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IDAHO PUBLIC
UTILITIES COMMISSION

William A. Parsons
PARSONS, SMITH & STONE, LLP
137 West 13th Street
P. O. Box 910
Burley, Id 83318
Telephone: (208) 878-8383
Fax: (208) 878-0146
Attorneys for United Electric Co-op, Inc.
(UNITED\ApplicationRaftRiver.wpd)

Rigby Thatcher Andrus Rigby
Kam & Moeller
25 N. 2nd E.
P. O. Box 250
Rexburg, ID 83440-0250
Telephone: (208) 356-3633
Fax: (208) 356-0768
Attorneys for Raft River Rural Electric

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of)
United Electric Co-op, Inc. and)
Raft River Rural Electric Cooperative,)
Inc. for an Order Approving a)
Service Territory Agreement between)
the Applicants.)

Case No. GNR-E-03-06

APPLICATION

Pursuant to Rule 51 of the IPUCRP, and Idaho Code § 61-333, United Electric
Co-op, Inc. ("United") and Raft River Rural Electric Cooperative Inc. ("RR") jointly apply

APPLICATION - 1

for Commission approval of a Service Territory Agreement between United and RR on the grounds and for the following reasons:

1. On December 8, 2000, the Idaho Legislature, meeting in special session amended the Idaho Electric Supplier Stabilization Act, §§ 61-332 through 61-334B of the Idaho Code. Idaho Code § 61-333 provides that any electric supplier may contract in writing with another electric supplier for the purpose of allocating territories, consumers, and future consumers between electric suppliers and designating which territories and consumers are to be served by which contracting electric supplier. The statute further provides that the Commission shall, after notice and hearing review and approve or reject such contracts between electric suppliers. This joint Application is filed with the Commission for its approval. Approval by the Commission of Service Territory Agreements is necessary to comply with the purposes of the Electric Supplier Stabilization Act.

2. The Petitioners have for some time had and practiced a Territory Agreement between them. Such Agreement predated the amendment to Idaho Code § 61-333, and therefore United and RR now seek approval of the Commission of the existing Territory Agreement. A copy of that Agreement is attached hereto as Exhibit 1.

3. The Agreement was negotiated between the parties in order to settle a service territory between the parties, provide for stability of service with consumers, to eliminate duplication of services and to provide safety in the respective territories.

4. For the foregoing reasons and to fulfill the requirements of Idaho Code § 6-333 United and RR request the Commission's, after notice and hearing, approval of the Agreement pursuant to law.

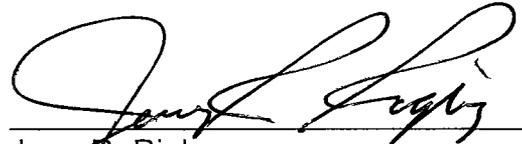
DATED this 12 day of JUNE, 2003.

PARSONS, SMITH & STONE, LLP



William A. Parsons
Attorneys for United
137 West 13th Street
P. O. Box 910
Burley, Idaho 83318

**RIGBY, THATCHER, ANDRUS,
RIGBY, KAM & MOELLER**



Jerry R. Rigby
Attorneys for RR
P.O. Box 250
Rexburg, Idaho 83340

SERVICE AREA STABILIZATION AGREEMENT

AGREEMENT made this 28 day of May, 2003, by and between UNITED ELECTRIC CO-OP, INC. of 1331 21st Street, Heyburn, ID 83336, ("UNITED") and RAFT RIVER RURAL ELECTRIC COOPERATIVE, INC., of Box 617, Malta, ID 83342 ("RR").

1. **RECITALS:**

1.1 United and RR are electric non-profit corporations organized in the State of Idaho and distributing electric energy to their respective members.

1.2 The service areas of United and RR, in part, are adjacent and contiguous to each other.

1.3 The parties have, in recent years, had an oral understanding and distribution practice relative to the respective service areas, however, the parties deem it appropriate to reduce their respective understandings to this written Agreement and to have the same approved by the Idaho Public Utilities Commission pursuant to Idaho Code § 61-333.

In consideration of the recitals, the covenants and conditions herein contained and by statutory authority the parties agree:

2. **TERRITORY DEFINED:** All of the area outside of the red line on Exhibit 1, shall be the United territory ("UEC"). All lands within the red line shall belong to RR. United shall serve all new customers in its defined area and RR shall serve all new customers in its defined area.

3. **EXISTING CUSTOMERS:** To the extent that either party is currently

providing service to customers within the service area assigned to the other party by this Agreement, said parties shall continue to serve said customers. Neither United or RR shall be required to withdraw from the service area allocated to the other, but the right to continue to serve existing customers within the service area of the other party shall not be construed to authorize extension of service to new customers within the service area allocated to the other party by this Agreement.

4. **CAPTIONS**: The captions of the paragraphs of this Agreement are for identification purposes only and the captions shall not be construed to define or limit the express provisions of the respective paragraphs.

5. **ATTORNEY FEES**: The prevailing party in any action arising under this Agreement shall be entitled to reasonable attorney fees and costs in addition to all other relief afforded by the court.

6. **OTHER CUSTOMERS**: Nothing contained herein shall prohibit the parties hereto from entering into a written agreement to permit the service of a new customer by a party whose distribution system is located in the service area of the other party, if the new customer can be served more efficiently and safely from the existing service lines of the non-service area party or by the extension of existing service lines of the non-service area party. Such agreement shall be in writing, authorized by the respective governing board of each party, and when executed shall be appended to this Agreement. The entering into such agreement is discretionary with either party and neither party shall have the right of action against the other for its exercise of such discretion.

7. **TERM**: This Agreement shall remain in full force and effect so long as each of the parties shall continue to operate as electric suppliers under their present

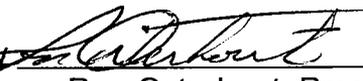
form of ownership. In the event either party should terminate operations as an electric supplier, the boundary lines established by the respective service area shall remain in effect as to any successor(s) in interest to the terminating party. In the event either or both parties merge, consolidate, sell or otherwise become a different entity, this Agreement shall nevertheless remain in full force and effect as to any successor in interest of the respective parties.

8. **EFFECTIVE DATE**: This Agreement shall be effective upon its execution by the respective parties and approval by the Idaho Public Utilities Commission. When so executed and approved a copy shall be recorded in the office of the County Record, County of Cassia, State of Idaho.

9. **ENTIRE AGREEMENT & MODIFICATION**: This Agreement constitutes the entire understanding of the respective parties. All prior negotiations and understandings are deemed merged herein. This Agreement may only be modified in writing executed by the authorized officers of the parties and approved by the Idaho Public Utilities Commission.

IN WITNESS WHEREOF the parties have executed this Agreement the day and year first above written.

UNITED ELECTRIC CO-OP, INC.

By 

Ron Osterhout, President

**RAFT RIVER RURAL ELECTRIC
COOPERATIVE, INC.**

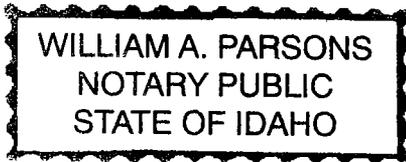
By: *Ronald S. Sorensen*
Ronald S. Sorensen, President

STATE OF IDAHO)

) ss

County of) CASSIA

On this day of 30 MAY, in the year 2003, before me, the undersigned, a Notary Public in and for said State, personally appeared **RON OSTERHOUT**, known or identified to me to be the **President of United Electric Co-op, Inc.**, the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.



William A. Parsons
Notary Public for Idaho

Residing at *Bunq*

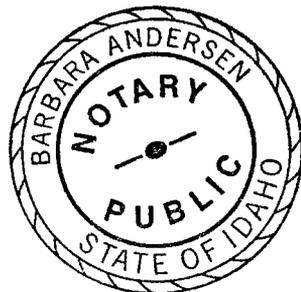
My Commission Expires: 7/20/04

STATE OF IDAHO)

) ss

County of) CASSIA

On this day of May 28th, in the year 2003, before me, the undersigned, a Notary Public in and for said State, personally appeared **RONALD S. SORENSEN**, known or identified to me to be the **President of RAFT RIVER RURAL ELECTRIC COOPERATIVE, INC.**, the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.



Barbara Andersen
Notary Public for Idaho

Residing at *Alpion*

My Commission Expires: 7-23-05

MAP