

Timeline of Events
Public Service Commission Implementation of Electric Restructuring
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(12/03)

- May 2, 1997:** Senate Bill 390, the Electric Utility Industry Restructuring and Customer Choice Act, is signed into law by Governor Marc Racicot.
- July 1, 1997:** Montana Power Company (MPC) files electric restructuring transition plan. PSC designates 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 in order 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 I will address issues related to implementing large customer choice, pilot programs, customer education, functional unbundling, rate design and utility 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 responding to interveners' 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 it intends 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 I 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 intervenor 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 II hearing.
- April 20, 1998: MPC files Motion for Reconsideration of the PSC's Notice clarifying Tier I hearing issues. MPC alleges 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, the PSC's interpretation of SB 390 is correct, and 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 II 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 II 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, are 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 II proceeding that the requirement did not negatively affect the valuation of the generation facilities.
- April 28, 1998: Tier I 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 I 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.

MPC and PPL Montana file request for a determination under Section 32(c) of the Public Utility Holding Company Act that designation by the Federal Energy Regulatory Commission of generation facilities being sold by MPC and purchased by PPL Montana may be “eligible facilities.” Such a determination is a prerequisite to PPL Montana becoming an Exempt Wholesale Generator. PSC opens Docket D99.4.82 to process the filing.

April 7, 1999: PSC issues Notice of Opportunity to Comment on MPC’s plan for administering universal system benefits funds.

April 14, 1999: PSC issues Notice of Request for Determination of EWG Status in D99.4.82 providing interested persons an opportunity to comment on the March 31, 1999 filing by MPC and PPL Montana. No comments are received.

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 25, 1999: PSC issues Notice of Commission Action Consenting to EWG Status in D99.4.82.
- 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 II filing.
- July 1, 1999: MPC submits Tier II filing.
- July 6, 1999: PSC issues Notice of Tier II 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 II 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 II 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 II 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 II 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 II 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:** As required by 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, 2000 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 asks interested parties to 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 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 stated 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 II 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 II 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 intends to 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 II 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 II 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 II 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 II 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 II 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 II generation sale and transition plan filing.
- June 14, 2000: PSC issues a notice requesting comments on MPC's amended Tier II 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 II generation sale and transition plan filing.
- July 13, 2000: Intervenor LCG files a Motion to Suspend the Tier II 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 II 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 II case.
- July 19, 2000: At a noticed work session the PSC suspends the Tier II procedural schedule.
- July 21, 2000: PSC issues a Notice of Commission Action suspending the Tier II proceeding and requesting comments on MPC's request, in its June 6 amended Tier II 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 II 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 reflecting 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 II 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 decided 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 increased 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, 2000:** PSC issues Order 6314, Docket D2000.10.177 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, Docket D2000.10.177.
- 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 1, 2001: MPC submits to PSC a proposed electricity supply cost recovery mechanism, pursuant to HB 474.
- 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.

- July 24, 2001: MPC files an Application for Approval of a Power Purchase Agreement to Serve Default Supply Customers, In its Application MPC seeks approval of a power purchase agreement “by and between Rocky Mountain Power, Inc. (RMP) and [MPC], dated July 23, 2001 for full recovery in its electric default supply rates. PSC initiates Docket No. D2001.7.93.
- August 2, 2001: PSC denies MPC’s July 17 Motion for Reconsideration of Order 5986t.
- August 17, 2001: PSC issues Order No. 6361a, Docket No. D2001.7.93 declining to approve the power purchase agreement between MPC and Rocky Mountain Power. The PSC stated: “Approving MPC’s Agreement with RMP, and its underlying costs, without fully considering how those costs may combine with the costs of other default supply resources could compromise the Commission’s ability to review the prudence of a comprehensive portfolio and would be inconsistent with the Commission’s role in ensuring recovery of prudently incurred costs.”
- 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.
- NorthWestern Generation, Inc., a subsidiary of NorthWestern Corporation, filed an application with the PSC seeking approval of a power purchase agreement with MPC for 240 MW of energy and capacity from a natural gas fired power plant to be constructed near Great Falls, Montana.
- September 14, 2001: Rocky Mountain Power, Inc. files a Petition with the PSC seeking its review and comments on a power purchase agreement with MPC for 100 MW on a unit contingent basis for a ten-year period.
- October 1, 2001: PSC issues comments in Docket Nos. D2001.9.123 and D2001.9.127 regarding the power purchase agreements between MPC and NorthWestern Generation, Inc., and MPC and Rocky Mountain Power, Inc. PSC declines to approve these power purchase agreements and reiterates its findings in Docket No. D2001.7.93, Order No. 6361a.
- October 29, 2001: MPC files Tier II testimony in Docket No. D97.7.90 and Default Supply Portfolio in Docket No. D2001.10.144.
- October 30, 2001: MPC files with PSC a Motion for Expedited Procedural Schedule in Docket D2001.1.5 regarding the sale to NorthWestern Corp its electric and natural gas utility facilities and operations. PSC directed its staff to meet

with parties to see if agreement on a schedule could be reached. (Parties to the case disagreed about whether there was a connection between the sale case and the Tier II electric restructuring case. MPC contended there was no connection; others asserted there was a connection.)

- 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). The PSC merged the schedule in these three dockets in order to explore any connection between the cases and to expedite consideration of MPC's proposed sale to NorthWestern. Compared to a normal schedule in a major Commission proceeding the schedule was extremely expedited.
- December 12, 2001: MPC supplements its default supply portfolio filing in Docket D2001.10.144, adding a power purchase agreement with Montana Wind Harness.
- December 28, 2001:** MPC, NorthWestern Corp., Montana Consumer Counsel, Large Customer Group and Commercial Energy file with the PSC a Stipulation settling certain issues in Docket Nos. D97.7.90 and D2001.1.5.
- January 16-24, 2002:** PSC conducts public hearings throughout the State of Montana at which parties and the public provided the Commission evidence and/or arguments regarding the proposed stipulation.
- January 31, 2002:** PSC issues Final Order in Docket Nos. D97.7.90 (Order 5986w) and D2001.1.5 (Order 6353c) adopting the Stipulation filed by MPC, MCC, LCG and Commercial Energy and Approving the sale and transfer to NorthWestern Corporation MPC's electric and natural gas utility operations. The Stipulation and Order established the amount of electric restructuring-related transition costs and provided for a \$30 million rate credit for electric distribution customers.
- March 28, 2002: PSC grants a request from NWE, Commercial Energy of Montana, Inc., Energy West Resources, Inc., and the Federal Executive Agencies that the Commission create a separate process to address certain non-default supply portfolio issues, including customer choice procedures, "green" power service and interim rate design.
- March 29, 2002: PSC issues Notice of Commission Action approving as filed the electricity supply cost recovery mechanism submitted by MPC in Docket No. D2001.7.84.
- April 9, 2002: PSC begins public hearings in Docket No. D2001.10.144 regarding NorthWestern Energy's (NWE, formerly MPC) default supply portfolio.

- April 25, 2002: PSC issues Order Nos. 6422, Docket No. D2001.7.84, and 6382c, Docket No. D2001.10.144 ratifying the Commission action described in the March 29, 2002 Notice of Commission Action.
- June 18, 2002:** PSC approves, on an interim basis, choice guidelines and electric rate designs which resulted from informal discussions among the parties in Docket Nos. D97.7.90 and D2001.10.144. The informal discussions were facilitated by Commission staff pursuant to Notice of Commission Action dated March 28, 2002.
- June 21, 2002:** PSC issues Final Order 6382d, Docket No. D2001.10.144 (the portfolio case). The Commission determined that NWE procured a portfolio of electricity supply from PPL- Montana and Duke Energy using industry accepted procurement practices. The Commission determined that several proposed long-term contracts were not procurements of power supplies. The Commission neither approved nor rejected these contracts, but provided comments on the process NWE used to select these long-term resources.
- July, 2002:** PSC establishes informal forum on electricity restructuring issues designed to collaboratively work on issues such as the role of the default supplier, default supply procurement, rate design, metering, billing, customer choice, regional transmission issues and more.
- July 25, 2002: PSC initiates Docket No. D2002.7.93 to inquire into necessary and reasonable rules for default electricity supply service. PSC requests written comments by August 26, 2002.
- July 31, 2002 Federal Energy Regulatory Commission issues Notice of Proposed Rulemaking on remedying undue discrimination through open access transmission service and standard electricity market design, Docket RM01-12-000.
- August 26, 2002: Written comments in Docket No. D2002.7.93 submitted by PPL Energy Plus, Montana Consumer Counsel, NWE, Commercial Energy of Montana, Energy West Resources, Black Hills Capital, Tom Schneider, Montana Environmental Information Center, Natural Resources Defense Council.
- November 5, 2002 HB 474 repealed by referendum.
- November 27, 2002:** PSC publishes proposed electric default supply resource procurement and portfolio planning rules in Administrative Register. Public hearings on the proposed rules are scheduled beginning January 7, 2003. See Docket L02.11.5-RUL.

PSC, Montana Office of the Governor, Montana Office of the Northwest Power Planning Council, Montana Consumer Counsel, Western Montana Generating and Transmission Cooperative, and Central Montana Electric Power Cooperative file joint comments responding to the Federal Energy Regulatory Commission's Notice of Proposed Rulemaking on remedying undue discrimination and standard market design.

January 7, 2003

PSC holds public hearing on proposed electric default supply resource procurement and portfolio planning rules.

March 31, 2003

PSC adopts ARM 38.5.8201-8227 implementing guidelines pertaining to electric default supply resource procurement and portfolio planning.

April, 2003

Montana Legislature enacts HB 509 extending the transition period to 2007, authorizing the PSC to assess rates and fees on leaving or returning choice customers to protect default supply customers from higher or more unstable rates, requiring the PSC to adopt default supply resource planning and procurement guidelines and an electricity supply cost recovery mechanism, extending universal system benefits programs and eliminating the Transition Advisory Committee.

Montana Legislature enacts SB 247 establishing a default electricity supply procurement process, requiring the PSC to adopt rules that guide the default electricity supply procurement process, providing objectives for the procurement process, requiring the default supplier to develop a procurement plan, establishing requirements for commission action on a default supplier procurement plan, and providing for advanced approval by the PSC of power supply contracts proposed by the default supplier.

August 8, 2003

PSC issues Notice of Opportunity to Comment on issues, questions and conceptual alternatives related to the advanced approval provisions in SB 247. In particular, the Notice explored potential minimum filing requirements for advanced approval applications and informal processes that could help streamline the advanced approval process.

September 2, 2003

PSC hosts roundtable discussion of the issues, questions and conceptual alternatives contained in the August 8, 2003 Notice of Opportunity to Comment and the written comments from interested persons.

October 6, 2003

PSC issues notice of proposed rules establishing minimum filing requirements for default supply advanced approval applications.

December 15, 2003

PSC adopts rules establishing minimum filing requirements for default supply advanced approval applications.