

Service Date: August 26, 1980

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

* * * * *

IN THE MATTER of the Application of)	
PACIFIC POWER & LIGHT COMPANY for an)	UTILITY DIVISION
Order Authorizing The Issuance of Not)	DOCKET NO. 80.7.51
To Exceed 2,000,000 shares of its Com-)	DEFAULT ORDER NO. 4688
mon Stock of the Par Value of \$1.25 Per)	
Share Under Its Employees' Stock Pur-)	
chase Plan.)	

On July 21, 1980, PACIFIC POWER & LIGHT COMPANY (Applicant) filed with this Commission its verified application pursuant to jurisdiction granted by Sections 69-3-501 through 69-3-507, MCA, requesting an order authorizing Applicant to issue and sell to employees of Applicant and its subsidiaries not to exceed 2,000,000 shares of its Common Stock of the par value of \$1.25 per share pursuant to its Employees' Stock Purchase Plan adopted by its Board of Directors on January 26, 1965, approved by its stockholders on April 20, 1965, and last amended June 11, 1980. 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 Applicant's 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.

DOCKET NO. 80.7.51, DEFAULT ORDER NO. 4688

At a regular open session of the Montana Public Service Commission, held in its office at 1227 - 11th Avenue, Helena, Montana, on August 25, 1980, there came before the Commission for final action the matters and things in Docket No. 80.7.51, and the Commission, having fully considered the application and all the data and records pertaining thereto on file with the Commission and been 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 Sections 69-3-101 and 102, MCA, 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 69-3-501 through 69-3-507, MCA.
4. Public notice of the filing of application and opportunity for public hearing was given on August 5, 1980, in the Western News, Libby, Montana and on August 4, 1980, in the Daily Inter Lake, Kalispell, Montana; no protests or requests for a formal hearing were received by August 21, 1980.
5. The securities proposed to be issued are not to exceed 2,000,000 shares of Applicant's Common Stock of the par value of \$3.25 per share pursuant to its Employees' Stock Purchase Plan.

The Plan provides for periodic offerings of not less than 10 and not more than 400 shares of Applicant's authorized but unissued Common Stock to every regular full-time employee of Applicant and every regular full-time employee of any subsidiary corporation of Applicant (as defined in Section 425(f) of the Internal Revenue Code of 1954, as amended), but not more than 3,350,000 shares in the aggregate, at a price equal to 90% of the fair market value on the date of offering. In administering the Plan, "fair market value" is determined by reference to the closing price of Applicant's Common Stock on the New York Stock Exchange on the date of offering. As used in the Plan, the term "regular full-time employee" includes officers but excludes directors not otherwise employed by Applicant or any of its subsidiaries.

An offering or offerings under the Plan may be made in each calendar year on a date or dates to be determined by the Board of Directors. An eligible employee may participate in the Plan by filing a subscription (on a form furnished by Applicant) during a subscription period, which may not exceed 90 days from the offering date as fixed by the Directors. A subscription must be for not less than 10 nor more than 400 shares pursuant to any one offering. Each subscription must be accompanied by a minimum payment of one dollar for each share subscribed. Full payment must be made in cash or through payroll deductions over a period of not more than 27 months from the date of offering.

No employee may subscribe for stock under the Plan if he owns or may thereby acquire, shares sufficient to give him 5% or more of the total voting power on fair market value of all classes of Applicant's

outstanding stock. No employee may subscribe for shares under the Plan in an amount which, separately or when combined with prior subscriptions, would give him the right to purchase, in any one calendar year, shares of stock having a fair market value in excess of \$25,000.

If an offering is over-subscribed, shares are allocated among subscribing employees. No shares subscribed for under any one offering may be issued and delivered to an employee until he has paid for all shares for which he has subscribed under that offering. Shares are issued to Applicant in trust for a participating employee as funds for full shares accumulate in an employee's stock purchase account. Dividends paid on shares so issued and while so held are applied toward the purchase price. No interest is charged on unpaid subscriptions. Administrative costs of the Plan will be borne by Applicant.

At any time prior to completion of payment for subscribed shares, an employee may cancel his subscription for such shares as shall have not been paid for in full. Upon any such cancellation, Applicant will issue a certificate for the fully paid shares and return to the employee any cash balance in his stock purchase account. No right to participate in the Plan, a subscription under the Plan, or interest in any shares of stock held for an employee by Applicant as trustee, pending payment of an employee's subscription in full, is assignable or transferable. The right to participate in and any subscriptions under the Plan end upon termination of employment, subject to limited rights of the employee or his legal representative, in the event of retirement or death, to complete a pending purchase. Applicant has reserved the right to abandon,

DOCKET NO. 80.7.51, DEFAULT ORDER NO. 4688

amend, modify or suspend the Plan at any time, except that it may not, without an employee's written consent, adversely affect rights under any existing subscription or offering.

Any modification in the Plan which would (a) change the number of shares authorized to be offered from 3,350,000 (other than modifications to reflect such action as a stock split), (b) change the offering price to less than 90% of the fair market value on the date of an offering, or (c) change employees' eligibility requirements, must be approved by Applicant's stockholders.

On the basis of its experience, Applicant estimates that the additional 2,000,000 shares will be a sufficient number for five successive yearly offerings under the Plan.

The proposed offer and sale of Applicant's Common Stock under the Plan cannot be made pursuant to the competitive bidding requirements of Section 34.1a of the Federal Energy Regulatory Commission's Regulations and Applicant has applied to such Commission for exemption from such requirements. Accordingly, Applicant has applied for authority to offer and issue not to exceed 2,000,000 shares of Applicant's Common Stock of the par value of \$3.25 per share, pursuant to offerings under the Plan at times and in amounts to be fixed by Applicant's Board of Directors, with such authority to be in effect until all such shares shall have been so sold.

The provisions of the Plan appear in full in the copy thereof filed as Exhibit F.

6. The Plan is entirely voluntary and the price per share under each offering is related to the market price at the date of the offering. Thus it is impossible to estimate what the gross proceeds to Applicant from the sale of the shares of Common Stock under the Plan will be. Exhibit G summarizes the results of past offerings.

7. Estimates as to various items of expense to be incurred in connection with the proposed issuance of the Common Stock are set forth in the application; the total estimated expense is \$57,000.

8. Proceeds from the sale of the Common Stock, less expenses of issuance, will be used for Applicant's construction program.

CONCLUSIONS OF LAW

The securities transactions proposed by Applicant, as hereinafter authorized, will be for lawful objects within the corporate purposes of Applicant and compatible with the public interest; the objects are 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 an order authorizing it to issue and sell not to exceed 2,000,000 shares of its Common Stock of the par value of \$3.25 per share to its employees and employees of its subsidiaries under its Employees' Stock Purchase Plan, as

DOCKET NO. 80.7.51, DEFAULT ORDER NO. 4698

amended, in the manner set forth in its application is hereby granted, subject to the provisions of this order, and without further order of this Commission.

2. This authorization shall be in effect until all such shares reserved for offerings under the Plan shall have been sold.

3. Applicant shall file with this Commission copies of all such reports as are required to be filed by Applicant with the Federal Energy Regulatory Commission (FERC) under its applicable rules and regulations, as now in effect or as hereafter amended, relating to the issuance, sale and use of proceeds from the sale of the securities.

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

5. Approval of the transactions herein authorized shall not be construed as precedent to prejudice any future action of this Commission.

6. 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.

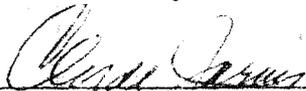
DONE IN OPEN SESSION at Helena, Montana on August 25, 1980, by a

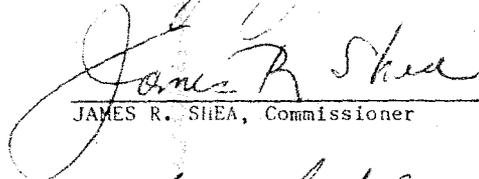
3 - 0 vote.

DOCKET NO. 30.7.51, DEFAULT ORDER NO. 4688

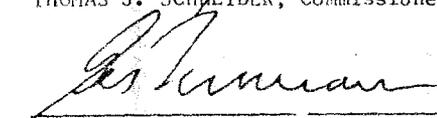
BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.


GORDON F. BOLLINGER, Chairman

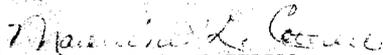

CLYDE JARVIS, Commissioner


JAMES R. SHEA, Commissioner


THOMAS J. SCHNEIDER, Commissioner


GEORGE TURMAN, Commissioner

ATTEST:


MADELINE L. COTTRILL
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. Section 2-4-702, MCA; and Commission Rules of Practice and Procedure, esp. 38-2.2(64) P2750 ARM.