

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF INTERMOUNTAIN GAS COMPANY) CASE NO. INT-G-13-05
FOR AUTHORITY TO CHANGE ITS)
PRICES (2013 PURCHASED GAS COST) NOTICE OF APPLICATION
ADJUSTMENT).)
) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 32882**

On August 19, 2013, Intermountain Gas Company filed its annual Purchased Gas Cost Adjustment (PGA) Application and requested a Commission Order, under *Idaho Code* §§ 61-307 and 61-622, to institute new rate schedules that will increase its annualized revenues by \$10.3 million (about 4.15%). The Company asks that the Commission process the Application by Modified Procedure, and that the new rates take effect October 1, 2013.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the PGA is used to adjust rates to reflect annual changes in the Company's costs to buy natural gas from suppliers—including transportation, storage, and other related costs. *See* Order No. 26019. In summary, this PGA Application requests the following changes.

YOU ARE FURTHER NOTIFIED that with this Application, the Company seeks to pass-through to each of its customer classes changes in gas-related costs resulting from: (1) an increase in transportation costs billed to the Company by Northwest Pipeline GP ("Northwest" or "Northwest Pipeline"); (2) an increase in the Company's weighted average cost of gas ("WACOG"); (3) an updated customer allocation of gas-related costs under the Company's PGA provision; (4) the inclusion of temporary surcharges and credits for one year relating to natural gas purchases and interstate transportation costs from the Company's deferred gas cost accounts; and (5) benefits resulting from the Company's management of its storage and firm capacity rights on various pipeline systems. The Company also seeks to eliminate the temporary surcharges and credits included in its current prices during the past 12 months, pursuant to Case No. INT-G-12-01.

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YOU ARE FURTHER NOTIFIED that the Company says the proposed changes would not affect its earnings, but would result in an overall price increase for RS-1, RS-2, GS-1 and LV-1 customers. More specifically, residential customers using gas for space and water heating would see a \$1.85/month (3.92%) average increase, customers using natural gas for space heating only would see a \$0.68/month (1.88%) average increase, and commercial customers would see a \$14.18/month (7.26%) average increase. The Company says its proposal would decrease prices for its T-3, T-4, and T-5 customers.

YOU ARE FURTHER NOTIFIED that the Company says its proposed price changes incorporate all changes in costs relating to the Company's firm interstate transportation capacity including, but not limited to, any price changes or projected cost adjustments implemented by the Company's pipeline suppliers as well as any volumetric adjustments in contracted transportation agreements which have occurred since the Company's last PGA filing, Case No. INT-G-12-01.

YOU ARE FURTHER NOTIFIED that the Company proposes increasing the WACOG from the currently approved \$0.33489 per therm to \$0.37341 per therm. The Company says while there are significant shale gas reserves, recent improvements in the economy and an increase in natural gas-fired electric generation have increased demand and placed upward pressure on prices for natural gas. The Company notes, however, that natural gas prices remain much lower than they were a few years ago.

YOU ARE FURTHER NOTIFIED that the Company says it has entered into fixed price agreements to lock-in the price for significant portions of its underground storage and other winter "flowing" supplies.

YOU ARE FURTHER NOTIFIED that the Company seeks to pass through to its customers the benefits that will be generated from the management of its transportation capacity totaling \$3.9 million as outlined on Exhibit No. 7. The Company also proposes temporary price adjustments for the 12-month period ending September 30, 2014, that would allocate to customers the fixed, variable, and lost and unaccounted-for gas costs from the Company's deferred Account No. 186 balance. The Company notes that pursuant to Order No. 32793, its deferred variable gas cost credits included those associated with liquefied natural gas (LNG) sales from the Company's Nampa, Idaho facility.

YOU ARE FURTHER NOTIFIED that the Company says the proposed overall price changes reflect a just, fair, and equitable pass-through of changes in gas-related costs to the

Company's customers. The Company says it has notified customers about the Application and price changes through a formal Customer Notice and a Press Release.

YOU ARE FURTHER NOTIFIED that the Application and supporting work papers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Gas Cases" and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* § 61-502 and 61-622. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, 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 this Application may file a written comment in support or opposition with the Commission **no later than September 18, 2013**. 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 this Application shall be mailed to the Commission and the Company at the following addresses:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Michael P. McGrath
Director – Regulatory Affairs
Intermountain Gas Company
PO Box 7608
Boise, ID 83707

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Morgan W. Richards Jr.
Richards Law Office
P.O. Box 2076
Boise, Idaho 83701

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 “Utility Case Comment or Question Form” under the “Consumers” tab, and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to the Company at the e-mail addresses listed above.

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

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons and parties may file written comments **no later than September 18, 2013**.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 23rd
day of August 2013.



PAUL KJELLANDER, PRESIDENT

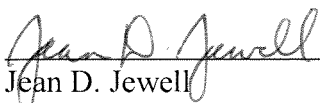


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:INT-G-13-05_kk