

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF INTERMOUNTAIN GAS COMPANY )** **CASE NO. INT-G-16-04**  
**FOR AUTHORITY TO ISSUE AND SELL )**  
**SECURITIES. )** **ORDER NO. 33620**  
**)**

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On September 15, 2016, Intermountain Gas Company (the “Company”), a subsidiary of MDU Resources Group, Inc., applied to the Commission under *Idaho Code* §§ 61-901, *et seq.* for authority to issue Unsecured Notes, not to exceed \$50,000,000, for a period of up to 30 years. The Company filed an amendment on October 4, 2016, requesting maturing dates be authorized for up to 40 years. *See* Application Amendment at 1. Having fully considered the Application, the Commission enters this Order granting it as follows.

**THE APPLICATION**

The Company asks for authority to issue and sell \$50,000,000 of unsecured debt securities in one or more issuance. The proposed issuance will be directly placed in one or more tranches with one or more private placement investors. The Company anticipates that one or more tranches will have maturity dates between 10 and 40 years from the date of issuance.

The interest rate will be set at the time of issuance based on the term of the note. The proposed tranches include: (1) a 10-year note based on 10-year Treasury rates plus an adder of 130-140 basis points; (2) a 15-year note based on 10-year Treasury rates plus an adder of 155-165 basis points; and (3) a 30-year note based on 30-year Treasury rates plus an adder of 165-175 basis points. The Company says it will use net proceeds from the sale of the unsecured notes 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.

**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/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 for authority to issue and sell \$50,000,000 of unsecured debt securities is granted.

IT IS FURTHER ORDERED that the Company must file all final debt and pricing documents with the Commission.

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.

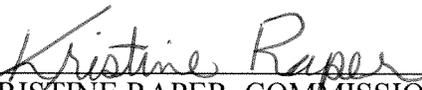
IT IS FURTHER ORDERED that nothing in this Order and no provisions of Chapter 9, Title 61, *Idaho Code*, or any act or deed done or performed in connection therewith shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed under the provisions of Chapter 9, Title 61, *Idaho Code*.

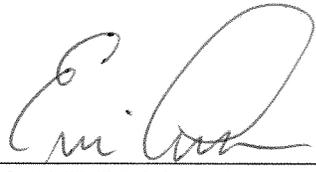
IT IS FURTHER ORDERED that issuance of this Order does not constitute acceptance of the Company's exhibits or other material accompanying the Application for any purpose other than the issuance of this Order.

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.*

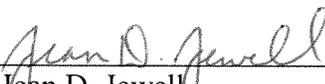
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13<sup>th</sup> day of October 2016.

  
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PAUL KJELLANDER, PRESIDENT

  
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KRISTINE RAPER, COMMISSIONER

  
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ERIC ANDERSON, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

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