

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF INTERMOUNTAIN ) CASE NO. INT-G-21-02**  
**GAS COMPANY’S APPLICATION FOR AN )**  
**EXTENSION OF THE ACCOUNTING )**  
**ORDER AUTHORIZING A REGULATORY ) ORDER NO. 35047**  
**ASSET FOR THE COSTS ASSOCIATED )**  
**WITH CUSTOMER PAYMENT )**  
**TRANSACTIONS HANDLED BY WESTERN )**  
**UNION )**

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On February 19, 2021, Intermountain Gas Company (“Company”) requested the Commission extend authorization of the regulatory asset to capture the costs associated with in-person pay station transactions handled by Western Union created by Order No. 34099 in Case No. INT-G-18-01.

On March 19, 2021, the Commission issued a Notice of Application and Notice of Modified Procedure. Order No. 34965. Commission Staff filed comments, and the Company filed reply comments. The Commission also received a public written comment from the City of Boise (“Boise City”). Having reviewed the record, the Commission now grants the Company’s Application as described below.

**BACKGROUND**

In Case No. INT-G-18-01 the Commission approved Intermountain Gas’s Application to establish a regulatory asset to capture the costs associated with in-person customer payment transactions handled by Western Union. The Commission allowed the Company to create a regulatory asset and seek recovery of the costs in the Purchased Gas Cost Adjustment (“PGA”) beginning in 2019 until February 1, 2021, or until the Company files a general rate case—whichever comes first. Order No. 34099 at 3.

**THE APPLICATION**

The Company indicated it does not intend to file a general rate case based on a 2020 test year due to Covid-19 disruptions. The Company stated, “Order No. 34099 anticipated a general rate case prior to February 1, 2021 but did not anticipate the disruption caused by the pandemic. Due to these unforeseen circumstances, Intermountain requested an extension of Order No. 34099 . . . until such time as the Company is able to file a general rate case based upon a more normal

test year.” Application at 3. The Company requested extension of the deferral of Western Union fees and collection through the PGA be retroactive to February 1, 2021.

### **STAFF COMMENTS**

Staff recommended the Commission deny the Company’s Application. Staff recommended the Company expense the costs in the period in which they are incurred and seek recovery of transaction costs embedded in base rates during the Company’s next general rate case. Staff cited to Order No. 33757 at 38-39, Case No. INT-G-16-02, where the Commission encouraged the Company to explore removing convenience fees. Staff asserted the Company did not act on the Commission’s encouragement. Staff also cited Case No. INT-G-17-02 in which the Commission directed the Company to meet with Staff to discuss alternatives to convenience fees. Order No. 33805. Staff stated those discussions resulted in the Company filing Case No. INT-G-18-01, which established the regulatory asset that the Company is currently requesting to extend. Staff stated, “The Company has yet to submit a plan to eliminate convenience fees associated with debit and credit card transactions.” Staff Comments at 2. Staff asserted its support for the regulatory asset established in Case No. INT-G-18-01 was premised on the Company working to eliminate all transaction fees, among other considerations. Staff also noted the amounts deferred in 2018-2020 were approximately 0.5% of the Company’s net earnings, and therefore requiring the Company to wait to seek recovery of the costs until its next general rate case would not cause the Company financial hardship.

Staff argued that convenience fees most often impact low-income people who are often unbanked or underbanked and frequently rely on more costly alternative financial services. Staff also noted that all methods of paying for utility services have transaction costs, which have always been a prudent cost of doing business. Staff argued it is inappropriate to charge some individuals for their method of payment while embedding costs associated with other methods into rates. So long as the Company prudently selects a third-party vendor and minimizes its costs, Staff believes the transaction costs associated with the Company receiving payment for its services should be included in base rates.

### **COMPANY REPLY COMMENTS**

In its reply comments, the Company asserted it is fair, just, and reasonable to extend the Commission’s authorization in Order No. 34099, allowing the Company to continue to recover through the PGA costs associated with in-person customer pay station transactions. The

Company's reply comments focused on fleshing out the history of the transaction fee question before the Commission over the past few years, as this was the major focus of Staff Comments.

Responding to Staff's assertion that the "Company has yet to submit a plan to eliminate convenience fees associated with debit and credit card transactions," the Company acknowledged the Commission has encouraged the Company to "explore the possibility of removing [transaction fees] in the future..." and directed the Company to "meet with Staff...to develop a proposed action plan that more closely aligns with the industry standard." *See* Order No. 33757 at 38-39; Order No. 33805 at 4. The Company asserted it began meeting with Staff on this subject in September 2017 and was consistently meeting and working with Staff about eliminating its remaining transaction fees when the Commission issued Order No. 34405 in SUEZ Water Idaho Inc.'s Case No. SUZ-W-19-01. In that order, the Commission approved SUEZ's request to assume responsibility for Western Union transaction fees, but warned:

The Commission approves this request with some trepidation, however, as it continues to adhere to the principles of cost causation. We also expect cost reductions in other areas to offset at least a portion if not all of these transaction costs. While we have approved similar requests in the past, we are increasingly concerned that making all ratepayers bear the cost of transaction fees they might have otherwise avoided by using a different payment method is inconsistent with the principles of cost causation to which we adhere. In this particular case, we are willing to approve SUEZ's request because the projected cost to SUEZ for bearing the transaction costs is fairly small (and thus will not significantly affect rates), and because we have granted similar requests in the past. We continue to evaluate, however, whether socializing transaction costs is consistent with cost causation principles.

Order No. 34405 at 5. The Company explained that after the Commission issued Order No. 34405, the Company evaluated whether it should still seek to eliminate its remaining transaction fees. The Company analyzed the question and determined it would not continue to seek to eliminate its remaining transaction fees. On December 13, 2019, the Company filed a letter in Case No. INT-G-18-01, explaining its reasoning and conclusion. The December 13, 2019 letter is attached to the Company's reply comments as Exhibit 1.

The Company asserted Staff's comments mischaracterize the Commission's directives to the Company. "[T]he Commission never directed the Company to submit [a plan to eliminate convenience fees associated with debit and credit card transactions]—it directed the Company to

‘explore the possibility of removing these fees.’” Company Reply at 6. The Company argued that its December 13, 2019 letter shows the Company did explore the possibility of removing transaction fees but concluded it would not seek to socialize the cost of transaction fees at this time.

Additionally, the Company argued the Commission should not address the larger universe of transaction costs in this case because the proceeding is about fees related to in-person payment only.

### **PUBLIC COMMENTS**

Boise City filed the only public comments in this proceeding. Boise City supports the Company’s Application, and recommended the Commission extend the authority granted in Order No. 34099. Specifically, Boise City supports the Company deferring the cost of Western Union customer payment transaction fees because in-person payment is one of the few payment options available to unbanked and underbanked households. “It is critical for customers without reliable access to traditional financial services to have convenient, safe, and affordable options to pay their residential natural gas bills.” Boise City Comments at 1.

### **COMMISSION DECISION**

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. The Commission has the express statutory authority to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and may fix the same by order. *Idaho Code* §§ 61-502 and 61-503.

Having reviewed the Application and comments, we find it just and reasonable to extend authorization of the regulatory asset established in Order No. 34099. The Company correctly represented that this Commission has not mandated the Company submit a plan to eliminate convenience fees. It is clear from the record that the Company has been evaluating how to address these fees. Whether and to what extent transaction fees should be socialized is clearly something this Commission has grappled with for a number of years. This docket’s limited scope is not ideal for the broader impacts that will need to be considered. We are confident that these parties and other stakeholders will revisit this issue in the Company’s next general rate case.

The Company may continue to seek recovery of these costs in the Company’s PGA. This authorization shall extend from February 1, 2021 until February 1, 2023 or until the Company

files a general rate case—whichever comes first. As with the authorization in Order No. 34099, the Company may not recover a carrying charge.

**ORDER**

IT IS HEREBY ORDERED that the Company’s Application is granted. The Company may continue to use a regulatory asset to capture the costs associated with in-person customer pay station transactions handled by Western Union. The Company may seek to recover those costs in its PGA until February 1, 2023, or until the Company files a general rate case, whichever comes first. This authorization is retroactive to February 1, 2021. The Company may not recover a carrying charge on the regulatory asset.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 19<sup>th</sup> day of May 2021.

  
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PAUL KJELLANDER, PRESIDENT

  
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KRISTINE RAPER, COMMISSIONER

  
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ERIC ANDERSON, COMMISSIONER

ATTEST:

  
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Jan Noriyuki  
Commission Secretary

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