

Service Date: July 26, 2006

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

IN THE MATTER of the Application)	UTILITY DIVISION
of NORTHWESTERN CORPORATION for)	
Authority to Refinance \$150 Million)	DOCKET NO. D2006.7.101
of First Mortgage Bonds Maturing)	
December 1, 2006)	ORDER NO. 6758

FINAL ORDER

1. On July 12, 2006, NorthWestern Corporation (“NorthWestern” or “Applicant”), a Delaware corporation authorized to transact business within Montana, filed with the Montana Public Service Commission (“Commission”) its application (“Application”) pursuant to Montana Code Annotated (“MCA”) §§ 69-3-501 through 69-3-507 (2001), seeking an Order authorizing Applicant to refinance \$150 Million of First Mortgage Bonds (FMBs) which currently mature on December 1, 2006.

2. The Application is supported by exhibits and data in accordance with Commission practice and rules and regulations governing the issuance and sale of securities by public utilities operating within the State of Montana.

3. The Application states that Applicant is a public utility as defined in MCA § 69-3-101, in that it furnishes electric and natural gas service in the state of Montana; that its principal executive office for its Montana operations is at 40 East Broadway, Butte, Montana; and that Applicant is duly 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.
3. The Commission has jurisdiction over the subject matter of the Application pursuant to MCA §§ 69-3-501 through 69-3-507.
4. The Applicant states that the purpose of this transaction is to refinance the existing debt in the amount of \$150 Million FMBs which mature on December 1, 2006.
5. The Applicant intends to refinance this obligation with ten-year First Mortgage Bonds with an interest rate based on a spread above a selected index rate (the “2006 FMBs”). The 2006 FMBs will be issued pursuant to an Offering Memorandum from Credit Suisse First Boston and Deutsche Bank as co-lead managers, which will be offered to a select group of financial institutions. The bonds will be issued under the Applicant’s first mortgage indenture and will be secured by a first mortgage lien on all materially important physical properties of the Applicant’s Montana utility business.
6. The Applicant states the 2006 FMBs shall bear interest payable semi-annually and shall mature in approximately September 2016. The Application states the Applicant will incur expenses, preliminarily estimated to be \$2 Million in connection with the proposed transaction. These expenses will include legal fees, an Underwriters’ fee, and a make whole fee to be paid to the holders of the \$150 Million FMBs.
7. Finally, the Application states although it intends to structure its refinancing of the \$150 Million FMBs in the manner described in the Application, capital markets can change quickly and therefore, the Applicant requests the flexibility to modify the terms of issuance of the 2006 FMBs as appropriate to insure a successful financing.
8. It further states that the term loans secured by the Montana Bonds will be used solely to refinance existing debt, a purpose permitted under MCA § 69-3-501.

9. Public notice of this Application was given by its inclusion on the Commission's agenda for July 18, 2006. 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 resolution of the Board of Directors of Applicant pertaining hereto, adopted on July 12, 2006.

CONCLUSIONS OF LAW

1. The Transaction proposed by the Application, as hereinafter authorized, will be for a lawful purpose, is 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 in Montana.

ORDER

1. The Application of NorthWestern for authority to refinance \$150 Million FMBs maturing on December 1, 2006 is approved. This authorization is for a period beginning with the issuance of this Order and, unless extended, through and including March 31, 2007.

2. In accordance with MCA § 69-3-507, neither the issuance and sale of securities by NorthWestern pursuant to the provisions of 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 25th day of July, 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.