Office of the Secretary
Service Date
September 30, 2024

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN GAS COMPANY'S REQUEST FOR AUTHORITY TO DECREASE ITS PRICES	)	**CASE NO. INT-G-24-04**
	)	
	)	**ORDER NO. 36338**

On August 9, 2024, Intermountain Gas Company ("Company"), applied for authority to place into effect new rate schedules for the Company's Purchased Gas Adjustment ("PGA"), effective October 1, 2024 ("Application"). If approved, the Company represents that the typical residential customer's monthly bill would decrease by $6.69, or 13.14%, and the typical commercial customer's monthly bill would decrease by $33.26, or 14.46%.

On August 27, 2024, the Commission issued a Notice of Application and Notice of Modified Procedure setting public comment and Company reply deadlines. Order No. 36306. Staff filed comments to which the Company did not reply. No other comments were received.

Having reviewed the record in this case, we now issue this Order approving the Company's Application.

BACKGROUND

The Company's rates include a base-rate component and a gas-related cost—PGA—component. The base-rate component is intended to cover the Company's fixed costs to serve its customers—for example, the Company's costs for equipment and facilities to provide service—and rarely change. The Company's 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.

THE APPLICATION

The Company requested to pass through various changes in gas-related costs from: (1) firm transportation providers; (2) a decrease in the Company's Weighted Average Cost of Gas ("WACOG"); (3) the customer allocation of costs related to the PGA; (4) temporary surcharges and credits related to purchases and interstate transportation costs; (5) benefits associated with the Company's use of storage and certain firm capacity rights; and (6) benefits related to the sale of liquefied natural gas ("LNG") through its Nampa facility. The Company also asks to end the temporary surcharges and credits established in Case No. INT-G-23-04.

The proposed WACOG in the Company's Application would change from the $0.30455 per therm currently included in rates to $0.26839 per therm—representing a decrease of approximately $16.5 million in natural gas costs compared to those currently included in rates.

The Company discussed various transmission issues but noted that it had benefited from savings due to new firm transportation capacity allowing it access to less expensive gas from Alberta, Canada.

The Company's Application includes descriptions of all components that make up the PGA along with exhibits that show the summaries of all price changes by customer class and proposed tariffs.

The Company requested approval of its rate schedules found in Exhibit No. 3 and that "the filing requirement for the Deferred Gas Cost Balance, LNG Sales Cost Benefit Analysis, and Weighted Average Cost of Gas reports be maintained at quarterly frequency." Application at 13. The Company also requested that the case be processed via modified procedure.

STAFF COMMENTS

Staff recommended the Commission approve the Company's Application. Staff's analysis indicated the PGA proposal would not affect the Company's earnings, the deferred costs are prudent and properly calculated, and the Company's proposed WACOG of $0.26839—a 11.9% decrease from the current WACOG—is reasonable. Staff agreed the Company's strategies and practices in buying, managing, storing, and transporting gas in response to market conditions are flexible and provide price stability for customers. Pursuant to Order No. 35942, Staff noted it held a workshop with the Company and IGI Resources and Staff reviewed the Company's risk management policies and discussed the amount of natural gas hedged by the Company. Staff believed that the Company complied with the Commission's recommendation.

Over the last year, the Company purchased approximately 21% of its natural gas and hedged approximately 79%. The Company's storage capacity allows it to purchase gas at a lower rate and hold it for use during peak demand. The Company is also able to release some of its reserves allowing savings to be credited back to customers. "The Company's capacity release revenue for the current PGA is forecasted to be $9,056,000. . . ." Staff Comments at 7. Staff also analyzed the Company's non-utility sales of LNG and believed that the Company's credit to ratepayers of $1,401,373 was calculated correctly.

Staff noted that this PGA year's Lost and Unaccounted for Gas rate is -0.8945% (found gas). Staff determined the Company's proposal to decrease its Line Break Rate from $0.50639 per therm to $0.47576 per therm was consistent with Order No. 33139 and properly incorporates the WACOG and Gas Transportation Cost. Staff verified the balance of the total deferred In-Person payment fees associated with customer pay station transactions handled by Western Union in the amount of $32,461 was correct.

In Order No. 35538, the Commission approved a credit of about $4.85 million of over-collected Residential Energy Efficiency funds that was returned to customers through the 2022-2023 PGA. While the remaining balance of the fund authorized in Order No. 35538 was $686,777 on October 1, 2023, the Company estimated that it would only have $109,609 by September 30, 2024. Due to this comparatively small amount, the Company put the remaining balance into the fixed deferral gas costs. Staff believed that this was a reasonable approach.

The Commission previously ordered the Company to file quarterly WACOG, LNG Sales Cost Benefit Analysis, and Deferred Gas Cost Balance reports. Order No. 34448. The Company requested that this practice be maintained and reconfirmed that it is committed to notifying the Commission if an interim filing is needed. Staff believed that this position was reasonable.

Staff noted that the Company included its press release and customer notice with the Application. Staff believed that the Company's actions fulfilled the notice requirements of IDAPA 31.010.01.125. The notice was included with bills mailed to customers from August 14, 2024, through September 11, 2024. Since September 11, 2024, was also the deadline for public comments, Staff recommended the Commission accept late filed public comments.

COMMISSION DECISION AND FINDINGS

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, the Commission approves the Company's PGA Application to decrease revenues by $46,761,267. Relatedly, the Commission approves the WACOG amount of $0.26839.

The Commission also finds that the Company's proposed changes to Schedules RS, GS-1, LV-1, IS-R, IS-C, T-3, and T-4 accurately capture the Company's prudently incurred variable costs. We thus find it fair, just, and reasonable to approve the Company's proposed tariff rate schedule changes.

We also find that quarterly reports reflecting WACOG projections, LNG Sales Cost Benefit Analysis, and Deferred Gas Cost Balances provide useful information and assist Staff with determining whether to perform its audit earlier than planned and whether an interim filing might be needed. We approve continued quarterly reporting with the understanding that, if the Company needs to notify the Commission of any major changes outside the quarterly reporting window, it will. If market conditions change drastically, we direct the Company to inform the Commission if an interim filing is necessary to minimize the impacts of any unanticipated shifts in natural gas prices.

ORDER

IT IS HEREBY ORDERED that the Company's Application to decrease revenues by $46,761,267 is approved. The Commission approves the WACOG amount of $0.26839. These rates shall be effective from October 1, 2024, through September 30, 2025. The Company's proposed tariffs are approved as filed.

IT IS FURTHER ORDERED that the Company shall continue to file quarterly reports reflecting WACOG projections, LNG Sales Cost Benefit Analysis, and Deferred Gas Cost Balances.

IT IS FURTHER ORDERED that 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 Idaho Public Utilities Commission at Boise, Idaho this 30th day of September 2024.

ERIC ANDERSON, PRESIDENT

JOHN R. HAMMOND JR., COMMISSIONER

EDWARD LODGE, COMMISSIONER

ATTEST:

Monica Barrios-Sanchez
Commission Secretary

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