



Case No. INT-G-16-03, Order No. 33604

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Hefty natural gas supply results in lower rates

BOISE (Oct. 4, 2016) – Gas rates for the 335,000 southern Idaho customers of Intermountain Gas Company decreased an average 7.1 percent on Oct. 1 following regulators' approval of the company's annual Purchased Gas Cost Adjustment (PGA).

Every Oct. 1, the variable portion of Intermountain Gas rates is adjusted upward or downward by the Idaho Public Utilities Commission to reflect changes in the company's costs to buy natural gas from its suppliers and also changes in transportation, storage and other variable costs.

Significant supplies of North American shale gas and substantial gas storage balances were the major factors contributing to lower gas supply costs for the company. In an effort to further stabilize prices, the company entered into various fixed-price agreements to lock in the price of its underground storage and other winter gas supply.

As a result, residential customers who use natural gas for both space and water heating will see a reduction of about \$3.48 per month, while residential customers who use natural gas just for space heating will receive about a \$2.03 monthly reduction. For commercial customers, the decrease is about \$14.23 monthly.

Intermountain's weighted average cost of gas, or WACOG, is reduced from 32.8 cents per therm to 29.7 cents. The WACOG represents just under half of a residential customer's overall rate.

The other half of customer rates are primarily fixed costs. While the PGA addresses just variable costs, fixed costs are addressed in base rate cases. Intermountain Gas currently has an application before the commission to increase its base rates by an average 4 percent. (Case No. INT-G-16-02). That case will likely be decided by next March. It is the first Intermountain Gas base rate case since 1985.

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