BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN GAS COMPANY'S APPLICATION FOR AUTHORIZATION TO ISSUE AND SELL SECURITIES	**CASE NO. INT-G-26-03** **ORDER NO. 37142**

On July 30, 2026, Intermountain Gas Company, a subsidiary of MDU Resources Group, Inc. ("Company"), applied under *Idaho Code* §§ 61-901 through 61-905 and Rules 141-150 of the Commission Rules of Procedure, IDAPA 31.01.01.141-150, ("Rules 141-150") to the Idaho Public Utilities Commission ("Commission") requesting authorization to issue and sell up to $60 million of unsecured notes in the month of September 2026, with maturity dates ranging from 5 to 40 years from issuance ("Application").

At the Commission's August 18, 2026, Decision Meeting, Commission Staff ("Staff") filed a memorandum recommending that the Commission approve the requested authorization to issue and sell up to $60 million of unsecured notes in the month of September 2026, with maturity dates ranging from 5 to 40 years from issuance, subject to the reporting and filing requirements recommended by Staff.

Based on our review of the record, the Commission now issues this Final Order approving the Company's Application.

THE APPLICATION

The Company requested Commission approval to issue and sell up to $60 million in unsecured notes in the month of September 2026, with maturities ranging from 5 to 40 years. Application at 3. The Company stated that its Board of Directors authorized the proposed debt issuance. *Id.* The Company anticipated that interest rates would vary depending on the term of the notes and were estimated to be approximately 120 to 170 basis points above applicable U.S. Treasury rates, although credit spreads could change before issuance. *Id.* If approved, the Company stated that the proceeds would be used to refinance existing debt, finance capital expenditures, and support general corporate purposes. *Id.* at 4.

The Company stated that the notes would be offered to private placement investors through a private placement agreement marketed by agents that have not yet been selected. *Id.* After estimated issuance fees of $395,000, the Company expected to receive net proceeds of up to approximately $59.61 million. *Id.* The Company maintained that the proposed financing and its intended uses were in the public interest and necessary and appropriate to support the Company's obligations and operations as a public utility. *Id.*

In accordance with Commission requirements, the Company stated that notice of the application would be published within seven days of filing in *The Idaho State Journal*, *The Idaho Statesman*, *The Post Register*, and *The Times-News*. *Id.* at 6. The Company elected not to publish the notice in *The Idaho Business Review* because of the substantially higher publication cost, particularly compared with *The Idaho Statesman*, which provides coverage of the same Boise-area market. *Id.*

STAFF COMMENTS

Staff reviewed the Company's Application and believed that the proposed debt issuance complied with the requirements of *Idaho Code* §§ 61-901 *et seq*., because the unsecured notes would have terms of 5 to 40 years and the proceeds would support qualifying purposes, including acquiring property, constructing or improving facilities, maintaining or improving service, and refinancing existing obligations. Staff Decision Memorandum at 1. Staff also believed that the Application satisfied the applicable filing requirements under *Idaho Code* § 61-905 and Rules141-150. *Id.*

Staff noted that, in the Company's most recent general rate case, Case No. INT-G-25-02, the Commission approved a weighted average cost of debt of 4.965%. *Id.* Although the proposed interest rates are higher than that amount, Staff believed that the proposed rates were reasonable given current market conditions. *Id.* at 1-2. Treasury rates have increased since 2025, with the average 5-year and 30-year Treasury rates at 3.90% and 4.77%, respectively, in 2025, compared with 4.32% and 5.16% as of August 6, 2026. *Id.* at 2. The final interest rate on the proposed unsecured notes would depend on Treasury rates at the time the debt is issued. *Id.*

Based on its review, Staff recommended the Commission authorize the Company to issue and sell up to $60 million in unsecured notes for the purposes identified in the Application. *Id.* Staff clarified that approval of the financing and the general purposes for which the proceeds may be used does not constitute a Commission prudency determination for any particular expenditure of those proceeds. *Id.* Staff also recommended the Commission require the Company to provide, within 7 days after they become available, the documents specifying the amount issued and all other terms of the securities. *Id.* In addition, Staff recommended that the Company continue filing quarterly reports identifying the securities issued during each quarter, including the issuance date, principal amount, interest rate, maturity date, and payee. *Id.*

COMMISSION FINDINGS AND DECISION

The Company is an Idaho corporation with its principal office and place of business in Boise, Idaho. It is a natural gas public utility owning and operating transmission pipelines, liquefied natural gas storage facilities, compressor stations, distribution mains, services, meters and regulators, and general plant and equipment. The Company is a gas corporation and public utility as defined in *Idaho Code* §§ 61-117 and -129. A public utility providing natural gas service in Idaho may "issue, assume, or guarantee bonds or other securities," for purposes set forth in Idaho law, and the Commission has jurisdiction to authorize a public utility to assume, issue, or guarantee securities. *Idaho Code* § 61-901. Public utilities are required to apply to the Commission for an order authorizing the public utility to assume, issue, or guarantee securities. *Idaho Code* § 61-902. The application must comply with the requirements set forth in Rules 141-150. If the Commission finds that the proposed transactions are in the public interest, it shall enter an order authorizing the transactions. *Idaho Code* § 61-902. The Commission is required to process applications for securities within 30 days. *Idaho Code* § 61-904.

Having reviewed the Application and the record, we find that the proposed issuance and sale of up to $60 million in unsecured notes is in the public interest and that a formal hearing is not necessary. The proposed debt has terms ranging from 5 to 40 years and is intended for lawful purposes authorized under *Idaho Code* § 61-901, including refinancing existing obligations, funding capital expenditures, and supporting the Company's general corporate purposes. We further find that the Application conforms to the applicable filing requirements under *Idaho Code* § 61-905 and Rules141-150, and that the Company has paid the required fees. Accordingly, we find it fair, just, and reasonable to approve the Application and that the proposed debt issuance should be authorized.

The interest rates for the proposed notes are expected to be higher than the Company's currently approved weighted average cost of debt, which was 4.965% in the Company's most recent general rate case, Case No. INT-G-25-02. Staff believed that the proposed rates are consistent with the current interest rate environment, and the final rates will depend on Treasury rates at the time of issuance. Approval of the proposed financing and the general purposes for which the proceeds may be used does not constitute a Commission determination regarding the prudence of any specific expenditure. This Order also does not constitute Commission approval of the particular financing structure or its associated costs for ratemaking purposes, nor does it determine the effect of the financing on the rates the Company may charge for natural gas service.

The Company shall provide the Commission, within 7 days after the applicable documents become available, documentation identifying the amount issued and all other terms of the securities. The Company shall also continue to submit quarterly reports identifying any securities issued during the preceding quarter, including the issuance date, principal amount, interest rate, maturity date, and identity of the payee.

Finally, the Commission acknowledges, and finds reasonable, the Company's decision not to publish notice in *The Idaho Business Review* due to its higher publication cost, particularly when compared with *The Idaho Statesman*, which provides coverage of the same Boise-area market.

ORDER

IT IS HEREBY ORDERED that the Company's Application for authority to issue and sell up to $60 million of unsecured notes in the month of September 2026, with maturity dates ranging from 5 to 40 years from issuance, is granted.

IT IS FURTHER ORDERED that the Company shall provide the Commission, within 7 days after the applicable documents become available, documentation identifying the amount issued and all other terms of the securities.

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.

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 21 days of the service date of this Order regarding any matter decided in this Order. Within 7 days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 20th day of August 2026.

EDWARD LODGE, PRESIDENT

JOHN R. HAMMOND JR., COMMISSIONER

DAYN HARDIE, COMMISSIONER

ATTEST:

Monica Barrios-Sanchez
Commission Secretary
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