BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN GAS COMPANY'S APPLICATION FOR AUTHORITY TO UPDATE RATES TO REFLECT PURCHASED GAS COST ADJUSTMENTS	)))))	**CASE NO. INT-G-21-04** **ORDER NO. 35182**

On August 6, 2021, Intermountain Gas Company ("Company") requested authority to place into effect on October 1, 2021, new rate schedules that would increase its annualized revenues by $24.2 million. If approved, the Company's proposal would increase the price of natural gas for residential (RS) customers by 9.01%, increase the price for GS-1 General Service customers 11.96%, increase the price for LV-1 Large Volume customers 15.99%, and decrease the price for T-3 Transportation customers -1.95%, increase the price for T-4 Demand Charge customers 0.70%, and not change the prices for T-4 Transportation customers. The Company's Application includes supporting exhibits that show the overall price changes by customer class. The Company also summarizes price changes and proposed rate schedules and tariff sheets.

On August 18, 2021, the Commission issued a Notice of Application and established deadlines for public comments and the Company's reply. Order No. 35140. Commission Staff and two members of the public filed public comments. The Company did not reply.

Having reviewed the record, the Commission issues this Order approving the Application.

BACKGROUND

The Company's rates include a base-rate component and a gas-related cost component. The base-rate component is intended to cover the Company's fixed costs to serve its customers—for example, the Company's costs for equipment and facilities to provide service—and rarely change. The Commission approved the Company's current temporary rates in Order No. 34797, Case No. INT-G-20-05.

THE APPLICATION

The Company seeks to change its rates to pass through to customers changes in gas-related costs resulting from: (1) costs billed to the Company from firm transportation providers; (2) an increase to the Company's Weighted Average Cost of Gas ("WACOG"); (3) an updated customer allocation of gas-related costs pursuant to the Company's Purchased Gas Cost

Adjustment ("PGA") provision; (4) the inclusion of temporary surcharges and credits for one year relating to natural gas purchases and interstate transportation costs from the Company's deferred gas accounts; (5) benefits generated from the Company's management of its storage and firm capacity rights on various pipeline systems; (6) benefits associated with the sale of liquefied natural gas from the Company's Nampa, Idaho facility; (7) a portion of the costs accrued related to the Company's latest general rate case; and (8) the recovery of deferred in-person customer payment fees.

The Company explains that the proposed rate changes would be allocated to customer classes through its Purchased Gas Adjustment ("PGA") provision.

STAFF'S COMMENTS

Staff recommended the Commission approve the Company's Application. Staff's analysis indicated the PGA proposal would not affect the Company's earning, the deferred costs are prudent and properly calculated, and the Company's proposed WACOG of $0.26000 is reasonable. Staff compared the Company's projected cost to purchase natural gas to forecasts from several national and regional organizations and concluded the Company's projected natural gas costs are reasonable. Staff determined the Company's strategies and practices in buying, managing, storing, and transporting gas in response to market conditions are flexible and provide price stability for customers. Staff noted that this year's Lost and Unaccounted for Gas rate is -0.2096% (found gas), well below the maximum allowable level of 0.85% established in Commission Order No. 30649, which results in $547,588 being credited to residential and industrial customers in this year's PGA. Staff determined the Company's proposal to increase its Line Break Rate from $0.39010 per therm to $0.42443 per therm was consistent with Order No. 33139 and properly incorporates the updated WACOG. Staff verified the Company's $717,972 credit to ratepayers for non-utility sales of LNG was calculated correctly. Staff also verified the annual calculations and confirmed the Company properly amortized expenses associated with its 2016 rate case. Staff verified the balance of the total deferred In-Person payment fees associated with customer pay station transactions handled by Western Union in the amount of $64,817 was correct.

Staff supported the Company's request that the Commission maintain the requirement for the Company to file quarterly—rather than monthly—deferred cost reports as directed in Order No. 34797. The quarterly reporting requirement is consistent with LNG Sales Cost Benefit

Analysis and WACOG reports that are also filed with the Commission. The Company committed to notifying the Commission if an interim filing is needed to assist Staff in determining when to begin its auditing. Staff believed the quarterly reporting with a commitment to notify is reasonable.

Staff noted that the Company included its press release and customer notice in the Application and the notice was included with bills mailed to customers from August 11, 2021, through September 9, 2021, which would not provide every customer adequate time to comment by the September 10, 2021, comment deadline. Therefore, Staff recommends the Commission accept late filed public comments.

PUBLIC COMMENTS

Two public comments were received, both opposing the annual gas cost adjustment proposed by the Company.

COMMISSION FINDINGS AND DECISION

The Company is a gas corporation and public utility, and the Commission has jurisdiction over it and the issues in this case under Title 61 of the Idaho Code, and more specifically, *Idaho Code* §§ 61-117, 61-129, 61-307, 61-501, and 61-502. The Commission must establish just, reasonable, and sufficient rates for utilities subject to its jurisdiction. *Idaho Code* § 61-502. Based on our review of the record, we find that the Company's proposed rate changes to Schedules RS, GS-1, LV-1, T-3, and T-4 accurately capture the Company's prudently incurred variable costs. We thus find it fair, just, and reasonable to approve the Company's proposed schedule changes. We also find it reasonable for the Company to maintain quarterly deferred cost reports given the Company's assurance that it will file a notice with the Commission if needed.

ORDER

IT IS HEREBY ORDERED that the Company's Application for authority to change its prices is approved—for a total annualized revenue increase of $24.2 million, with new rates to take effect on October 1, 2021. The Company's proposed tariffs are approved as filed.

IT IS FURTHER ORDERED that the Company may continue to file its Deferred Gas Balances reports quarterly. The Company shall notify the Commission promptly if an interim filing is needed.

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 regarding any matter decided in 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 29th day of September 2021.

PAUL KJELLANDER, PRESIDENT

KRISTINE RAPER, COMMISSIONER

ERIC ANDERSON, COMMISSIONER

ATTEST:

Jan Noriyuki
Commission Secretary

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