DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

TERRY CARLOCK

SYD LANSING

DAVID SCOTT

WORKING FILE

FROM:SCOTT WOODBURY

DATE:APRIL 25, 1997

RE:CASE NO. INT-G-97-1

SERVICE TO HOMEDALE—APPLICATION FOR TEMPORARY PRICE ADDER

On April 8, 1997, Intermountain Gas Company (IGC; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting authority to place into effect a five-year temporary price adder that will enable the extension of natural gas service to the town of Homedale, Idaho.  Reference Idaho Code 61-307; 61-622.  The Company represents that Homedale is contiguous to IGC’s current service territory.

IGC proposes that prices for natural gas service to RS-1, RS-2 and GS-1 customer classes in the town of Homedale be $0.28184/therm higher than prices charged to the Company’s other customers.  As represented, the price adder eliminates any need for existing customers to subsidize IGC’s incremental investment in the project.  The rules and regulations relating to natural gas service in the town of Homedale will otherwise be consistent with the Company’s existing tariffs for other areas.

As clarified in Company correspondence filed with the Commission April 21, 1997, the proposed price adder will apply, in lieu of a contribution in aid to construction, for new natural gas services to customers

1.located within identified area on a submitted Homedale City Map (see attached);

2.for customers whose property is adjacent to the initial steel main (see attachment 2) or plastic distribution system, and whose home or business is within 200 feet of the public right-of-way.  This condition is meant to exclude residents and businesses located within the city limits of Wilder.

Any customers not meeting the above conditions, who are further than 200 feet from the natural gas line constructed to serve the city of Homedale will be evaluated for line extension based on the Company’s current main and service extension policy.  The additional margin of the proposed Homedale price adder will not be used as part of the main and service financial evaluation.  If any contribution in aid of construction is warranted from the financial valuation, the customer will be required to pay the contribution in addition to being subject to the Homedale price adder.

The proposed effective date for the price adder is September 1, 1997.  The Company has requested Commission approval by June 1 to allow for the construction and completion of the project.

IGC contends that there is an economic demand and local governmental support for extension of natural gas service to Homedale.  The Company’s Application is accompanied by workpapers (market penetration, capital expenditures, financial analysis).

IGC represents that the public interest in this matter does not require a hearing and recommends that the Application be processed under Modified Procedure.  Reference Commission Rules of Procedure 201-204.

Commission Decision

Staff has reviewed the Company’s Application and recommends, with the Company, that this matter be processed pursuant to Modified Procedure.  Does the Commission agree that Modified Procedure is appropriate?  If not, what is the Commission’s preference?

Scott Woodbury

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