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IDAHO PUBLIC UTILITIES COMMISSION

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)
APPLICATION OF INTERMOUNTAIN)
GAS COMPANY FOR AUTHORITY TO)
REVISE ITS GENERAL SERVICE)
PROVISIONS RELATED TO THE)
INSTALLATION AND EXTENSION OF)
NATURAL GAS MAINS AND)
SERVICES)

CASE NO. INT-G-20-01

IDAHO CONSERVATION LEAGUE

COMMENT

The Idaho Conservation League (ICL) submits the following comments regarding Intermountain Gas Company’s request to adjust the Line Extension policy. Intermountain proposes to increase the “allowable investment” applied to requests for new service, thereby reducing the costs incurred by the new customer. To the extent this new customer does not cover the cost of extending service, existing and future customers are forced to subsidize growth without receiving any commensurate benefit. To avoid subsidization, ICL recommends the Commission carefully scrutinize the assumptions underlying IMG’s request to ensure that new customers cover the cost of service they incur.

When a new customer requests service from Intermountain, the utility must extend lines between the existing system and the new location. Because these costs are directly attributable to a specific customer, cost recovery policy should prioritize direct cost recovery and minimize any subsidization by others. Intermountain’s line extension policy subsidizes new customers by extending service, without charge, up to the “allowable investment”. *App, Exhibit 2 at 10.* By not charging the new customer Intermountain causes existing and future customers to cover this expense. Existing customers must cover the costs of Intermountain extending the service initially. Because the line extension calculation to assure Intermountain recoups this investment covers methane consumption over the life of the service lines, future customers will be obligated

to the costs incurred by the requesting new customers. To minimize this subsidization by a specifically identified new cost-causer, ICL recommends the Commission direct Intermountain to develop a line extension policy that directly assigns all of the costs to the entity requesting new service.

One of our primary concern with the Company's proposal is the method used to calculate the "allowable investment" likely overstates the methane consumption. By overstating the methane consumption Intermountain assumes more revenues from the customer to recoup the investment than are likely to occur. This under-recovery will increase costs for other customers and should be avoided to the maximum extent possible.

Our review of Intermountain's Residential Energy Consumption Study, included as Exhibit 3 to the Application, leads us to conclude it overstates likely methane consumption in two ways. First, the study generally assumes customers will build homes to meet minimum code levels, install minimally efficient appliances, and does not factor in any improvements or appliance replacements over time. Meanwhile Intermountain has just completed a Conservation Potential Assessment that includes assumptions about the turnover rate of appliances and future efficiency standard development. ICL recommends the Commission direct Intermountain to incorporate the most recent Conservation Potential Assessment assumptions into the calculation of methane consumption.

Second, the study creates several model homes all of which assume high levels of methane consumption. For example, for single story homes the study assumes a full suite of gas appliances – heater, water heating, dryer, range, fireplace, and a gas grille. For two-story homes, the study assumes the same full suite but excludes, without explanation, the gas grille. ICL recommends the Commission direct Intermountain to assess the actual distribution of appliances in the service territory rather than assume each gas customer will use a full suite of appliances.

We are also concerned the Company's proposal applies an average "allowable investment" across the system instead of a known and measurable costs to new customer applicants. To develop the "allowable investment" Intermountain calculated methane consumption factors for seven specific locations with six residential building types per location. *See Application, Exhibit 3.* Each building type in each location has a unique assumed methane consumption factor that can be input into the allowable investment calculation. But Intermountain does not do this, rather they calculate an average consumption factor to apply

CERTIFICATE OF SERVICE

I hereby certify that on this 11th day of June 2020 I delivered true and correct copies of the foregoing COMMENTS to the following persons via the method of service noted:

/s/Benjamin J Otto

Electronic Mail Only (See Order No. 34602)

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