack of any material hurricane activity that would typically reduce natural gas deliverability, and 4) a mild winter that has thus far dampened natural gas demand across the Pacific Northwest.

Additionally, the in-service of the Ruby pipeline which delivers Rocky Mountain natural gas supplies to the California border has displaced traditional natural gas supplies from Alberta. The result has been a further softening of natural gas prices at the AECO hub in Alberta which makes up a significant portion of the Company's gas supply portfolio. Intermountain's prudent gas purchasing strategies have allowed it to take full advantage of these market changes.

V.

Intermountain has allocated the proposed price changes to each of its applicable customer classes based upon Intermountain's PGA provision.

X.

Exhibit No. 4 is an analysis of the overall price changes by class of customer. Exhibit No. 4 is attached hereto and incorporated herein by reference.

XIII.

The proposed overall price changes herein requested among the classes of service of Intermountain reflect a just, fair, and equitable pass-through of changes in gas related costs to Intermountain's customers.

XIV.

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 Customer Notice and by a Press Release sent to daily and weekly newspapers, and major radio and television stations in Intermountain's service area. The Press Release and Customer Notice are attached hereto and incorporated herein by reference. Copies of this Application, its Exhibits, and Workpapers have been provided to those parties regularly intervening in Intermountain's rate proceedings.

XV.

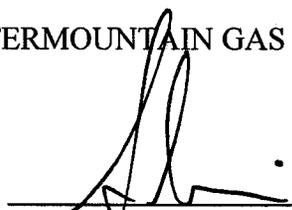
Intermountain requests that this matter be handled under modified procedure pursuant to Rules 201-204 of the Commission's Rules of Procedure. Intermountain stands ready for immediate consideration of this matter.

WHEREFORE, Intermountain respectfully petitions the Idaho Public Utilities Commission as follows:

- a. That the proposed rate schedules herewith submitted as Exhibit No. 2 be approved without suspension and made effective as of February 1, 2012 in the manner shown on Exhibit No. 2.
- 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.

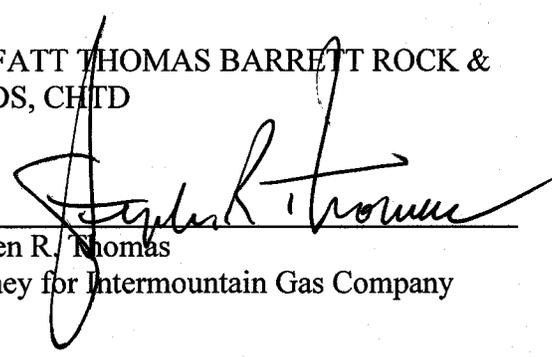
DATED at Boise, Idaho, this 22nd day of December, 2011.

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

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 22nd day of December, 2011, I served a copy of the foregoing Case No. INT-G-11-03 upon:

Paula Pyron
Northwest Industrial Gas Users
4113 Wolf Berry Court
Lake Oswego, OR 97035-1827

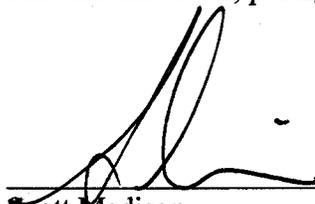
Chad Stokes
Cable Huston et al.
1001 SW Fifth Avenue, Suite 2000
Portland, Oregon 97204-1136

R. Scott Pasley
J. R. Simplot Company
PO Box 27
Boise, ID 83707

Steven Gray
J. R. Simplot Company
PO Box 27
Boise, ID 83707

Conley E. Ward, Jr.
Givens, Pursley, Webb & Huntley
277 N. 6th St., Suite 200
PO Box 2720
Boise, ID 83701

by depositing true copies thereof in the United States Mail, postage prepaid, in envelopes addressed to said persons at the above addresses.



Scott Madison
Vice President & Chief Accounting

EXHIBIT NO. 1

CASE NO. INT-G-11-03

INTERMOUNTAIN GAS COMPANY

CURRENT TARIFFS

Showing Proposed Price Changes

(8 pages)

**COMPARISON OF PROPOSED FEBRUARY 1, 2012 PRICES
TO OCTOBER 1, 2011 PRICES**

<u>Line No.</u>	<u>Rate Class</u>	<u>October 1, 2011 Prices per INT-G-11-01</u>	<u>Proposed Adjustment</u>	<u>Proposed February 1, 2012 Prices</u>
	(a)	(b)	(c)	(d)
1	RS-1			
2	April - November	\$ 0.89601	\$ (0.03530)	\$ 0.86071
3	December - March	0.78345	(0.03530)	0.74815
4	RS-2			
5	April - November	0.76139	(0.03530)	0.72609
6	December - March	0.72776	(0.03530)	0.69246
7	GS-1			
8	April - November			
9	Block 1	0.77747	(0.03530)	0.74217
10	Block 2	0.75574	(0.03530)	0.72044
11	Block 3	0.73472	(0.03530)	0.69942
12	December - March			
13	Block 1	0.72662	(0.03530)	0.69132
14	Block 2	0.70542	(0.03530)	0.67012
15	Block 3	0.68496	(0.03530)	0.64966
16	CNG Fuel	0.68496	(0.03530)	0.64966
17	LV-1			
18	Block 1	0.54117	(0.03530)	0.50587
19	Block 2	0.50268	(0.03530)	0.46738
20	Block 3	0.41986	(0.03530)	0.38456
21	IS-R ⁽¹⁾			
22	April - November	0.72776	(0.03530)	0.69246
23	December - March	0.72776	(0.03530)	0.69246
24	IS-C ⁽²⁾			
25	April - November			
26	Block 1	0.72662	(0.03530)	0.69132
27	Block 2	0.70542	(0.03530)	0.67012
28	Block 3	0.68496	(0.03530)	0.64966
29	December - March			
30	Block 1	0.72662	(0.03530)	0.69132
31	Block 2	0.70542	(0.03530)	0.67012
32	Block 3	0.68496	(0.03530)	0.64966

⁽¹⁾ The IS-R price is based on the RS-2 December - March price and receives the same PGA adjustments.

⁽²⁾ The IS-C price is based on the GS-1 December - March price and receives the same PGA adjustments.

I.P.U.C. Gas Tariff Second Revised Volume No. 1 (Supersedes First Revised Volume No. 1) Forty-Third Revised Fourth Sheet No. 01 (Page 1 of 1)	
Name of Utility	Intermountain Gas Company

IDAHO PUBLIC UTILITIES COMMISSION
Approved **Sept. 30, 2011** Effective **Oct. 1, 2011**
Per O.N. 32372
Jean D. Jewell Secretary

**Rate Schedule RS-1
RESIDENTIAL SERVICE**

AVAILABILITY:

Available to individually metered consumers not otherwise specifically provided for, using natural gas for residential purposes.

RATE:

Monthly minimum charge is the customer charge.

For billing periods ending April through November

Customer Charge - \$2.50 per bill

Commodity Charge - ~~\$0.89601~~ per therm* \$0.86071

For billing periods ending December through March

Customer Charge - \$6.50 per bill

Commodity Charge - ~~\$0.78345~~ per therm* \$0.74815

***Includes:**

Temporary purchased gas cost adjustment of \$(0.07748)
Weighted average cost of gas of ~~\$0.45342~~ \$0.41812

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

SERVICE CONDITIONS:

All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this rate schedule is a part.

Issued by: Intermountain Gas Company By: Scott Madison Title: Vice President & Chief Accounting Officer Effective: October 1, 2011 February 1, 2012

I.P.U.C. Gas Tariff Second Revised Volume No. 1 (Supersedes First Revised Volume No. 1) Forty-Third Revised Fourth Sheet No. 02 (Page 1 of 1)	
Name of Utility	Intermountain Gas Company

IDAHO PUBLIC UTILITIES COMMISSION
Approved **Sept. 30, 2011** Effective **Oct. 1, 2011**
Per O.N. 32372
Jean D. Jewell Secretary

**Rate Schedule RS-2
MULTIPLE USE RESIDENTIAL SERVICE**

AVAILABILITY:

Available to individually metered consumers using gas for several residential purposes including both water heating and space heating.

RATE:

Monthly minimum charge is the customer charge.

For billing periods ending April through November

Customer Charge - \$2.50 per bill

Commodity Charge - ~~\$0.76139~~ per therm* \$0.72609

For billing periods ending December through March

Customer Charge - \$6.50 per bill

Commodity Charge - ~~\$0.72776~~ per therm* \$0.69246

***Includes:**

Temporary purchased gas cost adjustment of \$(0.06720)
Weighted average cost of gas of ~~\$0.45342~~ \$0.41812

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

SERVICE CONDITIONS:

All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this rate schedule is a part.

Issued by: Intermountain Gas Company By: Scott Madison Title: Vice President & Chief Accounting Officer Effective: October 1, 2011 February 1, 2012

I.P.U.C. Gas Tariff Second Revised Volume No. 1 (Supersedes First Revised Volume No. 1) Forty-Fifth Revised Sixth Sheet No. 03 (Page 1 of 2)	
Name of Utility	Intermountain Gas Company

IDAHO PUBLIC UTILITIES COMMISSION
Approved **Sept. 30, 2014** Effective **Oct. 1, 2014**
Per O.N. 32372
Jean D. Jewell Secretary

**Rate Schedule GS-1
GENERAL SERVICE**

AVAILABILITY:

Available to individually metered customers whose requirements for natural gas do not exceed 2,000 therms per day, at any point on Company's distribution system. Requirements in excess of 2,000 therms per day may be served under this rate schedule upon execution of a one-year written service contract.

RATE:

Monthly minimum charge is the customer charge.

For billing periods ending April through November

Customer Charge - \$2.00 per bill

Commodity Charge - First 200 therms per bill @ ~~\$0.77747~~* \$0.74217
Next 1,800 therms per bill @ ~~\$0.75574~~* \$0.72044
Over 2,000 therms per bill @ ~~\$0.73472~~* \$0.69942

For billing periods ending December through March

Customer Charge - \$9.50 per bill

Commodity Charge - First 200 therms per bill @ ~~\$0.72662~~* \$0.69132
Next 1,800 therms per bill @ ~~\$0.70542~~* \$0.67012
Over 2,000 therms per bill @ ~~\$0.68496~~* \$0.64966

***Includes:**

Temporary purchased gas cost adjustment of \$(0.07988)
Weighted average cost of gas of ~~\$0.45342~~ \$0.41812

Issued by: Intermountain Gas Company
By: Scott Madison Title: Vice President & Chief Accounting Officer
Effective: October 1, 2014 February 1, 2012

I.P.U.C. Gas Tariff Second Revised Volume No. 1 (Supersedes First Revised Volume No. 1) Forty-Fifth Revised Sixth Sheet No. 03 (Page 2 of 2)	
Name of Utility	Intermountain Gas Company

IDAHO PUBLIC UTILITIES COMMISSION
Approved Effective
~~Sept. 30, 2011~~ ~~Oct. 1, 2011~~
Per O.N. 32372
Jean D. Jewell Secretary

**Rate Schedule GS-1
GENERAL SERVICE (Continued)**

For separately metered deliveries of gas utilized solely as Compressed Natural Gas Fuel in vehicular internal combustion engines.

Customer Charge - \$9.50 per bill

Commodity Charge - ~~\$0.68496~~ per therm* \$0.64966

*Includes:

Temporary purchased gas cost adjustment of \$(0.07988)
Weighted average cost of gas of ~~\$0.45342~~ \$0.41812

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

SERVICE CONDITIONS:

1. Any GS-1 customer who leaves the GS-1 service will pay to Intermountain Gas Company, upon exiting the GS-1 service, all gas and transportation related costs incurred to serve the customer during the GS-1 service period not borne by the customer during the time the customer was using GS-1 service. Any GS-1 customer who leaves the GS-1 service will have refunded to them, upon exiting the GS-1 service, any excess gas commodity or transportation payments made by the customer during the time they were a GS-1 customer.
2. All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this rate schedule is a part.

Issued by: Intermountain Gas Company By: Scott Madison Title: Vice President & Chief Accounting Officer Effective: October 1, 2011 February 1, 2012
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I.P.U.C. Gas Tariff Second Revised Volume No. 1 (Supersedes First Revised Volume No. 1) Fifty-Third Revised Fourth Sheet No. 04 (Page 1 of 2)
Name of Utility Intermountain Gas Company

IDAHO PUBLIC UTILITIES COMMISSION
Approved **Sept. 30, 2014** Effective **Oct. 1, 2014**
Per O.N. 32372
Jean D. Jewell Secretary

**Rate Schedule LV-1
LARGE VOLUME FIRM SALES SERVICE**

AVAILABILITY:

Available at any mutually agreeable delivery point on the Company's distribution system to any existing customer receiving service under the Company's rate schedule LV-1 or any customer whose usage does not exceed 500,000 therms annually, upon execution of a one-year minimum written service contract for firm sales service in excess of 200,000 therms per year.

MONTHLY RATE:

Commodity Charge:

First 250,000 therms per bill @ ~~\$0.54447*~~ \$0.50587
Next 500,000 therms per bill @ ~~\$0.56268*~~ \$0.46738
Amount Over 750,000 therms per bill @ ~~\$0.41986**~~ \$0.38456

The above prices include weighted average cost of gas of ~~\$0.45342~~ \$0.41812

* Includes temporary purchased gas cost adjustment of \$(0.04992)

** Includes temporary purchased gas cost adjustment of \$(0.04017)

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

SERVICE CONDITIONS:

1. All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this Rate Schedule is a part.
2. Any LV-1 customer who exits the LV-1 service at any time (including, but not limited to, the expiration of the contract term) will pay to Intermountain Gas Company, upon exiting the LV-1 service, all gas and/or interstate transportation related costs to serve the customer during the LV-1 contract period not borne by the customer during the LV-1 contract period. Any LV-1 customer will have refunded to them, upon exiting the LV-1 service, any excess gas and/or interstate transportation related payments made by the customer during the LV-1 contract period.
3. In the event that total deliveries to any customer within the last three contract periods met or exceeded the 200,000 therm threshold, but the customer during the current contract period used less than the contract minimum of 200,000 therms, an additional amount shall be billed. The additional amount shall be calculated by billing the deficit usage below 200,000 therms at the LV-1 Block 1 rate adjusted for the removal of variable gas costs. The customer's future eligibility for the LV-1 Rate Schedule will be renegotiated with the Company.

Issued by: Intermountain Gas Company By: Scott Madison Title: Vice President & Chief Accounting Officer Effective: October 1, 2014 February 1, 2012

I.P.U.C. Gas Tariff Second Revised Third	Sheet No. 16 (Page 1 of 2)
Name of Utility	Intermountain Gas Company

IDAHO PUBLIC UTILITIES COMMISSION
Approved **Sept. 30, 2011** Effective **Oct. 1, 2011**
Per O.N. 32372
Jean D. Jewell Secretary

**Rate Schedule IS-R
RESIDENTIAL INTERRUPTIBLE SNOWMELT SERVICE**

APPLICABILITY:

Applicable to any new residential or Customer using natural gas to melt snow and/or ice on sidewalks, driveways or any other similar appurtenances. Any and all such applications meeting the above criteria will be subject to service under Rate Schedule IS-R and will be separately and individually metered. All service hereunder is interruptible at the sole discretion of the Company.

FACILITY REIMBURSEMENT CHARGE:

All new interruptible Snowmelt service customers are required to pay for the cost of the Snowmelt meter set and other related facility and equipment costs, prior to the installation of the meter set. Any request to alter the physical location of the meter set and related facilities from Company's initial design may be granted provided, however, the Company can reasonably accommodate said relocation and Customer agrees to pay all related costs.

RATE:

Monthly minimum charge is the Customer Charge.

For billing periods ending April through November

Customer Charge - \$2.50 per bill

Commodity Charge - ~~\$0.72776~~ per therm* \$0.69246

For billing periods ending December through March

Customer Charge - \$6.50 per bill

Commodity Charge - ~~\$0.72776~~ per therm* \$0.69246

***Includes:**

Temporary purchased gas cost adjustment of \$(0.06720)

Weighted average cost of gas of ~~\$0.45342~~ \$0.41812

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

SERVICE CONDITIONS:

1. All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this Rate Schedule is a part.

Issued by: Intermountain Gas Company By: Scott Madison Effective: October 1, 2011 February 1, 2012	Title: Vice President & Chief Accounting Officer
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I.P.U.C. Gas Tariff Second Revised Third	Sheet No. 17 (Page 1 of 2)
Name of Utility	Intermountain Gas Company

IDAHO PUBLIC UTILITIES COMMISSION
Approved ~~Sept. 30, 2011~~ Effective ~~Oct. 1, 2011~~
Per O.N. 32372
Jean D. Jewell Secretary

**Rate Schedule IS-C
SMALL COMMERCIAL INTERRUPTIBLE SNOWMELT SERVICE**

APPLICABILITY:

Applicable to any new Customer otherwise eligible to receive gas service under Rate Schedule GS-1 and using natural gas to melt snow and/or ice on sidewalks, driveways or any other similar appurtenances. Any and all such applications meeting the above criteria will be subject to service under Rate Schedule IS-C and will be separately and individually metered. All service hereunder is interruptible at the sole discretion of the Company.

FACILITY REIMBURSEMENT CHARGE:

All new interruptible Snowmelt service customers are required to pay for the cost of the Snowmelt meter set and other related facility and equipment costs, prior to the installation of the meter set. Any request to alter the physical location of the meter set and related facilities from Company's initial design may be granted provided, however, the Company can reasonably accommodate said relocation and Customer agrees to pay all related costs.

RATE:

Monthly minimum charge is the Customer Charge.

For billing periods ending April through November

Customer Charge – \$2.00 per bill

Commodity Charge – First 200 therms per bill @ ~~\$0.72662~~* \$0.69132
Next 1,800 therms per bill @ ~~\$0.70542~~* \$0.67012
Over 2,000 therms per bill @ ~~\$0.68496~~* \$0.64966

For billing periods ending December through March

Customer Charge – \$9.50 per bill

Commodity Charge – First 200 therms per bill @ ~~\$0.72662~~* \$0.69132
Next 1,800 therms per bill @ ~~\$0.70542~~* \$0.67012
Over 2,000 therms per bill @ ~~\$0.68496~~* \$0.64966

***includes:**

Temporary purchased gas cost adjustment of \$(0.07988)
Weighted average cost of gas of ~~\$0.45342~~ \$0.41812

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

Issued by: Intermountain Gas Company By: Scott Madison Effective: October 1, 2011 February 1, 2012	Title: Vice President & Chief Accounting Officer
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EXHIBIT NO. 2

CASE NO. INT-G-11-03

INTERMOUNTAIN GAS COMPANY

PROPOSED TARIFFS

(7 pages)

I.P.U.C. Gas Tariff
Second Revised Volume No. 1
(Supersedes First Revised Volume No. 1)
Forty-Fourth Revised Sheet No. 01 (Page 1 of 1)

Name
of Utility **Intermountain Gas Company**

**Rate Schedule RS-1
RESIDENTIAL SERVICE**

AVAILABILITY:

Available to individually metered consumers not otherwise specifically provided for, using natural gas for residential purposes.

RATE:

Monthly minimum charge is the customer charge.

For billing periods ending April through November

Customer Charge - \$2.50 per bill

Commodity Charge - \$0.86071 per therm*

For billing periods ending December through March

Customer Charge - \$6.50 per bill

Commodity Charge - \$0.74815 per therm*

***Includes:**

Temporary purchased gas cost adjustment of \$(0.07748)
Weighted average cost of gas of \$0.41812

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

SERVICE CONDITIONS:

All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this rate schedule is a part.

Issued by: **Intermountain Gas Company**
By: Scott Madison Title: Vice President & Chief Accounting Officer
Effective: February 1, 2012

I.P.U.C. Gas Tariff
Second Revised Volume No. 1
(Supersedes First Revised Volume No. 1)
Forty-Fourth Revised Sheet No. 02 (Page 1 of 1)

Name
of Utility

Intermountain Gas Company

**Rate Schedule RS-2
MULTIPLE USE RESIDENTIAL SERVICE**

AVAILABILITY:

Available to individually metered consumers using gas for several residential purposes including both water heating and space heating.

RATE:

Monthly minimum charge is the customer charge.

For billing periods ending April through November

Customer Charge - \$2.50 per bill

Commodity Charge - \$0.72609 per therm*

For billing periods ending December through March

Customer Charge - \$6.50 per bill

Commodity Charge - \$0.69246 per therm*

***Includes:**

Temporary purchased gas cost adjustment of \$(0.06720)
Weighted average cost of gas of \$0.41812

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

SERVICE CONDITIONS:

All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this rate schedule is a part.

Issued by: **Intermountain Gas Company**
By: Scott Madison Title: Vice President & Chief Accounting Officer
Effective: February 1, 2012

I.P.U.C. Gas Tariff
Second Revised Volume No. 1
(Supersedes First Revised Volume No. 1)
Forty-Sixth Revised Sheet No. 03 (Page 1 of 2)

Name
of Utility **Intermountain Gas Company**

**Rate Schedule GS-1
GENERAL SERVICE**

AVAILABILITY:

Available to individually metered customers whose requirements for natural gas do not exceed 2,000 therms per day, at any point on Company's distribution system. Requirements in excess of 2,000 therms per day may be served under this rate schedule upon execution of a one-year written service contract.

RATE:

Monthly minimum charge is the customer charge.

For billing periods ending April through November

Customer Charge - \$2.00 per bill

Commodity Charge - First 200 therms per bill @ \$0.74217*
Next 1,800 therms per bill @ \$0.72044*
Over 2,000 therms per bill @ \$0.69942*

For billing periods ending December through March

Customer Charge - \$9.50 per bill

Commodity Charge - First 200 therms per bill @ \$0.69132*
Next 1,800 therms per bill @ \$0.67012*
Over 2,000 therms per bill @ \$0.64966*

***Includes:**

Temporary purchased gas cost adjustment of \$(0.07988)
Weighted average cost of gas of \$0.41812

Issued by: **Intermountain Gas Company**
By: Scott Madison Title: Vice President & Chief Accounting Officer
Effective: February 1, 2012

I.P.U.C. Gas Tariff Second Revised Volume No. 1 (Supersedes First Revised Volume No. 1) Forty-Sixth Revised Sheet No. 03 (Page 2 of 2)	
Name of Utility	Intermountain Gas Company

**Rate Schedule GS-1
GENERAL SERVICE (Continued)**

For separately metered deliveries of gas utilized solely as Compressed Natural Gas Fuel in vehicular internal combustion engines.

Customer Charge - \$9.50 per bill

Commodity Charge - \$0.64966 per therm*

***Includes:**

Temporary purchased gas cost adjustment of \$(0.07988)
Weighted average cost of gas of \$0.41812

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

SERVICE CONDITIONS:

1. Any GS-1 customer who leaves the GS-1 service will pay to Intermountain Gas Company, upon exiting the GS-1 service, all gas and transportation related costs incurred to serve the customer during the GS-1 service period not borne by the customer during the time the customer was using GS-1 service. Any GS-1 customer who leaves the GS-1 service will have refunded to them, upon exiting the GS-1 service, any excess gas commodity or transportation payments made by the customer during the time they were a GS-1 customer.
2. All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this rate schedule is a part.

Issued by: Intermountain Gas Company By: Scott Madison Effective: February 1, 2012	Title: Vice President & Chief Accounting Officer
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I.P.U.C. Gas Tariff Second Revised Volume No. 1 (Supersedes First Revised Volume No. 1) Fifty-Fourth Revised Sheet No. 04 (Page 1 of 2)	
Name of Utility	Intermountain Gas Company

**Rate Schedule LV-1
LARGE VOLUME FIRM SALES SERVICE**

AVAILABILITY:

Available at any mutually agreeable delivery point on the Company's distribution system to any existing customer receiving service under the Company's rate schedule LV-1 or any new customer whose usage does not exceed 500,000 therms annually, upon execution of a one-year minimum written service contract for firm sales service in excess of 200,000 therms per year.

MONTHLY RATE:

Commodity Charge:

First 250,000 therms per bill @ \$0.50587*
Next 500,000 therms per bill @ \$0.46738*
Amount Over 750,000 therms per bill @ \$0.38456**

The above prices include weighted average cost of gas of \$0.41812
* Includes temporary purchased gas cost adjustment of \$(0.04992)
** Includes temporary purchased gas cost adjustment of \$(0.04017)

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

SERVICE CONDITIONS:

1. All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this Rate Schedule is a part.
2. Any LV-1 customer who exits the LV-1 service at any time (including, but not limited to, the expiration of the contract term) will pay to Intermountain Gas Company, upon exiting the LV-1 service, all gas and/or interstate transportation related costs to serve the customer during the LV-1 contract period not borne by the customer during the LV-1 contract period. Any LV-1 customer will have refunded to them, upon exiting the LV-1 service, any excess gas and/or interstate transportation related payments made by the customer during the LV-1 contract period.
3. In the event that total deliveries to any customer within the last three contract periods met or exceeded the 200,000 therm threshold, but the customer during the current contract period used less than the contract minimum of 200,000 therms, an additional amount shall be billed. The additional amount shall be calculated by billing the deficit usage below 200,000 therms at the LV-1 Block 1 rate adjusted for the removal of variable gas costs. The customer's future eligibility for the LV-1 Rate Schedule will be renegotiated with the Company.

Issued by: Intermountain Gas Company	
By: Scott Madison	Title: Vice President & Chief Accounting Officer
Effective: February 1, 2012	

I.P.U.C. Gas Tariff
Third Revised Sheet No. 16 (Page 1 of 2)

Name
of Utility **Intermountain Gas Company**

**Rate Schedule IS-R
RESIDENTIAL INTERRUPTIBLE SNOWMELT SERVICE**

APPLICABILITY:

Applicable to any new residential or Customer using natural gas to melt snow and/or ice on sidewalks, driveways or any other similar appurtenances. Any and all such applications meeting the above criteria will be subject to service under Rate Schedule IS-R and will be separately and individually metered. All service hereunder is interruptible at the sole discretion of the Company.

FACILITY REIMBURSEMENT CHARGE:

All new interruptible Snowmelt service customers are required to pay for the cost of the Snowmelt meter set and other related facility and equipment costs, prior to the installation of the meter set. Any request to alter the physical location of the meter set and related facilities from Company's initial design may be granted provided, however, the Company can reasonably accommodate said relocation and Customer agrees to pay all related costs.

RATE:

Monthly minimum charge is the Customer Charge.

For billing periods ending April through November

Customer Charge - \$2.50 per bill

Commodity Charge - \$0.69246 per therm*

For billing periods ending December through March

Customer Charge - \$6.50 per bill

Commodity Charge - \$0.69246 per therm*

***Includes:**

Temporary purchased gas cost adjustment of \$(0.06720)
Weighted average cost of gas of \$0.41812

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

SERVICE CONDITIONS:

1. All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this Rate Schedule is a part.

Issued by: **Intermountain Gas Company**
By: Scott Madison Title: Vice President & Chief Accounting Officer
Effective: February 1, 2012

I.P.U.C. Gas Tariff
Third Revised Sheet No. 17 (Page 1 of 2)

Name
of Utility **Intermountain Gas Company**

**Rate Schedule IS-C
SMALL COMMERCIAL INTERRUPTIBLE SNOWMELT SERVICE**

APPLICABILITY:

Applicable to any new Customer otherwise eligible to receive gas service under Rate Schedule GS-1 and using natural gas to melt snow and/or ice on sidewalks, driveways or any other similar appurtenances. Any and all such applications meeting the above criteria will be subject to service under Rate Schedule IS-C and will be separately and individually metered. All service hereunder is interruptible at the sole discretion of the Company.

FACILITY REIMBURSEMENT CHARGE:

All new interruptible Snowmelt service customers are required to pay for the cost of the Snowmelt meter set and other related facility and equipment costs, prior to the installation of the meter set. Any request to alter the physical location of the meter set and related facilities from Company's initial design may be granted provided, however, the Company can reasonably accommodate said relocation and Customer agrees to pay all related costs.

RATE:

Monthly minimum charge is the Customer Charge.

For billing periods ending April through November

Customer Charge – \$2.00 per bill

Commodity Charge – First 200 therms per bill @ \$0.69132*
Next 1,800 therms per bill @ \$0.67012*
Over 2,000 therms per bill @ \$0.64966*

For billing periods ending December through March

Customer Charge – \$9.50 per bill

Commodity Charge – First 200 therms per bill @ \$0.69132*
Next 1,800 therms per bill @ \$0.67012*
Over 2,000 therms per bill @ \$0.64966*

***Includes:**

Temporary purchased gas cost adjustment of \$(0.07988)
Weighted average cost of gas of \$0.41812

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Provision.

Issued by: **Intermountain Gas Company**
By: Scott Madison Title: Vice President & Chief Accounting Officer
Effective: February 1, 2012

EXHIBIT NO. 3-4

CASE NO. INT-G-11-03

INTERMOUNTAIN GAS COMPANY

(2 pages)

INTERMOUNTAIN GAS COMPANY
Proposed Gas Cost Change

Line No.	Description	Amount
	(a)	(b)
1	Weighted Average Cost of Gas (WACOG)	
2	INT-G-11-01 WACOG	\$ 0.45342
3	Proposed INT-G-11-03 WACOG	0.41812
4	Proposed Per Therm Change	<u>\$ (0.03530)</u>

INTERMOUNTAIN GAS COMPANY
Analysis of February through September 2012 Price Change by Class of Service
Normalized Volumes for February through September 2010

Line No.	Description (a)	Average Prices Effective per Case No. INT-G-11-01		Proposed Adjustments Effective 2/1/2012		Proposed Average Prices Effective 2/1/2012		Percent Change (i)	
		Annual Therms/CD Vols. (b)	Revenue (c)	\$/Therm (d)	Revenue (e)	\$/Therm (f)	Revenue (g)		\$/Therm (h)
1	Gas Sales:								
2	RS-1 Residential	16,527,393	\$ 14,872,670	\$ 0.89988	\$ (583,417)	\$ (0.03530)	\$ 14,289,253	\$ 0.86458	-3.92%
3	RS-2 Residential	93,950,915	74,668,429	0.79476	(3,316,467)	(0.03530)	71,351,962	0.75946	-4.44%
4	GS-1 General Service	56,705,029	41,892,541	0.73878	(2,001,688)	(0.03530)	39,890,853	0.70348	-4.78%
5	LV-1 Large Volume	1,716,315	928,509	0.54099	(60,586)	(0.03530)	867,923	0.50569	-6.53%
6	Total Gas Sales	168,899,652	\$ 132,362,149	\$ 0.78367	\$ (5,962,158)	\$ (0.03530)	\$ 126,399,991	\$ 0.74837	-4.50%

NEWS RELEASE

and

CUSTOMER NOTICE

CASE NO. INT-G-11-03

INTERMOUNTAIN GAS COMPANY



555 S. Cole Rd.
Boise, ID 83709
(208) 377-6000

Intermountain Gas files request to lower natural gas rates

BOISE, IDAHO – December 22, 2011 – Intermountain Gas Company (Intermountain) filed a request today with the Idaho Public Utilities Commission to lower natural gas rates for customers. Intermountain is filing an interim purchased gas adjustment (PGA) because the price of natural gas continues to decrease.

Intermountain is requesting that rates be reduced by an average of 4.5 percent. Based on average weather and usage, residential customers using natural gas for space and water heating will save an average of \$2.24 or 4.4 percent per month. Commercial customers, on average, would see a savings of \$10.99 or 4.8 percent per month. If approved, the rate reduction will take effect on February 1, 2012.

“We are pleased to make this filing in light of the extremely favorable natural gas pricing environment. If approved, this marks the fifth consecutive price reduction for our customers over the last four years,” said Frank Morehouse, Executive Vice President and General Manager for Intermountain. “Natural gas not only continues to have superior reliability, availability and environmental attributes, but also enjoys significant competitive pricing advantages versus competing fuels and energy sources.”

Even at these favorable price levels, Intermountain continues to urge all its customers to use energy wisely. Conservation tips and information on government payment energy assistance are provided through bill inserts and on the company’s website (www.intgas.com). The website also outlines a number of programs to help customers level out their energy bills over the year, as well as tips to help them minimize the potential impact that cold weather may have on their energy consumption.

The PGA request is subject to public review and approval by the Idaho Public Utilities Commission. A copy of the application is available at the Commission offices and on both the Commission’s and Intermountain’s websites.

Intermountain Gas Company is a natural gas distribution company serving approximately 312,000 residential, commercial and industrial customers in 74 communities in southern Idaho. Intermountain is a subsidiary of MDU Resources Group, Inc., a multidimensional natural resources enterprise traded on the New York Stock Exchange as “MDU.” For more information about MDU Resources, visit the company’s website at www.mdu.com. For more information about Intermountain, visit www.intgas.com.

Media Contact: Mark Hanson at (701) 530-1093 or mark.hanson@mduresources.com



Customer Notice

Intermountain Gas Company files to Decrease Prices

On December 22, 2011 – Intermountain Gas Company (Intermountain) filed a request today with the Idaho Public Utilities Commission to lower natural gas rates for customers. Intermountain is filing an interim purchased gas adjustment (PGA) because the price of natural gas continues to decrease.

Intermountain is requesting that rates be reduced by an average of 4.5 percent. Based on average weather and usage, residential customers using natural gas for space and water heating will save an average of \$2.24 or 4.4 percent per month, while residential customers using natural gas for space heating only will see an average decrease of \$1.57 or 3.9 percent. Commercial customers, on average, would see a savings of \$10.99 or 4.8 percent per month. If approved, the rate reduction will take effect on February 1, 2012.

“We are pleased to make this filing in light of the extremely favorable natural gas pricing environment. If approved, this marks the fifth consecutive price reduction for our customers over the last four years,” said Frank Morehouse, Executive Vice President and General Manager for Intermountain. “Natural gas not only continues to have superior reliability, availability and environmental attributes, but also enjoys significant competitive pricing advantages versus competing fuels and energy sources.”

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