### EXHIBIT "C"

### TO

# DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION'S ANSWER, MOTION TO DISMISS, AND FOR DECLARATORY RELIEF

INSITE'S STATE COURT COMPLAINT



Vincent C. Rampton (USB 2684) Gary G. Sackett (USB 2841) JONES WALDO HOLBROOK & McDONOUGH, PC 170 South Main, Suite 1500

Salt Lake City, Utah 84101 Telephone: 801-521-3200

Fax: 801-328-0537

Email: vrampton@joneswaldo.com Email: gsacket(@joneswaldo.com

Attorneys for Plaintiff

**CIVIL PROCESS SERVICES & INVESTIGATIONS** 435-656-0774

430 EAST TABERNACOK S

DATE SERVED: TIME SERVED:

### IN THE FIFTH JUDICIAL DISTRICT COURT FOR WASHINGTON COUNTY STATE OF UTAH

INSITE TOWERS DEVELOPMENT, LLC, a Delaware limited liability company,

Plaintiff,

VS.

CITY OF ST. GEORGE, a municipal corporation and subdivision of the State of Utah; DIXIE-ESCALANTE RURAL ELECTRIC ASSOCIATION, INC., a Utah corporation d/b/a DIXIE POWER,

Defendants.

**SUMMONS** 

Civil No. 150500188

Judge G. Michael Westfall

TO THE ABOVE-NAMED DEFENDANT:

DIXIE-ESCALANTE RURAL ELECTRIC ASSOCIATION, INC., d/b/a DIXIE POWER Ladel Laub, Registered Agent 71 East Highway 56 Beryl, Utah 84714

YOU ARE HEREBY SUMMONED and required to appear and defend this action in this

Court, the address of which is:

Clerk of the Court Fifth District Court for Washington County 206 West Tabernacle St. George, UT 84770

and to serve upon plaintiff's attorneys at the following address:

Vincent C. Rampton Jones, Waldo, Holbrook & McDonough 170 South Main Street, Suite 1500 Salt Lake City, Utah 84101

an answer in writing to the Complaint which is herewith served upon you, within twenty-one (21) days after service of this Summons upon you, exclusive of the day of service.

IF YOU FAIL SO TO DO, judgment by default will be taken against you for the relief demanded in the Complaint, which Complaint has been filed with the Clerk of the Court, and a copy of which is hereto annexed and herewith served upon you.

DATED this 13<sup>th</sup> day of April 2015.

JONES, WALDO, HOLBROOK & McDONOUGH, PC

By:

Vincent C. Rampton Gary G. Sackett Attorneys for Plaintiffs

Serve Defendant:

DIXIE-ESCALANTE RURAL ELECTRIC ASSOCIATION, INC., d/b/a DIXIE POWER Ladel Laub, Registered Agent 71 East Highway 56 Beryl, Utah 84714 Vincent C. Rampton (USB 2684) Gary G. Sackett (USB 2841) JONES WALDO HOLBROOK & McDONOUGH, PC 170 South Main, Suite 1500 Salt Lake City, Utah 84101

Telephone: 801-521-3200 Fax: 801-328-0537

Email: vrampton@joneswaldo.com Email: gsackett@joneswaldo.com

Attorneys for Plaintiff

### IN THE FIFTH JUDICIAL DISTRICT COURT FOR WASHINGTON COUNTY STATE OF UTAH

INSITE TOWERS DEVELOPMENT, LLC, a Delaware limited liability company,

Plaintiff,

vs.

CITY OF ST. GEORGE, a municipal corporation and subdivision of the State of Utah; DIXIE-ESCALANTE RURAL ELECTRIC ASSOCIATION, INC., a Utah corporation d/b/a DIXIE POWER,

Defendants.

VERIFIED COMPLAINT

Civil No. 150500188

Judge G. Michael Westfall

Plaintiff InSite Towers Development, LLC complains of Defendants City of St. George and Dixie-Escalante Rural Electric Association, Inc., d/b/a Dixie Power ("Dixie Power") and for cause of action alleges as follows:

### PARTIES, JURISDICTION, AND VENUE

1. Plaintiff InSite Towers Development, LLC ("InSite") is a Delaware limited liability company, registered in good standing to conduct business in Utah.

- 2. InSite is a wholly owned subsidiary of InSite Wireless Group, which owns and manages more than 1,200 wireless communication tower sites in the United States, Puerto Rico, the U.S. Virgin Islands and Canada.
- 3. Defendant City of St. George ("St. George" or "the City") is a municipal corporation and political subdivision of the State of Utah, and may sue and be sued in its own name pursuant to Utah Code Ann. § 10-1-203.
- 4. Defendant Dixie-Escalante Rural Electric Association, Inc. d/b/a Dixie Power ("Dixie Power") is a corporation organized and existing under the laws of the State of Utah.
- Dixie Power holds Certificate of Public Convenience and Necessity No. 1930
   issued by the Commission to provide electric service to customers, *Inter alia*, in portions of
   Washington County, Utah.
- 6. This is an action for declaratory and injunctive relief regarding the furnishing of power to a parcel of real property located in Washington County, State of Utah comprising a portion of Tax Parcel 7516-A, located west of Dixie Drive and north of Cisco Drive, in the unincorporated area immediately adjacent to St. George's municipal boundaries ("Subject Property").
- 7. Jurisdiction obtains pursuant to Utah Code Ann. §§ 78A-5-102(1) and 78B-6-401, and venue is proper before the Fifth Judicial District Court in and for Washington County pursuant to Utah Code Ann. §§ 78-3-301, 304 and 307.

#### STATEMENT OF FACTS

### A. Electrical Service to the Subject Property - History

- 8. The Subject Property forms a small portion of a larger parcel known as the Gubler Ranch, owned by Velda and Orwin Gubler (the "Gublers").
- Gubler Ranch lies within the service area described by Dixie Power's Certificate of Public Convenience and Necessity No. 1930.
- 10. In February of 1981, St. George and Dixie Power entered into a written agreement in settlement of two pending lawsuits between them, a copy of which is attached as Exhibit 1 hereto ("1981 Agreement").
  - 11. The 1981 Agreement provided as follows:
  - 1. The City of St. George gives Dixie-Escalante R.E.A. a non-exclusive franchise to provide energy in certain areas of the City for a period of twenty years, as referred to in city Ordinance No. 1908-12.
  - 2. Dixie-Escalante REA transfers and delivers title to the City of all its existing utility poles, wires and other electrical transmission equipment and distribution system and facilities now located north of the Virgin River and north of the Bloomington North property line and within the City of St. George, with the exception of the 69 KV transmission line and all system transformers. . . .
  - Dixie-Escalante REA will not oppose or object to the construction, maintenance and operation of such electrical transmission and distribution facilities upon and across those territories included in the certificate of convenience and necessity issued by the Utah Public Service Commission as may be reasonable and necessary to deliver electrical energy to any part of the City of St. George and to those power generating and water treatment facilities located outside of the City of St. George but compromising a part of or reasonably related to the development operation and activities of the reservoir and power generating facility commonly known as the Warner Valley Project. Prior to the construction of the facilities contemplated in this paragraph the City shall consult and conferwith Dixie-Escalante REA in order to promote mutual cooperation between the parties.

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5. The City of St. George shall pay to Dixie-Escalante REA the sum of Sixty-Five Thousand Dollars (\$65,000) as consideration for the system and facilities referred to in paragraph 2, above.

### See Exhibit 1.

- 12. Pursuant to the 1981 Agreement, Dixie Power transferred to St. George all of its electrical transmission and distribution facilities servicing the Gubler Ranch and surrounding areas, and St. George began the furnishing of electrical service within the area previously serviced by the transferred facilities, including Gubler Ranch.
- 13. Between 1981 and 2014, St. George has furnished power to the Gubler Ranch property and surrounding properties. In Site is unaware of any application for electrical power service from customers in that area which has been declined by St. George before now.

### B. InSite Project on the Subject Property

- 14. InSite plans to erect a monopole telecommunications tower ("InSite Tower") on a portion of the Parcel in order to provide broad-area service to telecommunications carriers such as Verizon Wireless. The InSite Tower will permit increased and enhanced areal coverage for wireless communications, providing not only added convenience but enhancing public safety as well. *See* Exhibit 2.
- 15. InSite has leased the Subject Property from the Gublers on which to erect the InSite Tower ("Tower Site").
- 16. In preparation for constructing and operating the InSite Tower, InSite obtained a conditional use permit ("CUP") from the Washington County Planning Commission on January 22, 2014, valid for one year. The Planning Commission has approved an extension of InSite's CUP to January 22, 2016.

- 17. InSite has also obtained approval from the Federal Aviation Administration for a 110-foot tower located on the Parcel, which expires August 15, 2015.
- 18. InSite has completed, through its contractor Terracon Consultants, Inc. ("Terracon"), a NEPA Land Use Compliance Report and NEPA Checklist for Proposed Monopole Telecommunications Tower Site.
- 19. InSite has also completed, through Terracon, a Phase I Environmental Site Assessment for the InSite Tower.
- 20. InSite will require one 600-amp meter panel service for initial operation of the InSite Tower. It will require a second 600-amp meter panel service at a later date as demand for InSite's telecommunication services increases.

### C. Denial of Electrical Service by Defendants

- 21. In April 2014 and again in August 2014, InSite contacted St. George to request electric service for the Subject Property for the InSite Tower, and was ultimately informed by letter from the City's counsel on September 8, 2014, that the City would only supply electric service to the Subject Property if the entirety of the Gubler Ranch property were annexed into the City.
- 22. As owners of the Gubler Ranch Property, the Gublers are unwilling to seek annexation of their property, or any portion thereof, into the City.
- 23. InSite has only a leasehold interest in the Subject Property, which is only a small portion of the Gubler Ranch Property, and has no authority to satisfy the City's annexation condition for obtaining service, or to compel Gublers to do so.

- 24. InSite filed a formal application for electric service with the City on February 2,2015. The application has been denied by the City.
- 25. The City cites Utah Code Ann. § 10-8-14, enacted by the 2013 Utah Legislature, as authority to deny service to InSite: "Except as provided in Subsection (3)(b), (5), or (9), a municipality may not sell or deliver the electricity produced or distributed by its electric works constructed, maintained, or operated in accordance with Subsection (1) to a retail customer located beyond its municipal boundary."
- 26. Utah Code Ann. §§ 10-8-14(3)(b) and (9) do not apply to the current situation facing InSite, and are not relevant here.
- 27. Subsection (5) of Utah Code Ann. § 10-8-14, however, is available to the City to provide the requested service to InSite:
  - (a) A municipality may submit to the electrical corporation a request to provide electric service to an electric customer described in Subsection (4)(b).
  - (b) If a municipality submits a request, the electrical corporation shall respond to the request within 60 days.
  - (c) If the electrical corporation agrees to allow the municipality to provide electric service to the customer:
    - the electrical corporation and the municipality shall enter into a written agreement;
    - (ii) the municipality shall agree in the written agreement to subsequently transfer service to the customer described in Subsection (4)(b) if the electrical corporation notifies, in writing, the municipality that the electrical corporation has installed a facility capable of providing electric service to the customer; and
    - (iii) the municipality may provide the service if:

- (A) except as provided in Subsection (5)(c)(iii)(B), the Public Service Commission approves the agreement in accordance with Section 54-4-40; or
- (B) for an electrical cooperative that meets the requirements of Subsection 54-7-12(7), the governing board of the electrical cooperative approves the agreement.
- 28. St. George, though, has declined to proceed under Utah Code Ann. § 10-8-14(5)(a).
- 29. With St. George's final refusal to proceed under Utah Code Ann. § 10-8-14(5)(a), InSite has exhausted its administrative remedies in seeking to obtain electric service to the Tower Site from the City.
- 30. In March 2014, InSite contacted Dixie Power seeking electric service for the Tower Site.
- 31. Dixie Power declined to provide such service, claiming that the Tower Site was outside of its Public Service Commission-certificated service area.
- 32. As authority for its refusal to provide service to InSite, Dixie Power cited to the 1981 Agreement, claiming that it sold to the City the means to supply electric utility service to the Subject Property. See Exhibit 1 at ¶ 4. Dixie Power has asserted that, by virtue of the 1981 Agreement, it does not have the authority, the obligation or the facilities to provide electric service to the area that includes the Tower Site.
- 33. Dixie Power has indicated that, if it were to provide electric service to the InSite Tower, InSite would be required to pay for all new transmission, ancillary facilities and related rights of way necessary to connect to the Tower Site from Dixie Power's existing facilities.

34. InSite understands Dixie Power's existing facilities are relatively remote from the Tower Site. Paying such costs would make the InSite Tower project prohibitively uneconomic, and InSite would be forced to abandon the project.

### FIRST CLAIM FOR RELIEF (Declaratory Relief - All Defendants)

- 35. Plaintiff InSite incorporates by reference all allegations in paragraphs 1 through34 of this Complaint.
- 36. In Site has invested significant time, effort, and resources into the establishment of a telecommunication tower on the Subject Property, including entry into a lease agreement of the Subject Property for the purpose of constructing a telecommunications tower thereon; the design and initial construction of telecommunications tower on the Subject Property; and the seeking and obtaining of an additional use permit for the same from Washington County.
- 37. InSite acted with the expectation that electric service would be available to the Subject Property presumably from St. George, which has for many years furnished electric service to the region in which the Subject Property is located, pursuant to the 1981 Agreement.
- 38. A genuine case and controversy has arisen between the parties, by virtue of Defendants' respective positions concerning electrical power service to Subject Property, namely:
  - a. St. George, which has refused to act on the application without annexation of the Gubler Ranch property, which the owners thereof refuse to pursue; and
  - b. Dixic Power, which has notified InSite that it has abandoned service to the region surrounding the Subject Property and will not provide electric service to the Tower Site; or alternatively, that InSite would be required to pay the prohibitively expensive

land acquisition and right-of-way costs, equipment purchase costs, and installation costs incident to providing electric service to the Subject Property from Dixie Power's closest currently operating power facilities.

- 39. By virtue of the 1981 Agreement, Dixie Power purports to have sold and transferred all of its electrical service transmission and generation capability north of Bloomington and the Virgin River (including the area encompassing the Subject Property) to St. George in exchange for \$65,000. Further, Dixie Power agreed to permit St. George to construct and maintain such transmission and generation facilities outside the St. George municipal boundaries as were necessary to furnish power to the Warner Valley area.
- 40. By necessary implication, St. George assumed the obligation, incumbent upon Dixic Power by reason of its Certificate of Public Convenience and Necessity, to furnish electrical power by means of the transferred electrical transmission facilities to the region encompassing the Subject Property.
- 41. For many years, St. George has acted in accordance with this assumed obligation, furnishing power to the region encompassing the Subject Property, including the Gubler Ranch property, such that the City's obligation under the 1981 Agreement has been established by a course of conduct between the parties to the Agreement.
- 42. Inherent in the 1981 Agreement, moreover, is an implied covenant of good faith and fair dealing, under which St. George, by accepting transfer of Dixie Power's transmission and distribution facilities servicing the Subject Property and surrounding areas, undertook to service existing and future electric service customers in those areas on the same terms Dixie Power had offered.

- 43. InSite is therefore entitled to an order, judgment and decree of this Court adjudicating its rights to electrical service to the Subject Property from St. George. More specifically, InSite is entitled to an order, judgment and decree of this Court declaring that:
  - a. By virtue of the 1981 Agreement, St. George is contractually obligated to provide electric service to the Subject Property on the same terms and conditions offered to its other electric service customers similarly situated;
  - b. To the extent provided by Utah Code Ann. § 10-8-14(5)(a), St. George is obligated to submit to Dixie Power a request to provide electrical service to InSite on the Subject Property;
  - c. To the extent required by Utah Code Ann. § 10-8-14(5), the parties are obliged, under the express and implied terms of the 1981 Agreement, to enter into a written agreement ratifying St. George's continued furnishing of electrical power service to the region covered by the 1981 Agreement, including the Subject Property; and
  - d. St. George and Dixie Power are obligated to submit to the Utah Public Service Commission the written agreement for the provision of electrical service to the Subject Property by St. George to the Utah Public Service Commission for approval, all as provided at (and to the extent required by ) Utah Code Ann. § 10-8-14(5).

WHEREFORE, Insite Towers Development, LLC respectfully requests equitable relief as is more fully set forth in its prayer for relief.

# SECOND CLAIM FOR RELIEF (Injunctive Relief - All Defendants)

44. Plaintiff InSite incorporates by reference all allegations in paragraphs 1 through 43 of this Complaint.

- 45. The parties to the 1981 Agreement expressly and implicitly agreed to confer a separate and distinct benefit upon third parties, namely, the furnishing of electric power service, by the City as recipient of the electrical transmission and distribution facilities transferred by the Agreement, to other customers similarly situated located in the area affected by the Agreement.
  - 46. InSite is therefore an intended third-party beneficiary under the 1981 Agreement.
- 47. In order to enable St. George to perform its obligations to InSite and other customers similarly situated, Defendants must agree to the City's furnishing of service to customers outside its municipal boundaries, and present the written agreement to the Utah Public Service Commission for approval, all pursuant to Utah Code Ann. § 10-8-14(5).
- 48. InSite is therefore entitled to an order, judgment and decree of specific performance, compelling Defendants as follows:
  - a. Directing St. George to submit to Dixie Power a request to provide electric service to InSite on the Subject Property;
  - b. Directing Defendants, to the extent required by Utah Code Ann. § 10-8-14(5), to enter into a written agreement ratifying St. George's continued furnishing of electrical power service to the region covered by the 1981 Agreement, including the Subject Property; and
  - c. Directing St. George and Dixie Power to submit to the Utah Public Service Commission the written agreement for the provision of electrical service to the Subject Property by St. George to the Utah Public Service Commission for approval, all as provided at (and to the extent required by ) Utah Code Ann. § 10-8-14(5).

WHEREFORE, Insite Towers Development, LLC, respectfully requests equitable relief as is more fully set forth in its prayer for relief.

### THIRD CLAIM FOR RELIEF (Injunctive Relief – All Defendants)

- 49. Plaintiff InSite incorporates by reference all allegations in paragraphs 1 through 48 of this Complaint.
  - 50. InSite is entitled to the provision of electric service to the Subject Property.
- 51. But for the terms and implementation of the 1981 Agreement, InSite would be entitled to service by Dixie Power as the Subject Property lies within Dixie Power's certificated service area.
- 52. For reasons set out more fully above and pursuant to the terms of the 1981

  Agreement, InSite is entitled to the provision of electrical service to the Subject Property by

  St. George.
- 53. By reason of Utah Code Ann. § 10-8-14, however, St. George claims it has no contractual or regulatory obligation to provide service to InSite.
- 54. By reason of Defendants' respective positions concerning the provision of electric service to the Subject Property, InSite is suffering, and will continue to suffer, irreparable injury in the form of inability to construct and operate the InSite Tower on the Subject Property in accordance with the conditional use permit issued by Washington County, to the detriment of its customers and sublessees.

### 55. Specifically:

a. InSite's conditional use permit will expire if work is not commenced within a reasonable time prior to the deadline of January 1, 2016;

- b. InSite's FAA approval expires August 15, 2015, although it may, at the discretion of FAA, be subject to renewal;
- c. If InSite cannot commence work on the Subject Property within a reasonable period of time, zoning extended to the Subject Property by Washington County may be revoked;
- d. InSite's principal anchor tenant, Verizon Wireless, may declare default on InSite's commitment to furnish telecommunication facilities on the Subject Property, which would render the InSite Tower project infeasible
- 56. InSite is therefore entitled to an order and decree of preliminary and permanent mandatory injunction from this Court, compelling the following:
  - a. That the City of St. George shall extend electric service to the Subject Property on the same terms and conditions as those afforded by St. George to other customers similarly situated;
  - b. That St. George shall submit to Dixie Power a request to provide electric service to InSite on the Subject Property as described in Utah Code Ann. § 10-8-14(5)(a);
  - c. That Defendants shall enter into a written agreement for the provision of electric service by St. George to InSite on the Subject Property in accordance with the express and implied obligations assumed by the parties under the 1981 Agreement; and
  - d. That Defendants shall submit the written agreement for the provision of electric service to the Subject Property by St. George to the Utah Public Service Commission for approval, all as described at Utah Code Ann. § 10-8-14(5)(c)(iii)(A).

WHEREFORE, InSite Towers Development, LLC respectfully requests equitable relief as hereinafter more fully set forth in its prayer for relief.

### PRAYER FOR RELIEF

WHEREFORE, Plaintiff InSite Towers Development, LLC respectfully requests equitable relief in its favor and against Defendants City of St. George and Dixie-Escalante Rural Electric Association, Inc. d/b/a/ Dixie Power as follows:

- 1. That, pursuant to the First Claim for Relief, the Court enter an order, judgment and decree declaring that:
  - a. By virtue of the 1981 Agreement, St. George is contractually obligated to electric service to the Subject Property on the same terms and conditions offered to its other electric service customers similarly situated;
  - b. To the extent provided by Utah Code Ann. § 10-8-14(5)(a), St. George is obligated to submit to Dixie Power a request to provide electric service to InSite on the Subject Property;
  - c. To the extent required by Utah Code Ann. § 10-8-14(5), the parties are obligated, under the express and implied terms of the 1981 Agreement, to enter into a written agreement ratifying St. George's continued furnishing of electrical power service to the region covered by the 1981 Agreement, including the Subject Property; and
  - d. St. George and Dixie Power are obliged to submit to the Utah Public Service Commission the written agreement for the provision of electric service to the Subject Property by St. George to the Utah Public Service Commission for approval, all as provided at (and to the extent required by ) Utah Code Ann. § 10-8-14(5).

- 2. That, in addition and not in the alternative, the Court enter an order of specific performance pursuant to the Second Claim for Relief, compelling Defendants as follows:
  - a. Directing St. George to submit to Dixie Power a request to provide electric service to InSite on the Subject Property;
  - b. Directing Defendants, to the extent required by Utah Code Ann. § 10-8-14(5), to enter into a written agreement ratifying St. George's continued furnishing of electrical power service to the region covered by the 1981 Agreement, including the Subject Property; and
  - c. Directing St. George and Dixie Power to submit to the Utah Public Service Commission the written agreement for the provision of electrical service to the Subject Property by St. George to the Utah Public Service Commission for approval, all as provided at (and to the extent required by ) Utah Code Ann. § 10-8-14(5).
- 3. That, in addition, and not in the alternative, and pursuant to the Third Claim for Relief, the Court enter an order and decree of preliminary and permanent injunctive relief compelling the following:
  - a. That the City of St. George shall extend electric service to the Subject

    Property on the same terms and conditions as those afforded to other customers similarly situated by St. George;
  - b. That St. George shall submit to Dixie Power a request to provide electric service to InSite on the Subject Property, as described in Utah Code Ann. § 10-8-14(5)(a);

- c. That Defendants shall enter into a written agreement for the provision of electric service by St. George to InSite on the Subject Property in accordance with the express and implied obligations assumed by the parties under the 1981 Agreement; and
- d. That Defendants shall submit the written agreement for the provision of electric service to the Subject Property by St. George to the Utah Public Service Commission for approval, all as described at Utah Code Ann. § 10-8-14(5)(e)(iii)(A).
- 4. For InSite's costs and attorneys' fees incurred herein.
- 5. For such other and further relief as the Court shall deem just and equitable.

### DISCOVERY TIER DESIGNATION

In the absence of claims for damages by Plaintiff and because of the non-monetary relief sought, Plaintiff's claims qualify for Tier 2 discovery under Utah R. Civ. P. 26(c)(3).

DATED this  $2^{\frac{1}{2}}$  day of April 2015.

JONES, WALDO, HOLBROOK & McDONOUGH, PC

Vincent C. Rampton

Gary G. Sackett

Attorneys for Plaintiffs

### VERIFICATION

I, Roni D. Jackson, having been first duly sworn, state that I am the General Counsel of InSite Wireless Group LLC, the parent company of InSite Towers Development, LLC, that I have read the foregoing VERIFIED COMPLAINT and do hereby verify that the factual statements contained therein are true based upon my personal knowledge, information and belief, and I believe the relief requested to be fair and reasonable under the facts of this case.

DATED this \_\_\_\_day of April, 2015.

Roni D. Juckson

## EXHIBIT 1

### AGREEMENT.

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- 1. The City of St. George gives Dixje-Escalante R.E.A. a non-exclusive franchise to provide energy in certain areas of the City for a period of twenty years, as referred to in City Ordinance No. 1980-12.
- 2. Dixie-Escalante R.E.A. transfers and delivers title to the City of all its existing utility poles, wires and other electrical transmission equipment and distribution system and facilities now located north of the Virgin River and north of the Bloomington North property line and within the City of St. George, with the excaption of 69KV transmission line and all system transformers.
- Dixie~escalante R.E.A. will dismiss with predjudice those lawsuits filed in the Fifth Judicial District Court. Washington County, Utah, and designated as civil suits 5571 and 5876.
- density action, maintenance and operation of such electrical density action, maintenance and operation of such electrical density of convenience and necessity issued by the Utah Public Service Commission as may be reasonable and necessary to deliver electrical energy to any part of the City of it George and to those power generation and part of the City of it George and to those power generation and part competitions a cart of or reasonably related to the development operation and activities of the reservoir and power generation facility commonly known as the Varier Valley project. Prior to the construction of the facilities contemplated in this paragraph the City shall consult and confer with Dixie-Escalance R.E.A. in order to promote mutual cooperation between the parties.
- 5. The City of St. George shall pay to Dixie-Escalante R.E.A. the sum of Sixty-Five Thousand Dollars (S65,000) as consideration for the system and facilities referred to in Paragraph 2. above.

In witness whereof, the parties have hereunto set their hands as of bedruary / 1981.

CITY OF ST. GEORGE

BY James & Larkin, Mayor

DIXIE ESCALANTE R.E.A.

BY Clohard & officer

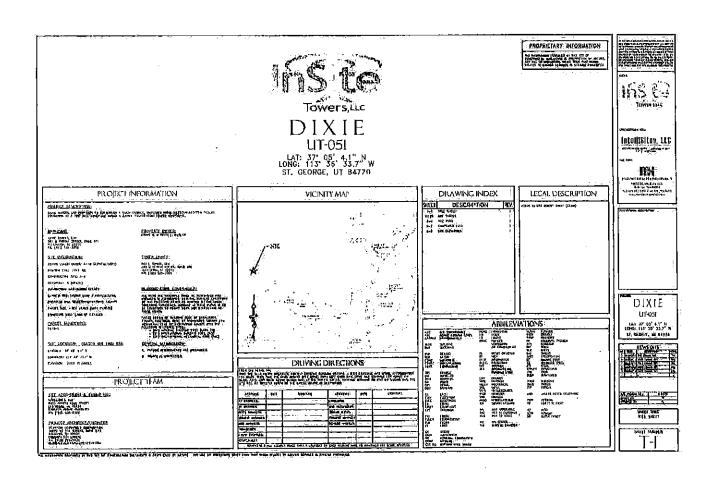
Richard 8. Shureliff, Chairman -

DIXIE ESCHUNIE

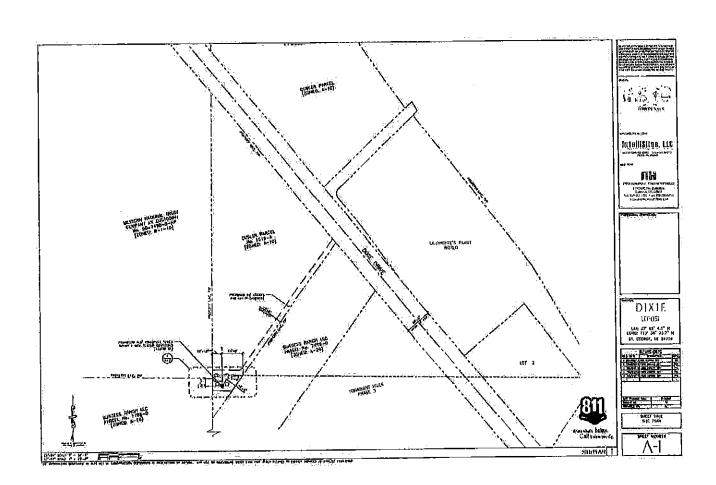
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# EXHIBIT 2



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