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BEFORE  THE  IDAHO  PUBLIC  UTILITIES  COMMISSION

IN THE MATTER OF THE APPLICATION OF )

INTERMOUNTAIN GAS COMPANY AND)CASE  NO.  INT-G-97-2

ITS REQUESTED REVISION TO THE)

COMMISSION’S POLICY STATEMENT)

ON NATURAL GAS INTEGRATED)COMMENTS OF THE

RESOURCE PLANNING)COMMISSION STAFF

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COMES  NOW  the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Scott Woodbury, Deputy Attorney General, and in response to the application filed by Intermountain Gas Company (IGC) on April 25, 1997, submits the following comments.

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.  The generic policy statement was adopted in Case No. GNR-G-93-2 in response to 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.

The Company’s most recent integrated resource plan (IRP) was submitted to the Commission in 1996.  In its letter acknowledging the Company’s 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 20-year planning horizon implicitly required by Order No. 25342.

The Staff and the Company have worked together in formulating revised Integrated Resource Planning Guidelines.

In its Application, 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 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 by limited to a period of five 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 forecasted 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 a 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 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 the 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.

REDUCTION IN PLANNING HORIZON

Staff supports the Company’s request to reduce the forecasting horizon to five years.  The uncertainty associated with forecasting further than five years in the future has become so great that the usefulness of long term forecasts is limited and potentially misleading.  We believe five years is a reasonable forecasting horizon.  Staff recommends that the requirement for a two year action plan remain unchanged.

PUBLIC PARTICIPATION

Public participation has always been an integral part of the Company’s integrated resource planning process, thus, the Company’s renewed commitment to strive for public participation is not new.  To such end however, Staff encourages creative efforts by the Company to improve the level of public participation in IGC’s planning process by core market customers.

EVALUATION OF DEMAND SIDE MANAGEMENT MEASURES

Staff does not support the Company’s request that the requirement for an evaluation of traditional demand side measures be completely eliminated from the guidelines.  Staff agrees that most, if not all, demand side measures are not currently cost effective given low gas and

electricity prices and given how cost is presently determined.  However, this may not always be the case.  As things change in the future, some DSM measures could again become cost effective.  With no requirement to evaluate DSM, some cost effective conservation savings could be lost.

Staff also believes that evaluation of DSM was one of the primary intentions of the EPACT in amending PURPA.  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.  However, it is not Staff’s intent that gas IRPs necessarily include formal evaluations of costs and benefits of potential DSM programs as they have been provided in previous IRPs.  Instead, a general explanation with each IRP filing of why there are no cost effective DSM opportunities would be sufficient.

STREAMLINING FILING REQUIREMENTS

Staff does not oppose the Company’s request to streamline current filing requirements.  Anything IGC is able to do to reduce the burden of preparing information for filing with the Commission should be encouraged as long as the Company prepares a sound, useful, and informative plan.  Any relevant additional information not contained in the IRP submitted to the Commission should be identified and made available to Staff upon request.

DATED at Boise, Idaho, this            day of June 1997.

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Scott Woodbury

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