

EXECUTIVE OFFICES

INTERMOUNTAIN GAS COMPANY

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October 28, 2002

Jean Jewell
Idaho Public Utilities Commission
472 W. Washington St.
P.O. Box 83720
Boise, ID 83720-0074

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2002 OCT 28 AM 9:06
IDAHO PUBLIC UTILITIES COMMISSION

Re: IN THE MATTER OF A TWO-YEAR PILOT WINTER PROTECTION PROGRAM THAT ESTABLISHES MINIMUM MONTHLY PAYMENTS DURING THE WINTER MORATORIUM

IPUC CASE NO. GNR-U-02-1

Dear Ms. Jewell:

In response to Commission Staff's Decision Memorandum, dated October 25, 2002, pursuant to the above referenced case, Intermountain Gas Company respectfully requests that the Commission also include in its consideration of the Pilot Winter Protection Program the additional points contained in this letter.

Support for the Pilot – As the Staff's Decision Memorandum states, *"Since February 2002, the regulated utilities, Commission Staff, Department of Health and Welfare, and Community Action Agencies have sought to address payment arrangement issues that culminated in this joint Application"*. Throughout the meetings held by this working group, the parties have sought to balance the following existing issues:

- Genuine sympathy for the financial impact heating costs can have on some customers
- Significantly increasing bad debt and collection expenses at the utilities that all other customers must pay
- Desire to focus assistance efforts on those customers who are truly in need
- Efforts of the Community Action Agencies to help their clients take responsibility for their debts and develop good payment habits

Given that the different members of this working group often take opposing positions on issues before the Commission, their ability to agree on this Application demonstrates both a recognition of the above issues and the fairness of the proposed pilot program. In its letter to the Commissioners dated October 11, 2002, The Board of the Community Action Partnership Association of Idaho states, *"We encourage the Public Utility Commission to approve this two-year pilot program and we encourage all of the utilities to participate in the program."*

Payment Example – The payment example given in both the Application and the Decision Memorandum is intended to illustrate the significant difference in debt owed on March 1 by a customer who makes some payments as opposed to a customer who chooses to make no payments during the winter months. However, it overstates the monthly payments an average Intermountain Gas customer would pay under this pilot program. For example, the average Intermountain Gas RS-2 customer who qualified for the Winter Protection Program and had a \$100 beginning balance would have monthly winter payments of approximately \$34.

The Application states, *“The customer may use any source of funds/grants to satisfy the payment requirements of the Winter Protection Program”* and *“Customers are encouraged to apply for energy assistance programs including the Low-Income Heating Assistance Program (LIHEAP) and Project Share”*. Applying for and getting these funds will go a long way in meeting the minimum payments requirements of this pilot program. Further, Intermountain Gas remains committed to helping customers who are struggling to pay their bills. We continue to:

- Support LIHEAP and other assistance programs
- Counsel customers on where to seek assistance
- Provide information on energy assistance through bill stuffers and on our web site
- Provide level pay plans
- Make payment arrangements

Additional Information – Over the past 8 months Intermountain Gas has actively participated in the meetings with Commission Staff, other regulated utilities, Department of Health and Welfare, and Community Action Agencies. Customer data as well as the points of view shared by members of the working group culminated in the Application that was supported in the letter mentioned above from the Board of the Community Action Partnership Association of Idaho. Following is a summary of information shared by Intermountain Gas during the collaborative effort:

- A fundamental premise of receiving utility service, which underlies all of the Utility Customer Relations Rules, is that customers have a responsibility to pay for the service
- Bad debt and collection expense at Intermountain Gas the last two years has exceeded the prior 10-year average by 130-150%
- Currently tens of thousands of customers use Utility Customer Relations Rule 306 to avoid paying winter heating bills without fear of disconnection of service
- As a primarily seasonal utility Intermountain Gas’ arrears grows to millions of dollars during the winter months
- Of over 11,000 accounts written off by Intermountain Gas this fiscal year for non-payment, only 5% qualified for energy assistance
- The effort required to try and collect the bad debts from those customers who chose to take unfair advantage of the Customer Rules interferes with our efforts to help the truly needy among our customers
- Heating-only customers (RS-1) represent 25% of our customers but approximately 50% of our write-offs

Intermountain Gas stands ready, willing and able to implement the Pilot Winter Protection Program on December 1, 2002. If the Pilot is approved, Intermountain Gas will commit to providing regular reports to Commission Staff that will help quantify the effectiveness of the proposed Pilot program. Should you have any questions, or if I can be of additional assistance, please don't hesitate to contact me at 377-6064.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul R. Powell". The signature is written in a cursive, flowing style.

Paul R. Powell
Sr. Vice President, Finance & Administration and CFO