(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 INCREASE IN ITS COMPOSITE DEPRECIA­TION RATES. | )))))))))) | CASE NO. INT-G-96-7NOTICE OF APPLICATIONNOTICE OF MODIFIED          PROCEDURENOTICE OF COMMENT/ PROTEST DEADLINE |

YOU ARE HEREBY NOTIFIED that Intermountain Gas Company (IGC; Company) filed an Application with the Idaho Public Utilities Commission (Commission) on December 30, 1996 requesting authority to increase its composite depreciation rate from 3.89% to 3.98%.

The Company’s presently authorized composite depreciation rate of 3.89% was approved by the Commission in Case No. INT-G-94-1 Order No. 25444, dated March 22, 1994.  In its Order the Commission stated:

As before, our level of comfort with the reasonableness of such depreciation rates is enhanced by periodic review, which the Company previously stated is required for its depreciation study methodology.  We therefore find it reasonable that the Company continue to examine its depreciation rates and practices on three year intervals. . . . We also find it important to monitor and revisit this matter in three years.

Based on an updated depreciation study by AUS Consultants, the Company concludes that the current rate is under-depreciating its assets.  The effect of the requested higher rate would be to increase IGC’s depreciation accrual and decrease IGC’s rate base by $133, 817 annually.  As proposed, the total annual depreciation accrual would increase to $8,080,654.  Although the Company’s depreciation expense would increase under its proposal, the present Application does not request a related increase in rates.  The Company has requested that the increase to the annual composite depreciation rate be made effective at the beginning of its fiscal year, October 1, 1996.

IGC requests that its Application be processed pursuant to the Commission’s Rules of Modified Procedure, ie. without hearing.

A four page summary of the depreciation study is included with the Company’s Application. The complete depreciation study with work papers, which the Company states are voluminous, are available for inspection at IGC’s general business office, which is located at 555 South Cole Road, Boise, Idaho.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. INT-G-96-7.  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 Company’s filing 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 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.  Ref0erence 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 use of Modified Procedure in Case No. INT-G-96-7 is Wednesday, February 5, 1997.  Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that the if no protests or comments are received within the deadline, the Commission may consider the matter and enter its Order without a hearing.  If protests or comments are filed within the deadline, the Commission will consider them and 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 this Application must be mailed to the Public Utilities Commission and the Intermountain Gas Company at the addresses following 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:

And

472 W WASHINGTON ST

BOISE, IDAHO  83702-5983MORGAN W.  RICHARDS, JR., ESQ.

PO BOX 829

BOISE, ID 83701

All comments filed should contain the case caption and case number shown on the first page of this document.

DATED at Boise, Idaho this                  day of January 1997.

Myrna J. Walters

Commission Secretary

vld/INT-G-96-7.sw

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

January 14, 1997