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IDAHO PUBLIC
UTILITIES COMMISSION

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Attorneys for Farmers' Electric Company, Limited

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of)
United Electric Co-op, Inc. and)
the Farmers' Electric Company, Limited)
for an Order Approving a Service)
Territory Agreement between the)
Applicants.)

Case No. GNR-E-03-07

APPLICATION

Pursuant to Rule 51 of the IPUCRP, and Idaho Code § 61-333, United Electric Co-op, Inc. ("United") and Farmers' Electric Company, Limited ("Farmers") respectfully apply for Commission approval of a Service Territory Agreement between United and

Farmers 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 approval. Approval of 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 a Territory Agreement between them. Such Agreement predated the amendment to Idaho Code § 61-333, and therefore United and Farmers seek approval of the Commission of the existing Territory Agreement. A copy of that agreement is attached 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 duplicating 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 Farmers request the Commission, after notice and hearing, approval of the Agreement pursuant to law.

DATED this 12 day of JUNE, 2003.

PARSONS, SMITH & STONE, LLP

A handwritten signature in black ink, appearing to read 'William A. Parsons', written over a horizontal line.

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

GOODMAN & BOLLAR

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, written over a horizontal line.

Attorneys for Farmers
717 7th Street
P.O. Box D
Rupert, Idaho 83350

SERVICE AREA STABILIZATION AGREEMENT

AGREEMENT made this 23 day of APRIL, 2003, by and between UNITED ELECTRIC CO-OP, INC. of 1331 21st Street, Heyburn, ID 83336, ("UNITED") and FARMERS' ELECTRIC COMPANY, LIMITED of Box 85, Heyburn, ID 83336 ("FARMERS").

1. RECITALS:

1.1 United and Farmers' 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 Farmers', in part, are adjacent and contiguous to each other.

1.3 The parties have, in recent years, had an oral understanding 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 west, north and east of the yellow line and north of the freeway, identified on Exhibit 1, shall be the United territory. All lands within the yellow line shall belong to Farmers or Riverside. United shall serve all new customers in its defined area and Riverside shall serve all 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 customer. United or Farmers' shall not 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 United and Farmers' 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 from entering into a written agreement to permit the service of a new customer by party whose distribution system is located in the service area of the other, if the new customer can be served more efficiently and safely from the existing service lines of the other party or by the extension of existing service lines. 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 the 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 the successors in interest. 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 the 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 Minidoka, State of Idaho.

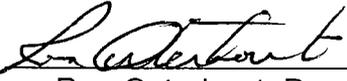
9. ENTIRE AGREEMENT & MODIFICATION: This Agreement constitutes the entire understanding of the respective parties. All prior negotiations and understandings are deemed merged herein. This Agreement may only be modified in writing executed by the authorized officers of the parties and approved by the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

10. EXISTING CUSTOMERS: Exhibit 2 attached contains certain exceptions to the territory:

EXHIBIT 2 contains the names of members of Farmers and United that may exist in the territory of the other party. The parties will use good faith efforts to ascertain the exact location of the members, however until the exact location is determined the parties shall continue to serve the customers or places illustrated on the Exhibit 2. If when the exact location is determined that party shall use good faith efforts to exchange customers that may be affected, however if no exchange can take place then the customers may continue to be served by the now serving entity or until other arrangements are agreed upon by the parties.

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

UNITED ELECTRIC CO-OP, INC.

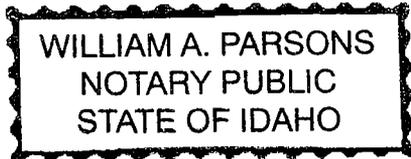
By 
Ron Osterhout, President

FARMERS' ELECTRIC COMPANY, LIMITED

By 
Gary Buerkle, President

STATE OF IDAHO)
) ss
County of CASSIA)

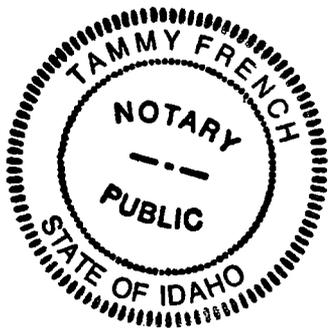
On this 30 day of May, in the year 2003, before me, the undersigned, a Notary Public in and for said State, personally appeared **RON OSTERHOUT**, known or identified to me to be the **President of United Electric Co-op, Inc.**, the corporation that executed the instrument or the person who executed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



William Parsons
Notary Public for Idaho
Residing at Boji
My Commission Expires: 7/20/04

STATE OF IDAHO)
) ss
County of Minidoka)

On this 23rd day of April, in the year 2003, before me, the undersigned, a Notary Public in and for said State, personally appeared **GARY BUERKLE**, known or identified to me to be the **President of FARMERS' ELECTRIC COMPANY, LIMITED**, 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.



Tammy French
Notary Public for Idaho
Residing at Palburn, Idaho
My Commission Expires: 5-24-2007

(UNITED\FarmersAgr.wpd)

MAP

CONFIDENTIAL

NAMES & ADDRESSES

OF CUSTOMERS