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BEFORE  THE  IDAHO  PUBLIC  UTILITIES  COMMISSION

IN THE MATTER OF INTERMOUNTAIN )

GAS COMPANY’S 1996 NATURAL GAS)CASE  NO.  INT-G-96-1

INTEGRATED RESOURCE PLAN.)

)COMMENTS OF THE

)COMMISSION STAFF

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COMES  NOW  the Staff of the Idaho Public Utilities Commission, by and through its Attorney of Record, Scott Woodbury, Deputy Attorney General, and submits the following  comments for the Commission’s consideration in Case No. INT-G-96-1.

Staff has reviewed the 1996 Integrated Resource Management Plan (IRP) filed by Intermountain Gas Company (IGC), and, for the most part, finds that it satisfies the requirements set forth by the Commission in Order No. 24342, Case No. GNR-G-93-2.

In Order No. 24342, the Commission listed the elements that should be contained in local gas distribution company (LDC) IRPs.  Staff reiterates these elements and follows each with its comments.

a.  A range of forecasts of future gas demand for each customer class for one, five, and twenty years.

Using Idaho Power’s Economic Forecast as a basis, IGC’s IRP contains annual growth forecasts (low, baseline and high) for residential and small commercial customer classes for 15 years or to 2010 and its Appendix A of Exhibit 2 continues these forecasts to 2015, or a total of 20 years.  IGC’s forecasts incorporate assumptions regarding conversions from other heating sources and average customer usage.  (Note: IGC’s forecasts appear to be in the range of reasonableness, but the Company was unable to answer Staff questions in time to enable independent verification to be incorporated into these comments.)  The IRP also includes forecasts of industrial gas usage through the year 2005 based on a confidential survey of those customers.

b.  An assessment for each customer class of the technically feasible improvements in the efficient use of gas including load management as well as the policies and programs needed to obtain the efficiency improvements.

The plan submitted by IGC includes an overview of the demand side activities undertaken to implement the Company's previous IRP, and a discussion of the actions considered for the 1996 and 1997 time frame.  While time constraints have not permitted an in depth evaluation or independent corroboration of the data contained in the plan, the discussion addresses all of the appropriate sectors, and when considered in the context of the economic constraints imposed by the availability of low cost supplies identified in the supply portfolio of the plan, it identifies a reasonable selection of resources to meet the expected demand.

c.  An analysis for each customer class of gas supply options including spot vs. long-term markets, storage, gas futures market, and multiple suppliers.

IGC’s IRP contains an analysis of each of these supply options, at least some of which are applicable to specific customer classes.  Perhaps worth noting is that IGC projects in its IRP that its geographic supply portfolio will change significantly, i.e. gas from British Columbia will fall from a historical high of 67% of IGC’s supply to 20%; Alberta’s share will increase from 0% of IGC’s supply to 40%; and the domestic Rocky Mountain share will increase from 33% historically to 40% in the future.

d.  A comparative evaluation of gas purchasing options and improvements in efficient use.

IGC describes its evaluation in the “Resource Optimization” chapter of its IRP.  Exhibit 6 contains the specific details.

While Staff has concerns about the accuracy of the Company's projections of the long term availability and cost of future gas supplies contained in the Plan, and therefore the general conclusions and directions that are based upon those projections, they are well within the ranges identified as probable by many of the energy professionals knowledgeable about such matters.

e.  An integration of the demand forecasts and resource evaluations into a long-range (20 years), integrated resource plan.

This is also described in the “Resource Optimization” chapter and detailed in Exhibit 6, but “long-range” is limited to 15 years rather than 20, as implicitly required by Order No. 24342.  The Company describes the summary results of its evaluations for the fifth, tenth and fifteenth years.  The Staff believes that evaluating contingent actions based on even fifteen year forecasts of several variables requires a stretch of confidence in the reliability of the forecasts.  We recommend that IGC’s 15-year IRP be accepted as fulfilling the Commission’s requirements.  We also recommend that the Commission review the reasonableness of its 20-year requirement and we suggest that a 10-year IRP may be more reasonable.

f.  A short-term plan (two year strategy) outlining specific actions by the utility to implement its IRP.

The Company’s IRP includes a description of actions to be taken in the first year.  Perhaps of interest is IGC’s projection of a firm capacity deficit under design conditions “around” the peak day in the winter of 1998.  It plans to secure transportation capacity during these projected shoulder period deficits through either a prearranged deal or the electronic bulletin board bidding process under Northwest Pipeline’s FERC Order 636 restructuring program.

In summary, IGC’s IRP meets at least the minimum requirements listed in Order No.  24342, with the possible exception of not including plans beyond fifteen years.  Staff was not able to independently verify IGC’s forecasts, but the results appear to be within a range of reasonable expectation.  Staff recommends that the IRP be accepted as filed by the Company.  Staff also recommends that the Commission review the productivity of requiring long-range planning beyond ten years.

DATED  at Boise, Idaho, this            day of April 1996.

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