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Attorneys for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF INTERMOUNTAIN GAS COMPANY FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR NATURAL GAS SERVICE IN THE STATE OF IDAHO	)))))))	**CASE NO. INT-G-22-07**

UPDATED DIRECT TESTIMONY OF JACOB DARRINGTON

FOR INTERMOUNTAIN GAS COMPANY

MARCH 9, 2023

Q. Please state your name, business address, and present position with Intermountain Gas Company.

A. My name is Jacob Darrington. I am employed by Intermountain Gas Company (“Intermountain” or “Company”) as a Manager in the Regulatory Affairs department. My business address is 555 South Cole Road, Boise, Idaho 83707.

Q. Please summarize your education and professional experience.

A. I graduated from Boise State University in May 2011 with a Bachelor of Arts Degree in Accounting-Finance. In January 2012, I began work at Deloitte Tax as a Tax Consultant where I prepared federal and multi-state tax returns for businesses and high-net worth individuals and assisted with auditing the provision for income taxes for a regulated utility. I obtained my CPA license in the summer of 2013 and continue to keep my CPA license active in the state of Idaho. In April of 2015, I took a position with Intermountain Gas Company as a Regulatory Analyst with primary responsibilities related to the preparation and filing of the annual purchased gas cost adjustment (“PGA”) filing as well as the development of revenue requirement related to general rate case filings. In July of 2015, I attended the Regulatory Rate School in Chicago sponsored by the American Gas Association. During the fall of 2019, I was promoted to Manager in the Regulatory Affairs department.

Q. Please describe your involvement in this proceeding.

A. In this proceeding, I support the development and calculation of the proposed revenue requirement.

Q. What is the purpose of your testimony?

A. My testimony will cover four main areas. First, I will present an overview of the proposed revenue requirement in the current case including a high-level discussion of the main drivers of the increase. Second, I will discuss the Company's proposed test year and the unadjusted results of that test year. Third, I will discuss the Company's adjustments to operating revenues and expenses to arrive at net operating income at present rates. Fourth, I will discuss Intermountain's regulatory adjustments to arrive at the Company's average rate base.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am sponsoring Exhibit Nos. 1-19 which are described throughout my testimony.

I. PROPOSED REVENUE REQUIREMENT

Q. Please explain Exhibit No. 1.

A. Exhibit No. 1 shows the calculation of the proposed deficiency in operating revenue. Lines 1 and 2 show the net operating income at present rates and average rate base, respectively. Based on that information, the Company is currently earning a rate of return of approximately 6.07 percent, as shown on Line 3. The cost of capital of 7.37 percent on Line 4 is discussed in more detail in the direct testimony of Ms. Nygard. The operating income of $28,415,370 at proposed rates on Line 5 is the product of the average rate base multiplied by the proposed cost of capital. Finally, the operating income deficiency is grossed up by the gross revenue conversion factor of 1.34977 on Line 7 to determine the deficiency in operating revenue (or revenue requirement) of $6,752,224.

Q. Please explain the gross revenue conversion factor.

A. The gross revenue conversion factor is based on revenue-sensitive items that change as revenue changes, including uncollectibles, the Commission's regulatory fee, Idaho state income taxes (reflecting the new corporate tax rate of 5.8 percent which will become effective in 2023), and federal income taxes. The gross revenue conversion factor converts the net operating income deficiency into the additional operating revenues the Company needs to collect from customers in order to earn its authorized rate of return after accounting for the revenue-sensitive items previously mentioned. The components of the gross revenue conversion factor are shown on Exhibit No. 19.

Q. What are the main drivers of the proposed revenue requirement?

A. There are two main drivers of the revenue requirement in this case. First, the Company's proposed average rate base has grown by approximately $150 million since its last general rate case. The majority of this growth is related to the Company's investment in net plant with the biggest increases related to main lines, service lines, and meters. The direct testimony of Mr. Darras will address major plant investments made since the previous rate proceeding.

Second, the Company's proposed test year operations and maintenance ("O&M") expense has grown almost $14 million since its last general rate case. The majority of the growth in O&M is related to employee labor and benefits, subcontractor payments, and software maintenance and hosting services. The direct testimony of Ms. Hourigan will address the increases in labor and benefits, Mr. Darras will address increases in subcontractor payments, and Mr. Boese will address increases in software maintenance and hosting services.

Q. How do proposed test year base rate revenues compare with the Company's previous general rate case?

A. Proposed test year base rate revenues have grown by nearly $23 million when compared to final base rate revenues in the Company's last general rate case. This growth is attributable to higher base rates which were implemented as a result of the last general rate case and customer growth. The growth in base rate revenues offsets the growth in average rate base and O&M discussed above and lowers the revenue requirement that otherwise would result.

II. PROPOSED TEST YEAR AND UNADJUSTED TEST YEAR RESULTS

Q. What is the Company's proposed test year for this rate case proceeding?

A. Intermountain is proposing a test period reflecting twelve months of actual financial results ("actuals") for the twelve-months ending December 31, 2022 ("Test Year").

Q. What are the components of the Company's test year operating revenues?

A. Test year operating revenue consists of gas operating revenue and other revenues. Gas operating revenues are the revenues generated by the sale and transportation of gas under the Company's sale and transportation rate schedules. Other revenues include revenues associated with miscellaneous services, field collection charges, return check charges, account initiation charges, reconnection charges, interest on past due accounts, other miscellaneous non-operating revenues, cash discounts, rents, interest income, and non-utility revenues.

Unadjusted total test year revenues are shown on Exhibit No. 2, Column (b), Lines 1-2 and Exhibit No. 3, Lines 1-2. Finally, Exhibit No. 4 shows the breakout of actual other revenues by component.

Q. What are the components of the Company's test year operating expenses?

A. The following categories of expenses are included in the Company's unadjusted test year as shown on Exhibit No. 2, Column (b), Lines 4-25 and Exhibit No. 3, Lines 4-25:

- Cost of Gas
- Operating and Maintenance ("O&M") Expenses
- Depreciation and Amortization Expenses
- Taxes Other Than Income Taxes
- Interest Expense
- Income Taxes

Q. What is rate base and what are the components of the Company's test year rate base?

A. Rate base represents the total investment the Company has made in its distribution system in order to serve its customers safely and reliably. The following rate base items are included in the Company's unadjusted test year as shown on Exhibit No. 2, Column (b), Lines 28-36:

- Gas Plant in Service
- Accumulated Provision for Depreciation and Amortization
- Materials and Supplies Inventory
- Gas Storage Inventory
- Accumulated Deferred Income Taxes
- Advances in Aid of Construction

Q. Please explain the concept of accumulated deferred income taxes ("ADIT") and why it is a reduction to rate base.

A. Deferred income taxes arise when income tax amounts as recorded in the Company's financial records differ from the amount of taxes due and payable in the test period. The primary cause of this tax difference is the straight-line depreciation rates used for ratemaking purposes, versus the accelerated depreciation rates used when calculating state and federal income tax obligations. The difference in depreciation methodologies causes a higher depreciation expense for tax purposes than the amount in the financial records during the early years of the asset's life. In later years, the situation reverses itself. For a utility with a growing rate base this means that the accumulated balances of these deferred taxes are, in essence, a source of funds available to the Company and thus should be subtracted from rate base.

Q. What are advances in aid of construction and why are they a reduction to rate base?

A. Advances in aid of construction are cash advances received from customers for the construction of distribution system assets to support service to those customers. Similar to ADIT, the advances in aid of construction represent a source of funds available to the Company and thus should be subtracted from rate base.

Q. What are the Company's unadjusted test year results?

A. The Company's unadjusted test year results, are shown on Exhibit No. 2, Column (b). As shown on the exhibit, the Company's unadjusted test year Net Operating Income is $19,097,236. The Company's unadjusted test year Average Rate Base is $424,047,551.

III. REGULATORY ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES

Q. What adjustments did the Company make to the test year operating revenues and expenses?

A. Exhibit No. 5 provides a summary of all the adjustments made to test year operating revenues and expenses. Each adjustment will be discussed in more detail below.

Q. Please explain the adjustment to remove non-distribution revenues and expenses on Exhibit No. 5, Column (b).

A. This adjustment removes all non-distribution revenues and expenses including franchise taxes, cost of gas revenues and expenses, and energy efficiency revenues and expenses included in the Company's financial records through December 31, 2022. Cost of gas and energy efficiency are non-distribution items that are part of the total rate charged to customers. However, these items do not belong in the calculation of revenue requirement because they are evaluated and changed through separate mechanisms. Franchise taxes are a non-distribution item that is charged to customers. The Company is the collector and remitter of these taxes on behalf of municipalities in Idaho and therefore these taxes should not be included in the calculation of revenue requirement. Removing non-distribution revenues and expenses keeps the revenue requirement calculation focused on distribution revenues and expenses.

This adjustment also removes unbilled revenues included in the Company's financial records through December 31, 2022. Unbilled revenues represent the difference in the timing of when gas is provided to customers and when those customers are billed for the gas used. Unbilled revenues are removed because the Company's weather normalization methodology is based on billed consumption data, as discussed in the direct testimony of Ms. Blattner.

As shown on Exhibit No. 5, Column (b), Lines 3 and 26, this adjustment reduces test year revenues and expense by $236,431,022 and $234,652,144, respectively.

Q. Please explain the billing determinant recalculation adjustment proposed by the Company on Exhibit No. 5, Column (c).

A. This adjustment sets distribution revenues equal to tariff rates multiplied by unadjusted billing determinants. The adjustment is calculated on Exhibit No. 6, Columns (e)-(g). This adjustment allows the Company to remove any billing adjustments in the Company's financial records and reflect only the amount of revenues the Company would receive based on its billing determinants and current tariff rates. The majority of the adjustment is primarily due to the residential customer class. This adjustment reduces revenues by $83,580, as shown on Exhibit No. 5, Column (c), Line 3 and Exhibit No. 6, Column (g), Line 62.

Q. Please explain the rate class migration adjustment on Exhibit No. 5, Column (d).

A. This adjustment captures the revenue impact of customers migrating between general service, large volume, and transport customer classes throughout the test year and through February 2023. The Company removed these customers' actual volumes from their previous rate class and included them for a full twelve-month period in the new rate class. The adjustment is calculated on Exhibit No. 6, Columns (h)-(j) and increases revenues by $287,015, as shown on Exhibit No. 5, Column (d), Line 3 and Exhibit No. 6, Column (j), Line 62.

Q. Please explain the normalization adjustment proposed by the Company on Exhibit No. 5, Column (e).

A. The weather normalization adjustment removes the impact of weather on gas usage for the RS and GS-1 customer classes. The process for determining weather normalization is addressed in the direct testimony of Ms. Blattner. The revenue impact of the weather normalization adjustment is calculated on Exhibit No. 6, Columns (k)-(m) and reduces revenues by $3,835,552, as shown on Exhibit No. 5, Column (e), Line 3 and Exhibit No. 6, Column (m), Line 62.

Q. Please explain the adjustment to remove revenues and expenses associated with non-utility LNG sales from the Company's Nampa facility proposed on Exhibit No. 5, Column (f)?

A. This adjustment eliminates revenues and cost of gas expenses included in the Company's financial records through December 31, 2022 related to the sale of LNG from the Company's Nampa LNG facility. These revenues and cost of gas expenses are not associated with the provision of regulated gas services to Intermountain's customers. This adjustment reduces operating revenues and cost of gas expenses by $4,022,067 and $3,309,029 as shown on Exhibit No. 5, Column (f), Lines 3 and 5, respectively.

Q. Please explain the adjustment to remove other revenues and expenses proposed by the Company on Exhibit No. 5, Column (g).

A. This adjustment removes non-utility revenues and expenses included in the Company's financial records through December 31, 2022. The majority of the adjustment is for the removal of revenues and expenses related to providing renewable natural gas ("RNG") producers access to the Company's system in accordance with the Company's RNG facilitation plan approved by the Commission in Order No. 34693 in Case No. INT-G-20-03.

This adjustment also removes expenses associated with donations, civic, political, and related activities, and other disallowed or non-utility activities. This adjustment reduces revenues and expenses by $573,541 and $814,073 as shown on Exhibit No. 5 Column (g), Lines 3 and 26, respectively.

Q. Please explain the adjustment to remove interest expense proposed by the Company on Exhibit No. 5, Column (h).

A. This adjustment removes interest expense included in the Company's financial records through December 31, 2022. Instead, the impact of interest is captured through the application of the weighted average cost of capital to the average rate base. Intermountain's weighted average cost of debt included in the Company's cost of capital is discussed in more detail in the direct testimony of Ms. Nygard. This adjustment reduces interest expense by $7,927,070 as shown on Exhibit No. 5 Column (h), Line 22.

Q. Please explain the adjustment to remove supplemental executive compensation proposed by the Company on Exhibit No. 5, Column (i).

A. This adjustment removes all supplemental executive compensation expenses related to the Supplemental Executive Retirement Plan, the Supplemental Income Security Plan, Deferred Compensation, and the Long-Term Incentive Plan. The Company has chosen to not charge its customers for these expenses and has therefore removed them from the revenue requirement calculation. This adjustment reduces expenses by $1,980,940 as shown on Exhibit No. 5 Column (i), Line 26.

Q. Please explain the payment processor fees adjustment proposed by the Company on Exhibit No. 5, Column (j).

A. In Order No. 34099 (Case No. INT-G-18-01), the Commission authorized Intermountain to create a regulatory asset to capture the costs associated with in-person customer pay station transactions handled by Western Union and to recover these costs in its annual

PGA until February 1, 2021 or until the Company files a general rate case, whichever comes first. The Company was then authorized to extend the life of the regulatory asset established in Order No. 34099 from February 1, 2021 until February 1, 2023 or until the Company files a general rate case-whichever comes first.[1] The Company proposes to embed twelve months of payment processor fees in base rates going forward and to recover the fees deferred from October 1, 2022 through February 1, 2023 through its 2023 PGA filing. This adjustment increases expenses by $68,977 as shown on Exhibit No. 5, Column (j), Line 11.

Q. Please explain the rate case expense amortization adjustment proposed by the Company on Exhibit No. 5, Column (k).

A. The Company has approximately $328,000 of rate case costs remaining that were deferred from the Company's most recent general rate case, Case No. INT-G-16-02. In the subsequent PGA filing, Case No. INT-G-17-05, the Company requested to include $699,114 to be amortized and recovered over a four-year period. Instead, the Commission authorized the Company to amortize and collect over a five-year period $378,614 of deferred rate case expenses and determined the remaining amount should be deferred for consideration in the Company's next general rate case.[2] The Company is now requesting recovery of the remaining rate case expenses, amortized over a three-year period. This adjustment is calculated on Exhibit No. 7 and increases expenses by

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[1] See Case No. INT-G-21-01, Order No. 35047, pages 4-5.

[2] See Order No. 33887, page 5. Please note that the remaining amount computed by the Company is different from the value stated in Order No. 33887 ($699,114 – $378,614 = $320,500). In addition, legal fees of $7,519 were invoiced to the Company after Intermountain had submitted its PGA filing in 2017. Therefore, the total remaining amount of deferred general rate cases costs is $328,019 ($320,500 + 7,519).

$109,340 as shown on Exhibit No. 5, Column (k), Line 14 and Exhibit No. 7, Column (b), Line 6.

Q. Please explain the salary expense adjustment proposed by the Company on Exhibit No. 5, Column (l).

A. The salary expense adjustment includes two components. The first component is a normalization adjustment to normalize the salaries of incremental employees (i.e., new employee positions, not backfilled positions) that began their employment at some point during the test year. An adjustment is needed to normalize the incremental employee salaries and create an expense amount that would have existed if the employees had been employed for the entire test year.

The second component of the salary expense adjustment is a pro-forma adjustment to account for salary or wage increases that began in 2023. The salary and wage increases began in 2023 and the adjustment ensures the appropriate level of expenses are included in the revenue requirement to allow recovery of those amounts. Please see the direct testimony of Ms. Hourigan for additional information regarding employee salaries and increases. This adjustment is calculated on Exhibit No. 8 and increases expenses by $1,328,045, as shown on Exhibit No. 5, Column (l), Line 26 and Exhibit No. 8, Column (b), Line 19.

Q. Please explain the incentive compensation adjustment proposed by the Company on Exhibit No. 5, Column (m).

A. The adjustment to incentive compensation expense reflects 100 percent target incentive payouts to Company employees according to the Company's incentive compensation plan. As explained in the direct testimony of Ms. Hourigan, the Company's incentive compensation plan benefits customers by incentivizing employees to improve efficiencies, manage costs, provide high-quality customer service, and maintain the security of customer information. This adjustment also removes allocated incentive compensation expense related to employees associated with the energy efficiency program, employees with time charged to the RNG facilitation program, MDUR employees, and executive employees. The Company removes incentive compensation expenses related to employees associated with the energy efficiency program and employees with time charged to the RNG facilitation program because these amounts are recovered through other mechanisms. The Company removes incentive compensation expenses related to MDUR and executive employees because these amounts are based strictly on earnings and do not directly benefit customers.

This adjustment is calculated on Exhibit No. 9 and increases expenses by $170,989 as shown on Exhibit No. 5, Column (m), Line 26 and Exhibit No. 9, Column (b), Line 12.

Q. Please explain the income tax adjustment proposed by the Company on Exhibit No. 5, Column (n).

A. Exhibit Nos. 10 and 11 present the entire test year income tax expense calculation and includes the adjusted level of revenues and expenses discussed above, as well as various permanent and temporary timing differences. Additionally, the interest expense value used in the calculation of income taxes is derived by multiplying the weighted average cost of debt by the average rate base. Finally, the tax expense calculation includes an adjustment to reduce the Idaho corporate tax rate to 5.8 percent which will become effective in 2023. The income tax adjustment reduces expense by $1,968,476 as shown on Exhibit No. 5, Column (n), Line 25 and Exhibit No. 11, Column (c), Line 16.

Q. What is the total impact to net operating income as a result of the adjustments the Company is proposing?

A. Based on the proposed adjustments discussed above, the total impact to net operating income is an increase of $4,315,634 as shown on Exhibit No. 2, Column (c), Line 27 and Exhibit No. 5, Column (o), Line 27.

Q. What is the Company's total proposed net operating income, including all adjustments, for the test year?

A. The total proposed net operating income, including adjustments, for the test year is $23,412,870 as shown on Exhibit No. 1, Column (b), Line 1 and Exhibit No. 2, Column (d), Line 27.

IV. REGULATORY ADJUSTMENTS TO RATE BASE

Q. Please describe how the Company's rate base is calculated.

A. All items in the Company's rate base have been determined using the thirteen-month average of monthly averages ("AMA") methodology. The AMA methodology reflects the level of investment maintained by the Company during the course of the year and is intended to normalize changes in the balances that occur during the year.

Q. Did Intermountain make any adjustments to its rate base?

A. Yes. A summary of the adjustments is shown on Exhibit No. 12. Additionally, Exhibit Nos. 13-18 show the calculation of each rate base item including adjustments. Finally, Exhibit No. 2, Lines 28-36 show the Company's unadjusted and adjusted rate base amounts. Each adjustment to rate base will be described in more detail below.

Q. Please describe the adjustment to remove the asset retirement obligation proposed by the Company on Exhibit No. 12, Column (b).

A. The Company reduced gross gas plant in service and the accumulated provision for depreciation and amortization by $43,921,225 and $6,858,240 as shown on Exhibit No. 12, Column (b), Lines 2 and 3, respectively, to remove the asset retirement obligation ("ARO") and thereby avoid double charging customers for the cost of removing tangible long-lived assets. The cost of removal is already included in the Company's approved depreciation rates. The average balances for this adjustment are calculated on Exhibit No. 13, Column (c), Line 16 and Exhibit No. 14, Column (c), Line 16.

Q. Please explain the adjustment to remove retirement work in progress proposed by the Company on Exhibit No. 12, Column (c).

A. This adjustment removes the balance of retirement work in progress ("RWIP") which represents the work performed but not yet completed to retire gas plant in service which is still used and useful at the end of the month. The average balance for this adjustment is calculated on Exhibit No.14 and increases the accumulated provision for depreciation and amortization by $568,179 as shown on Exhibit No. 12, Column (c), Line 3 and Exhibit No. 14, Column (d), Line 16.

Q. Please explain the adjustments to gas inventory proposed by the Company on Exhibit No. 12, Columns (d) and (e).

A. The first adjustment removes the gas storage inventory balances associated with non-utility LNG sales as these amounts are recovered through non-utility customers. The second adjustment keeps the utility portion of the gas storage balance at the Nampa LNG facility at 2 million gallons each month. As described in the Company's Integrated

Resource Plan (see Case No. INT-G-21-06), the Company seeks to keep 2 million gallons of LNG available at the Nampa LNG facility to provide for boiloff gas, to maintain operational and training requirements at the Nampa and Rexburg LNG facilities, and for permanent storage to ensure that all LNG does not boiloff. The average balances for these adjustments are calculated on Exhibit No.16. The first adjustment decreases gas storage inventory by $1,056,784 and the second adjustment increases gas storage inventory by $177,066 as shown on Exhibit No. 12, Columns (d) and (e), Line 6 and Exhibit No. 16, Columns (c) and (d), Line 16.

Q. Please explain the adjustments to accumulated deferred income taxes ("ADIT") proposed by the Company on Exhibit No. 12, Columns (f) through (g).

A. The adjustment on Exhibit No. 12, Column (f) removes ADIT in order to comply with Internal Revenue Service normalization rules. The adjustment on Exhibit No. 12, Column (g) adjusts the ADIT related to Gas Storage Inventory to capture the deferred income tax impacts related to the adjustments to storage inventory shown on Exhibit No. 16. The average balances for these adjustments are calculated on Exhibit No.17. The total amount of adjustments is a decrease to ADIT of $17,873 as shown on Exhibit No. 12, Column (h), Line 7.

Q. What is the total impact to rate base as a result of the adjustments the Company is proposing?

A. Based on the proposed adjustments discussed above, the total impact to average rate base is a decrease of $38,493,009 as shown on Exhibit No. 2, Column (c), Line 36 and Exhibit No. 12, Column (h), Line 9.

Q. What is the Company's total proposed average rate base, including all adjustments, for the test year?

A. The Company's total proposed average rate base, including adjustments, is $385,554,542 as shown on Exhibit No. 1, Column (b), Line 2 and Exhibit No. 2, Column (d), Line 36.

Q. Does this conclude your testimony?

A. Yes, it does.

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF INTERMOUNTAIN GAS COMPANY. FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR NATURAL GAS SERVICE IN THE STATE OF IDAHO	Case No. INT-G-22-07

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

UPDATED EXHIBITS 1-19 TO ACCOMPANY THE

UPDATED DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Deficiency in Operating Revenue
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Amount
	(a)	(b)
1	Operating Income at Present Rates [2]	$ 23,412,870
2	Rate Base [3]	385,554,542
3	Current Earned Rate of Return [4]	6.07%
4	Cost of Capital [5]	7.37%
5	Operating Income at Proposed Rates [6]	28,415,370
6	Operating Income Deficiency [7]	5,002,500
7	Gross Revenue Conversion Factor [8]	1.34977
8	**Deficiency in Operating Revenue [9]**	**$ 6,752,224**

NOTES

[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.

[2] See Exhibit No. 2, Column (d), Line 27.

[3] See Exhibit No. 2, Column (f), Line 36.

[4] Line 1 divided by Line 2.

[5] See the direct testimony of Ms. Nygard.

[6] Line 2 times Line 4.

[7] Line 5 minus Line 1.

[8] See Exhibit No. 19, Column (c), Line 9.

[9] Line 6 times Line 7.

Intermountain Gas Company
Statement of Operating Income and Rate Base with Adjustments
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Company Unadjusted Direct [2]	Company Adjustments [3]	Company Direct Present [4]	Proposed Revenue Deficiency (Over Collection)	Company Direct Proposed [5]
	(a)	(b)	(c)	(d)	(e)	(f)
1	Gas Operating Revenues	$ 347,642,652	$ (239,294,072)	$ 108,348,580	$ 6,752,224	$ 115,100,804
2	Other Revenues	7,827,530	(5,364,675)	2,462,855	-	2,462,855
3	Total Operating Revenue	355,470,182	(244,658,747)	110,811,435	6,752,224	117,563,659
4	Operating Expenses					
5	Cost of Gas	226,202,879	(226,202,879)	-	-	-
6	Operation & Maintenance					
7	Production	336,061	18,969	355,030	-	355,030
8	Natural Gas Storage, Terminaling, and Processing	1,342,749	10,127	1,352,876	-	1,352,876
9	Transmission	399,059	9,010	408,069	-	408,069
10	Distribution	25,445,521	871,640	26,317,161	-	26,317,161
11	Customer Accounts	9,527,936	342,316	9,870,252	16,597 [6]	9,886,849
12	Customer Service and Informational	2,921,508	(2,701,186)	220,322	-	220,322
13	Sales	1,524,732	91,970	1,616,702	-	1,616,702
14	Administrative and General	19,214,712	(1,665,474)	17,549,238		17,549,238
15	Other	1,637,455	(1,637,455)	-	-	-
16	Depreciation and Amortization	22,007,089	-	22,007,089	-	22,007,089
17	Taxes Other Than Income Taxes					
18	IPUC Fees	520,047	-	520,047	13,471 [6]	533,518
19	Payroll Taxes	2,171,364	49,080	2,220,444	-	2,220,444
20	Property Taxes	2,182,729	-	2,182,729	-	2,182,729
21	Franchise Taxes	8,283,458	(8,264,953)	18,505	-	18,505
22	Interest Expense	7,927,070	(7,927,070)	-	-	-
23	Total Operating Expense					
24	Before Income Taxes	331,644,369	(247,005,905)	84,638,464	30,068	84,668,532
25	Income Taxes	4,728,577	(1,968,476)	2,760,101	1,719,657 [7]	4,479,758
26	Total Operating Expenses	336,372,946	(248,974,381)	87,398,565	1,749,725	89,148,290
27	Net Operating Income	$ 19,097,236	$ 4,315,634	$ 23,412,870	$ 5,002,499	$ 28,415,369
28	Rate Base:					
29	Gas Plant in Service [8]	$ 881,965,314	$ (43,921,225)	$ 838,044,089	$ -	$ 838,044,089
30	Less Accumulated Depreciation and Amortization [9]	(408,758,438)	6,290,061	(402,468,377)	-	(402,468,377)
31	Net Gas Plant in Service	473,206,876	(37,631,164)	435,575,712	-	435,575,712
32	Materials & Supplies Inventory [10]	6,402,638	-	6,402,638	-	6,402,638
33	Gas Storage Inventory [11]	4,008,193	(879,718)	3,128,475	-	3,128,475
34	Accumulated Deferred Income Taxes [12]	(48,153,611)	17,873	(48,135,738)	-	(48,135,738)
35	Advances in Aid of Construction [13]	(11,416,545)	-	(11,416,545)	-	(11,416,545)
36	Average Rate Base	$ 424,047,551	$ (38,493,009)	$ 385,554,542	$ -	$ 385,554,542

NOTES

[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.
[2] See Exhibit No. 3, Column (d).
[3] See Exhibit No. 5.
[4] Column (b) plus Column (c).
[5] Column (d) plus Column (e).
[6] See Exhibit No. 19 for the Gross Revenue Conversion Factor components.
[7] Reflects statutory income tax rates at 25.582%. Includes the new Idaho corporate tax rate of 5.8% which will become effective in 2023.
[8] See Exhibit No. 13.
[9] See Exhibit No. 14.
[10] See Exhibit No. 15.
[11] See Exhibit No. 16.
[12] See Exhibit No. 17.
[13] See Exhibit No. 18.

Intermountain Gas Company
Statement of Operating Income
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Actual Data Ending 12/31/2022	
	(a)	(b)	
1	Gas Operating Revenues	$ 347,642,652	[2]
2	Other Revenues	7,827,530	[3]
3	Total Operating Revenue	355,470,182	
4	Operating Expenses		
5	Cost of Gas	226,202,879	
6	Operation & Maintenance		
7	Production	336,061	
8	Natural Gas Storage, Terminaling, and Processing	1,342,749	
9	Transmission	399,059	
10	Distribution	25,445,521	
11	Customer Accounts	9,527,936	
12	Customer Service and Informational	2,921,508	
13	Sales	1,524,732	
14	Administrative and General	19,214,712	
15	Other	1,637,455	
16	Depreciation and Amortization	22,007,089	
17	Taxes Other Than Income Taxes		
18	IPUC Fees	520,047	
19	Payroll Taxes	2,171,364	
20	Property Taxes	2,182,729	
21	Franchise Taxes	8,283,458	
22	Interest Expense	7,927,070	
23	Total Operating Expense		
24	Before Incomes Taxes	331,644,369	
25	Income Taxes	4,728,577	[4]
26	Total Operating Expenses	336,372,946	
27	Net Operating Income	$ 19,097,236	

NOTES

[1] Includes actual data for the 12 months ending December 31, 2022.

[2] See Exhibit No. 6.

[3] See Exhibit No. 4.

[4] See Exhibit No. 11.

Intermountain Gas Company
Other Revenues and Interest Income
For the Test Year Ending December 31, 2022 [1]

Line No.	Description		Actual Data Ending 12/31/2022
	(a)		(b)
1	Other Revenues		
2	Miscellaneous Service Revenue	$	228,495
3	Field Collection Charge		1,665
4	Return Check Charge		241,931
5	Account Initiation Charge		1,027,812
6	Reconnection Charge		44,256
7	Interest on Past Due Accounts		415,524
8	Other Miscellaneous Operating Revenues		94
9	Other Miscellaneous Non-Operating Revenues		19,031
10	Cash Discounts		3,458
11	Rent		356,512
12	Non-Utility LNG Sales		4,022,067
13	Non-Utility RNG Revenue		573,541
14	Full Service Revenue		118,379
15	Total		7,052,765
16	Interest Income		774,765
17	Total Other Revenues and Interest Income	$	7,827,530

NOTES

[1] Includes actual data for the 12 months ending December 31, 2022.

Intermountain Gas Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Remove Non-Distribution Revenues and Expenses [2]	Billing Determinant Recalculation Adjustment [3]	Rate Class Migration Adjustment [4]	Weather Normalization Adjustment [5]	Remove Non-Utility LNG Sales [6]	Remove Other Revenues and Expenses [7]	Remove Interest Expense [8]	Remove Supplemental Executive Compensation Expense [9]	Payment Processor Fees Adjustment [10]	Rate Case Expense Amortization Adjustment [11]	Salary Expense Adjustment [12]	Incentive Compensation Adjustment [13]	Income Tax Adjustment [14]	Total Operating Statement Adjustments [15]
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	Gas Operating Revenues	$ (235,661,955)	(83,580)	$ 287,015	$ (3,835,552)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (239,294,072)
2	Other Revenues	(769,067)	-	-	-	(4,022,067)	(573,541)	-	-	-	-	-	-	-	(5,364,675)
3	Total Operating Revenue	(236,431,022)	(83,580)	287,015	(3,835,552)	(4,022,067)	(573,541)	-	-	-	-	-	-	-	(244,658,747)
4	Operating Expenses														
5	Cost of Gas	$ (222,893,850)	-	-	-	(3,309,029)	-	-	-	-	-	-	-	-	(226,202,879)
6	Operation & Maintenance														
7	Production	-	-			-	-	-	-	-	-	10,186	8,783	-	18,969
8	Natural Gas Storage, Terminaling, and Processing	-	-	-	-	-	-	-	-	-	-	8,417	1,710	-	10,127
9	Transmission	-	-	-	-	-	-	-	-	-	-	5,458	3,552	-	9,010
10	Distribution	-	-	-	-	-	-	-	-	-		664,438	207,202	-	871,640
11	Customer Accounts	(75,801)	-	-	-	-	-	-	-	68,977		215,767	133,373	-	342,316
12	Customer Service and Informational	(2,704,237)	-	-	-	-	-	-	-	-		1,640	1,411	-	(2,701,186)
13	Sales	-	-	-	-	-	-	-	-	-		49,779	42,191	-	91,970
14	Administrative and General	(675,865)	-	-	-	-	-	-	(1,103,833)	-	109,340	277,984	(273,100)	-	(1,665,474)
15	Other	-	-	-	-	-	(810,430)	-	(827,025)	-	-	-	-	-	(1,637,455)
16	Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Taxes Other Than Income Taxes														
18	IPUC Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Payroll Taxes	(37,438)	-	-	-	-	(3,643)	-	(50,082)	-	-	94,376	45,867	-	49,080
20	Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Franchise Taxes	(8,264,953)	-	-	-	-	-	-	-	-	-	-	-	-	(8,264,953)
22	Interest Expense	-	-	-	-	-	-	(7,927,070)	-	-	-	-	-	-	(7,927,070)
23	Total Operating Expense														
24	Before Incomes Taxes	(234,652,144)	-	-	-	(3,309,029)	(814,073)	(7,927,070)	(1,980,940)	68,977	109,340	1,328,045	170,989	-	(247,005,905)
25	Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-	(1,968,476)	(1,968,476)
26	Total Operating Expenses	(234,652,144)	-	-	-	(3,309,029)	(814,073)	(7,927,070)	(1,980,940)	68,977	109,340	1,328,045	170,989	(1,968,476)	(248,974,381)
27	Net Operating Income	$ (1,778,878)	$ (83,580)	$ 287,015	$ (3,835,552)	$ (713,038)	$ 240,532	$ 7,927,070	$ 1,980,940	$ (68,977)	$ (109,340)	$ (1,328,045)	$ (170,989)	$ 1,968,476	$ 4,315,634

NOTES

[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.

[2] Removes non-distribution revenues and expenses included in the Company's financial records. Additionally, unbilled revenues are removed.

[3] Sets distribution revenues equal to tariff rates times unadjusted billing determinants. See Exhibit No. 6, Column (g), line 62.

[4] Accounts for the effect on distribution revenues resulting from adjustments related to customers migrating between rate classes during the test year. See Exhibit No. 6, Column (j), line 62.

[5] Captures the effect on distribution revenues resulting from normalizing the weather for the RS and GS-1 rate classes. See Exhibit No. 6, Column (m), line 62.

[6] Removes revenues and expenses included in the Company's financial records related to the sale of non-utility LNG.

[7] Removes other revenues and expenses included in the Company's financial records which do not relate to utility service.

[8] Removes interest expense included in the Company's financial records.

[9] Removes supplemental executive compensation expense included in the Company's financial records.

[10] Adds twelve months of Western Union payment processing fees to test year expense.

[11] See Exhibit No. 7.

[12] See Exhibit No. 8.

[13] See Exhibit No. 9.

[14] See Exhibit Nos.10 & 11.

[15] Sum of Columns (b)-(n).

Intermountain Gas Company
Adjustments to Gas Operating Revenues
For the Test Year Ending December 31, 2022 [1]

Line No.	Description (a)	Test Year Results: Billing Determinants (Therms/Customer Counts) (b)	Test Year Results: Amount (c)	Remove Non-Distribution Revenues: Amount (d)	Billing Determinant Recalculation Adjustment: Billing Determinants (Therms/Customer Counts) (e)	Billing Determinant Recalculation Adjustment: Current Rates (f)	Billing Determinant Recalculation Adjustment: Amount [2] (g)	Rate Class Migrations: Billing Determinants (Therms/Customer Counts) (h)	Rate Class Migrations: Current Rates (i)	Rate Class Migrations: Amount (j)	Weather Normalization: Billing Determinants (Therms) (k)	Weather Normalization: Current Rates (l)	Weather Normalization: Amount (m)	Adjusted Test Year Results: Billing Determinants (Therms/Customer Counts) (n)	Adjusted Test Year Results: Current Rates (o)	Adjusted Test Year Results: Amount (p)
	Billed Revenues:															
	RS															
	Distribution Revenues															
1	Customer Charge	4,423,383	$ 24,411,277		-	$ 5.50	$ (82,670)							4,423,383	$ 5.50	$ 24,328,607
2	Distribution Charge	301,987,426	49,238,838		-	0.16305	212				(17,211,268)	$ 0.16305	$ (2,806,297)	284,776,158	0.16305	46,432,753
	Non-Distribution Revenues															
3	Energy Efficiency Charge		5,935,205	(5,935,205)												-
4	Cost of Gas		136,921,426	(136,921,426)												-
5	Total RS Billed Revenues		$ 216,506,746	$ (142,856,631)			$ (82,458)						$ (2,806,297)			$ 70,761,360
	GS-1															
	Distribution Revenues															
6	Customer Charge	421,167	$ 4,001,288		-	$ 9.50	$ (201)	(1,067)	$ 9.50	$ (10,137)				420,100	$ 9.50	$ 3,990,950
	Distribution Charge:															
7	Block 1	39,315,730	7,259,983		-	0.18465	(333)	(132,578)	0.18465	(24,481)	(596,682)	0.18465	(110,177)	38,586,470	0.18465	7,124,992
8	Block 2	72,310,245	11,654,242		-	0.16117	-	(315,910)	0.16117	(50,915)	(3,428,730)	0.16117	(552,608)	68,565,605	0.16117	11,050,719
9	Block 3	30,174,761	4,179,204		-	0.13850	-	(171,018)	0.13850	(23,686)	(2,421,571)	0.13850	(335,388)	27,582,172	0.13850	3,820,130
10	Block 4	5,803,477	405,895		-	0.06994	-	(136,529)	0.06994	(9,549)	(444,408)	0.06994	(31,082)	5,222,540	0.06994	365,264
	Non-Distribution Revenues															
11	Energy Efficiency Charge		472,354	(472,354)												-
12	Cost of Gas		67,876,664	(67,876,664)												-
13	Total GS-1 Billed Revenues		$ 95,849,630	$ (68,349,018)			$ (534)			$ (118,768)			$ (1,029,255)			$ 26,352,055
	GS-1 (Irrigation)															
	Distribution Revenues															
14	Customer Charge	105	$ 1,004		-	$ 9.50	$ (6)							105	$ 9.50	$ 998
	Distribution Charge															
15	Block 1	10,699	1,976		-	0.18465	-							10,699	0.18465	1,976
16	Block 2	47,686	7,686		-	0.16117	-							47,686	0.16117	7,686
17	Block 3	12,661	1,754		-	0.13850	-							12,661	0.13850	1,754
18	Block 4	-	-		-	0.06994	-							-	0.06994	-
	Non-Distribution Revenues															
19	Energy Efficiency Charge		227	(227)												-
20	Cost of Gas		33,317	(33,317)												-
21	Total GS-1 (Irrigation) Billed Revenues		$ 45,964	$ (33,544)			$ (6)									$ 12,414
	GS-1 (CNG Vehicles)															
	Distribution Revenues															
22	Customer Charge	6	$ 67		-	$ 9.50	$ (10)							6	$ 9.50	$ 57
	Distribution Charge															
23	Block 1	-	-		-	0.13850	-							-	0.13850	-
24	Block 2	-	-		-	0.06994	-							-	0.06994	-
	Non-Distribution Revenues															
25	Cost of Gas		-	$ -												-
26	Total GS-1 (CNG Vehicles) Billed Revenues		67	$ -			$ (10)									$ 57
	IS-R															
	Distribution Revenues															
27	Customer Charge	2,694	$ 15,394		-	$ 5.50	$ (577)							2,694	$ 5.50	$ 14,817
28	Distribution Charge	556,168	90,683		-	0.16305	-							556,168	0.16305	90,683
	Non-Distribution Revenues															
29	Cost of Gas		264,973	(264,973)												-
30	Total IS-R Billed Revenues		$ 371,050	$ (264,973)			$ (577)									$ 105,500

INT-G-22-07
J. Darrington, IGC
Exhibit No. 6 - Update

Intermountain Gas Company
Adjustments to Gas Operating Revenues
For the Test Year Ending December 31, 2022 [1]

		Test Year Results		Remove Non-Distribution Revenues	Billing Determinant Recalculation Adjustment			Rate Class Migrations			Weather Normalization			Adjusted Test Year Results		
Line No.	Description	Billing Determinants (Therms/Customer Counts)	Amount	Amount	Billing Determinants (Therms/Customer Counts)	Current Rates	Amount [2]	Billing Determinants (Therms/Customer Counts)	Current Rates	Amount	Billing Determinants (Therms)	Current Rates	Amount	Billing Determinants (Therms/Customer Counts)	Current Rates	Amount
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
	IS-C															
	Distribution Revenues															
31	Customer Charge	638	$ 6,094		-	$ 9.50	$ (33)							638	$ 9.50	$ 6,061
	Distribution Charge															
32	Block 1	51,865	9,577		-	0.18465	-							51,865	0.18465	9,577
33	Block 2	162,461	26,184		-	0.16117	-							162,461	0.16117	26,184
34	Block 3	71,277	9,872		-	0.13850	-							71,277	0.13850	9,872
35	Block 4	-	-		-	0.06994	-							-	0.06994	-
	Non-Distribution Revenues															
36	Cost of Gas		133,544	(133,544)												-
37	Total IS-R Billed Revenues		$ 185,271	$ (133,544)			$ (33)									$ 51,694
	LV-1															
	Distribution Revenues															
38	Demand Charge	850,285	$ 255,146		-	$ 0.30000	$ (60)	80,825	$ 0.30000	$ 24,248				931,110	$ 0.30000	$ 279,334
39	Overrun Demand Charge	10,229	3,069		-	0.30000	-							10,229	0.30000	3,069
	Distribution Charge															
40	Block 1	13,399,789	401,896		-	0.03000	98	731,205	0.03000	21,936				14,130,994	0.03000	423,930
41	Block 2	-	-		-	0.01211	-	-	0.01211	-				-	0.01211	-
42	Block 3	-	-		-	0.00307	-	-	0.00307	-				-	0.00307	-
	Non-Distribution Revenues															
43	Cost of Gas		5,628,141	(5,628,141)												-
44	Total LV-1 Billed Revenues		$ 6,288,252	$ (5,628,141)			$ 38			$ 46,184						$ 706,333
	T-3															
	Distribution Revenues															
	Distribution Charge															
45	Block 1	8,967,249	$ 345,508		-	$ 0.03853	$ -	(775,170)	$ 0.03853	$ (29,867)				8,192,079	$ 0.03853	$ 315,641
46	Block 2	3,976,050	62,384		-	0.01569	-	(400,000)	0.01569	(6,276)				3,576,050	0.01569	56,108
47	Block 3	46,281,956	267,510		-	0.00578	-	(13,760,344)	0.00578	(79,535)				32,521,612	0.00578	187,975
	Non-Distribution Revenues															
48	Temporary PGA Adj		(27,455)	27,455												-
49	Total T-3 Billed Revenues		$ 647,947	$ 27,455			$ -			$ (115,678)						$ 559,724
	T-4															
	Distribution Revenues															
50	Demand Charge	16,626,920	$ 4,988,076		-	$ 0.30000	$ -	1,234,000	$ 0.30000	$ 370,200				17,860,920	$ 0.30000	$ 5,358,276
51	Overrun Demand Charge	409,210	122,763		-	0.30000	-							409,210	0.30000	122,763
	Distribution Charge															
52	Block 1	130,575,848	3,127,292		-	0.02395	-	2,000,000	0.02395	47,900				132,575,848	0.02395	3,175,192
53	Block 2	99,757,423	844,945		-	0.00847	-	4,000,000	0.00847	33,880				103,757,423	0.00847	878,825
54	Block 3	92,726,992	241,090		-	0.00260	-	8,960,344	0.00260	23,297				101,687,336	0.00260	264,387
	Non-Distribution Revenues															
55	Temporary PGA Adj		(308,113)	308,113												-
56	Total T-4 Billed Revenues		$ 9,016,053	$ 308,113			$ -			$ 475,277						$ 9,799,443
57	Total Billed Revenues		$ 328,910,980	$ (216,930,283)			$ (83,580)			$ 287,015			$ (3,835,552)			$ 108,348,580
	Other Gross Operating Revenues:															
58	Residential & Commercial Unbilled Revenue (4009.4895)		$ 11,303,090	$ (11,303,090)												$ -
59	Residential & Commercial Energy Efficiency Offset (4004.4800 & 4004.4810)		(854,134)	854,134												-
60	Franchise Taxes (4002.4870)		8,282,716	(8,282,716)												-
61	Total Other Gross Operating Revenues		$ 18,731,672	$ (18,731,672)												$ -
62	Total Gas Operating Revenues		$ 347,642,652	$ (235,661,955)			$ (83,580)			$ 287,015			$ (3,835,552)			$ 108,348,580

NOTES

[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.

[2] Column (b) times Column (f) less Column (c).

Intermountain Gas Company
Amortization of Rate Case Expenses Adjustment
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Amount
	(a)	(b)
1	Deferred General Rate Case Costs (INT-G-16-02):	
2	External Legal (Account 1823.7000)	$ 7,519
3	External Regulatory Consultants (1823.7100)	320,500
4	Total Deferred General Rate Case Costs	328,019
5	Amortization Period	3
6	Amortization of Rate Case Expenses	$ 109,340
7	Adjustment to Exhibit No. 5:	
8	Adjustment to Administrative and General	$ 109,340

NOTES

[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.

Intermountain Gas Company
Salary Expense Adjustment
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Amount
	(a)	(b)
1	Incremental Employee Annualized Salary Adjustment:	
2	Incremental Non-Union Employee Annualized Salary Adjustment	$ 57,086
3	Incremental Union Employee Annualized Salary Adjustment	116,628
4	Total Incremental Employee Annualized Salary Adjustment	$ 173,714
5	2023 Salary Increase Adjustment:	
6	2022 Non-Union Employee Eligible Salary	$ 14,265,525
7	2023 Non-Union Salary Increase %	4.5%
8	2023 Non-Union Salary Increase Adjustment	$ 641,950
9	2022 MDUR Employee Eligible Salary	$ 2,541,442
10	2023 MDUR Salary Increase %	4%
11	2023 MDUR Salary Increase Adjustment	$ 101,657
12	2022 Union Employee Eligible Salary	$ 9,038,524
13	2023 Estimated Union Salary Increase %	3.50%
14	2023 Non-Union Salary Increase Adjustment	$ 316,348
15	Total 2023 Salary Increase Adjustment [2]	$ 1,059,955
16	Subtotal [3]	$ 1,233,669
17	Payroll Tax Percentage	7.65%
18	Payroll Tax Expense	$ 94,376
19	Total Salary Adjustment	$ 1,328,045
20	Adjustment to Exhibit No. 5:	
21	Adjustment to Production	$ 10,186
22	Adjustment to Natural Gas Storage, Terminaling, and Processing	8,417
23	Adjustment to Transmission	5,458
24	Adjustment to Distribution	664,438
25	Adjustment to Customer Accounts	215,767
26	Adjustment to Customer Service and Informational	1,640
27	Adjustment to Sales	49,779
28	Adjustment to Administrative and General	277,984
29	Adjustment to Payroll Taxes	94,376
30	Total Adjustment to Exhibit No. 5	$ 1,328,045

NOTES

[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.
[2] Sum of Lines 8, 11, and 14.
[3] Sum of Line 4 and 15.

Intermountain Gas Company

Incentive Compensation Adjustment

For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Amount
	(a)	(b)
1	Annualized Incentive Compensation at 100% Payout	$ 1,103,714
2	Year-to-Date Incentive Compensation Booked to the General Ledger	$ 998,912
3	Forecast Incentive Compensation	-
4	Non-Executive Incentive Compensation Expense Adjustment	$ 998,912
5	Less Amounts Related to Energy Efficiency [2]	(18,035)
6	Less Amounts Related to Renewable Natural Gas Access [3]	(2,285)
7	Less Amounts Related to MDUR Employees	(300,045)
8	Less Amounts Related to Executive Employees	(285,350)
9	Test Year Incentive Compensation After Adjustment	$ 393,197
10	Annualization Adjustment [4]	$ 710,517
11	Payroll Tax Adjustment [5]	45,867
12	Total Incentive Compensation Expense Adjustment [6]	$ 170,989
13	Adjustment to Exhibit No. 5:	
14	Adjustment to Production	$ 8,783
15	Adjustment to Natural Gas Storage, Terminaling, and Processing	1,710
16	Adjustment to Transmission	3,552
17	Adjustment to Distribution	207,202
18	Adjustment to Customer Accounts	133,373
19	Adjustment to Customer Service and Informational	1,411
20	Adjustment to Sales	42,191
21	Adjustment to Administrative and General	(273,100)
22	Adjustment to Payroll Tax	45,867
23	Total Adjustment to Exhibit No. 5	$ 170,989

NOTES

[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.

[2] This amount is removed as part of the adjustment on Exhibit No. 5, Column (b).

[3] This amount is removed as part of the adjustment on Exhibit No. 4, Column (d).

[4] Line 1 minus Line 9.

[5] This captures the payroll tax effect of removing MDUR and executive employees as well as the effect related to the annualization adjustment.

[6] Sum of Lines 7, 8 , 10, and 11.

Intermountain Gas Company

State Income Tax Calculation

For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Company Unadjusted		Adjustments		Proforma Amount (Cols. (b) + (c))
	(a)	(b)		(c)		(d)
1	Total Operating Revenue	$ 355,470,182	[2]	$ (244,658,747)	[3]	$ 110,811,435
2	Total Operating Expenses Before Interest Expense and Income Taxes	323,717,299	[4]	(239,078,835)	[5]	84,638,464
3	Interest Charges	7,927,070	[6]	632,241	[7]	8,559,311
4	Pre-Tax Income	23,825,813		(6,212,153)		17,613,660
5	Permanent Tax Adjustments:					
6	401K Dividend Deduction	(94,988)		-		(94,988)
7	100% Entertainment	40,963		-		40,963
8	Club Dues	4,020		(4,020)		-
9	SISP/SERP Premium & CSV	465,892		(465,892)		-
10	Accrued Tax Interest	(363)		-		(363)
11	Executive Compensation	537,426		(537,426)		-
12	Unrealized Gan/Losses on Deferred Compensation	14,624		(14,624)		-
13	Performance Share Program	198,869		(198,869)		-
14	Lobbying Expenses	99,917		(99,917)		-
15	Total Permanent	1,266,360		(1,320,748)		(54,388)
16	Temporary Tax Adjustments:					
17	Bad Debt Expenses	241,485		-		241,485
18	Customer Advances	570,306		-		570,306
19	Prepaid Expenses	55,761		-		55,761
20	Purchased Gas Adjustment	(38,740,137)		38,740,137		-
21	Contingency Reserve	(594,941)		-		(594,941)
22	Deferred Compensation - Officers	(113,930)		113,930	[8]	-
23	Incentive Compensation	(307,448)		-		(307,448)
24	LNG Sales Deferred Revenue	241,354		(241,354)	[8]	-
25	Postretirement Benefit Costs	907,706		-		907,706
26	Postretirement - Reg Asset	(1,436,910)		-		(1,436,910)
27	Intercompany Deferred Employee Benefit Costs - Reg Asset	(413,656)		-		(413,656)
28	SISP/SERP Expense - Current	(1,328,558)		1,328,558	[8]	0
29	Deferred Payment Processor Fee	6,820		-		6,820
30	Uniform Capitalization	274,009		(263,965)	[8]	10,044
31	Vacation Pay	156,634		-		156,634
32	Deferred Medicare Part D	(3,014)		-		(3,014)
33	Payroll Tax Deferral	(430,768)		-		(430,768)
34	AFUDC Debt - CWIP	(386,554)		-		(386,554)
35	AFUDC Equity - CWIP	-		-		-
36	Capitalized Interest - CWIP	211,169		-		211,169
37	Contribution in aid of construction - CWIP	(4,811,721)		-		(4,811,721)
38	AFUDC Equity - Federal	217,065		-		217,065
39	Plant Temporary Differences Federal	(2,085,790)		(361)		(2,086,151)
40	Total Temporary	(47,771,118)		39,676,945		(8,094,173)
41	Total Tax Adjustments	(46,504,758)		38,356,197		(8,148,561)
42	Taxable income before adjustments	$ (22,678,945)		$ 32,144,044		$ 9,465,099

Intermountain Gas Company
State Income Tax Calculation
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Company Unadjusted	Adjustments	Proforma Amount (Cols. (b) + (c))
	(a)	(b)	(c)	(d)
43	State Current Income Tax Calculation:			
44	Taxable income before adjustments	$ (22,678,945)	$ 32,144,044	$ 9,465,099
45	Bonus Modification	(5,887,947)	-	(5,887,947)
46	State taxable income	(28,566,892)	32,144,044	3,577,152
47	State tax rate [9]	6.051%		5.800%
48	State income tax (expense)/benefit before adjustments	1,728,593	(1,936,068)	(207,475)
49	State Net Operating Loss	-	-	-
50	State Tax Credits	5,500	-	5,500
51	Permanent Building Fund	(10)		(10)
52	Investment tax credit recapture	-	-	-
53	Investment tax credit	932,467	-	932,467
54	Return and other adjustments	661	-	661
55	Total State Current Income Taxes (expense)/benefit	2,667,211	(1,936,068)	731,143
56	State Deferred Income Taxes (expense)/benefit [10]	(2,425,457)	2,425,457	-
57	Idaho Investment Tax Credit Amortization Calculation:			
58	Reverse Idaho Investment Tax Credit Generated	(932,467)	-	(932,467)
59	Idaho ITC Amortization	256,134	-	256,134
60	Return to Accrual Adjustment	69,279	-	69,279
61	Total Idaho Investment Tax Credit Amoritzation (expense)/benefit	(607,054)	-	(607,054)
62	Total State Income Taxes (expense)/benefit	$ (365,300)	$ 489,389	$ 124,089

NOTES
[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.
[2] See Exhibit No. 2, Column (b), Line 3.
[3] See Exhibit No. 2, Column (c), Line 3.
[4] See Exhibit No. 2, Column (b), Line 24 minus Line 22.
[5] See Exhibit No. 2, Column (c), Line 24 minus Line 22.
[6] See Exhibit No. 2, Column (b), Line 22.
[7] Interest expense for purposes of calculating income tax expense is calculated as the weighted average cost of debt multiplied by average rate base.
[8] This adjustment removes or adjusts the tax impact of the underlying item based on an adjustment to the underlying item elsewhere in this model.
[9] Beginning in 2023, the Idaho corporate tax rate will be reduced to 5.8%.
[10] The IPUC requires the flow-through of state income taxes. However, deferred taxes related to deferred gas costs, the Supplemental Income Security Plan and the Supplemental Executive Retirement Plan are not required to be flowed through. There are no deferred gas costs in this filing and SISP and SERP expenses have been removed. Additionally, the Company is removing state deferred taxes related to certain below-the-line items.

Intermountain Gas Company
Federal Income Tax Calculation
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Company Unadjusted	Adjustments	Proforma Amount (Cols. (b) + (c))
	(a)	(b)	(c)	(d)
1	Federal Current Income Tax Calculation:			
2	Taxable income before state income taxes	$ (22,678,945)	$ 32,144,044	$ 9,465,099
3	State income tax - Current year	2,667,211	(1,936,068)	731,143
4	Federal taxable income	(20,011,734)	30,207,976	10,196,242
5	Federal tax rate	21.00%	21.00%	21.00%
6	Federal income tax (expense) benefit before adjustments	4,202,464	(6,343,675)	(2,141,211)
7	Federal Net Operating Loss	-	-	-
8	State Net Operating Loss	-	-	-
9	Federal Tax Credits	88,497	-	88,497
10	State Tax Credits	-	-	-
11	FIN 48 Adjustments	1,928	-	1,928
12	Return and other adjustments	1,550	-	1,550
13	Total Federal Current Income Taxes (expense)/benefit	4,294,439	(6,343,675)	(2,049,236)
14	Federal Deferred Income Taxes (expense)/benefit	(8,657,716)	7,822,762	(834,954)
15	Total Federal Income Taxes (expense)/benefit [2]	(4,363,277)	1,479,087	(2,884,190)
16	Total Federal and State Income Tax (expense)/benefit [3]	$ (4,728,577)	$ 1,968,476	$ (2,760,101)

NOTES

[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.
[2] Line 13 plus Line 14.
[3] Line 15 plus Exhibit No. 10, Line 62.

Intermountain Gas Company
Adjustments to Rate Base
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	ARO Adjustment [2]	RWIP Adjustment [3]	Non-Utility Storage Adjustment [4]	Utility Storage Adjustment [4]	ADIT - Section 1031 Like-Kind Exchange Adjustment [5]	ADIT - Uniform Capitalization Adjustment [5]	Total Rate Base Adjustments [6]
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Rate Base:							
2	Gas Plant in Service	$ (43,921,225)	$ -	$ -	$ -	$ -	$ -	$ (43,921,225)
3	Less Accumulated Depreciation and Amortization	6,858,240	(568,179)	-	-	-	-	6,290,061
4	Net Gas Plant in Service	(37,062,985)	(568,179)	-	-	-	-	(37,631,164)
5	Materials & Supplies Inventory	-	-	-	-	-	-	-
6	Gas Storage Inventory	-	-	(1,056,784)	177,066	-	-	(879,718)
7	Accumulated Deferred Income Taxes	-	-	-	-	11	17,862	17,873
8	Advances in Aid of Construction	-	-	-	-	-	-	-
9	Rate Base	$ (37,062,985)	$ (568,179)	$ (1,056,784)	$ 177,066	$ 11	$ 17,862	$ (38,493,009)

NOTES

[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.

[2] See Exhibit No. 13 and Exhibit No. 14.

[3] See Exhibit No. 14, Line 16.

[4] See Exhibit No. 16, Line 16.

[5] See Exhibit No. 17, Line 16.

[6] Sum of Columns (b)-(g).

Intermountain Gas Company
Gas Plant in Service
For the Test Year Ending December 31, 2022 [1]

Line No.	Month	Gas Plant in Service a/c 1010 and 1060	ARO Adjustment [2]	Total (Cols. (b) + (c))
	(a)	(b)	(c)	(d)
1	December 2021	$ 856,758,673	$ (45,051,804)	$ 811,706,869
2	January 2022	859,032,722	(45,051,804)	813,980,918
3	February	867,006,281	(45,051,804)	821,954,477
4	March	869,322,912	(45,051,804)	824,271,108
5	April	873,533,916	(45,051,804)	828,482,112
6	May	876,308,806	(45,051,804)	831,257,002
7	June	880,445,648	(45,051,804)	835,393,844
8	July	884,502,691	(45,051,804)	839,450,887
9	August	890,529,091	(45,051,804)	845,477,287
10	September	897,888,804	(45,051,804)	852,837,000
11	October	904,455,103	(45,051,804)	859,403,299
12	November	899,382,481	(36,007,169)	863,375,312
13	December	905,591,951	(36,007,169)	869,584,782
14	Total of Monthly Averages	$ 10,583,583,767	$ (527,054,696)	$ 10,056,529,072
15	Divided by	12	12	12
16	Average Balance	$ 881,965,314	$ (43,921,225)	$ 838,044,089

NOTES

[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.

[2] As per prior Commission orders, the Asset Retirement Obligation is removed from the calculation of rate base to avoid double charging customers for the cost of removing tangible long-lived assets. The cost of removal is already included in the Company's approved depreciation rates.

Intermountain Gas Company
Accumulated Provision for Depreciation and Amortization
For the Test Year Ending December 31, 2022 [1]

Line No.	Month	Accumulated Provision for Depreciation and Amortization a/c 1080 and 1110	ARO Adjustment [2]	RWIP Adjustment [3]	Total (Cols. (b) + (c) + (d))
	(a)	(b)	(c)	(d)	(e)
1	December 2021	$ (400,326,100)	$ 6,796,227	$ (70,216)	$ (393,600,089)
2	January 2022	(401,890,894)	6,844,513	7,366	(395,039,015)
3	February	(403,513,354)	6,892,799	(146,111)	(396,766,666)
4	March	(404,385,550)	6,941,085	(353,150)	(397,797,615)
5	April	(405,823,534)	6,989,372	(452,437)	(399,286,599)
6	May	(407,249,237)	7,037,658	(572,251)	(400,783,830)
7	June	(408,748,092)	7,085,944	(597,569)	(402,259,717)
8	July	(410,164,949)	7,134,231	(882,749)	(403,913,467)
9	August	(411,533,561)	7,182,517	(974,321)	(405,325,365)
10	September	(413,301,839)	7,230,803	(1,024,653)	(407,095,689)
11	October	(415,360,244)	7,279,089	(788,449)	(408,869,604)
12	November	(414,694,237)	5,508,996	(1,180,185)	(410,365,426)
13	December	(416,545,420)	5,547,523	362,936	(410,634,961)
14	Total of Monthly Averages	$ (4,905,101,251)	$ 82,298,882	$ (6,818,149)	$ (4,829,620,518)
15	Divided by	12	12	12	12
16	Average Balance	$ (408,758,438)	$ 6,858,240	$ (568,179)	$ (402,468,377)

NOTES

[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.

[2] As per prior Commission orders, the Asset Retirement Obligation is removed from the calculation of rate base to avoid double charging customers for the cost of removing tangible long-lived assets. The cost of removal is already included in the Company's approved depreciation rates.

[3] Accumulated Provision for Depreciation related to the Retirement Work in Process represents the work performed but not yet completed to retire plant-in-service. Retirement work in process is removed from the calculation of rate base because it represents assets that are in the process of being retired but are still used and useful at the end of the month.

Intermountain Gas Company
Materials & Supplies Inventory
For the Test Year Ending December 31, 2022 [1]

Line No.	Month	Materials & Supplies Inventory a/c 1540	Undistributed Stores a/c 1630	Total (Cols. (b) + (c))
	(a)	(b)	(c)	(d)
1	December 2021	$ 5,920,355	$ -	$ 5,920,355
2	January 2022	5,984,174	(34,591)	5,949,583
3	February	6,077,208	(30,562)	6,046,646
4	March	5,915,396	94,898	6,010,294
5	April	5,980,173	180,965	6,161,138
6	May	6,482,156	211,936	6,694,092
7	June	6,448,446	217,152	6,665,598
8	July	6,589,511	218,928	6,808,439
9	August	6,810,635	263,200	7,073,835
10	September	6,653,014	300,492	6,953,506
11	October	6,519,682	332,982	6,852,664
12	November	5,593,502	368,321	5,961,823
13	December	5,387,713	-	5,387,713
14	Total of Monthly Averages	$ 74,707,931	$ 2,123,721	$ 76,831,652
15	Divided by	12	12	12
16	Average Balance	$ 6,225,661	$ 176,977	$ 6,402,638

NOTES

[1] Includes actual data for the 12 months ending December 31, 2022.

Intermountain Gas Company
Gas Storage Inventory
For the Test Year Ending December 31, 2022 [1]

Line No.	Month	Gas Storage a/c 1642	Non-Utility Gas Storage Adjustment [2]	Utility Gas Storage Adjustment [3]	Total (Cols. (b) + (c) + (d))
	(a)	(b)	(c)	(d)	(e)
1	December 2021	$ 2,739,716	$ (2,821)	$ 514,814	$ 3,251,709
2	January 2022	2,630,634	(61,767)	514,814	3,083,681
3	February	2,920,379	(18,361)	416,260	3,318,278
4	March	3,504,373	(583,012)	112,169	3,033,530
5	April	4,186,187	(1,222,187)	77,471	3,041,471
6	May	4,591,993	(1,602,879)	53,345	3,042,459
7	June	5,148,059	(2,207,049)	57,818	2,998,828
8	July	4,947,337	(2,042,298)	103,413	3,008,452
9	August	4,646,125	(1,777,377)	136,656	3,005,404
10	September	4,240,696	(1,381,875)	172,821	3,031,642
11	October	3,903,321	(1,063,409)	180,564	3,020,476
12	November	3,799,159	(303,424)	192,015	3,687,750
13	December	4,420,398	(832,708)	(299,929)	3,287,761
14	Total of Monthly Averages	$ 48,098,320	$ (12,681,403)	$ 2,124,789	$ 37,541,706
15	Divided by	12	12	12	12
16	Average Balance	$ 4,008,193	$ (1,056,784)	$ 177,066	$ 3,128,475

NOTES

[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.

[2] Non-Utility Gas Storage Inventory represents the balance of LNG that is allocated to non-utility LNG sales and as a result is removed from the calculation of rate base.

[3] This includes adjustments to keep the Nampa LNG storage tank inventory level at 2 million gallons.

Intermountain Gas Company
Accumulated Deferred Income Taxes
For the Test Year Ending December 31, 2022 [1]

Line No.	Month	ADIT - Plant a/c 2820	ADIT - Advances ı Aid of Constructio a/c 1900	ADIT - Uniform Capitalization a/c 1900	ADIT - Section 1031 Like-Kind Exchange Adjustment [2]	ADIT - Uniform Capitalization Adjustment [3]	Total [4]
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	December 2021	$ (51,776,714)	$ 2,955,443	$ 227,989	$ -	$ 26,405	$ (48,566,877)
2	January 2022	(51,702,302)	2,946,349	226,785	-	17,973	(48,511,195)
3	February	(51,627,889)	2,997,066	225,580	-	30,091	(48,375,152)
4	March	(51,553,477)	3,000,177	224,376	-	15,384	(48,313,540)
5	April	(51,479,064)	2,993,980	223,172	-	15,794	(48,246,118)
6	May	(51,404,652)	2,970,345	221,968	-	15,845	(48,196,494)
7	June	(51,330,239)	2,927,843	220,764	-	13,591	(48,168,041)
8	July	(51,255,827)	2,938,735	219,560	-	14,088	(48,083,444)
9	August	(51,181,414)	2,975,809	218,356	-	13,931	(47,973,318)
10	September	(51,107,001)	2,968,002	217,152	-	15,286	(47,906,561)
11	October	(51,032,589)	3,000,543	215,948	-	14,709	(47,801,389)
12	November	(51,019,376)	2,993,726	214,952	127	48,965	(47,761,606)
13	December	(51,229,738)	2,970,572	271,082	-	(29,028)	(48,017,112)
14	Total of Monthly Averages	$ (616,197,056)	$ 35,675,583	$ 2,678,149	$ 127	$ 214,346	$ (577,628,853)
15	Divided by	12	12	12	12	12	12
16	Average Balance	$ (51,349,755)	$ 2,972,965	$ 223,179	$ 11	$ 17,862	$ (48,135,738)

NOTES

[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.
[2] In order to comply with the IRS normalization rules, the Company is removing the deferred income taxes associated with Sec. 1031 exchanges.
[3] This adjustment accounts for the deferred tax impacts related to the adjustments to storage inventory shown on Exhibit No. 16.
[4] Sum of Columns (b)-(f).

Intermountain Gas Company
Advances in Aid of Construction
For the Test Year Ending December 31, 2022 [1]

Line No.	Month		Advances in Aid of Construction a/c 2520
	(a)		(b)
1	December 2021	$	(11,083,974)
2	January 2022		(11,082,191)
3	February		(11,365,224)
4	March		(11,421,561)
5	April		(11,433,570)
6	May		(11,362,546)
7	June		(11,201,678)
8	July		(11,295,068)
9	August		(11,513,129)
10	September		(11,517,478)
11	October		(11,713,954)
12	November		(11,723,013)
13	December		(11,654,280)
14	Total of Monthly Averages	$	(136,998,539)
15	Divided by		12
16	Average Balance	$	(11,416,545)

NOTES
[1] Includes actual data for the 12 months ending December 31, 2022.

Intermountain Gas Company

Gross Revenue Conversion Factor

For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Rate	Gross Revenue Conversion Factor
	(a)	(b)	(c)
1	Operating Revenues (without add-on taxes)		1.00000
2	Commission Fees [2]	0.1995%	0.00200
3	Uncollectibles Expense	0.2458%	0.00246
4	State Taxable Income [3]		0.99555
5	State Income Tax [4]	5.80%	0.05774
6	Income Before Federal Income Tax [5]		0.93781
7	Federal Income Tax [6]	21.00%	0.19694
8	Operating Income After Taxes [7]		0.74087
9	Gross Revenue Conversion Factor [8]		1.34977

NOTES

[1] Includes actual data and Company adjustments for the 12 months ending December 31, 2022.

[2] Per Commission Order No. 35372.

[3] Line 1 minus Line 2 minus Line 3.

[4] Line 4 times Column (b), Line 5. This reflects the new Idaho corporate tax rate

[5] Line 4 minus Line 5.

[6] Line 6 times Column (b), Line 7.

[7] Line 6 minus Line 7.

[8] 1 divided by Line 8.