



SIoux VALLEY ENERGY

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Web Site: www.siouxvalleyenergy.com
December 7, 2006

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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Telephone: 605-534-3535 • Toll-Free: 1-800-234-1966
Office Fax: 605-256-1693 • Dispatch Fax: 605-256-1690

South Dakota Public Utilities Commission
Patricia VanGerpen, Executive Director
500 East Capitol
Pierre, SD 57501

Dear Ms. VanGerpen:

Enclosed for filing please find an original executed "Agreement for Electric Service Territory Exception" between Lyon Rural Electric Cooperative, (LREC), Rock Rapids, IA and Sioux Valley-Southwestern Electric Cooperative, dba Sioux Valley Energy (SVE).

This agreement seeks an exception to our existing service territories allowing LREC to serve a new customer in SVE's territory. Our reasons for requesting an exception to the electric service territory boundaries, allowing LREC to provide service to Earl Grimmus' property, are as follows; LREC is already providing service to Mr. Grimmus' farm and this is an expansion of his farm but requires a new service due to the distance his new building is from the existing service point. Additionally, we feel it would not be prudent for SVE to construct over 2,000 feet of new electrical line to provide service to a new shop, when LREC has line essentially on the property in question, thereby duplicating what already exists. Although we would be able to provide adequate capacity and service reliability, we feel the territorial exception best promotes efficient and economical development of electric utility infrastructure between SVE and LREC, in this specific case. This is why SVE, LREC, and Mr. Earl Grimmus have all mutually agreed to this territorial exception, as we feel it is in everyone's best interest.

The accompanying drawing, Exhibit A to the Agreement, provides additional information. SVE respectfully requests the South Dakota Public Utilities Commission's consideration and an order approving this agreement.

Sincerely,

Ted Smith
Director of Engineering & Operations

Enclosures

cc: Ross Loomans, General Manager, LREC

A Touchstone Energy® Cooperative 

EXHIBIT A



SERVICE TERRITORY EXCEPTION

The information displayed on this map represents current data from a working file which is updated continuously. Information is believed reliable, but its accuracy cannot be guaranteed.

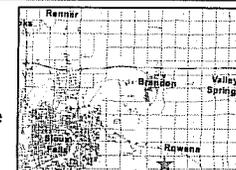
Print Date: November 27, 2006



Name **Earl Grimmus**
 County **Minnehaha**
 State **South Dakota**
 Township **101 N**
 Range **48 W**
 Section **35**

Legend

- Sioux Valley Energy Primary Lines**
- ABC Phase Primary Overhead
 - ABC Phase Primary Underground
 - C Phase Primary Overhead
 - C Phase Primary Underground
 - Lyon REC Primary Line
 - Approximate Building Site
 - Section Line



AGREEMENT FOR ELECTRIC SERVICE TERRITORY EXCEPTION

Sioux Valley Southwestern Electric Cooperative, Inc., doing business as Sioux Valley Energy (SVE) and Lyon Rural Electric Cooperative, Inc. (LREC) agree to an exception to the SVE electric service territory permitting LREC to provide electric service to a new rural service in Tract 2 Grimmus Addition, in the South half of Southwest quarter of Section 35, Township 101 North, Range 48 West, in Minnehaha County, South Dakota. A drawing of the service site, Exhibit A, is attached.

The Parties have concluded that, in this instance, the customer's interest will be best served by receiving service from LREC. The Parties also agree that future instances where territory boundaries become a factor should be dealt with on an individual basis.

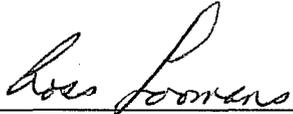
This consent on the part of SVE is limited to the said service for Mr. Earl Grimmus and will automatically terminate upon removal or abandonment of such service.

This exception is not to be construed as having any impact upon or indicating a desire to change the service area assigned to SVE by the South Dakota Public Utilities Commission.

SIoux VALLEY-SOUTHWESTERN
ELECTRIC COOPERATIVE, INC.

LYON RURAL ELECTRIC
COOPERATIVE, INC.

BY 
General Manager

BY 
General Manager

DATE 12-5-06

DATE 12/4/2006

CONSENT:

I concur with the provisions described above.

BY 
Earl Grimmus

DATE 11-28-06