

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FOREST CREEK, LLC)
COMPLAINANT)
)
VS.)
)
JESSAMINE SOUTH ELKHORN)
WATER DISTRICT)
)
DEFENDANT)

CASE NO. 2011-00297

RECEIVED

MAR 30 2012

**PUBLIC SERVICE
COMMISSION**

REQUESTS FOR INFORMATION
TO COMPLAINANT FROM DEFENDANT

Comes the Defendant, Jessamine-South Elkhorn Water District (“District”), by counsel, and without waiving its objection to the jurisdiction of the Kentucky Public Service Commission or any other issue previously raised by it, submits its Requests for Information to the Complainant, Forest Creek, LLC (“Forest Creek”), as follows:

INSTRUCTIONS

As used herein, “documents” include all correspondence, memoranda, e-mail, computer data or records, notes, the term “document”, means written, recorded (on magnetic tape or otherwise), transcribed, printed, impressed or graphic matter of whatever kind, however produced or reproduced, irrespective of the preparer, including, but not limited to, sound or pictorial recordings, computerized information, computerized notices, books, pamphlets, handwritten and/or typed letters, memoranda, telegrams, electronic or mechanical transmissions, communications of all kinds, reports, working papers, handwritten and/or typed notations, charts, papers, writings, transcriptions, tapes and records of any kind, regardless of origin and location,

in the possession, custody or control of, or accessible to Forest Creek, its witnesses or its counsel. "Document" includes drafts or copies of documents which contain any information different from the original, and includes documents prepared at your direction, or on your behalf.

These requests shall be deemed continuing so as to require further and supplemental responses if Forest Creek receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing herein.

If any request is considered or claimed to be vague, unclear or confusing in any way, Forest Creek is requested to contact counsel for the District for further explanation or discussion before merely objecting to the request on said grounds. To the extent that Forest Creek disagrees with or objects to any of the definitions set forth above or the requests set forth below, Forest Creek is requested to state such objection, including the full grounds therefore, but to nonetheless proceed to fully respond to the following requests.

Please repeat the question to which each response is intended to refer, to be followed by the response.

To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper or information.

For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown or explained; and the nature and legal basis for the privilege asserted.

REQUESTS FOR INFORMATION

1. With respect to the Request for Extension (a copy of which is attached hereto as Exhibit "A") referred to in Paragraph 4 of Forest Creek's Complaint:

(a) Admit or deny that the Request for Extension was executed by a responsible authorized official for Forest Creek on April 27, 2007;

(b) Admit or deny that the Request for Extension executed on April 27, 2007 consists of 12 pages, with Forest Creek's executed signature appearing on Page 12 of the document;

(c) Admit or deny that the Request for Extension at Sheet 2 of 12 sets out fully and accurately both Option I and Option II as set forth in JSEWD's tariffs on file with the Public Service Commission;

(d) Admit or deny that the Request for Extension executed by Forest Creek (including the actual Option request on Sheet 1 of 12, the recital of Rule 26 on Sheet 2 of 12, the Mainline Extension Checklist on sheets 3 and 4 of 12, the Summary of Costs on Sheets 5 and 6 of 12, and the Extension Policy Procedure on sheets 7-12 of 12) were in fact received by Forest Creek and were part of the document which Forest Creek executed on April 27, 2011. If any of the above is denied, state in full the basis for the denial;

(e) Admit or deny that the Interim Water Service Agreement (a copy of which is attached hereto as Exhibit "B")¹ was executed by a responsible authorized official for Forest Creek on May 2, 2007.

2. State with specificity the facts which support the claim in Paragraph 7 of the Complaint that the District has "arbitrarily and capriciously prohibited Forest Creek from obtaining an extension to provide potable water to its development."

¹ In the interest of conserving paper, the exhibits to this contract were not attached.

3. With respect to Paragraph 8 of Forest Creek's Complaint, is it Forest Creek's position that it is entitled to switch between Option I and Option II despite the existence of an Agreement to proceed under Option II unless specifically prohibited from doing so? If this is Forest Creek's position, please provide in your answer any statute, regulation, Commission Order or case law that you claim supports this answer. If no such statute, regulation, Commission Order or case law supports your answer, please so state.

4. State with specificity the facts on which Forest Creek relies to support the claim in Paragraph 10 of the Complaint that the District's regulations, measurements, practice and actions with regard to Forest Creek were unreasonable and unjust.

5. In its Answer to Petition for Declaration of Rights and Counterclaim of Defendant in Jessamine Circuit Court Case No. 10-CI-01394, Forest Creek claimed that it "learned of the second option (Option 1) through discussions with representatives of the Public Service Commission. Defendant then made Plaintiff aware that it sought to discuss the possibility of selecting Option II [sic] as the method for the subject project." Answer at page 7, Paragraph 6. With respect to this allegation:

(a) Please state whether Forest Creek intends to allege as part of its Complaint in Case No 2011-00297 that it first learned of Option I through discussions with representatives of the Public Service Commission, and if so, when Forest Creek alleges that it first learned about Option I.

(b) Please provide the dates, times and places of the discussions with representatives of the Public Service Commission that are referred to by this paragraph, and identify all participants to these discussions;

(c) Please provide any correspondence or documents of any kind that relate to these discussions with representatives of the Public Service Commission;

(d) Please provide any documents, notes or memoranda prepared by Forest Creek, its employees or its agents that refer to or discuss these discussions with representatives of the Public Service Commission. If a claim of privilege is made for any requested item, please state the nature of each claim of privilege and the specific item to which it refers.

(e) Please provide a narrative of all advice which Forest Creek received from representatives of the Public Service Commission as to Option I, the availability of Option I after a prior election of Option II, or any other matter related to this Complaint. Provide all documents that may relate to such advice. If no such documents exist, so state.

6. Produce all documents supporting or in anyway connected with Forest Creek's response to numerical paragraph 1 above.

7. Produce all documents supporting or in anyway connected with Forest Creek's response to numerical paragraph 2 above.

8. Produce all documents supporting or in anyway connected with Forest Creek's response to numerical paragraph 4 above.

9. Produce all documents or exhibits which you intend to offer as exhibits, or use for any evidentiary, testamentary, demonstrative or illustrative purpose, during the scheduled hearing in this matter. As with all requests, this is a continuing request.

10. Provide the name, position and vita of any witness for whom Forest Creek intends to offer testimony in this proceeding. If such witness is a consultant not employed or otherwise associated with Forest Creek, please so advise and provide complete information as to the

witness' professional associations and prior testimony either in this jurisdiction or any other regulatory jurisdiction.

11. Provide a full citation to any Kentucky PSC Order or court opinion, ruling or decision which has in any way directly addressed or discussed a demand by a developer to be relieved from a service agreement with a water district. If none, so state.

12. Produce all documents which in any way support, or in any way provide evidence relating to, any and all of your responses to the foregoing requests or to the allegations in Forest Creek's Complaint, to the extent not otherwise requested or produced.

13. Admit or deny that the letter (a copy of which is attached as Exhibit "C" hereto) was written on behalf of Forest Creek and that it contains a statement which advises the District that Forest Creek instructed the author of the letter (Robert L. Gullette, Jr.) to "immediately file a declaration of rights lawsuit against the District in the Jessamine Circuit Court" unless the District verifies in writing by close of business on December 1, 2010 that it will honor Forest Creek's request to proceed under Option One."

14. Admit or deny that Forest Creek filed Jessamine Circuit Court Civil Action No. 08-CI-00147 on February 15, 2008, against the Jessamine County-City of Wilmore Joint Board of Adjustment, et al.

15. Admit or deny that Jessamine Circuit Court Civil Action No. 08-CI-00147 is still pending and is an active case on the Jessamine Circuit Court's docket.

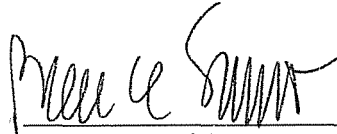
16. Admit or deny that the resolution of Jessamine Circuit Court Civil Action No. 08-CI-00147 directly affects Forest Creek's ability to develop 63.75 acres of the 458.60 acres that Forest Creek owns which is located off Murphy's Lane and Harrodsburg Road/US 68 in Jessamine County, Kentucky ("Property").

17. Admit or deny that Jessamine Circuit Court Civil Action No. 06-CI-00908 was filed on October 23, 2006, and that this action challenged the City of Wilmore, Kentucky's passage of An Ordinance of Intent of the City of Wilmore to Annex Real Property which included the 458.60 acres owned by Forest Creek.

18. Admit or deny that Jessamine Circuit Court Civil Action No. 06-CI-00908 was not dismissed until February 6, 2009.

19. Admit or deny that Jessamine Circuit Civil Action No. 07-CI-00116 was filed on February 7, 2007, and that this action challenged the actual annexation and rezoning of the Property by the City of Wilmore, Kentucky which directly affected Forest Creek's ability to develop the Property.

20. Admit or deny that Jessamine Circuit Civil Action No. 07-CI-00116 was not dismissed until February 6, 2009.




Bruce E. Smith
201 South Main Street
Nicholasville, KY 40356
(859) 885-3393
Fax: (859) 885-1152
Attorney for District

CERTIFICATE OF SERVICE:

The undersigned hereby certifies that a true copy of the foregoing Requests for Information to Complainant from Defendant was served on the following by U.S. Mail, first class, postage prepaid, on March 30, 2012:

Robert C. Moore, Esq.
P.O. Box 676
Frankfort, Kentucky 40602-0676
Counsel for Complainant



Bruce E. Smith

REQUEST FOR EXTENSION

Jessamine-South Elkhorn Water District
107 South Main Street, PO Box 731
Nicholasville, KY 40340-0731
859/881-0589 859/881-5080 FAX

Applicant Forest Creek, LLC Phone (859) 806-0991

Address 207 Golf Club Drive
Nicholasville, KY 40356

Applicant's property of record: DB 566, P 9 and PB 429, SL 12

Purpose of Extension: 566 10 438 124
566 9 438 62
520 1 193 127

Residence Farm Commercial Subdivision

Briefly describe location and nature of extension:

The proposed residential development consists of 66 residential units of varying sizes located along US-68 at the corner of Murphys

I (We) request that the Board of Commissioners of the Jessamine-South Elkhorn Water District consider for approval this request for an extension to its existing distribution main system. This request is made under the Rules and Regulations of the District now in effect and in accordance with the Procedure attached hereto.

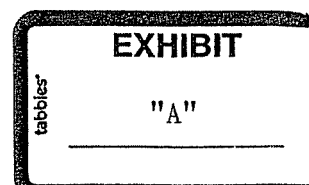
Option I NO

See enclosed copy of Rule 26 for explanation of Options.

Option II

The Applicant is hereby notified that regardless of option elected, all other rules, rates and schedules of fees applicable to size and type of service requested shall be paid in addition to cost of extension. The Applicant also agrees to pay fees for the proposed extension, in accordance with the enclosed schedule of cost, when billed by the District.

All taps and connections to the extended line shall be made by and/or under the direction and supervision of District personnel.



RULE 26 - Distribution Extensions

Any person desiring an extension to the District's system shall request in writing, in a form approved by District, for such extension. Any requested extension may be provided under one of the following options.

Option I - District shall construct such extension under authority and procedure as stipulated in Public Service Commission Regulation 807 KAR 5:066E, Section 12. Any extension made under this option shall be subject to refund as outlined in said regulation.

Option II - Applicant may construct and donate to District, the extension, as a contribution in aid of construction, meeting all District's specifications and approval. District reserves right to stipulate applicable engineering, legal and administrative factors. Applicant shall pay all cost of District as a contribution in aid of construction. Any extension made under this option shall not be eligible for refund.

The applicant or group of applicants shall have the right to elect the option by which said extension shall be made. In either case applicant must execute a contract and agreement for line extensions of form approved by District.

OPTION II

MAINLINE EXTENSION CHECKLIST JESSAMINE SOUTH ELKHORN WATER DISTRICT

The following is a checklist of items to be furnished, reviewed and approved by the Jessamine South Elkhorn Water District (JSEWD) prior to final approval which will allow connection to and extension of JSEWD's water distribution system. All items on the checklist must be reviewed and approved prior to service being granted from any proposed extension. Additional information and/or material may be deemed necessary by JSEWD for a complete review and approval of the proposed system.

1. The applicant is to meet with JSEWD manager and engineer to review type and scope of development and/or mainline.

2. Complete REQUEST FOR EXTENSION, indicating which option applicant is requesting along with a preliminary plat or sketch of the proposed development. Submit material ten (10) days before the Commission meeting date, which is the first Wednesday of each month.

3. Furnish the following information to be used by JSEWD's engineer to complete a KY PIPE computer analysis of the proposed extension to verify no diminution in existing service or any upgrades required, such that diminution will not happen.
 - a. Map or plat of the area that the facility is proposed, drawn to scale of at least 1" = 200 or larger.
 - b. Indicate lotting scheme and size.
 - c. Show proposed piping layout with ground elevation (USGS Datum) for:
 - (1) Fire hydrants
 - (2) All junctions
 - (3) Ends of lines
 - (4) High/low points
 - (5) High demand points
 - (6) Proposed method of looping
 - d. List and location of potential maximum number of users with projected average/peak use.
 - e. Projected peak use for users other than residential.
 - f. Engineer and District manager are to present findings and conclusions of engineering analysis to the applicant via meeting or telecommunication.

- _____ 4. Meet with the Commission to discuss the project and request preliminary approval from JSEWD.
- _____ 5. Subsequent to preliminary approval by the Commission, the applicant is to execute an INTERIM AGREEMENT outlining the scope of the project and the necessary improvements.
- _____ 6. Pay the fees listed below when billed, but no later than 30 days after signing interim agreement. Engineering Analysis fee is due regardless of whether or not interim agreement is signed.

\$ 300.00	Administrative
800.00	Legal
<u>750.00</u>	Engineering Analysis
\$1,850.00	

- _____ 7. Obtain a copy of JSEWD Standard Specifications and Details for Waterline Extension. (\$50.00 payable to JSEWD).
- _____ 8. The applicant's licensed professional engineer is to prepare detailed construction plans in accordance with the District Standard Specifications and Details for Waterline Extension and submit same for approval.
- _____ 9. Submit twelve (12) copies of the reviewed and approved construction plans to the District's office along with a completed Kentucky Division of Water (KDOW) application and a check payable to the Kentucky State Treasurer in the amount of \$150.
- _____ 10. The applicant is to forward the name of the selected contractor to the District for concurrence.
- _____ 11. The applicant's engineer is to furnish the descriptions of any required easements to the District's attorney who will prepare easements and acquire signatures.
- _____ 12. The applicant and contractor are to execute the EXTENSION CONTRACT and present a check for fees to cover cost of inspection, testing and acceptance, based on the following:

Inspection	\$3,750/mile
Testing/acceptance	\$ 750.00

- _____ 13. The contractor is to submit shop drawings and complete the construction work.
- _____ 14. Testing and final acceptance of construction.
- _____ 15. The applicant is to execute the DEED OF CONVEYANCE.
- _____ 16. Completion of all items, payment of all fees and formal acceptance by JSEWD warrants turn on of service.

OPTION II
SUMMARY OF COSTS
MAINLINE EXTENSIONS
JESSAMINE SOUTH ELKHORN WATER DISTRICT

COST SCOPE

\$300.00 ADMINISTRATIVE

Bac-T: flush, collect, transport and laboratory fee
Project coordination
Plan processing (receive and forward)
Forward approved plans to:
 KDOW (\$150 check from applicant made payable to KY State
 Treasurer)
 Attorney
 Engineer
 Applicant
Copying and postage
Receive executed contracts from attorney and distribute to:
 Attorney
 Applicant
 Engineer
 District
Bill and collect fees for the extension

\$800.00 LEGAL

Prepare easement(s), obtain signatures and record
Recording fee for easement(s) and deed
Prepare contract, get signatures, return to the District
Communications
Deed of Conveyance, execute and record
Prepare interim agreement

N/C ENGINEERING - PRELIMINARY

Meet with Applicant and District, furnish:
 Line map of area
Discuss extension process
Review and comments for Applicant's plan
Discuss Option I & II

\$750.00 ENGINEERING - ANALYSIS

KY Pipe Hydraulic Analysis
Impact of development
Onsite available flows:
Potable
Fire
Identify necessary offsite improvements
Investigate any alternatives:
Size of mains
Type
Location
Identify project particulars
Present to Commission with applicant
Design review and plan redline
Transmit review approval to the District

\$3,750/mile ENGINEERING - INSPECTION

Shop drawing review
Field check line stake out
Fire hydrants
Centerline of main/crossings
Gate valves
Air release
Meter location
Tie-in inspection
Periodical construction inspection
Punch-list inspection
Flow and flush inspection/coordination

\$750.00 ENGINEERING - TEST/ACCEPTANCE

Chlorination pressure test
Construction acceptance inspection
Certify hydrant flow & records
KDOW certification letter
Check "as-built" plans

DISTRICT CONTRACTOR - TIE-IN

Charge determined at time of Interim Agreement:
End of line - one valve
Main cut-in - three valve

EXTENSION POLICY PROCEDURE JESSAMINE SOUTH ELKHORN WATER DISTRICT

The administrative regulation of the Public Service Commission 807KAR 5:066, Sections 11 (1) and (2) allows for the construction of mainline extensions to the Jessamine South Elkhorn Water District (JSEWD) distribution system. In general, line extensions will be defined by either one of two types. That is, an extension to serve one or more existing residences which generally occur along the existing roadway and extends immediately from the termini of the existing system or, an extension that will be constructed to serve a subdivision development either residential or commercial. The Jessamine South Elkhorn Water District under their approved and adopted Tariff, Rule 26, allows two options for an applicant to complete a waterline extension. Those options are contained in the District's Tariff and are reproduced on the Request for Extension form that an applicant must execute as a first step toward proceeding with a request for an extension.

1. Upon receipt by the District of an inquiry regarding a requested or proposed mainline extension, the District will arrange for the applicant to meet with the District's manager and engineer to review and discuss the proposed extension. **This step must be accomplished prior to submitting the request for extension and the preliminary plat.**
2. The applicant is to complete and submit the Request for Extension packet indicating the option they wish to elect, Option I or Option II, along with a preliminary plat or sketch of the proposed development ten (10) days before the Commission meeting date, which is the first Wednesday of each month.

Prior to the Board of Commissioners consideration of the requested extension, the District's engineer will complete a Hydraulic Analysis to demonstrate the impact that the proposed extension and/or development would have on the existing system. In general, extensions are divided into two general categories of mainline-only or subdivision development. For mainline extensions consisting of service to three or fewer homes, a Hydraulic Analysis should not be required. However, for mainline extensions involving more than three existing or potential services and for all major subdivisions either residential, commercial or professional a detailed Hydraulic Analysis will be required. Hydraulic Analysis is to be completed by the District's engineer and shall utilize the KY PIPE computer model.

3. The applicant shall furnish the following information to be used by JSEWD's engineer to complete a KY PIPE computer analysis of the proposed extension to verify no diminution in existing service or any upgrades required, such that diminution will not happen.
 - a. Map or plat of the area that the facility is proposed, drawn to scale of at least 1" = 200 or larger.
 - b. Indicate lotting scheme and size.
 - c. Show proposed piping layout with ground elevation (USGS Datum) for:
 - (1) Fire hydrants
 - (2) All junctions

- (3) Ends of lines
 - (4) High/low points
 - (5) High demand points
 - (6) Proposed method of looping
- d. List and location of potential maximum number of users with projected average and peak use.
 - e. Projected peak use for users other than residential.
 - f. Engineer and District manager are to present findings and conclusions of engineering analysis to the applicant via meeting or telecommunication.
4. The applicant is to meet with the Board of Commissioners to describe in general the proposed project. Based on the presentation by the applicant and other information furnished, the Board of Commissioners will give a preliminary decision of whether or not they feel that the request is acceptable.
 5. Preliminary approval will be conditioned on the applicant's concurrence of any necessary up-sizing or offsite improvements required to furnish adequate, quality flow and pressure to the project. Preliminary approval shall authorize preparation of an Interim Agreement, outlining in detail the manner, type, size and location of improvements to be made by the applicant. This agreement shall be prepared and executed prior the chairman signing any subdivision plat requirements of Certificates of Availability of Water.
 6. The Applicant shall pay the fees listed below when billed, but no later than 30 days after signing the interim agreement referenced in numerical paragraph five (5) herein, whether or not billed. It is understood that the Engineering Analysis fee is due regardless of whether or not an interim agreement is signed.

\$ 300.00	Administrative
800.00	Legal
750.00	Engineering Analysis
 7. A copy of the District's Standard Specifications and Details for Waterline Extensions may be obtained from the District's office for the payment of a fee of \$50.00.
 8. Applicant shall have their licensed engineer prepare detailed and complete construction plans for the proposed waterline extension. The plans shall be prepared in such a manner as to meet the accepted "Recommended Standards for Water Works" 1992 edition (Ten State Standards) of the engineering profession for public distribution systems and shall include the design details and standards contained herein and /or as contained in the District's Standard Specifications and Details for Waterline Extensions. The applicant's engineer shall include in the set of construction plans a copy of any preliminary plat which has been approved or proposed for approval as well as proposed final plat.

Upon preliminary completion of the plans, the applicant's engineer is to forward three (3) copies of the preliminary construction plans to the District for review by the District's engineer. The District's engineer will review the applicant's construction plans in view of the District's Adopted Policies, Standard Specifications and Details for Waterline Extensions and standards of the industry, and will return one (1) copy to applicant's engineer with comments and notations for correction, if any.

In the completion of the Hydraulic Analysis and the detail design by the applicant's licenced engineer, the following design parameters shall be employed and utilized throughout the project analysis and design.

- a. Design the system to provide fire flow equal to or in excess of 75% of the available flow at the supply point, but not less than 250 gpm throughout the proposed development. Applicant is notified that multiple connections both onsite and/or offsite may be necessary to meet flow requirements, as well as water quality standards.
- b. Utilize peak design flows for fire and potable service at National Accepted Standards and not less than 1 gpm per household for potable and a minimum of 250 gpm at a proposed fire service connection or fire hydrant.
- c. Demonstrate that the proposed development will not diminish quality or quantity of existing customer service.
- d. It is the District's adopted policy that it provide potable water at the highest quality that is obtainable by its present or future system. Therefore, applicant is notified that it is the policy of the District that proposed extensions have no dead-end lines, and proposed systems be looped to existing District main(s). "Lasso looping" is not permitted. Looping shall be done in such a manner to insure flow through all lines and may require offsite connections.
- e. Minimum pipe size throughout the development shall be 6" PVC, Class 200, SDR - 21. Minimum coverage of the installed pipeline shall be 36". There are certain instances where pipes will have to be oversized from this minimum in order to eliminate head loss for some areas that are very near the non-acceptable hydraulic design.
- f. Show required offsite/onsite improvements in order to meet demand flow both potable and fire service, necessary to prevent diminution of service to existing customers.
- g. Gate valves are to be installed on each line at all junctions and inline mainline valves shall not exceed a maximum spacing of 0.5 miles. Fire hydrants are required on all mainline extension at a distance of 500' or 2 lot widths, whichever is greater. Fire hydrants shall be Mueller Centurion 5 1/4 size with 36" cover over the pipe.

- h. All fittings shall be ductile iron, mechanical joint, with a 250 psi rating.
 - i. 1" air-release assemblies are required at all high points in sufficient spacing to supply adequate venting of the pipeline. Air-release assemblies shall be Valmatic Model 38.
 - j. Meters shall be Sensus SR and sized according to the projected demand. The standard meter size for residential use is the 5/8 X 3/4.
 - k. Casing pipe shall be steel and meet the diameter and wall thickness per District's accepted standard, and shall be installed to extend 5' beyond ditch centerline or slope toe, and shall meet all other requirements of the Jessamine Fiscal Court and/or Kentucky Department of Highways.
 - l. Full meter service including the actual meter will be installed for all subdivision lots of less than five (5) acres. Lots of five (5) acres or greater shall not have meter services installed.
9. Upon corrections made by the applicant's engineer, return twelve (12) copies of the reviewed and approved construction plans to the District's office along with a completed Kentucky Division of Water (KDOW) application and a check payable to the Kentucky State Treasurer in the amount of \$150.00. At that time the District is to submit the proposed waterline construction plans to the KDOW, for their review and approval.
10. Applicant is to hire a contractor to complete the work as described by the construction plans and approved waterline extension contract and submit the name, address, and phone number of said contractor to the District for acceptance and approval. Contractor is required to cosign the Standard Extension Contract.
11. The applicant will be required to designate on any plat(s) those easements determined by JSEWD as necessary for the project either now, or in the future. Specific care is to be used in regards to future extension and/or looping.
- If any easement(s) are required which are not covered by a plat, such as those required for offsite looping, then applicant's engineer shall furnish a description and ancillary information to the District's attorney. Information furnished shall be per District's standard procedure and requirements.
- The District's attorney shall prepare any necessary easements and the applicant shall arrange in coordination with the District's attorney for execution by the property owner. The instrument shall then be recorded by the attorney.
12. The District's attorney shall prepare the District's standard extension contract relating to the proposed project for review and execution by applicant. Such contract shall be executed by the applicant and presented to the Commission for acceptance and approval.

Concurrent with execution of the extension contract the applicant shall pay the inspection fee which is calculated at a rate of \$3,750.00 per mile or proportion thereof. In addition a lump sum fee of \$750.00 for testing/acceptance.

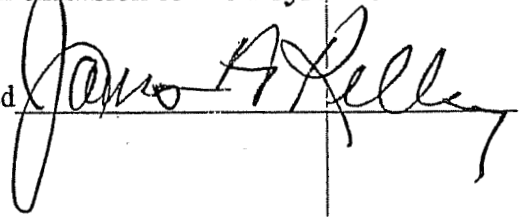
13. Prior to beginning construction, the approved contractor shall submit shop drawings to the applicant's design engineer, who in turn will forward six (6) reviewed copies to the District's engineer for review and approval. The applicant's contractor shall notify the District's office and the District's engineer a minimum of 24 hours before the start of any construction.
14. It is the District's policy that all construction shall be monitored and inspected by District's engineer. The District's engineer has the authority to issue field directives and to require correction of work not meeting the applicant's or District's construction plans and specifications. Should the contractor refuse to abide by correction or changes requested, the District's engineer has the authority to issue a "stop work" order effecting the work ongoing.
15. The contractor shall indemnify and guarantee to the District for a period of one (1) year all workmanship and materials incorporated into the project. The indemnification includes cost of repairs/replacement, loss of revenues and water.
16. The applicant's design engineer will include a specific notation on the construction plans as to the responsibility of applicant's contractor to coordinate the tie-in of the proposed extension with District's maintenance contractor. All system extensions shall be tied to the existing system by the District's maintenance contractor and the full cost of such connection shall be born by the applicant and/or applicant's contractor.
17. The applicant and applicant's contractor are put on notice that no one, other than authorized representatives of the District is to operate any of the District's existing gate valves. At no time will the contractor be allowed to operate or place the proposed system in operation or water flow.
18. At the conclusion of construction, the applicant's contractor shall request a final punch list inspection by the District and District's engineer. Prior to this punchlist inspection, the waterline shall be disinfected, pressure tested and bacteriological test taken all of which shall pass. The disinfecting and testing shall be conducted by KDOW and standard specifications of JSEWD. Bacteriological sampling will be conducted by the District's operator.
19. The District's attorney shall prepare for execution by the applicant a Deed of Conveyance which conveys all rights and interests that the applicant may have in the constructed waterline extension. This Deed of Conveyance will be executed and forwarded to the Board of Commissioners for their approval and acceptance, as well as the as-built documentation as required by the extension contract. Upon completion of these and final punch list inspection, the District's engineer will forward a recommendation to the Commission as to acceptance of the constructed improvements.

20. Upon the applicant meeting all of the requirements as contained in the District's rules, regulations, and/or policies, the Commission will officially accept the improvements and will provide maintenance after the initial one (1) year guaranty period. It is the District's policy that no meter service will be initiated or turned on until all fees are paid and documents and procedures completed.

By execution and signature(s) hereon, I (we) acknowledge and agree to abide by this Procedures and Rules & Regulations and agreements of Jessamine South Elkhorn Water District to allow our requested watermain extension to their system.

Date 04/27/07

Signed

A handwritten signature in black ink, appearing to read "James A. Kelly", is written over a horizontal line. The signature is cursive and somewhat stylized.

INTERIM WATER SERVICE AGREEMENT

THIS AGREEMENT is made and entered into May 2, 2007, by and between FOREST CREEK LLC, of 207 Golf Club Drive, Nicholasville, Kentucky 40356 (hereinafter "FOREST CREEK") and the Jessamine-South Elkhorn Water District, a Kentucky rural water district created under KRS Chapter 74, of 107 South Main Street, Nicholasville, Kentucky 40356 (hereinafter "JSEWD");

WITNESSETH:

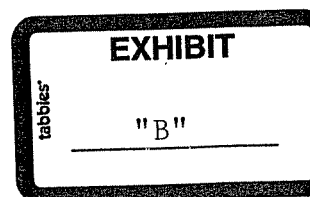
WHEREAS, FOREST CREEK has filed a Request For Extension (attached hereto) with JSEWD relative to a residential development (Forest Brook – 458.60 acres) located at the corner of Murphy's Lane and US 68 in Jessamine County, Kentucky;

WHEREAS, JSEWD has determined that it is feasible to proceed to extend water service to this project based on the results of a hydraulic analysis performed by JSEWD's consulting engineer; and

WHEREAS, FOREST CREEK now desires to obtain JSEWD's signature on the Certificate of Availability of Water on the preliminary plat submitted to the Jessamine County-City of Wilmore Joint Planning Commission for approval;

NOW, THEREFORE, for and in consideration of the mutual covenants between FOREST CREEK and JSEWD contained herein, the parties agree as follows:

1. JSEWD agrees to sign, concurrently herewith or as soon as possible, the Certificate on FOREST CREEK's preliminary plan.
2. FOREST CREEK agrees to pay when billed, but no later than 30 days after even date hereof, \$1,850.00 to JSEWD and agrees to abide by the remaining applicable Rules and Regulations of the JSEWD and its Extension Procedure in the order set forth and in accordance



with the Option II Checklist. FOREST CREEK acknowledges prior receipt of the Procedure and Checklist which were delivered with its copy of the Request for Extension.

3. FOREST CREEK and JSEWD agree that the extension of water service will be carried out in accordance with the waterline sketch attached hereto as Exhibit "A".

4. FOREST CREEK acknowledges that upon the completion and approval by JSEWD of the construction plans for the project, it will execute with JSEWD a more comprehensive agreement that will outline each parties' obligations throughout the remainder of the extension.

5. This writing constitutes the entire agreement thus far between the parties hereto, along with the Request For Extension, superceding all other oral understandings and discussions, and it shall not be changed or supplemented unless done in a writing signed by both parties.

WITNESS the hand of the parties on the date first above written.

Meredith [Signature] 6/6/07
WITNESS

"JSEWD"

[Signature] 6-6-07
CHAIRMAN DATE

Patty Hozeledt 5/2/07
WITNESS

"FOREST CREEK, LLC"

Jeanne W. Keelley 5/2/07
MEMBER DATE

Robert L. Gullette, Jr.

ATTORNEY AT LAW
P.O. BOX 915
Nicholasville, Ky. 40340
(859) 576-1150

December 1, 2010

Mr. Nick Strong, Chairman
Jessamine/South Elkhorn Water District
South Main Street
Nicholasville, Ky. 40356

HAND DELIVERY

In Re: Forest Creek Subdivision

Dear Mr. Strong,

As you are well aware, Forest Creek, LLC has been working with the Jessamine/South Elkhorn Water District for several years in an attempt to finalize the water and sewer services for both its proposed residential subdivision and the Jack Nicklaus Signature Golf Course. These efforts have included the preparation of plans for these systems, the payment of fees and the reimbursement of legal and engineering costs of the District and our attendance at several meetings, including a meeting before the Public Service Commission and meetings at both the office of Horne Engineering and in your offices.

Many months ago, Forest Creek, LLC put the District on notice that it intended to proceed under the option, designated as Option One in your tariff, which would require the District to bid and construct the improvements and would require the developer to pay for said construction. This decision was based on the fact that the developer would be entitled to reimbursement of all or a portion of the cost of the water improvements, as specifically set forth in the aforementioned tariff. This election, on the part of the developer, has been the subject of much discussion at each of the last two District meetings which we attended.

Because many questions remained unanswered for both the District and the developer, I contacted Mr. Bruce Smith last week with a proposal that I thought would assist both sides in a speedy and economical resolution of these issues. I suggested that the District and the developer jointly submit an agreed *Statement of Facts* to the Public Service Commission along with various questions that each would like the PSC to address. I planned to attend today's meeting of the District in order to discuss this proposal to those in attendance.

EXHIBIT

"C"

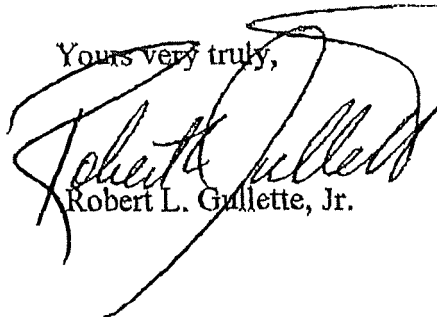
tabbles

Unfortunately, I learned yesterday that Bruce Smith and John Horne had met with the PSC without the developer being afforded an opportunity to participate. I was also advised by Bruce that the District was likely to refuse to honor the developer's request to proceed under Option One, based on the fact that a written request, under Option Two, was evidently signed by Forest Creek at some point in time. Additionally, Bruce advised that the District might move to alter or amend the language of its tariff in order to make Option One less advantageous to the developer. The purpose of this letter is to put all on notice that Forest Creek, LLC will not sit by and allow either to happen without immediately resorting to our legal remedies in this matter.

On behalf of Forest Creek, LLC, I am requesting written verification, by the close of business today, that the District will honor our request to continue under Option One and will apply the current wording of the tariff to the situation at hand. In the absence of such a written verification, Forest Creek, LLC has instructed me to immediately file a declaration of rights lawsuit against the District in the Jessamine Circuit Court. Additionally, since it appears that the District is either unable or unwilling to serve this portion of its territory, we will be requesting the City of Wilmore to seek the permission of the PSC to serve this property with water services that it can easily and economically provide.

Forest Creek, LLC does not desire to pick a fight with the District. It has honored every request of the District and it will continue to do so as long as they are equitable and reasonable. However, a line must be drawn in order to insure that we are treated fairly and the purpose of this letter is to draw said line. If the District would like to address me during today's meeting, I would be happy to appear.

Yours very truly,



Robert L. Gullette, Jr.

cc. Hon. Bruce E. Smith
Mr. John Horne
Public Service Commission
Mayor Harold Rainwater
Mr. Dave Carlstedt