

## EXHIBIT 3

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**From:** Jose Dominguez <Josed@cityofvermillion.com>  
**Sent:** Friday, January 15, 2021 4:48 PM  
**To:** Chris Larson  
**Cc:** John Prescott  
**Subject:** Bypass Lighting

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Chris,

First of all, thank you for taking the time to discuss the issue of providing power to the proposed lights along the SD Highway 50 Bypass (Bypass). We also appreciate the fact that the CUE Board of Directors met to discuss the issue and came up with a couple of options.

Based on our last conversation CUE offered the following options to the City:

1. The City could pay CUE \$2,500 per year for 10-years and in exchange CUE would allow the City to provide power to 15 lights which CUE might have served along the Bypass; or,
2. The City could give two lots in Bliss Pointe Addition (City territory) and in exchange CUE would allow the City to provide power to 15 lights which CUE might have served along the Bypass. (We want to clarify that the City asked if there would be a swap of territory for this option (the City gives up two lots for the acquisition of the CUE territory along the Bypass – the north right-of-way of the Bypass). CUE's response was that no territory swap was desired by them, and that the City would be allowed to serve the lights along the Bypass if two residential lots would be given to CUE.)

Again, although we appreciate the fact that CUE met to discuss the matter we are sincerely rejecting both of these options. First of all, the City is looking to save money by providing City power to the lights. Option 1 will cost the City more than if we would have just utilized CUE power (we already know that CUE customer service charge and power costs are more than City power, which is why we want to serve the lights). Additionally, Option 2 is insulting. This is truly a territory grab from CUE. The City would be giving territory away, while only gaining the ability to serve 15 lights along the Bypass. Along with the loss of revenue (i.e. which is \$2,500 per year) another concern from CUE has been the City's perceived grabbing of CUE territory, and this is the option CUE brought to the table; a CUE land grab. I will say this again, the City is not looking to gain territory. We merely want to benefit the public with a safe road by serving power to the lights (i.e. similar to what we currently do on Cherry Street, and on the existing lights on the Bypass). Based on the second option provided, the same cannot be said about CUE.

Regardless, the City will be exercising a third option. In this third option the DOT will transfer ownership to the City for all of the lights along the Bypass once the project is completed. All of the lights will be powered by the City since they will be owned by the City (i.e. SDCL 49-34A-57).

The City already provides power to other lights in CUE territory (i.e. lights on Cherry Street, and the existing lights on the Bypass), and in none of these instances has the City used that fact to take territory from CUE. Again, we have said numerous times that this is a decision made due to cost savings (i.e. during construction and long term cost of providing power to the lights). Option 1 we understand – however small, CUE loses the ability to generate additional revenue from these lights. Emphasis on additional, since CUE would not be losing any existing revenues, or incurring costs associated with construction of the facilities. Disappointingly, option 2 is nothing more than an attempted territory grab.

Again, thank you.

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