

EXECUTIVE OFFICES

**INTERMOUNTAIN GAS COMPANY**

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IDAHO PUBLIC  
UTILITIES COMMISSION

July 27, 2017

Ms. Diane Hanian  
Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington St.  
P.O. Box 83720  
Boise, ID 83720-0074

RE: Case No. INT-G-17-03

Dear Ms. Hanian:

Attached for consideration by this Commission are the original and seven (7) copies of Intermountain Gas Company's Application for Authority to Implement a Demand Side Management Program Funding Mechanism and Charge effective October 1, 2017.

If you should have any questions regarding this Application please contact me at 377-6168.

Sincerely,



Michael P. McGrath  
Director-Regulatory Affairs  
Intermountain Gas Company

Enclosure

cc: Mark Chiles  
Ronald L. Williams  
Scott Madison

**INTERMOUNTAIN GAS COMPANY**

**CASE NO. INT-G-17-03**

**APPLICATION**

**AND**

**EXHIBITS**

**In the Matter of the Application of INTERMOUNTAIN GAS COMPANY**

**For Authority to Implement a Demand Side Management**

**Program Funding Mechanism and Charge**

Ronald L. Williams, ISB 3034  
Williams Bradbury PC  
P O Box 388, 802 W. Bannock St., Suite 900  
Boise, Idaho 83701  
Telephone: (208) 344-6633  
Attorney for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of  
INTERMOUNTAIN GAS COMPANY  
for Authority to Implement a Demand  
Side Management Program Funding  
Mechanism and Charge

Case No. INT-G-17-03  
**APPLICATION**

Intermountain Gas Company ("Intermountain" or "Company"), a subsidiary of MDU Resources Group, Inc. with general offices located at 555 South Cole Road, Boise, Idaho, pursuant to the Rules of Procedure of the Idaho Public Utilities Commission ("Commission"), hereby requests authority to implement a Demand Side Management ("DSM") Program Funding Mechanism and DSM Charge as outlined in this Application.

Communications in reference to this Application should be addressed to:

Michael P. McGrath  
Director – Regulatory Affairs  
Intermountain Gas Company  
Post Office Box 7608  
Boise, ID 83707  
and  
Ronald L. Williams  
Williams Bradbury PC  
P O Box 388, 802 W. Bannock St.  
Suite 900  
Boise, Idaho 83701

In support of this Application, Intermountain does allege and state as follows:

## I.

Intermountain is a gas utility, subject to the jurisdiction of the Commission, engaged in the sale of and distribution of natural gas within the State of Idaho under authority of Commission Certificate No. 219 issued December 2, 1955, as amended and supplemented by Order No. 6564, dated October 3, 1962.

Intermountain provides natural gas service to the following Idaho communities and counties and adjoining areas:

Ada County - Boise, Eagle, Garden City, Kuna, Meridian, and Star;  
Bannock County – Arimo, Chubbuck, Inkom, Lava Hot Springs, McCammon, and Pocatello;  
Bear Lake County - Georgetown, and Montpelier;  
Bingham County - Aberdeen, Basalt, Blackfoot, Firth, Fort Hall, Moreland/Riverside, and Shelley;  
Blaine County - Bellevue, Hailey, Ketchum, and Sun Valley;  
Bonneville County - Ammon, Idaho Falls, Iona, and Ucon;  
Canyon County - Caldwell, Greenleaf, Middleton, Nampa, Parma, and Wilder;  
Caribou County - Bancroft, Grace, and Soda Springs;  
Cassia County - Burley, Declo, Malta, and Raft River;  
Elmore County - Glens Ferry, Hammett, and Mountain Home;  
Fremont County - Parker, and St. Anthony;  
Gem County - Emmett;  
Gooding County - Gooding, and Wendell;  
Jefferson County - Lewisville, Menan, Rigby, and Ririe;  
Jerome County - Jerome;  
Lincoln County - Shoshone;  
Madison County - Rexburg, and Sugar City;  
Minidoka County - Heyburn, Paul, and Rupert;  
Owyhee County – Bruneau, and Homedale;  
Payette County - Fruitland, New Plymouth, and Payette;  
Power County - American Falls;  
Twin Falls County - Buhl, Filer, Hansen, Kimberly, Murtaugh, and Twin Falls;  
Washington County - Weiser.

Intermountain's properties in these locations consist of transmission pipelines, liquefied natural gas storage facilities, a compressor station, distribution mains, services, meters and regulators, and general plant and equipment.

## II.

In Order No. 33757, Case INT-G-16-02, the Commission authorized the Company to implement residential Demand Side Management tariffs as described in the Company's proposed Rate Schedule DSM. As stated in Case INT-G-16-02 in the direct testimony of Company Witness Spector, "The Company intends to submit a filing following program approval to obtain deferred treatment of incremental staffing expenses (salaries associated with employees that would not

otherwise have been hired in the absence of a DSM program) and administrative/outreach costs resulting from operation of a Company run Demand Side Management Program” (p.5, Lines 1-5). The Company’s current base rates are those approved in Order No. 33757 and do not include any costs associated with the implementation of the Company’s Rate Schedule DSM.

### III.

The Company seeks with this Application to define and formalize a mechanism whereby the Company can recover costs incurred in the administration and delivery of its Rate Schedule DSM and concurrently submits herein a proposed budget for recovery under the same proposed mechanism.

### IV.

Costs incurred in the administration and delivery of the Company’s Rate Schedule DSM may include, but may not necessarily be limited to: energy efficiency program rebates; delivery and administration to include program ramp-up expenses and incremental staffing pertaining to DSM; DSM outreach in print form and at trade show participation; local equipment dealer, distributor, and builder (“trade ally”) support to encourage promotion of tariff-approved DSM measures for customers; engagement in activities that encourage increased adaptation of energy efficiency technologies in the market (“market transformation”) through organizations such as the Gas Technology Institute (“GTI”), if appropriate; and future energy savings potential assessment and validation activities. All aforementioned activities are designed to benefit residential customers within the Company’s service territory.

### V.

The recovery mechanism for the cost categories outlined in paragraph IV above is proposed to be as follows:

Each year, and subsequent to the proposed budget contained within this initial filing, the Company shall submit its annual budget of anticipated administrative and program costs related to the Company’s DSM program. As part of that same annual filing, the Company will request a ruling from the Commission that those same expenses are both reasonable and prudent. Additionally, the Company shall include within the proposed budget any surplus or deficit associated with the collection of DSM funds and the incurrence of DSM-related expenses.

The DSM Charge shall be determined as the approved annual budget to implement Rate Schedule DSM divided by normalized therm sales for Rate Schedule RS, as determined in the Company’s annual Purchased Gas Cost Adjustment filing. This charge will be reviewed annually

and revised as necessary based on evaluation of DSM budgetary needs and actual program performance. All DSM funds collected will be allocated to costs incurred in the administration and delivery of its proposed DSM program and accounting records will be maintained to track actual expenses vs. the DSM Charge collected from residential customers.

#### VI.

For the program year October 1, 2017 to September 30, 2018, the Company anticipates total costs of approximately \$777,000. As shown on Exhibit No. 1, this includes an estimate of \$177,000 for program delivery and administration, and \$600,000 in rebate payments. Estimated program delivery and administration costs and rebate payments in future program years will be based on actual, ongoing program results.

The \$177,000 anticipated program delivery and administration costs are divided as follows:

- 1) \$147,000 will be directed towards incremental personnel to include:
  - a. A Conservation Analyst I who will support calls, rebate processing and day-to-day program operations and,
  - b. A Conversation Analyst II who will support portfolio design efforts, quality control inspections, trade ally support, and DSM planning for the Company's Integrated Resources Plan.
- 2) \$30,000 will be directed towards ramp-up expenses and may include the associated program delivery activities listed in Section IV. The order and extent of these activities and expenses shall be contingent upon the amount of funds available to maintain cost-effective program operation.

The proposed DSM budget of \$777,000 would equate to a per therm increase of \$0.00367 (0.58%) for the Company's residential class, as outlined in Exhibit No. 2.

Exhibit Nos. 1 and 2 are attached hereto and incorporated herein by reference.

#### VII.

The Company proposes to make the DSM Charge, as outlined in this Application and Exhibit No. 2, effective October 1, 2017, coincident with the effective date of the price change related to the Company's annual Purchased Gas Cost Adjustment.

#### VIII.

This Application has been brought to the attention of Intermountain's customers through a Customer Notice and by a Press Release sent to daily and weekly newspapers, and major radio and television stations in Intermountain's service area. The Press Release and Customer Notice are

attached hereto and incorporated herein by reference. Copies of this Application and its Exhibits have been provided to those parties regularly intervening in Intermountain's rate proceedings.

**IX.**

Intermountain requests that this matter be handled under modified procedure pursuant to Rules 201-204 of the Commission's Rules of Procedure. Intermountain stands ready for immediate consideration of this matter.

WHEREFORE, Intermountain respectfully petitions the Idaho Public Utilities Commission as follows:

- a. That the Commission approve the annual DSM budget as presented by the Company in this Application,
- b. That the Commission authorize the Company to implement a DSM Charge as it has been explained in this Application,
- c. That the DSM Charge be made effective October 1, 2017, coincident with the effective date of the price change related to the Company's annual Purchased Gas Cost Adjustment,
- d. That this Application be heard and acted upon without hearing under modified procedure, and
- e. For such other relief as this Commission may determine proper herein.

DATED at Boise, Idaho, this 27<sup>th</sup> day of July, 2017.

INTERMOUNTAIN GAS COMPANY

Williams Bradbury PC

By /s/ Michael P. McGrath  
Michael P. McGrath  
Director – Regulatory Affairs

By /s/ Ronald L. Williams  
Ronald L. Williams  
Attorney for Intermountain Gas Company



CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 27<sup>th</sup> day of July, 2017, I served a copy of the foregoing Case No. INT-G-17-03 upon:

Ed Finklea  
Northwest Industrial Gas Users  
545 Grandview Drive  
Ashland, OR 97520

Chad Stokes  
Cable Huston et al.  
1001 SW Fifth Avenue, Suite 2000  
Portland, Oregon 97204-1136

Don Sturtevant  
J. R. Simplot Company  
PO Box 27  
Boise, ID 83707

Benjamin Otto  
Idaho Conservation League  
710 N. 6<sup>th</sup> Street  
Boise, ID 83702

Brad Purdy  
Attorney for Community Action  
Partnership Association of Idaho (CAPAI)  
2019 N. 17<sup>th</sup> Street  
Boise, ID 83702

by depositing true copies thereof in the United States Mail, postage prepaid, in envelopes addressed to said persons at the above addresses.

/s/ Michael P. McGrath  
Michael P. McGrath  
Director – Regulatory Affairs

**EXHIBIT NO. 1**

**CASE NO. INT-G-17-03**

**INTERMOUNTAIN GAS COMPANY**

**PROPOSED ANNUAL DSM BUDGET**

**(1 pages)**

**Intermountain Gas Company  
DSM Budget  
Program Year 2017-2018**

Line No.	Description (a)	Budgeted Amount (b)
1	Rebate Payments	\$ 600,000
2	Incremental Personnel	147,000
3	Ramp-Up & Program Delivery Activities	30,000
4	Deficit/(Surplus) Funds from Prior Program Year	0
5	<b>Total DSM Budget</b>	<b><u>\$ 777,000</u></b>

**EXHIBIT NO. 2**

**CASE NO. INT-G-17-03**

**INTERMOUNTAIN GAS COMPANY**

**PROPOSED DSM CHARGE**

**(2 pages)**

**Intermountain Gas Company**  
**DSM Charge**  
**Program Year 2017-2018**

Line No.	Description	Budgeted Amount
	(a)	(b)
1	Total DSM Budget (Ex. No. 1, Col. (b), Ln. 5)	\$ 777,000
2	RS Normalized Sales Volumes (1/1/16 - 12/31/16)	211,957,936
3	Per Therm DSM Charge	\$ 0.00367

**Rate Schedule DSM Charge  
DEMAND SIDE MANAGEMENT ("DSM")  
PROGRAM FUNDING MECHANISM**

**APPLICABILITY:**

Applicable to customers taking service under Rate Schedule RS. This DSM Charge is designed to fund administrative and program delivery costs incurred by the Company in its provision of energy efficiency services to customers as outlined in Rate Schedule DSM. This Schedule will be reviewed annually and revised as necessary to ensure adequate funding for the DSM program. Additionally, the Company shall submit an annual budget of anticipated administrative and program costs. Any change to this Schedule is subject to Commission approval.

**MONTHLY RATE:**

The Monthly Rate is equal to the applicable DSM Charge times monthly billed therms.

<u>Schedule</u>	<u>DSM Charge</u>
Rate Schedule RS	\$0.00367

**NEWS RELEASE**

**and**

**CUSTOMER NOTICE**

**CASE NO. INT-G-17-03**

**INTERMOUNTAIN GAS COMPANY**

**(2 Pages)**



## **Intermountain Gas files for demand side management program funding mechanism**

**BOISE, IDAHO – July 27, 2017–** Intermountain Gas filed an application with the Idaho Public Utilities Commission for approval to implement a mechanism whereby the company can recover costs incurred for a residential demand side management (DSM) program. DSM is an energy industry term for reducing the amount of energy purchased on behalf of the customer through activities or programs that promote energy efficiency or conservation.

If approved and implemented the change to residential customer rates would be in affect October 1, 2017.

The proposed mechanism would allow the company to implement a per therm increase to residential customers of 0.58 percent. This change would increase the average residential customer's monthly bill approximately 22 cents per month. If approved, the increase to the company's revenues would be \$777,000 with no change to the company's earnings.

The request is subject to public review and approval by the IPUC. A copy of the application is available for review at the commission, the company's website at [www.intgas.com](http://www.intgas.com) as well as the IPUC website at [www.puc.idaho.gov](http://www.puc.idaho.gov). Written comments regarding the application may be filed with the commission. Customers may also subscribe to the commission's RSS feed to receive periodic updates via email.

*Intermountain Gas Company is a natural gas distribution company serving approximately 350,000 residential, commercial and industrial customers in 75 communities in southern Idaho. Intermountain is a subsidiary of MDU Resources Group, Inc., which provides essential products and services through its regulated energy delivery and construction materials and services businesses. It is traded on the New York Stock Exchange as "MDU." For more information about MDU Resources, visit the company's website at [www.mdu.com](http://www.mdu.com). For more information about Intermountain, visit [www.intgas.com](http://www.intgas.com).*

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**Media Contact:** Cheryl Imlach, Manager Energy Utilization, 208-377-6179





## **Intermountain Gas files for demand side management program funding mechanism**

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