

December 12, 2013

Executive Secretary
Public Service Commission
600 East Boulevard Avenue
Dept. 408
Bismarck, ND 58505-0480



**Re: PSC Application for Approval of Service Area Agreement / CCEC & City of Valley City
Our File No.: 008087.00000**

To Whom It May Concern:

Enclosed relative to the above-referenced matter, please find an original and four copies of a Joint Application for Approval of Service Area Agreement.

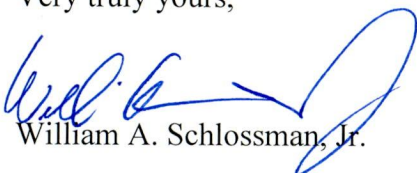
The Application incorporates the following documents:

1. Certificate of Good Standing, State of North Dakota for Cass County Electric Cooperative, Inc.; and,
2. Service Area Agreement.

The Amended and Restated Articles of Incorporation of Cass County Electric Cooperative, Inc. are on file in connection with other matters.

If you should have any questions or concerns, please contact me.

Very truly yours,



William A. Schlossman, Jr.

WAS:kfs

Enclosure

1799553.1

1 PU-13-898 Filed: 12/16/2013 Pages: 11
Application for approval of service area agreement

Cass County Electric Cooperative Inc.

William Schlossman, Jr.

**PUBLIC SERVICE COMMISSION
STATE OF NORTH DAKOTA**

In the matter of the Joint)	
Application of Cass County Electric)	
Cooperative Inc. and City of Valley)	Joint Application for Approval of Service
City for approval of a Service Area)	Area Agreement Under NDCC § 49-03-06
Agreement under NDCC § 49-03-06)	
covering areas in rural Barnes)	
County, North Dakota to include the)	
city of Valley City.)	
)	
)	

Applicants respectively represent to the commission as follows:

1.

Cass County Electric Cooperative Inc. ("CCEC") is an electrical cooperative corporation organized in North Dakota under N.D.C.C. Chapter 10-13, with its principal place of business at 3312 42nd St. South, Fargo, ND 58104. A copy of the Amended and Restated Articles of Incorporation of CCEC is currently on file with the Public Service Commission. CCEC is engaged in the distribution of electricity in 10 counties in eastern North Dakota.

2.

The City of Valley City ("City") is a municipal corporation located in Barnes County, North Dakota, with its principal place of business at 254 2nd Ave NE, Valley City, ND 58072. The City operates a municipal electrical distribution which operates primarily within municipal boundaries of the City.

3.

CCEC and City operate adjacent and intermingled electrical distribution systems in and around the City in Barnes County, North Dakota.

4.

Under the authority granted by N.D.C.C. Section 49-03-06, CCEC and City have entered into a Service Area Agreement, a copy of which is attached as Exhibit "A." Among other matters, the Service Area Agreement: (a) allocates to CCEC and City specified service areas

in Barnes County, North Dakota, including areas in the City; (b) establishes service quality standards and agreements to cooperate so as to minimize disruption of serviced provided to customers or members served by each party, and (c) to regulates the Franchises of CCEC to operate within the City and establishes the authority of the governing board the City. By its terms, the Service Area Agreement is subject to the approval of the Commission.

5.

The Service Area Agreement is in the public interest by, among other matters: (a) creating the certainty necessary for both applicants to plan and operate efficiently within the service territory granted to them; (b) establishing service areas which will avoid unreasonable duplication of electric facilities; (c) mandating that both parties provide electric service consistent with applicable standards specified therein, so as to best assure adequate and reliable electric service to customers; and (d) establishing agreements which will help avoid territorial disputes between the parties with respect to the areas encompassing the City Service Area” and “CCEC Service Area” referenced in the Service Area Agreement.

6.

The Service Area Agreement was approved by the respective governing boards of City and of CCEC.

7.

For the reasons more fully set forth above, the applicants believe that it is proper and in the public interest for the Commission to approve the Service Area Agreement, and grant City and CCEC a Certificate of Public Convenience and Necessity authorizing each to extend its plant and system within the service territory granted to each of City and CCEC under the Service Area Agreement.

WHEREFORE, applicants request that the North Dakota Public Service Commission enter an Order:

- (A) Approving the Service Area Agreement in accordance with N.D.C.C. Section 49-03-06;
- (B) Granting such other relief as the Commission may deem lawful, just and proper.

SERVICE AREA AGREEMENT

This Service Area Agreement (the "Agreement") is entered into this 7th day of October, 2013 by and among Cass County Electric Cooperative Inc., a North Dakota not-for-profit electric cooperative corporation ("CCEC") and City of Valley City ("City") and Valley City Public Works ("VC").

RECITALS

WHEREAS, CCEC and VC are in the business of providing electric service to the public in their respective service areas;

WHEREAS, there are various expansion and relocation projects anticipated in and adjacent to the City for which the City and the Valley City Barnes County Development Corporation have identified land;

WHEREAS, in connection with such projects and the acquisition of certain land, the parties decided that it was in their best interests to enter into this Agreement to provide for an electrical service territory area "swap";

WHEREAS, the parties deem the agreements contemplated herein to be consistent with the purposes of NDCC § 49-03-06 (the "Act") to encourage harmony and operational efficiency among the parties and to promote safety, discourage unreasonable duplication of electric facilities, and assure adequate and reliable electric service for all consumers and territories within North Dakota .

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency is hereby acknowledged, the parties hereby agree:

Section 1. Agreement of CCEC. CCEC agrees that it will not object to Valley City Public Works ("VC") being the exclusive provider of electric service in the SW ¼ of Section 26, Valley City Township, without regard to when, or if, this area is annexed into the City (the "VC Service Area").

Section 2. Agreement of City and VC. City and VC agrees that they will not object to CCEC being the exclusive provider of electric service in the S ½ of Section 27, Valley City Township: 1) excepting areas within this half-section that are already within City limits as the limits existed on 01/01/2013; 2) providing that electric accounts within this half-section that are outside City limits as they existed on 01/01/2013 may continue receiving electric service from VC; and 3) without regard to when or if this area is annexed into the City (such area, taking into account the exceptions of 1-3, the "CCEC Service Area").

Section 3. Price. VC will pay to CCEC the depreciated book value of the CCEC service extension to the account commonly referred to as "Stan Ryan's horse barn" in the NW ¼ of Section

26, Valley City Township, plus the equivalent of 3 years annual electric revenue for this service, at the time a request to disconnect this service is made to CCEC. The depreciated book value of CCEC's service extension is currently estimated at [\$1,500]. Determined by 3 years of annual electric revenue based on the period from January 1, 2012 through December 31, 2012. The total that VC shall pay to CCEC is \$ 1,500.00. Such payment shall be made by wire transfer or certified check after a request has been made to disconnect/retire such service.

Section 4. Franchise. City hereby agrees to incorporate into the existing franchise agreement between City and CCEC (ORDINANCE NO. 903 – Cass County Electric Cooperative Franchise Ordinance) the area described in Section 2, the “CCEC Service Area.”

Section 5. Approval of PSC Required. The parties agree to promptly file this Agreement with the North Dakota Public Service Commission (“PSC”) for its approval or disapproval. This Agreement shall be valid and enforceable if the PSC, in accordance with ND CC 49-03-06, approves the Agreement and finds that the Agreement complies with ND CC 49-03-06 and is in the public interest. If not approved by the PSC, this Agreement shall be void in its entirety.

Section 6. Continuing Jurisdiction. This Agreement is subject to the continuing jurisdiction of the PSC to settle all service location disputes between the parties arising under this Agreement.

Section 7. Relocation of Underground Line. CCEC will relocate its underground line in the NW ¼ of Section 26, Valley City Township, if needed to accommodate plat development or building expansion, provided that: (a) the owner of the property at the time of the request pays for the relocation cost in advance; and (b) provides an adequate easement acceptable to CCEC on the property, if needed, for the new line location.

Section 8. Comprehensive Service Area Agreement. The parties agree to cooperatively work together, in good faith, to negotiate and enter into a comprehensive service area agreement for the remaining areas adjacent to City. Such agreement will also need to be submitted to and approved by PSC.

Section 9. Successors and Assigns. This Agreement shall be binding upon the respective parties, their successors and assigns on and after the date hereof. This Agreement shall not be assigned by one party without the consent of the other parties, which consent shall not be unreasonably withheld.

Section 10. Indemnity. Each party agrees to defend, indemnify and hold harmless the other parties (each, an “Indemnitee”) against any and all claims, liability, loss, damage, or expense caused by or resulting from the negligent acts or omissions of the indemnifying party (the “Indemnitor”), its employees or agents, in the performance of the obligations undertaken in this Agreement. The indemnification provisions of this section shall apply notwithstanding the active or passive negligence of the Indemnitee, but the Indemnitor's liability to the Indemnitee shall be reduced proportionately to the extent that an act or omission of the Indemnitee may have contributed to the loss, injury or property damage. Further, no Indemnitee shall be indemnified hereunder for its loss, liability, injury and damage resulting from its sole negligence or its gross negligence, fraud or

willful misconduct. Nothing herein shall be construed to create any liability on the part of any party to third persons other than that imposed by law in the absence of this clause.

Section 11. Choice of Law. This Agreement shall be construed and interpreted according to the laws of the State of North Dakota, excluding any choice of law rules that may direct the application of the laws of another jurisdiction.

Section 12. Notice. Any notice to be given pursuant to this Agreement may be (a) delivered personally to the place of business of the party to whom it is addressed, (b) sent by certified mail, return receipt requested, or (c) shipped via Federal Express or other nationally known and reputable overnight delivery service, and addressed to the parties to the addresses set forth below and shall be deemed delivered when so delivered, mailed or shipped. Either party may change the address for receipt of notices in accordance with the foregoing provisions.

Section 13. Entire Agreement. This Agreement embodies the entire agreement between the parties hereto with respect to the matters involved herein, and there have been and are no agreements, representations or warranties, whether written or oral, between the parties other than those set forth or provided for herein.

Section 14. No Agency. This Agreement is made between the CCEC, the City and VC entirely independent from each other. No party shall be a legal representative of the other for any purpose whatsoever. No Party has the right or authority to assume or create any obligations of any kind on behalf of another.

Section 15. Modification. No change or modification of this Agreement shall be valid unless the same is in writing and signed by all the parties to this Agreement.

Section 16. Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect its other provisions. The Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

Section 17. Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All such counterparts shall be construed together and shall constitute one instrument, but in making proof hereof it shall only be necessary to produce one such counterpart. The signatures to this Agreement may be executed on separate pages and when attached to this Agreement shall constitute one complete document.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date above written.

CASS COUNTY ELECTRIC COOPERATIVE INC.

By: Scott W. Handy
Name: Scott W. Handy
Its: president/CEO

Notice Address: Attention: Mr. Scott Handy, President/CEO
3312 42nd St. S, Suite 200
Fargo, ND 58104

CITY OF VALLEY CITY

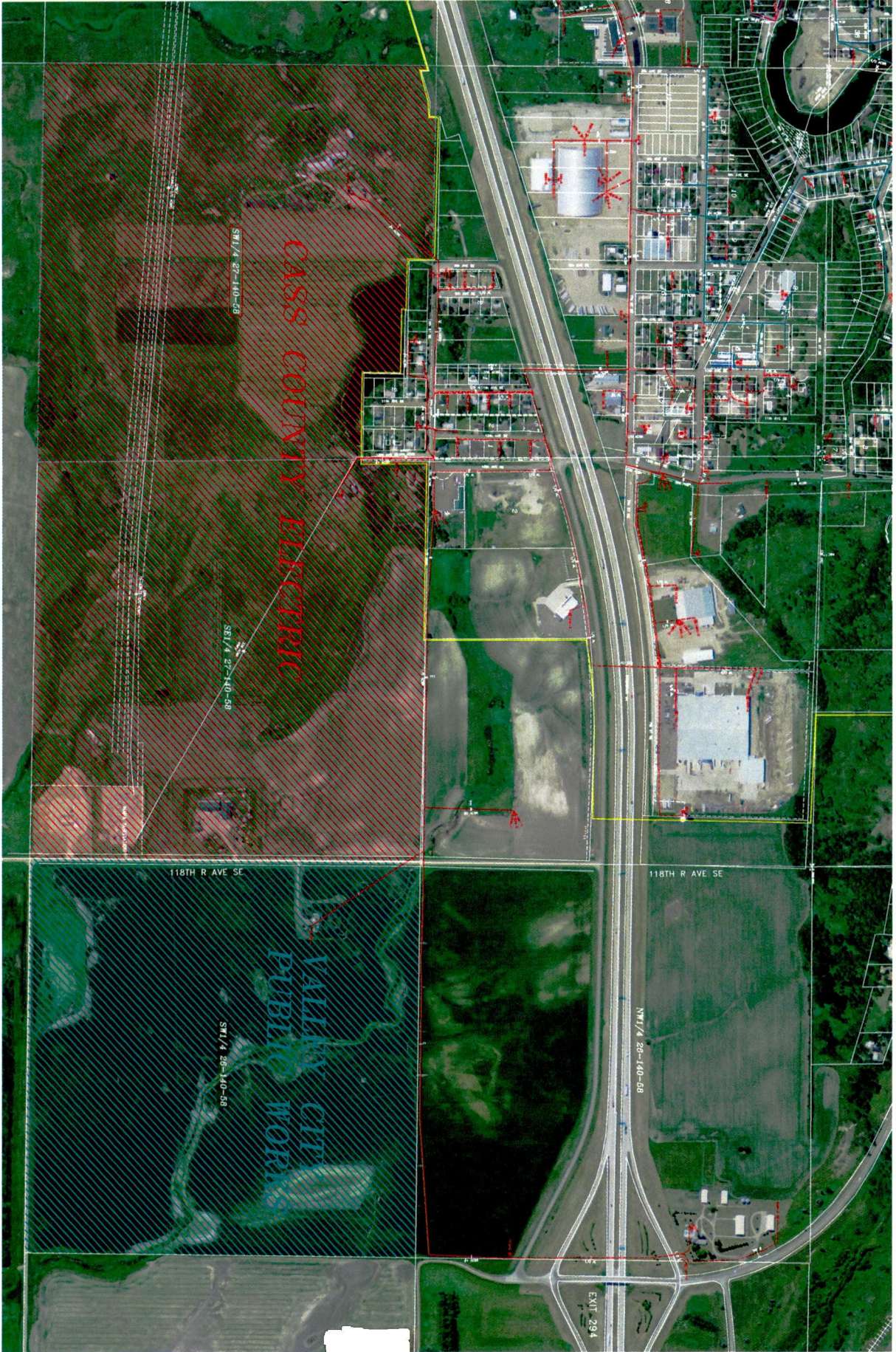
By: Robert J. Werkhoven
Name: ROBERT J WERKHOVEN
Its: MAYOR

Notice Address: Attention: Robert Werkhoven, Mayor
254 2nd Ave NE
Valley City, ND 58072

VALLEY CITY PUBLIC WORKS

By: Avis Richter
Name: AVIS RICHTER
Its: AUDITOR

Notice Address: Attention: Avis Richter, City Auditor
254 2nd Ave NE
Valley City, ND 58072



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25

00

Scale:
1" = 600'



Valley City Public Works

Plot Date: 09/25/12 10:26

Proposed Territories

State of North Dakota

SECRETARY OF STATE



CERTIFICATE OF GOOD STANDING OF

CASS COUNTY ELECTRIC COOPERATIVE INC.

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that CASS COUNTY ELECTRIC COOPERATIVE INC. , a North Dakota ELECTRIC COOPERATIVE, was incorporated in this office on March 30, 1937 and, according to the records of this office as of this date, has paid all fees due this office as required by North Dakota statutes governing a North Dakota ELECTRIC COOPERATIVE.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Good Standing to

CASS COUNTY ELECTRIC COOPERATIVE INC.

Issued: November 13, 2013

A handwritten signature in black ink, reading "Alvin A. Jaeger".

Alvin A. Jaeger
Secretary of State