

APPLICATION AND AGREEMENT FOR ELECTRIC SERVICE
With Niobrara Valley Electric Membership Corporation

STATE OF NEBRASKA
FILED FOR RECORD
HOLT COUNTY, NE
Filed 22 Day 9 1997
At 10 O'Clock P.M. Recorded
In book 74 of 113
Page 327
GARY BEWELL, County Clerk
Gary Bewell CHIEF CLERK

SEPTEMBER 1, 1997

This agreement is entered into the date first above written by and between NONPAREIL - RDO, LLC, (hereinafter referred to as the Consumer), and Niobrara Valley Electric Membership Corporation of O'Neill, Nebraska, (hereinafter referred to as Corporation).

WHEREAS, Consumer requests Corporation to furnish electric service and Corporation agrees to supply the same upon the terms and conditions hereinafter expressly stated.

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

1. USE OF ELECTRIC SERVICE

Electric energy (hereinafter "service") is to be used in the operation of the consumer's Potato Storage Building (near Atkinson, Nebraska), located on a tract of 160 acres in the Southwest Quarter (SW 1/4) of Section Eighteen (18) Township Thirty (30) North & Range Thirteen (13) West of the 6th P.M., Holt County, Nebraska.

2. METERING

Service will be measured at 277/480 volts, by watt-hour meter and 30 minute indicating demand meter, installed at the point of delivery.

3. RATES

The Corporation shall charge for this service at the rates specified in the Corporation's rate schedule identified as Schedule LP-1, which schedule is attached hereto and by this reference incorporated herein, marked Exhibit "A".

4. EXTENSION OF FACILITIES

In order to accommodate the service requirements of the Consumer, Corporation is required to extend its facilities beyond the normally allowable amount and therefore Consumer hereby agrees to pay the sum of \$0.00 to Corporation as compensation for the construction of these additional facilities. Said sum shall be payable upon execution of this agreement and in cash or certified funds.

Additionally, Corporation shall be entitled to recover additional costs of construction for extension of facilities to Consumer's premises in the total sum of \$30,000.00, which sum shall be paid by Consumer to Corporation by paying a minimum electric bill of \$6,000.00 per year for which he will receive electric service according to the attached rate schedule, and for a total period of five (5) years. Any failure by Consumer to make payment of any of the aforesaid minimum monthly electric bill payments shall constitute a default of this agreement and Corporation shall be entitled to accelerate and declare due and payable any and all remaining

74-327

minimum monthly electric bill amounts and the same shall be immediately due and payable notwithstanding the fact that no actual electric service will continue to be supplied to the subject premises.

5. TERM OF AGREEMENT

The term of this agreement shall be for a period of five (5) years, from September 1, 1997 to August 31, 2002, and shall continue thereafter on a month to month basis until canceled by thirty (30) days written notice by either party to the other.

6. MISCELLANEOUS PROVISIONS

The Corporation agrees to sell and deliver to the Consumer the above described service, in accordance with the general provisions herein, and special provisions attached hereto.

The Consumer agrees to purchase and receive from the Corporation its requirements for the electric energy used at the location herein described and to pay the Corporation at the schedule of rates attached hereto. It is agreed, however, that whenever a new schedule of rates for the same type of service furnished hereunder is made effective by the Corporation, the Consumer shall thereafter pay the new rates.

No agreement or representation made by a representative of the Corporation, unless incorporated herein, shall be binding upon the Corporation and this agreement includes the complete agreement between the parties hereto with reference to the sale of such power and energy.

All former agreements between the Corporation and the Consumer with reference to the sale of energy by the Corporation to the consumer at this location are hereby cancelled.

This agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be executed by their officers, each thereunto duly authorized, the day and year first above written.

NIOBRARA VALLEY ELECTRIC
MEMBERSHIP CORPORATION

By: _____

John Hoke
John Hoke, Manager

NONPAREIL - RDO, LLC

By: _____

Milton G. Carter
Milton G. Carter, Member

STATE OF NEBRASKA)
) SS.
COUNTY OF Bellevue)

The foregoing instrument was acknowledged before me this 8th day of Sept. 1997, by John Hoke, Manager of the Niobrara Valley Electric Membership Corporation, on behalf of said Corporation.

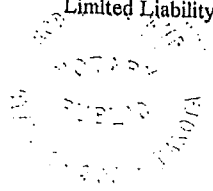
Nancy Mann
Notary Public
GENERAL NOTARY STATE OF NEBRASKA
NANCY MANN
My Comm. Exp. 3-3-99

South Dakota
STATE OF NEBRASKA)
) SS.
COUNTY OF Codington)

The foregoing instrument was acknowledged before me this 26th day of August 1997, by Milton G. Carter, a member, on behalf of said Nonpareil - RDO, LLC, a Nebraska Limited Liability Company.

Milton G. Carter
Notary Public

My Comm. Expires: 4/30/98



GUARANTEE OF PERFORMANCE

To Niobrara Valley Electric Membership Corporation of O'Neill, Nebraska:

To induce you to enter into the foregoing agreement for electric service with Nonpareil - RDO, LLC, and in consideration thereof, the undersigned hereby jointly and severally guarantee the performance by the said Nonpareil - RDO, LLC of all the terms and conditions of the said agreement to be performed by the said Nonpareil - RDO, LLC thereunder, and the undersigned hereby jointly and severally undertake and agree to pay you for all loss, damage or expense which you may incur or sustain by reason of the failure of the said Nonpareil - RDO, LLC fully to perform and comply with the terms and obligations of the said agreement.

Dated: _____

RD Offutt Company, A Minnesota Corporation,

BY: Ronald D. Offutt
Ronald D. Offutt, President

NONPAREIL CORPORATION, An Idaho Corporation

BY: Christopher T. Abend
Christopher T. Abend, President

STATE OF North Dakota)
COUNTY OF Cass) ss.

The foregoing instrument was acknowledged before me this 28th day of August, 1997, by Ronald D. Offutt, President of RD Offutt Company a Minnesota Corporation, on behalf of said Corporation.

[Signature]
Notary Public

STATE OF)
COUNTY OF) ss.

The foregoing instrument was acknowledged before me this 3rd day of September, 1997, by Christopher T. Abend, President of Nonpareil Corporation, an Idaho Corporation, on behalf of said Corporation.

[Signature]
Notary Public

GENERAL NOTARY-State of Nebraska
BOYD W. STROPE
My Comm. Exp. May 8, 2000

Tax Clause

The rates in this agreement are based upon a consideration of taxes required of the Corporation as of the date of this agreement and will be subject to adjustment as follows:

In the event of the imposition of any new tax or the increase of an existing tax by any lawful authority on the transmission, production or sale of electric energy herein contracted for or the schedule of rates herein provided for that are applicable to the energy delivered under this agreement.

Type of Electrical Equipment

The Consumer agrees that the motors and other electrical equipment installed hereunder shall be of a type approved by the Corporation and the National Electric Code, and will be operated in such a manner as will not unduly interfere with the service on the Corporation's lines.

Metering

The power and energy supplied to the Consumer under this contract shall be metered at the point of delivery. The Corporation shall furnish, install and maintain suitable metering equipment for the computation of such power and energy at the expense of the Corporation. The Consumer shall have the right to install and maintain, at his own expense, suitable metering equipment for the purpose of a check upon the measurements of the Corporation's meters. No allowance will be made on any bill on account of claim for inaccuracies of measurement unless the Consumer shall, in writing, request allowance within 30 days from the date of such bill.

The Corporation reserves the right to test its own meters at any time and to substitute accurate meters in the event of a variation from accuracy of more than 2%. The Consumer may at any time demand a test of the Corporation's meter and measuring devices with both parties represented at the test. If the variation from accuracy exceeds 2%, the Corporation shall bear the cost of the test, and bills for the current month for which complaint is made shall be adjusted according to the test. If the variation from accuracy is less than 2%, the Consumer shall bear the cost of the test and no adjustments of the bill shall be made. If the Corporation's measuring instruments fail to register at any time during any month, the power delivered during such month shall be estimated upon the basis of conditions similar to those existing during the month in which said instruments failed to register.

Right-of-Way

The covenants of the Corporation contained herein are conditioned upon the Corporation's securing and retaining, at a cost agreeable to it, and without the necessity of expropriation, the necessary right-of-way, privileges and franchises to enable it to make delivery under this agreement. The Consumer hereby grants the necessary right-of-way over land owned by the Consumer and will if necessary furnish free of charge a plot of ground suitably located to accommodate the necessary transformer substation to serve it, and such other consumers as may be served by the same substation.

The Corporation shall have the right to enter the premises of the Consumer at all reasonable times for the purposes of inspecting, testing, installing or repairing its equipment.

All equipment furnished by the Corporation on either side of the point of delivery shall be and remain its property and at the expiration or termination of this agreement, the Corporation may remove same from the consumers premises.

Interruption of Service

The Corporation will, at all times, exercise care and diligence in operating its plant so as to furnish the Consumer, as nearly as practicable, a continuous supply of electric energy. If the Corporation shall be prevented from delivering the electric energy herein contracted for, because of injuries to, or breakdown of, its transmission, distribution or other equipment, or for necessary repairs thereto, or because of acts of God, or the public enemy, strikes, labor troubles, fire, riot, flood, lightning, storm, civil disturbances, war, or the consequences thereof, action of public authorities, litigation, or any act or thing which is beyond its reasonable control, such interruption shall not constitute a breach of this agreement, nor shall a cause of action for damages against the Corporation accrue to the said Consumer, provided that the Corporation shall proceed with diligence to restore service as soon as practicable after receiving notice of interruption or failure.

In case a shortage of capacity should develop for any reason in the power supply of the Corporation, and beyond the reasonable control of the Corporation, the Corporation shall have the right to curtail, schedule, limit or interrupt service to the Consumer during peak load periods or at other critical times when such curtailment, rescheduling, limitation or interruption shall, in the judgment of the Corporation, be required to apportion the available capacity to more essential services.

If, for any of the causes in this section set forth, the Corporation is unable to furnish electrical energy for a period of 24 or more consecutive hours during any billing period, the Consumer shall be entitled to a prorata reduction in the monthly demand charge herein specified.

Liability

The Corporation shall save the Consumer harmless from all costs, damages or expenses of every kind and nature by reason of any damages to persons or property caused by electric energy flowing from any of the lines of the Corporation on the Corporation's side of the point of delivery, except injuries to the employees of the Consumer, which liability shall be assumed by the Consumer.

The Consumer shall save the Corporation harmless from all costs, damages or expenses of every kind and nature by reason of any damages to persons or property caused by electric energy flowing from any of the lines of the Consumer on the Consumer's side of the point of delivery, except injuries to the employees of the Corporation, which liability shall be assumed by the Corporation.

It is expressly understood that the Corporation's property, machinery or equipment shall not be handled or operated in any manner by the Consumer, his agents, servants or employees, without express authority from the Corporation, and the Consumer will save the Corporation harmless should violation hereof result in injury or damage to persons or property.

233

NIOBRARA VALLEY ELECTRIC MEMBERSHIP CORPORATION
O'Neill, Nebraska

Exhibit A

SCHEDULE L-P-1
LARGE POWER SERVICE
Effective January 1, 1989

AVAILABILITY

Available to consumers located on or near seller's three phase lines for all types of usage where the power requirement does not exceed 400 KW of demand subject to the established rules and regulations of seller.

RATE

\$7.85 per month per KW of billing demand

Plus energy charges of:

First 25,000 kwh used per month at 3.90¢ per kwh

Balance at 2.75¢ per kwh

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of thirty consecutive minutes during the month for which the bill is rendered as indicated or recorded by a demand meter and adjusted for power factor as follows:

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain unity power factor as nearly as practicable. Demand Charges will be adjusted for consumers with 50 KW or more of measured demand to correct for average power factors lower than 90% and may be so adjusted for other consumers if and when the seller deems necessary. Such adjustments will be made by increasing the measured demand 1% for each 1% by which the average power factor is less than 90% leading or lagging.

PRODUCTION COST ADDER

Energy charges may be adjusted when the rate of the wholesale power supplier exceed 1/2 mill. Only the amount above 1/2 mill will become an adder to the consumer bill.

SCHEDULE L-P-1 (Continued)

MINIMUM MONTHLY CHARGES

The minimum monthly charge shall be the highest one of the following charges as determined for the consumer in question:

- (1) The minimum monthly charge specified in the contract for service.
- (2) A charge of \$1.00 per KVA of installed transformer capacity.
- (3) The demand charge.

TYPE OF SERVICE

Three phase, A. C. 60 cycles, at seller's standard voltage.

CONDITIONS OF SERVICE

1. Motors having a rated capacity in excess of ten horsepower (10 h.p.) must be three phase.
2. When the total power requirement exceeds 400 KW of demand for three (3) consecutive months, consumer will be placed on the L-P-2 rate.
3. Both power and lighting shall be billed at the foregoing rate. If a separate meter is required for the lighting circuit, the registrations of the two watt-hour meters shall be added to obtain the total kilowatt hours and the registrations of the two demand meters shall be added to obtain the total kilowatt demand for billing purposes.
4. All wiring, pole lines and other electrical equipment beyond the metering point shall be considered the distribution system of the consumer and shall be furnished and maintained by the consumer.
5. Secondary capacitors are required on all motors 15 horsepower or larger.

TERMS OF PAYMENT

The above rates are net, the gross rates being 5% higher on the first \$50.00 and 2% of the remainder of the bill. In the event the current monthly bill is not paid within ten (10) days from the date of the bill, the gross rates shall apply.