



*Case No: INT-G-17-07*

*Order No. 34090*

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## **IPUC denies Intermountain Gas request for approval to create surcharge for infrastructure improvements**

**BOISE (June 28, 2018)** – State regulators have denied an Intermountain Gas Co. proposal to implement an Infrastructure Integrity Management Mechanism (IIMM), which would have allowed the company to recover from ratepayers the costs incurred on infrastructure improvements made during the previous calendar year.

In its application filed with the Idaho Public Utilities Commission in late 2017, Intermountain said the IIMM would allow it to speed up the replacement of aging infrastructure, enhancing the safety of its distribution system, and address the increasing impact of regulations.

In its order denying the request, the Idaho Public Utilities Commission said that while it supported the goals of the IIMM related to safety and reliability, the company is obligated to maintain safe and reliable service to its 335,000 customers across southern Idaho regardless of the existence of a cost-recovery mechanism such as the IIMM.

Additionally, the Commission said, the costs the company sought to recover through the IIMM are “predictable and not necessarily volatile” and “do not pose an imminent threat to the safety or integrity of Intermountain’s system.”

“We are confident that the Company can and will continue to provide safe and reliable natural gas service, including expeditious replacement of aging infrastructure, despite our denial of a special cost recovery mechanism,” the Commission said.

In its order, the Commission also said the IIMM would run afoul of provisions in [Idaho Code 61-502A](#) that prohibit the Commission from setting rates for any utility that grant a return on property not currently used and useful.

Since Intermountain's proposal did not call for retiring existing pipe for depreciation purposes, the IMM would have allowed the company to receive a return on property that had been removed from service.

"Recovery of costs related to the replacement of aging infrastructure, whether accelerated or otherwise, is best accomplished in a general rate case that allows analysis of all expenses, rate base, and impact on the Company's return on equity," the Commission said in its order.

The Commission received four public comments in the case, all in opposition to the proposal. One party, Northwest Industrial Gas Users, intervened in the case and asked the Commission to reject the proposal.

Interested parties may petition the Commission for reconsideration by no later than July 18. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762

Documents related to this case, including the [Commission's order](#) and Intermountain's application, are available [here](#) or at the Commission's web site, [www.puc.idaho.gov](http://www.puc.idaho.gov). Under the "Natural Gas" heading, click on "Open Cases" and scroll down to case number INT-G-17-07.