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

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| IN THE MATTER OF THE APPLICATION OF INTERMOUNTAIN GAS COMPANY AND ITS REQUESTED REVISION TO THE COMMISSION’S POLICY STATEMENT ON NATURAL GAS INTEGRATED RESOURCE PLANNING. | )  )  )  )  )  )  ) | CASE NO. INT-G-97-2  ORDER NO.  27024 |

On April 25, 1997, Intermountain Gas Company (IGC; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting a revision to the Commission’s generic policy statement regarding Natural Gas Integrated Resource Planning.  Reference Energy Policy Act of 1992 (EPACT); Case No. GNR-G-93-2, Order No. 25342.

In the Commission’s letter dated May 15, 1996 acknowledging the filing of the Company’s 1996 Natural Gas Integrated Resource Plan, the Commission stated:

We encourage the Company to work with Staff as part of the next IRP cycle to jointly review and discuss IRP guidelines and propose recommended changes for Commission consideration, including the reasonableness of the twenty year planning horizon implicitly required by Order No. 25342.

 The Company contends that many of the planning requirements deemed prudent in a fully regulated environment have now been usurped by the pressures of a more open, competitive marketplace.  IGC seeks with its Application to amend the current Integrated Resource Planning guidelines in order to:

(1) More closely align the guidelines with IGC’s current business planning practices, thereby making the process a more meaningful and useful management tool,

(2) Continue to provide for public participation in the overall planning process, and

(3) Streamline the regulatory filing requirements of the process to eliminate costly overheads.

More specifically IGC requests that:

•The forecasting horizon for natural gas supply and demand be limited to a period of five (5) years to more closely align the Plan with current business planning practices.

•Public participation in the planning process continue on a biennial basis to allow for outside comment and validation of the Company’s plan for meeting the forecast demand for natural gas.

•The requirement for an evaluation of traditional demand side management (DSM) measures be eliminated from the guidelines.

The Company represents that the avoided gas costs associated with such programs have shown these traditional programs to be uneconomic in the competitive marketplace.  IGC states that it will instead continue to emphasize load management opportunities that benefit all or some customers without disadvantaging any customer.  IGC represents that it will continue its commitment and responsibility to encourage the efficient use of natural gas and to manage the load growth on its system in a cost effective manner.  The Company supports the efforts made by organizations such as American Gas Association and the Gas Research Institute that, on an industry wide basis, develop products and services designed to enhance and encourage the efficient use of natural gas.

•The filing requirements with the Commission be streamlined to simply include those supply and demand forecasting materials provided and reviewed through the public forum.

The Company requested that its Application be processed under Modified Procedure,  i.e., by written submission rather than by hearing (Reference IDAPA 31.01.01.201-204) and requested an effective date of June 1, 1997.  Noting the generic implications of the Company’s filing, the Commission in Order No. 26939 suspended the proposed effective date.  Reference Idaho Code § 61-622.

Notices of Application and Modified Procedure in Case No. INT-G-97-2 were issued by the Commission on May 28, 1997.  The deadline for filing written comments was June 18, 1997.  Timely comments were filed by The Washington Water Power Company (Water Power) and Commission Staff.

Water Power supports the Company’s filing and recommends that it be approved.  Regarding its own natural gas operations Water Power notes:

…(1) Our Company uses a shorter time horizon for business planning than contemplated by the current IRP guidelines; (2) Water Power continues and will continue, to seek public involvement in our planning process as the industry continues on its evolution to greater competition; (3) Washington Water Power does review and make changes as necessary to the needed level for DSM and natural gas avoided cost “out of the IRP cycle”; and (4) Water Power continues to examine supply and demand forecasting techniques that allow the Company and our customers with accurate information to make supply decisions.  These actions are taken in the public interest and are intended to align business practices accordingly.

Commission Staff opposes that portion of the Company’s Application that requests the Commission to eliminate from its natural gas integrated resource planning guidelines any requirement that the Company in its planning process consider and evaluate Demand Side Management (DSM) measures.  With no requirement to evaluate DSM, Staff contends that some cost effective conservation savings could be lost.  Specifically Staff states its belief that evaluation of DSM was one the primary intentions of the Energy Policy Act of 1992 (EPACT) which amended the Public Utility Regulatory Policies Act (PURPA) requiring states to consider the adoption of new standards pertaining to Integrated Resource Planning and utility investment in conservation and Demand Side Management.  To abandon the foundation upon which IRP requirements were built would, in Staff’s opinion, be premature given the rate of change in the industry in the past several years.

Staff generally supports the remainder of the Company’s Application.  Regarding the Company’s request to streamline filing requirements, Staff agrees as long as the Company continues to prepare a sound, useful and informative plan.  Staff recommends that any relevant additional information relied upon by the Company and not contained in the IRP submitted to the Commission be identified and made available to Staff upon request.

COMMISSION FINDINGS

The Commission has reviewed the Application and filings of record in Case No.

INT-G-97-2 including the comments of the Washington Water Power Company and Commission Staff.  We have also reviewed our previous Order No. 25344 in Case No. GNR-G-93-2, wherein we established the filing requirement for natural gas Integrated Resource Plans.

We thank the Company for its efforts in recommending changes in the natural gas IRP guidelines and the other parties for their thoughtful comments.  We find that the public interest regarding the requested changes does not require a public hearing to consider the issues presented and that it is reasonable to process the Application and issue an order without further notice or public comment.  Reference IDAPA 31.01.01.204.

We acknowledge that the natural gas industry is an industry in transition.  Contemporaneous with this filing we note that Intermountain Gas Company is asking to increase rates to many of its customers because of increases in the cost of natural gas.  We believe it is unwise at this time to forego consideration in the planning process of conservation and demand side management measures.  The public interest requires consideration of a full spectrum of opportunities available to the Company, including conservation and efficiency measures which would be of direct benefit to its customers.  The remainder of the Company’s suggested changes we find reasonable to adopt, including Staff’s suggestion that the Company identify relevant information sources relied upon in preparing its IRP, and share such information with Staff, if requested.  As expressed by Staff we continue to expect that the Company will file with this Commission a sound, useful and informative plan.

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Intermountain Gas Company, a gas utility, and the issues presented in Case No. INT-G-97-2 pursuant to the power granted in Title 61 of the Idaho Code and the Commission’s Rules of Procedure IDAPA 31.01.01.000 et.seq.

O R D E R

In consideration of the foregoing and as more particularly described and qualified above, IT IS HEREBY ORDERED that with the exception of the proposed elimination of evaluation of traditional demand side management measures, the proposed changes in the natural gas IRP planning process and report filed with the Commission pursuant to prior Case No. GNR-G-93-2, Order No. 25342, are adopted.  The changes that we approve are applicable to the natural gas operations of both Intermountain Gas Company and The Washington Water Power Company.  The Commission Secretary is directed to file a copy of this Order in Case No. GNR-G-93-2.

THIS IS A FINAL ORDER.  Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order.  Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration.  See Idaho Code § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of June 1997.

                                                                                                                                      DENNIS S. HANSEN, PRESIDENT

                                                                                           RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Jean Jewell

Assistant Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

June 30, 1997