

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN) CASE NO. INT-G-20-01
GAS COMPANY’S APPLICATION FOR)
AUTHORITY TO REVISE ITS GENERAL) NOTICE OF APPLICATION
SERVICE PROVISIONS RELATED TO THE)
INSTALLATION AND EXTENSION OF) NOTICE OF
NATURAL GAS MAINS AND SERVICES) INTERVENTION DEADLINE
)
) **NOTICE OF SUSPENSION OF**
) **PROPOSED EFFECTIVE DATE**
)
) **ORDER NO. 34560**
)

On January 27, 2020, Intermountain Gas Company (“Intermountain” or “Company”) applied to the Commission for authority to revise the Company’s General Service Provisions related to the installation and extension of natural gas mains and services (“Line Extension”).

The Commission now issues this notice of the Company’s Application, notice of the Intervention Deadline, and suspends Intermountain’s proposed effective date for its tariff, under *Idaho Code* § 61-622(4).

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that in the Company’s last rate case, Case No. INT-G-16-02, the Commission found it “reasonable and appropriate” for Intermountain to update its Line Extension tariff to reflect the rate of return approved in the rate case. Order No. 33757. The Commission noted the updated tariff should accurately reflect the degree to which customer contributions associated with Line Extensions depend on rate of return. Beginning in December 2017, the Company began working closely with Commission Staff to update the Line Extension tariff in response to Order No. 33757.

YOU ARE FURTHER NOTIFIED that the Company proposes to replace its General Service Provisions Section C and update Section A of its General Service Provisions to refer to Section C. The Company would use an embedded cost methodology approach to calculate the Allowable Investment¹ for residential and commercial Line Extension projects. Intermountain

¹ The Allowable Investment is the portion of a Line Extension funded by Intermountain.

states that this method “will help to ensure that the investment in gas facilities for each new customer will be similar to the embedded costs of the same facilities for existing customers that are reflected in the Company’s approved base rates.” Application at 5. The customer will pay any costs in excess of the Allowable Investment as a customer advance.

YOU ARE FURTHER NOTIFIED that the Company’s proposed tariff calculates the Allowable Investment for residential applicants by first calculating the estimated annual therm usage of the customer, then multiplying the estimated annual therm usage by the Allowable Investment Factor². The estimated annual therm usage is calculated using a formula incorporating the square footage of the residential customer’s home (if the home is gas heated), and the annual therm usage of the home’s gas appliances. Application, Exhibit 2.

YOU ARE FURTHER NOTIFIED that to determine the cost to install a Service Line³, Intermountain proposes multiplying the on-property Service Line length by the Service Line Cost per Foot⁴. For a Main⁵ extension, the Project Cost “is calculated by estimating the costs of the gas facilities required to serve the gas load of the requesting applicant.” Application at 6. Under the proposed tariff, the applicant for a Line Extension pays the difference between the Allowable Investment and the Project Cost.

YOU ARE FURTHER NOTIFIED that the Company anticipates filing an annual tariff advice to update the Allowable Investment Factors, the Service Line Cost per Foot, and the construction overhead charge.

YOU ARE FURTHER NOTIFIED that under the Company’s proposal, a customer who paid for a Line Extension would be eligible for a vested interest refund if additional service points are added to the project within five years of the date of installation. This would occur when a service point not used in the original calculation connects to the Main extension within a five-

² The Allowable Investment Factor is derived from the Present Value (PV) of the embedded cost of Mains and Services in the Company’s tariff. The PV calculation uses the Commission-approved Weighted Average Cost of Capital as the discount rate over the life of the plant. Allowable Investment Factors for Service and Main are included in Section C, Section 4.3 of the Company’s proposed tariff.

³ A Service Line is an underground gas pipeline and required fittings that extend downstream from a Main, or branches from an existing Service Line to the location of the meter.

⁴ The Service Line Cost per Foot is derived by calculating a three-year average of service line costs divided by the feet installed during the same years. The Service Line Cost per Foot would be updated annually. For 2020, the Company proposes a value of \$12.38 per foot. *See* Application, Exhibit 5.

⁵ Main is the underground pipeline, and required fittings, used for the distribution of natural gas upstream of Service Lines. *See* Application, Exhibit 2.

NOTICE OF APPLICATION

NOTICE OF INTERVENTION DEADLINE

ORDER NO. 34560

year period after the extension. When this occurs, the original applicant or developer would be eligible for a vested interest refund not to exceed the original upfront payment.

YOU ARE FURTHER NOTIFIED that the Company proposes refunding applicants who paid a customer advance between May 1, 2017—the effective date of Order No. 33757—and the effective date of the final order in this case. The reason given by the Company for this refund is “the amount of time that has elapsed between the reduction of Intermountain’s [rate of return] in case No. INT-G-16-02 and the filing of this case.” Application at 7. The refunds would be calculated by comparing the original project and the resulting allowable investment to the proposed Allowable Investment calculation method at issue in this case. If the comparison shows the customer advance paid under the previous tariff was higher than the customer advance would have been under the proposed tariff, the customer would be refunded the difference—less any refunds already remitted.

YOU ARE FURTHER NOTIFIED that the Company states the proposed tariff would result in a slightly higher Allowable Investment for projects that include both a Main and Service extension, due largely to increased costs over time and Intermountain’s reduced weighted average cost of capital in Case No. INT-G-16-02. For projects that include only a service extension, the footage that will be allowed without any investment by the customer would be less due to declining customer usage.

YOU ARE FURTHER NOTIFIED that Intermountain states it will issue notice of its Application to affected customers during the week of February 3, 2020. The notice will be sent to “those developers, builders, and HVAC contractors that may be affected by the proposed changes to inform them of the Company’s request.” Application at 9.

YOU ARE FURTHER NOTIFIED that the Company requests an effective date of April 1, 2020 for its proposed tariff, and requests that its Application be processed under Modified Procedure. *Id.*

YOU ARE FURTHER NOTIFIED that the Application is available for public inspection during regular business hours at the Commission’s office. These documents are also available on the Commission's web site at www.puc.idaho.gov. Click on the "NATURAL GAS" icon, select “Open Cases” and then click on the case number as shown in the caption 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 and specifically *Idaho Code* §§ 61-502 and 61-503. 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 by March 11, 2020.** Such persons shall also provide the Commission Secretary with their electronic mail address to facilitate further communications.

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 Commission Secretary shall issue a Notice of Parties after the deadline for intervention has passed. The Notice of Parties shall assign exhibit numbers to each party in this proceeding.

NOTICE OF SUSPENSION OF PROPOSED EFFECTIVE DATE

YOU ARE FURTHER NOTIFIED that, given the public interest in having adequate time to comment on this case, the Commission finds it appropriate to suspend the Company's proposed effective date of April 1, 2020, for a period of 30 days plus 5 months, unless the Commission issues an earlier Order accepting, rejecting, or modifying the Company's Application. *See Idaho Code* § 61-622(4).

ORDER

IT IS HEREBY ORDERED that the April 1, 2020 effective date that Intermountain proposes for its tariff shall be suspended for a period of 30 days plus 5 months pursuant to the Commission's authority under *Idaho Code* § 61-622(4).


NOTICE OF APPLICATION

NOTICE OF INTERVENTION DEADLINE

ORDER NO. 34560

IT IS FURTHER ORDERED that persons desiring to intervene in this case for the purpose of obtaining parties' rights of participation must file a Petition to Intervene with the Commission, pursuant to Rules 72 and 73, IDAPA 31.01.01.72-73, by March 11, 2020.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 25th day of February 2020.


PAUL KJELLANDER, PRESIDENT


KRISTINE RAPER, COMMISSIONER


ERIC ANDERSON, COMMISSIONER

ATTEST:


Diane M. Hanian
Commission Secretary

I:\Legal\GAS\INT-G-20-01\orders\MNTG2001_ntc_app_intervention_deadline_mh.docx