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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
INTERMOUNTAIN GAS COMPANY TO)	CASE NO. INT-G-17-03
IMPLEMENT A DEMAND SIDE)	
MANAGEMENT PROGRAM FUNDING)	COMMENTS OF THE
MECHANISM AND CHARGE)	COMMISSION STAFF
)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Daphne Huang, Deputy Attorney General, submits the following comments.

BACKGROUND

On July 27, 2017, Intermountain Gas Company asked the Commission for authority to implement a Demand Side Management (DSM) Program Funding Mechanism and DSM Charge. Although the Commission has yet to formally accept a tariff filing from the Company, a draft tariff was submitted as an exhibit during the Company's recent rate case, in which the Commission authorized the Company to implement a residential DSM program. Order No. 33757 at 37-38. Intermountain asks that its Application be processed by Modified Procedure, and requests an effective date of October 1, 2017, to coincide with the requested effective date for its annual Purchased Gas Cost Adjustment filing.

“DSM” generally refers to utility activities and programs that encourage customers to use less overall energy, either through efficiency programs or peak load control measures. The Commission authorized the Company to implement a DSM program, finding that “DSM, as both a least-cost resource and an important element of promoting energy efficiency, is an important part of any utility’s provision of service.” Order No. 33757 at 37; *see* Application at 2.

The Company seeks “to define and formalize a mechanism whereby the Company can recover costs incurred in the administration and delivery of its Rate Schedule DSM Energy Efficiency” and submits a proposed budget for recovery. Application at 3. The Company states that its costs for administering its DSM program may include energy efficiency program rebates; administration ramp-up expenses and incremental staffing; DSM outreach; local support for promotion of tariff-approved DSM measures; and encouraging market transformation through adaptation of energy efficiency technologies. *Id.* The Company reports that all DSM activities are designed for its residential customers. *Id.*

The Company proposes a recovery mechanism in which it submits its “annual budget of anticipated administrative and program costs related to the Company’s DSM program.” *Id.* In its annual filing, the Company will request the Commission’s ruling that its “expenses are both reasonable and prudent.” *Id.* Also, the Company’s budget will include “any surplus or deficit associated with the collection of DSM funds and the incurrence of DSM-related expenses.” *Id.*

STAFF ANALYSIS

Staff has reviewed the Company's Application and accompanying exhibits. Based on its review, Staff supports the Company's DSM funding requirements and proposed tariff rider charge. In the comments below, Staff addresses the Company's DSM funding, program structure, accounting methods, reporting requirements, and customer considerations.

Program Budget

The Company’s proposed 2017-2018 DSM budget totals \$777,000 which includes \$600,000 in rebate expenses, \$147,000 in personnel expenses, and \$30,000 in program delivery and ramp-up expenses. Staff finds the proposed budget to be reasonable for the expenses associated with a new program limited to residential customers.

The Company's proposed DSM tariff rider amount is calculated by dividing the \$777,000 budget by Rate Schedule RS 211,957,936 normalized 2016 therm sales to arrive at a surcharge of \$0.00367 per therm. This is approximately \$0.22 per bill for an average customer using approximately 61 therms per month. Staff notes that because the tariff rider rate is calculated based on 2016 normalized therm sales, customer growth that occurred in 2017 will likely provide additional revenue over what the Company has forecasted. All DSM funds collected will be allocated to costs incurred in the administration and delivery of its proposed DSM program, and accounting records will be maintained to track actual expenses versus the DSM tariff rider amount collected from residential customers. Any over-collection of DSM funds will be used to offset future expenses or returned to customers.

The Company proposes a recovery mechanism in which it submits an annual budget of anticipated administrative and program costs. As part of that filing, the Company will request the Commission's ruling that its expenses are both reasonable and prudent. Also, the Company's budget will include any surplus or deficit associated with the collection of DSM funds and the incurrence of DSM-related expenses. While Staff recognizes the need for periodic filings to review the Company's programs and determine the prudence of program expenses, Staff does not believe that review constitutes advance prudence or expense approval. Staff also does not believe that annual filings are necessary for adjusting the DSM tariff rider rate. Instead of mandated, automatic reviews each year, Staff believes it is reasonable for the Commission to allow the Company to file revisions to its tariff rider at any time deemed necessary and appropriate. Staff recognizes that in its ramp up stages, the tariff rider rate may need to be adjusted more frequently as the Company's programs expand to include additional residential measures, as well as measures for general service and large volume customer classes.

Program Structure

The Company's supplemental filing in this case included its tariffs which defined the proposed measures and rebate amounts. As shown in Table 1 below, these are the same measures and rebate amounts the Company proposed in its recent rate case, INT-G-16-02. The Company proposes two tiers; Tier One incentives apply when customers install high-efficiency natural gas equipment and Tier Two incentives apply when customers install high-efficiency equipment when they convert to natural gas for water or space heat. The measures in both tiers are identical, but Tier Two incentives are higher than Tier One incentives. Additionally, Tier

Two includes an incentive for new-construction Energy Star Homes with natural gas water and space heating.

Table 1: Company Proposed Measures/Incentives

Whole Home Package (for new construction)	Description		Rebate Amount
Energy Star Certified Home	Energy Star Verified Home with Natural Gas Space and Water Heat		\$1200
Stand Alone Measures (new & existing construction)	Description	Tier One: Energy Efficiency Rebate	Tier Two: Direct Use Rebate
95% AFUE Natural Gas	95% or Greater Thermal Efficiency Rating	\$350	\$500
High Efficiency Combination Radiant Heat System	90% or Greater Efficiency Condensing Tank-less Combo System for Space and Water Heat	\$1000	\$1200
80% AFUE Natural Gas Fireplace Insert	80% AFUE Rating or Greater	\$200	\$250
70% FE Natural Gas Fireplace Insert	70% FE Rating or Greater	\$100	\$200
.67 Natural Gas Water Heater	.67 Energy Factor or Greater	\$50	\$75
.91 EF Condensing Tank-less Water Heater	.91 Energy Factor or Greater	\$150	\$200

Staff witness Donohue expressed concern about Tier Two incentives on pages 9 – 12 of her direct testimony in Case No. INT-G-16-02. To summarize, the Company’s cost-effectiveness calculations show that except for the higher incentive cost, Tier Two measures have the same measure costs and energy savings as Tier One measures. The Company claims that the higher incentive amount for Tier Two is intended to address the additional cost of fuel conversions, but the cost of the fuel conversion is not included in the cost-effectiveness calculations. Staff believes that if the measure costs and energy savings are the same, then the

incentive amounts should also align. Staff also points out that three of the seven proposed Tier Two measures are not cost-effective due to the higher incentive amount.¹

Staff acknowledges that Order No. 33757 reads, “Accordingly, we find it reasonable to authorize the Company to implement its proposed DSM program, recognizing that the Company represents that this program will be used as a starting point from which to develop more robust DSM offerings. We look forward to seeing the program develop.” Order at 37. However, Staff notes that the Commission Order did not discuss or specifically support either the Company or Staff’s position on Tier Two incentives. Therefore, Staff respectfully requests that the Commission clarify its direction on Tier Two incentives.

As part of its clarification, Staff recommends that the Commission direct the Company to consolidate its incentives into a single tier at the Tier One incentive level and retain the proposed incentive amount for the Energy Star Homes measure. Staff points out that under this proposal, customers who convert to natural gas space or water heat will still be eligible for incentives when they install high-efficiency equipment. Since all of the same customers will still be eligible for incentives, Staff does not believe that consolidating the tiers will have a detrimental impact on the cost, participation, or cost-effectiveness of the DSM program. In addition, Staff is willing to work with the Company to improve its cost-effectiveness calculations so that Staff could potentially support a proposal for Tier Two incentives in the future.

Accounting Treatment

Staff met with the Company and discussed the accounting treatment used to establish a balancing account for the energy efficiency program expenses and tariff rider revenues. Staff believes that tariff rider revenues should be calculated and booked independently from the Company’s normal sales revenue, expenses should be tracked separately from the Company’s Operations and Maintenance (O&M) expenses, and a mechanism should exist to separate labor related expenses, promotional expenses, rebates, and other energy efficiency program related expenses.

Through discussions, the Company proposes to record all costs to a Business Unit which will be incorporated into Intermountain’s Regulatory Department. Detailed cost segregation will

¹ See INT-G-16-02, Spector Exhibit 26. On the table titled “Direct Use Rebate Under Utility Cost Test,” the “UCT with Program Admin Costs” column shows that three of the seven proposed measures exceed the cost-effectiveness threshold of \$0.53182.

be facilitated by charging all program expenses to a sub-account of FERC account 908 – Customer Assistance Expense. To facilitate non-labor expense reporting, unique work orders will be used to track rebates, promotional expenses, and other program expenses. Revenues generated from the Energy Efficiency Charge will be deferred to a Regulatory Liability account (FERC 254). Deferred revenue will be reclassified monthly to Retail Revenue and then used to offset the expenses as they are incurred. Staff believes the proposed accounting treatment will accommodate the requirements for maintaining a balancing account for the energy efficiency programs’ revenues and expenses.

Reporting Requirements and Prudency Determinations

Staff discussed reporting with the Company and recommends that the Company provide a quarterly update on the year-to-date status of the balancing account which would include monthly revenues, monthly expenditures, and number of rebates issued by measure. Staff anticipates that this brief update will be emailed to interested stakeholders and would help inform decisions about the need to adjust the tariff rider amount. In addition, Staff recommends that the Company convene interested stakeholders in person twice a year to provide an opportunity for the Company to answer questions and to solicit feedback.

Staff supports the Company’s commitment to file an annual DSM report to document program performance. This report should include a summary of cost-effectiveness, expenditures, participation (number of rebates issued), and program implementation methods for each of the incented measures. These annual reports will be used to determine the reasonableness of the Company’s expenditures when the Company files for prudency, which Staff anticipates will happen at least every two years.

These recommendations are consistent with reporting standards in place for other utilities. However, Staff has deliberately streamlined the reporting requirements so that it does not unduly interfere with the program’s start-up phase.

Tariff Revisions

Staff has worked with the Company to revise the proposed Rate Schedules DSM and DSM Charge submitted as part of the Company’s Application. Revisions were made primarily to clarify and simplify these Schedules as shown in Attachment 1. With the exception of Tier Two incentives, it is Staff’s understanding that the Company agrees with the proposed changes.

The first change is to rename the schedules. Staff recommends changing the Company's proposed "Rate Schedule DSM" to "Rate Schedule EE" and the proposed "Rate Schedule DSM Charge" to "Rate Schedule EEC." These changes were made to more clearly reflect the program's focus on energy efficiency.

Another change was made to remove the term "standard efficiency" in the program description of the proposed Rate Schedule DSM. The Company's proposed Schedule does not define the term and Staff notes that what is considered "standard efficiency" may change over time. Removing the term "standard efficiency" makes it easier for customers to understand who qualifies for the equipment incentives specified in the Schedule. Staff does not anticipate that this change will impact program savings. Staff recommends the Company maintain detailed records regarding replaced equipment in order to monitor and address any issues that might significantly affect program cost-effectiveness.

In addition to revising the two proposed rates schedules submitted as part of the Company's Application, Staff worked with the Company to revise language in its existing Rate Schedule RS to reflect the Company's proposed Rate Schedule DSM Charge. Staff worked with the Company to clarify the existing tariff as well as include language pertaining to the proposed energy efficiency charge. Both Staff and the Company agree that the proposed charge should be included as a line item on customers' bills, which is reflected in Staff's proposed Rate Schedule RS as shown in Attachment 2.

Attachment Nos. 1 and 2 reflect changes to the proposed tariffs filed by the Company in this case. With the exception of Staff's recommended changes to Tier Two incentives, both the Company and Staff have agreed to the revised tariff language shown in the attachments. If the Commission directs the Company to modify its proposed energy efficiency program, Staff recommends the Commission direct the Company to work with Staff to modify the tariffs in compliance with the Commission's order.

CUSTOMER NOTICE AND PRESS RELEASE

The Company's press release and customer notice were included with its Application. Staff reviewed the documents and determined that they complied with Rule 125 of the Commission's Rules of Procedure. IDAPA 31.01.01.125. The notice was included with bills sent to customers beginning August 1, 2017 and ending September 1, 2017. Customers have the

opportunity to file comments on or before the Commission's comment deadline of September 15, 2017.

CUSTOMER COMMENTS

As of September 15, 2017, the Commission has received five comments that are opposed to the Company's proposed DSM program.

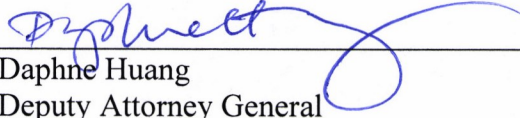
CONCLUSION AND RECOMMENDATIONS

Staff supports implementation of the Company's cost-effective natural gas DSM program because it reduces resource costs for all customers. Staff recommends approval of the funding amount, funding mechanism, and proposed accounting treatment. However, Staff's support does not constitute an advance recommendation of prudence. Staff will carefully review program expenses, implementation, and cost-effectiveness calculations when the Company files for prudence of those expenses.

Specifically, Staff recommends that:

1. The Commission approve the Company's proposed charge of \$0.00367 per therm for Rate Schedule EEC.
2. The Commission direct the Company to consolidate its incentives into a single tier at the Tier One level and retain the proposed incentive amount for the Energy Star Homes measure.
3. The Commission approve the revised Rate Schedules EE, EEC, and RS and direct the Company to work with Staff to make further revisions as necessary based on the Commission's decision, and that the Company file conforming tariffs.

Respectfully submitted this 15th day of September 2017.


Daphne Huang
Deputy Attorney General

Technical Staff: Donn English
Stacey Donohue
Kevin Keyt
Johnathan Farley

i:umisc:comments/intg17.3djhdekskjf comments

I.P.U.C. Gas Tariff Rate Schedules Original	Sheet No. 16 (Page 1 of 2)
Name of Utility	Intermountain Gas Company

Rate Schedule EE RESIDENTIAL ENERGY EFFICIENCY REBATE PROGRAM

AVAILABILITY:

The Intermountain Gas Company Energy Efficiency Rebate Program (EE Program) is available throughout Intermountain's service territory to eligible residential account holders served under the Company's Rate Schedule RS.

PROGRAM DESCRIPTION:

The purpose of the program is to encourage upgrades to, or use of, high efficiency natural gas equipment. This will be achieved through the use of rebates, offered towards the purchase and installation of qualified energy-efficient natural gas equipment and construction of Energy Star certified homes.

ELIGIBILITY:

To qualify for incentives, customers must meet the end-use qualifications identified in the Measures/Incentive Table below.

To qualify for space heating rebates, a dwelling must use natural gas as the sole heat source upon installation of rebate-qualified equipment.

To qualify for water heating rebates, a dwelling must utilize natural gas for water heating upon installation of rebate-qualified equipment.

Rebates for furnaces and water heating equipment for new construction may not be combined with the Energy Star whole home package rebates.

Attachment 1
Case No. INT-G-17-3
Staff Comments
09/15/17 Page 1 of 7

Issued by: Intermountain Gas Company	
By: Michael P. McGrath	Title: Director – Regulatory Affairs
Effective: September 12, 2016	

Rate Schedule EE
RESIDENTIAL ENERGY EFFICIENCY REBATE PROGRAM
(Continued)

MEASURES/INCENTIVES:

Whole Home Package (for new construction)	Description	Rebate Amount
Energy Star Certified Home	Energy Star Verified Home with Natural Gas Space and Water Heat	\$1200
Stand Alone Measures (for new & existing construction)	Description	Energy Efficiency Rebate
95% AFUE Natural Gas Furnace	95% or Greater Thermal Efficiency Rating	\$350
High Efficiency Combination Radiant Heat System	90% or Greater Efficiency Condensing Tank-less Combo System For Space and Water Heat	\$1000
80% AFUE Natural Gas Fireplace Insert	80% AFUE Rating or Greater	\$200
70% FE Natural Gas Fireplace Insert	70% FE Rating or Greater	\$100
.67 EF Natural Gas Water Heater	.67 Energy Factor or Greater	\$50
.91 EF Condensing Tank-less Water Heater	.91 Energy Factor or Greater	\$150

GENERAL PROVISIONS:

All installations of equipment must comply with all codes and permit requirements applicable in the state of Idaho and must be properly inspected, if required, by appropriate agencies. Customers must submit required documentation of purchase and installation to the Company under the terms and instructions of the current rebate form. The Company reserves the right to verify installation prior to the payment of any rebates.

Attachment 1
Case No. INT-G-17-3
Staff Comments
09/15/17 Page 2 of 7

Issued by: **Intermountain Gas Company**

By: Michael P. McGrath

Effective: September 12, 2016

Title: Director – Regulatory Affairs

Rate Schedule EEDSM
RESIDENTIAL ENERGY EFFICIENCY REBATE PROGRAM

AVAILABILITY:

The Intermountain Gas Company Energy Efficiency Rebate Program (EE Program) is available throughout Intermountain's service territory to qualifying-eligible residential account holders served under the Company's ~~Residential Rate Schedule RS~~ upon meeting the requirements contained in the following eligibility section.

PROGRAM DESCRIPTION:

~~The purpose of the program is to encourage upgrades to, or use of, from standard efficiency to high efficiency natural gas equipment. The EE Program was designed for the purpose of acquiring cost-effective DSM resources in the form of natural gas therm savings. This will be achieved through the use of rebates, offered towards the purchase and installation of qualified energy-efficient natural gas equipment and construction of Energy~~ENERGY Star certified homes. All energy efficiency upgrades must take place within Intermountain's service area and will be provided only to account holders on the Company's residential rate schedule.

ELIGIBILITY:

To qualify for incentives, customers must meet the end-use qualifications identified in the Measures/Incentive Table below.

~~The purpose of the program is to encourage upgrades from standard efficiency to high efficiency natural gas equipment. Customers currently using high-efficiency natural gas HVAC or water heating equipment are not eligible for rebates under this program.~~

Customers are eligible for the following tiers of incentives:

- ~~Tier One~~ (Energy Efficiency Rebates)
Designated for customers upgrading from standard efficiency to high-efficiency natural gas equipment
- ~~Tier Two~~ (Direct Use Rebates)
Designated for customers upgrading from standard non-gas equipment to high-efficiency natural gas equipment and for qualified energy efficiency upgrades in the new construction sector

To qualify for space heating rebates, a dwelling must use natural gas as the sole heat source upon installation of rebate-qualified equipment.

To qualify for water heating rebates, a dwelling must utilize natural gas for water heating upon installation of rebate-qualified equipment.

Attachment 1
Case No. INT-G-17-3
Staff Comments
09/15/17 Page 3 of 7

Issued by: **Intermountain Gas Company**

By: Michael P. McGrath

Effective: September 12, 2016

Title: Director – Regulatory Affairs

Rebates for furnaces and water heating equipment for new construction may not be combined with the Energy STAR whole home package rebates. ~~as they are already included as part of the Energy STAR home.~~

Rate Schedule DSMEE
RESIDENTIAL ENERGY EFFICIENCY REBATE PROGRAM
(Continued)

MEASURES/INCENTIVES:

Whole Home Package (for new construction)	Description	<u>Rebate Amount</u>
Energy Star Certified Home	Energy Star Verified Home with Natural Gas Space and Water Heat	<u>\$1200</u>
Stand Alone Measures (for new & existing construction)	Description	<u>Tier One: Energy Efficiency Rebate</u>
95% AFUE Natural Gas Furnace	95% or Greater Thermal Efficiency Rating	\$350
High Efficiency Combination Radiant Heat System	90% or Greater Efficiency Condensing Tank-less Combo System For Space and Water Heat	\$1000
80% AFUE <u>Natural Gas</u> Fireplace Insert	80% AFUE Rating or Greater	\$200
70% FE <u>Natural Gas</u> Fireplace Insert	70% FE Rating or Greater	\$100
.67 <u>EF</u> Natural Gas Water Heater	.67 Energy Factor or Greater	\$50
.91 EF Condensing Tank-less Water Heater	.91 Energy Factor or Greater	\$150

GENERAL PROVISIONS:

~~The Company will track all programmatic costs, savings, and equipment installations associated with this effort and will use this information to refine the program on an annual basis. An annual report shall be~~

Issued by: **Intermountain Gas Company**

By: Michael P. McGrath

Effective: September 12, 2016

Title: Director – Regulatory Affairs

Attachment 1

Case No. INT-G-17-3

Staff Comments

09/15/17 Page 4 of 7

Name
of Utility

Intermountain Gas Company

~~issued for each year of the program with data including, but not limited to: number of participants, cost effectiveness under the utility cost and total resource cost tests, total program expenditures, and other information as appropriate.~~

All installations of equipment must comply with all codes and permit requirements applicable in the state of Idaho and must be properly inspected, if required, by appropriate agencies. Customers must submit required documentation of purchase and installation to the Company under the terms and instructions of the current rebate form. The Company reserves the right to verify installation prior to the payment of any rebates.

Attachment 1
Case No. INT-G-17-3
Staff Comments
09/15/17 Page 5 of 7

Issued by: **Intermountain Gas Company**

By: Michael P. McGrath

Effective: September 12, 2016

Title: Director – Regulatory Affairs

I.P.U.C. Gas Tariff Rate Schedules Original		Sheet No. 17 (Page 1 of 1)
Name of Utility	Intermountain Gas Company	

Rate Schedule EEC ENERGY EFFICIENCY CHARGE

APPLICABILITY:

Applicable to customers taking service under Rate Schedule RS. The Energy Efficiency Charge is designed to fund administrative and program delivery costs incurred by the Company for energy efficiency services provided to customers as outlined in Rate Schedule EE.

MONTHLY RATE:

The Monthly Rate is equal to the applicable Energy Efficiency Charge multiplied by the monthly billed therms.

<u>Schedule</u>	<u>Energy Efficiency Charge</u>
Rate Schedule RS	\$0.00367

Attachment 1
Case No. INT-G-17-3
Staff Comments
09/15/17 Page 6 of 7

Issued by: Intermountain Gas Company	
By: Michael P. McGrath	Title: Director – Regulatory Affairs
Effective: October 1, 2017	

**Rate Schedule EEC
Energy Efficiency~~DSM~~ Charge
DEMAND SIDE MANAGEMENT ("DSM")
PROGRAM FUNDING MECHANISM**

APPLICABILITY:

Applicable to customers taking service under Rate Schedule RS. The Energy Efficiency~~DSM~~ Charge is designed to fund administrative and program delivery costs incurred by the Company ~~in its provision of~~ energy efficiency services provided to customers as outlined in Rate Schedule EE~~DSM~~. ~~This Schedule will be reviewed annually and revised as necessary to ensure adequate funding for the DSM program. Additionally, the Company shall submit an annual budget of anticipated administrative and program costs. Any change to this Schedule is subject to Commission approval.~~

MONTHLY RATE:

The Monthly Rate is equal to the applicable Energy Efficiency~~DSM~~ Charge ~~times multiplied by the~~ monthly billed therms.

<u>Schedule</u>	<u>Energy Efficiency</u> DSM Charge
Rate Schedule RS	\$0.00367

Attachment 1
Case No. INT-G-17-3
Staff Comments
09/15/17 Page 7 of 7

Issued by: **Intermountain Gas Company**

By: Michael P. McGrath

Title: Director – Regulatory Affairs

Effective: October 1, 2017

**Rate Schedule RS
RESIDENTIAL SERVICE**

APPLICABILITY:

Applicable to any customer using natural gas for residential purposes.

RATE:

Monthly minimum charge is the Customer Charge.

Customer Charge: \$5.50 per bill

Per Therm Charge: \$0.58143*

*Includes the following:

Cost of Gas:	1) Temporary purchased gas cost adjustment	(\$0.05395)
	2) Weighted average cost of gas	\$0.26020
	3) Gas transportation cost	\$0.19964

Distribution Cost: \$0.17187

EE Charge: \$0.00367

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for the cost of purchased gas as provided for in Rate Schedule PGA. This adjustment is incorporated into the calculation of the Cost of Gas stated on customer bills.

ENERGY EFFICIENCY CHARGE ADJUSTMENT:

This tariff is subject to an adjustment for costs related to the Company's Energy Efficiency program as provided for in Rate Schedule EEC. The Energy Efficiency Charge is separately stated on customer bills.

SERVICE CONDITIONS:

All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this rate schedule is a part.

**Rate Schedule RS
RESIDENTIAL SERVICE**

APPLICABILITY:

Applicable to any customer using natural gas for residential purposes.

RATE:

Monthly minimum charge is the Customer Charge.

Customer Charge: \$5.50 per bill

Per Therm Charge: \$0.58143*

*Includes the following:

Cost of Gas:	1) Temporary purchased gas cost adjustment	(\$0.05395)
	2) Weighted average cost of gas	\$0.26020
	3) Gas transportation cost	\$0.19964

Distribution Cost: \$0.17187

EE Charge: \$0.00367

PURCHASED GAS COST ADJUSTMENT:

This tariff is subject to an adjustment for cost of purchased gas as provided for in the Company's Purchased Gas Cost Adjustment Schedule, Rate Schedule PGA. This adjustment is incorporated into the calculation of the Cost of Gas stated on customer bills.

ENERGY EFFICIENCY CHARGE ADJUSTMENT:

This tariff is subject to an adjustment for costs related to the Company's Energy Efficiency program as provided for in Rate Schedule EEC. The Energy Efficiency Charge is separately stated on customer bills.

SERVICE CONDITIONS:


All natural gas service hereunder is subject to the General Service Provisions of the Company's Tariff, of which this rate schedule is a part.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 15TH DAY OF SEPTEMBER 2017, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. INT-G-17-03, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

MICHAEL P McGRATH
DIR – REGULATORY AFFAIRS
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SECRETARY