

Service Date: March 20, 1975

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER of the application of)
MONTANA-DAKOTA UTILITIES CO., for)
the authority to enter into a) DOCKET NO. 6290
Guaranty Agreement for the payment)
of Pollution Control Revenue Bonds) ORDER NO. 4181
to be issued by the Richland County,)
Montana.)

On March 19, 1975, Montana—Dakota Utilities Company, hereinafter called the Applicant, a corporation organized and existing under the laws of the State of Delaware and qualified to transact business in Montana, filed with the Public Service Commission of Montana, its verified application pursuant to Sections 70-117.1 through 70-117.6, RCM, 1947, requesting an order for authority to enter into a Guaranty Agreement for the payment of Pollution Control Revenue Bonds to be issued by the Richland County, Montana.

It is alleged in the application that Montana-Dakota Utilities is a public utility as defined in Section 70-103, RCM, 1947, in that it furnishes electric and natural gas service in Montana; that Montana-Dakota Utilities principal executive office is 400 North Fourth Street, Bismarck, North Dakota 58501; and that Montana—Dakota Utilities is duly qualified to do business in the states of Montana, Minnesota, North Dakota, South Dakota and Wyoming. Reference is hereby made to the annual reports of Montana-Dakota Utilities on file with the Commission with respect to the general character of Montana-Dakota Utilities' business and the territory served by it.

Applicant proposes to enter into a Guaranty Agreement with the Trustee guaranteeing payment of the principal, premium, if any, and interest on 5.98% Pollution Control Revenue Bonds (The Montana-Dakota Utilities Co. project) to be issued by Richland County, Montana pursuant to an Indenture of Trust to be entered into between the City and the Trustee.

The aggregate principal amount of the bonds to be issued by the County for the cost of construction of the "Project" shall not exceed \$4,000,000.

Applicant proposes to enter into a Guaranty Agreement with the Trustee of the Bonds to be issued by the County to finance the construction of certain pollution control facilities to be installed at the Applicant's generating station located in Richland County, Montana.

Expenses in connection with the issue are to be paid from the proceeds of the Bonds and Applicant will submit to the Commission an itemization of such amounts as soon as available; Applicant believes these amounts will not exceed normal fees in such cases. No part of the expenses will be for fees for services (other than attorneys, accountants and similar technical services) in connection with the negotiation or consummation of the issuance or sale of the Bonds.

Applicant intends to account for the funds received from Trustee in behalf of Issuer in the same manner as it accounts for the proceeds received from the sale of first mortgage bonds. The assets represented by the Facility are to be recorded in plant accounts as an asset, separately classified in order to disclose the existence of the leases, and the facility will be depreciated on an original cost basis over its estimated useful life; the related obligation will be recorded under long-term debt.

Having fully considered the Application and all files and records pertaining thereto on file with the Commission, and being fully advised in the premises, the Commission makes the following:

FINDINGS OF FACT

1. That the Applicant, Montana-Dakota Utilities Company, is a corporation organized and existing under and by virtue of the laws of the State of Delaware and is qualified to transact

business in the State of Montana.

2. That Montana—Dakota Utilities Company is operating as a public utility as defined in Section 70-103, RCM, 1947, and as such is engaged in furnishing electric and natural gas 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, 19147.

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

5. That the Board of Commissioners of Richland County held a public hearing on this issue on December 16, 1974, at 11:00 A.M. in the Courthouse in Sidney, Montana, that the hearing was properly noticed in the Sidney Herald on November 20, 27, and December 24, 1974, and that no protestants appear against the proposed construction, that further public notice of the filing of said application and a formal hearing thereon is not required by 70.117.2, RCM, 1947, read in conjunction with 82-4203(3), RCM, 19147, but is permissive and this Commission is researching the legality of present noticing and hearing procedures and will shortly propose a rule regarding noticing and hearing on security issuance matters which applicant and other utilities should take note of. The application should be approved as hereafter 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 March 20, 1975, there being present Chairman Gordon E. Bollinger and Commissioners P. J. Gilfeather, Thomas G. Monahan, James R. Shea, and George Turman, there regularly came before the Commission for final action, the matters and things in Docket No. 6290 and the Commission being fully advised In the premises;

THIS ORDERED that the Application of Montana-Dakota Utilities Company for an order authorizing the Guaranty of the payment of 5.9-8% Pollution Control Revenue Bonds to be Issued by Richland County, Montana, In an amount not to exceed \$4,000,000 is hereby approved, and the Issuance of said Guaranty be, and the same Is hereby authorized subject to the provisions of this Order.

IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of this Commission with respect to rates, service, accounts, valuations, estimates or determinations of cost, or any other matter which may come before this Commission pursuant to its jurisdiction as provided by law.

Issuance of this order does not mean acceptance of the applicant's exhibits or other material accompanying the application for any purpose other than the issuance of this order.

T HIS FURTHER ORDERED that nothing in this order and no provisions of Sections 70-117.1 through 70-117.6, or any act or deed done and performed in connection herewith shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, Issued, assumed or guaranteed under the provisions of Sections 70-117.1 through 70-117.6, RCM, 1947.

Ordered by a i4-1 vote with Commissioner James R. Shea dissenting.

DONE in open session at Helena, Montana this 20th day of March, 1975.

GORDON E. BOLLINGER, Chairman

THOMAS G. MONAHAN, Commissioner

B.J. GILFATHER, Commissioner

GEORGE TURMAN, Commissioner

ATTEST:

GAIL E. BEHAN
Secretary

(SEAL)

DISSENT

Commissioner Shea dissented because the application was formally filed before the Commission for not more than 24 hours before this action and even though this rapid action was deemed necessary by the applicant because of a series of mixups, the Commissioner wished future applicants to realize that he believes the Commission needs more time to consider these matters.

JAMES R. SHEA, Commissioner

ATTEST:

GAIL E. BEHAN
Secretary

(SEAL)