

Timeline of Events in PSC Dockets Related to Electric Restructuring

- May 2, 1997: Senate Bill 390, the Electric Utility Industry Restructuring and Customer Choice Act, is signed by Governor Marc Racicot.
- July 1, 1997: MPC files electric restructuring transition plan. PSC assigns the restructuring plan Docket No. D97.7.90. PSC issues protective order for market-sensitive information.
- July 3, 1997: PSC issues Notice of Transition Plan Filing and Intervention Deadline.
- July 22, 1997: Intervenors submit written comments on the completeness and adequacy of MPC's July 1 transition plan.
- August 15, 1997: PSC issues Order 5986b finding that MPC's plan is incomplete and inadequate in several areas including customer education, pilot programs, stranded cost demonstration and revenue requirements.
- August 26, 1997: MPC files supplemental information to address the deficiencies identified in Order 5986b.
- November 19, 1997: Intervenors submit written testimony on MPC's July 1 transition plan.
- December 9, 1997: MPC announces it will sell its generation facilities.
- December 11, 1997: PSC issues Notice of Meeting to Discuss Procedural Schedule to address necessary changes to the proceeding as a result of MPC's decision to sell its generation facilities.
- December 19, 1997: PSC holds meeting on procedural issues pursuant to December 11 Notice.
- January 7, 1998: PSC issues revised procedural schedule with hearings in two tiers. Tier 1 will address issues related to implementing large customer choice, pilot programs, customer education, functional unbundling, rate design and standards of conduct with a hearing on April 24, 1998 and a PSC order on June 24, 1998.
- January 30, 1998: MPC files rebuttal testimony to intervenors' November 19, 1997 testimony.
- March 17, 1998: Intervenors file response testimony to MPC's January 30 testimony.

- April 1, 1998: PSC asks parties to comment on MPC testimony indicating an intention to require the purchaser of its generation facilities to enter into a contract to sell power back to the utility at a price of 21 mills per kwh and whether this requirement might negatively affect bid values and mitigation of transition costs.
- April 6, 1998: PSC issues Notice of Hearing on Tier 1 issues including plans for implementing large customer choice, accounting order for undetermined transition costs pending a final order, customer education and protection, functional separation, unbundled bills, rate design, standards of conduct, pilot programs and methods for choosing alternative suppliers.
- April 13, 1998: MPC files Motion for Clarification of Notice of Hearing asserting that the hearing must also address 1) an MPC request to implement interim transition charges for hydro-thermal costs, regulatory assets and QF related transition costs, 2) the scope of USBC and 3) revenue requirements as they relate to cost allocations.
- April 17, 1998: MPC files testimony responding to March 17 intervener testimony.
- PSC issues Notice of Commission Action finding that MPC's request to implement interim transition charges is inappropriate because § 69-8-211, MCA precludes recovery of transition costs before the transition costs have been determined on a net basis, based on an affirmative showing by the utility including all reasonable mitigation. This determination will not occur until the generation sale is concluded. The Commission and parties agree to hold a separate, abbreviated hearing on universal system benefits issues in September 1998, before the Tier 2 hearing.
- April 20, 1998: MPC files Motion for Reconsideration of the PSC's Notice clarifying Tier 1 hearing issues. MPC alleged due process violations and the PSC's failure to consider verifiable costs during the "interim sale period."
- April 22, 1998: Intervenor Large Customer Group responds to MPC's April 20 request for reconsideration stating that an accounting order can protect MPC from financial losses, that the PSC's interpretation of SB 390 is correct, and that MPC did not demonstrate any injury from the delay that resulted from its decision to sell its generation assets. There is no due process violation because MPC will have ample opportunity to make its case for transition cost recovery in the Tier 2 part of the proceeding.
- April 23, 1998: PSC issues Order 5986c denying MPC's April 20 request for reconsideration. The PSC finds that large customers will be properly assessed their share of transition costs once the PSC issues a final order after the Tier 2 proceeding, the accounting order provides adequate protection and due process to MPC, and by law the PSC cannot grant a

request to recover transition costs until net transition costs, reflecting full mitigation, have been demonstrated.

- April 27, 1998: PSC issues notice informing MPC that if it requires the purchaser of the generation facilities to enter into the 21 mill buy-back contract, it will have the burden of demonstrating in the Tier 2 proceeding that the requirement did not negatively affect the valuation of the generation facilities.
- April 28, 1998: Tier 1 hearing begins.
- May 6, 1998: MPC files Motion for Reconsideration of PSC's April 27 Notice of Burden of Proof on the 21 mill buy-back provision asserting that the Commission's notice places an undue burden on MPC.
- May 20, 1998: PSC issues a Notice of Commission Action denying MPC's Motion for Reconsideration. The PSC finds that its April 27 notice simply advises MPC of obligations that are imposed by SB 390.
- June 23, 1998: PSC issues Order 5986d, Order on Tier 1 Issues.
- July 13, 1998: MPC files Motion for Clarification/Reconsideration and Stay of Order 5986d with respect to PSC-ordered standards of conduct addressing affiliate interactions between MPC's electric transmission and distribution utility and other Company affiliates.
- August 25, 1998: At a noticed work session the PSC denies MPC's July 13 Motion for Reconsideration.
- September 10, 1998: PSC issues Order 5986e reflecting its decision of August 25 to deny MPC's July 13 Motion for Reconsideration.
- October 7, 1998: PSC conducts a public hearing on issues related to MPC's universal system benefits charges and programs.
- October 26, 1998: MPC files for judicial review in the Second Judicial District Court in Silver Bow County of the PSC's adopted standards of conduct in Orders 5986d and 5986e.
- November 3, 1998: Constitutional Initiative 75 takes effect, requiring a vote of the electorate before any new tax is implemented.
- December 22, 1998: PSC addresses the question of the application of CI-75 to implementation of universal system benefits charges and programs. The PSC determines that the USBC was enacted on May 2, 1997 for implementation on January 1, 1999 and is not affected by CI-75.

- December 23, 1998: PSC issues Order 5986f authorizing MPC to implement universal system benefits charges beginning January 1, 1999 to fund universal system benefits programs.
- February 4, 1999: PSC issues Order 5986g, Order Allocating Universal System Benefits Funds for various qualifying public purpose programs.
- February 12, 1999: Department of Public Health and Human Services files a Motion for Clarification and Reconsideration asking the PSC to further specify how \$1.8 million dollars of universal system benefits funds allocated to low-income programs should be used and reconsider a decision not to change the structure of the low-income rate discount.
- March 4, 1999: District XI Human Resource Council files comments supporting the DPHHS February 12 Motion for Clarification and Reconsideration.
- March 31, 1999: MPC files a proposed plan for administering universal system benefits funds.
- April 7, 1999: PSC issues Notice of Opportunity to Comment on MPC's plan for administering universal system benefits funds.
- April 16, 1999: Interested persons file comments in response to PSC's April 7 Notice.
- April 23, 1999: MPC files comments responding to comments filed on April 16.
- May 5, 1999: SB 406 is enacted authorizing the formation of buying cooperatives to act as default suppliers and authorizing PSC to designate one or more default suppliers.
- May 12, 1999: PSC issues Order 5986i further specifying how the low-income USBC allocation should be used in calendar year 1999 and directing MPC to proceed with its USBC administration plan, which includes using an advisory board to determine future allocations.
- May 27, 1999: MPC provides PSC a status report on the sale of its generation facilities indicating a September 1, 1999 closing date and providing an overview of issues to be covered in Tier 2 filing.
- July 1, 1999: MPC submits Tier 2 filing.
- July 6, 1999: PSC issues Notice of Tier 2 Generation Sale filing and Intervention Deadline.

- July 9, 1999: MPC files Motion for Protective Order to protect bid information related to the sale of generation assets.
- July 13, 1999: Intervenor Large Customer Group files comments on MPC's request for a protective order and recommends the PSC delete certain language in MPC's proposed order.
- July 28, 1999: PSC issues Order 5986k, Protective Order Covering Bid Information.
- August 30, 1999: MPC files a request for the Commission to review, separate from the Tier 2 proceeding and on an accelerated schedule, transition costs related to certain QFs with which MPC has entered into letters of intent to buy-out the contracts. MPC estimates that its generation sale will close in mid to late October 1999.
- September 2, 1999: PSC suspends the Tier 2 procedural schedule, which is premised on MPC closing on its generation sale on September 1, and asks parties to file briefs addressing the legal question of whether MPC's proposal to track certain types of transition costs is allowed under SB 390. PSC asks parties to discuss whether market power and MPC's revenue requirement are appropriate issues for the Tier 2 proceeding.
- September 8, 1999: PSC issues draft default supplier licensing rules and requests comments by September 17.
- September 17, 1999: PSC receives written comments on draft default supplier licensing rules.
- September 23, 1999: Parties file initial briefs pursuant to the PSC's September 2 Notice.
- September 30, 1999: Parties file reply briefs pursuant to the PSC's September 2 Notice.
- October 7, 1999: PSC publishes proposed default supplier licensing rules in Administrative Register. The published rules reflect comments received on September 17. PSC sets a November 4 hearing date on the published rules.
- November 4, 1999: PSC holds public hearing on default supplier licensing rules taking written and oral comments.
- November 5, 1999: Legislative Transition Advisory Committee recommends that the PSC delay designation of default supplier, but proceed to develop rules on licensing.
- November 12, 1999: MPC and PSC file simultaneous briefs in Cause No. DV-98-200 before the Second Judicial District Court in Silver Bow County on certain standards of conduct adopted by the PSC in Order 5986d and affirmed in Order 5986e.

November 16, 1999: At a noticed work session the PSC directs MPC to amend its Tier 2 filing to exclude its proposal to track certain types of transition costs and use instead a method that demonstrates and identifies all transition costs it seeks to recover. The PSC also determines that MPC's revenue requirement is an appropriate issue in the Tier 2 proceeding and that MPC's testimony should address market power issues.

November 24, 1999: The PSC issues Order 5986m reflecting and explaining its decisions of November 16.

December 1, 1999: In accordance with SB 406, the PSC adopts licensing rules for default suppliers. The PSC does not adopt other published rules pertaining to designation of default suppliers or criteria for selecting a default supplier.

December 3, 1999: PSC grants MPC additional time, until December 15, 1999, to file a Motion for Reconsideration of Order 5986m.

December 16, 1999: MPC files Motion for Reconsideration of Order 5986m.

December 17, 1999: MPC and PSC file simultaneous reply briefs in Cause No. DV-98-200 in the Second Judicial District Court in Silver Bow County on certain standards of conduct adopted by the PSC in Orders 5986d and 5986e.

MPC closes on the sale of its generation assets to PPL Montana.

December 22, 1999: PSC establishes Docket No. D99.12.282 and issues a Notice setting a procedural schedule for designating one or more default suppliers, providing an application deadline and opportunity to intervene and scheduling a default service issues workshop. The notice included questions to be addressed in the roundtable workshop. The PSC scheduled the workshop for January 10 and stated that written responses to the questions would be accepted through January 14, 2000.

January 5, 2000: PSC reschedules default service issues workshop for February 7, 2000.

January 6, 2000: MPC files a request to reduce rates on an interim basis by \$16.7 million to reflect the above book proceeds from the sale of its generation assets.

January 11, 2000: At a noticed work session the PSC suspends the procedural schedule and hearing in default service issues Docket D99.12.282 and directed that interested parties submit their comments and responses to the series of questions attached to the initial Notice of this proceeding issued December 22, 1999 on or before February 3, 2000.

- January 19, 2000: At a noticed work session the PSC denies MPC's Motion for Reconsideration of Order 5986m on the issues of tracking transition costs and revenue requirements. The PSC grants MPC's Motion on the issue of market power.
- January 24, 2000: MPC and PSC present Oral Arguments in Cause No. DV-98-200 before Second Judicial District Court in Silver Bow County regarding certain standards of conduct adopted by PSC in Orders 5986d and 5986e.
- January 25, 2000: MPC files a proposed accounting order to accrue and defer the costs of implementing customer choice.
- February 3, 2000: PSC receives written comments and responses to questions on default service issues pursuant to the Notice issued on December 22, 1999 in Docket D99.12.282.
- February 4, 2000: PSC issues Order 5986o approving MPC's request to reduce rates on an interim basis by \$16.7 million to reflect above book proceeds from the sale of generation assets.
- February 7, 2000: PSC holds roundtable workshop on default service issues in Docket D99.12.282.
- February 14, 2000: PSC issues a Notice of Opportunity to Comment on MPC's proposed accounting order to accrue and defer the costs of implementing customer choice filed January 25.
- February 17, 2000: MPC files for judicial review of PSC Orders 5986m and 5986n regarding tracking transition costs and revenue requirements in the Second Judicial District Court in Silver Bow County, Cause DV-00-40.
- February 22, 2000: Governor Marc Racicot sends a letter to the PSC referencing the PSC's default supply Docket No. D99.12.282. He states that the distribution utility is required to serve as the default supplier during the transition period, which the PSC can extend for two years. He suggests keeping in mind the intent of the restructuring legislation – development of customer choice and competitive markets for electricity. He discourages working on rules that could curtail a market from developing.
- March 2, 2000: Second Judicial District Court in Silver Bow County finds in favor of MPC on the issue of standards of conduct in Cause No. DV-98-200.
- March 8, 2000: The Legislative Consumer Committee sends a letter to PSC Chairman Dave Fisher conveying its views on "key principles" for default supply, including that the distribution utility is the most logical default supplier during the transition period. The Committee states that the distribution

utility should be the default supplier until another entity affirmatively demonstrates that it is in the public interest to grant default supplier status to that entity.

- March 10, 2000: PSC staff convenes a procedural conference on Tier 2 case.
- March 17, 2000: Second Judicial District Court in Silver Bow County enters Judgement in Cause No. DV-98-200 on the issue of standards of conduct.
- PSC issues Notice of Commission Action suspending indefinitely the procedural schedule in Docket No. D99.12.282 regarding the designation of default suppliers.
- March 22, 2000: PSC issues Order 5986p reinstating the procedural schedule for the Tier 2 proceeding and setting a September 26, 2000 hearing date.
- March 24, 2000: By fax, MPC files a Motion for Reconsideration of PSC Order 5986p.
- March 28, 2000: MPC announces it will sell its natural gas and electric utility properties (and all other non-telecommunications related businesses).
- PSC issues Order 5986q authorizing an accounting deferral for costs associated with implementing customer choice, as requested by MPC on January 25.
- PSC issues a Notice of Commission Action allowing intervenors to submit, by April 3, responses to MPC's March 24 Motion for Reconsideration of Order 5986p reinstating Tier 2 procedural schedule.
- March 29, 2000: PSC petitions Second Judicial District Court in Silver Bow County for additional time to submit a Motion to Amend Judgement or alternatively a Stipulated Amended Judgement in Cause DV-98-200 (standards of conduct).
- April 4, 2000: Attorney General asks the Governor to include issues related to MPC's sale of utility facilities in the call for a special session.
- MPC's vice chairman and CFO states PSC has no jurisdiction over MPC's sale of utility facilities other than determining whether the buyer is capable of providing safe reliable service.
- April 6, 2000: PSC issues a Notice of Commission Action denying MPC's request for reconsideration of Order 5986p reinstating the Tier 2 procedural schedule.

- April 7, 2000: MPC files initial brief in Cause DV-00-40 before the Second Judicial District Court in Silver Bow County on tracking transition costs.
- April 12, 2000: At a noticed work session the PSC votes to support the Legislature clarifying the PSC's authority over MPC's sale of its utility facilities.
- April 13, 2000: MPC asserts proceeds from the sale of its natural gas and electric utility businesses belong to shareholders.
- April 18, 2000: Governor calls for a special legislative session and excludes clarification of the PSC's authority over utility sales.
- April 21, 2000: PSC and intervenors MCC and LCG file response briefs in Cause DV-00-40 before the Second Judicial District Court in Silver Bow County.
- MPC challenges PSC Order 5986p in Cause DV-00-40 before the Second Judicial District Court in Silver Bow County and asks the court to stay the order and enjoin the PSC from proceeding with the Tier 2 case.
- April 28, 2000: The Second Judicial District Court in Silver Bow County hears Oral Arguments on MPC's April 21 petition for a stay of PSC Order 5986p. At the conclusion, the Court states that it will hear Oral Arguments on the judicial review of PSC orders 5986m and 5986n (transition cost tracking) on May 8 and will issue a decision on May 12. The Court finds MPC must submit its Tier 2 transition plan as required in PSC order 5986p on June 2, 2000.
- May 1, 2000: MPC files its reply brief in Cause DV-00-40 before the Second Judicial District Court in Silver Bow County on the issue of tracking transition costs.
- May 8, 2000: The Second Judicial District Court in Silver Bow County hears Oral Arguments in Cause DV-00-40 on the issue of tracking transition costs.
- May 9, 2000: PSC amends procedural schedule in Order 5986p to comply with District Court's May 8 decision.
- May 12, 2000: The Second Judicial District Court in Silver Bow County issues findings of fact, conclusions of law and order finding for the PSC on the issue of revenue requirements and for MPC on the issue of tracking transition costs.
- May 19, 2000: PSC files Notice that it appeals to the Montana Supreme Court from the findings of fact, conclusions of law and order issued by the Second Judicial District Court in Silver Bow County on May 12 in Cause DV-00-40 on the issue of tracking transition costs.

- May 23, 2000: Intervenor LCG files a Motion to Alter or Amend the Judgment on the issue of tracking transition costs in Cause DV-00-40 before the Second Judicial District Court in Silver Bow County.
- June 1, 2000: PSC staff grants MPC additional time to submit amended Tier 2 generation sale and transition plan filing (June 6, previously June 2).
- June 2, 2000: MPC files response to LCG's Motion to Alter or Amend the Judgment on the issue of tracking transition costs in Cause DV-00-40 before the Second Judicial District Court in Silver Bow County.
- June 6, 2000: MPC submits amended Tier 2 generation sale and transition plan filing.
- June 14, 2000: PSC issues a notice requesting comments on MPC's amended Tier 2 generation sale and transition plan filing. The PSC asks parties to comment on whether the amended plan complies with the Second Judicial District Court's Order that tracking mechanisms may be used but not to the exclusion of other methods of valuing transition costs.
- June 20, 2000: PSC staff modifies the procedural schedule in Order 5986p to allow intervenors an additional week to submit discovery on MPC's amended Tier 2 generation sale and transition plan filing.
- July 13, 2000: Intervenor LCG files a Motion to Suspend the Tier 2 procedural schedule. LCG states that the Order of the Second Judicial District Court in Silver Bow County regarding tracking transition costs is being appealed to the Montana Supreme Court and that the outcome of the appeal could affect intervenor testimony in the Tier 2 proceeding before the PSC. Intervenors MCC and DEQ joined and supported LCG's Motion.
- July 18, 2000: MPC files a response to LCG's Motion to Suspend the Procedural Schedule. MPC does not object to the suspension but questions why suspension is now in the public interest when it was not when MPC requested the District Court enjoin the PSC from proceeding with the Tier 2 case.
- July 19, 2000: At a noticed work session the PSC suspends the Tier 2 procedural schedule.
- July 21, 2000: PSC issues a Notice of Commission Action suspending the Tier 2 proceeding and requesting comments on MPC's request, in its June 6 amended Tier 2 generation sale and transition plan filing, that the PSC expedite treatment of letters of intent to buyout seven QF contracts.

- July 31, 2000: MPC files a Motion for Reconsideration of the PSC decision to suspend the Tier 2 procedural schedule.
- August 7, 2000: At a noticed work session the PSC denies MPC's July 31 Motion for Reconsideration.
- August 9, 2000: PSC issues Notice of Commission Action reflect its decision of August 7.
- August 11, 2000: Intervenors MCC, DEQ and LCG file comments opposing MPC's request that the PSC expedite treatment of letters of intent to buyout seven QF contracts. Central Montana Electric Power Cooperative and Rosebud Energy, Inc also file comments. MPC does not file comments.
- August 16, 2000: PSC files initial brief in Montana Supreme Court Case No. 00-412 appealing from the decision of the Second Judicial District Court in Silver Bow County on the issue of tracking transition costs.
- August 25, 2000: MPC files a request to increase rates on an interim basis by \$9.2 million to recover increased costs associated with QF contracts.
- August 29, 2000: At a noticed work session PSC denies MPC's request for expedited treatment of the letters of intent to buyout seven QF contracts. PSC finds MPC is not precluded from proceeding with the agreements to buyout the QF contracts and demonstrating in the Tier 2 proceeding that the buyouts reasonably mitigate any transition costs associated with the contracts.
- August 31, 2000: PSC issues a Notice of Commission Action reflecting its decision of August 29, 2000.
- September 12, 2000: PSC issues a Notice providing an opportunity to comment by October 9 on MPC's August 25 request to increase rates on an interim basis by \$9.2 million to recover increased QF costs.
- MPC files a Motion for Reconsideration of the PSC's August 29 decision to deny MPC's request for expedited treatment for letters of intent to buyout seven QF contracts.
- September 19, 2000: At a noticed work session the PSC denies MPC's September 12 Motion for Reconsideration on QF letters of intent.
- MPC files its response brief in Montana Supreme Court Case No. 00-412 on the PSC's appeal of the decision of the Second Judicial District Court in Silver Bow County on tracking transition costs.
- September 21, 2000: PSC issues a Notice of Commission Action reflecting its decision of September 19 on QF letters of intent.

- October 2, 2000: MPC announces that it has agreed to sell its natural gas and electric utility operations to NorthWestern Corporation
- October 3, 2000: PSC files its reply brief in Montana Supreme Court Case No. 00-412 appealing from the decision of the Second Judicial District Court in Silver Bow County on the issue of tracking transition costs.
- October 9, 2000: MPC and intervenors MCC, DEQ, LCG and Malmstrom Air Force Base file written comments on MPC's request to increase rates on an interim basis by \$9.2 million to recover increased costs associated with QF contracts.
- October 27, 2000: PSC initiates Docket No. D2000.10.177 and issues a Notice requesting comments on a proposal to extend the transition period pursuant to its authority in § 69-8-201, MCA.
- November 8, 2000: PSC issues Order 5986r denying MPC's request to increase rates on an interim basis to recover \$9.2 million of increase QF costs.
- November 20, 2000: MPC files Motion for Reconsideration of Order 5986r.
- November 22, 2000: PSC receives written comments in Docket D2000.10.177 in response to its Notice of Proposal to Extend Transition Period.
- December 4, 2000: PSC receives response comments in Docket D2000.10.177.
- December 21, 2001: PSC issues Order 6314 extending the end of the transition period from July 1, 2002 to July 1, 2004 and directing MPC to submit a compliance filing by January 19, 2001 outlining how the Company intends to fulfill its electricity supply obligations.
- January 3, 2001: 57th Regular Session of the Montana Legislature begins.
- January 12, 2001: MPC and NorthWestern Corporation submit Joint Application requesting PSC determination that MPC's utility operations will continue to be a fit, willing and able provider of adequate service at just and reasonable rates as a division or subsidiary of NorthWestern.
- January 26, 2001: MPC submits "Default Supplier Compliance Filing" pursuant to PSC Order 6314.
- March 1, 2001: PSC issues Notice of Application and Intervention Deadline in Docket No. D2001.1.5 regarding MPC's sale of utilities to NorthWestern. PSC asks intervening parties to state their views on the necessary scope of review and relevant issues.

- March 15, 2001: PSC issues Notice of Commission Action and Opportunity to Comment on assertion of continued authority over MPC as an integrated public utility, including generation assets sold to PPL Montana.
- March 24, 2001: PSC holds public meeting to receive comments on March 15 Notice of Commission Action.
- May 5, 2001: SB 19 delaying implementation of full customer choice, HB 474 revising energy laws pertaining to large customers and HB 645 creating an electrical energy pool are signed into law.
- June 27, 2001: PSC issues Order 5986t on PSC Authority and Montana Power Company Obligations Pursuant to the Electric Utility Industry Restructuring and Customer Choice Act.
- PSC issues Order 6353 Denying Joint Application of MPC and NorthWestern as filed and providing direction and opportunity to refile.
- July 10, 2001: PPL Montana files Complaint in U.S. District Court in Helena, Montana challenging PSC Order 5986t.
- July 17, 2001: MPC files Motion for Reconsideration of PSC Order 5986t.
- August 2, 2001: PSC denies MPC's July 17 Motion for Reconsideration.
- August 28, 2001: MPC and NorthWestern submit supplemental filing in response to PSC Order 6353.
- September 6, 2001: MPC files Complaint in Montana First Judicial District Court challenging PSC Order 5986t.
- October 29, 2001: MPC files Tier 2 testimony in Docket No. D97.7.90 and Default Supply Portfolio in Docket No. D2001.10.144.
- November 9, 2001: PSC issues Procedural Order covering three Dockets: D97.7.90, D2001.10.144 and D2001.1.5 (MPC sale of utilities to NorthWestern)