

EL 03-030

Clay-Union Electric Corporation

P.O. Box 317
Vermillion, SD 57069

www.clayunionelectric.com

Phone (605) 624-2673
Fax (605) 624-5526

November 18, 2003

RECEIVED

NOV 21 2003

South Dakota Public Utilities Commission
Attn: Martin Bettmann
State Capital Building
Room 464
Pierre, SD 57501-5070

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Dear Martin:

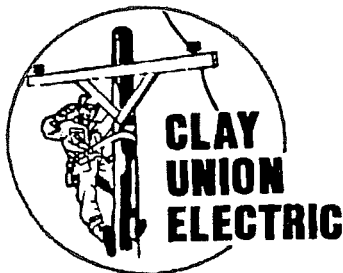
Please accept this letter as official notice to the South Dakota Public Utilities Commission (PUC) and our request for approval for a change in service territory from Clay Union Electric to the City of Vermillion under provisions of SDCL 49-34A-49.

I have attached a copy of the agreement signed by both parties relative to the territory affected.

The agreement for the transfer of territory was necessary as a result of annexation by the City of Vermillion. The area currently involves one active service. That is electric service to East River Electric Cooperative, Madison SD. The service affected by this action is for an electrically operated switch on an East River electric transmission line.

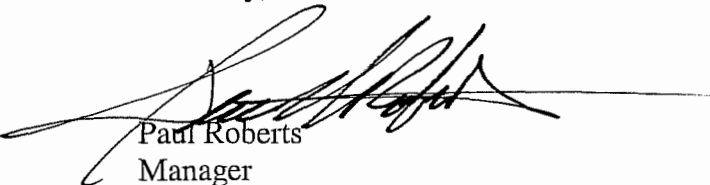
Notification regarding the annexation and a coordinated cut-over date was communicated to East River Electric by Clay Union Electric and the actual transfer of service took place on October 1, 2003.

On behalf of the parties to this agreement, we request this matter be placed on the PUC agenda for approval at the earliest possible date. In reviewing the attached agreement, the signatories of each party is evidence that this solution has been mutually agreed to.



If you need any further information or if you have any further questions on this activity, please feel free to contact me.

Sincerely,



Paul Roberts
Manager

encl

AGREEMENT TO TRANSFER SERVICE TERRITORY

THIS AGREEMENT made and entered into this 23rd day of September, 2003, by and between Clay-Union Electric Corporation of 1410 E. Cherry Street, Vermillion, SD 57069 (Clay-Union) and City of Vermillion, a Municipal Corporation, of 25 Center Street, Vermillion, SD 57069 (City), and in consideration of the covenants contained herein, the parties hereto agree as follows:

1.

The assigned electric service territory of Clay-Union currently includes a portion of the following property:

THE EAST HALF OF THE NORTHWEST QUARTER (E $\frac{1}{2}$ NW $\frac{1}{4}$) OF SECTION 13, TOWNSHIP 92 NORTH, RANGE 52 WEST OF THE 5TH P.M., CLAY COUNTY, SOUTH DAKOTA, EXCEPT LOTS 1, 2, 3 AND 4, BLOCK 4, JOHNSON'S ADDITION; THE SOUTH 825 FEET (S. 825') OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER (SE $\frac{1}{4}$ NW $\frac{1}{4}$) OF SAID SECTION 13; AND LOT H-1 IN THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER (NE $\frac{1}{4}$ NW $\frac{1}{4}$) OF SAID SECTION 13.

2.

City annexed all of the above property into the City limits of Vermillion, South Dakota, on May 5, 2003. A copy of the annexation map is attached hereto and incorporated herein by this reference. (Attachment #1)

3.

By letter dated May 20, 2003, City advised Clay-Union of its intent to purchase electric utility property now owned by

Clay-Union and situated in the annexed area, and advised Clay-Union of City's intent to provide electrical service in the annexed area all pursuant to and as allowed by SDCL 49-34A.

4.

Clay-Union agrees to sell its facilities in the annexed area to City and agrees that City shall provide electric service to the annexed area.

5.

The parties agree that City will pay Clay-Union the present day reproduction cost, new, of the facilities being acquired, less depreciation computed on a straight-line basis; plus an amount equal to the cost on a non-betterment basis of constructing any necessary facilities to reintegrate the system of Clay-Union outside the annexed area after detaching the portion to be sold. In addition, City shall pay Clay-Union as compensation for service rights, an annual payment, payable each year for a period of seven years, equal to the sum of twenty-five percent (25%) of the gross revenues received from power sales to consumers of electric power within the annexed area during said seven year period. Gross revenue shall be determined by applying the rate for electric service of Clay-Union in effect at the time of this agreement.

6.

The parties agree that City shall pay Clay-Union the sum TWO THOUSAND FOUR HUNDRED TWENTY-EIGHT DOLLARS AND 42/100 (\$2,428.42) for the purchase of Clay-Union's facilities and shall pay Clay-Union the sum of ONE HUNDRED SEVEN DOLLARS AND 06/100 (\$107.06) for the cost of reintegrating Clay-Union's system outside the annexed area.

7.

City shall, annually, on the cut over date indicated below calculate the gross revenues received from the sale of electric power to consumers within this annexed territory and pay to Clay-Union twenty-five percent (25%) of said gross revenues. The gross revenues shall be determined by applying Clay-Union's rate for power which was in effect on the date of this agreement. Clay-Union shall receive seven annual payments as calculated herein and said payments shall be made by City within 30 days of the anniversary of the cut over date.

8.

Clay-Union shall transfer all of the property rights, service territory and rights to serve described herein within the annexed territory to City on October 1, 2003; this shall be known as the cut over date and from that date forward City shall own said property, have the right to serve and shall actually serve consumers within the annexed territory.

9.

The parties agree to cooperate with each other to make an efficient transfer of property and service so that the consumers of electric service will not be unduly disrupted. The parties further agree to share all information necessary to make an efficient transfer.

10.

The parties will cooperate and take all necessary steps to gain the approval of this agreement by the Public Utilities Commission and any other regulatory authority which may have jurisdiction over this matter.

11.

The parties shall execute three original copies of this agreement.

CITY OF VERMILLION
A Municipal Corporation

By: Roger L. Kozak
Roger L. Kozak
Its: Mayor

CLAY-UNION ELECTRIC CORPORATION

By: Dan O'Connor
Dan O'Connor
Its: President of the Board

ATTEST:

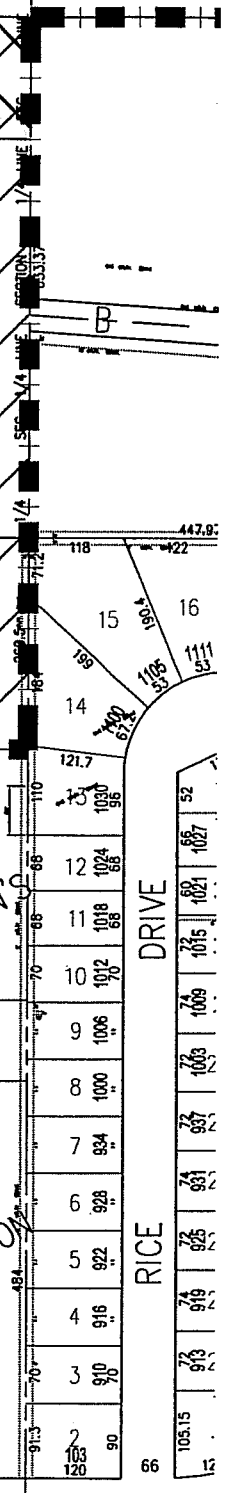
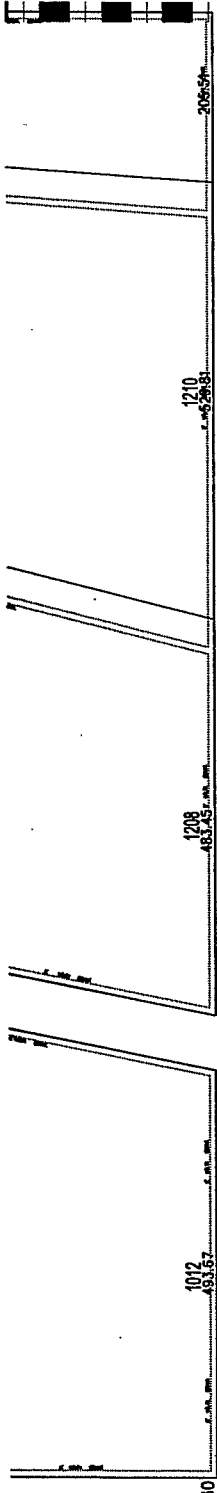
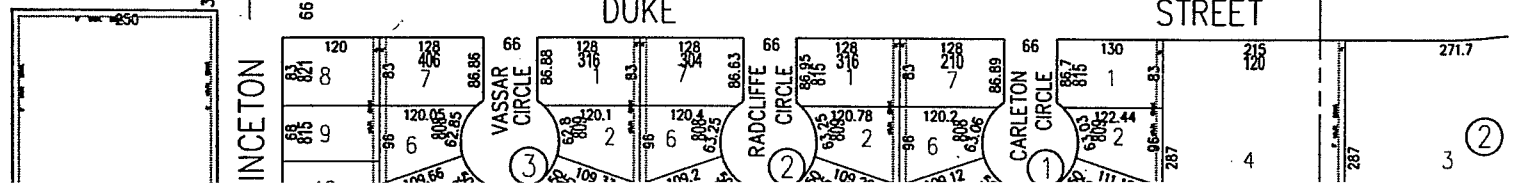
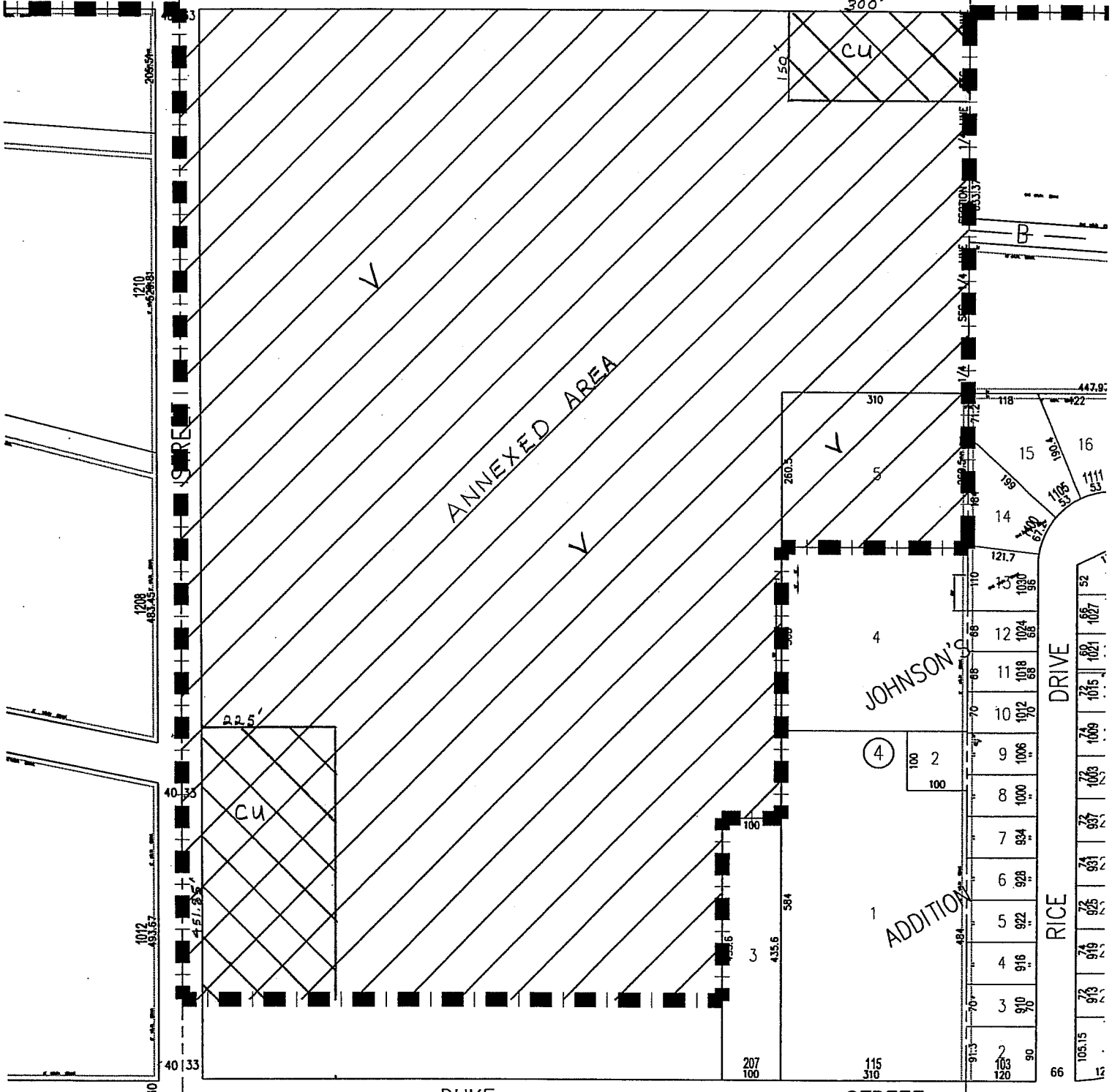
Michael D. Carlson
Michael D. Carlson
Finance Officer

300 ELECTRIC SERVICE AREA
 May 19, 2003
 V- City of Vermillion
 CU-Clay-Union Electric

CITY OF VERMILLION
 ANNEXATION MAP
 VERMILLION, SD
 May 5, 2003

HIGHWAY

50



South Dakota Public Utilities Commission
WEEKLY FILINGS

For the Period of November 20, 2003 through November 26, 2003

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this report. Phone: 605-773-3201

CONSUMER COMPLAINTS

CT03-157 In the Matter of the Complaint filed by Kevin Clarke, Wessington, South Dakota, against S&S Communications/Alternacell Regarding Loss of Long Distance Services.

Complainant states that he purchased a seven-year pre-paid long distance service plan on 1/17/00. Service was terminated without notice in early June of 2003. Complainant seeks to be reimbursed for the pre-paid service not provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 11/26/03
Intervention deadline: N/A

ELECTRIC

EL03-030 In the Matter of the Joint Request for an Electric Service Territory Boundary Change between Clay-Union Electric Corporation and the City of Vermillion.

The City of Vermillion and Clay-Union Electric Corporation have filed a joint request for a change in service territory from Clay-Union Electric to the City of Vermillion. The agreement for the transfer of territory was necessary as a result of annexation by the City of Vermillion. The area currently involves one active service. The territory to be changed includes the East half of the Northwest quarter of Section 13, Township 92 North, Range 52 West of the 5th P.M. Clay County, South Dakota, except Lots 1, 2, 3, and 4, Block 4, Johnson's Addition; the South 825 feet of the Southeast quarter of the Northwest quarter of said Section 13; and Lot H-1 in the Northeast quarter of the Northwest quarter of said Section 13. The City of Vermillion annexed this property into the city limits of Vermillion on May 5, 2003.

Staff Analyst: Michele Farris
Staff Attorney: Karen Cremer
Date Docketed: 11/21/03
Intervention Deadline: 12/12/03

EL03-031 In the Matter of the Filing by Otter Tail Power Company for Approval of Tariff Revisions.

Application by Otter Tail Power Company for approval to revise its tariffed Summary List of Contracts with Deviations. The existing contract with the City of Wilmot will expire on January 6, 2004. Otter Tail states the new agreement does not contain any deviations from Otter Tail's currently filed tariff and therefore requests that reference to a contract with the City of Wilmot be removed from the Summary List of Contracts with Deviations.

Staff Analyst: Keith Senger
Staff Attorney: Kelly Frazier
Date Docketed: 11/24/03
Intervention Deadline: 12/12/03

EL03-032 In the Matter of the Filing by Otter Tail Power Company for Approval of Tariff Revisions.

Application by Otter Tail Power Company for approval to revise its tariffed Summary List of Contracts with Deviations. The existing contract with the City of Castlewood will expire on January 15, 2004. Otter Tail states the new agreement does not contain any deviations from Otter Tail's currently filed tariff and therefore requests that reference to a contract with the City of Castlewood be removed from the Summary List of Contracts with Deviations.

Staff Analyst: Keith Senger
Staff Attorney: Kelly Frazier
Date Docketed: 11/24/03
Intervention Deadline: 12/12/03

GAS/ELECTRIC

GE03-001 In the Matter of the Filing by Montana-Dakota Utilities Co. for Approval of Revisions to its Customer Information Booklet.

Application by Montana-Dakota Utilities Co. to revise its Customer Information Booklet by reorganizing content, updating information regarding utility issues and providing information regarding additional services now being offered. The filing includes proposed tariff revisions denoting the new booklet and also the pamphlet containing information pertinent to South Dakota customers.

Staff Analyst: Dave Jacobson
Staff Attorney: Karen Cremer
Date Filed: 11/26/03
Intervention Deadline: 12/15/03

**You may receive this listing and other PUC publications via our website or via internet e-mail.
You may subscribe or unsubscribe to the PUC mailing lists at <http://www.state.sd.us/puc>**

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

IN THE MATTER OF THE JOINT REQUEST)	ORDER GRANTING
FOR AN ELECTRIC SERVICE TERRITORY)	APPROVAL OF CHANGES
BOUNDARY CHANGE BETWEEN CLAY-)	IN THE ELECTRIC SERVICE
UNION ELECTRIC CORPORATION AND THE)	TERRITORY
CITY OF VERMILLION)	EL03-030

On November 21, 2003, the Public Utilities Commission (Commission) received a joint filing by Clay-Union Electric Corporation (Clay-Union) and the City of Vermillion (City) for approval of an electric service territory boundary change from Clay-Union to City. According to the application, the agreement for the transfer of territory was necessary as a result of annexation by the City of Vermillion. The area currently involves one active service. The City provided notice to Clay-Union of its intent to purchase the electric utility properties and service rights to a portion of said annexed property in compliance with SDCL 49-34A-49. The territory to be changed includes the East Half of the Northwest Quarter of Section 13, Township 92 North, Range 52 West of the 5th P.M. Clay County, South Dakota, except Lots 1, 2, 3, and 4, Block 4, Johnson's Addition; the South 825 feet of the Southeast Quarter of the Northwest Quarter of said Section 13; and Lot H-1 in the Northeast Quarter of the Northwest Quarter of said Section 13. The City of Vermillion annexed this property into the city limits of Vermillion on May 5, 2003. The City agrees to provide payment to Clay-Union pursuant to SDCL 49-34A-50.

On December 16, 2003, at its regularly scheduled meeting, the Commission considered the request for approval of the boundary change due to annexation. Commission Staff recommended approval.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34A, specifically, 49-34A-4, 49-34A-42, 49-34A-46, 49-34A-50 and 49-34A-55. Further, the Commission finds that the change in the service territory boundary due to annexation will avoid unnecessary duplication of facilities, provide adequate electric service to all customers affected, and promote the efficient use and development of the electric systems of City and Clay-Union. The Commission therefore concludes that the change in the service territory due to annexation is in the public interest and it shall be granted. As the Commission's final decision in this matter, it is therefore

ORDERED, that the request seeking approval of an electric service territory boundary change between City and Clay-Union due to annexation is hereby granted.

Dated at Pierre, South Dakota, this 22nd day of December, 2003.

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><i>Delaine Kolbo</i></u>
Date: <u>12/23/03</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr

ROBERT K. SAHR, Chairman

Gary Hanson

GARY HANSON, Commissioner

James A. Burg

JAMES A. BURG, Commissioner