BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN GAS COMPANY'S APPLICATION TO CHANGE ITS PRICES	**CASE NO. INT-G-22-04** **ORDER NO. 35538**

On August 10, 2022, Intermountain Gas Company ("Company"), applied for authority to implement new rate schedules that will reduce the Company's annualized revenues by approximately $7.7 million, effective October 1, 2022. Application at 2. If approved, the Company's proposal would decrease the price of natural gas for residential customers by 2.54%, decrease the price for GS-1 General Service customers 1.76%, decrease the price for LV-1 Large Volume customers 0.33%, and decrease the price for T-3 Transportation customers 4.14%, decrease the price for T-4 Demand Charge customers 0.56%, and not change the prices for T-4 Transportation customers. Under the Company's proposed adjustment, the typical residential customer's bill would decrease by $1.36 or 2.5%. *Id.* at News Release. The Company requested that this matter be processed by modified procedure.

On August 22, 2022, the Commission issued a Notice of Application and Notice of Modified Procedure establishing public comment and Company reply deadlines. Commission Staff filed comments to which the Company did not reply. No other public comments were received.

Having reviewed the record, the Commission now issues this Order approving the Company's Application.

BACKGROUND

The Company's Purchased Gas Adjustment ("PGA") is a Commission approved mechanism that adjusts rates up or down to reflect changes in the Company's costs to buy natural gas from suppliers—including changes in transportation, storage, and other related costs. The Company defers these costs into its PGA account and then passes them on to customers through an increase or decrease in rates. Prices related to the cost of gas were approved in Order No. 35479, Case No. INT-G-22-02.

THE APPLICATION

The Company proposed to pass through to each of its customer classes changes in gas-related costs resulting from (1) costs billed to the Company from firm transportation providers including Northwest Pipeline, LLC; (2) a decrease in the Company's Weighted Average Cost of Gas ("WACOG"); (3) an updated customer allocation of gas-related costs pursuant to the Company's PGA provision; (4) inclusion of temporary surcharges and credits for one year relating to natural gas purchases and interstate transportation cost from the Company's deferred gas cost account; (5) benefits resulting from the Company's management of its storage and firm capacity rights on various pipeline systems; (6) benefits associated with the sale of liquified natural gas from the Company's Nampa, Idaho facility; (7) the recovery of deferred in-person customer payment fees; and (8) a refund of over-collected Residential Energy Efficiency funds. The Company represented that these changes, if approved, will result in a price decrease to all of the Company's customers.

The Company also explained that the proposed rate changes would be allocated to customer classes through its PGA provision.

The Company provided supporting exhibits that show the overall price changes by customer class. The Company also summarized price changes and proposed rate schedules and tariff sheets.

The Company also requested an elimination of the temporary credits included in its current prices during the past 12 months per Order No. 35182, Case No. INT-G-21-04.

STAFF COMMENTS

Staff reviewed the Company's Application, Workpapers, and Exhibits, concluding that the PGA proposal would not affect the Company's earnings; the deferred costs were prudently incurred, and properly calculated; and the Company's WACOG was reasonable. Staff recommended that the Commission (1) approve the Company's Application decreasing revenues by $7,702,586, and approve the new WACOG amount of $0.39216 per therm; (2) approve the Company's proposed Tariff Rate Schedules RS, GS-1, IS-R, IS-C, LV-1, T-3, and T-4, as filed; (3) direct the Company to continue filing quarterly reports reflecting deferred gas costs and WACOG projections; (4) direct the Company to file an adjustment to its PGA-related rates, if gas prices significantly deviate from projections; and (5) accept late-filed comments from customers concerning the Company's Application.

Staff calculated the impact of the proposed changes on the annual revenue and confirmed that the changes would decrease annual revenue by approximately $7.7 million. Staff also reviewed the impact of eliminating temporary credits authorized by Order No. 35182, Case No. INT-G-21-04, the WACOG historical data and the proposed WACOG decrease from $0.42405 per therm to $0.39216 per therm, and the Company's projected costs to purchase natural gas. Staff also evaluated the Lost and Unaccounted for Gas and Line Break Rate ("LAUF rate"), the rate case expenses, including amortization, the payment fees deferral account, and the one-time residential energy efficiency credit return of $4,850,000 to residential customers as proposed in Case No. INT-G-22-05. Staff's review confirmed the conclusions in the Company's proposal, and supported the Company's requested adjustments.

Staff examined the Company's risk management strategies on using market purchases, storage and interstate transportation capacity, the reason for the liquefied natural gas ("LNG") sales decline at the Nampa LNG facility, and Company procedures for maintaining and releasing pipeline capacity. Staff was able to confirm the risk management strategies minimized risk to ratepayers, and that the Company's explanations were accurate.

Finally, Staff recommended that the Company file its Deferred Gas Balances reports quarterly, because the Company has committed to notify the Commission if an interim filing might be needed. Staff also determined that the customer notice and press release were sufficient, but urged the Commission to allow late-filed comments given the timing of the notice.

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 changes to the WACOG to $0.39216 per therm for the Company's RS, GS-1, IS-R, IS-C, LV-1, T-3, and T-4 customer classes is appropriate and accurately captures the Company's prudently incurred variable gas-related costs.

The Company presented persuasive evidence justifying the adjustment based on (1) costs billed to the Company from firm transportation providers including Northwest Pipeline, LLC; (2) a decrease in the Company's WACOG; (3) an updated customer allocation of gas-related costs pursuant to the Company's PGA provision; (4) inclusion of temporary surcharges and credits for one year relating to natural gas purchases and interstate transportation cost from the Company's deferred gas cost account; (5) benefits resulting from the Company's management of its storage and firm capacity rights on various pipeline systems; (6) benefits associated with the sale of LNG from the Company's Nampa LNG facility; (7) the recovery of deferred in-person customer payment fees; and (8) a refund of over-collected Residential Energy Efficiency funds as proposed in Case No. INT-G-22-05. We thus find it fair, just, and reasonable to approve the Company's proposed schedule changes, as filed, effective October 1, 2022.

We also find that quarterly reports reflecting deferred gas costs and WACOG projections provide useful information and assist Staff with determining whether to audit earlier than planned and whether an interim filing might be needed.

ORDER

IT IS HEREBY ORDERED that the Company's Application to approve the new WACOG amount of $0.39216 per therm, to take effect on October 1, 2022, is approved, as filed.

IT IS FURTHER ORDERED that the Company's proposed Tariff Rate Schedules RS, GS-1, IS-R, IS-C, LV-1, T-3, and T-4, are approved, as filed.

IT IS FURTHER ORDERED that the Company 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. *Idaho Code* § 61-626.

DONE by Order of the Public Utilities Commission at Boise, Idaho this 27th day of September 2022.

ERIC ANDERSON, PRESIDENT

JOHN CHATBURN, COMMISSIONER

JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:

Jan Noriyuki
Commission Secretary

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