



RESIDENTIAL DISTRIBUTION SUBDIVISIONS AGREEMENT

This AGREEMENT made this _____ day of _____, _____ by and between MINNESOTA POWER, a Minnesota corporation, and _____ of _____ (legal name of customer) hereinafter called DEVELOPER. _____ (address)

WHEREAS DEVELOPER has requested MINNESOTA POWER to provide an electric distribution system to serve certain properties being developed by DEVELOPER located on the following described real estate situated in the _____ of _____ (township or municipality), County of _____, State of Minnesota, to wit: _____ (Provide legal description; if not available, insert addresses)

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

Paragraph 1. MINNESOTA POWER shall, subject to all the terms and conditions contained herein; install, own and maintain all facilities necessary to provide a single phase electric distribution system to serve residential, commercial and municipal customers within the area indicated on the map or plat attached hereto as "Exhibit A." The term "distribution system," as used herein, shall include the service connection to each customer served thereby as shown in "Exhibit A."

Paragraph 2. The distribution system shall be installed by MINNESOTA POWER in accordance with the plans and specifications attached hereto as "Exhibit B." However, if MINNESOTA POWER is unable to secure, upon reasonable terms and conditions from the appropriate governmental unit, the permits, licenses, or authority necessary for the installation and operation of said distribution system, then this Agreement shall be void and both parties hereto shall have no rights, duties, or privileges hereunder.

Paragraph 3. MINNESOTA POWER shall endeavor to coordinate the installation of said distribution system with the activities of DEVELOPER in the area to be served. However, MINNESOTA POWER shall not be required to install said distribution system in segments smaller than considered economically feasible by MINNESOTA POWER. MINNESOTA POWER shall not be responsible for any damages resulting from delay in completing the installation of the distribution system contemplated herein, whether such delay is due to casualty, labor disputes, weather, or other causes beyond the reasonable control of MINNESOTA POWER.

Paragraph 4. DEVELOPER shall, at no cost or expense to MINNESOTA POWER and prior to the installation of said system, secure such easement rights as MINNESOTA POWER may require for the installation, operation, and maintenance of said system. DEVELOPER shall provide corresponding written easement deeds satisfactory to MINNESOTA POWER.

Paragraph 5. DEVELOPER, before the time the installation of any segment of said distribution system is commenced by MINNESOTA POWER, shall establish grades in the easement strip which shall not be more than four (4) inches above or below the finished grade. Before installation operations are started by MINNESOTA POWER:

- (A) The route of said distribution system shall be accessible to MINNESOTA POWER's equipment and all obstructions shall be removed from such route by DEVELOPER at no cost or expense to MINNESOTA POWER.
- (B) Marker stakes for lot corners shall be placed by DEVELOPER at intervals designated by MINNESOTA POWER.

Paragraph 6. In consideration of MINNESOTA POWER's installing and owning the distribution system, as described in Paragraph 1, DEVELOPER agrees to pay a contribution in the amount of \$_____. This amount represents the estimated cost of the line extension as defined in Minnesota Power's Extension Rules but excluding the cost of service connections. This amount shall be paid in full by the DEVELOPER prior to commencement of construction, except that if construction is scheduled for completion in segments, only the contribution for costs associated with providing service to the particular segment upon which work is to commence shall be due prior to commencement of that construction. Consistent with Minnesota Power's Extension Rules, DEVELOPER agrees to pay any excess installation costs that were caused by unforeseen special conditions (such as ground frost, surface or subsurface impediments, and submarine installations) that were not included in the prepaid contribution amount. During the winter months from October 15th to April 1st, prepaid contribution amounts may reflect higher costs associated with special conditions such as ground frost, but DEVELOPER will ultimately be charged the actual cost for the distribution line extension through a true-up refund or charge after construction is completed. As homes are connected DEVELOPER is entitled to receive a refund for each lot. The amount of the refund for each lot shall be the Construction Allowance specified in Minnesota Power's extension rules, less the estimated cost of the service connection of that lot. However, in no event will the total refund exceed the Contribution. After the maximum refund to which DEVELOPER is entitled has been made by MINNESOTA POWER or after the initial five years, whichever occurs first, customers requesting service to additional lots for which the extension was made shall make appropriate arrangements directly with Company for any Contributions necessary to satisfy additional extension costs related to the respective service connections.

Paragraph 7. The cost of any subsequent relocation or rearrangement of any portion of said distribution system made to accommodate the needs of DEVELOPER and not contemplated and taken into consideration in arriving at the amount specified in Paragraph 6 herein is to be borne by DEVELOPER. Said distribution system installed by MINNESOTA POWER shall be and remain the property of MINNESOTA POWER and any payment made by DEVELOPER shall not entitle DEVELOPER or anyone other than MINNESOTA POWER to any ownership interest or rights therein. DEVELOPER further agrees to preserve MINNESOTA POWER's ownership and easement rights by inserting a covenant running with the land on any deed transferring title to any land on which distribution facilities have been installed. DEVELOPER agrees that the service entrance capacity of each residence shall be a minimum of 100 amperes. In the case of total electric, this minimum shall be 200 amperes.

DEVELOPER shall not assign this agreement without written consent of MINNESOTA POWER.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed the day and year first above written.

MINNESOTA POWER

Authorized Minnesota Power Representative (Print or Type) BY _____
Authorized Minnesota Power Representative (Signature)

Customer Service Representative (Print or Type) And _____
Customer Service Representative (Signature)

DEVELOPER

Developer (Print or Type) BY _____
Signature

Developer (Print or Type) And _____
Signature

This agreement is in effect for 5 years from date of signature.