

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF INTERMOUNTAIN ) CASE NO. INT-G-23-05**  
**GAS COMPANY’S APPLICATION FOR )**  
**AUTHORITY TO FILE ITS COMPOSITE )**  
**DEPRECIATION AND AMORTIZATION ) ORDER NO. 36041**  
**RATES EVERY FIVE YEARS INSTEAD OF )**  
**EVERY THREE YEARS )**  
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On August 29, 2023, Intermountain Gas Company (“Company”), applied for authority to file updated composite depreciation and amortization rates every five years, rather than every three years as the current filing schedule requires. Under the current filing schedule, the Company would submit updated depreciation and amortization rates based on its books and records through December 31, 2022. If approved, the Company’s updated rates will be based upon its books and records through December 31, 2024.

On October 6, 2023, the Commission issued a Notice of Application and Notice of Modified procedure. Order No. 35951. Commission Staff (“Staff”) submitted the only comments.

Having reviewed the record, the Commission issues this Order approving the Company’s Application as follows.

**THE APPLICATION**

The Company currently files composite depreciation and amortization rates every three years. The Company asserts that extending the filing period for these composite rate updates to five years will reduce the frequency of costly, outsourced depreciation studies, benefiting both the Company and its customers. Additionally, the Company noted extending the filing period will not otherwise significantly impact its cost accounting because depreciation rates change little annually. Furthermore, according to the Company, submitting a depreciation study based on its books and records through December 31, 2022, would disconnect its depreciation and amortization rates from the base rates approved by Order No. 35836 in the Company’s most recent general rate case, Case No. INT-G-22-07.

**STAFF COMMENTS**

After reviewing the Company’s Application, responses to production requests, and previous depreciation cases, Staff believed the Company’s request to file updated composite

depreciation and amortization rates every five years was reasonable. Staff noted that the Company's last three depreciation studies (conducted in 2014, 2017, and 2020) revealed a trend of increasing costs for the outsourced work and responding to discovery. The Company estimates that its next depreciation study will likely cost twice as much as the 2017 study.

Additionally, Staff observed that the Company's last four depreciation cases did not result in significant changes in depreciation rates and would not substantially impact cost accounting. Staff also acknowledged that submitting a depreciation study based on the Company's books through December 31, 2022, would disconnect the depreciation expense recorded in the Company's income statement from base rates. However, Staff did not believe that the disconnect, by itself, justified the Company's request as the next general rate case would cure the disconnect without a significant impact to the Company or its customers.

Moreover, Staff noted that the Company's peer utilities (*e.g.*, Avista) currently conduct depreciation studies at five-year intervals. Staff believed that updating depreciation rates every five years has not negatively impacted these peer utilities or their customers and could not identify a reason why putting the Company on the same schedule would have a different result. In sum, Staff thought that requiring the Company to file more frequent composite depreciation and amortization rates than peer utilities results in more costs than benefits. Accordingly, Staff recommended approval of the Company's Application.

### **DISCUSSION AND FINDINGS**

The Commission has jurisdiction over the Company's Petition and the issues in this case under Title 61 of the Idaho Code including, *Idaho Code* §§ 61-501, 502, and -503. Based on our review of the record, we find it reasonable to grant the Company's Application.

Under *Idaho Code* § 61-525, the Commission may direct a utility to update its depreciation rates. As previously stated, the Company currently updates these rates every three years. The most recent update was performed using the Company's books and records as of December 31, 2019 and was submitted on January 12, 2021. *See* Case No. INT-G-21-01. Completing such updates requires the Company to conduct a depreciation study. The Company outsources such studies, which have trended upward significantly in price over the last few years. Additionally, examination of the Company's recent depreciation cases indicates that the depreciation rates generally change little in each case. Moreover, as Staff noted, the Company's peer utilities, update depreciation and amortization rates every five years with no discernable

negative impact on the utility or its customers. In short, extending the period at which the Company updates its depreciation and amortization rates will reduce the Company's costs without detrimental effect on customers. Accordingly, we find it reasonable to grant the Company's request for authority to update its composite depreciation and amortization rates every five years, instead of every three years.


**ORDER**

IT IS HEREBY ORDERED that the Company's Application for authority to file updated composite depreciation and amortization rates every five years is granted. Accordingly, the Company's next such filing will be based upon Company records through December 31, 2024.

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 about 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. *See Idaho Code § 61-626.*


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 28<sup>th</sup> day of December 2023.

  
ERIC ANDERSON, PRESIDENT

  
JOHN R. HAMMOND JR., COMMISSIONER

  
EDWARD LODGE, COMMISSIONER

ATTEST:

  
Monica Berrios-Sanchez  
Interim Commission Secretary

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