

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF INTERMOUNTAIN )</b>	<b>CASE NO. INT-G-22-09</b>
<b>GAS COMPANY’S APPLICATION FOR )</b>	
<b>AN ORDER AUTHORIZING THE )</b>	<b>ORDER NO. 35657</b>
<b>ISSUANCE OF AN ADDITIONAL )</b>	
<b>\$150,000,000 IN SHORT-TERM )</b>	
<b>SECURITIES )</b>	
<b>)</b>	

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On December 28, 2022, Intermountain Gas Company (“Company”) applied under *Idaho Code* §§ 61-901, *et seq.*, for authority to secure an additional \$150,000,000 in short-term securities. Application at 1. The Company represented that additional short-term securities are needed to account for unprecedented increases in natural gas prices. *Id.* at 2. The Company requested an order be issued at the earliest possible date. *Id.* at 5.

Pursuant to *Idaho Code* § 61-904, the Commission has 30 days from the filing date to issue an order. At the Commission’s January 3, 2023, Decision Meeting, Staff recommended that the Commission issue an order approving the requested authority. Based on our review of the record, we issue this Order approving the Application as discussed below.

**THE APPLICATION**

The Company seeks authority to increase its current authority to borrow up to \$150,000,000, for a period of 12 months (“Line of Credit”) *Id.* at 2. The Company can select between two interest rate methods for the Line of Credit including (1) the Secured Overnight Financing Rate (“SOFR”) plus an applicable margin from the Secured Overnight Financing Rate (“SOFR”) Advances column; or (2) the Prime Rate. *Id.* at 3. The Line of Credit will also have a one-time administrative fee and an upfront fee, which were not determined when the Company applied. *Id.* The Line of Credit will be used to “cover natural gas costs that will be payable in January and February 2023.” *Id.*

**STAFF REVIEW AND RECOMMENDATION**

Staff recommended the Commission approve the Company’s request, due to the recent unexpected increase in natural gas prices. Staff noted that natural gas prices have been significantly higher this year due to colder temperatures, Must Flow Operational Orders in the south end of the Northwest Pipeline that have increased prices from the Sumas and Stanfield supplies, and pipeline maintenance and constraints on southwestern pipelines. With these factors, Staff predicted that

natural gas prices may spike for a prolonged period, and “additional access to short-term debt may be needed.” Decision Memorandum at 2.

While the Company is not independently rated, Staff verified that the ratings of the Company’s parent company, MDU Resources Group, Inc., (“MDU”) are BBB+ by Standard & Poor’s Rating Services (“Standard & Poor’s”) and Fitch Ratings (“Fitch”). Staff reasoned that MDU’s credit rating is unlikely to be impacted by the Company’s securities request, because the Company is a small percentage—around 5% of MDU’s revenue.

Staff recommended the Company file a verified report for the short-term securities showing the amount realized, including the itemized costs and expenses incurred in connection with this issuance and that the Company should 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, along with the capitalization ratios with the quarterly report.

#### **FINDINGS AND DISCUSSION**

The Company is a public utility in Idaho as defined in *Idaho Code* §§ 61-117, and engaged in the generation, purchase, transmission, distribution, and sale of natural gas. 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. Further, we find that the proposed issuance is for a lawful purpose and is within the Company’s corporate powers, that the Application 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 approve the Application and find 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 gas service.

#### **ORDER**

IT IS HEREBY ORDERED that the Company’s Application for authority to borrow up to \$150,000,000, for a twelve-month period, is granted.

IT IS FURTHER ORDERED that the Company shall file a verified report for the requested short-term securities showing the amount realized including the itemized costs and expenses incurred in connection with this issuance.

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.

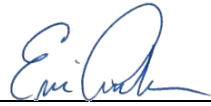
IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of the Commission with respect to rates, utility capital structure, service accounts, valuation, estimates for determination of cost or any other matter which may come before this Commission pursuant 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 materials 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 6<sup>th</sup> day of  
January 2023.



ERIC ANDERSON, PRESIDENT

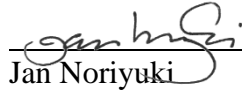


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND, JR., COMMISSIONER

ATTEST:



Jan Noriyuki  
Commission Secretary

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