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IDAHO PUBLIC
UTILITIES COMMISSION

Matthew A. Nykiel (ISB No. 10270)
Benjamin J. Otto (ISB No. 8292)
710 N 6th Street
Boise, ID 83701
Ph: (208) 265-9565
Fax: (208) 265-9650
mnykiel@idahoconservation.org

Attorneys for the Idaho Conservation League

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN GAS COMPANY's 2019-2023 INTEGRATED RESOURCE PLAN	)	**CASE NO. INT-G-19-07** **COMMENTS OF THE IDAHO CONSERVATION LEAGUE**

The Idaho Conservation League ("ICL"), by and through its attorney of record, Matthew Nykiel, and in response to the Notice of Filing and Notice of Modified Procedure issued in Order No. 34537, submits the following comments.

BACKGROUND

On October 18, 2019, Intermountain Gas Company ("Intermountain" or "Company") filed its 2019-2023 Integrated Resource Plan ("IRP"). The IRP outlines and analyzes the Company's strategy for meeting its customers' projected energy needs.

ICL COMMENTS

Public Participation

In Order No. 33997, the Idaho Public Utilities Commission ("IPUC" or "Commission") directed the Company to convene an IRP advisory group and work with it to develop future IRPs that comprehensively and transparently consider demand, existing resources, and potential supply and demand-side options for meeting any deficits – unfortunately, the Company failed to meaningfully inform and involve a representative group of stakeholders in its IRP advisory group.

To develop this IRP, the Company formed the Intermountain Gas Resource Advisory Committee (“IGRAC”). While we commend the Company for taking a positive step forward in this regard, contrary to the Company’s statements in the IRP the Company did not solicit committee members from a representative pool of interested stakeholders in Intermountain’s service territory. Instead, the Company focused their IGRAC invitations predominantly to commercial customers and economic development associations. See INT-G-19-17 Company Response to ICL’s Production Request No. 2.

As the IPUC acknowledged in Order No. 33997, IRP advisory groups have proven informative and helpful to utilities in developing their IRPs. But, the extent to which a utility benefits from an advisory group is, in part, a function of how diverse and representative the members of its advisory group are. Here, the Company failed to invite customer groups or organizations specifically focused on pursuing all cost-effective conservation measures and ensuring IRPs are adequately evaluating all policy considerations that could impact energy fuel costs and, therefore, customer rates. The Idaho Conservation League is one such organization but there are many others in the Company’s service territory, including the Community Action Partnership Association of Idaho. While Intermountain collected a geographically diverse set of members, by only including economic development agencies, the Company focused on a single perspective to the exclusion of the vast majority of customer interests.

Policy Considerations

Current and proposed greenhouse gas regulations by federal and state agencies, coupled with political and legal efforts, have implications for the costs and risks customers face from Intermountain’s fossil-fuel product, which is why we were surprised to learn the Company chose not to evaluate the risk or costs associated with the Company’s greenhouse gas emissions. Public utilities throughout Idaho that are responsible for greenhouse gas emissions have recognized current and proposed regulations as important considerations to evaluate and weigh in IRPs. See Avista Utilities 2018 Natural Gas IRP, AVU-G-18-05. In fact, the risk and costs of current and forecasted greenhouse regulations are so serious two of Idaho’s major utility companies, Idaho Power Company and Avista Corp., have established corporate commitments to produce 100%

clean energy by 2045. We would like the Company to provide the public a comprehensive and transparent discussion of these economic and policy considerations, which present significant cost-risk to Intermountain customers.

Although the State of Idaho does not currently regulate greenhouse gases, municipalities within Idaho and state and federal governments surrounding Idaho have regulated greenhouse gas emissions, or plan to. For example, in 2018 the Canadian federal government enacted the Greenhouse Gas Pollution Pricing Act ("GGPPA"). Among other things, this law creates a federal carbon pollution price starting at $20 per ton in 2019, rising at $10 per ton per year until reaching $50 per ton in 2022. The Company's IRP states that it purchases approximately 79% of its gas supply from the Western Canadian Sedimentary Basin, and though the GGPPA appears to not yet apply its carbon tax on the gas the Company purchases from Canada, the cost of this gas may be impacted as Canadian markets continue to respond to higher gas fuel prices.

In addition, the Company states it purchases the remaining 21% of its gas supply from the Rockies hub. Here, again, states like Colorado that supply this hub are passing regulations that may impact the cost and availability of the gas the Company purchase. Colorado enacted HB19-1261 in 2019, which committed the state to economy-wide greenhouse gas reductions (not just from electricity but from all sectors) of 50% by 2030 and 90% by 2050.

The Idaho Commission has consistently admonished Idaho utilities to address the risks customers face from greenhouse gas regulations. Because the Company chose not to evaluate or discuss how these policies or future policies may impact the utility's service and customer rates the general public is left guessing. Until Intermountain addresses these objective risks to the potential impacts to the cost and availability of its gas supply the IRP is not a full evaluation of the least cost, least risk plan to meet customer needs.

IRP Forecast Horizon

IPUC Order No. 27024 authorized the gas utilities in Idaho, Intermountain and Avista, to reduce their IRP forecast horizons from 20 years to 5 years, but circumstances in the 21st century counsel for a return to first principles. The policy considerations discussed above are rapidly increasing the uncertainty of the long- and short-term economics of fossil fuel dependent industries. So too is customer concern over the impacts of fossil fuels not only on climate change but also air pollution, which can cause and exacerbate respiratory illnesses and leave vulnerable populations more susceptible to viruses.

Even barring the uncertainty surrounding fossil fuels, prudent utility practice requires evaluating current and future expenses over a longer time horizon than 5 years. Public utility assets and infrastructure are, in most cases, built to last and built for use well beyond 5 years. But, if these assets or infrastructure may not be useful or economical in 10 years or 12 years, whatever the case may be, public utilities and their customers have an interest in forecasting and weighing the long-term costs and benefits of these investments. Without this long-term analysis and planning utility companies put themselves and their customers at risk of stranded assets – a challenge utility companies across the country are facing as the energy landscape continues to rapidly change.

To be sure, forecasts over a 5-year period will likely be more accurate than forecasts over 10- or 20-year time periods, but this does not undercut the value of a long-term forecasts. Customers are on the hook for infrastructure with useful lives that last decades. Intermountain must address this lifespan to properly account for the true costs and risks customers ultimately bear. Moreover, the exponential growth in modeling and computational capacity since the IPUC issued Order No. 27024, in 1997, allows a utility company to forecast over longer periods with increasingly greater accuracy. Electric and gas utilities, including Avista in Idaho, take advantage of long-range planning in 20-year IRPs, providing their customers with added assurance that the money they spend on utility bills is being prudently invested. Intermountain's customers should be the beneficiaries of long-range planning in 20-year IRPs as well.

Gas Price Forecast

The Company's IRP analysis of gas price forecasts is based on a model and information that is not public, and we request the IPUC direct the Company to model gas price forecasts in this IRP and future IRPs using only publicly available models and information. See Company's Response to ICL Production Request No. 11.

Future natural gas price assumptions significantly influence the financial results of the operational modeling utility companies use to evaluate and rank resource portfolios. As such, the IPUC and the Company's customers ought to have access to this fundamental driver of the IRP process. Although we appreciate the Company sharing an opportunity to coordinate a video call to walk through the confidential model, inputs, and results, this offer misses the point. It is the customers of Intermountain gas that deserves this transparency. The Commission should instruct the Company to forecast gas prices only with publicly available information.

ICL RECOMMENDATION

Based on the comments provided above, ICL recommends the IPUC not acknowledge the Company's 2019-2023 IRP and direct the Company to supplement this IRP and all future IRPs with the following:

1. A discussion showing the Company adequately informed and solicited a group of stakeholders representative of the diverse interests in the Company's service territory of the opportunity to participate in the IGRAC, including stakeholders that focus on energy conservation and residential and low-income customer rates;
2. A comprehensive analysis and discussion of current and proposed greenhouse gas and other environmental policy regulations and the potential impacts of these regulations on the Company's current and future costs and risks;
3. An analysis and discussion of all IRP subjects evaluated over a 20-year time horizon; and
4. A gas price forecast based solely on publicly available information.

DATED this 23rd day of April 2020

Respectfully submitted,

Matthew A. Nykiel
Idaho Conservation League

CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of April, 2020, I served the foregoing COMMENTS OF THE IDAHO CONSERVATION LEAGUE, in Case No. INT-G-19-07, by emailing a copy thereof, in accordance with Idaho Public Utilities Commission Order No. 34602, to the following:

Electronic Mail:

Diane Hanian
Commission Secretary
Idaho Public Utilities Commission
diane.hanian@puc.idaho.gov

John R. Hammond, Jr.
Deputy Attorney General
Idaho Public Utilities Commission
john.hammond@puc.idaho.gov

Lori A. Blattner
Director – Regulatory Affairs
Intermountain Gas Company
lori.blattner@intergas.com

Preston N. Carter
Givens Pursley LLP
prestoncarter@givenspursley.com
kendrah@givenspursley.com

Matthew A. Nykiel