

27. HEADINGS NOT TO AFFECT MEANING

References herein to Sections are to sections of this Tariff, unless otherwise specified. A reference herein to a Section includes all subsections of such Section. Section headings appearing in this Tariff are inserted for convenience of reference only and shall in no way be construed to be interpretations of this Tariff.

28. RELATIONSHIP OF PARTIES

Nothing contained in this Tariff or associated Service Agreements shall be construed to create an association, joint venture, partnership or any other type of entity among NCR and Customer.

29. STATEMENTS BY AGENTS

No representative of NCR has authority to modify any rule or provision of this Tariff or associated Service Agreements, or to bind NCR by any promise or statement, unless the same shall be incorporated in a written instrument executed by a duly authorized representative of NCR and, where required under the Federal Power Act and FERC regulations, filed with the FERC.

30. REGULATION

The provisions of this Tariff are subject to the regulatory authority of the FERC, and acceptance of this Tariff for filing by the FERC shall be a prerequisite to its validity.

31. APPLICABLE LAWS, REGULATION AND ORDERS

Service provided under this Tariff shall be subject to the Federal Power Act and to orders of the FERC, and to all existing or future applicable local, state or federal laws, and to all existing or future duly promulgated orders and other duly authorized actions of governmental authorities having jurisdiction over the matters contained herein. Service provided under this Tariff shall not violate or be inconsistent with, and shall not cause the NCR to violate directly or indirectly or become a party to violation of, any applicable statute, order, ordinance, governmental or agency rule or regulation or the applicable federal, state or local law; and must in all events be lawful, duly authorized and approved or accepted for filing by all regulatory agencies, if any, which have jurisdiction over such service.

Issued: _____
Effective: _____

Revision: Original Revised
Supersedes: None Original

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32. ACCOUNTING

All accounting related to the transactions contemplated by this Tariff shall utilize the accrual method of accounting and shall be in accordance with Generally Accepted Accounting Principles, FERC's Uniform System of Accounts or as prescribed by other regulatory agencies having jurisdiction, all as in effect from time to time.

33. OBLIGATIONS AFTER TERMINATION OR CANCELLATION

The applicable provisions of this Tariff continue to effect after termination or cancellation of service to a Customer to the extent necessary to provide for final billing, billing adjustments and payments and with respect to liability for and indemnification from acts or events that occurred prior to such termination.

34. CHOICE OF LAW

The validity, interpretation and performance of this Tariff shall be in accordance with and controlled by the laws of the State of Texas, except to the extent Texas conflict of law principles would require application of the law of a jurisdiction other than the State of Texas.

35. OTHER AGREEMENTS

Service hereunder shall be provided only after Customer has executed a Service Agreement. In the event of a conflict or difference between the terms of this Tariff and the terms of a Service Agreement, the terms of this Tariff shall govern. NCR and Customer may mutually agree to execute a Supplemental Agreement. In the event of a conflict or difference between the terms of this Tariff (including the terms of a Service Agreement) and the terms of such Supplemental Agreement, the terms of the Supplemental Agreement shall govern.

36. TERM OF SERVICE AND NOTICE OF TERMINATION

The term during which service hereunder will be furnished shall be as provided in the Service Agreement between NCR and Customer, not to exceed 20 years except upon express mutual agreement of NCR and Customer. NCR or Customer shall give no less than three years' notice of termination of service hereunder.

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SECTION D

SERVICE AGREEMENT

Issued: _____
Effective: _____

Revision: Original Revised
Supersedes: None Original

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SERVICE AGREEMENT
RATE SCHEDULE WP

AGREEMENT made as of _____ by and between NewCorp Resources Electric Cooperative, Inc. (hereinafter "NCR"), a corporation organized and existing under the laws of the State of Texas, and _____ (hereinafter "Customer"), a _____ existing under the laws of the State of _____.

NCR and Customer, in consideration of the mutual covenants and agreements herein contained, and of the mutual benefits to be derived therefrom, hereby agree as follows:

- (1) NCR agrees to provide, and Customer agrees to take and pay for, all electric power and energy required by Customer at the delivery points specified in Exhibit A, attached hereto and made a part hereof, for resale by Customer.
- (2) Electric power and energy supplied under this Service Agreement by NCR to Customer shall be furnished in accordance with Rate Schedule WP (including applicable riders) and the Service Terms and Conditions as may be in effect from time to time under the authority of regulatory bodies having jurisdiction, and said Rate Schedule WP and the Service Terms and Conditions are incorporated in this Agreement to the same extent as if fully set forth herein.
- (3) NCR's obligation to provide power and energy hereunder to each delivery point shall be limited to the Contract Demands set forth in Exhibit A. The voltage and number of phases for electric service provided to each delivery point hereunder shall be as set forth in Exhibit A.
- (4) Exhibit A shall only be amended upon the written agreement of both parties, and in accordance with Rate Schedule WP and the Service Terms and Conditions.
- (5) Customer agrees to pay for all Direct Assignment Facilities identified in Exhibit B, attached hereto and made a part hereof, in accordance with Rider DAF-Direct Assignment Facilities.
- (6) This Service Agreement shall become effective on _____ or, if later, on such day as it is permitted to become effective by the Federal Energy Regulatory Commission, and shall remain in effect until _____ and year to year thereafter until canceled by either party with the termination being effective at the end of a calendar year, by giving written notice of termination at least five years prior to termination.

Issued: _____
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- (7) Customer agrees to grant or secure for NCR, at Customer's expense, any rights-of-way on property owned or controlled by Customer and to provide suitable space on said premises for installation of facilities where such rights-of-way and space are necessary to provide electric service to Customer.
- (8) For purposes of all notices, bills, statements, remittance or payments or written demands, the address of Customer shall be as indicated below unless specifically directed otherwise by Customer in writing in advance of notice.

Name: _____

Address: _____

- (9) This Agreement supersedes all previous agreements, written or verbal, between NCR and Customer for the service described herein and shall inure to the benefit of and be binding upon the respective heirs, legal representatives, successors and assigns of the parties hereto, provided that no assignment by Customer shall be binding upon NCR until accepted in writing by NCR. This Agreement is subject to all laws and governmental regulations and to the provisions of NCR's franchises now in effect or which may hereafter become effective.

ACCEPTED BY NCR:

Signature

Title

Date Signed

ACCEPTED BY CUSTOMER:

Signature

Title

Date Signed

Issued: _____
Effective: _____

Revision: Original Revised
Supersedes: None Original

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EXHIBIT A

LIST OF DELIVERY POINTS

(Customer Name)

<u>Name and Locations</u>	<u>Contract Demand (kW)</u>	<u>Service Voltage (kV)</u>	<u>In-Service Date</u>
---------------------------	---------------------------------	---------------------------------	----------------------------

Issued: _____
Effective: _____

001813

Revision: Original Revised
Supersedes: None Original

DIRECT ASSIGNMENT FACILITIES

(Customer Name)

<u>Delivery Point Name</u>	<u>Installed Cost</u>	<u>Monthly Charge</u>	<u>In-Service Date</u>
----------------------------	-----------------------	-----------------------	------------------------

NEWCORP RESOURCES ELECTRIC COOPERATIVE, INC.

EXHIBIT A TO

NEWCORP RESOURCES ELECTRIC COOPERATIVE, INC.

SERVICE AGREEMENT WITH

CAP ROCK ELECTRIC COOPERATIVE, INC.

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EXHIBIT A

LIST OF DELIVERY POINTS

CAP ROCK ELECTRIC COOPERATIVE, INC.

<u>Name and Location</u>	<u>Contract Demand (kW)</u>	<u>Service Voltage (kV)</u>	<u>Effective Date</u>
Vealmoor - Borden County	100,000	14.40	May 1, 1995
Tate - Southeastern Martin County	Note 1	7.20	May 1, 1995
Koch - Northwestern Howard County	Note 1	2.40	May 1, 1995
Reed - Northeastern Martin County	Note 1	12.00	May 1, 1995
Stewart - Central Martin County	Note 1	12.00	May 1, 1995
Phillips - North Central Midland County	Note 1	14.40	May 1, 1995
Jones - Northwestern Midland County	Note 1	7.20	May 1, 1995
McDonald - Central Midland County	Note 1	14.40	May 1, 1995
Schwartz - Northwestern Reagan County	Note 1	14.40	May 1, 1995
Dusek - Northeastern Upton County	Note 1	14.40	May 1, 1995
Stiles - Central Reagan County	Note 1	12.00	May 1, 1995
St. Lawrence - South Central Glasscock County	Note 1	14.40	May 1, 1995
Lange - South-central Howard County	Note 1	14.40	May 1, 1995
Buchanan - East Central Howard County	Note 1	7.20	May 1, 1995

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Exhibit A
Page 2

<u>Name and Location</u>	<u>Contract Demand (kW)</u>	<u>Service Voltage (kV)</u>	<u>Effective Date</u>
Dunn – Northwestern Mitchell County	Note 1	14.40	May 1, 1995
Holman – Central Howard County	Note 1	7.20	May 1, 1995

Note 1: The total Contract Demand of 100,000 kW is not apportioned by delivery point. The demand available at each delivery point shall be sufficient to serve Cap Rocks loads at each delivery point, not to exceed the total Contract Demand.

CERTIFICATE OF SERVICE

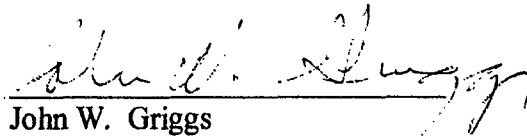
I hereby certify that I have this day served the foregoing document upon:

David Pruitt, President
Cap Rock Electric Cooperative, Inc.
500 West Wall
Suite 400
Midland, TX 79701

and

Mr. Lane Lanford
Executive Director
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, TX 78711-3326

Dated at Reston, Virginia, this 27th day of December, 2001.


John W. Griggs
Griggs & Adler, P.C.
12110 Sunset Hills Road, Suite 450
Reston, VA 20190

GRIGGS & ADLER, P.C.

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FILED
OFFICE OF THE
SECRETARY

2003 JUL 25 PM 4: 27

FEDERAL ENERGY D.C. Office:
REGULATORY COMMISSION

GRIGGS & ADLER

1200 G STREET, N.W., SUITE 800
WASHINGTON, D.C. 20005
(202) 434-8766

DEBRA BETH ADLER
JOHN WYETH GRIGGS*

* Admitted AK, DC, and FL. Not admitted in Virginia

July 25, 2003

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
Office of the Secretary
Room 1A East
888 First Street, N.E.
Washington, D.C. 20426

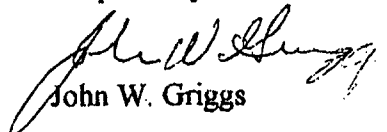
Re: NewCorp Resources Electric Cooperative, Inc., FERC Docket Nos. EC03-____-000,
and ER03-____-000

Dear Ms. Salas:

Enclosed for filing on behalf of NewCorp Resources Electric Cooperative, Inc. ("NewCorp") are the original and ten (10) copies of NewCorp's application for approval under Section 203 of the Federal Power Act of the transfer of certain assets from Cap Rock Energy, Inc. ("CRE") to NewCorp. In addition, NewCorp and CRE propose to change the wholesale service provided to CRE from NewCorp's all requirements Tariff WP to NewCorp's Open Access Transmission Tariff, and approval under Section 205 of the Federal Power Act is requested for new service agreements necessary to effect this change. These changes are being made in connection with refinancing of existing debt, approval of which is being requested in a separate filing. An electronic copy of this filing is also enclosed. Please stamp the two extra copies of this filing to indicate receipt and return them to the messenger delivering this filing.

Thank you for your attention to this matter.

Respectfully submitted,


John W. Griggs

Enclosures

cc: Cap Rock Energy Corporation

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**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

NewCorp Resources Electric Cooperative, Inc.) Docket No. EC03-_____-000
Docket No. ER03-_____-000

**APPLICATION FOR APPROVAL OF TRANSFER OF TRANSMISSION ASSETS, AND
FOR APPROVAL OF SERVICE AGREEMENTS UNDER EXISTING TARIFFS**

FILED
OFFICE OF THE
SECRETARY
2003 JUL 25 PM 4:27
FEDERAL ENERGY
REGULATORY COMMISSION

Lee D. Atkins, Secretary/Treasurer
NewCorp Resources Electric Cooperative, Inc.
500 West Wall, Suite 400
Midland, Texas 79701

John W. Griggs
Griggs & Adler
12110 Sunset Hills Road
Suite 450
Reston, VA 20190
Attorneys for NewCorp
Resources Electric
Cooperative, Inc.

July 25, 2003

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Exhibits

- 35-A: Termination Agreement
- 35-B: Administrative Services & Maintenance Agreement
- 33-A: NewCorp Resources Electric Cooperative, Inc.
- 33-B: Energy Subsidiaries and Affiliates
- 33-C: Organizational Chart
- 33-D: Transmission Agreement with Xcel Energy, Inc.
- 33-E: Common Officers and Directors
- 33-F: Description of Cap Rock Energy Corporation
- 33-G: Diagram of Transmission System
- 33-H: Facilities to Be Transferred from CRE to NewCorp
- 33-I: Purchase Agreement Between NewCorp and CRE
- 33-K: Color Coded Map of NewCorp and CRE Systems

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

NewCorp Resources Electric Cooperative, Inc.) Docket No. EC03-_____-000
Docket No. ER03-_____-000

**APPLICATION FOR APPROVAL OF TRANSFER OF TRANSMISSION ASSETS, AND
FOR APPROVAL OF SERVICE AGREEMENTS UNDER EXISTING TARIFFS**

Pursuant to Sections 203 and 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824b and 824d, and Parts 33 and 35 of the Rules and Regulations of the Federal Energy Regulatory Commission ("FERC" or "Commission"), 18 C.F.R. Part 33 and Part 35, NewCorp Resources Electric Cooperative, Inc. ("NewCorp") submits this application for an order of the Commission approving the transfer of certain assets from Cap Rock Energy Corporation ("CRE") to NewCorp that are used and useful in the transmission service provided by NewCorp and that have been reclassified from distribution to transmission. These assets include easements for transmission lines, land on which the transmission system substations are located, and equipment used in providing the transmission service. CRE is NewCorp's sole member and only customer. NewCorp is seeking Commission approval under Section 203 of the FPA for the sale of these assets from CRE to NewCorp.

The transfer of assets from CRE to NewCorp is being financed with a part of the proceeds of a loan to NewCorp from Beal Bank, S.S.B ("Loan"). FERC approval of the Loan is being requested in a separate filing made concurrently with this filing. The approvals sought in this application are among the requirements imposed by Beal Bank, S.S.B., to allow closing of the Loan. NewCorp requests expedited approval of this application and the granting of the requested authorizations by September 1, 2003, so that NewCorp's existing debt can be refinanced in time to avoid a balloon payment coming due on September 9, 2003.

In connection with the refinancing proposed in the Loan application, NewCorp and CRE have agreed to change the service provided by NewCorp to CRE from Rate Schedule WP (full requirements tariff) to NewCorp's previously approved Open Access Transmission Tariff ("OATT"). At the present time, NewCorp serves CRE's full requirements under Rate Schedule WP,¹ and purchases power from Southwestern Public Service Company ("SPS", a subsidiary of Xcel Energy, Inc. ("Xcel Energy")) to meet that obligation. NewCorp and CRE propose to terminate service under Rate Schedule WP and to initiate in its place transmission-only service pursuant to NewCorp's OATT.² NewCorp and CRE will execute a Network Integration Transmission Service Agreement ("NITSA") and a Network Operating Agreement ("NOA") to effect this change. Both agreements are consistent with the pro forma agreements approved by the Commission as part of NewCorp's OATT. While the parties have agreed to switch the basis for service from one previously approved tariff to another previously approved tariff, there is no change in the rates reflected in the previously approved tariffs proposed in connection with this filing. The NITSA and NOA will be retained on file by NewCorp, and are not being filed with FERC because they implement the pro forma contract provisions of NewCorp's OATT. Two service agreements are being filed herewith: a Termination Agreement necessary to comply with Rate Schedule WP, and a Master Operation, Maintenance and Administrative Services Agreement ("Services Agreement") related to NewCorp's use of CRE resources to maintain the transmission system. NewCorp respectfully requests that the service agreements be approved by FERC.

¹ Tariff WP was accepted for filing in FERC Docket No. ER95-973-000. It was most recently amended in FERC Docket No. ER02-623-000, and designated FERC Electric Tariff, Second Revised Volume No. 1, Original Sheet Nos. 1-34.

² NewCorp's Open Access Transmission Tariff ("OATT") was accepted in Docket No. OA97-14-001 on February 24, 1999 (FERC Electric Tariff, First Revised Volume No. 2).

A. The Proposed Transfer of Assets Is Consistent with Section 203 of the FPA

NewCorp proposes to use part of the Loan proceeds to purchase from CRE assets used and useful in providing transmission service. NewCorp and CRE have identified these specific facilities as facilities used by NewCorp to deliver power in interstate commerce to CRE. Accordingly, the assets have been reclassified to the transmission service provided by NewCorp. Soyland Power Cooperative, Inc., 102 FERC ¶ 61,244 (2003); MidAmerican Energy Co., 90 FERC ¶ 61,105 at 61,337 (2000). The assets are valued on an original cost less depreciation basis at \$6.1 million, and include easements for the transmission lines, land on which the transmission system substations are located, a SCADA system, and a mobile substation. A complete listing of the facilities to be transferred is attached as Exhibit 33-H. Pursuant to Section 203 of the FPA and Part 33 of the Commission's regulations, 18 C.F.R. Part 33, NewCorp hereby requests that the Commission approve the acquisition of these assets by NewCorp.

1. Identity of applicant (18 C.F.R. § 33.2 (a), (b))

NewCorp maintains its corporate offices at 500 West Wall Street, Suite 400, Midland, TX 79701. The persons responsible for this application are:

Lee D. Atkins, Secretary/Treasurer
NewCorp Resources Electric Cooperative, Inc.
500 West Wall, Suite 400
Midland, Texas 79701
Phone: 915-684-0305
Fax: 915-684-0333
latkins@cap-rock.net

John W. Griggs
Griggs & Adler, P.C.
12110 Sunset Hills Road, Suite 450
Reston, VA 20190
Phone: 703-715-3016
Fax: 703-716-2865

griggslaw@aol.com

NewCorp is an electric cooperative with a single member, CRE. CRE is NewCorp's sole customer. CRE serves retail customers in rural counties in the Permian Basin area of West Texas. CRE's predecessor, Cap Rock Electric Cooperative, Inc. ("Cap Rock"), converted to investor-owned status ("CRE") in 2002. Prior to 1994, in West Texas, Cap Rock purchased all of its power requirements from Texas Utilities Electric Company and was part of the Electric Reliability Council of Texas ("ERCOT"). In 1994, Cap Rock transferred the load of its Stanton and Lone Wolf Divisions to SPS, and entered into a long-term power supply agreement with SPS. With this change, the Stanton and Lone Wolf Divisions of Cap Rock left ERCOT and became part of the Southwest Power Pool ("SWPP"). Cap Rock's smaller eastern divisions, which are not interconnected with the Stanton and Lone Wolf Divisions, remain in ERCOT.

Cap Rock formed NewCorp to own and operate its non-ERCOT transmission system, a looped system consisting of 305.9 miles of 138 kV transmission lines and including 16 substations. CRE continues to own the retail distribution system which is served from NewCorp's 16 substations. The system is interconnected to SPS at NewCorp's Jones and Vealmoor substations, and NewCorp presently obtains its full requirements from SPS. Cap Rock's wholesale power agreement with SPS was accepted by FERC in 1992 in Docket No. ER92-140-000, and the assignment of this agreement from Cap Rock to NewCorp was approved in 1995 in Docket No. ER95-517-000.

In conjunction with the change in service tariffs proposed herein, NewCorp and SPS have agreed to reassign the purchased power agreement back to CRE. Xcel Energy on behalf of SPS has agreed to make a filing with FERC to effect this change.

NewCorp intends to join the RTO for the SWPP, once such an RTO has been approved

by FERC. Any filings necessary in connection with joining the RTO will be made separately, but will require that NewCorp's rates and cash reserve requirements upon which the Loan is predicated not be reduced or jeopardized, and that NewCorp be allowed to recover any costs incurred in joining the RTO.

2. Corporate information relating to NewCorp and its affiliates (18 C.F.R. § 33.2 (c))

NewCorp is an electric cooperative engaged in the provision of wholesale electric service. With this filing, NewCorp proposes, with the agreement of CRE, to change its provision of all requirements service to transmission service only. NewCorp's authorized business activities are set forth in its Articles of Incorporation, which are included in Exhibit 33-A. A list of all energy subsidiaries and affiliates, percentage ownership of each, and a description of the primary business that each affiliate is engaged in is attached as Exhibit 33-B. An organizational chart showing NewCorp's corporate relationship to energy subsidiaries and affiliates is attached as Exhibit 33-C.

NewCorp and CRE share common officers and directors, as identified in Exhibit 33-E. CRE is NewCorp's sole customer. A description of CRE is included as Exhibit 33-F.

3. Jurisdictional facilities owned, operated and controlled (18 C.F.R. § 33.2 (d), (h))

NewCorp controls and operates a 305.9 mile looped 138kV transmission system and 16 substations connected to the transmission system from which bulk power and energy are delivered to CRE. Exhibit 33-G contains a diagram of this system. CRE's distribution system assets are served from the 16 NewCorp substations. See Exhibit 33-K.

NewCorp does not participate in any joint ventures, strategic alliances, tolling arrangements or other business arrangements, including transfers of operational control of its transmission system, except for its transmission agreements with Xcel Energy and its subsidiary,

SPS. On September 9, 1993, SPS and Cap Rock Electric Cooperative, Inc. executed a Transmission Agreement that provides, among other things, that SPS (now an Xcel subsidiary) would construct improvements to the NewCorp transmission system, assist in the financing of those improvements, and retain legal title to the transmission system pending NewCorp's repayment of the financing arranged for those improvements. NewCorp has succeeded to Cap Rock Electric Cooperative's interests under this agreement. This agreement will be terminated upon FERC approval of the financing sought with this application. A copy of this Transmission Agreement is included as Exhibit 33-D.

NewCorp and SPS are currently parties to a wholesale service agreement, and, as an all-requirements customer of SPS, NewCorp is provided with transmission service for use of the SPS transmission system, which is part of the SPP and is controlled by the SPP. SPS also serves as NewCorp's agent for acquiring transmission and ancillary service used to transmit power to NewCorp. NewCorp's OATT states that the NewCorp transmission system is in the SPS control area, and NewCorp does not provide that ancillary services. Ancillary services not available from NewCorp can be obtained from SPS or supplied by NewCorp's customer.

4. Description of the proposed transaction (18 C.F.R. § 33.2 (e), (f))

A narrative description of the proposed transaction is set forth in the preceding parts of this application. A description of the facilities to be transferred from CRE to NewCorp is set forth in Exhibit 33-H. The actual sale of the assets will be pursuant to a purchase agreement, a copy of which is attached as Exhibit 33-I. All other contracts related to the transaction are identified in this application.

5. The proposed transaction is consistent with the public interest (18 C.F.R. § 33.2 (g))

Under Section 203(a) of the FPA, the Commission must find that the proposed transfer of

facilities from CRE to NewCorp is consistent with the public interest. In making this determination, FERC examines the effect on competition, the effect on rates and the effect on regulation. Order No. 592, FERC Stats. & Regs., Regs. Preambles ¶ 31,044 at 31,177-0178 (2000); Entergy Nuclear Indian Point 3, 92 FERC ¶ 61,281 (2000); Potomac Electric Power Co., 93 FERC ¶ 61,240 (2000). The proposed transaction involves the transfer of a small amount of incidental facilities and assets used in the transmission of bulk power from NewCorp to CRE. The proposed transfer will have no effect on competition, as the relationship between NewCorp and CRE will not be significantly affected, and the proposed transaction does not affect any other parties. The effect on rates is also not substantial, and has been agreed to by the only affected party, CRE. Under Tariff WP, CRE pays a full-requirements, bundled rate based on a cost-of-service formula that includes identification of transmission costs of \$750,000 per month. The OATT uses the same transmission cost as a fixed rate. Because the Tariff WP contains a true-up provision based on actual costs, the rate actually paid by CRE for transmission may differ under the OATT as compared to what CRE pays under Tariff WP. CRE is the only affected customer.

There will be no regulatory impact of the proposed transaction on the FERC or any state commission. The size and scope of the transfer of facilities is not significant enough to affect any regulatory responsibilities at either the state or federal level. No material changes in utility service responsibilities are being proposed.

In Order No. 642, FERC Stats. & Regs., Regs. Preambles ¶ 31,111 at 31,877 (2000), the Commission observed that not all Section 203 applications require the same degree of information in order for the Commission to determine whether a transaction is in the public interest. The instant transaction is de minimis in scope. The only two affected parties, NewCorp and CRE, have signed agreements consenting to the transaction. NewCorp requests

that the transaction be approved without a hearing.

NewCorp requests waiver of 18 C.F.R. § 33.3 and 33.4 because there are no horizontal or vertical competitive impacts of the proposed transaction. Neither NewCorp nor CRE has any significant market power in the geographic areas affected. CRE has a certificated retail service area, and Texas is opening its retail markets to competition, but the transactions proposed by this application are not expected to have any significant effect on competitive relationships at the federal or state level. Whatever competitive or market impacts might flow from this application can only be considered to be positive, as the switch to the OATT service, consistent with FERC policy, should facilitate the development of competition in the relevant markets.

A form of notice for publication in the Federal Register is attached.

B. The Change in Service from the WP to OATT Tariff Does Not Involve a Change in the Terms and Conditions of Service under Either Tariff

NewCorp's proposal to switch its service from Rate Schedule WP to the OATT is consistent with the Commission's policy as set forth in Order No. 2000³ and other Commission initiatives. NewCorp proposes to terminate service to CRE under Tariff WP, where NewCorp provides both merchant and transmission services. In its place, NewCorp will provide CRE transmission-only service under NewCorp's previously filed and accepted OATT. NewCorp proposes no changes to filed provisions of either the WP or OATT Tariffs at this time. To make the changes in service possible, NewCorp is executing the NITSA and NOA. The NITSA and the NOA are consistent with the provisions of NewCorp's OATT, are required in order to obtain network integration service under the OATT, and implement the OATT provisions. The OATT contains pro forma agreements of this type, and the NITSA and NOA follow the format of the

³ Order No. 2000, FERC Stats. & Regs. Preambles ¶ 31,089, (1999), order on rehearing, Order No. 2000-A, FERC Stats. & Regs. Preambles ¶ 31,092 (2000), petitions for review dismissed sub nom. Public Util. Dist.

Tariff's agreements. Their filing with FERC is accordingly not required. 18 C.F.R. § 35.1(g).⁴

NewCorp is submitting herewith:

- A Termination Agreement for service under Tariff WP (Exhibit 35-A);
- A Master Operation, Maintenance and Administrative Services Agreement ("Services Agreement") (Exhibit 35-B).

The Termination Agreement is consistent with Tariff WP, and demonstrates that CRE agrees to the change in service effected thereby. The WP Tariff itself is not being changed or cancelled or terminated at this time, although it will have no active customers if this filing is approved. Section C. 36 of Tariff WP requires three year's notice to terminate service, and therefore a termination agreement reflecting mutual consent to early termination is required. The Services Agreement allows NewCorp to utilize the resources of CRE to operate and maintain the transmission system and memorializes the existing practice of NewCorp to use CRE's resources on a reimbursable basis.

Under 18 C.F.R. § 35.1(a), all contracts which in any manner affect or relate to rates, charges and practices must be filed with the Commission, unless excepted by Section 35.1(g). Accordingly, NewCorp is submitting the two service agreements appended as exhibits to this application, and respectfully requests that the Commission accept them for filing.

NewCorp states that all affected wholesale customers have agreed to the change from the WP to the OATT Tariff, and have signed the agreements that implement that change. CRE, the only affected customer, is being served with a copy of this filing, as required by 18 C.F.R. § 35.11.

The Services Agreement should be exempt from filing under the Commission's

No. 1 v. FERC, 272 F.3d 607 (D.C. Cir. 2001).

⁴ Order No. 2001, FERC Stats. & Regs. Preambles ¶ 31,127, reh'g denied, Order No. 2001-A, 100 FERC ¶ 61,074, reconsideration denied, Order No. 2001-B, 100 FERC ¶ 61,074 (2002).

regulations. Operation and maintenance agreements that do not cede control of decision-making are deemed non-jurisdictional. Bechtel Power Co., 60 FERC ¶ 61,156, at 61,571-573 (1992); D.E. Shaw Plasma Power, LLC, 102 FERC ¶ 61,265 (2003). The Services Agreement at issue here allows NewCorp to use the resources of CRE to maintain its system. CRE, a retail distribution utility, is a non-jurisdictional entity. NewCorp has no employees of its own, and its officers and directors also hold positions of responsibility with CRE.

While the Services Agreement is being filed pursuant to Section 205 of the FPA, NewCorp also respectfully requests that the Commission review and approve the Services Agreement pursuant to Section 203 of the FPA, 16 U.S.C. § 824b, to the extent that it affects control of facilities subject to the Commission's jurisdiction. Information addressed in Part A of this application should be sufficient to allow the Commission to approve the O&M Agreement under Part 33 of the Commission's regulations.

While this filing is not subject to Section 35.13 of the Commission's regulations, the information submitted herewith includes information required under 18 C.F.R. § 35.13(a)(2)(iii) (2002) for abbreviated filing requirements (rate schedule change other than a rate increase). A balance sheet, income statement and cash flow statement are being filed, which substantially complies with Section 35.13(c). An explanation for the changes, and a form of notice for the Federal Register are being submitted, which substantially complies with Section 35.13(b). As to the proposed effective date of the proposed changes (Section 35.13(b)(2)), consistent with the statements in the agreements, the effective date of the change of service from Rate Schedule WP to the OATT would be upon the issuance by FERC of an order approving the proposed change, or accepting the agreements for filing.

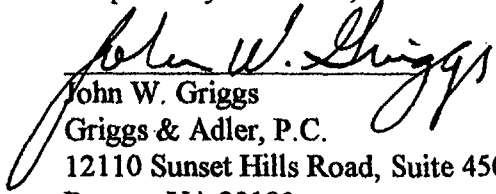
Pursuant to 18 C.F.R. § 35.11, waiver of the notice requirement of 18 C.F.R. § 35.3(a) is

also requested with respect to the change in service from the Tariff WP to the OATT. The Commission has granted waiver of notice in similar circumstances. See IES Utilities, Inc., 78 FERC ¶ 61,023, at 61,096, order aff'g in part, Opinion No. 419, 81 FERC ¶ 61,187 (1997); Cincinnati Gas & Electric Co., 69 FERC ¶ 61,005, at 61,044 (1994). As noted previously, there is only one affected wholesale customer, CRE, and CRE has agreed in writing to the change proposed by this filing. There are no other purchasers under any NewCorp rate schedules that could be affected, one way or the other, by granting the requested waiver. Requiring a 60-day advance notice period in this case would therefore serve no useful purpose. Moreover, if waiver were not granted, then the refinancing sought in conjunction with this application, which is time sensitive, could be jeopardized. Changing from Rate Schedule WP to the OATT is one of the requirements requested by the lender, and if approval of this filing were delayed past September 1, 2003, in order to allow a 60-day notice period, then closure of the loan prior to the due date for the balloon payment would not be possible.

C. Conclusion

For the foregoing reasons, NewCorp respectfully requests that the Commission issue an order on or before September 1, 2003, approving the proposed transfer of assets from CRE to NewCorp, and also approving the Termination Agreement and Services Agreement filed herewith.

Respectfully submitted,


John W. Griggs

Griggs & Adler, P.C.

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Reston, VA 20190

(703)715-3016

Counsel for NewCorp Resources Electric
Cooperative, Inc.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

NewCorp Resources Electric Cooperative, Inc.)

Docket No. EC03-____-000

Docket No. ER03-____-000

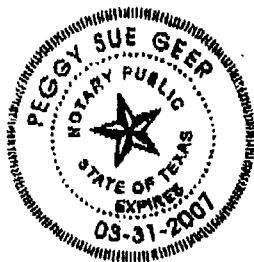
VERIFICATION

Lee D. Atkins, being duly sworn, deposes and says that he is Secretary and Treasurer of NewCorp Resources Electric Cooperative, Inc. and that he has read the foregoing Application, knows the content thereof, and that the matters set forth therein are true and correct to the best of his knowledge and belief.



Lee D. Atkins
Secretary/Treasurer, NewCorp
Resources Electric Cooperative, Inc.

Subscribed and sworn to before me, the undersigned authority, this 24th day of July, 2003.


Notary Public

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

NewCorp Resources Electric Cooperative, Inc.)

Docket No. EC03-____-000

Docket No. ER03-____-000

NOTICE OF FILING

(July ___, 2003)

Take notice that on July ___, 2003, NewCorp Resources Electric Cooperative, Inc. (NewCorp) tendered for filing pursuant to Sections 203 and 205 of the Federal Power Act an application for approval of the transfer of certain assets from Cap Rock Energy Corporation to NewCorp. In addition, NewCorp proposes to change the service it provides to its wholesale customer from full requirements service under Tariff WP to transmission service under NewCorp's Open Access Transmission tariff, and also seeks approval of an administrative and maintenance services agreement. NewCorp does not propose to increase its previously filed and accepted rates in connection with this filing. NewCorp proposes that these changes be allowed to take effect on September 1, 2003, and requests waiver of notice requirements to allow this effective date.

Any person desiring to be heard or to protest said filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. §§ 385.211 and 385.214). All such motions or protests should be filed on or before _____. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection. This filing may also be viewed on the internet at <http://www.ferc.fed.us/online/rims.htm> (call 202-208-2222 for assistance).

Magalie R. Salas

Secretary

EXHIBIT 35-A

SERVICE TERMINATION AGREEMENT

WHEREAS, NewCorp Resources Electric Cooperative, Inc. ("NewCorp") provides all requirements wholesale electric service to Cap Rock Energy Corporation ("CRE") at rates, terms and conditions regulated by the Federal Energy Regulatory Commission ("FERC") pursuant to Rate Schedule WP, a rate schedule filed with and accepted by FERC; and

WHEREAS, NewCorp and CRE (or their predecessors in interest) have entered into a Service Agreement dated April 26, 1995, pursuant the WP Tariff ("Service Agreement") in order to provide service to CRE under Rate Schedule WP; and

WHEREAS, NewCorp also has filed with FERC, and FERC has accepted and allowed to take effect, NewCorp's Open Access Transmission Tariff ("OATT"); and

WHEREAS, CRE and NewCorp have agreed that NewCorp will provide Network Transmission Service to CRE pursuant to the OATT in lieu of full requirements service under Tariff WP; and

WHEREAS, Section C. 36 of Tariff WP requires three (3) years notice for termination of service under the Tariff; and

WHEREAS, it is necessary to terminate all requirements service under Tariff WP by mutual agreement in order to initiate service under the OATT,

NOW THEREFORE, in consideration of the mutual covenants and obligations of the parties reflected herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NewCorp and CRE do hereby covenant and agree as follows:

1. NewCorp and CRE will enter into a Network Integration Transmission Service Agreement ("NITSA") and a Network Operating Agreement ("NOA") in order to provide network transmission service to CRE pursuant to NewCorp's OATT. The effective date of the NITSA and NOA will be the date after signing that those agreements are accepted by FERC and allowed to take effect.

2. Simultaneously with the effective date of the NITSA and NOA, CRE and NewCorp agree to terminate service to CRE under Tariff WP, and the Service Agreement shall be terminated by mutual agreement as of that date.

3. In the event that the NITSA and NOA are not accepted for filing by FERC, or if for any reason they do not take effect, then this Termination Agreement shall be null and void, and service to CRE shall continue in effect pursuant to the Service Agreement and to Tariff WP.

4. This Termination Agreement shall be contingent upon the transfer from NewCorp to CRE of NewCorp's right to receive power and energy from Southwestern Public Service Company for resale to CRE, or upon CRE's ability to contract for adequate and reliable power and energy to be transmitted to CRE pursuant to the OATT.

5. This Termination Agreement is subject to review and acceptance by FERC.

DATE: _____

NEWCORP RESOURCES ELECTRIC COOPERATIVE

By: _____
David Pruitt, President

DATE: _____

CAP ROCK ENERGY CORPORATION

By: _____
Ulen North, Executive Vice President

EXHIBIT 35-B

MASTER OPERATION, MAINTENANCE AND ADMINISTRATIVE SERVICES AGREEMENT

This MASTER OPERATION, MAINTENANCE AND ADMINISTRATIVE SERVICES AGREEMENT (this "Agreement") is entered into as of _____, 2003, by and between CAP ROCK ENERGY CORPORATION, a Texas corporation (the "Services Provider"), and NEWCORP RESOURCES ELECTRIC COOPERATIVE, INC., an electric cooperative corporation (the "Owner"). The Services Provider and the Owner are each referred to herein individually as a "Party" and, collectively, as the "Parties".

RECITALS

WHEREAS, the Owner owns a 305.9 mile electric transmission system and related assets located in the West Texas area and within the Southwest Power Pool service territory (the "System"); and

WHEREAS, the Owner desires to engage the Services Provider to perform and provide, and the Services Provider has the capacity to perform and provide for the benefit of the Owner, certain administrative, engineering, construction, facility studies, facility upgrade and replacement services, planning, operation, maintenance, insurance and other support services required in connection with the System;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Definitions. Capitalized terms used in this Agreement without other definition shall have the meanings specified in this Section 1, unless expressly stated otherwise. The singular shall include the plural and the masculine shall include the feminine and neuter, and vice versa. The terms "include", "includes" and "including" shall mean "including, but not limited to", unless stated otherwise.

"Administrative Fee" has the meaning set forth in Section 5(a)(iii).

"Administrative Services" has the meaning set forth in Section 2.

"Annual Budget" has the meaning set forth in Section 6(a).

"Applicable Law" means any applicable laws, ordinances, rules, codes, regulations, permits, licenses and legal requirements of any kind issued by Governmental Authorities to the extent they apply to the System or the Services.

"Claims" means any and all losses, claims, causes of action, damages, and liabilities of any kind or nature whatsoever, including but not limited to, shortages, obligations, liabilities (joint or several), payments, judgments, suits, litigation,

proceedings, equitable relief granted, consents, agreed orders, settlements, awards, demands, offsets, defenses, counterclaims, actions or proceedings, assessments, deficiencies, taxes, fines, penalties, assessments, costs, fees, disbursements, including without limitation, fees, disbursements and reasonable expenses of attorneys (including fees, disbursements and reasonable expenses of attorneys incurred in connection with the cost of defense of any claims or causes of action but, in the case of claims between the Parties, only to the extent incurred in connection with litigation or arbitration), accountants and other professional advisors and of expert witnesses and costs of investigation and preparation and costs of court of any kind or nature whatsoever, interest and penalties. "Claims" shall not include diminution in value, indirect, consequential, special or punitive damages, loss of profits or loss of reputational goodwill.

"Deferred Reimbursable Costs" has the meaning set forth in Section 7.

"Emergency Situation" means any event or circumstance that requires the taking of immediate measures to prevent or mitigate a situation endangering life or property.

"Facility Agreements" means, collectively, the OATT, the NITSA, and the NOA.

"FERC" means the Federal Energy Regulatory Commission or any successor thereto.

"Governmental Authority" means any federal, state or local governmental department, authority, agency, political subdivision, court or other body, office or public entity, including any zoning authority, building inspector, or health, environmental, or safety inspector having jurisdiction over the Owner, the Services Provider or the System.

"Invoice" has the meaning set forth in Section 5(c).

"Lender" means any entity or entities providing construction or permanent debt financing for the System, including any assignee or successor thereto.

"NITSA" means the Network Integration Transmission Service Agreement entered into between the Services Provider and the Owner consistent with the terms of the OATT Tariff.

"NOA" means the Network Operating Agreement entered into between the Services Provider and the Owner consistent with the terms of the OATT Tariff.

"OATT" means the Owner's Open Access Transmission Tariff accepted for filing by FERC in Docket No. OA97-14-001 on February 24, 1999 (FERC Electric Tariff, First Revised Volume No. 2).

"Prudent Utility Practice" means any of the practices, methods or acts engaged in or approved by a significant portion of the national electric utility industry that at a particular time, in the exercise of reasonable judgment in light of the facts known at the

time a decision was made, would have been expected to accomplish the desired result, (i) in a manner consistent (to the extent practicable) with applicable laws, reliability, safety, environmental protection, economy and expedition and commercial considerations and (ii) with due regard being had to the relevant equipment manufacturer's recommended standards, practices and procedures (as may be modified from time to time), where this definition applies to the Owner, by the Owner and where this definition applies to the Services Provider, by the Services Provider, in each case in the light of operating and maintenance experience or the other provisions of this definition. By way of clarification, Prudent Utility Practices are not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a range of possible practices, methods or acts engaged in or approved by a significant portion of such electric utility industry.

"Reimbursable Costs" has the meaning set forth in Section 5(a)(ii).

"Services" has the meaning set forth in Section 2.

"Services Fees" has the meaning set forth in Section 5(a).

"Subordinated Loans" has the meaning set forth in Section 7.

"Variable Services" has the meaning set forth in Section 2.

2. Provision of Services. The Owner hereby engages the Services Provider to provide certain corporate administrative, insurance, tax, accounting, information technology, legal, management and consulting services (collective, the "Administrative Services") and certain engineering, construction, facility studies, facility upgrade and replacement services, planning, operation, and maintenance, and other support services (collective, the "Variable Services"), in case more specifically set forth and described in Exhibit A hereto (collectively, the "Services") and the Services Provider hereby accepts such engagement and agrees to render such Services, in each case, effective as of the date of this Agreement. The Parties agree that Exhibit A (which shall be incorporated by reference into this Agreement) may be amended from time to time by the mutual agreement of the Parties. In addition, as and when requested by the Owner, the Services Provider shall use commercially reasonable efforts to provide any other services requested by the Owner in connection with the ownership, operation and/or maintenance of the System.

3. Manner of Performance.

(a) The Services Provider shall perform, or cause to be performed, the Services in accordance with (i) Prudent Utility Practices, (ii) the applicable provisions of all Facility Agreements as they apply to the Services, (iii) all Applicable Laws, (iv) applicable terms of applicable insurance policies, and so as not to void any manufacturer's or subcontractor's warranties, and (v) any other provision of this Agreement.

(b) The Services Provider may subcontract some or all of the Services. For

purposes of this Agreement, no contractual relationship will exist between the Owner and any such subcontractor or any affiliate of the Services Provider. In all cases under this subsection (b), the Services Provider will remain responsible for the performance of its obligations under this Agreement. The Services Provider represents and warrants to the Owner that the Services Provider shall employ only experienced services personnel and/or qualified subcontractors, that have the skill and capacity necessary to perform the Services.

(c) The Services Provider will require all persons performing the Services to comply with all generally applicable policies, procedures and directives of the Services Provider, including security, environmental protection, employee health and safety, sexual harassment, access, use of alcohol and controlled substances, and similar activities.

4. Owner Responsibilities.

(a) The Owner agrees to cooperate with, and to assist and support, the Services Provider in connection with the performance of the Services.

(b) To the extent that access to the System or other property or facilities of the Owner is at any time reasonably necessary or appropriate in connection with the performance of the Services, the Owner agrees to grant such access to the Services Provider and its subcontractors and representatives. The Services Provider shall not be responsible for any loss, damage, fine, penalty, cost, expense, delay, interruption, breach, non-performance or other failure of any of the Services to the extent resulting from or arising out of or in connection with any failure by the Owner to provide access to its property, facilities or personnel in connection with the performance of the Services.

5. Compensation.

(a) In consideration for the Services to be provided by the Services Provider pursuant to this Agreement, subject to the limitations set forth in this Section 4 and Sections 5 and 7 below, the Owner agrees to pay the Services Provider the following amounts (collectively, the "Services Fees"):

(i) all verifiable direct and indirect costs by personnel of the Services Provider (including, but not limited to costs of labor, benefits, materials, storage and transportation plus a verifiable allocation of overhead costs calculated under the same methodology as is employed by the Services Provider from time to time in connection with the provision of services for affiliated entities and business units) in connection with the performance of the Variable Services;

(ii) reimbursement for all Variable Services performed by subcontractors based on the costs invoiced by such subcontractors (without any mark-up or adder) other than subcontracts which the Owner elects to pay directly (collectively, the amounts in clause (i) and (ii) are referred to as the "Reimbursable Costs"); and

(iii) an administration fee equal to equal to the amount agreed to in the Annual Budget for payment of all Administrative Services (the "Administrative Fee").

(b) The Services Provider agrees that the Owner shall have the right to pay the Service Provider's subcontractors directly for the costs incurred under any subcontract entered into for the provision of Services and any amounts paid by the Owner directly to a subcontractor of the Services Provider shall be excluded from the Services Fees.

(c) On a monthly basis, the Services Provider shall submit to the Owner a detailed, itemized invoice (an "Invoice") setting forth the Variable Services provided to the Owner during the previous month, the applicable monthly portion of the Administrative Fee, and any outstanding reimbursable expenses or charges incurred by the Services Provider under this Agreement and the amount payable by the Owner for such Services and expenses or charges pursuant to this Agreement. The Owner shall pay all undisputed amounts owing in respect of each Invoice within ten (10) days of receipt thereof.

(d) Any amount not paid by the Owner when due under this Agreement (except as contemplated in clause (e) and Section 7 below) shall bear interest at a rate equal to the prime rate, as reported in the Wall Street Journal on the last business day of the month in which the applicable Invoice was received, plus two (2) percent per annum (or, if lower, the highest rate permitted by applicable law) accrued from the due date of such payment until such payment is actually received by the Services Provider.

(e) Notwithstanding anything to the contrary in this Agreement, the Services Provider hereby waives the right to receive payment for or reimbursement by the Owner and agrees that it shall not be entitled to collect from the Owner any Services Fees for charges associated with any of the Services, or portions thereof, that the FERC determines not to be allocable by the Owner to its transmission customers.

6. Budgeting Process.

(a) The Parties agree that the Reimbursable Costs shall be paid to the Services Provider only to the extent that such Reimbursable Costs are contemplated in a budget that has been approved in advance by the Owner pursuant to the procedures set forth below (each such approved budget, an "Annual Budget"); provided, that in the case of Emergency Situations, the Services Provider shall have the right to expend up to an amount not to exceed \$250,000 without first obtaining the Owner's approval. The initial Annual Budget for calendar year 2003 is attached hereto as Exhibit B.

(b) At least sixty (60) days prior to the end of each calendar year, the Services Provider shall prepare and submit to the Owner for approval a proposed annual operating plan for the following calendar year in substantially the form of Exhibit B.

(c) Owner shall review the Services Provider's proposed Annual Budget and

shall provide comments within thirty (30) days after receipt of such proposed Annual Budget. The Owner and the Services Provider shall then use their best efforts to agree upon a final Annual Budget before the end of the calendar year. The Parties acknowledge that such agreed upon Annual Budget must be submitted to the Owner's Lender for review and adoption in accordance with the Owner's applicable financing documents. The final Annual Budget as approved by the Parties and the Owner's Lender shall remain in effect throughout the applicable calendar year, subject to such necessary updating, revisions or amendments as may be proposed by either Party and consented to in writing by the other Party. The Services Provider shall notify the Owner as soon as reasonably possible of any material deviations or discrepancies from the obligations contained in the Annual Budget.

(d) If, by the first day of any calendar year, the Parties have not been able to reach an agreement with respect to any portion of the Annual Budget for such calendar year, then:

(i) any agreed portions of the Annual Budget shall be adopted and implemented for the applicable Operating Year in accordance with Section 5(c), and

(ii) the disagreement in respect of the unresolved portions of the Annual Budget shall be resolved in accordance with the provisions of Section 15 and, pending the resolutions of such dispute, the applicable portions of the Annual Budget for the prior calendar year with respect to such unresolved portions shall remain effective.

7. Deferral of Payment; Subordinated Loans. The Services Provider hereby agrees to defer receipt of payment for any Reimbursable Costs for Variable Services performed in connection with (a) the repair or replacement of wires, poles, and related System assets which exceed the amounts budgeted therefor in the Annual Budget and (b) Emergency Situations, in each case to the extent such Reimbursable Costs exceed the amounts made available to the Owner under its applicable financing documents after taking into account any applicable working capital funds, maintenance reserves and insurance proceeds (collectively, the "Deferred Reimbursable Costs"). All Deferred Reimbursable Costs shall be treated as unsecured loans made by the Services Provider to the Owner which shall bear interest at a rate of 12% per annum from the date of the applicable Invoice until paid in full (such loans, the "Subordinated Loans"). The unsecured loans made by the Services Provider in respect of Deferred Reimbursable Costs shall be fully subordinated in right of payment to any loans made by the Owner's Lender and shall have a maturity date of September 30, 2018; provided, however, that the Owner agrees to make principal and interest payments with respect to such Subordinated Loans from time to time from any funds available to the Owner after the payment of all other operation and maintenance costs incurred by the Owner (including under this Agreement), debt service obligations to the Owner's Lender and the funding or replenishment of any working capital or maintenance reserves under the Owner's applicable financing documents.

8. Term.

(a) The term of this Agreement shall commence as of the date hereof and shall continue for a period of twenty (20), unless earlier terminated pursuant to the terms of this Agreement.

(b) This Agreement, or the provision of any portion of the Services by the Services Provider hereunder, may be terminated at any time upon the mutual written consent of the Services Provider and the Owner (with the concurrence of the Owner's Lender if applicable).

(c) This Agreement, or the provision of any portion of the Services by the Services Provider hereunder, may be terminated at any time by the Services Provider, for any reason or no reason, upon one year's prior written notice to the Owner, and by the Owner, for any or no reason, upon one year's prior written notice to the Services Provider.

(d) Either Party may, by written notice to the other, terminate this Agreement or suspend its further performance without terminating this Agreement if the other Party materially breaches any of its material obligations under this Agreement and fails to cure such breach within thirty (30) days following a final and binding determination, by mutual agreement, arbitration or final, non-appealable judgment of a court of competent jurisdiction, that such breach has occurred (or, if the breach is such that its cure is possible but will take longer than thirty (30) days, fails to commence to cure such breach within such thirty (30) day period and proceed diligently therewith until cured), and (ii) the Services Provider may terminate this Agreement or suspend its further performance without terminating this Agreement if the Owner (subject to the limitations in Section 4(e) and Section (7)) fails to pay any amount due and owing to the Services Provider hereunder within thirty (30) days following receipt of written notice of non-payment from the Services Provider.

(e) Upon expiration or termination of this Agreement for any reason, the Owner shall promptly pay to the Services Provider all amounts owing to the Services Provider for the Services performed or reimbursable expenses incurred as provided herein prior to such expiration or termination or, if terminated by the Owner.

(f) Upon expiration or termination of this Agreement, the Services shall terminate and no Party shall have any further duty or obligation hereunder; provided, however, that the confidentiality and indemnity provisions set forth as Section 11 and Section 12 of this Agreement shall survive the termination or expiration of this Agreement.

9. Books and Records. The Services Provider shall keep records and books of account showing all charges, disbursements or expenses made or incurred by it in performing the Services and shall preserve such records and books of account for a period of three (3) years following incurrence of such expenses, or longer if required by Applicable Law.

10. Access to Records. The Owner, directly or through authorized representatives, shall at all times during reasonable business hours have access to and the right to

audit, inspect and make copies of any and all books, records and accounts, invoices, contracts, canceled checks, payrolls and other documents and papers of every kind held by the Services Provider pertaining to the performance of the Services and all charges, disbursements and expenses made or incurred by the Services Provider in performing the Services and all information related to the calculation of overhead costs by the Services Provider.

11. Indemnification. Except as set forth below, the Owner agrees to indemnify, defend and hold harmless the Services Provider and its officers, directors, representatives, agents, shareholders and employees from and against and in respect of any and all Claim incurred or suffered by the Services Provider in connection with, arising out of, or relating to, directly or indirectly, the Services. The Owner shall not indemnify, defend or hold harmless the Services Provider from and against Claims incurred or suffered by the Services Provider as a result of any negligence, gross negligence, reckless or willful breach or misconduct by the Services Provider in connection with, arising out of or relating to, directly or indirectly, the Services and the Services Provider agrees to indemnify, defend and hold the Owner harmless from and against any Claims incurred or suffered by the Owner as a result of such negligence, breach or misconduct.

12. Confidentiality. Each Party acknowledges that its performance under this Agreement will necessarily involve access by the other Party to certain information regarding the organization, personnel, business activities, policies, finances, marketing plans, projected revenues, rights, obligations, liabilities and strategies of the other Party. Each Party acknowledges that all such information is confidential and/or proprietary to the other Party and agrees that, during the term of this Agreement and all times thereafter, it will not disclose to any unauthorized party any such information. The restrictions of this Agreement shall not be applicable to any information which: (i) is or becomes known to the public other than as a result of a breach of this provision or (ii) is disclosed pursuant to the requirements of Applicable Law.

13. Limitation of Liability.

(a) NEITHER THE OWNER NOR THE SERVICES PROVIDER SHALL BE LIABLE HEREUNDER FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF BUSINESS OR PROFITS, WHETHER BASED UPON BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY, TORT OR ANY OTHER LEGAL THEORY, AND WHETHER OR NOT THE SERVICES PROVIDER OR THE OWNER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(b) IN NO EVENT, OTHER THAN ONE INVOLVING THE SERVICES PROVIDER'S WILLFUL MISCONDUCT, WILL THE SERVICES PROVIDER BE LIABLE TO THE OWNER FOR ANY CLAIMS, DAMAGES, LIABILITIES, COSTS OR EXPENSES RELATED TO OR ARISING OUT OF THIS AGREEMENT OR THE PERFORMANCE OF THE SERVICES. UNDER NO CIRCUMSTANCES WILL THE SERVICES PROVIDER'S LIABILITY TO THE OWNER FOR ANY AND ALL CLAIMS RELATED TO OR ARISING OUT OF THIS AGREEMENT OR THE PERFORMANCE OF THE SERVICES EXCEED THE SERVICES FEE ASSOCIATED WITH THE PORTION OF THE SERVICES OUT OF WHICH THE CLAIM AROSE.

14. Limited Warranty, Exclusions of Warranties and Limited Remedy.

(a) The Services Provider will perform the Services (i) in accordance with all performance standards set forth in Section 3, and (ii) with at least the same degree of care, skill and diligence with which it currently performs or has in the past performed similar services for or with respect to the Owner.

(b) THE ONLY WARRANTY CONCERNING THE SERVICES IS SET FORTH IN PARAGRAPH 15(a). ALL OTHER WARRANTIES CONCERNING THE SERVICES OR ANY LABOR, PARTS OR MATERIALS PROVIDED IN CONNECTION THEREWITH, EXPRESS OR IMPLIED, ARE EXCLUDED, INCLUDING THE IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTY ARISING FROM COURSE OF DEALING, USAGE OF TRADE, DESCRIPTION OR SAMPLE.

15. Dispute Resolution.

(a) Each Party shall, from time to time, designate a senior officer (a "Dispute Representative") who shall have the authority to represent such Party and resolve and settle any dispute arising under or in connection with this Agreement or the Services performed hereunder. The Parties hereto agree to attempt to resolve all such disputes equitably and in a good faith manner (unless, in the reasonable judgment of the affected Party, the immediate pursuit of judicial equitable relief is necessary to prevent or mitigate a risk of irreparable harm or damage).

(b) If any dispute arising under or in connection with this Agreement or the Services performed hereunder is not resolved pursuant to Section 15(a) within thirty (30) days from the date on which such dispute is submitted to the Dispute Representatives, such dispute shall, if the Parties so agree, be submitted to and resolved by binding arbitration, or in the absence of such agreement either Party may pursue any and all remedies in respect of such dispute available to such Party at law or in equity. Any arbitration proceeding arising under or in connection with this Agreement or the Services performed hereunder shall be conducted pursuant to the terms of the Federal Arbitration Act and (except as otherwise specified herein) the Commercial Arbitration Rules of the American Arbitration Association in effect at the time the arbitration is commenced. The venue for the arbitration shall be Midland, Texas. The arbitration shall be conducted before a panel of three (3) arbitrators, selected as follows: (i) each Party shall specify one arbitrator within ten (10) days of the end of the thirty (30) day period for dispute resolution under Section 15(a), and (ii) a neutral person shall be selected through the American Arbitration Association's arbitrator selection procedures to serve as the third arbitrator. The arbitrator designated by any Party need not be neutral. In the event that any person fails or refuses timely to name his arbitrator within the time specified herein, the American Arbitration Association shall (immediately upon notice from the other Party) appoint an arbitrator for the person or entity that has failed to appoint its arbitrator. To the extent practical, the arbitrators shall schedule the hearing to commence within sixty (60) days after the arbitrators have been impaneled. A majority of the panel shall render an award or other decision within ten (10) days of the

completion of the hearing, which award or decision shall be final, binding and conclusive upon the Parties hereto. Each Party shall have the right to have an award or decision of such panel enforced by any court of competent jurisdiction.

16. Excusable Delay. In no event shall the Services Provider be deemed to be in default of any provision of this Agreement or liable for delays or interruptions in the performance of Services to the extent resulting from or arising out of or in connection with acts or events beyond the reasonable control of the Services Provider; provided, however, that the Services Provider shall exercise commercially reasonable efforts to minimize the extent of any delays or interruptions in performance, and provided further, that the excused delay or interruption shall last only as long as the acts or events beyond the control of the Services Provider require. Such acts or events include without limitation acts of God, civil or military authority, civil disturbance, war, strikes, fires, storms, other catastrophes, computer system failures, acts of third parties, and other events of similar or dissimilar nature beyond the Services Provider's reasonable control.

17. Independent Contractor. The Parties hereto acknowledge and agree that in the performance of their respective duties and obligations hereunder they are acting as independent contractors of each other.

18. No Assignment Absent Consent.

(a) This Agreement shall be binding on and inure to the benefit of each Party's respective successors and assigns; provided, however, that, subject to Section 7(b) below, no Party may transfer, sell or assign, whether by operation of law or otherwise, its rights or obligations under this Agreement without the prior written consent of the other Party, which consent may be withheld in the sole discretion of such Party. Subject to Section 7(b) below, any attempt by a Party to transfer, sell or assign, whether by operation of law or otherwise, its rights or obligations under this Agreement without the prior written consent of the other Parties shall be void and without force or effect.

(b) Notwithstanding anything to the contrary in this Agreement, the Owner shall be permitted to assign any or all of their rights, title and interest hereunder to any of the Owner's Lenders: (i) as security in connection with obtaining or arranging financing for the business activities of the Owner or (ii) in order to enforce any security assignment described in clause (i) above. The Services Provider shall, upon request, furnish such consents to assignment, opinions, certifications and representations and other documents as may be reasonably requested by the Owner or Lenders in form and content reasonably acceptable to such Lenders.

19. Complete Agreement. This Agreement constitutes the complete understanding between the Parties with respect to the subject matter of this Agreement.

20. Amendment. No modification or amendment of this Agreement shall be binding upon any Party unless in writing and signed by the Parties.

21. Governing Law. This Agreement has been made and shall be governed, construed and enforced in accordance with the laws of the State of Texas applied to contracts made and performed within the State of Texas.

22. Notice. All notices and other communications hereunder shall be in writing and shall be deemed duly given when personally delivered or mailed (by registered or certified mail, return receipt requested, postage prepaid) or faxed as follows:

(a) If to the Services Provider:

Cap Rock Energy Corporation
500 West Wall, Suite 400
Midland, TX 79701
Phone: (432) _____
Fax: (432) 684-0333

Attn: [_____]

(b) If to the Owner:

NewCorp Resources Electric Cooperative, Inc.
500 West Wall, Suite 400
Midland, TX 79701
Phone: (432) _____
Fax: (432) 684-0333

Attn: [_____]

Any Party may change the address to which such notice or communication shall be sent by giving written notice to the other Parties of such modified address.

23. Severability. In the event any portion of this Agreement shall be found by a court of competent jurisdiction to be unenforceable, that portion of this Agreement will be null and void, and the remainder of this Agreement will be binding on the Parties as if the unenforceable provisions had never been contained herein.

24. Time. Time is of the essence with respect to each of the provisions set forth in this Agreement.

25. Headings. The headings used in this Agreement are for convenience only and shall not affect the construction of any of the terms of this Agreement.

26. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute the same Agreement. Any signature page of any such counterpart, or any electronic facsimile thereof, may be attached or appended to any other counterpart to complete a fully executed counterpart of this Agreement, and any telecopy or other facsimile transmission of any signature shall be deemed an original and shall bind such Party.

27. Further Assurances. Upon the reasonable request of the other Party, each Party hereto agrees to take any and all actions necessary or appropriate to give effect to the terms set forth in this Agreement.

IN WITNESS WHEREOF, each of the Parties hereto has caused this Agreement to be duly executed on its behalf as of the date first above written.

CAP ROCK ENERGY CORPORATION,
A Texas corporation

By: _____
Name:
Title:

NEWCORP RESOURCES ELECTRIC
COOPERATIVE, INC.,
An electric cooperative corporation

By: _____
Name:
Title:

EXHIBIT A

SCOPE OF THE SERVICES

Insurance Services
Consulting Fees
Legal Services
Management Services
Accounting Services
Tax Services
Information Technology
Other Overhead

The "**Administrative Services**" shall mean the following specifically listed services and activities to be rendered by the Services Provider on the behalf of the Owner, and may further be understood to include such other support services as may be reasonably requested by the Owner and agreed to be provided by the Services Provider from time to time.

1. **Accounting Services**. Provision of (a) budgeting, financial reporting and cash management services, (b) accounting and auditing services, and (c) performance of such other accounting services as the Owner may reasonably request.
2. **Tax Services**. Provision of preparation and filing of all necessary tax returns for the Owner in connection with an independent public accounting firm.
3. **Management Services**. Provision of services in respect of the management of the assets of the Owner as the Owner may reasonably request, including the administration of third party contracts between the Owner and other parties.
4. **Information Services**. Provision of information services to the Owner, including, but not limited to, the sharing of information with the Owner acquired by the Services Provider as a result of its membership with certain power or energy related industry organizations.
5. **Consulting Services**. Provision of consulting services on various aspects of ownership and maintenance of the System, including tariff analysis, power cost recovery factor review, ERCOT matters, preparation required for storms and outages, and permitting and environmental consulting services.
6. **Legal Services**. Provision of legal services, including, but not limited to, (a) providing the Owner with legal counseling as to the Owner's business activities, and initiating, maintaining and defending any claims, actions or proceedings to which the Owner is named as a party; (b) supervising and monitoring Owner's compliance with the terms and conditions of all contracts under which Owner has any obligations or rights (except this

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review the device coordination in the substations and distribution system and make changes necessary to optimize the System protection.

7. Mobile Substation. Installing and removing mobile substations to serve the load on a substation so substation equipment can be de-energized and maintained without subjecting customers to outages

8. Load Level Tests. Transmission right of way periodically needs to be maintained. The maintenance to be done will be dependent on the condition of the right of way and agreements with the landowner. CRE personal will determine the need for work on the right of way, select a contractor to clear the right of way, and work with the landowner to accomplish the work in a satisfactory manner.

9. Coordination of Right of Way with Land Owner. Performing maintenance services required for transmission rights of way pursuant to agreements with the landowner.

10. Infrared Inspection. Performing annual inspections using an infrared camera to determine "hot" spots that need maintenance.

11. Substation Equipment Upgrades. Determining needed upgrades to substation equipment, including upgrading protective relays, changing out regulators to units with higher load capability and coordinating with outside contractors, as necessary to perform needed upgrade work

12. Design of Major System Additions. Providing design and construction services with respect to substation and transmission line facilities and, if applicable, managing outside subcontracts.

13. Maintenance of Vehicles. Providing operation and maintenance services with respect to vehicles used in the operation and maintenance of the System.

EXHIBIT B

INITIAL ANNUAL BUDGET

[To be attached]

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EXHIBIT 33-A
Articles of Incorporation

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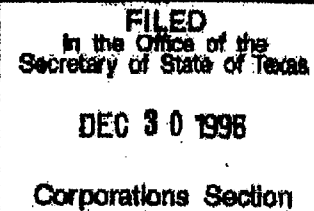
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ARTICLES OF INCORPORATION
OF
NEWCORP RESOURCES ELECTRIC COOPERATIVE, INC.

STATE OF TEXAS §

COUNTY OF MIDLAND §

KNOW ALL MEN BY THESE PRESENTS:



We, the undersigned, being natural persons of the age of twenty-one years or more and citizens and residents of the State of Texas, for the purpose of forming a corporation under the "Electric Cooperative Corporation Act" of the State of Texas, do hereby adopt the following Articles of Incorporation:

ARTICLE I

NAME

The name of the Corporation is NewCorp Resources Electric Cooperative, Inc.

ARTICLE II

PURPOSES, RIGHTS and POWERS

The purposes for which the Corporation is organized are all of those purposes set forth in Section 3 of Article 1528b, Vernon's Annotated Civil Statutes of the State of Texas, as amended or as may hereafter be amended, and to have and to exercise all rights and powers that are now or may hereafter be granted to an electric cooperative corporation by law.

ARTICLE III

ORIGINAL INCORPORATORS

The names and addresses of the original incorporators who serve as Directors and manage the affairs of the Corporation until its first annual meeting of the members, or until their successors are elected and qualified, are as follows:

David W. Pruitt, 500 W. Wall, Suite 400, Midland, Texas, 79701

John D. Parker, 500 W. Wall, Suite 400, Midland, Texas, 79701

Ronnie Lyon, 711 N. Travis Street, Sherman, Texas, 75090

ARTICLE IV

NUMBER OF DIRECTORS

The Cooperative shall at all times have a total of not less than three (3) directors. The total number of directors to be elected in any twelve (12) consecutive months at all official Meetings of Members shall be not more than one-third (1/3) of the total number of Directors currently serving on the Board of Directors, plus one.

ARTICLE V

PRINCIPAL OFFICE and REGISTERED AGENT

The address of the principal offices of the corporation shall be 500 W. Wall, Suite 400, Midland, Midland County, Texas, 79701, and the name and address of its agent upon whom process may be served is John D. Parker of the same business address.

ARTICLE VI

DURATION

The duration of the Corporation shall be perpetual.

ARTICLE VII

MEMBERSHIP

The terms and conditions upon which person shall be admitted to and retain membership in the Corporation shall be reserved to the Directors as determined by the Bylaws.

ARTICLE VIII

Disposition of Property

Section 1. Except as provided in Section 2 of this Article VIII, the Corporation may not sell, mortgage, lease as Lessor, lease-sell, or otherwise dispose of or encumber any of its property other than:

- (a) property which in the judgment of the Board of Directors neither is nor will be necessary or useful in operating and maintaining the Corporation's system and facilities; provided, however, that all sales of such property shall not in any one (1) year exceed in value twenty per centum (20%) of the value of all of the property of the Corporation;

(b) services of all kinds, including electric energy; and

(c) personal property acquired for resale; unless such sale, mortgage, lease, lease-sale or other disposition or encumbrance is authorized by the affirmative vote of at least two-thirds (2/3) of the total members of the Corporation at a meeting at which a quorum of not less than one-third (1/3) of the total members are present in person or represented by proxy, if such voting is provided for in accordance with the Bylaws, and the notice of such proposed transaction shall have been contained in the notice of the meeting; PROVIDED HOWEVER, that notwithstanding anything herein contained, the Board of Directors, without further authorization by the members, shall have full power and authority to borrow money from the United States of America, or any agency or instrumentality thereof, or from any national financing institution organized on a cooperative plan for the purpose of financing its member's programs, projects and undertakings and in which the Corporation holds membership, or from any other financing or lending institution of any kind whatsoever, without limitation, including but not limited to Banks, Insurance Companies, Leasing Companies, Bond Companies, and Investment Banking Firms, and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences of indebtedness and, after indebtedness, or to authorize the Corporation to use alternative methods of financing such as sale-leaseback agreements, private placement borrowing, stock sales or other types of financing arrangements and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages or a deed of deeds of trust upon, or the pledging or encumberancing of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Corporation, wherever situated and whether acquired or to be acquired, all upon such terms and conditions as the Board of Directors shall determine.

Section 2. If such a sale, mortgage, lease as Lessor, lease-sale, exchange, merger, consolidation, combination or other disposition is solely to one or more electric cooperatives organized by the board of directors of this Corporation and operating under the Texas Electric Cooperative Corporation Act or to any corporation organized by the board of directors of this Corporation or for the purpose of becoming a successor to this Corporation or its assignee, transferee, mortgagee, or grantee, or to any other corporation or entity if the Board of Directors has voted in favor of such sale, mortgage, lease as Lessor, lease-sale, exchange, merger, consolidation, combination or other disposition and such sale is therefore not a "hostile" sale, the provisions of this Article VIII, Sections 1 and 3, shall not apply. If such sale, mortgage, lease, lease-sale, or other disposition or encumbrance is solely to one or more other electric cooperatives, other than one organized by the Corporation's board of directors as described above, organized and operating under the Texas Electric Cooperative Corporation Act, or if the proposal is to consolidate the Corporation with one or more other electric cooperatives pursuant to Section 27 of Article 1528(b) of that Act, the quorum requirement for the member meeting at which such proposed transaction is to be considered and acted upon shall be as established by Article IX of these Articles of Incorporation, and the number of percentage of the Cooperative's members who must affirmatively vote for the transaction in order to authorize it shall be as provided in the Corporation's Bylaws or in that Act.

Resolution Authorizing Execution of Loan Documents

WHEREAS, The Board of Directors of NewCorp Resources Electric Cooperative, Inc. ("NewCorp") previously authorized management to pursue a loan to refinance NewCorp's transmission system;

WHEREAS, NewCorp has filed an Application with Beal Bank, the terms of which have been approved by Beal Bank;

WHEREAS, NewCorp is currently negotiating the terms of a commitment letter from Beal Bank; and

WHEREAS, the Board of Directors has determined that it is in the best interest of NewCorp to refinance the transmission system through a loan with Beal Bank.

NOW, THEREFORE BE IT RESOLVED, that NewCorp refinance the transmission system on terms similar to those contained in the Application which was approved by Beal Bank and presented to the Board of Directors.

BE IT FURTHER RESOLVED Lee D. Atkins, David W. Pruitt and any other proper officers, representatives, agents and employees of NewCorp be, and each of them hereby is, authorized, for and on behalf of NewCorp to execute all necessary documents including but not limited to the Note, Loan Agreement and Security Instruments, to transmit same to Beal Bank, together with payment of all sums required to be paid under the terms of Agreement with Beal Bank, to make such further payments as may be required as a condition of borrowing, and to do or cause to be done all such other acts and things as any such officer or employee may deem necessary or proper to effectuate the purpose of this Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of said corporation and affixed the corporate seal this 17th day of July, 2003.



Lee D. Atkins, Secretary

(Applicant's Corporate Seal Here)



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EXHIBIT 33-B

ENERGY AFFILIATES OF NEWCORP RESOURCES ELECTRIC COOPERATIVE, INC.

There are two energy affiliates of NewCorp Resources Electric Cooperative, Inc.: Cap Rock Energy Corporation ("CRE") and Cap Rock Electric Cooperative, Inc. CRE is the sole member of NewCorp, and in that sense is the 100% owner of NewCorp. CRE is engaged in the business of providing retail electric utility service, and owns retail distribution networks in Texas. CRE's western division, which is not interconnected to its eastern division, obtains all its electric power and energy from NewCorp.

Cap Rock Electric Cooperative, Inc. is the predecessor company to CRE. It still owns the certificate of convenience and necessity ("CCN") for providing retail electric service to CRE's customers. It will be dissolved once the transfer of the CCN to CRE is approved by the Public Utility Commission of Texas. CRE is its only member of Cap Rock Electric Cooperative, Inc. at the present time.

There are three non-energy affiliates: CapStar Communications, Inc., Map Resources, Inc., and Cap Rock Cooperative Finance Corporation.