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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF INTERMOUNTAIN GAS COMPANY FOR AUTHORITY TO CHANGE ITS PRICES. | )  )  )  )  )  )  ) | CASE NO. INT-G-97-3  NOTICE OF APPLICATION  NOTICE OF MODIFIED PROCEDURE  NOTICE OF COMMENT/PROTEST DEADLINE  ORDER NO.  26991 |

YOU ARE HEREBY NOTIFIED that on May 30, 1997, Intermountain Gas Company (IGC; Company) filed an Application with the Idaho Public Utilities Commission (Commission) for authority to place into effect new rate schedules that would result in an overall increase of approximately $2.2 million in its annualized revenues.  The increase reflects a change in the Company’s cost of gas and the elimination and/or imposition of a number of temporary gas and transportation cost adjustments, surcharges and credits.  The Company in its filing also proposes to balance out its Purchased Gas Cost Adjustment (PGA), Account 186.  The PGA Account is a deferral mechanism for over- and under-collections and for realized savings on spot market gas purchases.

The proposed adjustments reflected in the Application include changes in costs billed IGC by Northwest Pipeline Corporation (NWP) and other transportation companies, the elimination of temporary credits (INT-G-96-3), a decrease in the Company’s weighted average cost of gas (WACOG), the benefits generated from the Company’s segmentation of its firm capacity rights on NWP’s system, capacity costs discounts, fixed costs collected and the inclusion of temporary sur­charges and credits relating to gas and transportation related costs from the Company’s deferred gas cost account (PGA Account 186).

The Application proposes implementation of the following permanent and temporary changes, adjustments, surcharges and credits to IGC’s tariff rates for natural gas service, sales and transportation:

Permanent Adjustments:

●INT-G-96-3 Elimination of Temporary Surcharges/Credits$4,783,075

●Change in NWP rates/charges $119,388

●Capacity costs discounts($3,033,378)

●Commodity charges($5,405,452)

●Pacific Gas Transmission, Alberta Natural Gas & Nova Gas$7,373,539

●Fixed Cost Collection($1,746,196)

Temporary Surcharges or Credits

Deferred Gas Costs (IGC PGA Acct 186)

●Special Contract Shared Margin($  222,532)

●Fixed Cost Collection Adjustment($2,904,228)

●Uncollected Gas Costs $5,747,429

●Transportation Segmentation($2,720,219)

●Fixed Gas Cost Misc $   180,394

As computed by the Company, the total requested increase in revenue on an annual basis is $2,174,581 or 1.96%.  The net increase in sales gas revenues is $647,161 or 0.64%.  The  increase in T-1 transportation service revenues is $1,544,975 or 16.04%.  The net decrease in T-2 transportation service revenues is ($17,555) or -2.14%.  The increase in ammonia transportation service revenue is $3,361 or 0.41%.  The annualized change in rates by class of service per Company calculation is as follows:

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| Gas Sales | Revenue | Avg Increase (Decrease)     ¢/Therm | Avg Increase (Decrease)    % Change | Proposed Avg Price  $/Therm |
| RS-1 Residential | ($480,301) | (1.373¢) | (2.21%) | $0.60810 |
| RS-2 Residential | $ 1,582,842 | 1.798¢ | 3.75% | $0.49802 |
| GS-1 Genl Svc | ($455,380) | (0.571¢) | (1.24%) | $0.45394 |

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| LV-1 Large Vol. \* |
| \* T-1 tariff price plus the Weighted Average Cost of Gas (WACOG), $0.14869                      (Compare WACOG INT-G-96-3:  $0.17546) |
| WACOG = total commodity cost of gas ÷ total purchase therms |

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| Transportation | Revenue | Avg Increase (Decrease)  ¢/Therm | Avg Increase (Decrease)  % Change | Proposed Avg Price  $/Therm |
| T-1 Transp. | $ 1,544,975 | 1.204¢ | 16.04% | $0.08710 |
| T-2 Transp. | ($17,555) | (0.075¢) | (2.14%) | $0.03423 |

With the exception of the Industrial Class, IGC proposes to allocate the decrease to each of its customer classes in accordance with its Purchased Gas Cost Adjustment tariff and approved cost-of-service methodology.  (Ref. Case Nos. INT-G-95-1, INT-G-88-2, U-1034-137).  Because there are no fixed costs currently recovered in the tailblock of IGC’s T-1 tariff  and because the proposed decrease in the T-1 tariff is related to fixed costs (except for TF-1 commodity charge), a cents-per-therm decrease is made only to the first two blocks of the T-1 tariff.  All three blocks of IGC’s proposed T-1 tariff have been adjusted to include NWP’s firm transportation TF-1 commodity charge.  The proposed decrease in the T-2 tariff (except for TF-1 commodity charge) is fixed cost related and, therefore, a cents per therm decrease was made only to the T-2 demand charge.  The commodity charge component of the T-2 tariff was adjusted to include NWP’s firm transportation TF-1 commodity charge.

IGC contends that the overall change in prices requested will not affect its earnings and is fair, just and equitable.  IGC further contends that the public interest does not require suspension of the Application or further investigation into its reasonableness by hearing.  The Company requests that the matter 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.  The Company requests an effective implementation date of July 1, 1997.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. INT-G-97-3.  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.

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.  Reference 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-97-3 is Wednesday, June 25, 1997.  Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that 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 Idaho Public Utilities Commission and the Intermountain Gas Company at the following address:

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 the first page of this document.

YOU ARE FURTHER NOTIFIED that the Application in Case No. INT-G-97-3 together with accompanying exhibits and workpapers can be reviewed at the Commission’s office and at the principal office of Intermountain Gas Company during regular business hours.  Intermountain Gas Company is located at 555 S. Cole Road in Boise, Idaho (377-6000).

O R D E R

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED that the foregoing scheduling be adopted.

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:

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

June 12, 1997