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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF INTERMOUNTAIN GAS COMPANY FOR APPROVAL TO PLACE INTO EFFECT A CHANGE IN ITS DEPRECIATION AND AMORTIZATION RATES.

CASE NO. INT-G-17-06

COMMENTS OF THE COMMISSION STAFF

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Camille Christen, Deputy Attorney General, and in response to the Notice of Settlement Stipulation and Notice of Modified Procedure, Order No. 33990, issued on February 21, 2018, submits the following comments.

BACKGROUND

On October 27, 2017, Intermountain Gas Company filed an Application seeking approval to change its composite depreciation and amortization rates. The Company asked to: (1) increase its composite depreciation rate from 3.05% (3.09% when weighted by December 31, 2016 assets) to 3.18%;[1] and (2) decrease its total General Plant account amortizations from $2,066,577 to $1,648,415.[2] The Company indicated it needed to make changes because its most recent studies show that overall, it had under-depreciated its assets and over-amortized General Plant

[1] As shown in Exhibit 1 of the Application.

[2] As shown on Exhibit 2 of the Application.

accounts. The Company did not propose to increase the prices that customers pay for natural gas service in this case. The Company requested that the increase to the annual composite depreciation rate be effective January 1, 2018, consistent with the beginning of its annual financial reporting period.

The Commission issued a Notice of Application and set a deadline for interventions. Order No. 33934. No interventions were received. A settlement conference was then noticed and held on January 10, 2018, and further discussions ensued. On February 12, 2018, Commission Staff filed a Motion to approve a Settlement Stipulation agreed to by the Company and Staff (collectively, the Parties). The Motion asked the Commission to accept the Stipulation and implement revised depreciation and amortization schedules effective January 1, 2018. The Commission issued a Notice of Settlement Stipulation and Notice of Modified Procedure setting comment and reply deadlines, Order No. 33990.

The Parties agree the Settlement Stipulation represents "a fair, just and reasonable compromise of all the issues raised in the proceeding, is in the public interest and its acceptance by the Commission represents a reasonable resolution of the multiple issues identified by the Settling Parties in this case." *Id.*

The Parties agreed to depreciation rates set forth in Attachment A to the Stipulation, recommended acceptance of all other depreciation account accruals shown in the Application's Exhibits in this case, and recommended acceptance of the changes in amortization expenses shown in the Application's Exhibits in Case No. INT-G-17-06. *Id.* at 3. As a result of the Stipulation, the Company's overall depreciation rate would be 2.78%, as compared to the originally proposed 3.18%. *Id.*

The Parties agreed to further discuss, outside of this proceeding, possible changes to the accounting structure for its liquid natural gas plants at Nampa and Rexburg, Idaho, and the appropriate depreciation study cycle (that is, a three year cycle or something else) going forward.

STAFF ANALYSIS

Staff reviewed the Company's Application and the accompanying Depreciation and Amortization Accrual Rate Studies conducted by AUS Consultants. During the course of this review, Staff performed an analysis of the depreciation rates, service lives, remaining lives, and salvage values for all plant asset accounts. Based on Staff's review and negotiations with the

Company, Staff believes the Settlement Stipulation represents a compromise of all the issues and results in depreciations rates that are just, fair, and reasonable. Furthermore, Staff accepts the Company's proposal that the effective date for the changes in the annual depreciation and amortization rates be January 1, 2018. The rationale for this acceptance is that depreciation expense is transacted annually and is included in the Company's annual financial statements. Therefore, in order to allow the Company to capture this expense in time to be included in the financial statements for this year, it is ideal for the effective date to be set at the beginning of the year; that is, in the first quarter. An order by the end of March will allow the Company to record depreciation expense for the full year. The comments below identify specific concerns that were addressed in the stipulation or previous orders.

A. Depreciation

As a result of the settlement discussions, Staff and the Company have agreed to new depreciation rates that will allow the Company to deduct an annual depreciation expense at an annual composite depreciation rate of 2.78%, or $15,161,109 based on the 2016 year-end balances. Attachment A to the Settlement Stipulation, also attached here, provides the agreed upon annual depreciation rates.

Services Account 380

Historically, the Services account has experienced significant negative net salvage value because of high removal costs as few services are retired individually. However, the current increase in the cost of removing the services has been primarily the result of a change in the way the removal costs are processed and calculated. In the mid-2013, the Company implemented the PowerPlan fixed asset software application. The purpose was to be able to more accurately capture the costs related to the removal of capitalized facilities from service based on the project manager's assessment of the work done on every project. Prior to the implementation of the PowerPlan application, labor and other costs had to be directly assigned by the employees working on a capital project to unique retirement accounts separate from the addition accounts for replacements of facilities. However, this required more time and effort for employees to code the addition and retirement account on most charges. Thus, instead, employees typically recorded all costs to the addition account rather than take the time to directly split the charges. Furthermore, it was very difficult to get sub-contractors to report the split between addition and retirement work on their invoices. This resulted in much lower removal cost charges than were actually physically occurring on each job and created a misrepresentation of the new facility investment.

The Services account is the second largest distribution plant account and due to modern superior construction, cathodic protection and increased use of main materials, their lives continue to lengthen. The Company states that since the last study in 2013, Case No. INT-G-14-02, the net salvage values (i.e. gross salvage net of removal costs) has become increasingly negative. Comparatively, the salvage value for this account has decreased from negative 50% to a negative 121%. This results in an increase in annual depreciation rates from 2.67% to 4.89% or, based on 2016 year-end plant balances, an increase in the annual depreciation expense from $4,099,537 to $7,508,141.

Staff expressed its concern that the accounting change is due to enhanced separation of costs and not an under recovery of costs making the change over a period of time more appropriate than a single adjustment. Staff and the Company propose to mitigate this impact by spreading the increase in depreciation expense over the next three depreciation studies. During the settlement discussions, Staff and the Company agreed that the annual depreciation rate for the services account should be set at 3.47%, instead of the 4.89% originally requested by the Company. This reflects an annual depreciation expense, based on the year-end 2016 plant balances, of $5,327,863 which is a decrease of $2,180,278 from the Company's proposal.

Electronic Meter Reading Transmitter (ERTs) Equipment Account 381.2

The Company currently depreciates ERTs at a rate of 14.22% with an annual depreciation expense of $2,653,402. In its Application, the Company proposed to reduce the annual depreciation rate to 5.14% with an annual depreciation expense of $959,106, which is a decrease of $1,694,296. Staff agrees with the Company and recommends that the depreciation rate for the ERTs be accepted as filed.

Since 2002, the Company undertook two projects with the purpose of upgrading its meter reading equipment and thus ensuring greater efficiency in meter reading. The first phase of this project was implemented in 2002-2003. During this phase, the Company installed automated and remote meter reading equipment, using the electronic devices, which record the metered usage and transmits the usage to a radio receiving device in a Company vehicle as it passes through the company service area. These were the original 40G Legacy ERT or the First Generation ERTs.

The First Generation ERTs proved problematic for the Company and thus needed to be replaced. The main issue was the fact that the equipment used a battery that had a shorter life (12-15 years) with the potential of being outlived by the unit, which had a manufacture design life of 20 years. In addition, these batteries were no longer being manufactured. Problems would be compounded if the Company waited for the 40G ERT units to fail before replacing them, as this would result in increased billing errors, billing adjustments issues, estimation of usage and more administrative work in order to ensure that customers understand how their bill was affected.

As a result, 12 years after the 2002 initial deployment, in 2014 the Company began to proactively replace all the 40G ERT (First Generation) with the 100G ERT (Second Generation). According to Itron, the manufacturer, and the Company's findings in the 2016 depreciation study, the 100G model comes with numerous advantages over the 40G model. The 100G model offers a mechanical, electronic, and battery life of 20 years, and allows for greater distance reading ability of the ERTs. This project was completed at the end of 2017. The Company now has relatively new ERT units with a projected service life of 18 years, compared to the 12-year service life of the First Generation ERTs. Staff conducted an evaluation of the appropriate depreciation rate for these new ERTs and represents that the Company's proposed depreciation rate for the ERTs is reasonable.

Liquefied Natural Gas (LNG) Facilities – Nampa & Rexburg

The Company currently depreciates the Nampa LNG facility at an annual depreciation rate of 2% with an annual depreciation expense of $406,435 based on 2016 year-end plant balances. The annual depreciation rate for the Rexburg LNG facility is currently 6.84% with an annual depreciation expense of $343,572. In this Application, the Company requested that these rates be changed to 3.56% with an annual depreciation expense of $723,454 for the Nampa LNG facility, and 3.67% with an annual depreciation expense of $184,343 for the Rexburg LNG facility. Staff agrees with the Company and recommends the above changes in the depreciation rates be accepted as filed, as explained below.

In its depreciation study, the Company states that the Nampa-LNG and the Rexburg LNG facilities are integral parts of the Company's gas delivery resources and will remain in service for the near term. The Nampa LNG facility has been used, historically, to provide gas during the period of high demand for gas. It now also has a loading station where LNG is loaded on trucks for distribution to third-party purchasers or other areas. In 2008 the Company installed vaporization equipment at the Rexburg LNG facility to vaporize LNG delivered by truck. The Nampa LNG facility supplies the LNG for the Rexburg LNG facility, which vaporizes the LNG and distributes the gas in the Company Rexburg and Idaho Falls service area.

In order to maintain the continued utilization of its LNG facilities and extend the depreciable lives as reflected in this depreciation study, the Company installed a new compressor and turbine, made upgrades to the vaporizer, and completed several other plant improvements. As a result of these investments and after discussions with Staff, the Company reached a settlement agreement whereby Staff accepted the Company's proposed depreciation rates. Furthermore, as stated in term 9 of the Settlement Stipulation, Staff and the Company agree to conduct further discussions, in the future, for the adoption of an accounting structure that would accommodate an additional break down by components for assets associated with the Company's LNG plants in Nampa and in Rexburg.

B. Amortizations

The Company requested total General Plant Account amortizations decrease by $418,162, from $2,066,577 to $1,648,415. Staff thoroughly examined the amortization study for the General Plant Accounts submitted by the Company. This study covered the submitted details of the General Plants Account Nos. 391 Furniture and Office Equipment; 393 Stores Equipment; 394 Tools, Shop, and Garage Equipment; 395 Laboratory Equipment; 397 Communications Equipment; and 398 Miscellaneous Equipment. The changes in these accounts are primarily associated with the investments the Company made in 2016.

Significant investments were made in new desks, chairs, tables, computer equipment, software and office equipment reflected in Account No. 391. Additional investments were made in the construction and maintenance tools used in the Company operations, namely: detectors, emergency equipment, power tools, racks and shelving in Account No. 394. Lastly, Account No. 397 –Communication Equipment, incorporates the investments that the Company made in the internal telephone systems and mobile radio equipment. This equipment is used in the Company's construction, service vehicles, the telephone systems, and the call center. The Company provided extensive details in the study for all of the above accounts. Thus, after in-depth analysis and several discussions with the Company, Staff believes the Company's proposed amortization rates, shown in Attachment B, are reasonable and recommends they be accepted.[3]

STAFF RECOMMENDATIONS

After a thorough review of the Company's Application and its Depreciation and Amortization Accrual Rates Study, and discussions with the Company, Staff recommends that the Commission approves the Stipulation as filed, resulting in annual composite depreciation rate of 2.78%. Based on the 2016 year-end plant balances, this depreciation rate would be associated with an annual depreciation expense of $15,161,109. Staff recommends that the Commission accept, as filed, the Company's proposed annual decrease in the total General Plant account amortizations in the amount of $418,162. Staff recommends a January 1, 2018 effective date.

Respectfully submitted this 14th day of March 2018.

Camille Christen

Camille Christen
Deputy Attorney General

Technical Staff: Johan Kalala-Kasanda
Terri Carlock

i:umisc/comments/intg17.6cctcjk comments

[3] Exhibit B reproduces page 1 of Exhibit 2 of the Company's Application.

Intermountain Gas Company
Summary of Present and Proposed
Depreciation Accrual Parameters and Expenses
Study Date : As of December 31, 2016

Net Change in Annual Accruals
(Depreciation Life & Rate Procedures)

Line Number	Account Number (a)	Study Category (b)	Account Name (c)	Current Study 12-31-2016 Investment Balance $s (d)	Current Study 12-31-2016 Reserved Balance $s (e)	Percent Reserved % (f) (e)/(d)	Present Annual Accrual Rate %/year (g)	Present Annual Accruals $s/year (h) (d)*(g)	Proposed Annual Accrual Rate %/year (i)	Proposed Annual Accruals $s/year (j) (d)*(i)	Net Change $s/year (k) (j)-(h)
1	361.00	LNG	LNG Facilities - Nampa	20,321,751	8,113,593	39.9%	2.00%	406,435	3.56%	723,454	317,019
2	363.60	LNG	LNG Facilities - Rexburg	5,022,981	3,556,890	70.8%	6.84%	343,572	3.67%	184,343	(159,229)
3			Subtotal LNG Facilities Plant	25,344,732	11,670,483			750,007		907,797	157,790
4	365.00	ROW	Right of Way	782,865	371,103	47.4%	2.17%	16,988	2.16%	16,910	(78)
5	366.00	TCS	Structures and Improvements	77,152	35,679	46.2%	6.21%	4,791	6.26%	4,830	39
6	367.00	TMN	Transmission Mains	69,508,685	41,220,065	59.3%	2.68%	1,862,833	2.27%	1,577,847	(284,986)
7	368.00	TCS	Compressor Equipment	1,730,359	(31,034)	-1.8%	6.71%	116,107	6.72%	116,280	173
8	370.00	TCE	Communication Equipment	714,440	751,894	105.2%	-0.03%	(214)	-0.02%	(143)	71
9			Subtotal Transmission Plant	72,813,501	42,347,707	58.2%	2.75%	2,000,505	2.36%	1,715,724	(284,781)
10	374.00	LRT	Land Rights	646,118	286,723	44.4%	1.72%	11,113	1.85%	11,953	840
11	375.00	STR	Structures and Improvements	18,864	19,849	105.2%	0.11%	21	-0.08%	(15)	(36)
12	376.00	MNS	Mains	169,530,614	101,709,107	60.0%	2.25%	3,814,439	1.91%	3,238,035	(576,404)
13	378.00	MRG	Regulator Station Equipment	9,528,631	2,761,074	29.0%	3.07%	292,529	2.99%	284,906	(7,623)
14	380.00	SVC	Services	153,540,714	91,006,870	59.3%	2.67%	4,099,537	3.47%	5,327,863	1,228,326
15	381.00	MTR	Meters	24,891,624	12,794,848	51.4%	1.89%	470,452	1.88%	467,963	(2,489)
16	381.20	ERT	Electronic Meter Reading Transmitter (ERT) Units	18,659,645	4,550,779	24.4%	14.22%	2,653,402	5.14%	959,106	(1,694,296)
17	382.00	MTI	Meter Installations	9,584,602	5,163,047	53.9%	2.31%	221,404	1.92%	184,024	(37,380)
18	382.20	ERI	ERT Installations	5,200,132	198,589	3.8%	11.88%	617,776	6.76%	351,529	(266,247)
19	383.00	HRG	House Regulators	6,510,137	2,965,948	45.6%	1.96%	127,599	2.07%	134,760	7,161
20	384.00	HRI	House Regulators - Installation	7,511,153	2,348,181	31.3%	2.17%	162,992	2.25%	169,001	6,009
21	385.00	IMR	Regulator Station - Industrial	11,375,621	5,968,302	52.5%	2.69%	306,004	2.46%	279,840	(26,164)
22			Subtotal Distribution Plant	416,997,855	229,773,317	55.1%	3.06%	12,777,268	2.74%	11,408,965	(1,368,303)
23	390.10	GSI	Structures and Improvements	19,719,431	7,885,193	40.0%	2.31%	455,519	2.26%	445,659	(9,860)
24	392.10	GTR	Transportation Equipment	9,652,708	3,751,508	38.9%	8.61%	831,098	6.34%	611,982	(219,116)
25	396.00	GPE	Power Operated Equipment	1,394,544	468,512	33.6%	5.39%	75,166	5.09%	70,982	(4,184)
26			Subtotal General Plant	30,766,683	12,105,213	39.3%	4.43%	1,361,783	3.67%	1,128,623	(233,160)
27			Total Depreciable Plant	545,922,771	295,896,720	54.2%	3.09%	16,889,563	2.78%	15,161,109	(1,728,454)

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Intermountain Gas Company
Summary of Present and Proposed
Depreciation Accrual Parameters and Expenses
Study Date : As of December 31, 2016

Proposed Depreciation Rate Parameters (Depreciation Life & Rate Procedures)

Line Number	Account Number (a)	Study Category (b)	Account Name (c)	Current Study 12-31-2016 Investment Balance $s (d)	Current Study 12-31-2016 Reserved Balance $s (e)	Percent Reserved % (f) (e)/(d)	Retirement Dispersion (g)	Projection Life year (h)	Average Service Life year (i)	Average Age year (j)	Average Remaining Life year (k)	Net Salvage % (l)	Annual Accrual Rate %/year (m) (1-(f)-(l))/(k)	Annual Accruals $s/year (n) (m)*(d)
1	361.00	LNG	LNG Facilities - Nampa	20,321,751	8,113,593	39.9%	S4.0 / S5.0	32.0	34.0	15.0	21.7	-17.20%	3.56%	723,454
2	363.60	LNG	LNG Facilities - Rexburg	5,022,981	3,556,890	70.8%	R4.0	22.0	22.0	8.2	13.8	-21.50%	3.67%	184,343
3			Subtotal LNG Facilities Plant	25,344,732	11,670,483									907,797
4	365.00	ROW	Right of Way	782,865	371,103	47.4%	R5.0	41.4	41.7	17.6	24.3	0.00%	2.16%	16,910
5	366.00	TCS	Structures and Improvements	77,152	35,679	46.2%	R5.0	27.0	30.9	24.6	9.4	-5.00%	6.26%	4,830
6	367.00	TMN	Transmission Mains	69,508,685	41,220,065	59.3%	S5.0	52.0	53.2	20.7	33.4	-35.00%	2.27%	1,577,847
7	368.00	TCS	Compressor Equipment	1,730,359	(31,034)	-1.8%	R4.0	20.0	19.9	5.5	14.4	5.00%	6.72%	116,280
8	370.00	TCE	Communication Equipment	714,440	751,894	105.2%	L3.0	30.0	42.4	35.4	8.2	-5.00%	-0.02%	(143)
9			Subtotal Transmission Plant	72,813,501	42,347,707	58.2%			50.9	20.5	31.8	-31.71%	2.36%	1,715,724
10	374.00	LRT	Land Rights	646,118	286,723	44.4%	R5.0	48.0	50.5	22.2	30.0	0.00%	1.85%	11,953
11	375.00	STR	Structures and Improvements	18,864	19,849	105.2%	R5.0	45.0	53.3	50.8	2.6	-5.00%	-0.08%	(15)
12	376.00	MNS	Mains	169,530,614	101,709,107	60.0%	R4.0	65.0	65.9	21.2	45.1	-46.00%	1.91%	3,238,035
13	378.00	MRG	Regulator Station Equipment	9,528,631	2,761,074	29.0%	R2.0	42.0	43.9	10.7	34.1	-31.00%	2.99%	284,906
14	380.00	SVC	Services	153,540,714	91,006,870	59.3%	R4.0	50.0	50.9	18.2	33.1	-74.00%	3.47%	5,327,863
15	381.00	MTR	Meters	24,891,624	12,794,848	51.4%	R4.0	42.0	43.5	18.6	25.8	0.00%	1.88%	467,963
16	381.20	ERT	Electronic Meter Reading Transmitter (ERT) Units	18,659,645	4,550,779	24.4%	S5.0	18.0	18.0	3.0	15.1	-2.00%	5.14%	959,106
17	382.00	MTI	Meter Installations	9,584,602	5,163,047	53.9%	R4.0	42.0	43.4	20.1	24.0	0.00%	1.92%	184,024
18	382.20	ERI	ERT Installations	5,200,132	198,589	3.8%	R5.0	18.0	18.0	1.4	16.6	-16.00%	6.76%	351,529
19	383.00	HRG	House Regulators	6,510,137	2,965,948	45.6%	R4.0	42.0	43.5	18.2	26.3	0.00%	2.07%	134,760
20	384.00	HRI	House Regulators - Installation	7,511,153	2,348,181	31.3%	R4.0	42.0	42.4	12.2	30.5	0.00%	2.25%	169,001
21	385.00	IMR	Regulator Station - Industrial	11,375,621	5,968,302	52.5%	R2.0	37.0	40.2	16.3	25.0	-14.00%	2.46%	279,840
22			Subtotal Distribution Plant	416,997,855	229,773,317	55.1%			48.8	18.3	32.8	-41.99%	2.74%	11,408,965
23	390.10	GSI	Structures and Improvements	19,719,431	7,885,193	40.0%	R2.0	34.0	37.2	14.7	24.3	5.00%	2.26%	445,659
24	392.10	GTR	Transportation Equipment	9,652,708	3,751,508	38.9%	L2.0	10.0	10.9	4.5	6.8	18.00%	6.34%	611,982
25	396.00	GPE	Power Operated Equipment	1,394,544	468,512	33.6%	L2.0	12.0	13.0	3.9	10.1	15.00%	5.09%	70,982
26			Subtotal General Plant	30,766,683	12,105,213	39.3%							3.67%	1,128,623
27			Total Depreciable Plant	545,922,771	295,896,720	54.2%							2.78%	15,161,109.00

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Intermountain Gas Company
Summary of Present and Proposed
Depreciation Accrual Parameters and Expenses
Study Date : As of December 31, 2016

Theoretical Reserve Analysis (Depreciation Life & Rate Procedures)

Line Number	Account Number (a)	Study Category (b)	Account Name (c)	Current Study 12-31-2016 Investment Balance $s (d)	Current Study 12-31-2016 Reserved Balance $s (e)	Percent Reserved % (f) (e)/(d)	Future Net Salvage % (g)	Average Net Salvage % (h)	Average Remaining Life years (i)	Average Service Life years (j)	Theoretical Reserve Percent % of OC (k) (1-(g))-((1-(h))*(i)/(j))	Theoretical Reserve $s (l) (k)*(d)	Reserve Variance $s (m) (l)-(e)
1	361.00	LNG	LNG Facilities - Nampa	20,321,751	8,113,593	39.9%	-17.20%	-17.20%	21.7	34.0	42.4%	8,616,422	502,829
2	363.60	LNG	LNG Facilities - Rexburg	5,022,981	3,556,890	70.8%	-21.50%	-21.50%	13.8	22.0	45.3%	2,274,908	(1,281,982)
3			Subtotal LNG Facilities Plant	25,344,732	11,670,483							10,891,330	(779,153)
4	365.00	ROW	Right of Way	782,865	371,103	47.4%	0.00%	0.00%	24.3	41.7	41.7%	326,690	(44,413)
5	366.00	TCS	Structures and Improvements	77,152	35,679	46.2%	-5.00%	-5.00%	9.4	30.9	73.1%	56,367	20,688
6	367.00	TMN	Transmission Mains	69,508,685	41,220,065	59.3%	-35.00%	-35.00%	33.4	53.2	50.2%	34,921,163	(6,298,902)
7	368.00	TCS	Compressor Equipment	1,730,359	(31,034)	-1.8%	5.00%	5.00%	14.4	19.9	26.3%	454,392	485,426
8	370.00	TCE	Communication Equipment	714,440	751,894	105.2%	-5.00%	-5.00%	8.2	42.4	84.7%	605,059	(146,835)
9			Subtotal Transmission Plant	72,813,501	42,347,707	58.2%	-31.71%	-31.71%	31.8	50.9	49.9%	36,363,671	(5,984,036)
10	374.00	LRT	Land Rights	646,118	286,723	44.4%	0.00%	0.00%	30.0	50.5	40.6%	262,259	(24,464)
11	375.00	STR	Structures and Improvements	18,864	19,849	105.2%	-5.00%	-5.00%	2.6	53.3	99.9%	18,841	(1,008)
12	376.00	MNS	Mains	169,530,614	101,709,107	60.0%	-46.00%	-46.00%	45.1	65.9	46.1%	78,119,707	(23,589,400)
13	378.00	MRG	Regulator Station Equipment	9,528,631	2,761,074	29.0%	-31.00%	-31.00%	34.1	43.9	29.2%	2,786,172	25,098
14	380.00	SVC	Services	153,540,714	91,006,870	59.3%	-74.00%	-74.00%	33.1	50.9	60.9%	93,429,524	2,422,654
15	381.00	MTR	Meters	24,891,624	12,794,848	51.4%	0.00%	0.00%	25.8	43.5	40.7%	10,128,402	(2,666,446)
16	381.20	ERT	Electronic Meter Reading Transmitter (ERT) Units	18,659,645	4,550,779	24.4%	-2.00%	-2.00%	15.1	18.0	16.4%	3,065,780	(1,484,999)
17	382.00	MTI	Meter Installations	9,584,602	5,163,047	53.9%	0.00%	0.00%	24.0	43.4	44.7%	4,284,317	(878,730)
18	382.20	ERI	ERT Installations	5,200,132	198,589	3.8%	-16.00%	-16.00%	16.6	18.0	9.0%	469,052	270,463
19	383.00	HRG	House Regulators	6,510,137	2,965,948	45.6%	0.00%	0.00%	26.3	43.5	39.5%	2,574,108	(391,840)
20	384.00	HRI	House Regulators - Installation	7,511,153	2,348,181	31.3%	0.00%	0.00%	30.5	42.4	28.1%	2,108,381	(239,800)
21	385.00	IMR	Regulator Station - Industrial	11,375,621	5,968,302	52.5%	-14.00%	-14.00%	25.0	40.2	43.1%	4,902,893	(1,065,409)
22			Subtotal Distribution Plant	416,997,855	229,773,317	55.1%	-41.99%	-41.99%	32.8	48.8	48.5%	202,149,436	(27,623,881)
23	390.10	GSI	Structures and Improvements	19,719,431	7,885,193	40.0%	5.00%	5.00%	24.3	37.2	32.9%	6,495,581	(1,389,612)
24	392.10	GTR	Transportation Equipment	9,652,708	3,751,508	38.9%	18.00%	18.00%	6.8	10.9	30.8%	2,976,895	(774,613)
25	396.00	GPE	Power Operated Equipment	1,394,544	468,512	33.6%	15.00%	15.00%	10.1	13.0	19.0%	264,406	(204,106)
26			Subtotal General Plant	30,766,683	12,105,213	39.3%	13.26%	13.26%	13.1	20.2	31.6%	9,736,882	(2,368,331)
27			Total Depreciable Plant	545,922,771	295,896,720	54.2%	-32.39%	-32.39%	29.4	44.3	47.5%	259,141,319	(36,755,401)

Intermountain Gas Company
General Plant Amortization Study
As of December 31, 2016

Line Number	Description	Account 391 Furniture and Office Equipment	Account 393 Stores Equipment	Account 394 Tools, Shop, and Work Equipment	Account 395 Laboratory Equipment	Account 397 Communications Equipment	Account 398 Miscellaneous Equipment	Total General Plant Amortizations
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	Activity At 12-31-2016							
1	**Plant and Reserve Investment**							
2	Investment ($s)	8,536,874	0	6,158,589	0	1,799,715	0	16,495,178
3	Reserve ($s)	5,311,773	6,950	1,780,909	0	-192,223	0	6,907,409
4	% Reserved	62.22%		28.92%		-10.68%		41.88%
5	**Existing Amortization Rate and Expense**							
6	Amortization Period as of 12-31-2013 (years)	9.25		18.17		7.00		
7	Rate as of 12-31-2013 (%/year)	16.18%		5.59%		18.95%		12.53%
8	Expense ($s/year)	1,381,266		344,265		341,046		2,066,577
9	**Proposed Amortization Rate and Expense**							
10	Age as of 12-31-2016 (years)	4.80		4.72		3.71		
11	Amortization Period as of 12-31-2016 (years)	9.87		15.48		7.00		
12	Remaining Life as of 12-31-2016 (years)	5.07		10.76		3.29		
13	**Amortization Rate as of 12-31-2016 (%/year)**	**7.45%**		**6.61%**		**33.64%**		**9.99%**
14	**Annual Amortization as of 12-31-2016 ($s/year)**	**636,115**		**406,848**		**605,452**		**1,648,415**
15	**Difference in Amortization Rate and Expense**							
16	**Annual Amortization ($s/year)**	**(745,151)**		**62,583**		**264,406**		**-418,162**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 14th DAY OF MARCH 2018, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF,** IN CASE NO. INT-G-17-06, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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Ryma Dietel

SECRETARY