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June 12, 2018

Ms. Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

Re: Transfer of Service Territory Agreement

Dear Ms. Van Gerpen:

I am the City Attorney of Aurora, South Dakota, and I am writing to file an application for approval of a transfer of service area. Enclosed for filing please find a copy of an executed "Transfer of Service Territory Agreement between the City of Aurora and Sioux Valley-Southwestern Electric Cooperative, Inc."

This agreement seeks to modify an existing service territory boundary in Brookings County, South Dakota, more particularly located in southeastern Aurora, South Dakota.

Exhibit "A1" to the Transfer of Service Territory Agreement constitutes a map which depicts the existing service territory which is the subject of this transfer and is designated as 17-11. I have included a copy of Annexation Resolution 17-11 and a larger map with somewhat better resolution.

The property shown as Aurora Annexation 17-11 is currently service territory of Sioux Valley-Southwestern Electric Cooperative, Inc. pursuant to that certain Territorial Agreement dated January 19, 1976 on file with the South Dakota Public Utilities Commission. Attachment "B" provides the legal description for the boundary ("service territory") change.

For convenience of all of the parties, we have proposed this transfer of service territory so as to provide electrical service and maintenance of electrical power facilities most convenient for residents in the newly annexed area of the City of Aurora.

The City of Aurora respectfully requests that the South Dakota Public Utilities Commission approve this agreement.

If anyone has any questions, please call me at (605) 697-9058.

Thank you very much.

Sincerely,

STEVEN J. BRITZMAN
City Attorney, City of Aurora

cc: Ted Smith, Sioux Valley Energy

**AGREEMENT
TRANSFER OF SERVICE TERRITORY
between the CITY OF AURORA and
SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.**

(City of Aurora Resolution 17-11)

THIS AGREEMENT made and entered into this 23rd day of April, 2018 by and between SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC., hereinafter referred to as the "Cooperative" and the MUNICIPAL UTILITY for the CITY OF AURORA, SOUTH DAKOTA, hereinafter referred to as the "City", WITNESSETH:

WHEREAS, the Cooperative and the City entered into a Territorial Agreement dated January 19, 1976, pursuant to the provisions of Chapter 49-34A, SDCL, which Agreement was approved and ratified by the Public Utilities Commission for the State of South Dakota, and

WHEREAS, thereafter the City did annex certain territories to the City, which territories were service territory of the Cooperative, and

WHEREAS, the City has proposed to purchase the facilities and assume service to all consumers in the newly annexed areas pursuant to letter proposals dated 8th of May 2017 and the Cooperative is required to transfer said territory in accordance therewith, now therefore,

FOR AND IN CONSIDERATION of the mutual promises, conditions and terms contained herein, the parties do hereby covenant, contract and agree as follows, to-wit:

I.

The Cooperative hereby relinquishes all service rights to the City in the following described territory, to-wit:

Spilde Second Addition, an addition in the South Half of the Northeast Quarter (S ½ NE ¼) of Section Three (3), Township One Hundred Nine (109) North, Range Forty-nine (49) West

in accordance with the maps attached hereto as "Exhibit A1".

II.

The Cooperative hereby is required to sell and the City hereby is required to purchase the electric lines, poles, appurtenances and facilities located within and/or near the above described property and to pay for the costs of reintegrating the Cooperative's system, all in accordance with the schedule attached hereto as "Exhibit B".

III.

The purchase price for facilities being sold to the City shall be \$0.00, as the cooperative does not have any facilities in the affected area.

IV.

As and for additional consideration for the purchase of the Cooperative's facilities and the right to serve

existing and all future customers within the above described territory assumed by the City, the City furthermore agrees to pay as compensation for service rights, an annual amount equal to the sum of twenty-five percent of the gross revenues received from power sales to consumers of electric power within the annexed area. The obligation of the annexing municipality to compensate the utility for service rights shall continue for eleven years from the date of the offer to purchase by the annexing municipality. During the eleven-year period, compensation for service rights to any one customer location within the annexed area shall be paid by the annexing municipality for a period of seven years or until the expiration of the eleven-year period, whichever is less. Gross revenues received shall be determined by applying the rate in effect by the municipality at the time of purchase.

V.

The City agrees to apply to the South Dakota Public Utilities Commission of the State of South Dakota for the transfer and assignment of the Cooperative's certified service territory to the City.

VI.

It is understood and agreed that the Date of Possession of said territory shall be _____. The parties agree to work together to effect a smooth transition causing the least inconvenience to electric patrons located within the City.

VII.

The Cooperative agrees to refund to its customers, as of, or prior to the Date of Possession, any refundable deposits and there shall be no assumption by the City of such refundable deposits. From and after the Date of Possession, the Cooperative agrees to indemnify, and save harmless the City against any and all claims based upon transactions occurring prior to the Date of Possession with respect to refundable deposits.

VIII.

At the time of transfer of individual consumers, the consumer meters shall be jointly read by representatives of the City and the Cooperative. This reading shall be used to determine the final bill to be issued by the Cooperative and the initial reading for use by the City. The Cooperative shall be entitled to all revenues derived from sales prior to said meter reading, and shall be responsible for collection of those revenues, except: any receivables still outstanding 60 days following the transfer date shall be purchased by the City, and further collection shall be the responsibility of the City. The Cooperative shall make diligent effort to collect its revenues within the 60 day period.

IX.

The Cooperative's cash retirement of consumers' retained capital credits shall be consistent with Cooperative policy.

X.

The Cooperative shall assign to the City all right-of-way easements of record pertaining to the facilities to be purchased by the City through this Agreement. The City shall prepare the assignment documents.

XI.

IN WITNESS WHEREOF the parties have hereunto set their hand and seal the day and date first above written.

SIoux VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.

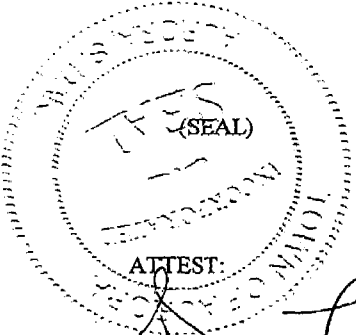
(SEAL)

By *Rosly D. Hunt*
President

ATTEST:

Allan Soema
Secretary

CITY OF AURORA UTILITIES



By *Fredrick Wicks*
Chairman

ATTEST:

Danica Long
Secretary

Exhibit A1

Aurora Annexation 2017 (17-11)

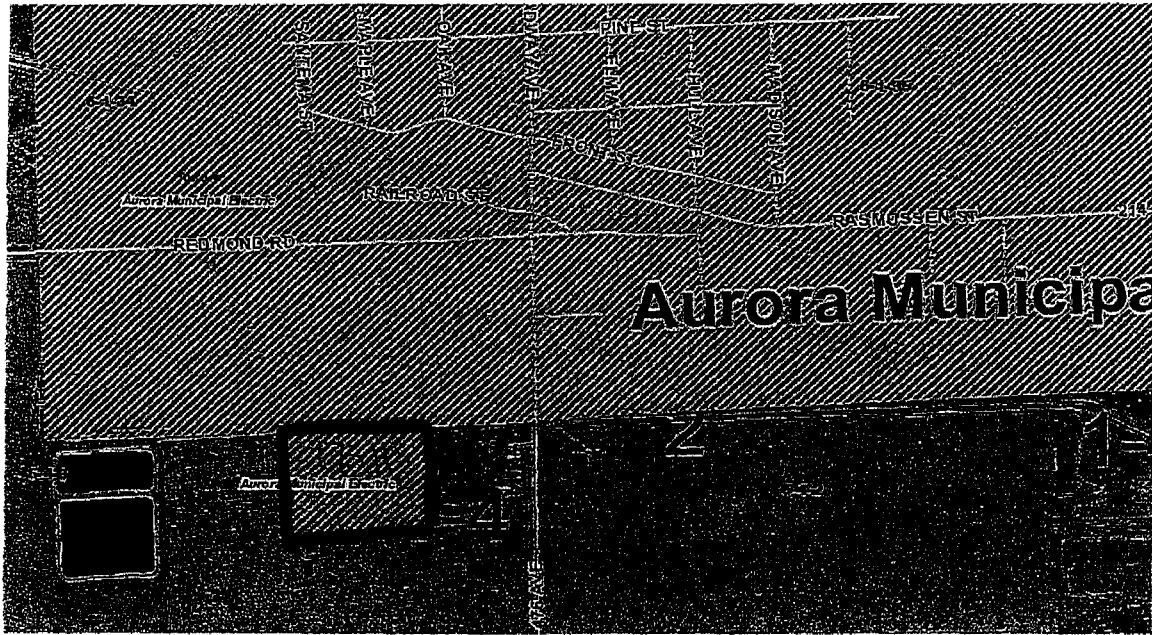


Exhibit B

The Cooperative does not have any customers in the annexed areas. There are cooperative facilities that go through the annexed areas and these are needed to continue to serve cooperative members in areas not yet annexed by the City. There are, therefore, no facilities that will be transferred to the City and no payment for existing facilities.

Resolution No. 17-11

A RESOLUTION OF ANNEXATION OF CONTIGUOUS TERRITORY TO THE CITY OF AURORA, SOUTH DAKOTA.

BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF AURORA, SOUTH DAKOTA, AS FOLLOWS:

WHEREAS, the City of Aurora, South Dakota is authorized pursuant to South Dakota Codified Law §9-4-1 to annex contiguous territory upon receipt of a written Petition signed by not less than three-fourths of the registered voters residing within territory sought to be annexed and by the owners of not less than three-fourths (3/4) of the value of the territory sought to be annexed, and which describes the boundaries of territory contiguous to the municipality; and

WHEREAS, the property proposed to be annexed is contiguous to the present boundaries of the City of Aurora, and

WHEREAS, the Petition for Annexation has been signed by the owners of not less than three-fourths (3/4) of the value of the territory sought to be annexed; and

WHEREAS, there are no registered voters residing in the territory sought to be annexed; and

WHEREAS, the City of Aurora has determined that the statutory requirements for annexation of the following described property have been satisfied; and

WHEREAS, the governing body of the City of Aurora has determined the following described property is suitable for annexation to the City of Aurora:

Spilde Second Addition, an addition in the South Half of the Northeast Quarter (S½ NE¼) of Section Three (3), Township One Hundred Nine (109) North, Range Forty-nine (49) West of the 5th P.M. City Of Aurora, Brookings County, South Dakota.

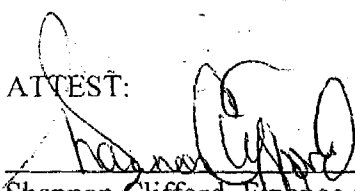
NOW THEREFORE, BE IT RESOLVED by the City of Aurora, South Dakota, that the property described above is hereby annexed to the City of Aurora, South Dakota.

Passed and approved this 8th day of May, 2017.

CITY OF AURORA:


Frederick Weekes, Mayor

ATTEST:

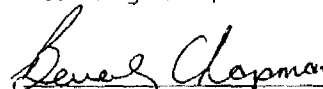

Shannon Clifford, Finance Officer



STATE OF SOUTH DAKOTA } ss
Brookings County

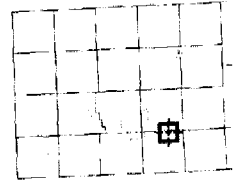
Filed for Record on 7/14/2017 at 10:45 AM
and Recorded in Book MI187 Pg 1379
RESO Document #FB268054

Recording Fee: \$30.00 Page: 1 of 1


Register of Deeds
By _____ Deputy



Overview



Legend

- Brookings City Limits
- City Limits
- Township Boundar Sections
- Parcels

Parcel ID	314310000000000	Alternate ID	n/a	Owner Address	SPILDE ELECTRIC INC
Sec/Twp/Rng	3-109-49	Class	NAD		45444 206TH ST
Property Address		Acreage	n/a		ARLINGTON SD 57212
District	3101				
Brief Tax Description	SPILDE SECOND ADDN IN S 1/2 OF NE 1/4 EXC PLATTED AREAS SEC 3-109-49 8.81 ACRES (Note: Not to be used on legal documents)				

Date created: 6/12/2018
 Last Data Uploaded: 6/12/2018 1:02:15 AM
 Developed by



Exhibit "B"

Legal Description:

Spilde Second Addition, an addition in the South Half of the Northeast Quarter (S $\frac{1}{2}$ NE $\frac{1}{4}$) of Section Three (3), Township One Hundred Nine (109) North, Range Forty-nine (49) West of the 5th P.M., City of Aurora, County of Brookings, State of South Dakota.