



GENERAL OFFICES : 40 EAST BROADWAY, BUTTE, MONTANA 59701

MONTANA POWER COMPANY

February 28, 1991

Mr. Michael Sol  
Sol and Wolfe  
Attorneys at Law  
300 Montana Building  
101 East Broadway  
Missoula, MT 59802

Dear Mr. Sol:

In response to your letter of January 9, 1991 to W. Paul Schmechel, we have researched our files to find that The Montana Power Company (MPC) paid \$3,262,402 for the Milwaukee Road property. MPC agreed to the proposal of the Chicago, Milwaukee, St. Paul and Pacific Railroad Company (Milwaukee) in April of 1974.

The electric service agreement between MPC and Milwaukee was originally set to run at least to midnight of July 31, 1954 and was subsequently amended to run at least to midnight of July 1, 1975. The agreement was officially terminated at midnight of July 6, 1975. The price Milwaukee would have paid if the agreement had continued was subject to inflationary adjustments, so it is difficult to make an assumption on what the price would have been. At that time, MPC was attempting to move away from individually negotiated rates to general class tariffs to be authorized by the Montana Public Service Commission.

Another source of information for historical data concerning MPC and railroads would be Mr. Jack Heidt of Butte, a retired MPC employee. He is a railroad buff and familiar with the Milwaukee rates. Jack can be reached at 494-4799 or 3312 Hannibal in Butte.

Hopefully, the above information adequately addresses your questions of January 9, 1991.

Sincerely,

Warren R. Bickford  
Industrial Marketing Specialist

WRB/mas

cc: Paul Schmechel  
Dan Regan  
John Murphy