

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

IN THE MATTER of the Application)	
of the MONTANA POWER COMPANY for)	
Authority to Borrow the Proceeds)	
from the Sale of Not to Exceed)	
\$90,205,000 Principal Amount of)	DOCKET NO.
93.4.14 Pollution Control Revenue)	ORDER NO. 5707
Refunding Bonds to be Sold by the)	
City of Forsyth, Montana and, to)	
Provide for the Payment Thereof,)	
to Issue a like Principal Amount)	
of the Applicant's First Mortgage)	
Bonds.)	

1. On April 28, 1993, The Montana Power Company (MPC or "Applicant"), a corporation organized and existing under the laws of the state of Montana, filed with the Montana Public Service Commission ("Commission") its application ("application") pursuant to Montana Code Annotated ("MCA") Secs. 69-3-501 through -507 (1991), seeking an order authorizing the Applicant, on or before December 31, 1993, to borrow the proceeds from the sale by the City of Forsyth, Rosebud County, Montana of not to exceed \$90,205,000 principal amount of a new series of the City's Pollution Control Revenue Refunding Bonds and, to evidence such indebtedness and provide for the payment thereof, to issue and deliver a like principal amount of a new series of the Applicant's First Mortgage Bonds.

2. The application is supported by exhibits and data in accordance with Commission practice and rules and regulations.

3. The application states that MPC is a public utility as defined in MCA Sec. 69-3-101, in that it furnishes electric and natural gas service in the State of Montana; that MPC's principal executive office is at 40 East Broadway, Butte, Montana; and that MPC is duly qualified to do business in the States of Montana, Wyoming and Idaho. For detailed information with respect to the general character of MPC's business and the territory served by it, reference is made to the application.

FINDINGS

1. MPC is a corporation organized and existing under and by virtue of the laws of the state of Montana and is qualified to transact business in the state of Montana.
2. MPC is a public utility as defined in MCA Sec. 69-3-101 and is engaged in furnishing electric and natural gas service in the state of Montana.
3. The Commission has jurisdiction over the subject matter of the application under MCA Sec. 69-3-501.
4. The application states that MPC intends to borrow the proceeds from the sale by the City of Forsyth, Rosebud County, Montana (the "City") of not to exceed \$90,205,000 principal amount of the City's Pollution Control Revenue Refunding Bonds (The MPC Colstrip Project) Series 1993A (the "PCRRBs") and, to provide for the repayment thereof, to issue and deliver a like principal amount of a new series of its First Mortgage Bonds (the "First Mortgage Bonds"). This security will enhance the creditworthiness of the PCRRBs and is expected to reduce their yield. In addition, depending on market conditions, MPC will procure municipal bond insurance or a similar credit enhancement to further enhance the creditworthiness and reduce the interest rate on the PCRRBs. The PCRRBs will have a term of not more than thirty years and will have such redemption provisions and bear interest payable semiannually and at such rates as shall be determined at the time of sale based on then existing market conditions.
5. The application states that the proceeds from the sale of the PCRRBs will be used by MPC to redeem pollution control revenue bonds previously issued by the City and by Rosebud County, Montana for the benefit of MPC.
6. MPC has undertaken to inform the Commission, after the sale of the PCRRBs, as to the principal amount sold, the price, the maturities, the interest rates, the redemption provisions and any other information with respect to the PCRRBs that the Commission may request.
7. Public notice of this application was given by its inclusion on the Commission's agenda for May 3, 1993.
8. MPC has furnished complete financial data with its

application in accordance with developed practice of the Commission. The application sets forth a certified copy of the resolutions of the Board of Directors of the Company pertaining hereto, which were adopted on April 27, 1993.

CONCLUSION OF LAW

The transactions proposed by the application, as hereinafter authorized, will be for a lawful purpose and are consistent with the public interest; and are necessary or appropriate for and consistent with the proper performance by MPC of service as a public utility.

ORDER

The application of MPC for authority, on or before December 31, 1993, to borrow the proceeds from the sale by the City of not to exceed \$90,205,000 principal amount of PCRRBs and, to provide for the payment thereof, to issue and deliver a like principal amount of MPC's First Mortgage Bonds; to pay the expenses of the City and MPC in connection with the proposed issuance and sale of the PCRRBs, in addition to certain expenses of the Underwriters should the sale of the PCRRBs not be consummated; and to procure municipal bond insurance or a similar credit enhancement for the PCRRBs should MPC determine that the resulting reduction in the yield on the PCRRBs would be cost effective, such transactions to be consummated on the terms and conditions set forth in the application, is approved.

In accordance with MCA Sec. 69-3-507, nothing in 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 under the provisions of MCA Secs. 69-3-501 through -507.

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

DONE IN OPEN SESSION at Helena, Montana this 11th day of May, 1993, by a 5 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ANDERSON, Chairman

BOB ROWE, Vice Chairman
DAVE FISHER, Commissioner
NANCY McCaffree, Commissioner
DANNY OBERG, Commissioner

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