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**DISPATCH AND SUBSTATION OPERATION
AND MAINTENANCE AGREEMENT**

THIS OPERATION AND MAINTENANCE AGREEMENT is made on the 4th day of October, 2004.

BETWEEN:

Strawberry Electric Service District ("SESD")
803 North 500 East
Payson, Utah 84651
(801) 465-8020

AND:

Payson City Corporation ("Payson")
439 West Utah Avenue
Payson, Utah 84651
(801) 465-5234

WHEREAS: SESD and Payson both desire to work together with regards to Operation and Maintenance ("O&M") of each of its electrical utilities in order to more efficiently utilize personnel; provide cost savings by not having to duplicate job functions in certain areas; and provide better service for each of its customers; and

NOW THEREFORE THIS AGREEMENT WITNESSES that for the consideration set forth herein the parties agree as follows:

1. DUTIES OF SESD

- (a) SESD agrees to provide monthly substation monitoring. Such duties shall include monitoring reclosures, regulators and transformers. Additional duties include an overview of the substation premises, structures and fencing. A separate file shall be maintained on each substation and a sub-file on each piece of equipment within the substation.
- (b) SESD shall provide a monthly inspection list to Payson and advise of the status of each substation.
- (c) SESD will help Payson in locating parts and labor and assist in keeping the substations in proper working order.

2. DUTIES OF PAYSON

- (a) Payson agrees to provide 24 hour dispatching service for SESD. The Payson Power Plant will take outage calls for SESD and dispatch the SESD on-call lineman to restore power.

(b) Payson would coordinate with the on-call lineman to dispatch additional SESD employees as needed.

(c) SESD will provide Payson with SESD's on-call list, which will include personal telephone numbers, radio call numbers and radio frequencies. SESD, at SESD's expense, has established a dedicated telephone line into the Payson Power Plant for SESD's emergency calls. The telephone number is (801) 465-8053.

(d) Payson will provide a monthly outage report to SESD for review.

3. **ACCOUNTING**

(a) This agreement is intended to provide mutual benefit to each party. SESD will provide substation monitoring in exchange for dispatching services provided by Payson. Each party agrees to keep a running account of time and labor spent on behalf of the other party. At least annually, the parties shall review the accounting and make appropriate adjustments. The accounts shall be balanced each year unless otherwise agreed to by the parties.

4. **FURTHER ASSISTANCE.** The parties hereto agree to cooperate with each other in performing other tasks not specifically listed in this agreement that will be mutually beneficial to each party.

5. **ENTIRE AGREEMENT.** This agreement constitutes and contains the entire agreement and understanding between the parties hereto and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations whether oral or written, express or implied, statutory or otherwise between the parties hereto with respect to the subject matter hereof.

6. **GOVERNING LAW.** This agreement shall be governed by and interpreted in accordance with the laws of Utah.

7. **NON-WAIVER OF RIGHTS.** No delay or failure by a party to exercise any right under this agreement, and no partial or single exercise of the right, shall constitute a waiver of that or other right, unless otherwise expressly provided herein.

8. **CONTRACT ASSIGNMENT.** This contract may not be assigned by either party, except with written consent of the other.

9. **SEVERABILITY.** If any part(s) of this agreement are found to be void, the remaining provisions shall nevertheless be binding with the same effect as though the voided parts were deleted.

10. **MODIFICATIONS.** This agreement shall not be modified unless in writing

and signed by all parties to this agreement.

11. **TERMINATION.** This agreement may be terminated by either party giving sixty (60) days written notice. If the agreement is terminated, a final accounting shall be conducted and the accounts shall be brought to a zero balance.

IN WITNESS WHEREOF the parties hereto have hereunto executed this agreement as of the day and year first above written.

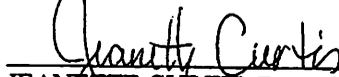
DATED this 4th day of October, 2004.

PAYSON CITY:


BERNELL C. EVANS, Mayor


RON CRUMP, Electrical Superintendent

Attest:


JEANETTE CURTIS, Recorder



STRAWBERRY ELECTRIC SERVICE
DISTRICT:


MELVIN MEREDITH, Chair


DAN ELLSWORTH, Manager

Attest:


Mary Ann James, Clerk