



Case No. INT-G-16-02, Order No. 33648

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www.puc.idaho.gov

Workshop regarding Intermountain Gas rate case scheduled in Boise; also available online and by phone

BOISE (November 28, 2016) – The Idaho Public Utilities Commission has set dates for a public workshop and a technical hearing regarding Intermountain Gas Company’s request for an average 4 percent rate increase for its southern Idaho customers effective April 1, 2017.

Commission staff will conduct a workshop for customers at the commission’s Boise headquarters at 472 W. Washington St., beginning at 7 p.m. on Tuesday, Dec. 6. The technical hearing is scheduled for March 1, 2017, at 9:30 a.m. in the commission hearing room.

At the workshop, commission staff will summarize the company’s application and answer questions from customers. The staff will not take any position on the merits of the case because staff will still be in the evaluation process when the workshop occurs. Commission staff and other intervening parties will post comments by no later than Dec. 16.

In order to make the Dec. 6 workshop accessible to as many Intermountain Gas customers as possible, customers may attend or participate in one of three ways.

- 1) Attend the workshop in the commission hearing room.
- 2) Participate online, using the gotomeeting.com online meeting service. A link to the workshop along with access codes will soon be posted on the commission’s website at www.puc.idaho.gov. Click on “Intermountain Gas Workshop” under “Hot” items on the right-hand side of the PUC website.
- 3) Call in to a toll-free line that will allow customers to hear the workshop and ask questions. To call in to the workshop, dial 1-888-706-6468 and enter the Participant Code, which is 4435939.

A copy of the slides to be presented at the workshop will be posted on the PUC website no later than Thursday, Dec. 1 under the link “Intermountain Gas slides,” under “Hot” items. This will allow customers throughout the state to have access to the workshop slides in advance of the workshop.

On Aug. 12, Intermountain Gas filed an application with the commission to increase its annual revenue by \$10.2 million. This is the first time Intermountain Gas has requested to increase its base rates since 1985.

If Intermountain Gas' full base rate request were granted, a residential customer who uses the company's average of 747 therms per year and uses natural gas for space and water heating, would experience an increase of about \$2.31 per month. A residential customer who uses natural gas only for space heating would see an increase of about \$1.16 per month. Commercial customers' monthly increase would be about \$12.16. The company is requesting an effective date of April 1, 2017.

Intermountain Gas, which serves about 334,650 customers in 75 communities across southern Idaho, says the base rate increase is needed because of increased operating costs to meet customer growth, the need to replace customer service information and technology systems, and increased costs related to pipeline safety regulations and compliance.

Since its last rate case in 1985, the number of Intermountain Gas residential customers has increased from 85,400 to more than 300,000. In the same period, the number of commercial customers has increased from 13,300 to nearly 32,000. While more customers increase sales revenue, they also require more investment in non-revenue generating infrastructure such as pipeline expansion and replacement and customer care systems and information technology, Intermountain Gas claims.

The commission's staff of auditors, engineers and attorneys are in the midst of an investigation of Intermountain's application. The commission, by state law, cannot accept or deny the requested increase without first considering the evidence. State law requires that regulated utilities be allowed to recover their prudently incurred expenses and earn a reasonable rate of return, which is also established by the commission. Intermountain Gas is requesting a 9.9 percent return on equity and an overall rate of return of 7.42 percent. The burden of proof is on the utility to demonstrate that its additional capital investment is necessary to serve customers and if those expenses are prudently incurred. Commission decisions can be appealed to the state Supreme Court by either the utility or customer groups.

Another issue in the case is Intermountain Gas' proposal to create demand side management (DSM) programs to help customers reduce natural gas consumption. The programs proposed by the company promote the use of high-efficiency natural gas equipment through rebates to customers.

Natural gas utilities, like electric utilities, are sometimes discouraged from enacting programs to help customers reduce consumption because they depend on sales to meet their fixed costs of operating. In recent years, more efficient building code standards and appliances have resulted in customers using less natural gas, thus reducing the margin the company relies on to pay for fixed costs such as expanding or replacing its pipeline distribution system.

To address the financial disincentive to encourage conservation and the reduced fixed cost recovery, Intermountain Gas is proposing to implement a Fixed Cost Collection Mechanism (FCCM) – similar to Idaho Power’s Fixed Cost Adjustment – that ensures stability in revenues regardless of how much natural gas customers use. The company claims the yearly rate adjustment would allow Intermountain Gas to effectively promote DSM programs without the financial disincentives that currently exist.

Customers can track the progress of the case from the commission’s website. Click on “Open Cases,” under the Natural Gas heading and scroll down to Case No. INT-G-16-02. The company’s application and supporting testimony is available. Testimony from intervening parties and commission staff and customer comments will be added as the case progresses.

Anyone with questions about the workshop or technical hearing may call the commission at 1-800-432-0369 or 208-334-0339.