

**EXCEPTION AGREEMENT BETWEEN
NORTHERN STATES POWER COMPANY
AND
SIOUX VALLEY SOUTHWESTERN ELECTRIC COOPERATIVE
INC.**

This agreement entered into this 12th day of August, 2014, (the "Agreement") between Northern States Power Company, doing business as Xcel Energy, with offices located at 500 W. Russell Street, Sioux Falls, South Dakota ("Xcel Energy"), and Sioux Valley Southwestern Electric Cooperative Inc. with its principal office located at PO Box 216, Colman, SD 57017 ("Cooperative") (collectively, the "Parties").

RECITALS

A. Pursuant to SDCL 49-34A-42, et. Seq., both Parties have electric service territory established under South Dakota law.

B. In Xcel Energy's Minnehaha County service territory lies a homestead property with the address of [REDACTED] which is within close proximity to the Cooperative's distribution facilities. The homestead property is further shown on Exhibit A to the Agreement and described in Exhibit B.

C. The Parties have come to a mutual agreement that will allow the Cooperative to provide service by exception to one 400 amp 1-phase service on the homestead property.

NOW THEREFORE, in consideration of the promises exchanged herein, the Parties agree as follows:

1. Scope of Agreement: The scope of this Agreement is limited to one 400 amp 1-phase service on the homestead property as specifically identified on Exhibit A. The homestead property is further described on Exhibit B as: Bergin Tract No. 1 in the southeast quarter (SE1/4) of section 10, Township 103 North, Range 47 west of the 5th P.M., Minnehaha County, South Dakota, according to the recorded plat thereof.


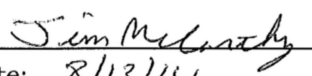
2. Compensation: The Parties agree that no compensation is owed to Xcel Energy by the Cooperative for the limited right to serve one 400 amp 1-phase service by exception on the homestead property.
3. Future Service Rights: The Parties acknowledge that the limited right to serve by exception one 400 amp 1-phase service on the homestead property as contemplated in this Agreement does not convey permanent rights or rights to expand service beyond service to one 400 amp 1-phase service.
4. Compensation for Facilities: If said 400 Amp 1-phase service needs to be upgraded Xcel Energy reserves the right to serve upgraded service. If Xcel Energy elects to serve upgraded service the Cooperative will not be paid for any portion of the 400 Amp 1-phase service by Xcel Energy.
5. Lost Revenue: The Parties acknowledge that no compensation was paid by the Cooperative to Xcel Energy for the limited right to serve by exception, and agree that no compensation will be owed by Xcel Energy to the Cooperative in the future for lost revenue related to the 400 amp 1-phase service on the homestead property.
6. Reservation of Rights: Except as specifically set forth herein, this Agreement does not modify or limit the legal rights of any party.
7. No Precedent. The Parties recognize that this Agreement is the result of negotiations between the Parties and that this Agreement and the Commission's approval of this Agreement does not represent any binding or legal precedent on any party in any other matter.
8. Request for Commission Approval of the Agreement. Upon execution of this Agreement by all Parties, Xcel Energy will prepare and file a Joint Petition to the Commission by the Parties to approve the service by exception to the 400 amp 1-phase service on the homestead property, along with this Agreement.
9. Miscellaneous.

- (a) Entire Agreement and Modification. This Agreement contains the entire agreement and understandings of the Parties hereto regarding the scope of the Agreement and appropriate compensation for the 400 amp 1-phase service on the homestead property. All previous communications, or agreements, between the Parties hereto, either verbal or written, with reference to the subject matter of this Agreement are hereby abrogated. No amendment, modification or waiver of, or consent with respect to any provision of this Agreement shall be effective unless the same shall be in writing and signed by a duly appointed representative of all Parties and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.
- (b) Assignment. None of the Parties shall assign, or sublet, this Agreement, voluntarily, involuntarily or by operation of law, without the prior written consent of the other.
- (c) Severability. If any provision of this Agreement shall be found invalid or unenforceable, in whole or in part, by a court of competent jurisdiction or the Commission, then such provision shall be deemed to be modified or restricted to the extent and in a manner necessary to render the same valid and enforceable, or if that is not possible, such provision shall be stricken and deleted from this Agreement, as the case may require, and this Agreement shall then be construed and enforced to the maximum extent permitted by law and with the purpose to achieve the fundamental intent of the Parties.
- (d) Choice of Laws. This Agreement shall be construed and interpreted in accordance with the laws of the State of South Dakota and excluding any choice of law or rules that may direct the application of laws of another jurisdiction.
- (e) Agreement Drafted Jointly. The Parties agree that none of the Parties shall be deemed solely responsible for drafting all or any portion of this Agreement, and in the event of a

dispute, responsibilities for any ambiguities arising from any provision of this Agreement shall be shared equally among the Parties.

- (f) Regulation. The Parties acknowledge that this Agreement is subject to the jurisdiction of the Commission.
- (g) Effective Date. The effective date of this Agreement is the date upon which the Agreement has been signed by a duly appointed representative of both Parties.
- (h) Notice. Any notice permitted or required by this Agreement shall be made in writing and personally served or mailed (postage prepaid, return receipt requested) and shall be effective upon the date of personal service, or if by mail, upon the date of receipt.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written and the Parties agree to take such additional steps and actions including execution of such instruments and other documents as are reasonably necessary to effectuate the intentions expressed hereby.

Northern States Power Company, A Minnesota corporation	Sioux Valley Southwestern Electric Cooperative Inc.
By:  Date: <u>8-19-2014</u>	By:  Date: <u>8/13/14</u>
Laura McCarten Regional Vice President, NSP-MN	Tim McCarthy General Manager, CEO