

BEFORE THE UTILITY DIVISION  
DEPARTMENT OF PUBLIC SERVICE REGULATION  
MONTANA PUBLIC SERVICE COMMISSION

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IN THE MATTER of the Application )  
of BLACK HILLS POWER AND LIGHT ) Docket No. 6558  
COMPANY to issue and sell common ) Order No. 4407  
stock. )  
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On February 1, 1978, Black Hills Power and Light Company, (hereinafter referred to as "Black Hills") a corporation organized and existing under and by virtue of the laws of the State of South Dakota, and qualified to transact business in Montana, filed with the Public Service Commission of Montana, its verified application, pursuant to Sections 70-117.1 to 70-117.6, inclusive, R.C.M. 1947, requesting an order authorizing Black Hills to issue and sell 250,000 shares of its authorized and unissued common stock, par value \$1 per share. On February 10, 1978, Black Hills filed an amendment to its application, and petitioned the Commission for an order authorizing the issuance of up to 300,000 shares of its authorized and unissued common stock, par value \$1 per share, hereinafter referred to as "Additional Common Stock". The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization and issuance of securities by electric and gas utility companies operating within Montana.

Reference is made to the annual reports of Black Hills

on file with the Commission with respect to the general character of Black Hills' business in the territory served by it.

Black Hills proposes to issue and sell the Additional Common Stock through an underwriting agreement referred to herein as "Purchase Agreement" between Black Hills and Merrill Lynch, Pierce, Fenner & Smith, Inc. as representative of several underwriters, and which underwriters will in turn offer the Additional Common Stock to the public. The Additional Common Stock will be entitled to full voting privileges; and rights to dividends as and when declared by the Board of Directors, all as limited and defined in Black Hills' Articles of Incorporation as amended, and in Black Hills' Mortgage Indenture as amended, which instruments are on file as exhibits to the application of Black Hills, reference to which is hereby made. The Additional Common Shares will not have preemptive or other subscription rights.

Black Hills proposes to apply the net proceeds from the sale of the Additional Common Stock for additions and improvements to its properties and reduction of bank loans obtained for such purposes.

The application sets forth counsel who will pass upon the legality of Additional Common Stock and the other regulatory authorizations required and the propriety of the proposed issue.

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, the Commission makes the following:

FINDINGS OF FACT

1. That the applicant, Black Hills Power and Light Company, is a corporation organized and existing by virtue of the laws of the State of South Dakota and is qualified to transact business in the State of Montana.

2. That Black Hills is operating as a public utility as defined in Section 70-103, R.C.M. 1947, and as such is engaged in furnishing electric 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, R.C.M. 1947.

4. Black Hills proposes to sell the Additional Common Stock pursuant to the terms of a Purchase Agreement between the Company and Merrill Lynch, Pierce, Fenner & Smith, Inc. as representative of several underwriters, said Purchase Agreement having been filed with Black Hills' application, express reference to which is hereby made.

5. A Registration Statement relative to the Additional Common Stock has been filed with the Securities and Exchange Commission under the Securities Act of 1933.

6. The Additional Common Stock will be entitled to full

voting privileges, and rights to dividends as and when declared by the Board of Directors, all as limited and defined in Black Hills' Articles of Incorporation, as amended, and in Black Hills' Mortgage Indenture, as amended, which instruments are on file as exhibits with the application, express reference to which is hereby made.

7. The holders of the Additional Common Stock have no preemptive rights to subscribe to any issue of stock or other securities of any class of Black Hills.

8. That public notice of the filing of said application was given on February 10, 1978 and February 17, 1978, in the Ekalaka Eagle and no protests nor requests for formal hearing were received by March 3, 1978.

9. No determination has been made of the offering price to the public nor the underwriters' commission.

CONCLUSIONS OF LAW

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

ORDER

NOW THEREFORE, at a session of the Public Service Commission of the State of Montana, held in the offices at Helena,

Montana, there regularly came before the Commission for final action in the matters and things and Docket No. 6558 and the Commission being fully advised in the premises orders:

(1). That Black Hills Power and Light Company be and it is hereby authorized to issue and sell 300,000 shares of its Additional Common Stock.

(2). That Black Hills shall file with the Commission, as soon as it becomes available, the details and terms of the proposed Purchase Agreement with Merrill Lynch, Pierce, Fenner & Smith, Inc., the offering price of the stock, the underwriters commission and a detailed statement of the actual expenses and actual proceeds realized from the sale authorized herein.

(3). That Black Hills shall use the proceeds of the sale of such Additional Common Stock after paying its expenses of the sale for the purposes as set forth in the application.

NOTE: Section 70-117.6, R.C.M. 1947 provides that neither the issuance of securities by Black Hills 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 application shall not be construed

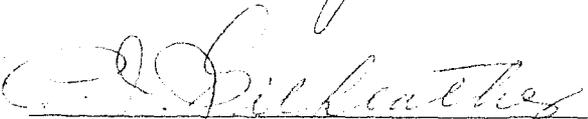
as precedent to prejudice any future action of this Commission.

Issuance of this Order does not mean acceptance of Black Hills' exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

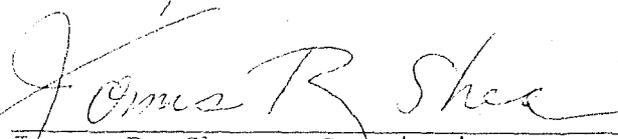
DONE IN OPEN SESSION at Helena, Montana, on March 6, 1978 by a 5 - 0 vote.

BY ORDER OF THE PUBLIC SERVICE COMMISSION:

  
Gordon E. Bollinger, Chairman

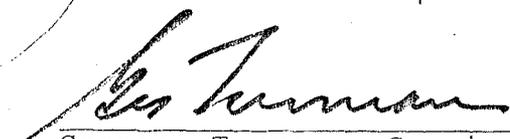
  
P. J. Gilfeather, Commissioner

  
Thomas J. Schneider, Commissioner

  
James R. Shea, Commissioner

ATTEST:

  
Madeline L. Cottrill  
Secretary

  
George Turman, Commissioner

(SEAL)

NOTICE: You are entitled to judicial review of this order. Judicial review may be obtained by filing within thirty (30) days from the service of this order, a petition for review pursuant to Section 82-4216, R.C.M. 1947.