

Service Date: May 28, 1980

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF THE APPLICATION OF)
THE MONTANA POWER COMPANY FOR)
AUTHORITY TO ISSUE AND SELL NOT TO) DOCKET NO. 80.4.9
EXCEED 500,000 SHARES OF NO PAR VALUE) DEFAULT ORDER NO. 4651
COMMON STOCK TO IMPLEMENT ITS CUSTOMER)
STOCK PURCHASE PLAN)

On April 23, 1980, The Montana Power Company ("Company") filed with the Public Service Commission a verified Application, pursuant to Sections 69-3-501 through 69-3-507 of the Montana Code Annotated (MCA), seeking an order authorizing the issuance and ultimate sale of not to exceed 500,000 shares of no par value Common Stock ("Stock"). The Stock to be issued would be sold to the qualifying electric and natural gas customers of the Company under its Customer Stock Purchase Plan (the "Plan") described in the Company's Application. The Application is supported by exhibits and data in accordance with the Commission practice and rules and regulations governing the authorization of issuance of securities by public utilities subject to its jurisdiction.

The Application states that the Company is a public utility, as defined in 60-3-101, MCA, in that it furnishes electric and natural gas service in the State of Montana; that Applicant's principal executive office is at 40 East Broadway, Butte, Montana; and that the Company is duly qualified to do business in the States of Montana, Wyoming and Idaho. For detailed information

with respect to the general character of the Company's business and the territory served by it, reference is made to the Application and exhibits.

The Application states with respect to the Stock that:

(1) The Stock will be issued and sold directly by the Company to qualifying customers participating in the Plan. The price of the Stock will be determined on the "investment date," as described in the Plan and the Application. The broker's commission on the sale will be paid by the Company to D. A. Davidson, a Montana stock brokerage firm, the Sales Agent under the Plan. The Plan will be administered by Morgan Guaranty Trust Company of New York City, New York. A participant in the Plan may continue to purchase stock under the Plan even if the utility-customer relationship ceases to exist. Participants in the Plan may also participate in the Company's Dividend Reinvestment Plan, the stock for which is issued and sold under authority granted by this Commission in its Order No. 4480 in Docket No. 6641. The Plan is described in detail in the final Registration Statement with respect to the Stock filed as a supplementary exhibit to the Application.

(2) Because (a) the prices on the periodic sales, (b) the number of participants in the Plan from time to time, and (c) the extent of participation in the Plan by qualifying customers are not known, the proceeds to the Company on the sale of the Stock are not estimable.

(3) Expenses in connection with the initial implementation of the Plan are estimated not to exceed \$150,000. The expense of administering the Plan are estimated not to exceed \$1.25 per month per account. The commission payable by the Company to the sales agent under the Plan will depend on the number of shares purchased under the Plan.

(4) The proposed issuance of Stock is: (a) consistent with the public interest; (b) consistent with the proper performance by the Company of service as a public utility in the State of Montana and permitted by 63-3-501, MCA; and (c) will not result in securities outstanding, in the aggregate, which exceed the fair value of the properties and business of the Company.

The Application includes an opinion of counsel regarding the legality of the proposed issue, the other regulatory authorizations required, and the propriety of the proposed issues. The Application has been supplemented, since initial filing, by submission of the Registration Statement filed with respect to the Stock on Securities and Exchange Commission Form S-7.

A Notice of Opportunity for Public Hearing was published as a legal notice in the following newspapers of general circulations in the Company's utility service area: the May 1, 1980 editions of the Bozeman Daily Chronicle, the Great Falls Tribune, the Havre Daily News, the Missoulian, the Daily Inter Lake, and the Livingston Enterprise; the May 2, 1980 editions of the Billings Gazette and the Ravalli Daily Republic; the May 3, 1980 edition of the Montana Standard; the May 4, 1980 editions of the Independent

Record and News-Argus; and the May 7, 1980 edition of the Dillon Tribune Examiner. The Notice stated that if there were any protests to the Application or requests for a public hearing on the Application they were to be received by the Commission on or before May 22, 1980. No protests or requests for hearing have been received by 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, the Commission makes the following:

FINDINGS OF FACT

1. That the Montana Power Company ("Applicant") is a corporation organized and existing under and by virtue of the laws of the State of Montana and is qualified to transact business in the State of Montana.
2. That Applicant is operating as a public utility, as defined in 69-3-101, MCA, and, as such, is engaged in furnishing electric and natural gas utility service in the State of Montana.
3. That the Commission has jurisdiction over the subject matter of the Application under Sections 69-3-501 through 69-3-507, MCA, inclusive.
4. That the issuance and sale of not to exceed 500,000 shares of no par value Common Stock proposed herein by Applicant, as hereinafter authorized, for the purpose of implementing the Customer Stock Purchase Plan, as described in the Application, will be for a lawful purpose and are consistent with the public interest; that such issuance and sale is appropriate for and

consistent with the proper performance by Applicant of service as a public utility; and that the aggregate amount of the securities outstanding, including the Common Stock subject to this proceeding, will not exceed the fair value of the properties and business of Applicant.

5. That public notice of the filing of the Application has been duly given; that opportunity to be heard with respect to the Application has been duly afforded; that no requests for a public hearing on this matter have been received; that due consideration has been given to the matters presented and filed in connection therewith; and that the Application should be approved as hereinafter ordered.

CONCLUSION OF LAW

That the Application herein complies with Sections 69-3-501 through 69-3-507, MCA, inclusive, and other laws of Montana as aforesaid and the same 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 office at 1227 11th Avenue, Helena, Montana, on May 27, 1980, there regularly came before the Commission for final action the matters and things in this Docket. The Commission being fully advised in the premises makes and enters the following orders:

IT IS ORDERED that the Application of The Montana Power Company for an order authorizing the issuance and sale of not to

exceed 500,000 shares of its no par value Common Stock, for the purpose of implementating the Customer Stock Purchase Plan, as described in the Application, is hereby approved and the issuance and sale of such Stock be, and the same is, hereby authorized under the provisions of this Order pursuant to Sections 69-3-501 through 69-3-507, MCA, inclusive.

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 subject to its jurisdiction as provided by law.

IT IS FURTHER ORDERED that nothing in this Order or any act or deed done and performed in connection herewith shall be construed to obligate the State of Montana or pay or guarantee in any manner whatsoever any security authorized by this Order or authorized, issued, assumed, or guaranteed under the provisions of Sections 69-3-501 through 69-3-507, MCA, inclusive.

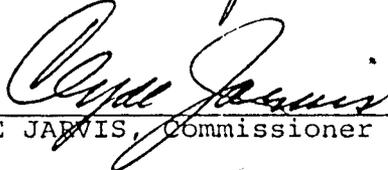
Issuance of this Order does not imply acceptance of the Application and exhibits and other material accompanying the Application for any purpose other than in connection with this proceeding.

DONE IN OPEN SESSION at Helena, Montana, this 27th day of May, 1980, by a 5-0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.



GORBON E. BOLLINGER, Chairman



CLYDE JARVIS, Commissioner



THOMAS J. SCHNEIDER, Commissioner



JAMES R. SHEA, Commissioner



GEORGE TURMAN, Commissioner

ATTEST:
1/12/81 2:10 PM
Madeline L. Cottrill
Commission Secretary

(SEAL)

NOTE: You may be entitled to judicial review of the final decision in this matter. If no Motion for Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this order. If a Motion for Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Sec. 2-4-702, MCA; and Commission Rules of Practice and Procedure, esp. 38-2.2(64)-P2750, ARM.