

Service Date 10/17/74

DEPARTMENT OF PUBLIC SERVICE REGULATION

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

In the Matter of the application of	)	
PACIFIC POWER & LIGHT COMPANY for an	)	
order authorizing the issuance of	)	DOCKET NO. 6259
\$70,000,000 in principal amount of	)	ORDER NO. 4153
First Mortgage Bonds.	)	

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On September 25, 1974, PACIFIC POWER & LIGHT COMPANY, hereinafter referred to as Applicant, a corporation organized and existing under and by virtue of the laws of the state of Maine, and qualified to transact business in Montana, filed with the Montana Public Service Commission its verified application, pursuant to Sections 70-117.1 to 70-117.6, inclusive, RCM 1947, requesting an order authorizing Applicant to issue, through negotiations with underwriters, \$70,000,000 in principal amount of a new series of its First Mortgage Bonds, hereinafter referred to as the New Bonds, and to execute and deliver in connection therewith a Twenty-seventh Supplemental Indenture, to be dated as of October 1, 1974. The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of issuance of securities by electric and gas utility companies operating within Montana.

It is alleged in the application that Applicant is a public utility as defined in Section 70 - 103, RCM 1947, in that it furnishes electric, telephone and water service in Montana; that Applicant's principal executive office is in the Public Service Building, Portland, Oregon, and that its principal Montana office is in Kalispell; and that Applicant is duly qualified to do business in the states of Montana, Oregon, Washington, California, Wyoming and Idaho. For detailed information with respect to the general character of Applicant's business and the

territory served by it, reference is made to its annual reports on file with the Commission.

The securities proposed to be issued are \$70,000,000 in principal amount of a new series of Applicant's First Mortgage Bonds.

The New Bonds are to be issued under and pursuant to Applicant's presently existing Mortgage and Deed of Trust, dated as of July 1, 1947, to Guaranty Trust Company of New York (now Morgan Guaranty Trust Company of New York) and Oliver R. Brooks (R. E. Sparrow, successor), as Trustees, as supplemented and as proposed to be supplemented by a Twenty-seventh Supplemental Indenture thereto, a copy of the proposed form of which is Exhibit E to the application. The New Bonds will bear interest at a rate per annum to be fixed through negotiations with underwriters and will mature on such date or dates as may be determined by Applicant's Board of Directors after negotiations with underwriters.

For a further description of the New Bonds, reference is made to Description of New Bonds, in Applicant's Registration Statement which is Exhibit D to the application.

Applicant has applied to the Federal Power Commission for exemption from the competitive bidding requirements of Section 34.1a of the Commission's Regulations under the Federal Power Act and has received permission from the Federal Power Commission to negotiate with underwriters with respect to the terms and conditions of sale of the New Bonds. Applicant proposes to sell the New Bonds through negotiations with underwriters in accordance with applicable requirements of Section 34.2 of the Federal Power Commission's Regulations unless such application for exemption from competitive bidding requirements is denied, in which case, Applicant will sell the New Bonds at competitive bidding.

Information with respect to the proceeds to be received by Applicant from the issuance and sale of the New Bonds are to be supplied to the Commission promptly after sale of the bonds shall have taken place. Estimates as to the various items of expense to be incurred in connection with the issuance and sale of the New Bonds are set forth in the application. The total estimated expense in connection with the issuance and sale of the New Bonds is \$110,000.

The estimated net proceeds of \$70,000,000 to be realized from the issuance and sale of the New Bonds will be used to refund \$11.43 million of Applicant's First Mortgage Bonds, 3 5/8% Series due November 1, 1974, and to retire short-term notes prior to or as they mature issued pursuant to Applicant's Line of Credit with certain banks or in the form of Commercial Paper as authorized by the Commission's order No. 4138, dated May 29, 1974, in Docket No. 6227. The notes were issued to temporarily finance a part of Applicant's construction program. It is currently estimated that at the time of sale of the New Bonds, the aggregate principal amount of notes then to be outstanding will be about \$101,000,000. As shown by Exhibit H, construction expenditures for 1974-1975 are presently estimated at about \$476,000,000.

Further permanent financing is to be undertaken by Applicant in 1975, but the amounts and types of securities then to be issued have not yet been determined. For additional information with respect to the purpose for which the New Bonds are to be issued, reference is made to Use of Proceeds and Construction Program in Applicant's Registration Statement which is Exhibit D.

The application sets forth Counsel who will pass upon the legality of the proposed issue, the other regulatory authorizations required and the propriety of the proposed issue.

If exemption from the competitive bidding requirements of the Federal Power Commission's Regulations is made, then Applicant requests that it be authorized to issue and sell the New Bonds in accordance with the terms and conditions to be obtained through negotiations with underwriters without further order or filing with the Commission. Applicant proposes promptly to furnish to the Commission complete information concerning the purchasers or underwriters, terms of proposals received, the name or names of persons submitting proposals, the underwriting agreement and a true copy of the Twenty-seventh Supplemental Indenture. If such exemption is not made, then Applicant proposes to sell the New Bonds pursuant to a Public Invitation for Bids and requests that it be authorized to issue and sell the New Bonds without further filing with the Commission and states that it will promptly furnish the aforesaid information with respect to the results of competitive bidding as soon as available.

Having fully considered the application and all the data and records pertaining thereto on files with the Commission and being fully advised in the premises, the Commission makes the

following

### FINDINGS OF FACT

1. That Applicant, Pacific Power & Light Company, is a corporation organized and existing under and by virtue of the Laws of the state of Maine and is qualified to transact business in the state of Montana.

2. That Applicant is operating as a public utility as defined in Section 70-103, RCM 1947, and as such is engaged in furnishing electric, telephone and water service in Montana.

3. That the Commission has jurisdiction over the subject matter of said application under Sections 70-117.1 through 70-117.6, RCM 1947.

4. That the securities transaction proposed by Applicant, as hereinafter authorized, will be for a lawful purpose and is consistent with the public interest; that the same is necessary, appropriate and consistent with the proper performance by Applicant of service as a public utility; and that the aggregate amount of the securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of Applicant.

5. That public notice of the filing of said application and a formal hearing thereon is not required and that the application should be approved as hereinafter ordered.

### CONCLUSION

The Commission concludes that the application of Pacific Power & Light Company herein should be granted as hereinafter ordered.

### ORDER

NOW, THEREFORE, at a session of the Public Service Commission of the State of

Montana, held in its offices at 1227 - 11th Avenue, Helena, Montana, on October 15, 1974, there being present Chairman Ernest C. Steel, Commissioner Robert E. McTaggart and Commissioner Victor H. Fall, there regularly came before the Commission for final action, the matters and things in Docket No. 6259, and the Commission being fully advised in the premises;

IT IS ORDERED by the Commission that the application of Pacific Power & Light Company for authority to issue and sell \$70,000,000 in principal amount of a new series of its First Mortgage Bonds, New Bonds, and to execute and deliver in connection therewith a Twenty-seventh Supplemental Indenture, pursuant to Sections 70-117.1 through 70-117.6, inclusive, RCM 1947, and to use the proceeds thereof for the purposes set forth in its application and as set forth above, be, and the same is hereby approved, subject to the provisions of this order.

IT IS FURTHER ORDERED that if exemption from the competitive bidding requirements of Section 34.1a of the Federal Power Commission's Regulations under the Federal Power Act is made Applicant is hereby authorized to sell the New Bonds through negotiations with underwriters and if said exemption is not made, then Applicant shall sell the New Bonds pursuant to the competitive bidding requirements of the Federal Power Commission's said Regulations; in either case the sale of the New Bonds may be made without further application to or order of this Commission.

IT IS FURTHER ORDERED that Pacific Power & Light Company shall file with the Commission, as promptly as practicable after the sale of the New Bonds, a statement showing the terms and conditions of the negotiated sale, or if the sale is through competitive bidding Applicant shall file a statement showing the names of all bidders, the terms of the several bids, a true copy of the purchase agreements, and, in either case, a true copy of the final form of the Twenty-seventh Supplemental Indenture, a copy of the final Prospectus and thereafter copies of all such reports as are required to be filed by Applicant with the Federal Power Commission under applicable rules and regulations of said Commission, as now in effect or as hereafter amended, relating to the issuance, sale and use of proceeds from the sale of the securities herein authorized to be issued by this Commission.

Neither the issuance of securities by Pacific Power & Light Company pursuant to the provisions of this order, nor any other act or deed done or performed in connection therewith, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed or guaranteed hereunder.

The foregoing order was unanimously adopted by the Montana Public Service Commission.

DONE IN OPEN SESSION at Helena, Montana, this 15 day of October, 1974.

ERNEST C. STEEL, Chairman

ROBERT E. McTAGGART, Commissioner

VICTOR H. FALL, Commissioner

ATTEST:

GAIL E. BEHAN  
Secretary

(SEAL)