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IDAHO PUBLIC  
UTILITIES COMMISSION

Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington Street  
Boise, ID 83702-5983

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION OF )      CASE NO. INT-G-02-3**  
**INTERMOUNTAIN GAS COMPANY FOR      )**  
**AUTHORITY TO INCREASE ITS RATES FOR )**  
**SERVICE.                                    )**  
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**Filed: June 26, 2002**

AARP Idaho, on behalf of over 143,000 members in the state of Idaho, submits these comments in response to the Notice of Application, Notice of Modified Procedure and Notice of Comment Deadline issued in Order No. 29042 on June 3, 2002 in the above-referenced proceeding. AARP's membership has a vested interest in ensuring that energy services are readily available for consumption and at prices that are just, reasonable and affordable. For this reason, public participation in this proceeding is extremely important, and we appreciate this opportunity to present our views regarding this matter.

AARP specifically seeks to comment on Intermountain Gas Company's proposal to over-collect \$8.2 million in rates to mitigate a possible rate increase next year. If the

company's application is approved in its current form, Intermountain states that customer rates will decrease by an average by 24%. If the over-collection were not permitted, however, customer rates would decrease by an average of 28%. We have reviewed Intermountain's application and urge the Commission to reject the company's proposal. In the alternative, should the Commission determine that sufficient evidence is presented by the company to justify the proposed over-collection, AARP contends that any future refunds due to customers from the over-collection should be credited with interest. We also urge the Commission to hold public hearings to allow customers, especially those who are not expected to receive notices of the company's proposal in their bills until June 25, an adequate opportunity to participate in this proceeding before the Commission reaches a final decision.

According to the comments filed by Commission staff, disallowance of the over-collection would ensure that all costs and savings associated with the weighted average cost of gas (WACOG) are directly passed through to customers when they occur. Lowering the WACOG is also consistent with past Purchased Gas Cost Adjustment practices that establish the WACOG based on the company's anticipated actual cost of gas.

Scarcely one month ago, in Order No. 29026, the Commission was faced with a utility's proposal to delay the flow through of a power cost adjustment. That case involved a rate increase; this, a rate decrease. Still, the principles remain the same. The Commission voiced "concern for uncertainties the future may hold," including potential volatility in

the western wholesale power markets for electricity. The crystal ball for wholesale gas prices is no less murky.

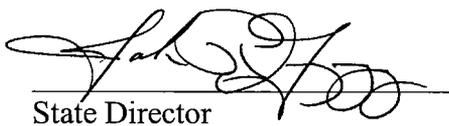
Furthermore, as the Commission noted: "the longer power supply cost recovery is delayed, the greater the risk that the customers taking service when the deferred costs were incurred will not be the same customers that will later pay for them." In short, a mismatch between customers who overpay this year and customers who underpay next year is very likely to result. Finally, as Commission staff correctly notes, an over-collection will not guarantee overall lower natural gas rates and may not eliminate all increases that could occur in the future.

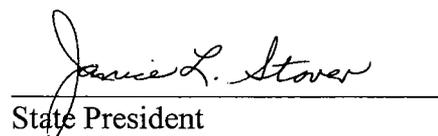
Undoubtedly, rising utility rates are having an overwhelming impact on Idaho citizens, especially older persons – many of whom are living on low and fixed incomes. National numbers indicate that although older Americans consume approximately the same amount of energy as do younger people, they devote a higher percentage of total spending to residential energy. This may be due to the fact that older Americans spend a greater proportion of income on home energy costs. Low-income older families, in fact, spend an average of 16 percent of their income on residential energy. Alarmingly, about one out of every four low-income older households spends 19 percent or more of their entire income on home energy bills. Too often, these families are forced to choose between risking their health and comfort by cutting back on energy expenditures and reducing spending for other basic necessities.

Thus, we also urge the Commission to adopt Commission staff's recommendation to order Intermountain Gas Company to continue its efforts to educate consumers about energy assistance and conservation programs in an ongoing effort to help consumers reduce their energy needs. According to Commission staff, recent rate hikes have had a dramatic impact on customers and their ability to pay higher utility bills. Although rates will decrease as a result of the company's proposal, there will continue to be customers who cannot pay their bills. Accordingly, AARP strongly recommends that the Commission also adopt automatic enrollment to effectively increase participation rates in available low-income energy assistance programs. Funding for energy assistance programs should also be expanded to meet customer needs. AARP welcomes the opportunity to work with the Commission to implement automatic enrollment and to educate our members on the existence of available energy assistance programs.

For the above-stated reasons, AARP urges the Commission to reject Intermountain Gas Company's proposal to over-collect natural gas rates by \$8.2 million, to schedule public hearings, and to require the company to expand low-income energy assistance efforts to help customers reduce their energy burdens. We appreciate this opportunity to comment and trust that the Commission will take these comments into consideration during deliberations on the merits of Intermountain Gas Company's request.

Respectfully submitted,

  
State Director

  
State President