



March 22, 2024

Ms. Monica Barrios-Sanchez
Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

RE: Case No. INT-G-24-01

Dear Ms. Barrios-Sanchez:

Attached for consideration by this Commission is an electronic submission of Intermountain Gas Company's Application to Amend, Extend, and Increase Its Revolving Credit Agreement. A check for the IPUC Issuance Fee in the amount of \$1,000 will be hand-delivered under separate cover.

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

Sincerely,

/s/ Lori Blattner

Lori A. Blattner
Director, Regulatory Affairs
Intermountain Gas Company

Enclosure

cc: Mark Chiles
Preston Carter

INTERMOUNTAIN GAS COMPANY

CASE NO. INT-G-24-01

APPLICATION

AND

EXHIBITS

**In the Matter of the Application of INTERMOUNTAIN GAS COMPANY
for Authorization to Amend, Extend, and Increase Its Revolving Credit
Agreement**

Preston N. Carter, ISB No. 8462
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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 Amend, Extend, and
Increase Its Revolving Credit Agreement

Case No. INT-G-24-01
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 amend, extend, and increase its current Revolving Credit Agreement to One Hundred and Seventy-Five Million (\$175,000,000) not to exceed a five (5) year period with an option to borrow an additional Fifty Million Dollars (\$50,000,000) for the same timeframe, or Two Hundred and Twenty-Five Million (\$225,000,000) in total. The renewal would occur between the months of May and July 2024.

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.
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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 - 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 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

Commission Order No. 35527, Case No INT-G-22-06, granted Intermountain the authority to renew its revolving credit agreement to \$100,000,000 not to exceed a five-year period, with the option to borrow an additional \$25,000,000. Applicant seeks authority from this Commission to amend,

extend, and increase its current Revolving Credit Agreement to One Hundred and Seventy-Five Million Dollars (\$175,000,000) not to exceed a five (5) year period with an option to borrow an additional Fifty Million Dollars (\$50,000,000) for the same timeframe, or Two Hundred and Twenty-Five Million Dollars (\$225,000,000) in total.

The Board of Directors of Intermountain has duly authorized the amendment, extension, and increase of the Revolving Credit Agreement. A copy of the Resolution is attached hereto as Exhibit No. 1 and is incorporated by reference.

The estimated terms and conditions of the Revolving Credit Agreement are incorporated by reference.

Summary of Terms and Conditions for Revolving Credit Agreement

| | |
|--|--|
| Borrower: | Intermountain Gas Company |
| Lender: | A syndicate of financial institutions arranged by U.S. Bank National Association and Wells Fargo Securities, LLC. |
| Principal Amount: | Revolving Credit Agreement - \$175,000,000, which will include a \$25 Million sublimit for standby letters of credit and a \$5 Million sublimit for swingline loans. The Borrower has the right to borrow an additional \$50,000,000 subsequent to the Closing date up to an aggregate amount not to exceed \$225 Million. |
| Interest Rates: | At the Borrower's option, any loan under the credit facility will bear interest at a rate equal to (i) SOFR plus the Applicable Margin, as determined in accordance with the Performance Pricing grid set forth below or (ii) the base rate (to be defined as the highest of (a) the U.S. Bank prime rate, (b) the Federal Funds rate plus .50% and (c) a daily rate equal to one-month SOFR plus 1.00%. |
| Date of Renewal: | Between the months of May and July 2024. |
| Maturity: | Up to five (5) years from the execution and delivery of definitive documentation for the Senior Credit Facility. |
| Voting Privileges: | None |
| Call or Redemption Provisions: | Not Applicable |
| Sinking Funds or Other Provisions for Securing | |

Payment: None
 Security: None

Use of Proceeds: If approved, the Revolving Credit Agreement will be used to provide for capital expenditures, deferred gas costs, and for general corporate purpose needs of Intermountain.

Fees: Annually, beginning at the time of closing and each year on the anniversary date of the credit facility, the Borrower will pay an Administrative Fee of approximately \$15,000 to U.S. Bank, National Association.

The Borrower will pay a fee determined in accordance with the estimated Performance Pricing grid set forth below, on the actual daily unused amount of each Lender’s commitment. The Facility Fee is payable quarterly in arrears, commencing on the first quarterly payment date to occur after the Closing Date. The Performance Pricing grid below is subject to negotiation after the launch of the facility.

| Pricing Level | Indebtedness to Capitalization Ratio | Facility Fee | SOFR Advances/Letter of Credit Fee | Base Rate Advances |
|---------------|--------------------------------------|--------------|------------------------------------|--------------------|
| I | ≥ 0.60:1.0 | 0.250 | 1.625% | 0.450% |
| II | ≥0.55:1.0 but <0.60: 1.0 | 0.200% | 1.375% | 0.275% |
| III | ≥0.45:1.0 but <0.55: 1.0 | 0.150% | 1.125% | 0.075% |
| IV | <0.45:1.0 | 0.100% | 1.000% | 0.000% |

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 Revolving Credit Agreement will be issued to a syndicate of financial institutions arranged by U.S. Bank National Association and Wells Fargo Securities, LLC (the “Agents”). The net proceeds for the Revolving Credit Agreement are up to One Hundred and Seventy-Five Million Dollars (\$175,000,000) plus the option to borrow an additional Fifty Million (\$50,000,000). The estimated fees discussed below do not reduce the amount the Company is able to borrow.

The estimated fees and expenses of the renewal of the Revolving Credit Agreement are expected to total up to Four Hundred and Fifty Thousand Dollars (\$450,000) consisting of the following:

| | |
|----------------------------------|------------------|
| Arrangement and Syndication Fees | \$300,000 |
| Legal Fees | <u>150,000</u> |
| Total | <u>\$450,000</u> |

IV. STATEMENT OF PURPOSE

Based on this Commission’s authorization, the Revolving Credit Agreement will be used to provide for capital expenditures, deferred gas costs, 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 December 31, 2023, showing all authorized and outstanding classes of securities, is as follows:

December 31, 2023

| | Actual Amount Outstanding <u>(\$000’s)</u> | <u>Ratio</u> |
|---------------------------|---|---------------|
| Common Stock & Surplus | \$ 200,403 | 47.1% |
| Long Term Debt | <u>225,086</u> | <u>52.9%</u> |
| Total Capitalization | <u>\$ 425,489</u> | <u>100.0%</u> |

The following table is the supporting detail underlying the above Long-Term Debt as of December 31, 2023.

Statement of Long-Term Indebtedness December 31, 2023:

| <u>Description</u> | <u>Due Date</u> | <u>Authorized and Outstanding</u> |
|-------------------------------------|-------------------|-----------------------------------|
| 4.08% Senior Notes | October 30, 2025 | \$25,000,000 |
| 4.33% Senior Notes | October 30, 2028 | \$25,000,000 |
| 4.00% Senior Notes | November 9, 2046 | \$30,000,000 |
| 3.62% Senior Notes | June 13, 2029 | \$20,000,000 |
| 3.82% Senior Notes | June 13, 2034 | \$10,000,000 |
| 4.26% Senior Notes | June 13, 2049 | \$20,000,000 |
| 4.60% Senior Notes | June 30, 2052 | \$20,000,000 |
| 4.75% Senior Notes | June 30, 2062 | \$20,000,000 |
| 6.19% Senior Notes | November 30, 2033 | \$25,000,000 |
| Unamortized Debt Expense | | (\$613,500) |
| Line of Credit and Commercial Paper | | \$30,700,000 |
| Total | | \$225,086,500 |

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 Revolving Credit Agreement showing the amount realized including the itemized costs and expenses incurred in connection with this transaction will be submitted under separate cover after renewal 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>224,000,000</u> at \$0.10 per \$1,000 | = <u>22,400</u> |
| | <u>\$ 225,000,000</u> | = <u>\$ 22,725</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 amendment, extension, and increase of its current Revolving Credit Agreement to One Hundred and Seventy-Five Million Dollars (\$175,000,000) not to exceed a five (5) year period with an option to borrow an additional Fifty Million Dollars (\$50,000,000) for the same timeframe, or Two Hundred and Twenty-Five Million Dollars (\$225,000,000) in total;
- 3) That this Commission allow Intermountain to manage the Revolving Credit Agreement pursuant to the order issued in this matter until such time as Intermountain's Board of Directors changes the authorized level of such Revolving Credit Agreement, 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: March 22, 2024.

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-24-01

INTERMOUNTAIN GAS COMPANY

BOARD RESOLUTION

(2 pages)

CERTIFICATE

I, Allison R. Waldon, 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 March 19, 2024; 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 amend and restate the Third Amended and Restated Credit Agreement dated as of October 13, 2022 (the “Agreement”), by and among the Company and other lenders, under which the lenders would make revolving loans to the Company, from time to time, in amounts up to an aggregate principal amount of up to \$175,000,000 for a period not to exceed five years;

NOW, THEREFORE, BE IT RESOLVED, that the Chair of the Board, Chief Executive Officer, President, any Vice President, Chief Legal Officer, Treasurer, 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 (i) negotiate, execute and deliver the Agreement, with such terms and provisions as the Authorized Officer executing the Agreement on behalf of the Company shall deem proper, and (ii) in connection with such Agreement execute and deliver promissory notes in an aggregate principal amount up to \$175,000,000, with such terms as the Authorized Officers executing the same shall deem proper (the “Notes”), such execution by the Authorized Officers of the Agreement and 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 other agreements 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 previously 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 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 March 20, 2024.



Allison R. Waldon, Assistant Secretary

EXHIBIT NO. 2

CASE NO. INT-G-24-01

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 Amend, Extend, and
Increase Its Revolving Credit Agreement

Case No. INT-G-24-01

ORDER NO.

On March 22, 2024, 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 amend, extend, and increase its current Revolving Credit Agreement to \$175,000,000, not to exceed a five-year period, with an option to borrow an additional \$50,000,000 for the same time frame, or \$225,000,000 in total. Having fully considered the Application, the Commission enters this Order granting it as follows.

THE APPLICATION

The Company asks for authority to amend, extend, and increase its current revolving credit agreement up to \$225,000,000. The proposed Revolving Credit Agreement would exist for a period not to exceed five years from the date of execution and delivery of the credit agreement. The interest rate will either be based on SOFR plus an applicable margin or the base rate, which is the higher of the U.S. Bank prime rate, the Federal Funds rate plus 0.50%, or a daily rate equal to one-month SOFR plus 1%. The Company says it will use the Revolving Credit Agreement to provide for capital expenditures, deferred gas costs, and for general corporate purposes.

The Company anticipates arrangement, syndication, and legal fees necessary to complete the amendment, extension, and increase of the Revolving Credit Agreement to total up to \$450,000, which will not reduce the amount the Company is able to borrow.

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 transaction 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 amend, extend, and increase its Revolving Credit Agreement to \$175,000,000, not to exceed a five-year period, with an option to borrow an additional \$50,000,000 for the same time frame, or \$225,000,000 in total 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 _____ 2024.

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

SECRETARY