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JUN 21 2006

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

June 20, 2006

VIA OVERNIGHT DELIVERY

Patricia Van Gerpen
Executive Director
SD Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501-5070

RE: In the matter of the Merger between Northwestern Corporation
and BBI Glacier Corp., a Subsidiary of Babcock & Brown
Infrastructure Limited
Docket No. GE06-001

Dear Patty:

Enclosed for filing please find the original and ten copies of the Petition of Missouri River Energy Services for Leave to Intervene and Provisional Request for Conditions to Approval of Merger, and Affidavit of Service, in the above-entitled matter.

If you have any questions, please contact me. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Mrg Simon".

Mrg Simon
Attorney at Law
Manager, State Governmental Relations

Enclosures

C w/enclosures: Service List
David Yaffe, Ray Wahle, E. James Hood

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Docket No. GE06-001

In the Matter of the Merger
between NorthWestern
Corporation and BBI Glacier
Corp., a Subsidiary of
Babcock & Brown
Infrastructure Limited

PETITION OF
MISSOURI RIVER
ENERGY SERVICES
FOR
LEAVE TO INTERVENE
AND PROVISIONAL REQUEST
FOR CONDITIONS TO APPROVAL
OF MERGER

1. Pursuant to ARSD 20:10:01:15.02 and 15.03 of the General Rules of Practice of the South Dakota Public Utilities Commission ("Commission"), Missouri River Energy Services ("MRES") hereby petitions for leave to intervene in the above-captioned proceeding involving the proposed merger between NorthWestern Corporation and BBI Glacier Corporation, a Subsidiary of Babcock & Brown Infrastructure Limited and, if the Commission asserts jurisdiction over the transaction identified in this proceeding, requests conditions.
2. The correct name of the intervenor is Missouri Basin Municipal Power Agency, d/b/a Missouri River Energy Services. The representation and contact information is as set forth below.

Thomas J. Heller, CEO
Mrg Simon, Attorney at Law*
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*Indicates person designated for service of documents under the Commission's rules.

BACKGROUND

3. On June 7, 2006, NorthWestern Corporation and Babcock & Brown Infrastructure Limited filed with this Commission a joint “Petition for Declaratory Ruling And For Transaction Approval If Jurisdiction Is Found” (“Petition”). In its Petition, NorthWestern Corporation (“Northwestern”), together with its subsidiaries and Babcock & Brown Infrastructure Limited (“BBIL”) inform the Commission of their intention to merge a BBIL subsidiary, BBI Glacier Corporation (“Glacier”) into NorthWestern, with the result being that NorthWestern would become an indirect, wholly-owned subsidiary of BBIL. Petition at 1-2. In sum, NorthWestern and BBIL request the Commission to issue a declaratory order that this transaction is not subject to the Commission’s jurisdiction under any of SDCL §§ 49-34A-35, 49-34A-38.1, and 49-34A-29. Petition, pp. 8-13. Alternatively, NorthWestern and BBIL request that if the Commission determines that it does have jurisdiction over the transaction, that the Commission approve the transaction.

DESCRIPTION OF MRES

4. MRES is a municipal joint action agency comprised of 60 municipal electric utility distribution systems located in the States of South Dakota, North Dakota, Iowa and Minnesota. MRES is headquartered in Sioux Falls, South Dakota. It provides firm power supply under long term contracts to 57 of its members, including 12 cities of South Dakota. The 12 South Dakota municipal members of MRES taking power supply are the Cities of Beresford, Big Stone City, Brookings, Burke, Faith, Flandreau, Fort Pierre, Pickstown, Pierre, Vermillion, Watertown, and Winner.

5. MRES was formed under Chapter 28E of the Iowa Code and it exists under the joint action laws of the States of Iowa, Minnesota, North Dakota, and South Dakota. The joint action

law of South Dakota, SDCL 1-24-1 enabled the above-referenced South Dakota cities to join MRES.

DESCRIPTION OF THE INTEREST OF MRES IN THIS PROCEEDING

6. MRES and its sister agency, Western Minnesota Municipal Power Agency (“Western Minnesota”), are actively involved in the ownership of existing electric generating facilities in South Dakota as well as the development of new generating facilities. Western Minnesota owns the Watertown Peaking Power Plant in Watertown, South Dakota, and sells the output and operating control to MRES under long term contract. Through a similar ownership arrangement with Western Minnesota, MRES effectively will control a quarter of the proposed Unit II at the Big Stone Plant in Big Stone City, South Dakota, if that unit is successfully completed. Big Stone City is a member of MRES and purchases firm power supply and transmission service from MRES under long term contracts. NorthWestern Corporation’s utility division, NorthWestern Public Service (“NW Public Service”) is a co-owner of the existing Unit 1 of the Big Stone Plant. Finally, MRES is actively reviewing the feasibility of developing wind generating capacity in South Dakota.

7. NW Public Service owns transmission as well as generating facilities in South Dakota to serve its retail and wholesale customers. The transmission lines of NW Public Service are treated as integrated with the transmission facilities of the Western Area Power Administration, Upper Great Plains Region (“WAPA”), Basin Electric Power Cooperative (“Basin Electric”), and Heartland Consumers Power District (“Heartland”) in a so-called “Integrated System” (“IS”) that is administered by WAPA. WAPA charges third parties for transmission across the IS at rates that reflect the combined costs of the facilities of WAPA, NW Public Service, Basin Electric and Heartland. The IS rates are set forth as Schedule K to WAPA’s Open Access Transmission

Tariff that can be found at www.wapa.gov. The principal source of the MRES power supply is Western Minnesota's share of the Missouri Basin Power Project, Laramie River Station, located in Wheatland, Wyoming. The MRES load is located in the eastern half of South Dakota and North Dakota and the western half of Iowa and Minnesota. At present, therefore, MRES currently pays WAPA directly, and NW Public Service indirectly, transmission rates on its entire 330+ MW load to get across the IS. MRES must then pay pancaked transmission rates, i.e. separate transmission rates to at least one, if not more, transmission providers to complete deliveries to many of its wholesale customers.

8. The Midwest Independent System Operator, Inc. ("MISO") provides transmission service from the small portion of South Dakota served by Xcel Energy to a large area located as far east as western Pennsylvania at one transmission rate. MISO also operates day-ahead and hourly real-time energy markets within its footprint. MRES has significant amounts of load located within the MISO footprint. To the best of the knowledge of MRES, NW Public Service is not a member of MISO. None of the IS transmission facilities are located in the MISO footprint. Therefore, neither NW Public Service nor the other IS members may contract with the MISO market or participants in the MISO footprint without paying at least two transmission rates. This fact effectively may deny the benefits of an integrated MISO market to consumers in South Dakota, including those of MRES South Dakota municipal members interconnected directly with the IS.

9. The failure of the IS participants, including NW Public Service, to participate in MISO is a deterrent to energy facility development in South Dakota. MRES anticipates that the proposed Unit II of the Big Stone Plant will be connected to MISO and be treated as a MISO generation facility. That is because at least part of the Big Stone Plant is integrated with the transmission

system of Otter Tail Power Company, a MISO participant. A substantial economic consideration of potential developers of new generating resources, whether fossil fired or renewable resources, is the proximity of an active energy market within which to sell the output for the cost of one, and not more than one, transmission rate. Since the IS, including NW Public Service's transmission facilities, cover the vast majority of the State of South Dakota and the IS facilities are not in MISO, generation developers, including MRES, are deterred from developing new generation in all but a small portion of eastern South Dakota.

MRES POSITION ON THE MERITS OF THIS PROCEEDING

9. MRES takes no position on the merits of NorthWestern's and BBIL's request for a declaratory order finding that the Commission has no jurisdiction over their merger transaction.

10. However, if the Commission concludes that it does have jurisdiction over this merger transaction, MRES requests that the Commission condition such approval on a requirement that NW Public Service join MISO as a transmission owner. Requiring NW Public Service to join MISO as a transmission owner will confer the benefits of participation in a large regional market and make South Dakota a more feasible choice for the development of electric generation facilities, whether fossil fired or renewable. Entry into the MISO market presumably will have benefits for NW Public Service's retail customers in South Dakota. Imposing such a condition on approval of this transaction clearly would promote the Commission's statutory imperative to ensure that the utilities it regulates provide "adequate, efficient and reasonable" service. SDCL §49-34A-2.

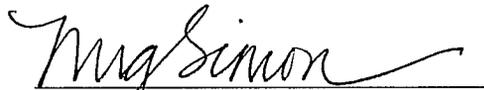
11. For these reasons, MRES respectfully requests that:

- a. The Commission grant its petition for leave to intervene;

- b. If the Commission declares that it has jurisdiction over the transaction at issue in this proceeding, it include as a condition of any approval of such transaction a requirement that NW Public Service join MISO as a transmission owner; and
- c. MRES be granted full rights of participation as a party in all further proceedings in this matter.

Dated this 20th day of June, 2006.

Respectfully Submitted,



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Counsel to MRES

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

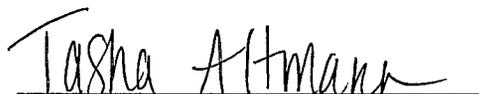
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AFFIDAVIT OF SERVICE

State of South Dakota)
) SS
County of Lincoln)

I, Tasha Altmann, being first duly sworn, depose and state that on the 20th day of June, 2006, I served the Petition of Missouri River Energy Services for Leave to Intervene and Provisional Request for Conditions to Approval of Merger, by depositing in the United States Mail at the City of Sioux Falls, a true and correct copy thereof, properly addressed and enveloped with first class postage prepaid to the persons on the attached service list.



Tasha Altmann

Subscribed and sworn to before me
this 20th day of June, 2006.



Deborah Birgen
My commission expires: 12-4-09

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