(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF INTERMOUNTAIN GAS COMPANY FOR APPROVAL OF A TRANSPORTATION IMPLEMENTATION AGREEMENT BETWEEN INTERMOUNTAIN GAS COMPANY AND EASTERN ENERGY MARKETING, INC. | ))))))))) | CASE NO. INT-G-96-5NOTICE OF APPLICATIONNOTICE OF MODIFIED PROCEDURENOTICE OF COMMENT/ PROTEST DEADLINE |

YOU ARE HEREBY NOTIFIED that on August 9, 1996, Intermountain Gas Company (IGC; Company) filed an Application with the Idaho Public Utilities Commission (Commission) for approval of a Transportation Implementation Agreement (Implementation Agreement) between IGC and Eastern Energy Marketing, Inc.  (Eastern).

The Implementation Agreement for which approval is requested is dated August 1, 1996, and by its terms would expire April 1, 2017.  The Agreement reflects that IGC and Eastern are also parties to a Natural Gas Transportation Contract and related Facilities Extension Agreement both dated December 26, 1995.  Copies of both December 26 agreements are on file with the Commission in Case No. INT-G-96-5.

As reflected in the Facilities Extension Agreement, IGC proposes to extend facilities and provide natural gas transportation service to Eastern’s electric cogeneration plant located adjacent to Magic Valley Foods in Rupert, Idaho.  IGC’s calculated cost of facility construction and modification is $931,290.

Subject to all of the terms and conditions of the Natural Gas Transportation Contract and Facilities Extension Agreement, the parties in the Implementation Agreement have agreed and proposed that Section 5 of the Natural Gas Transportation Contract be implemented as follows:

Subject to the approval of the Idaho Public Utilities Commission (“IPUC”), the initial rate the Company shall bill and the customer will pay is 2.065¢ per therm for all gas transported from and to the receipt and delivery points set forth in Section 4 of the Natural Gas Transportation Contract.  Unless a different rate or schedule is agreed to by the Company and the customer, the initial rate, upon the approval of the IPUC, shall be increased from time to time by the same percentage that the company’s existing T-3 rate is increased.  However, such increase shall not apply to the rate charged for any deficiency volumes that may occur pursuant to Section 6 of the Facilities Extension Agreement.  The Company acknowledges the customer’s standing in any IPUC proceeding that may impact or adjust the T-3 rate.

Intermountain Gas maintains that Eastern’s proposed natural gas load (MDFQ 26,660 therms/day) qualifies it as an industrial customer.  Intermountain Gas further maintains that Eastern has the ability to bypass IGC’s distribution system.  The price contained in the Implementation Agreement, IGC contends, is the minimum necessary to: 1) provide Eastern with the necessary economic incentive to discontinue its plans for a direct bypass of IGC’s distribution system, and 2) recover IGC’s cost of providing firm distribution service.

Intermountain Gas requests an effective date of September 16, 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.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. INT-G-96-5.  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 the Commission may 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-96-5 is Thursday, September 12, 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-96-5 should be mailed to the Commission and the Company at the addresses reflected below:

COMMISSION SECRETARYRUSSELL L.  WORTHAN, VICE PRESIDENT

IDAHO PUBLIC UTILITIES COMMISSIONGOVERNMENTAL AFFAIRS & RESOURCE PLANNING

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 COMPANY

BOISE, IDAHO  83702-5983PO 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-96-5 can be reviewed at the Commission’s office and at the offices of Intermountain Gas Company during regular business hours.  Intermountain Gas Company is located at 555 South Cole Road, Boise, Idaho, ((208) 377-6000).

DATED at Boise, Idaho this                  day of August 1996.

Myrna J. Walters

Commission Secretary

vld/N:INT-G-96-5.sw

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

August 29, 1996