

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE (“Settlement Agreement”) is made and entered into this 30th day of April, 2021, by and between Red River Valley Cooperative Power Association, a Minnesota rural electric cooperative (“RRV”) and the City of Barnesville, a Minnesota municipal corporation, operating by and through Barnesville Municipal Power (“City”). The parties listed above shall sometimes be collectively referred to herein as the “Parties” or individually as a “Party.”

RECITALS

A. WHEREAS, RRV and the City each own and operate electric utilities and have been assigned service territories pursuant to Minnesota Statutes, Sections 216B.37-.40, which grants exclusive service rights to the assigned utility subject to service by exception (“SBE”) agreements as approved by the Minnesota Public Utilities Commission (“MPUC”);

B. WHEREAS, by Complaint dated October 8, 2020, RRV commenced an action before the MPUC alleging violations by the City of the MPUC-assigned service territory of RRV and seeking compensation from the City concerning two properties as described in the Complaint (“Service Dispute”). The City has denied the allegations, contests RRV entitlement to compensation and has asserted defenses and a Counterclaim to re-draw service boundaries to include historically City-served properties, which RRV has denied. Said Complaint, City defenses and counterclaim and RRV answer to the counterclaim relate to the assigned service territories of the Parties.

C. WHEREAS, the MPUC referred the Complaint to the Office of Administrative Hearings (“OAH”) for a contested case hearing and The Honorable Administrative Law Judge Barbara Case was assigned to the case. By order and memorandum dated January 27, 2021 issued

on the City's motion to amend answer with counterclaim, Judge Case established the scope of the dispute was limited to the Service Dispute in the contested case;

D. WHEREAS, during the discovery period for the Service Dispute, the Parties agreed to mediate and have so mediated before The Honorable Administrative Law Judge Jessica Palmer-Denig; and

E. WHEREAS, RRV and the City have reached a settlement to the Service Dispute on the terms and conditions set forth below and acknowledge that such settlement is subject to the comments of the Department of Commerce, review and recommendations to the MPUC by ALJ Case and final approval by the MPUC.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The City agrees to pay to RRV the sum of Forty-One Thousand Eight Hundred Fifty Dollars (\$41,850) for all past, present and future electric service to customers served and to be served on each and all of those certain properties identified and contained within the City annexed territory as set forth in Exhibit A ("Annexed Properties"), which include the properties that are the subject of the Service Dispute. The Annexed Properties include property currently owned and operated by the Dollar General store, property known to the Parties as formerly the site of a Dairy Queen, and property known to the Parties as the Egge property, all contained within land previously annexed by the City. In consideration of payment of the foregoing amount, RRV agrees to the re-drawing of the City's service territory to include all Annexed Property and releases all RRV's rights and interest and claim of assigned service territory to the Annexed Properties. The City's payment to RRV shall be made within 30 days of the MPUC approval of this Settlement Agreement. The Parties agree to cooperate in the preparation and submittal to State mapping

authorities of the foregoing agreed modification of service territory boundaries effectuated by this Agreement.

2. RRV and the City further agree that the City shall continue to serve existing customers at those properties identified in Exhibit B hereto and shall have sole right and responsibility for service to such electric service subject only to the following:

a. If the City annexes any of the Exhibit B properties for the purpose of acquiring RRV's assigned service territory within the annexation, the Parties agree to proceed pursuant to Minnesota Statutes, Section 216B.44 and other applicable law to resolve issues of compensation, each Party reserving all rights thereunder. The City agrees to provide RRV timely notice of its intent to annex any property identified in Exhibit B;

b. If any of the Exhibit B properties that have not been annexed pursuant to paragraph 2 a. above, change from residential to commercial use, the City shall provide notice to RRV of the expected date of use change to the property and change to City electric service to the new customer. The City and RRV shall first attempt to resolve issues of compensation related to continued service by the City or RRV requested service of the new commercial customer by good faith direct negotiation. If the Parties are unable to resolve said issues, they agree to retain a mutually acceptable mediator and attempt to resolve all issues by mediation, each Party bearing one half of the mediator costs. If the Parties are unable to resolve all issues through mediation, either Party may commence an action with the MPUC under Section 216B.43, each Party reserving all rights thereunder.

3. RRV expressly agrees that a change in property ownership by an existing customer of an Exhibit B property or properties, standing alone, shall not trigger a claim by RRV for compensation from the City for its continued service of the same identified property. RRV may continue to assert the June 24, 2008, and May 13, 2013, letters in future disputes. The City retains all defenses to the foregoing letters.

4. If required by the MPUC, the Parties agree to prepare a separate SBE describing the terms of paragraphs 2 and 3 to be filed with the MPUC separately from this Settlement Agreement.

5. Mutual Release by the Parties. Each Party, its cooperative members, appointed or elected officials, officers, directors, representatives, related entities, employees, successors, and assigns, hereby releases the other Party, its cooperative members, appointed or elected officials, officers, directors, representatives, related entities, employees, successors, and assigns from any and all claims or causes of action that each Party has raised regarding the Service Dispute unless expressly reserved in this Settlement Agreement (the "Released Claims").

It is the intention of the Parties that, except as expressly provided herein, neither Party shall have any liability whatsoever to the other for any damages or expenses, past, present or future, known or unknown, within the scope of the Released Claims, which include but are not limited to any claims or rights by one Party against the other for indemnity or contribution, or attorneys' fees or other expenses that may be incurred by the other.

6. Ambiguities. This Settlement Agreement is the product of good faith negotiations between the Parties and the terms are bilateral and mutually satisfactory to both Parties. No ambiguity should be construed against any one Party as both Parties participated in the drafting of this Settlement Agreement.

7. **Entire Agreement.** The Parties further understand and agree that this document contains the entire agreement between RRV and the City with respect to the Released Claims. By their signatures below, the Parties each represent that they have carefully read this document, know and understand the terms and effect hereof, have fully discussed the terms and effect of this document with their attorneys, and have signed this Settlement Agreement as their voluntary act.

8. **Counterparts.** The Parties agree that this Settlement Agreement may be signed by the Parties in multiple counterparts, each of which taken collectively shall constitute the original, fully executed Settlement Agreement, and that electronic or analog copies of signatures will be as effective as original signatures.

9. **Reservation of Rights.** Notwithstanding anything to the contrary in this Settlement Agreement, RRV and the City expressly reserve their respective rights under Section 216B.44 and other applicable law in the resolution of issues that may be raised under paragraphs 2 and 3 pursuant to this Settlement Agreement, or dispute arising after this Settlement Agreement between or including RRV and the City that relate to or affect their respective electric utility operation or service rights, including but not limited to City rights of annexation under applicable Minnesota law.

10. Upon MPUC approval of this Settlement Agreement, RRV shall dismiss its action with prejudice and the Parties shall cooperate in the preparation of any SBE and maps necessary for filing with the Department of Commerce or other agency reflecting the agreements herein.

IN WITNESS WHEREOF, the undersigned represent that they have authority to bind the identified Party to the terms of this Settlement Agreement and that it has been duly authorized by the Party below.

[Signature pages to follow]

RED RIVER VALLEY COOPERATIVE POWER
ASSOCIATION

Date: 4/28/2001

By: *Rishi*

Its: CEO

**CITY OF BARNESVILLE BY AND THROUGH
BARNESVILLE MUNICIPAL POWER**

Date: 4/30/21

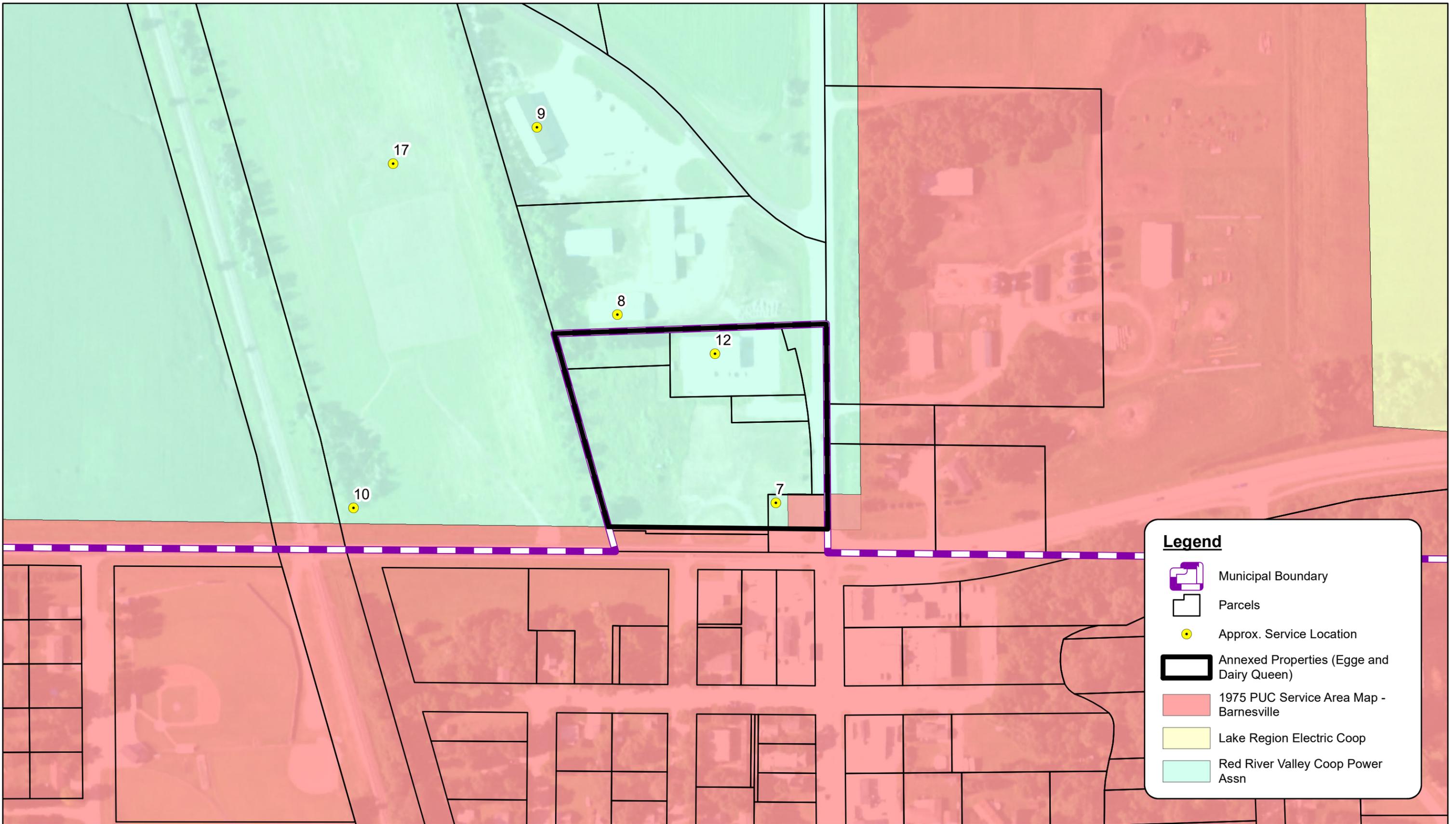
By: Jean Reich

Its: MAYOR

Date: 4/30/21

By: Michael Reef

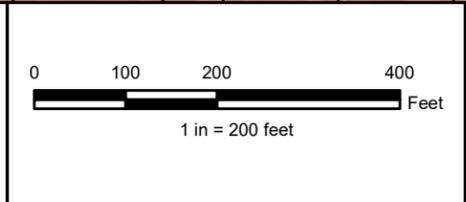
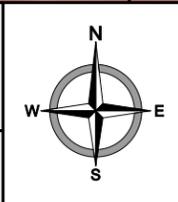
Its: City Administrator



Legend

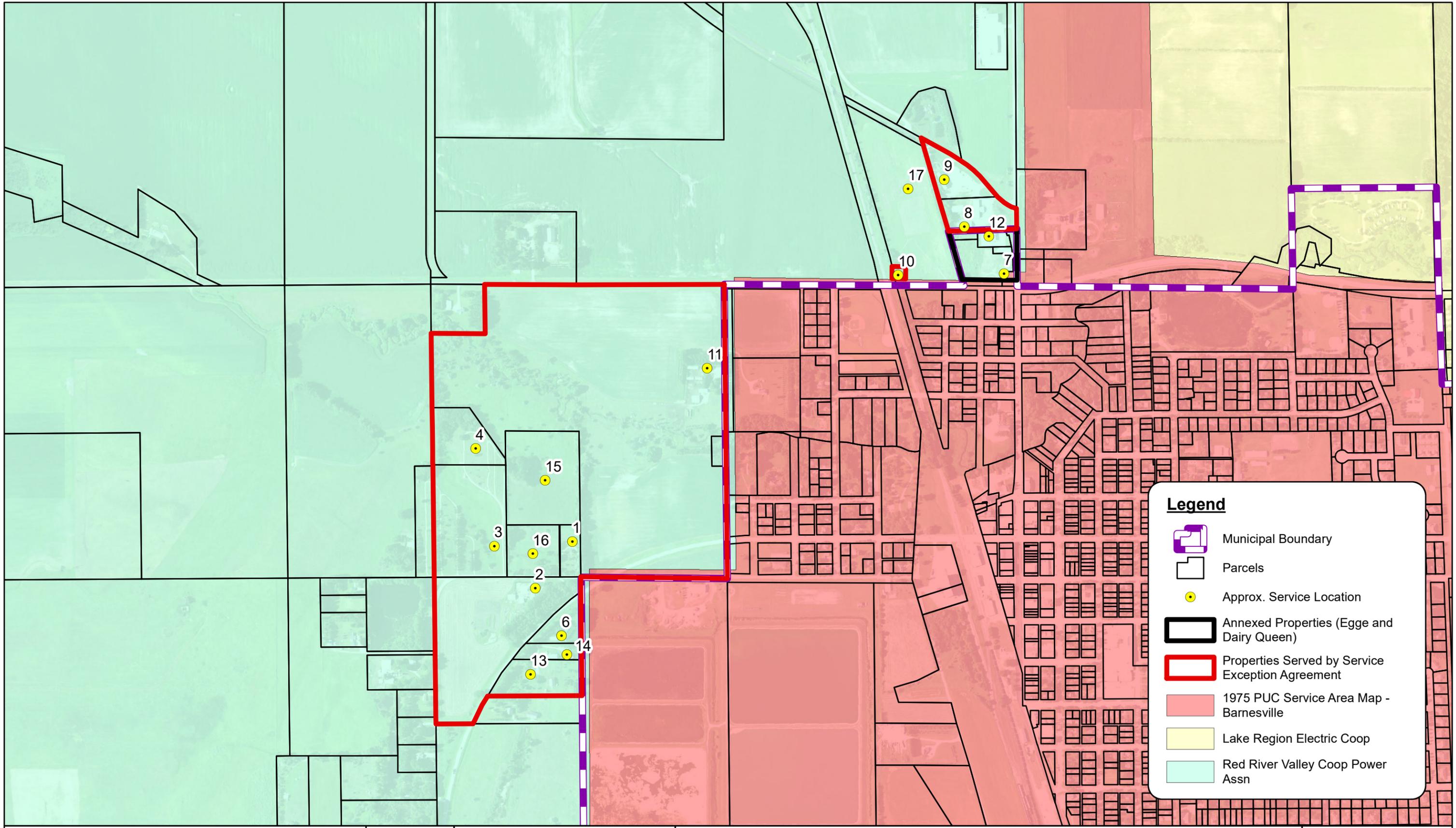
-  Municipal Boundary
-  Parcels
-  Approx. Service Location
-  Annexed Properties (Egge and Dairy Queen)
-  1975 PUC Service Area Map - Barnesville
-  Lake Region Electric Coop
-  Red River Valley Coop Power Assn

**ELECTRIC UTILITY SERVICE AREAS
BARNESVILLE, MINNESOTA**



Created By: KMV Date Created: 09/09/20 Date Saved: 03/26/21 Date Exported: 03/26/21
 Plotted By: kyle.volk Parcel Date: 08/17/20 Aerial Image: 2019 County NAIP SIDS
 Horizontal Datum: NAD 1983 HARN Adj MN Clay Feet Vertical Datum: NAVD1988
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Legend

-  Municipal Boundary
-  Parcels
-  Approx. Service Location
-  Annexed Properties (Egge and Dairy Queen)
-  Properties Served by Service Exception Agreement
-  1975 PUC Service Area Map - Barnesville
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BARNESVILLE, MINNESOTA**

Created By: KMV Date Created: 09/09/20 Date Saved: 04/12/21 Date Exported: 04/12/21
 Plotted By: kyle.volk Parcel Date: 08/17/20 Aerial Image: 2019 County NAIP SIDS
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