BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF INTERMOUNTAIN GAS COMPANY FOR AUTHORITY TO DECREASE ITS PRICES ON JULY 1, 1996. | ))))))))) | CASE NO. INT-G-96-3NOTICE OF APPLICATIONNOTICE OF MODIFIED PROCEDURENOTICE OF COMMENT/ PROTEST DEADLINE |

YOU ARE HEREBY NOTIFIED that on May 30, 1996, 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 $684,324 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 in its filing also proposes to balance out its Purchased Gas Cost Adjustment (PGA), Account 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-95-3), 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 relating to gas and transportation related costs from the Company’s deferred gas cost account (PGA Account 186).

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

Permanent Adjustments:

●INT-G-95-3 Elimination of Temporary Surcharges/Credits$3,109,388

●Change in NWP rates/charges $3,825,264

●Commodity charges($2,499,197)

Temporary Surcharges or Credits

Deferred Gas Costs (IGC PGA Acct 186)

●Special Contract Shared Margin($ 753,351)

●Thermal Exploration Inc.

Refund Amt for IGC past participation($ 361,491)

●Uncollected Gas Costs $3,168,052

●NWP Fixed SSP Refund($2,699,580)

●NWP Refunds($1,857,500)

●Transportation Segmentation($2,615,909)

As computed by the Company, the total requested decrease in revenue on an annual basis is ($684,324) or -0.635%.  The decrease in sales gas revenues is ($743,264) or -0.798%.  The net decrease in T-1 and T-2 transportation service revenues is ($21,324) or -0.15%.  The increase in ammonia transportation service revenues is $80,264 or 10.875%.  The annualized decrease by class of service per Company calculation is as follows:

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| Gas Sales | Revenue | Avg Decrease    ¢/Therm | Avg Decrease   % Change | Proposed Avg Price$/Therm |
| RS-1 Residential | ($4,928) | (0.015¢) | (0.024%) | $0.62183 |
| RS-2 Residential | ($ 620,292) | (0.788¢) | (1.615%) | $0.48004 |
| GS-1 Genl Svc | ($118,044) | (0.159¢) | (0.345%) | $0.45965 |

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|  LV-1 Large Vol. \*      |
| \* T-1 tariff price plus the Weighted Average Cost of Gas (WACOG), $0.17546                     (Compare WACOG INT-G-95-3:  $0.18891) |
| WACOG = total commodity cost of gas ÷ total purchase therms |

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| Transportation | Revenue | Avg Decrease¢/Therm | Avg Decrease% Change | Proposed Avg Price$/Therm |
| T-1 Transp. | ($ 7,233) | (0.004¢) | (0.053%) | $0.07506 |
| T-2 Transp. | ($14,091) | (0.125¢) | (2.428%) | $0.05024 |

The annualized increase for ammonia transportation per Company calculation is as follows:

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| --- | --- | --- | --- | --- |
| Transportation | Revenue | Avg Increase¢/Therm | Avg Increase% Change | Proposed Avg Price$/Therm |
| Ammonia Transp. | $80,264 | 0.230¢ | 10.875% | $0.02345 |

Intermountain Gas proposes with this Application to include in its T-1 and T-2 transportation tariffs the collection of Northwest Pipeline’s TF-1 commodity firm transportation charge, $0.00230 per therm.  Currently, the TF-1 commodity charge is billed to industrial customers by IGC’s affiliate, IGI Resources.  This change, the Company states, will minimize the potential for uncollected amounts.

With the exception of the Industrial Class, IGC proposes to allocate the decrease to each of its customer classes in accordance with its Purchased Gas Cost Adjustment tariff and approved cost-of-service methodology.  (Ref. Case Nos. INT-G-88-2, U-1034-137).  Because there are no fixed costs currently recovered in the tailblock of IGC’s T-1 tariff  and because the proposed decrease in the T-1 tariff is related to fixed costs (except for TF-1 commodity charge), a cents-per-therm decrease is made only to the first two blocks of the T-1 tariff.  All three blocks of IGC’s proposed T-1 tariff have been adjusted to include NWP’s firm transportation TF-1 commodity charge.  The proposed decrease in the T-2 tariff (except for TF-1 commodity charge) is fixed cost related and, therefore, a cents per therm decrease was made only to the T-2 demand charge.  The commodity charge component of the T-2 tariff was adjusted to include NWP’s firm transportation TF-1 commodity charge.

IGC contends that the overall price decrease requested will not affect its earnings and is fair, just and equitable.  IGC further 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, 1996.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. INT-G-96-3.  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 Rules of Procedure, IDAPA 31.01.01.201-204.

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 and the Commission’s use of Modified Procedure in Case No. INT-G-96-3 is Friday, June 21, 1996.  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 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 of the written positions before it.  Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. INT-G-96-3 should be mailed to the Commission and the Company at the addresses reflected below:

COMMISSION SECRETARYRUSSELL L. WORTHEN

IDAHO PUBLIC UTILITIES COMMISSIONVICE PRESIDENT

PO BOX 83720INTERMOUNTAIN GAS COMPANY

BOISE, IDAHO  83720-0074PO BOX 7608

BOISE, ID 83707

Street Address for Express Mail:

MORGAN W.  RICHARDS, JR.

472 W WASHINGTON STCOUNSEL FOR INTERMOUNTAIN GAS

BOISE, IDAHO  83702-5983     COMPANY

PO BOX 829

BOISE, 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-96-3 together with accompanying exhibits can be viewed during regular business hours at the offices of the Idaho Public Utilities Commission, 472 West Washington Street, Boise, Idaho and at the general offices of Intermountain Gas Company located at 555 South Cole Road, Boise, Idaho.

DATED at Boise, Idaho this day of May 1996.

Jean Jewell

Assistant Commission Secretary

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