

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF INTERMOUNTAIN GAS COMPANY) **CASE NO. INT-G-17-01**
FOR AUTHORITY TO ISSUE AND SELL)
SECURITIES) **ORDER NO. 33725**
)

On February 16, 2017, Intermountain Gas Company (“the Company”), a subsidiary of MDU Resources Group, Inc., applied to the Commission for authority to obtain a revolving credit facility of \$85 million not to exceed a five-year period, with an option to borrow an additional \$25 million over the same time period, or \$110 million in total. This new credit facility replaces the Company’s current revolving line of credit of \$90 million, which expires July 13, 2018. Having fully considered the Application, the Commission enters this Order granting it as follows.

THE APPLICATION

The Company proposes to enter agreements allowing it to obtain a revolving line of credit of not more than \$110 million at any one time. The proposed line of credit would exist for five years from the execution and delivery of the credit agreement. The Company would use the proceeds in financing principally its working capital, capital expenditures, deferred gas costs, and general corporate purpose needs. U.S. Bank, N.A., would administer the line of credit.

The Company has the option to select between predetermined interest rate methods. The rate will be based on London Interbank Offered Rate (LIBOR), U.S. Bank Prime Rate or the Federal Funds rate plus appropriate margins. 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. The debt ratio for Intermountain was 48.7% as of December 31, 2016.

**FINDINGS OF FACT AND
CONCLUSIONS OF LAW**

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 pipelines, a liquefied

natural gas storage facility, 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 issuance 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. The Order also is not a Commission determination or approval of the type of financing or the related costs for ratemaking purposes. In this case, the Commission does not have before it for determination, and so does not determine, the effect of the proposed transaction on rates the Company will charge for natural gas service.

ORDER

IT IS HEREBY ORDERED that the Company's Application to obtain a revolving line of credit up to \$110 million, not to exceed a five-year period, 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 the Commission with respect to rates, utility capital structure, service accounts, valuation, estimates for determination of cost or any other matter which may come before this Commission pursuant to its jurisdiction and authority as provided by law.

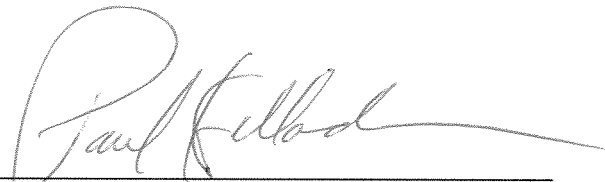
IT IS FURTHER ORDERED that nothing in this Order and no provisions of Chapter 9, Title 61, *Idaho Code*, or any act or deed done or performed in connection therewith shall be

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.*

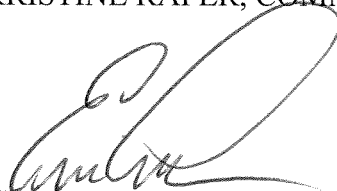
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8th day of March 2017.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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