

Service date: January 9, 1976

BEFORE THE UTILITY DIVISION

DEPARTMENT OF PUBLIC SERVICE REGULATION  
MONTANA PUBLIC SERVICE COMMISSION

IN THE MATTER of the application of ) DOCKET NO. 6388  
NORTHERN NATURAL GAS COMPANY )  
for a certificate relating to a proposed ) ORDER NO. 4233  
issue of debentures in the principal )  
amount of up to \$150,000,000. )

ORDER

By application filed on December 5, 1975, NORTHERN NATURAL GAS COMPANY (Applicant) requests authority to sell up to \$150,000,000 principal amount of debentures.

Applicant claims it needs the additional proceeds for its capital expenditures program including expenditures relating to its mainline transmission facilities, branch lines, sales measuring stations and payments for additional gas reserves to serve presently connected communities.

Having fully considered the application and all the 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) Applicant is a Delaware Corporation licensed to do business in the State of Montana with its principal executive office at 2223 Dodge Street, Omaha, Nebraska. Applicant is engaged primarily in the transmission and sale of natural gas in interstate commerce.

2) Applicant owns and operates a pipeline system through which it transmits natural gas purchased principally in the states of New Mexico, Texas, Oklahoma, Kansas, and Montana to points in the States of Colorado, Kansas, Nebraska, New Mexico, South Dakota, Iowa, Illinois, Minnesota, Wisconsin, Michigan, and Montana where such gas is either distributed locally through Applicant's Peoples Natural Gas Division or sold at town borders for consumption and resale by non-affiliated gas utilities and municipalities. Applicant also purchases for distribution certain amounts of natural gas from non-affiliated gas pipeline companies. Subsidiaries of the Applicant are engaged in the extraction, acquisition, transportation and marketing of liquid fuels and in the production and marketing of petrochemicals and related products.

3) Applicant has total authorized capital stock in the amount of \$455,000,000 consisting of 30,000,000 authorized shares of Common Stock, par value \$10 per share, aggregate par value \$300,000,000; 1,500,000 authorized shares of Preferred Stock, par value \$100 per share, aggregate par value \$150,000,000; and 5,000,000 authorized shares of Second Preferred Stock, par value \$1 per share, aggregate par value \$5,000,000. As of November 21, 1975, a total of 21,967,990 shares of said Common Stock were outstanding. and no shares of said Second Preferred Stock were outstanding. As of September 30, 1975, Applicant and subsidiaries had long-term debt outstanding in the aggregate total principal amount of \$637,235,000.

4) That the Applicant is operating as a public utility as defined in Section 70-103, R.C.M. 1947, and as such Is engaged in furnishing service in the State of Montana.

5) That the Commission has jurisdiction over the subject matter of said application under Sections 70-117.1 through 70-117.6, R.C.M. 1947.

6) Applicant proposes, pursuant to appropriate resolutions of its Board of Directors, to create and issue up to \$150,000,000 of Debentures (said Debentures are hereinafter sometimes referred to as the "Debentures") . The Debentures are to be issued under and pursuant to the provisions of an Indenture to be dated as of January 1, 1976, between Applicant and Harris Trust

and Savings Bank, Trustee. Principal and interest are to be payable at the office of Harris Trust and Savings Bank, Chicago, Illinois, or at the option of the holders of the Debentures, at the principal office of the Chase Manhattan Bank (National Association), New York, New York. The Debentures will be issuable as registered debentures in denominations of \$1,000 or authorized multiples thereof and will be sold for cash. A copy of said proposed Indenture was received.

7) Applicant will negotiate the sale of the Debentures with a group of underwriters, who in turn will make a public offering. Such negotiations will include a determination of the interest rate, the price which is to be paid to Applicant by such underwriters, and the price to the public. All of these matters will be agreed upon by Applicant and the underwriters immediately prior to the public offering and an amendment to Applicant's Registration Statement under the Securities Act of 1933, including a revised Prospectus, will be filed with the Securities and Exchange Commission incorporating the Interest rate, and price. A copy of the proposed Underwriting Agreement was received. It is anticipated that the Interest rate and other matters will be determined on or about January 12, 1976. Likewise, a copy of Applicant's Registration Statement, as now filed with the Securities and Exchange Commission, was received.

8) Applicant represents that it will incur reasonable expense including underwriters' discounts or commissions in connection with the proposed issue and sale of the Debentures and that the proceeds thereof will be used by Applicant and its subsidiaries.

9) The proposed issue and sale of the Debentures is to provide monies to pay a portion of the costs of the capital expenditures program of the Applicant and its subsidiaries and for other corporate purposes. Applicant's capital expenditures program includes expenditures relating to its mainline transmission facilities, branch line transmission facilities, branch line and sales measuring stations to serve presently connected communities.

10) That the securities transaction proposed by the Applicant, as hereafter authorized, will be for a lawful purpose and is consistent with the public interest; that same is necessary or appropriate for and consistent with the proper performance by the Applicant if service as a public

utility, and that the aggregate amount of the securities outstanding and proposed to be outstanding will not exceed the value of the properties and business of the Applicant.

11) Pursuant to Section 82-4209, R.C.M. 1947, public notice of the filing of the application was sent to all of Applicant's Montana customers on December 8, 1975, and the opportunity was presented to request by December 29, 1975, a public hearing which would be held, if request, on January 6, 1976. No protests or requests for formal hearing were received.

#### CONCLUSIONS OF LAW

1) The authority to issue and sell up to \$125,000,000 of Debentures as requested by the Applicant will be in no way detrimental to the public interest and should be authorized.

2) The money to be produced by the Issuance of the Debentures for which authority is requested is reasonably required for the purposes specified.

3) Such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income.

4) Neither the issuance of securities by Northern Natural Gas 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.

5) The approval of this application shall not be construed as precedent to prejudice any future action of this Commission with regard to any security issue.

6) 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.

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 January 7, 1976, there being present Chairman Gordon E. Bollinger, Commissioners P. J. Gilfeather, Thomas G. Monahan and James R. Shea, there came regularly before the Commission for final action, the matters and things In Docket No. 6368, and the Commission being fully advised in the premises;

ORDERS: 1) That NORTHERN NATURAL GAS COMPANY is authorized to issue and sell up to \$125,000,000 principal amount of its Debentures.

2) That Northern Natural Gas Company be, and it is hereby directed to file with the Commission a true copy of the Underwriting Agreement, Indenture dated as of January 1, 1976, and copies of any amendments to Its Registration Statement.

DONE IN OPEN SESSION at Helena, Montana on January 7, 1976, by a  
3 – 1 vote.

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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  
DESSENTING

ATTEST:

Gail E. Behan  
Secretary  
(SEAL)