(text box: 1)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 INTERRUPTIBLE DISTRIBUTION TARIFF, TO MODIFY ITS EXISTING LV-1, T-1 AND T-2 TARIFFS AND TO CHANGE ITS GENERAL SERVICE PROVISIONS | ))))))))) | CASE NO. INT-G-96-2NOTICE OF APPLICATIONNOTICE OF MODIFIED PROCEDURENOTICE OF COMMENT/ PROTEST DEADLINE |

YOU ARE HEREBY NOTIFIED that on April 5, 1996, Intermountain Gas Company (IGC; Company; Intermountain Gas) filed an Application with the Idaho Public Utilities Commission (Commission) in Case No. INT-G-96-2 requesting authority to place into effect a new Schedule T-3 interruptible distribution transportation service tariff, to modify its existing LV-1 large volume firm sales, T-1 firm transportation and T-2 firm transportation with maximum daily demands service tariffs, and to change its General Service Provisions.  The Company contends that its current tariffs and general service provisions do not adequately address the issues in today’s open access environment.  The Company requests that its Application be processed under Modified Procedure (reference Commission Rules of Procedure, Rules 201-204) and be approved without suspension for effective date May 1, 1996.

Intermountain Gas states that its proposed T-3 offering is an attempt by the Company to better manage its firm capacity rights on the Northwest Pipeline system and to provide its industrial customers with an additional choice regarding management of their natural gas usage.  When there is adequate capacity on the Company’s distribution system, the proposed T-3 tariff authorizes customers to enter contracts for 200,000 therms or more per year for interruptible transportation service.  An annual minimum charge of $30,000 is required.  The services does not include the cost of gas supply or interstate pipeline capacity, and it may not be used concurrently with another transportation on contiguous property.  The Company maintains that the T-3 tariff will serve to minimize the need to purchase incremental capacity on the interstate pipeline system, will help to increase IGC’s load factor and will help keep costs down for all Intermountain Gas customers.

The Company reports that several of its contract customers are anticipating growth in their daily natural gas needs which, in turn, may require Intermountain to procure additional peak day interstate capacity.  The same customers, if given proper economic incentive, IGC states, have the ability to limit their usage either by using their existing alternative fuel capability or by managing their production schedules and moving production away from the IGC’s system peak day.  By allowing the customer to have more options for the management of its natural gas needs and the economic consequences associated therewith, the Company maintains that an optimization of distribution and interstate transportation capacity needs will be achieved.  Minimizing the purchase of expensive peak day delivery capability IGC contends is the least cost alternative for all the Company’s customers.

The Company maintains that until approved it is unable to determine the marketability of the proposed T-3 tariff or the related effect of such tariff on earnings.

The proposed changes to the existing LV-1 firm sales tariff permit a customer to sign a service contract for terms greater than one year.  Language changes clarify that contract minimum shortfalls are to be billed at the higher GS-1 rate.  LV-1 customers by tariff change are required to nominate a maximum daily firm quantity (MDFQ).  By added language the tariff notes that embedded in LV-1 service is the cost of purchased gas per the Company’s PGA, firm interstate pipeline reservation charges, and distribution system costs.

The proposed changes to the existing T-1 firm transportation tariff clarify the need for a customer to sign a minimum one-year contract for firm transportation service in excess of 200,000 therms per year.  Language is added to clarify the penalty provision that will be utilized if less than 200,000 therms per year are transported.  T-1 customers by tariff change are required to nominate a maximum daily firm quantity.  The character of service section is moved from the tariff to the General Service Provisions, Section D.  By added language the tariff notes that embedded in T-1 service is the cost of firm interstate pipeline reservation charges and distribution costs.

The proposed changes to the existing T-2 firm transportation service with maximum daily demands tariff clarify the need for a customer to sign a minimum one-year contract for firm transportation service in excess of 200,000 therms per year.  Language is added to clarify the penalty provision that will be utilized if less than 200,000 therms per year are transported.  Stricken language is moved from the tariff to the General Service Provisions Section D.  By added language the tariff notes that embedded in T-2 service is the cost of firm interstate pipeline reservation charges and distribution system costs.

Intermountain Gas proposes a new General Service Provision Section D applicable to all contract customers.  Included language is similar to that found in existing contracts.  Some of the proposed language in Section D has been moved from the Company’s other tariffs.  Section D includes, in part, definitions relating to service (Section 2), restriction on service requests and substitutions (Section 3), priority of service (Section 4), dispatch and nomination of customer-owned gas (Section 5.2), imbalance and penalty provisions (Section 5.3(a)), declared entitlement periods (Section 5.3(b)), unauthorized over run and under run penalties (Section 5.3(b)(i)(ii)), responsibility for costs (Section 5.4) and measuring equipment (Section 6).

Intermountain Gas also proposes changes to existing General Service Provisions, Section A.  Rule 4.4 affirms the general rule relating to the binding effect of orders, laws, and rules of authorities having jurisdiction and adds the term “user fee” as the result of amendments to Idaho Code § 50-329(A) during the last legislative session.  A portion of § 5.1 and also § 16.1 have been moved to Section D of the General Service Provisions which applies to contract customers.  Section 6.5 provides language to clarify when service may or may not be combined under one bill on contiguous property.  Section 17.2 (previously § 18.2) has been amended to change “industrial” customer to “contracted” customer.  Section 17.3 (previously §18.3) is being amended to define company responsibility for damages.  Finally, minor changes have been made to § 18 (previously § 19), including the addition of the term “lockout” as an example of force majeure.

The Company contends that if approved, its proposed tariffs and General Service Provisions will continue to be cost-justified and will be fair, just, reasonable, and nondiscriminatory.

YOU ARE HEREBY NOTIFIED that the Commission has reviewed the filings of record in Case No. INT-G-96-2.  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-.204.

YOU ARE FURTHER NOTIFIED that to facilitate the processing of the Company’s Application under Modified Procedure and to accommodate public notice and Commission scheduling constraints, the Commission in Order No. 26414 suspended the proposed effective date for the proposed tariff and General Service Provision changes from May 1, 1996 to May 15, 1996.

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-96-2 is Thursday, May 9, 1996.  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 may 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 of the written positions before it.  Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. INT-G-96-2 should be mailed to the Commission and the Company at the addresses reflected below:

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| Commission SecretaryIdaho Public Utilities CommissionPO Box 83720Boise, ID 83720-0074Street Address for Express Mail:472 W WashingtonBoise, ID 83702-5983 | Russell L. WorthanVice President–Governmental Affairsand Resource PlanningIntermountain Gas CompanyPO Box 7608Boise, ID 83707Morgan W. Richards, Jr.Moffatt, Thomas, Barrett, Rock & Fields, ChtdPO Box 829Boise, ID 83701 |

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-96-2  together with accompanying exhibits can be viewed during regular business hours at the offices of the Idaho Public Utilities Commission, 472 W. Washington Street, Boise, Idaho and at the general offices of Intermountain Gas Company located at 555 S. Cole Road, Boise, Idaho.

DATED at Boise, Idaho this day of April 1996.

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

April 18, 1996