

Clay-Union Electric Corporation

P.O. Box 317
Vermillion, SD 57069

www.clayunionelectric.coop

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

May 21, 2007

RECEIVED

MAY 25 2007

South Dakota Public Utilities Commission
Attn: Martin Bettmann
Capital Building, 1st Floor
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 an amendment to the existing territory agreement between Clay Union Electric and Northwestern Energy.

The requested amendment is to reflect our desire to transfer a service location within the Clay Union Electric Certified Territory to Northwestern Energy. The service location in question involves a request for service from Bud Gustad for a new irrigation service. We believe that the service would be better served by Northwestern Energy as it lies on the extreme western edge of the Clay Union Certified Service Territory and the three phase infrastructure needed for the new service is not within a reasonable proximity to the site.

In support of this request I have enclosed a copy of a letter from Bud Gustad requesting the service transfer, a copy of an agreement executed between Clay Union Electric and Northwestern Energy agreeing to the conditions of the transfer, and a letter from Northwestern Energy indicating their willingness and ability to serve this new service.

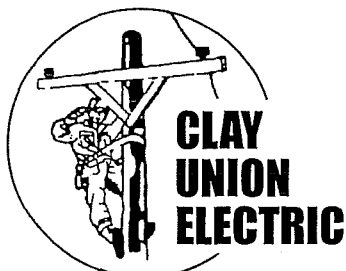
On behalf of the parties to this agreement, we request this matter be placed on the PUC agenda for approval at the earliest possible date. In reviewing the attached agreement, the signatories by each utility party is evidence that this transfer has been mutually agreed to.

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

Sincerely,


Paul Roberts, Manager

Enclosures
cc: Brad Wenande, Area Manager
Northwestern Energy



267-2272

August 14, 2006

Mr. Roberts
Clay Union Electric
P.O. Box 317
Vermillion, SD 57069

Dear Mr. Roberts:

I am writing in regards to supplying 3 phase power to the east 1/2 of section 18.

I received a cost estimate from Mr. Kruse on what it would cost to get 3 phase for that section and it would be prohibitive.

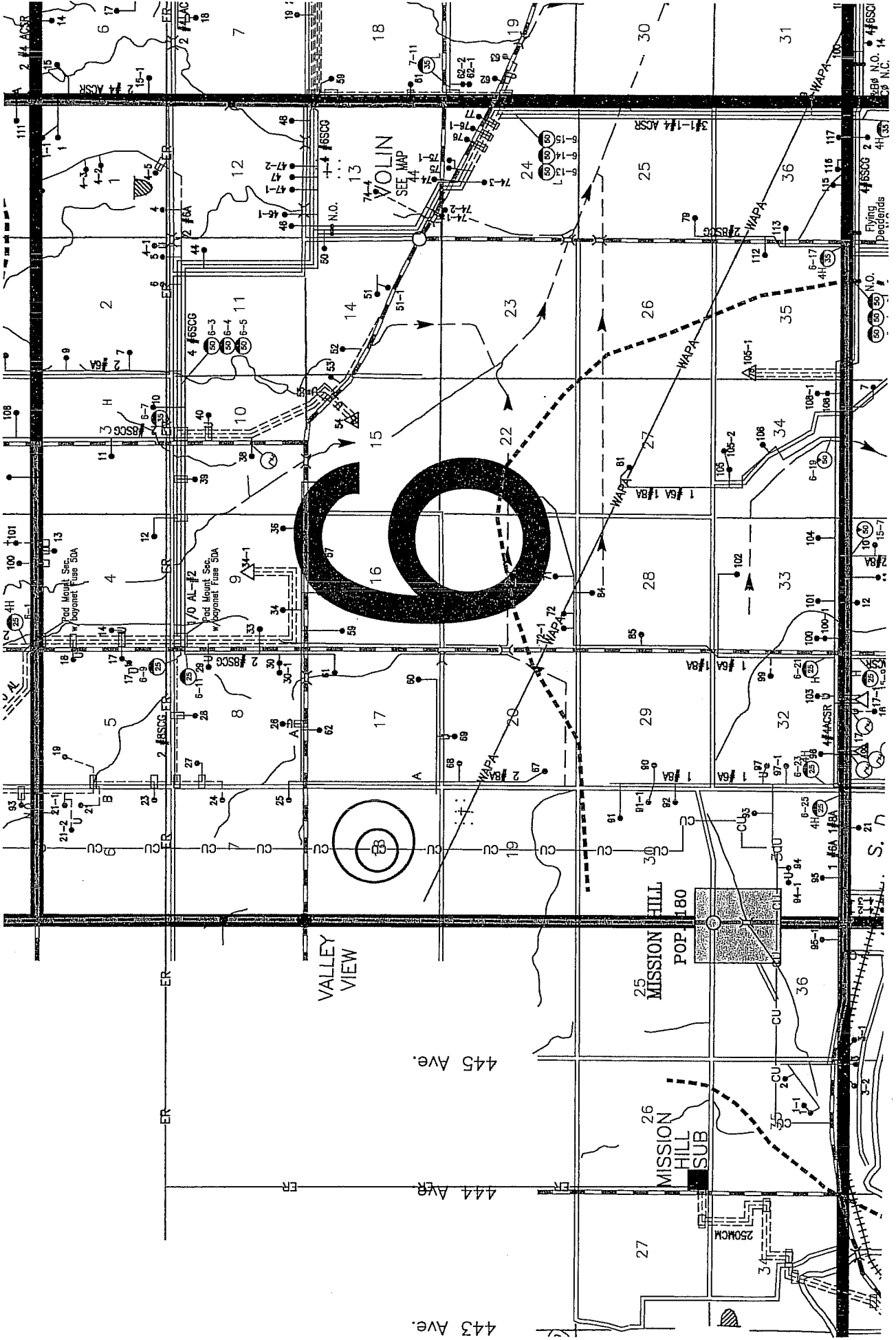
North Western which supplies the west 1/2 of section 18 can supply power to boundary land that Bob Smith and I plan to irrigate. We are planning to irrigate the southeast 1/4 of section 18.

I request Clay-Union to release territory to North Western so it would be feasible to irrigate.

Please bring this matter to the board of directors at your earliest convenience.

Sincerely,

Ordell Gustad
30491 447th Avenue
Volin, SD. 57072
Location 6-25



443 Ave.

444 Ave

445 Ave.

VALLEY VIEW

MISSION HILL
POP 180

MISSION HILL
SUB

VOLIN
SEE MAP

S. U.

Flying
Pigeons

N.O. 14
N.C.

AGREEMENT TO TRANSFER ELECTRIC SERVICE TERRITORY

THIS AGREEMENT made this 3rd day of May, ²⁰⁰⁷~~2006~~, by and between Northwestern Public Service, dba Northwestern Energy; an investor owned corporation, of P.O. Box 1318, Huron South Dakota, SD 5735-0 (Northwestern) and Clay Union Electric Corp of 1410 E. Cherry Street, Vermillion, SD 57069 (Clay-Union Electric), and in consideration of the mutual covenants contained herein, the parties hereto do agree as follows:

1.

Clay Union Electric currently provides electrical service within a certified existing electric service territory pursuant to SDCL 49-34A-43 and all individual and business consumers located within this certified electric service territory.

2.

This Agreement to Transfer an Electric Service seeks a modification of the existing certified electric service territory as defined in SDCL 49-34A-43. This Transfer Agreement will minimize the duplication of electric facilities and affect an economic extension of electric service facilities.

3.

The parties mutually agree that their respective electric service territories be changed permanently revised so that Northwestern's territory service territory shall include the service location as defined below and that Clay Union Electric shall release and relinquish said service location from their service territory.

4.

Northwestern agrees to accept the service location described below as part of their service territory and agrees to provide electrical service to said location in accordance with their usual policies and procedures.

5.

The location to be transferred to Northwestern by Clay Union Electric , and thereafter be a part of the Northwestern service territory, is described as:

ELECTRICAL SERVICE TO ONE IRRIGATION SYSTEM ONLY LOCATED ON THE EAST HALF OF THE SOUTHEAST QUARTER, SECTION 18, TOWNSHIP 94, NORTH, RANGE 54 WEST OF THE 5th P.M., YANKTON COUNTY, SOUTH DAKOTA.

6.

The parties agree this transfer agreement applies to electric service to one irrigation system only as described above and not to any additional or expanded services that may be required in the future to serve other or additional load which may be located on said property.

7.

The parties agree and acknowledge that this transfer of electric service location shall eliminate or avoid unnecessary duplication of facilities, will provide adequate electric service to all areas and customers affected, and will promote the efficient and economical use and development of the electric systems of the contracting electric utilities.

8.

The parties mutually agree that this Transfer Agreement shall be conditioned upon the consent and agreement of customer whose service will be transferred pursuant to this agreement and shall not be effective or binding on the parties until it is filed and approved by the South Dakota Public Utilities Commission (PUC). Should PUC fail to approve this agreement, it shall be null and void.

5.

The parties agree to jointly or severally take any and all action necessary to secure the approval of this agreement by the PUC.

Northwestern Public Service
D/B/A Northwestern Energy:

By: *Brad Wendt*

Its: *Area Manager*

CLAY UNION ELECTRIC CORP.

By: *James Ryken*

Its: President

NorthWesternTM Energy

Brad Wenande
Area Manager - Yankton
Telephone: 605-668-4609
Facsimile: 605-668-4620
brad.wenande@northwestern.com

NorthWestern Corporation
d/b/a NorthWestern Energy
313 Cedar Street
P.O. Box 777
Yankton, SD 57078
Telephone: (800) 245-6977
www.northwesternenergy.com

RECEIVED

MAY 07 2007

Clay Union Electric

May 3, 2007

Mr. Paul Roberts
Manager
Clay-Union Electric Corp
PO Box 317
Vermillion, SD 57069

Dear Paul:

Last fall, you sent a Transfer Agreement related to Clay-Union and Northwestern Energy electric service territory near Mission Hill, SD. This was done at the request of Bud Gustad. The transfer agreement proposed that Northwestern serve a new irrigation system located on the East half of the Southeast quarter, Section 18, Township 94 North, Range 54 West in Yankton County.

Bob Smith had come to my office inquiring if Northwestern would be willing to serve the above referenced irrigation system. I believe Mr. Smith and Mr. Gustad are jointly pursuing this project. I did give Mr. Smith verbal notice in late 2006 that Northwestern was indeed willing and able to serve this electric load.

Please consider this letter as notice that Northwestern is willing and able to serve this location. I have reviewed the transfer agreement and find the language agreeable. Please find enclosed a signed copy of this agreement.

Your letter indicated you would be willing to carry this effort forward and schedule a hearing with the SD PUC. Please do move forward with this endeavor. Should you need more information from me, my contact information is included with this letter. If you would be so kind as to share progress with me as it moves along I would greatly appreciate it.

Sincerely,



Brad Wenande
Area Manager - Yankton