

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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2014 NOV -4 AM 10: 07

IDAHO PUBLIC
UTILITIES COMMISSION

November 4, 2014

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

RE: **Intermountain Gas Company**
Case No. INT-G-14-02

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 and Amortization Rates.

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 377-6168.

Very truly yours,



Michael P. McGrath
Director, Regulatory Affairs
Intermountain Gas Company

Enclosure

cc: Scott Madison
Mark Chiles
Ron Williams

INTERMOUNTAIN GAS COMPANY

CASE NO. INT-G-14-02

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IDAHO PUBLIC
UTILITIES COMMISSION

APPLICATION

AND

EXHIBITS

In the Matter of the Application of INTERMOUNTAIN GAS COMPANY

for Approval to Place into Effect

a Change in Its Composite Depreciation and Amortization Rates

Ronald L. Williams, ISB 3034
Williams Bradbury PC
1015 W. Hays St.
Boise, Idaho 83702
Telephone: (208) 344-6633
Attorney for Intermountain Gas Company

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IDAHO PUBLIC
UTILITIES COMMISSION

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 and
Amortization Rates

Case No. INT-G-14-02
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 and amortization rates.

Communications in reference to this Application should be addressed to:

Michael P. McGrath
Director – Regulatory Affairs
Intermountain Gas Company
Post Office Box 7608
Boise, ID 83707
and
Ronald L. Williams
Williams Bradbury PC
1015 W. Hays St.
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, 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 3.07% was approved by this Commission in Case No. INT-G-11-02, Order No 32427, dated December 30, 2011. Applicant has traditionally reviewed and filed an update to its deprecation rates with this Commission every three years. Case INT-G-14-02 reflects an update to the Applicant's last Study.

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") and installations, mains and service lines, improvements made to the Company's Nampa LNG facility and corresponding net salvage values 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 the ERTs and ERT Installations asset classes.

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, necessitated the increase in the lives of main (from 54 to 58 years) and service (from 46 to 52 years) investment. This study reflects the continuation of the mains service life at the 58 year level and a slight decrease in the service life of the service lines to 50 years based on the study statistics.

V.

Intermountain contracted the services of AUS Consultants, the same outside vendor employed for the prior seven (7) depreciation filings (from INT-G-94-1 through INT-G-11-02) to perform an update of the 2011 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 3.07% (3.06% when the accrual rates per Order 32427 are weighted by December 31, 2013 assets) to 3.12%. The effect of the higher rate would be to increase Intermountain's annual depreciation accrual by \$307,211.

VI.

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

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 causes 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, 2013. The calculation of the amount of the annual depreciation expense required per year was calculated on an individual account basis. The method used in the calculation was the Simulated Plant Record Balances Method (“SPR-Balance”). The SPR-Balance

Method uses 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 on Exhibit No. 1 as 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-11-02, the original cost of depreciable property increased from \$415,697,857 to \$478,544,370 as shown in Column (d), Line 27, on Page 1 of Exhibit No. 1. The accumulated reserve increased from \$240,667,847 to \$274,473,793 as shown in Column (e), Line 27, on Page 1 of Exhibit No. 1. The current study necessitates an annual depreciation accrual of \$14,951,242 per year over the remaining life of the property as shown in Column (n), Line 27, on Page 2 of Exhibit No. 1.

X.

The current study indicates a need to increase the current composite rate of 3.07% (3.06% when weighted by 12/31/2010 assets) to 3.12%, an increase of 0.06 percentage points (.0006). 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, 2015 consistent with the beginning of Intermountain’s annual financial reporting period.

XII.

Pursuant to Case No. INT-G-99-2, Order No. 28331, the Company changed the depreciation methodology for six identified general plant accounts (i.e., Acct. Nos. 391, 393, 394, 395, 397 and 398) from a depreciation method to an amortization method.

XIII.

Intermountain contracted the services of AUS Consultants, the same outside vendor employed for the Company's depreciation study, to perform an updated amortization study. The results of this study indicate that Intermountain's current amortization rates are under-amortizing the before mentioned six General Plant accounts. Therefore, Applicant requests an increase to the total General Plant account amortizations from \$1,749,970 to \$2,598,813, or an annual increase of \$848,843, as shown on Exhibit No. 2, Page 1, column (h), line 14. This increase is required in order to accrue the proper dollars over the remaining life of the designated amortized accounts. Exhibit No. 2, Pages 1-7, contains a summary comparison of the Company's current amortization rates, by General Plant account, versus the requested rates in this Application. Exhibit No. 2 is attached hereto and incorporated herein by reference. A copy of the current amortization 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. The current rates utilized by the Company are based on the 2002 AUS study as detailed on Exhibit No. 3. Exhibit No. 3 is attached hereto and incorporated herein by reference.

XIV.

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

XV.

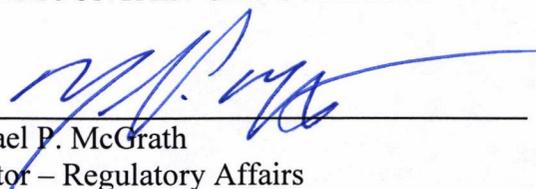
Intermountain requests that this matter be processed pursuant to Rules 201-204 under the Commission's Rules of Modified Procedure. Intermountain stands ready to respond to any requests for information in this matter.

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 3.07% (3.06% when the accrual rates per Order 32427 are weighted by December 31, 2013 assets) to 3.12% as shown in Column (i), on Page 1 of Exhibit No.1.
2. That Applicant be authorized to change the amortization rates for the General Plant accounts as outlined on Exhibit No. 2.
3. That Applicant's current prices remain unchanged as a result of this Application.
4. That Applicant be authorized to record these changes in the annual composite depreciation rate and amortization rates effective on January 1, 2015.
5. For such other relief as this Commission may determine proper herein.

DATED at Boise, Idaho, this 4th day of November, 2014.

INTERMOUNTAIN GAS COMPANY

By 
Michael P. McGrath
Director – Regulatory Affairs

Williams Bradbury PC

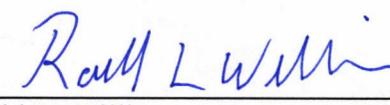
By 
Ronald L. Williams
Attorney for Intermountain Gas Company

EXHIBIT NO. 1

CASE NO. INT-G-14-02

INTERMOUNTAIN GAS COMPANY

(Depreciation Study)

(4 pages)

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Intermountain Gas Company
Summary of Present and Proposed
Depreciation Accrual Parameters and Expenses
Study Date : As of December 31, 2013

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

Line Number	Account Number	Study Category	Account Name	Current Study 12-31-2013			Proposed			Net	
				Investment Balance	Reserved Investment	Percent Reserve	Annual Accrual	Annual Accrual	Annual Accrual		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	361.00	LNG	LNG Facilities - Nampa	12,250,165	10,107,103	82.5%	2,000%	245,003	2.55%	312,379	67,376
2	363.60	LNG	LNG Facilities - Rexburg	4,771,916	719,280	15.1%	6.74%	321,627	6.64%	326,359	4,772
3			Subtotal LNG Facilities Plant	17,022,081	10,826,383			566,630		638,738	72,148
4	365.00	ROW	Right of Way	773,903	320,963	41.5%	2.11%	16,329	2.17%	16,794	465
5	366.00	TCS	Structures and Improvements	77,152	21,127	27.4%	6.44%	4,969	6.21%	4,791	(178)
6	367.00	TMIN	Transmission Mains	66,806,581	35,066,023	51.0%	2.82%	1,940,346	2.88%	1,844,016	(96,330)
7	368.00	TCS	Compressor Equipment	1,730,359	(387,599)	-22.4%	4.75%	44,517	6.71%	121,026	76,509
8	370.00	TCE	Compressor Equipment	714,440	752,465	105.3%	-0.04%	(286)	-0.03%	(214)	72
9			Subtotal Transmission Plant	72,102,435	35,775,008	49.6%	2.78%	2,005,875	2.75%	1,966,413	(39,462)
10	374.00	LRT	Land Rights	423,068	259,626	61.4%	1.79%	7,573	1.72%	7,277	(296)
11	375.00	STR	Structures and Improvements	10,864	19,736	104.6%	0.38%	72	0.11%	21	(51)
12	376.00	MNS	Mains	146,050,663	85,174,372	64.9%	2.58%	3,783,742	2.33%	3,417,100	(366,642)
13	378.00	MRG	Regulator Station Equipment	6,857,266	2,399,366	34.9%	2.79%	194,108	3.22%	224,024	29,916
14	380.00	SVC	Services	136,202,219	82,372,319	60.5%	2.42%	3,296,094	2.87%	3,036,698	259,396
15	381.00	MTR	Meters	22,941,851	11,745,278	51.2%	1.78%	408,365	1.89%	433,601	25,236
16	381.20	ERT	Electronic Meter Reading	18,926,213	10,315,108	60.9%	14.22%	2,408,907	15.04%	2,545,702	136,795
17	382.00	MTI	Transmitter (ERT) Units	11,042,724	4,644,841	42.1%	1.85%	204,290	2.31%	255,087	50,797
18	382.20	ERI	ERT Installations	2,106,525	1,459,940	69.1%	12.63%	266,307	11.88%	250,483	(15,814)
19	383.00	HRG	House Regulators	5,759,218	2,635,329	45.8%	1.89%	109,849	1.98%	112,861	4,032
20	384.00	HRI	House Regulators - Installation	6,081,453	1,332,932	21.8%	2.15%	130,751	2.17%	131,968	1,217
21	385.00	IMR	Regulator Station - Industrial	9,041,693	5,439,881	59.3%	2.65%	260,805	2.69%	264,742	3,937
22			Subtotal Distribution Plant	364,959,787	218,394,749	59.6%	3.03%	11,067,863	3.09%	11,279,485	211,632
23	390.10	GSI	Structures and Improvements	16,100,548	6,413,696	39.7%	2.33%	376,541	2.31%	373,309	(3,232)
24	392.10	GTR	Transportation Equipment	7,015,635	2,766,772	39.5%	7.42%	520,560	8.61%	904,046	83,486
25	396.00	GPE	Power Operated Equipment	1,283,865	295,185	23.0%	6.30%	106,562	5.39%	69,201	(37,361)
26			Subtotal General Plant	24,460,068	9,477,653	38.7%	4.10%	1,003,663	4.28%	1,046,556	42,893
27			Total Depreciable Plant	478,544,370	274,473,793	57.4%	3.06%	14,644,031	3.12%	14,951,242	307,211

Depreciation Rates 12-31-2013

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Intermountain Gas Company
Summary of Present and Proposed
Depreciation Accrual Parameters and Expenses
Study Date: As of December 31, 2013

Proposed Depreciation Rate Parameters (Depreciation Life & Rate Procedures)

Line Number	Account Number	Study Category	Account Name	Current Study 12-31-2013		Percent Reserved	Disposible	Life (n)	Average Service Life (i)	Age (j)	Life Remaining (k)	Subsized (l)	Net Annual	Annual Accrual (m)	Annual Accrual	
				Investment Balance	Investment Reserved											
1	361.00	LANG	LANG Facilities - Nampa	(d) 12,250,165	(e) 10,107,103	82.5%	(g) R5.0	15.0	30.5	24.5	15.0	-20.80%	2.55%	312,379	(n)	
2	363.60	LANG	LANG Facilities - Rexburg	4,771,916	719,290	15.1%	R5.0	20.0	19.9	5.3	14.6	-15.00%	6.84%	328,369		
3			Subtotal LNG Facilities Plant	17,022,081	10,826,393									638,778		
4	365.00	ROW	Right of Way	773,903	320,963	41.5%	R5.0	41.4	41.6	14.8	27.0	0.00%	2.17%	16,794		
5	366.00	TCS	Structures and Improvements	77,152	21,127	27.4%	R3.0	27.0	31.3	21.6	12.5	-5.00%	6.21%	4,791		
6	367.00	TMN	Transmission Mains	68,806,581	35,068,023	51.0%	S5.0	49.0	50.3	17.9	33.2	-40.00%	2.68%	1,844,016		
7	368.00	TCS	Compressor Equipment	1,730,359	(387,599)	-22.4%	R3.0	20.0	20.0	2.5	17.5	5.00%	6.71%	121,028		
8	370.00	TCE	Communication Equipment	714,440	752,495	105.3%	L3.0	30.0	40.1	32.4	9.0	-5.00%	-0.03%	(214)		
9			Subtotal Transmission Plant	72,102,435	35,775,008	49.6%			48.3	17.8	31.9	-38.42%	2.75%	1,986,413		
10	374.00	LRT	Land Rights	423,098	259,626	61.4%	R5.0	46.0	51.1	30.1	22.4	0.00%	1.72%	7,277		
11	375.00	STR	Structures and Improvements	18,804	19,736	104.6%	R5.0	45.0	51.4	47.8	3.6	-5.00%	0.11%	21		
12	376.00	MNS	Mains	95,174,372	64,819	68.1%	R4.0	56.0	59.1	21.9	37.8	-53.00%	2.33%	3,417,100		
13	378.00	MRG	Regulator Station Equipment	6,957,266	2,399,366	34.5%	R3.0	35.0	36.7	11.9	25.9	-18.00%	3.22%	224,024		
14	380.00	SVC	Services	136,202,219	82,372,319	60.5%	R4.0	50.0	50.8	17.7	33.5	-50.00%	2.67%	3,836,569		
15	381.00	MTR	Meters	22,941,851	11,745,278	51.2%	R4.0	42.0	43.4	18.5	25.8	0.00%	1.85%	433,601		
16	381.20	ERT	Electronic Meter Reading	18,926,213	10,315,108	60.9%	R5.0	11.0	11.8	9.4	2.6	0.00%	15.04%	2,545,702		
17	382.00	MTI	Meter Installations	11,042,724	4,644,841	42.1%	R4.0	42.0	43.2	18.8	25.1	0.00%	2.31%	255,067		
18	382.20	ERI	ERT Installations	2,108,525	1,456,940	69.1%	R4.0	12.2	13.5	10.9	2.6	0.00%	11.86%	250,483		
19	383.00	HRG	House Regulators	57,952,218	2,633,329	45.8%	R3.0	42.0	44.1	17.5	27.7	0.00%	1.96%	112,861		
20	384.00	HRI	House Regulators - Installation	9,081,453	1,352,952	14.9%	R3.0	42.0	42.8	11.7	31.4	0.00%	2.17%	131,968		
21	385.00	IMR	Regulator Station - Industrial	9,641,693	5,438,881	55.3%	R2.0	30.0	33.5	16.3	18.5	-5.00%	2.69%	284,742		
22			Subtotal Distribution Plant	384,959,767	218,394,749	59.6%			44.0	18.8	27.3	-32.58%	3.06%	11,279,485		
23	390.10	GSI	Structures and Improvements	16,160,548	6,413,696	39.7%	R2.0	34.0	37.5	15.5	23.9	5.00%	2.31%	373,309		
24	392.10	GTR	Transportation Equipment	7,015,635	2,768,772	39.5%	L4.0	10.0	10.5	4.8	6.1	8.00%	8.61%	604,046		
25	396.00	GPE	Power Operated Equipment	1,283,865	295,185	23.0%	L2.0	14.0	15.0	4.4	11.5	15.00%	5.39%	66,201		
26			Subtotal General Plant	24,460,068	9,477,653	38.7%								1,046,556		
27			Total Depreciable Plant	478,544,370	274,473,793	57.4%								3.12%	14,951,242.00	

Depreciation Rates 12-31-2013

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Intermountain Gas Company
Summary of Present and Proposed
Depreciation Accrual Parameters and Expenses
Study Date : As of December 31, 2013

Theoretical Reserve Analysis (Depreciation Life & Rate Procedures)

Line Number	Account Number	Study Category	Account Name	Current Study 12-31-2013		Percent Reserved	Future Salvage	Average Salvage	Life	Average Remaining Service	Average Life	Theoretical Reserve	Reserve	Variance
				Investment Balance	Reserved Investment									
1	361.00	LNG	LNG Facilities - Nampa	(d) 12,250,165	(e) 10,107,103	(f) 82.5%	(g) -20.80%	(h) -20.80%	(i) 15.0	(j) 30.5	(k) 61.4%	(l) 7,520,376	(m) (2,586,727)	
2	363.60	LNG	LNG Facilities - Rosburg	4,771,916	719,280	15.1%	-15.00%	-15.00%	14.6	19.9	30.6%	1,461,638	742,358	
3			Subtotal LNG Facilities Plant	17,022,081	10,826,383							8,982,014	(1,844,369)	
4	365.00	ROW	Right of Way	773,903	320,963	41.5%	0.00%	0.00%	27.0	41.6	35.1%	271,640	(49,323)	
5	366.00	TCS	Structures and Improvements	77,152	21,127	27.4%	-5.00%	-5.00%	12.5	31.3	63.1%	48,660	27,533	
6	367.00	TMN	Transmission Mains	68,806,581	35,068,023	51.0%	-40.00%	-40.00%	33.2	50.3	47.6%	32,745,052	(2,322,971)	
7	368.00	TCS	Compressor Equipment	1,730,359	(387,599)	-22.4%	5.00%	5.00%	17.5	20.0	11.9%	205,567	593,168	
8	370.00	TCE	Communication Equipment	714,440	752,485	105.3%	-5.00%	-5.00%	9.0	40.1	81.4%	581,769	(170,726)	
9			Subtotal Transmission Plant	72,102,435	35,775,008	49.6%	-36.42%	-36.42%	31.9	48.3	47.0%	33,852,688	(1,922,320)	
10	374.00	LRT	Land Rights	423,098	259,626	61.4%	0.00%	0.00%	22.4	51.1	56.2%	237,612	(22,014)	
11	375.00	STR	Structures and Improvements	18,954	19,736	104.6%	-5.00%	-5.00%	3.8	51.4	97.7%	18,421	(1,315)	
12	376.00	MNS	Mains	146,656,953	95,174,372	64.9%	-53.00%	-53.00%	37.8	56.1	55.1%	80,896,484	(14,307,889)	
13	378.00	MRG	Regulator Station Equipment	6,957,265	2,398,366	34.5%	-18.00%	-18.00%	25.9	36.7	34.7%	2,415,563	16,197	
14	380.00	SVC	Services	136,202,219	82,372,319	60.5%	-50.00%	-50.00%	33.5	50.8	51.1%	69,572,093	(12,800,226)	
15	381.00	MTR	Meters	22,941,851	11,745,278	51.2%	0.00%	0.00%	25.8	43.4	40.6%	8,302,921	(2,442,357)	
16	381.20	ERT	Electronic Meter Reading	16,828,213	10,315,108	60.9%	0.00%	0.00%	2.6	11.8	78.0%	13,197,366	2,882,260	
17	382.00	MTI	Transmitter (ERT) Units	11,042,724	4,644,641	42.1%	0.00%	0.00%	25.1	43.2	41.9%	4,626,901	(17,940)	
18	382.20	ERI	Meter Installations	2,198,525	1,496,940	69.1%	0.00%	0.00%	2.6	13.5	80.7%	1,702,423	245,483	
19	383.00	HRG	House Regulators	5,759,218	2,695,329	45.8%	0.00%	0.00%	27.7	44.1	37.2%	2,141,853	(483,478)	
20	384.00	HRI	House Regulators - Installation	6,061,453	1,932,952	31.6%	0.00%	0.00%	31.4	42.8	28.6%	1,820,069	(312,853)	
21	385.00	IMR	Regulator Station - Industrial	9,841,693	5,438,881	55.3%	-5.00%	-5.00%	18.5	33.5	47.0%	4,626,590	(812,301)	
22			Subtotal Distribution Plant	364,959,787	218,394,749	59.8%	-32.58%	-32.58%	27.3	44.0	52.2%	190,328,318	(28,066,431)	
23	390.10	GSI	Structures and Improvements	16,160,548	6,413,696	39.7%	5.00%	5.00%	23.9	37.5	34.5%	5,567,309	(846,367)	
24	392.10	GTR	Transportation Equipment	7,015,635	2,798,772	39.5%	8.00%	8.00%	6.1	10.5	38.6%	2,704,527	(64,245)	
25	396.00	GPE	Power Operated Equipment	1,283,685	295,185	23.0%	15.00%	15.00%	11.5	15.0	19.8%	254,594	(40,591)	
26			Subtotal General Plant	24,460,068	9,477,653	38.7%	7.41%	7.41%	13.0	20.8	34.9%	8,526,430	(951,223)	
27			Total Depreciable Plant	478,544,370	274,473,793	57.4%	-28.22%	-28.22%	25.7	41.2	50.5%	241,089,450	(52,784,343)	

Depreciation Rates 12-31-2013

Intermountain Gas Company
 Summary of Present and Proposed
 Depreciation Accrual Parameters and Expenses
 Study Date : As of December 31, 2013

Present Depreciation Parameters (Depreciation Life & Rate Procedures)

Line Number	Account Study Category	Account Name	Current Study 12-31-2013		Investment Balance	Reserved Investment	Percent Reserved	Disposition	Life (n)	Age (t)	Average Remaining	Salvage Rate (N)	Annual Accrual	
			Balance (d)	Investment (e)										
1	361.00 LNG	LNG Facilities - Nampa	12,250,165	10,107,103	82.5%	R5.0	15.0	27.2	2.5	17.4	-15.00%	6.74%	321,627	
2	363.60 LNG	LNG Facilities - Reburg	4,771,916	719,280	15.1%	R5.0	19.9	2.5	19.9	2.5	17.4	-15.00%	6.74%	321,627
3		Subtotal LNG Facilities Plant	17,022,081	10,826,383								0	566,630	
4	365.00 ROW	Right of Way	773,903	320,963	41.5%	R5.0	41.8	13.5	28.2	0.00%	2.11%	2.11%	16,329	
5	366.00 TCS	Structures and Improvements	77,152	21,127	27.4%	R3.0	30.7	24.5	14.6	-5.00%	6.44%	6.44%	4,968	
6	367.00 TMN	Transmission Mains	68,808,581	35,068,023	51.0%	S5.0	50.6	25.7	25.6	-47.00%	2.82%	2.82%	1,940,346	
7	368.00 TCS	Compressor Equipment	1,790,359	(87,599)	-22.4%	R3.0	15.0	0.0	15.0	0.00%	4.75%	4.75%	44,517	
8	370.00 TCE	Communication Equipment	714,440	752,495	105.3%	L3.0	38.1	29.4	10.0	-5.00%	-0.04%	-0.04%	(286)	
9		Subtotal Transmission Plant	72,102,455	35,775,008	49.6%		47.6	25.0	24.6	-42.25%	2.78%	2.78%	2,005,875	
10	374.00 LRT	Land Rights	423,098	258,626	61.4%	R5.0	50.5	28.3	23.3	0.00%	1.79%	1.79%	7,573	
11	375.00 STR	Structures and Improvements	19,736	18,864	104.6%	R5.0	49.4	44.8	4.7	-5.00%	0.36%	0.36%	72	
12	376.00 MNS	Mains	146,656,663	95,174,372	64.9%	R4.0	59.0	20.8	38.6	-81.00%	2.56%	2.56%	3,763,742	
13	378.00 MRG	Regulator Station Equipment	6,957,266	2,399,366	34.5%	R3.0	37.3	15.9	22.9	-10.00%	2.75%	2.75%	194,108	
14	380.00 SVC	Services	139,202,219	82,372,319	60.5%	R2.0	54.8	16.1	39.2	-53.00%	2.42%	2.42%	3,296,094	
15	381.00 MTR	Meters	22,941,851	11,745,278	51.2%	R4.0	43.2	18.6	27.2	0.00%	1.78%	1.78%	406,365	
16	381.20 ERT	Electronic Meter Reading	16,926,213	10,315,108	60.9%	R3.0	11.8	6.9	4.9	0.00%	14.22%	14.22%	2,406,907	
17	382.00 MTI	Meter Installations	11,642,724	4,644,641	42.1%	R3.0	43.8	18.6	27.7	0.00%	1.85%	1.85%	204,290	
18	382.20 ERI	ERT Installations	2,106,925	1,459,940	69.1%	R3.0	12.3	7.4	4.9	0.00%	12.63%	12.63%	266,307	
19	393.00 HRG	House Regulators	5,759,218	2,635,329	45.8%	R3.0	44.0	17.1	27.9	0.00%	1.89%	1.89%	108,849	
20	384.00 HRI	House Regulators - Installation	6,081,453	1,932,952	31.8%	R3.0	42.7	10.3	32.8	0.00%	2.15%	2.15%	130,751	
21	385.00 IMR	Regulator Station - Industrial	9,641,083	5,438,681	55.3%	R2.0	33.3	15.8	18.8	-5.00%	2.65%	2.65%	260,805	
22		Subtotal Distribution Plant	364,959,787	218,994,749	59.8%		44.9	17.5	29.7	-35.28%	3.03%	3.03%	11,067,863	
23	390.10 GSI	Structures and Improvements	18,180,548	6,413,696	38.7%	R2.0	37.1	13.7	25.2	5.00%	2.33%	2.33%	376,541	
24	392.10 GTR	Transportation Equipment	7,015,835	2,768,772	39.5%	L3.0	11.2	6.2	5.7	5.00%	7.42%	7.42%	520,560	
25	398.00 GPE	Power Operated Equipment	1,263,885	295,185	23.0%	R3.0	15.3	8.5	7.4	15.00%	8.30%	8.30%	106,582	
26		Subtotal General Plant	24,460,068	9,477,653	38.7%		21.3	11.3	13.2	5.73%	4.10%	4.10%	1,003,663	
27		Total Depreciable Plant	478,544,370	274,473,793	57.4%		42.1	18.4	26.7	-31.20%	3.06%	3.06%	14,644,031	

Depreciation Rates 12-31-2013

EXHIBIT NO. 2

CASE NO. INT-G-14-02

INTERMOUNTAIN GAS COMPANY

(Current Amortization Study)

(7 pages)

Intermountain Gas Company
 General Plant Amortization Study
 As of December 31, 2013

Line Number	(a) Account Description	(b) 391 Furniture and Office Equipment	(c) 393 Stores Equipment	(d) 394 Tools, Shop, and Work Equipment	(e) 395 Laboratory Equipment	(f) 397 Communications Equipment	(g) 398 Miscellaneous Equipment	(h) Total General Plant Amortizations
1	Investment	10,570,598.45	10,529.34	3,657,403.91	0.00	4,493,872.31	1,152.88	18,733,556.89
2	Reserve	5,412,167.89	17,479.57	1,179,802.86	0.00	1,654,615.90	(3,051.35)	8,261,014.87
	Current Ammortization							
3	Rate	0.1072	0.0294	0.0695	0	0.0806	0.0833	0.0934
4	Expense	1,133,168	310	254,190	-	362,206	96	1,749,970.00
	Proposed Amortization							
5	Refining Investment	948,700.93	10,529.34	259,985.10	0.00	1,675,226.29	0.00	2,894,441.66
6	Reserve	948,700.93	10,529.34	259,985.10	0.00	1,675,226.29	0.00	2,894,441.66
7	Rate	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0
8	Expense	-	-	-	-	-	-	0.00
9	Remaining Investment	9,621,897.52	-	3,397,418.81	-	2,818,646.02	1,152.88	15,839,115.23
10	Reserve	4,463,466.96	6,950.23	919,817.76	-	(20,610.39)	(3,051.35)	5,366,573.21
11	Rate	0.1618	0	0.0559	0	0.1895	0.4862	0.1641
12	Expense	1,556,823	-	189,916	-	851,513	561	2,598,813.00
13	Total Expense	1,556,823	-	189,916	-	851,513	561	2,598,813.00
14	Difference Expense	423,655	(310)	(64,274)	-	489,307	465	848,843.00

General Plant Amortization Summ

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Intermountain Gas Company
General Plant Amortization Study
As of December 31, 2013

	(a)	(b)	(c)	(d)
Line Number	Account	391 Furniture and Office Equipment Amortization		
		Plant & Reserve Balances	Rate	Annual Amortization
1	Investment	10,570,598.45		
2	Reserve	5,412,167.89		
	Existing Amortization Rate and Expense			
3	Amortization Rate		0.1072	
4	Annual Amortization			1,133,168
	Proposed Amortization Rate and Expense			
	Assets to be Retired			
5	Investment	948,700.93		
6	Reserve	948,700.93		
7	Amortization Rate		0.0000	
8	Annual Amortization			-
	Assets with Continuing Amortization			
9	Investment	9,621,897.52		
10	Reserve	4,463,466.96		
11	Amortization Rate		0.1618	
12	Annual Amortization			1,556,823
	Total Amortization Rate and Expense			
13	Investment	10,570,598.45		
14	Reserve	5,412,167.89		
	Life		9.25	0.108108108
15	Amortization Rate		0.1473	
16	Annual Amortization			1,556,823
	Difference in Amortization Rate and Expense			
17	Annual Amortization			423,655

Account 391 Summary

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Intermountain Gas Company
General Plant Amortization Study
As of December 31, 2013

	(a)	(b)	(c)	(d)
Line Number	Account	393 Stores Equipment Amortization		
		Plant & Reserve Balances	Rate	Annual Amortization
1	Investment	10,529.34		
2	Reserve	17,479.57		
	Existing Amortization Rate and Expense			
3	Amortization Rate		0.0294	
4	Annual Amortization			310
	Proposed Amortization Rate and Expense			
	Assets to be Retired			
5	Investment	10,529.34		
6	Reserve	10,529.34		
7	Amortization Rate		0.0000	
8	Annual Amortization			-
	Assets with Continuing Amortization			
9	Investment	-		
10	Reserve	6,950.23		
11	Amortization Rate		0.0000	
12	Annual Amortization			-
	Total Amortization Rate and Expense			
13	Investment	10,529.34		
14	Reserve	17,479.57		
15	Amortization Rate		0.0000	
16	Annual Amortization			-
	Difference in Amortization Rate and Expense			
17	Annual Amortization			(310)

Account 393 Summary

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Intermountain Gas Company
General Plant Amortization Study
As of December 31, 2013

Line Number	(a) Account	(b) Plant & Reserve Balances	(c) Rate	(d) Annual Amortization
		394 Tools, Shop, and Work Equipment Amortization		
1	Investment	3,657,403.91		
2	Reserve	1,179,802.86		
	Existing Amortization Rate and Expense			
3	Amortization Rate		0.0695	
4	Annual Amortization			254,190
	Proposed Amortization Rate and Expense			
	Assets to be Retired			
5	Investment	259,985.10		
6	Reserve	259,985.10		
7	Amortization Rate		0.0000	
8	Annual Amortization			-
	Assets with Continuing Amortization			
9	Investment	3,397,418.81		
10	Reserve	919,817.76		
11	Amortization Rate		0.0559	
12	Annual Amortization			189,916
	Total Amortization Rate and Expense			
13	Investment	3,657,403.91		
14	Reserve	1,179,802.86		
15	Amortization Rate		0.0519	
16	Annual Amortization			189,916
	Difference in Amortization Rate and Expense			
17	Annual Amortization			(64,274)

Account 394 Summary

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Intermountain Gas Company
General Plant Amortization Study
As of December 31, 2013

Line Number	(a) Account	(b) Plant & Reserve Balances	(c) Amortization Rate	(d) Annual Amortization
		395 Laboratory Equipment Amortization		
1	Investment	0.00		
2	Reserve	0.00		
	Existing Amortization Rate and Expense			
3	Amortization Rate		0	
4	Annual Amortization			-
	Proposed Amortization Rate and Expense			
	Assets to be Retired			
5	Investment	0.00		
6	Reserve	0.00		
7	Amortization Rate		0.0000	
8	Annual Amortization			-
	Assets with Continuing Amortization			
9	Investment	-		
10	Reserve	-		
11	Amortization Rate		0.0000	
12	Annual Amortization			-
	Total Amortization Rate and Expense			
13	Investment	-		
14	Reserve	-		
15	Amortization Rate		0.0000	
16	Annual Amortization			-
	Difference in Amortization Rate and Expense			
17	Annual Amortization			-

Account 395 Summary

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Intermountain Gas Company
General Plant Amortization Study
As of December 31, 2013

Line Number	(a) Account	(b) Plant & Reserve Balances	(c) Amortization Rate	(d) 397 Communications Equipment Amortization Annual Amortization
1	Investment	4,493,872.31		
2	Reserve	1,654,615.90		
Existing Amortization Rate and Expense				
3	Amortization Rate		0.0806	
4	Annual Amortization			362,206
Proposed Amortization Rate and Expense				
Assets to be Retired				
5	Investment	1,675,226.29		
6	Reserve	1,675,226.29		
7	Amortization Rate		0.0000	
8	Annual Amortization			-
Assets with Continuing Amortization				
9	Investment	2,818,646.02		
10	Reserve	(20,610.39)		
11	Amortization Rate		0.3021	
12	Annual Amortization			851,513
Total Amortization Rate and Expense				
13	Investment	4,493,872.31		
14	Reserve	1,654,615.90		
15	Amortization Rate		0.1895	
16	Annual Amortization			851,513
Difference in Amortization Rate and Expense				
17	Annual Amortization			489,307

Account 397 Summary

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Intermountain Gas Company
General Plant Amortization Study
As of December 31, 2013

Line Number	(a) Account	(b) Plant & Reserve Balances	(c) Amortization Rate	(d) Annual Amortization
	398 Miscellaneous Equipment Amortization			
1	Investment	1,152.88		
2	Reserve	(3,051.35)		
	Existing Amortization Rate and Expense			
3	Amortization Rate		0.0833	
4	Annual Amortization			96
	Proposed Amortization Rate and Expense			
	Assets to be Retired			
5	Investment	0.00		
6	Reserve	0.00		
7	Amortization Rate		0.0000	
8	Annual Amortization			-
	Assets with Continuing Amortization			
9	Investment	1,152.88		
10	Reserve	(3,051.35)		
11	Amortization Rate		0.4862	
12	Annual Amortization			561
	Total Amortization Rate and Expense			
13	Investment	1,152.88		
14	Reserve	(3,051.35)		
15	Amortization Rate		0.4866	
16	Annual Amortization			561
	Difference in Amortization Rate and Expense			
17	Annual Amortization			465

Account 398 Summary

EXHIBIT NO. 3

CASE NO. INT-G-14-02

INTERMOUNTAIN GAS COMPANY

(2002 Amortization Study)

(2 pages)

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Executive Vice President

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September 15, 2003

Intermountain Gas Company
Boise, Idaho

At your authorization we have reviewed the status of the depreciation and amortization of Intermountain Gas's general support assets accounts. This review was prepared utilizing the plant and reserve information, as well as, the fixed asset inventory as of September 30, 2001.

In the 1998 depreciation study the Idaho Commission approved a change in depreciation procedures to individual unit depreciation wherein the support assets are depreciated over their assigned lives. After the assets are fully recovered, depreciation ceases and the assets may be retired. The culmination of the 1998 depreciation study and Commission review, depreciation lives were established for the support asset accounts and a reserve imbalance amortization was established. Our analysis in this review included the updating of the fixed asset inventory for the assets acquired subsequent to September 30, 1998, the calculation of the recurring monthly depreciation expense associated with the un-recovered inventory, and the determination of fully recovered inventory items. The described monthly depreciation was then used, along with the remaining reserve imbalance amortization to determine composite depreciation rate for the Company's ongoing depreciation administration.

The accompanying spreadsheet "General Support Assets.xls" details our finding. In general, the adjustment to the depreciation rates are minimal with the exception of account 395 Laboratory Equipment, which is fully recovered and the depreciation and reserve imbalance should be ceased. The reason for this over-recovery is that the 1998 study results were not implement until 2000 and the Laboratory Equipment account's depreciation expense was significantly reduced in that study; as such, the 1999 depreciation was overstated. The following table details the composite depreciation and reserve imbalance rates as approved in the 1998 study and similar rates the updated to September 30 2001:

Account	Description	Effective Depreciation Rate 9/30/1998	Effective Depreciation Rate 9/30/2001
391	Furniture and Office Equipment	10.17%	10.72%
393	Store Equipment	3.39%	2.94%
394	Tools, Shop, & Garage Equipment	6.53%	6.95%
395	Laboratory Equipment	10.76%	0.00%
397	Communications Equipment	8.46%	8.06%
398	Miscellaneous Equipment	8.32%	8.33%

We have established an Access data base and can now update these rates annually. We would need an data file containing the fixed asset inventory, preferably at fiscal year end, and the plant and reserve information subsequent to September 30, 2001.

I trust this information will fulfill your needs, after your review please feel free to contact me with any questions.

Sincerely,
Jerry Weinert
Jerome C. Weinert