

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF INTERMOUNTAIN GAS COMPANY) CASE NO. INT-G-17-05
FOR AUTHORITY TO CHANGE ITS)
PRICES) NOTICE OF APPLICATION
)
) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 33859**

On August 14, 2017, Intermountain Gas Company applied to the Commission for authority to change its rates, effective October 1, 2017, to reflect changes in gas-related costs. Application at 2. The Commission now issues this Notice of Application and Notice of Modified Procedure setting comment and reply deadlines.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Intermountain's rates include a base rate component and a gas-related cost component. The base rate component is intended to cover Intermountain's fixed costs to serve its customers – for example, the Company's costs for equipment and facilities to provide service – and rarely change. The current base rates were approved in Order No. 33757, Case No. INT-G-16-02. *See id.*

YOU ARE FURTHER NOTIFIED that the gas-related cost component of Intermountain's rates is at issue here. Specifically, with this Application, Intermountain seeks to change its rates to pass through to customers changes in gas-related costs resulting from: (1) costs billed to Intermountain from firm transportation providers (including Northwest Pipeline LLC); (2) a decrease in Intermountain's Weighted Average Cost of Gas (WACOG); (3) an updated customer allocation of gas-related costs under the Company's Purchased Gas Cost Adjustment (PGA) provision; (4) the inclusion of temporary surcharges and credits for one year relating to natural gas purchases and interstate transportation costs from Intermountain's deferred gas cost accounts; (5) benefits resulting from Intermountain's management of its storage and firm capacity rights on various pipeline systems; and (6) costs accrued related to Intermountain's general rate case. *Id.* at 3-4. Intermountain seeks to eliminate the temporary surcharges and credits included in its current prices during the past 12 months under Case No. INT-G-16-03. *Id.*

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YOU ARE FURTHER NOTIFIED that the changes in Intermountain's gas-related costs will *decrease* rates for Intermountain's RS and GS-1 customers, and *increase* rates for its LV-1, T-3, and T-4 customers. *Id.* at 4. The current gas-related cost component of Intermountain's rates was approved in Order No. 33604, Case No. INT-G-16-03. *See id.*

YOU ARE FURTHER NOTIFIED that the changes to the rates will decrease Intermountain's annualized revenues by \$19.2 million, but will not impact earnings. *Id.* at 2.

YOU ARE FURTHER NOTIFIED that the Company provides additional detail on the changes it is seeking to incorporate into rates. *See id.* at 4-8. For example, the permanent transportation and storage costs in this Application reflect a decrease of \$1.3 million compared to those same costs in Case No. INT-G-16-03. *Id.* at 4. The WACOG reflected in the proposed prices is \$0.26020 per therm, compared with the WACOG of \$0.29695 currently included in rates. *Id.* at 5. This decrease of \$0.03675 per therm reflects robust natural gas supplies, significant storage balances, and the Company's efforts to manage its natural gas storage assets. *Id.* The Application further explains other adjustments and treatment of various deferred costs. *Id.* at 4-8.

YOU ARE FURTHER NOTIFIED that Intermountain also explains that the proposed rate changes would be allocated to customer classes through its PGA provision. *Id.* at 7.

YOU ARE FURTHER NOTIFIED that the Company specifically explains adjustments to the LV-1, T-3, and T-4 tariffs. For the LV-1 tariff, a straight cents per therm price change was not used, because no fixed costs are currently recovered in the tail block of that tariff. *Id.* Intermountain indicates that the proposed changes in the WACOG and variable deferred credits and debits (outlined in Exhibit Nos. 9 and 10) applied to all three blocks of the LV-1 tariff. *Id.* at 7-8. However, adjustments related to fixed costs applied only to the first two blocks. *Id.* at 8. The net change of the adjustments is a price increase for the LV-1 customers. *See id.* at Exhibit No. 13. For the T-3 and T-4 tariffs, the adjustments included in the proposed tariffs include: (a) removal of existing temporary price changes; (b) the Lost and Unaccounted for Gas decrease (outlined in Exhibit No. 9); (c) for the T-4 tariff, the LNG Sales Credits (see Exhibit 10), and (d) a temporary adjustment to recover the Company's general rate case related expenses. *Id.* The net change of these adjustments for the T-3 and T-4 customers is a rate increase. *Id.*

YOU ARE FURTHER NOTIFIED that the Company states this Application includes \$25,178 of intervenor funding for recovery, per Order No. 33757, to be allocated proportionally according to base rate revenues within each customer class. *Id.*

YOU ARE FURTHER NOTIFIED that the Company also requests amortization and collection, over a four-year period, of \$699,114 of deferred external rate case costs. *Id.*

YOU ARE FURTHER NOTIFIED that the Company provides an exhibit, Exhibit No. 13, which analyzes the overall price changes by class of customer. *Id.* The Company also provides its proposed rate schedules and tariff sheets. *See id.* at Exhibit Nos. 1-2.

YOU ARE FURTHER NOTIFIED that the Application and supporting documentation have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. These documents are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, then select "Natural Gas Cases" and click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-502 and 61-503. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter, and that it will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission by no later than **September 14, 2017**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written

comments. Written comments concerning this Application shall be mailed to the Commission and the Company at the addresses reflected below:

Commission Secretary	Michael P. McGrath
Idaho Public Utilities Commission	Director – Regulatory Affairs
PO Box 83720	Intermountain Gas Company
Boise, ID 83720-0074	P.O. Box 7608
	Boise, ID 83707

Street Address for Express Mail:

472 W. Washington Street	Ronald L. Williams
Boise, ID 83702-5918	Williams Bradbury PC
	802 W. Bannock, Suite 900
	Boise, ID 83702

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission’s home page located at www.puc.idaho.gov. Click the “Case Comment or Question Form” under the “Consumers” tab, and complete the comment form using the case number as it appears on the front of this document.

YOU ARE FURTHER NOTIFIED that the Company shall file reply comments, if necessary, by no later than **September 20, 2017**.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that the Application of Intermountain Gas Company be processed by Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments must do so no later September 14, 2017. The Company may file a reply no later than September 20, 2017.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 28th
day of August 2017.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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