

Service Date: January 12, 1976

BEFORE THE UTILITY DIVISION

DEPARTMENT OF PUBLIC SERVICE REGULATION  
MONTANA PUBLIC SERVICE COMMISSION

In the Matter of the application	)	
of PACIFIC POWER & LIGHT COMPANY	)	DOCKET NO. 6369
for an order authorizing it to	)	
issue \$75,000,000 in principal	)	DEFAULT ORDER NO. 4235
amount of First Mortgage Bonds.	)	

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On December 8, 1975, 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 \$75,000,000 in principal amount of its First Mortgage Bonds. 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. For detailed information with respect to the general character of Applicants business and the territories served by it, reference is made to its annual reports on file with the Commission.

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.

At a regular open session of the Montana Public Service Commission, held in its office at 1227 11th Avenue, Helena, Montana, on January 8, 1976, there being present Chairman Gordon

E. Bollinger, P. J. Gilfeather, Commissioner, Thomas G. Monahan, Commissioner, James R. Shea, Commissioner, and George Turman, Commissioner, there came before the Commission for final action the matters and things in Docket No. 6369, and the Commission, having fully considered the application and all the data and records pertaining thereto on file with the Commission and being fully advised in the premises, makes the following:

### FINDINGS OF FACT

1. 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. Applicant is operating as a public utility as defined in Section 70-103, RCM 1947, and as such is engaged in furnishing electric and water service in Montana.
3. The Commission has jurisdiction over the subject matter of said application under Sections 70-117.1 through 70-117.6, RCM 1947.
4. Public notice of the filing of application and opportunity for the public hearing was given on December 11, 1975, in The Western News, Libby, MT; on December 12, 1975, in The Missoulian, Missoula, MT; and on December 12, 1975, in The Daily Interlake, Kalispell, MT, and no protests or requests for a formal hearing were received by December 29, 1975.
5. The securities proposed to be issued are \$75,000,000 in principal amount of its First Mortgage Bonds. The New Bonds will be issued pursuant to Applicant's 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-ninth Supplemental Indenture (Exhibit E). The New Bonds will bear interest from January 1, 1976, and will mature on such date or dates as may be determined by Applicant's Board of Directors after competitive

bidding.

For a further description of the New Bonds, reference is made to Description of New Bonds in Applicant's Registration Statement (Exhibit D) and the proposed form of the Twenty-ninth Supplemental Indenture (Exhibit E).

6. Applicant proposes publicly to invite bids for the purchase from it of the New Bonds. For a description of the competitive bidding procedures proposed to be followed, reference is made to (a) the proposed Public Invitation for Bids and accompanying Statement of Terms and Conditions Relating to Bids (Exhibit G-1) and to (b) the proposed Form of Bid and accompanying Terms of Purchase (Exhibit G-2).

7. Information showing, both on a per unit and total basis, (a) the price at which the New Bonds are to be offered to the public by the underwriters, (b) the discount at which they are to be sold by Applicant to the underwriters, and (c) the resultant proceeds to Applicant from the sale of said securities will be supplied as soon as available.

8. 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 therewith is \$135,000.

9. The estimated proceeds of \$75,000,000 less expenses of issuance and sale, to be realized from the sale of the New Bonds will be used to repay short-term notes prior to or as they mature. If the sale of the Wyodak Project by Applicant and Black Hills Power and Light Company in a transaction for which certain approvals will be sought from the Commission in a separate application occurs prior to the sale of the New Bonds, a portion of the proceeds from the sale will be used to repay short-term notes and the balance will be used to finance, in part, Applicant's 1976 construction program. The short-term notes to be refunded have been or will be issued by Applicant (a) pursuant to Lines of Credit with certain banks or (b) in the form of Commercial Paper as authorized by the Commission's Default Order No. 4226 in Docket No. 6350, or (c) pursuant to a Letter Agreement dated September 18, 1975, with certain banks therein

named providing for a revolving standby loan facility not exceeding \$50,000,000 at any one time outstanding (Docket No. 6345). Proceeds from the sale of these notes have been and will be used to temporarily finance current transactions, including a part of Applicant's construction program. Construction expenditures for 1975-1976 are presently estimated at \$477,966,000 (Exhibit H). It is estimated that at the time of the sale of the New Bonds, the aggregate principal amount of short-term notes outstanding will be about \$125,000,000.

10. Permanent financing heretofore undertaken by Applicant in 1975 consisted of the sale of 3,500,000 shares of its Common Stock of the par value of \$3.25 per share (Docket No. 6269), the net proceeds from which were approximately \$55,580,000 and were used to repay short-term debt incurred by Applicant in connection with its 1974 construction program; the sale of \$60,000,000 in principal amount of First Mortgage Bonds (Docket No. 6296), the net proceeds from which were approximately \$59,145,000; the sale of 3,000,000 shares of its Common Stock (Docket No. 6328), the net proceeds from which were approximately \$53,686,000 and the sale of 1,600,000 shares of its \$2.48 No Par Serial Preferred Stock (Docket No. 6363), the net proceeds from which were approximately \$38,513,000, all of which net proceeds have been or will be used to repay short-term debt incurred in connection with the 1975 construction program. Applicant also offered for sale additional shares of its Common Stock under its Employees' Stock Purchase Plan (Docket No. 6248) during the last quarter of 1975.

11. The balance of funds required to meet Applicant's estimated 1976 construction expenditures of \$277,494,000 is expected to come, in part, from funds to be generated internally, from short-term borrowings pursuant to Applicant's Lines of Credit (or as they may be renewed), from the sale of Commercial Paper, from borrowings pursuant to said Letter Agreement, or through a combination thereof, and from further permanent financing in 1976 of a type and magnitude not yet finally determined.

12. In addition, by Order No. 4104 of the Commission entered June 11, 1973 (Docket No. 6191), Applicant is authorized to assume liability as guarantor of not exceeding \$60,000,000 of Pollution Control Revenue Bonds to be issued by the County of Sweetwater, Wyoming. \$25,000,000 of the revenue bonds, dated as of October 1, 1973 (Series 1973 Bonds) were issued

on October 24, 1973, \$15,000,000 thereof dated April 1, 1975 (Series 1975A Bonds) were issued April 17, 1975, and \$10,425,000 thereof dated December 1, 1975 (Series 1975B Bonds) were issued December 10, 1975, for the purpose of paying a portion of the cost of acquiring and improving certain air and water pollution control facilities installed, or being installed, at the first three units of the Jim Bridger coal-fired, steam electric generating plant in Sweetwater County, Wyoming, which is owned and being constructed by Applicant and Idaho Power Company, as tenants in common.

13. For additional information with respect to the purpose for which the New Bonds are to be issued, reference is made to Applicant's Registration Statement, Use of Proceeds, Construction Program and Financing Plans (Exhibit D).

14. Applicant 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.

#### CONCLUSIONS OF LAW

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

#### ORDER

IT IS ORDERED by the Commission:

1. The application of Pacific Power & Light Company for authority to issue \$75,000,000 in principal amount of First Mortgage Bonds (New Bonds), pursuant to Sections 70-117.1 through 70-117.6, inclusive, RCM 1947, and to use the proceeds for the purposes set forth in its application and hereinabove, is approved, subject to the provisions of this order.

The approval of these borrowings was made with the condition that the monies may be used only for projects which have been approved by all governmental agencies having authority and required to approve such projects in the State of Montana.

2. Applicant shall sell the New Bonds pursuant to the competitive bidding requirements of the Federal Power Commission's Regulations under the Federal Power Act and the sale of the New Bonds may be made without further application to or order of this Commission.

3. Pacific Power & Light Company shall file with the Commission, as promptly as practicable after the sale of the New Bonds, a statement showing the names of all bidders, the terms of the several bids, a true copy of the purchase agreement, a true copy of the final form of the Twenty-ninth Supplemental Indenture, and 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 (FPC) under applicable rules and regulations of the FPC, as now in effect or as hereafter amended, relating to the issuance, sale and use of proceeds from the sale of the securities authorized to be issued by this order.

NOTE: Section 70-117.6, RCM 1947, provides that neither the issuance of securities by Applicant 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 approval of this Bond offering shall not be construed as precedent to prejudice any future action of this Commission.

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.

DONE in open session at Helena, Montana, on January 8, 1976.

BY ORDER OF THE PUBLIC SERVICE COMMISSION:

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GORDON E. BOLLINGER, Chairman

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P.J. GILFEATHER, Commissioner

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THOMAS G. MONAHAN, Commissioner

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JAMES R. SHEA, Commissioner

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GEORGE TURMAN, Commissioner

ATTEST:

GAIL E. BEHAN  
Secretary

(SEAL)