

Ronald L. Williams, ISB No. 3034
Williams Bradbury, P.C.
1015 W. Hays St.
Boise, ID 83702
Telephone: (208) 344-6633
Email: ron@williamsbradbury.com

Attorneys for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
INTERMOUNTAIN GAS COMPANY FOR)
THE AUTHORITY TO CHANGE ITS RATES) Case No. INT-G-16-02
AND CHARGES FOR NATURAL GAS)
SERVICE TO NATURAL GAS CUSTOMERS)
IN THE STATE OF IDAHO)
_____)

EXHIBIT 18



BOISE STATE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

Department of Information Technology and Supply Chain Management

June 22, 2016

Ms. Lori Blattner
Intermountain Gas Company
555 South Cole Road
Boise, Idaho 83709

Dear Ms. Blattner,

At the request of Intermountain Gas Company, we have reviewed the methodology used to develop statistical models for forecasting monthly and annual natural gas demand measured in therms for three different customer classes (RS-1, RS-2, and GS). In our opinion, the methods used are appropriate and are based on sound statistical methodology. The indicator variables used in the forecasting models for therm usage are consistent with business practice and the economic theory.

While there are alternative statistical approaches that could be employed that would be acceptable, there is no basis for believing that alternative methods would provide superior results to those that your method has delivered. Therefore, we are of the opinion that the methods used by Intermountain Gas Company are an appropriate and adequate basis for weather normalization. Furthermore, the methodology the company has used is consistent with that previously approved by the Idaho Public Utilities Commission. Your approach follows the methodology approved by the Idaho Public Utilities Commission in Case U-1034-134.

You tested the forecasting accuracy potential for each model. You conducted a backward forecast to see how well the models forecast monthly and annual therm use for the years 2010-2015. You also ran a "true forecast" test on the first four months of 2016 which were not used in developing the model. The forecast test results demonstrate the viability of the selected models.

In summary, based on our analysis, the forecasting approach that you have used is appropriate and the process you used to arrive at the preferred models is consistent with standard forecasting methodology. This opinion is supported by our academic backgrounds and experiences. Patrick Shannon holds a Ph.D. in Statistics and Quantitative Methods from the University of Oregon, has co-authored several university textbooks including editions 1-9 of *Business Statistics: A Decision-Making Approach*, and has consulted for numerous public and private sector organizations. Phillip Fry has a Ph.D. in quantitative business analysis from Louisiana State University. He has been a co-author on the textbook *Business Statistics: A Decision-Making Approach (editions 5-9)* published by Pearson.

Sincerely,

Phillip Fry, Ph.D

Patrick Shannon, Ph.D.