READING FILE

Service Date: March 8, 1978

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

* * *

IN THE MATTER of the Application of THE WASHINGTON WATER POWER COMPANY for an order authorizing the issuance of 250,000 Shares of no par Preferred Stock, Series A.	Docket No. 6554 Supplemental Order No. 4402 a

Washington Water Power Company was conditionally authorized by the Commission's Order No. 4402, dated February 22, 1978, to issue 250,000 shares of Preferred Stock, no par, Series A, by means of a negotiated public offering at the stated price of $100 per share. Order No. 4402 provided that the authorization granted therein could not be exercised until an appropriate supplemental application, showing the price per share at which the Preferred Stock would be sold, the dividend rate, compensation paid to underwriters, and redemption provisions of the Preferred Stock, had been filed with and approved by the Commission.

Applicant has now concluded negotiations with the underwriters for the sale of the proposed Preferred Stock issue on March 7, 1978, filed its supplemental application which contains the necessary information for the Commission to enter a supplemental order.

The following were the terms and conditions agreed to between the Applicant and the underwriters:

(a) The price per share at which the Preferred

Stock will be issued and sold:

The price at which the Preferred Stock will be sold by Applicant to the underwriters is $100.00 per share.

(b) Dividend:

The dividend is $9.00 per share, per annum.

(c) Compensation to Underwriters:

Compensation to the underwriters for their services in connection with the marketing of the Preferred Stock is $1.15 per share, or a total of $287,500.00 which will be paid from treasury funds.

(d) Redemption Provisions:

The New Preferred Stock will not be refundable, directly or indirectly, prior to May 1, 1983, with the proceeds of borrowed funds, or of the issuance of any stock ranking prior to or on a parity with the New Preferred Stock, having a cost of money to the Company (computed) in accordance with accepted financial practice) below that of the Preferred Stock. It will otherwise be subject to redemption at any time in whole or in part, on not less than 30 days' written notice, at $109.00 per share through May 1, 1983; $105.40 per share thereafter through May 1, 1988; $102.70 per share thereafter through

May 1, 1993; and $100.90 per share thereafter, in each case plus accrued dividends to the date fixed for redemption. If less than all of the New Preferred Stock is to be redeemed, the redemption will be made either pro rata or by lot.

(e) Effective Cost of Money on the Preferred Stock: Based on the foregoing information, the effective cost of money on the Preferred Stock is 9.10%.

(f) Initial Public Offering Price: The initial public offering price is $100.00 per share.

Based upon securities' market information and other data available to the Commission, the terms of sale of the proposed Preferred Stock issue are fair and reasonable.

The funds to be obtained from the sale of the Preferred Stock are reasonably required for the purposes set forth in Order No. 4402, and such purposes are compatible with the public interest, necessary for the proper performance by Applicant of its service as a public utility, and will not impair its ability to perform such service. The proceeds will be used for the purposes previously set forth.

From the foregoing, it is concluded that the supplemental application should be approved. It is therefore ORDERED that

1. The supplemental application of Washington Water Power Company, filed with the Commission on March 6, 1978, for

authority to issue and sell 250,000 shares of Preferred Stock, no par, Series A, at the stated price of $100.00 per share and the dividend rate, compensation paid to underwriters and redemption provisions, is hereby granted; and

2. Except as specifically supplemented by this order, the terms and conditions of Order No. 4402 shall remain operative.

DONE IN OPEN SESSION, in Helena, Montana, on March 7, 1978, by a 4 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

Gordon E. Bollinger, Chairman

P. J. Gilfeather, Commissioner

Thomas J. Schneider, Commissioner

James R. Shea, Commissioner

ATTEST:

Madeline L. Cottrill
Secretary

(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.