RECEIVED

JUL 31 2007

PUBLIC SERVICE
COMMISSION

No. 9

WATER DISTRIBUTION SYSTEM TRANSFER AGREEMENT

THIS WATER DISTRIBUTION SYSTEM TRANSFER AGREEMENT is made as of the 19th day of October, 1995, by and between

OLDHAM COUNTY WATER DISTRICT NO. 1,
a Water District organized under
Chapter 74 of the Kentucky Revised
Statutes
6534 West Highway 22
P.O. Box 67
Crestwood, Kentucky 40014 (the "District")

and

LOUISVILLE WATER COMPANY,
a Kentucky corporation acting through
the Board of Water Works pursuant to
Sections 96.230 through 96.310 of the
Kentucky Revised Statutes,
435 South Third Street
Louisville, Kentucky 40202 (the "Company")

R E C I T A L S:

A. The District is the owner of a water distribution system in the Crestwood area of Oldham County, Kentucky, which system is leased to the Company pursuant to Lease Agreement dated July 9, 1964, (the "Lease").

B. The Company has operated and maintained the District's water distribution system since its initial construction pursuant to the Lease.

C. The Company, as set forth in paragraph 3 of the Lease, has the right to extend same upon its termination in the year 2004 for an additional period of sixty (60) years, or, in the alternative, the right and obligation to sell water to the District, which would then operate and maintain its own system as a wholesale water customer of the Company.

D. With the goal of providing adequate and economic water service to its customers, present and future, maintaining water quality excellence and providing the system with long term financial, technical and managerial expertise, the District wishes to transfer and the Company is agreeable to acquisition of the District's distribution system on the terms and conditions hereinafter provided.

W I T N E S S E T H:

In consideration of the premises set forth below the parties agree as follows:

1. Definitions.

As used in this Agreement, the following terms shall have the following meanings:

a. "Advisory Board" shall mean a committee of no more than three persons, who shall serve at the pleasure of the Fiscal Court of Oldham County, and who shall meet and confer with the President and the Board of Water Works of the Company to address matters of concern to the residents of the District respecting service provided to them by the Company. The initial Advisory Board shall consist of those persons presently serving as the Commissioners of the District. Their successors shall be appointed by said Fiscal Court from time to time.

b. "Assets" shall mean all of the District's water transmission and distribution system, including, but not limited to (i) mains, and accessories thereto, (ii) water storage and pumping facilities, (iii) customer water service connections, fire hydrants (to the extent of the District's ownership interest therein), valves, meters measuring customer's water usage, and any and all accessories related to such equipment, (iv) real estate upon which water storage and pumping facilities are located, (v) easements in which water mains are located or intended to be located, (vi) all rights, present and future, to serve existing customers, (vii) contract rights, including but not limited to, surviving warranty rights,(viii) all rights to install, maintain and replace water, transmission and distribution facilities in the public right-of-way (ix) the District's financial reserves, as shown on the District's financial records of the Closing Date, and (x) all other properties and property rights, real and personal, tangible and intangible, acquired and owned by the District, relating to or constituting a component of its existing water distribution system. A list of tangible personal property and District customers is attached as Exhibit A.

c. "Assumed Obligations" shall mean the obligations of the District specifically set forth in Exhibit B to this Agreement.

d. "Closing Date" shall mean the date to be scheduled by mutual agreement of the parties but no later than 45 days after receipt of final, unappealable approval by the Public Service Commission of Kentucky of the transfer of the Assets to the Company.

2. Consideration for Transfer.

Upon the terms and conditions contained in this Agreement, the District agrees to transfer, convey, assign and deliver to the Company, and the Company agrees to accept and acquire from the District the Assets in exchange for the Company (i) paying to the District the sum of One Dollar ($1.00) on the Closing Date, (ii)

assuming and agreeing to perform and discharge the assumed obligations, set forth in Exhibit B, (iii) performing the covenants set forth in paragraph 3 of this Agreement within the time frames outlined therein, and (iv) agreeing to cancellation of the Lease without further obligation.

3. Company Covenants.

Company, upon closing, covenants and agrees to the following undertakings:

a. The Company, using unrestricted reserve funds being transferred to it by the District at Closing and operating revenues derived from the surcharge portion of the District's present rates, will undertake a capital improvement program within the District boundaries, which program will include those projects set forth in Exhibit C, attached hereto and made a part hereof. It is agreed that any such revenues and/or reserves not needed to complete the Distribution System Immediate Needs projects listed on Exhibit C, will be used by the Company for future capital improvements, as needed, to that part of its system located within the present District boundaries, including but not limited to, the Potential Long-Term Improvements also listed on Exhibit C. Provided, however, the parties agree that upon recommendation of the Advisory Board the Company may substitute one or more projects (or portions of a project) listed in the Potential Long-Term Improvement projects for one or more Distribution System Immediate Needs projects, if changes in circumstances would appear to justify such substitutions.

b. The Company's service rules and regulations, as promulgated from time to time by the Board of Water Works, will be made applicable for service provided and customers located within the District's present boundaries.

c. When the Distribution System Immediate Needs portion of the capital improvement program has been fully funded, the Company will adjust its water rates for customers within the District's present boundaries so that such rates will be the same as they are for Company customers similarly situated within Jefferson County. The parties note that the estimated cost of the Distribution System Immediate Needs projects as set forth in Exhibit C approximates the unrestricted reserves that will be transferred by the District to the Company at Closing. In that event, the rate reduction to the District's customers will be effected by the Company, effective the next billing period following Closing.

d. Future Company rate adjustments for water service to Company customers located within the present boundaries of the District will be based upon cost of service determined in a manner consistent with rate making practices set forth in the American Water Works Association's Manual M1, Water Rates, as may be

modified from time to time, or in accordance with any successor publication generally accepted in the United States by the water utility industry.

e. The Company's officers will be available to the Advisory Board from time to time for meetings and conferences with respect to operations and capital improvements within the District boundaries, and at least one member of the Advisory Board will be permitted to speak from time to time for reasonable periods of time at regular monthly meetings of the Board of Water Works, it being the intent of the District that customers within the District boundaries and officials of Oldham County, duly concerned with water service in Western Oldham County (also known locally as "South Oldham"), be entitled to the ear of the Company so long as the Company is operating and maintaining the Assets and extensions thereof. The Company agrees to compensate members of the Advisory Board for their services and travel expenses to and from Oldham County at the rate of $100.00 a month.

4. Assumed Obligations.

Effective as of the Closing Date, the Company assumes and agrees to perform the Assumed Obligations.

5. Closing.

The consummation of the transfers contemplated herein, (the Closing) shall be held at 10:00 a.m., local time, on the Closing Date at the offices of the Company, or at such other time or place as may be mutually agreed upon by the District and the Company.

6. Title and Possession.

The District shall transfer title, ownership and possessory rights to the Assets, free of encumbrance except to the extent that same constitutes an Assumed Obligation set forth in Exhibit B, to the Company on the Closing Date. In addition, instruments of transfer of all or any portions of the Assets, such as deeds, bills of sale, and other instruments in writing as may be reasonably required by the Company will be delivered. The District further agrees to deliver written instruments of transfer as may be reasonably requested after the Closing Date with respect to the specific Assets being acquired hereunder where the need for such instrument may later appear (for example, should an overlooked water line easement of record be discovered or should an assignment of a specific contract right be deemed desirable at a later date in order to enforce same).

7. Conditions to Closing.

The transfers and obligation assumptions contemplated herein are contingent upon the following conditions precedent:

a. The approval of the PSC of the transfer of the Assets which approval is required under KRS 278.020, the parties agreeing to file a joint application and to fully cooperate with each other with respect thereto; and final resolution of all District proceedings presently pending before the PSC.

b. Issuance of all other necessary approvals and franchises by governmental bodies or agencies having jurisdiction over such transfer and resulting operations, including, but not limited to such action, if any, that may be necessary by the Fiscal Court of Oldham County.

c. All outstanding bonds and any other indebtedness of the District, secured by the Assets, or any part or portion, themselves, or by revenues from operation of the Assets, shall have been paid in full or funds have been irrevocably escrowed under terms and conditions and with a financial institution satisfactory to the Company, sufficient in amount to pay such indebtedness in full at maturity, or earlier, if subject to redemption, and the sufficiency of such amount or amounts is certified to the Company by Compton, Kottke & Associates P.S.C., the District's auditors.

d. Delivery by the District of financial statements, prepared in accordance with generally accepted accounting principles, audited by Compton, Kottke & Associates, P.S.C., Certified Public Accountants, in accordance with generally accepted auditing standards, for the period beginning November 1, 1994, and ending no later than two months prior to the month of Closing, which statements shall show no material change in the financial condition of the District when compared to its audited financial statements, dated as of October 31, 1994. If the Closing occurs after October 31, 1995, then the District, in addition to delivery of its fiscal 1995 audited financial statements will also provide at Closing an audited Closing Balance Sheet (also indicating no material change).

e. An opinion of the District's legal counsel (conditioned on the approvals obtained pursuant to subparagraphs a and b of this Section 7) that the District (i) has the corporate authority to dispose of the Assets, (ii) has authority, through specified officer(s) to execute this Agreement and any and all documents required hereunder, (iii) has authority to carry out the terms of this Agreement, and (iv) has no claims or liens pending against it that would imperil its performance under this Agreement or substantially affect its financial condition to the detriment of such performance.

f. Reaffirmation by the District that its representations and warranties as contained herein remain true and in full force and effect.

In addition, discovery by the Company that one or more of the District's representations and warranties, set forth in Section 8 below, were untrue when made or will be untrue on the Closing Date will constitute grounds for Company's refusal to close. Exercise by the Company of its right not to close on this acquisition permitted under this Section 7 shall operate to release both parties hereto from further obligations hereunder except as set forth in Section 11 of this Agreement.

8. District's Representations and Warranties.

The District hereby represents and warrants to the Company as follows:

a. Authority. It is a water district, duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky, having full power and authority to own and transfer the Assets.

b. Title and Authority to Transfer. The District has good and marketable title to all of the Assets and that same are free and clear of all claims, mortgages, security interests, equities, restrictions, liens, encroachments, pledges, options and purchase rights, charges and encumbrances of any nature whatsoever.

c. Financial Statements. The District has heretofore delivered to the Company its audited financial statements for its fiscal years ending October 31, 1992, 1993 and 1994, which statements are true, correct and complete and have been prepared from its books and records in accordance with generally accepted accounting principles applied on a consistent basis and representing fairly the financial position of the District on the respective dates. Since October 31, 1994, there has been no material adverse change in the financial position of the District or its operations.

d. Litigation. Except as set forth in Exhibit D, there are no claims, actions, suits, arbitrations, proceedings or investigations, administrative, judicial or otherwise, pending, threatened or contemplated against or affecting the District's water distribution system operations or its ownership of the Assets.

e. Compliance with Law. Except as set forth in Exhibit E, attached hereto and made a part hereof, the District has not violated and is in compliance with all laws, statutes, regulations, ordinances, rules and orders of any federal, state or local government or agency relating to the Assets and the District's operations, including, but not limited to, the District's being in compliance with regulatory matters before the PSC.

f. No Default. The District has complied with all material provisions of the Assumed Obligations listed in Exhibit B and is not in material default thereunder nor has it committed any act which would constitute a material default under any such obligations.

g. Environmental Matters. (i) There are no toxic, hazardous or carcinogenic substances or wastes disposed, stored or present on, in or under any of the Assets. (ii) There has been no "Release" or threat of a "Release" [as that term is defined in 42 USC § 9601 (22)] of any "Hazardous Substance(s), or disposal of any Hazardous Substance(s) on or about the Assets which would result in any material liability to the Company after the Closing Date. (iii) The Assets do not include any underground storage tanks.

h. District's Geographic Boundaries. Attached as Exhibit F is a map indicating thereon the District's understanding of its geographic boundaries.

i. Dissolution. Upon Closing and transfer of the Assets, the District will proceed with dissolution proceedings and pursue in good faith action by the Oldham Fiscal Court recognizing and approving termination of the District's existence.

9. Company's Representations and Warranties.

Company hereby represents and warrants to the District as follows:

a. Valid Existence. The Company is a Kentucky corporation, validly existing and in good standing under the laws of the Commonwealth of Kentucky, acting under the authority of the Board of Water Works, established pursuant to KRS 96.230 through 96.310.

b. Authority to Perform. It has full right, power and authority to execute this Agreement and to perform the terms and conditions contained herein without further approval of any governmental agency or entity other than the Board of Water Works.

c. Ability to Perform. It has the financial, technical and managerial abilities to provide reasonable water service to the properties within the District's service territory presently being served by the District (and the Company).

10. Closing Deliveries:

At Closing:

a. Deliveries by District. The District shall deliver to the Company:

(i) a quitclaim deed to any real estate owned by the District constituting a component of its water distribution system.

(ii) deeds conveying any and all easements and other property rights that the District has in and to real estate constituting components of its water distribution system.

(iii) a bill of sale and/or other instruments of transfer reasonably requested by Company, transferring the personal property (tangible and intangible) which is included in the Assets, duly executed by the District, conveying to the Company, free of encumbrance, all right, title and interest in and to such personal property, including, but not limited to, all personal property below ground surface.

(iv) certified or cashiers' checks paying to the Company the balances in any and all of the bank accounts or other evidences of credit, with respect to funds held by the District for the future capital improvement of its system, referencing Section 3a, above, in this regard.

(v) written reaffirmation of the District's representations and warranties as set out in Section 8 above.

(vi) a certified copy of the District's corporate action authorizing the negotiation, execution and performance of this Agreement by the District.

(vii) an opinion of counsel to the District, satisfactory in form to the Company, as to the matters set forth in Section 8, Sub-paragraphs a, b, d and e.

(viii) an instrument canceling company's obligations under the Lease and releasing it from any liabilities with respect thereto except as might be reserved herein.

(ix) such other documents as may be reasonably requested to affect consummation of the transactions contemplated hereby, i.e., transfer from the District to the Company of title to and ownership of water distribution facilities and appurtenances thereto as well as the related operational and franchise rights owned by the District and intended to be included in the definition of Assets.

b. Deliveries by the Company. The Company shall deliver to the District (unless waived by it):

(i) its check in the amount of $1.00.

(ii) a certified copy of the resolution of the Board of Water Works authorizing the execution and performance of this Agreement by the Company.

(iii) documents and instruments, duly executed, assuming the obligations of the Assumed Obligations as reasonably requested by the District.

(iv) an opinion of Brown, Todd & Heyburn PLLC, General Counsel to the Company, satisfactory in form to the District, opining as to the matters set forth in Section 9.

(v) an instrument canceling the District's obligations under the Lease and releasing it from any liabilities with respect thereto except as might be reserved herein.

11. Default.

a. By District. If the transfers contemplated by this Agreement are not consummated due to District's default hereunder, District shall compensate Company for any costs and expenses incurred with respect to the negotiation of this Agreement and preparations by Company for Closing thereon, such cost and expenses to include reasonable compensation for staff time and overhead, in addition to General Counsel expenses and any other directly related costs. However, if the District's failure to close is due to the action or inaction of the PSC or a Court of Law of competent jurisdiction such shall not constitute a default by the District.

b. By Company. If the transfers contemplated by this Agreement are not consummated due to of Company's default hereunder, Company shall compensate District for any costs and expenses incurred with respect to the negotiation of this Agreement and preparations by District for Closing thereon, such cost and expenses to include reasonable compensation for staff time and overhead, in addition to counsel expenses and any other directly related costs.

12. Miscellaneous Matters.

a. Capital Improvement Funds. Company agrees that it will allocate on its books the District's reserve funds, transferred to the Company at Closing, and all surcharge collections from District billings for periods prior to Closing but not yet paid over to District at Closing, such surcharge allocation to increase the funds available for the contemplated capital improvements set forth in Exhibit C and such other capital improvements within the District boundaries as may be possible through the use of such funds.

b. Risk of Loss. Until the transfer of the Assets has been consummated, all risk of loss of, or damage to, or destruction of, the Assets shall belong to and be borne by the District, any significant damage or loss caused by fire, flood, tornado, hurricane or other casualty shall be repaired by the District prior to Closing; otherwise the reasonable costs of such repair and/or

replacement shall be paid by the District to the Company at Closing. If District is unable to fund such obligation it shall have the right to rescind the Agreement without further liability.

c. Notices. Any notices, requests or other communications required or permitted to be given hereunder shall be in writing, and shall be delivered by hand or courier or United States Mail, postage pre-paid and addressed to each party as set forth in this Agreement with copy thereof to be sent to such parties' counsels' then current address.

d. Entire Agreement, Modifications. This Agreement supersedes all prior discussions and agreements between District and Company with respect to the Assets and contains the sole and entire understanding between them with respect to the transfers. All promises, inducements, offers, solicitations, agreements, commitments, representations, and warranties heretofore made between the parties are merged into this Agreement. This Agreement shall not be modified or amended in any respect except by a written instrument executed by each of the parties hereto.

e. Survival. This Agreement shall not be merged into any of the instruments or documents executed and delivered at the Closing, but shall survive the Closing and the covenants, representations, and warranties made herein shall remain in full force and effect.

f. Captions. All captions, headings, sections and section numbers and letters and other reference numbers or letters are solely for the purpose of facilitating reference to this Agreement and shall not supplement, limit or otherwise vary in any respect the text of this Agreement.

g. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

WITNESS the signatures of the parties by their duly authorized officers as of the date set forth at the beginning.

ATTESTED:

Dennis L. Deibel

Title: Secretary

OLDHAM COUNTY WATER DISTRICT NO. 1

By: _____
Milton C. Stoess, Chairman

Date: 10-18-1995

ATTESTED:

Martha Miller

Title: Vice President - Treasurer and Acting Secretary

LOUISVILLE WATER COMPANY

By: _____
John L. Huber, President

Date: 10-19-1995

UT1.E4535
F:\USERS\015\LWC\OLDHAM.CL3
cab/dw October 9, 1995

WATER DISTRIBUTION SYSTEM TRANSFER AGREEMENT

Exhibit B

Assumed Obligations

1. The providing of water service to all existing customers of the District, such service to be in accordance with the laws, regulations and requirements of any governmental agencies exercising legal authority over the Company's operations.

2. The providing of water service to the fire hydrants within the District's systems and to maintain and repair such hydrants as may be required by law or contract.

3. For District mains installed or under contract before the Closing Date to continue refunds under the terms of Oldham County Water District No. 1's Tapping Fee Agreements with any third parties for the installation of Water mains for the period of ten (10) years from the date of acceptance of the main into the District's water distribution system or until the full cost of the main installation is recovered by the third party installing the main, whichever is earlier. The tapping fee refunds shall be in an amount in accordance with the District's tapping fee schedule.

mjg:015
UT1.E4535
F:\USERS\015\LWC\E4535.CLN
rh/dw 10-09-95 06:15

EXHIBIT "C"
OLDHAM COUNTY WATER DISTRICT NO. 1
CAPITAL IMPROVEMENT PLAN

Item	Time Frame	Quantity	Units	Unit Cost [1]	Item Cost [1]
Distribution System Immediate Needs					
Valve Installation	1996	104	each	$1,550	$161,000
Fire Hydrant Installation	1996	22	each	$2,000	$44,000
Lake Louisvilla	1996	Lump Sum	L.S.		$120,000 [2]
Ash Avenue Replacement	1996-1997	4,200	l.f. 12"	$68	$286,000
Ash Ave/Old Henry Grid-Tie	1996-1997	2,700	l.f. 12"	$68	$184,000
Briar Hill Grid-Tie (bore)	1996-1997	200	l.f 12"	$200	$40,000
Kavanaugh/Sumac Grid-Tie	1996-1997	1,700	l.f. 8"	$47	$80,000
Old Floydsburg Rd Grid-Tie	1996-1997	1,800	l.f. 8"	$47	$85,000
Hwy 22 at Haunz Lane	1998-1999	2,200	l.f. 12"	$68	$150,000
Ky 329 Bypass (upsize) [3, 4]	1996-1999	5,000	l.f. 12"	$13	$65,000
Spring Hill (upsize) [3, 4]	1996-1999	12,000	l.f. 12"	$13	$156,000
Total Distribution System Immediate Needs					$1,371,000
Potential Long-Term Improvements					
Storage	After 2000	500,000	gallons	$1.5	$750,000
Pumping Capacity	After 2000	900	gpm	$260	$234,000
Moser to Ky 329 (upsize) [3]	After 2000	18,000	l.f. 12"	$13	$234,000
Ky 22 (upsize) [3]	After 2000	6,500	l.f. 12"	$13	$85,000
Ky 329 to Spring Hill	After 2000	6,000	l.f. 12"	$68	$408,000
Hawley Gibson	After 2000	7,000	l.f. 12"	$68	$476,000
Ky 329 N. to Goshen	After 2000	14,400	l.f. 12"	$68	$979,000
Total Potential Long-Term Improvements					$3,166,000

1 Unit cost estimates include an approximate 10 percent contingency for unknown construction components (i.e. rock removal, right-of-way acquisition, etc.)
2 Lump sum commitment by OCWD #1contingent on successful CDBG funding
3 Upsize refers to the increase in water main size from an 8-inch to 12-inch main for newly installed facilities (i.e. developer funded contracts,highway improvement projects, etc.)
4 Contingent on planned development

Above improvements are identified in the engineering evaluation of Oldham County Water District #1, completed by PDR Engineers, Inc. in Sept 1995.

WATER DISTRIBUTION SYSTEM TRANSFER AGREEMENT

EXHIBIT D

Litigation

1. There is pending before the Public Service Commission of Kentucky in Case No. 90-228 proceedings wherein the Public Service Commission is asserting that certain customer charges of the District are in violation of PSC regulations.

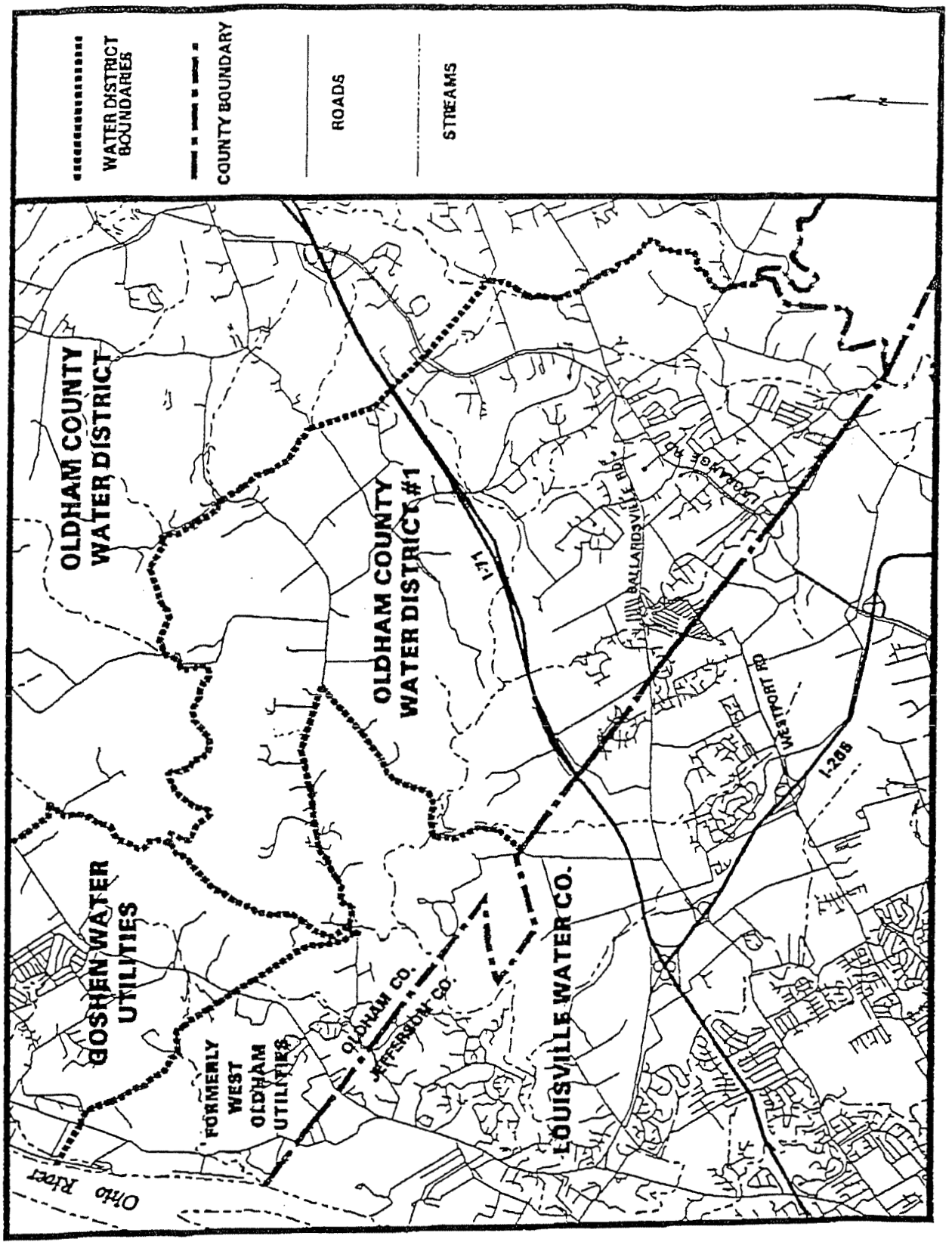
2. There is pending before the Public Service Commission of Kentucky in Case No. 92-123 an investigation into the "tap-on" and surcharge fees charged by the District as possibly being contrary to PSC regulations.

WATER DISTRIBUTION SYSTEM TRANSFER AGREEMENT

EXHIBIT E

Compliance with Law

Those matters set forth in Exhibit D (relating to possible violation of administrative regulations of the Public Service Commission of Kentucky).



OLDHAM COUNTY WATER DISTRICT #1

EXHIBIT F

FIRST AMENDMENT TO MAIN EXTENSION
AND WATER SUPPLY AGREEMENT

This is an Amendment to the Main Extension and Water Supply Agreement, made as of February 16, 1988, and is made as of this 28th day of July, 1998, by and between

LOUISVILLE WATER COMPANY,
a Kentucky corporation, all of the
stock of which is owned by the City
of Louisville, Kentucky
435 S. Third Street
(soon to be 550 S. Third Street)
Louisville, KY 40202 ("LWC")

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 30 1998

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen O Bell
SECRETARY OF THE COMMISSION

and

WEST SHELBY WATER DISTRICT,
a district established and governed by
Section 74.010 through 74.416 of the
Kentucky Revised Statutes
P. O. Box 26
Simpsonville, KY 40065 ("West Shelby")

RECITALS

A. LWC supplies treated water to West Shelby pursuant to the Main Extension and Water Supply Agreement, dated as of February 16, 1988 (the "Supply Agreement"), which water West Shelby distributes through its water lines to properties located in the southwestern part of Shelby County, Kentucky.

B. LWC, in addition to selling water to West Shelby and other water suppliers for the purpose of resale, also distributes water on a retail basis to the residents of Jefferson County and parts of Oldham and Bullitt Counties, Kentucky, as well as owning and operating two water treatment plants along the Ohio River.

C. There are presently properties in eastern Jefferson County whose owners and occupants are desirous of procuring water service that can be more feasibly provided at this time by extending existing distribution lines owned by West Shelby than by extending lines owned by LWC even though such properties are not located within West Shelby's service area.

D. West Shelby, pursuant to Section 74.414 and LWC, through its Board of Water Works pursuant to Section 96.260 of the Kentucky Revised Statutes are authorized to enter into this Agreement.

E. Both parties hereto agree that such properties should be given the opportunity to receive water service in the near future and, at the same time, are agreeable to other changes and additions to the Supply Agreement that will be beneficial to both of them.

WITNESSETH:

In consideration of the premises contained herein the parties agree to amend the Supply Agreement in the following respects:

1. West Shelby agrees to extend its water distribution system approximately 21,000 feet as soon as possible into and along those public and private roads in Jefferson County, shown on the attached Exhibit A, such public and private roads being listed in Exhibit B, and to permit properties having frontage on such extensions to connect to West Shelby's system in accordance with its approved tariff and policies. Such main extensions are to be made using the installation standards and materials approved by West Shelby's Board of Commissioners. West Shelby further agrees to provide LWC with documentation showing West Shelby's construction costs with respect to the above referenced extensions upon completion thereof and with documentation showing customer contribution to such costs when received.

2. LWC, paragraph 9(b) of the Supply Agreement notwithstanding, consents to the main extensions within the roads (listed in Exhibit B) and consents to the properties having frontage on such roads being connected to same and becoming water service customers of West Shelby; provided, however, if West Shelby has not completed the above indicated main extensions by the 1st day of July, 2000, then the above referenced consent is revoked and the covenants and agreements contained in this First Amendment are terminated and canceled in their entirety. In giving the above consents West Shelby understands that LWC does not agree or consent to any further main extensions by West Shelby into Jefferson County, only those within the indicated roads or to any further water service connections than those properties having frontage on the contemplated main extension. Any additional extensions into Jefferson County by West Shelby may be made only with LWC's consent.

3. Assuming completion of the main extension as contemplated hereinabove, LWC, thereafter, shall have an option to purchase from West Shelby all of its main extensions in Jefferson County and all the customers being served therefrom, which option is exercisable on or before July 1, 2018. If and when exercised, LWC shall compensate West Shelby by paying to it an amount equal to the cost of construction of the Jefferson County main extensions, including administrative overhead costs, less the depreciation thereon through the date of transfer, using straight line depreciation and assuming a 40-year life. The option may be exercised by LWC by delivering written notice to West Shelby on or before its expiration date, the closing and transfer of funds and assets contemplated to take place within six months of such notice. West Shelby, upon completion of Jefferson County main extension, agrees to provide LWC with documentation showing the cost incurred by West Shelby with respect to such.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 30 1998

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen O Bell
SECRETARY OF THE COMMISSION

4. Concurrent with West Shelby's water main extensions, discussed in paragraphs 1 and 2, above, LWC will install a 12-inch waterline extending from LWC's present Point of Delivery in U.S. Highway 60 to West Shelby's pump station, a distance of approximately 1,500 feet, at no charge to West Shelby. LWC further agrees to increase the capacity of its master meter to 600 gallons per minute. The ownership of the newly installed 12-inch pipe will be retained by LWC. Upon its completion, West Shelby's existing 6-inch water main may be converted by it to a high pressure distribution main available to serve its customers in Shelby County. LWC agrees that it will not serve Shelby County properties from its newly installed 12-inch main without the written consent of West Shelby and further agrees upon completion of such installation to provide West Shelby with documentation showing the cost incurred by LWC with respect to same.

5. Upon completion of the 12-inch water line extension, referenced immediately above, West Shelby, thereafter, shall have an option to purchase from LWC all of such main extension and customers, if any, being served therefrom, which option is exercisable on or before July 1, 2018. If and when exercised, West Shelby shall compensate LWC by paying to it an amount equal to the cost of its construction, including administrative overhead costs, less the depreciation thereon through the date of transfer, using straight line depreciation and assuming a 65-year life. The option may be exercised by West Shelby by delivering written notice to LWC on or before its expiration date, the closing and transfer of funds and assets contemplated to take place within six months of such notice. The option must be exercised if and when LWC exercises its option given in paragraph 3, above.

6. LWC further agrees, based upon its understanding that the proposed main extensions will provide a loop in West Shelby's system thereby improving fire flow and system reliability and its further understanding that West Shelby's fire flow will then exceed 500 gallons per minutes, to recommend to the Eastwood Fire District and the Jefferson County Deputy of Code Enforcement a waiver of Jefferson County's hydrant flow rate ordinance requirement of 750 gallons per minute, it being understood that West Shelby's failure to obtain such a waiver or to effect another remedy avoiding the need for such waiver voids further required performance under this Agreement by both parties.

7. West Shelby agrees to make certain system improvements over the next three years to accommodate the increase in flow capacity from LWC, these improvements to include:

(a) Construction of a 750,000 gallon elevated storage tank near Interstate 64 and Veechdale Road; and

(b) Installation of a 12-inch water main in U.S. Highway 60 from its pump station to the Shelby County Job Corps Center.

8. In addition, LWC agrees to provide West Shelby a second Point of Delivery of water to its system at or near the intersection of the Jefferson County line and Kentucky Highway 148 if and when LWC elects to exercise its option rights, set forth in paragraph 3, above, the cost of

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 30 1998

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephanie Bell
SECRETARY OF THE COMMISSION

connecting and metering at such Point of Delivery being the responsibility of West Shelby and will be based upon then applicable LWC charges.

9. In the event West Shelby desires such second Point of Delivery before LWC exercises its option rights, set forth in paragraph 3, above, or in the event LWC's option expires without having been exercised, West Shelby shall have the right to direct LWC to make water service available at the proposed second Point of Delivery (the intersection of Kentucky Highway 148 and the Jefferson County line) at West Shelby's cost, including, but not limited to main extension costs and LWC metering and connecting charges. If and when installed under this paragraph or the previous paragraph, the flow rate at the second Point of Delivery shall not exceed 500 gallons per minute.

10. Another possible Point of Delivery of water service to West Shelby may be available from LWC if and when a proposed pipeline from Jefferson County to Fayette County is installed. The availability of such access to West Shelby may be contingent upon and/or limited by LWC's ownership and operational interests and duties with respect to such pipeline and will be subject to applicable LWC charges.

11. LWC agrees to be responsible for filing with the Kentucky Public Service Commission ("PSC") of this First Amendment to the Supply Agreement, both parties' obligations under this Agreement being contingent upon the PSC's approval. West Shelby agrees to be responsible for obtaining any other permits, licenses and other governmental consents needed with respect to all construction and installation to be undertaken by West Shelby as contemplated hereinabove. Likewise, LWC will have the same responsibility with respect to any construction and/or installation it is required to undertake; and, further, LWC agrees to cooperate with and support West Shelby's permit, license or other governmental application relating to the concerns of this First Amendment.

12. The Supply Agreement is further amended to extend its duration to December 31, 2042; provided, however, should the PSC impose one or more conditions upon either party or undertakes to alter the provisions hereof with respect to the above agreed upon relationship which condition(s) or alteration is unacceptable to such party, then it has the right to terminate this First Amendment without further obligation.

13. The provisions of the Supply Agreement, as amended hereinabove, remain in full force and effect and are hereby ratified and affirmed by the parties hereto.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 30 1998

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephanie Bell
SECRETARY OF THE COMMISSION

IN TESTIMONY WHEREOF, witness the signatures of the parties, duly authorized by their governing bodies.

Attest:

Gregory C. Hutz

Attest:

Wanda Clark

LOUISVILLE WATER COMPANY

By _____
John L. Huber, President

WEST SHELBY WATER DISTRICT

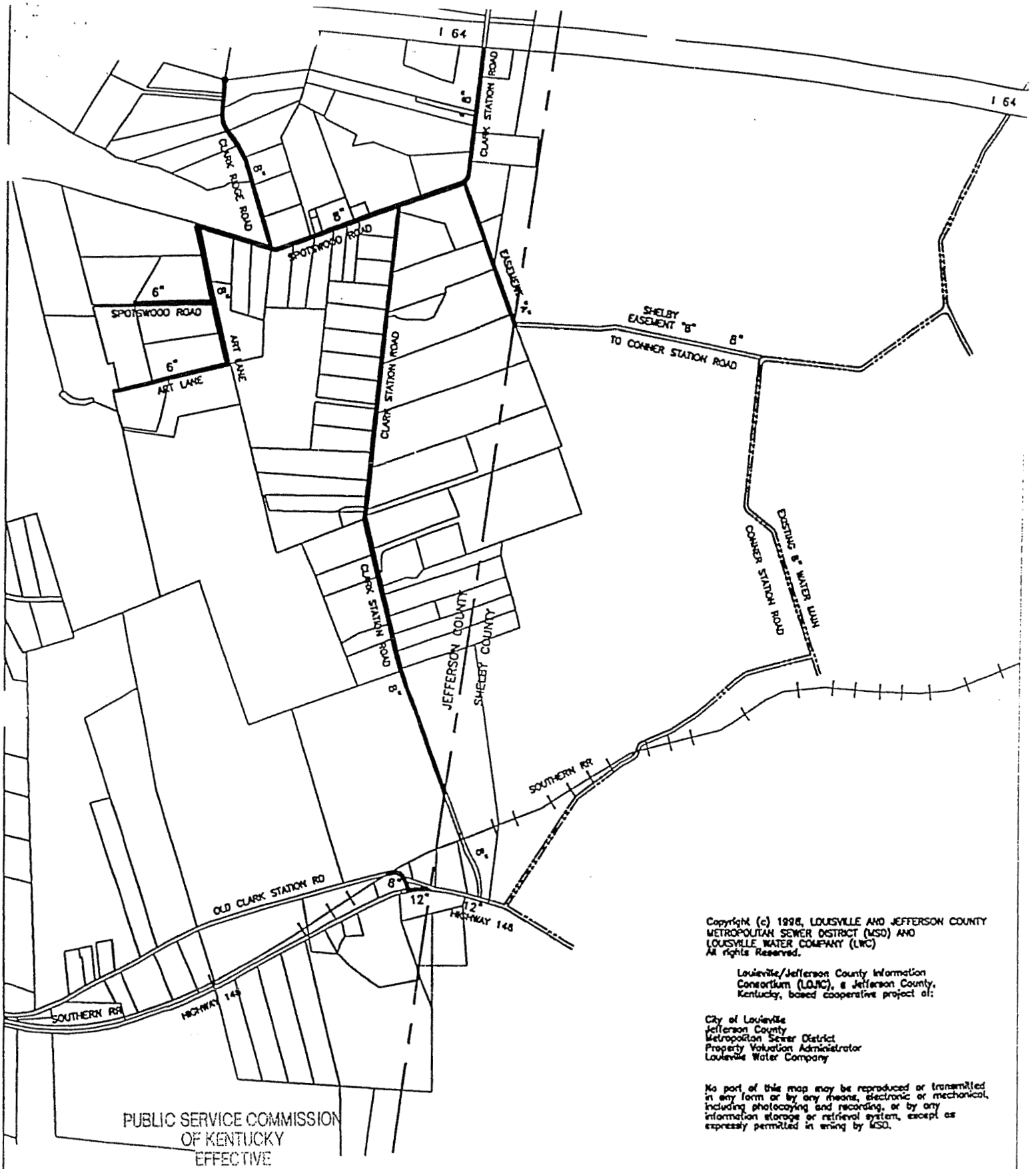
By _____
Ray Laramee, Chairman

UT1.C8181:015.jrc
F:\USERS\015\LWC\WSHELBY.DR2

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 30 1998

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen O. Bell
SECRETARY OF THE COMMISSION



Copyright (c) 1998, LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT (MSD) AND LOUISVILLE WATER COMPANY (LWC)
All rights Reserved.

Louisville/Jefferson County Information Consortium (LOJIC), a Jefferson County, Kentucky, based cooperative project of:

City of Louisville
Jefferson County
Metropolitan Sewer District
Property Valuation Administrator
Louisville Water Company

No part of this map may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying and recording, or by any information storage or retrieval system, except as expressly permitted in writing by MSD.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 30 1998

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen O Bell
SECRETARY OF THE COMMISSION

LEGEND

Exhibit "A"

PROPOSED (JEFFERSON CO.)

PROPOSED (SHELBY CO.)

EXISTING (SHELBY CO.)

EXHIBIT B

LIST OF PUBLIC AND PRIVATE WAYS

- Clark Station Road (from the Shelby County line to Interstate 64, approximately 9,700 l.f.)
- Old Clark Station Road (from Southern Railroad to Highway 148, approximately 300 l.f.)
- Highway 148 (from Old Clark Station Road to Shelby County line, approximately 300 l.f.)
- Spotswood Road (from Clark Station Road to Art Lane, approximately 4,800 l.f.)
- Clark Ridge Road (from Spotswood Road to end, approximately 2,200 l.f.)
- Art Lane (from Spotswood Road to end, approximately 2,000 l.f.)
- Easement "A" (from Clark Station Road to Shelby County line, approximately 1,800 l.f.)

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

AUG 30 1998

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen O. Bey
SECRETARY OF THE COMMISSION

Fort Knox

AWARD / CONTRACT

1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700) ▶ RATING: c2

PAGE 1 OF PAGES 21

2. CONTRACT (Proc. Inst. Ident.) NO.: DACA27-99-C-0034

3. EFFECTIVE DATE: 06/29/99

4. REQUISITION/PURCHASE REQUEST/PROJECT NO.: W22W9K-9174-5241

5. ISSUED BY — CODE W22W9K

U.S.ARMY CORPS OF ENGINEERS

600 DR M L KING JR PL RM 821
LOUISVILLE KY 40202-2230

Debbie Bruner B04
(502) 582-5926

6. ADMINISTERED BY (If other than Item 5) — CODE db5926

U. S. ARMY CORPS OF ENGINEERS
ATTN: CEORL-CT-P (D. BRUNER)
600 DR. M. L. KING JR. PL. ROOM 821
LOUISVILLE KY 40202-2230

7. NAME AND ADDRESS OF CONTRACTOR (No., street, city, county, State and ZIP Code) Vendor ID: 00000425

CODE 0xt26 FACILITY CODE

8. DELIVERY: ☐ FOB ORIGIN ☒ OTHER (See below)

9. DISCOUNT FOR PROMPT PAYMENT: 00.000% 000 Net 030

10. SUBMIT INVOICES (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN: ▶ ITEM

11. SHIP TO/MARK FOR — CODE h2m1jc0

FT KNOX RESIDENT OFFICE
FT KNOX RES. OFFICE
BLDG 122
FT. KNOX, KY 40121-5000

12. PAYMENT WILL BE MADE BY — CODE T0B0200

USACE FINANCE CENTER (UFC)
5720 INTEGRITY DRIVE
MILLINGTON TN 38055-0001

EFT: T

13. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION:

☐ 10 U.S.C. 2304(c)( ) ☐ 41 U.S.C. 253(c)( )

14. ACCOUNTING AND APPROPRIATION DATA

21920500000 088041 252G002WVT10452360000 VSCW 33017
Award Oblig Amt US$ 500,000.00

15A. ITEM NO.	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT
	See attached Schedule(s)				

15G. TOTAL AMOUNT OF CONTRACT $ 500,000.00

16. TABLE OF CONTENTS

(X)	SEC.	DESCRIPTION	PAGE (S)	(X)	SEC.	DESCRIPTION	PAGE (S)
		PART I - THE SCHEDULE				PART II - CONTRACT CLAUSES	
X	A	SOLICITATION/CONTRACT FORM	1	X	I	CONTRACT CLAUSES	19
X	B	SUPPLIES OR SERVICES AND PRICES/COSTS	1			PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH.	
	C	DESCRIPTION/SPECS./WORK STATEMENT			J	LIST OF ATTACHMENTS	
	D	PACKAGING AND MARKING				PART IV - REPRESENTATIONS AND INSTRUCTIONS	
	E	INSPECTION AND ACCEPTANCE			K	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	
	F	DELIVERIES OR PERFORMANCE					
	G	CONTRACT ADMINISTRATION DATA			L	INSTRS., CONDS., AND NOTICES TO OFFERORS	
	H	SPECIAL CONTRACT REQUIREMENTS			M	EVALUATION FACTORS FOR AWARD	

CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE

17. ☐ CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return _____ copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award / contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)

18. ☐ AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number _____, including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award / contract. No further contractual document is necessary.

19A. NAME AND TITLE OF SIGNER (Type or print): George Miller .. Secretary/Treasurer

20A. NAME OF CONTRACTING OFFICER: Janet M. Henderzahs K05 (502) 582-6564

NAME OF CONTRACTOR: George Miller (Signature of person authorized to sign)

19C. DATE SIGNED: 7/30/99

20B. UNITED STATES OF AMERICA BY _____ (Signature of Contracting Officer)

20C. DATE SIGNED

DEPARTMENT OF THE ARMY
LOUISVILLE DISTRICT, CORPS OF ENGINEERS
P.O. BOX 59
LOUISVILLE,KENTUCKY 40201-0059

REPLY TO
ATTENTION OF

13 AUG 1999

Contracting Division

Mr. George Miller
Kentucky Turnpike Water District
3396 Burkland Blvd.
Shepherdsville, KY 40165

Dear Mr. Miller:

Enclosed herewith is your fully executed copy of Contract No. DACA27-99-C-0034, for Water line extension to Wilcox Digitized Training Range Project at Fort Knox, KY.

In connection with the execution of contractual documents relating to this contract, such as but not limited to contracts, modifications, pay estimates, change orders and supplemental agreements, the Louisville District requires that you furnish the following information to the above address Attn: Debra Bruner.

1. If your company is a corporation:

   a. A list of the officers and/or employees who are authorized to act on behalf of the corporation (include any limitations on such authorization); such list to be signed by an officer of the Corporation.

   b. An attestation by the Secretary of the Corporation (with seal affixed) that the person signing such list is an officer of the corporation.

I look forward to working with you on this job.

Sincerely,

JOSEPH L. THEOBALD
Contracting Officer

Enclosures

SOLICITATION, OFFER AND AWARD

1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700) ▶ RATING

PAGE 1 OF PAGES

2. CONTRACT NO.	3. SOLICITATION NO.	4. TYPE OF SOLICITATION	5. DATE ISSUED	6. REQUISITION/PURCHASE NO.
A27-99-C-0034	DACA27-99-R-0034	☐ SEALED BID (IFB) ☒ NEGOTIATED (RFP)	30-JUL-99	W22W9K-9174-5241

7. ISSUED BY CODE W22W9K
U. S. Army Corps of Engineers
600 Dr M. L. King Jr Place, RM 821
Louisville, KY 40202-2230

8. ADDRESS OFFER TO (If other than Item 7) H2P0A00
Contracting Division
600 M . King, Jr Place, Room 821
Louisville, KY 40202-2230

NOTE: In sealed bid solicitations "offer" and "offeror" mean "bid" and "bidder".

SOLICITATION

9. Sealed offers in original and 1 copies for furnishing the supplies or services in the Schedule will be received at the place specified in Item 8, or if handcarried, in the depository located in 600 Dr ML King,RM821,Lou.,KY 40201 until 1430 (Hour) local time 23-JUL-99 (Date)

CAUTION - LATE Submissions, Modifications, and Withdrawals: See Section L, Provision No. 52.214-7 or 52.215-1. All offers are subject to all terms and conditions contained in this solicitation.

10. FOR INFORMATION CALL:	A. NAME	B. TELEPHONE NO. (NO COLLECT CALLS)	C. E-MAIL ADDRESS
	Debra C. Bruner B04	502-582-5926	debra.c.bruner@lr102.usace.army.mil

11. TABLE OF CONTENTS

(X)	SEC.	DESCRIPTION	PAGE(S)	(X)	SEC.	DESCRIPTION	PAGE(S)
		PART I - THE SCHEDULE				PART II - CONTRACT CLAUSES	
X	A	SOLICITATION/CONTRACT FORM	1		I	CONTRACT CLAUSES	
X	B	SUPPLIES OR SERVICES AND PRICES/COSTS	2			PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH.	
X	C	DESCRIPTION/SPECS./WORK STATEMENT	1		J	LIST OF ATTACHMENTS	
	D	PACKAGING AND MARKING				PART IV - REPRESENTATIONS AND INSTRUCTIONS	
	E	INSPECTION AND ACCEPTANCE		X	K	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	2
	F	DELIVERIES OR PERFORMANCE					
	G	CONTRACT ADMINISTRATION DATA			L	INSTRS., CONDS., AND NOTICES TO OFFERORS	
	H	SPECIAL CONTRACT REQUIREMENTS	7		M	EVALUATION FACTORS FOR AWARD	

OFFER (Must be fully completed by offeror)

NOTE: Item 12 does not apply if the solicitation includes the provisions at 52.214-16, Minimum Bid Acceptance Period.

12. In compliance with the above, the undersigned agrees, if this offer is accepted within 60 calendar days (60 calendar days unless a different period is inserted by the offeror) from the date for receipt of offers specified above, to furnish any or all items upon which prices are offered at the price set opposite each item, delivered at the designated point(s), within the time specified in the schedule.

13. DISCOUNT FOR PROMPT PAYMENT (See Section I, Clause No. 52-232-8) ▶	10 CALENDAR DAYS %	20 CALENDAR DAYS %	30 CALENDAR DAYS %	CALENDAR DAYS %

14. ACKNOWLEDGEMENT OF AMENDMENTS (The offeror acknowledges receipt of amendments to the SOLICITATION for offerors and related documents numbered and dated:	AMENDMENT NO.	DATE	AMENDMENT NO.	DATE

15A. NAME AND ADDRESS OF OFFEROR
CODE 00015942 FACILITY
KENTUCKY TURNPIKE WATER DISTRICT
3396 Burkland Blvd.
Shepherdsville, KY 40165

16. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER (Type or print)
George Miller Secretary/Treasurer

15B. TELEPHONE NO. (Include area code)

☐ 15C. CHECK IF REMITTANCE ADDRESS IS DIFFERENT FROM ABOVE, ENTER SUCH ADDRESS IN SCHEDULE.

17. SIGNATURE George Miller

18. OFFER DATE 7/30/99

AWARD (To be completed by Government)

19. ACCEPTED AS TO ITEMS NUMBERED

20. AMOUNT

21. ACCOUNTING AND APPROPRIATION

RECORD COPY

22. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION:

☐ 10 U.S.C. 2304 (c)( ) ☐ 41 U.S.C. 253 (c)( )

23. SUBMIT INVOICES TO ADDRESS SHOWN IN (4 copies unless otherwise specified) ▶ ITEM See Page 3

24. ADMINISTERED BY (If other than Item 7) CODE

25. PAYMENT WILL BE MADE BY CODE
DBOS-See Page 3

26. NAME OF CONTRACTING OFFICER (Type or Print)
JOSEPH L. THEOBALD
CHIEF, CONTRACTING DIVISION

27. UNITED STATES OF AMERICA
(Signature of Contracting Officer)

28. AWARD DATE

IMPORTANT - Award will be made on this Form, or on Standard Form 26, or by other authorized official written notice.

SECTION B

SUPPLIES OR SERVICES AND PRICES/COSTS

ITEM	DESCRIPTION	QUANTITY	U/I	UNIT PRICE	AMOUNT
0001	WATER LINE EXTENSION FOR THE KY TURNPIKE WATER DISTRICT UTILITY SERVICE CONTRACT	1.00	LS	500000.000000	500,000.00
	WILCOX DIGITIZED TRAINING RANGE PROJECT LOCATED AT FT. KNOX, KENTUCKY				

SECTION B
SUPPLIES OR SERVICES AND PRICES/COSTS

DESCRIPTION – This is a utility service contract for running a water line from Highway 44 West to Mount Eden Road for the Wilcox Digitized Training Range Project located at Fort Knox, Kentucky.

Domestic water service to the Wilcox Digitized Training Range Project at Fort Knox, Kentucky is located approximately five miles west of Shepherdsville, Kentucky.

SECTION C
DESCRIPTION/SPECIFICATIONS
WORK STATEMENT

1. SPECIFIC PREMISES TO BE SERVED: Serving the north end of Fort Knox at the Mount Eden Area.

2. ESTIMATED SERVICE:

   Estimated daily demand: 16,897 gallons
   Estimated annual consumption: 6,167,405 gallons

(Government is in no way obligated to use nor is it restricted to the above estimate)

3. POINT OF DELIVERY: The point of delivery by KTWD of water shall be to Wilcox Digitized Training Range located off of 191 Tank Battalion Road to within five feet of the buildings. Future sites will be added by modification to this contract.

4. DESCRIPTION OF WATER SERVICE: The Contractor shall have 12 gallons per minute of water continuously available at the point of delivery at a pressure of not less than 60 psi static and 50 psi residual.

5. METERING AND BILLING: Water shall be measured by gallons turbine meter located north of the Mount Eden Church Road gate.

6. SIZE OF CONTRACTOR'S PIPELINE TO POINT OF DELIVERY: Six inch line to the meter at the reservation boundary and a four inch line to the Wilcox Digitized Training Range.

SECTION H
SPECIAL CONTRACT REQUIREMENTS

1. ORDER OF PRECEDENCE – UTILITIES (FEB 1995) FAR 52.241-2. In the event of any inconsistence between the terms of this contract (including the specifications) and any rate schedule, rider or exhibit incorporated in this contract by reference or otherwise, or any of the Contractor's rules and regulations, the terms of this contract shall govern.

2. SCOPE AND DURATION OF CONTRACT (FEB 1995) FAR 52.241-3 ALTERATION.

   (A) The Contractor agrees to furnish and the Government agrees to purchase water service in accordance with the applicable tariffs(s), rules and regulations as approved by the applicable governing regulatory body and as set forth in the contract. This contract shall continue in effect until termination at the option of the Government by the giving of written notice not less than 30 days in advance of the effective date of termination.

   (B) It is expressly understood that neither the Contractor nor the Government is under any obligation to continue any services under the terms and conditions of this contract beyond any termination.

   (C) The Contractor shall provide the Government with one complete set of rates, terms and conditions of service which are in effect as of the date of this contract and any subsequently approved rates.

   (D) The Contractor shall be paid at the applicable rate(s) under the contract and the Government shall be liable for the minimum monthly charge of $51.27 commencing with the period in which service is initially furnished and continuing for the term of this contract. Any minimum monthly charge specified in this contract shall be equitably prorated for the periods in which commencement and termination of this contract become effective.

   (E) Payments hereunder shall be contingent upon the availability of appropriations therefor, and shall not be made in advance of the service rendered. KTWD has the right to terminate service of payment is not made. Payments will be made in arrears.

   (F) Invoices for service rendered hereunder shall contain statements of the meter readings at the beginning of the billing period, consumption during the billing period, and such other pertinent data as shall be required by the Government.

   (G) The Contractor hereby declares that rates are not in excess of the lowest rates now available to any existing or prospective customer under like conditions of

services, or of the same classifications, and agrees that during the life of this contract the Government shall continue to be billed at the lowest available rate for similar conditions of service.

3. QUALITY AND QUANTITY. The Kentucky Turnpike Water District (contractor) shall furnish Department of Base Operation Support (DBOS) – Ft. Knox, Kentucky at the point of delivery hereinafter specified, during the terms of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Kentucky State Board of Health (or other cognizant agency) in such quantity as may be required by DBOS. This contract shall continue in effect until terminated at the option of the Government by the giving of written notice not less than 30 days in advance of the effective date of termination. The scope of service includes the following:

   ESTIMATED SERVICE FOR THE WILCOX DIGITIZED TRAINING RANGE, FT. KNOX, KY

   12 gallon usage per minute

4. POINT OF DELIVERY AND PRESSURE. Water furnished pursuant to this contract shall be supplied at a reasonably constant normal static pressure calculated at 60 pounds p.s.i. If a greater pressure than normally available at the point of delivery is required by DBOS, the cost of providing such greater pressure shall be borne by DBOS. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Kentucky Turnpike Water District from this provision for such reasonable period of time as may be necessary to restore service.

5. CHANGE IN CLASS OF SERVICE (FEB 1995) FAR 52.241-4.

   (A) In the event of a change in the class of service, such service shall be provided at the Contractor's lowest available rate schedule applicable to the class of service furnished.

   (B) Where the contractor does not have on file with the regulatory body approved rate schedules applicable to services provided, no clause in this contract shall preclude the parties from negotiating a rate schedule applicable to the class of service furnished.

6. CONTRACTOR'S FACILITIES (FEB 1995) FAR 52.241-5

(A) The contractor, at his expense, unless otherwise provided for in this contract, shall furnish, install line to the gate, operate and maintain all facilities required to furnish service hereunder to and measure such service at the point of delivery specified. Title to all such facilities shall remain with the contractor and the contractor shall be responsible for loss of or damage to such facilities except that the Government shall be responsible to the extent that loss or damage has been caused by the Government's negligent acts or omissions. The Government will construct the line from the gate to the point of delivery within five feet of building and turn over to the KTWD. The KTWD shall operate and maintain.

(B) Notwithstanding any terms expressed in this clauses, the contractor shall obtain approval from the Contracting Officer prior to any equipment installation, construction, or removal. The Government hereby grants to the contractor, free of any rental or similar charge, but subject to the limitations specified in this contract, a revocable permit or license to enter the service location for any proper purpose under this contract. This permit or license includes use of the site or sites agreed upon by the parties hereto for the installation, operation, maintenance and repair of the facilities of the contractor required to be located upon Government premises. All applicable taxes and other charges in connection therewith, together with all liability of the contractor in construction, operation, maintenance and repair of such facilities, shall be the obligation of the contractor.

(C) Authorized representatives of the contractor will be allowed access to the facilities on Government premises at reasonable times to perform the obligations of the contractor regarding such facilities. It is expressly understood that the Government may limit or restrict the right of access herein granted in any manner considered to be necessary (e.g., national security, training maneuvers).

7. BILLING PROCEDURES. Kentucky Turnpike Water District shall furnish DBOS by mail not later than the 15th of each month an itemized statement of the amount of water furnished during the preceding month to DBOS. Invoices will be submitted to DBOS, Building 1110, Fort Knox, KY 40121.

8. METERING EQUIPMENT. Kentucky Turnpike Water District shall furnish, install, operate and maintain at its own expense at the point of delivery, the required devices of standard type for properly measuring the quantity of water delivered to DBOS.

9. SERVICE PROVISIONS (FEB 1995) FAR 52.241-6 ALTERATION

(a) Measurement of Service

(1) All service furnished by the Contractor shall be measure by suitable metering equipment of standard manufacture, to be furnished, installed, maintained, repaired, calibrated, and read by the Contractor at its expense. When more than a single meter is installed at a service location, the readings thereof may be billed conjunctively, if appropriate. In the event any meter fails to register or registers incorrectly, the quantity of service delivered through it during that period shall be determined and an equitable adjustment shall be a dispute concerning a question of fact within the meaning of the "Disputes" clause of this contract (FAR 52.233-1 attached) and the PSC regulations (2) The contractor shall read all meters at periodic intervals of approximately sixty (60) days or in accordance with the policy of the cognizant regulatory body or applicable by-laws. All billings based on meter readings of less than twenty-seven (27) days or more than thirty-two (32) days shall be prorated accordingly.

(2) METER TEST: The contractor, at its expense, shall periodically inspect and test contractor-installed meters at intervals not exceeding one (1) year. The Government has the right to have representation during the inspection and test. No meter shall be placed in service or allowed to remain in service, which has an error in registration in excess of one hundred (100) percent under normal operating conditions. Change in volume or character-reasonable notice shall be given by the Contracting Officer to the Contractor regarding any material changes anticipated in the volume or characteristics of the utility service required at each location. Continuity of Service and Consumption—The Contractor shall use reasonable diligence to provide satisfactory and continuous service at each service location, but shall not be liable for damages, breach of contract or otherwise, to the Government for failure, suspension, diminution or other variations of service occasioned by or in consequence of any cause beyond the control of the Contractor, including, but not limited to acts of God or of the public enemy, fires, floods, earthquakes, or other catastrophe, strikes, or failure or breakdown of transmission or other facilities. When necessary to make repairs to or change in the Contractor's plant, generating equipment, transmission or distributing systems, or other property, the Contractor, may, without incurring any liability therefor, suspend service for such periods as may be reasonable necessary and in such manner as not to inconvenience the customer unnecessarily.

10. CHANGE IN RATES OR TERMS AND CONDITIONS OF SERVICE FOR REGULATED SERVICES (FEB 1995) FAR 52.241-7.

(A) This clause applies to the extent services furnished under this contract are subject to regulation by a regulatory body. The Contractor agrees to give to

the Contracting Officer written notice of (1) the filing of an application for change in rates or terms and conditions of service concurrently with the filing of the application and (2) any changes pending with the regulatory body as of the date of contract award. If, during the term of this contract, the regulatory body having jurisdiction approves any changes, the Contractor shall forward to the Contracting Officer a copy of such changes within fifteen (15) days after the effective date thereof. The Contractor agrees to continue furnishing service under this contract in accordance with the amended tariff, and the Government agrees to pay for such service at the higher or lower rates as of the date when such rates are made effective.

(B) The Contractor agrees that throughout the life of this contract the applicable published and unpublished rate schedule(s) shall not be in excess of the lowest cost published and unpublished rate schedule(s) available to any other customers of the same class under similar conditions of use and service.

(C) In the event that the regulatory body promulgates any regulation concerning matters other than rates which affects this contract; the Contractor shall immediately provide a copy to the Contracting Officer. The Government shall not be bound to accept any new regulation inconsistent with Federal laws or regulations.

(D) Any changes to rates or terms and conditions of service shall be made a part of this contract by the issuance of a contract modification unless otherwise specified in the contract. The effective date of the change shall be the effective date by the regulatory body. Any factors not governed by the regulatory body will have an effective date as agreed to by the parties.

THIS NOTIFICATION FOR A RATE CHANGE WILL BE AS REQUIRED BY STATE LAW.

11. CONNECTION CHARGE (FEB 1995) FAR 52.241-9 ALTERATION.

(A) CHARGE. In consideration of the Contractor furnishing and installing at its expense the new connection facilities described herein, the Government shall pay the Contractor a connection fee. The total amount payable shall be $500,000.

(B) PROJECT COST: Approximately 26,000 feet at an approximate cost of $30.00 per foot, for a total estimated cost of $780,000.00. Pump station required at bottom of 1417 Hill $120,000.00. Total estimated cost of project is $900,000.00

(C) Ownership, Operation, Maintenance and Repair of New Facilities. Notwithstanding the payment by the Government of a connection charge, the facilities to be supplied by the Contractor under this contract shall remain the property of the Contractor and shall, at all times during the life of this contract, be

operated, maintained, and repaired by the Contractor at its expense. All taxes and other charges in connection therewith, together with all liability arising out of the construction, operations, maintenance, or repair of such facilities, shall be the obligation of the Contractor.

(D) Termination Prior to Completion of Facilities. The Government reserves the right to terminate this contract at any time prior to completion of the facilities provided for herein with respect to which the Government is to pay a connection charge. In the event the Government exercises this right, the Contractor shall be paid the cost of any work accomplished, including direct and indirect costs reasonably allocable to the completed work prior to the time of termination by the Government, plus the cost of removal, less the salvage value. IF THE CONTRACTOR DOES NOT SUBSTANTIALLY FULFILL THE MATERIAL REQUIREMENTS OF THIS CONTRACT, THE $500,000.00 WILL BE RETURNED TO THE GOVERNMENT.
The parties acknowledge and agree that the construction of facilities contemplated in this contract is contingent on Kentucky Turnpike Water District's (KTWD) receipt of additional funds from potential customers who will receive water from the facilities to be constructed. IF Kentucky Turnpike Water District fails to receive adequate assurance of the receipt of such funds before construction begins, KTWD shall promptly notify the Government. IF KTWD and the Government are unable to remedy the effects of the failure to receive such funds, the Government shall have the right to terminate the contract and demand return of the $500,000.

(E) Termination Subsequent to Completion of Facilities. In the event the Government terminates this contract subsequent to completion of the facilities for which the Government is to pay a connection charge, the Contractor shall make application for standard utility easement for the service lines crossing Federal property.

12. TERMS OF CONTRACT. This contract shall continue in effect until written notice not less than 30 days in advance of the effective date of termination.

13. FAILURE TO DELIVER. The Kentucky Turnpike Water District will, at all times, operate and maintain its system in an efficient manner and will take such actions as may be necessary to furnish DBOS with quantities of water required to be furnished hereunder. Temporary or partial failure to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Wilcox Digitized Training Range at Ft. Knox is otherwise diminished over an extended period of time, the supply of water to the DBOS shall be reduced or diminished in the same ratio or proportion as the supply to the other customers of the Wilcox Digitized Training Range site is reduced or diminished.

14. CONTRACT CLAUSES are incorporated and made a part hereof.

15. SERVICE under this contract will be charged under the commercial rate (1-1/2 to 4 inch connection as stated in the tariffs).

16. The parties agree and acknowledge that state law may require the approval of the Kentucky Public Service Commission to construct the contemplated facilities. Therefore, the parties agree and acknowledge that this contract is contingent on Public Service Commission approval to the extent such approval is required under state law.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed on the date signed by the Contracting Officer.

UNITED STATES ARMY
CORPS OF ENGINEERS
BY: See SF33 for signature
Joseph L. Theobald
Contracting Officer

KENTUCKY TURNPIKE WATER DISTRICT
BY: George Miller
George Miller
Commissioner - Secy/Treasurer

52.241-2 ORDER OF PRECEDENCE-UTILITIES (FEB 1995)

In the event of any inconsistency between the terms of this contract (including the specifications) and any rate schedule, rider, or exhibit incorporated in this contract by reference or otherwise, or any of the Contractor's rules and regulations, the terms of this contract shall control.

(End of clause)

SCOPE AND DURATION OF CONTRACT (FEB 1995)

(a) The Contractor agrees to furnish and the Government agrees to purchase Utility service in accordance with the applicable tariff(s), rules, and regulations as approved by the applicable governing regulatory body and as set forth in the contract.

(b) It is expressly understood that neither the Contractor nor the Government is under any obligation to continue any service under the terms and conditions of this contract beyond the expiration date.

(c) The Contractor shall provide the Government with one complete set of rates, terms, and conditions of service which are in effect as of the date of this contract and any subsequently approved rates.

(d) The Contractor shall be paid at the applicable rate(s) under the tariff and the Government shall be liable for the minimum monthly charge, if any, specified in this contract commencing with the period in which service is initially furnished and continuing for the terms of this contract. Any minimum monthly charge specified in this contract shall be equitably prorated for the periods in which commencement and termination of this contract become effective.

(End of clause)

CHANGE IN CLASS OF SERVICE (FEB 1995)

(a) In the event of a change in the class of service, such service shall be provided at the Contractor's lowest available rate schedule applicable to the class of service furnished.

(b) Where the Contractor does not have on file with the regulatory body approved rate schedules applicable to services provided, no clause in this contract shall preclude the parties from negotiating a rate schedule applicable to the class of service furnished.

(End of clause)

52.241-5 CONTRACTOR'S FACILITIES (FEB 1995)

(a) The Contractor, at its expense, unless otherwise provided for in this contract, shall furnish, install, operate, and maintain all facilities required to furnish service hereunder, and measure such service at the point of delivery specified in the Service Specifications. Title to all such facilities shall remain with the Contractor and the Contractor shall be responsible for loss or damage to such facilities, except that the Government shall be responsible to the extent that loss or damage has been caused by the Government's negligent acts or omissions.

(b) Notwithstanding any terms expressed in this clause, the Contractor shall obtain approval from the Contracting Officer prior to any equipment installation, construction, or removal. The Government hereby grants to the Contractor, free of any rental or similar charge, but subject to the limitations specified in this contract, a revocable permit or license to enter the service location for any proper purpose under this contract. This permit or license includes use of the site or sites agreed upon by the parties hereto for the installation, operation, maintenance, and repair of the facilities of the Contractor required to be located upon Government premises. All applicable taxes and other charges in connection therewith, together with all liability of the Contractor in construction, operation, maintenance and repair of such facilities, shall be the obligation of the Contractor.

(c) Authorized representatives of the Contractor will be allowed access to the facilities on Government premises at reasonable times to perform the obligations of the Contractor regarding such facilities. It is expressly understood that the Government may limit or restrict the right of access herein granted in any manner considered necessary (e.g., national security, public safety).

(d) Unless otherwise specified in this contract, the Contractor shall, at its expense, remove such facilities and restore Government premises to their original condition as near as practicable within a reasonable time after the Government terminates this contract. In the event such termination of this contract is due to the fault of the Contractor, such facilities may be retained in place at the option of the Government for a reasonable time while the Government attempts to obtain service elsewhere comparable to that provided for hereunder.

(End of clause)

SERVICE PROVISIONS (FEB 1995)

(a) Measurement of service. (1) All service furnished by the Contractor shall be measured by suitable metering equipment of standard manufacture, to be furnished, installed, maintained, repaired, calibrated, and read by the Contractor at its expense. When more than a single meter is installed at a service location, the reading thereof may be billed conjunctively, if appropriate. In the event any meter fails to register (or registers incorrectly) the service furnished, the parties shall agree upon the length of time of meter malfunction and the quantity of service delivered during such period of time. An appropriate adjustment shall

be made to the next invoice for the purpose of correcting such errors. However, any meter which registers not more than **7599 percent slow or fast shall be deemed correct.

(2) The Contractor shall read all meters at periodic intervals of approximately 30 days or in accordance with the policy of the cognizant regulatory body or applicable bylaws. All billings based on meter readings of less than **7599 days shall be prorated accordingly.

(b) Meter test. (1) The Contractor, at its expense, shall periodically inspect and test Contractor-installed meters at intervals not exceeding **7599 year(s). The Government has the right to have representation during the inspection and test.

(2) At the written request of the Contracting Officer, the Contractor shall make additional tests of any or all such meters in the presence of Government representatives. The cost of such additional tests shall be borne by the Government if the percentage of errors is found to be not more than **7599 percent slow or fast.

(3) No meter shall be placed in service or allowed to remain in service which has an error in registration in excess of **7599 percent under normal operating conditions.

(c) Change in volume or character. Reasonable notice shall be given by the Contracting Officer to the Contractor regarding any material changes anticipated in the volume or characteristics of the utility service required at each location.

(d) Continuity of service and consumption. The Contractor shall use reasonable diligence to provide a regular and uninterrupted supply of service at each service location, but shall not be liable for damages, breach of contract or otherwise, to the Government for failure, suspension, diminution, or other variations of service occasioned by or in consequence of any cause beyond the control of the Contractor, including but not limited to acts of God or of the public enemy, fires, floods, earthquakes, or other catastrophe, strikes, or failure or breakdown of transmission or other facilities. If any such failure, suspension, diminution, or other variation of service shall aggregate more than **7599 hour(s) during any billing period hereunder, an equitable adjustment shall be made in the monthly billing specified in this contract (including the minimum monthly charge).

(End of clause)

CHANGE IN RATES OR TERMS AND CONDITIONS OF SERVICE FOR REGULATED SERVICES (FEB 1995)

(a) This clause applies to the extent services furnished under this contract are subject to regulation by a regulatory body. The contractor agrees to give **7599 written notice of (1) the filing of an application for change in rates or terms and conditions of service concurrently with the filing of the application and (2) any changes pending with the regulatory body as of the date of contract award. Such notice shall fully describe the proposed change. If, during the term of this contract, the regulatory body having jurisdiction approves any changes, the Contractor shall forward to the Contracting Officer a copy of such changes within 15 days after the effective date thereof. The Contractor agrees to continue furnishing service under this contract in accordance with the amended tariff, and the Government agrees to pay for such service at the higher or lower rates as of the date when such rates are made effective.

(b) The Contractor agrees that throughout the life of this contract the

applicable published and unpublished rate schedule(s) shall not be in excess of the lowest cost published and unpublished rate schedule(s) available to any other customers of the same class under similar conditions of use and service.

(c) In the event that the regulatory body promulgates any regulation concerning matters other than rates which affects this contract, the Contractor shall immediately provide a copy to the Contracting Officer. The Government shall not be bound to accept any new regulation inconsistent with Federal laws or regulations.

(d) Any changes to rates or terms and conditions of service shall be made a part of this contract by the issuance of a contract modification unless otherwise specified in the contract. The effective date of the change shall be the effective date by the regulatory body. Any factors not governed by the regulatory body will have an effective date as agreed to by the parties.

(End of clause)

CHANGE IN RATES OR TERMS AND CONDITIONS OF SERVICE FOR UNREGULATED SERVICES (FEB 1995)

(a) This clause applies to the extent that services furnished hereunder are not subject to regulation by a regulatory body.

(b) After **7599, either party may request a change in rates or terms and conditions of service, unless otherwise provided in this contract. Both parties agree to enter in negotiations concerning such changes upon receipt of a written request detailing the proposed changes and specifying the reasons for the proposed changes.

(c) The effective date of any change shall be as agreed to by the parties. The Contractor agrees that throughout the life of this contract the rates so negotiated will not be in excess of published and unpublished rates charged to any other customer of the same class under similar terms and conditions of use and service.

(d) The failure of the parties to agree upon any change after a reasonable period of time shall be a dispute under the Disputes clause of this contract.

(e) Any changes to rates, terms, or conditions as a result of such negotiations shall be made a part of this contract by the issuance of a contract modification.

(End of clause)

CONNECTION CHARGE (FEB 1995)

(a) Charge. In consideration of the Contractor furnishing and installing at its expense the new connection facilities described herein, the Government shall pay the Contractor a connection charge. The payment shall be in the form of progress payments, advance payments or as a lump sum, as agreed to by the parties and as permitted by applicable law. The total amount payable shall be either the estimated cost of $**7599 less the agreed to salvage value of $**7599, or the actual cost less the salvage value, whichever is less. As a condition precedent to final payment, the Contractor shall execute a release of any claims against the Government arising under or by the virtue of such installation.

(b) Ownership, operation, maintenance and repair of new facilities to be

provided. The facilities to be supplied by the Contractor under this clause, notwithstanding the payment by the Government of a connection charge, shall be and remain the property of the Contractor and shall, at all times during the life of this contract or any renewals thereof, be operated, maintained, and repaired by the Contractor at its expense. All taxes and other charges in connection therewith, together with all liability arising out of the construction, operations, maintenance, or repair of such facilities, shall be the obligation of the Contractor.

(c) Credits. (1) The Contractor agrees to allow the Government, on each monthly bill for service furnished under this contract to the service location, a credit of **7599 percent of the amount of each such bill as rendered until the accumulation of credits shall equal the amount of such connection charge, provided that the Contractor may at any time allow a credit up to 100 percent of the amount of each such bill.

(2) In the event the Contractor, before any termination of this contract but after completion of the facilities provided for in this clause, serves any customer other than the Government (regardless of whether the Government is being served simultaneously, intermittently, or not at all) by means of these facilities, the Contractor shall promptly notify the Government in writing. Unless otherwise agreed by the parties in writing at that time, the Contractor shall promptly accelerate the credits provided for under subparagraph (c)(1) of this clause, up to 100 percent of each monthly bill until there is refunded the amount that reflects the Government's connection costs for that portion of the facilities used in serving others.

(3) In the event the Contractor terminates this contract, or defaults in performance, prior to full credit of any connection charge paid by the Government, the Contractor shall pay to the Government an amount equal to the uncredited balance of the connection charge as of the date of the termination or default.

(d) Termination before completion of facilities. The Government reserves the right to terminate this contract at any time before completion of the facilities with respect to which the Government is to pay a connection charge. In the event the Government exercises this right, the Contractor shall be paid the cost of any work accomplished, including direct and indirect costs reasonably allocable to the completed work prior to the time of termination by the Government, plus the cost of removal, less the salvage value.

(e) Termination after completion of facilities. In the event the Government terminates this contract after completion of the facilities with respect to which the Government has paid a connection charge, but before the crediting in full by the Contractor of any connection charge in accordance with the terms of this contract, the Contractor shall have the following options:

(1) To retain in place for **7599 months after the notice of termination by the Government such facilities on condition that--

(i) If, during such **7599 month period, the Contractor serves any other customer by means of such facilities, the Contractor shall, in lieu of allowing credits, pay the Government during such period installments in like amount, manner, and extent as the credit provided for under paragraph (c) of this clause before such termination; and

(ii) Immediately after such **7599 month period the Contractor shall promptly pay in full to the Government the uncredited balance of the connection charge.

(2) To remove such facilities at the Contractor's own expense within **7599 months after the effective date of the termination by the Government. If the Contractor elects to remove such facilities, the Government shall then have the option of purchasing such facilities at the agreed salvage value set forth herein; and provided further, that the Contractor shall, at the direction of the Government, leave in place such facilities located on Government property which the Government elects to purchase at the agreed salvage value.

(End of clause)

52.233-1 DISPUTES (DEC 1998)

(a) This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613).

(b) Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved under this clause.

(c) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. A claim arising under a contract, unlike a claim relating to that contract, is a claim that can be resolved under a contract clause that provides for the relief sought by the claimant. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding $100,000 is not a claim under the Act until certified as required by subparagraph (d)(2) of this clause. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(d)(1) A claim by the Contractor shall be made in writing and, unless otherwise stated in this contract, submitted within 6 years after accrual of the claim to the Contracting Officer for a written decision. A claim by the Government against the Contractor shall be subject to a written decision by the Contracting Officer.

(2)(i) The Contractor shall provide the certification specified in paragraph (d)(2)(iii) of this clause when submitting any claim exceeding $100,000.

(ii) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

(iii) The certification shall state as follows:

"I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable; and that I am duty authorized to certify the claim on behalf of the Contractor."

(3) The certification may be executed by any person duly authorized to bind the Contractor with respect to the claim.

(e) For Contractor claims of $100,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over $100,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

(f) The Contracting Officer's decision shall be final unless the Contractor appeals or files a suit as provided in the Act.

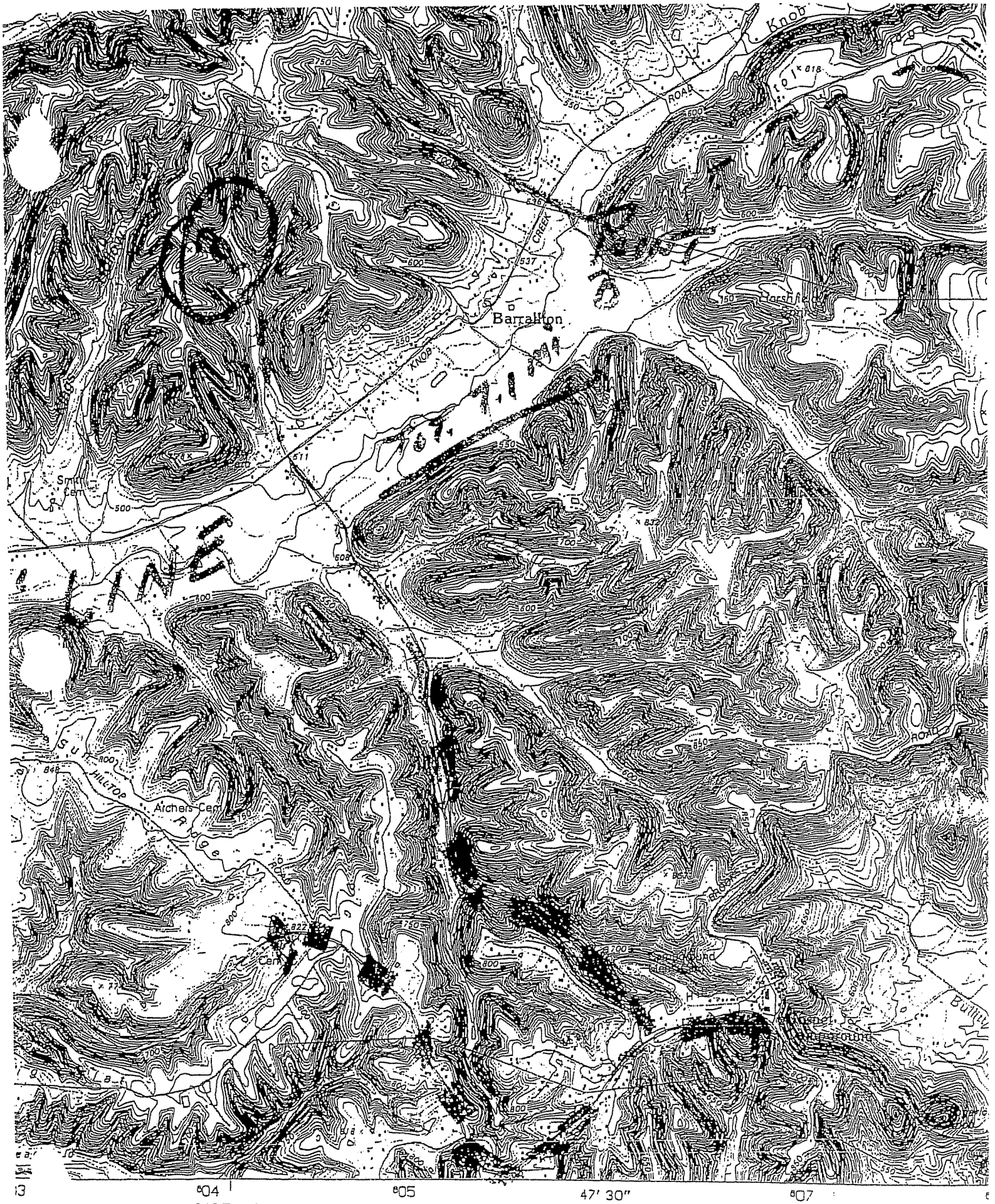
(g) If the claim by the Contractor is submitted to the Contracting Officer or a claim by the Government is presented to the Contractor, the parties, by mutual consent, may agree to use alternative dispute resolution (ADR). If the Contractor refuses an offer for ADR, the Contractor shall inform the Contracting Officer, in writing, of the

Contractor's specific reasons for rejecting the offer.

(h) The Government shall pay interest on the amount found due and unpaid from (1) the date that the Contracting Officer receives the claim (certified, if required); or (2) the date that payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, as defined in (FAR) 48 CFR 33.201, interest shall be paid from the date that the Contracting Officer initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(i) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the Contracting Officer.

(End of clause)



Primary hig
hard surface
Secondary h

SECTION I
CONTRACT CLAUSES

I.1 52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at these addresses:

http://www.arnet.gov/far
http://farsite.hill.af.mil
http://www.dtic.mil/dfars

(End of clause)

I.2 52.202-1 DEFINITIONS (OCT 1995)

(a) "Head of the agency" (also called "agency head") or "Secretary" means the Secretary (or Attorney General, Administrator, Governor, Chairperson, or other chief official, as appropriate) of the agency, including any deputy or assistant chief official of the agency; and the term "authorized representative" means any person, persons, or board (other than the Contracting Officer) authorized to act for the head of the agency or Secretary.

(b) Commercial component means any component that is a commercial item.

(c) Commercial item means--

(1) Any item, other than real property, that is of a type customarily used for nongovernmental purposes and that--

(i) Has been sold, leased, or licensed to the general public; or

(ii) Has been offered for sale, lease, or license to the general public;

(2) Any item that evolved from an item described in paragraph (c)(1) of this clause through advances in technology or performance and that is not yet available in the commercial marketplace, but will be available in the commercial marketplace in time to satisfy the delivery requirements under a Government solicitation;

(3) Any item that would satisfy a criterion expressed in paragraphs (c)(1) or (c)(2) of this clause, but for--

(i) Modifications of a type customarily available in the commercial marketplace; or

(ii) Minor modifications of a type not customarily available in the commercial marketplace made to meet Federal Government requirements. "Minor" modifications means modifications that do not significantly alter the nongovernmental function or essential physical

characteristics of an item or component, or change the purpose of a process. Factors to be considered in determining whether a modification is minor include the value and size of the modification and the comparative value and size of the final product. Dollar values and percentages may be used as guideposts, but are not conclusive evidence that a modification is minor;

(4) Any combination of items meeting the requirements of paragraphs (c)(1), (2), (3), or (5) of this clause that are of a type customarily combined and sold in combination to the general public;

(5) Installation services, maintenance services, repair services, training services, and other services if such services are procured for support of an item referred to in paragraphs (c)(1), (2), (3), or (4) of this clause, and if the source of such services--

(i) Offers such services to the general public and the Federal Government contemporaneously and under similar terms and conditions; and

(ii) Offers to use the same work force for providing the Federal Government with such services as the source uses for providing such services to the general public;

(6) Services of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog or market prices for specific tasks performed under standard commercial terms and conditions. This does not include services that are sold based on hourly rates without an established catalog or market price for a specific service performed;

(7) Any item, combination of items, or service referred to in subparagraphs (c)(1) through (c)(6), notwithstanding the fact that the item, combination of items, or service is transferred between or among separate divisions, subsidiaries, or affiliates of a Contractor; or

(8) A nondevelopmental item, if the procuring agency determines the item was developed exclusively at private expense and sold in substantial quantities, on a competitive basis, to multiple State and local Governments.

(d) Component means any item supplied to the Federal Government as part of an end item or of another component.

(e) Nondevelopmental item means--

(1) Any previously developed item of supply used exclusively for governmental purposes by a Federal agency, a State or local government, or a foreign government with which the United States has a mutual defense cooperation agreement;

(2) Any item described in paragraph (e)(1) of this definition that

requires only minor modification or modifications of a type customarily available in the commercial marketplace in order to meet the requirements of the procuring department or agency; or

(3) Any item of supply being produced that does not meet the requirements of paragraph (e)(1) or (e)(2) solely because the item is not yet in use.

(f) "Contracting Officer" means a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the Contracting Officer acting within the limits of their authority as delegated by the Contracting Officer.

(g) Except as otherwise provided in this contract, the term "subcontracts" includes, but is not limited to, purchase orders and changes and modifications to purchase orders under this contract.

(End of clause)

I.3 52.203-3 GRATUITIES (APR 1984)

(a) The right of the Contractor to proceed may be terminated by written notice if, after notice and hearing, the agency head or a designee determines that the Contractor, its agent, or another representative--

(1) Offered or gave a gratuity (e.g., an entertainment or gift) to an officer, official, or employee of the Government; and

(2) Intended, by the gratuity, to obtain a contract or favorable treatment under a contract.

(b) The facts supporting this determination may be reviewed by any court having lawful jurisdiction.

(c) If this contract is terminated under paragraph (a) above, the Government is entitled--

(1) To pursue the same remedies as in a breach of the contract; and

(2) In addition to any other damages provided by law, to exemplary damages of not less than 3 nor more than 10 times the cost incurred by the Contractor in giving gratuities to the person concerned, as determined by the agency head or a designee. (This subparagraph (c)(2) is applicable only if this contract uses money appropriated to the Department of Defense.)

(d) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

(End of clause)
(R 7-104.16 1952 MAR)

I.4 52.203-5 COVENANT AGAINST CONTINGENT FEES (APR 1984)

(a) The Contractor warrants that no person or agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, the Government shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of the contingent fee.

(b) "Bona fide agency," as used in this clause, means an established commercial or selling agency, maintained by a contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence.

"Bona fide employee," as used in this clause, means a person, employed by a Contractor and subject to the Contractor's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds out as being able to obtain any Government contract or contracts through improper influence.

"Contingent fee," as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract.

"Improper influence," as used in this clause, means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter.

(End of clause)
(R 7-103.20 1958 JAN)
(R 1-1.503)
(R 1-7.102-18)

I.5 52.203-6 RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT (JUL 1995)

(a) Except as provided in (b) below, the Contractor shall not enter into any agreement with an actual or prospective subcontractor, nor otherwise act in any manner, which has or may have the effect of restricting sales by such subcontractors directly to the Government of any item or process (including computer software) made or furnished by the subcontractor under this contract or under any follow-on production contract.

(b) The prohibition in (a) above does not preclude the Contractor from asserting rights that are otherwise authorized by law or regulation.

(c) The Contractor agrees to incorporate the substance of this clause, including this paragraph (c), in all subcontracts under this contract which exceed $100,000.

(End of clause)

I.6 52.203-7 ANTI-KICKBACK PROCEDURES (JUL 1995)

(a) Definitions.

"Kickback," as used in this clause, means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any prime Contractor, prime Contractor employee, subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or in connection with a subcontract relating to a prime contract.

"Person," as used in this clause, means a corporation, partnership, business association of any kind, trust, joint-stock company, or individual.

"Prime contract," as used in this clause, means a contract or contractual action entered into by the United States for the purpose of obtaining supplies, materials, equipment, or services of any kind.

"Prime Contractor" as used in this clause, means a person who has entered into a prime contract with the United States.

"Prime Contractor employee," as used in this clause, means any officer, partner, employee, or agent of a prime Contractor.

"Subcontract," as used in this clause, means a contract or contractual action entered into by a prime Contractor or subcontractor for the purpose of obtaining supplies, materials, equipment, or services of any kind under a prime contract.

"Subcontractor," as used in this clause, (1) means any person, other

than the prime Contractor, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under a prime contract or a subcontract entered into in connection with such prime contract, and (2) includes any person who offers to furnish or furnishes general supplies to the prime Contractor or a higher tier subcontractor.

"Subcontractor employee," as used in this clause, means any officer, partner, employee, or agent of a subcontractor.

(b) The Anti-Kickback Act of 1986 (41 U.S.C. 51-58) (the Act), prohibits any person from--

(1) Providing or attempting to provide or offering to provide any kickback;

(2) Soliciting, accepting, or attempting to accept any kickback; or

(3) Including, directly or indirectly, the amount of any kickback in the contract price charged by a prime Contractor to the United States or in the contract price charged by a subcontractor to a prime Contractor or higher tier subcontractor.

(c)(1) The Contractor shall have in place and follow reasonable procedures designed to prevent and detect possible violations described in paragraph (b) of this clause in its own operations and direct business relationships.

(2) When the Contractor has reasonable grounds to believe that a violation described in paragraph (b) of this clause may have occurred, the Contractor shall promptly report in writing the possible violation. Such reports shall be made to the inspector general of the contracting agency, the head of the contracting agency if the agency does not have an inspector general, or the Department of Justice.

(3) The Contractor shall cooperate fully with any Federal agency investigating a possible violation described in paragraph (b) of this clause.

(4) The Contracting Officer may (i) offset the amount of the kickback against any monies owed by the United States under the prime contract and/or (ii) direct that the Prime Contractor withhold from sums owed a subcontractor under the prime contract the amount of the kickback. The Contracting Officer may order that monies withheld under subdivision (c)(4)(ii) of this clause be paid over to the Government unless the Government has already offset those monies under subdivision (c)(4)(i) of this clause. In either case, the Prime Contractor shall notify the Contracting Officer when the monies are withheld.

(5) The Contractor agrees to incorporate the substance of this clause, including subparagraph (c)(5) but excepting subparagraph (c)(1), in all subcontracts under this contract which exceed $100,000.

(End of clause)

I.7 52.204-4 PRINTING/COPYING DOUBLE-SIDED ON RECYCLED PAPER (JUN 1996)

(a) In accordance with Executive Order 12873, dated October 20, 1993, as amended by Executive Order 12995, dated March 25, 1996, the Offeror/Contractor is encouraged to submit paper documents, such as offers, letters, or reports, that are printed/copied double-sided on recycled paper that has at least 20 percent postconsumer material.

(b) The 20 percent standard applies to high-speed copier paper, offset paper, forms bond, computer printout paper, carbonless paper, file folders, white woven envelopes, and other uncoated printed and writing paper, such as writing and office paper, book paper, cotton fiber paper, and cover stock. An alternative to meeting the 20 percent postconsumer material standard is 50 percent recovered material content of certain industrial by-products.

(End of clause)

I.8 52.215-2 AUDIT AND RECORDS--NEGOTIATION (AUG 1996)

(a) As used in this clause, records includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.

(b) Examination of costs. If this is a cost-reimbursement, incentive, time-and-materials, labor-hour, or price redeterminable contract, or any combination of these, the Contractor shall maintain and the Contracting Officer, or an authorized representative of the Contracting Officer, shall have the right to examine and audit all records and other evidence sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this contract. This right of examination shall include inspection at all reasonable times of the Contractor's plants, or parts of them, engaged in performing the contract.

(c) Cost or pricing data. If the Contractor has been required to submit cost or pricing data in connection with any pricing action relating to this contract, the Contracting Officer, or an authorized representative of the

Contracting Officer, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data, shall have the right to examine and audit all of the Contractor's records, including computations and projections, related to--

(1) The proposal for the contract, subcontract, or modification;

(2) The discussions conducted on the proposal(s), including those related to negotiating;

(3) Pricing of the contract, subcontract, or modification; or

(4) Performance of the contract, subcontract or modification.

(d) Comptroller General--(1) The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the Contractor's directly pertinent records involving transactions related to this contract or a subcontract hereunder.

(2) This paragraph may not be construed to require the Contractor or subcontractor to create or maintain any record that the Contractor or subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.

(e) Reports. If the Contractor is required to furnish cost, funding, or performance reports, the Contracting Officer or an authorized representative of the Contracting Officer shall have the right to examine and audit the supporting records and materials, for the purpose of evaluating (1) the effectiveness of the Contractor's policies and procedures to produce data compatible with the objectives of these reports and (2) the data reported.

(f) Availability. The Contractor shall make available at its office at all reasonable times the records, materials, and other evidence described in paragraphs (a), (b), (c), (d), and (e) of this clause, for examination, audit, or reproduction, until 3 years after final payment under this contract or for any shorter period specified in Subpart 4.7, Contractor Records Retention, of the Federal Acquisition Regulation (FAR), or for any longer period required by statute or by other clauses of this contract. In addition--

(1) If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement; and

(2) Records relating to appeals under the Disputes clause or to litigation or the settlement of claims arising under or relating to this contract shall be made available until such appeals, litigation, or claims are finally resolved.

(g) The Contractor shall insert a clause containing all the terms of this clause, including this paragraph (a), in all subcontracts under this

contract that exceed the simplified acquisition threshold, and--

(1) That are cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable type or any combination of these;

(2) For which cost or pricing data are required; or

(3) That require the subcontractor to furnish reports as discussed in paragraph (e) of this clause.

The clause may be altered only as necessary to identify properly the contracting parties and the Contracting Officer under the Government prime contract.

(End of clause)

I.9 52.222-3 CONVICT LABOR (AUG 1996)

The Contractor agrees not to employ in the performance of this contract any person undergoing a sentence of imprisonment which has been imposed by any court of a State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands. This limitation, however, shall not prohibit the employment by the Contractor in the performance of this contract of persons on parole or probation to work at paid employment during the term of their sentence or persons who have been pardoned or who have served their terms. Nor shall it prohibit the employment by the Contractor in the performance of this contract of persons confined for violation of the laws of any of the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands who are authorized to work at paid employment in the community under the laws of such jurisdiction, if--

(a)(1) The worker is paid or is in an approved work training program on a voluntary basis;

(2) Representatives of local union central bodies or similar labor union organizations have been consulted;

(3) Such paid employment will not result in the displacement of employed workers, or be applied in skills, crafts, or trades in which there is a surplus of available gainful labor in the locality, or impair existing contracts for services; and

(4) The rates of pay and other conditions of employment will not be

less than those paid or provided for work of a similar nature in the locality in which the work is being performed; and

(b) The Attorney General of the United States has certified that the work-release laws or regulations of the jurisdiction involved are in conformity with the requirements of Executive Order 11755, as amended by Executive Orders 12608 and 12943.

(End of clause)

I.10 52.222-4 CONTRACT WORK HOURS AND SAFETY STANDARDS ACT--OVERTIME COMPENSATION (JUL 1995)

(a) Overtime requirements. No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics (see Federal Acquisition Regulation (FAR) 22.300) shall require or permit any such laborers or mechanics in any workweek in which the individual is employed on such work to work in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than 1 1/2 times the basic rate of pay for all hours worked in excess of 40 hours in such workweek.

(b) Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the provisions set forth in paragraph (a) of this clause, the Contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions set forth in paragraph (a) of this clause in the sum of $10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of 40 hours without payment of the overtime wages required by provisions set forth in paragraph (a) of this clause.

(c) Withholding for unpaid wages and liquidated damages. The Contracting Officer shall upon his or her own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the Contractor or subcontractor under any such contract or any other Federal contract with the same Prime Contractor, or any other Federally-assisted contract subject to the Contract Work Hours and Safety Standards Act which

is held by the same Prime Contractor, such sums as may be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the provisions set forth in paragraph (b) of this clause.

(d) Payrolls and basic records. (1) The Contractor or subcontractor shall maintain payrolls and basic payroll records during the course of contract work and shall preserve them for a period of 3 years from the completion of the contract for all laborers and mechanics working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Nothing in this paragraph shall require the duplication of records required to be maintained for construction work by Department of Labor regulations at 29 CFR 5.5(a)(3) implementing the Davis-Bacon Act.

(2) The records to be maintained under paragraph (d)(1) of this clause shall be made available by the Contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the Contracting Officer or the Department of Labor. The Contractor or subcontractor shall permit such representatives to interview employees during working hours on the job.

(e) Subcontracts. The Contractor or subcontractor shall insert in any subcontracts exceeding $100,000, the provisions set forth in paragraphs (a) through (e) of this clause and also a clause requiring the subcontractors to include these provisions in any lower tier subcontracts. The Prime Contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the provisions set forth in paragraphs (a) through (e) of this clause.

(End of clause)

I.11 52.222-21 PROHIBITION OF SEGREGATED FACILITIES (FEB 1999)

(a) Segregated facilities, as used in this clause, means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees, that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, sex, or

national origin because of written or oral policies or employee custom. The term does not include separate or single-user rest rooms or necessary dressing or sleeping areas provided to assure privacy between the sexes.

(b) The Contractor agrees that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The Contractor agrees that a breach of this clause is a violation of the Equal Opportunity clause in this contract.

(c) The Contractor shall include this clause in every subcontract and purchase order that is subject to the Equal Opportunity clause of this contract.

(End of clause)

I.12 52.222-26 EQUAL OPPORTUNITY (FEB 1999)

(a) If, during any 12-month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of $10,000, the Contractor shall comply with subparagraphs (b)(1) through (11) of this clause. Upon request, the Contractor shall provide information necessary to determine the applicability of this clause.

(b) During performance of this contract, the Contractor agrees as follows:

(1) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. However, it shall not be a violation of this clause for the Contractor to extend a publicly announced preference in employment to Indians living on or near an Indian reservation, in connection with employment opportunities on or near an Indian reservation, as permitted by 41 CFR 60-1.5.

(2) The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to, (i) employment, (ii) upgrading, (iii) demotion, (iv) transfer, (v)

recruitment or recruitment advertising, (vi) layoff or termination, (vii) rates of pay or other forms of compensation, and (viii) selection for training, including apprenticeship.

(3) The Contractor shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.

(4) The Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(5) The Contractor shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the Contracting Officer advising the labor union or workers' representative of the Contractor's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.

(6) The Contractor shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.

(7) The Contractor shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. The Contractor shall also file Standard Form 100 (EEO-1), or any successor form, as prescribed in 41 CFR part 60-1. Unless the Contractor has filed within the 12 months preceding the date of contract award, the Contractor shall, within 30 days after contract award, apply to either the regional Office of Federal Contract Compliance Programs (OFCCP) or the local office of the Equal Employment Opportunity Commission for the necessary forms.

(8) The Contractor shall permit access to its premises, during normal business hours, by the contracting agency or the OFCCP for the purpose of conducting on-site compliance evaluations and complaint investigations. The Contractor shall permit the Government to inspect and copy any books, accounts, records (including computerized records), and other material that may be relevant to the matter under investigation and pertinent to compliance with Executive Order 11246, as amended, and rules and regulations that implement the Executive Order.

(9) If the OFCCP determines that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of

Labor, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended; in the rules, regulations, and orders of the Secretary of Labor; or as otherwise provided by law.

(10) The Contractor shall include the terms and conditions of subparagraphs (b)(1) through (11) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

(11) The Contractor shall take such action with respect to any subcontract or purchase order as the contracting officer may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance; provided, that if the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

(c) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

(End of clause)

I.13 52.232-23 ASSIGNMENT OF CLAIMS (JAN 1986)

(a) The Contractor, under the Assignment of Claims Act, as amended, 31 U.S.C. 3727, 41 U.S.C. 15 (hereafter referred to as "the Act"), may assign its rights to be paid amounts due or to become due as a result of the performance of this contract to a bank, trust company, or other financing institution, including any Federal lending agency. The assignee under such an assignment may thereafter further assign or reassign its right under the original assignment to any type of financing institution described in the preceding sentence.

(b) Any assignment or reassignment authorized under the Act and this clause shall cover all unpaid amounts payable under this contract, and shall not be made to more than one party, except that an assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in the financing of this contract.

(c) The Contractor shall not furnish or disclose to any assignee under this contract any classified document (including this contract) or information related to work under this contract until the Contracting Officer authorizes such action in writing.

(End of clause)

I.14 52.232-33 PAYMENT BY ELECTRONIC FUNDS TRANSFER--CENTRAL CONTRACTOR REGISTRATION (MAY 1999)
(Reference 32.1110(a)()

I.15 52.233-1 DISPUTES (DEC 1998)

(a) This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613).

(b) Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved under this clause.

(c) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. A claim arising under a contract, unlike a claim relating to that contract, is a claim that can be resolved under a contract clause that provides for the relief sought by the claimant. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding $100,000 is not a claim under the Act until certified as required by subparagraph (d)(2) of this clause. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(d)(1) A claim by the Contractor shall be made in writing and, unless otherwise stated in this contract, submitted within 6 years after accrual of the claim to the Contracting Officer for a written decision. A claim by the Government against the Contractor shall be subject to a written decision by the Contracting Officer.

(2)(i) The Contractor shall provide the certification specified in paragraph (d)(2)(iii) of this clause when submitting any claim exceeding $100,000.

(ii) The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

(iii) The certification shall state as follows:

"I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable; and that I am duty authorized to certify the claim on behalf of the Contractor."

(3) The certification may be executed by any person duly authorized to bind the Contractor with respect to the claim.

(e) For Contractor claims of $100,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over $100,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

(f) The Contracting Officer's decision shall be final unless the Contractor appeals or files a suit as provided in the Act.

(g) If the claim by the Contractor is submitted to the Contracting Officer or a claim by the Government is presented to the Contractor, the parties, by mutual consent, may agree to use alternative dispute resolution (ADR). If the Contractor refuses an offer for ADR, the Contractor shall inform the Contracting Officer, in writing, of the Contractor's specific reasons for rejecting the offer.

(h) The Government shall pay interest on the amount found due and unpaid from (1) the date that the Contracting Officer receives the claim (certified, if required); or (2) the date that payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, as defined in (FAR) 48 CFR 33.201, interest shall be paid from the date that the Contracting Officer initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(i) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the Contracting Officer.

(End of clause)

I.16 52.233-2 SERVICE OF PROTEST (AUG 1996)

(a) Protests, as defined in section 33.101 of the Federal Acquisition Regulation, that are filed directly with an agency, and copies of any protests that are filed with the General Accounting Office (GAO), shall be served on the Contracting Officer (addressed as follows) by obtaining written and dated acknowledgment of receipt from

_____

_____

(b) The copy of any protest shall be received in the office designated above within one day of filing a protest with the GAO.

(End of provision)

I.17 52.233-3 PROTEST AFTER AWARD (AUG 1996)

(a) Upon receipt of a notice of protest (as defined in FAR 33.101) or a determination that a protest is likely (see FAR 33.102(d)), the Contracting Officer may, by written order to the Contractor, direct the Contractor to stop performance of the work called for by this contract. The order shall be specifically identified as a stop-work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Upon receipt of the final decision in the protest, the Contracting Officer shall either--

(1) Cancel the stop-work order; or

(2) Terminate the work covered by the order as provided in the Default, or the Termination for Convenience of the Government, clause of this contract.

(b) If a stop-work order issued under this clause is canceled either before or after a final decision in the protest, the Contractor shall resume work. The Contracting Officer shall make an equitable adjustment in the delivery schedule or contract price, or both, and the contract shall be modified, in writing, accordingly, if--

(1) The stop-work order results in an increase in the time required for, or in the Contractor's cost properly allocable to, the performance of any part of this contract; and

(2) The Contractor asserts its right to an adjustment within 30 days after the end of the period of work stoppage; provided, that if the

Contracting Officer decides the facts justify the action, the Contracting Officer may receive and act upon a proposal at any time before final payment under this contract.

(c) If a stop-work order is not canceled and the work covered by the order is terminated for the convenience of the Government, the Contracting Officer shall allow reasonable costs resulting from the stop-work order in arriving at the termination settlement.

(d) If a stop-work order is not canceled and the work covered by the order is terminated for default, the Contracting Officer shall allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop-work order.

(e) The Government's rights to terminate this contract at any time are not affected by action taken under this clause.

(f) If, as the result of the Contractor's intentional or negligent misstatement, misrepresentation, or miscertification, a protest related to this contract is sustained, and the Government pays costs, as provided in FAR 33.102(b)(2) or 33.104(h)(1), the Government may require the Contractor to reimburse the Government the amount of such costs. In addition to any other remedy available, and pursuant to the requirements of Subpart 32.6, the Government may collect this debt by offsetting the amount against any payment due the Contractor under any contract between the Contractor and the Government.

(End of clause)

I.18 52.244-6 SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (OCT 1998)

(a) Definition.

"Commercial item," as used in this clause, has the meaning contained in the clause at 52.202-1, Definitions.

"Subcontract," as used in this clause, includes a transfer of commercial items between divisions, subsidiaries, or affiliates of the Contractor or subcontractor at any tier.

(b) To the maximum extent practicable, the Contractor shall incorporate, and require its subcontractors at all tiers to incorporate, commercial items or nondevelopmental items as components of items to be supplied under this contract.

(c) Notwithstanding any other clause of this contract, the Contractor is not required to include any FAR provision or clause, other than those listed below to the extent they are applicable and as may be required to

establish the reasonableness of prices under Part 15, in a subcontract at any tier for commercial items or commercial components:

(1) 52.222-26, Equal Opportunity (E.O. 11246);

(2) 52.222-35, Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era (38 U.S.C. 4212(a));

(3) 52.222-36, Affirmative Action for Workers with Disabilities (29 U.S.C.793); and

(4) 52.247-64, Preference for Privately Owned U.S.-Flagged Commercial Vessels (46 U.S.C. 1241) (flow down not required for subcontracts awarded beginning May 1, 1996).

(d) The Contractor shall include the terms of this clause, including this paragraph (d), in subcontracts awarded under this contract.

(End of clause)

END OF SECTION I

EMERGENCY WATER SUPPLY AGREEMENT

This AGREEMENT, made as of the 10th day of September, 1999, by and between

LOUISVILLE WATER COMPANY,
a Kentucky corporation governed by the
Board of Water Works pursuant to
KRS 96.230 through 96.310
550 S. Third Street
Louisville, KY 40202

and

GOSHEN UTILITIES, INC.,
a Kentucky corporation, regulated
under the provisions of Chapter 278 of the
Kentucky Revised Statutes
P. O. Box 36
Goshen, KY 40026

RECITALS

1. Goshen Utilities, Inc. (GUI) contacted the Louisville Water Company (LWC) on September 7, 1999 concerning the feasibility of LWC providing an "emergency metered supply" from LWC's distribution system in Hillcrest Subdivision, Fire Hydrant Attachment # 604500.

2. GUI has experienced high water demands as a result of 1999 summer drought conditions, and it has implemented water use restrictions to conserve water until the water demand returns to normal levels or an emergency supply can be obtained.

3. LWC submitted a Water Supply Proposal to GUI on November 4, 1999 that contemplates water service to be provided in three phases to GUI. At this time GUI is reviewing this proposal and will consider entering into this contract within the next 12 to 18 months.

4. The area to be served by the "emergency supply" will be Paramount Estates, Nevel Meade subdivision, and Covered Bridge subdivision, identified as Phase I in the Water Supply Proposal. This area includes approximately 250 homes with an average demand of 150,000 gallons per day.

5. LWC has a limited supply of water of up to 250 gallons per minute available for emergency use in the Hillcrest subdivision.

WITNESSETH:

In consideration of the following premises, the parties agree as follows:

A. LWC will provide a temporary "emergency metered supply" from its distribution system in Hillcrest subdivision at Fire Hydrant Attachment # 604500. The hydrant and meter assembly will be provided by LWC and will consist of a 3-inch meter, check valve, and gate valve.

B. The water rate used for sale of water through the emergency metered supply will be the standard wholesale rate of $1.16 per 1000 gallons plus an elevated area surcharge of $0.19 per 1000 gallons. There is no minimum monthly consumption requirement for the term of this agreement. Water usage will be determined by an initial meter reading on the day the supply is placed in service and an ending reading the day the emergency supply is terminated. Goshen Utilities will be billed for total consumption on the meter and the bill must be paid within 30 days of the invoice date.

C. The maximum flow provided will be 250 gallons per minute at 30 psi minimum pressure. This maximum flow is subject to availability of supply at the emergency supply meter, only after other demand within the LWC service area in the Hillcrest subdivision is supplied.

D. In the event of a supply emergency in the LWC distribution system, this emergency supply to GUI can be terminated without LWC notice to GUI, and, upon any such termination by LWC, LWC's obligations under this Agreement shall be suspended until notice provided by LWC.

E. GUI will provide all the necessary above ground piping and connections to the LWC meter assembly and supply line for the GUI distribution system.

F. GUI will obtain any necessary easements for the above ground temporary piping.

G. GUI will be responsible for maintenance of the above ground temporary piping, including leak repairs, line breaks or property damage.

H. GUI assumes all risks associated with the arrangement for supplying water to GUI on an emergency basis, and GUI further indemnifies and holds harmless LWC, its officers, employees, and agents from and against any claims, damages, loss or expense caused in whole or in part by any act or omission of GUI or anyone directly or indirectly employed by GUI or anyone for whose acts GUI may be liable, whether or not the claims, damages, loss or expense may be, in part, attributable to or shown to be caused by LWC.

I. GUI will be responsible for all water quality regulatory requirements within the GUI distribution system.

J. GUI will permit no cross connection wherein LWC treated water is mixed with water from other sources. GUI warrants that LWC treated water will be separated by atmospheric gap, LWC-approved backflow prevention devices, or other LWC-approved method to prevent any such interconnection.

K. GUI will obtain all necessary approvals for this arrangement for emergency supply of LWC water, as required by the Kentucky Division of Water, Kentucky Public Service Commission, North Oldham County Fire District and any other authority.

L. GUI will notify customers of this emergency supply and will issue all appropriate water advisories.

M. This agreement will terminate on November 1, 1999. It can be extended by mutual agreement for up to 30 more days, weather permitting.

IN TESTIMONY WHEREOF witness the signatures of their parties by their duly authorized officers as of the day and year first above written.

LOUISVILLE WATER COMPANY

By _____
John L. Huber, President

Attest:

_____

GOSHEN UTILITIES, INC.

By _____
Lloyd Eades, President

Attest:

_____

Contract # E489

WATER SUPPLY AGREEMENT

This AGREEMENT, made as of the 13th day of October, 1999, by and between

LOUISVILLE WATER COMPANY,
a Kentucky corporation governed by the
Board of Water Works pursuant to
KRS 96.230 through 96.310
550 S. Third Street
Louisville, KY 40202

and

GOSHEN UTILITIES, INC.,
a Kentucky corporation, regulated
under the provisions of Chapter 278 of the
Kentucky Revised Statutes
P. O. Box 36
Goshen, KY 40026

RECITALS

A. Goshen Utilities, Inc., hereinafter "GUI", a for-profit Kentucky corporation, is authorized to and is engaged in the furnishing of potable water to the residents, businesses, industries and others located in an area of Oldham County, Kentucky, furnishing water service to the properties it serves.

B. Louisville Water Company, hereinafter "LWC", owns and operates a water treatment and distribution system serving Jefferson County and surrounding counties, having a capacity capable of meeting GUI's present and anticipated future needs within the limitations set forth below.

C. GUI wishes to purchase for the purpose of resale to its customers, and LWC is willing to sell to GUI, treated water for delivery at a point in the area of U. S. Highway 42, where it intersects with Mayo and Locke Lanes (the "Initial Point of Delivery") on the terms and conditions stated below.

D. The parties further wish to agree on possible future points of delivery should GUI desire to increase its purchase and resale of LWC water.

WITNESSETH:

In consideration of the premises contained hereinbelow the parties agree as follows:

1. Delivery, Quality and Quantity of Water to be Supplied. LWC agrees to install within the next six months a 12-inch water main a distance of approximately 700 feet from its existing main north of Farmview Parkway along U.S. Highway 42 to the Initial Point of Delivery and to make available to GUI during the term of this Agreement, and any renewals or extensions thereof, treated water meeting applicable water quality standards of the Kentucky Cabinet of Natural Resources and Environmental Protection at a flow rate not to exceed five hundred gallons per minute (500 GPM). Attached is a drawing, designated EXHIBIT A, showing the area that GUI intends to serve from the Initial Point of Delivery designated as "Goshen Service Area Phase I". GUI agrees to purchase a minimum amount of water according to the following: 20,000,000 gallons for the first 12 months

following the start of the Agreement, 25,000,000 gallons for the second 12 months following the start of the greement, and 30,000,000 gallons each year thereafter following the start of the Agreement.

2. Pressure at Initial Point of Delivery. LWC's water pressure at the Initial Point of Delivery will be greater than or equal to 30 pounds per square inch ("psi"). If a greater pressure than that available at the Initial Point of Delivery is required by GUI, the cost of providing such greater pressure shall be borne by GUI. Emergency failures of pressure or supply due to main breaks, power failure, flood, fires and use of water to fight fires, labor unrest, earthquake, tornado or other extraordinary circumstances shall excuse LWC for any violation of this or the previous paragraph for such reasonable period of time as may be necessary to resolve the situation.

3. Metering Arrangements. LWC agrees to install at the Initial Point of Delivery a four-inch master meter, including meter vault, for properly measuring the quantity of water delivered to GUI and to test such metering equipment when requested by GUI, but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. A reading of any meter disclosed by tests to be inaccurate (in excess of 2%) shall be corrected for the six months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless LWC and GUI agree otherwise. A designated agent of GUI shall have access to the meter at reasonable times for the purpose of verifying its readings.

4. Access Charges. GUI agrees to pay LWC for the master meter, meter vault, back flow prevention assembly and installation costs, relating thereto, at the Initial Point of Delivery, such costs not to exceed $10,000.00, and to pay LWC's System Development Charge in the amount of $17,500.00 (based upon installation f a four-inch meter connection), both due and payable upon billing, but no earlier than the time of the initial delivery of water service. GUI agrees to install, or reimburse LWC for installation and materials costs, approximately 150 feet of 12-inch water main from the master meter across Locke Lane to the existing GUI 8-inch water main located near the intersection of U.S. Highway 42 and Locke Lane.

5. Rates and Payment. Thereafter, GUI agrees to pay to LWC for water delivered under this Supply Agreement in accordance with the rates adopted by the Board of Water Works from time to time, for wholesale customers similarly situated, it being understood that said rate includes an Elevated Service Area charge. The applicable existing rates for GUI may be found in LWC's rate schedule for 1999, a copy of the applicable page(s) being attached hereto as EXHIBIT B. LWC shall bill GUI on a monthly basis with payment to be due to LWC within fifteen days of the postmark of the bill to GUI.

6. Phase II Options. LWC further agrees to make available to GUI in the future an additional water connection to be used by GUI to provide service to properties located in the area denoted as Phase II on EXHIBIT A (as well as properties in the Phase I area). This water connection is to be supplied through a master meter to be located in the vicinity of Kentucky Highway 329 (Covered Bridge Road) where it intersects with Nevel Meade Road and to deliver water at a flow rate not to exceed five hundred gallons per minute (500 GPM). GUI understands that a water storage facility will be needed to serve Phase I and Phase II (existing Goshen Elementary School Storage Tank or a new storage tank), and that LWC will not be capable of delivering water service to the Kentucky Highway 329 and Nevel Meade Road master meter until a planned main extension in Highway 329 is constructed.

7. Phase III Option. In addition, LWC agrees to make available to GUI a third connection for use by GUI to provide water service at a flow rate not to exceed 500 gallons per minute (500 GPM) to the Phase III area shown on EXHIRIT A, the point of delivery to be at or near Rose Wycombe Way and Rose Island Road. Phase III requires storage from the Goshen Elementary School Storage Tank or the Harmony Landing Storage Tank.

8. Lapse of Options. The options made available above, if not exercised by GUI by firm written commitment within five years of the date of this Agreement, shall expire unless extended by mutual written agreement.

9. Phases II and III Charges, Rates. GUI agrees to pay the costs of the master meter, meter housing and installation thereof for Phase II and Phase III service and to pay LWC's System Development Charge, relating thereto, and to be responsible for any main extension to bring its system to such master meters. Thereafter, GUI agrees to pay for the water delivered in accordance with provisions set forth in paragraph 5, above.

10. GUI Warranties. GUI warrants and covenants that:

(a) It will not sell water provided under this Agreement to any person or entity acquiring same for the purpose of resale without the written consent of LWC which consent will not be unreasonably withheld. At the time of this Agreement, LWC acknowledges that GUI provides water for resale to Mr. Fred Kaufman, a water hauler located in Oldham County.

(b) As long as this Supply Agreement is in effect, it will not sell water to customers taking service within the geographical boundaries of Jefferson County, Kentucky.

(c) Its demand for water provided at the Initial Point of Delivery shall not exceed the rate of five hundred gallons per minute (500 GPM) at any time, and such water will be used only to serve existing and new customers of GUI geographically situated in the Phase I area shown on EXHIBIT A.

(d) In no event will GUI provide LWC treated water to any person(s) or entity using same for the purpose of resale without LWC's prior written consent.

(e) It will permit no cross connection wherein LWC treated water is mixed with water from other sources, water being provided under this Supply Agreement to be separated by atmospheric gap or LWC-approved backflow prevention devices to prevent any such interconnection. LWC acknowledges that GUI will continue to operate production facilities to serve Phase II and Phase III, and GUI is solely responsible for separation of the area(s) supplied by LWC from the area(s) supplied by GUI, through the closing of distribution valves.

(f) It will not assign or transfer any of its rights and obligations under this Agreement to any third party or, sell any part of its system served by this contract to a third party without LWC's express written consent which consent shall not unreasonably be withheld.

11. LWC Warranties. LWC warrants and covenants as follows:

(a) It will reserve during the term of this Agreement the water treatment capacity in its system needed to fulfill its obligations hereunder.

(b) That should an event occur within its system that will result in interruption of service to GUI under this Agreement that it will communicate to GUI the situation as soon as such information becomes available and will restore GUI to full service as soon as reasonably possible.

12. Duration of Agreement. This Agreement starts from the date it is executed and shall expire forty (40) years from such date, such duration being subject to termination rights of the parties hereinafter set forth. LWC's obligation to deliver water to GUI and GUI's obligation to accept same shall begin immediately upon completion of installation by LWC of a 12-inch main to and the master meter at the Initial Point of Delivery.

13. Termination Rights.

(a) This Supply Agreement may be terminated by GUI prior to its expiration upon six months advance written notice in the event of any of the following occurrences:

(i) Failure of LWC to meet water delivery requirements as stated herein above, subject to interruptions permitted hereinabove.

(ii) A continuing failure of LWC to meet water quality requirements of the Kentucky Cabinet for Natural Resources and Environmental Protection.

(b) This Agreement may be terminated by LWC prior to expiration upon six months advance written notice in the event of any of the following occurrences:

(i) Failure of GUI to pay within 30 days of the due date for monthly services.

(ii) Continuing violation by GUI, following receipt of written notice from LWC, of GUI's exceeding the five hundred (500) gallons per minute demand limitation set forth hereinabove for Phase I services.

(iii) Revocation of GUI's authority to operate a water distribution system by one or more governmental authorities having jurisdiction thereof.

(iv) Failure by GUI at any time after thirty-six (36) months of water service hereunder has elapsed to average purchasing a minimum of 30,000,000 gallons of LWC's water during any 12 month period. Reference paragraph 1.

(v) Breach of any of the other warranties, covenants or duties of GUI, set forth hereinabove, provided, however, LWC cannot exercise such termination right until it has given GUI thirty (30) days to correct such breach, said thirty (30) days to run from receipt of written notice of the breach from LWC.

(c) Either party may terminate this Agreement in the event Kentucky Public Service Commission imposes conditions upon the relationship found to be unacceptable by the terminating party.
Termination of this Supply Agreement shall not operate to relieve GUI of any financial obligations to LWC theretofore arising.

(d) In the event the Public Service Commission does not approve an increase in the rates for water charged by LWC to GUI under this Agreement, then LWC shall have the right to terminate this Agreement upon twelve (12) months written notice to GUI.

(e) In the event the Public Service Commission does not approve an increase in the rates for water charged by LWC to GUI under this Agreement to be passed along to the water customers of GUI in its tariff for water rates, then GUI shall have the right terminate this Agreement upon twelve (12) months written notice to LWC.

14. Miscellaneous. It is understood and agreed by and between the parties as follows:

(a) In the event of an extended shortage of water, or the overall supply of water available to LWC is otherwise diminished over an extended period of time, the water service to GUI shall be reduced or diminished in the same ratio or proportion as the water service to LWC's other customers (other than health

service related customers), is reduced or diminished.

(b) Any modification of this Agreement shall be effective only when reduced to writing and signed by both parties.

(c) LWC agrees to file this Agreement and its tariff information with and as required by the Public Service Commission of Kentucky. GUI shall obtain any other approvals required for the purchase and sale of water contemplated by this Agreement, LWC agreeing to cooperate with respect to gaining such approvals, at GUI's request. This Agreement is contingent upon receiving all necessary approvals from the Public Service Commission of Kentucky.

(d) In the event GUI's demand for water under this Agreement at any time exceeds the limitations set forth herein, any failure by LWC to object or notify GUI of such violation shall not be deemed a waiver and shall not affect the right of LWC to enforce such limitations at any time.

15. Notices. Unless otherwise advised in writing to the other party, all notices to LWC shall be sent to:

Louisville Water Company
550 S. Third Street
Louisville, KY 40202
Attention: Vice President and Chief Engineer

All notices to GUI shall be sent to:

Goshen Utilities, Inc.
P. O. Box 36
Goshen, KY 40026

IN TESTIMONY WHEREOF witness the signatures of their parties by their duly authorized offers as of the day and year first above written.

LOUISVILLE WATER COMPANY

By _____
John L. Huber, President

Attest: _____

GOSHEN UTIITIES, INC.

By _____
Lloyd Eades, President

Attest: _____

GOSHEN2//c data dbailey

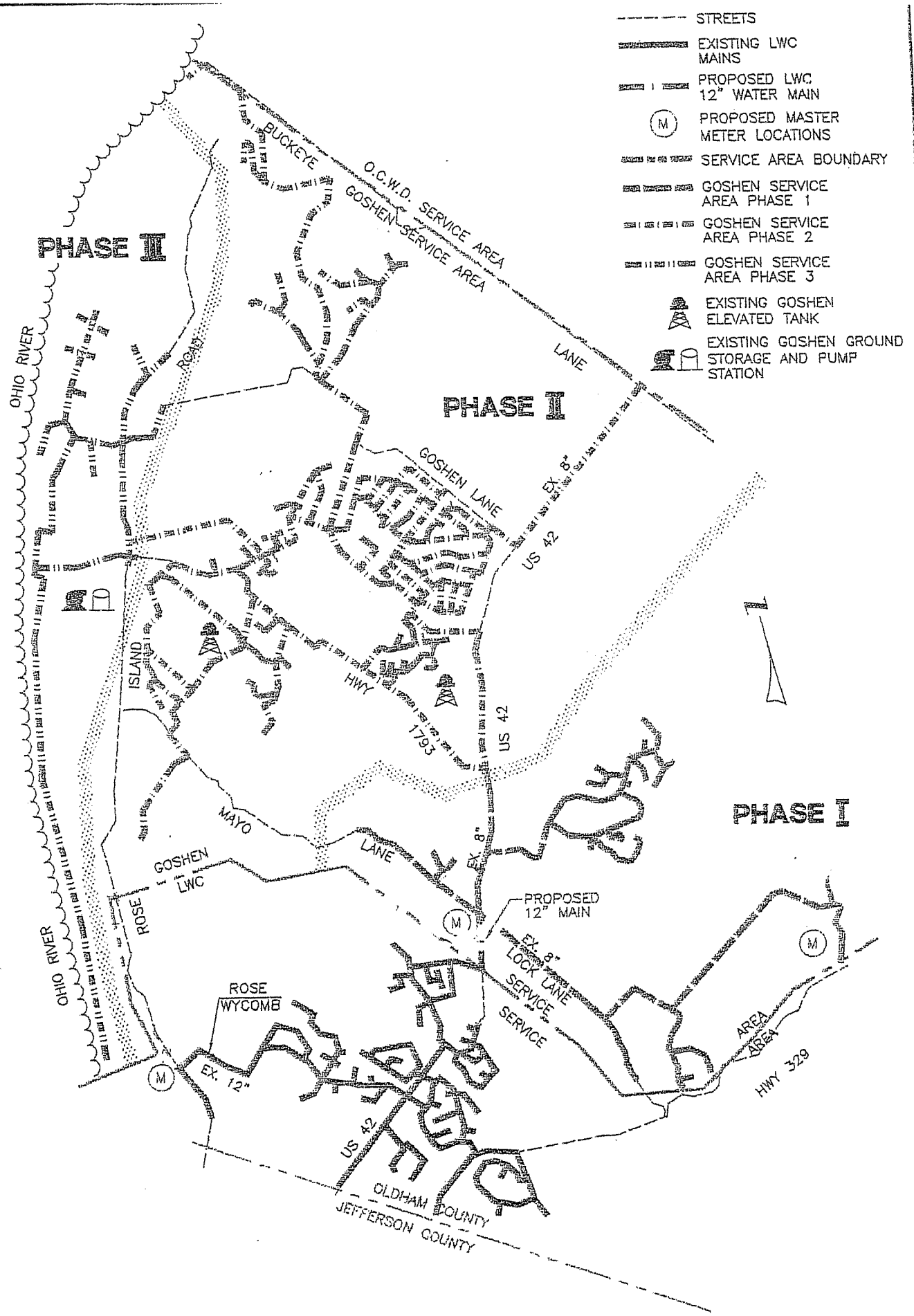


EXHIBIT A
LWC/GUI WATER SUPPLY AGREEMENT

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is made this 6th day of June, 2000, by and between

LOUISVILLE WATER COMPANY,
a municipally owned corporation
governed by the Board of Water Works
pursuant to KRS 96.230 through 96.310
550 S. Third Street
Louisville, KY 40202 ("LWC")

and

CITY OF TAYLORSVILLE,
a city of the sixth class of the Commonwealth
of Kentucky
P. O. Box 279
Taylorsville, KY 40071 ("Taylorsville")

WHEREAS, LWC supplies water to Taylorsville pursuant to a Water Purchase Agreement, dated October 21, 1987 and amended on March 26, 1990, and a Main Extension and Water Supply Agreement, dated January 8, 1998 (collectively, "Agreements"), the earlier Agreement relating to service from LWC to Taylorsville delivered at the intersection of Bardstown Road (U.S. 31E) and the Jefferson County/Bullitt County boundary, and the latter Agreement relating to service from LWC to Taylorsville delivered at the intersection of Highway 155 and the Jefferson county/Spencer County line;

WHEREAS, Taylorsville has been serving various customers in Jefferson County, at the request of those customers because customers were unable to obtain water service from any other source, with most of those customers having been furnished water by Taylorsville prior to Taylorsville obtaining water from LWC,

WHEREAS, Taylorsville and LWC wish to enter into a Memorandum of Understanding addressing Taylorsville's providing service to those customers (said service described more fully below and at Exhibits A and B, which exhibits are incorporated into this Memorandum by reference) and to address future service in that area;

NOW, THEREFORE, In this Memorandum of Understanding, LWC consents to Taylorsville's providing the following water services, at the locations shown in Exhibits A and B, with the conditions and limits set out below:

A. LWC consents to Taylorsville's service to approximately 15 customers (16 parcels) abutting Taylorsville's 3-inch water main and geographically located along Highway 155 in Jefferson County, Kentucky, as illustrated in Exhibit A to this Memorandum of Understanding.

B. LWC consents to Taylorsville's service to approximately 52 customers (65 parcels) abutting Taylorsville's 3-inch and 2-inch water mains, and

geographically located along Dawson Hill Road in Jefferson County, Kentucky, as illustrated in Exhibit B to this Memorandum of Understanding.

C. All other terms of the parties' Water Purchase Agreement, as amended, and Main Extension and Water Supply Agreement remain in effect and fully enforceable, with the exceptions of the situations described at Exhibits A and B to this Memorandum of Understanding.

D. Taylorsville acknowledges, understands and agrees that it remains solely responsible for its water services in Jefferson County, said responsibility including, but not limited to, full compliance with all applicable federal, state and local laws, ordinances and regulations as well as repairs and maintenance. Taylorsville further acknowledges that its water services in Jefferson County are provided from 3-inch and 2-inch extensions, as indicated in Exhibits A and B to this Memorandum of Understanding.

E. LWC may allow additional services to properties abutting the mains shown in Exhibits A and B of this Memorandum of Understanding, upon Taylorsville's prior, written request to LWC for such services, provided that LWC also approves any main extensions required for such additional service.

F. Taylorsville acknowledges, understands and re-affirms the provisions of the Agreements (specifically, paragraph 6(b) of the Water Purchase Agreement as Amended, and paragraph 8(b) of the Main Extension and Water Supply Agreement), prohibiting Taylorsville's sale of water to retail customers within Jefferson County, absent the prior written consent of LWC.

WITNESS the signatures of the parties to this Memorandum of Understanding as of the day and year first above written.

CITY OF TAYLORSVILLE

By: _____
Mayor

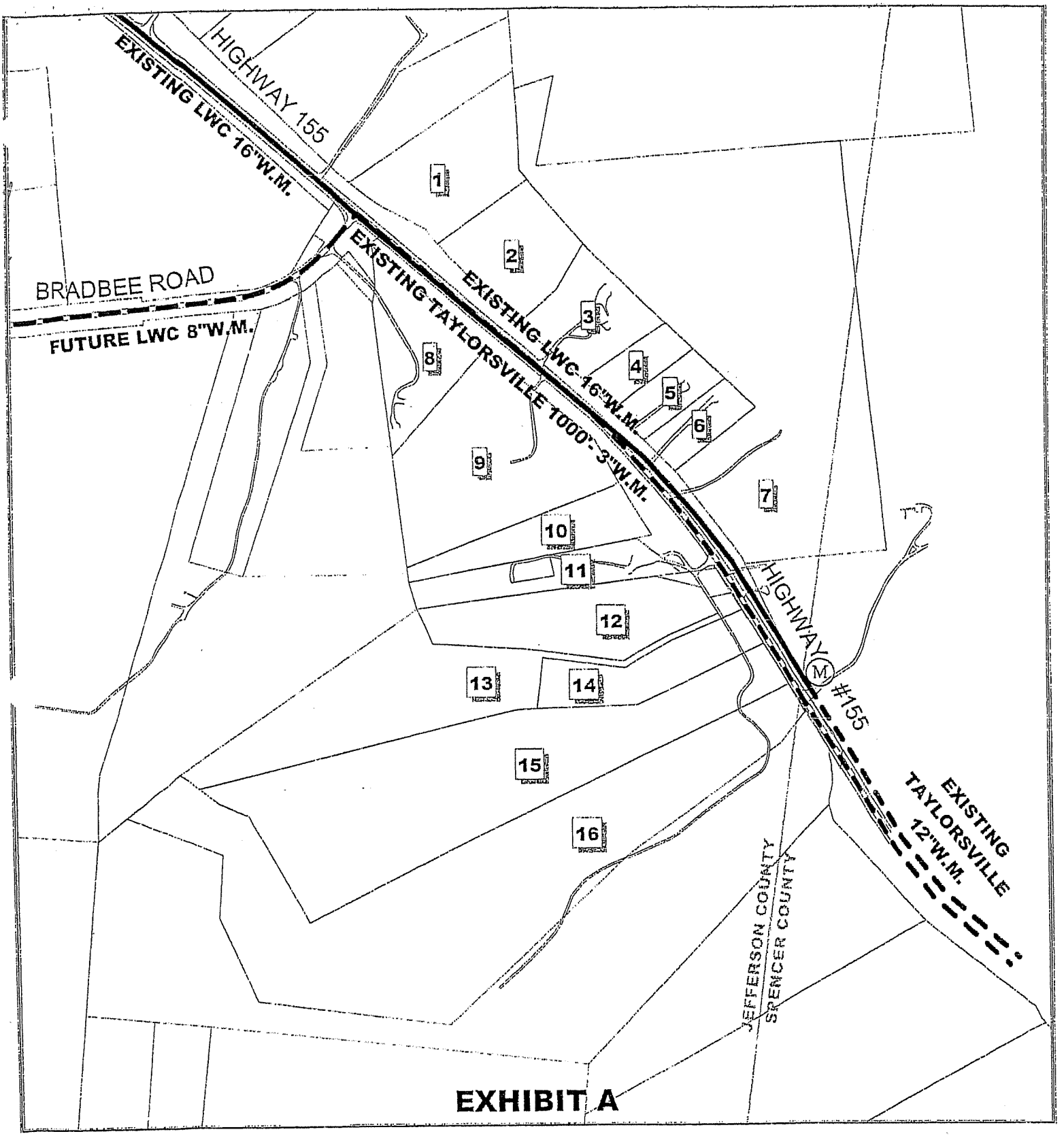
By: _____
City Clerk

LOUISVILLE WATER COMPANY

By: _____
Gregory C. Heitzman, P.E.
Vice President and Chief Engineer

Highway [illegible]5 Properties

NUMBER	BLOCK	LOT	PROPERTY ADDRESS	NAME	MAILING ADDRESS	CITY	ST	ZIP
1	0055	0044	5701 TAYLORSVILLE LAKE RD	JEFF W PHILLIPS	5701 TAYLORSVILLE LAKE	FISHERVILLE	KY	40023
2	0055	0013	5707 TAYLORSVILLE LAKE RD	MITCHELL L & WILMA S HILL	17509 TAYLORSVILLE RD	FISHERVILLE	KY	40023
3	0055	0023	5801 TAYLORSVILLE LAKE RD	WM W & MABEL I GARDNER	5801 TAYLORSVILLE LAKE	FISHERVILLE	KY	40023
4	0055	0024	5809 TAYLORSVILLE LAKE RD	JACK T & JANET L BREWER	5813 TAYLORSVILLE LAKE RD	FISHERVILLE	KY	40023
5	0055	0025	5813 TAYLORSVILLE LAKE RD	JACK T & JANET L BREWER	5813 TAYLORSVILLE LAKE	FISHERVILLE	KY	40023
6	0055	0026	5817 TAYLORSVILLE LAKE RD	WAYNE C & DEBORAH J STIVERS	5817 TAYLORSVILLE LAKE	FISHERVILLE	KY	40023
7	0055	0006	5901 TAYLORSVILLE LAKE RD	CLARENCE L & THEKL HOUSE	3024 DARTMOUTH AVE	LOUISVILLE	KY	40205
8	0055	0029	17900 BRADBE RD	JOSEPH T & TERESA L ZELLER	17900 BRADBE RD	FISHERVILLE	KY	40023
9	0055	0034	5800 TAYLORSVILLE LAKE RD	JOSEPH T & TERESA L ZELLER	17900 BRADBE RD	FISHERVILLE	KY	40023
10	0055	0012	5816 TAYLORSVILLE LAKE RD	HAROLD D & BETTY DARNELL	5816 TAYLORSVILLE LAKE	FISHERVILLE	KY	40023
11	0055	0027	17800 DEERTRACE LN	HAROLD D & BETTY DARNELL	17800 DEERTRACE LN	FISHERVILLE	KY	40023
12	0055	0045	17810 DEERTRACE LN	HAROLD D & BETTY DARNELL	ROUTE 1	FISHERVILLE	KY	40023
13	0055	0057	17816 DEERTRACE LN	NATHAN TERRY LINDSEY JR	17820 DEERTRACE LN	FISHERVILLE	KY	40023
14	0055	0058	17820 DEERTRACE LN	NATHAN TERRY LINDSEY JR	17820 DEERTRACE LN	FISHERVILLE	KY	40023
15	0055	0049	17840 DEERTRACE LN	BRIAN P & ALLYSAN S COMSTOCK	17840 DEER TERRACE LN	FISHERVILLE	KY	40023
16	0055	0051	17860 DEERTRACE LN	MARK D & MARY J KULP	17860 DEERTRACE LN	FISHERVILLE	KY	40023



HIGHWAY 155 AREA

Existing water main owned by the City of Taylorsville

Parcels served by the City of Taylorsville

Ⓜ Master Meter

N
W E
S

600 0 600 Feet

04/25/00

Real Estate Master File (REMF) data shown on this map is a confidential and proprietary database of the Jefferson County Property Valuation Administrator (PVA). LOJIC Participant Agencies are permitted to use this data for their internal use only. Any outside use, reproduction, publication or distribution of REMF data in any form without prior written approval by the PVA is strictly prohibited.

Copyright (c) 2000, LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT (MSD) and LOUISVILLE WATER COMPANY (LWC) All Rights Reserved.

Louisville/Jefferson County Information Consortium (LOJIC), a Jefferson County, Kentucky, based cooperative project of:

City of Louisville
Jefferson County
Metropolitan Sewer District
Property Valuation Administrator
Louisville Water Company

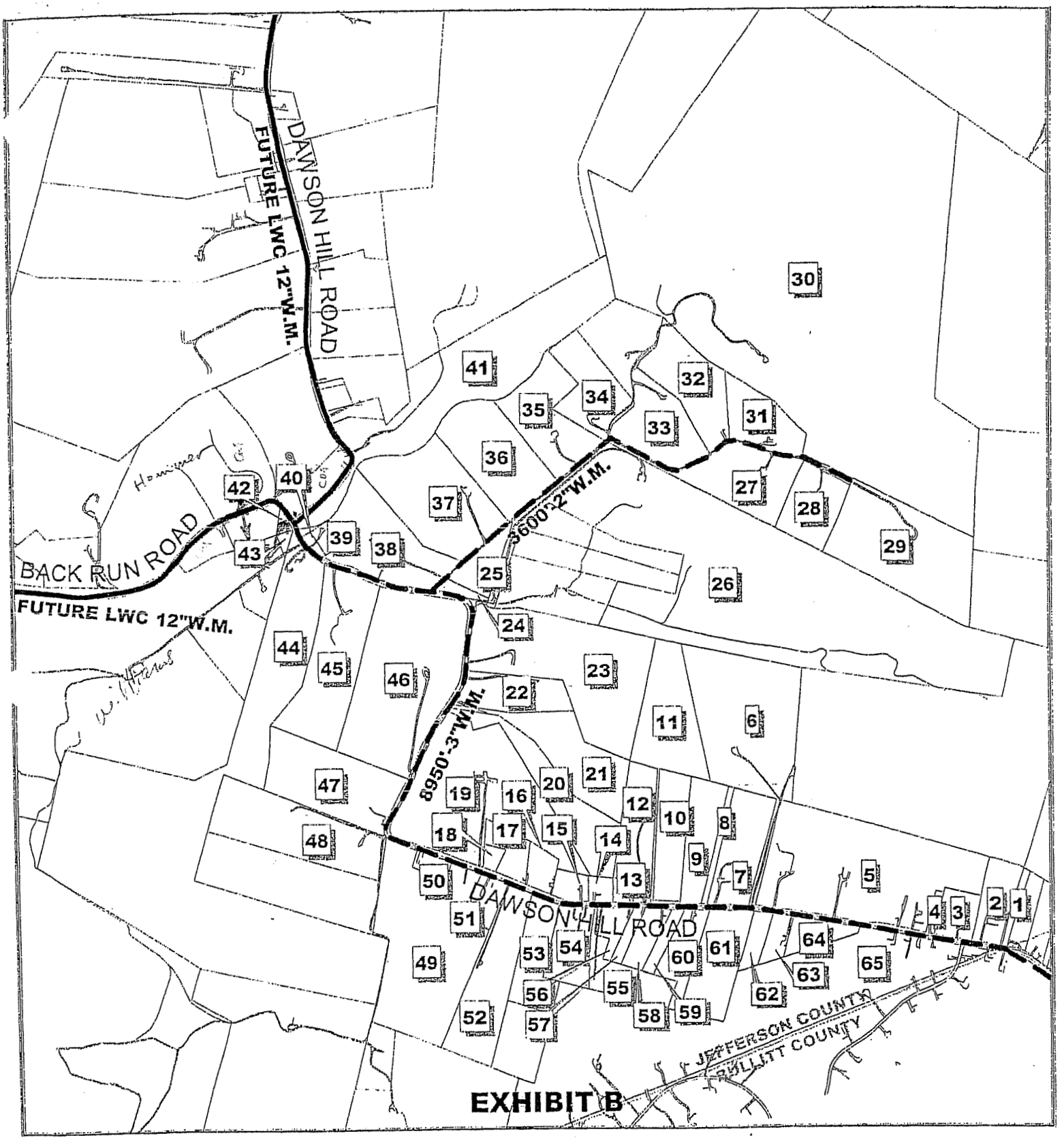
No part of this map may be reproduced or transmitted in any form or by any means, electronic or mechanical including photocopying and recording, or by any information storage or retrieval system, except as expressly permitted in writing by MSD.

Dawson Hill Road Properties

NUMBER	BLOCK	LOT	PROPERTY ADDRESS	NAME	MAILING ADDRESS	CITY	ST	ZIP
1	0063	0093		WM VANCE & EMMA ELIZABETH SHAKE	11061 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
2	0063	0038	11061 DAWSON HILL RD	WM VANCE & EMMA ELIZABETH SHAKE	11061 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
3	0063	0039	10011 DAWSON HILL RD	JOHN H JR CORNELL	100011 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
4	0063	0015	10009 DAWSON HILL RD	NELLIE L CORNELL	10009 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
5	0063	0063	10001 DAWSON HILL RD	STERLING & ANITA B PAYNE	10001 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
6	0063	0109	9821 DAWSON HILL RD (R)	JAMES E & CHARLES BERRY	9823 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
7	0063	0078	9821 DAWSON HILL RD	DIANNE C DONOVAN	9821 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
8	0063	0082	DAWSON HILL RD	DIANNE C DONOVAN	9821 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
9	0063	0100	9821 DAWSON HILL RD	DIANNE C DONOVAN	9821 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
10	0063	0105	9202 DAWSON HILL RD	JAMES D & C BERRY	9823 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
11	0063	0003	9200 DAWSON HILL RD	JAMES E & CHARLES BERRY	9823 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
12	0063	0104	9811 DAWSON HILL RD	ROBT D & MARTINA K WEIR	9811 DAWSON HILL RD	LOUISVILLE	KY	40229
13	0063	0071	9809 DAWSON HILL RD	THOMAS & MARY NATION	9809 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
14	0063	0066	9803 DAWSON HILL RD	DAVID E JR & RENEE M LEATHERS	9803 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
15	0063	0057	9801 DAWSON HILL RD	JAMES R JR & APRIL M DRAUGHON	9801 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
16	0063	0036	9715 DAWSON HILL RD	CLARENCE & CHARLET BOGARD	9715 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
17	0063	0031	9709 DAWSON HILL RD	ERNEST S & ROSALEA REYNOLDS	9709 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
18	0063	0106		ROY H & BRENDA REYNOLDS	HWY 44	MT WASHINGTON	KY	40047
19	0063	0117	9711 DAWSON HILL RD	KENO DON & JOYCE A ROSA	9711 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
20	0063	0147	9529 DAWSON HILL RD	ROBERT C & MARIETTA MATHENA	9529 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
21	0063	0146	9523 DAWSON HILL RD	DONALD R & MARGARET GILBERT	9523 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
22	0063	0102	9519 DAWSON HILL RD	CHARLES JOSEPH JR & DENISE A BAUER	9507-19 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
23	0063	0090	9515 DAWSON HILL RD	CURITS A MOUSER	9515 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
24	0063	0062	9501 DAWSON HILL RD	TIMOTHY W & SHEILA C WULF	9501 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
25	0063	0042	9501 DAWSON HILL RD	TIMOTHY W & SHEILA C WULF	9501 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
26	0063	0141	9505 DAWSON HILL RD	KENNETH R & KATHERINE R WOODS TR	9505 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
27	0063	0074	9417 DAWSON HILL RD	OLIN E & BETTY A COOK	9417 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
28	0063	0125	9420 DAWSON HILL RD	DONALD L HAYES	9420 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
29	0063	0126	9422 DAWSON HILL RD	WM DENNIS & CHRISTINE W SIMS	9422 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
30	0063	0065	9413 DAWSON HILL RD	STEVEN W ELAM	9413 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
31	0063	0086	9418 DAWSON HILL RD	B HALL & MARSHA B WILLIAM	9418 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
32	0063	0073	9416 DAWSON HILL RD	KENNETH F & BRENDA CONNER	9416 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
33	0063	0072	9409 DAWSON HILL RD	EDWARD A JR & ANTOINETTE R ZUERCHER	9409 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
34	0063	0103	9410 DAWSON HILL RD	JOHN W & M JODELL SEAY	9410 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
35	0063	0012	9408 DAWSON HILL RD	BRIAN W & JANET E HODGE	9408 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
36	0063	0112	DAWSON HILL RD	BRIAN W & JANET E HODGE	9408 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
37	0063	0111	9407 DAWSON HILL RD	JOHN M & IRENE W OWEN	9407 DAWSON HILL RD	JEFFERSONTOWN	KY	40299

Dawson Hill Road Properties

NUMBER	BLOCK	LOT	PROPERTY ADDRESS	NAME	MAILING ADDRESS	CITY	ST	ZIP
38	0063	0115	9401 DAWSON HILL RD	NICHOLAS & JEANIE HOUSER	9401 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
39	0063	0051	9305 DAWSON HILL RD	DENNIS M & JUDITH L RAY	9305 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
40	0063	0054	9305 DAWSON HILL RD	DENNIS M & JUDITH L RAY	9305 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
41	0063	0129	9021 DAWSON HILL RD	RICHARD E & TINA PARKER	9021 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
42				No information available				
43	0063	0025	9300 DAWSON HILL RD	JAMES G FERGUSON JR	7904 DOBSON RD	LOUISVILLE	KY	40291
44	0063	0098	9308 DAWSON HILL RD	DONALD M & LYNNE OLSSON	9308 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
45	0063	0097	9310 DAWSON HILL RD	LORETTA K WHITE	9310 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
46	0063	0058	9526 DAWSON HILL RD	JAMES WM III & JANE B HUME	9506-26 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
47	0063	0094	9530-9608 DAWSON HILL	JAMES WM III & JANE B HUME	9530-9608 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
48	0063	0118	9602 DAWSON HILL RD	ROGER & DEBBIE BROWN	9602 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
49	0063	0121	9610 DAWSON HILL RD	ELDON W SR & MARY BROWN	9610 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
50	0063	0050	9624-9708 DAWSON HILL	ROGER & CAROLYN MUSGROVE	9708 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
51	0063	0122	9704 DAWSON HILL RD	RODNEY A & DEBORAH C HALL	1409 ARLING AVE	LOUISVILLE	KY	40215
52	0063	0123	9706 DAWSON HILL RD	DALE W PERRY	9706 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
53	0063	0131		PETER A & VICKIE B ZABOROWSKI	9798 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
54	0063	0026	9802 DAWSON HILL RD	OTIS S & DOROTHY JENKINS	9802 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
55	0063	0114	9806 DAWSON HILL RD	DAVID M & SHIRLEY JOKOBY	9806 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
56	0063	0041	9808 DAWSON HILL RD	EARL D & DIANA COLLINS	9808 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
57	0063	0046	9810 DAWSON HILL RD	JAMES E & ESTHER M DAVENPORT	9810 DAWSON HILL ROAD	JEFFERSONTOWN	KY	40299
58	0063	0044	9812 DAWSON HILL RD	TIMOTHY WAYNE BROWN & TINA GAIL CURRY	9814 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
59	0063	0043	9814 DAWSON HILL RD	TIMOTHY WAYNE BROWN & TINA GAIL CURRY	9814 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
60	0063	0048	9816 DAWSON HILL RD	ALLEN P BASKETT TRUSTEE	503 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
61	0063	0055	DAWSON HILL RD	ALLEN P BASKETT TRUSTEE	503 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
62	0063	0080	10000 DAWSON HILL RD	JOHN PATRICK & DONNA LEE CHURCH	10000 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
63	0063	0081	10002 DAWSON HILL RD	SHARON L WEBB	10002 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
64	0063	0079	10004 DAWSON HILL RD	RON & LYNN ASKIN	10004 DAWSON HILL RD	JEFFERSONTOWN	KY	40299
65				No information available				



DAWSON HILL ROAD AREA

Existing water main owned by the City of Taylorsville

Parcels served by the City of Taylorsville

N
W E
S

1000 0 1000 Feet

04/19/00

Real Estate Master File (REMF) data shown on this map is a confidential and proprietary database of the Jefferson County Property Valuation Administrator (PVA). LOJIC Participant Agencies are permitted to use the data for their internal use only. Any outside use, reproduction, publication or distribution of REMF data in any form without prior written approval by the PVA is strictly prohibited.

Copyright (c) 2000, LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT (MSD) and LOUISVILLE WATER COMPANY (LWC) All Rights Reserved.

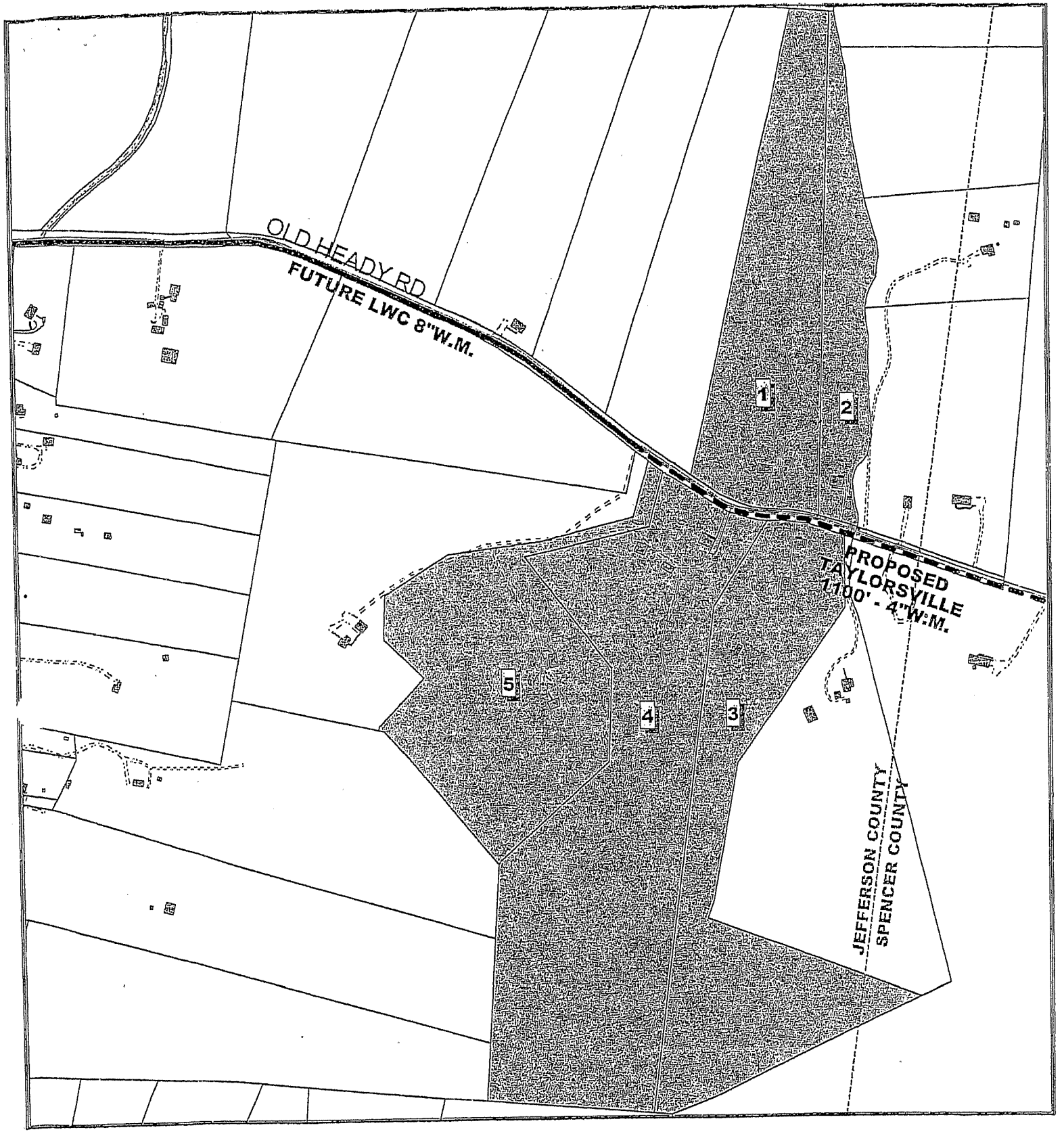
Louisville/Jefferson County Information Consortium (LOJIC), a Jefferson County, Kentucky, based cooperative project of:

City of Louisville
Jefferson County
Metropolitan Sewer District
Property Valuation Administrator
Louisville Water Company

No part of this map may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying and recording, or by any information storage or retrieval system, except as expressly permitted in writing by MSD.

Old Heady Road Properties

NUMBER	BLOCK	LOT	PROPERTY ADDRESS	NAME	MAILING ADDRESS	CITY	ST	ZIP
1	0060	0101	8615 OLD HEADY RD	MICHAEL A & SUZANNE BUTLER	8615 OLD HEADY RD	JEFFERSONTOWN	KY	40299
2	0060	0080	8701 OLD HEADY RD	CHAS G EISENBACK JR & JANET HOLT	8701 OLD HEADY RD	JEFFERSONTOWN	KY	40299
3	0060	0015	8700 OLD HEADY RD	RAYMOND L & IRMA DUNAWAY	8700 OLD HEADY RD	JEFFERSONTOWN	KY	40299
4	0060	0054	8600 OLD HEADY RD	JAMES A & EDITH DENNIS	8600 OLD HEADY RD	JEFFERSONTOWN	KY	40299
5	0060	0056	8316 OLD HEADY RD	ADAM J ATZINGER	8316 OLD HEADY RD	JEFFERSONTOWN	KY	40299



OLD HEADY ROAD AREA

Parcels served by the City of Taylorsville

N
W E
S

500 0 500 Feet

04/25/00

Real Estate Master File (REMF) data shown on this map is a confidential and proprietary database of the Jefferson County Property Valuation Administrator (PVA). LOJIC Participant Agencies are permitted to use this data for their internal use only. Any outside use, reproduction, publication or distribution of REMF data in any form without prior written approval by the PVA is strictly prohibited.

Copyright (c) 2000, LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT (MSD) and LOUISVILLE WATER COMPANY (LWC) All Rights Reserved.

Louisville/Jefferson County Information Consortium (LOJIC), a Jefferson County, Kentucky, based cooperative project of:

City of Louisville
Jefferson County
Metropolitan Sewer District
Property Valuation Administrator
Louisville Water Company

No part of this map may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying and recording, or by any information storage or retrieval system, except as expressly permitted in writing by MSD.

CENTRAL ASSOCIATED ENGINEERS, INC.
ENGINEERING • SURVEYING • PLANNING
446 EAST HIGH STREET • LEXINGTON, KENTUCKY 40507-1930
Mailing Address: P.O. Box 2170 • Lexington, Kentucky 40588-2170
Telephone (606) 231-9831 • Fax (606) 233-0046

December 22, 1999

Mr. Gregory C. Heitzmann, P.E.
Vice President – Chief Engineer
550 South Third Street
Louisville, Kentucky 40202

01-04-00A11:57 RCVD

RE: Feasibility Study
City of Taylorsville Waterlines in Jefferson County
CAE#: 05-98320

Dear Sir:

This study includes the development of options for the Louisville Water Company as it relates to the ability to provide service and fire protection for the 67 existing customers currently served by the City of Taylorsville in Jefferson County.

The first option would be the City of Taylorsville retains the existing customers and provides service to future customers along Dawson Hill Road and KY 155. The only limitation is that the main purveyor of potable water is only a 3" line in both previously mentioned areas. Currently, no service and or pressure problems exist but due to the anticipated continued growth in the area a larger line will need to be considered in the future. After a hydraulic analysis was performed, even with the addition of a new 6" Taylorsville main to these areas, the customers will not have adequate fire protection from Taylorsville line.

The second option would be that the Louisville Water Company acquires the existing customers and provides service to future customers along Dawson Hill Road and KY 155. It is estimated that the combined total of construction of water lines on Dawson Hill Road and S.R. 155 in 1986 was approximately $40,000. If those same lines were constructed today the estimated cost would be approximately $55,000. (See exhibit 1). The estimated depreciated book value of the original water line investments would be approximately $27,000 today. (See exhibit 2).

The third option would be that the Louisville Water Company acquires the 52 customers in the Dawson Hill area and leave 15 customers along KY 155 with the City of Taylorsville. Since the 16" ductile iron main was laid along KY 155 in Jefferson County to the Spencer County line, the 15 existing customers along KY 155 will be within 500 feet of adequate fire protection provided by the new main. Even though a 3" line serves them, they would have adequate fire protection from the new Louisville Water Company 16" main. The total annual revenue for the 15 customers along KY 155 is approximately

$3,720. (See exhibit 3B). The total annual revenue for the 52 customers in the Dawson Hill area is approximately $4,345. (See exhibit 3A).

The total annual revenue after expenses for the 67 customers is approximately $7500. (See exhibit 3).

A detailed map of the existing water lines in Jefferson County is included in exhibit 4.

Sincerely,

Joseph F. Sisler, P.E., P.L.S.
Vice President

JFS/kab

Enclosures

CITY OF TAYLORSVILLE
WATER STUDY OF EXISTING LINES IN JEFFERSON COUNTY
CAE # 05-98320
12/22/1999

	LINE SIZE (INCHES)	LENGTH OF LINE (FEET)	LOCATION OF LINE	DATE INSTALLED	NUMBER OF CUSTOMERS	ORIGINAL CONSTRUCTIO COST	TOTAL BOOK VALUE 1999.	CURRENT CONSTRUCTION COST
	3 PVC	8950	DAWSON HILL RD	1986	42	$27,919		$38,250
	2 PVC	3600	DAWSON HILL RD	1986	10	$9,182		$12,580
	3 PVC	1000	S.R. 155	1986	15	$3,120		$4,275
TOTALS		13550			67	$40,221	*$27,149	$55,105

* SEE EXHIBIT 2

EXHIBIT 2

CITY OF TAYLORSVILLE
LOUISVILLE WATER CO. STUDY
CAE# 98320
DATE: 5/6/1999

PURCHASE PRICE (1986) = $ 40,221.00

YEAR	DEPRECIATION
1	$1,005.53
2	$1,005.53
3	$1,005.53
4	$1,005.53
5	$1,005.53
6	$1,005.53
7	$1,005.53
8	$1,005.53
9	$1,005.53
10	$1,005.53
11	$1,005.53
12	$1,005.53
13	$1,005.53
TOTAL=	$13,071.83

BOOK VALUE (1999) = $27,149.18

NOTE: BOOK VALUE WAS DETERMINED USING THE STRAIGHT LINE DEPRECIATION.
THE ESTIMATED ECONOMIC LIFE OF THE WATER LINE IS 40 YEARS.