

AGENDA REPORT

DATE November 3, 2004

ITEM Montana Public Power Authority Assessment

INITIATED BY MPPA: including the cities of Great Falls, Helena, Bozeman, Missoula, Billings and Butte-Silver-Bow

ACTION REQUESTED Authorize Payment

PRESENTED BY Cheryl Patton, Assistant City Manager

RECOMMENDATION: It is requested that the City Commission approve the following motion:

MOTION: I move the City Commission authorize payment of the \$15,000 Assessment from the Montana Public Power Authority for continued work on acquiring the Montana energy assets of NorthWestern Corporation.

SYNOPSIS: The Montana Public Power Authority (MPPA) has submitted Assessment request # 4 for \$15,000 from each of the five participating cities. The assessment will be used to cover expenses of the MPPA in pursuit of the energy transmission and distribution systems of NorthWestern Corporation serving Montana. The City has previously contributed \$35,000 to MPPA. This Assessment will bring the City's contributions to \$50,000.

BACKGROUND:

The Montana Public Power Authority (MPPA) was created under the Interlocal Agreement section of Montana State law. The City of Great Falls approved the agreement on April 6, 2004 by adopting resolution #9376. A non profit corporation, MPPA, Inc., was created May 5, 2004 to acquire the T&D assets of NorthWestern Energy.

MPPA is being financed equally by five Montana communities: Bozeman, Helena, Missoula, Great Falls and the consolidated government of Butte/Silverbow. Each community has contributed \$35,000. This new assessment brings each community's charge to \$50,000. Initially it was estimated that the total contribution from each city would be about \$100,000 to complete the acquisition process through NW Corp's Bankruptcy.

The MPPA prepared and submitted an offer to the bankruptcy court and creditors committee involved in the NorthWestern Corporation's bankruptcy reorganization. The offer was to acquire the gas and electric distribution and transmission assets of the NorthWestern Corp. in Montana. MPPA was advised by members of the creditor's committee to wait until NW Corp. completed bankruptcy/reorganization and then to submit an offer to purchase the assets. Since then, MPPA has been working with cities in other states also interested in acquiring the NW Corp. assets in South Dakota and Nebraska.

The MPPA has assembled a distinguished group of technical and financial advisors assisting in this effort. While much of the work is being done on a "contingency" basis some additional resources are needed to continue to pursue the opportunity to acquire the assets through a more traditional acquisition/merger process.