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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF INTERMOUNTAIN)
GAS COMPANY’S APPLICATION TO) CASE NO. INT-G-21-05
UPDATE SECTION C OF THE GENERAL)
SERVICE PROVISIONS TARIFF ADVICE)
NO. 21-01) COMMENTS OF THE
) COMMISSION STAFF
)
_____)**

STAFF OF the Idaho Public Utilities Commission, by and through its Attorney of record, Riley Newton, Deputy Attorney General, submits the following comments.

BACKGROUND

On September 24, 2021, Intermountain Gas Company (“Company”) submitted Tariff Advice No. 21-01 requesting to revise Section C of its General Service Provisions, Installation and Extension of Natural Gas Mains and Services for Residential and Commercial Customers. On July 22, 2020, the Commission directed the Company to file an annual tariff advice to update the Allowable Investment Factors (“AIF”), the Service Line Cost per Foot (“SLCPF”), and the construction overhead charge by October 1, beginning in 2021. Order No. 34735. Accordingly, the Company proposes to update the AIF, the SLCPF, and the construction overhead charge in Section C of its General Service Provisions.

The Company also seeks to clarify language in the tariff.

At the October 12, 2021, Decision Meeting, Commission Staff stated they need additional time to review the Company's filing and recommended that the Tariff Advice be processed as a formal case to allow for greater transparency and public input. *See* October 8, 2021, Decision Memorandum at 1. Staff further recommended that the Company's December 1, 2021, proposed effective date be suspended and that the case be processed under Modified Procedure. *Id.* Staff indicated the Company concurs with the above-mentioned approach, but that the Company requests an additional 30 days after the Commission's Final Decision on its proposed revisions to implement the changes to its systems and forms. *Id.* at 2.

The Commission converted the Tariff Advice into an Application, issued a Notice of Application, sets comment deadlines for interested persons and for the Company's reply, and suspended the Company's proposed effective date.

STAFF REVIEW

Staff reviewed the Company's Application and has come to the following conclusions:

1. The methods used to update the Allowable Investment Factors, the Service Line Cost per Foot, and the construction overhead charge are reasonable and consistent with the methods approved in Commission Order No. 34735; and
2. The proposed language revisions are reasonable and should be approved.

Each of the conclusions are discussed in more detail below.

Allowable Investment Factors

Staff reviewed the Company's method for updating the Allowable Investment Factors and agrees with the values proposed. AIF are used to calculate the Allowance Investment for a line extension project. The Company's Line Extension Policy uses an embedded cost method to determine the Allowable Investment. The Allowable Investment is calculated by multiplying the estimated annual therm usage by the AIF. These Investment Factors are derived using the present values of the embedded cost of Mains and Services from the Company's last general rate case.

The Company's method for updating AIF in this case is consistent with the method approved in Commission Order No. 34735. In this Application, the Company updated the compound inflation factor to include inflation data from June 2019 to December 2020 and

updated depreciation lives of various distribution plant to reflect dates approved in Case No. INT-G-21-01. *See* Order No. 35134.

Service Line Cost per Foot

Staff reviewed the Company's calculation for updating the Service Line Cost per Foot and agrees with the proposed value. Staff audited SLCPF on a representative sample of service line extension projects and found no misstatement in the feet installed for each year as well as the costs to install the line in that year. The estimated cost to install a service line in the Company's Line Extension Policy is determined by multiplying the on-property service line length by the SLCPF.

The Company's calculation for the SLCPF is based on a three-year average including years 2017, 2018, and 2019. The Company did not include 2020 in the calculation, because, as the Company responded to Audit Request No. 2, it does not typically finish mapping the new installations until the summer of the next year. As of the date of the Company's response, October 27, 2021, it has yet to finish mapping the service lines installed in 2020. Ideally, Staff would recommend including the most recent information available to determine the SLCPF; however, including such information would unnecessarily delay the update process in this case. The SLCPF is used to calculate the Contributions in Aid of Construction paid for by the customer. Actual plant in service is based on actual project costs. Staff accepts the calculation without the 2020 information.

Overhead Charge

Staff reviewed the Company's method for determining the overhead charge and agrees with the amount. The overhead charge is used to determine the project cost for main extensions in the Company's Line Extension Policy. The method used in this case is consistent with the method approved in Commission Order No. 34735.

Language Revisions

Staff recommends approval of the proposed language revisions in the tariff to eliminate ambiguity. The first proposed revision is in section 4.2(a) of the tariff, which removes an ambiguous reference to "Non-discretionary load" and replaces it with the word "Gas". The

second proposed revision removes the reference to “stubs” in section 5.3 because stubs are not included in the main project cost estimate.

CUSTOMER NOTICE

Staff reviewed the Company's customer notice and determined that it meets the requirements of Rule 125 of the Commission's Rules of Procedure, IDAPA 31.01.01. The notice was mailed to the relevant customers on October 14, 2021, providing a reasonable opportunity to timely file comments with the Commission by the November 15, 2021, comment deadline. As of Friday, November 12, 2021, the Commission has received no comments from customers.

STAFF RECOMMENDATIONS

Staff believes the Company's proposals are reasonable and conform with Commission Order No. 34735. Staff recommends the Company's proposed AIF, the SLCPF, the construction overhead charge, and tariff language revisions be approved with an effective date 30 days after the Commission's Final Decision.

Respectfully submitted this 15th day of November 2021.



Riley Newton
Deputy Attorney General

Technical Staff: Michael Eldred
Kevin Keyt

i:umisc/comments/intg21.5mmeksk comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 15TH DAY OF NOVEMBER 2021, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. INT-G-21-05, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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