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IDAHO PUBLIC
UTILITIES COMMISSION

September 24, 2021

Ms. Jan Noriyuki
Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

INT-G-21-05

RE: Intermountain Gas Company
Tariff Advice No. 21-01

Dear Ms. Noriyuki:

Enclosed for filing with this Commission is a copy of Intermountain Gas Company's ("Intermountain" or "Company") proposed revisions to Section C of its General Service Provisions. The proposed edits to Section C are presented in Attachment No. 1. The resulting proposed Section C is presented in Attachment No. 2.

The proposed revisions outlined below are in line with Commission Order No. 34735 in Case No. INT-G-20-01 which authorizes the Company to "file an annual tariff advice to update the Allowable Investment Factors, the Service Line Cost per Foot, and the construction overhead charge." *Order No. 34735 at 9.*

1. The update to the Allowable Investment Factors in section 4.3 includes changes in the compound inflation factor and in the depreciation lives of various distribution plant accounts.

The compound inflation factor was updated to include inflation data for June 2019 – December 2020. The Company adjusts for inflation the embedded costs from its last general rate case (Case No. INT-G-16-02) to help ensure that new applicants are treated the same as existing customers in terms of the amount of facilities their Allowable Investment will cover.

The depreciation lives of various distribution plant accounts used in the calculation of the Allowable Investment Factors were updated to reflect the Company's recently approved settlement of its depreciation rates (Case No. INT-G-21-01, Order No. 35134).

The calculation of the proposed Allowable Investment Factors, including the adjustments discussed above, is shown in Attachment No. 3.



2. The update to its service line cost per foot in section 5.2 is based on a new three-year average of service lines costs divided by the feet installed during the same years. The proposed three-year average service line cost per foot is shown in Attachment No. 4.
3. The change in the construction overhead rate in section 5.3(c) reflects the Company's currently calculated rate.

In addition to the regular revisions outlined in Order No. 34735, Intermountain proposes the following changes to provide additional clarity to the tariff.

4. To avoid possible confusion, the Company proposes a change to section 4.2(a) to remove the ambiguous reference to "Non-discretionary load" and replace it with the word "Gas".
5. The Company proposes to remove the reference to "stubs" in section 5.3 because stubs are not included in the main project cost estimate. Stub costs are included in the average service line cost per foot referenced in section 5.2.

The Company requests that the proposed revisions become effective one month after Commission approval to give the Company enough time to implement the changes to its systems and forms. Therefore, the Company proposes a Commission approval date of November 1, 2021 and an effective date of December 1, 2021.

If you have any questions or require additional information regarding the attached, please contact me at (208) 377-6015.

Sincerely,

Lori A. Blattner
Director – Regulatory Affairs
Intermountain Gas Company

Enclosures

cc: Mark Chiles
Preston Carter

I.P.U.C. Gas Tariff Section C Third Revised <u>Fourth</u>	Sheet No. 3
Name of Utility	Intermountain Gas Company

IDAHO PUBLIC UTILITIES COMMISSION
Approved **Effective**
Sept. 24, 2020 **Oct. 1, 2020**
Per O.N. 34735
Jan Noriyuki Secretary

construction within six months of the date of the contract.

- 3.2 Relocation or abandonment of Company owned Gas Facilities will be at the expense of the applicant when required by the applicant.
- 3.3 The applicant may be required to reimburse the Company for the installation, extension, or abandonment of Gas Facilities if the terms of the signed agreement are not met.
- 3.4 The applicant shall indemnify and hold the Company harmless from liability for access for routine maintenance, inspections, and emergencies, or for injury to property caused by the installation of a Service.
- 3.5 The Company will install a single Service per applicant, unless the applicant requests an additional Service. The Company may provide an additional Service on a case-by-case basis, provided there is over one-hundred-feet between meter locations. Each Service must follow the provisions of this section. The Company may waive the one-hundred-foot requirement when an additional Service is required for Multifamily or Interruptible Snowmelt Service (Rate Schedules IS-R and IS-C).

4. ALLOWABLE INVESTMENT

- 4.1 The Allowable Investment for Services and Mains is determined by first calculating the estimated annual therm usage and then applying the Allowable Investment Factor per therm.
- 4.2 The estimated annual therm usage is calculated as follows:
 - (a) For residential applicants:

When natural gas is the primary heat source, calculate the estimated annual space heating therm usage by multiplying the square foot factor of 0.234 by the square footage of the home.

To the estimated annual space heating therm usage, add gas appliance annual therm usage estimates from the chart below, as applicable, to calculate the total estimated therm usage per year. ~~Non-discretionary load~~ Gas appliances not on this list can be estimated by the Company on a case-by-case basis. In residential Developments where specific appliances are unknown at the time of calculation, the Company will base therm estimates on only the estimated annual space heating therm usage plus the water heater therm estimate.

Natural Gas Appliances Annual Therm Estimates	
Range	23
Seasonal Fireplace	50
Grill	15
Clothes Dryer	28
Water Heater	240

Issued by: Intermountain Gas Company
By: Lori A. Blattner Title: Director – Regulatory Affairs
Effective: October 1, 2020 <u>December 1, 2021</u>

I.P.U.C. Gas Tariff Section C Third Revised <u>Fourth</u>	Sheet No. 4
Name of Utility	Intermountain Gas Company

IDAHO PUBLIC UTILITIES COMMISSION
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(b) For commercial applicants:

The therm usage estimate will be determined by the Company on a case-by-case basis. The estimate will be based on the climate zone, the heated structure square footage, commercial property type, and applicable gas appliances.

4.3 To determine the Allowable Investment per applicant, multiply the estimated annual therm usage per applicant by the applicable Allowable Investment Factor below to calculate the Allowable Investment in dollars:

Allowable Investment Factors						
Customer Type	Service		Main		Combined	
Residential	<u>0.612</u>	0.593	<u>0.674</u>	0.660	<u>1.286</u>	1.253
Commercial	<u>0.459</u>	0.445	<u>0.505</u>	0.495	<u>0.964</u>	0.940

4.4 The applicant agrees to install and activate gas appliances pursuant to the signed agreement(s) and the therm usage estimates used to determine the Allowable Investment.

4.5 The Company may calculate the Allowable Investment for applicants with structures or business operations which are non-permanent on a case-by-case basis.

5. PROJECT COST

5.1 In the event the Company can defray any of the trench and backfill costs, for example by sharing a trench with other utilities, the cost reduction will be included in the Main extension cost or Service cost estimates.

5.2 The Service Line Project Cost estimate is determined by multiplying the on-property Service Line length by ~~\$12.38~~ per foot.
\$13.66

5.3 The Main Extension Project Cost estimate is based on the Gas Facilities (excluding Services) required to serve the gas load of the requesting applicant. This includes but is not limited to Main, regulator stations, valves, ~~stubs~~ and Main fittings.

(a) The Company will provide a Project Cost estimate to the applicant prior to execution of an agreement.

(b) The estimate will exclude costs for Company Betterment.

(c) The Company includes construction overhead charges in the amount of ~~11.92%~~ 9.92%

(d) The Main extension Project Cost will be divided by the number of estimated Service Points to calculate the Main extension Project Cost per applicant.

Issued by: Intermountain Gas Company By: Lori A. Blattner Title: Director – Regulatory Affairs Effective: October 1, 2020 <u>December 1, 2021</u>

Name
of Utility

Intermountain Gas Company

construction within six months of the date of the contract.

- 3.2 Relocation or abandonment of Company owned Gas Facilities will be at the expense of the applicant when required by the applicant.
- 3.3 The applicant may be required to reimburse the Company for the installation, extension, or abandonment of Gas Facilities if the terms of the signed agreement are not met.
- 3.4 The applicant shall indemnify and hold the Company harmless from liability for access for routine maintenance, inspections, and emergencies, or for injury to property caused by the installation of a Service.
- 3.5 The Company will install a single Service per applicant, unless the applicant requests an additional Service. The Company may provide an additional Service on a case-by-case basis, provided there is over one-hundred-feet between meter locations. Each Service must follow the provisions of this section. The Company may waive the one-hundred-foot requirement when an additional Service is required for Multifamily or Interruptible Snowmelt Service (Rate Schedules IS-R and IS-C).

4. ALLOWABLE INVESTMENT

- 4.1 The Allowable Investment for Services and Mains is determined by first calculating the estimated annual therm usage and then applying the Allowable Investment Factor per therm.
- 4.2 The estimated annual therm usage is calculated as follows:
 - (a) For residential applicants:

When natural gas is the primary heat source, calculate the estimated annual space heating therm usage by multiplying the square foot factor of 0.234 by the square footage of the home.

To the estimated annual space heating therm usage, add gas appliance annual therm usage estimates from the chart below, as applicable, to calculate the total estimated therm usage per year. Gas appliances not on this list can be estimated by the Company on a case-by-case basis. In residential Developments where specific appliances are unknown at the time of calculation, the Company will base therm estimates on only the estimated annual space heating therm usage plus the water heater therm estimate.

Natural Gas Appliances Annual Therm Estimates	
Range	23
Seasonal Fireplace	50
Grill	15
Clothes Dryer	28
Water Heater	240

Issued by: **Intermountain Gas Company**

By: Lori A. Blattner

Title: Director – Regulatory Affairs

Effective: December 1, 2021

Name
of Utility

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(b) For commercial applicants:

The therm usage estimate will be determined by the Company on a case-by-case basis. The estimate will be based on the climate zone, the heated structure square footage, commercial property type, and applicable gas appliances.

- 4.3 To determine the Allowable Investment per applicant, multiply the estimated annual therm usage per applicant by the applicable Allowable Investment Factor below to calculate the Allowable Investment in dollars:

Allowable Investment Factors			
Customer Type	Service	Main	Combined
Residential	0.612	0.674	1.286
Commercial	0.459	0.505	0.964

- 4.4 The applicant agrees to install and activate gas appliances pursuant to the signed agreement(s) and the therm usage estimates used to determine the Allowable Investment.
- 4.5 The Company may calculate the Allowable Investment for applicants with structures or business operations which are non-permanent on a case-by-case basis.

5. PROJECT COST

- 5.1 In the event the Company can defray any of the trench and backfill costs, for example by sharing a trench with other utilities, the cost reduction will be included in the Main extension cost or Service cost estimates.
- 5.2 The Service Line Project Cost estimate is determined by multiplying the on-property Service Line length by \$13.66 per foot.
- 5.3 The Main Extension Project Cost estimate is based on the Gas Facilities (excluding Services) required to serve the gas load of the requesting applicant. This includes but is not limited to Main, regulator stations, valves and Main fittings.
- (a) The Company will provide a Project Cost estimate to the applicant prior to execution of an agreement.
- (b) The estimate will exclude costs for Company Betterment.
- (c) The Company includes construction overhead charges in the amount of 9.92%.
- (d) The Main extension Project Cost will be divided by the number of estimated Service Points to calculate the Main extension Project Cost per applicant.

Issued by: **Intermountain Gas Company**

By: Lori A. Blattner

Title: Director – Regulatory Affairs

Effective: December 1, 2021

INTERMOUNTAIN GAS COMPANY
Line Extension Allowable Investment Factors

Line No.	Description	Residential	Commercial
	(a)	(b)	(c)
1	Services Allowable Investment Factor		
2	Service Line Extension Embedded Cost per Therm:		
3	FERC Account 380 ^[1]	\$ 0.039146	\$ 0.029350
4	FERC Account 385 ^[2]	0.002953	0.002214
5	Total	\$ 0.042099	\$ 0.031564
6	4-Year Compound Inflation Factor ^[3]	108.1%	108.1%
7	Service Line Extension Embedded Cost per Therm (Line 5 times Line 6)	\$ 0.045517	\$ 0.034126
8	Weighted Asset Life:		
9	FERC Account 380 - Asset Life ^[4]	58	58
10	FERC Account 380 - Embedded Cost per Therm ^[1]	\$ 0.039146	\$ 0.029350
11	Weighting Factor (Line 9 times Line 10)	2.270451	1.702278
12	FERC Account 385 - Asset Life ^[5]	40	40
13	FERC Account 385 - Embedded Cost per Therm ^[2]	\$ 0.002953	\$ 0.002214
14	Weighting Factor (Line 12 times Line 13)	0.118125	0.088564
15	Weighted Asset Life (Sum of Lines 11 and 14 divided by Line 5)	56.7	56.7
16	Weighted Average Cost of Capital ^[6]	7.30%	7.30%
17	Services Allowable Investment Factor (\$/therm) ^[7]	\$ 0.612	\$ 0.459
18	Mains Allowable Investment Factor		
19	Main Line Extension Embedded Cost per Therm:		
20	FERC Account 374 ^[8]	\$ 0.000167	\$ 0.000125
21	FERC Account 376 ^[9]	0.043195	0.032386
22	FERC Account 378 ^[10]	0.002499	0.001874
23	Total	\$ 0.045862	\$ 0.034385
24	4-Year Compound Inflation Factor ^[3]	108.1%	108.1%
25	Main Line Extension Embedded Cost per Therm (Line 23 times Line 24)	\$ 0.049585	\$ 0.037176
26	Weighted Asset Life:		
27	FERC Account 374 - Asset Life ^[11]	56	56
28	FERC Account 374 - Embedded Cost per Therm ^[8]	\$ 0.000167	\$ 0.000125
29	Weighting Factor (Line 27 times Line 28)	0.009367	0.007023
30	FERC Account 376 - Asset Life ^[12]	70	70
31	FERC Account 376 - Embedded Cost per Therm ^[9]	\$ 0.043195	\$ 0.032386
32	Weighting Factor (Line 30 times Line 31)	3.023646	2.266988
33	FERC Account 378 - Asset Life ^[13]	43	43
34	FERC Account 378 - Embedded Cost per Therm ^[10]	\$ 0.002499	\$ 0.001874
35	Weighting Factor (Line 33 times Line 34)	0.107475	0.080579
36	Weighted Asset Life (Sum of Lines 29, 32 and 35 divided by Line 23)	68.5	68.5
37	Weighted Average Cost of Capital ^[6]	7.30%	7.30%
38	Mains Allowable Investment Factor (\$/therm) ^[14]	\$ 0.674	\$ 0.505

NOTES

^[1] See Attachment No. 3, Page 3, Lines 6 and 18, Column (g)

^[2] See Attachment No. 3, Page 3, Lines 11 and 23, Column (g)

^[3] See Attachment No. 3, Page 4, Line 5, Column (n)

^[4] See Attachment No. 3, Page 3, Lines 6 and 18, Column (b)

^[5] See Attachment No. 3, Page 3, Lines 11 and 23, Column (b)

^[6] Case No. INT-G-16-02, Order No. 33757

^[7] The present value of Line 7 discounted by the weighted average cost of capital on Line 16 over the weighted life of the assets on Line 15

^[8] See Attachment No. 3, Page 3, Lines 2 and 14, Column (g)

^[9] See Attachment No. 3, Page 3, Lines 4 and 16, Column (g)

^[10] See Attachment No. 3, Page 3, Lines 5 and 17, Column (g)

^[11] See Attachment No. 3, Page 3, Lines 2 and 14, Column (b)

^[12] See Attachment No. 3, Page 3, Lines 4 and 16, Column (b)

^[13] See Attachment No. 3, Page 3, Lines 5 and 17, Column (b)

^[14] The present value of Line 25 discounted by the weighted average cost of capital on Line 37 over the weighted life of the assets on Line 36

INTERMOUNTAIN GAS COMPANY
Class Line Extension Embedded Costs

Line No.	Description (a)	Total Company (b)	Residential (c)	Commercial (d)
1	<u>Line Extension Costs Embedded in Current Rates</u>			
2	Case No. INT-G-16-02 Commission Ordered Depreciation ^[1]	\$ 20,859,316		
3	Case No. INT-G-16-02 Commission Ordered Operating Income at 7.3% ^[1]	17,193,456		
4	Tax Gross-Up ^[2]	<u>6,318,423</u>		
5	Line Extension Embedded Costs (Sum of Lines 2 - 4)	\$ 44,371,195		
6	<u>Class Allocation of Line Extension Embedded Costs</u>			
7	Case No. INT-G-16-02 Proposed Distribution Rate Base ^[3]	\$ 187,836,950		
8	Case No. INT-G-16-02 Commission Ordered Rate Base ^[1]	<u>235,526,788</u>		
9	Proposed Distribution Rate Base Percentage (Line 7 divided by Line 8)	79.75%		
10	Case No. INT-G-16-02 Class Base Revenue Requirement ^[4]		\$ 57,675,297	\$ 22,067,933
11	Case No. INT-G-16-02 Total Base Revenue Requirement ^[1]		<u>89,376,264</u>	<u>89,376,264</u>
12	Class Base Revenue Requirement Percentage (Line 10 divided by Line 11)		64.53%	24.69%
13	Class Line Extension Embedded Costs ^[5]		<u>\$ 22,835,445</u>	<u>\$ 8,737,382</u>

NOTES

^[1] Order No. 33757, Attachment A

^[2] The Tax Gross-Up was computed using the gross revenue conversion factor from Case No. GNR-U-18-01, Exhibit No. 5

^[3] Case No. INT-G-16-02, Exhibit No. 20, Page 3

^[4] Order No. 33757, 2nd Errata

^[5] Line 5, Column (b) times Line 9, Column (b) times Line 12 Columns (c) and (d), respectively.

INTERMOUNTAIN GAS COMPANY
Line Extension Embedded Cost per Therm by Distribution Account

Line No.	Description (a)	Total Company Depreciation Life ⁽¹⁾ (b)	Total Company Distribution Plant in Service ⁽²⁾ (c)	% by Account (d)	Class Line Extension Embedded Cost by Account ⁽³⁾ (e)	Class Billing Determinants (Therms) ⁽⁴⁾ (f)	Class Line Extension Embedded Cost per Therm by Account ⁽⁵⁾ (g)
1	Residential						
2	FERC Account 374 - Dist Land & Land Rights	56	\$ 637,754	0.16%	\$ 35,724	213,576,738	\$0.000167
3	FERC Account 375 - Dist Structures & Improvements	53	18,864	0.00%	1,057	213,576,738	\$0.000005
4	FERC Account 376 - Dist Mains	70	164,694,644	40.40%	9,225,436	213,576,738	\$0.043195
5	FERC Account 378 - Dist Meas & Reg Sta Equip - Gen	43	9,529,795	2.34%	533,815	213,576,738	\$0.002499
6	FERC Account 380 - Dist Services	58	149,255,628	36.61%	8,360,614	213,576,738	\$0.039146
7	FERC Account 381 - Dist Meters	48	44,853,911	11.00%	2,512,510	213,576,738	\$0.011764
8	FERC Account 382 - Dist Meter Installations	48	13,955,058	3.42%	781,698	213,576,738	\$0.003660
9	FERC Account 383 - Dist House Regulators	50	6,410,602	1.57%	359,092	213,576,738	\$0.001681
10	FERC Account 384 - Dist House Regulator Install	50	7,047,749	1.73%	394,782	213,576,738	\$0.001848
11	FERC Account 385 - Dist Ind Reg Sta	40	11,259,697	2.76%	630,716	213,576,738	\$0.002953
12	Total		\$ 407,663,702	100.00%	\$ 22,835,445		
13	Commercial						
14	FERC Account 374 - Dist Land & Land Rights	56	\$ 637,754	0.16%	\$ 13,669	108,995,228	\$0.000125
15	FERC Account 375 - Dist Structures & Improvements	53	18,864	0.00%	404	108,995,228	\$0.000004
16	FERC Account 376 - Dist Mains	70	164,694,644	40.40%	3,529,870	108,995,228	\$0.032386
17	FERC Account 378 - Dist Meas & Reg Sta Equip - Gen	43	9,529,795	2.34%	204,250	108,995,228	\$0.001874
18	FERC Account 380 - Dist Services	58	149,255,628	36.61%	3,198,969	108,995,228	\$0.029350
19	FERC Account 381 - Dist Meters	48	44,853,911	11.00%	961,346	108,995,228	\$0.008820
20	FERC Account 382 - Dist Meter Installations	48	13,955,058	3.42%	299,096	108,995,228	\$0.002744
21	FERC Account 383 - Dist House Regulators	50	6,410,602	1.57%	137,397	108,995,228	\$0.001261
22	FERC Account 384 - Dist House Regulator Install	50	7,047,749	1.73%	151,053	108,995,228	\$0.001386
23	FERC Account 385 - Dist Ind Reg Sta	40	11,259,697	2.76%	241,327	108,995,228	\$0.002214
24	Total		\$ 407,663,702	100.00%	\$ 8,737,382		

NOTES

⁽¹⁾ Case No. INT-G-21-01, Stipulation and Settlement, Settlement Exhibit No. 1, Page 1, Lines 19-30, Column (m)

⁽²⁾ Case No. INT-G-16-02, Exhibit No. 21, Page 1

⁽³⁾ Column (d) times Attachment No. 3, Page 2, Line 13, Columns (c) and (d), respectively

⁽⁴⁾ Case No. INT-G-16-02, Order No. 33879

⁽⁵⁾ Column (e) divided by Column (f)

INTERMOUNTAIN GAS COMPANY
U.S. Inflation Data^[1]

Line No.	Year (a)	Jan (b)	Feb (c)	Mar (d)	Apr (e)	May (f)	Jun (g)	Jul (h)	Aug (i)	Sep (j)	Oct (k)	Nov (l)	Dec (m)	Inflation Factor (n)
1	2017	2.3%	2.2%	2.0%	1.9%	1.7%	1.7%	1.7%	1.7%	1.7%	1.8%	1.7%	1.8%	101.9% ^[2]
2	2018	1.8%	1.8%	2.1%	2.1%	2.2%	2.3%	2.4%	2.2%	2.2%	2.1%	2.2%	2.2%	102.1% ^[2]
3	2019	2.2%	2.1%	2.0%	2.1%	2.0%	2.1%	2.2%	2.4%	2.4%	2.3%	2.3%	2.3%	102.2% ^[2]
4	2020	2.3%	2.4%	2.1%	1.4%	1.2%	1.2%	1.6%	1.7%	1.7%	1.6%	1.6%	1.6%	101.7% ^[2]
5	4-Year Compound Inflation Factor													108.1% ^[3]

NOTES

^[1] Inflation data obtained from the Bureau of Labor Statistics website: https://data.bls.gov/timeseries/CUUR0000SA0L1E?output_view=pct_12mths

^[2] One plus the average of Columns (b) - (m)

^[3] Column (n). Line 1 times Line 2 times Line 3 times line 4

INTERMOUNTAIN GAS COMPANY
Average Cost per Foot for Service Lines

Line No.	Description (a)	2017 (b)	2018 (c)	2019 (d)	Average (e)
1	FERC Account 380 Additions	\$9,126,926.99	\$ 9,671,090.86	\$ 12,054,578.40	\$ 30,852,596.25
2	Feet Installed	654,349	779,664	824,296	2,258,309.21
3	Cost/Foot	<u>\$ 13.95</u>	<u>\$ 12.40</u>	<u>\$ 14.62</u>	<u>\$ 13.66</u>