Preston N. Carter, ISB No. 8462
Morgan D. Goodin, ISB No. 11184
Blake W. Ringer, ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, Idaho 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

Attorneys for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF INTERMOUNTAIN GAS COMPANY FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR NATURAL GAS SERVICE IN THE STATE OF IDAHO	)))))))	**CASE NO. INT-G-22-07**

DIRECT TESTIMONY OF JACOB DARRINGTON

FOR INTERMOUNTAIN GAS COMPANY

DECEMBER 1, 2022

Q. Please state your name, business address, and present position with Intermountain Gas Company.

A. My name is Jacob Darrington. I am employed by Intermountain Gas Company ("Intermountain" or "Company") as a Manager in the Regulatory Affairs department. My business address is 555 South Cole Road, Boise, Idaho 83707.

Q. Please summarize your education and professional experience.

A. I graduated from Boise State University in May 2011 with a Bachelor of Arts Degree in Accounting-Finance. In January 2012, I began work at Deloitte Tax as a Tax Consultant where I prepared federal and multi-state tax returns for businesses and high-net worth individuals and assisted with auditing the provision for income taxes for a regulated utility. I obtained my CPA license in the summer of 2013 and continue to keep my CPA license active in the state of Idaho. In April of 2015, I took a position with Intermountain Gas Company as a Regulatory Analyst with primary responsibilities related to the preparation and filing of the annual purchased gas cost adjustment ("PGA") filing as well as the development of revenue requirement related to general rate case filings. In July of 2015, I attended the Regulatory Rate School in Chicago sponsored by the American Gas Association. During the fall of 2019, I was promoted to Manager in the Regulatory Affairs department.

Q. Please describe your involvement in this proceeding.

A. In this proceeding, I support the development and calculation of the proposed revenue requirement.

Q. What is the purpose of your testimony?

A. My testimony will cover four main areas. First, I will present an overview of the proposed revenue requirement in the current case including a high-level discussion of the main drivers of the increase. Second, I will discuss the Company's proposed test year and the unadjusted results of that test year, including a discussion of the three-month forecast of revenues, expenses, and rate base items. Third, I will discuss the Company's adjustments to operating revenues and expenses to arrive at net operating income at present rates. Fourth, I will discuss Intermountain's regulatory adjustments to arrive at the Company's average rate base.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am sponsoring Exhibit Nos. 1-19 which are described throughout my testimony.

I. PROPOSED REVENUE REQUIREMENT

Q. Please explain Exhibit No. 1.

A. Exhibit No. 1 shows the calculation of the proposed deficiency in operating revenue. Lines 1 and 2 show the net operating income at present rates and average rate base, respectively. Based on that information, the Company is currently earning a rate of return of approximately 5.20 percent, as shown on Line 3. The cost of capital of 7.37 percent on Line 4 is discussed in more detail in the direct testimony of Ms. Nygard. The operating income of $28,559,731 at proposed rates on Line 5 is the product of the average rate base multiplied by the proposed cost of capital. Finally, the operating income deficiency is grossed up by the gross revenue conversion factor of 1.34967 on Line 7 to determine the deficiency in operating revenue (or revenue requirement) of $11,337,947.

Q. Please explain the gross revenue conversion factor.

A. The gross revenue conversion factor is based on revenue-sensitive items that change as revenue changes, including uncollectibles, the Commission's regulatory fee, Idaho state income taxes (reflecting the new corporate tax rate of 5.8 percent which will become effective in 2023), and federal income taxes. The gross revenue conversion factor converts the net operating income deficiency into the additional operating revenues the Company needs to collect from customers in order to earn its authorized rate of return after accounting for the revenue-sensitive items previously mentioned. The components of the gross revenue conversion factor are shown on Exhibit No. 19.

Q. What are the main drivers of the proposed revenue requirement?

A. There are two main drivers of the revenue requirement in this case. First, the Company's proposed average rate base has grown by approximately $152 million since its last general rate case. The majority of this growth is related to the Company's investment in net plant with the biggest increases related to main lines, service lines, and meters. The direct testimony of Mr. Darras will address major plant investments made since the previous rate proceeding.

Second, the Company's proposed test year operations and maintenance ("O&M") expense has grown over $11 million since its last general rate case. The majority of the growth in O&M is related to employee labor and benefits, subcontractor payments, and software maintenance and hosting services. The direct testimony of Ms. Hourigan will address the increases in labor and benefits, Mr. Darras will address increases in subcontractor payments, and Mr. Boese will address increases in software maintenance and hosting services.

Q. How do proposed test year base rate revenues compare with the Company's previous general rate case?

A. Proposed test year base rate revenues have grown by nearly $22 million when compared to final base rate revenues in the Company's last general rate case. This growth is attributable to higher base rates which were implemented as a result of the last general rate case and customer growth. The growth in base rate revenues offsets the growth in average rate base and O&M discussed above and lowers the revenue requirement that otherwise would result.

II. PROPOSED TEST YEAR AND UNADJUSTED TEST YEAR RESULTS

Q. What is the Company's proposed test year for this rate case proceeding?

A. Intermountain is proposing a test period reflecting nine months of actual financial results ("actuals") and three months of projected data ("forecast") for the twelve-months ending December 31, 2022 ("Test Year").

Q. Why is the Company proposing a partially forecasted test year?

A. Intermountain is proposing a partially forecasted test year to allow the Company to file this case before the conclusion of calendar year 2022 while still providing the most up-to-date information for setting fair and reasonable rates. Filing before the conclusion of calendar year 2022 provides the Idaho Public Utilities Commission ("Commission") sufficient time to rule upon the Company's case before the July 1, 2023 settlement deadline to incorporate into base rates the lower depreciation rates which resulted from Case No. INT-G-21-01.

Q. Does the Company propose updating the test year and resulting revenue requirement when actual financial data becomes available?

A. Yes. The Company proposes providing updates to the three months of projections for the period October 1, 2022, through December 31, 2022, to incorporate actual data and a revised revenue requirement request.

Q. What are the components of the Company's test year operating revenues?

A. Test year operating revenue consists of gas operating revenue and other revenues. Gas operating revenues are the revenues generated by the sale and transportation of gas under the Company's sale and transportation rate schedules. Other revenues include revenues associated with miscellaneous services, field collection charges, return check charges, account initiation charges, reconnection charges, interest on past due accounts, other miscellaneous non-operating revenues, cash discounts, rents, interest income, and non-utility revenues.

Unadjusted total test year revenues are shown on Exhibit No. 2, Column (b), Lines 1-2. Additionally, the breakout of actual and forecast revenues are shown on Exhibit No. 3, Lines 1-2. Finally, Exhibit No. 4 shows the breakout of actual and forecast other revenues by component.

Q. How did the Company forecast its revenues?

A. Gas operating revenues from residential and commercial customers are based on forecasted customers, weather-normalized usage per customer amounts (as discussed in the testimony of Ms. Blattner), and currently approved base rates. Forecasted gas operating revenues for snowmelt and irrigation customers are based on forecasted customers, usage per customer based on a three-year average, and currently approved base rates. Forecasted gas operating revenues for large volume and transport customers are based on currently approved base rates and forecasted usage which is based on historical usage. The forecast of other revenues is primarily based on 2021 amounts.

Q. What are the components of the Company's test year operating expenses?

A. The following categories of expenses are included in the Company's unadjusted test year as shown on Exhibit No. 2, Column (b), Lines 4-25. Additionally, the breakout of actual and forecast expenses are shown on Exhibit No. 3, Lines 4-25:

- Cost of Gas
- Operating and Maintenance ("O&M") Expenses
- Depreciation and Amortization Expenses
- Taxes Other Than Income Taxes
- Interest Expense
- Income Taxes

Q. How did the Company forecast its expenses?

A. The Company forecasted its expenses based on expense type and based on the methodology deemed most appropriate by the Company as explained in more detail below:

- <u>Cost of Gas</u>: The Company did not forecast cost of gas because it is removed from the calculation of revenue requirement.
- <u>O&M Expenses</u>: As part of the budgeting process, department managers are responsible for forecasting O&M expenses for their department for the entire year. The Company forecasts O&M expenses at the object level and not a FERC account level. Consequently, the Company used 2021 historical data to allocate the forecasted O&M to the various FERC accounts.

- Depreciation and Amortization Expenses: The forecasted depreciation and amortization expenses are based on currently approved depreciation rates, assets currently in service, and forecasted capital additions and retirements.
- Taxes Other Than Income Taxes: With the exception of franchise taxes, the forecasted amounts for taxes other than income taxes are based on annualizing the year-to-date amount. The Company did not forecast franchise taxes because they are removed from the calculation of revenue requirement.
- Interest Expense: The Company does not forecast interest expense because it is removed from the calculation of revenue requirement.
- Income Taxes: Income taxes are calculated based on total unadjusted test year revenues and expenses. The forecast portion is derived by subtracting the year-to-date income taxes booked to the general ledger from the total unadjusted test year amount.

Q. What is rate base and what are the components of the Company's test year rate base?

A. Rate base represents the total investment the Company has made in its distribution system in order to serve its customers safely and reliably. The following rate base items are included in the Company's unadjusted test year as shown on Exhibit No. 2, Column (b), Lines 28-36:

- Gas Plant in Service
- Accumulated Provision for Depreciation and Amortization
- Materials and Supplies Inventory
- Gas Storage Inventory
- Accumulated Deferred Income Taxes

- Advances in Aid of Construction

Q. Please explain the concept of accumulated deferred income taxes ("ADIT") and why it is a reduction to rate base.

A. Deferred income taxes arise when income tax amounts as recorded in the Company's financial records differ from the amount of taxes due and payable in the test period. The primary cause of this tax difference is the straight-line depreciation rates used for ratemaking purposes, versus the accelerated depreciation rates used when calculating state and federal income tax obligations. The difference in depreciation methodologies causes a higher depreciation expense for tax purposes than the amount in the financial records during the early years of the asset's life. In later years, the situation reverses itself. For a utility with a growing rate base this means that the accumulated balances of these deferred taxes are, in essence, a source of funds available to the Company and thus should be subtracted from rate base.

Q. What are advances in aid of construction and why are they a reduction to rate base?

A. Advances in aid of construction are cash advances received from customers for the construction of distribution system assets to support service to those customers. Similar to ADIT, the advances in aid of construction represent a source of funds available to the Company and thus should be subtracted from rate base.

Q. How did the Company forecast its rate base items?

A. The Company's forecasted rate base items, including plant in service, accumulated depreciation, materials and supplies inventory, liquid natural gas storage inventory, accumulated deferred income taxes, and advances in aid of construction were forecasted based on the methodology deemed most appropriate by the Company as explained in more detail below:

Gas Plant in Service: The Company's forecasted gas plant in service is based on forecasted capital expenditures and retirements. As part of the budgeting process, project managers are responsible for estimating capital expenditures during the year. Throughout the year, project managers review and update the estimated capital expenditures. The forecasted amounts for the gas plant in service are shown on Exhibit No. 13, Column (b), Lines 11-13.

Accumulated Provision for Depreciation and Amortization: The Company's forecasted accumulated provision for depreciation and amortization is based on currently approved depreciation rates and forecasted capital expenditures and retirements by plant account. The forecasted amounts for accumulated provision for depreciation and amortization are shown on Exhibit No. 14, Column (b), Lines 11-13.

Materials and Supplies Inventory: The Company's forecasted materials and supplies inventory values for the forecasted months are set equal to the most recent month's balance. The Company considered using a three-year average for the forecast period, however, Intermountain found that using the most recent month's balance was a better predictor for the forecast balance than a three-year average.

The Company's undistributed stores forecast is based on a three-year historical average. The forecasted amounts for materials and supplies inventory and undistributed stores are shown on Exhibit No. 15, Column (d), Lines 11-13.

Gas Storage Inventory: The Company's gas storage inventory forecast is based on the most recent month's balance. Using the most recent month's balance is appropriate because the Company does not anticipate any significant adjustments to its ending utility storage balances during the forecast period (see the discussion below regarding utility and non-utility adjustments made related to the Nampa liquified natural gas ("LNG") facility). The forecasted amounts for liquified natural gas storage are shown on Exhibit No. 16, Colum (b), Lines 11-13.

Accumulated Deferred Income Taxes: The Company's forecasted accumulated deferred income taxes are based on timing differences between the depreciation methodologies used for the Company's financial records and for income tax purposes related to the approved capital budget and assets previously placed in service. The forecasted amounts for accumulated deferred income taxes are shown on Exhibit No. 17, Column (b), Lines 11-13.

Advances in Aid of Construction: Similar to the forecast for materials and supplies inventory, the Company's advances in aid of construction values for the forecasted months are based on the most recent month's balance as this was a better predictor than using a three-year average. The forecasted amounts for advances in aid of construction are shown on Exhibit 18, Column (b), Lines 11-13.

Q. What are the Company's unadjusted test year results?

A. The Company's unadjusted test year results, including a three-month forecast of revenues, expenses and rate base items, are shown on Exhibit No. 2, Column (b). As shown on the exhibit, the Company's unadjusted test year Net Operating Income is $11,328,875. The Company's unadjusted test year Average Rate Base is $438,853,196. As indicated earlier, the Company proposes to update the test year results by replacing the forecasted amounts with actual results when they become available.

III. REGULATORY ADJUSTMENTS TO OPERATING REVENUES AND EXPENSES

Q. What adjustments did the Company make to the test year operating revenues and expenses?

A. Exhibit No. 5 provides a summary of all the adjustments made to test year operating revenues and expenses. Each adjustment will be discussed in more detail below.

Q. Please explain the adjustment to remove non-distribution revenues and expenses on Exhibit No. 5, Column (b).

A. This adjustment removes all non-distribution revenues and expenses including franchise taxes, cost of gas revenues and expenses, and energy efficiency revenues and expenses included in the Company's financial records through September 30, 2022. Cost of gas and energy efficiency are non-distribution items that are part of the total rate charged to customers. However, these items do not belong in the calculation of revenue requirement because they are evaluated and changed through separate mechanisms. Franchise taxes are a non-distribution item that is charged to customers. The Company is the collector and remitter of these taxes on behalf of municipalities in Idaho and therefore these taxes should not be included in the calculation of revenue requirement. Removing non-distribution revenues and expenses keeps the revenue requirement calculation focused on distribution revenues and expenses.

This adjustment also removes unbilled revenues included in the Company's financial records through September 30, 2022. Unbilled revenues represent the difference in the timing of when gas is provided to customers and when those customers are billed for the gas used. Unbilled revenues are removed because the Company's weather normalization methodology is based on billed consumption data, as discussed in the direct testimony of Ms. Blattner.

As shown on Exhibit No. 5, Column (b), Lines 3 and 26, this adjustment reduces test year revenues and expense by $130,308,445 and $136,686,611, respectively.

Q. Please explain the billing determinant recalculation adjustment proposed by the Company on Exhibit No. 5, Column (c).

A. This adjustment sets distribution revenues equal to tariff rates multiplied by unadjusted billing determinants. The adjustment is calculated on Exhibit No. 6, Columns (e)-(g). This adjustment allows the Company to remove any billing adjustments in the Company's financial records and reflect only the amount of revenues the Company would receive based on its billing determinants and current tariff rates. The majority of the adjustment is primarily due to the residential customer class. This adjustment reduces revenues by $72,880, as shown on Exhibit No. 5, Column (c), Line 3 and Exhibit No. 6, Column (g), Line 62.

Q. Please explain the rate class migration adjustment on Exhibit No. 5, Column (d).

A. This adjustment captures the revenue impact of customers migrating between general service, large volume, and transport customer classes throughout the test year. The Company removed these customers' actual and forecasted volumes from their previous rate class and included them for a full twelve-month period in the new rate class. The adjustment is calculated on Exhibit No. 6, Columns (h)-(j) and increases revenues by $277,482, as shown on Exhibit No. 5, Column (d), Line 3 and Exhibit No. 6, Column (j), Line 62.

Q. Please explain the normalization adjustment proposed by the Company on Exhibit No. 5, Column (e).

A. The weather normalization adjustment removes the impact of weather on gas usage for the RS and GS-1 customer classes. The process for determining weather normalization is addressed in the direct testimony of Ms. Blattner. The revenue impact of the weather normalization adjustment is calculated on Exhibit No. 6, Columns (k)-(m) and reduces revenues by $3,246,807, as shown on Exhibit No. 4, Column (e), Line 3 and Exhibit No. 6, Column (m), Line 62.

Q. Please explain the adjustment to remove revenues and expenses associated with non-utility LNG sales from the Company's Nampa facility proposed on Exhibit No. 5, Column (f)?

A. This adjustment eliminates revenues and cost of gas expenses included in the Company's financial records through September 30, 2022 related to the sale of LNG from the Company's Nampa LNG facility. These revenues and cost of gas expenses are not associated with the provision of regulated gas services to Intermountain's customers. This adjustment reduces operating revenues and cost of gas expenses by $2,612,152 and $2,147,550 as shown on Exhibit No. 5, Column (f), Lines 3 and 5, respectively.

Q. Please explain the adjustment to remove other revenues and expenses proposed by the Company on Exhibit No. 5, Column (g).

A. This adjustment removes non-utility revenues and expenses included in the Company's financial records through September 30, 2022. The majority of the adjustment is for the removal of revenues and expenses related to providing renewable natural gas ("RNG") producers access to the Company's system in accordance with the Company's RNG facilitation plan approved by the Commission in Order No. 34693 in Case No. INT-G-20-03.

This adjustment also removes expenses associated with donations, civic, political, and related activities, and other disallowed or non-utility activities. This adjustment reduces revenues and expenses by $504,649 and $701,941 as shown on Exhibit No. 5 Column (g), Lines 3 and 26, respectively.

Q. Please explain the adjustment to remove interest expense proposed by the Company on Exhibit No. 5, Column (h).

A. This adjustment removes interest expense included in the Company's financial records through September 30, 2022. Instead, the impact of interest is captured through the application of the weighted average cost of capital to the average rate base. Intermountain's weighted average cost of debt included in the Company's cost of capital is discussed in more detail in the direct testimony of Ms. Nygard. This adjustment reduces interest expense by $5,213,607 as shown on Exhibit No. 5 Column (h), Line 22.

Q. Please explain the adjustment to remove supplemental executive compensation proposed by the Company on Exhibit No. 5, Column (i).

A. This adjustment removes all supplemental executive compensation expenses related to the Supplemental Executive Retirement Plan, the Supplemental Income Security Plan, Deferred Compensation, and the Long-Term Incentive Plan. The Company has chosen to not charge its customers for these expenses and has therefore removed them from the revenue requirement calculation. This adjustment reduces expenses by $1,559,109 as shown on Exhibit No. 5 Column (i), Line 26.

Q. Please explain the payment processor fees adjustment proposed by the Company on Exhibit No. 5, Column (j).

A. In Order No. 34099 (Case No. INT-G-18-01), the Commission authorized Intermountain to create a regulatory asset to capture the costs associated with in-person customer pay station transactions handled by Western Union and to recover these costs in its annual PGA until February 1, 2021 or until the Company files a general rate case, whichever comes first. The Company was then authorized to extend the life of the regulatory asset established in Order No. 34099 from February 1, 2021 until February 1, 2023 or until the Company files a general rate case-whichever comes first.[1] The Company proposes to embed twelve months of payment processor fees in base rates going forward and to recover the fees deferred from October 1, 2022 through February 1, 2023 through its 2023 PGA filing. This adjustment increases expenses by $68,521 as shown on Exhibit No. 5, Column (j), Line 11.

Q. Please explain the rate case expense amortization adjustment proposed by the Company on Exhibit No. 5, Column (k).

A. The Company has approximately $328,000 of rate case costs remaining that were deferred from the Company's most recent general rate case, Case No. INT-G-16-02. In the subsequent PGA filing, Case No. INT-G-17-05, the Company requested to include $699,114 to be amortized and recovered over a four-year period. Instead, the Commission authorized the Company to amortize and collect over a five-year period

[1] See Case No. INT-G-21-01, Order No. 35047, pages 4-5.

$378,614 of deferred rate case expenses and determined the remaining amount should be deferred for consideration in the Company's next general rate case.[2] The Company is now requesting recovery of the remaining rate case expenses, amortized over a three-year period. This adjustment is calculated on Exhibit No. 7 and increases expenses by $109,340 as shown on Exhibit No. 5, Column (k), Line 14 and Exhibit No. 7, Column (b), Line 6.

Q. Please explain the salary expense adjustment proposed by the Company on Exhibit No. 5, Column (l).

A. The salary expense adjustment includes two components. The first component is a normalization adjustment to normalize the salaries of incremental employees (i.e., new employee positions, not backfilled positions) that began their employment at some point during the test year. An adjustment is needed to normalize the incremental employee salaries and create an expense amount that would have existed if the employees had been employed for the entire test year.

The second component of the salary expense adjustment is a pro-forma adjustment to account for salary or wage increases that will occur in 2023. The salary and wage increases will occur in 2023 and the adjustment ensures the appropriate level of expenses are included in the revenue requirement to allow recovery of those amounts. Please see the direct testimony of Ms. Hourigan for additional information regarding employee salaries and increases. This adjustment is calculated on Exhibit No. 8 and

[2] See Order No. 33887, page 5. Please note that the remaining amount computed by the Company is different from the value stated in Order No. 33887 ($699,114 – $378,614 = $320,500). In addition, legal fees of $7,519 were invoiced to the Company after Intermountain had submitted its PGA filing in 2017. Therefore, the total remaining amount of deferred general rate cases costs is $328,019 ($320,500 + 7,519).

increases expenses by $1,324,196, as shown on Exhibit No. 5, Column (l), Line 26 and Exhibit No. 8, Column (b), Line 19.

Q. Please explain the incentive compensation adjustment proposed by the Company on Exhibit No. 5, Column (m).

A. The adjustment to incentive compensation expense reflects 100 percent target incentive payouts to Company employees according to the Company's incentive compensation plan. As explained in the direct testimony of Ms. Hourigan, the Company's incentive compensation plan benefits customers by incentivizing employees to improve efficiencies, manage costs, provide high-quality customer service, and maintain the security of customer information. This adjustment also removes allocated incentive compensation expense related to employees associated with the energy efficiency program, employees with time charged to the RNG facilitation program, MDUR employees, and executive employees. The Company removes incentive compensation expenses related to employees associated with the energy efficiency program and employees with time charged to the RNG facilitation program because these amounts are recovered through other mechanisms. The Company removes incentive compensation expenses related to MDUR and executive employees because these amounts are based strictly on earnings and do not directly benefit customers.

This adjustment is calculated on Exhibit No. 9 and reduces expenses by $486,118 as shown on Exhibit No. 5, Column (m), Line 26 and Exhibit No. 9, Column (b), Line 13.

Q. Please explain the income tax adjustment proposed by the Company on Exhibit No. 5, Column (n).

A. Exhibit Nos. 10 and 11 present the entire test year income tax expense calculation and includes the adjusted level of revenues and expenses discussed above, as well as various permanent and temporary timing differences. Additionally, the interest expense value used in the calculation of income taxes is derived by multiplying the weighted average cost of debt by the average rate base. Finally, the tax expense calculation includes an adjustment to reduce the Idaho corporate tax rate to 5.8 percent which will become effective in 2023. The income tax adjustment reduces expense by $4,895 as shown on Exhibit No. 5, Column (n), Line 25 and Exhibit No. 11, Column (c), Line 23.

Q. What is the total impact to net operating income as a result of the adjustments the Company is proposing?

A. Based on the proposed adjustments discussed above, the total impact to net operating income is an increase of $8,830,323 as shown on Exhibit No. 2, Column (c), Line 27 and Exhibit No. 5, Column (o), Line 27.

Q. Does Intermountain expect these adjustments to change as actual financial data becomes available?

A. Yes. The Company has proposed to update the test year results by replacing the forecasted amounts with actual results when they become available. The update will impact both the unadjusted test year results and the adjustments.

Q. What is the Company's total proposed net operating income, including all adjustments, for the test year?

A. The total proposed net operating income, including adjustments, for the test year is $20,159,198 as shown on Exhibit No. 1, Column (b), Line 1 and Exhibit No. 2, Column (d), Line 27.

IV. REGULATORY ADJUSTMENTS TO RATE BASE

Q. Please describe how the Company's rate base is calculated.

A. All items in the Company's rate base have been determined using the thirteen-month average of monthly averages ("AMA") methodology. The AMA methodology reflects the level of investment maintained by the Company during the course of the year and is intended to normalize changes in the balances that occur during the year.

Q. Did Intermountain make any adjustments to its rate base?

A. Yes. A summary of the adjustments is shown on Exhibit No. 12. Additionally, Exhibit Nos. 13-18 show the calculation of each rate base item including adjustments. Finally, Exhibit No. 2, Lines 28-36 show the Company's unadjusted and adjusted rate base amounts. Each adjustment to rate base will be described in more detail below.

Q. Please describe the adjustment to remove the asset retirement obligation proposed by the Company on Exhibit No. 12, Column (b).

A. The Company reduced gross gas plant in service and the accumulated provision for depreciation and amortization by $45,051,804 and $7,067,837 as shown on Exhibit No. 12, Column (b), Lines 2 and 3, respectively, to remove the asset retirement obligation ("ARO") and thereby avoid double charging customers for the cost of removing tangible long-lived assets. The cost of removal is already included in the Company's approved depreciation rates. The average balances for this adjustment are calculated on Exhibit No. 13, Column (c), Line 16 and Exhibit No. 14, Column (c), Line 16.

Q. Please explain the adjustment to remove retirement work in progress proposed by the Company on Exhibit No. 12, Column (c).

A. This adjustment removes the balance of retirement work in progress ("RWIP") which represents the work performed but not yet completed to retire gas plant in service which is still used and useful at the end of the month. The average balance for this adjustment is calculated on Exhibit No.14 and increases the accumulated provision for depreciation and amortization by $632,718 as shown on Exhibit No. 12, Column (c), Line 3 and Exhibit No. 14, Column (d), Line 16.

Q. Please explain the adjustments to gas inventory proposed by the Company on Exhibit No. 12, Columns (d) and (e).

A. The first adjustment removes the gas storage inventory balances associated with non-utility LNG sales as these amounts are recovered through non-utility customers. The second adjustment keeps the utility portion of the gas storage balance at the Nampa LNG facility at 2 million gallons each month. As described in the Company's Integrated Resource Plan (see Case No. INT-G-21-06), the Company seeks to keep 2 million gallons of LNG available at the Nampa LNG facility to provide for boiloff gas, to maintain operational and training requirements at the Nampa and Rexburg LNG facilities, and for permanent storage to ensure that all LNG does not boiloff. The average balances for these adjustments are calculated on Exhibit No.16. The first adjustment decreases gas storage inventory by $1,189,478 and the second adjustment increases gas storage inventory by $196,132 as shown on Exhibit No. 12, Columns (d) and (e), Line 6 and Exhibit No. 16, Columns (c) and (d), Line 16.

Q. Please explain the adjustments to accumulated deferred income taxes ("ADIT") proposed by the Company on Exhibit No. 12, Columns (f) through (l).

A. The adjustment on Exhibit No. 12, Column (f) removes Idaho deferred taxes in accordance with the Commission's requirement that the Company flow-through deferred state income taxes. The adjustment on Exhibit No. 12, Column (g) removes ADIT related to construction work in progress ("CWIP") since CWIP is not allowed in the calculation of rate base. The adjustments on Exhibit No. 12, Columns (h)-(j) remove ADIT in order to comply with Internal Revenue Service normalization rules. The adjustments on Exhibit No. 12, Columns (k) and (l) capture ADIT related to Advances in Aid of Construction and Gas Storage Inventory. The average balances for these adjustments are calculated on Exhibit No.17. The total amount of adjustments is an increase to ADIT of $11,729,852 as shown on Exhibit No. 12, Column (m), Line 6.

Q. What is the total impact to rate base as a result of the adjustments the Company is proposing?

A. Based on the proposed adjustments discussed above, the total impact to average rate base is a decrease of $51,339,883 as shown on Exhibit No. 2, Column (c), Line 36 and Exhibit No. 12, Column (m), Line 9.

Q. Does Intermountain expect these adjustments to change as actual financial data becomes available?

A. Yes. The Company has proposed to update the test year results by replacing the forecasted amounts with actual results when they become available. The update will impact both the unadjusted test year results and the adjustments.

Q. What is the Company's total proposed average rate base, including all adjustments, for the test year?

A. The Company's total proposed average rate base, including adjustments, is $387,513,313 as shown on Exhibit No. 1, Column (b), Line 2 and Exhibit No. 2, Column (d), Line 36.

Q. Does this conclude your testimony?

A. Yes, it does.

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

Attorneys for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF INTERMOUNTAIN GAS COMPANY. FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR NATURAL GAS SERVICE IN THE STATE OF IDAHO	CASE NO. INT-G-22-07

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 1 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Deficiency in Operating Revenue
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Amount
	(a)	(b)
1	Operating Income at Present Rates [2]	$ 20,159,198
2	Rate Base [3]	387,513,313
3	Current Earned Rate of Return [4]	5.20%
4	Cost of Capital [5]	7.37%
5	Operating Income at Proposed Rates [6]	28,559,731
6	Operating Income Deficiency [7]	8,400,533
7	Gross Revenue Conversion Factor [8]	1.34967
8	**Deficiency in Operating Revenue [9]**	**$ 11,337,947**

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

[2] See Exhibit No. 2, Column (d), Line 27.
[3] See Exhibit No. 2, Column (f), Line 36.
[4] Line 1 divided by Line 2.
[5] See the direct testimony of Ms. Nygard.
[6] Line 2 times Line 4.
[7] Line 5 minus Line 1.
[8] See Exhibit No. 19, Column (c), Line 9.
[9] Line 6 times Line 7.

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

Attorneys for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF INTERMOUNTAIN GAS COMPANY. FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR NATURAL GAS SERVICE IN THE STATE OF IDAHO	CASE NO. INT-G-22-07

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 2 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company

Statement of Operating Income and Rate Base with Adjustments

For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Company Unadjusted Direct [2]	Company Adjustments [3]	Company Direct Present [4]	Proposed Revenue Deficiency (Over Collection)	Company Direct Proposed [5]
	(a)	(b)	(c)	(d)	(e)	(f)
1	Gas Operating Revenues	$ 240,406,262	$ (133,056,432)	$ 107,349,830	$ 11,337,947	$ 118,687,777
2	Other Revenues	5,861,944	(3,411,019)	2,450,925	-	2,450,925
3	Total Operating Revenue	246,268,206	(136,467,451)	109,800,755	11,337,947	121,138,702
4	Operating Expenses					
5	Cost of Gas	130,355,178	(130,355,178)	-	-	-
6	Operation & Maintenance					
7	Production	358,761	11,030	369,791	-	369,791
8	Natural Gas Storage, Terminaling, and Processing	1,109,807	8,581	1,118,388	-	1,118,388
9	Transmission	289,020	5,799	294,819	-	294,819
10	Distribution	24,274,522	684,351	24,958,873	-	24,958,873
11	Customer Accounts	8,735,822	246,901	8,982,723	26,996 [6]	9,009,719
12	Customer Service and Informational	2,994,337	(2,031,806)	962,531	-	962,531
13	Sales	1,460,217	53,834	1,514,051	-	1,514,051
14	Administrative and General	18,413,079	(1,368,374)	17,044,705		17,044,705
15	Other	1,512,119	(1,512,119)	-	-	-
16	Depreciation and Amortization	22,129,750	-	22,129,750	-	22,129,750
17	Taxes Other Than Income Taxes					
18	IPUC Fees	520,047	-	520,047	22,619 [6]	542,666
19	Payroll Taxes	2,269,008	13,830	2,282,838	-	2,282,838
20	Property Taxes	3,623,049	-	3,623,049	-	3,623,049
21	Franchise Taxes	5,850,071	(5,836,121)	13,950	-	13,950
22	Interest Expense	5,213,607	(5,213,607)	-	-	-
23	Total Operating Expense					
24	Before Income Taxes	229,108,394	(145,292,879)	83,815,515	49,615	83,865,130
25	Income Taxes	5,830,937	(4,895)	5,826,042	2,887,799 [7]	8,713,841
26	Total Operating Expenses	234,939,331	(145,297,774)	89,641,557	2,937,414	92,578,971
27	Net Operating Income	$ 11,328,875	$ 8,830,323	$ 20,159,198	$ 8,400,533	$ 28,559,731
28	Rate Base:					
29	Gas Plant in Service [8]	$ 885,040,818	$ (45,051,804)	$ 839,989,014	$ -	$ 839,989,014
30	Less Accumulated Depreciation and Amortization [9]	(408,955,880)	6,435,119	(402,520,761)	-	(402,520,761)
31	Net Gas Plant in Service	476,084,938	(38,616,685)	437,468,253	-	437,468,253
32	Materials & Supplies Inventory [10]	6,477,488	-	6,477,488	-	6,477,488
33	Gas Storage Inventory [11]	4,065,615	(993,346)	3,072,269	-	3,072,269
34	Accumulated Deferred Income Taxes [12]	(36,397,501)	(11,729,852)	(48,127,353)	-	(48,127,353)
35	Advances in Aid of Construction [13]	(11,377,344)	-	(11,377,344)	-	(11,377,344)
36	Average Rate Base	$ 438,853,196	$ (51,339,883)	$ 387,513,313	$ -	$ 387,513,313

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

[2] See Exhibit No. 3, Column (d).

[3] See Exhibit No. 5.

[4] Column (b) plus Column (c).

[5] Column (d) plus Column (e).

[6] See Exhibit No. 19 for the Gross Revenue Conversion Factor components.

[7] Reflects statutory income tax rates at 25.582%. Includes the new Idaho corporate tax rate of 5.8% which will become effective in 2023.

[8] See Exhibit No. 13.

[9] See Exhibit No. 14.

[10] See Exhibit No. 15.

[11] See Exhibit No. 16.

[12] See Exhibit No. 17.

[13] See Exhibit No. 18.

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

Attorneys for Intermountain Gas Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 3 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Statement of Operating Income
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Actual Data Ending 9/30/2022	Forecasted Data For the Period 10/31/2022-12/31/2022		Total (Cols. (b) + (c))	
	(a)	(b)	(c)		(d)	
1	Gas Operating Revenues	$ 213,304,798	$ 27,101,464		$ 240,406,262	[2]
2	Other Revenues	5,262,995	598,949		5,861,944	[3]
3	Total Operating Revenue	218,567,793	27,700,413		246,268,206	
4	Operating Expenses					
5	Cost of Gas	130,355,178	-	[4]	130,355,178	
6	Operation & Maintenance					
7	Production	271,569	87,192		358,761	
8	Natural Gas Storage, Terminaling, and Processing	920,574	189,233		1,109,807	
9	Transmission	239,343	49,677		289,020	
10	Distribution	18,847,436	5,427,086		24,274,522	
11	Customer Accounts	6,811,770	1,924,052		8,735,822	
12	Customer Service and Informational	2,190,498	803,839		2,994,337	
13	Sales	1,184,876	275,341		1,460,217	
14	Administrative and General	14,386,018	4,027,061		18,413,079	
15	Other	1,512,119		[4]	1,512,119	
16	Depreciation and Amortization	16,401,193	5,728,557		22,129,750	
17	Taxes Other Than Income Taxes					
18	IPUC Fees	390,035	130,012		520,047	
19	Payroll Taxes	1,701,756	567,252		2,269,008	
20	Property Taxes	2,717,287	905,762		3,623,049	
21	Franchise Taxes	5,850,071	-	[4]	5,850,071	
22	Interest Expense	5,213,607	-	[4]	5,213,607	
23	Total Operating Expense					
24	Before Incomes Taxes	208,993,330	20,115,064		229,108,394	
25	Income Taxes	1,605,965	4,224,972		5,830,937	[5]
26	Total Operating Expenses	210,599,295	24,340,036		234,939,331	
27	Net Operating Income	$ 7,968,498	$ 3,360,377		$ 11,328,875	

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

[2] See Exhibit No. 6.

[3] See Exhibit No. 4.

[4] This item is not forecasted. The actual amount booked to the general ledger is removed from the revenue requirement calculation.

[5] See Exhibit No. 11.

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

Attorneys for Intermountain Gas Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 4 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Other Revenues and Interest Income
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Actual Data Ending 9/30/2022	Forecasted Data For the Period 10/31/2022-12/31/2022		Total (Cols. (b) + (c))
	(a)	(b)	(c)		(d)
1	Other Revenues				
2	Miscellaneous Service Revenue	$ 165,547	$ 61,158		$ 226,705
3	Field Collection Charge	900	435		1,335
4	Return Check Charge	174,871	45,880		220,751
5	Account Initiation Charge	763,698	296,904		1,060,602
6	Reconnection Charge	32,376	9,328		41,704
7	Interest on Past Due Accounts	339,077	46,959		386,036
8	Other Miscellaneous Operating Revenues	94	-		94
9	Other Miscellaneous Non-Operating Revenues	16,695	2,927		19,622
10	Cash Discounts	3,020	1,272		4,292
11	Rent	265,592	104,491		370,083
12	Non-Utility LNG Sales	2,612,152	-	[2]	2,612,152
13	Non-Utility RNG Revenue	504,649	-	[2]	504,649
14	Full Service Revenue	88,784	29,595		118,379
15	Total	4,967,455	598,949		5,566,404
16	Interest Income	295,540	-	[3]	295,540
17	Total Other Revenues and Interest Income	$ 5,262,995	$ 598,949		$ 5,861,944

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

[2] This item is not forecasted. The actual amount booked to the general ledger is removed from the revenue requirement calculation.

[3] This item is not forecasted. The majority of the actual amount booked to the general ledger is removed from the revenue requirement calculation.

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

Attorneys for Intermountain Gas Company

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IN THE MATTER OF THE APPLICATION OF INTERMOUNTAIN GAS COMPANY. FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR NATURAL GAS SERVICE IN THE STATE OF IDAHO	CASE NO. INT-G-22-07

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 5 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company

Adjustments to Operating Income

For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Remove Non-Distribution Revenues and Expenses [2]	Billing Determinant Recalculation Adjustment [3]	Rate Class Migration Adjustment [4]	Weather Normalization Adjustment [5]	Remove Non-Utility LNG Sales [6]	Remove Other Revenues and Expenses [7]	Remove Interest Expense [8]	Remove Supplemental Executive Compensation Expense [9]	Payment Processor Fees Adjustment [10]	Rate Case Expense Amortization Adjustment [11]	Salary Expense Adjustment [12]	Incentive Compensation Adjustment [13]	Income Tax Adjustment [14]	Total Operating Statement Adjustments [15]
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	Gas Operating Revenues	$ (130,014,227)	(72,880)	$ 277,482	$ (3,246,807)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (133,056,432)
2	Other Revenues	(294,218)	-	-	-	(2,612,152)	(504,649)	-	-	-	-	-	-	-	(3,411,019)
3	Total Operating Revenue	(130,308,445)	(72,880)	277,482	(3,246,807)	(2,612,152)	(504,649)	-	-	-	-	-	-	-	(136,467,451)
4	Operating Expenses														
5	Cost of Gas	$ (128,207,628)	-	-	-	(2,147,550)	-	-	-	-	-	-	-	-	(130,355,178)
6	Operation & Maintenance														
7	Production	-	-			-	-	-	-	-	-	10,186	844	-	11,030
8	Natural Gas Storage, Terminaling, and Processing	-	-	-	-	-	-	-	-	-	-	8,417	164	-	8,581
9	Transmission	-	-	-	-	-	-	-	-	-	-	5,458	341	-	5,799
10	Distribution	-	-	-	-	-	-	-	-	-		664,438	19,913	-	684,351
11	Customer Accounts	(50,205)	-	-	-	-	-	-	-	68,521		215,767	12,818	-	246,901
12	Customer Service and Informational	(2,033,582)	-	-	-	-	-	-	-	-		1,640	136	-	(2,031,806)
13	Sales	-	-	-	-	-	-	-	-	-		49,779	4,055	-	53,834
14	Administrative and General	(529,991)	-	-	-	-	-	-	(700,518)	-	109,340	274,409	(521,614)	-	(1,368,374)
15	Other	-	-	-	-	-	(698,500)	-	(813,619)	-	-	-	-	-	(1,512,119)
16	Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Taxes Other Than Income Taxes														
18	IPUC Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Payroll Taxes	(29,084)	-	-	-	-	(3,441)	-	(44,972)	-	-	94,102	(2,775)	-	13,830
20	Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Franchise Taxes	(5,836,121)	-	-	-	-	-	-	-	-	-	-	-	-	(5,836,121)
22	Interest Expense	-	-	-	-	-	-	(5,213,607)	-	-	-	-	-	-	(5,213,607)
23	Total Operating Expense														
24	Before Incomes Taxes	(136,686,611)	-	-	-	(2,147,550)	(701,941)	(5,213,607)	(1,559,109)	68,521	109,340	1,324,196	(486,118)	-	(145,292,879)
25	Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-	(4,895)	(4,895)
26	Total Operating Expenses	(136,686,611)	-	-	-	(2,147,550)	(701,941)	(5,213,607)	(1,559,109)	68,521	109,340	1,324,196	(486,118)	(4,895)	(145,297,774)
27	Net Operating Income	$ 6,378,166	$ (72,880)	$ 277,482	$ (3,246,807)	$ (464,602)	$ 197,292	$ 5,213,607	$ 1,559,109	$ (68,521)	$ (109,340)	$ (1,324,196)	$ 486,118	$ 4,895	$ 8,830,323

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

[2] Removes non-distribution revenues and expenses included in the Company's financial records. Additionally, unbilled revenues are removed.

[3] Sets distribution revenues equal to tariff rates times unadjusted billing determinants. See Exhibit No. 6, Column (g), line 62.

[4] Accounts for the effect on distribution revenues resulting from adjustments related to customers migrating between rate classes during the test year. See Exhibit No. 6, Column (j), line 62.

[5] Captures the effect on distribution revenues resulting from normalizing the weather for the RS and GS-1 rate classes. See Exhibit No. 6, Column (m), line 62.

[6] Removes revenues and expenses included in the Company's financial records related to the sale of non-utility LNG.

[7] Removes other revenues and expenses included in the Company's financial records which do not relate to utility service.

[8] Removes interest expense included in the Company's financial records.

[9] Removes supplemental executive compensation expense included in the Company's financial records.

[10] Adds twelve months of Western Union payment processing fees to test year expense.

[11] See Exhibit No. 7.

[12] See Exhibit No. 8.

[13] See Exhibit No. 9.

[14] See Exhibit Nos.10 & 11.

[15] Sum of Columns (b)-(n).

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

Attorneys for Intermountain Gas Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 6 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Adjustments to Gas Operating Revenues
For the Test Year Ending December 31, 2022 [1]

	Test Year Results			Remove Non-Distribution Revenues	Billing Determinant Recalculation Adjustment			Rate Class Migrations			Weather Normalization			Adjusted Test Year Results		
Line No.	Description	Billing Determinants (Therms/Customer Counts)	Amount	Amount	Billing Determinants (Therms/Customer Counts)	Current Rates	Amount [2]	Billing Determinants (Therms/Customer Counts)	Current Rates	Amount	Billing Determinants (Therms)	Current Rates	Amount	Billing Determinants (Therms/Customer Counts)	Current Rates	Amount
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
	Billed Revenues:															
	RS															
	Distribution Revenues															
1	Customer Charge	4,420,205	$ 24,381,727		-	$ 5.50	$ (70,599)							4,420,205	$ 5.50	$ 24,311,128
2	Distribution Charge	296,628,651	48,365,210		-	0.16305	92				(14,561,209)	$ 0.16305	$ (2,374,205)	282,067,442	0.16305	45,991,097
	Non-Distribution Revenues															
3	Energy Efficiency Charge		4,698,016	(4,698,016)												-
4	Cost of Gas		93,774,352	(93,774,352)												-
5	Total RS Billed Revenues		$ 171,219,305	$ (98,472,368)			$ (70,507)						$ (2,374,205)			$ 70,302,225
	GS-1															
	Distribution Revenues															
6	Customer Charge	420,640	$ 3,997,832		-	$ 9.50	$ (1,752)	(1,047)	$ 9.50	$ (9,947)				419,593	$ 9.50	$ 3,986,133
	Distribution Charge:															
7	Block 1	39,009,974	7,203,233		-	0.18465	(41)	(129,517)	0.18465	(23,915)	(604,737)	0.18465	(111,665)	38,275,720	0.18465	7,067,612
8	Block 2	70,008,519	11,283,273		-	0.16117	-	(291,013)	0.16117	(46,903)	(2,885,811)	0.16117	(465,106)	66,831,695	0.16117	10,771,264
9	Block 3	29,159,692	4,038,617		-	0.13850	-	(116,925)	0.13850	(16,194)	(1,886,619)	0.13850	(261,297)	27,156,148	0.13850	3,761,126
10	Block 4	6,046,576	422,898		-	0.06994	-	(89,427)	0.06994	(6,255)	(493,768)	0.06994	(34,534)	5,463,381	0.06994	382,109
	Non-Distribution Revenues															
11	Energy Efficiency Charge		352,147	(352,147)												-
12	Cost of Gas		46,546,883	(46,546,883)												-
13	Total GS-1 Billed Revenues		$ 73,844,883	$ (46,899,030)			$ (1,793)			$ (103,214)			$ (872,602)			$ 25,968,244
	GS-1 (Irrigation)															
	Distribution Revenues															
14	Customer Charge	109	$ 1,032		-	$ 9.50	$ 4							109	$ 9.50	$ 1,036
	Distribution Charge															
15	Block 1	11,063	2,043		-	0.18465	-							11,063	0.18465	2,043
16	Block 2	47,781	7,701		-	0.16117	-							47,781	0.16117	7,701
17	Block 3	12,661	1,754		-	0.13850	-							12,661	0.13850	1,754
18	Block 4	-	-		-	0.06994	-							-	0.06994	-
	Non-Distribution Revenues															
19	Energy Efficiency Charge		226	(226)												-
20	Cost of Gas		33,059	(33,059)												-
21	Total GS-1 (Irrigation) Billed Revenues		$ 45,815	$ (33,285)			$ 4									$ 12,534
	GS-1 (CNG Vehicles)															
	Distribution Revenues															
22	Customer Charge	6	$ 67		-	$ 9.50	$ (10)							6	$ 9.50	$ 57
	Distribution Charge															
23	Block 1	-	-		-	0.13850	-							-	0.13850	-
24	Block 2	-	-		-	0.06994	-							-	0.06994	-
	Non-Distribution Revenues															
25	Cost of Gas		-	$ -												-
26	Total GS-1 (CNG Vehicles) Billed Revenues		67	$ -			$ (10)									$ 57
	IS-R															
	Distribution Revenues															
27	Customer Charge	2,643	$ 15,135		-	$ 5.50	$ (598)							2,643	$ 5.50	$ 14,537
28	Distribution Charge	455,543	74,276		-	0.16305	-							455,543	0.16305	74,276
	Non-Distribution Revenues															
29	Cost of Gas		136,287	(136,287)												-
30	Total IS-R Billed Revenues		$ 225,698	$ (136,287)			$ (598)									$ 88,813

Intermountain Gas Company
Adjustments to Gas Operating Revenues
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Test Year Results: Billing Determinants (Therms/Customer Counts)	Test Year Results: Amount	Remove Non-Distribution Revenues: Amount	Billing Determinant Recalculation Adjustment: Billing Determinants (Therms/Customer Counts)	Billing Determinant Recalculation Adjustment: Current Rates	Billing Determinant Recalculation Adjustment: Amount [2]	Rate Class Migrations: Billing Determinants (Therms/Customer Counts)	Rate Class Migrations: Current Rates	Rate Class Migrations: Amount	Weather Normalization: Billing Determinants (Therms)	Weather Normalization: Current Rates	Weather Normalization: Amount	Adjusted Test Year Results: Billing Determinants (Therms/Customer Counts)	Adjusted Test Year Results: Current Rates	Adjusted Test Year Results: Amount
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
	IS-C															
	Distribution Revenues															
31	Customer Charge	635	$ 6,046		-	$ 9.50	$ (13)							635	$ 9.50	$ 6,033
	Distribution Charge															
32	Block 1	56,452	10,424		-	0.18465	-							56,452	0.18465	10,424
33	Block 2	157,470	25,379		-	0.16117	-							157,470	0.16117	25,379
34	Block 3	55,522	7,690		-	0.13850	-							55,522	0.13850	7,690
35	Block 4	-	-		-	0.06994	-							-	0.06994	-
	Non-Distribution Revenues															
36	Cost of Gas		78,489	(78,489)												-
37	Total IS-R Billed Revenues		$ 128,028	$ (78,489)			$ (13)									$ 49,526
	LV-1															
	Distribution Revenues															
38	Demand Charge	850,285	$ 255,146		-	$ 0.30000	$ (60)	44,825	$ 0.30000	$ 13,448				895,110	$ 0.30000	$ 268,534
39	Overrun Demand Charge	7,978	2,393		-	0.30000	-							7,978	0.30000	2,393
	Distribution Charge															
40	Block 1	12,939,762	388,096		-	0.03000	97	626,882	0.03000	18,806				13,566,644	0.03000	406,999
41	Block 2	-	-		-	0.01211	-	-	0.01211	-				-	0.01211	-
42	Block 3	-	-		-	0.00307	-	-	0.00307	-				-	0.00307	-
	Non-Distribution Revenues															
43	Cost of Gas		3,589,183	(3,589,183)												-
44	Total LV-1 Billed Revenues		$ 4,234,818	$ (3,589,183)			$ 37			$ 32,254						$ 677,926
	T-3															
	Distribution Revenues															
	Distribution Charge															
45	Block 1	8,790,121	$ 338,683		-	$ 0.03853	$ -	(800,000)	$ 0.03853	$ (30,824)				7,990,121	$ 0.03853	$ 307,859
46	Block 2	3,976,050	62,384		-	0.01569	-	(400,000)	0.01569	(6,276)				3,576,050	0.01569	56,108
47	Block 3	43,717,317	252,686		-	0.00578	-	(13,760,344)	0.00578	(79,535)				29,956,973	0.00578	173,151
	Non-Distribution Revenues															
48	Temporary PGA Adj		(17,357)	17,357												-
49	Total T-3 Billed Revenues		$ 636,396	$ 17,357			$ -			$ (116,635)						$ 537,118
	T-4															
	Distribution Revenues															
50	Demand Charge	16,624,920	$ 4,987,476		-	$ 0.30000	$ -	1,200,000	$ 0.30000	$ 360,000				17,824,920	$ 0.30000	$ 5,347,476
51	Overrun Demand Charge	285,499	85,650		-	0.30000	-							285,499	0.30000	85,650
	Distribution Charge															
52	Block 1	129,975,926	3,112,923		-	0.02395	-	2,000,000	0.02395	47,900				131,975,926	0.02395	3,160,823
53	Block 2	99,237,613	840,543		-	0.00847	-	4,000,000	0.00847	33,880				103,237,613	0.00847	874,423
54	Block 3	85,276,023	221,718		-	0.00260	-	8,960,344	0.00260	23,297				94,236,367	0.00260	245,015
	Non-Distribution Revenues															
55	Temporary PGA Adj		(220,375)	220,375												-
56	Total T-4 Billed Revenues		$ 9,027,935	$ 220,375			$ -			$ 465,077						$ 9,713,387
57	Total Billed Revenues		$ 259,362,945	$ (148,970,910)			$ (72,880)			$ 277,482			$ (3,246,807)			$ 107,349,830
	Other Gross Operating Revenues:															
58	Residential & Commercial Unbilled Revenue (4009.4895)		$ (22,945,301)	$ 22,945,301												$ -
59	Residential & Commercial Energy Efficiency Offset (4004.4800 & 4004.4810)		(1,860,809)	1,860,809												-
60	Franchise Taxes (4002.4870)		5,849,427	(5,849,427)												-
61	Total Other Gross Operating Revenues		$ (18,956,683)	$ 18,956,683												$ -
62	Total Gas Operating Revenues		$ 240,406,262	$ (130,014,227)			$ (72,880)			$ 277,482			$ (3,246,807)			$ 107,349,830

NOTES
[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.
[2] Column (b) times Column (f) less Column (c).

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

Attorneys for Intermountain Gas Company

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IN THE MATTER OF THE APPLICATION OF INTERMOUNTAIN GAS COMPANY. FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR NATURAL GAS SERVICE IN THE STATE OF IDAHO	CASE NO. INT-G-22-07

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 7 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Amortization of Rate Case Expenses Adjustment
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Amount
	(a)	(b)
1	Deferred General Rate Case Costs (INT-G-16-02):	
2	External Legal (Account 1823.7000)	$ 7,519
3	External Regulatory Consultants (1823.7100)	320,500
4	Total Deferred General Rate Case Costs	328,019
5	Amortization Period	3
6	Amortization of Rate Case Expenses	$ 109,340
7	Adjustment to Exhibit No. 5:	
8	Adjustment to Administrative and General	$ 109,340

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

Attorneys for Intermountain Gas Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 8 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Salary Expense Adjustment
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Amount
	(a)	(b)
1	Incremental Employee Annualized Salary Adjustment:	
2	Incremental Non-Union Employee Annualized Salary Adjustment	$ 57,086
3	Incremental Union Employee Annualized Salary Adjustment	116,628
4	Total Incremental Employee Annualized Salary Adjustment	$ 173,714
5	2023 Salary Increase Adjustment:	
6	2022 Non-Union Employee Eligible Salary	$ 14,265,525
7	2023 Non-Union Salary Increase %	4.5%
8	2023 Non-Union Salary Increase Adjustment	$ 641,950
9	2022 MDUR Employee Eligible Salary	$ 2,452,055
10	2023 MDUR Salary Increase %	4%
11	2023 MDUR Salary Increase Adjustment	$ 98,082
12	2022 Union Employee Eligible Salary	$ 9,038,524
13	2023 Estimated Union Salary Increase %	3.50%
14	2023 Non-Union Salary Increase Adjustment	$ 316,348
15	Total 2023 Salary Increase Adjustment [2]	$ 1,056,380
16	Subtotal [3]	$ 1,230,094
17	Payroll Tax Percentage	7.65%
18	Payroll Tax Expense	$ 94,102
19	Total Salary Adjustment	$ 1,324,196
20	Adjustment to Exhibit No. 5:	
21	Adjustment to Production	$ 10,186
22	Adjustment to Natural Gas Storage, Terminaling, and Processing	8,417
23	Adjustment to Transmission	5,458
24	Adjustment to Distribution	664,438
25	Adjustment to Customer Accounts	215,767
26	Adjustment to Customer Service and Informational	1,640
27	Adjustment to Sales	49,779
28	Adjustment to Administrative and General	274,409
29	Adjustment to Payroll Taxes	94,102
30	Total Adjustment to Exhibit No. 5	$ 1,324,196

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

[2] Sum of Lines 8, 11, and 14.

[3] Sum of Line 4 and 15.

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 9 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Incentive Compensation Adjustment
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Amount
	(a)	(b)
1	Annualized Incentive Compensation at 100% Payout	$ 1,103,714
2	Year-to-Date Incentive Compensation Booked to the General Ledger	$ 1,123,700
3	Forecast Incentive Compensation	498,326
4	Non-Executive Incentive Compensation Expense Adjustment	$ 1,622,026
5	Less Amounts Related to Energy Efficiency [2]	(32,155)
6	Less Amounts Related to Renewable Natural Gas Access [3]	(2,814)
7	Less Amounts Related to MDUR Employees	(184,882)
8	Less Amounts Related to Executive Employees	(366,745)
9	Test Year Incentive Compensation After Adjustment	$ 1,035,430
10	Annualization Adjustment [4]	$ 68,284
11	Payroll Tax Adjustment [5]	(2,775)
12	Total Incentive Compensation Expense Adjustment [6]	$ (486,118)
13	Adjustment to Exhibit No. 5:	
14	Adjustment to Production	$ 844
15	Adjustment to Natural Gas Storage, Terminaling, and Processing	164
16	Adjustment to Transmission	341
17	Adjustment to Distribution	19,913
18	Adjustment to Customer Accounts	12,818
19	Adjustment to Customer Service and Informational	136
20	Adjustment to Sales	4,055
21	Adjustment to Administrative and General	(521,614)
22	Adjustment to Payroll Tax	(2,775)
23	Total Adjustment to Exhibit No. 5	$ (486,118)

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

[2] This amount is removed as part of the adjustment on Exhibit No. 5, Column (b).

[3] This amount is removed as part of the adjustment on Exhibit No. 4, Column (d).

[4] Line 1 minus Line 9.

[5] This captures the payroll tax effect of removing MDUR and executive employees as well as the effect related to the annualization adjustment.

[6] Sum of Lines 7, 8 , 10, and 11.

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 10 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
State Income Tax Calculation
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Forecasted		Adjustments		Proforma Amount (Cols. (b) + (c))
	(a)	(b)		(c)		(d)
1	Total Operating Revenue	$ 246,268,206	[2]	$ (136,467,451)	[3]	$ 109,800,755
2	Total Operating Expenses Before Interest Expense and Income Taxes	223,894,787	[4]	(140,079,272)	[5]	83,815,515
3	Interest Charges	5,213,607	[6]	3,389,189	[7]	8,602,796
4	Pre-Tax Income	17,159,812		222,632		17,382,444
5	Permanent Tax Adjustments:					
6	401K Dividend Deduction	(87,481)		-		(87,481)
7	100% Entertainment	38,898		-		38,898
8	Club Dues	(2,974)		2,974		-
9	SISP/SERP Premium & CSV	552,432		(552,432)		-
10	Accrued Tax Interest	1,810		(1,810)		-
11	Executive Compensation	230,560		(230,560)		-
12	Unrealized Gan/Losses on Deferred Compensation	12,363		(12,363)		-
13	Performance Share Program	177,505		(177,505)		-
14	Lobbying Expenses	67,072		(67,072)		-
15	Total Permanent	990,185		(1,038,768)		(48,583)
16	Temporary Tax Adjustments:					
17	Bad Debt Expenses	17,353		-		17,353
18	Customer Advances	433,504		-		433,504
19	Prepaid Expenses	427,426		-		427,426
20	Contingency Reserve	(445,692)		-		(445,692)
21	Deferred Compensation - Officers	(121,579)		121,579	[8]	-
22	Incentive Compensation	(163,416)		-		(163,416)
23	LNG Sales Deferred Revenue	(2,272)		2,272	[8]	-
24	Postretirement Benefit Costs	(305,309)		-		(305,309)
25	Postretirement - Reg Asset	170,934		-		170,934
26	Intercompany Deferred Employee Benefit Costs - Reg Asset	(413,656)		-		(413,656)
27	SISP/SERP Expense - Current	(1,261,787)		1,261,787	[8]	0
28	Deferred Payment Processor Fee	(6,950)		-		(6,950)
29	Uniform Capitalization	-		(51,736)	[8]	(51,736)
30	Vacation Pay	41,194		-		41,194
31	AFUDC Debt - CWIP	(391,410)		391,410	[8]	-
32	AFUDC Equity - CWIP	2,133		(2,133)	[8]	-
33	Capitalized Interest - CWIP	130,748		(130,748)	[8]	-
34	Contribution in aid of construction - CWIP	(5,554,321)		5,554,321	[8]	-
35	AFUDC Equity - Federal	200,914		-		200,914
36	Plant Temporary Differences Federal	(789,438)		-		(789,438)
37	Total Temporary	(8,031,624)		7,146,752		(884,872)
38	Total Tax Adjustments	(7,041,439)		6,107,984		(933,455)
39	Taxable income before adjustments	$ 10,118,373		$ 6,330,616		$ 16,448,989

Intermountain Gas Company
State Income Tax Calculation
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Forecasted	Adjustments	Proforma Amount (Cols. (b) + (c))
	(a)	(b)	(c)	(d)
40	State Current Income Tax Calculation:			
41	Taxable income before adjustments	$ 10,118,373	$ 6,330,616	$ 16,448,989
42	Bonus Modification	(3,150,959)	-	(3,150,959)
43	State taxable income	6,967,414	6,330,616	13,298,030
44	State tax rate [9]	6.000%		5.800%
45	State income tax (expense)/benefit before adjustments	(418,045)	(353,241)	(771,286)
46	State Net Operating Loss	-	-	-
47	State Tax Credits	-	-	-
48	Permanent Building Fund	(10)		(10)
49	Investment tax credit recapture	-	-	-
50	Investment tax credit	-	-	-
51	Return and other adjustments	-	-	-
52	Total State Current Income Taxes (expense)/benefit	(418,055)	(353,241)	(771,296)
53	State Deferred Income Taxes (expense)/benefit [10]	(112,119)	112,119	-
54	Total State Income Taxes (expense)/benefit	$ (530,174)	$ (241,122)	$ (771,296)

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.
[2] See Exhibit No. 2, Column (b), Line 3.
[3] See Exhibit No. 2, Column (c), Line 3.
[4] See Exhibit No. 2, Column (b), Line 24 minus Line 22.
[5] See Exhibit No. 2, Column (c), Line 24 minus Line 22.
[6] See Exhibit No. 2, Column (b), Line 22.
[7] Interest expense for purposes of calculating income tax expense is calculated as the weighted average cost of debt multiplied by average rate base.
[8] This adjustment removes or adjusts the tax impact of the underlying item based on an adjustment to the underlying item elsewhere in this model.
[9] Beginning in 2023, the Idaho corporate tax rate will be reduced to 5.8%.
[10] The IPUC requires the flow-through of state income taxes. However, deferred taxes related to deferred gas costs, the Supplemental Income Security Plan and the Supplemental Executive Retirement Plan are not required to be flowed through. There are no deferred gas costs in this filing and SISP and SERP expenses have been removed. Additionally, the Company is removing state deferred taxes related to certain below-the-line items.

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 11 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Federal Income Tax Calculation
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Forecasted	Adjustments	Proforma Amount (Cols. (b) + (c))
	(a)	(b)	(c)	(d)
1	Federal Current Income Tax Calculation:			
2	Taxable income before state income taxes	$ 10,118,373	$ 6,330,616	$ 16,448,989
3	State income tax - Current year	(418,055)	(353,241)	(771,296)
4	Federal taxable income	9,700,318	5,977,375	15,677,693
5	Federal tax rate	21.00%	21.00%	21.00%
6	Federal income tax (expense) benefit before adjustments	(2,037,067)	(1,255,249)	(3,292,316)
7	Federal Net Operating Loss	-	-	-
8	State Net Operating Loss	-	-	-
9	Federal Tax Credits	-	-	-
10	State Tax Credits	-	-	-
11	FIN 48 Adjustments	-	-	-
12	Return and other adjustments	-	-	-
13	Total Federal Current Income Taxes (expense)/benefit	(2,037,067)	(1,255,249)	(3,292,316)
14	Federal Deferred Income Tax Calculation			
15	Non-Plant asset & CWIP timing differences [2]	(7,445,233)	7,148,885	(296,348)
16	Federal deferred tax rate	21.00%	21.00%	21.00%
17	Non-Plant Deferred taxes	(1,563,499)	1,501,266	(62,233)
18	Non-Plant Excess deferred taxes	(154,543)	-	(154,543)
19	Plant Deferred taxes	(892,950)	-	(892,950)
20	Federal Deferred Income Taxes (expense)/benefit	(2,610,992)	1,501,266	(1,109,726)
21	Total Federal Income Taxes (expense)/benefit [3]	(4,648,059)	246,017	(4,402,042)
22	ITC Amortization	(652,704)		(652,704)
23	Total tax (expense)/benefit [4]	$ (5,830,937)	$ 4,895	$ (5,826,042)

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

[2] See Exhibit No. 10, Line 37 minus the sum of Lines 32, 35, and 36.

[3] Line 13 plus Line 20.

[4] See Exhibit No. 10, Line 54 plus the sum of Exhibit No. 11 Lines 21-22.

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 12 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Adjustments to Rate Base
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	ARO Adjustment [2]	RWIP Adjustment [3]	Non-Utility Storage Adjustment [4]	Utility Storage Adjustment [4]	Idaho Deferred Taxes Adjustment [5]	CWIP Adjustment [5]	FAS109 Adjustment [5]	Gross-Up Adjustment [5]	Section 1031 Like-Kind Exchange Adjustment [5]	Advances in Aid of Construction Adjustment [5]	Uniform Capitalization Adjustment [5]	Total Rate Base Adjustments [6]
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Rate Base:												
2	Gas Plant in Service	$ (45,051,804)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (45,051,804)
3	Less Accumulated Depreciation and Amortization	7,067,837	(632,718)	-	-	-	-	-	-	-	-	-	6,435,119
4	Net Gas Plant in Service	(37,983,967)	(632,718)	-	-	-	-	-	-	-	-	-	(38,616,685)
5	Materials & Supplies Inventory	-	-	-	-	-	-	-	-	-	-	-	-
6	Gas Storage Inventory	-	-	(1,189,478)	196,132	-	-	-	-	-	-	-	(993,346)
7	Accumulated Deferred Income Taxes	-	-	-	-	7,535,070	(1,592,069)	(18,289,684)	(2,586,056)	16	2,964,733	238,138	(11,729,852)
8	Advances in Aid of Construction	-	-	-	-	-	-	-	-	-	-	-	-
9	Rate Base	$ (37,983,967)	$ (632,718)	$ (1,189,478)	$ 196,132	$ 7,535,070	$ (1,592,069)	$ (18,289,684)	$ (2,586,056)	$ 16	$ 2,964,733	$ 238,138	$ (51,339,883)

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

[2] See Exhibit No. 13 and Exhibit No. 14.

[3] See Exhibit No. 14, Line 16.

[4] See Exhibit No. 16, Line 16.

[5] See Exhibit No. 17, Line 16.

[6] Sum of Columns (b)-(l).

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

Attorneys for Intermountain Gas Company

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EXHIBIT 13 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Gas Plant in Service
For the Test Year Ending December 31, 2022 [1]

Line No.	Month	Gas Plant in Service a/c 1010 and 1060	ARO Adjustment [2]	Total (Cols. (b) + (c))
	(a)	(b)	(c)	(d)
1	December 2021	$ 856,758,673	$ (45,051,804)	$ 811,706,869
2	January 2022	859,032,722	(45,051,804)	813,980,918
3	February	867,006,281	(45,051,804)	821,954,477
4	March	869,322,912	(45,051,804)	824,271,108
5	April	873,533,916	(45,051,804)	828,482,112
6	May	876,308,806	(45,051,804)	831,257,002
7	June	880,445,648	(45,051,804)	835,393,844
8	July	884,502,691	(45,051,804)	839,450,887
9	August	890,529,091	(45,051,804)	845,477,287
10	September	897,888,804	(45,051,804)	852,837,000
11	October	912,891,294	(45,051,804)	867,839,490
12	November	918,442,407	(45,051,804)	873,390,603
13	December	924,411,810	(45,051,804)	879,360,006
14	Total of Monthly Averages	$ 10,620,489,814	$ (540,621,648)	$ 10,079,868,166
15	Divided by	12	12	12
16	Average Balance	$ 885,040,818	$ (45,051,804)	$ 839,989,014

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

[2] As per prior Commission orders, the Asset Retirement Obligation is removed from the calculation of rate base to avoid double charging customers for the cost of removing tangible long-lived assets. The cost of removal is already included in the Company's approved depreciation rates.

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

Attorneys for Intermountain Gas Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

EXHIBIT 14 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Accumulated Provision for Depreciation and Amortization
For the Test Year Ending December 31, 2022 [1]

Line No.	Month	Accumulated Provision for Depreciation and Amortization a/c 1080 and 1110	ARO Adjustment [2]	RWIP Adjustment [3]	Total (Cols. (b) + (c) + (d))
	(a)	(b)	(c)	(d)	(e)
1	December 2021	$ (400,326,100)	$ 6,796,227	$ (70,216)	$ (393,600,089)
2	January 2022	(401,890,894)	6,844,513	7,366	(395,039,015)
3	February	(403,513,354)	6,892,799	(146,111)	(396,766,666)
4	March	(404,385,550)	6,941,085	(353,150)	(397,797,615)
5	April	(405,823,534)	6,989,372	(452,437)	(399,286,599)
6	May	(407,249,237)	7,037,658	(572,251)	(400,783,830)
7	June	(408,748,092)	7,085,944	(597,569)	(402,259,717)
8	July	(410,164,949)	7,134,231	(882,749)	(403,913,467)
9	August	(411,533,561)	7,182,517	(974,321)	(405,325,365)
10	September	(413,301,839)	7,230,803	(1,024,653)	(407,095,689)
11	October	(414,919,036)	7,230,803	(1,024,653)	(408,712,886)
12	November	(416,614,276)	7,230,803	(1,024,653)	(410,408,126)
13	December	(418,326,365)	7,230,803	(1,024,653)	(412,120,215)
14	Total of Monthly Averages	$ (4,907,470,555)	$ 84,814,043	$ (7,592,616)	$ (4,830,249,127)
15	Divided by	12	12	12	12
16	Average Balance	$ (408,955,880)	$ 7,067,837	$ (632,718)	$ (402,520,761)

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

[2] As per prior Commission orders, the Asset Retirement Obligation is removed from the calculation of rate base to avoid double charging customers for the cost of removing tangible long-lived assets. The cost of removal is already included in the Company's approved depreciation rates.

[3] Accumulated Provision for Depreciation related to the Retirement Work in Process represents the work performed but not yet completed to retire plant-in-service. Retirement work in process is removed from the calculation of rate base because it represents assets that are in the process of being retired but are still used and useful at the end of the month.

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

Attorneys for Intermountain Gas Company

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EXHIBIT 15 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Materials & Supplies Inventory
For the Test Year Ending December 31, 2022 [1]

Line No.	Month	Materials & Supplies Inventory a/c 1540		Undistributed Stores a/c 1630		Total (Cols. (b) + (c))	
	(a)	(b)		(c)		(d)	
1	December 2021	$	5,920,355	$	-	$	5,920,355
2	January 2022		5,984,174		(34,591)		5,949,583
3	February		6,077,208		(30,562)		6,046,646
4	March		5,915,396		94,898		6,010,294
5	April		5,980,173		180,965		6,161,138
6	May		6,482,156		211,936		6,694,092
7	June		6,448,446		217,152		6,665,598
8	July		6,589,511		218,928		6,808,439
9	August		6,810,635		263,200		7,073,835
10	September		6,653,014		300,492		6,953,506
11	October		6,653,014		(99,489)		6,553,525
12	November		6,653,014		(126,497)		6,526,517
13	December		6,653,014		-		6,653,014
14	Total of Monthly Averages	$	76,533,426	$	1,196,432	$	77,729,858
15	Divided by		12		12		12
16	Average Balance	$	6,377,785	$	99,703	$	6,477,488

NOTES
[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

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EXHIBIT 16 TO ACCOMPANY THE

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Intermountain Gas Company

Gas Storage Inventory

For the Test Year Ending December 31, 2022 [1]

Line No.	Month	Gas Storage a/c 1642	Non-Utility Gas Storage Adjustment [2]	Utility Gas Storage Adjustment [3]	Total (Cols. (b) + (c) + (d))
	(a)	(b)	(c)	(d)	(e)
1	December 2021	$ 2,739,716	$ -	$ 514,814	$ 3,254,530
2	January 2022	2,630,634	-	514,814	3,145,448
3	February	2,920,379	-	416,260	3,336,639
4	March	3,504,373	(585,210)	112,169	3,031,332
5	April	4,186,187	(1,222,344)	77,471	3,041,314
6	May	4,591,993	(1,602,895)	53,345	3,042,443
7	June	5,148,059	(2,207,049)	57,818	2,998,828
8	July	4,947,337	(2,042,298)	103,413	3,008,452
9	August	4,646,125	(1,777,377)	136,656	3,005,404
10	September	4,240,696	(1,381,874)	172,821	3,031,643
11	October	4,240,696	(1,381,874)	180,564	3,039,386
12	November	4,240,696	(1,381,874)	180,564	3,039,386
13	December	4,240,696	(1,381,874)	180,564	3,039,386
14	Total of Monthly Averages	$ 48,787,381	$ (14,273,732)	$ 2,353,584	$ 36,867,233
15	Divided by	12	12	12	12
16	Average Balance	$ 4,065,615	$ (1,189,478)	$ 196,132	$ 3,072,269

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

[2] Non-Utility Gas Storage Inventory represents the balance of LNG that is allocated to non-utility LNG sales and as a result is removed from the calculation of rate base.

[3] This includes adjustments to keep the Nampa LNG storage tank inventory level at 2 million gallons.

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

Attorneys for Intermountain Gas Company

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EXHIBIT 17 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Accumulated Deferred Income Taxes
For the Test Year Ending December 31, 2022 [1]

Line No.	Month	Accumulated Deferred Income Taxes a/c 2820	Idaho Deferred Taxes Adjustment [2]	CWIP Adjustment [3]	FAS109 Adjustment [4]	Gross-Up Adjustment [5]	Section 1031 Like-Kind Exchange Adjustment [6]	Advances in Aid of Construction Adjustment [7]	Uniform Capitalization Adjustment [8]	Total [9]
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	December 2021	$ (35,961,772)	$ 7,774,889	$ (2,103,416)	$ (18,875,952)	$ (2,610,464)	$ -	$ 2,955,443	$ 254,539	$ (48,566,733)
2	January 2022	(36,174,091)	7,841,382	(1,991,577)	(18,795,487)	(2,582,529)	-	2,946,349	247,949	(48,508,004)
3	February	(35,753,099)	7,271,449	(1,877,759)	(18,563,693)	(2,704,787)	-	2,997,066	256,619	(48,374,204)
4	March	(35,929,929)	7,325,496	(1,788,946)	(18,482,901)	(2,677,197)	-	3,000,177	239,646	(48,313,654)
5	April	(36,126,775)	7,384,209	(1,684,782)	(18,402,109)	(2,649,607)	-	2,993,980	238,958	(48,246,126)
6	May	(36,250,831)	7,425,954	(1,636,441)	(18,321,317)	(2,622,016)	-	2,970,345	237,812	(48,196,494)
7	June	(36,373,701)	7,467,423	(1,589,010)	(18,240,525)	(2,594,426)	-	2,927,843	234,355	(48,168,041)
8	July	(36,559,398)	7,523,537	(1,493,397)	(18,159,734)	(2,566,836)	-	2,938,735	233,648	(48,083,445)
9	August	(36,749,062)	7,580,576	(1,394,741)	(18,078,942)	(2,539,245)	-	2,975,809	232,287	(47,973,318)
10	September	(36,916,312)	7,632,390	(1,313,275)	(17,998,150)	(2,511,655)	-	2,968,002	232,438	(47,906,562)
11	October	(36,841,899)	7,632,390	(1,313,275)	(17,998,150)	(2,511,655)	-	2,959,283	231,634	(47,841,672)
12	November	(36,767,487)	7,632,390	(1,313,275)	(17,998,150)	(2,511,655)	127	2,950,563	230,430	(47,777,057)
13	December	(36,693,074)	7,632,390	(1,313,275)	(17,998,150)	(2,511,655)	127	2,941,844	229,226	(47,712,567)
14	Total of Monthly Averages	$ (436,770,007)	$ 90,420,836	$ (19,104,824)	$ (219,476,209)	$ (31,032,668)	$ 191	$ 35,576,795	$ 2,857,659	$ (577,528,228)
15	Divided by	12	12	12	12	12	12	12	12	12
16	Average Balance	$ (36,397,501)	$ 7,535,070	$ (1,592,069)	$ (18,289,684)	$ (2,586,056)	$ 16	$ 2,964,733	$ 238,138	$ (48,127,353)

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

[2] In prior orders and communications, the Commission has ordered the Company to flow through most deferred state income taxes (DSIT). Generally Accepted Accounting Principles (GAAP) requires the Company to state the amount of DSIT in its 282 account, offset by a regulatory asset and gross-up. DSIT required to be flowed-through is not recorded on the Company's income statement. This adjustment removes the DSIT required by GAAP.

[3] Accumulated Deferred Income Taxes related to Construction Work In Process book-tax timing differences are removed from the calculation of rate base because Construction Work in Process is not included in the calculation of rate base due to the fact that the assets have not been completed and therefore are not considered used and useful.

[4] The FAS109 balance represents the measurement of accumulated deferred income taxes at the future tax rate at which the book-tax timing differences are expected to reverse, as required by ASC 740. In order to comply with IRS normalization rules regarding excess accumulated deferred income taxes, the Average Rate Adjustment Method must be used to measure deferred taxes and therefore the FAS109 balance must be removed from the calculation of rate base. Additionally, the FAS109 balance also includes the measurement of deferred state income taxes as required by ASC 740. However, IGC is required to flow-through deferred state income taxes and therefore the FAS109 balance must be removed from the calculation of rate base.

[5] The Gross-Up balance is removed from the calculation of rate base because it relates to the gross-up on the regulatory asset/liability that is created to reflect the difference between the FAS109 deferred income taxes and the APB11 deferred income taxes. To comply with IRS normalization rules the Company is only including the APB11 deferred taxes in the calculation of rate base, therefore, the Gross-Up amount should be removed from the calculation of rate base.

[6] In order to comply with the IRS normalization rules, the Company is removing the deferred income taxes associated with Sec. 1031 exchanges.

[7] This adjustment captures the accumulated deferred income taxes related to Advances in Aid of Construction.

[8] This adjustment captures the accumulated deferred income taxes related to Gas Storage Inventory.

[9] Sum of Columns (b)-(i).

Preston N. Carter ISB No. 8462
Morgan D. Goodin ISB No. 11184
Blake W. Ringer ISB No. 11223
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

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EXHIBIT 18 TO ACCOMPANY THE

DIRECT TESTIMONY OF JACOB DARRINGTON

Intermountain Gas Company
Advances in Aid of Construction
For the Test Year Ending December 31, 2022 [1]

Line No.	Month	Advances in Aid of Construction a/c 2520
	(a)	(b)
1	December 2021	$ (11,083,974)
2	January 2022	(11,082,191)
3	February	(11,365,224)
4	March	(11,421,561)
5	April	(11,433,570)
6	May	(11,362,546)
7	June	(11,201,678)
8	July	(11,295,068)
9	August	(11,513,129)
10	September	(11,517,478)
11	October	(11,517,478)
12	November	(11,517,478)
13	December	(11,517,478)
14	Total of Monthly Averages	$ (136,528,127)
15	Divided by	12
16	Average Balance	$ (11,377,344)

NOTES
[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

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Morgan D. Goodin ISB No. 11184
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Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
Telephone: (208) 388-1200
Facsimile: (208) 388-1300
prestoncarter@givenspursley.com
morgangoodin@givenspursley.com
blakeringer@givenspursley.com

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EXHIBIT 19 TO ACCOMPANY THE

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Intermountain Gas Company
Gross Revenue Conversion Factor
For the Test Year Ending December 31, 2022 [1]

Line No.	Description	Rate	Gross Revenue Conversion Factor
	(a)	(b)	(c)
1	Operating Revenues (without add-on taxes)		1.00000
2	Commission Fees [2]	0.1995%	0.00200
3	Uncollectibles Expense	0.2381%	0.00238
4	State Taxable Income [3]		0.99562
5	State Income Tax [4]	5.80%	0.05775
6	Income Before Federal Income Tax [5]		0.93787
7	Federal Income Tax [6]	21.00%	0.19695
8	Operating Income After Taxes [7]		0.74092
9	Gross Revenue Conversion Factor [8]		1.34967

NOTES

[1] Test Year ending December 31, 2022 is composed of actual financial data from January 1 - September 30, 2022 and forecasted financial data from October 1, 2022 - December 31, 2022.

[2] Per Commission Order No. 35372.

[3] Line 1 minus Line 2 minus Line 3.

[4] Line 4 times Column (b), Line 5. This reflects the new Idaho corporate tax rate which will become effective in 2023.

[5] Line 4 minus Line 5.

[6] Line 6 times Column (b), Line 7.

[7] Line 6 minus Line 7.

[8] 1 divided by Line 8.