Service Date: July 3, 1984

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

* * *

IN THE MATTER Of The Application Of GREAT FALLS GAS COMPANY For Authority To Issue Its Common Stock To Provide To It $450,000 Of Equity Capital.	UTILITY DIVISION DOCKET NO. 84.6.31 ORDER NO. 5070

ORDER

Great Falls Gas Company (GFG or Applicant) is a public utility subject to the jurisdiction of this Commission and is engaged in the distribution of natural gas for residential, commercial and industrial use in and around the City of Great Falls, Montana.

In recent years there have been, and for the foreseeable future there will be demands upon the Applicant to maintain and, if necessary, expand its plant and properties to furnish adequate service to the public. Such improvement of the Applicant's properties requires additional capital.

The Applicant is about to commence a project to build gas distribution lines to provide natural gas service to the businesses and residences in and around the Gore Hill area on the west edge of the Applicant's system, including the residences located in the Castle Heights Addition, which project is hereinafter referred to as the Gore Hill Project. The cost of the Gore Hill Project, which approaches $400,000 is greater than can be financed by the Applicant's general revenues or from the Applicant's existing capital.

The Applicant's planned capital expenditures for the fiscal year ended June 30, 1985, including the first phase of the Gore

Hill Project, totals approximately $657,000. The items comprising that $657,000 in capital expenditures include, but are not limited to, the Gore Hill Project, main replacements, and the continuation of a meter replacement program. The Applicant plans capital expenditures for the fiscal year ended June 30, 1986, including the next phase of the Gore Hill Project, in an amount approximately equal to the capital expenditures projected for the fiscal year ended June 30, 1985, making a total for capital expenditures over the next two years in the amount of approximately $1,314,000.

In addition to the planned capital expenditures above described, the Applicant, pursuant to the terms of its first mortgage indenture, must make a balloon payment on November 1, 1985, on its mortgage bonds, in the amount of $244,000. That balloon payment and the above capital expenditures make the total capital requirements of the Applicant over the next two years the sum of approximately $1,558,000, which amount is greater than can be financed by the Applicant's general revenues or by short-term financing. The Applicant believes that approximately one million dollars of the $1,558,000 must be financed by a combination of additional equity issued by the Applicant and by long-term financing. The Applicant proposes to finance approximately 45 percent of that amount by the issuance in 1984 of additional equity securities with the other 55 percent financed by the issuance of long-term debt in 1985 and 1986.

The Applicant has been advised by a shareholder who owns a significant amount of the common stock of the Applicant that he

intends to sell to the public, shares which represent approximately 40 percent of the total outstanding shares of the Applicant's common stock. Such shares of the common stock of the Applicant would be registered with the Securities and Exchange Commission. The Applicant will realize significant savings of normal issuance costs by combining its proposed issue of additional common stock with the planned secondary offering by its major shareholder. Such shareholder has agreed with the Applicant to share prorata with the Applicant most of the expenses of issuance with the result that the Applicant will pay approximately 25 percent of the normal issuance costs for the combined offering instead of the full amount of those issuance costs.

The Applicant intends to raise the balance of the capital funds required, approximately $550,000, by the issuance of long-term debt during calendar years 1985 and 1986. The Applicant will petition this Commission for authority to issue long-term debt during calendar year 1985.

CONCLUSIONS OF LAW

The application herein complies with MCA 69-3-501 through 69-3-507 and other laws of the State 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 offices at 2701 Prospect Avenue,

Helena, Montana, on July 2, 1984, 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 Applicant shall file a report with the Commission showing the terms and conditions of the sale of common stock authorized by this order.

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 to pay or guarantee in any manner whatsoever any security authorized by this Order or authorized, issued, assumed, or guaranteed under the provisions of MCA 69-3-501 through 69-3-507, inclusive.

DONE IN OPEN SESSION at Helena, Montana this 2nd day of July, 1984, by a 5 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERIVCE COMMISSION.

THOMAS J. SCHNEIDER, Chairman

CLYDE JARVIS, Commissioner

DANNY OBERG, Commissioner

HOWARD L. Ellis, Commissioner

JOHN B. DRISCOLL, Commissioner

ATTEST:

Madeline L. Cottrill
Commission Secretary

(SEAL)

Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.