

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: JOHN R. HAMMOND JR.
DEPUTY ATTORNEY GENERAL

DATE: AUGUST 21, 2019

SUBJECT: INTERMOUNTAIN GAS COMPANY'S APPLICATION FOR
AUTHORITY TO REVISE RATE SCHEDULE EEC – ENERGY
EFFICIENCY CHARGE; CASE NO. INT-G-19-05.

On August 15, 2019, Intermountain Gas Company (“Intermountain Gas” or the “Company”) applied to the Commission for an order approving an increase in the Energy Efficiency Charge, Rate Schedule EEC, from \$0.00367 per therm to \$0.02093 per therm. Application at 1. The Company requests that its Application be processed under Modified Procedure. *Id.* at 6.

BACKGROUND

In Commission Order 33888, Case No. INT-G-17-03, the Commission authorized Intermountain Gas to implement a demand-side management program, now known as the Residential Energy Efficiency Rebate Program (the “Program”). The purpose of the Program “is to encourage upgrades to, or use of, high efficiency natural gas equipment.” Rate Schedule EE, Intermountain Gas Company I.P.U.C. Gas Tariff, Sheet No. 16 at 1. The Program is funded by the Energy Efficiency Charge (“EEC”) which is billed monthly to the Company’s residential customers. *See* Rate Schedule EE, Intermountain Gas Company I.P.U.C. Gas Tariff, Sheet No. 17 at 1; *see also* Application at 3-4.

APPLICATION

Intermountain Gas asserts that from October 1, 2017 through June 30, 2019 the Program has incurred \$2,810,560 in expenses. *Id.* at 4. The Company states these Program expenses have exceeded revenues generated by the current EEC of \$0.00367 per therm by \$1,097,907 which remains deferred and unrecovered. *Id.* The Company alleges that \$2.2 million

or 77% of these expenses were rebates paid directly to residential customers participating in the Program. *Id.*

Intermountain Gas also asserts that due to the “overwhelming success” of the Program and its anticipated growth the Company forecasts annual total Program costs of approximately \$3,944,642 going forward. *Id.* This amount significantly exceeds the original estimate of Program costs of \$777,000. *Id.* The Company estimates \$3,300,000 or 84% of these future expenses will be customer rebates. *Id.*

Intermountain Gas states its Application has been brought to the attention of its customers through a Customer Notice and by a Press Release sent to daily and weekly newspapers, and major radio and television stations in the Company’s service area. *Id.* at 5-6.

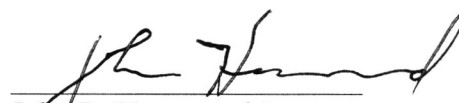
Based on the foregoing, Intermountain Gas requests Commission authorization to increase the EEC to \$0.02093 per therm. *Id.* at 5. Intermountain Gas requests that the proposed EEC become effective on October 1, 2019, to coincide with the effective date of any price change related to the Company’s annual Purchased Gas Cost Adjustment. *Id.* Intermountain Gas asserts Commission approval of the proposed EEC will allow the Company to collect \$5,042,549 from residential customers in the next year. *Id.* The Company states this will allow for recovery of the deferral balance arising from past Program expenses and to support its future operation and growth. *Id.* The Company states the typical residential customer’s monthly bill would increase by \$1.07 if the Commission approves the higher EEC. *Id.*

STAFF RECOMMENDATION

Staff recommends that the Commission issue a Notice of Application and Notice of Modified Procedure. Staff recommends a September 13, 2019 deadline to file written comments for any interested party. Staff also recommends a September 18, 2019 reply comment deadline.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application and a Notice of Modified Procedure, with a September 13, 2019 written comment deadline and a September 18, 2019 reply comment deadline?



John R. Hammond Jr.
Deputy Attorney General

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