

Service Date: December 3, 1996

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)	DOCKET NO. D96.11.189
Authority to Incur Not to Exceed)	
\$150,000,000 Principal Amount of)	DEFAULT ORDER NO. 5957
Unsecured Long-Term Debt in the)	
Form of Medium-Term Notes.)	

1. On November 15, 1996, The Montana Power Company (the "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") §§ 69-3-501 through 69-3-507 (1995), seeking an order authorizing the Applicant to incur not to exceed \$150,000,000 principal amount of unsecured long-term debt through the issuance and sale of Medium-Term Notes ("MTNs").

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 the 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 the Applicant's principal executive office is at 40 East Broadway, Butte, Montana; and that the Applicant is duly qualified to do business in the states of Montana, Wyoming and Idaho. For detailed information with respect to the general character of Applicant's business and the territory served by it, reference is made to the application.

FINDINGS

1. The Applicant 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. The 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 application states that the Applicant intends to incur not to exceed \$150,000,000 principal amount of long-term debt in the form of MTNs. The MTNs (i) will be unsecured, (ii) will be for terms of not less than nine months nor more than forty years, (iii) will have such redemption and/or repayment provisions as shall be determined at the times of sale, and (iv) will bear interest payable at such times and rates as shall be determined at the times of sale, all based on then-existing market conditions.

5. The application states that the MTNs will be sold from time to time, depending upon the Applicant's financial needs and market conditions. It further states that the proceeds from the sale of the MTNs will be used by the Applicant to refinance previously issued MTNs (both secured and unsecured), to fund its

construction program, to refinance short-term debt and, possibly, higher-cost long-term debt, and for other corporate purposes allowed under MCA § 69-3-501.

6. The Applicant has undertaken to inform the Commission, after each MTN sale, as to the principal amount sold, the maturities, the interest rates, the redemption and/or repayment provisions and any other information with respect to the MTNs that the Commission may request.

7. Public notice of this application was given by its inclusion on the Commission's agenda for November 25, 1996.

8. The 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 the Applicant pertaining hereto, which were adopted on October 22, 1996.

CONCLUSION OF LAW

The securities transactions proposed by the application, as hereinafter authorized, will be for a lawful purpose and are consistent with the public interest; are necessary or appropriate for and consistent with the proper performance by the Applicant of service as a public utility; and the aggregate amount of the securities outstanding, and proposed to be outstanding, will not exceed the fair value of the properties and business of the Applicant.

ORDER

1. The application of The Montana Power Company for authority to issue and sell, in one or more offerings, unsecured debt in the form of MTNs, in the aggregate principal amount of not more than \$150,000,000, is approved. This authorization is

for a period beginning with the issuance of this Order and, unless extended, through and including December 31, 1998.

2. In accordance with MCA § 69-3-507, neither the issuance and sale of securities by the Applicant 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, any 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 the Applicant'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 2nd day of December, 1996, by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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NANCY McCaffree, Chair

DAVE FISHER, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

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.