

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE MERGER BETWEEN)	ORDER GRANTING MOTION
NORTHWESTERN CORPORATION AND BBI)	FOR CONTINUANCE; THIRD
GLACIER CORP., A SUBSIDIARY OF)	SCHEDULING ORDER
BABCOCK & BROWN INFRASTRUCTURE)	
LIMITED)	
	GE06-001

On June 7, 2006, Northwestern Corporation (NorthWestern) and Babcock & Brown Infrastructure Limited (BBI) filed a petition for declaratory ruling and for transaction approval if jurisdiction found. On June 19, 2006, NorthWestern and BBI filed an amendment to petition for declaratory ruling and for transaction approval if jurisdiction found. NorthWestern and BBI have entered into an agreement and plan of merger, dated as of April 25, 2006, which is pending approval of the stockholders of NorthWestern at its annual meeting to be held on August 2, 2006. In connection with this transaction a question has arisen as to whether the South Dakota Public Utilities Commission (Commission) has jurisdiction to approve the transaction. NorthWestern and BBI have filed a petition for a declaratory ruling pursuant to SDCL § 1-26-15 and ARSD 20:10:01:34. If the Commission concludes that it does in fact have jurisdiction, a second question is presented, namely, will the Commission approve the transaction.

On June 8, 2006, the Commission electronically transmitted notice of the filing and the intervention deadline of June 21, 2006, to interested individuals and entities. On June 21, 2006, the Commission received a Petition for Leave to Intervene and Provisional Request for Conditions to Approval of Merger from Missouri River Energy Services (MRES) and Petitions to Intervene from South Dakota Power Company (SD Power) and Heartland Consumers Power District (Heartland). On June 22, 2006, the Commission received a Joint Petition to Intervene from East River Electric Cooperative, Inc. (East River) and Basin Electric Power Cooperative, Inc. (Basin). At its July 11, 2006, meeting, the Commission granted intervention to MRES, SD Power, Heartland, East River and Basin. On July 11, 2006, a pre-hearing scheduling conference was held among counsel for the parties, and on July 20, 2006, the Commission issued a Scheduling Order. On September 26, 2006, the Commission issued a Second Scheduling Order.

On October 10, 2006, the Commission received a Motion for Continuance of the procedural schedule from Heartland and SD Power. Northwestern opposed the Motion for Continuance. At its October 19, 2006, meeting, the Commission considered the motion. The Commission voted to grant the motion. Following the meeting, the parties discussed setting a new procedural schedule. Northwestern, Heartland, and SD Power agreed to a new schedule. None of the other parties objected to the new schedule. The new procedural schedule is as follows:

Procedural Schedule:

The parties shall comply with the following procedural schedule (all dates 2006):

- | | |
|-------------|--|
| November 15 | Intervenors and Staff Briefs regarding jurisdiction due |
| November 30 | Reply Briefs regarding jurisdiction due |
| December 12 | Oral Arguments and, if needed, an evidentiary hearing regarding jurisdiction to be held at 9:30 a.m. in Room 412 of the State Capitol Building |

It is therefore

ORDERED, that the Motion for Continuance is granted. It is further

ORDERED, that the procedural schedule set forth above is established and shall be followed by the parties. It is further

ORDERED, that oral arguments and, if needed, an evidentiary hearing shall be held at the time and place specified above on the issue of jurisdiction.

Dated at Pierre, South Dakota, this 31st day of October, 2006.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u>Melaine Kalbo</u>
Date:	<u>10/31/06</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

Dustin Johnson
DUSTIN M. JOHNSON, Commissioner

Gary Hanson
GARY HANSON, Commissioner