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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF DEFERRED
ACCOUNTING OF INCREMENTAL
COSTS ASSOCIATED WITH THE
COVID-19 PUBLIC HEALTH
EMERGENCY**

CASE NO. GNR-U-20-03

**INTERMOUNTAIN GAS COMPANY'S
COMMENTS**

Intermountain Gas Company (“Intermountain” or “Company”) in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 34643, respectfully submits the following comments.

BACKGROUND

On March 13, 2020 Idaho Governor Brad Little issued a Proclamation declaring a state of emergency and providing directives to combat the spread of COVID-19, provide essential services and limit public exposure. Following this emergency declaration Idaho Power Company, PacifiCorp D/B/A Rocky Mountain Power, Falls Water Company, Gem State Water Company, and Avista Corporation D/B/A Avista Utilities, collectively the “Utilities”, applied to the Idaho Public Utilities Commission (“Commission”) for orders authorizing them to account for the unanticipated, COVID-19 emergency-related expenses by booking them as regulatory assets for possible recovery through rates that would be set in future proceedings. The requested deferrals do not seek to increase rates at this time.

The Commission decided during its April 14, 2020 open meeting to open a generic docket and consolidate all the utility cases into it for purposes of issuing a single order that would apply to each of the utilities that had filed applications. The Commission also specified that, besides Avista, Idaho Power, PacifiCorp, Falls Water, and Gem State Water, any utility that submitted timely comments in the case requesting deferred accounting treatment would be eligible for any deferred accounting treatment authorized by the final order in this case.

Order No. 34643, issued on April 23, 2020 set a comment deadline of May 14, 2020 for “other utilities who wish to have their Emergency-related deferred accounting authority decided in this case.” Id.2

COMMENTS

Intermountain submits comments in support of deferred accounting treatment for incremental costs associated with the COVID-19 public health emergency. Since March 13, 2020 when Idaho Governor Brad Little issued the Proclamation declaring a state of emergency, Intermountain has established procedures to comply with public health directives while maintaining safe, reliable and essential natural gas service for customers.

The spread of COVID-19 and associated proclamations and orders has resulted in widespread economic disruption across the State of Idaho, the Pacific Northwest, the United States, and internationally. Because of this economic disruption, Intermountain anticipates there will be a new subset of its customers that will have an inability, or will be challenged financially, to pay their Intermountain bills until they can return to work. In an effort to assist customers facing extraordinary economic pressures as a result of COVID-19, Intermountain has temporarily suspended disconnections of service for non-payment on all accounts and waived late fees on all past due balances. The Company hopes that these measures will help contribute to the health and safety of its customers during this unprecedented crisis.

Similar to the Utilities in this case, the measures Intermountain has put in place in response to the pandemic are unprecedented and thus the Company expects it will incur significant incremental costs in its response to the public health emergency. Anticipated COVID-19 related response costs include expenses associated with the suspension of disconnections and late payments, higher than average write-off expenses associated with uncollectible accounts receivable, potential direct expenses for additional personal protective equipment (PPE), and additional expense that the Company is currently unable to predict.

At the same time the Company expects to incur these additional costs, revenues that are designed to recover Intermountain's normal business costs could be reduced significantly due to the statewide Stay-Home Order, which has caused shutdowns or slowdowns of many commercial and industrial businesses throughout Intermountain's service territory. Accordingly, Intermountain requests authorization to establish a new regulatory asset to record the deferral of incremental and unrecovered costs associated with its COVID-19 response.

Intermountain recognizes that the increased costs may be offset by certain reduced costs caused by the public health emergency, and that decreased costs will be taken into account in any future proceeding.

Intermountain agrees with the Utilities that the associated risks of the COVID-19 public health emergency are well outside reasonable business risk for the Company that might otherwise be considered normal "regulatory lag." During this COVID-19 emergency, Intermountain welcomes, and is fully capable of executing, its obligation to provide safe, reliable natural gas service to its customers. At the same time, it is important to the ongoing financial health of the Company to have a reasonable opportunity to recover its prudently incurred costs. Thus, deferred accounting treatment for these costs is appropriate and reasonable.

As requested by the Utilities in this proceeding, Intermountain seeks authorization from the Commission to defer, for future amortization, incremental costs incurred to respond to the COVID-19 outbreak and normal business costs not recovered due to reduction in natural gas use by its customers due to the statewide Stay-Home Order. Intermountain supports the proposal that the Utilities record amounts that would be subject to the deferral in accordance with the Code of Federal Regulations to the Federal Energy Regulatory Commission (“FERC”) Account 182.3 (Other Regulatory Assets), and credit the appropriate FERC account associated with the expense or waived fee, such as FERC Account 904 (Uncollectible Accounts) and FERC Account 450 (Forfeited Discounts).

Given the unprecedented nature of this public health emergency, Intermountain cannot estimate the incremental costs associated with its COVID-19 response, or the length of time in which the costs will be incurred. Intermountain proposes to accrue interest on the unamortized balance at a rate equal to the customer deposit rate most recently approved by the Commission. Intermountain does not request that the Commission make a determination of prudence, or determine whether these costs are recoverable, at this time. The Company understands that these issues will be determined in a future proceeding.

RECOMMENDATION

Based on the comments provided above, Intermountain respectfully recommends the following:

1. That Intermountain’s COVID-19 emergency response related deferred accounting authority be decided in this generic case;
2. Intermountain supports the proposal of the Utilities for authorization to defer for later ratemaking treatment the Utilities’ prudently incurred incremental costs from the COVID-19 public health emergency and normal business costs not recovered due to

reduction in natural gas use to a regulatory asset until a request can be made for the amortization of the deferred costs in a future Commission proceeding.

Dated: May 12, 2020

GIVENS PURSLEY LLP



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CERTIFICATE OF SERVICE

I certify that on May 12, 2020, a true and correct copy of INTERMOUNTAIN GAS COMPANY'S COMMENTS, in Case No. GNR-U-20-03 was served upon all parties of record in this proceeding via the manner indicated below:

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