DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

LYNN ANDERSON

DAVID SCOTT

WORKING FILE

FROM:SCOTT WOODBURY

DATE:May 15, 1997

RE:CASE NO. INT-G-97-2

INTEGRATED RESOURCE PLANNING GUIDELINES

REQUESTED REVISION

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 (see attached policy statement).

In the Commission’s letter dated May 15, 1996 acknowledging 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 the 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 site management 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.  Intermountain Gas 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 contends that public interest does not require a hearing in this matter and requests that its Application be processed under Modified Procedure.  The Company has requested an effective date of June 1, 1997.

Commission Decision:

Staff recommends that the Company’s proposed effective date be suspended and that this matter be processed pursuant to Modified Procedure.  The Company has requested a change in generic natural gas IRP guidelines.  It’s reasonable to expect that the Washington Water Power Company would like to file comments regarding IGC’s Application, in addition to other interested parties including Staff.

Does the Commission believe that Modified Procedure is appropriate?  If not what is the Commission’s preference?

Scott Woodbury

cm\M:intg972.sw