

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN	)	CASE NO. INT-G-26-04
GAS COMPANY’S APPLICATION TO	)	
CHANGE ITS PRICES	)	
	)	ORDER NO. 37190
	)	

On August 7, 2026, Intermountain Gas Company (“Company”) applied to the Idaho Public Utilities Commission (“Commission”) requesting authority to implement the proposed rate schedules, effective October 1, 2026, which would decrease its annualized revenues by \$11,055,662, due to changes in the Company’s gas related costs (“Application”).

On August 26, 2026, the Commission issued a Notice of Application and Notice of Modified Procedure, establishing deadlines for public comments and Company reply comments. Order No. 37146. On September 19, 2026, the Commission granted intervention to Micron Technology, Inc. (“Micron”). Order No. 37166. Commission Staff (“Staff”) filed comments on September 15, 2026, and the Company filed reply comments on September 22, 2026. Micron did not file comments, and no public comments were received.

Based on our review of the record, the Commission now issues this Final Order approving the Company’s Application.

BACKGROUND

The Company’s rates include two components: a base-rate component and a gas-related cost component, referred to as the Purchased Gas Cost Adjustment (“PGA”). The base-rate component is intended to recover the Company’s fixed costs of serving customers and generally remains unchanged. The PGA is a Commission-approved mechanism that adjusts rates upward or downward to reflect changes in the Company’s costs of purchasing natural gas from suppliers, including changes in transportation, storage, and other related costs. The Company defers these costs to its PGA account and subsequently passes them through to customers through corresponding increases or decreases in rates.

In Order No. 26109, the Commission approved the Company’s use of temporary pricing for certain rate schedules to be determined by a PGA based on gas-related costs. The Company’s current temporary prices related to the cost of gas were approved in Order No. 36771 and are effective from October 1, 2025, through September 30, 2026.

THE APPLICATION

The Company proposed adjustments to its gas-related costs that would be passed through to its various customer classes. Application at 4. Those adjustments reflected changes in firm transportation costs, a lower Weighted Average Cost of Gas (“WACOG”), updated allocation of purchased gas costs pursuant to the Company’s PGA, temporary surcharges and credits associated with deferred gas costs, benefits from the Company’s management of storage and firm transportation capacity, and benefits from the sale of liquified natural gas (“LNG”). *Id.*

The Company also proposed removing the temporary surcharges and credits included in customer rates over the past year that were approved in Case No. INT-G-25-04. *Id.* If approved, the changes would lower prices for the RS, GS-1, IS-R, IS-C, and LV-1 customer classes while increasing prices for the T-3 and T-4 classes. *Id.*

The Company stated that transportation costs on the NOVA Gas Transmission Ltd. (“NOVA”), Foothills Pipe Lines Ltd. (“Foothills”), and Gas Transmission Northwest LLC (“GTN”) pipeline systems had decreased overall, primarily due to lower NOVA and GTN rates and the expiration of three contracts, partially offset by higher Foothills rates. *Id.* at 5. The Company calculated that those changes reduced firm transportation costs by approximately \$733,142. *Id.* Northwest Pipeline costs had also declined slightly due to expired contracts, although some contracts moved to full-rate pricing for the full year. *Id.* Overall, the Company calculated that those changes resulted in a transportation cost reduction of approximately \$757,025. *Id.*

The Company stated that the transportation savings were partially offset by higher costs associated with its storage assets, primarily due to an increased Northwest Pipeline delivery rate and higher transportation costs to the Rexburg LNG facility. *Id.* at 6. The Company calculated that those changes resulted in an overall cost increase of approximately \$38,085. *Id.*

The Company proposed a WACOG rate of \$0.24034 per therm, compared with the current \$0.28734 per therm, representing a proposed decrease of approximately \$21.6 million. *Id.* The Company stated that the lower gas cost was largely due to unusually warm weather across Southern Idaho and the West during the November 2025 through March 2026 winter season. *Id.* Warmer conditions reduced natural gas prices and demand, while increased

production allowed producers and marketers to put more gas into storage, contributing to the lower costs reflected in the proposed rates. *Id.* at 6-7.

The Company stated that its proposed WACOG reflected the benefits of its natural gas storage and supply management practices. *Id.* at 7. The Company explained that it typically purchased gas for storage during the summer, when prices were lower than winter market prices, and had entered into fixed-price agreements for portions of its storage and winter flowing supplies to help stabilize customer costs. *Id.* The Company planned to pursue additional cost-effective pricing arrangements as market opportunities arose. *Id.* Based on then-current market conditions and expected supply and demand, the Company considered the proposed WACOG to be the most reasonable forecast of gas costs for the 2026–2027 PGA period. *Id.*

The Company also stated that it intended to provide customers with timely information about significant gas price changes and opportunities to manage their energy costs. *Id.* The Company planned to use its energy efficiency programs, customer communications, website, and media resources to educate customers about efficient natural gas use, billing options, and anticipated price changes. *Id.* at 7–8.

The Company stated that the proposed prices removed temporary credits that it had previously provided to return deferred gas cost benefits to customers. *Id.* at 8. The proposed PGA prices also incorporated updated customer sales volumes, gas cost allocations, and transportation cost adjustments. *Id.* The Company also proposed to return approximately \$15.7 million in benefits from its management of transportation capacity, including credits from releasing portions of its pipeline and storage capacity. *Id.* The Company proposed to pass these benefits back to customers through per-therm credits. *Id.* at 8–9.

The Company further proposed temporary price adjustments to address deferred gas costs in Account No. 191 for the 12-month period beginning October 1, 2026. *Id.* at 9. These adjustments included a \$14.6 million credit associated with fixed gas costs, a \$4.1 million debit for deferred variable gas costs, and a credit related to deferred lost and unaccounted-for gas costs. *Id.* at 9–10. The Company also proposed to return \$784,506 in gas cost credits generated from LNG sales at its Nampa facility. *Id.* at 10.

Finally, the Company proposed adjustments to its T-3 and T-4 tariffs that removed existing temporary price changes and incorporated the new proposed temporary adjustments.

Id. After accounting for these changes, the Company's proposed rates resulted in an increase for T-3 and T-4 customers. *Id.*

The Company stated that it notified its customers of the changes proposed in the Application through a Customer Notice and a Press Release that was sent to daily and weekly newspapers and major television and radio stations within the Company's service area. *Id.* at 10.

STAFF COMMENTS

Staff reviewed the Company's Application, supporting materials, workpapers, and responses to production requests and believed that the proposed PGA would not affect the Company's earnings, the deferred costs were prudent and properly calculated, and the proposed WACOG was reasonable. Staff Comments at 2. Staff recommended that the Commission approve the Company's application. *Id.*

Staff calculated that the proposed PGA would decrease the Company's annual revenue by approximately \$11.1 million. *Id.* at 3. The Company's proposal reversed approximately \$39.6 million in temporary credits and surcharges from the prior PGA and included new temporary adjustments for deferred fixed and variable gas costs, lost and unaccounted-for gas, and LNG sales credits. *Id.* at 4. These new adjustments would provide a net customer credit of approximately \$27.7 million. *Id.* After accounting for the reversal of prior-year temporary credits and surcharges, the total deferred-cost adjustments would increase annual revenue by approximately \$11.9 million. *Id.* At the same time, lower transportation and storage demand charges, a lower WACOG, and a reallocation of fixed costs reduce PGA base-rate revenues by approximately \$22.9 million, resulting in a net annual revenue decrease of approximately \$11.1 million. *Id.*

Staff believed that the proposed WACOG of \$0.24034 per therm, which represented a 16.4% decrease from the existing \$0.28734 per therm, reasonably reflected the Company's expected average variable cost to purchase and transport natural gas. *Id.* Staff considered the Company's projected costs, market conditions, and external forecasts in its evaluation. *Id.* at 4–7.

Staff also reviewed the Company's LNG sales benefits and verified the proposed \$784,506 customer credit from non-utility LNG sales. *Id.* at 8. Staff examined the Company's lost and unaccounted-for gas calculations and identified an error in the formula used to calculate

the Lost and Unaccounted For (“LAUF”) rate. *Id.* at 9. After Staff raised the issue, the Company agreed to use the corrected rate of -0.2582% and committed to complying with the Commission’s required calculation method in future filings. *Id.* The Company allocated 75% of the LAUF credit to core customers and 25% to industrial customers, resulting in a total credit of approximately \$616,120, with an estimated deferred credit of approximately \$792,526 after including interest and the prior PGA balance. *Id.* Staff also verified that the Company calculated its proposed Line Break Rate of \$0.44101 per therm in accordance with the Commission’s requirements. *Id.*

During its review, Staff identified concerns about the quality of the natural gas the Company received and the potential effects on Company equipment and assets. *Id.* The Company relied on monthly testing performed by Northwest Pipeline to demonstrate that the gas met pipeline quality standards, but Staff identified questions regarding certain test results and planned to continue reviewing the issue with the Company. *Id.* at 9–10. Staff also identified that equipment located at two city gate locations experienced damage the Company associated with the gas it received. *Id.* at 10. The Company noted that it had increased maintenance and inspection at those locations. *Id.* Staff believed that additional review would be necessary to assess the extent of the issue and any potential effects on maintenance costs and the life of assets. *Id.* Because the Company did not seek recovery of those costs through the PGA, Staff believed that the gas quality concerns did not affect its recommendation in this proceeding and planned to address the issue in the Company’s next general rate case or another appropriate proceeding. *Id.*

Staff supported maintaining quarterly reporting for the Company’s deferred gas balances, LNG sales benefits, and WACOG. *Id.* Staff believed that quarterly reporting provided sufficient information to monitor deferred gas cost trends while reducing administrative burden. *Id.* Staff recommended that the Commission direct the Company to work with Staff to evaluate the timing of its annual PGA filing. *Id.* at 10–11. Staff explained that the Company’s historical practice of filing in early August and requesting an October 1 effective date left limited time for Staff to complete its review, particularly because Staff conducts invoice verification during on-site audits. *Id.* at 11. Staff noted that other utilities used later effective dates that provided more time for Staff’s review. *Id.*

COMPANY REPLY

The Company responded to Staff's recommendation that the parties evaluate the annual PGA filing timeline to provide Staff with sufficient time to complete its review. Company Reply at 1. The Company clarified that it was willing to provide invoice samples before the audit and apologized for any confusion that may have arisen during discussions with Staff at the on-site audit. *Id.* at 2.

The Company also indicated that it remained open to discussing other options that could provide Staff with additional review time. *Id.* However, the Company emphasized that it had followed the Commission's prior directive to file its PGA applications around August 15 so that rates could take effect on October 1. *Id.* The Company supported maintaining this timeline because it allowed the Company to use the most current available data, which helped minimize over- or under-collection, and provided customers with timely price signals that could help them make informed energy-use decisions before the heating season. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over the Company's Filing and the issues in this case under Title 61 of the Idaho Code including, *Idaho Code* §§ 61-501, -502, and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of all public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provisions of law, and to fix the same by order. *Idaho Code* §§ 61-501, -502, and -503.

The Commission has reviewed the Company's Application including all submitted materials, Staff comments, and the Company's Reply Comments. Based on the record, the Commission finds that the proposed PGA is reasonable and should be approved as discussed below.

Staff reviewed the proposed PGA and agreed that it would decrease the Company's annual revenue by approximately \$11.1 million. This revenue decrease results primarily from lower transportation and storage demand charges, the proposed lower WACOG, and the reallocation of fixed costs. These reductions are partially offset by adjustments associated with the reversal of prior-year temporary credits and surcharges and new adjustments for deferred fixed and variable gas costs, LAUF gas, and LNG sales benefits.

The Commission finds that the proposed adjustments appropriately reflect the costs and benefits associated with the Company's gas procurement, transportation, storage, and capacity-management activities. The Commission therefore approves the proposed PGA as filed, including the resulting annual revenue decrease of approximately \$11.1 million.

The Company proposed a WACOG of \$0.24034 per therm, compared with the current rate of \$0.28734 per therm, representing a decrease of approximately 16.4%. The Company attributed the decrease to lower natural gas market prices and demand resulting from unusually warm weather during the 2025–2026 winter season, increased production, and increased gas storage levels. The Company also explained that its storage and supply-management practices, including purchases made during lower priced summer periods and fixed price arrangements for portions of its storage and winter flowing supplies, contributed to the proposed gas costs.

The Commission finds the proposed WACOG of \$0.24034 per therm reasonable based on the record in this proceeding. Accordingly, the Commission approves the proposed WACOG.

The Commission finds that the proposed tariff revisions appropriately implement the approved PGA adjustments and are supported by the record. Accordingly, the Commission approves the Company's proposed tariffs, as filed with the Application.

Staff recommended that the Company continue quarterly reporting of its Deferred Gas Cost Balance, LNG Sales Cost Benefit Analysis, and WACOG. Staff explained that quarterly reporting provides the Commission and Staff with sufficient information to monitor deferred gas costs, LNG sales benefits, and changes in gas costs while avoiding unnecessary administrative burden associated with more frequent reporting.

The Commission agrees that quarterly reporting provides an appropriate balance between regulatory oversight and administrative efficiency. The Commission therefore approves the continuation of quarterly reporting for the Company's Deferred Gas Cost Balance, LNG Sales Cost Benefit Analysis, and WACOG.

Staff also recommended that the Company work with Staff to evaluate the timing of the Company's annual PGA filing. Staff explained that the Company's historical practice of filing its PGA application around August 15 for rates to become effective October 1 provides limited time for Staff to complete its review, particularly where Staff must conduct invoice verification as part of an on-site audit.

The Company argued that it has followed the Commission's prior direction to file its PGA application around August 15 and supported maintaining the existing timeline. The Company explained that the timing allows it to use the most current available information, which may reduce the risk of over- or under-collection, and provides customers with timely price information before the heating season. The Company also stated that it is willing to provide invoice samples before the audit and remains open to discussing alternatives that could provide Staff additional review time.

The Commission recognizes the importance of using current information in establishing the annual PGA and of providing customers with timely price signals. The Commission also finds that Staff must have sufficient time to conduct a meaningful review of the Company's filing and supporting documentation before rates become effective.

Accordingly, the Commission directs the Company to work with Staff to evaluate the annual PGA filing timeline and identify options that provide Staff sufficient time to complete its review. The evaluation shall consider, among other alternatives, filing the annual PGA application earlier than the current August 15 filing date or extending the requested effective date to October 15. The Company and Staff should work cooperatively to identify a filing schedule that preserves the benefits of using reasonably current gas-cost information while providing Staff adequate time to complete its review.

ORDER

IT IS HEREBY ORDERED that the Company's Application to decrease revenues by \$11,055,662 is approved. The Commission approves the WACOG amount of \$0.24034 per therm. These rates shall be effective from October 1, 2026, through September 30, 2027. 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 work with Staff to evaluate the annual PGA filing timeline and identify options that provide Staff sufficient time to complete its review.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within 21 days of the service date of this Order regarding any matter decided

in this Order. Within 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 2026.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST:


Monica Barrios Sanchez
Commission Secretary

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