(text box: 1)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-98-4  ORDER NO.  27611 |

On May 29, 1998, 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 decrease of approximately $1.1 million in its annualized revenues.  The decrease 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 Williams Gas Pipelines-West (WGP-W) and other transportation companies, the elimination of temporary surcharges and credits (INT-G-97-3), an increase in the Company’s weighted average cost of gas (WACOG), the benefits generated from the Company’s segmentation of its firm capacity rights on WGP-W’s system, 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), and an updated customer allocation of gas-related costs.

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-97-3 Elimination of Temporary Surcharges/Credits($ 120,813)

●Change in WGP-W rates/charges ($294,183)

●Fixed Cost Collection($196,798)

Temporary Surcharges or Credits

Deferred Gas Costs (IGC PGA Acct 186)

●NWP Refund Docket No. RP96-367($2,000,000)

●Variable Cost Collection Adjustment($    44,772)

●Uncollected Gas Costs $4,953,484

●Market Segmentation($2,433,688)

●Fixed Gas Cost Misc ($  952,176)

As computed by the Company, the total requested decrease in revenue on an annual basis is $1,091,471 or 0.94%.  The net decrease in sales gas revenues is ($1,031,435) or (1.00%).  The  decrease in T-1 transportation service revenues is ($130,501) or (1.15%).  The net increase in T-2 transportation service revenues is $70,465 or 18.83%.  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 | ($162,712) | (0.469¢) | (0.77%) | $0.60341 |
| RS-2 Residential | ($ 904,852) | (0.958¢) | (1.92%) | $0.48844 |
| GS-1 Genl Svc | $ 36,129 | 0.046¢ | 0.10% | $0.45440 |

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| LV-1 Large Vol. \* |
| \* T-1 tariff price plus the Weighted Average Cost of Gas (WACOG), $0.15684                      (Compare WACOG INT-G-97-3:  $0.14869) |
| 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  $/Therm |
| T-1 Transp. | ($   130,501) | (0.100¢) | (1.15%) | $0.08610 |
| T-2 Transp. | $    70,465 | 0.311¢ | 18.83% | $0.01963 |

With the exception of the Industrial Class, IGC proposes to allocate the change in rates 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 WGP-W’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 WGP-W’s firm transportation TF-1 commodity charge.

On June 5, 1998, the Commission issued a Notice of Application and Modified Procedure in Case No. INT-G-98-4.  The deadline for filing written comments was June 24, 1998.  Commission Staff was the only party to file comments.  Staff reviewed the Company’s filing and performed a limited audit.  Staff’s audit of gas supply, swaps, capacity release, segmentation, added firm transportation capacity, tariff allocation and PGA changes revealed no irregularities.  Staff recommends that the Company’s Application and requested changes to tariff rates be approved for effective date July 1, 1998.

Commission Findings

The Commission has reviewed and considered the Company’s Application in Case No. INT-G-98-4 together with the attached exhibits and workpapers.  The Commission has also reviewed and considered the comments and recommendations of Staff which performed an audit related to the Company’s Application.  We find that the public interest regarding the requested change in rates 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.

The Company in this case has requested a $1,091,471 decrease in its annualized revenues.  Based on our review and analysis we find it appropriate, just and reasonable to approve the requested decrease.  We further find it reasonable that the change in rates and charges be implemented as reflected in the purposed tariff sheets submitted by the Company for an effective date of July 1, 1998.  Our approval includes the permanent adjustments, the temporary gas cost adjustments, surcharges and credits, and a balancing out of the Company’s deferred PGA account 186.  We further agree that the changes should be tracked through to the customers as proposed in the Company’s Application.

CONCLUSION OF LAW

The Idaho Public Utilities Commission has jurisdiction over this matter and Intermountain Gas Company, a gas utility, pursuant to the authority and power granted under Title 61 of the Idaho Code and the Commission’s Rules of Procedure, IDAPA 31.01.01.000 et seq.

ORDER

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED and Intermountain Gas Company is hereby authorized to change its rates and charges for RS1, RS2, GS1 and LV1/T1/T2 customers in the manner reflected in the Company’s amended tariff sheets heretofore filed with the Commission for an effective date of implementation of July 1, 1998.  The amended tariff sheets comport with an adjusted annual revenue requirement decrease of $1,091,471.

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 1998.

                                                                                                                                      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 30, 1998