



Case No. INT-G-16-02, Order No. 33789 Final Order

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Commission approves settlement of rate case

BOISE (Sept. 14, 2017) – Intermountain Gas customers will see a slight rate increase under the terms of a settlement approved by state regulators.

The settlement resolves Intermountain Gas' first rate case since 1985 and will increase the cost of natural gas by 1.36 percent across all customer classes, effective Oct. 1.

That equates to an additional 37 cents on the monthly bill of the average residential customer.

When the rate case began in August 2016, Intermountain's proposal called for rates to increase by an average of 4.06 percent.

In late April, the Idaho Public Utilities Commission approved an increase averaging 1.58 percent. That increase went into effect May 1.

Intermountain petitioned the Commission to reconsider its decision on May 18.

In granting Intermountain's petition for reconsideration, the Commission directed the interested parties to explore settlement opportunities.

The stipulation agreement forged by those parties, which included the company, Commission staff and the Northwest Industrial Gas Users, called for a compromise on four concerns that Intermountain cited in its reconsideration petition.

Two of the company's concerns pertained to weather data used to project energy usage (and therefore revenue), while two concerns focused on the Commission's decisions to disallow \$1.38 million in expenses paid to Intermountain's affiliate, MDU Resources, and \$704,000 in non-executive incentive compensation.

In the order issued in late April, the Commission found that Intermountain Gas' methodology for using weather data to forecast energy usage among its customers was not reproducible.

That made it impossible to determine whether the company's model accurately projected the amount of energy it would need to purchase, and the amount of revenue required to recover those expenses through customer rates, the Commission said. As a result, the Commission used a weather normalization model developed specifically for this case and decreased the associated revenue requirement by approximately \$2 million.

Intermountain said the Commission's analysis overstated revenue.

The settlement approved by the Commission allows the company to recover an additional \$1.2 million in expenses related to affiliated expenses and incentive compensation, representing a 50/50 split of the dollar amounts related to these two issues, and to recover an additional \$6,065 in annual base rate revenues related to weather modeling.

The settlement also establishes a procedure for determining the weather normalization methodology in future rate cases.

The commission's order and other documents related to the settlement of the rate case can be found at www.puc.idaho.gov. Under the "Natural Gas" heading, click on "Open Cases," and scroll down to Case No. INT-G-16-02.