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IDAHO PUBLIC
UTILITIES COMMISSION

May 17, 2023

VIA EMAIL

Jan Noriyuki
Idaho Public Utilities Commission
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Building 8, Suite 201-A
Boise, ID 83714
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Re: Intermountain Gas Company – INT-G-22-07

Dear Ms. Noriyuki:

Pursuant to Commission Order No. 35780, enclosed for filing with this Commission is the Direct Testimony of Lori A. Blattner in Support of Stipulation and Settlement.

If you have questions or would like to discuss, please contact me (208-388-1222).

Sincerely,



Preston N. Carter

PNC/sw

cc: Lori Blattner, Intermountain Gas Company

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CERTIFICATE OF SERVICE

I certify that on May 17, 2023, a true and correct copy of the foregoing was served upon all parties of record in this proceeding via electronic mail as indicated below:

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Attorneys for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

DIRECT TESTIMONY OF LORI A. BLATTNER

IN SUPPORT OF STIPULATION AND SETTLEMENT

May 17, 2023

1 **Q. Please state your name, business address, and present position with Intermountain**
2 **Gas Company (“Intermountain” or “Company”).**

3 A. My name is Lori Blattner, and I am the Director of Regulatory Affairs for Intermountain
4 Gas Company and Cascade Natural Gas Corporation. My business address is 555 South
5 Cole Road, Boise, ID 83707.

6 **Q. Please describe your involvement in this proceeding.**

7 A. I have been involved in all aspects of this proceeding. I filed direct testimony to support
8 Intermountain’s General Rate Case Application with the Idaho Public Utilities
9 Commission (“Commission”) in this matter. I have reviewed the testimony of all
10 Company’s witnesses; was deeply involved in the extensive production requests; attended
11 the settlement conferences; and am otherwise familiar with the issues involved in the
12 case.

13 **Q. What is the purpose of your testimony?**

14 A. The purpose of my testimony is to describe the Stipulation and Settlement (“Settlement”)
15 that was signed by parties in the case, to express the Company’s support of the Settlement,
16 and to recommend that the Commission approve the Settlement without change.

17 **Q. While maintaining confidentiality, please describe the process that resulted in the**
18 **Settlement.**

19 A. After the Company filed its Application, Commission Staff (“Staff”) and Intervenors
20 engaged in extensive discovery, which included well over one-hundred production
21 requests and responses, as well as a series of meetings with Staff during which Staff and
22 the Company discussed questions and issues related to production requests, documents,
23 and other items related to the case.

1 The Commission held three public workshops related to the case: one in
2 Pocatello, one in Twin Falls, and one in Boise. Staff and representatives of the Company
3 attended each of these workshops.

4 Towards the end of the discovery process, and after the public workshops, Staff
5 provided notice of two formal settlement conferences. All Parties to the case—which
6 included Staff, Intermountain, the Alliance of Western Energy Consumers (“AWEC”),
7 Idaho Conservation League (“ICL”) and the City of Boise (“City”)— attended and
8 participated in the settlement conferences, which took place on March 30 and 31, 2023.
9 After extensive discussions—the contents of which are confidential—all but one of the
10 Parties agreed to the terms of the Settlement. The Settling Parties finalized and signed the
11 stipulation and settlement agreement (“Settlement”) itself at the end of April and early
12 May 2023. Intermountain appreciates the time and effort of Staff and all Parties to reach a
13 settlement in this rate case proceeding.

14 **Q. Did all Parties join the Settlement?**

15 A. No. The Company, Staff, AWEC, and ICL signed the Settlement. This testimony refers to
16 the parties that have signed the agreement as the “Settling Parties.” The term “Parties”
17 includes all parties to the proceeding. The City did not sign the Settlement, but has agreed
18 not to oppose the Settlement.

19 **Q. Please describe the Settlement.**

20 A. The Settlement contains several components, each of which is described in the Settlement
21 itself. I would like to touch upon several of the key components of the Settlement.

22 Overall rate increase. The Company sought, in its Application, a margin revenue
23 increase of 10.3%, for an overall revenue increase of 3.2%. The Settlement, if approved

1 by the Commission, would result in margin revenue increase of approximately 2.75%, as
2 illustrated in Exhibit 1 to the Settlement, for an overall revenue increase of 0.73%.

3 Revenue Requirement. The Settlement includes a revenue requirement of \$3.05
4 million. The components of the Revenue Requirement are set forth in paragraph 2 of the
5 Settlement, and include: a return on equity of 9.5%, which is the same as the return on
6 equity approved in 2017 in the Company's most recent general rate case; a total rate base
7 of \$385,288,577, with certain values of components of rate base delineated in the text and
8 exhibits of the Settlement; and rate case expenses from this rate case and certain
9 remaining items from the 2017 rate case, to be amortized over a period of five years.

10 Cost of Service, Rate Design, and Rate Spread. The Settling Parties agreed to
11 accept the class revenue apportionment proposed by the Company in its Application,
12 which is set forth in Exhibit 2 to the Settlement. In broad terms, if approved by the
13 Commission, the revenue requirement will be recovered by increasing the customer
14 charge for residential customers to \$8.00, with a decrease to the distribution rate.
15 Customer and demand charges for other customer classes are described in detail in
16 Exhibit 3 to the Settlement.

17 Billing Determinants and Other Issues. The Settling Parties further agreed that the
18 billing determinants would be as proposed by the Company in its Application and
19 Testimony. Further, the Settling Parties agreed to accept the Company's position, as set
20 forth in the Application and Testimony, related to the Company's proposals on in-person
21 pay station transaction fees and non-utility LNG sales credits.

22 Non-financial components of the Settlement. In addition to the financial aspects
23 of the Settlement, the Company has agreed to meet with Staff before the next rate case to

1 discuss protocols for providing access to certain information related to the Company's
2 affiliates. This will facilitate an efficient transfer of relevant information during the next
3 rate case.

4 In addition, before filing the Company's next rate case, the Company and Staff
5 have agreed to hold a workshop to discuss the methodology for weather normalization to
6 be used in the next general rate case.

7 Finally, the Company has agreed to provide certain information regarding the
8 allocation factors used in allocating costs and expenses from Intermountain's parent
9 company and affiliates during its next general rate case.

10 **Q. Do you believe that the Settlement is in the public interest?**

11 A. Yes. Each of the components of the Settlement were thoroughly discussed and negotiated
12 during the settlement conferences, with the participation of the Parties, and reflect a
13 variety of different aspects of the Company's customer base. Before the settlement
14 conferences, the Parties had the opportunity to engage in, and did engage in, an extensive
15 discovery process, confirming that the settlement conferences and resulting Settlement
16 were based on all relevant information.

17 In addition, Staff and the Company had the opportunity to hear from customers
18 during the customer workshops, which were held before the settlement conferences,
19 ensuring that concerns raised by customers were considered during the settlement
20 conferences.

21 All things considered, I believe that the agreement set forth in the Settlement
22 reflects a reasonable compromise of all Parties' positions in the case. Each party had to

1 compromise, but I believe the overall result reflects a just, fair, and reasonable outcome
2 that appropriately balances the needs of the Company, its customers, and the Parties.

3 For these reasons, the Company respectfully requests that the Commission
4 approve the Settlement without change.

5 **Q. Does this conclude your testimony?**

6 A. Yes.