BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF INTERMOUNTAIN GAS COMPANY FOR AUTHORITY TO PLACE INTO EFFECT AN INDUSTRIAL TRANSPORTATION TARIFF UNDER A PILOT PROGRAM AND TO MODIFY ITS EXISTING T-1 TRANSPORTA­TION SERVICE TARIFF. | )))))))) | CASE NO. INT-G-95-4NOTICE OF APPLICATIONNOTICE OF MODIFIED         PROCEDURENOTICE OF COMMENT/     PROTEST DEADLINE |

YOU ARE HEREBY NOTIFIED that on September 8, 1995, Intermountain Gas Company (IGC; Company) filed an Application with the Idaho Public Utilities Commission (Commission) for authority to implement a new industrial transportation tariff (“T-2 tariff”) and to modify its existing T-1 transportation service tariff (“T-1 tariff”).  By its filing IGC seeks to effect changes in tariff so as to enable the Company to better manage firm capacity rights on the Northwest Pipeline Corporation (NWP) system and provide industrial customers with an economic incentive to manage the growth in their peak day usage   As represented, the proposed tariffs will serve to minimize the need to purchase incremental capacity on NWP’s system while at the same time helping to increase IGC’s load factor, thereby helping to keep costs down for all IGC’s customers.  The Company has requested an effective date of November 1, 1995.

T-1 Tariff

As presently structured, the T-1 tariff recovers the industrial class’s allocated share of NWP-related demand charges in the first two blocks of the tariff.  There are no fixed costs recovered in the “tail block” or third block of the tariff.  The tail block price is currently $0.00661/therm and applies to any natural gas transported to an industrial customer in excess of 750,000 therms.

The Company contends that a change in the T-1 tariff is needed because incremental demand-related charges incurred by the Company on behalf of tail block customers to serve the incremental peak day growth of such customers, is not being recovered from said customers.  This under-collection of demand charges from the responsible party, the Company contends, results in a need for cross-subsidization by the Company’s other customers, both core market as well as industrial.  It is to be noted that any under-collection of demand charges is recovered by the Company in its purchased gas cost adjustment tariff (PGA tariff).

To resolve this inequity, IGC proposes to limit any T-1 tail block usage at the tail block therm price (currently $0.00661/therm) to a customer’s three-year historic high usage within this block (i.e., that transportation usage that exceeds 750,000 therms within any given month).  The Company further proposes that any growth in an existing industrial customer’s tail block usage above this historical level, be billed at the block 2 price (currently $0.05351/therm), thus recovering any incremental demand-related costs incurred by the Company to serve that customer’s incremental peak day usage.  (Proposed T-1 tariff attached)

T-2 Tariff

The Company states that by this Application it is seeking to broaden the menu of services offered to industrial transportation customers.  IGC reports that several of its large industrial customers are anticipating growth in their daily natural gas needs, which in turn, may require the Company to procure additional peak day capacity from NWP.  The same industrial customers, if given the proper economic incentive, the Company contends, have the ability to limit their peak day usage either by using their existing alternative fuel capability or, by managing their production schedules and moving production away from IGC’s system peak day.  Minimizing the purchase of expensive peak day capability from NWP is certainly, the Company contends, the least cost alternative for all of IGC’s customers.

The T-2 transportation tariff (attached) proposed by the Company includes a demand charge whereby each industrial customer would pay an amount necessary to purchase incremental firm capacity incurred by the Company on the industrial customers’ behalf, a commodity charge for firm usage, and a commodity charge for any usage above the contracted peak day.

The Company proposes to “test market” the proposed T-2 tariff under a two-year pilot program and to reevaluate the tariff at the conclusion of the test period.  All of IGC’s industrial customers are eligible to elect service under the proposed T-2 tariff.

The Company contends that the public interest in this case does not require a hearing.  The Company requests that the matter be processed pursuant to Modified Procedure.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. INT-G-95-4.  The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented and that the issues raised by the Application may be processed 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 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 Application in Case No. INT-G-95-4 is Wednesday, October 11, 1995.  Persons desiring a hearing must specifically request a hearing in their written protests or comments.

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

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. INT-G-95-4 should be mailed to the Commission and the Company at the addresses reflected below:

COMMISSION SECRETARYMORGAN W. RICHARDS, JR.

IDAHO PUBLIC UTILITIES COMMISSIONMOFFAT, THOMAS, BARRETT, ROCK

PO BOX 83720 & FIELDS, CHT’D

BOISE, IDAHO  83720-0074PO BOX 829

BOISE, IDAHO 83701

Street Address for Express Mail:

Attorney for Intermountain Gas Company

472 W WASHINGTON ST

BOISE, IDAHO  83702-5983

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

YOU ARE FURTHER NOTIFIED that the Application in Case No. INT-G-95-4 including the proposed tariffs can be reviewed at the Commission’s office and at the offices of Intermountain Gas Company during regular business hours.

DATED at Boise, Idaho this day of September 1995.

Chris Maschmann

Assistant Commission Secretary

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