

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of Nebraska Resources Company,)
LLC Seeking a Certificate of Public)
Convenience and Necessity Authorizing it to)
Operate as a Jurisdictional Utility in Nebraska)
and Approval of Pro Forma Tariff.)

Application No. NG-0053

**NORTHWESTERN’S COMMENTS REGARDING
PROPOSED SCHEDULE AND SCOPE OF HEARING**

NorthWestern Corporation d/b/a NorthWestern Energy (hereinafter “NorthWestern”), by and through its attorneys of record, hereby submits its comments in response to the Hearing Officer Order Requesting Comment Regarding Proposed Schedule and Scope of Hearing, dated March 5, 2008 (“March 5th Order”). In response to the March 5th Order, NorthWestern respectfully submits the following Comments:

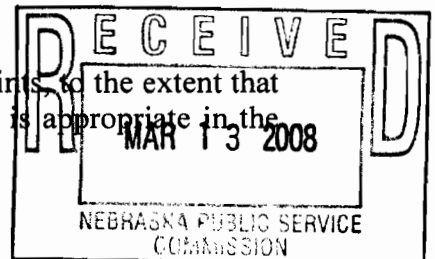
I. TWO PHASE APPROACH

In the February 21, 2008, Order Scheduling Planning Conference (“February 21st Order”), and particularly the agenda attached thereto, the Hearing Officer proposed a procedural scope and schedule that contemplated a two phase approach to Nebraska Resources Company, LLC’s (“NRC”) above-captioned application (“Application”). Phase I was proposed as addressing issues related to certification of NRC as a jurisdictional utility under NEB.REV.STAT. § 66-1853(3). Phase II was proposed as addressing the rate-related issues presented in the Application. The proposed procedural schedule in the February 21st Order contemplated only addressing issues in Phase I and included hearing dates of May 21-22, 2008 for review of Phase I issues. In the March 5th Order, the Hearing Officer set forth a significant change in approach by proposing to accomplish both Phase I and Phase II in one proceeding with one hearing scheduled for May 21-23, 2008.

NorthWestern supports the Commission’s efforts to process this Application expeditiously in order to avoid undue delay in NRC’s proposed project, should NRC be granted certification as a jurisdictional utility. However, NorthWestern considers a two phase approach to the review of the Application as being the most prudent and administratively desirable course in this proceeding.

Depending upon the direction the Commission chooses to take in its review of the rate issues raised in the Application, Phase II alone may involve a complex review of issues comparable to a general rate filing proceeding but with the addition of a number of issues of first impression for this Commission. The time and expense devoted to these issues by both the Commission, its staff and the multiple members of the industry involved in this proceeding might be avoided if the Commission finds that NRC does not meet the certification requirements to become a jurisdictional utility.

As a demonstration that NorthWestern respects NRC’s time constraints, to the extent that the Hearing Officer agrees with NorthWestern that a two phase approach is appropriate in the



review of this Application, NorthWestern would not oppose an earlier hearing date for the Phase I review in order to avoid undue delay in NRC's proposed project.

II. STANDARD FOR REVIEW

NorthWestern agrees with the Hearing Officer that the threshold question in this Application is whether NRC should be granted a Certificate of Public Convenience pursuant to NEB.REV.STAT. § 66-1853. NorthWestern further agrees that in determining whether NRC's Application will promote public convenience, the Commission should examine issues, including but not limited to, whether the proposed services and facilities are reasonably adequate and sufficient; whether NRC possesses the financial and technical ability to provide the proposed services; and whether sufficient evidence has been provided to address any necessary safety considerations.

Moreover, NorthWestern agrees that the Commission need not find that NRC has complied with all environmental regulations but rather that the Commission would determine whether NRC has provided sufficient evidence to demonstrate that NRC intends and has the capability and expertise to take all necessary steps to ensure compliance with any already existing environmental regulations.

Finally, NorthWestern does not oppose, and in fact invites, the Commission's review and analysis of double-piping issues in this proceeding. However, such portion of the Application and the Commission's analysis should be treated more like a petition for declaratory ruling on the application of NEB.REV.STAT. § 66-1852 to NRC's proposed project, separate from the certification review and similar to the treatment that should be given to the rate issues.

III. LIMITED UTILIZATION OF FERC RULES

NorthWestern strongly urges the Commission to limit its use of Federal Energy Regulatory Commission ("FERC") regulations and practices as a source of guidance *only*. The Commission is bound by Nebraska statutes and its own rules, and it is important for the integrity of the Nebraska regulatory system that the Commission adheres to existing state law without compromise.

For example, NEB.REV.STAT. § 66-1856 provides that a "jurisdictional utility shall not be required to obtain prior approval from the commission to begin the construction of any new plant, equipment, property, or facility that the utility determines to be necessary to provide adequate and reliable service to ratepayers." In light of this section of the State Natural Gas Regulation Act, it would be inappropriate and inconsistent with state law for the Commission to create new policies or rules that would require any level of Commission approval or evaluation for certified jurisdictional utilities prior to construction of new facilities. NorthWestern does not oppose an approach whereby the Commission may require certain conditions to be met for final approval of a new certification for a jurisdictional utility, but NorthWestern strongly urges the Commission to avoid taking any additional action that might be inconsistent with existing state law or might have an unwarranted impact on already-certified jurisdictional utilities in Nebraska.

IV. PROCEDURAL SCHEDULE

As more fully explained above, NorthWestern supports the original Procedural Schedule proposed by the Hearing Officer in the agenda attached to his February 21st Order, in which a two phase approach was contemplated, and a hearing on Phase I issues was set for May 21-22,

2008. Also as explained above, to the extent the Hearing Officer chooses a two phase approach, NorthWestern would not oppose an earlier hearing date for Phase I in order that a Phase II hearing could be held at a later date but such that the Phase II hearing and proceeding would not jeopardize the viability of NRC's proposed project.

As it relates to NRC's proposed project, NorthWestern suggests that the Hearing Officer consider whether NRC should provide the Hearing Officer, staff and other parties with an absolute deadline by which NRC needs a Commission decision and to provide a written and verifiable explanation for the necessity of such deadline (i.e., NRC must begin ordering pipe by such date, etc.). With NRC's provision of such information, the Hearing Officer and the parties would not have to guess the date by which this proceeding would need to be completed in order to avoid jeopardizing the project.

As it relates to public comments, NorthWestern agrees with the Hearing Officer's proposal that no additional hearings or public meetings would be required for general public comment but that written comments and letters received by the Commission from the public would be made an exhibit and included in the record during the hearing.

V. CONCLUSION

In conclusion, NorthWestern supports the Hearing Officer's originally proposed procedural schedule as set forth in the agenda to his February 21st Order. NorthWestern generally supports the standards of review as outlined in the March 5th Order, and NorthWestern urges the Commission to closely adhere to existing state law and to avoid the creation of new policies or rules that may be inconsistent with state law or negatively and unnecessarily impact already-certified jurisdictional utilities. Moreover and to that end, NorthWestern strongly urges the Commission to limit its utilization of FERC rules and practices as a source of guidance only. NorthWestern appreciates this opportunity to comment on the procedural issues related to this Application and looks forward to continued participation in this proceeding.

Dated: March 13, 2008.

**NORTHWESTERN CORPORATION
d/b/a NORTHWESTERN ENERGY,**

By: _____


Mark A. Fahleson (#19807)
Andrew S. Pollock (#19872)
Troy S. Kirk (#22589)
REMBOLT LUDTKE LLP
1201 Lincoln Mall, Suite 102
Lincoln, NE 68508
(402) 475-5100 (telephone)
(402) 475-5087 (facsimile)
mfahleson@remboltludtke.com
apollock@remboltludtke.com
tkirk@remboltludtke.com

Counsel for NorthWestern Corporation

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Comments was served by electronic mail upon all of the following with an email address listed, as required in the Hearing Officer's March 5th Order, on this 13th day of March, 2008:

Bud J. Becker
SourceGas Distribution LLC
370 Van Gordon St.
Suite 4000
Lakewood, CO 80228-8304
bud.becker@sourcegas.com

Roger P. Cox
Harding & Shultz
800 Lincoln Square
121 S. 13th Street, P.O. Box 82028
Lincoln, NE 68501-2028
rcox@hslegalfirm.com

Pamela A. Bonrud
NorthWestern Energy
3010 West 59th Street
Sioux Falls, SD 57108
pam.bonrud@northwestern.com

William F. Demarest, Jr.
Blackwell Sanders LLP
750 17th Street, NW, Suite 1000
Washington, DC 20006
wdemarest@blackwellsanders.com

Loel P. Brooks
Brooks, Pansing, Brooks, PC, LLO
1248 O Street, Suite 984
Lincoln, NE 68508
lbrooks@brookspanlaw.com

Laura K. Demman
Nebraska Public Service Commission
P.O. Box 94927
Lincoln, NE 68509
laura.demman@psc.ne.gov

Stephen M. Bruckner
Russell A. Westerhold
Fraser Stryker PC LLO
500 Energy Plaza
409 South 17th Street
Omaha, NE 68102-2663
sbruckner@fraserstryker.com
rwesterhold@fraserstryker.com

Daniel M. Frey
Seminole Energy Svcs., LLC
1323 E. 71st Street
Tulsa, OK 74136
dfrey@seminoleenergy.com

T.J. Carroll
Kinder Morgan Interstate Gas
Transmission LLC
370 Van Gordon Street
Lakewood, CO 80228-8304
Tj_carroll@kindermorgan.com

Alex Goldberg
Seminole Energy Svcs, LLC
1323 E. 71st Street
Tulsa, OK 74136
agoldberg@seminoleenergy.com

Robert F. Harrington
Kinder Morgan Interstate Gas
Transmission LLC
370 Van Gordon Street
Lakewood, CO 80228-8304

Richard Haubensak
Cornerstone Energy, LLC
12120 Port Grace Blvd.
Suite 200
LaVista, NE 68128
Richard.Haubensak@constellation.com

Larry W. Headley
Aquila Networks
1815 Capitol Avenue
Omaha, NE 68102
larry.headley@aquila.com

Patrick J. Joyce
Blackwell Sanders LLP
1620 Dodge Street, Suite 2100
Omaha, NE 68102-1504
pjoyce@blackwellsanders.com

Angela D. Melton
Nebraska Public Service Commission
P.O. Box 94927
Lincoln, NE 68509
angela.melton@psc.ne.gov

Penny Tvrdik
Northern Natural Gas Co.
1111 South 103rd Street
Omaha, NE 68124
penny.tvrdik@nngco.com

John M. Lingelbach
Heather Voegele-Andersen
Koley Jessen PC, LLO
1125 South 103rd Street, Suite 800
Omaha, NE 68124
John.Lingelbach@koleyjessen.com
Heather.Voegele@koleyjessen.com

Michael Loeffler
Northern Natural Gas Co.
1111 South 103rd Street
Omaha, NE 68124
michael.loeffler@nngco.com

William H. Meckling
SourceGas Distribution LLC
370 Van Gordon Street, Suite 4000
Lakewood, CO 80228-8304

Steven G. Seglin
Crosby Guenzel LLP
Suite 400, Federal Trust Bldg.
134 South 13th Street
Lincoln, NE 68508-1901
sgs@crosbylawfirm.com


Troy S. Kirk