

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF INTERMOUNTAIN</b>	)	<b>CASE NO. INT-G-20-03</b>
<b>GAS COMPANY’S APPLICATION FOR</b>	)	
<b>AUTHORITY TO FACILITATE</b>	)	<b>NOTICE OF APPLICATION</b>
<b>RENEWABLE NATURAL GAS ACCESS</b>	)	
	)	<b>NOTICE OF</b>
	)	<b>MODIFIED PROCEDURE</b>
	)	
	)	<b>ORDER NO. 34667</b>
	)	

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On May 4, 2020, Intermountain Gas Company (“Intermountain” or “Company”) applied to the Commission for authority to facilitate access for Renewable Natural Gas (“RNG”) producers to the Company’s distribution system for the purpose of moving RNG to their end-use customers.

The Commission now sets deadlines for interested persons to comment on the Application, and for Intermountain to reply.

**NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that RNG is pipeline-quality biomethane produced from biogas. Intermountain asserts that, increasingly in Idaho, livestock operations are using animal waste to produce biogas which is then cleaned to produce RNG for the expanding RNG market. Several nearby states subsidize RNG production or mandate the use of renewable energy sources. Intermountain believes that these policies make RNG production profitable.

YOU ARE FURTHER NOTIFIED that an RNG producer needs access to the local gas utility’s distribution system in order to move RNG to its end-user customer efficiently. So far, Intermountain has executed contracts with three RNG producers to facilitate access, but the Company seeks Commission approval of an RNG facilitation plan that will guide all future distribution system access by RNG producers. If the Commission approves the RNG facilitation plan, the Company proposes to make all subsequent RNG agreements consistent with it.

YOU ARE FURTHER NOTIFIED that Intermountain contends that it will “completely insulate utility customers from all potential impacts of RNG production.” Application at 5. Intermountain proposes a monthly fee for access to the Company’s distribution system. Also, if

Intermountain must incur startup or extraordinary Operation & Maintenance expenses at an RNG facility, “the producer will be billed for the actual additional expenses incurred by Intermountain.” *Id.* at 6. The monthly fee will include a Maintenance Fee and an Access Fee. The Maintenance Fee will cover Intermountain’s monthly expenses to provide service to RNG producers. The Access Fee will provide a return to Intermountain for granting access to its distribution facilities. The Company states the Access Fee “will be recorded as non-utility revenue for Intermountain.” *Id.*

YOU ARE FURTHER NOTIFIED that the Company plans to update the Maintenance Fee annually. The new fee will be calculated each September based on actual expenses for the September 1 through August 31 time period. To align with the Company’s Purchased Gas Adjustment price changes, Intermountain proposes the new fee take effect October 1 of each year.

YOU ARE FURTHER NOTIFIED that, in order to compute Intermountain’s proportionate regulatory fee assessment to the Commission, the Company proposes to include all revenues from RNG access service in its gross operating revenues. *See Idaho Code* §§ 61-1001 through 61-1008.

YOU ARE FURTHER NOTIFIED that Intermountain proposes that natural gas service to RNG producers be billed at Intermountain’s standard tariffed rates. (RNG producers often use natural gas in their operations and receive natural gas delivery from Intermountain.)

YOU ARE FURTHER NOTIFIED that, consistent with its intent that utility customers not bear any of the cost associated with providing RNG producers access to its distribution system, Intermountain requests it be permitted to gross up an RNG producer’s Contribution In Aid of Construction (“CIAC”) to cover additional income tax generated by a CIAC payment. The Company seeks to include all capital costs related to an RNG production project in rate base and then offset the capital costs with the CIAC payment from the RNG producer. However, the Company points out that under Commission Order No. 21933, “Intermountain is not permitted to gross up CIACs to cover the additional income tax generated by the CIAC payment.” Application at 8. Intermountain requests it be permitted to gross up CIACs from RNG producers, which will then “be booked as utility revenue to offset the additional income taxes and ensure zero financial impact on utility customers.” *Id.*

YOU ARE FURTHER NOTIFIED that the Company states its RNG agreements “will include safety provisions to protect the safety and reliability of service for utility customers.” *Id.*

YOU ARE FURTHER NOTIFIED that Intermountain requests its Application be processed under Modified Procedure, and that the Commission issue a final order no later than June 15, 2020.

### **NOTICE OF MODIFIED PROCEDURE**

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter, and that it will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that anyone desiring to state a position on this Application must file a written comment in support or opposition with the Commission **by May 29, 2020**. The comment must explain why the person supports or opposes the Application. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be sent electronically, unless e-mail is not available, to the Commission and the Applicant at the e-mail addresses reflected below:

#### **For the Idaho PUC:**

Commission Secretary  
Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, ID 83720-0074  
[secretary@puc.idaho.gov](mailto:secretary@puc.idaho.gov)

#### **Street Address for Express Mail:**

472 W. Washington Street  
Boise, ID 83702-5918

#### **For the Company:**

Preston N. Carter  
Givens Pursley LLP  
601 W. Bannock Street  
Boise, Idaho 83702  
[pnc@givenspursley.com](mailto:pnc@givenspursley.com)  
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Lori A. Blattner  
Director – Regulatory Affairs  
Intermountain Gas Company  
P.O. Box 7608  
Boise, Idaho 83707  
[Lori.Blattner@intgas.com](mailto:Lori.Blattner@intgas.com)

Comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click the "Case Comment Form" under

“Consumers,” and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to the Applicant.

YOU ARE FURTHER NOTIFIED that Intermountain must file any reply comments **by June 4, 2020.**

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

### **ORDER**

IT IS HEREBY ORDERED that Intermountain’s Application be processed by Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments must do so by May 29, 2020. Intermountain must file any reply comments by June 4, 2020.

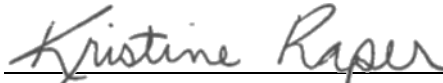
IT IS FURTHER ORDERED that parties should continue to comply with Order No. 34602, issued March 17, 2020. All pleadings should be filed with the Commission electronically and shall be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should also be accomplished electronically. Voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13<sup>th</sup>  
day of May 2020.



PAUL KJELLANDER, PRESIDENT

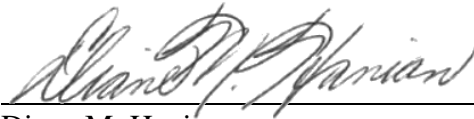


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian  
Commission Secretary

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