

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. INT-G-17-07
OF INTERMOUNTAIN GAS COMPANY)
FOR AUTHORITY TO IMPLEMENT AN) NOTICE OF APPLICATION
INFRASTRUCTURE INTEGRITY)
MANAGEMENT MECHANISM) NOTICE OF
) INTERVENTION DEADLINE
)
) ORDER NO. 33959

On December 18, 2017, Intermountain Gas Company applied for authority to implement an Infrastructure Integrity Management Mechanism (IIMM). The Application included the Company's proposed rate schedule and asked that the Commission process the case by Modified Procedure. The Commission now issues Notice of the Application and sets a deadline for Petitions to Intervene.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company asserts the IIMM is a cost recovery mechanism designed to allow the Company to accelerate the replacement of aging infrastructure, to mitigate the increasing impact of regulation on the Company's capital and operations and maintenance (O&M) budgets, and to more proactively address safety issues on its system. Application at 3. The Company believes the IIMM is "an integral part of its mission to provide safe and reliable natural gas service." *Id.*

YOU ARE FURTHER NOTIFIED that according to the Company, state utility commissions across the country have granted approval to "gas utility companies to implement some form of integrity management and infrastructure replacement programs," the common feature of which is safe and reliable service. *Id.* at 4. Likewise, the Company is committed to safe and reliable service, and works to proactively identify and remove risks to its system. *Id.*

YOU ARE FURTHER NOTIFIED that the Company describes its programs to proactively remove and replace pipe that has a risk of failure. *Id.* The Company uses relative risk models to manage and assess the risk of failures based on age, material, operating pressure, damage history, and other considerations, and based on the outputs, the Company prioritizes infrastructure replacement projects within its total capital investment demands. *Id.* The Company states it would like to accelerate replacement projects, but budget limitations "often only allow the Company to

maintain a more modest replacement schedule.” The Company anticipates the proposed IIMM will enable it to accelerate the replacement programs and “stay ahead of schedule.” *Id.*

YOU ARE FURTHER NOTIFIED that the Company explains it must make certain capital investments to satisfy federal, state, and local requirements, and sometimes must increase O&M spending and add personnel for safety initiatives. *Id.* at 5. The Company asserts this capital and O&M spending can “challenge [its] financial situation as [it does] not provide the necessary supporting revenues.” *Id.* The Company provides examples of projects that “contribute to budgetary constraints and compete with other necessary capital investment projects.” *Id.* The Company states that including these capital projects in the IIMM would “give the Company more flexibility to concurrently pursue these pipeline related capital investments while also implementing other necessary capital expenditures.” *Id.*

YOU ARE FURTHER NOTIFIED that the Company explains the IIMM would not include capital investment associated with incremental growth on the Company’s system, and the rate base and expenses embedded in the Commission-approved IIMM charge would switch from the IIMM to general base rates through future general rate cases. *Id.* at 6.

YOU ARE FURTHER NOTIFIED that the Company explains how the proposed IIMM would work. Specifically, the Company would consult the Commission’s Pipeline Safety Division about the projects and expenses the Company seeks to recover through the IIMM. *Id.* at 7-8. The Company would then propose an IIMM Revenue Requirement for allocation to each rate class based on the allocation of base rate revenues from the Company’s most recent general rate case. *Id.* The IIMM Charge would equal the allocated IIMM Revenue Requirement divided by normalized volumes from the Company’s Purchased Gas Adjustment. *Id.* Each year in May, the Company would ask the Commission to update the IIMM Charge, with the new prices to take effect October 1. *Id.* The Company provides examples of how it would calculate the above components. *See id.* Exhibit 2.

YOU ARE FURTHER NOTIFIED that the Application and its exhibits 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, scroll down to “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. 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 INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that persons who wish to intervene in this matter to obtain the rights of party (e.g., to file formal discovery, or present evidence or cross-examine witnesses at a hearing) must file a Petition to Intervene with the Commission under the Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and .073. **Persons who wish to intervene as a party must file a Petition to Intervene no later than 21 days from the service date of this Order.** Such persons shall also provide the Commission Secretary with their electronic mail address to facilitate further communications. After the intervention deadline runs, the Commission Secretary shall issue a Notice of Parties that identifies the parties and assigns exhibit numbers to each party. Once the Notice of Parties has issued, Commission Staff shall informally confer with the Company and any intervening parties about how to further process this case, and shall then report back to the Commission on a proposed case schedule.

YOU ARE FURTHER NOTIFIED that persons who would like to present their views without parties' rights of participation and cross-examination are not required to intervene but may present their views by submitting written comments to the Commission.

YOU ARE FURTHER NOTIFIED that the following persons are designated as the Company's representatives in this matter:

Michael P. McGrath
Director-Regulatory Affairs
Intermountain Gas Company
P.O. Box 7608
Boise, ID 83707

Ronald L. Williams
Williams Bradbury PC
P.O. Box 388, Boise, ID, 83701
802 W. Bannock, Suite 900
Boise, ID 83702

ORDER

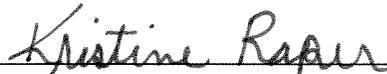
IT IS HEREBY ORDERED that persons desiring to intervene in this matter shall file a Petition to Intervene no later than 21 days from the service date of this Order. Once the deadline for intervention has passed, the Commission Secretary shall prepare and issue a Notice of Parties.

IT IS FURTHER ORDERED that, after the Notice of Parties has issued, Commission Staff shall confer with the parties regarding a procedural schedule for this matter.

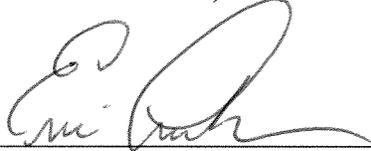
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this ^{8th} day of January 2018.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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