

LAW OFFICES
MAY, ADAM, GERDES & THOMPSON LLP

503 SOUTH PIERRE STREET
P.O. BOX 160
PIERRE, SOUTH DAKOTA 57501-0160

DAVID A. GERDES
CHARLES M. THOMPSON
ROBERT B. ANDERSON
BRENT A. WILBUR
TIMOTHY M. ENGEL
MICHAEL F. SHAW
NEIL FULTON
BRETT KOENECKE
CHRISTINA L. FISCHER
BRITTANY L. NOVOTNY

SINCE 1881
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OF COUNSEL
WARREN W. MAY
THOMAS C. ADAM

GLENN W. MARTENS 1881-1963
KARL GOLDSMITH 1885-1966

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Writer's E-mail: koenecke@magt.com

TELEPHONE
605 224-8803
RECEIVED
TELECOPY
605 224-6289

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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Patti Van Gerpen
Public Utilities Commission
500 E. Capitol
Pierre, SD 57501

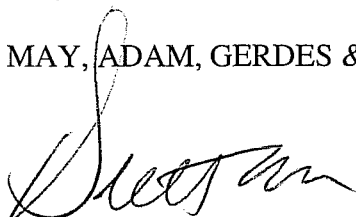
RE: IN THE MATTER OF ELECTRICAL SERVICE RIGHTS OF REDFIELD ETHANOL
PLANT
EL06-016
OUR FILE 230

Dear Patti:

Enclosed please find a facsimile of an original Settlement Agreement and Service Rights Exception Agreement which we have put together in order to settle the above referenced docket. The original document is in the mail currently between my office and Pam Bonrud's. However, we were able to secure her signature on this FAX copy. With the filing of this document, we have settled all issues between the intervenors and Northern Electric Cooperative and the parties to the transaction, Redfield Energy and their chosen electrical supplier, NorthWestern Energy. I will file the original agreement as soon as I receive the same. I would hope that you could use this document to prepare an ad hoc agenda so the Commission could approve both the contract with deviations and the service rights exception and allow Redfield Energy to begin its project. I look forward to notice that such a hearing will be scheduled soon.

Very truly yours,

MAY, ADAM, GERDES & THOMPSON LLP



BRETT KOENECKE

BK/jml

Enclosure

cc: Pam Bonrud
Harvey Oliver
Monte Hopper

SETTLEMENT AGREEMENT AND SERVICE RIGHTS EXCEPTION AGREEMENT

This agreement is entered into between Northern Electric Cooperative, Inc., 39465 133rd Street, PO Box 457 Bath, SD 57427, ("Northern"), Redfield Energy, LLC, 38650 171st Street, Redfield, SD 57469, and NorthWestern Corporation d/b/a NorthWestern Energy, Sioux Falls Office, 125 S. Dakota Ave. Sioux Falls, SD 57104, ("NorthWestern"), as follows:

1. Redfield Energy, joined by NorthWestern, has filed a petition before the South Dakota Public Utilities Commission seeking to provide permanent electric service to the proposed Redfield Ethanol Plant to be located near Redfield, South Dakota. The docket number is EL06-016, seeking and order that NorthWestern provide permanent electrical service to the Redfield Ethanol Plant under SDCL § 49-34A-56, the large load exception to the territorial laws. The parties desire to enter into a Service Rights Exception Agreement in lieu of proceeding to a conclusion in these dockets.

2. This Service Rights Exception Agreement seeks a to permit NorthWestern to provide electric service to the Redfield Ethanol Plant pursuant to SDCL § 49-34A-55. This agreement will eliminate a duplication of facilities and will allow NorthWestern to provide adequate electric service to the Redfield Ethanol Plant.

3. The parties agree upon a service rights exception for the location of the proposed Redfield Energy plant such that NorthWestern shall serve the plant as proposed and as built. Except as outlined in this paragraph, all parties reserve their rights under law as regards the electrical service rights for any new facility or service which may be developed in the future. Northern specifically does not consent in this agreement to the extension of service by NorthWestern to any customer, service, or facility at this location other than the proposed Redfield Ethanol plant. However, Northern Electric waives any right which may exist to serve any additional electrical load created at the location as long as that load is served through the existing metering point and on the existing transformer sites created to serve the plant as proposed and as built.

4. The parties agree that, under the facts specifically applicable to the Redfield Ethanol Plant, the customer's interests are best served by receiving service from NorthWestern, and the parties have thus agreed to this service rights exception to the existing territorial boundaries as set forth in the records of the Commission. This exception is not intended by the parties to indicate either party's consent to any other change in the service territories of the parties.

5. Upon approval by the Commission of this Service Rights Exception Agreement, the parties agree that the docket mentioned above may be dismissed with prejudice.

6. It is mutually agreed that this agreement states the entire agreement between the parties, incorporating and superseding all prior written or oral agreements and negotiations between the parties. This agreement is binding upon the successors and assigns of the parties.

7. The language used in this agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party. Each party acknowledges that it has been represented by counsel and agrees that this agreement shall be construed without regard to any presumption for or against the party drafting this agreement or any portion thereof.

NORTHERN ELECTRIC
COOPERATIVE, INC.

DATE: 9/20/06

BY: James A. Moore

NORTHWESTERN CORPORATION
D/B/A NORTHWESTERN ENERGY

DATE: 10/4/06

BY: Penelope J. Bonrud
Manager, Government and
Regulatory Affairs

REDFIELD ENERGY, LLC

DATE: 9-27-06

BY: Tom Branham