

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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IDAHO PUBLIC
UTILITIES COMMISSION

October 9, 2015

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

**RE: Intermountain Gas Company
Case No. INT-G-15-03**

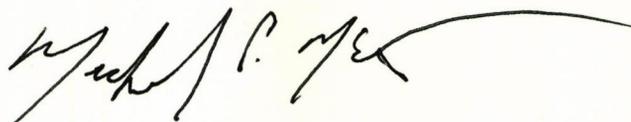
Dear Jean:

Enclosed for filing with this Commission are an original and seven (7) copies of Intermountain Gas Company's Application for an Accounting Order Regarding the Treatment of Certain Regulatory Expenses.

Please acknowledge receipt of this filing by returning a stamped copy of this letter for our Company files.

If you have any questions or require additional information regarding the attached, please contact me at 377-6168.

Sincerely,



Michael P. McGrath
Director – Regulatory Affairs
Intermountain Gas Company

Enclosure

cc: Scott Madison
Ron Williams

INTERMOUNTAIN GAS COMPANY

CASE NO. INT-G-15-03

APPLICATION

**In the Matter of the Application of INTERMOUNTAIN GAS COMPANY
For an Accounting Order Regarding the Treatment of Certain Regulatory
Expenses**

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

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of
INTERMOUNTAIN GAS COMPANY
For an Accounting Order Regarding the
Treatment of Certain Regulatory
Expenses

Case No. INT-G-15-03
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, pursuant to the Rules of Procedure of the Idaho Public Utilities Commission ("Commission"), hereby respectfully applies for an accounting order authorizing the Company to record, as a regulatory asset, expenses incurred by the Company in preparation for the Company's next General Rate Case.

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 a gas utility, subject to the jurisdiction of the 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 – Arimo, 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, liquefied natural gas storage facilities, a compressor station, distribution mains, services, meters and regulators, and general plant and equipment.

II.

A rate-regulated utility is generally allowed to recover in rates costs that are required to render adequate and reliable service. In general, rates are designed to recover usual and recurring costs, however, certain items do occur that are neither usual nor routinely recurring but nevertheless deserve recovery in rates. Expenses of a rate case are one common example of an item that is neither usual nor routinely recurring but nevertheless deserves recovery in rates.

III.

Intermountain Gas Company's last request for general rate relief was filed with this Commission on June 6, 1985 under Case No. U-1034-122. Since that time, there have been no routinely recurring efforts by the Company to file General Rate Cases. Additionally, the staff level maintained by the Company to address regulatory matters has been, and will be, kept to the minimum level necessary to address those matters that do come before this Commission on a more routine or regular basis. At such time when Intermountain determines that its earnings can no longer support or encourage the necessary level of investment capital, Intermountain will come before this Commission to file a General Rate Case. That Application is anticipated to occur within the next twelve (12) months. In order to prepare for that future Application, the Company will unavoidably rely on outside consultants, and incur the costs associated therewith, to help prepare and present that Case.

IV.

Pursuant to Accounting Standards Codification ("ASC") 980 – Regulated Operations, a rate-regulated utility can create a regulatory asset for incurred costs, such as general rate case expenses, that would otherwise be charged to expense if two criteria are met. First, it is probable that future revenue, at least equal to the incurred cost, will occur due to the inclusion of the incurred costs in allowable costs for rate-making purposes. Second, that the future revenue provided will be for the purpose of allowing recovery of the particular incurred costs (instead of future similar costs). A rate order from the Idaho Public Utilities Commission approving/requiring the creation of these regulatory assets provides reasonable assurance to the Company's financial auditors that these assets exist.

V.

Intermountain therefore and hereby requests an Accounting Order from this Commission allowing for the creation of a regulatory asset to capture the expenses incurred by the Company from outside vendors in preparation for its next General Rate Case. The Company hereby acknowledges that any rate treatment associated with this same regulatory asset will be determined by the Commission at a later date pursuant to some future rate proceeding.

VI.

The proposed request by Intermountain for this Accounting Order is just, fair, and reasonable.

VII.

Copies of this Application have been provided to those parties regularly intervening in Intermountain's rate proceedings.

VIII.

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 requested Accounting Order be granted without suspension and made effective as of November 1, 2015.

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 9th day of October, 2015.

INTERMOUNTAIN GAS COMPANY

By



Michael P. McGrath

Director – Regulatory Affairs

Williams Bradbury PC

By



Ronald L. Williams

Attorney for Intermountain Gas Company

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 9th day of October, 2015, I served a copy of the foregoing Case No. INT-G-15-03 upon:

Ed Finklea
Northwest Industrial Gas Users
326 5th St
Lake Oswego, OR 97034

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

Don Sturtevant
J. R. Simplot Company
PO Box 27
Boise, ID 83707

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



Michael P. McGrath
Director – Regulatory Affairs