BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)

INTERMOUNTAIN GAS COMPANY FOR)CASE NO. INT-G-95-3

AUTHORITY TO CHANGE ITS PRICES)

ON JULY 1, 1995 AND CANCEL ITS LV-1A)NOTICE OF APPLICATION

TARIFF SCHEDULE.)NOTICE OF MODIFIED

)         PROCEDURE

)NOTICE OF COMMENT/

                                                                  )   PROTEST DEADLINE

YOU ARE HEREBY NOTIFIED that on May 26, 1995, Intermountain Gas Company (IGC; Company) filed an Application with the Idaho Public Utilities Commission (Commission) for authority to place into effect new rate schedules that would result in a decrease of $4,340,194 in its annualized revenues.  The decrease reflects a change in the Company’s cost of gas and the elimination and/or imposition of a number of temporary gas and transportation cost adjustments, surcharges and credits.  The Company also proposes to balance out its Purchased Gas Cost Adjustment (PGA), Account No. 186.  The PGA account is a deferral mechanism for over- and under-collections and for realized savings on spot market gas purchases.

The proposed adjustments reflected in the Application include changes in costs billed IGC by Northwest Pipeline Corporation (NWP), the elimination of temporary surcharges and credits (INT-G-94-3), a decrease in the Company’s weighted average cost of gas (WACOG), the benefits generated from the Company’s segmentation of its firm capacity rights on NWP’s system, and the inclusion of temporary surcharges and credits related to gas and transportation costs from the Company’s deferred gas cost account (PGA Account No. 186).

The Application proposes implementation of the following permanent and temporary changes, adjustments, surcharges and credits to IGC’s tariff rate for natural gas service, sales and transportation.

Permanent Adjustments

●INT-G-94-3 Elimination of temporary surcharges/credits$1,244,781

●Change in transportation, storage and commodity rates/charges($2,614,222)

Temporary Surcharges or Credits

Deferred gas costs (IGC PGA Account No. 186)

●Deferred Account No. 186 Miscellaneous (fixed)$767,071

●Deferred Account No. 186 (variable) ($518,882)

●Deferred Account No. 186 – interest($21,345)

●Special Contract Shared Margin ($678,469)

●Northwest Exploration Joint Venture($64,000)

Refund Amount for IGC Past Participation

●Capacity Segmentation Credits($2,455,128)

As computed by the Company, the total requested decrease in revenue on an annual basis is ($4,340,194) or -4.2%.  The decrease in sales gas revenues is ($4,771,192) or -5.3%.  The increase in transportation service revenues is $430,998 or 3.2%.  The annualized change by class of service per Company calculation is as follows:

Gas Sales

RS-1 Residential

RS-2 Residential

GS-1 Gen. Svc.

Revenue

($442,174)

($3,035,561)

($1,293,457)

Average

Decrease

¢/Therm

(1.401¢)

(4.346¢)

(1.856¢)

Average

Decrease

% Change

(2.2%)

(8.2%)

(3.9%)

Proposed

Average Price

$/Therm

$0.62198

$0.48792

$0.46124LV-1 Lg. Volume\*

\*T-1 Tariff Price plus the Weighted Average Cost of Gas (WACOG), $0.18891.

(Compare WACOG INT-G-94-3: $0.22011)

WACOG = total commodity cost of gas ÷ total purchase therms

Transportation

T-1 Transportation

Revenue

$430,998

Average

Increase

¢/Therm

0.232¢

Average

Increase

% Change

3.2%

Proposed

Average Price

$/Therm

$0.07510

With the exception of the industrial class, IGC proposes to allocate the decrease to each of its customer classes in accordance with its Purchase Gas Cost Adjustment tariff and approved cost of service methodology.  (Reference Case Nos. INT-G-95-1, INT-G-88-2, U-1034-137).  Because there are no fixed costs currently recovered in the tail block of IGC’s T-1 tariff and because the proposed increase in the T-1 tariff is related to fixed costs, a ¢/therm increase is made only to the first two blocks of the T-1 tariff.

IGC contends that the overall price decrease requested will not affect its earnings and is fair, just and equitable.  Additionally, the Company requests cancellation of its LV-1A tariff.  The purpose of the tariff was “to pass through adjustments in purchased gas costs [to large volume firm service sales customers] resulting from adjustments in the rates of [NWP], pursuant to a tariff approved by the Federal Energy Regulatory Commission authorizing pipeline commodity rate changes on one day’s notice.”  The Company contends that the tariff is obsolete and serves no functional purpose in today’s “open access” environment.  IGC contends that the public interest does not require suspension of the Application or further investigation into its reasonableness by hearing.  The Company requests that the matter be processed under Modified Procedure, i.e., by written submission rather than by hearing.  The Company requests an effective implementation date of July 1, 1995.

YOU ARE FURTHER NOTIFIED that the Application of Intermountain Gas Company in Case No. INT-G-95-3 and supporting workpapers have been filed with the Commission and are available for public inspection during regular business hours at the Commission office, 472 West Washington Street, Boise, Idaho, and at the principle offices of Intermountain Gas Company.

YOU ARE FURTHER NOTIFIED that the Commission has preliminarily found that the public interest regarding the requested change in rates may not require a public hearing to consider the issues presented.  The Commission has also preliminarily found it reasonable to process the Application under Modified Procedure, i.e., by written submission rather than by hearing.  Reference Commission Rules of Procedure, IDAPA 31.01.01.201 through -204.

YOU ARE FURTHER NOTIFIED that the Commission will not hold a public hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used.  Reference IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that the deadline for filing written comments or protests with respect to the Company’s filing and the use of Modified Procedure in Case No. INT-G-95-3 is Thursday, June 22, 1995.  Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter and enter its Order without a hearing.  If comments or protests are filed within the deadline, the Commission will consider them and may set the matter for hearing or may decide the matter and issue its order on the basis of the written positions before it.  Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. INT-G-95-3 must be mailed to:

 Commission Secretary

Idaho Public Utilities Commission

PO Box 83720

Boise, ID 83720-0074

Street address for express mail:

472 West Washington Street

Boise, ID 83702-5983.

Also to:

Russell L. Worthan

Intermountain Gas Company

PO Box 7608

Boise, ID  83707

All comments filed should contain the case caption and case number shown on the first page of this document.

DATED at Boise, Idaho this              day of June 1995.

Myrna J. Walters

Commission Secretary

JR/N-INT-G-95-3.SW