

Service Date: December 1, 1998

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

In The Matter of the Application of) DOCKET NO. D98.11.275
THE MONTANA POWER COMPANY for)
Authority to make Short-Term Borrowings) DEFAULT ORDER NO. 6120
in Calendar Years 1999 and 2000.)

1. On November 18, 1998, 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 issue, assume or guarantee short-term securities (in the form of a revolving credit agreement and term loan agreement, copies of which have been provided the Commission, promissory notes to banks, commercial paper drafts, bankers acceptance drafts or by such other means as may be deemed appropriate) in a principal amount, including short-term notes now outstanding, not to exceed \$150,000,000 outstanding at any one time during the period from January 1, 1999, through and including December 31, 2000.

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

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 issue, assume or guarantee short-term securities (in the form of a revolving credit agreement and term loan agreement, promissory notes to banks, commercial paper drafts, bankers acceptance drafts or by such other means as may be deemed appropriate) in a principal amount, including short-term notes now outstanding, not to exceed \$150,000,000 outstanding at any one time during the period from January 1, 1999, through and including December 31, 2000. The Applicant plans to retire short-term debt by using internally generated funds or issuing long-term securities, the type, amount, timing and method of sale of which has not yet been fully determined.

5. Public notice of this Application was given by its inclusion on the Commission's agenda for November 23, 1998.

6. 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 resolution of the Board of Directors of the Applicant pertaining hereto, which was adopted on October 26, 1993.

CONCLUSION OF LAW

The transaction 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 the Applicant of service as a public utility.

ORDER

1. The Application of The Montana Power Company for authority to make short-term borrowings in an amount which, together with the short-term borrowings now outstanding, will not, in an aggregate principal amount, exceed \$150,000,000 outstanding at any one time during the period from January 1, 1999, through and including December 31, 2000, and in the form of a revolving credit agreement and term loan agreement, promissory notes to banks, commercial paper drafts, bankers acceptance drafts or by such other borrowing arrangements, which shall be on the most favorable terms The Montana Power Company can negotiate depending upon the varying borrowing conditions, is approved.

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 constructed 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.

2. The approval of this short-term indebtedness issuance shall not be construed as precedent to prejudice any future action of this Commission.

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 30th day of November, 1998,
by a vote of 4-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

NANCY MCCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
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.