

NATURAL GAS

Consumption decreased and prices were relatively stable in FY2019¹

In Idaho, natural gas is supplied to customers by Avista Corporation, Dominion Questar Gas, and Intermountain Gas Company. Idaho is fortunate to be located between two large natural gas basins: The Rocky Mountain Basin (Rockies) and the Western Canadian Sedimentary Basin (WCSB).

These basins are connected through the Williams Northwest Pipeline and the TransCanada Gas Transmission Northwest pipelines allowing the utility companies serving Idaho to take advantage of capacity and of pricing at both basins.

Individual Idaho Gas Utility Profiles

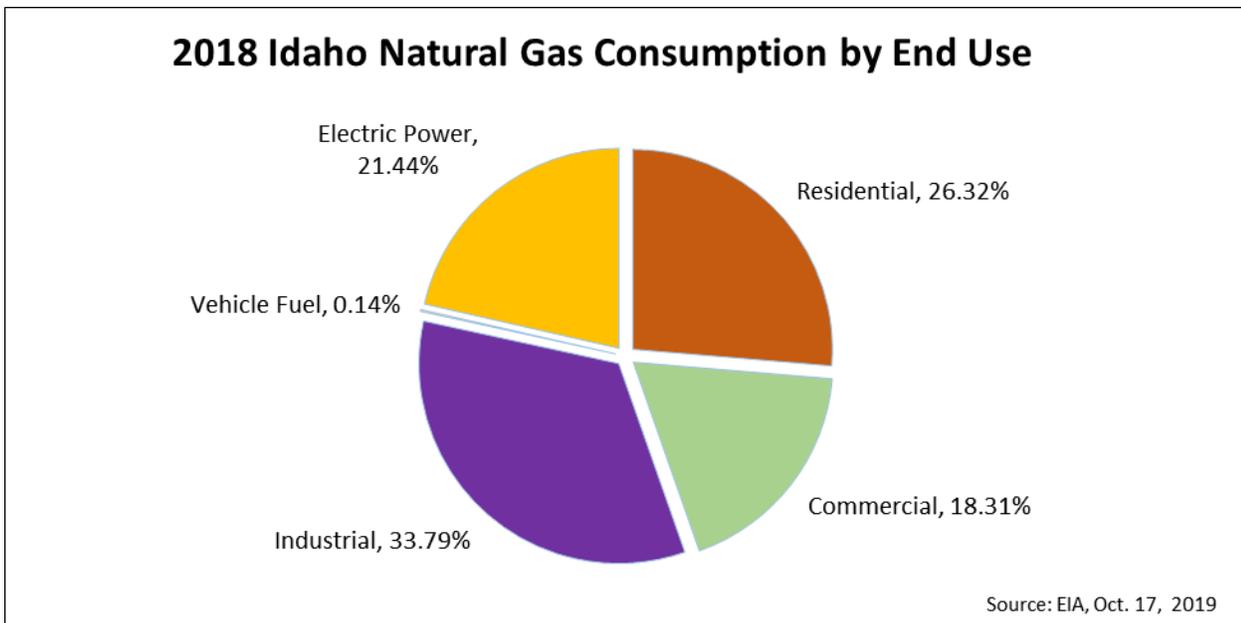
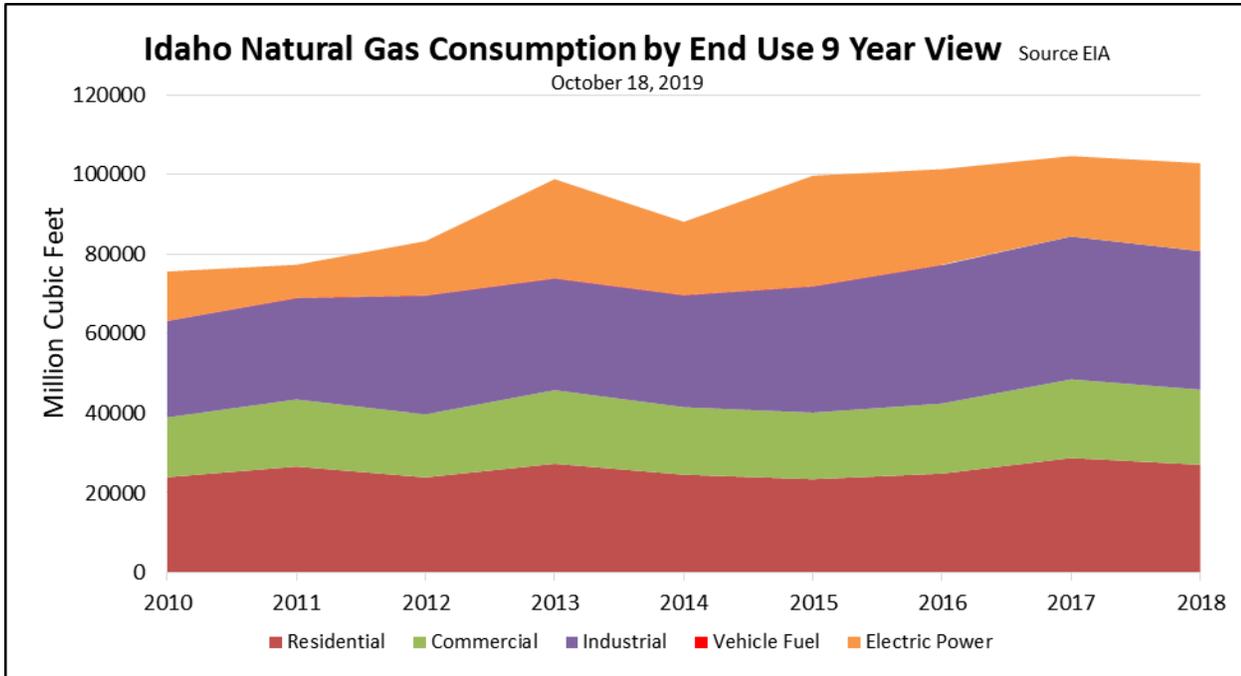
FY 2019 Statistics	Total	Residential	Commercial	Industrial	Transportation²
<i>Avista Corporation</i>					
Customers	85,475	76,338	9,041	88	8
% of Total	100%	89.31%	10.58%	0.10%	0.01%
Therms (millions)	140.64	55.16	31.70	2.65	51.13
% of Total	100%	39.22%	22.54%	1.88%	36.36%
Revenue (millions)	\$60.97	\$41.91	\$17.34	\$1.13	\$0.59
% of Total	100%	68.74%	28.44%	1.85%	0.97%
<i>Dominion Questar Gas</i>					
Customers	2,241	1,989	252	0	0
% of Total	100%	88.76%	11.24%	N/A	N/A
Therms (millions)	2.64	1.48	1.16	N/A	N/A
% of Total	100%	55.94%	44.06%	N/A	N/A
Revenue (millions)	\$1.8	\$1.10	\$0.70	N/A	N/A
% of Total	100%	61.25%	38.75%	N/A	N/A
<i>Intermountain Gas</i>					
Customers	368,601	335,050	33,424	23	104
% of Total	100%	90.90%	9.07%	0.01%	0.03%
Therms (millions)	752	250	128	8	366
% of Total	100%	33.28%	16.99%	1.10%	48.63%
Revenue (millions)	\$228.84	\$149.40	\$66.84	\$2.82	\$9.78
% of Total	100%	65.29%	29.21%	1.23%	4.27%

¹ The Idaho Public Utilities Commission's fiscal year is July 1st through June 30th.

² Transportation is nonutility owned gas transported for another party under contractual agreement.

Consumption

Overall consumption of natural gas in Idaho decreased 1.8 percent. All segments consumed less natural gas than the previous year with the exception of gas for electric generation which increased approximately 8.5 percent.



Demand

The Northwest Gas Association (NWGA) forecasts demand for natural gas in the Northwest to grow at a Compound Annual Growth Rate (CAGR) of approximately 1.1% per year over the next ten years³. Forecasted growth in power generation, commercial, and residential is higher while industrial growth is forecasted at approximately the same rate as the prior year.

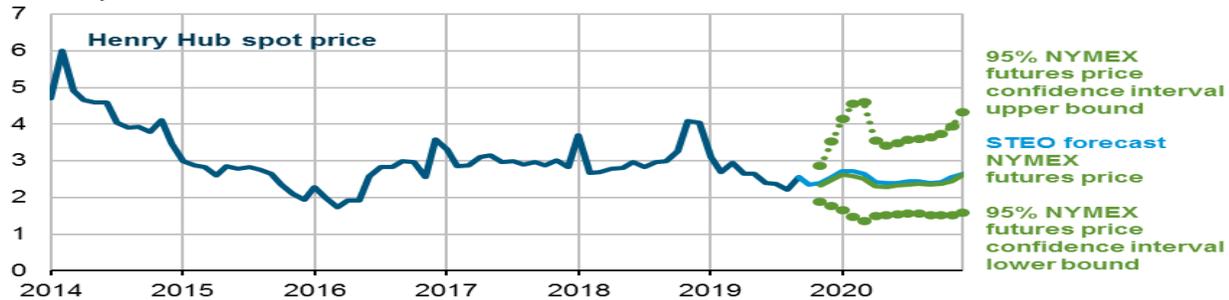
A number of factors could impact demand for natural gas:

- Retirement of coal fired generation and increased use for generating electricity.
- The potential for natural gas as a transportation fuel.
- LNG and petrochemical production and exports.
- Energy policies, regulations, and legislation.

Prices

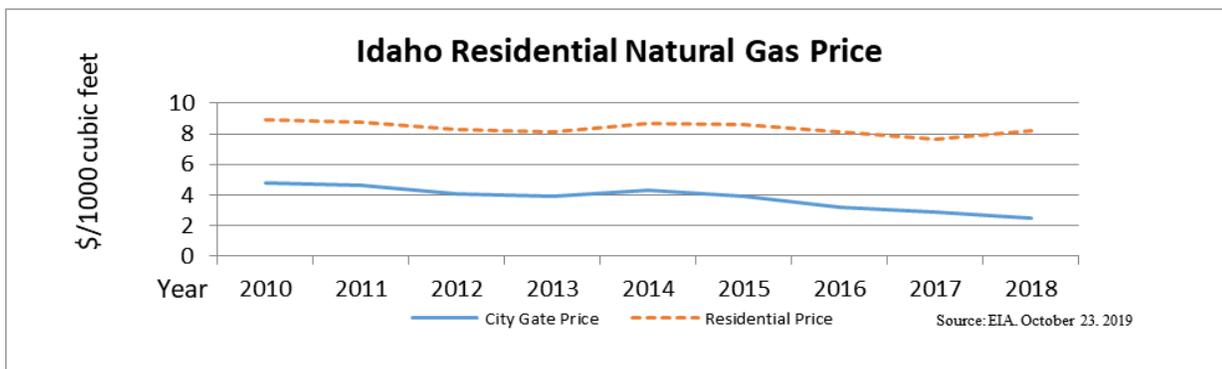
Recently, prices at the Henry Hub have been hovering under \$3.00 (per thousand cubic feet) and are anticipated to remain close to this level for the foreseeable future. Henry Hub natural gas spot prices are projected to be \$2.67 in 2019 and \$2.61 in 2020⁴.

Henry Hub natural gas price and NYMEX confidence intervals
dollars per million Btu



Note: Confidence interval derived from options market information for the five trading days ending Oct 3, 2019. Intervals not calculated for months with sparse trading in near-the-money options contracts.

Sources: Short-Term Energy Outlook, October 2019, and CME Group



³ Northwest Gas Association 2018 Pacific Northwest Gas Market Outlook

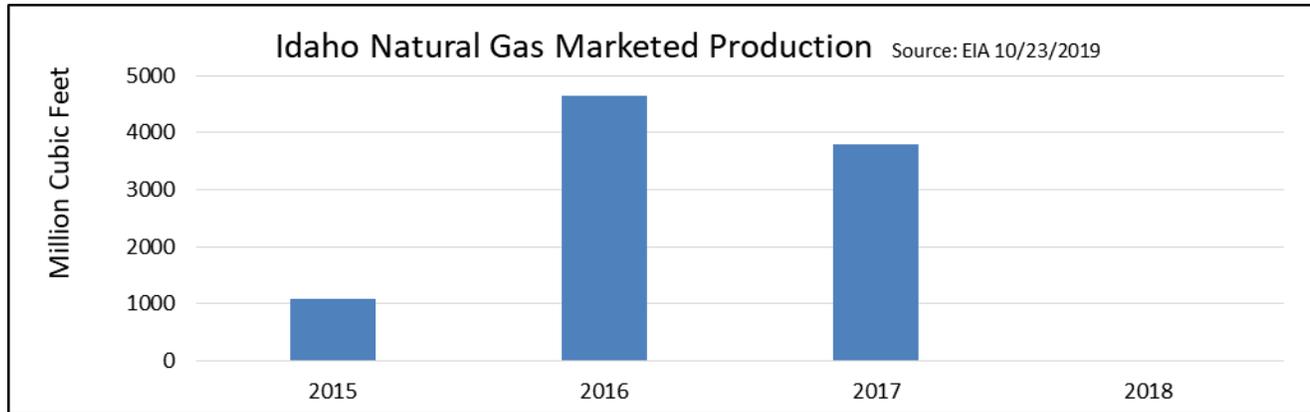
⁴ EIA Forecast October 8, 2019

Production

Alta Mesa Holdings LP is currently the only natural gas producer in Idaho. Production numbers were not available for 2019.

Alta Mesa operations overview:

- The Company has seventeen wells located in the Payette, Idaho basin.
 - Six wells are producing natural gas, condensate, oil, and other liquids.
- The Company's processing facility is located at Willow Creek near Payette. Natural gas is piped to the Williams Northwest Pipeline system and liquids are transported out of state for processing.



Summary

Idaho residential, commercial, electric power producers, and industrial users of natural gas continue to benefit from low natural gas prices and plentiful supply.

-by Kevin Keyt, IPUC Staff Analyst