DEPARTMENT OF PUBLIC SERVICE REGULATION

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MONTANA

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IN THE MATTER OF THE APPLICAITON OF PACIFIC POWER & LIGHT COMPANY FOR AN ORDER AUTHORIZING IT TO ISSUE AND SELL NOT MORE THAN 5,000,000 SHARES OF ITS COMMON STOCK	)))))	UTILITY DIVISION DOCKET NO. 82.10.67 DEFAULT ORDER NO. 4942

On October 18, 1982, Pacific Power & Light Company (Pacific), a corporation organized and existing under and by virtue of the laws of the State of Maine and qualified to transact business in Montana, filed with the Montana Public Service Commission its verified application, pursuant to Sections 69-3-501 through 69-3-507, MCA, requesting an order authorizing Pacific to issue and sell not more than 5,000,000 shares of its common stock of a par value $3.25 (new shares) in one or more offerings until March 9, 1983.

The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of the issuance of securities by electric and gas utility companies operating within Montana.

For detailed information with respect to the general character of Pacific'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 issuance, 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 offices at 1227 Eleventh Avenue, Helena, Montana, on November 1, 1982, there came before the Commission for final action the matters and things in Docket No. 82.10.67, and the Commission, having fully considered the application and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS

1. Pacific 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. Pacific is operating as a public utility as defined in Section 69-3-101, MCA, and is engaged in furnishing electric and water service in Montana.

3. The Commission has jurisdiction over the subject matter of the application under Section 69-3-102, MCA.

4. Notice of the application was published as a part of the Commission's regular weekly agenda.

5. Pacific proposes to issue and sell not more than 5,000,000 shares of its common stock in one or more offerings until March 9, 1983. The initial offering is expected to occur on December 1, 1982 and is expected to consist of approximately 2,500,000 new shares.

6. The new shares will be listed on the New York Stock Exchange and the Pacific Coast Stock Exchange.

7. Pacific believes that the offering of additional common equity at this time appears opportune based on existing and expected market conditions. The offering also is consonant with Pacific's desire to strengthen the equity portion of its capital structure. A June 3, 1982 issuance of preferred stock in exchange for certain of Pacific's outstanding first mortgage bonds and in exchange for the cancellation of its obligations under a financing agreement relating to certain pollution control revenue bonds moved Pacific's capital structure in this direction. The offering in this matter is even more focused, i.e., it enhances more than just the equity ratio, it improves the common equity ratio.

8. The authority to offer and issue the new shares over an approximate 90-day period will give Pacific (1) the flexibility to respond if demand for the new shares is greater than expected and (2) the ability to re-enter the market quickly if the price of its common stock continues to improve.

9. Pacific proposes to select a group or groups of managing underwriters who will organize a syndicate and to whom the Common Stock will be sold pursuant to one or more Underwriting Agreements. The underwriters will make a public offering of the new shares after a Registration Statement under the Securities Act of 1933 relating to the new shares is declared effective.

10. The managing underwriters to be selected by Pacific will have extensive experience in underwriting and marketing securities of all types, will be familiar with Pacific and its long-term financing goals, and will be continually available to Pacific's management for consultation on

financial matters. They will assist Pacific in evaluating market conditions and in formulating the terms and timing of the issuance.

11. The results of the proposed offering are expected to be as follows:

ESTIMATED RESULTS OF THE OFFERING

	Total	Per Share
Gross proceeds	$100,000,000	$20.000
Less: Underwriters' Fee at approximately 3.6 percent	3,600,000	0.720
Proceeds Payable to Pacific	$ 96,400,000	$19.280
Less: Other Offering Expenses	210,000	0.042
Net Proceeds	$ 96,190,000	$19.238

12. Pacific estimates that the total underwriters' commission or fee will not exceed 3.6 percent of the initial public offering price. A fee of this magnitude is not greater than the usual and customary compensation prevailing for similar transactions at this time and is reasonable given the cost of rendering the service.

13. The net proceeds of the issuance will be used to reimburse Pacific's treasury for funds expended from income and from other treasury funds that were not derived from the issuance of securities. The funds to be reimbursed were used in furtherance of one or more of the utility purposes authorized by Chapter 69, MCA.

14. After reimbursing its treasury, Pacific proposes, directly or indirectly, to use an amount equivalent to the net proceeds to repay or refund its outstanding short-term borrowings either prior to or at their

maturity. These borrowings have been incurred in furtherance of one or more of the utility purposes authorized by Chapter 69, MCA.

15. On the closing dates of the issuance of the new shares, Pacific's short-term borrowings are expected to aggregate more than the net proceeds from the proposed offering. Specifically, Pacific's short-term borrowing balance is expected to approximate $147,500,000 on November 30, 1982.

16. The proposed issuance is part of an overall plan to finance the cost of Pacific's facilities taking into consideration prudent capital ratios, earnings coverage tests, and market uncertainties as to the relative merits of the various types of securities it could sell.

17. Given its current capital structure, and the improved condition of the equity markets, Pacific believes that common stock is the security of choice at this time to minimize its long-term cost of capital.

18. The issuance of an order authorizing the proposed financing does not constitute agency determination/approval of any issuance-related ratemaking issues which issues are expressly reserved until the appropriate proceeding.

CONCLUSIONS

The proposed common stock issuance to which the application relates will be for lawful objects within the corporate purposes of Pacific. The method of financing is proper. The application should be approved.

ORDER

IT IS ORDERED by the Commission that:

1. The application of Pacific Power & Light Company, filed on October 18, 1982, for authority to issue and sell not more than 5,000,000

shares of its common stock, pursuant to Sections 69-3-501 through 69-3-507, MCA, and to use the proceeds for normal utility purposes is approved.

2. Pacific Power & Light Company may offer the additional common stock in one or more offerings until March 9, 1983, without further application to or order of this Commission.

3. Pacific Power & Light Company shall file the following as they become available:

a. A listing of the terms and a justification for accepting the terms (promised Exhibit H).

b. A copy of the Underwriting Agreement (promised Exhibit K).

c. A copy of the SEC Registration Statement (promised Exhibit F).

d. A certified copy of the resolutions of its board of directors or of the board's Finance Committee approving the terms of the offering if not already on file in this docket (promised Exhibit B).

e. The "Report of Securities Issued" required by 18 CFR 34.10.

f. A verified statement showing the disposition of the issuance proceeds in reasonable detail.

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

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

6. Section 69-3-507, MCA, provides that 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 with

the issuance, shall be construed to obligate the State of Montana to pay or gaurantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed.

7. This order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana , this 1st day of November 1982, by a 5 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

GORDON E. BOLLINGER, Chairman

JOHN B. DRISCOLL, Commissioner

HOWARD L. ELLIS, Commissioner

CLYDE JARVIS, Commissioner

THOMAS J. SCHNEIDER, Commissioner

ATTEST:

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. 38.2.4806 ARM.