DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

MADONNA FAUNCE

RAND LOBB

TERRI CARLOCK

DAVID SCOTT

WORKING FILE

FROM:SCOTT WOODBURY

KEITH HESSING

DATE:MARCH 9, 1998

RE:INTERMOUNTAIN GAS COMPANY

COMPLAINT/INVESTIGATION OF ALLEGED ANTICOMPETITIVE, PREFEREN­TIAL AND DISCRIMINATORY PRACTICES

As the result of written and verbal complaints lodged with the Commission Staff by two Intermountain Gas customers and a third party supplier, Staff recently initiated an informal investigation into alleged anticompetitive, preferential and discriminatory practices by Intermountain Gas Company (IGC).  Reference Idaho Code 61-315 Discrimination and Preference Prohibited.  The identified code section reads as follows:

61-315.  Discrimination and Preference Prohibited.—No public utility shall, as to rates, charges, service, facilities or in any other respect, make or grant any preference or advantage to any corporation or person or subject any corporation or person to any prejudice or disadvantage.  No public utility shall establish or maintain any unreasonable difference as to rates, charges, service, facilities or in any other respect, either as between localities or as between classes of service.  The Commission shall have the power to determine any question or fact arising under this section.

On February 3, 1998, Staff contacted Rick Youngblood of Quality Veneer located in Caldwell, Idaho.  Mr. Youngblood told Staff that due to some problems that his company has experienced in dealing with Intermountain Gas Company and its affiliate, IGI Resources (IGI), he has recently changed his gas supplier from IGI to Wasatch Energy.  While making arrangements to change gas supplier, Mr. Youngblood was told by a representative of IGC that his company would be required to do a mid-month meter reading and provide that information to IGC.  As an IGI customer his company was not required to do a mid-month meter read.  Mr. Youngblood was also told by an IGC representative that he could be subject to penalties for changing his gas provider.  It is unclear as to whether this true or not.  Quality Veneer has not yet been asked to pay any such penalties.

Also on February 3, 1998, Staff contacted Mike Bishop of Eddy’s Bakery in Boise.  Mr. Bishop has also changed his gas supplier from IGI to Wasatch Energy.  As a result of doing that he was given a choice of replacing his existing meter at his cost with one that is telemetered to IGC’s offices or doing mid-month meter reads and sending the results to IGC.  This company chose to read the meter and send the results to IGC.  Once again, this is a requirement that this company was not subject to as an IGI customer.  Also, at the time he changed his gas provider, IGC told him that the Wasatch gas supply was less reliable and that his gas supply may be cut off while IGI customers continue to receive gas.

Finally, Staff talked with Brent Turner of Wasatch Energy.  This Company competes with IGI for customers.  During the time the two have been competitors, Wasatch Energy has been concerned about the business relationship of IGC and IGI.  He believes that the relationship has led to unfair business practices.  Most recently, he is concerned that IGI is managing all of the pipeline nominations that go through the IGC system.  He is of the opinion that this is inappropriate.  He believes that it provides a competitive advantage for IGI to know from whom its competitors are getting their pipeline capacity.

All three of the people that Staff discussed these complaints with say they are willing to participate further in any formal complaint proceeding if the Commission initiates one.

Staff Recommendation

Staff advises the Commission that it has previously attempted to resolve issues of this type informally with Intermountain Gas Company.  Reference letter dated March 11, 1996, attached.  It appears now that IGC’s affiliate relationship with IGI Resources continues to present the Company and this Commission with ethical and regulatory challenges.  Staff believes that a forum should be established that would permit a more public investigation into IGC’s marketing practices.  Staff recommends that the Commission open a formal case docket for investigation into the alleged anticompetitive, preferential and discriminatory practices of IGC.  Reference Idaho Code 61-315 Discrimination and Preference Prohibited.  See also Idaho Code 61-501 Investment of Authority; and 61-503 Power to Investigate and Fix Rates and Regulations.

Commission Decision

Should a formal case docket for investigation be opened?

If not, what is the Commission’s preference?

Scott Woodbury

Keith Hessing

vld/M:IGC.sw