

Service Date: November 9, 2005

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

IN THE MATTER OF THE APPLICATION	)	
OF NORTHWESTERN CORPORATION for	)	UTILITY DIVISION
Authority to Refinance and to Borrow	)	
the Proceeds from the Sale of not to	)	
Exceed \$170,205,000 Principal Amount of	)	
Pollution Control Revenue Refunding	)	DOCKET NO. D2005.10.161
Bonds Series 2005 to be Sold by the City	)	
of Forsyth, Montana and, to Provide for	)	ORDER NO. 6698
the Payment thereof, to Issue a like	)	
Principal Amount of First Mortgage Bonds	)	

**DEFAULT ORDER APPROVING APPLICATION**

1. On October 24, 2005, NorthWestern Corporation (“NorthWestern” or “Applicant”) filed with the Montana Public Service Commission (“Commission”) an application pursuant to Montana Code Annotated § 69-3-501 through 507 (the “Application”) seeking an order authorizing the Applicant to refinance and to borrow the proceeds from the sale of not to exceed \$170,205,000 principal amount of Pollution Control Revenue Refunding Bonds Series 2005 to be sold by the City of Forsyth, Montana, to provide for the payment thereof, and to issue a like principal amount of First Mortgage Bonds.

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

3. The Application states that NorthWestern is a public utility as defined in Mont. Code Ann. § 69-3-101, in that it furnishes electric and natural gas service in the State of Montana; that NorthWestern’s principal executive offices in Montana are located at 40 East Broadway, Butte, Montana; and that NorthWestern is qualified to do business in the State of

Montana. For detailed information with respect to the general character of NorthWestern's business and the territory served by it, reference is made to the Application.

### **FINDINGS**

1. Applicant is a corporation organized and existing under and by virtue of the laws of the State of Delaware and is qualified to transact business in the State of Montana.

2. Applicant is a public utility as defined in MCA § 69-3-101 and is engaged in furnishing electric and natural gas service in the State of Montana through its division, NorthWestern Energy.

3. The Commission has jurisdiction over the subject matter of the Application pursuant to MCA §§ 69-3-501 through 69-3-507.

4. The Application states that NorthWestern intends to refinance and to borrow the proceeds from the sale of not to exceed \$170,205,000 principal amount of Pollution Control Revenue Refunding Bonds Series 2005 to be sold by the City of Forsyth, Montana, to provide for the payment thereof, and to issue a like principal amount of First Mortgage Bonds. The purpose of the proposed transactions is to refinance the 1993 Pollution Control Revenue Refunding Bonds, and to fix at a reduced rate the interest cost of \$170,205,000 of the Applicant's current indebtedness represented by pollution control revenue bonds. This refinancing will enable the Applicant to fix the cost of this portion of its debt on more favorable economic terms and produce and estimated annual interest savings of at least \$1,700,000. The Series 2005 PCRRBs will mature on August 1, 2023 and will have such redemption provisions and bear interest payable semi-annually at such rates as shall be determined at the time of sale based on then existing market conditions but not to exceed an effective interest rate of 5%.

5. The Application states that the proceeds from the sale of the Series 2005 PCRRBs will be used by NorthWestern to redeem the 1993 Pollution Control Revenue Refunding Bonds previously issued.

6. Applicant has undertaken to inform the Commission, after the sale of the Series 2005 PCRRBs, as to the principal amount sold, the price, the maturity, the interest rate, the redemption and repayment provisions, and any other information with respect to the Series 2005 PCRRBs that the Commission may request.

7. Public notice of this Application was given by its inclusion on the Commission's agenda for November 1, 2005.

8. Applicant has furnished complete financial data with its Application in accordance with the developed practice of the Commission. The Application sets forth a certified copy of the resolutions of the Board of Directors of NorthWestern pertaining hereto,

### **CONCLUSIONS OF LAW**

1. The transactions proposed by the Application, as hereinafter authorized, will be for a lawful purposes and are consistent with the public interest; and is necessary or appropriate for and consistent with the proper performance by Applicant of service as a public utility.

### **ORDER**

1. The Application of NorthWestern for authority to refinance and to borrow the proceeds from the sale of not to exceed \$170,205,000 principal amount of Pollution Control Revenue Refunding Bonds Series 2005 to be sold by the City of Forsyth, Montana, to provide for the payment thereof, and to issue a like principal amount of First Mortgage Bonds, as such transactions are detailed in the Application and the Exhibits to the Application, is approved.

2. In accordance with MCA § 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, an security authorized, issued, assumed or guaranteed under the provisions of MCA §§ 69-3-501 through 69-3-507.

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

Order. Approval of this application is for financing purposes only. This approval to issue securities is without prejudice to the regulatory authority of or actions taken by this Commission with respect to ratemaking, rates, service, accounts, valuations, estimates or determinations of cost, or any other matter subject to its jurisdiction as provided by law.

DONE IN OPEN SESSION at Helena, Montana, this 8th day of November, 2005, by a vote of 4 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

---

GREG JERGESON, Chairman

---

BRAD MOLNAR, Vice Chairman

---

DOUG MOOD, Commissioner

---

ROBERT H. RANEY, Commissioner

ATTEST:

Commission Secretary

(SEAL)