

U. S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

REA BORROWER DESIGNATION _____

THE WITHIN Agreement dated April 20, 1964, between the Union
Rural Electric Association and the Public Service Company of
Colorado, establishing service areas, providing for the
exchange of certain facilities and the transfer of service
for certain groups of customers of the respective parties,

SUBMITTED BY THE ABOVE DESIGNATED BORROWER PURSUANT TO THE
TERMS OF THE LOAN CONTRACT, IS HEREBY APPROVED ~~SOLELY FOR THE~~
~~PURPOSES OF SUCH CONTRACTS~~, except to the extent indicated
in my letter of the foregoing of this date.

DATED _____

MAY 1 8 1964

ADMINISTRATOR

EX-100-1

U. S. DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

REA BORROWER DESIGNATION Colorado 22 Boulder

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in my letter to the borrower of this date.

DATED

MAY 15 1964


ADMINISTRATOR

Exhibit 1

A G R E E M E N T

THIS AGREEMENT, made and executed this twenty day of April, 1964, by and between PUBLIC SERVICE COMPANY OF COLORADO, a corporation organized and existing under the laws of the State of Colorado (hereinafter called "Public Service") and UNION RURAL ELECTRIC ASSOCIATION, INC., a corporation organized and existing under the laws of the State of Colorado (hereinafter called "Union"):

W I T N E S S E T H:

WHEREAS, Public Service is an operating public utility company engaged, among other things, in the generation, transmission, distribution and sale of electric energy in various cities, towns, communities and rural areas in the State of Colorado and owns and operates certain electric transmission and distribution lines and related facilities, rights of way and easements, and other property related thereto and used in connection therewith, located in, among other places, the Counties of Adams, Boulder, Clear Creek, Gilpin, Grand, Jefferson and Weld, Colorado, including electric distribution systems in the Towns and Communities of Evanston, Firestone, Mead, Puritan, Rinn, Rollinsville and Tolland and delivery facilities to the Towns of Dacono and Frederick, as shown in part on a map marked Exhibit 1 attached hereto and made a part hereof; and

WHEREAS, Union is an electric cooperative association and a public utility engaged in the purchase, transmission, distribution and sale of electric energy in certain counties of the State of Colorado and owns and operates certain electric transmission and distribution and related facilities, rights of way and easements, and other property related thereto and used in connection therewith, located in Adams, Boulder, Gilpin, Jefferson and Weld Counties, all as shown on a map marked Exhibit 1 attached hereto and made a part hereof; and

WHEREAS, in certain of the areas served by the parties hereto, there has resulted a duplication of electric facilities because of the extensive development of the area and the increased need for electric energy therein, and the parties hereto in recognition of the fact that such duplication of facilities is inconsistent with the most efficient and economical service to the public, have mutually agreed, after extensive study, analysis and investigation of the many operative and administrative problems affecting the respective parties' operations, upon an exchange of various electric distribution facilities and related property and equipment, and the determination of the respective service areas of the parties hereto which will enable each of the parties to more efficiently render electric service to the public, recognizing, however, that Public Service is serving in areas which are outside the scope of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I

SERVICE AREAS

1. Subject to the approval of The Public Utilities Commission of the State of Colorado, it is hereby understood and agreed that Union shall render exclusive electric service in the areas delineated as Areas A, B and C on the map attached hereto as Exhibit 1, except as provided in paragraphs 3 a and 3 b of Article I hereof, which areas are described as follows:

- a. Area A (Mountain Area) - That area within Boulder, Gilpin, Grand and Jefferson Counties in Townships 1, 2 and 3 South, Ranges 70, 71, 72, 73 and 74 West of 6th P.M., which area is within the area bounded on Exhibit 1 with green and white tape and which area is described in "Appendix A" attached hereto and incorporated herein by reference.

- b. Area B (Central Plains Area) - That area within Adams, Boulder and Weld Counties in Townships 1 and 2 South and Townships 1, 2, 3 and 4 North, Ranges 65, 66, 67, 68 and 69 West of the 6th P.M., which area is within the area bounded on Exhibit 1 with red and white tape and which area is described in "Appendix B" attached hereto and incorporated herein by reference.
- c. Area C (East Plains Area) - That area within Adams and Weld Counties in Townships 1, 2 and 3 South and Township 1 North, Ranges 64, 65, 66 and 67 West of the 6th P.M., which area is within the area bounded with yellow and white tape on Exhibit 1 and which area is described in "Appendix C" attached hereto and incorporated herein by reference.

The above described areas shall hereinafter be referred to respectively as Areas A, B and C and collectively as the "Union Areas."

Union shall have the further right to serve certain customers in Area E-1 as provided in paragraph 4 b of Article II hereof and to serve certain customers in Area E as provided in paragraph 5 a of Article II hereof.

With respect to Areas A, B and C, Public Service acknowledges and agrees that Union is now ready, willing, able and qualified, and shall have the exclusive right, to serve all electric requirements of such areas, without any restrictions whatsoever as to type and size of loads.

Public Service further agrees that, notwithstanding the decision of the Supreme Court of Colorado in the case of Public Service Company v. P.U.C., et al., 142 Colo. 135, 350 P.2d 543, from and after the date that Union commences rendering electric service within the Union Areas on an exclusive basis pursuant to this Agreement, such Areas A, B and C shall

not be considered territory served by Public Service or territory contiguous to the lines of Public Service within the meaning of Sec. 115-5-1, CRS 1953.

2. Subject to the approval of The Public Utilities Commission of the State of Colorado and subject to the terms and conditions of this Agreement, it is hereby understood and agreed, that, insofar as areas in conflict between Public Service and Union are concerned, Public Service shall render exclusive electric service in Area E and in the areas delineated as Areas D and E-1 on the map attached hereto as Exhibit 1 and made a part hereof, which areas are hereinafter called "Public Service Areas" and are described as follows:

- a. Area D (Denver Metropolitan Area) - That area within Adams and Jefferson Counties in Townships 2 and 3 South, Ranges 66, 67, 68, 69, and 70 West of the 6th P.M., which area is bounded with solid green tape on Exhibit 1 and which area is described in "Appendix D" attached hereto and incorporated herein by reference.
- b. Area E-1 (Denver Metropolitan Area) - Those areas within Adams and Jefferson Counties in Townships 2 and 3 South, Ranges 67, 68, 69 and 70 West of the 6th P.M., which areas are bounded by brown and white tape on Exhibit 1 and which areas are described in "Appendix E-1" attached hereto and incorporated herein by reference.
- c. Area E - All other areas within Adams, Boulder, Jefferson and Weld Counties not included within Areas A, B, C, D and E-1.

3. This agreement shall not affect or in any way determine the service areas of Public Service in any areas other than the Union Areas except as hereinafter provided with reference to Public Service Areas

D, E and E-1. Public Service shall not extend its facilities or render any electric service within Areas A, B and C, nor render service to customers which Union has the right to serve in Areas E and E-1 in accordance with paragraphs 4 b and 5 a of Article II hereof from and after the transfer and exchange of facilities herein contemplated except as hereinafter provided in subparagraphs a and b to this paragraph 3 or except upon a specific order of The Public Utilities Commission of the State of Colorado in which Public Service is ordered and directed to extend its facilities to render such service.

- a. Public Service shall own, operate and maintain the electric facilities in Area A necessary for it to discharge its obligations to the City and County of Denver at Gross Dam but shall serve no customers from said facilities except the City and County of Denver and residences owned by it at said location. Union shall serve all other residences now located or to be located at Gross Dam.
- b. Public Service shall own, operate and maintain the electric facilities necessary to and shall supply the electrical requirements of the several coal mines presently served by it in Weld County in Area B and identified as follows:

<u>Name of Mine</u>	<u>Approximate Location of Mine</u>
Boulder Valley	Center Section 1, T-1-N, R-68-W
Eagle	SE $\frac{1}{4}$ Section 15, T-1-N, R-68-W
Imperial	SE $\frac{1}{4}$ Section 10, T-1-N, R-68-W
Lincoln	NE $\frac{1}{4}$ Section 24, T-1-N, R-68-W
Sterling	NE $\frac{1}{4}$ Section 6, T-1-N, R-67-W
Washington	SW $\frac{1}{4}$ Section 23, T-1-N, R-68-W
Morrison	NE $\frac{1}{4}$ Section 9, T-1-N, R-68-W

4. Union shall not extend its facilities or render electric service in any area other than the areas to be served by Union in accordance with paragraph 1 of this Article I except as hereinafter provided or except upon a specific order of The Public Utilities Commission of the State of Colorado in which Union is ordered and directed to extend its facilities to render such service.

5. In the event any portion of Area A, B or C or any portion of Area E within which Union is supplying service to customers pursuant to paragraph 5 a of Article II hereof becomes annexed to any City or Town within which Public Service is, at the time of such annexation, supplying electric service under the terms of a franchise granted by said City or Town, Union shall sell to Public Service its electric distribution facilities within such annexed area and thereafter shall cease serving its then existing customers being served by such distribution facilities. As compensation for any sale and transfer made pursuant to this paragraph 5, Public Service shall pay to Union the original cost of the facilities transferred less depreciation accrued thereon at the rate of three (3) percent per annum, plus an amount equal to the revenue received by Union from its customers located within such annexed area during the twelve (12) month period next preceding the date of such sale and transfer. Union shall not serve any new customers in any such annexed areas. The term "city" or "town" as used herein shall apply to any city or town within the meaning of such term under the Constitution or laws of the State of Colorado, but shall not apply to any quasi-municipal corporation, district, super-district, super-municipality, or other type of community created for a special purpose and of limited municipal powers, or which may consist of one or more cities and towns with each retaining its respective corporate identity.

6. In the event any portion of Area D, E or E-1 becomes annexed to any City or Town within which Union is, at the time of such annexation, supplying electric service under the terms of a franchise granted by said City or Town, Public Service shall sell to Union its distribution facilities within such annexed area and thereafter shall cease service to its then existing customers being served by such distribution facilities. As compensation for any such sale and transfer made pursuant to this paragraph 6, Union shall pay to Public Service the original cost of the facilities trans-

ferred less depreciation accrued thereon at the rate of three (3) per cent per annum, plus an amount equal to the revenue received by Public Service from its customers located within such annexed area during the twelve (12) month period next preceding the date of such sale and transfer. Public Service shall not serve any new customers in any such annexed areas. The term "city" or "town" as used herein shall apply to any city or town within the meaning of such term under the Constitution or laws of the State of Colorado, but shall not apply to any quasi-municipal corporation, district, super-district, super-municipality, or other type of community created for a special purpose and of limited municipal powers, or which may consist of one or more cities and towns with each retaining its respective corporate identity.

7. Nothing herein contained shall be construed to restrict the right of either party to continue to operate existing transmission lines which are hereby defined to be electric lines of 34.5 KV or higher voltage and which are not used to serve ultimate consumers, and associated primary substations and primary distribution feeder lines or to construct new transmission lines or primary substations or primary distribution feeder lines in areas served by the other party if necessary to meet the electric requirements of the public served by the parties, in their respective service areas, provided that:

- a. Union shall discontinue the use of and remove its primary substation located along West 104th Avenue between Huron Street and U. S. Highway No. 87 in the community of Northglenn, Adams County, Colorado, and that Section of its 34.5 KV transmission lines into said community of Northglenn no longer required because of the removal of said substation.

ARTICLE II

CUSTOMERS AND FACILITIES

1. Public Service, on the closing date hereinafter set forth, shall sell, convey, transfer and assign to Union all of its electric distribution facilities located within Areas A, B and C subject, however, to the exclusions set forth in paragraph 3 of this Article II, and, after completion of said transfer, shall thereafter serve no customers in said Areas A, B and C except as specifically provided herein.

2. Union, on the closing date hereinafter set forth, shall sell, convey, transfer and assign to Public Service all of its electric distribution facilities located within Areas D and E-1 subject, however, to the exclusions set forth in paragraph 3 of this Article II and shall thereafter serve no customers in Areas D, E-1 and E except as otherwise specifically provided in paragraphs 4 b and 5 a of this Article II and during the transition period as provided in Article IV.

3. Exclusions. Excluded from said facilities to be sold by the parties are the following:

- a. The facilities of Public Service set forth in Article I, paragraph 3, subparagraphs a and b.
- b. All transmission lines, together with associated primary substations.
- c. Meters, distribution transformers and related equipment, excepting meter bases that can be used by the other party.
- d. That certain Union primary distribution line and related facilities located between its Rocky Flats Substation and Area A, which line is necessary as a feeder line into said Area A, Union shall not render any service from said line excepting within Area A.

4. The method of transfer by Union of its distribution facilities and customers located within Areas D and E-1 shall be as follows:

- a. Union shall transfer all of its distribution facilities located in Area D to Public Service as above set forth and shall transfer all of its customers in said Area D to Public Service in the manner and under the plan hereinafter set forth under Article IV, Cut-Over and Transition Period.
- b. Union shall transfer all of its distribution facilities located in Area E-1 to Public Service

on the closing date as above set forth and shall transfer to Public Service all of its customers located in Area E-1 at the earliest time of occurrence of any one of the following conditions, in accordance with Article IV hereof:

- (1) A customer makes request either to Public Service or Union to be transferred to Public Service. Such request, when made by a customer, shall be final and binding upon the parties hereto and within ten (10) days after such a request has been made such customer shall be transferred to and thereafter be a customer of Public Service.
- (2) The identity of a customer at a given location changes.
- (3) The area within which a customer or group of customers is located is annexed to or becomes a part of an existing or newly incorporated City or Town, within which Public Service is supplying electric service under the terms of a franchise granted to it by said City or Town.
- (4) Upon the conclusion of the five (5) year period next following the date of execution of this Agreement between Union and Public Service.

5. Within Area E Public Service shall continue to serve all of its existing customers and shall serve all future electric loads of whatsoever nature occurring within said Area E, subject to the following:

- a. Union may continue to serve its customers who were connected to its lines on March 29, 1963 and any successors of such existing customers who will receive service at the same dwelling, building, or

point of delivery, but Union shall not serve any additional customers whatever or any additional electric loads of existing customers where service is provided at any other or additional dwelling, building, or point of delivery (except barns, sheds or other agricultural outbuildings) or which requires construction or extension of electric facilities by Union or by its customer.

- b. Notwithstanding the above, however, Union shall be entitled to supply electric energy for increased consumption at the same dwelling or building or point of delivery of its existing customers occasioned by normal increases in use of electric energy for the same purpose utilized as of the date hereof and shall be entitled to convert or rebuild existing lines or add additional transformer capacity thereto, etc., for the purpose of supplying such increased consumption of its existing customers.

6. Miscellaneous to be Transferred.

- a. In addition to the electric facilities of the respective parties to be transferred hereunder, the parties hereto also covenant and agree to convey, transfer and assign all easements, rights of way or other occupancy rights with respect to public or private lands on which said lines and facilities are situated, provided that where a distribution circuit is attached to the poles carrying a transmission circuit, the easements, rights of way or other occupancy rights shall remain with the party owning the transmission circuit. Each party shall separately convey, transfer or assign any instruments evidencing such easements or rights.
- b. Each party shall convey, transfer or assign by deed or bill of sale or other instrument in form satisfactory to

the other party its respective facilities as herein agreed. Descriptions of facilities or property to be transferred shall be in detail as to the number, size, and description of basic property units to be transferred.

- c. In addition to the transfer of physical facilities as above provided, the parties hereto, subject to required approvals, shall assign and transfer in whole or in part, as appropriate, all franchises, certificates of convenience and necessity, or other governmental or regulatory authorizations, or consents with respect to the property and electric customers herein agreed to be transferred.
- d. Wherever abstracts of title to property being exchanged under the terms hereof shall be in the possession of either of the parties, such abstracts shall be delivered to the grantee, together with the conveyance of the property abstracted; provided, however, that neither party shall be under the duty or obligation to obtain new abstracts to any of the property being exchanged hereunder or to obtain extensions of abstracts already in the possession of said party.

7. Joint Use of Facilities. In those instances where a distribution circuit to be transferred is attached to the poles of a transmission circuit, the continued attachment of said distribution circuit to said transmission poles shall be in accordance with a separate "Joint Use Agreement" to be entered into between the parties. Such Joint Use Agreement shall also provide for the attachment by either party to distribution poles owned by the other party where necessary or desirable to reduce or eliminate the duplication of pole lines.

ARTICLE III

PURCHASE PRICE AND CONSUMMATION OF CLOSING

1. Consideration. It is understood and agreed that the consideration to be paid hereunder, for the transfer and exchange of electric facilities and related properties previously described shall be as follows:

- a. The parties hereto have mutually developed and computed the original cost less depreciation at the rate of 3% per annum of the facilities to be transferred hereunder other than facilities which may be transferred from time to time as provided in Article I, Sections 5 and 6 and do hereby agree that as of July 18, 1963 the depreciated original cost of the facilities to be received by Union hereunder exceeds by forty four thousand nine hundred thirty nine dollars (\$44,939.00) the depreciated original cost of the facilities to be received by Public Service hereunder. Union shall, therefore, pay to Public Service at the closing the sum of forty-four thousand nine hundred thirty nine dollars (\$44,939.00) subject to adjustment as provided in Article III, Paragraph 7 hereof.

2. The electric energy required by those customers in Area E-1 who will continue to be customers of Union under Article II, paragraph 4 b shall be supplied by Public Service. Union shall furnish to Public Service a listing setting forth the name, address, meter numbers and customer classification of each such Union customer. Union shall make arrangements for the replacement of such electric energy plus ten per cent (10%) losses into the system of Public Service at the points of interconnection of the transmission systems of the United States Bureau of Reclamation and Public Service at no cost to Public Service.

- a. The volume of such electric energy shall be determined from monthly readings by Union of

its meters measuring electric energy to such customers, to which readings shall be added losses as aforesaid. The volume of energy so determined for each month such service is rendered by Public Service shall be replaced into its system during the month next following in accordance with a schedule mutually agreeable to both the said Bureau and Public Service.

- b. In the event such arrangements for the replacement of energy are not made, Union shall pay Public Service for such energy, in addition to the charge for operation and maintenance of distribution facilities as hereinafter provided, an amount equal to eight mills (\$0.008) per KWH of such energy.
- c. By the fifteenth (15th) day of each month, Union shall furnish to Public Service an itemized statement showing the name and address of each such customer and the meter readings of such customer's meter for the preceding month. Upon receipt of said statement from Union, Public Service shall render to Union a bill for such electric energy, if arrangements for the replacement thereof have not been made by Union, plus operation and maintenance expense charges as hereinafter provided. Such bill will be due and payable at the offices of Public Service within ten (10) days from the date of mailing thereof.
- d. As compensation to Public Service for its expense of operating and maintaining distribution facilities necessary to supply the requirements of customers in Area E-1 supplied for Union, Union shall pay to Public Service monthly, one and seventy-five hundredths mills (\$0.00175) per KWH for the energy delivered to such customers.

Billing data shall be furnished and bills rendered
and paid as set forth in this paragraph 2. *HS*
2.2.15.

- e. If Union has not notified Public Service within thirty
(30) days after the closing date that arrangements
for replacement of electric energy have been made as
aforesaid, then in that event it shall be conclusively
presumed by the parties that Union has elected to
purchase said power from Public Service under the
terms hereinabove set forth, until Union upon thirty
(30) days notice to Public Service shall terminate
such purchases and make arrangements for the replace-
ment of such electric energy.

3. During the period that Union retains customers within Area E-1,
Union shall be responsible for all service calls from any of its customers
so retained involving any problem on the load side of the meter and with
the meter. Public Service shall be responsible for all service calls from
any such customers retained by Union involving problems on the line side
of the meter. Any problems reported to Union relating to trouble on the
line side of the meter shall be reported immediately by Union to the Public
Service Electric Trouble Dispatcher, Denver, Colorado. Any problems re-
ported to Public Service on the load side of the meter or with the meter
shall be reported immediately to Union at its office at Brighton, Colorado.
Both parties shall take all reasonable and proper action necessary to cor-
rect promptly any such problems so reported. In the event that Public
Service shall fail at any time to maintain service or to restore inter-
rupted service promptly to a line in response to a service call involving
problems on the line side of the meter, Union shall have the right to
correct the fault and charge the cost thereof to Public Service; provided,
however, that prior to starting any work on a line of Public Service,
Union shall advise the Public Service Dispatcher by telephone of the lo-
cation of such problem and that Union will have its crews working on said

line and provided further, that Union shall indemnify and hold harmless Public Service from any and all claims for injury to persons or damage to property arising out of the performance of Union to correct such fault.

4. Each of the parties shall take all necessary and reasonable action to obtain public acceptance of this proposal, to obtain the approval of The Public Utilities Commission of the State of Colorado and to obtain such other approvals as may be required to effect the exchange of facilities and customers with the least possible inconvenience to the public and the customers involved, and the minimum cost of the parties.

5. Public Service, agrees, upon written request by Union, to wheel electric energy over the electric system of Public Service from points of interconnection of said electric system with the transmission system of the United States Bureau of Reclamation to a point of interconnection of said electric system with that distribution circuit of Union supplying the Rollinsville-East Portal-Tolland areas, until such time as Union rearranges its transmission and distribution facilities so as to be in position to supply therefrom the electric requirements of said areas. Charges for wheeling such energy and for computing and compensating for losses shall be determined as set forth in Part III, Section 24, e (1) of Contract No. 14-06-400-2433 between Public Service and said Bureau. In the event such wheeling service is requested by Union, Union shall make whatever arrangements with said Bureau as may be necessary. Union may, however, at its election, purchase from Public Service the electric energy necessary to supply such electric requirements of said areas at a total price of nine and seventy-five one hundredths mills (\$0.00975). Such electric energy, if delivered by Public Service, shall be delivered to Union at a nominal voltage of 13,800 volts into the Rollinsville-East Portal-Tolland system of Union. If the energy for said Rollinsville-East Portal-Tolland area is wheeled by Public Service for Union, Union shall provide at its expense, the metering and other equipment necessary for the proper delivery and measurement of the wheeled energy. If such energy

is purchased by Union from Public Service, Public Service, at its own expense, shall provide said metering and other equipment. If such energy is purchased from Public Service, payment therefor shall be within the time limits as set forth in Article III, Paragraph 2 c hereof. The point of interconnection of the facilities of Public Service with those of Union supplying the Rollinsville, Tolland and East Portal areas shall be at the point where the distribution circuit of Public Service (transferred to Union hereunder) supplying said areas crosses the northerly boundary of Area A in Section 19, T1S, R72W. Public Service shall continue to wheel electric energy to the Town of Frederick under the terms of Contract No. 14-06-400-2433 between Public Service and the United States Bureau of Reclamation until such time as Union desires to assume the responsibility for such wheeling service and the said Bureau notifies Public Service that wheeling service by Public Service to Frederick is to be terminated.

6. Each of the parties shall supply to the other the following customer and rate data within thirty (30) days of the execution date of this Agreement, except that data required under subparagraph c of this paragraph 6 which shall be supplied as therein provided.

- a. In Areas A, B and C, name, address, meter numbers and customer classifications for each Public Service customer to be transferred to Union, excepting those as excluded in Article I, paragraph 3, subparagraphs a and b hereof; and copies of rates and special contracts applicable to such customers.
- b. In Area D, name, address, meter numbers and customer classification for each Union customer to be transferred to Public Service; and copies of rates and special contracts applicable to such customers.
- c. In Area E-1, at such times as customers are transferred to Public Service as set forth in Article II,

paragraph 4 b hereof, name, address, meter numbers, and customer classification for each Union customer so transferred. Demand, energy, power factor and bill, as applicable, for each of twelve (12) immediately preceding months, and copies of rates and special contracts under which customers were billed shall be furnished.

- d. In Area E, name, address, and customer classification for each Union customer.
- e. Each of the parties shall have reasonable access to the books or records of the other party for purposes of verifying data furnished as set forth in this paragraph 6.

7. Each of the parties shall supply to the other, within ten (10) days prior to the date of closing, a list enumerating any capital additions and retirements made to the respective properties to be sold and exchanged hereunder which were made subsequent to July 18, 1963, the date of the determination of depreciated plant cost as set forth in Article III, paragraph 1^a hereof. The compensation as set forth in Article III, paragraph 1^a, shall be adjusted upon the basis of the original cost installed of said capital additions or retirements. Each of the parties agrees that no capital expenditures exceeding \$1,000.00 for any one expenditure shall be made to the properties to be exchanged without the written consent of the other party unless required to do so by law or emergency.

8. The date of closing shall be a date mutually agreed by and between the parties hereto, but shall in no event be later than sixty (60) days after the date the order of approval of the transfer and exchange contemplated hereunder by The Public Utilities Commission of the State of Colorado becomes final and the closing shall take place in the office of Public Service in Denver, Colorado.

- a. At the time of closing, each party shall deliver to the other party as many duly authorized and

executed counterparts of the required closing instruments as may be reasonably requested, and agree that it will execute and deliver any additional instruments of further assurance as may be requested by the other party to fully effectuate the intent and terms hereof. Neither party hereto shall be obligated to convey any property or to make any payment or tender pursuant to the terms hereof on the date of closing unless both parties hereto shall be prepared simultaneously to perform all of the acts required by this Agreement to be performed on the closing date.

- b. Each of the parties shall take possession of the facilities to be acquired by it under the terms of this Agreement as set forth in Article IV, paragraph 5 hereof.

9. Prior to the date of closing, and as a condition precedent to the consummation of the exchange and transfer contemplated hereunder, the respective parties shall obtain the following approvals and authorizations;

- a. Union shall obtain the approval of its directors as required by its by-laws and Articles of Incorporation.
- b. Public Service shall obtain the approval of its directors as required in its by-laws and Articles of Incorporation.
- c. Each of the parties hereto shall obtain the approval of The Public Utilities Commission of the State of Colorado for any and all things provided for in this Agreement within the jurisdiction of said Commission and requiring its approval. In addition, the parties hereto shall obtain any and all other authorizations, orders, consents or approvals required by any Federal, State or local authorities having jurisdiction in the premises.

d. Each of the parties hereto shall obtain any and all releases, consents or approvals from any party holding any lien, mortgage, deed of trust, or other encumbrance upon any of the property contemplated to be transferred and exchanged hereunder so that all of such property may be transferred and exchanged free and clear of any and all liens and encumbrances whatsoever with the exception of current taxes.

10. Copies of the above consents, releases, permits or approvals required to be obtained by either party hereto prior to the closing of this transaction shall be furnished to the other party for its examination at least ten (10) days prior to closing date.

11. Any amounts payable to either party under this Agreement shall be made by certified check or by such other method as the parties may agree.

ARTICLE IV

CUT-OVER AND TRANSITION PERIOD

1. Not later than fifteen (15) days after the closing date each of the parties hereto shall cause the meters of its customers in Areas A, B, C and D served through its facilities to be transferred and exchanged hereunder to be read. As to Area E-1 customers being transferred, the meters shall be read not later than ten (10) days after the date of the request or the occurrence of the condition for transfer made in accordance with paragraph 4 b of Article II hereof. If the party receiving said customers to be transferred so desires, it may simultaneously read said meters. All meters shall be read within five (5) working days commencing with the first meter reading. Within five (5) days after all of said meters have been read, each party shall furnish to the other party a record of such meter readings so that each party will have a sufficient basis for future billing. The customers shall be transferred between the parties as of the date of final meter reading as herein described.

- a. Within ten (10) working days after final meter readings have been made, final bills shall be rendered to all customers being transferred. Each party hereto shall make every effort to effect collection of its respective accounts receivable, including said final bill, from such customers during the sixty (60) day period immediately following transfer of customer.
- b. At a date to be agreed upon, but not more than sixty (60) days after the date of final meter readings, each party shall prepare and deliver to the other party a customer list showing the names, addresses, meter numbers and net amount unpaid of all accounts receivable remaining on its books for electric service rendered to its customers to be served by the other party prior to the transfer date and shall, by assignment delivered to the other party, unconditionally sell and assign all such accounts and the other party shall purchase and pay therefor an amount equal to the aggregate sum of such accounts. The parties shall make mutually satisfactory adjustments on accounts more than sixty (60) days old.
- c. On or prior to the date of transfer of customers between the parties, each party hereto shall refund or cause to be refunded to its respective customers served by its facilities to be sold and exchanged hereunder any and all customers' refundable deposits of every nature made by such customers and shall, to the extent legally possible, terminate or cause to be terminated any and all existing guaranteed monthly revenue service agreements or contracts with any customer

served by its facilities to be sold and exchanged hereunder. If any such service agreement or contract is not legally subject to termination, it shall be assigned to the other party hereto.

2. Subsequent to the transfer of customers in Areas A, B, C and D as set forth in Article IV, paragraph 1 hereof, arrangements for orderly exchange of facilities in Areas A, B, C, D and E-1 shall be made by a committee composed of operating personnel representing both parties. Said committee shall determine the most expeditious manner, creating the least inconvenience to customers, of phasing in and cutting over of facilities to be exchanged and of changing of distribution transformers and meters and meter bases.

- a. Except as otherwise specifically provided, each receiving party shall bear all costs of whatsoever nature incurred in revising, rearranging, rebuilding or reconnecting the facilities received from the other party and necessary to operation of such facilities as a part of the distribution system of said receiving party.
- b. At the time of cut-over of a particular line, the party receiving the line shall remove the distribution transformers of the party transferring said line and shall install thereon its distribution transformers necessary to render service at the operating voltage of the party receiving said line. All such transformers removed shall be tagged with a tag indicating the date, address of nearest customer served therefrom, and shall be delivered to the designated service center of the party owning same, at least once each week. All such returned transformers shall be properly receipted for. In the event that any of the

primary voltage transformers owned by customers excepting the Town of Frederick, of either party on lines to be transferred to the other party are unsuitable for use at the primary voltage of the other party's distribution system, the transferring party shall replace such transformers with suitable transformers at no expense either to the customer involved or to said other party.

- c. On the same working day on which a particular line is cut-over, all meters served from said line shall be read by the party transferring the line for purpose of determining the energy supplied to the other party's customers during the period between the customer transfer and the line cut-over.

3. As soon as possible following the cut-over of a particular line, the party receiving the line shall remove the meters and meter bases that cannot be used by the party receiving the line served from said line of the party transferring said line and shall install thereon its meters. All such meters removed shall be tagged with a tag indicating the date, name, and address of customer and shall be delivered to the designated service center of the party owning same at least once each week. All such returned meters shall be properly receipted for. All meters shall be changed within 180 days of closing.

4. Each of the parties shall operate and maintain its respective facilities to be transferred until said facilities are cut-over and physically connected to the receiving party's system.

5. The time of possession by the party receiving facilities to be transferred from the transferring party shall be the date of cut-over of each section.

6. In the event that any customer should be required to be connected to a line which has not yet been cut-over, the party owning the line shall

connect said customer, provided that the other party shall be notified in advance of the date and time that such connection is to be made so that such party may be present, if it so desires. The other party shall also be notified of initial meter reading and of meter reading at time of cut-over for the purpose of computing energy supplied. At the time of cut-over the party receiving a line to which additional customers have been connected after the date of closing shall pay to the other party the installed cost of the facilities that were constructed to supply said additional customers and which facilities are to be transferred to said other party.

7. Where required or requested, both parties shall be present at times when cut-overs are made and when transformers, meters, meter housings and meter bases are changed.

8. Upon completion of meter changes as set forth in Article IV, paragraph 3, all energy consumed by customers that have been transferred hereunder shall be computed. Such computation shall be based on final meter readings as set forth in Article IV, paragraph 1 hereof and meter readings taken at time of cut-over as set forth in Article IV, paragraph 2 c hereof. The party supplying the lesser amount of energy shall pay the other party at the rate of nine and seventy-five hundredths mills (\$0.00975) per KWH for the amount of the difference in KWH supplied.

9. Following the completion of the changes of meters, meter bases and transformers for all customers transferred, the parties hereto shall calculate the total number of meters, meter bases, meter housings, transformers and related equipment removed from the facilities of the other party by either of the parties hereto, and shall determine the difference in the number of such facilities so removed. The party removing the lesser number of such facilities shall pay to the other party the following amounts as services for the difference in the number of facilities removed.

Meter	\$1.00
Meter Base or Housing	\$1.00
Transformer	\$5.00

10. The respective parties hereto shall pay all taxes of every kind and nature on or relating to the operation of their respective facilities to be sold and exchanged pursuant to this Agreement, to and including the date of closing, and shall also pay any and all transfer and other taxes which may come by reason of said sale and exchange, including without limitations any State sales taxes accrued and owing as of the date of closing. All ad valorem taxes in respect of the respective facilities for the year 1963, payable in 1964, shall be paid by the party owning such facilities as of the date hereof, and there shall be no attempt to pro-rate such taxes. Each party shall indemnify the other and save such other party harmless against any liability with respect to its own share, as herein defined, of all taxes referred to in this paragraph 10 of this Article IV.

ARTICLE V

MISCELLANEOUS

1. There shall be no general assumption by either party hereto of the other party's liabilities of any nature other than from and after the date of closing: (a) Public Service shall render electric service to the former customers of Union which were served through the Union facilities to be transferred to Public Service hereunder, and Union shall render electric service to the former customers of Public Service which were served through Public Service facilities to be transferred to Union hereunder; (b) All obligations to be performed subsequent to the date of closing under all easements, crossing agreements, rights of way, leases, licenses and franchises to be transferred and exchanged hereunder shall be assumed and performed by the party to which any such instruments are assigned and transferred under the terms hereof; (c) Obligations to be performed under joint use attachment agreements, provided that each party shall pay and receive rentals with respect to the facilities transferred by it hereunder for the period ending with the date of transfer of facilities.

2. Each party shall indemnify and hold the other party harmless from any loss or damage from any contractual obligations of the other party other than as set forth in (a), (b) and (c) above.

3. Between the date of execution of this Agreement and the date of closing, neither party hereto shall enter into any contracts relating to its facilities which are to be sold and exchanged hereunder or the operation of such facilities, nor shall either party, during such period, sell or otherwise dispose of any part of its facilities which are to be sold and exchanged hereunder except such part or parts thereof as may be retired from service in the usual course of business. Upon the retirement from service of any such part or parts the party owning the same shall, insofar as possible, forthwith make replacements thereof which will maintain the value of said facilities and their capacity to render service.

4. The respective parties hereto shall promptly take all necessary action to obtain all consents, releases, or approvals necessary to consummate this transfer and exchange and in connection therewith agree to render to each other all assistance and cooperation as the respective parties may reasonably request in order to expeditiously carry out the terms and provisions hereof.

5. Except to the extent that some other standard is expressly provided herein, accounting terms such as "capital addition", "retirements", "book cost", and the like shall be interpreted in accordance with the standards set forth in the Uniform System of Accounts for Electric Utilities prescribed by The Public Utilities Commission of the State of Colorado.

6. All notices hereunder to Public Service shall be sufficient if sent by registered mail or telegram, addressed to L. R. Patterson, Vice President, Public Service Company of Colorado, Box 840, Denver, Colorado. All notices hereunder to Union shall be sufficient if sent by registered mail or telegram, addressed to Richard L. Arnold, Manager, Union Rural Electric Association, Inc., Brighton, Colorado. Either party hereto by written notice to the other party may specify a different address for

purposes of notification, and in each such case, all notices thereafter sent shall be sufficient if sent to such address by the method prescribed above. All notices shall be deemed to have been given on the date of posting, if sent by mail, or on the date of delivery to the sending office of the telegraph company, if sent by telegram.

7. This Agreement constitutes the entire agreement and understanding of the parties hereto with respect to the transfer and exchange of facilities herein described and service by the respective parties to the affected area. It is understood and agreed, however, that the parties hereto in their operations as public utilities are charged with the duty and responsibility of rendering electric service to the public in their respective service areas and that while the parties have earnestly and sincerely endeavored to resolve by this Agreement all of their respective operating problems, it is recognized that future problems may arise affecting the operations of the parties which have not and could not have been anticipated at this time because of the very nature of the public utility business and the ever changing requirements and needs of the public involved. In recognition thereof, the parties hereto covenant and agree that in the event future conflicts arise with respect to their respective electric systems' operations they will meet and negotiate in a bona fide manner toward the end of mutually resolving and agreeing upon a solution to any such conflicts toward the end of adopting a course of operations which will best serve the public interest.

8. This Agreement and any ancillary agreements entered into pursuant hereto shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto, or of the successors and assigns of the parties to such ancillary agreements, as the case may be.

9. This Agreement may be simultaneously executed in any number of counterparts, and all such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

10. It is understood and agreed that Union and Public Service are public utilities, subject to the jurisdiction and regulation of The Public Utilities Commission of the State of Colorado and that this agreement and the rendering of electric service by said parties as herein contemplated is subject to the approval of said Public Utilities Commission. In the event this agreement and the assignment and designation of service areas of the parties as herein contemplated is not approved by said Public Utilities Commission of the State of Colorado, this agreement shall terminate and be of no further force and effect.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be signed, sealed and delivered by its duly authorized officers, all as of the day and year first above written.

PUBLIC SERVICE COMPANY OF COLORADO

By *L. R. Patterson*
Vice President

ATTEST:

[Signature]
Secretary

UNION RURAL ELECTRIC ASSOCIATION, INC.

By *Thos. J. Bonar*
President

ATTEST:

Joseph Green
Secretary