DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVID SCHUNKE

LYNN ANDERSON

WAYNE HART

KATHY STOCKTON

MADONNA FAUNCE

GARY RICHARDSON

WORKING FILE

FROM:SCOTT WOODBURY

DATE:JUNE 18, 1996

RE:CASE NO. INT-G-96-4

DEMAND SIDE MANAGEMENT PROGRAMS

On June 7, 1996, Intermountain Gas Company (IGC; Company) filed an Application with the Idaho Public Utilities Commission (Commission) for authority 1) to place into effect a new residential low-flow shower head and faucet aerator demand side management (DSM) program (w/related accounting procedures) and 2) to reduce the rebate in the Company’s existing residential water heater rebate program from $100 to $50.

As proposed, the residential low-flow shower head and faucet aerator program would be jointly administered by Intermountain Gas Company and the Niagara Conservation Corporation (Niagara).  The Company contends that the program would operate as follows:

Intermountain would supply Niagara with addresses of Boise, Idaho natural gas water heating customers residing in a single family dwelling or apartment completed prior to 1992.  Niagara would, in turn, mail to 10,000 of these customers information regarding the proposed program, in addition to order forms.

Customers would be offered, free of charge, one kit consisting of a kitchen faucet aerator, a low-flow shower head, a bathroom faucet aerator, Teflon tape, and complete instructions.  Customers may instead wish to order from Niagara, at a cost of five dollars ($5), an enhanced kit equipped for a second bathroom.  An 800 telephone number will also be supplied to provide installation instruction assistance from Niagara.

Customers may respond by returning the order forms, and a $5 check when applicable, to Niagara in a post-paid envelope.  Niagara, in turn, will mail the requested kits to the customers and will also maintain a data base of those customers who responded.  Intermountain will develop a natural gas usage data base using the customer participation list generated by Niagara.  Intermountain estimates a participation level of 2,000 customers generated from the 10,000 customer mailing.

Intermountain and Niagara will follow up with each participating customer to ascertain customer utilization and satisfaction, as well as track post-installation therm consumption.

Intermountain Gas states it will expand its proposed demand side management program to its entire pre-1992 residential water heating customer base if customer acceptance of the program is significant and therm conservation reaches the desired levels.

Under the Company’s residential water heater rebate program, a $100 rebate is allowed for new customers and existing natural gas heating customers who convert to a high efficiency, ASHRAE standard 90-75 water heater.  The Company maintains that market forces necessitate an update to the program.  The Company represents that a $50 rebate is adequate to 1) encourage program participation at current levels and 2) cover the differential costs of piping natural gas equipment.

Intermountain Gas requests an effective date of August 1, 1996.  The Company maintains that the public interest does not require a hearing on its Application and requests that the matter be processed under the Commission’s rules of Modified Procedure.

Commission Decision

Staff agrees with the Company’s request for processing under Modified Procedure.  Does the Commission agree that Modified Procedure is appropriate?  If not, what is the Commission’s preference?

Scott D. Woodbury

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