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IDAHO PUBLIC
UTILITIES COMMISSION

November 23, 2021

Ms. Jan Noriyuki
Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

RE: Case No. INT-G-21-07

Dear Ms. Noriyuki:

Attached for consideration by this Commission is an electronic submission of Intermountain Gas Company's Application to Issue and Sell Securities. The Application requires an IPUC Issuance Fee in the amount of \$1,000. That check will be hand-delivered under separate cover later today.

If you should have any questions regarding the attached, please don't hesitate to contact me at (208) 377-6015.

Sincerely,

Lori A. Blattner
Director, Regulatory Affairs
Intermountain Gas Company

Enclosure

cc: Mark Chiles
Preston Carter

INTERMOUNTAIN GAS COMPANY

CASE NO. INT-G-21-07

**APPLICATION
AND
EXHIBITS**

**In the Matter of the Application of INTERMOUNTAIN GAS COMPANY
for Authorization to Issue and Sell Securities**

Preston N. Carter, ISB No. 8462
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601 W. Bannock St.
Boise, ID 83702
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Attorney for Intermountain Gas Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of
INTERMOUNTAIN GAS COMPANY
for Authorization to Issue and Sell
Securities

Case No. INT-G-21-07
APPLICATION

Intermountain Gas Company ("Intermountain" or "Company"), a subsidiary of MDU Resources Group, Inc. with general offices located at 555 South Cole Road, Boise, Idaho, pursuant to the applicable statutes, including Idaho Code Sections 61-901, 61-902, 61-903 and 61-905, and the Rules and Regulations of the Idaho Public Utilities Commission ("Commission"), requests authorization to issue and sell up to Fifty Million Dollars (\$50,000,000) of Unsecured Notes between the months of May and September 2022, with one or more maturity dates ranging from ten (10) to forty (40) years from issuance.

Communications in reference to this Application should be addressed to:

Lori A. Blattner
Director – Regulatory Affairs
Intermountain Gas Company
Post Office Box 7608
Boise, ID 83707
Lori.Blattner@intgas.com

and

Preston N. Carter
Givens Pursley LLP
601 W. Bannock St.
Boise, ID 83702
prestoncarter@givenspursley.com
harmonywright@givenspursley.com

In support of this Application, Intermountain alleges and states as follows:

I. INTRODUCTION

Intermountain is a gas utility, subject to the jurisdiction of the Idaho Public Utilities Commission, engaged in the sale of and distribution of natural gas within the State of Idaho under authority of Commission Certificate No. 219 issued December 2, 1955, as amended and supplemented by Order No. 6564, dated October 3, 1962.

Intermountain provides natural gas service to the following Idaho communities and counties and adjoining areas:

Ada County - Boise, Eagle, Garden City, Kuna, Meridian, and Star;
Bannock County - Arimo, Chubbuck, Inkom, Lava Hot Springs, McCammon, and Pocatello;
Bear Lake County - Georgetown, and Montpelier;
Bingham County - Aberdeen, Basalt, Blackfoot, Firth, Fort Hall, Moreland/Riverside, and Shelley;
Blaine County - Bellevue, Hailey, Ketchum, and Sun Valley;
Bonneville County - Ammon, Idaho Falls, Iona, and Ucon;
Canyon County - Caldwell, Greenleaf, Middleton, Nampa, Parma, and Wilder;
Caribou County - Bancroft, Grace, and Soda Springs;
Cassia County - Burley, Declo, Malta, and Raft River;
Elmore County - Glenns Ferry, Hammett, and Mountain Home;
Fremont County - Parker, and St. Anthony;
Gem County - Emmett;
Gooding County - Bliss, Gooding, and Wendell;
Jefferson County - Lewisville, Menan, Rigby, and Ririe;
Jerome County - Jerome;
Lincoln County - Shoshone;
Madison County - Rexburg, and Sugar City;
Minidoka County - Heyburn, Paul, and Rupert;
Owyhee County - Bruneau, Marsing, and Homedale;
Payette County - Fruitland, New Plymouth, and Payette;
Power County - American Falls;
Twin Falls County - Buhl, Filer, Hansen, Kimberly, Murtaugh, and Twin Falls;
Washington County - Weiser.

Intermountain's properties in these locations consist of transmission pipelines, liquefied natural gas storage facilities, compressor stations, distribution mains, services, meters and regulators, and general plant and equipment.

II. DESCRIPTION OF SECURITIES

Applicant seeks authority from this Commission to issue and sell up to Fifty Million Dollars (\$50,000,000) of Unsecured Notes.

The Board of Directors of Intermountain has duly authorized the requested Unsecured Notes. A copy of the Resolution authorizing the Unsecured Notes is attached hereto as Exhibit No. 1 and is incorporated herein by reference.

The estimated terms and conditions of the Unsecured Notes are incorporated by reference.

Summary of Terms and Conditions for the Unsecured Notes

Issuer:	Intermountain Gas Company
Purchasers:	One or more private placement investors (the "Investors")
Principal Amount:	Unsecured Note – up to \$50,000,000
Interest Rates:	Final rates dependent on tenor of notes. Current estimates based on ten (10) year Treasury rates: plus 100-150 basis points for a ten (10) year tranche; and plus 120-170 basis points for a fifteen (15) year tranche. Current estimates based on thirty (30) year Treasury rates: plus 145-190 basis points for a thirty (30) year tranche; and plus 155-200 basis points for a forty (40) year tranche. Credit spreads are subject to change.
Date of Issue:	Between the months of May and September 2022.
Maturity:	Long-term maturity dates in one or more tranches ranging from ten (10) to forty (40) years from the issuance date.
Voting Privileges:	None
Call or Redemption Provisions:	Subject to Make-Whole amount of T+50; par call six months prior to maturity
Sinking Funds or Other Provisions for Securing Payment:	None
Security:	None
Use of Proceeds:	If approved, the Unsecured Notes will be used to refinance existing debt, fund capital expenditures, and for general corporate purpose needs of Intermountain.
Fees:	Private placement agent fees of up to forty (40) basis points (up to \$200,000) will be paid in conjunction with the issuance of the securities. Legal fees and reasonable out-of-pocket costs will be paid or reimbursed to investor counsel and Cohen

Tauber Spievack & Wagner P.C. (Intermountain’s legal counsel), and are estimated at \$125,000.

Other Requirements: Costs associated with this transaction are to be paid by Intermountain as noted in the above delineation of “Fees.”

III. STATEMENT OF INFORMATION REQUIRED BY RULE 141.03

The securities will be issued under a private placement agreement marketed by [TBD] (the “Agents”) to private placement investors. The net proceeds for the Unsecured Notes (up to Fifty Million Dollars (\$50,000,000) minus the estimated Fees of Three Hundred and Twenty Five Thousand Dollars (\$325,000)) are estimated at up to Forty Nine Million Six Hundred and Seventy Five Thousand Dollars (\$49,675,000).

The estimated fees and expenses of the issuance of such Unsecured Notes are expected to total up to Three Hundred and Twenty Five Thousand Dollars (\$325,000) consisting of the following:

Agent Fees	\$200,000
Legal Fees	<u>125,000</u>
Total	<u>\$325,000</u>

IV. STATEMENT OF PURPOSE

Based on this Commission’s authorization, the Unsecured Notes will be used to refinance existing debt, fund capital expenditures, and for general corporate purpose needs of Intermountain.

V. STATEMENT OF EXPLANATION

These uses are consistent with the public interest and necessary, appropriate, and consistent with the proper and legally mandated performance to the public by Intermountain as a public utility.

VI. FINANCIAL STATEMENT

Intermountain’s Statement of Capitalization as of September 30, 2021, showing all authorized and outstanding classes of securities as adjusted to reflect the proposed issuance of up to \$50,000,000 of Unsecured Notes, is as follows:

September 30, 2021

	Actual Amount Outstanding <u>(\$000's)</u>	<u>Ratio</u>	Adjusted Amount <u>(\$000's)</u>
Common Stock & Surplus	\$ 174,221	50.0%	\$ 174,221
Long Term Debt	<u>174,323</u>	<u>50.0%</u>	<u>224,323</u>
Total Capitalization	<u>\$ 348,544</u>	<u>100.0%</u>	<u>\$ 398,544</u>

VII. PROPOSED ORDER

A proposed Order granting this Application is attached as Exhibit No. 2 and is incorporated by reference.

VIII. STATEMENT OF PUBLIC NOTICE

Notice of the application will be published within seven days of the filing date of this Application in *The Idaho Business Review*, *The Idaho State Journal*, *The Idaho Statesman*, *The Post Register*, and *The Times News* pursuant to Rule 141.08 of the Commission's Rules of Procedure.

IX. VERIFIED REPORT

A copy of the verified report for the above referenced Unsecured Notes showing the amount realized including the itemized costs and expenses incurred in connection with this transaction will be submitted under separate cover after issuance and is to be treated as confidential pursuant to the Commission's Rules of Procedure IDAPA 31.01.01.067 and 31.01.01.233, together with Idaho Code §§ 74-104, 106, 107, and 48-801 *et seq.*

X. COMMISSION FEE

The fee required by Section 61-905 of the Idaho Code, was determined as follows:

First	\$ 100,000 at \$1.00 per \$1,000	= \$ 100
Next	900,000 at \$0.25 per \$1,000	= 225
Remaining	<u>49,000,000</u> at \$0.10 per \$1,000	= <u>4,900</u>
	<u>\$ 50,000,000</u>	= <u>\$ 5,225</u>

As this amount is larger than the \$1,000 maximum fee set forth in Section 61-905 of the Idaho

Code, a check for \$1,000 is enclosed with this Application.

XI. MODIFIED PROCEDURE

Intermountain requests that this matter be handled under modified procedure pursuant to Rules 201-204 of the Commission's Rules of Procedure. Intermountain stands ready for an immediate hearing of this Application if such is determined necessary by this Commission.

XII. REQUEST FOR RELIEF

Intermountain respectfully petitions the Idaho Public Utilities Commission as follows:

- 1) That this Application be processed without hearing pursuant to the Rules and Regulations of this Commission and acted upon at the earliest possible date;
- 2) That this Commission approve and authorize the issuance of Unsecured Notes for the purposes described up to and including Fifty Million Dollars (\$50,000,000) with one or more maturity dates ranging from ten (10) to forty (40) years from issuance;
- 3) That this Commission allow Intermountain to manage its Unsecured Note financing pursuant to the order issued in this matter until such time as Intermountain's Board of Directors changes the authorized level of such Notes, with Intermountain making quarterly reports to this Commission setting forth the date of issuance, principal amount, interest rate, date of maturity and identity of payee for all promissory notes issued during such quarter; and
- 4) For such other relief as this Commission may determine is just and proper.

DATED: November 23, 2021.

INTERMOUNTAIN GAS COMPANY

GIVENS PURSLEY LLP

By



Lori A. Blattner
Director – Regulatory Affairs

By



Preston N. Carter
Attorney for Intermountain Gas Company

EXHIBIT NO. 1

CASE NO. INT-G-21-07

INTERMOUNTAIN GAS COMPANY

BOARD RESOLUTION

(2 pages)

CERTIFICATE

I, Allison Mann, hereby certify that I am the duly elected and qualified Assistant Secretary of Intermountain Gas Company, an Idaho corporation; that the following is a true and correct copy of resolutions adopted by Written Consent of the Board of Directors dated November 5, 2021; and that said resolutions have not been modified or amended and are presently in full force and effect:

WHEREAS, the Board of Directors of Intermountain Gas Company (the "Company") has determined that it is desirable for the Company to enter into a Note Purchase Agreement (the "Agreement") by and among the Company and other purchasers which shall be identified in the Agreement (collectively referred to as the "Purchasers"), under which the Company shall propose to issue and sell unsecured Notes (as shall be defined in the Agreement) in an aggregate principal amount of up to \$50,000,000 in one or more series with maturities up to forty (40) years as shall be set forth in the Agreement;

NOW, THEREFORE, BE IT RESOLVED, that the Chair of the Board, Chief Executive Officer, President, any Vice President, General Counsel, or any other officer who performs a policy-making function (such as administration, operations, accounting, or finance) of the Company (the "Authorized Officers") be, and each of them hereby is, authorized to negotiate, execute and deliver an Agreement, with such terms and provisions as the Authorized Officer executing the Agreement on behalf of the Company shall deem proper, such execution by the Authorized Officer of the Agreement to be conclusive evidence of the Authorized Officer's authority granted herein and the approval thereof by the Board of Directors;

FURTHER RESOLVED, that the Authorized Officers of the Company be, and each of them hereby is, authorized to execute and deliver the Note or Notes up to the aggregate principal amount of \$50,000,000 payable to the order of the Purchasers, substantially in the forms which shall be provided for in the exhibits to the Agreement, with such changes, additions and deletions as to any and all of the terms thereof as the Authorized Officer executing the same shall deem proper, such execution by the Authorized Officer of the Notes to be conclusive evidence of the Authorized Officer's authority granted herein and the approval thereof by the Board of Directors;

FURTHER RESOLVED, that each and every officer of the Company be, and hereby is, authorized and empowered, in the name and on behalf of the Company from time to time, to take such actions and to execute and deliver such agreements, certificates, instruments, notices and documents as may be required or as such officer may deem necessary, advisable, or proper in order to carry out and perform the obligations of the Company under the Agreement and any other agreements and documents executed by the Company pursuant to these resolutions; and all such actions to be performed in such manner, and all such agreements, certificates, instruments, notices, and documents to be executed and delivered in such form as the officer performing or executing the same shall approve, the

performance or execution thereof by such officer to be evidence that such officer deems all of the terms and provisions thereof to be proper; and

FURTHER RESOLVED, that all lawful actions heretofore taken in good faith by any officer of the Company in anticipation of, or in connection with, the foregoing are hereby approved, ratified and confirmed in all respects as fully as if such actions had been presented to the Board of Directors for its approval prior to such actions being taken.

IN WITNESS WHEREOF, I have hereunto set my hand on November 9, 2021.

A handwritten signature in black ink, appearing to read "Allison Mann", is written above a horizontal line.

Allison Mann, Assistant Secretary

EXHIBIT NO. 2

CASE NO. INT-G-21-07

INTERMOUNTAIN GAS COMPANY

IDAHO PUBLIC UTILITIES COMMISSION

PROPOSED ORDER

(3 pages)

PROPOSED ORDER OF APPLICANT

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of
INTERMOUNTAIN GAS COMPANY
for Authorization to Issue and Sell
Securities

Case No. INT-G-21-07

ORDER NO.

On November 23, 2021, 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, with one or more maturity dates ranging from ten (10) to forty (40) years. 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 up to \$50,000,000 of unsecured debt securities. The proposed issuance will be directly placed in one or more tranches with one or more private placement investors. The Company anticipates one or more tranches with proposed maturity dates ranging from ten years to forty years from the date of issuance. The interest rate will be set at the time of issuance based on 10-year Treasury rates plus a credit spread of approximately 100-170 for any 10-year issuance or 15-year issuance and based on 30-year Treasury rates plus a credit spread of approximately 145-200 for any 30-year issuance or 40-year issuance. Credit spreads are subject to change. The Company says it will use net proceeds from the sale of the unsecured notes to refinance existing debt, fund capital expenditures and for general corporate purposes.

COMMISSION FINDINGS AND DECISION

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 transmission pipelines, liquefied natural gas storage facilities, compressor stations, 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. This 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 for authority to issue and sell up to \$50,000,000 of Unsecured Notes with proposed maturity dates from ten (10) to forty (40) years 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 this Commission with respect to rates, utility capital structure, service, accounts, valuation, estimates or 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 _____ day of _____ 2021.

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

SECRETARY