

Atlanta  
Beijing  
Brussels  
Hong Kong  
London  
Los Angeles  
New York  
Orange County  
Paris  
San Diego  
San Francisco  
Shanghai  
Stamford  
Tokyo  
Washington, D.C.

(404) 815-2347  
karolkdenniston@paulhastings.com

February 10, 2005

VIA FEDERAL EXPRESS

Workers' Compensation Court  
1625 11th Avenue  
Helena, Montana 59601

Re: *Rausch, et al. vs. Montana State Fund and Ruhd v. Liberty Northwest Insurance Corporation*, Workers' Compensation Court of the State of Montana, WCC No. 9907-8274R1

Dear Clerk of Court:

NorthWestern Corporation ("NorthWestern") received the summons (the "Summons") dated on or about January 10, 2005 issued in connection with the above-referenced cases (the "Workers' Compensation Cases") and responds and objects as set forth below.

The Acquisition of The Montana Power Company's Electric and Natural Gas Transmission and Distribution Business

In February 2002, NorthWestern completed its acquisition of the electric and natural gas transmission and distribution business of the former Montana Power Company (the "MPC"), which was organized at that time as The Montana Power L.L.C. pursuant to the Unit Purchase Agreement dated as of September 29, 2000 by and between NorthWestern Corporation, Touch America Holdings, Inc. and MPC (the "UPA").

Under the UPA, the Debtor acquired only the electric and natural gas transmission and distribution business of the MPC. To the extent other parties purchased and/or assumed the obligations of MPC, NorthWestern objects to the requests included in the Summons.

The Bankruptcy Case

On September 14, 2003, NorthWestern filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The bankruptcy case is styled as *In re NorthWestern Corporation*, Case No. 03-12872 (the "Bankruptcy Case"), U.S. Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). On October 19, 2004, the Bankruptcy Court entered an order confirming (the "Confirmation Order") NorthWestern's Second Amended and Restated Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the "Plan").

**FILED**

FEB 11 2005

38910.00006  
OFFICE OF  
WORKER'S COMPENSATION JUDGE  
HELENA, MONTANA

Workers' Compensation Court  
February 10, 2005  
Page 2

On November 1, 2004, the Effective Date under the Plan occurred and NorthWestern emerged from Chapter 11.

Section 5.9 of the Plan provides:

Except as otherwise provided in this Plan, or in any contract, instrument, indenture or other agreement or document created in connection with this Plan or the implementation thereof, on the Effective Date, all mortgages, deeds of trust, Liens or other security interests against property of the Estate are hereby released and extinguished, and all the right, title and interest of any holder of such mortgages, deeds of trust, Liens or other security interests will revert to Reorganized Debtor as applicable, and the successors and assigns thereof.

To the extent that an attorneys' lien existed against the assets of NorthWestern prior to the Bankruptcy Case, such lien has been extinguished as set forth in Plan as confirmed by the Bankruptcy Court. Enclosed is a copy of the Plan and the Confirmation Order.

Best regards,

*Karol K. Denniston/ccc*

Karol K. Denniston  
of PAUL, HASTINGS, JANOFSKY & WALKER LLP

cc: Stephen D. Roberts  
Lon J. Dale  
Monte D. Beck