Service Date: May 13, 1980

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

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IN THE MATTER of the Application of PACIFIC POWER & LIGHT COMPANY for an Order Authorizing It To Issue Not To Exceed 4,200,000 Shares of Its Common Stock of The Par Value of $3.25 Per Share.	DOCKET NO. 80.4.7 DEFAULT ORDER NO. 4646

On April 10, 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 not to exceed 4,200,000 shares of its Common Stock of the par vlaue of $3.25 per share. 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 utilities operating as public utilities in the State of Montana. For detailed information with respect to the general character of Applicants 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 securities, the other regulatory authorizations required and the propriety of the proposed issue.

At a regular open session of the Montana Public Service Commission held in its office at 1227 - 11th Avenue, Helena, Montana on May 12, 1980, there came before the Commission for final action the matters and things in Docket No. 80.4.7, and the Commission, having fully considered the application and all data and records

pertaining thereto on file with the Commission and being 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 April 29, 1980, in The Western News, LIbby, Montana; on April 30, 1980 in the Missoulian, Missoula, Montana; and on April 23, 1980 in the Daily Inter Lake, Kalispell, Montana, and no protests or requests for a formal hearing were received by May 8, 1980.

5. The securities proposed to be issued are not to exceed, 4,200,000 shares of Applicant's Common Stock of the par value of $3.25 per share (Additional Common Stock).

6. Applicant proposes to issue the Additional Common Stock pursuant either to a conventional negotiated public offering (Public

Offering) or to a negotiated underwritten rights offering to the common stockholders of Applicant (Rights Offering). If Applicant pursues a Rights Offering, its common stockholders will be issued rights to subscribe for the Additional Common Stock in the ratio of one share of Additional Common Stock for each ten shares of Applicant's Common Stock held of record on the rights offering record date (Record Date), together with a supplementary subscription right, subject to allotment, as hereinafter more fully described. It is expected the Record Date will be the close of business on May 21, 1980.

Because additional shares of Applicant's Common Stock may be issued pursuant to uncompleted subscriptions under its Employees' Stock Purchase Plan (ESPP-Docket No. 6523) and pursuant to its Dividend Reinvestment and Stock Purchase Plan (DRIP-Docket No. 6797) between the date of said application and the Record Date, it is not possible at this time to determine the precise number of shares of Additional Common Stock that will be offered pursuant thereto. At March 31, 1980, Applicant had outstanding 41,177,395 shares of Common Stock. It is estimated that between March 31, 1980 and the Record Date the maximum additional shares of Common Stock issued under ESPP and DRIP will not exceed 822,605 shares.

Applicant accordingly seeks authority to issue such number of shares of Additional Common Stock, not to exceed 4,200,000 shares in the aggregate, as shall be necessary to issue in order to make a Rights Offering in the ratio of one share of Additional Common Stock for each ten shares of its Common Stock held of record on the Record Date. The exact number of shares to be offered will be supplied promptly when such determination can be made.

For information with respect to the Additional Common Stock proposed to be issued and sold, reference is made to Description of Common Stock in Applicant's Registration Statement which is Exhibit D.

7. Applicant requested permission from the Federal Energy Regulatory Commission (FERC) to engage in preliminary negotiations with investment bankers with respect to the terms on which the Additional Common Stock could be issued through a Public Offering or a Rights Offering (Exhibit E) and has applied for exemption from the competitive bidding requirements of FERC's Regulations under the Federal Power Act.

Permission was granted by letter of the Chief Accountant of FERC, dated April 2, 1980, and pursuant thereto, Applicant proposes to negotiate with at least six investment bankers. Thereafter Applicant will advise the Commission of the results of such negotiations and the determination of the terms and method of sale; and, subject to the granting of an exemption from the competitive bidding requirements, Applicant proposes to sell the Additional Common Stock through a Public Offering, or a Rights Offering, following there becoming effective a Registration Statement under the Securities Act of 1933.

If Applicant pursues a Public Offering, after receipt of authority from the Commission, Applicant would enter into a firm underwriting agreement with a group of underwriters to be selected after discussions with not less than six investment bankers.

In a Rights Offering, Applicant would initially offer the Additional Common Stock for subscription by its common stockholders in

the ratio of one share of Additional Common Stock for each ten shares of Common Stock held of record on the Record Date, with a supplementary subscription right as more fully described below where the number of shares held is not evenly divisible by ten or is less than ten. The price at which the Additional Common Stock would be offered to common stockholders for subscription would be determined by the Board of Directors of Applicant shortly before commencement of the proposed subscription offer, such price to be fixed in relation to, and at an appropriate discount from, the then market price of Applicant's Common Stock. The subscription price would be supplied to the Commission promptly after such price shall have been fixed by Applicant's Board of Directors.

In making the subscription offer, Applicant would mail to each common stockholder of record on the Record Date, a transferable subscription warrant expressed in terms of rights, the number of rights to be evidenced by each such warrant to be equivalent to the number of shares of Applicant's Common Stock held of record by the stockholder on the Record Date. The warrants would have a life of not less than twenty days. Warrant holders would be entitled during the subscription period to subscribe for one share of Additional Common Stock for each ten rights evidenced by their warrants, and would also be entitled, where the number of rights evidenced by a warrant is not evenly divisible by ten or is less than ten, to subscribe, subject to allotment, for one full share with the rights which are in excess of a multiple of ten or are less than ten. Should there be insufficient shares of Additional Common Stock to fill all subscriptions, those made pursuant to the basic subscription right on the

basis of ten rights and exact multiples thereof would first be filled, then those made pursuant to the supplementary subscription right, first on the basis of nine rights, then eight, and then seven, six, and so on in that order. Should it be possible to fill some but not all subscriptions for any one of such groups, subscriptions in the particular group would be filled in the order of their receipt. No subscriptions for fractional shares would be accepted and no fractional shares would be issued. In the event that there are shares remaining after the supplementary rights there will be an Oversubscription Privilege. A warrant holder who exercises a warrant for the full amount of the Basic and Supplementary Privilege, if any, may oversubscribe at the Subscription Price, for any number of additional shares up to but not exceeding ten (10) times the number of shares subscribed for pursuant to the Basic and Supplementary (or Step-up) Subscription Privileges.

The only shares available for subscription pursuant to the Oversubscription Privilege are those shares of Additional Common Stock not required to satisfy the Basic Subscription and Step-up Subscription Privileges. If the shares so available are not sufficient to satisfy all subscriptions pursuant to the Oversubscription Privilege, available shares will be allotted pro-rata (subject in any case to eliminating fractional shares) among those who exercised the Oversubscription Privilege, as nearly as practicable in proportion to the number of shares subscribed and paid for under the Basic and Step-up Subscription Privileges.

8. Prior to offering for sale, the shares will be registered

with the Securities and Exchange Commission.

9. The proceeds from issuance and sale of the Additional Common Stock, estimated at $61,000,000 after deduction of the underwriters' commissions and expenses of issuance and sale, will be used to repay short-term borrowings prior to or as they mature. Expenses in connection with the issuance and sale of the Additional Common Stock, not including underwriting fees, are estimated to be $1,025,000, assuming a Rights Offering.

10. Applicant states that it anticipates the majority of the Additional Common Stock will be subscribed by the common stockholders and that the remainder will be sold to underwriters pursuant to a negotiated underwritten agreement and said underwriters will reoffer the shares to the public after the expiration of the subscription rights. Therefore, Applicant requests that it may, without further order or filing with the Commission, be specifically authorized to issue and sell the Additional Common Stock in accordance with the terms and conditions contained in this application and the exhibits and that the Commission's order so provide.

CONCLUSIONS OF LAW

The proceeds from the issuance and sale of the Additional Common Stock are reasonably required for the purposes set forth herein. Such purposes are compatible with the public interest, necessary for the proper performance by Applicant of its services as a public

utility, and will not impair its ability to perform such service.

From the foregoing, it is concluded that the application described herein should be approved, that a two-order procedure is unnecessary and waiver thereof is compatible with the public interest and should be granted in this matter.

ORDER

IT IS THEREFORE ORDERED that the application of Pacific Power and Light Company, filed with the Commission on April 15, 1980, for authority to issue and sell not to exceed 4,200,000 shares of its Common Stock at a par value of $3.25 per share in the manner set forth in its application is hereby granted, subject to the following terms and conditions:

1. The proceeds are used for the purposes approved herein;
2. Applicant shall issue and sell the Additional Common Stock pursuant either to a conventional negotiated public offering or to a negotiated underwritten rights offering to the common stockholders of Applicant as set forth in its application.
3. Applicant shall, after consumation of the sale of the Additional Common Stock file with the Commission:
   a. A verified statement, as soon as such information is available, showing the price at which the Common Stock was offered to the stockholders, the date of the offering and the price used in determining the discount.
   b. A verified statement with respect to all unsubscribed

shares showing the underwriters' compensation per share and the price to Applicant as soon as such information is available.

c. A verified statement, within 60 days after such information is available, showing the total proceeds received, the expenses of issuance in reasonable detail and disposition of said proceeds.

4. This order shall be effective as of this date and Applicant may issue and sell said Common Stock as set forth in its application and hereinabove without necessity of any further filing with or order of this Commission.

5. Neither the issuance of securities by Pacific Power & Light 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.

6. Approval of this security issue shall not be construed as precedent to prejudice any future action of this Commission.

7. Issuance of this order does not constitute acceptance of Pacific Power & Light Company's exhibits or other materail accompanying the application for any purpose other than the issuance of this order.

DONE IN OPEN SESSION at Helena, Montana, this 12th day of May, 1980 by a 5-0 vote.

DOCKET NO. 80.4.7, DEFAULT ORDER NO. 4646

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

Gordon E. 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.