

BEFORE THE PUBLIC SERVICE COMMISSION OF NEBRASKA

IN THE MATTER OF NORTHWESTERN) Application No. NG-0048
CORPORATION d/b/a NORTHWESTERN)
ENERGY, SIOUX FALLS, SOUTH)
DAKOTA, SEEKING APPROVAL OF A)
NATURAL GAS RATE INCREASE FOR)
NEBRASKA.)

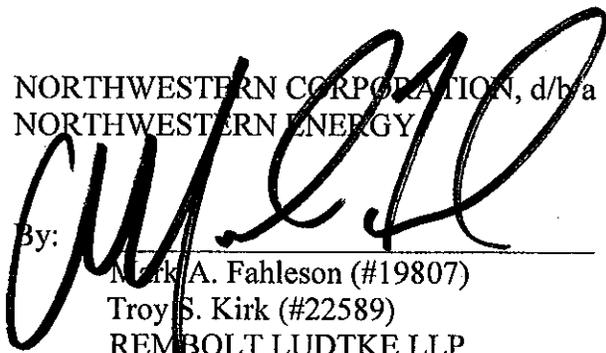
NOTICE OF SETTLEMENT

NorthWestern Corporation d/b/a NorthWestern Energy (“NorthWestern”), by and through its attorneys of record, hereby respectfully submits this Notice of Settlement to the Nebraska Public Service Commission (the “Commission”).

Pursuant to NEB.REV.STAT. § 66-1838(13), NorthWestern, the City of Grand Island, Nebraska, the City of Kearney, Nebraska, the City of North Platte, Nebraska, and the Village of Alda, Nebraska (collectively “the Parties”) submit herewith the written Settlement Agreement (“Agreement”), Proposed Findings of Fact and Conclusions of Law (Attachment “A”), Proposed Order (Attachment “B”), agreed-upon Tariff Changes (Attachment “C”) and agreed-upon Depreciation Rates (Attachment “D”). Because NEB.REV.STAT. § 66-1838(14) mandates that the Agreement shall be presumed in the public interest, and because no clear evidence on the face of the Agreement exists that demonstrates that the Agreement is contrary to the standards and provisions of the State Natural Gas Regulation Act, the Parties respectfully request that the Agreement be approved by the Commission within a reasonable time.

Dated this 21st day of November, 2007.

NORTHWESTERN CORPORATION, d/b/a
NORTHWESTERN ENERGY

By: 

Mark A. Fahleson (#19807)

Troy S. Kirk (#22589)

REMBOLT LUDTKE LLP

1201 Lincoln Mall, Ste. 102

Lincoln, NE 68508

Counsel for NorthWestern Corporation

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the aforementioned Notice of Settlement was sent by regular U.S. Mail or hand-delivery, on this 21st day of November, 2007, addressed as shown below, to the following:

Laura Demman
Director of Natural Gas
Nebraska Public Service Commission
1200 "N" Street, Suite 300
Lincoln, NE 68508

Roger P. Cox
Public Advocate
HARDING & SHULTZ
800 Lincoln Square
121 S. 13th Street
Lincoln, NE 68501-2028

Andy Baack, Village Attorney
Village of Alda
P.O. Box 100
100 Apollo
Alda, NE 68810

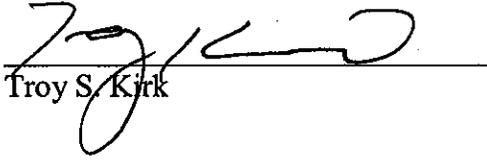
Dale Shotkoski, City Attorney
City of Grand Island
P.O. Box 1968
100 East First Street
Grand Island, NE 68802-1968

Stephen M. Bruckner
FRASER STRYKER
500 Energy Plaza
409 South 17th Street
Omaha, NE 68102

Doug Law
BLACKWELL SANDERS PEPER
MARTIN, LLP
1620 Dodge Street, Suite 2100
Omaha, NE 68102

Michael Tye, City Attorney
City of Kearney
P.O. Box 1180
18 East 22nd Street
Kearney, NE 68848-1180

Douglas L. Stack, City Attorney
City of North Platte
211 West 3rd Street
North Platte, NE 69101


Troy S. Kirk

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT ("Agreement") is entered into between NORTHWESTERN CORPORATION doing business as NORTHWESTERN ENERGY, a Delaware corporation, ("NorthWestern") and the City of Grand Island, Nebraska, the City of Kearney, Nebraska, the City of North Platte, Nebraska and the Village of Alda, Nebraska (the "Cities).

WHEREAS, NorthWestern and the Cities last negotiated a natural gas rate adjustment in 1999 pursuant to the requirements of the Municipal Natural Gas Regulation Act, NEB.REV.STAT. § 19-4601 et. seq. (*Repealed*);

WHEREAS, on June 1, 2007, NorthWestern filed an Application for a Natural Gas Rate Increase ("Application") with the Nebraska Public Service Commission (the "Commission" or "PSC");

WHEREAS, in its Application and based on a test year ending December 31, 2006, NorthWestern requested an annual rate recovery increase of approximately \$2,813,794 for an overall increase of 5.48%, equating to a proposed increase of 7.76% for its residential customers and 2.62% for its commercial accounts;

WHEREAS, pursuant to NEB.REV.STAT. § 66-1838(2), NorthWestern provided requisite notice to the Cities simultaneously with the filing of its Application;

WHEREAS, Section 66-1838 of the State Natural Gas Regulation Act (the "Act") authorizes jurisdictional utilities such as NorthWestern to negotiate directly with affected municipalities with respect to a proposed general rate change provided, among other things, municipalities representing more than fifty percent (50%) of the ratepayers within the affected municipalities adopt resolutions evidencing their intent to negotiate with the jurisdictional utility;

WHEREAS, on July 10, 2007, the City of Kearney adopted a resolution to negotiate directly with NorthWestern as permitted by NEB.REV.STAT. §66-1838;

WHEREAS, on July 3, 2007, the Village of Alda adopted a resolution to negotiate directly with NorthWestern as permitted by NEB.REV.STAT. §66-1838;

WHEREAS, on July 17, 2007, the City of North Platte adopted a resolution to negotiate directly with NorthWestern as permitted by NEB.REV.STAT. §66-1838;

WHEREAS, the City of Kearney, the Village of Alda, and the City of North Platte combined represent more than fifty (50%) of NorthWestern's ratepayers in Nebraska;

WHEREAS, on July 24, 2007, the Commission entered an Order Certifying the Case for Negotiations;

WHEREAS, the City of Grand Island did not initially vote in favor of negotiations. However, on August 28, 2007, the City of Grand Island approved an interlocal agreement with each of the other affected municipalities for the purposes of, among other things, engaging in negotiations. In its Order Approving Loan Fund Application, the Commission found that the City of Grand Island's decision to join the interlocal agreement for its stated purpose provided sufficient evidence of Grand Island's intent to negotiate;

WHEREAS, pursuant to NEB.REV.STAT. § 66-1838, NorthWestern and the Cities entered into good faith negotiations regarding NorthWestern's Application for a general natural gas rate increase;

WHEREAS, the Cities retained the consulting services of J. Kennedy and Associates, Inc. to advise and otherwise assist the Cities and their respective city attorneys with reviewing and analyzing NorthWestern's Application;

WHEREAS, the parties stipulated to three extensions of time to complete negotiations, which were filed with and approved by the Commission;

WHEREAS, the parties exchanged information as part of the discovery process and engaged in settlement discussions which culminated in this Agreement;

WHEREAS, NorthWestern and the Cities have reached agreement upon new natural gas rates for NorthWestern in Nebraska;

WHEREAS, on November 6, 2007, the Village of Alda adopted a resolution, approving the settlement terms set forth herein;

WHEREAS, on November 6, 2007, the City of North Platte adopted a resolution, approving the settlement terms set forth herein;

WHEREAS, on November 13, 2007, the City of Grand Island adopted a resolution, approving the settlement terms set forth herein;

WHEREAS, on November 13, 2007, the City of Kearney adopted a resolution, approving the settlement terms set forth herein; and

WHEREAS, the agreement upon new natural gas rates for NorthWestern in Nebraska are just and reasonable and are consistent with the public interest.

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration exchanged between the parties, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Settlement Terms.

1.1 In order to provide just and reasonable rates for services to the citizens of the Cities and in order to provide an opportunity for NorthWestern to earn a fair rate of return in its natural gas service in the Cities, the parties agree to an annual rate recovery increase of \$1,499,295. This would represent an increase in residential sales service rates of \$1,172,574 and an increase in other sales and delivery services of \$326,721 ("Settled Rates") effective as of December 1, 2007, on an annual basis and would yield a rate of return on common equity of 10.4% ("Benchmark ROE").

1.2 The Cities and NorthWestern agree to certain Tariff Changes, which are attached hereto as Attachment "C" and incorporated herein by this reference.

1.3 The Cities and NorthWestern agree to certain Depreciation Rates, which are attached hereto as Attachment "D" to be treated as CONFIDENTIAL pursuant to the Protective Order entered herein and incorporated herein by this reference.

1.4 Based on the particular desires and approvals of each of the Cities, the parties agree that NorthWestern will contribute \$188,000 to the economic development funds of the Cities in the following amounts: (a) \$0 annually to an economic development fund for the benefit of the Village of Alda; (b) \$86,000 annually to an economic development fund for the benefit of the City of Grand Island; (c) \$56,000 annually to an economic development fund for the benefit of the City of Kearney; and \$46,000 annually to an economic development fund for the benefit of the City of North Platte. The parties agree that NorthWestern's contributions to the economic development funds for the benefit of the foregoing cities will be recovered by NorthWestern by a customer surcharge as reflected in the Tariff Changes attached hereto as Attachment "C."

1.5 The parties shall jointly file this Agreement with the Commission and recommend its approval by the Commission in its entirety without condition or modification. Should any term of this Agreement be rejected by the Commission, this Agreement shall be voidable at the option of any of the parties.

1.6 The parties shall jointly file Proposed Findings of Fact and Conclusions of Law with the Commission pursuant NEB.REV.STAT. § 66-1838(13) in form and content identical to that of Attachment "A," attached hereto and incorporated herein by this reference.

1.7 The parties shall jointly file the Proposed Commission Order with the Commission pursuant NEB.REV.STAT. § 66-1838(13) in form and content identical to that of Attachment "B," attached hereto and incorporated herein by this reference.

1.8 NorthWestern will, at its option, file and implement interim rates, effective December 1, 2007, that reflect the terms of this Agreement.

1.9 This Agreement resolves all issues regarding the Application.

2. General Provisions.

2.1 Representations and Warranties.

a. Each party hereby represents and warrants to the other parties that: (i) it has full power and authority to execute, deliver and perform this Agreement; and (ii) this Agreement has been executed and delivered on behalf of such party by its duly authorized agent and constitutes the valid and binding obligation of such party enforceable in accordance with its terms.

b. Each party hereby represents and warrants to the other parties that the execution, delivery and performance of this Agreement and the consummation by it of the obligations contemplated hereby will not result in a violation of its certificate of incorporation or by-laws, or any law, rule, regulation, order, judgment or decree applicable to it or by which any of its properties or assets is bound or affected.

c. Each party warrants that it is represented by competent counsel with respect to this Agreement and all matters covered by it; that it has read and understood all aspects of this Agreement and all its effects; that it has been fully advised by said counsel with respect to its rights and obligations and with respect to the execution of this Agreement; and that it authorizes and directs its attorneys to execute such papers and to take such other action as is necessary and appropriate to effectuate the terms of this Agreement.

d. The individuals signing on behalf of each party represent to the other parties that they are fully authorized to sign and enter into this Agreement on behalf of the entity or entities for which they are signing, that they are legally competent to execute this Agreement, and that they do so of their own free will and accord and without reliance on any representation of any kind or character not expressly set forth herein. Each such individual further acknowledges that he or she understands that the other parties are signing this Agreement and agreeing hereto based upon the truth of the foregoing representations, and that otherwise the other parties would not sign or enter into this Agreement or take any action based upon this Agreement.

2.2 This Agreement is a compromise and settlement of the issues related to the Application and is a product of arms-length negotiations and the drafting of both parties.

2.3 No party, nor any third-party, may cite or otherwise rely upon this Agreement as precedent in any future general rate proceedings in Nebraska.

2.4 No waiver of this Agreement or of any of the promises, obligations, terms, or conditions hereof shall be valid unless it is written and signed by the party against whom the waiver is to be enforced.

2.5 This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors, assigns, and affiliates.

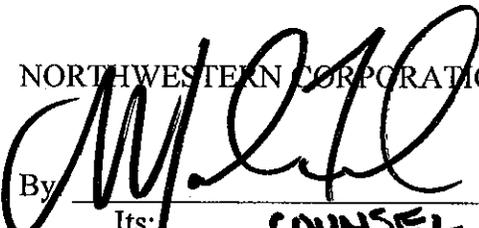
2.6 This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Nebraska.

2.7 This Agreement may be executed in one or more counterparts, each of which shall be considered an original, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized representatives as of the date first written above.

Dated this 21, day of November 2007.

NORTHWESTERN CORPORATION

By: 
Its: COUNSEL

VILLAGE OF ALDA

By: _____
Its: _____

CITY OF GRAND ISLAND

By: _____
Its: _____

CITY OF KEARNEY

By: _____
Its: _____

CITY OF NORTH PLATTE

By: _____
Its: _____

2.5 This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors, assigns, and affiliates.

2.6 This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Nebraska.

2.7 This Agreement may be executed in one or more counterparts, each of which shall be considered an original, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized representatives as of the date first written above.

Dated this ____, day of November 2007.

NORTHWESTERN CORPORATION

By: _____
Its: _____

CITY OF GRAND ISLAND

By: _____
Its: _____

CITY OF NORTH PLATTE

By: _____
Its: _____

VILLAGE OF ALDA

By: David J. Harders
Its: Village Chairman of
the board of Trustees

CITY OF KEARNEY

By: _____
Its: _____

2.5 This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors, assigns, and affiliates.

2.6 This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Nebraska.

2.7 This Agreement may be executed in one or more counterparts, each of which shall be considered an original, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized representatives as of the date first written above.

Dated this ____, day of November 2007.

NORTHWESTERN CORPORATION

VILLAGE OF ALDA

By: _____
Its: _____

By: _____
Its: _____

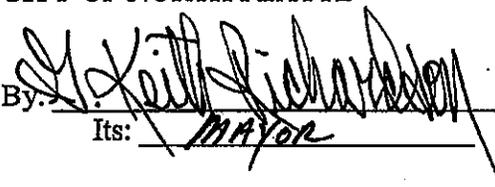
CITY OF GRAND ISLAND

CITY OF KEARNEY

By: _____
Its: _____

By: _____
Its: _____

CITY OF NORTH PLATTE

By: 
Its: MAYOR

2.5 This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors, assigns, and affiliates.

2.6 This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Nebraska.

2.7 This Agreement may be executed in one or more counterparts, each of which shall be considered an original, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized representatives as of the date first written above.

Dated this ____, day of November 2007.

NORTHWESTERN CORPORATION

By: _____
Its: _____

VILLAGE OF ALDA

By: _____
Its: _____

CITY OF GRAND ISLAND

By: _____
Its: _____

CITY OF KEARNEY

By: Stanley A. Clouse
Its: manager

CITY OF NORTH PLATTE

By: _____
Its: _____

2.5 This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors, assigns, and affiliates.

2.6 This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Nebraska.

2.7 This Agreement may be executed in one or more counterparts, each of which shall be considered an original, and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized representatives as of the date first written above.

Dated this ____, day of November 2007.

NORTHWESTERN CORPORATION

VILLAGE OF ALDA

By: _____
Its: _____

By: _____
Its: _____

CITY OF GRAND ISLAND

CITY OF KEARNEY

By: *[Signature]*
Its: City Attorney
Approved as to form and content

By: _____
Its: _____

CITY OF NORTH PLATTE

By: _____
Its: _____

ATTACHMENT A

PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

NORTHWESTERN CORPORATION doing business as NORTHWESTERN ENERGY, a Delaware corporation, ("NorthWestern") and the City of Grand Island, Nebraska, the City of Kearney, Nebraska, the City of North Platte, Nebraska and the Village of Alda, Nebraska (the "Cities") (collectively, the "Parties"), hereby jointly submit the following proposed findings of fact and conclusions of law pursuant to NEB.REV.STAT. § 66-1838(13):

FINDINGS OF FACT

1. NorthWestern is a Delaware corporation authorized to do business in the state of Nebraska as a jurisdictional utility under a certificate of public convenience issued pursuant to the State Natural Gas Regulation Act, NEB.REV.STAT. § 66-1853.

2. NorthWestern maintains and operates natural gas distribution systems in the cities of Grand Island, Kearney, North Platte and in the Village of Alda, all in the State of Nebraska.

3. NorthWestern and the Cities last negotiated a natural gas rate adjustment in 1999 pursuant to the requirements of the Municipal Natural Gas Regulation Act, NEB.REV.STAT. § 19-4601 et. seq. (*Repealed*).

4. On June 1, 2007, NorthWestern filed an Application for a Natural Gas Rate Increase ("Application") with the Nebraska Public Service Commission (the "Commission" or "PSC").

5. In its Application and based on a test year ending December 31, 2006, NorthWestern requested an annual rate recovery increase of approximately \$2,813,794 for an overall increase of 5.48%, equating to a proposed increase of 7.76% for its residential customers and 2.62% for its commercial accounts.

6. Pursuant to NEB.REV.STAT. § 66-1838(2), NorthWestern provided requisite notice to the Cities simultaneously with the filing of its Application.

7. On July 10, 2007, the City of Kearney adopted a resolution to negotiate directly with NorthWestern as permitted by NEB.REV.STAT. §66-1838.

8. On July 3, 2007, the Village of Alda adopted a resolution to negotiate directly with NorthWestern as permitted by NEB.REV.STAT. §66-1838.

9. On July 17, 2007, the City of North Platte adopted a resolution to negotiate directly with NorthWestern as permitted by NEB.REV.STAT. §66-1838.

10. The City of Kearney, the Village of Alda, and the City of North Platte combined represent more than fifty (50%) of NorthWestern's ratepayers in Nebraska, and on July 24, 2007, the Commission entered an Order Certifying the Case for Negotiations.

11. The City of Grand Island did not initially vote in favor of negotiations. However, on August 28, 2007, the City of Grand Island approved an interlocal agreement with each of the other affected municipalities for the purposes of, among other things, engaging in negotiations. In its Order Approving Loan Fund Application, the Commission found that the City of Grand Island's decision to join the interlocal agreement for its stated purpose provided sufficient evidence of Grand Island's intent to negotiate.

12. Pursuant to NEB.REV.STAT. § 66-1838, NorthWestern and the Cities entered into good faith negotiations regarding NorthWestern's Application for a general natural gas rate increase.

13. The Cities retained the consulting services of J. Kennedy and Associates, Inc. to advise and otherwise assist the Cities and their respective city attorneys with reviewing and analyzing NorthWestern's Application.

14. The parties stipulated to three extensions of time to complete negotiate, which were both filed with and approved by the Commission.

15. The parties exchanged information as part of the discovery process and engaged in settlement discussions which culminated in a settlement agreement, to which these proposed findings of fact and conclusions of law are an exhibit (the "Agreement").

16. Under the terms of the Agreement, NorthWestern will receive an annual rate recovery increase of \$1,499,295.

17. Under the terms of the Agreement, the parties agreed to certain Tariff changes, which are attached hereto and incorporated herein by this reference.

18. Under the terms of the Agreement, the parties agreed to certain Depreciation Rates, which are attached hereto and incorporated herein by this reference.

19. On November 6, 2007, the Village of Alda adopted a resolution, approving the settlement terms set forth in the Agreement.

20. On November 6, 2007, the City of North Platte adopted a resolution, approving the settlement terms set forth in the Agreement.

21. On November 13, 2007, the City of Grand Island adopted a resolution, approving the settlement terms set forth in the Agreement.

22. On November 13, 2007, the City of Kearney adopted a resolution,

approving the settlement terms set forth in the Agreement.

23. The Agreement will result in just and reasonable rates for NorthWestern's customers in the Cities and is in the public interest.

CONCLUSIONS OF LAW

1. NorthWestern has adhered to all statutory requirements of the State Natural Gas Regulation Act, NEB.REV.STAT. § 66-1801, et. seq. in its Application and in all negotiations and other matters associated therewith.

2. The Agreement will result in just and reasonable rates for NorthWestern's customers in Nebraska.

3. Pursuant to NEB.REV.STAT. § 66-1838(14), the Agreement shall be presumed in the public interest.

4. The Agreement is not contrary to the standards and provisions of the State Natural Gas Regulation Act.

Respectfully submitted this ___ day of November, 2007.

VILLAGE OF ALDA

CITY OF KEARNEY

By: 

Andy Baack (# 16193)
LEININGER, SMITH, JOHNSON,
BAACK, PLACZEK & ALLEN
104 N. Wheeler St.
P.O. Box 790
Grand Island, NE 68802-0790

Counsel for Village of Alda

By: _____

Michael Tye (# 21143)
TYE & RADEMACHER P.C., L.L.O.
1419 Central Ave.
P.O. Box 636
Kearney, NE 68848-0636

Counsel for City of Kearney

CITY OF GRAND ISLAND

CITY OF NORTH PLATTE

By: _____

Dale Shotkoski (#17980)
100 East 1st St.
P.O. Box 1968
Grand Island, NE 68802-1968
Counsel for City of Grand Island

By: _____

Douglas Stack (#16377)
211 W. 3rd St
North Platte, NE 69101

Counsel for City of North Platte

approving the settlement terms set forth in the Agreement.

23. The Agreement will result in just and reasonable rates for NorthWestern's customers in the Cities and is in the public interest.

CONCLUSIONS OF LAW

1. NorthWestern has adhered to all statutory requirements of the State Natural Gas Regulation Act, NEB.REV.STAT. § 66-1801, et. seq. in its Application and in all negotiations and other matters associated therewith.

2. The Agreement will result in just and reasonable rates for NorthWestern's customers in Nebraska.

3. Pursuant to NEB.REV.STAT. § 66-1838(14), the Agreement shall be presumed in the public interest.

4. The Agreement is not contrary to the standards and provisions of the State Natural Gas Regulation Act.

Respectfully submitted this 21st day of November, 2007.

VILLAGE OF ALDA

CITY OF KEARNEY

By: _____
Andy Baack (# 16193)
LEININGER, SMITH, JOHNSON,
BAACK, PLACZEK & ALLEN
104 N. Wheeler St.
P.O. Box 790
Grand Island, NE 68802-0790

By: _____
Michael Tye (# 21143)
TYE & RADEMACHER P.C., L.L.O.
1419 Central Ave.
P.O. Box 636
Kearney, NE 68848-0636

Counsel for Village of Alda

Counsel for City of Kearney

CITY OF GRAND ISLAND

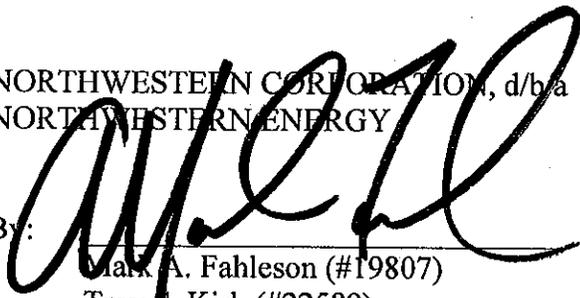
CITY OF NORTH PLATTE

By: _____
Dale Shotkoski (#17980)
100 East 1st St.
P.O. Box 1968
Grand Island, NE 68802-1968
Counsel for City of Grand Island

By: _____
Douglas Stack (#16377)
211 W. 3rd St
North Platte, NE 69101
Counsel for City of North Platte

NORTHWESTERN CORPORATION, d/b/a
NORTHWESTERN ENERGY

By:



Mark A. Fahleson (#19807)

Troy S. Kirk (#22589)

REMOLT LUDTKE LLP

1201 Lincoln Mall, Ste. 102

Lincoln, NE 68508

Counsel for North Western Corporation

approving the settlement terms set forth in the Agreement.

23. The Agreement will result in just and reasonable rates for NorthWestern's customers in the Cities and is in the public interest.

CONCLUSIONS OF LAW

1. NorthWestern has adhered to all statutory requirements of the State Natural Gas Regulation Act, NEB.REV.STAT. § 66-1801, et. seq. in its Application and in all negotiations and other matters associated therewith.

2. The Agreement will result in just and reasonable rates for NorthWestern's customers in Nebraska.

3. Pursuant to NEB.REV.STAT. § 66-1838(14), the Agreement shall be presumed in the public interest.

4. The Agreement is not contrary to the standards and provisions of the State Natural Gas Regulation Act.

Respectfully submitted this ___ day of November, 2007.

VILLAGE OF ALDA

CITY OF KEARNEY

By: _____
Andy Baack (# 16193)
LEININGER, SMITH, JOHNSON,
BAACK, PLACZEK & ALLEN
104 N. Wheeler St.
P.O. Box 790
Grand Island, NE 68802-0790

Counsel for Village of Alda

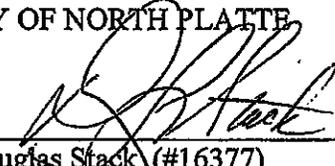
By: _____
Michael Tye (# 21143)
TYE & RADEMACHER P.C., L.L.O.
1419 Central Ave.
P.O. Box 636
Kearney, NE 68848-0636

Counsel for City of Kearney

CITY OF GRAND ISLAND

CITY OF NORTH PLATTE

By: _____
Dale Shotkoski (#17980)
100 East 1st St.
P.O. Box 1968
Grand Island, NE 68802-1968
Counsel for City of Grand Island

By:  _____
Douglas Stack (#16377)
211 W. 3rd St
North Platte, NE 69101

Counsel for City of North Platte

approving the settlement terms set forth in the Agreement.

23. The Agreement will result in just and reasonable rates for NorthWestern's customers in the Cities and is in the public interest.

CONCLUSIONS OF LAW

1. NorthWestern has adhered to all statutory requirements of the State Natural Gas Regulation Act, NEB.REV.STAT. § 66-1801, et. seq. in its Application and in all negotiations and other matters associated therewith.

2. The Agreement will result in just and reasonable rates for NorthWestern's customers in Nebraska.

3. Pursuant to NEB.REV.STAT. § 66-1838(14), the Agreement shall be presumed in the public interest.

4. The Agreement is not contrary to the standards and provisions of the State Natural Gas Regulation Act.

Respectfully submitted this ___ day of November, 2007.

VILLAGE OF ALDA

CITY OF KEARNEY

By: _____
Andy Baack (# 16193)
LEININGER, SMITH, JOHNSON,
BAACK, PLACZEK & ALLEN
104 N. Wheeler St.
P.O. Box 790
Grand Island, NE 68802-0790

Counsel for Village of Alda

By: _____
Michael Tye (# 21143)
TYE & RADEMACHER P.C., L.L.O.
1419 Central Ave
P.O. Box 636
Kearney, NE 68848-0636

Counsel for City of Kearney

CITY OF GRAND ISLAND

CITY OF NORTH PLATTE

By: _____
Dale Shotkoski (#17980)
100 East 1st St.
P.O. Box 1968
Grand Island, NE 68802-1968
Counsel for City of Grand Island

By: _____
Douglas Stack (#16377)
211 W. 3rd St
North Platte, NE 69101
Counsel for City of North Platte

approving the settlement terms set forth in the Agreement.

23. The Agreement will result in just and reasonable rates for NorthWestern's customers in the Cities and is in the public interest.

CONCLUSIONS OF LAW

1. NorthWestern has adhered to all statutory requirements of the State Natural Gas Regulation Act, NEB.REV.STAT. § 66-1801, et. seq. in its Application and in all negotiations and other matters associated therewith.

2. The Agreement will result in just and reasonable rates for NorthWestern's customers in Nebraska.

3. Pursuant to NEB.REV.STAT. § 66-1838(14), the Agreement shall be presumed in the public interest.

4. The Agreement is not contrary to the standards and provisions of the State Natural Gas Regulation Act.

Respectfully submitted this ___ day of November, 2007.

VILLAGE OF ALDA

CITY OF KEARNEY

By: _____
Andy Baack (# 16193)
LEININGER, SMITH, JOHNSON,
BAACK, PLACZEK & ALLEN
104 N. Wheeler St.
P.O. Box 790
Grand Island, NE 68802-0790

Counsel for Village of Alda

CITY OF GRAND ISLAND

By: _____
Michael Tye (# 21143)
TYE & RADEMACHER P.C., L.L.O.
1419 Central Ave.
P.O. Box 636
Kearney, NE 68848-0636

Counsel for City of Kearney

CITY OF NORTH PLATTE

By:  _____
Dale Shotkoski (#17980)
100 East 1st St.
P.O. Box 1968
Grand Island, NE 68802-1968
Counsel for City of Grand Island

By: _____
Douglas Stack (#16377)
211 W. 3rd St
North Platte, NE 69101
Counsel for City of North Platte

ATTACHMENT B

BEFORE THE PUBLIC SERVICE COMMISSION OF NEBRASKA

IN THE MATTER OF NORTHWESTERN) Application No. NG-0048
CORPORATION d/b/a NORTHWESTERN)
ENERGY, SIOUX FALLS, SOUTH) **PROPOSED ORDER APPROVING**
DAKOTA, SEEKING APPROVAL OF A) **SETTLEMENT AGREEMENT**
NATURAL GAS RATE INCREASE FOR)
NEBRASKA.)

BY THE COMMISSION:

BACKGROUND

On June 1, 2007, NorthWestern Corporation dba NorthWestern Energy ("NorthWestern") filed its Application for Approval of a Natural Gas Rate Increase (the "Application") in the above-captioned docket, accompanied by pre-filed testimony, exhibits and other information required by this Commission's applicable Rules and Regulations. Simultaneous with the filing of its Application, NorthWestern provided notice of the Application to each city that would be affected by the Application, including the Cities of Grand Island, Kearney, North Platte, and the Village of Alda (the "Cities"). In such notice to the Cities, NorthWestern indicated its desire to negotiate directly with the Cities pursuant to the State Natural Gas Regulation Act, NEB.REV.STAT. § 66-1838. Notice of the Application was published on _____, 2007, in The Daily Record, and the 30-day protest and formal intervention period expired on July 6, 2007.

The Commission entered a Protective Order on June 6, 2007. On June 7, 2007, the Public Advocate filed a Petition of Formal Intervention. On or about June 8, 2007 SourceGas Distribution LLC filed a Petition of Formal Intervention, and on June 28, 2007, Aquila, Inc. filed a Petition of Formal Intervention.

In accordance with NEB.REV.STAT. § 66-1838, the City of Kearney adopted a resolution on July 10, 2007 to negotiate directly with NorthWestern. On July 3, 2007, the Village of Alda, Nebraska also adopted a resolution to negotiate directly with NorthWestern, and on July 17, 2007, the City of North Platte, Nebraska adopted a resolution to negotiate directly with NorthWestern. All of the resolutions adopted by the aforementioned municipalities were timely filed with the Commission. Although Grand Island did not adopt a resolution to negotiate directly with NorthWestern, the number of NorthWestern ratepayers represented by Kearney, North Platte, and Alda combine to equal more than fifty percent of the ratepayers within the affected Cities. Accordingly, the Commission entered an Order Certifying the Case for Negotiations on July 24, 2007.

The City of Grand Island did not initially vote in favor of negotiations. However,

on August 28, 2007, the City of Grand Island approved an interlocal agreement with each of the other affected municipalities for the purposes of, among other things, engaging in negotiations. In its Order Approving Loan Fund Application, the Commission found that the City of Grand Island's decision to join the interlocal agreement for its stated purpose provided sufficient evidence of Grand Island's intent to negotiate.

Following certification by the Commission, NorthWestern and the Cities entered into good faith negotiations regarding NorthWestern's Application for a general rate increase. The Cities retained the consulting services of J. Kennedy and Associates, Inc. to advise and otherwise assist the Cities and their respective city attorneys with reviewing and analyzing NorthWestern's Application. The parties exchanged information as part of the discovery process and engaged in settlement discussions which culminated in a settlement agreement (the "Agreement"). During the negotiation process, the parties entered three stipulations for extensions of time to negotiate, all of which were filed with and approved by the Commission. On November 6, 2007, the Village of Alda and the City of North Platte both adopted a resolution, approving the settlement terms set forth in the Agreement, and on November 13, 2007, the City of Grand Island and the City of Kearney both adopted a resolution, approving the settlement terms set forth in the Agreement. The parties filed the Agreement with the Commission on November 21, 2007, along with Proposed Findings of Fact, Proposed Conclusions of Law, and a Proposed Order as required by the Act.

In the Agreement, the parties agreed to the implementation of interim rates that would reflect the terms of the Agreement. The parties agreed that such interim rates could be made effective as early as December 1, 2007. Since the filing of the Agreement with the Commission, NorthWestern filed a notice to the Commission indicating its intention to implement interim rates consistent with the terms of its Agreement with the Cities to be effective December 1, 2007. On November __, 2007, the Commission acknowledged NorthWestern's notice.

THE APPLICATION

NorthWestern is a Delaware corporation authorized to do business in the state of Nebraska as a jurisdictional utility under a certificate of public convenience issued pursuant to the State Natural Gas Regulation Act, NEB.REV.STAT. § 66-1853. NorthWestern maintains and operates natural gas distribution systems in the cities of Grand Island, Kearney, North Platte and in the Village of Alda, all in the State of Nebraska. NorthWestern and the Cities last negotiated a natural gas rate adjustment in 1999 pursuant to the requirements of the Municipal Natural Gas Regulation Act, NEB.REV.STAT. § 19-4601 et. seq. (*Repealed*).

In NorthWestern's Application filed on June 1, 2007, NorthWestern requested an additional \$2,813,794 in rate recovery. It explained that this would amount to an overall increase of 5.48%. NorthWestern requested a rate of return on rate base of 8.98% and a return on equity of 11.25%. NorthWestern explained that this equates to a proposed increase of 7.76% for its residential customers and 2.62% for its commercial accounts.

NorthWestern further indicated that its capitalization ratios stood at 48.54% debt and 51.46% equity.

In its Application, NorthWestern also provided rationale for its requested rate increase and rate structure. NorthWestern explained that its current rate structure in Nebraska does not allow it to adequately recover its cost of doing business. Since its last rate filing in 1999, the costs associated with purchasing pipe, buying fuel for vehicles, employee compensation and benefits, new federal government regulations regarding natural gas utility operations, and a host of other expenses have increased without any adjustment to NorthWestern's rate recovery mechanisms. NorthWestern described how it has experienced the effects of decreased revenue generation from residential customers while its costs to do business continue to increase.

NorthWestern provided all information required pursuant to Rule 004 of Chapter 9 of the Commission's Natural Gas and Pipeline Rules and Regulations. NorthWestern provided a description of the base year and test year. It provided a financial summary showing aggregate amounts for rate base, operating expenses, and rate of return for the base year and test year, plus operating revenue calculated using natural gas rates currently in effect and as proposed. NorthWestern also provided rate-base schedules showing the beginning and ending balances for the base year and test year of: utility plan and accumulated depreciation and amortization showing the balances by functional account totals; working capital, showing the manner in which it is calculated; other rate-base components; and allocated rate-base components showing the manner in which the components are calculated. NorthWestern further provided operating expense schedules for the base year and test year and the requisite rate-of-return and cost-of-capital schedules. In addition, it provided the operating revenue schedules required by our Rules and Regulations.

In support of its Application, NorthWestern also filed pre-filed direct testimony and accompanying exhibits. Testimony was provided by Mike Hanson, President and Chief Executive Officer of NorthWestern regarding company policy; Kendall Kliever, Vice President and Controller regarding accounting – known and measurable; Paul Evans, Treasurer regarding cost of capital; and Jeff Decker, Regulatory Specialist regarding weather normalization and class cost of service.

SETTLEMENT AGREEMENT

The Act specifically provides authority for and contemplates that NorthWestern and the affected cities would negotiate an agreement on rates. The Act further provides that “[i]f cities representing more than fifty percent of the ratepayers within the cities affected by the proposed rate change enter into an agreement upon new rates and such agreement is filed with and approved by the commission, such rates shall be effective and binding upon all of the jurisdictional utility's ratepayers affected by the rate filing.” NEB.REV.STAT. § 66-1838(13).

On November 21, 2007, NorthWestern and the Cities of Grand Island, Kearney and North Platte and the Village of Alda jointly filed their Settlement Agreement (the "Agreement") pursuant to the Protective Order entered herein. Pursuant to the Agreement, in order to provide just and reasonable rates for services to the citizens of the Cities and in order to provide an opportunity for NorthWestern to earn a fair rate of return in its natural gas service in the Cities, the parties agreed to an annual rate recovery increase of \$1,499,295. This would represent an increase in residential sales service rates of \$1,172,574 and an increase in other sales and delivery services of \$326,721 effective as of December 1, 2007, on an annual basis

Furthermore, the parties reached agreement on certain issues relating to service line installation and NorthWestern's budget bill plan, which are reflected in NorthWestern's Tariff Changes.

In addition and pursuant to NEB.REV.STAT. § 66-1838(13), the parties also agreed upon and filed proposed findings of fact and conclusions of law with the Commission. The parties further agreed that NorthWestern would file and implement interim rates, effective as early as December 1, 2007, that reflect the terms of their Agreement. The parties agreed that the Agreement resolved all issues regarding the Application and each party recommended approval of the Agreement in its entirety and without condition or modification.

DISCUSSION

The Commission notes that this Application is the first Application for a Natural Gas Increase under the State Natural Gas Regulation Act in which the jurisdictional utility has negotiated directly with the municipalities that represent the ratepayers of such jurisdictional utility. The process as well as the Commission's standard of review for approval of such application is different than that of an application that is submitted for review by Commission. Pursuant to NEB.REV.STAT. § 66-1838(14), "[a]ny agreement filed with the commission shall be presumed in the public interest, and absent any clear evidence on the face of the agreement that it is contrary to the standards and provisions of the State Natural Gas Regulation Act, the agreement shall be approved by the commission within a reasonable time." The Commission recognizes that this high standard of review was established by the Legislature of Nebraska and provides great deference to the negotiations had directly between the jurisdictional utility and the affected cities. The Commission further notes that under the former Municipal Natural Gas Regulation Act, NEB.REV.STAT. § 19-4601 et. seq. (*Repealed*), utilities negotiated directly with the cities and final approval of rates was provided by the cities themselves.

The Commission's consultants, GDS Associates, have reviewed and analyzed the Application and the Agreement. Based upon such review and analysis as well as that of the Commission and its staff, the Commission concludes that the Agreement is just and reasonable, is consistent with the standards and provisions of the State Natural Gas Regulation Act and is consistent with the public interest.

ORDER

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the Agreement is approved.

MADE AND ENTERED at Lincoln, Nebraska, this ___ day of December, 2007.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman:

ATTEST:

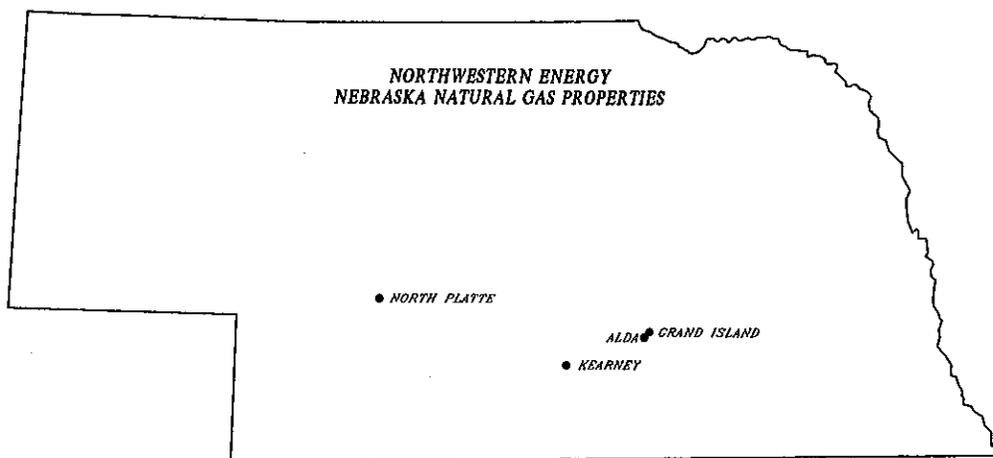
Executive Director

ATTACHMENT C
TARIFF CHANGES

NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY

Section No. 2
Original _____ Sheet No. 2
Canceling _____ Sheet No. _____

NORTHWESTERN ENERGY
NEBRASKA RATE AREA



Deleted: September
Deleted: ¶

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

**NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE**
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY

	<u>1st Revised</u>	Section No. 3
Canceling	<u>Original</u>	Sheet No. 1
		Sheet No. 1

CLASS OF SERVICE: Residential Gas Service **Rate No. 91**
RATE DESIGNATION: Firm Sales

1. Applicability
This rate is available to domestic customers whose maximum requirements for natural gas are not more than 200 therms per day. The nameplate input ratings of all gas burning equipment shall be used to determine a customer's maximum requirements, based on 10 hours use per day.

2. Territory
The area served with natural gas by the Company in Nebraska.

3. Rates

Monthly Charges:

<i>Customer Charge</i> per Meter:	\$ 8.00	
<i>Non-Gas Commodity Charge:</i>		
First 30 therms, per therm	\$ 0.25283	Deleted: 33737
Over 30 therms, per therm	\$ 0.09513	Deleted: 10513
<i>Standby Capacity Charge - December through March:</i>	\$ 12.00	
<i>City Approved Economic Development Surcharge</i>	\$ 0.00254	

Minimum Monthly Bill: \$ 8.00

Adjustment Clauses:

a. Purchased Gas Cost Adjustment Clause shall apply. (Sheet Nos. 7, 7.1)
b. BTU Adjustment Clause shall apply. (Sheet Nos. 8, 8.1)

4. Other Provisions

The Standby Charge is applicable to customers using service pursuant to this schedule as a backup fuel source to an alternately fueled heating system. This charge is not applicable where natural gas service is the primary heating fuel source.

Service will be furnished under the Company's General Terms and Conditions.

Section No. **3**

Deleted: September

Deleted: ¶

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

**NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE**
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY

1st Revised Sheet No. 2
Canceling Original Sheet No. 2

CLASS OF SERVICE: General Gas Service **Rate No. 92**
RATE DESIGNATION: Firm Sales

1. Applicability

This rate is available to non-residential customers whose maximum requirements for natural gas are not more than 200 therms per day. If no historical peak day usage is available, the nameplate input ratings of all gas burning equipment shall be used to determine a customer's maximum requirements.

2. Territory

The area served with natural gas by the Company in Nebraska.

3. Rates

Monthly Charges:

<i>Customer Charge</i> per Meter:	\$ 9.00
<i>Non-Gas Commodity Charge:</i>	
First 400 therms, per therm	\$ 0.13332
Next 1,600 therms, per therm	\$ 0.06343
Over 2,000 therms, per therm	\$ 0.03743
<i>Standby Capacity Charge - December through March:</i>	\$ 37.00
<i>City Approved Economic Development Surcharge</i>	\$ 0.00254

Deleted: 17150

Minimum Monthly Bill: \$ 9.00

Adjustment Clauses:

- a. Purchased Gas Cost Adjustment Clause shall apply. (Sheet Nos. 7, 7.1)
- b. BTU Adjustment Clause shall apply. (Sheet Nos. 8, 8.1)

4. Other Provisions

The Standby Charge is applicable to customers using service pursuant to this schedule as a backup fuel source to an alternately fueled heating system. This charge is not applicable where natural gas service is the primary heating fuel source.

Service will be furnished under the Company's General Terms and Conditions.

Section No. 3
1st Revised Sheet No. 3
Canceling Original Sheet No. 3

Deleted: September

Deleted: ¶

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

**NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY**

CLASS OF SERVICE: Commercial and Industrial **Rate No. 94**
RATE DESIGNATION: Firm Sales

1. Applicability
 This rate is available for firm gas volumes, on a contract basis, to commercial and industrial customers who may also require volumes of interruptible gas in excess of firm demand volumes for which they have contracted.

2. Territory
 The area served with natural gas by the Company in Nebraska.

3. Rates

Monthly Charges:

<i>Customer Charge</i> per Meter:	\$ 80.00
<i>Demand Charge -- Standard Service:</i>	
Per therm daily contract demand (never less than 50 therms)	\$ 0.21910
<i>Demand Charge -- Extended Service:</i>	
Per therm daily contract demand	
1 st 500 therms/day (never less than 50 therms)	\$ 0.24590
Over 500 therms/day	\$ 0.00000
<i>Non-Gas Commodity Charge:</i>	
All use, per therm	\$ 0.05911
<u><i>City Approved Economic Development Surcharge</i></u>	
	<u>\$ 0.00254</u>

Deleted: 06331

Minimum Monthly Bill - Amount for therms of demand billed and the customer charge

Adjustment Clauses:

- a. Purchased Gas Cost Adjustment Clause shall apply. (Sheet Nos. 7, 7.1)
- b. BTU Adjustment Clause shall apply. (Sheet Nos. 8, 8.1)

4. Penalty Provision

If the customer takes unauthorized gas during the periods of curtailment, a penalty of \$3.00 per therm shall be paid to the Company in addition to the commodity rate specified herein. In addition, the new daily use may then become the daily firm contract demand in place of the previous demand determined by the customer and cannot be reduced by the customer for a period of twelve months.

5. Other Provisions

Service will be furnished under the Company's General Terms and Conditions and the following provisions:

1. Extended Service is Defined as Service contracted for a period of 5 years or more.
2. A written contract shall be required for service hereunder.

	1 st Revised	Section No. 3
Canceling	Original	Sheet No. 4
	Original	Sheet No. 4

CLASS OF SERVICE: Commercial and Industrial - Interruptible **Rate Nos. 93 & 95**

Deleted: September

Deleted: 1

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

**NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY**

**Irrigation Service - 93
Standard Service - 95**

1. Applicability

Gas service under this rate schedule is available on an interruptible basis to any customer for commercial and industrial or irrigation purposes, provided that the customer's premises are adjacent to the Company's mains and that the capacity of the Company's system and the supply of gas available to it from its supplier is in excess of the requirements of its existing customers.

2. Territory

The area served with natural gas by the Company in Nebraska.

3. Rates

Monthly Charges:

Customer Charge per Meter:

Irrigation Service – 93	\$ 0.00
Standard Service – 95	\$ 70.00

Non-Gas Commodity Charge all use, per therm:

Irrigation Service – 93	\$ 0.10574
Standard Service - 95	\$ 0.05911

<u>City Approved Economic Development Surcharge</u>	<u>\$ 0.00254</u>
---	-------------------

Deleted: 12975

Deleted: 06331

Minimum Monthly Bill:

Irrigation Service – 93	\$ 0.00
Standard Service – 95	\$ 70.00

Adjustment Clauses:

- a. Gas Cost Adjustment Clause shall apply. (Sheet Nos. 7, 7.1)
- b. BTU Adjustment Clause shall apply. (Sheet Nos. 8, 8.1)

4. Procedure For Curtailment Of Service

Service rendered under this rate schedule shall be subject to curtailment by the Company in accordance with the priority guidelines as established by the Federal Regulatory Commission.

5. Penalty Provision

If Customer fails to comply with Company's request to curtail the use of gas, then all unauthorized gas so used shall be "Penalty Gas" and be paid for by the Customer at a rate based on the maximum penalty charges permitted to be made by the Company's supplier for takes of natural gas, in addition to the regular commodity charge for such gas.

(continued)

	1 st Revised	Section No. 3
Cancelling	Original	Sheet No. 5
	Original	Sheet No. 5

Deleted: September

Deleted: 1

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

**NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY**

CLASS OF SERVICE: Firm Transportation Service

RATE No. 96

APPLICABILITY

This service is available to customers who have firm requirements less than 500 therms per day and who have made arrangements to have natural gas other than the Company's normal pipeline supply delivered to a Company town border station. Customers may transport volumes in excess of their firm contract on an interruptible basis.

TERRITORY

The area served with natural gas by the Company in Nebraska.

RATE

Customer Charge	\$ 116.90
<i>Demand Charge – Standard Service:</i>	
Per therm daily contract demand (never less than 50 therms)	\$ 0.21910
<i>Demand Charge – Extended Service:</i>	
Per therm daily contract demand	\$ 0.24590
Transportation Service	
Negotiated Rate Not to Exceed the Non-Gas Transportation Rate (Rate 94)	\$ 0.05911
<u>City Approved Economic Development Surcharge</u>	
	<u>\$ 0.00254</u>

Deleted: 06331

- | | |
|--|-------------------|
| Minimum Charge | Commitment Charge |
| Adjustment Clauses | |
| a. Purchased Gas Cost Adjustment Clause shall apply (Sheet Nos. 7, 7.1). | |
| a. BTU Adjustment Clause shall apply (Sheet Nos. 8, 8.1). | |

OTHER PROVISIONS

1. Extended Service is Defined as Service contracted for a period of 5 years or more
2. A written contract shall be required for service hereunder.
3. The customer shall sign a Transportation Service Agreement, which shall include the following:

(continued)

	<u>1st Revised</u>	Section No. 3
	<u>Original</u>	Sheet No. 6
Cancelling		Sheet No. 6

Deleted: September

Deleted: ¶

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

**NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY**

CLASS OF SERVICE: Interruptible Transportation Service

RATE No. 97

APPLICABILITY

This schedule is available to interruptible customers who have requirements less than 500 therms per day and who have made arrangements to have natural gas other than the Company's normal pipeline supply delivered to a Company town border station.

TERRITORY

The area served with natural gas by the Company in Nebraska.

RATE

Customer charge per month \$ 116.90

Negotiated Rate Not to Exceed the Non-Gas Transportation Rate (Rate 94) \$ 0.05911

Deleted: 06331

City Approved Economic Development Surcharge \$ 0.00253

Minimum Charge

Customer Charge

Adjustment Clauses

- a. BTU Adjustment Clause shall apply (Sheet Nos. 8, 8.1).

OTHER PROVISIONS

1. The customer shall sign a Transportation Service Agreement, which shall include the following:

- a. The customer shall, as directed, curtail or discontinue the use of natural gas upon two (2) hours notice by the Company;
- b. The customer shall provide and maintain suitable and adequate standby facilities and have, at all times, adequate standby fuel to maintain continuous plant operation during periods of curtailment in the delivery of natural gas hereunder;

(continued)

Deleted: September

Deleted: 1

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

**NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY**

	Section No. 4
<u>1st Revised</u>	Sheet No. 1
<u>Canceling</u> <u>Original</u>	Sheet No. 1

GENERAL TERMS AND CONDITIONS

APPLICABILITY

These General Terms and Conditions apply to all classes of Gas service unless otherwise indicated on the rate schedule.

POINT OF SERVICE ATTACHMENT

Point of service attachment is defined as that point where the facilities of the Company are physically connected to the facilities of the customer. In general, the point of service attachment is on the outlet side of the meter where the customer's fuel piping connects with the meter.

CUSTOMER'S INSTALLATION

The customer will furnish and own all fuel piping, equipment, appliances, fixtures and other devices necessary to distribute gas service from the point of service attachment. All such items furnished by the customer will be maintained by the customer at all times in conformity with the requirements of the constituted authorities and with the terms and conditions of the Company. The Company assumes no responsibility for the inspection and/or repair of defects in the Customer's piping, fixtures, or appliances.

CUSTOMER CONNECTION CHARGE

Customer Connection is defined as attaching a customer to receive utility service upon a request for service or reconnection of discontinued service. The Customer, Landlord or representative must be present during the Service turn-on. The connection charge will be billed to all customers applying for utility service. (Customer Connection does not include the reconnection of a customer whose utility services were discontinued due to nonpayment of utility bills. Reconnection charges for such customers are based on the Company's hourly rates for service work with a one-hour minimum.) The amount of the Customer Connection Charge will be \$10.00 for all Customer Connections during normal business hours defined as 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding legal holidays, and \$125.00 for Customer Connections during other than regular business hours. The Company will attempt to reconnect a Customer on the same day as payment of all past due amounts is made, but the Company does not guaranty such reconnection will be completed during the same day. The Customer Connection Charge shall be paid by the Customer receiving utility service from the Company, and is due and payable upon presentation. If a bill is not paid, the Company shall have the right to refuse service.

Seasonal Use Customers (Grain Dryers, Asphalt Plants, Municipal Pools etc.) will be charged \$80 for all Customer Connections during normal business hours defined as 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding legal holidays, and \$125.00 for Customer Connections during other than regular business hours. The Customer Connection Charge shall be paid by the Customer receiving utility service from the Company, and is due and payable upon presentation. If a bill is not paid, the Company shall have the right to refuse service.

(continued)

Section No. 4

Deleted: September

Deleted: 1

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

**NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY**

1st Revised Sheet No. 2
Canceling Original Sheet No. 2
(continued)

OWNER'S CONSENT TO OCCUPY

In case the Customer is not the owner of the premises or of the intervening property between the premises and the Company's lines, the Customer will obtain from the property owner(s) the necessary consent to install and maintain in said premises all such gas equipment as is necessary or convenient for supplying gas to the Customer.

ACCESS TO PREMISES

The Company has the right to access to the Customer's premises at all reasonable times for the purpose of installing, reading, inspecting, or repairing any meters, devices and other equipment used in connection or disconnection of any or all service equipment, for the purpose of removing its property, and for all other proper purposes.

Access to the meter is required for the Company to read the meter. If access is not provided, the Company may estimate the billing for up to three consecutive months. The Company will notify the Customer upon each unsuccessful attempt to access the meter. If access has not been provided at the end of the three consecutive month period, the Company may charge a \$20 Special Access Fee, in order to secure an actual read of the meter.

PROTECTION OF COMPANY'S PROPERTY

The Customer will properly protect the Company's property on the Customer's premises from loss or damage and will permit no one who is not an agent of the Company to remove or tamper with the Company's property.

METERING

The service used will be measured by a meter or meters to be furnished and installed by the Company at its own expense and upon the registration of said meters all bills will be calculated. If more than one meter is installed on different classes of service (each class being charged for at different rates) each meter will be considered by itself in calculating the amount of any bill, except as otherwise provided on a specific rate schedule. Meters include all measuring instruments.

BYPASSING OR TAMPERING WITH METERING FACILITIES

Customers shall not interfere in any way with the metering facilities after they have been set in place. In cases where the meter seal is broken or the working parts of the meter have been tampered with or the meter damaged or there is evidence that a bypass has been used, the Utility may render a bill for the current billing period based upon the estimated use, considering past experience under similar conditions and may, in addition thereto, charge for the actual cost of repairing or replacing said meter and connections. Service may be discontinued or refused at the premises where such bypassing or tampering has occurred until all such charges are paid. Legal action may also be pursued in the instance of meter tampering.

(continued)

Section No. 4
1st Revised Sheet No. 3

Deleted: September

Deleted: ¶

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

**NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY**

Canceling _____ Original _____ Sheet No. 3
(continued)

SUBMETERING

Submetering will not be permitted unless it is at the same premises and either the Customer or the Company have compelling reasons for not combining the existing services into one service and one meter. Under no circumstances shall a Customer's fuel piping cross a public street or alley.

MASTER METERING

All buildings, mobile home parks, and trailer courts for which construction was begun after June 13, 1980, shall be metered separately for each residential or commercial unit, with the exception of hospitals, nursing homes, transient hotels and motels, dormitories, campgrounds, other residential facilities of a purely transient nature, central heating or cooling systems, central ventilating systems, central hot water systems, residential multiple occupancy buildings constructed, owned or operated with funds appropriated through the Department of Housing and Urban Development or any other federal or state government agency. Any existing multiple occupancy building receiving master metered service which is substantially remodeled or renovated for continued use as a multiple occupancy building shall be individually metered unless the owner of such building demonstrates that conversion from master metering to individual metering would be impractical, uneconomical, or unfeasible.

MONTHLY BILLS

- (a) Bills for service will be rendered monthly unless otherwise applied.
- (b) Failure to receive a bill in no way exempts Customers from the provisions of these Terms and Conditions.
- (c) The Company will attempt to read a meter at least bi-monthly, and any billings between actual readings or when the Company is unable to read a meter after a reasonable effort has been made will be based upon prior usage, adjusted for weather conditions.
- (d) To the rates herein set forth, the Company may add all or any part of any special charge or special tax now imposed upon the Company by any governmental authority, or any new, special, or additional charge or tax which might be imposed as a result of laws, rules, regulations, or ordinances which may be amended, changed, adopted, or enacted by any governmental authority subsequent to the effective date hereof.

TERMS OF PAYMENT

Bills will be due upon receipt; timely payment may be made up until the 20th day. On the 20th day after billing, an account with an unpaid balance of \$5.00 or more will be considered late and a late payment charge will apply. The late payment charge shall be 1% of the unpaid balance plus a collection charge of \$2.00. Where a Customer is disconnected for nonpayment of a bill, a reconnection charge will be made in accordance with currently effective Company Re-Connection Policy.

(continued)

Section No. 4
1st Revised Sheet No. 4
Canceling _____ Original _____ Sheet No. 4

Deleted: September
Deleted: ¶

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY

(continued)

CUSTOMER DEPOSITS

The Company may request that a Customer, when applying for service, provide credit information and may request a security deposit if the Customer has an unsatisfactory credit history, has established an unsatisfactory payment record with the Company, or has an outstanding undisputed and unpaid service amount owed the Company. The Company may also request a security deposit from an existing Customer who has had three or more disconnection notices in the past twelve months. The amount of a security deposit shall be not more than one-sixth of the estimated annual bill, and the Company may accept a letter of credit or guarantor in lieu of the security deposit. If a customer is unable to pay the full amount of a deposit, the Company will accept payment of the deposit in installments over a period of not more than four (4) months. Upon disconnection of service and receipt of the final payment from the Customer, the Company shall refund the Customer's deposit plus accrued interest, or the balance, if any, in excess of the unpaid bills for service furnished by the Company. Interest on a Customer's deposit shall earn simple interest of three percent (3%) per annum. If a Customer has paid his bills for service for twelve (12) consecutive months by the due date for such bills, the Company will automatically refund the deposit plus accrued interest to the Customer.

CONDITIONS FOR REFUSAL OR DISCONNECTION OF SERVICE

The Company may refuse or disconnect service for any of the following reasons:

- (a) Customer has requested disconnection (the Company may require up to forty-eight hours' written notice).
- (b) An unsafe service condition exists on the Customer's premises, which is likely to cause injury to person or property.
- (c) An other condition of the Customer's premises makes it unsafe for the Company to perform work on such premises.
- (d) Customer has a delinquent service bill, and the Company has provided proper notice.
- (e) Customer has failed to provide credit information, pay a security deposit, pay an additional deposit, or provide a guarantee.
- (f) Customer has failed to comply with any of the provisions of the applicable Company tariff.
- (g) Customer has failed to comply with interruption or curtailment orders issued by the Company.
- (h) Customer is indebted to the Company for past bills incurred and refuses to liquidate the debt.
- (i) Customer, although not personally liable to the Company, is attempting to return service to an indebted household and no attempts are forthcoming to liquidate the debt of that household. An indebted household exists when the person applying for service (1) was a member of the household when the prior debt was incurred by someone else living in that household, whether at the same address or at a new one, or (2) has moved into the same apartment or building in which the prior bill was incurred, and the person who owes the debt is still living there.
- (j) A connection, device, or bypass is found on the meter, regulating equipment, or piping of the Customer which prevents the meter from properly registering consumption, or a meter is found with broken seals or otherwise shows evidence of tampering.

Section No. 4
1st Revised Sheet No. 5
Canceling Original Sheet No. 5

(continued)

Deleted: September

Deleted: ¶

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

**NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY**

- (k) Customer has otherwise received the benefit of service with respect to the account or has been guilty of fraud or misrepresentation with regard to service.
- (l) Customer refuses to allow authorized Company personnel onto the Customer's premises for purposes of examining the piping, appliances, and other equipment relating to the Company's service; reading the meter, ascertaining connected loads to turn on service, obtain an actual meter reading, to inspect a suspected safety problem, or to perform maintenance work.
- (m) Any other reason where authority is specifically granted by Nebraska statute or applicable administrative rule.

DISPUTE RESOLUTION

Pursuant to the provisions of Revised Statutes of Nebraska, 1996 Reissue, Sections 70-1608 through 70-1614, a Customer may request a conference in regard to any dispute over a proposed disconnection of service with the Company. A designated employee of the Company will hear and decide all matters related to the dispute. If a residential Customer disputes the proposed disconnection of service and provides a written statement to the Company setting forth the reasons for the dispute and the relief requested, a conference shall be held between the Company and the Customer before service will be disconnected. Upon receipt of such a written statement, the Company will notify the Customer, in writing, of the time, place, and date scheduled for the conference, which shall be within fourteen (14) days of the Customer's request. At such conference, the employee designated by the Company to hear such dispute, shall, based solely upon the evidence presented, affirm, reverse, or modify any Company decision involving the disputed bill. The employee shall allow termination of utility service only as a measure of last resort after he has exhausted all other remedies less drastic than termination. The Customer may appeal an adverse decision of the Company employee to a management office of the Company, and a hearing will be held to resolve the dispute. At such hearing, the Customer may be represented by legal counsel or other representative or spokesperson, examine the Company's files and records pertaining to all matters directly relevant to the dispute or utilized by the Company in reaching the decision to propose termination, present witnesses and offer evidence, confront and cross-examine witnesses, and make or have made a record of the proceedings at his own expense.

Budget Payment Plan

The Company's Budget Bill Plan (BBP) is available to residential and commercial customers. It may be initiated by a customer at any time during the year, provided that the customer has paid all outstanding utility charges due the Company.

Deleted: for

The company will have a billing practice under which a Customer may be billed monthly for a percentage or portion of the Customer's total annual consumption as estimated by the Utility. The
(continued)

	Section No. 4
<u>1st Revised</u>	Sheet No. <u>6</u>
Canceling <u>Original</u>	Sheet No. <u>6</u>

(continued)

purpose of such budget billing is to provide, insofar as it is practicable to do so, a uniform monthly bill.

Deleted: September
Deleted: ¶

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

**NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY**

Each BBP account will be reviewed by the Company at least semi-annually, but no more than quarterly, based on their Budget Billing start date, to determine if an adjustment to the budget amount is necessary, to minimize annual over/under collection balances. The new BPP will be determined by adding the customers actual debit or credit balance, at the time of review, to the customer's prior 12 months billings under current tariff rates, adjusted for normal weather, known changes in consumption, and projected Adjustment Clause price increases or decreases, the sum of which is divided by twelve. Where prior billings are not available, the Company will estimate billings using the best available information of customer's consumption. Adjustments outside of the semi-annual review may be made only if the sum of the actual costs for the first six months and the projected costs for the second six months differ by 10% or more from the amounts initially used to set the BBP.

Should a customer request that the Company not take the actual debit or credit balance into consideration when calculating a revised budget amount, the Company will issue a check to a customer with a credit balance or bill the customer for any debit balance.

Service to customers participating in the BPP shall be pursuant to the General Terms and Conditions of service including the Terms of Payment provisions contained therein, provided, however, that service to a BBP customer will not be disconnected for non-payment if the customer has a credit balance in his account. A customer may discontinue participation in the BBP at any time.

PEAK SHAVING GAS SUPPLIES

The Company may supply gas from any stand-by equipment provided that the gas so supplied shall be reasonably equivalent to the natural gas normally supplied hereunder.

RESALE PROHIBITED

All gas purchased under any rate schedule shall not be resold by the purchaser thereof in any manner.

SERVICE LINE INSTALLATION

For services, except mobile homes in mobile home parks, the Company will install a service along the shortest feasible route from the gas main to the customer's building upon the customer making a non-refundable contribution based upon the distance from the customer's property line to the point of service attachment as follows:

For residential customers using natural gas as their primary heating source and for water heating: the customer will be charged a \$90.00 connection fee for the first 150 feet of service pipe. Any distance beyond 150 feet may result in the company requiring

(continued)

		Section No. 4
	<u>1st Revised</u>	Sheet No. 7
<u>Canceling</u>	<u>Original</u>	Sheet No. 7

(continued)

an Advance for Construction or a Contribution in Aid of Construction as described in the Economic Feasibility section below.

Deleted: based on the consideration of revenues from the project and the cost of the construction.

Deleted: September

Deleted: ¶

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

**NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY**

For residential customers using natural gas for space heating only, fireplace only, water heating only, natural gas grill only, or any combination other than primary space heating and water heating as described above: the Company will consider the total cost of serving the Customer and the expected revenue from the Customer. In this determination, if the project is not economically feasible, the Company may require an Advance for Construction or a Contribution in Aid of Construction from the customer to aid in the construction expense to serve the Customer.

For services to mobile homes in mobile home parks, a non-refundable contribution of \$75.00 will be made by the customer for services up to 50 feet of horizontal piping in the mobile home lot. For service over 50 feet, or where the load does not consist of a natural gas furnace and a natural gas water heater, an additional non-refundable contribution may be required as described in the preceding paragraph.

Commercial and Industrial Customers: The Company may install natural gas service or main without charge where the Company deems the anticipated revenue from the customer is sufficient to justify the service or main extension. The Company will apply the general principle that the rendering of natural gas service to the applicant shall be economically feasible so that the cost of extending such service will not have an undue burden on other customers. The process of determining the economic feasibility of a project is described in the Economic Feasibility section below. If the Company determines that the extension of service or main to the Customer is not economically feasible, the Company may require an Advance for Construction or a Contribution in Aid of Construction from the customer or customers to aid expansion. In instances where the project is not paid in advance, the Company may require a Letter of Credit or other Guarantee to secure the cost of the project. Projects that term longer than one year will carry interest at the rate of the allowed rate of return in the Company' most recent gas cost of service determination.

Deleted: In determining whether the expenditure of natural gas service or main is economically feasible, the Company shall take into consideration the total cost of serving the Customer and the expected revenue from the Customer.

In instances where a Contribution in Aid of Construction is required, three years after the project has been completed, the Company will have the option to review the three-year average use. If the actual volumes vary from projected volumes by 20% or more, the Company has the option to charge or credit the customer for the variance, without interest, in projected Contribution in Aid of Construction. The original project non-PGA, non-surcharge revenues will be recalculated using the actual average volumes from the three-year period. The costs and rates used in the original calculation will remain unchanged.

(continued)

	Section No. 4
<u>1st Revised</u>	<u>Sheet No. 8</u>
<u>Canceling</u>	<u>Original</u>
	Sheet No. 8

(continued)

Installation of gas service lines are scheduled by the Company for completion during the regular construction season. The Company may make a charge for added cost of the construction of a gas service line if the installation is required other than during the regular construction season.

Deleted: September

Deleted: ¶

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY

The Company will not install Gas Services and Mains until the surface has been graded to within six inches of a permanent established elevation.

Economic Feasibility: For determining contributions on pipeline projects, annual revenue will be determined by multiplying projected volumes by the projected tariff delivery rate. The annual non-PGA, non-surcharge revenues will be reduced by the annual projected Operating, Maintenance, and Property Tax expenses. The resulting net margin will be divided by the result of the current allowed return on rate base, grossed up for taxes, to determine the level of investment the load will support. Any project costs over and above the determined level of investment may be collected from the customer.

BILLING DAY AND CURTAILMENT OF GAS

The billing day for the purpose of determining the amount of gas used will be from 9:00 a.m. CCT (Central Clock Time) one day until 9:00 a.m. CCT the next day. The Company shall have the right to curtail or limit the Customer's use of gas during any billing day to the Contract Demand then in effect when demand by firm and higher priority interruptible natural gas purchasers exceeds available pipeline supply. Curtailment of interruptible gas will commence at 9:00 a.m. CCT at the start of a new billing day. Under normal circumstances, notice of curtailment of interruptible gas will be given to Customer by 3:00 p.m. CCT, prior to the beginning of the gas day in which curtailment is to begin. However, in cases of emergency (to be determined solely by the Company) any notice prior to 9:00 a.m. CCT is deemed to place the curtailment in effect at 9:00 a.m. CCT, and such curtailment shall continue in effect until the Company notifies Customer that the curtailment is released. In cases of emergency when notice of curtailment cannot reasonably be given immediately prior to a new billing day, Customer will cooperate with the Company by curtailing its use of interruptible gas as soon as possible after notice of curtailment by Company. Proper notice of curtailment will be deemed to have been given when any person or persons authorized to receive curtailment orders on behalf of Customer has been notified by telephone or in person by a representative of Company.

The Company will endeavor to give the Customer as much notice as possible with respect to curtailment of service. Customer agrees to provide and maintain complete standby facilities and have available at all times sufficient standby fuel to maintain continuous plant operations during complete curtailment in the delivery of natural gas.

CONTINUITY OF SERVICE, INTERRUPTIONS, AND LIABILITY

The Company will endeavor to provide continuous service but does not guarantee an uninterrupted or undisturbed supply of gas service. The Company will not be responsible for any loss or damage resulting from the interruption or disturbance of service for any cause other than negligence of the Company. The Company will not be liable for any loss of profits or other consequential damages resulting from the use of service or any interruption or disturbance of service.

(continued)

Section No. 4

Deleted: September

Deleted: ¶

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY

1st Revised Sheet No. 9
Canceling Original Sheet No. 9
(continued)

The Company shall use due care and diligence to furnish gas service near the normal pressure levels and in accordance with the acceptable levels of delivery pressure as may exist under operating conditions in the pipeline and distribution system. Because delivery pressure may vary, the customer shall install, operate, and maintain, at his own expense such pressure regulating devices as may be necessary to regulate the pressure of gas after its delivery to the customer. The Company shall not be liable for the control of gas pressure or gas after delivery of gas to the consumer.

Neither Customer nor the Company shall have any claim against the other for damages sustained as a result of interruptions of gas deliveries caused by Acts of God, weather conditions, labor disturbances, fires, accidents, breakage or repair of pipeline, mechanical failure of any machinery, equipment or other mechanical devices, shortage of gas supply, or other causes or contingencies beyond the reasonable control of and occurring without negligence on the part of such other party. When such causes or contingencies cease to be operative, delivery and receipt of gas shall resume as soon as practicable. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party affected. Any such cause or contingency, however, exempting customers from liability for non-performance (except where prevented by valid orders or requirements of Federal, State, or other governmental regulatory bodies having jurisdiction in the premises) shall not relieve customer of its obligation to pay minimum charges in accordance with the applicable rate schedule.

The Customer agrees to save, indemnify and hold the Company harmless from any and all claims, damage, or injury to persons or property arising from any cause whatsoever after the delivery of gas by the Company to the point of service attachment, except where such injury or damage is shown to have been caused solely by the negligence of the Company. The Customer shall not be liable for any loss, damage, or injury to persons or property arising from any cause whatsoever before the actual delivery of gas to the point of service attachment, except where such injury or damage is shown to have arisen solely from the negligence of the Customer. The Customer assumes all responsibility for all service and equipment at and from the Customer's point of service attachment of such service, and will protect and save the Company harmless from all claims for injury or damage to persons or property occurring by such services and equipment, except where said injury or damage is shown to have been occasioned solely by the negligence of the Company.

DELIVERY PRESSURE

The volume of gas measured, where delivered at other than 0.25 p.s.i.g. at the customer's meter, shall be adjusted to a base pressure equal to 14.73 p.s.i.a. in accordance with accepted standards for measurement of gas at varying pressures.

(continued)

1st Revised Section No. 4
Sheet No. 10

Deleted: September

Deleted: ¶

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

**NEBRASKA PUBLIC SERVICE COMMISSION
NATURAL GAS RATE SCHEDULE
for
NORTHWESTERN CORPORATION d/b/a NORTHWESTERN ENERGY**

Canceling Original Sheet No. 10
(continued)

METER ACCURACY AND TESTING OF METERS

A Customer may request the Company to test his meter, and the Company will make the test as soon as practical after the request. If a request is made within one year after a previous request, the Company may require a Customer to pay a reasonable deposit for the test. The deposit will be refunded if the meter is found to have an error of more than two percent (2%) fast, and the Company will refund to the Customer the percentage of the inaccuracy of the billed amount for the period equal to one-half the time elapsed since the most recent test, but not to exceed six (6) months. If the meter is found to have an error of more than two percent (2%) slow, the Company may bill the Customer for the percentage of the inaccuracy of the billed amount for the period equal to one-half the time elapsed since the most recent test, but not to exceed six (6) months.

PRIORITY OF SERVICE

All Customers will be classified according to priorities. The Company may require curtailments of natural gas at any time in order to protect deliveries of natural gas having a higher priority. The Company shall have the right to curtail use of natural gas in any community due to capacity limitations of facilities of either the pipeline supplier or the Company, even though service is continued for lower priority customers in another community. When the Company is unable to supply the full natural gas requirements of all its customers, curtailment of natural gas service will progress in the following sequence: Priorities 4, 3, 2 and 1. The Company, at its discretion, shall have the right to curtail / interrupt based on other operational factors.

Priority 1: Firm residential and small commercial requirements less than 500 therms on a peak day. Curtailment within this priority will, where operationally possible, be on a pro rata basis.

Priority 2: Firm commercial requirements from 500 through 1,999 therms on a peak day, and industrial requirements from 0 through 1,999 therms on a peak day. Curtailment within this priority will, where operationally possible, be on a pro rata basis.

Priority 3: Firm commercial and industrial requirements greater than 2,000 therms on a peak day. Curtailment within this priority will, where operationally possible, be on a pro rata basis.

Priority 4: Interruptible commercial and industrial requirements. The Company may curtail a customer's usage regardless of priority if the customer elects to take interruptible service. Curtailment, where possible, will be ordered on the basis of lowest to highest non-gas margin regardless of jurisdiction or end-use.

Deleted: September

Deleted: ¶

Date Filed: June 1, 2007

Effective Date: December 1, 2007

Issued By: Jeffrey Decker, Regulatory Department

Phone (605) 353-8315

CONFIDENTIAL ATTACHMENT D

DEPRECIATION RATES

The attached Depreciation Rates document is filed as CONFIDENTIAL pursuant to the Protective Order filed in Application No. NG-0048.