

**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 2006 TO BE SOLD BY THE CITY)	
OF FORSYTH, MONTANA AND, TO PROVIDE FOR)	
THE PAYMENT THEREOF, TO ISSUE A LIKE)	Order No. 6698b
PRINCIPAL AMOUNT OF FIRST MORTGAGE)	
BONDS)	

AMENDED ORDER

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 2006 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 was supported by exhibits and data in accordance with Commission practice and regulations.
3. On November 9, 2005, the Commission approved the application in Order No. 6698.
4. As part of Order No. 6698, the Commission required that the effective interest rate for the transaction not exceed 5%.

5. The current pollution control weighted average cost of debt is 6.22%. This includes all financing costs related to the issuance of the bonds.

6. On February 15, 2006, the Applicant filed a Motion for Amended Order seeking the Commission's approval for NorthWestern to consummate this transaction in the event the effective interest rate equals or is less than the current effective rate of 6.22%.

7. On February 28, 2006, the Commission approved Order No. 6698a, which granted NorthWestern authority to consummate the transaction contemplated in the application provided the effective coupon rate was equal to or less than 5.2 percent.

8. On March 22, 2006, the Applicant filed an application for a second amendment seeking approval for NorthWestern to consummate this transaction in the event the annualized effective coupon rate is equal to or less than 5.576 percent which amounts to a cumulative savings of approximately \$18,393,020 over the life of the bonds. This savings represents a significant savings to Montana ratepayers.

9. The application and the Motion for a second amended order were supported by exhibits and data in accordance with Commission practice and regulations.

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. Public notice of this Application was given by its inclusion on the Commission's agenda for March 28, 2006.

5. The Application and the request for Amended Order is supported by statements and exhibits filed by NorthWestern.

CONCLUSIONS OF LAW

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

ORDER

1. Order No. 6698a is hereby modified to permit NorthWestern to consummate the transactions contemplated in the Application and permitted in Order No. 6698 provided the effective interest rate for the transactions equals or is less than a current effective interest rate of 5.576 percent.

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. 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 4th day of April, 2006, by a vote of 5 to 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

GREG JERGESON, Chairman

BRAD MOLNAR, Vice Chairman

DOUG MOOD, Commissioner

ROBERT H. RANEY, Commissioner

THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Connie Jones
Commission Secretary

(SEAL)

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