



December 28, 2022

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

RE: Case No. INT-G-22-09

Dear Ms. Noriyuki:

Attached for consideration by this Commission is an electronic submission of Intermountain Gas Company's Application for Authority to Issue Short-Term Securities. The Application requires an IPUC Issuance Fee in the amount of \$1,000. That check will be hand-delivered under separate cover.

If you should have any questions regarding the attached, please don't hesitate to contact me at (208) 377-6041.

Sincerely,

Jacob Darrington
Manager, Regulatory Affairs
Intermountain Gas Company

Enclosure

cc: Mark Chiles
Preston Carter

INTERMOUNTAIN GAS COMPANY

CASE NO. INT-G-22-09

APPLICATION

AND

EXHIBITS

In the Matter of the Application of INTERMOUNTAIN GAS COMPANY

for Authority to Issue Short-Term Securities

Preston N. Carter, ISB No. 8462
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601 W. Bannock St.
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Attorney for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of
INTERMOUNTAIN GAS COMPANY
for Authority to Issue Short-Term
Securities

Case No. INT-G-22-09
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 applicable statutes, including Idaho Code Sections 61-901, 61-902, 61-903 and 61-905, and the Rules and Regulations of the Idaho Public Utilities Commission ("Commission"), requests authority to issue up to One Hundred Fifty Million (\$150,000,000) in short-term securities not to exceed a period of 364 days. The issuance would occur during the month of January 2023.

Communications in reference to this Application should be addressed to:

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

and

Preston N. Carter
Givens Pursley LLP
601 W. Bannock St.
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prestoncarter@givenspursley.com
stephaniew@givenspursley.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 Idaho Public Utilities 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 - Gooding and Wendell;
Jefferson County - Lewisville, Menan, Rigby, and Ririe;
Jerome County - Jerome;
Lincoln County - Shoshone;
Madison County - Rexburg and Sugar City;
Minidoka County - Heyburn, Paul, and Rupert;
Owyhee County - Bruneau and Homedale;
Payette County - Fruitland, New Plymouth, and Payette;
Power County - American Falls;
Twin Falls County - Buhl, Filer, Hansen, Kimberly, Murtaugh, and Twin Falls;
Washington County - Weiser.

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

II. DESCRIPTION OF SECURITIES

As a result of an unprecedented increase in natural gas costs during December 2022 that are forecast to continue into January 2023, Intermountain must secure additional short-term debt to cover natural gas costs that will be payable in January and February 2023. Although the securities to be issued will be for a term of less than twelve (12) months after the date of issuance, the securities will

be in excess of five per cent (5%) of the value of other securities Intermountain has outstanding. Applicant seeks authority from this Commission to issue short-term securities of up to One Hundred Fifty Million Dollars (\$150,000,000) not to exceed a period of 364 days.

The Board of Directors of Intermountain has duly authorized the short-term securities issuance. A copy of the Resolution is attached hereto as Exhibit No. 1 and is incorporated by reference.

The estimated terms and conditions of the short-term securities issuance are incorporated by reference.

Summary of Terms and Conditions for Short-Term Securities

Borrower:	Intermountain Gas Company
Lender:	A syndicate of financial institutions.
Principal Amount:	Up to \$150,000,000 of short-term loans.
Interest Rates:	At the Borrower's option, the loans will bear interest at a rate equal to (i) SOFR plus the Applicable Margin yet to be determined, or (ii) the prime rate.
Date of Issuance:	January 2023
Maturity:	Up to 364 days
Voting Privileges:	None
Call or Redemption Provisions:	Not Applicable
Sinking Funds or Other Provisions for Securing Payment:	None
Security:	None
Use of Proceeds:	If approved, the short-term loans will be used for payment of gas costs by Intermountain.
Fees:	Borrower will incur a one-time administrative fee and an up-front fee yet to be determined.

Other Requirements: Costs associated with this transaction are to be paid by Intermountain as noted in the above delineation of “Fees.”

III. STATEMENT OF INFORMATION REQUIRED BY RULE 141.03

The short-term securities will be issued to a syndicate of financial institutions. The net proceeds are up to One Hundred Fifty Million Dollars (\$150,000,000). Intermountain will incur a one-time administration fee and up-front fee of a yet to be determined amount.

IV. STATEMENT OF PURPOSE

Based on this Commission’s authorization, the short-term securities will be used for payment of gas costs by Intermountain.

V. STATEMENT OF EXPLANATION

This use is consistent with the public interest and necessary, appropriate, and consistent with the proper and legally mandated performance to the public by Intermountain as a public utility.

VI. FINANCIAL STATEMENT

Intermountain’s Statement of Capitalization as of September 30, 2022, showing all authorized and outstanding classes of securities, is as follows:

	September 30, 2022	
	Actual Amount Outstanding <u>(\$000’s)</u>	<u>Ratio</u>
Common Stock & Surplus	\$ 186,386	44.3%
Long Term Debt	<u>234,504</u>	<u>55.7%</u>
Total Capitalization	<u>\$ 420,890</u>	<u>100.0%</u>

VII. PROPOSED ORDER

A proposed Order granting this Application is attached as Exhibit No. 2 and is incorporated by reference.

VIII. STATEMENT OF PUBLIC NOTICE

Notice of the application will be published within seven days of the filing date of this Application in *The Idaho Business Review*, *The Idaho State Journal*, *The Idaho Statesman*, *The Post Register*, and *The Times News* pursuant to Rule 141.08 of the Commission’s Rules of Procedure.

IX. VERIFIED REPORT

A copy of the verified report for the above referenced short-term securities issuance showing the amount realized including the itemized costs and expenses incurred in connection with this transaction will be submitted under separate cover after issuance and is to be treated as confidential pursuant to the Commission’s Rules of Procedure IDAPA 31.01.01.067 and 31.01.01.233, together with Idaho Code §§ 74-104, 106, 107, and 48-801 *et seq.*

X. COMMISSION FEE

The fee required by Section 61-905 of the Idaho Code, was determined as follows:

First	\$ 100,000 at \$1.00 per \$1,000	= \$ 100
Next	900,000 at \$0.25 per \$1,000	= 225
Remaining	<u>149,000,000</u> at \$0.10 per \$1,000	= <u>14,900</u>
	<u>\$ 150,000,000</u>	= <u>\$ 15,225</u>

As this amount is larger than the \$1,000 maximum fee set forth in Section 61-905 of the Idaho Code, a check for \$1,000 will be hand-delivered to the Commission.

XI. 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 an immediate hearing of this Application if such is determined necessary by this Commission.

XII. REQUEST FOR RELIEF

Intermountain respectfully petitions the Idaho Public Utilities Commission as follows:

- 1) That this Application be processed without hearing pursuant to the Rules and Regulations of this Commission and acted upon at the earliest possible date;
- 2) That this Commission approve and authorize the issuance of up to One Hundred Fifty Million Dollars (\$150,000,000) in short-term securities not to exceed a period of 364 days;

3) That this Commission allow Intermountain to manage the short-term securities pursuant to the order issued in this matter, with Intermountain making quarterly reports to this Commission setting forth the date of issuance, principal amount, interest rate, date of maturity and identity of payee for all promissory notes issued during such quarter; and

4) For such other relief as this Commission may determine is just and proper.

DATED: December 28, 2022.

INTERMOUNTAIN GAS COMPANY

GIVENS PURSLEY LLP

By



Lori A. Blattner
Director – Regulatory Affairs

By



Preston N. Carter
Attorney for Intermountain Gas Company

EXHIBIT NO. 1

CASE NO. INT-G-22-09

INTERMOUNTAIN GAS COMPANY

BOARD RESOLUTION

(2 pages)

CERTIFICATE

I, Allison Waldon, hereby certify that I am the duly elected and qualified Assistant Secretary of Intermountain Gas Company, an Idaho corporation; that the following is a true and correct copy of resolutions adopted by Written Consent of the Board of Directors dated December 22, 2022; and that said resolutions have not been modified or amended and are presently in full force and effect:

WHEREAS, the Board of Directors of Intermountain Gas Company (the “Company”) has determined that it is desirable for the Company to into a Term Loan Agreement (the “Agreement”), by and among the Company, and one or more financial institutions from time to time that may be party to the Agreement (together with their successors and assigns, the “Banks”), whereby the Banks would make a term loan (the “Loan”) to the Company in an aggregate principal amount of up to \$150,000,000 for a term not to exceed 364 days;

NOW, THEREFORE, BE IT RESOLVED, that the Chair of the Board, Chief Executive Officer, President, any Vice President, General Counsel, Treasurer, or any other officer who performs a policy-making function (such as administration, operations, accounting, or finance) of the Company (the “Authorized Officers”) be, and each of them hereby is, authorized to (i) negotiate, execute and deliver the Agreement, with such terms and provisions as the Authorized Officer executing the Agreement on behalf of the Company shall deem proper, and (ii) in connection with such Agreement execute and deliver the Note or Notes (as defined in the Agreement) in the aggregate principal amount up to \$150,000,000 payable to the order of the Banks, with such terms as the Authorized Officers executing the same shall deem proper, such execution by the Authorized Officers of the Notes to be conclusive evidence of the Authorized Officer’s authority granted herein and the approval thereof by the Board of Directors;

FURTHER RESOLVED, that each and every officer of the Company be, and hereby is, authorized and empowered, in the name and on behalf of the Company from time to time, to take such actions and to execute and deliver such agreements, certificates, instruments, notices and documents as may be required or as such officer may deem necessary, advisable, or proper in order to carry out and perform the obligations of the Company under the Agreement and other agreements executed by the Company pursuant to these resolutions; and all such actions to be performed in such manner, and all such agreements, certificates, instruments, notices, and documents to be executed and delivered in such form as the officer performing or executing the same shall approve, the performance or execution thereof by such officer to be evidence that such officer deems all of the terms and provisions thereof to be proper; and

FURTHER RESOLVED, that all lawful actions previously taken in good faith by any officer of the Company in anticipation of, or in connection with, the foregoing are hereby approved, ratified and confirmed in all respects as if such actions had been presented to the Board of Directors for its approval prior to such actions being taken.

IN WITNESS WHEREOF, I have hereunto set my hand on December 27, 2022.

A handwritten signature in black ink, appearing to read "Allison Waldon", written over a horizontal line.

Allison Waldon, Assistant Secretary

EXHIBIT NO. 2

CASE NO. INT-G-22-09

INTERMOUNTAIN GAS COMPANY

IDAHO PUBLIC UTILITIES COMMISSION

PROPOSED ORDER

(3 pages)

PROPOSED ORDER OF APPLICANT

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of
INTERMOUNTAIN GAS COMPANY
for Authority to Issue Short-Term
Securities

Case No. INT-G-22-09

ORDER NO.

On December 28, 2022, Intermountain Gas Company (the “Company”), a subsidiary of MDU Resources Group, Inc., applied to the Commission under *Idaho Code* §§ 61-901, *et seq.* for authority to issue up to One Hundred Fifty Million (\$150,000,000) in short-term securities not to exceed a period of 364 days. Having fully considered the Application, the Commission enters this Order granting it as follows.

THE APPLICATION

The Company asks for authority to issue up to One Hundred Fifty Million (\$150,000,000) in short-term securities not to exceed a period of 364 days. The interest rate will either be based on SOFR plus an applicable margin yet to be determined or the prime rate. The Company says it will use the funds for payment of gas costs.

The Company anticipates a one-time administrative fee and an up-front fee yet to be determined will be necessary to complete the transaction.

COMMISSION FINDINGS AND DECISION

The Company is an Idaho corporation with its office and principal place of business in Boise, Idaho. It is a natural gas public utility that owns and operates transmission pipelines, liquefied natural gas storage facilities, compressor stations, distribution mains, services, meters and regulators, and general plant and equipment. It is a gas corporation and public utility as defined in *Idaho Code* §§ 61-117 and 61-129.

The Commission has jurisdiction over the Application under *Idaho Code* § 61-901, *et seq.* We find that the proposed transaction is in the public interest and a formal hearing on this matter is not required. We further find that the proposed transaction is for a lawful purpose and is within the Company’s corporate powers, that the Application reasonably conforms to Rules 141 through 150 of

the Commission's Rules of Procedure, IDAPA 31.01.01-141-150, and that the Company has paid all fees due under *Idaho Code* § 61-905. Accordingly, we find that the Application should be approved, and the proposed financing should be allowed.

The Commission's Order approving the proposed financing and the general purposes to which the proceeds may be put is not a determination that the Commission approves of the particular use to which these funds will be put. This Order also is not a Commission determination or approval of the type of financing or the related costs for ratemaking purposes.

ORDER

IT IS HEREBY ORDERED that the Company's Application for authority to issue up to One Hundred Fifty Million (\$150,000,000) in short-term securities not to exceed a period of 364 days is granted.

IT IS FURTHER ORDERED that the Company must continue to file quarterly reports with the Commission setting forth the date of issuance, principal amount, interest rate, date of maturity and identity of payee for all promissory notes issued during the quarter. The Company must continue to file its capitalization ratios with the quarterly reports.

IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of this Commission with respect to rates, utility capital structure, service, accounts, valuation, estimates or determination of cost or any other matter which may come before this Commission pursuant to its jurisdiction and authority as provided by law.

IT IS FURTHER ORDERED that nothing in this Order and no provisions of Chapter 9, Title 61, Idaho Code, or any act or deed done or performed in connection therewith shall be construed to obligate the state of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed under the provisions of Chapter 9, Title 61, Idaho Code.

IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of the Company's exhibits or other material accompanying the Application for any purpose other than the issuance of this Order.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this _____
day of _____ 2023.

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

SECRETARY