



July 12, 2022

Ms. Jan Noriyuki
Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

RE: Case No. INT-G-22-03

Dear Ms. Noriyuki:

Attached for consideration by this Commission is an electronic submission of Intermountain Gas Company's Application for a Determination of 2021 Energy Efficiency Expenses as Prudently Incurred, including the 2021 Energy Efficiency Annual Report and Supplement.

If you should have any questions regarding the attached, please don't hesitate to contact me at (208) 377-6015.

Sincerely,

Lori A. Blattner
Director, Regulatory Affairs
Intermountain Gas Company

Enclosure

cc: Mark Chiles
Preston Carter

INTERMOUNTAIN GAS COMPANY

CASE NO. INT-G-22-03

APPLICATION

AND

EXHIBITS

**In the Matter of the Application of INTERMOUNTAIN GAS COMPANY
For a Determination of 2021 Energy Efficiency Expenses as Prudently Incurred**

Preston N. Carter, ISB No. 8462
Givens Pursley LLP
601 W. Bannock St.
Boise, Idaho 83702
Telephone: (208) 388-1200
Attorneys for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of
INTERMOUNTAIN GAS COMPANY
for a Determination of 2021 Energy
Efficiency Expenses as Prudently
Incurred

Case No. INT-G-22-03

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”), 1) submits its *2021 Energy Efficiency Annual Report* and 2) makes application to the Commission for an order designating \$4,028,174 of 2021 Energy Efficiency expenditures as prudently incurred.

Please address communications regarding this Application to:

Preston N. Carter
Givens Pursley LLP
601 W. Bannock St.
Boise, Idaho 83702
prestoncarter@givenspursley.com
stephaniew@givenspursley.com

and

Lori A. Blattner
Director – Regulatory Affairs
Intermountain Gas Company
Post Office Box 7608
Boise, ID 83707
lori.blattner@intgas.com

In support of this Application, Intermountain alleges and states as follows.

I. INTRODUCTION

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 - Glenns Ferry, Hammett, and Mountain Home;
Fremont County - Parker, and St. Anthony;
Gem County - Emmett;
Gooding County - Bliss, 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, Marsing, 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, compressor stations, distribution mains, services, meters and regulators, and general plant and equipment.

II. BACKGROUND

In the Company's General Rate Case No. INT-G-16-02, Intermountain petitioned the Commission for authority to begin a residential Energy Efficiency Program ("EE Program"). The Commission granted the Company's request in Order No. 33757 and found that "DSM, as both a least-cost resource and an important element of promoting energy efficiency, is an important part of any utility's provision of service. As such, we look forward to seeing the Company's program develop." Case No. INT-G-16-02, Order No. 33757 at 37.

Subsequently, in Case No. INT-G-17-03, the Company requested authority to implement Rate Schedule EE – Residential Energy Efficiency Rebate Program, which outlined the program offerings, and Rate Schedule EEC-RS – Energy Efficiency Charge, which established a charge to fund the program. In Order No. 33888, the Commission approved both rate schedules effective October 1, 2017.

In Case No. INT-G-19-04, Intermountain requested that the Commission approve the Company's 2017-2018 EE Program expenses as prudently incurred. In Order No. 34536, the Commission approved the prudence of the expenses with several conditions attached. Those conditions were to commission a third-party Evaluation, Measurement and Verification ("EM&V") study, review and update the avoided cost calculation with the Energy Efficiency Stakeholder Committee ("EESC"), immediately and continuously monitor, evaluate, and update its EE Program incentives with the best available data, and discontinue the 80% AFUE condensing fireplace incentive.

To allow all interested customers to participate in the Residential Energy Efficiency Rebate Program, and to continue to grow the Program, Intermountain requested authority to revise Rate

Schedule EEC-RS (“EEC-RS”) from \$0.00367 to \$0.02093 per therm in Case No. INT-G-19-05.

The Commission approved the requested revision in Order No. 34454, effective October 1, 2019.

In Case No. INT-G-20-06, Intermountain requested that the Commission approve the Company’s 2019 EE Program expenses as prudently incurred. In Order No. 34980, the Commission approved the prudence of the expenses. The Company also requested significant changes to the program based on its first ever EM&V study that was filed as part of the case. The Commission approved the proposed modifications effective April 1, 2021. The Commission also ordered the Company to continue to review its avoided costs and update its avoided cost calculations based on the review, and to immediately and continuously monitor, evaluate, and update its EE Program incentives with the best available data.

In Case No. INT-G-21-03, Intermountain requested that the Commission approve the Company’s 2020 EE Program expenses as prudently incurred. In Order No. 35313, the Commission approved the prudence of the expenses. The Commission stated, “We commend the Company for continuing to adjust its young EE Program to deliver cost effective energy savings to customers.” The Commission also ordered the Company to continuously monitor, evaluate and update its EE Program incentives with the best available data using the most accurate evaluation method to do so. The Commission acknowledged the overfunded rider balance of \$1,318,197 and permitted the Company to carry forward the balance to meet anticipated increased Program participation, with the understanding the Company will seek adjustment if increased participation does not materialize.

During program year 2021, the Company retired, modified, or added residential program incentives as approved in Order No. 34980. The Residential EE Program was available to all residential rate class customers in the Company’s service territory.

Order No. 34941 in Case No. INT-G-20-04 authorized the Company to implement a Commercial Energy Efficiency program in Rate Schedule EE-GS and established a funding mechanism for program costs in Rate Schedule EEC-GS (“EEC-GS”). The Commission directed the Company to develop an EM&V plan, file an Annual Commercial EE Program Report, include representatives from the GS-1 rate class in its EESC, and immediately and continuously monitor, evaluate, and update its Commercial EE Program incentives with the best available data. The Company launched its Commercial EE Program on April 1, 2021, consisting of incentives for commercial space heating and commercial kitchen equipment. The Commercial EE Program was available to all GS-1 Commercial rate class customers in the Company’s service territory.

The Company’s *2021 Energy Efficiency Annual Report* (“Annual Report”) is included as Attachment 1 to this Application and incorporated by reference. The Annual Report consists of the main document and a supplement. The main report provides a review of the Company’s EE Portfolio, which consists of the Residential Program and the Commercial Program. The report outlines finances, cost-effectiveness, and performance by measure for each Program. A review of outreach and educational activities, discussion of the Company’s participation in a collaborative effort to accelerate market introduction of gas heat pump technologies, and future plans complete the Annual Report. Annual Report at 3.

Supplement 1: 2021 Cost-Effectiveness (“Supplement”) to the Annual Report outlines the cost-effectiveness for the EE Program and for each individual rebate offered. It also includes a proposed schedule to ensure formal EM&V for each rebate on a regular basis. This regular cycle of EM&V will help to guarantee the cost-effectiveness of the EE Program going forward.

III. REVENUES

The EE Program expenditures are funded through collections from customers via Energy Efficiency Charges. The EEC-RS of \$0.02093 per therm funds the Residential EE Program. Total Residential EE Program revenues for calendar year 2021 were \$5,393,824. Annual Report at 6.

The EEC-GS of \$0.00320 funds the Commercial EE Program. The revenue for the first nine months of the Commercial program was \$234,906. Annual Report at 20.

IV. EXPENDITURES

Expenditures for the Residential and Commercial Programs combined for January 1, 2021 through December 31, 2021 were \$4,028,174. Of this amount, \$3,301,552, or approximately 82%, is related to energy efficiency rebates paid directly to residential and commercial customers. Residential rebates accounted for \$3,287,716 and Commercial rebates accounted for \$13,836. Annual Report at 6 and 20.

In addition to the amount spent on energy efficiency rebates, the Company incurred \$726,622 of Portfolio level expenses, Residential and Commercial combined, for labor, program delivery and market transformation. As a Portfolio, this was approximately 10% less than 2020 expenditures. The Company increased expenditures in program delivery and market transformation, but did not incur any expenses for special studies such as CPA or EM&V. Labor expenses were relatively flat with 2021 labor expenditures totaling \$638,847, representing a slight decrease of \$3,540 when compared with 2020.

Expenditures were allocated between the Residential and Commercial program by an 80/20 split to calculate program level cost effectiveness. This allocation was based on program uptake estimates from the 2019 CPA and is intended to divide costs reasonably in light of the newly formed commercial program. Based on this allocation, Residential and Commercial labor expenses

were \$511,077 and \$127,770, respectively. Program delivery expenses are direct assigned to their respective program, either Residential or Commercial, when they can be specifically identified. After all direct costs are assigned, the remaining pool of program costs are split between the Residential program and Commercial program, also based on the 80/20 ratio, with total program delivery expenses totaling \$79,064 for the residential program and \$8,711 for the commercial program. Within each program, expenses are allocated to each rebate based on the rebate count as a percentage of all rebates. Any cost incurred solely for a particular rebate is directly assigned to that rebate. Because 2021 was spent educating customers regarding the existence of the Commercial Program, the Company will continue to monitor and evaluate whether a fixed ratio is an appropriate method for allocating costs between the two programs.

Intermountain is committed to working to secure an energy efficient future. In 2021 Intermountain renewed its membership in the North American Natural Gas Heat Pump Collaborative (Collaborative) to help advance the adoption of gas heat pump technology. With efficiencies of over 100%, gas heat pump technology promises to deliver significant efficiency gains when compared to traditional heat and water heat technology. The Market Transformation expense of \$24,500 represents the Company's membership in the Collaborative. Intermountain believes the continued investment in this collaborative effort will provide our customers with significant energy savings and lower energy bills in the years to come. Annual Report at 28.

V. DEFERRAL BALANCE

The Residential Program began the year with an over-collected deferral balance of \$1,318,197. The mid-year program revision in the residential rebate offering caused some unanticipated changes in rebate payment levels. The Whole Home new construction rebate was one of the most redeemed rebates. This rebate was revised to a two-tiered rebate of \$900 or \$700, both

of which were lower than the previous \$1,200 rebate amount. Not only did the lower rebate amount impact rebate payment levels, but no \$900 rebates have yet been paid due to the learning curve required to meet the higher energy performance targets of the \$900 Tier I rebate. Because the Whole Home new construction rebates are lower than the previous new construction rebate, and because most of the participation has been in the lowest tier rather than split more evenly between the two rebates as anticipated by the Company, rebate payments attributed to the new construction rebates have been much lower than forecast. In addition, worldwide supply chain issues have delayed project completion times and limited the availability of high-efficiency equipment, resulting in fewer rebates being issued in 2021 than forecast. All of these issues resulted in growth of the over-collected balance to \$2,834,164 at December 31, 2021. Annual Report at 6. Because the balance has continued to grow throughout 2022, the Company plans to refund a portion of the over-collected balance to residential customers through its Purchased Gas Adjustment filing, effective October 1, 2022. Additionally, the Company plans to file a separate case to adjust the EEC-RS going forward based on the best available forecast data.

The Commercial Program went into effect on April 1, 2021. After nine months, the Commercial rider balance was \$84,589 over-collected at December 31, 2021. As the Commercial Program continues to gain awareness and participation with GS-1 customers, the Company will continue to monitor the rider balance to avoid over or under collection and file for adjustments as necessary. Annual Report at 20.

VI. THERM SAVINGS

The 2021 program year was one of evolution. Residential Program modifications were implemented on April 1, 2021, which included retiring under-performing rebates, modifying existing rebates and adding new rebates to the offering. Rebates that were being retired or modified

were effective January through March 31, 2021. Rebates that were modified or added to the Program offering were effective April 1, 2021. The Residential Program achieved 776,887 therm savings in 2021. Annual Report at 7. In 2021 Intermountain paid out 5,553 rebates to customers, which represented a 22% increase over the previous year. The furnace rebate and new construction rebate were again the two most redeemed rebates, followed by smart thermostats which were added to the EE Program in April.

The new Commercial EE Program consists of three incentives for space heating and three commercial cooking equipment incentives. In its nine months of existence, the Commercial Program achieved 8,603 therm savings. Annual Report at 21. There were four high-efficiency condensing boiler rebates redeemed as well as four fryers, two commercial kitchen steamers and six commercial energy savings kits.

The Company is encouraged by the continued growth of the EE Program, and looks forward to working with customers, the Commission, and other stakeholders to maximize participation in and the cost-effectiveness of the EE Program going forward.

VII. AVOIDED COSTS

In Case No. INT-G-19-04, Order No. 34536, the Commission directed “the Company and its Energy Advisory Group to review the Company’s avoided cost calculations concurrently with the EM&V study.”

Through a series of meetings in 2020, Intermountain and its Avoided Cost Subcommittee (“Subcommittee”) agreed upon a method for calculating avoided commodity and transportation costs but was unable to finalize a method to account for avoided distribution costs.

In Case No. INT-G-20-06, Order No. 34980, the Commission directed the Company to “continue to review avoided costs and update its avoided cost calculations based on the review.”

Accordingly, the Company reconvened the Avoided Cost subcommittee on March 9, 2022 following the filing of the Company's 2021 Integrated Resource Plan ("IRP"), to finalize a method to account for avoided distribution costs. The Company presented to the group a distribution cost model that incorporated IRP data and confidential 5-Year capital expenditure plan data to calculate the present value of deferring infrastructure projects by way of demand reduction. The Subcommittee expressed concerns with the restrictions that would result from using confidential plan data within the model. Intermountain recognized these considerations and updated the model to utilize publicly available historical expenditure data. The Company provided this updated model to the Subcommittee on April 14, 2022 and requested feedback. Comments received afterward expressed uncertainty that historical expenditures can serve as a viable proxy for future costs. Additionally, a proposal was made that the model should only consider costs for the set of large projects identified in the IRP. Intermountain acknowledges these suggestions and believes the next IRP cycle will be the best process for further review of the distribution cost component. For the 2021 Annual Report, and until a method for calculating avoided distribution costs is agreed upon by the Subcommittee, the distribution cost component of the Avoided Cost will remain at zero.

For this filing, the Company used the Avoided Costs as calculated in the IRP (see Case No. INT-G-21-06, Exhibit No.5). The Company has reproduced these Avoided Costs as Exhibit No. 1, which is incorporated by reference. Additionally, the Subcommittee meeting minutes are included in Exhibit No. 2 and incorporated by reference.

VIII. COST-EFFECTIVENESS

Intermountain reports the cost-effectiveness of its EE Program based on two industry standard metrics: the Utility Cost Test ("UCT") and the Total Resource Cost ("TRC"). The UCT measures cost-effectiveness from the utility company's perspective and takes into consideration

avoided supply costs, program administration costs, and incentives paid by the utility. The TRC measures cost-effectiveness from the customer's perspective and focuses on avoided supply costs, program administration costs and net participant costs. Although both are common industry metrics for measuring cost-effectiveness, the Company relies more on the UCT because it measures the cost-effectiveness of items directly under the Company's control.

The avoided costs, as outlined in Exhibit No. 1, have been used in all cost-effectiveness tests included as part of the Annual Report.

IX. STAKEHOLDER MEETINGS

The Energy Efficiency Stakeholder Committee has been a valuable resource for the Company as it builds the EE Program. As outlined in the Annual Report, Intermountain hosted two full EESC meetings to address both the Residential and Commercial Program. The meetings included good representation from a variety of groups including representatives from the Commission Staff, the Governor's Office of Energy and Mineral Resources, and a not-for-profit residential home builder. Home energy raters representing both sides of the state attended. The Company recruited both Commercial HVAC experts and representatives from a state-wide commercial kitchen equipment supplier to participate on the EESC. In addition to commercial industry experts, city and county representatives involved in energy efficiency and sustainability, and familiar with both the residential and commercial sectors, also participated on the Committee. Minutes from these two meetings are included in Exhibit No. 2.

X. MODIFIED PROCEDURE

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.

XI. REQUEST FOR RELIEF

Intermountain respectfully petitions the Idaho Public Utilities Commission as follows:

- a. That the Commission issue an order designating \$4,028,174 of 2021 Energy Efficiency expenditures as prudently incurred,
- b. That this Application be heard and acted upon without hearing under modified procedure, and
- c. For such other relief as this Commission may determine just and proper.

DATED: July 12, 2022

INTERMOUNTAIN GAS COMPANY

By 
Lori A. Blattner
Director – Regulatory Affairs

Givens Pursley LLP


By 
Preston N. Carter
Attorney for Intermountain Gas Company

EXHIBIT NO. 1

CASE NO. INT-G-22-03

INTERMOUNTAIN GAS COMPANY

Avoided Cost Model

From Case No. INT-G-21-06, Exhibit No. 5

(12 pages)

Intermountain Gas Company

Avoided Cost Model

Integrated Resource Plan 2021 – 2026



INTERMOUNTAIN GAS COMPANY

Avoided Cost by Year

Line No.	Year	Nominal Cost Per Therm ^[1]	Real Percent Adjustment ^[2]	Real Cost Per Therm	Present Value ^[3]	Avoided Cost Per Therm ^[4]
	(a)	(b)	(c)	(d)	(e)	(f)
1	2020	\$ 0.46		\$ 0.46	\$ 0.44	\$ 0.46
2	2021	0.51	9.55%	0.50	0.90	0.48
3	2022	0.57	8.57%	0.55	1.37	0.50
4	2023	0.53	-7.67%	0.50	1.79	0.50
5	2024	0.53	-2.27%	0.49	2.18	0.50
6	2025	0.56	3.26%	0.51	2.57	0.50
7	2026	0.58	1.42%	0.52	2.94	0.50
8	2027	0.60	1.65%	0.52	3.31	0.51
9	2028	0.62	0.64%	0.53	3.66	0.51
10	2029	0.64	1.66%	0.54	4.00	0.51
11	2030	0.66	1.61%	0.54	4.33	0.51
12	2031	0.68	-0.14%	0.54	4.64	0.51
13	2032	0.69	0.53%	0.55	4.94	0.52
14	2033	0.72	2.40%	0.56	5.24	0.52
15	2034	0.75	1.08%	0.57	5.52	0.52
16	2035	0.77	1.27%	0.57	5.80	0.52
17	2036	0.80	1.42%	0.58	6.06	0.53
18	2037	0.81	-0.34%	0.58	6.32	0.53
19	2038	0.83	0.48%	0.58	6.56	0.53
20	2039	0.86	1.59%	0.59	6.80	0.53
21	2040	0.87	-0.62%	0.59	7.03	0.53
22	2041	0.90	0.51%	0.59	7.24	0.53
23	2042	0.92	0.51%	0.59	7.45	0.54
24	2043	0.94	0.51%	0.60	7.65	0.54
25	2044	0.96	0.51%	0.60	7.84	0.54
26	2045	0.99	0.52%	0.60	8.02	0.54
27	2046	1.01	0.52%	0.61	8.20	0.54
28	2047	1.04	0.52%	0.61	8.37	0.54
29	2048	1.07	0.52%	0.61	8.53	0.54
30	2049	1.09	0.52%	0.62	8.69	0.54

NOTES

^[1] See Page 2, Column (e).

^[2] The year over year percentage change in Column (b), adjusted by the inflation assumption on Page 11, Line 4, Column (b).

^[3] The cumulative present value of Column (d) is calculated using the real discount rate on Page 11, Line 5, Column (b).

^[4] Levelized avoided cost of Column (e) computed with the real discount rate on Page 11, Line 5, Column (b).

INTERMOUNTAIN GAS COMPANY

Nominal Avoided Cost by Year

Line No.	Year	Commodity Cost ^{[1][2]}	Variable Distribution Cost ^[3]	Transportation Cost ^[4]	Total Cost ^[5]
	(a)	(b)	(c)	(d)	(e)
1	2020	\$ 0.25	\$ -	\$ 0.21	\$ 0.46
2	2021	0.30	-	0.21	0.51
3	2022	0.35	-	0.22	0.57
4	2023	0.31	-	0.22	0.53
5	2024	0.31	-	0.23	0.53
6	2025	0.33	-	0.23	0.56
7	2026	0.35	-	0.24	0.58
8	2027	0.36	-	0.24	0.60
9	2028	0.37	-	0.24	0.62
10	2029	0.39	-	0.25	0.64
11	2030	0.41	-	0.25	0.66
12	2031	0.42	-	0.26	0.68
13	2032	0.43	-	0.26	0.69
14	2033	0.45	-	0.27	0.72
15	2034	0.47	-	0.28	0.75
16	2035	0.49	-	0.28	0.77
17	2036	0.51	-	0.29	0.80
18	2037	0.52	-	0.29	0.81
19	2038	0.53	-	0.30	0.83
20	2039	0.56	-	0.30	0.86
21	2040	0.56	-	0.31	0.87
22	2041	0.58	-	0.32	0.90
23	2042	0.59	-	0.32	0.92
24	2043	0.61	-	0.33	0.94
25	2044	0.63	-	0.34	0.96
26	2045	0.65	-	0.34	0.99
27	2046	0.66	-	0.35	1.01
28	2047	0.68	-	0.36	1.04
29	2048	0.70	-	0.36	1.07
30	2049	0.72	-	0.37	1.09

NOTES

^[1] See Pages 3-9, Column (f). Nominalized then divided by 10 to convert units from dekatherms to therms.

^[2] Annual growth after 2040 is tied to yearly percentage change of the prior period.

^[3] Placeholder value of zero until a Variable Distribution Cost methodology is developed.

^[4] See Page 10, Line 8, Column (d). Annual growth is tied to inflation assumption from Page 11, Line 4, Column (b).

^[5] Sum of Columns (b)-(d).

INTERMOUNTAIN GAS COMPANY

Commodity Cost

Line No.	Heating Year	Month	Weighted Basin Price Forecast ^[1]	HDD Weight ^[2]	HDD Factor ^[3]	Commodity Cost
	(a)	(b)	(c)	(d)	(e)	(f)
1	2020	10	\$ 2.14	3%	\$ 0.07	
2	2020	11	2.32	8%	0.19	
3	2020	12	4.29	16%	0.68	
4	2020	1	3.47	20%	0.69	
5	2020	2	1.97	16%	0.31	
6	2020	3	1.54	15%	0.22	
7	2020	4	1.31	10%	0.14	
8	2020	5	1.59	7%	0.11	
9	2020	6	1.54	3%	0.05	
10	2020	7	1.51	1%	0.02	
11	2020	8	1.72	0%	0.00	
12	2020	9	2.39	1%	0.01	\$ 2.50
13	2021	10	2.46	3%	0.08	
14	2021	11	3.03	8%	0.25	
15	2021	12	3.17	16%	0.50	
16	2021	1	3.31	20%	0.66	
17	2021	2	2.76	16%	0.44	
18	2021	3	2.96	15%	0.43	
19	2021	4	2.44	10%	0.25	
20	2021	5	2.58	7%	0.17	
21	2021	6	2.75	3%	0.09	
22	2021	7	3.04	1%	0.03	
23	2021	8	3.24	0%	0.00	
24	2021	9	3.08	1%	0.02	\$ 2.94
25	2022	10	3.07	3%	0.10	
26	2022	11	3.35	8%	0.27	
27	2022	12	4.01	16%	0.64	
28	2022	1	4.04	20%	0.80	
29	2022	2	3.85	16%	0.61	
30	2022	3	3.07	15%	0.45	
31	2022	4	2.26	10%	0.23	
32	2022	5	2.00	7%	0.13	
33	2022	6	2.25	3%	0.08	
34	2022	7	2.52	1%	0.03	
35	2022	8	2.59	0%	0.00	
36	2022	9	2.60	1%	0.02	\$ 3.37

NOTES

^[1] Weighted average price forecast for AECO, Sumas, and Rockies supply basins.

^[2] Monthly HDD65 weighting. Based on a normal weather year.

^[3] Column (c) times Column (d).

INTERMOUNTAIN GAS COMPANY

Commodity Cost

Line No.	Heating Year	Month	Weighted Basin Price Forecast ^[1]	HDD Weight ^[2]	HDD Factor ^[3]	Commodity Cost
	(a)	(b)	(c)	(d)	(e)	(f)
1	2023	10	\$ 2.57	3%	\$ 0.09	
2	2023	11	2.91	8%	0.24	
3	2023	12	3.38	16%	0.54	
4	2023	1	3.43	20%	0.68	
5	2023	2	3.28	16%	0.52	
6	2023	3	2.80	15%	0.41	
7	2023	4	2.19	10%	0.23	
8	2023	5	1.95	7%	0.13	
9	2023	6	2.20	3%	0.07	
10	2023	7	2.37	1%	0.02	
11	2023	8	2.43	0%	0.00	
12	2023	9	2.54	1%	0.02	\$ 2.95
13	2024	10	2.49	3%	0.08	
14	2024	11	2.92	8%	0.24	
15	2024	12	3.16	16%	0.50	
16	2024	1	3.18	20%	0.63	
17	2024	2	3.05	16%	0.49	
18	2024	3	2.70	15%	0.39	
19	2024	4	2.29	10%	0.24	
20	2024	5	2.05	7%	0.14	
21	2024	6	2.33	3%	0.08	
22	2024	7	2.35	1%	0.02	
23	2024	8	2.43	0%	0.00	
24	2024	9	2.62	1%	0.02	\$ 2.83
25	2025	10	2.63	3%	0.09	
26	2025	11	2.93	8%	0.24	
27	2025	12	3.21	16%	0.51	
28	2025	1	3.34	20%	0.66	
29	2025	2	3.24	16%	0.52	
30	2025	3	3.01	15%	0.44	
31	2025	4	2.43	10%	0.25	
32	2025	5	2.32	7%	0.15	
33	2025	6	2.50	3%	0.09	
34	2025	7	2.54	1%	0.03	
35	2025	8	2.62	0%	0.00	
36	2025	9	2.72	1%	0.02	\$ 2.99

NOTES

^[1] Weighted average price forecast for AECO, Sumas, and Rockies supply basins.

^[2] Monthly HDD65 weighting. Based on a normal weather year.

^[3] Column (c) times Column (d).

INTERMOUNTAIN GAS COMPANY

Commodity Cost

Line No.	Heating Year	Month	Weighted Basin Price Forecast ^[1]	HDD Weight ^[2]	HDD Factor ^[3]	Commodity Cost
	(a)	(b)	(c)	(d)	(e)	(f)
1	2026	10	\$ 2.75	3%	\$ 0.09	
2	2026	11	3.05	8%	0.25	
3	2026	12	3.29	16%	0.52	
4	2026	1	3.37	20%	0.67	
5	2026	2	3.24	16%	0.52	
6	2026	3	2.96	15%	0.43	
7	2026	4	2.64	10%	0.27	
8	2026	5	2.52	7%	0.17	
9	2026	6	2.70	3%	0.09	
10	2026	7	2.74	1%	0.03	
11	2026	8	2.80	0%	0.00	
12	2026	9	2.90	1%	0.02	\$ 3.07
13	2027	10	2.93	3%	0.10	
14	2027	11	3.21	8%	0.26	
15	2027	12	3.40	16%	0.54	
16	2027	1	3.43	20%	0.68	
17	2027	2	3.28	16%	0.52	
18	2027	3	3.07	15%	0.45	
19	2027	4	2.71	10%	0.28	
20	2027	5	2.59	7%	0.17	
21	2027	6	2.78	3%	0.09	
22	2027	7	2.79	1%	0.03	
23	2027	8	2.87	0%	0.00	
24	2027	9	2.99	1%	0.02	\$ 3.15
25	2028	10	3.02	3%	0.10	
26	2028	11	3.29	8%	0.27	
27	2028	12	3.48	16%	0.55	
28	2028	1	3.47	20%	0.69	
29	2028	2	3.29	16%	0.52	
30	2028	3	3.09	15%	0.45	
31	2028	4	2.71	10%	0.28	
32	2028	5	2.57	7%	0.17	
33	2028	6	2.78	3%	0.09	
34	2028	7	2.81	1%	0.03	
35	2028	8	2.89	0%	0.00	
36	2028	9	3.00	1%	0.02	\$ 3.18

NOTES

^[1] Weighted average price forecast for AECO, Sumas, and Rockies supply basins.

^[2] Monthly HDD65 weighting. Based on a normal weather year.

^[3] Column (c) times Column (d).

INTERMOUNTAIN GAS COMPANY

Commodity Cost

Line No.	Heating Year	Month	Weighted Basin Price Forecast ^[1]	HDD Weight ^[2]	HDD Factor ^[3]	Commodity Cost
	(a)	(b)	(c)	(d)	(e)	(f)
1	2029	10	\$ 3.03	3%	\$ 0.10	
2	2029	11	3.31	8%	0.27	
3	2029	12	3.50	16%	0.56	
4	2029	1	3.62	20%	0.72	
5	2029	2	3.42	16%	0.54	
6	2029	3	3.18	15%	0.46	
7	2029	4	2.79	10%	0.29	
8	2029	5	2.69	7%	0.18	
9	2029	6	2.86	3%	0.10	
10	2029	7	2.88	1%	0.03	
11	2029	8	2.98	0%	0.00	
12	2029	9	3.07	1%	0.02	\$ 3.27
13	2030	10	3.11	3%	0.10	
14	2030	11	3.40	8%	0.28	
15	2030	12	3.58	16%	0.57	
16	2030	1	3.68	20%	0.73	
17	2030	2	3.52	16%	0.56	
18	2030	3	3.26	15%	0.48	
19	2030	4	2.88	10%	0.30	
20	2030	5	2.79	7%	0.18	
21	2030	6	2.95	3%	0.10	
22	2030	7	3.01	1%	0.03	
23	2030	8	3.10	0%	0.00	
24	2030	9	3.18	1%	0.02	\$ 3.36
25	2031	10	3.21	3%	0.11	
26	2031	11	3.48	8%	0.29	
27	2031	12	3.66	16%	0.58	
28	2031	1	3.64	20%	0.73	
29	2031	2	3.48	16%	0.55	
30	2031	3	3.22	15%	0.47	
31	2031	4	2.84	10%	0.29	
32	2031	5	2.73	7%	0.18	
33	2031	6	2.90	3%	0.10	
34	2031	7	2.95	1%	0.03	
35	2031	8	3.05	0%	0.00	
36	2031	9	3.13	1%	0.02	\$ 3.35

NOTES

^[1] Weighted average price forecast for AECO, Sumas, and Rockies supply basins.

^[2] Monthly HDD65 weighting. Based on a normal weather year.

^[3] Column (c) times Column (d).

INTERMOUNTAIN GAS COMPANY

Commodity Cost

Line No.	Heating Year	Month	Weighted Basin Price Forecast ^[1]	HDD Weight ^[2]	HDD Factor ^[3]	Commodity Cost
	(a)	(b)	(c)	(d)	(e)	(f)
1	2032	10	\$ 3.16	3%	\$ 0.11	
2	2032	11	3.38	8%	0.28	
3	2032	12	3.57	16%	0.57	
4	2032	1	3.73	20%	0.74	
5	2032	2	3.50	16%	0.56	
6	2032	3	3.31	15%	0.48	
7	2032	4	2.92	10%	0.30	
8	2032	5	2.83	7%	0.19	
9	2032	6	3.00	3%	0.10	
10	2032	7	3.03	1%	0.03	
11	2032	8	3.12	0%	0.00	
12	2032	9	3.22	1%	0.02	\$ 3.38
13	2033	10	3.26	3%	0.11	
14	2033	11	3.50	8%	0.29	
15	2033	12	3.69	16%	0.59	
16	2033	1	3.86	20%	0.77	
17	2033	2	3.67	16%	0.58	
18	2033	3	3.43	15%	0.50	
19	2033	4	3.05	10%	0.32	
20	2033	5	2.96	7%	0.20	
21	2033	6	3.14	3%	0.11	
22	2033	7	3.15	1%	0.03	
23	2033	8	3.26	0%	0.00	
24	2033	9	3.35	1%	0.02	\$ 3.51
25	2034	10	3.41	3%	0.11	
26	2034	11	3.66	8%	0.30	
27	2034	12	3.85	16%	0.61	
28	2034	1	3.88	20%	0.77	
29	2034	2	3.68	16%	0.59	
30	2034	3	3.46	15%	0.50	
31	2034	4	3.08	10%	0.32	
32	2034	5	2.99	7%	0.20	
33	2034	6	3.16	3%	0.11	
34	2034	7	3.18	1%	0.03	
35	2034	8	3.29	0%	0.00	
36	2034	9	3.38	1%	0.02	\$ 3.57

NOTES

^[1] Weighted average price forecast for AECO, Sumas, and Rockies supply basins.

^[2] Monthly HDD65 weighting. Based on a normal weather year.

^[3] Column (c) times Column (d).

INTERMOUNTAIN GAS COMPANY

Commodity Cost

Line No.	Heating Year	Month	Weighted Basin Price Forecast ^[1]	HDD Weight ^[2]	HDD Factor ^[3]	Commodity Cost
	(a)	(b)	(c)	(d)	(e)	(f)
1	2035	10	\$ 3.43	3%	\$ 0.11	
2	2035	11	3.69	8%	0.30	
3	2035	12	3.89	16%	0.62	
4	2035	1	3.96	20%	0.79	
5	2035	2	3.77	16%	0.60	
6	2035	3	3.56	15%	0.52	
7	2035	4	3.17	10%	0.33	
8	2035	5	3.04	7%	0.20	
9	2035	6	3.24	3%	0.11	
10	2035	7	3.24	1%	0.03	
11	2035	8	3.34	0%	0.00	
12	2035	9	3.49	1%	0.02	\$ 3.64
13	2036	10	3.51	3%	0.12	
14	2036	11	3.76	8%	0.31	
15	2036	12	3.97	16%	0.63	
16	2036	1	4.12	20%	0.82	
17	2036	2	3.82	16%	0.61	
18	2036	3	3.61	15%	0.53	
19	2036	4	3.22	10%	0.33	
20	2036	5	3.12	7%	0.21	
21	2036	6	3.29	3%	0.11	
22	2036	7	3.29	1%	0.03	
23	2036	8	3.39	0%	0.00	
24	2036	9	3.54	1%	0.02	\$ 3.72
25	2037	10	3.56	3%	0.12	
26	2037	11	3.85	8%	0.32	
27	2037	12	4.05	16%	0.64	
28	2037	1	4.11	20%	0.82	
29	2037	2	3.77	16%	0.60	
30	2037	3	3.52	15%	0.51	
31	2037	4	3.13	10%	0.33	
32	2037	5	3.04	7%	0.20	
33	2037	6	3.23	3%	0.11	
34	2037	7	3.22	1%	0.03	
35	2037	8	3.30	0%	0.00	
36	2037	9	3.46	1%	0.02	\$ 3.70

NOTES

^[1] Weighted average price forecast for AECO, Sumas, and Rockies supply basins.

^[2] Monthly HDD65 weighting. Based on a normal weather year.

^[3] Column (c) times Column (d).

INTERMOUNTAIN GAS COMPANY

Commodity Cost

Line No.	Heating Year	Month	Weighted Basin Price Forecast ^[1]	HDD Weight ^[2]	HDD Factor ^[3]	Commodity Cost
	(a)	(b)	(c)	(d)	(e)	(f)
1	2038	10	\$ 3.48	3%	\$ 0.12	
2	2038	11	3.83	8%	0.31	
3	2038	12	4.03	16%	0.64	
4	2038	1	4.08	20%	0.81	
5	2038	2	3.84	16%	0.61	
6	2038	3	3.61	15%	0.53	
7	2038	4	3.23	10%	0.34	
8	2038	5	3.09	7%	0.20	
9	2038	6	3.32	3%	0.11	
10	2038	7	3.31	1%	0.03	
11	2038	8	3.40	0%	0.00	
12	2038	9	3.56	1%	0.02	\$ 3.73
13	2039	10	3.57	3%	0.12	
14	2039	11	3.97	8%	0.33	
15	2039	12	4.13	16%	0.66	
16	2039	1	4.23	20%	0.84	
17	2039	2	3.91	16%	0.62	
18	2039	3	3.65	15%	0.53	
19	2039	4	3.27	10%	0.34	
20	2039	5	3.17	7%	0.21	
21	2039	6	3.39	3%	0.12	
22	2039	7	3.39	1%	0.03	
23	2039	8	3.46	0%	0.00	
24	2039	9	3.60	1%	0.02	\$ 3.82
25	2040	10	3.63	3%	0.12	
26	2040	11	4.00	8%	0.33	
27	2040	12	4.18	16%	0.66	
28	2040	1	4.09	20%	0.82	
29	2040	2	3.82	16%	0.61	
30	2040	3	3.61	15%	0.53	
31	2040	4	3.26	10%	0.34	
32	2040	5	3.21	7%	0.21	
33	2040	6	3.37	3%	0.11	
34	2040	7	3.39	1%	0.03	
35	2040	8	3.45	0%	0.00	
36	2040	9	3.57	1%	0.02	\$ 3.79

NOTES

^[1] Weighted average price forecast for AECO, Sumas, and Rockies supply basins.

^[2] Monthly HDD65 weighting. Based on a normal weather year.

^[3] Column (c) times Column (d).

INTERMOUNTAIN GAS COMPANY

Avoided Gas Transportation Cost

Line No.	Description	RS	GS-1	Combined RS and GS-1
	(a)	(b)	(c)	(d)
1	Gas Transportation Costs ^[1]	\$ 45,923,915	\$ 21,903,023	\$ 67,826,938
2	Estimated Sales Volumes (10/1/20 - 9/30/21) ^[2]	261,036,059	132,540,280	393,576,339
3	RS and GS-1 Combined Gas Transportation Cost per Therm			<u>\$ 0.17233</u>
4	Incremental Gas Transportation Costs ^[3]	\$ (722,301)	\$ (344,494)	\$ (1,066,795)
5	Normalized Sales Volumes (1/1/19 - 12/31/19) ^[4]	256,038,479	128,439,528	384,478,007
6	RS and GS-1 Combined Gas Transportation Cost per Therm			<u>\$ (0.00277)</u>
7	Gas Transportation Cost ^[5]			<u>\$ 0.03937</u>
8	Total RS and GS-1 Combined Gas Transportation Cost per Therm			<u><u>\$ 0.20893</u></u>

NOTES

^[1] See Case No. INT-G-20-05, Exhibit No. 6, Line 21, Columns (e) and (f).

^[2] See Case No. INT-G-20-05, Exhibit No. 6, Line 22, Columns (e) and (f).

^[3] See Case No. INT-G-20-05, Exhibit No. 5, the sum of Lines 1-20, Columns (i) and (j).

^[4] See Case No. INT-G-20-05, Exhibit No. 5, Line 24, Columns (i) and (j).

^[5] See Case No. INT-G-20-05, Workpaper No. 8, Page 1.

INTERMOUNTAIN GAS COMPANY

Discount Rate

Line No.	Description	Value	Ratio	Weighting	W/Tax benefit
	(a)	(b)	(c)	(d)	(e)
1	Debt ^[1]	4.94%	50%	2.50%	1.98% ^[2]
2	Equity ^[1]	9.50%	50%	4.80%	4.80%
3	Weighted Average Cost of Capital				<u>6.78%</u>
4	Inflation Assumption	2.0%			
5	Real Discount Rate	4.68%			

NOTES

^[1] Costs and weightings from Case No. INT-G-16-02, Order No. 33757.

^[2] Tax benefit adjusts for 21% federal tax.

EXHIBIT NO. 2

CASE NO. INT-G-22-03

INTERMOUNTAIN GAS COMPANY

**Energy Efficiency Stakeholder Committee
and Avoided Cost Subcommittee Meeting Minutes**

(8 pages)

Intermountain Gas Energy Efficiency Stakeholder Committee Meeting

June 2, 2021 at 1:00 pm

Minutes Recorded by Kody Thompson

Attendees:

Kody Thompson – Intermountain Gas Company	Heath Chisholm – Building Energy
Landon Barber – Intermountain Gas Company	Kevin Keyt - IPUC
Lori Blattner – Intermountain Gas Company	Taylor Thomas – IPUC
Brad Iverson-Long – IPUC	Kieran Sprague - OEMR
Emily Her - OEMR	Donn English - IPUC
John Fisk – Intermountain Gas Company	Ben Otto – Idaho Conservation League

Meeting Facilitator: Kathy Wold

1:00 PM – Meeting Convened – Kathy Wold

Kathy Wold started the meeting, welcoming those in attendance. A safety moment was shared, and introductions were given by those in attendance.

1:10 PM – Impact Evaluation – Kathy Wold

A brief overview of the impact evaluation applied to the whole home and furnace incentives was given. Two analyses were used: a billing analysis and a simulation analysis. The two methods used provided different results, both were used to avoid over/understating therm savings. The UCT cost-testing method is used for decision making. The TRC is presented for informational purposes but does not inform program decision making.

1:15 PM – Cost-effectiveness – Kathy Wold

The UCT results based on the billing and simulation analyses were presented. While a simulation was not run on all of the incentives, the portfolio as a whole was affected with changes on the two measures that were part of the analyses. Each incentive's cost-effectiveness results were discussed.

Kathy presented the recommended changes to the existing incentives as advised by 3rd party evaluator, ADM & Associates. Actual updates to the program, that took effect April 1, 2021, were discussed. This included: removing ENERGY STAR certification and the HERS score threshold from the Whole Home program requirements, adding energy performance targets associated with gas savings to the Whole Home requirements, adding more data points to rebate applications for a more robust energy savings picture, updating rebate amounts and efficiencies for the water heater incentives, updating naming conventions for the combination radiant heat system rebate and efficiencies, and retiring the fireplace incentive.

The new measures that were added were discussed. The incentives added to the program include: a second tankless water heater option, a boiler incentive, and a smart thermostat rebate.

1:30 PM – EM&V Process Update – Kathy Wold

Based on recommendations from the process evaluation, the Program database has been updated to standardize rebate tracking and status designations. The new measures have been incorporated into the program rebate offering. Intermountain plans to develop educational materials for consumers, promote training opportunities for builders and contractors, provide general cost-savings estimates when available and applicable, and will develop a standard operating procedures manual.

Intermountain is working to increase communications to raise program awareness, will continue community outreach, and will provide builders/contractors with marketing material.

A contractor network is under consideration. There is a password protected builder portal currently in place on the website, that offers contractor resources, but it has low utilization.

Intermountain is also considering creating the ability for the customer to track the status of their rebates. This is not something that will be available soon as it would require an IT solution but is something Intermountain is continuing to look into potentially implementing.

1:30 PM – Rebate Growth by Area – Kathy Wold

Kathy shared charts to show rebate program growth by category (appliance rebates and whole home rebates) by district. These charts showed the total number of rebates by area from the start of the Program through the end of the 2020 calendar year. The Committee requested clarification on how the Company districts are determined. They are based on geographic regions. The Committee asked for a status update on the initial uptake of the revised program launched April 1, and the nature of the cost-savings project in development. It was too early to report anything significant on the revised offering since it had only been two months since the revision went into effect. The Company clarified a DIY savings calculator was in development to help customers estimate potential savings associated with installing high-efficiency appliances.

1:40 PM – Promotion, Education & Outreach – Kathy Wold

Intermountain has always had some sort of digital presence, this became more important to have during 2020 due to the COVID-19 pandemic. Energy Efficiency tips, program offerings, Energy Star Day, and Parade of Homes information were shared on social media.

Intermountain still participated in Parade of Homes to increase awareness. A sweepstakes was held as part of Intermountain's Energy Efficiency Bill Insert for 2020. Outreach was done by mail in 2020 due to not being able to meet in person with builders. Intermountain attended outdoor events when and where safety protocols were implemented to keep employees and the community safe.

Feedback from contractors indicated they would prefer an on-line form. An on-line form was first available in 2020 as part of the contractor portal resources. Despite providing an on-line form, use of the form remains quite low. To raise awareness about the on-line form and the contractor portal, the Company held a contest in October. Contractors received a raffle entry for every on-line form submitted. On-line rebate forms accounted for approximately 15% of all forms submitted 2020. To increase utilization, the online form is now available to all customers.

The Company mailed the commercial program brochure to commercial contractors to announce the launch of the program and prepare contractors for potential questions about the new program. Commercial customers will receive a commercial program brochure as a bill insert in June.

The Committee asked if the Company has encountered any specific educational challenges regarding commercial kitchen Equipment incentives. No specific challenges had been identified at the time.

1:50 PM – Securing an Energy Efficient Future – Kathy Wold

Intermountain is invested in keeping natural gas as a viable option in the clean energy future. Intermountain provided an overview of its long-standing membership in the Gas Technology Institute (GTI). Intermountain participates in GTI's emerging technology program, and as such was also a sponsoring member of the Gas Heat Pump Roadmap. Intermountain is also a member of the North American Natural Gas Heat Pump Collaborative. This is a new group that is involved in identifying market barriers and impediments to market acceptance of gas heat pump technology, as well as raising awareness and education and market acceptance of gas heat pump technology.

General Questions

The Committee asked if the Company has noticed any impacts on the program due to the revised offering or the current housing market. No specific impacts have yet been identified, since the program offering revision is still quite new. The Committee inquired about what steps Intermountain plans to take to better improve cost-effectiveness and what to expect in the next EM&V. The Company followed the recommendations of the 3rd party evaluator and implemented recommended changes. The Company will continue to monitor performance and follow the cycle of planning-implementation-evaluation. Committee members asked what action the Company is taking to educate customers about choosing high-efficient options when equipment burns out. The Company aims to raise awareness about energy efficiency in general, but also aims to raise awareness about the program with contractors as they are often with the customer at the point of decision and are viewed as appliance experts.

Meeting Adjourned.

Intermountain Gas Energy Efficiency Stakeholder Committee Meeting

November 4, 2021 at 1:00 pm

Minutes Recorded by Kody Thompson

Attendees:

Kathy Wold – Intermountain Gas Company

Marissa Warren – OEMR

John Fisk – Intermountain Gas Company

Michael Shepard – Neighborworks Boise

Kody Thompson – Intermountain Gas Company

Paul Glanville – GTI

Lori Blattner – Intermountain Gas Company

Selena O’Neal – Ada County

Landon Barber – Intermountain Gas Company

Taylor Thomas – IPUC

Alexa Sakolsky-Basquill - OEMR

Travis Culbertson – IPUC

John Chatburn – OEMR

Will Gehl – City of Boise

Kevin Keyt – IPUC

Guests and Presenters:

Kathy Wold – Intermountain Gas Company

John Fisk – Intermountain Gas Company

Kody Thompson – Intermountain Gas Company

Paul Glanville – GTI

Meeting Facilitator: Kathy Wold

1:00 PM – Meeting Convened

Kathy welcomed everyone to the meeting, presented the agenda for today’s meeting, and had members of the stakeholder committee introduce themselves.

1:15 PM – Residential Program Outreach

John Fisk discussed the residential outreach efforts for the residential program. This included an awareness campaign which involved placing ads on Valley Ride Transit CNG busses that traveled throughout the Nampa and Boise areas. The campaign lasted 6 months, and the Company was able to get discounted rates for the extension of the term. Valley Ride agreed to leave the advertising on buses until another advertiser purchased the space.

John also provided an overview of the fall customer campaign in conjunction with the annual bill insert. The bill insert promoted the launch of the energy savings calculator. The same information as shared

with customers via email. Although results have not been finalized, participation in the sweepstakes was greater than it had been in the past.

To promote the new revised Whole Home incentives, the Company sent a mailing to 2,200 residential home builders in the service territory. It included information on the updated offerings, as well as deadlines for retiring programs.

1:15 PM – Commercial Program Outreach

John discussed a bill insert and customer letter that was sent to commercial customers and commercial contractors within IGC service territory. Based on the success of the email campaign to residential customers, the Company plans to promote the commercial program with an email to commercial customers. IGC has joined the American Institute of Architects Idaho Chapter and will explore opportunities to raise awareness about the commercial program.

Energy Savings Kits have been created as part of a pilot program for Commercial customers. A bill insert (a graphic on the bill) was designed and sent to commercial customers that are eligible for these kits.

IGC partnered with GTI to include a Commercial Food Service Equipment calculator on the Company's website to help business owners compare potential savings for installing high efficiency gas equipment. Customers are able to save and print these results for future reference.

1:20 PM – Commercial Program Custom Program

Intermountain will explore ways to increase commercial energy savings by exploring a pilot-type interim step between the prescriptive program and a custom program. IGC is in early talks with Cambridge Air Solutions regarding their HTHV commercial unit heaters. Intermountain will start by doing some energy usage analysis to verify savings to see if there is justification for a pilot program or a rebate offering.

1:25 PM – Rebates Update

Kody provided an update on the rebate program. It continues to grow, but there may be a slowdown in participation due to supply chain issues. Smart thermostat uptake and challenges were discussed. Kody discussed the Whole Home submission process through Ekotrope which will help simplify the submission process for builders participating in the program.

A question was asked about whether IGC had considered promoting the smart thermostat in conjunction with the furnace to increase participation. The Company has not promoted these two rebates together but will explore doing so.

1:40 PM – Supply Chain Impacts

Kathy discussed supply chain issues that have impacted the program. This included delays in the ability to install new service lines due to materials shortage, increased times to complete new builds, building permits taking twice as long to approve, a severe shortage of flexible duct work. Contractors are installing what they can find in stock. Latest industry news estimates supply chain delays will probably get worse before they get better by end of 2022.

Questions were asked on whether the supply chain issues were impacting CPA results. The Company clarified supply chain is unrelated to CPA, but supply chain issues could impact program participation if high-efficiency equipment availability is limited or delayed.

1:45 PM – Gas-fired heat pumps

Paul Glanville, FR&D Director at the Gas Technology Institute, provided background on the Gas Technology Institute. Paul introduced gas fired heat pumps, summarized their performance and benefits, and explained how they work. Gas fired heat pumps can provide energy savings and decarbonization benefits in commercial buildings. Residential uses for gas fired heat pumps and steps being taken to reduce product barriers to uptake were also discussed.

Gas fired heat pumps deliver 40% or greater greenhouse gas reductions. They are integral to cost-effective heat and water heat in net/near-zero energy buildings, maintaining thermal comfort especially in cold climates, and readily utilize natural refrigerants. Mature products are available in North America and abroad.

2:30 PM – Meeting Adjourned

Intermountain Gas Energy Efficiency Advisory Committee Avoided Cost Subcommittee

March 9, 2022, at 10:00 AM

Attendees:

Lori Blattner – Intermountain Gas Company	Laura Conilogue - IPUC
Kody Thompson – Intermountain Gas Company	Kevin Keyt – IPUC
John Fisk – Intermountain Gas Company	Selena O’Neal – Ada County
Jacob Darrington – Intermountain Gas Company	Taylor Thomas – IPUC
Kathy Wold – Intermountain Gas Company	Wil Gehl- City of Boise
Landon Barber- Intermountain Gas Company	
Alexa Sakolsky-Basquill – OEMR	

Guests and Presenters:

Landon Barber – Avoided Costs – Distribution Cost Component

Meeting Facilitator: Kathy Wold

10:00 AM – Meeting Convened

Kathy Wold opened the meeting, welcomed the group to Intermountain Gas Company’s meeting about avoided cost, presented the agenda, conducted a safety moment and attendee roll call.

Kathy presented a brief overview of avoided costs and the role of avoided cost in the Utility Cost Test (UCT). The previous work of the Committee resulted in an agreement on commodity costs and transportation costs to be included in avoided costs. Distribution costs were inserted as placeholder until a methodology could be developed to appropriately capture distribution costs.

Distribution Costs – Landon Barber

Landon presented the following:

- Avoided Cost formula, $AC = \text{commodity cost} + \text{transportation cost} + \text{variable distribution cost}$
- Why distribution cost is a universal challenge – because utilities are unique and there is no “one size fits all” solution, especially for gas utilities.
- Distribution costs have the least impact on cost effectiveness testing and requires significant effort to identify. For example, the proposed method identifies \$0.05 of distribution cost of the total \$0.56 of avoided costs.
- Goals of the model and concepts and definitions were explained.

- Model examined the system by Area of Interest (AOI), not to design regional rebates, but to identify possible promotional opportunities.
- Overview of capacity modeling, deferral valuation, and generalized deferral method, AOI weighting and definition and identification of surrogate projects.

Committee questions:

- Has the Company worked with other utilities on avoided cost? No, the Company has researched avoided cost methodology of how other utilities are applying avoided cost but has not worked directly with other utilities.
- Are the Idaho Falls Lateral (IFL) and Sun Valley (SVL) projects based on the project enhancements identified in the IRP? Yes.
- Is the information about IFL and SVL for demonstration purposes only, and avoided costs are to be applied in total? Yes, lateral information is only used for determining if additional promotional opportunities are available.
- Does the model consider infrastructure replacement projects? No, it only takes into consideration growth-related budget.
- Where does the annual budget come from? It comes from the fixed asset group.
- Are the budget years cumulative or annual? How do you model beyond the five-year budget? Each year is an annual number and the years beyond the five-year budget as based on a trend line. The timeframe for completing a project is about 3 years. We don't look at specific projects outside the five-year planning horizon.
- Did you look at averaging the first five years of the annual budget? The first five years are fairly level and the model essentially averages out everything because you might go years in a particular place without any projects.
- How often would the model be updated? Every two years in conjunction with the IRP. A more frequent update wouldn't change the numbers much and limiting changes to every two years would help with program planning.
- Please explain the percent growth part of the annual budget. It is the amount that the fixed asset group has identified as growth projects.
- Will distribution costs vary from year to year based on the annual budget? Yes.

The Committee had additional discussion about the proportion of IFL and SVL as part of the system and unique challenges of these AOI. It was recommended that the next Conservation Potential Assessment (CPA) try to examine the correlation between the cost to serve and the potential in IFL and SVL.

Next steps: the Company was asked to provide the PowerPoint presentation and worksheets used for the model. There was discussion about how much information could be provided since the model relies on private company annual budgets. The Company asked for time to consider how or if this information could be shared. Additionally, the Committee determined that including the avoided distribution cost component in the 2021 prudence filing would make sense.

Kathy wrapped up the meeting with an overview of the current residential energy efficiency rider balance which is overfunded, alerting the committee that the Company will bring this to the attention of the EESC, but actually may file for an EEC revision before the next meeting.

Meeting adjourned.