

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN)
GAS COMPANY'S 2015-2019 INTEGRATED) CASE NO. INT-G-15-01
RESOURCE PLAN)
) NOTICE OF FILING
)
) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 33234

On January 13, 2015, Intermountain Gas Company (Company) filed its Integrated Resource Plan (IRP) for the years 2015-2019. The Company files an IRP every two years to describe the Company's plans to meet its customers' future natural gas needs. The IRP must discuss the subjects required by Commission Order Nos. 25342, 27024 and 27098, and Section 303(b)(3) of the Public Utility Regulatory Policies Act (PURPA), 15 U.S.C. § 3202. The Commission reviews the IRP to ensure that it discusses these subjects and represents a diligent effort by the Company to plan for the anticipated supply and demand for natural gas.

With this Order, the Commission outlines the IRP requirements, 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

A natural gas IRP describes a company's plans to meet its customers' future natural gas needs. 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 (PURPA). In Order No. 27024, the Commission shortened the required planning horizon from 20 years to at least 5 years. Order No. 27098 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 an IRP every two years that includes:

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 analysis of gas purchasing options, and an explanation of whether or not there are cost-effective DSM opportunities;
4. The integration of the demand forecast and resource evaluations into a long range (at least a five-year) plan describing the strategies designed to meet current and future needs at the lowest cost to the utility and its ratepayers;
5. A short-term (e.g., two-year) plan outlining the specific actions to be taken by the utility in implementing the IRP;
6. A progress report that relates the new plan to the previously filed plan; and
7. Public participation.

Additionally, in the Company's 2013 IRP case, the Commission allowed the Company to stop filing semi-annual lost and unaccounted for gas (LAUF Gas) reports.¹ Instead, the Company was to discuss LAUF Gas in the Company's future Purchased Gas Cost Adjustment (PGA) cases² and IRPs. The IRP's LAUF Gas section must explain the Company's (a) framework for how it has tested for, identified, and remediated equipment measurement errors or leaks, and (b) business process for alleviating measurement errors through its financial accounting of nominations, scheduling, measurements, flow volume allocation, and billing. *See* Order No. 32855.

NOTICE OF IRP FILING

YOU ARE HEREBY NOTIFIED that the Company's IRP filing includes a 123-page IRP and about 800 pages of exhibits. The information summarized below is taken from the IRP's Executive Summary section.

¹ LAUF Gas is the difference between the amount of natural gas delivered to the Company's distribution system at the city gate and amount of natural gas ultimately recorded at the customers' meters.

² The Company files a PGA each year to adjust rates to reflect changes in the Company's costs to buy natural gas from suppliers—including transportation, storage, and other related costs.

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. *See* IRP, at 2.

YOU ARE FURTHER NOTIFIED that the Company sells natural gas to two major markets: the residential/commercial market and the industrial market. In 2013, the Company served an average of 290,500 residential customers and 31,000 commercial customers, which is a 1.8% increase in average residential and commercial customers from 2008. 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 2013, industrial sales and transportation accounted for 44% of the throughput on Intermountain's system. *Id.* at 2-3.

YOU ARE FURTHER NOTIFIED that the Company forecasts changes in its peak-day loads due to customer growth under baseline, high, and low growth scenarios. In this IRP, the Company forecasts a baseline growth scenario in which its total residential, commercial, and industrial peak-day loads increase each year for five years by an average of 2.32%. The Company says this increase in peak-day loads corresponds to expected growth in the Company's markets for residential and small commercial customers. The Company sees no peak-day delivery deficits over the next five years when it matches its forecasted peak-day delivery against its existing resources. *Id.* at 3- 4.

YOU ARE FURTHER NOTIFIED that the Company also analyzes different geographic areas so it can plan to meet any projected deficits in those areas. In this IRP, the Company analyzed the Idaho Falls Lateral, the Sun Valley Lateral, the Canyon County Region, the State Street Lateral, and the Central Ada Area. *Id.* at 4.

YOU ARE FURTHER NOTIFIED that the Idaho Falls Lateral is 104 miles long and serves cities between Pocatello and St. Anthony in eastern Idaho. It serves about 16% of the Company's customers and 14% of the Company's projected peak-day delivery for January 2015. The Company says that matching the Idaho Falls Lateral's forecasted peak-day delivery against

its existing peak-day capacity shows that the Company can meet this area's peak-day demands for the five-year IRP period. The Company also notes that the Company can use its portable liquefied natural gas (LNG) facility in Rexburg to reduce system peak loads and meet customer demand by supplementing firm capacity on the lateral during peak-day events. The Company plans to use the Rexburg LNG facility's additional capacity in 2017, 2018, and 2019. *Id.* at 5-6.

YOU ARE FURTHER NOTIFIED that the Sun Valley Lateral serves about 4% of the Company's total customers and 4% of the Company's projected peak-day delivery for January 2015. The Company says matching the Sun Valley Lateral's forecasted peak-day delivery against its existing peak-day distribution capacity (202,000 therms) shows that the Company can meet this area's peak-day demands for the five-year IRP period. *Id.* at 6-7.

YOU ARE FURTHER NOTIFIED that the Canyon County Lateral serves about 15% of the Company's total customers and 14% of the Company's projected peak-day delivery for January 2015. The Company says matching the Canyon County Lateral's forecasted peak-day delivery against its existing peak-day distribution capacity (790,000 therms) shows that the Company can meet this area's peak-day demands during the five-year IRP period. The IRP notes that this region's diverse industrial customer base currently lacks the ability to mitigate peak-day delivery by switching to alternative fuels. The Company is thus exploring other ways to enhance this area's distribution capability. *Id.* at 7-9.

YOU ARE FURTHER NOTIFIED that the State Street Lateral in northwest Boise is 16.2 miles long. It primarily serves residential and commercial customers that comprise about 14% of the Company's total customers and 12% of the Company's projected peak-day delivery for January 2015. The Company says matching the State Street Lateral's forecasted peak-day delivery against its existing peak-day distribution capacity (644,000 therms in 2016 and 695,000 therms in 2017) shows that the Company can meet this area's peak-day demands for the five-year IRP period. *Id.* at 9.

YOU ARE FURTHER NOTIFIED that the Central Ada Area in the Boise area consists of 24 miles of high-pressure pipeline. It serves a diverse base of residential and commercial customers that comprise about 15% of the Company's total customers and 12% of the Company's projected peak-day delivery for January 2015. The Company says matching the Central Ada Area's forecasted peak-day delivery against its existing peak-day distribution

capacity (625,000 therms in 2016 and 702,000 therms in 2017) shows that the Company can meet this area's peak-day demands during the five-year IRP period. *Id.* at 10.

YOU ARE FURTHER NOTIFIED that, in summary, the IRP analyzed residential, commercial, and industrial customer growth and its impact on the Company's distribution system using design weather conditions under various scenarios for Idaho's economy. The Company measured peak-day delivery under each customer growth scenario against the available natural gas delivery systems to project the magnitude and timing of delivery deficits on a total Company and regional perspective. The Company analyzed the resources needed to meet any projected deficits within a framework of options to help determine the most cost-effective means to manage the deficits. The Company says that these options allow its core market and firm transportation customers to rely on uninterrupted service now and for years to come. *Id.* at 11.

YOU ARE FURTHER NOTIFIED that the IRP and its exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. These documents 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 "Natural 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* § 61-501. 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 IRP may file a written comment in support or opposition with the Commission **no later than 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 the IRP shall be mailed to the Commission and the Company at the addresses reflected below:

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

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. Scroll to the “Consumers” tab, click the “Utility Case Comment or Question Form,” 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 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 may file written comments no later than 60 days from the service date of this Order.

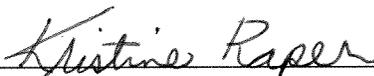
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 24th
day of February 2015.



PAUL KJELLANDER, PRESIDENT

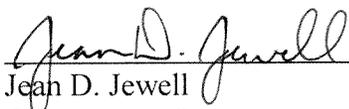


MACK A. REDFORD, COMMISSIONER



KRISTINE RAPER, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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