

DECISION MEMORANDUM

**TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
LEGAL
WORKING FILE**

FROM: TERRI CARLOCK

DATE: JUNE 18, 2010

**RE: INTERMOUNTAIN GAS COMPANY AUTHORIZATION TO ISSUE
AND SELL \$80 MILLION; CASE NO. INT-G-10-02**

On May 28, 2010, Intermountain Gas Company (IGC or Company) filed an Application requesting authority to enter into a base revolving line of credit facility with Bank of America for \$65 Million with the ability to utilize an additional amount of \$15 Million. This total authority of \$80 Million replaces the current revolving line of credit of \$70 Million expiring August 31, 2010.

This authority is requested for a three-year period. The proceeds will be used to finance construction needs, pay deferred gas costs, and cover other working capital requirements.

Interest rates will be based on London Interbank Offered Rate (LIBOR), Bank of America Prime Rate or the Federal Funds rate. Additional charges will be incurred for administrative fees of \$15,000 annually and commitment fees based on a performance grid. The performance grid has four levels with the rate determined by the ratio of consolidated funded indebtedness to total capitalization ratio. Therefore the higher the level of debt incurred, the greater the borrowing cost for borrowed funds.

STAFF RECOMMENDATION

Staff recommends approval of the Application to enter into \$80 Million line of credit agreements as described. Staff also recommends IGC continue to file quarterly reports with the Commission showing its capitalization ratio and debt borrowing information including interest rates paid.

All fees have been paid in accordance with *Idaho Code* § 61-905.

COMMISSION DECISION

Does the Commission approve IGC's request to enter into revolving line of credit agreements of \$65 Million for a period of three years with an option to borrow an additional \$15 Million also for three years?

Does the Commission accept the proposed reporting requirements?



Terri Carlock

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