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September 7, 2007

**VIA Federal Express**

Mr. John Burvainis  
Acting Executive Director  
Nebraska Public Service Commission  
300 The Atrium  
1200 "N" Street  
Lincoln, NE 68509-4927

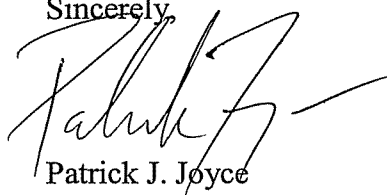
**Re:** Docket No. NG-0051/PI-130

Dear Mr. Burvainis:

Enclosed for filing is the original and eight (8) copies of *Comments of Aquila, Inc.* in the above-referenced docket. Please return a file-stamped copy to us in the enclosed self-addressed stamped envelope.

If you have any questions or concerns regarding the enclosed filing, please contact me at your earliest convenience.

Sincerely,



Patrick J. Joyce

PJJ/lw  
Enclosures

OM-249110-1

KANSAS CITY, MISSOURI • ST. LOUIS, MISSOURI • OMAHA, NEBRASKA • SPRINGFIELD, MISSOURI • LINCOLN, NEBRASKA  
OVERLAND PARK, KANSAS • BELLEVILLE, ILLINOIS • WASHINGTON, D.C. • LONDON, UNITED KINGDOM

AFFILIATES: LEEDS • MANCHESTER  
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KANSAS CITY • ST. LOUIS • OMAHA • SPRINGFIELD, MO • LINCOLN, NE • OVERLAND PARK, KS • BELLEVILLE, IL • WASHINGTON, D.C. • LONDON

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission, on its own ) Docket No. NG-0051/PI-130  
Motion, to investigate jurisdictional issues )  
pertaining to construction and operation of a )  
natural gas pipeline within the state of )  
Nebraska by Nebraska Resources Company, )  
LLC, or any other entity. )

**COMMENTS OF AQUILA, INC.**

On July 24, 2007, the Commission issued an “Order Opening Investigation And Notice of Hearing” in the above captioned docket. Pursuant to that order, Aquila, Inc. (“Aquila”) hereby respectfully submits its comments on the issues certified by the Commission.

**I. Does The Definition Of “High-Volume Ratepayer” In *NEB. REV. STAT. Sec. 66 1802(7)* Include LDCs With Volumetric Demand In Excess of 500 Therms Per Day?**

Aquila agrees with the Nebraska Resources Company, LLC’s (“NRC”) interpretation of the term high-volume ratepayer. As defined in the State Natural Gas Regulation Act (“SNGRA”), a high-volume ratepayer is “a ratepayer whose natural gas requirements equal or exceed five hundred therms per day as determined by average daily consumption.” SNGRA § 2(7), NEB. REV. STAT. § 66-1802(7) (2006). As a local distribution company (“LDC”), Aquila does not consume the natural gas purchased or transported on its system. The natural gas that Aquila buys and transports is used solely to service our retail customers. Because LDCs do not consume gas, they do have a daily gas requirement which equals or exceeds 500 therms per day. As a result, pursuant to the statutory definition of a high-volume ratepayer, LDCs are not high-volume ratepayers.

**II. Does Nebraska’s Double-Piping Prohibition Under *NEB. REV. STAT. Sec. 66-1852* Apply To A Pipeline Providing A New Interconnection To An LDC?**

Aquila believes that the double-piping prohibition set forth in NEB. REV. STAT. Sec. 66-1852 applies at the retail level and not the wholesale level, *i.e.*, an LDC may not extend duplicate

pipes to service customers already serviced by another LDC but multiple interstate or intrastate pipelines may interconnect with an LDC. Although the Commission has not addressed the double-piping prohibition set forth in the SNGRA, the Commission's decisions on the double-piping prohibition in the Municipal Natural Gas Regulation Act provide useful precedent on how this provision must be interpreted. Previous orders of the Commission support this interpretation of the double-piping prohibition.

From a general policy perspective, it is also imperative that the double piping prohibition not apply to wholesale service to local distribution companies. In some areas of Nebraska there are interstate pipeline capacity constraints that prevent LDCs from serving areas and/or obtaining the best rates (both for supply and transportation) as well as potentially hindering growth on the LDC system. Another pipeline providing supply and transportation will give LDCs options to provide service for existing customers as well as for growth projects.

Aquila believes the Commission should allow LDCs and indirectly their customers to benefit from the lower gas prices that will result from the increased competition among natural gas suppliers, *i.e.*, the pipelines.

**III. Does The Commission Have Jurisdiction Over An Application Under *NEB. REV. STAT. Sec. 66-1853(1)* For A Certificate Of Public Convenience To Operate As A "Jurisdictional Utility" A Pipeline Located Wholly Within The State Of Nebraska To Deliver Natural Gas To LDCs And Other Customers?**

Aquila agrees with the NRC that when the SNGRA is viewed in its entirety, for section 66-1853 to have meaning a "natural gas public utility," which is new to the state, must first be issued a certificate of public convenience by the Commission before commencing "the business

of a jurisdictional utility.” *NEB. REV. STAT.* Sec. 66-1853(1). Consequently, Aquila believes the Commission should exert its jurisdiction over the NRC’s application.

**WHEREFORE**, Aquila respectfully submits its comments in this proceeding.

Respectfully submitted,

**AQUILA, INC.**

By:   
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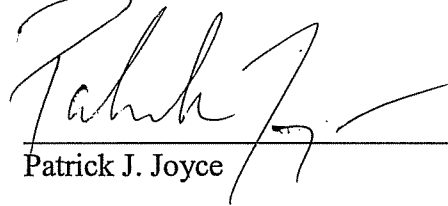
Counsel for Aquila

Dated: September 7, 2007

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in these proceedings.

Dated at Omaha, NE, this 7th day of September 2007.

  
Patrick J. Joyce