

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN)	
GAS COMPANY'S 2013-2017 INTEGRATED)	CASE NO. INT-G-13-03
RESOURCE PLAN)	
)	NOTICE OF FILING
)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 32801

On February 28, 2013, Intermountain Gas Company filed its Integrated Resource Plan ("IRP") for the years 2013-2017. The Company provides natural gas service to more than 315,000 customers in southern Idaho. Every two years, the Company files an IRP that describes the Company's plans to meet its customers' future natural gas needs. The Commission will review the IRP to ensure that it represents a diligent effort by the Company to plan for anticipated supply and demand for natural gas. The IRP must discuss the subjects required by Commission Order Nos. 25342, 27024 and 27098, and amended Section 303(b)(3) of the Public Utility Regulatory Policies Act of 1978 ("PURPA").

With this Order, the Commission provides notice of the IRP, sets deadlines by which interested persons may submit written comments on the IRP, and orders that the case be processed under the Commission's rules of Modified Procedure.

BACKGROUND

An IRP is a planning document in which a company analyzes numerous factors and variables that affect natural gas supply and demand. In Order No. 25342, the Commission adopted IRP requirements for local gas distribution companies in response to amended Section 303 of the Public Utility Regulatory Policies Act of 1978. In Order No. 27024, the Commission shortened the required planning horizon from 20 years to 5 years. In Order No. 27098, the Commission removed any requirement that IRPs formally evaluate potential demand-side management ("DSM") programs, and instead directed the companies to explain whether cost-effective DSM opportunities exist. In summary, these three Orders direct gas utilities to file biennial IRPs that include:

1. A forecast of future gas demand for each customer class, which includes the number, type, and efficiency of gas end-users as well as effects from economic forces on gas consumption;
2. An analysis of gas supply options for each customer class, which includes a projection of spot market versus long-term purchases for both firm and interruptible markets, an evaluation of the opportunities for using company-owned or contracted storage or production, an analysis of prospects for company participation in a gas futures market, and an assessment of opportunities for access to multiple pipeline suppliers or direct purchases from producers;
3. A comparative evaluation of gas purchasing options and improvements in the efficient use of gas based on a consistent method for calculating cost-effectiveness, which considers the total costs of each resource including externalities;
4. An explanation of whether or not there are cost-effective DSM opportunities;
5. The integration of the demand forecast and resource evaluations into at least a five-year integrated resource plan describing the strategies designed to meet current and future needs at the lowest cost to the utility and its ratepayers;
6. A short-term action plan;
7. A progress report that relates the new plan to the previously filed plan; and
8. Public participation.

NOTICE OF IRP FILING

YOU ARE HEREBY NOTIFIED that the following information is taken from the Executive Summary in the company's IRP.

YOU ARE FURTHER NOTIFIED that the Company regularly forecasts the demand of its growing customer base and determines how to best meet the load requirements brought on by this demand. The Company's IRP represents a snapshot in time of the Company's ongoing planning process; it describes the currently anticipated conditions over a five-year planning

horizon, the anticipated resource selections, and the process for making resource decisions. IRP, p. 5.

YOU ARE FURTHER NOTIFIED that Intermountain Gas sells natural gas to two major markets: the residential/commercial market and the industrial market. In 2012, the Company served an average of 285,275 residential and 30,428 commercial customers, which is a 1% increase in average residential and commercial customers from 2011. Residential and commercial customers use natural gas primarily for space and water heating. The Company's industrial customers use natural gas for boiler and manufacturing applications. The IRP says the agricultural economy and the price of alternative fuels strongly influences industrial demand for natural gas. In 2012, industrial sales and transportation accounted for 49.8% of the throughput on Intermountain's system. *See* IRP at 5.

YOU ARE FURTHER NOTIFIED that the Company's peak-day loads (throughput during the projected coldest winter day) are growing at a slower rate than was forecast in the 2010 IRP. The Company says the economic downturn and its negative impact on housing and business growth resulted in a much reduced customer growth forecast in the years common to the 2010 and 2012 IRPs. *Id.* But the IRP does show peak-day load growth, albeit at a slower rate, over the planning period. The Company attributes this 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. *Id.* at 5-6.

Forecast Peak Day Send-Out

YOU ARE FURTHER NOTIFIED that the IRP says 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. *Id.* at 6. 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. *Id.* 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 1.03% 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. *Id.* at 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. *Id.* at 7.

YOU ARE FURTHER NOTIFIED that the Idaho Falls Lateral is 104 miles long and serves cities between Pocatello and St. Anthony in eastern Idaho. The Idaho Falls Lateral serves about 17% of the Company's customers. *Id.* The 2010 IRP identified the potential for peak day delivery deficits on the Idaho Falls Lateral. To meet the projected growth requirements, the Company completed a 16" pipeline loop around the city of Idaho Falls. With the completion of this project in the winter of 2012, the Idaho Falls Lateral's distribution system capacity increased from 810,000 therms to 990,000 therms, which ensures no potential peak day deficits during the IRP planning horizon. *Id.* at 8.

YOU ARE FURTHER NOTIFIED that the Sun Valley Lateral serves about 4% of the Company's customers. The 2010 IRP revealed potential peak day deficits on the Sun Valley Lateral beginning as soon as 2011. To ensure adequate capacity on the lateral, the Company installed a compressor station during the winter of 2010/2011 to boost pressure. The compressor station increased the Sun Valley Lateral's capacity from 175,000 therms to 204,000 therms. The increased capacity ensures there will be no peak day delivery deficits during the IRP planning horizon. *Id.* at 9.

YOU ARE FURTHER NOTIFIED that the Canyon County Lateral serves about 15% of the Company's customers. The IRP says that a matching of the existing peak day distribution with anticipated demand shows that there are no peak day delivery deficits during 2013-2017. *Id.* at 10.

YOU ARE FURTHER NOTIFIED that the State Street Lateral serves about 14% of the Company's customers. There currently are no capacity constraints on the State Street Lateral, but the Company will continue to monitor the area as demand begins to approach design capacity. During the 2013-2017 timeframe, there are no capacity constraints for the State Street Lateral. *Id.* at 11.

Assessment of Potential DSM Programs

YOU ARE FURTHER NOTIFIED that the IRP says that besides reviewing traditional and non-traditional resource alternatives, Intermountain also analyzed potential demand-side management (“DSM”) measures to mitigate potential constraint areas. *Id.* The Company noted that natural gas prices have continued to fall after the 2010 IRP was completed, and that its core customers have seen a 40% price reduction since 2008. Because of this, DSM programs that were previously considered for pilot programs no longer provide cost benefits. Further, the U.S. Department of Energy has set new rules mandating higher, region-based minimum efficiency standards for gas water heaters beginning in April 2015. The Company continues to offer a \$200 rebate to customers who install a 90% or greater efficiency natural gas furnace when converting to natural gas. The Company also continues to promote high-efficiency homes and ENERGY STAR to the new construction market. *Id.* at 12.

Summary

YOU ARE FURTHER NOTIFIED that, in summary, 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 and a regional perspective. The Company analyzed the resources needed to meet the projected deficits within a framework of options to help determine the most cost-effective means to manage the potential deficits. The Company says that these options allow its customers to rely on uninterrupted service in the years to come. *Id.*

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 and written comments have proven to be an effective means for obtaining public input and participation.

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	Scott Madison
Idaho Public Utilities Commission	Executive Vice President and
PO Box 83720	General Manager
Boise, ID 83720-0074	Intermountain Gas Company
	555 South Cole Road
Street Address for Express Mail:	PO Box 7608
	Boise, ID 83707
472 W. Washington Street	
Boise, ID 83702-5918	

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 by clicking on "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.


ORDER

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 7th
day of May 2013.



PAUL KJELLANDER, PRESIDENT

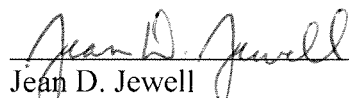


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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