

Idaho Public Utilities Commission

Case No. INT-G-13-03, Order No. 32855

July 19, 2013

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Commission accepts gas utility's long-range plan

State regulators praised southern Idaho's natural gas utility for finding nontraditional sources of gas supply to keep price volatility for its customers at a minimum.

The Idaho Public Utilities Commission has accepted Intermountain Gas Company's Integrated Resource Plan (IRP), which must be filed every two years. The plan outlines future structural improvements that need to be made to get gas to customers and identifies the sources from which the company anticipates getting its natural gas supply.

Traditional sources of natural gas for Intermountain Gas are from large gas-producing regions in Alberta and northeastern British Columbia and from the Rockies production basins in Wyoming, Colorado and Utah. Intermountain's traditional supply forecasts predict growing supplies because of shale gas production.

However, the utility has also been acquiring natural gas from nontraditional sources such as fuel oil, coal, wood chips and propane to reduce natural gas use by the its industrial customers. The company has also been using portable liquefied natural gas equipment in the Rexburg area to meet growing demand.

Other nontraditional sources of supply include distribution system capacity upgrades to improve the ability to flow gas during periods of peak demand and market "hedges," the practice of buying natural gas on the market when prices are low and then storing it for later use when prices are higher.

"These activities help guard against rate increases that might otherwise occur should natural gas prices rise to unusually high levels," the commission said. "We appreciate that the company continues to look for opportunities to diversify and protect its customers from market volatility."

The commission said Intermountain Gas needs to make greater efforts to get more input from the public and key stakeholders as it prepares its Integrated Resource Plan. Intermountain conducted two public meetings in Idaho Falls and Boise. While mayors, council members and city leaders were invited to the Idaho Falls meetings, the company did not appear to notify city officials of its Boise meeting. Commission staff said involving local officials in its western Idaho region is important particularly because the company plans to add a nearly 8-mile Orchard-Farmway pipeline loop to its Canyon County lateral.

Except for some regions, Intermountain Gas is experiencing a reduced rate of growth due to the economic downturn. Because of that, the utility expects to meet its peak-day loads over the next five years without significant capital additions.

Two years ago, the company's IRP showed capacity deficits on its Idaho Falls and Sun Valley laterals. Since then, Intermountain Gas has taken steps to address those deficits resulting in no projected capacity deficits in its territory even though it anticipates annual load growth of about 1 percent.

To meet projected deficits along the Idaho Falls lateral, which serves cities from Pocatello to St. Anthony, the company completed a 16-inch pipeline loop around Idaho Falls. That project, completed last winter, increased the distribution capacity from 810,000 therms to 990,000 therms. Seventeen percent of the company's customers are served by the approximate 104-mile Idaho Falls Lateral.

The 2010 plan also showed projected deficits on the 70-mile Sun Valley Lateral. In response, the company installed a compressor station to boost pressure. The compressor increased the lateral's capacity from 175,000 therms to 204,000 therms. The Sun Valley Lateral serves 4 percent of Intermountain Gas' customers.

The two other major laterals that extend from the main Williams Northwest pipeline that follows the Snake River throughout southern Idaho are the Canyon County and State Street Laterals. The 16-mile State Street lateral serves customers from Caldwell along State Street into northwest Boise. Intermountain reports that demand on the State Street lateral is increasing and will need monitoring but is not expected to meet capacity in the next five years. Fourteen percent of Intermountain Gas customers are served by the State Street Lateral.

Intermountain Gas serves about 285,000 residential customers and 30,400 commercial customers in its southern Idaho territory.

A copy of Intermountain Gas' Integrated Resource Plan and other documents related to this case are available on the commission's Web site at www.puc.idaho.gov. Click on "Open Cases" under the "Natural Gas" heading and scroll down to Case No. INT-G-13-03.

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