

DECISION MEMORANDUM

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

FROM: JOSEPH TERRY
TERRI CARLOCK

DATE: DECEMBER 9, 2021

RE: IN THE MATTER OF THE APPLICATION OF INTERMOUNTAIN GAS
COMPANY FOR AUTHORIZATION TO ISSUE AND SELL
SECURITIES; CASE NO. INT-G-21-07

On November 23, 2021, Intermountain Gas Company. (“Company” or “Intermountain”) filed an Application requesting authority to issue up to \$50 million in debt to refinance existing debt, fund capital expenditures, and general corporate needs. The debt issuance may consist of one or more loans with terms ranging from 10 to 40 years. The interest rate on the debt will be dependent on the term of the loan and the Treasury rate at the time. For 10 and 15-year loans, current estimated interest rates are based on 10-year Treasury rates plus 100-150 basis points and 120-170 basis points respectively. For 30 and 40-year loans current estimated interest rates are based on 30-year Treasury rates plus 145-190 basis points and plus 155-200 basis points respectively. The Commission received the correct application fee on the same day as the Application.

STAFF ANALYSIS

The proposed debt meets the requirement under *Idaho Code* §61-901. It is for more than one year (10-40 years) and is for the acquisition of property; for the construction, completion, extension, or improvement of its facilities; for the improvement or maintenance of its service or refinancing of its current obligations. The filing complies with the IDAPA 31.01.01.141.

Current interest rates can be attractive to Companies at this time. The interest rates would be within the ranges included in the following chart assuming current treasury rates:

Term in Years	Low Interest Rate	High Interest Rate
10	2.43%	2.93%
15	2.63%	3.13%
30	3.22%	3.67%
40	3.32%	3.77%

In the Company's most recent rate case, Case No. INT-G-16-03, the Commission authorized a cost of debt of 4.94%. All the above interest rates would be lower than their approved cost of debt rates, and therefore would be a benefit to the customers.

STAFF RECOMMENDATION

Staff recommends that the Commission authorize the Company to issue up to \$50 million in debt.

Staff recommends the Commission require the Company to file with the Commission the loan documents showing the amount borrowed and all other terms of the loan within seven days of those documents being available.

Staff recommends the Commission order the Company to continue to file quarterly reports that include date of issuance, principal amount, date of maturity, and identity of payee.

COMMISSION DECISION

Does the Commission wish to approve Intermountain Gas Company's request to issue up to \$50 million in debt?

Does the Commission wish to require the Company to file with the Commission the loan documents showing the amount borrowed and all other terms of the loan within seven days of those documents being available?

Does the Commission wish to order the Company to continue to file quarterly reports that include date of issuance, principal amount, date of maturity, and identity of payee?

Terri Carlock (for)

Joseph Terry