

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)	
APPLICATION OF INTERMOUNTAIN)	CASE NO. INT-G-19-02
GAS COMPANY FOR AUTHORITY TO)	
ISSUE AND SELL SECURITIES, AND)	ORDER NO. 34303
TO RENEW ITS REVOLVING LINE OF)	
CREDIT.)	

On March 11, 2019, Intermountain Gas Company (“the Company”), a subsidiary of MDU Resources Group, Inc. (“MDU”), applied to the Commission under *Idaho Code* §§ 61-901, *et seq.* for authority to issue unsecured notes, not to exceed \$75,000,000, for a period ranging from five years up to 30 years (“Bonds”); and to renew a revolving line of credit up to \$110,000,000, not to exceed a five-year period (“Line of Credit”).

After the Company filed its Application, Commission Staff recommended that the Commission approve the requested authority on certain conditions. Based on our review of the record, we issue this Order approving the Application as noted below.

THE APPLICATION

The Company is an Idaho corporation and natural gas utility with its office and principal place of business in Boise, Idaho. With this Application, the Company asks for authority to issue and sell up to \$75,000,000 of Bonds on or about June 14, 2019. The proposed issuance will be directly placed in one tranche by Wells Fargo Securities, LLC and U.S. Bancorp Investments, Inc. The Company anticipates one tranche with proposed maturity dates ranging from five years to thirty years from the date of issuance. The interest rate will be set at the time of issuance based on the ten-year Treasury rates plus a basis point adder of approximately 120-170 of any ten-year issuance or 15-year issuance, and based on 30-year Treasury rates plus a basis point adder of approximately 155-200 for any 30-year issuance. The Company says it will use net proceeds from the sale of the Bonds for the following purposes and no others: the acquisition of utility property or construction, extension or improvement of utility facilities, the improvement or maintenance of service; and refunding the Company’s treasury expended on utility purposes.

The Company also asks for authority to renew its Line of Credit of not more than \$110,000,000 at any one time. The proposed Line of Credit would exist for a period not to exceed five years from the date of execution and delivery of the credit agreement. The Company expects

that it will use the proceeds to provide for capital expenditures, deferred gas costs, and for general corporate purpose needs of the Company. U.S. Bancorp Investments, Inc., would administer the Line of Credit.

The interest rate method will be based on the London Interbank Offered Rate (LIBOR), U.S. Bank Prime Rate, or the Federal Funds rate plus appropriate margins. Additional charges for the Line of Credit will include administrative fees of \$15,000 annually and commitment fees.

STAFF REVIEW AND RECOMMENDATION

Staff recommended the Commission approve the authority to issue up to \$75,000,000 in unsecured notes. Staff also recommended the Commission approve the authority to enter into the five-year \$85,000,000 revolving line of credit with the option to borrow another \$25,000,000 (for a maximum revolving line of credit of \$110,000,000).

Finally, Staff recommended the Commission order the Company to continue filing quarterly reports identifying the date of issuance, principal amount, interest rate, date of maturity and identity of payee for all promissory notes issued in that quarter. In addition, the Company should continue filing its capitalization ratios with the quarterly report.

FINDINGS AND DISCUSSION

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. 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 issue and sell up to \$75,000,000 of unsecured notes with proposed maturity dates from five to 30 years, and to renew its revolving line of credit up to \$110,000,000 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.*

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this
day of April 2019.

gta



PAUL KJELLANDER, PRESIDENT




KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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