

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER RAPER  
COMMISSIONER ANDERSON  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE

**FROM:** TERRI CARLOCK

**DATE:** OCTOBER 6, 2016

**RE:** INTERMOUNTAIN GAS COMPANY'S REQUEST TO ISSUE AND SELL  
DEBT; CASE NO. INT-G-16-04.

On September 15, 2016, Intermountain Gas Company (Intermountain, Company) filed an Application requesting authority to issue and sell \$50,000,000 of unsecured debt securities in one or more issuance. The maturity date and interest rate will be established at the time of issuance. Intermountain filed an amendment on October 4, 2016 requesting maturing dates be authorized up to 40 years.

The interest rate will be set at the time of issuance based on the term of the note. Differing tranches include: 1) A 10-year note will be based on 10-year Treasury rates plus an adder of 130-140 basis points; 2) A 15-year note will be based on 10-year Treasury rates plus an adder of 155-165 basis points; and 3) A 30-year note will be based on 30-year Treasury rates plus an adder of 165-175 basis points. The current treasury rate for 10-year notes is 1.72% so you might expect an interest rate for Intermountain between 3.02% - 3.12% for a 10-year issuance. A 30-year treasury rate is currently 2.44% so the interest rate for Intermountain to issue a 30-year note might be 4.09% - 4.19%.

Net proceeds from the sale of the unsecured notes will be used to repay any remaining amounts outstanding on the Company's Revolving Credit Agreement; provide for capital expenditures on its facilities; provide working capital; and for general corporate purposes.

The required securities fees have been submitted.

**STAFF RECOMMENDATION**

Staff recommends approval of the requested \$50 million in unsecured debt authority.

Staff also recommends that all final debt and pricing documents be filed with the Commission.

**COMMISSION DECISION**

Does the Commission approve the requested \$50 million unsecured debt authority with the reporting requirements?

  
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Terri Carlock

TC\INT-G-16-04 unsecured notes 50M DM 10 6.16.