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IDAHO PUBLIC
UTILITIES COMMISSION

INTERMOUNTAIN GAS COMPANY

CASE NO. INT-G-03-02

APPLICATION

and

EXHIBITS

In the Matter of the Application of INTERMOUNTAIN GAS COMPANY for Authorization to Issue and Sell Securities

Morgan W. Richards, Jr.
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Attorneys for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of INTERMOUNTAIN GAS COMPANY for Authorization to Issue and Sell Securities	Case No. INT-G-03-02 **APPLICATION**

Intermountain Gas Company ("Intermountain"), an Idaho corporation with general offices located at 555 South Cole Road, Boise, Idaho, does hereby request authorization of a renegotiated senior revolving line of credit of Thirty-five Million Dollars ($35,000,000) for a period of three (3) years, replacing Intermountain's current revolving line of credit of Twenty-five Million Dollars ($25,000,000).

Communications in reference to this Application should be addressed to:

Michael E. Huntington
Vice President – Marketing & External Affairs
Intermountain Gas Company
Post Office Box 7608
Boise, ID 83707

and

Morgan W. Richards, Jr.
Moffatt, Thomas, Barrett, Rock & Fields, Chartered
Post Office Box 829
Boise, ID 83701

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

I.

Intermountain is a gas utility, subject to the jurisdiction of the Idaho Public Utilities Commission, engaged in the sale 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's Articles of Incorporation and Amendments thereto are on file with this Commission in Case No. U-1034-120, to which reference is hereby made.

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 - 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 Shelly;
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, Conda, 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, Ririe, and Rigby;
Jerome County - Jerome;
Lincoln County - Shoshone;
Madison County - Rexburg, and Sugar City;
Minidoka County - Heyburn, Paul, and Rupert;
Owyhee County - Bruneau, 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, a compressor station, a liquefied natural gas storage facility, distribution mains, services, meters and regulators, and general plant and equipment.

II.

Commission Order No. 28594, dated December 11, 2000, granted Intermountain authority to continue issuing a revolving note not to exceed Fifteen Million Dollars ($15,000,000) at any one time outstanding and additional authority to continue issuing a seasonal expansion line of credit not to exceed Ten Million Dollars ($10,000,000). Such authority was granted from the date of the Order and expires on December 15, 2005. Subsequent to Commission Order No. 28594, the Commission later granted in Commission Order No. 28672, dated March 14, 2001, Intermountain's request to amend Order No. 28594 to extend the seasonal expansion line to a twelve (12) month, year-round period with a quarterly election to make the Ten Million Dollar ($10,000,000) line of credit active or inactive. Such authority was granted from the date of the Order and expires on December 15, 2005.

This Application seeks authority to replace the existing revolving line of credit with a renegotiated revolving line of credit of Thirty-five Million Dollars ($35,000,000) for a period of three (3) years from execution and delivery of the credit agreement.

Based on this Commission's authorization, the revolving line of credit not to exceed Thirty-five Million Dollars ($35,000,000) will continue to be used in the traditional way by Intermountain in financing principally its construction needs and other working capital requirements.

A copy of Intermountain's Articles of Incorporation, as amended and as of record in the office of the Secretary of State of Idaho is filed as Exhibit No. 1 in the Application in Case No. INT-G-89-5, and is incorporated herein by reference. No change has been made to the Articles on file with this Commission. The Board of Directors of Intermountain has duly authorized the requested line of credit at Intermountain's Board Meeting held October 8, 2003. A copy of the Resolution authorizing the line of credit is attached hereto as Exhibit No. 2 and is incorporated herein by reference.

III.

The terms and conditions of the revolving line of credit of Thirty-five Million Dollars ($35,000,000) issued by Wells Fargo Bank, N.A. will continue to be substantially the same as those set forth in Case No. INT-G-00-3 and approved by Order No. 28672, dated March 14, 2001. A copy of the terms for the above referenced line of credit is attached hereto as Exhibit No. 3 and is incorporated herein by reference.

Summary of Terms and Conditions

Borrower:	Intermountain Gas Company
Lender:	Wells Fargo Bank, N.A.
Principal Amount:	Revolving Line of Credit - $35,000,000
Security:	None
Use of Proceeds:	To refinance certain existing indebtedness, and to provide for the working capital, deferred gas costs, and general corporate purpose needs of Intermountain.
Maturity:	Three (3) years from execution and delivery of the credit agreement, or approximately January 2007.
Applicable Margin and Unused Commitment Fees:	An option to make advances under the line of credit using either a Base Rate, defined as the higher of (a) the Prime Rate in effect that day, or (b) the Federal Funds Rate in effect that day plus 0.5%, or a LIBOR option. The margins and unused commitment fee are based upon the Capitalization Ratio and expressed in basis points. These rates are as follows:

Tier	Capitalization Ratio	Base Rate margin	LIBOR margin	Unused Fee
I	≤ 40.0	-25 bps	+125 bps	25 bps
II	>40.0 ≤ 47.0	-25 bps	+135 bps	30 bps
III	>47.0 ≤ 54.0	+ 0 bps	+160 bps	40 bps
IV	>54.0 ≤ 60.0	+25 bps	+180 bps	40 bps
V	>60.0 ≤ 65.0	+50 bps	+215 bps	50 bps

Other Requirements:	Costs associated with this transaction are to be paid by Intermountain.

IV.

The proceeds from the proposed revolving line of credit of Thirty-five Million Dollars ($35,000,000) will continue to be used in the traditional way by Intermountain in financing principally its construction needs and other working capital requirements.

These uses are 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.

V.

Intermountain's statement of capitalization as of September 30, 2003, showing all authorized and outstanding classes of securities, is as follows:

	September 30, 2003	
	Amount Outstanding ($000's)	Ratio
Long-Term Debt:		
TIAA Senior Debentures	$58,000	
Wells Fargo Bank Revolving Line of Credit	11,500[1]	
Total Long-Term Debt	69,500	50.4%
Common Shareholder's Interest	68,408	49.6%
Total Capitalization	$137,908	100.0%

[1]Amount Outstanding on $25 Million Line of Credit.

VI.

The estimated fees and expenses of the issuance of such promissory notes are expected to total $91,000, consisting of the following:

Facility Fee	$70,000.00
Legal Fees	20,000.00
IPUC Issuance Fees	1,000.00
Total	$91,000.00

VII.

The fee of $1,000.00, required by Section 61-905 of the Idaho Code, was determined as follows:

First	$ 100,000	at $1.00 per $1,000 =	$ 100.00
Next	900,000	at $0.25 per $1,000 =	225.00
Remaining	34,000,000	at $0.10 per $1,000 =	3,400.00
	$ 35,000,000	=	$3,725.00

As this amount is larger than the $1,000.00 maximum fee set forth in Section 61-905 of the Idaho Code, a check for $1,000.00 is enclosed with this Application.

VIII.

This Application is filed pursuant to the applicable statutes, including Idaho Code Sections 61-901, 61-902, 61-903 and 61-905, the Rules and Regulations of this Commission and resolution of the Board of Directors of Intermountain.

Intermountain stands ready for an immediate hearing of this Application if such is determined necessary by this Commission.

A Proposed Order granting this Application is attached hereto as Exhibit 4 and is incorporated herein by reference.

IX.

Notice of this Application will be published prior to Commission authorization in *The Idaho State Journal, The Idaho Statesman, The Post Register, The Idaho Business Review*, and *The Times News* pursuant to Rule 141.8 of the Commission's Rules of Practice and Procedure.

WHEREFORE, 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. Additionally, that this Commission approve and authorize the issuance a line of credit for the purposes described up to and including Thirty-five Million Dollars ($35,000,000) for a period of three (3) years from the date the loan is executed with the bank.

3. That this Commission allow Intermountain to manage its short-term financing pursuant to the order issued in this matter until such time as Intermountain's Board of Directors changes the authorized level of such short-term borrowing, 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;

4. For such other and further relief as to this Commission seems proper.

DATED at Boise, Idaho, this 15th day of December 2003.

INTERMOUNTAIN GAS COMPANY

By Michael E. Huntington

Michael E. Huntington
Vice President – Marketing & External Affairs

MOFFATT, THOMAS, BARRETT, ROCK & FIELDS, CHARTERED

By Morgan W. Richards, Jr.

Morgan W. Richards, Jr. - Of the Firm
Attorneys for Intermountain Gas Company

EXHIBIT NO. 1

CASE NO. INT-G-03-

INTERMOUNTAIN GAS COMPANY

ARTICLES OF INCORPORATION

(On File)

EXHIBIT NO. 3

CASE NO. INT-G-03-

INTERMOUNTAIN GAS COMPANY

TERMS AND CONDITIONS OF

REVOLVING LINE OF CREDIT AGREEMENT

CONFIDENTIAL

(6 pages)

INTERMOUNTAIN GAS COMPANY
$35,000,000 Senior Credit Facility

Summary of Terms and Conditions

BORROWER:	Intermountain Gas Company (the "Borrower").
LENDER:	Wells Fargo Bank, National Association (the "Lender").
CREDIT FACILITY:	A $35,000,000 senior revolving credit facility (the "Revolver"). Replaces existing $25MM revolving credit facilities provided by Lender.
GUARANTORS:	The Facility shall be guaranteed by all existing and hereafter acquired or created subsidiaries of Borrower, if any.
MATURITY:	Three [3] years from execution and delivery of the credit agreement ("Closing").
PURPOSE:	The proceeds of the Credit Facility will be used to (i) refinance certain existing indebtedness of the Borrower; (ii) provide for the working capital, deferred gas costs and general corporate purpose needs of the Borrower and its subsidiaries.
INTEREST RATES:	Borrower shall have the option to make advances under the Credit Facility using either a Base Rate or LIBOR option. The LIBOR and Base Rate margins for the Credit Facility will be subject to Performance Pricing adjustments, based upon Borrower's Capitalization Ratio (defined under Financial Covenants).

Base Rate on any day means the higher of (a) the Prime Rate in effect on that day, or (b) the Federal Funds Rate in effect on that day as announced by the Federal Reserve Bank of New York, plus 0.5%.

Prime Rate means at any time the rate of interest most recently announced within Lender at its principal office in San Francisco as its Prime Rate, with the understanding that Lender's Prime Rate is one of its base rates and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto, and is evidenced by the recording thereof after its announcement in such internal publication or publications as Lender may designate. Each change in the Prime Rate will be effective on the day the change is announced by Lender.

LIBOR for an interest period means the average of the rate of interest at which deposits (approximately equal to the amount of the requested loan and for the same term as the interest period) are offered to Lender in the London interbank eurodollar market for delivery on the first day of the interest period, as adjusted for reserve requirements and rounded upwards if necessary to the next higher 1/16%.

Interest on Base Rate loans will be payable monthly. Interest on LIBOR loans will be payable at the end of each interest period selected by Borrower (one, two, three or six months), and at the end of three months in the case of a six-month interest period. Interest on all loans will also be payable upon their prepayment and maturity.

All interest and fees will be computed on the basis of actual days elapsed in a 360-day year for LIBOR borrowings and Base Rate borrowings.

Borrower will compensate Lender if certain changes in circumstances result in increased costs or reduced returns such as tax (other than income taxes), reserve, special deposit, insurance or capital adequacy requirements. All payments by Borrower will be made free and clear of present and future taxes, withholding or deductions, except for Lender's income taxes.

UPFRONT FEE: Payable at the Closing, a non-refundable fee of .20% multiplied by the total amount of Credit Facility commitment amount.

UNUSED FEE: A fee per annum on the unused portion of the Credit Facility, payable quarterly in arrears and accruing from Closing. Such fee will be subject to a Performance Pricing grid.

PERFORMANCE PRICING: Borrower will have pricing options indicated on the grid below based upon its Capitalization Ratio. The Capitalization Ratio is defined in the Financial Condition Covenants section of this Summary of Terms and Conditions.

LIBOR and Base Rate Margins and the Unused Fee shall be adjusted on the first day of December, March, June and September based on the financial information of Borrower's fiscal quarter ends of September, December, March and June.

Capitalization Ratio	Base Rate Margin	LIBOR Margin	Unused Fee
I. ≤ 40.0	-25 bps	+125 bps	25 bps
II. >40.0 ≤ 47.0	-25 bps	+135 bps	30 bps
III. >47.0 ≤ 54.0	+ 0 bps	+160 bps	40 bps
IV >54.0 ≤ 60.0	+25 bps	+180 bps	40 bps
V. >60.0 ≤ 65.0	+50 bps	+215 bps	50 bps

SECURITY: Unsecured. The Credit Facility shall contain a negative pledge on all assets of the Borrower and its present and hereafter acquired subsidiaries.

NOTICES OF BORROWING: Unless borrowing requests are made via Credit Manager or automated sweep, Borrower will give Lender advance notice of its intent to borrow as follows:

Base Rate borrowing	1 business day
LIBOR borrowing	2 business days

MINIMUM BORROWING: Each Base Rate loan will be at least $500,000, provided there will be no minimum requirement on Base Rate advances made as sweep loans. Each LIBOR loan will be at least $1,000,000 and a multiple of $100,000. No more that six LIBOR loans may be outstanding at any time.

OPTIONAL PREPAYMENT: Borrower may prepay any Base Rate loan without penalty on one business day's advance notice, provided repayment will be at least $500,000. The minimum prepayment limits will not apply to repayment of loans made by automated sweep. Borrower may prepay any LIBOR loan, with penalty, during an interest period on three business days' advance notice. Prepayments will be at least $1,000,000 and a multiple of $100,000, and will include interest accrued to the prepayment date.

INCREASED COSTS OR REDUCED RETURNS: If Borrower makes an optional or required prepayment of a LIBOR loan before the end of the related interest period, or fails to borrow, convert or extend a LIBOR loan after giving notice thereof, or if a LIBOR loan is converted to a Base Rate loan as a result of certain changes in circumstances, Borrower will reimburse Lender for any related funding losses and losses of anticipated earnings.

CONDITIONS PRECEDENT TO CLOSING: The Credit Facility will be subject to the satisfaction of conditions precedent usual and customary for transactions of this nature including but not limited to the following:

1) Due diligence satisfactory to Lender.
2) Repayment and/or termination/amendment of certain existing debt or credit agreement of Borrower.
3) No material adverse change of Borrower, or other subsidiaries of the Borrower prior to Closing.
4) Borrower obtaining the necessary Regulatory approvals.
5) Other conditions deemed appropriate.

LOAN DOCUMENTS: The Credit Facility will be subject to the negotiation, execution and delivery of a credit agreement and other loan documents, which will contain conditions to borrowings, representations and warranties, covenants, events of default, indemnification, and other provisions that are customary for similar financings by Lender, including without limitation those indicated below. The loan documents will be prepared by counsel for Lender.

CONDITIONS TO ALL BORROWINGS: After the credit agreement has been executed, the obligation of Lender to advance under the Credit Facility will be subject to receipt of customary documents satisfactory to Lender and the obligation of Lender to make each loan will be subject to all representations and warranties remaining true and correct, no material averse change relating to Borrower or its subsidiaries having occurred since the date of the latest provided audited statement delivered to Lender before Closing and no event of default or potential default existing or resulting from the loan.

REPRESENTATIONS AND WARRANTIES:

As customary, including the following, applicable to Borrower and its subsidiaries: proper corporate status and authority; loan documents valid, binding and enforceable against Borrower; loan documents not violating laws or existing agreements or requiring governmental, regulatory or other approvals; payment of taxes; no litigation that may have a material adverse effect; compliance with ERISA, environmental and other laws and regulations; no adverse agreements, existing defaults or non-permitted liens; financial statements true and correct.

PRINCIPAL COVENANTS:

The principal covenants expected to be included in the credit agreement are indicated below. Financial terms and calculations will be in accordance with generally accepted accounting principles, unless noted.

General covenants. Customary for similar financings by Lender.

Financial condition covenants.

Minimum Tangible Net Worth. Borrower will maintain at all times Tangible Net Worth of not less than $55,000,000.

> **Tangible Net worth** means stockholders' equity, minus any treasury stock and minus any intangible assets.

Capitalization Ratio. Borrower shall not at any time permit Funded Debt to exceed 65% of Capitalization.

Funded Debt is defined as the sum of (a all obligations of the Borrower and its subsidiaries for borrowed money including but not limited to revolving lines of credit, senior bank debt, senior notes, securitization debt and subordinated debt and shall include the long-term private placement notes of Borrower b) capital leases; c) issued and outstanding standby letters of credit and d) contingent obligations, including, but not limited to guarantees.

Capitalization means the sum of Funded Debt plus Tangible Net Worth, as defined above.

Other financial covenants. Restrictions may apply to: changes in the nature of Borrower's business; changes in accounting treatment or reporting practices; sale of all or a substantial or material part of its assets; consolidations, mergers, acquisitions, reorganizations and recapitalizations; liens; guarantees; debt; leases; investments; debt prepayments; sale-leasebacks; lease expenditures; contingent obligations; joint ventures; non hypothecation agreements; use of proceeds, ERISA and transactions with affiliates.

Reporting requirements. Borrower will provide the following information:

1) Quarterly consolidated, balance sheets, statements of income, retained earnings and cash flow of Borrower, in accordance with generally accepted accounting principles, together with calculations confirming Borrower's compliance with all financial covenants, certified by a senior officer, within 45 days after the end of each fiscal quarter.

2) (a) Annual consolidated balance sheets, statements of income, retained earnings and cash flow of the Borrower, with an unqualified opinion from a nationally recognized independent public accounting firm together with (b) calculations confirming Borrower's compliance with all financial covenants, all certified by a senior financial officer, within 120 days after the end of each fiscal year.

3) Consolidated financial budgets for the ensuing fiscal year, no later than 30 days after the end of each fiscal year.

4) Copies of any and all final management letters received by the Borrower or any subsidiary from an independent auditor, promptly upon receipt.

5) Other information reasonably requested by Lender.

EVENTS OF DEFAULT: As customary for similar financings, including the following, applicable to Borrower and its subsidiaries: failure to make payments when due under any of the loan documents; breach of any representation or warranty; breach of any covenant continuing beyond cure period; default under any other loan; bankruptcy or insolvency event; unpaid judgment; adverse ERISA event; material adverse change; invalidity of any of the loan documents; or change in control.

FEES, EXPENSES AND INDEMNIFICATION: Whether or not the credit agreement is executed, Borrower will (a) pay all fees, out-of-pocket expenses, and other expenses of Lender (including fees and expenses of outside counsel and allocated costs of internal counsel) relating to preparation of the loan documents or to the Credit Facility, and (b) indemnify Lender and its respective directors, officers and employees against all claims asserted and losses, liabilities and expenses incurred in connection with the Credit Facility.

GOVERNING LAW: State of Idaho. Upon the demand of any party, any action, dispute, claim or controversy of any kind, whether in contract or tort, statutory or common law, legal or equitable, arising under or in any way pertaining to this letter or any extensions of credit or other activities, transactions or obligations of any kind related hereto, shall be resolved by binding arbitration administered by the American Arbitration Association ("AAA") in accordance with the AAA Commercial Arbitration Rules and the

Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision herein. Bank's current standard provision governing arbitration of disputes is deemed incorporated herein as though set forth in full and shall be included in full in the loan agreement and/or other contracts, instruments and documents required hereby. Any party who fails or refuses to submit to arbitration following a lawful demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration.

This Summary of Terms and Conditions is not intended to be, and should not be construed as an attempt to establish all of the terms and conditions relating to the Facility. It is intended only to be indicative of certain terms and conditions around which the loan documents will be structured, and not to preclude negotiations within the general scope of these terms and conditions. The loan documents containing final terms and conditions will be subject to approval by Borrower and Wells Fargo.

EXHIBIT NO. 2

CASE NO. INT-G-03-

INTERMOUNTAIN GAS COMPANY

BOARD RESOLUTION

CONFIDENTIAL

(8 page)

INTERMOUNTAIN GAS COMPANY
LOAN AGREEMENT

RESOLVED, that subject to required regulatory approval, Intermountain Gas Company (the "Company") enter into a Loan Agreement with Wells Fargo Bank N.A. substantially on the terms of the Wells Fargo Bank N.A. Commitment Letter dated September 25, 2003 attached hereto and incorporated by this reference; and it was

FURTHER RESOLVED, that the officers of the corporation are hereby authorized and directed to file with the Idaho Public Utilities Commission an application requesting approval of such loan agreement; and be it

FURTHER RESOLVED, that upon the Company's obtaining such approval, the President, the Chief Financial Officer, the Treasurer, and such other officers of the Company as the President may designate are hereby authorized to execute all documents and certificates necessary or advisable to borrow and repay funds thereunder.

INTERMOUNTAIN GAS COMPANY
Summary of Loan Terms

		Term Sheet	Current Loan
General Terms			
Term of Agreement		Three Years	Five Years
Face		$35 Million	$25 Million
Borrowing Rates:			
Base Interest Rate-Prime	(2)	Prime -.25%	Prime -.50%
LIBOR	(2)	Libor +1.25%	Libor + 1.25%
Other Fees & Charges			
Facility Fee	(2)	.25%, annual on Unused Commitment	.25%, annual on Unused Commitment
Upfront fee/Annual fee		.2% of Face or $70,000	$10,000
Covenants			
Minimum Net Worth (1)		$55 million	$44.6 million
Capitalization Ratio		Max of 65% of Capital	Max of 65% of Capital, has a sixty day override to 66.67%
Limitations on Investments		N/A	15% Net Worth
Sale of Assets Limitation		N/A	Max 10% per year, Max 30% cumulative
Limitations on Restricted Payments		N/A	Limited to income since 10/1997
Limit on Indebtedness for Money Borrowed		N/A	75% of Total Capital

(1) Adjusted to exclude effects of OCI

(2) Rates increase as the business leverage increases

INTERMOUNTAIN GAS COMPANY
$35,000,000 Senior Credit Facility

Summary of Terms and Conditions

BORROWER:	Intermountain Gas Company (the "Borrower").
LENDER:	Wells Fargo Bank, National Association (the "Lender").
CREDIT FACILITY:	A $35,000,000 senior revolving credit facility (the "Revolver"). Replaces existing $25MM revolving credit facilities provided by Lender.
GUARANTORS:	The Facility shall be guaranteed by all existing and hereafter acquired or created subsidiaries of Borrower, if any.
MATURITY:	Three [3] years from execution and delivery of the credit agreement ("Closing").
PURPOSE:	The proceeds of the Credit Facility will be used to (i) refinance certain existing indebtedness of the Borrower; (ii) provide for the working capital, deferred gas costs and general corporate purpose needs of the Borrower and its subsidiaries.
INTEREST RATES:	Borrower shall have the option to make advances under the Credit Facility using either a Base Rate or LIBOR option. The LIBOR and Base Rate margins for the Credit Facility will be subject to Performance Pricing adjustments, based upon Borrower's Capitalization Ratio (defined under Financial Covenants).

Base Rate on any day means the higher of (a) the Prime Rate in effect on that day, or (b) the Federal Funds Rate in effect on that day as announced by the Federal Reserve Bank of New York, plus 0.5%.

Prime Rate means at any time the rate of interest most recently announced within Lender at its principal office in San Francisco as its Prime Rate, with the understanding that Lender's Prime Rate is one of its base rates and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto, and is evidenced by the recording thereof after its announcement in such internal publication or publications as Lender may designate. Each change in the Prime Rate will be effective on the day the change is announced by Lender.

LIBOR for an interest period means the average of the rate of interest at which deposits (approximately equal to the amount of the requested loan and for the same term as the interest period) are offered to Lender in the London interbank eurodollar market for delivery on the first day of the interest period, as adjusted for reserve requirements and rounded upwards if necessary to the next higher 1/16%.

Interest on Base Rate loans will be payable monthly. Interest on LIBOR loans will be payable at the end of each interest period selected by Borrower (one, two, three or six months), and at the end of three months in the case of a six-month interest period. Interest on all loans will also be payable upon their prepayment and maturity.

All interest and fees will be computed on the basis of actual days elapsed in a 360-day year for LIBOR borrowings and Base Rate borrowings.

Borrower will compensate Lender if certain changes in circumstances result in increased costs or reduced returns such as tax (other than income taxes), reserve, special deposit, insurance or capital adequacy requirements. All payments by Borrower will be made free and clear of present and future taxes, withholding or deductions, except for Lender's income taxes.

UPFRONT FEE: Payable at the Closing, a non-refundable fee of .20% multiplied by the total amount of Credit Facility commitment amount.

UNUSED FEE: A fee per annum on the unused portion of the Credit Facility, payable quarterly in arrears and accruing from Closing. Such fee will be subject to a Performance Pricing grid.

PERFORMANCE PRICING: Borrower will have pricing options indicated on the grid below based upon its Capitalization Ratio. The Capitalization Ratio is defined in the Financial Condition Covenants section of this Summary of Terms and Conditions.

LIBOR and Base Rate Margins and the Unused Fee shall be adjusted on the first day of December, March, June and September based on the financial information of Borrower's fiscal quarter ends of September, December, March and June.

Capitalization Ratio	**Base Rate Margin**	**LIBOR Margin**	**Unused Fee**
I. ≤ 40.0	-25 bps	+125 bps	25 bps
II. >40.0 ≤ 47.0	-25 bps	+135 bps	30 bps
III. >47.0 ≤ 54.0	+ 0 bps	+160 bps	40 bps
IV >54.0 ≤ 60.0	+25 bps	+180 bps	40 bps
V. >60.0 ≤ 65.0	+50 bps	+215 bps	50 bps

SECURITY: Unsecured. The Credit Facility shall contain a negative pledge on all assets of the Borrower and its present and hereafter acquired subsidiaries.

NOTICES OF BORROWING: Unless borrowing requests are made via Credit Manager or automated sweep, Borrower will give Lender advance notice of its intent to borrow as follows:

Base Rate borrowing	1 business day
LIBOR borrowing	2 business days

MINIMUM BORROWING: Each Base Rate loan will be at least $500,000, provided there will be no minimum requirement on Base Rate advances made as sweep loans. Each LIBOR loan will be at least $1,000,000 and a multiple of $100,000. No more that six LIBOR loans may be outstanding at any time.

OPTIONAL PREPAYMENT: Borrower may prepay any Base Rate loan without penalty on one business day's advance notice, provided repayment will be at least $500,000. The minimum prepayment limits will not apply to repayment of loans made by automated sweep. Borrower may prepay any LIBOR loan, with penalty, during an interest period on three business days' advance notice. Prepayments will be at least $1,000,000 and a multiple of $100,000, and will include interest accrued to the prepayment date.

INCREASED COSTS OR REDUCED RETURNS: If Borrower makes an optional or required prepayment of a LIBOR loan before the end of the related interest period, or fails to borrow, convert or extend a LIBOR loan after giving notice thereof, or if a LIBOR loan is converted to a Base Rate loan as a result of certain changes in circumstances, Borrower will reimburse Lender for any related funding losses and losses of anticipated earnings.

CONDITIONS PRECEDENT TO CLOSING: The Credit Facility will be subject to the satisfaction of conditions precedent usual and customary for transactions of this nature including but not limited to the following:

1) Due diligence satisfactory to Lender.
2) Repayment and/or termination/amendment of certain existing debt or credit agreement of Borrower.
3) No material adverse change of Borrower, or other subsidiaries of the Borrower prior to Closing.
4) Borrower obtaining the necessary Regulatory approvals.
5) Other conditions deemed appropriate.

LOAN DOCUMENTS: The Credit Facility will be subject to the negotiation, execution and delivery of a credit agreement and other loan documents, which will contain conditions to borrowings, representations and warranties, covenants, events of default, indemnification, and other provisions that are customary for similar financings by Lender, including without limitation those indicated below. The loan documents will be prepared by counsel for Lender.

CONDITIONS TO ALL BORROWINGS: After the credit agreement has been executed, the obligation of Lender to advance under the Credit Facility will be subject to receipt of customary documents satisfactory to Lender and the obligation of Lender to make each loan will be subject to all representations and warranties remaining true and correct, no material averse change relating to Borrower or its subsidiaries having occurred since the date of the latest provided audited statement delivered to Lender before Closing and no event of default or potential default existing or resulting from the loan.

REPRESENTATIONS AND WARRANTIES:

As customary, including the following, applicable to Borrower and its subsidiaries: proper corporate status and authority; loan documents valid, binding and enforceable against Borrower; loan documents not violating laws or existing agreements or requiring governmental, regulatory or other approvals; payment of taxes; no litigation that may have a material adverse effect; compliance with ERISA, environmental and other laws and regulations; no adverse agreements, existing defaults or non-permitted liens; financial statements true and correct.

PRINCIPAL COVENANTS:

The principal covenants expected to be included in the credit agreement are indicated below. Financial terms and calculations will be in accordance with generally accepted accounting principles, unless noted.

General covenants. Customary for similar financings by Lender.

Financial condition covenants.

Minimum Tangible Net Worth. Borrower will maintain at all times Tangible Net Worth of not less than $55,000,000.

> **Tangible Net worth** means stockholders' equity, minus any treasury stock and minus any intangible assets.

Capitalization Ratio. Borrower shall not at any time permit Funded Debt to exceed 65% of Capitalization.

Funded Debt is defined as the sum of (a all obligations of the Borrower and its subsidiaries for borrowed money including but not limited to revolving lines of credit, senior bank debt, senior notes, securitization debt and subordinated debt and shall include the long-term private placement notes of Borrower b) capital leases; c) issued and outstanding standby letters of credit and d) contingent obligations, including, but not limited to guarantees.

Capitalization means the sum of Funded Debt plus Tangible Net Worth, as defined above.

Other financial covenants. Restrictions may apply to: changes in the nature of Borrower's business; changes in accounting treatment or reporting practices; sale of all or a substantial or material part of its assets; consolidations, mergers, acquisitions, reorganizations and recapitalizations; liens; guarantees; debt; leases; investments; debt prepayments; sale-leasebacks; lease expenditures; contingent obligations; joint ventures; non hypothecation agreements; use of proceeds, ERISA and transactions with affiliates.

Reporting requirements. Borrower will provide the following information:

1) Quarterly consolidated, balance sheets, statements of income, retained earnings and cash flow of Borrower, in accordance with generally accepted accounting principles, together with calculations confirming Borrower's compliance with all financial covenants, certified by a senior officer, within 45 days after the end of each fiscal quarter.

2) (a) Annual consolidated balance sheets, statements of income, retained earnings and cash flow of the Borrower, with an unqualified opinion from a nationally recognized independent public accounting firm together with (b) calculations confirming Borrower's compliance with all financial covenants, all certified by a senior financial officer, within 120 days after the end of each fiscal year.

3) Consolidated financial budgets for the ensuing fiscal year, no later than 30 days after the end of each fiscal year.

4) Copies of any and all final management letters received by the Borrower or any subsidiary from an independent auditor, promptly upon receipt.

5) Other information reasonably requested by Lender.

EVENTS OF DEFAULT:

As customary for similar financings, including the following, applicable to Borrower and its subsidiaries: failure to make payments when due under any of the loan documents; breach of any representation or warranty; breach of any covenant continuing beyond cure period; default under any other loan; bankruptcy or insolvency event; unpaid judgment; adverse ERISA event; material adverse change; invalidity of any of the loan documents; or change in control.

FEES, EXPENSES AND INDEMNIFICATION:

Whether or not the credit agreement is executed, Borrower will (a) pay all fees, out-of-pocket expenses, and other expenses of Lender (including fees and expenses of outside counsel and allocated costs of internal counsel) relating to preparation of the loan documents or to the Credit Facility, and (b) indemnify Lender and its respective directors, officers and employees against all claims asserted and losses, liabilities and expenses incurred in connection with the Credit Facility.

GOVERNING LAW:

State of Idaho. Upon the demand of any party, any action, dispute, claim or controversy of any kind, whether in contract or tort, statutory or common law, legal or equitable, arising under or in any way pertaining to this letter or any extensions of credit or other activities, transactions or obligations of any kind related hereto, shall be resolved by binding arbitration administered by the American Arbitration Association ("AAA") in accordance with the AAA Commercial Arbitration Rules and the

Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision herein. Bank's current standard provision governing arbitration of disputes is deemed incorporated herein as though set forth in full and shall be included in full in the loan agreement and/or other contracts, instruments and documents required hereby. Any party who fails or refuses to submit to arbitration following a lawful demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration.

This Summary of Terms and Conditions is not intended to be, and should not be construed as an attempt to establish all of the terms and conditions relating to the Facility. It is intended only to be indicative of certain terms and conditions around which the loan documents will be structured, and not to preclude negotiations within the general scope of these terms and conditions. The loan documents containing final terms and conditions will be subject to approval by Borrower and Wells Fargo.

EXHIBIT NO. 4

CASE NO. INT-G-03-

INTERMOUNTAIN GAS COMPANY

IDAHO PUBLIC UTILITIES COMMISSION

PROPOSED ORDER

(4 pages)

PROPOSED ORDER OF APPLICANT

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of INTERMOUNTAIN GAS COMPANY for Authorization to Issue and Sell Securities	Case No. INT-G-03- **ORDER NO.**

On December 15, 2003, Intermountain Gas Company (hereinafter "Intermountain" or "IGC") filed an Application pursuant to Chapter 9 of Title 61, Idaho Code and Rules 141 through 150 of the Commission's Rules of Procedure. IDAPA 31.01.01.141-150. Through this Application, IGC requests authorization of a renegotiated senior revolving line of credit, not to exceed $35,000,000, for a period of three years, replacing Intermountain's current revolving line of credit of $25,000,000. IGC contends that this line of credit will continue to be used in the traditional manner, which is principally to finance construction needs and other working capital requirements.

The Idaho Public Utilities Commission, having fully considered the Application and exhibits attached thereto, and all of the Commission's files and records pertaining to this Application, now makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

IGC is an Idaho corporation with its office and principal place of business in Boise, Idaho. IGC is a natural gas public utility, owning and operating transmission pipelines, a compressor station, a liquefied natural gas storage facility, distribution mains, services, meters and regulators, and general plant and equipment.

Intermountain seeks the Commission's authorization and permission to issue a revolving line of credit not to exceed $35,000,000 at any one time outstanding for a period of three years from the execution and delivery of the credit agreement. The revolving line of credit will be issued through Wells Fargo Bank, N.A. The proceeds from the borrowing of this issuance will be used principally to finance construction and other working capital requirements of IGC.

CONCLUSIONS OF LAW

IGC is a gas corporation within the definition of *Idaho Code* § 61-117 and is a public utility within the definition of *Idaho Code* § 61-129.

The Idaho Public Utilities Commission has jurisdiction over this matter pursuant to the provisions of *Idaho Code* § 61-901, *et seq.*, and the Application reasonably conforms to Rules 141-150 of the Commission's Rules of Procedure (IDAPA 31.01.01-141-150).

The method of issuance is proper.

The general purposes to which the proceeds will be put are lawful under the Public Utility Law of the state of Idaho and are compatible with the public interest. However, this general approval of the general purposes to which the proceeds will be put is neither a finding of fact nor a conclusion of law that any particular construction program of IGC which may be benefited by the approval of this Application has been considered or approved by this Order, and this Order shall not be construed to that effect.

The issuance of an Order authorizing the proposed financing does not constitute agency determination/approval of the type of financing or the related costs for ratemaking purposes. The Idaho Public Utilities Commission does not have before it for determination, and therefore does not determine, any effect of the proposed transactions on rates to be charged by IGC for natural gas to consumers in the state of Idaho.

All lawful fees have been paid by Intermountain as provided by *Idaho Code* § 61-905.

The Application should be approved.

O R D E R

IT IS THEREFORE ORDERED that the Application of Intermountain Gas Company for authority to issue a revolving line of credit not to exceed $35,000,000 at any one time outstanding as described in its Application should be, and the same hereby is, GRANTED.

IT IS FURTHER ORDERED that this authority will be from the date of this Order and expire on the maturity date of this newly authorized line of credit.

IT IS FURTHER ORDERED that Intermountain will continue to make 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,

IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of this Commission with respect to rates, service, accounts, valuation, estimates or determination of cost or any other matter which may come before this Commission pursuant to this 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 Rules 141-150 of the Commission's Rules of Procedure, or any act or deed done or performed in connection with this Order 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 said Chapter 9, Title 61, Idaho Code and Rules 141-150 of the Commission's Rules of Procedure.

IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of Intermountain's exhibits or other material accompanying this 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.

DONE by Order of the Idaho Public Commission at Boise, Idaho this ________ day of January, 2004.

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

SECRETARY