

THIS AGREEMENT, made and entered into this the 30<sup>TH</sup> day of JUNE, 1986, by and between the COMMONWEALTH OF KENTUCKY, acting through its Commerce Cabinet, hereinafter referred to as "Commonwealth", and KENTUCKY-AMERICAN WATER COMPANY, a Kentucky corporation with its principal office at 2300 Richmond Road, Lexington, Kentucky 40502, hereinafter referred to as "Company";

W I T N E S S E T H:

WHEREAS, Toyota Motor Corporation has agreed to construct an automobile manufacturing and assembly plant near Georgetown, Kentucky, and

WHEREAS, Toyota Motor Corporation has requested water service be provided to the facility, and

WHEREAS, Company is willing to provide the requested water service upon the terms and conditions contained herein, and

WHEREAS, it is necessary that Company extend its transmission and distribution system in order to provide the service, and

WHEREAS, Commonwealth has agreed to pay all the costs of the transmission and distribution main extension by Company as provided herein:

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, Commonwealth and Company do hereby agree as follows:

1. Company agrees to render the water service to Toyota Motor Corporation under the terms, conditions, specifications and agreements as contained in the letter dated December 4, 1985, to Honorable Martha Layne Collins and Dr. Shoichiro Toyoda from Kentucky-American Water Company, a copy of which is attached hereto as Exhibit A and incorporated fully herein.
2. Company agrees to install approximately 96,000 feet of 24-inch water transmission and distribution facilities along with appropriate valves, fittings and other devices from its existing facilities located at the intersection of Old Paris Pike and I-75 in Lexington, Kentucky, to the proposed plant site and 5,000 feet of

16-inch water transmission and distribution facilities in Delaplain Road from the proposed plant site to an existing main at Delaplain Road and Triport Road.

3a. Commonwealth agrees to reimburse Company, in the manner described in the addendum attached hereto, the entire costs incurred including easement costs, legal fees, engineering fees, costs of facilities, costs of installation, Company labor and mileage and all other costs associated with the water main extension, currently estimated to be \$5,522,000.

3b. The Commonwealth's payments made under this Agreement shall be deemed to be a deposit subject to possible refunds to be calculated as follows. Only during the first ten years after the completion date of the Toyota main extension (as such completion date is shown on the Company's records), the Company shall refund to the Commonwealth, for each bonafide new customer added (in addition to Toyota, Toyota consumption not being subject to refunds) who takes service through a service line directly connected to the Toyota extension between its original beginning and original terminus (not including, however, connections to further extensions or branches thereof) under a regular contract, an amount equal to three (3) times the Company's estimate of immediate normal annual revenue from such new customer adjusted to reflect the percentage that the Commonwealth's investment in said facilities bears to the total investment in the Toyota project as finally shown on the books and records of Company. Company's estimate of immediate normal annual revenue from all such new customers shall be final and binding on the parties hereto and shall only include consumption from additional service lines connected directly to the Toyota main.

The Toyota project shall include all of the facilities required to service Toyota, i.e., pipeline, booster station and tank with related piping and facilities. As indicated herein, Commonwealth's deposit is expected to be \$5,522,000 and the total investment in the Toyota project by all parties is expected to be \$7,092,000. The refund therefore, as an example, for a new average residential customer would be  $3 \times \$146 \times \underline{5,522} = \$341.04$ .

The total amount of refunds to be made by the Company to the Commonwealth under this or any other section of this Agreement shall not exceed the original deposit, without interest thereon, such deposit being the limit of the Company's obligation for such refunds hereunder, and that all or any part of the deposit not refunded within said ten (10) year period shall become the property of the Company.

4. The easements acquired and to be acquired, all of the facilities used in the construction including, but not limited to, pipes, meters, valves and fittings shall be and will remain the property of Company and shall be devoted to the public use. Company shall have the explicit right to provide service to any and all customers from the facilities to be installed pursuant to this Agreement and shall be obligated to operate and maintain the facilities pursuant to its rules, regulations and rates of the Public Service Commission of the Commonwealth of Kentucky as the same may change from time to time.

5. Commonwealth agrees to use its best efforts to facilitate the acquiring of all appropriate regulatory approvals for the construction contemplated herein.

6. The parties hereto recognize that prior to the execution of this Agreement, and in reliance upon verbal commitments to its execution, Company has incurred costs for the project covered by this Agreement. All costs incurred by Company prior to the date of the execution of this Agreement shall be reimbursed by Commonwealth.

7. The construction shall be done pursuant to the requirements of Company but Commonwealth shall have the right to inspect the work at any and all reasonable times.

8. Commonwealth shall have the right to audit Company's Costs.

9. In the event the automobile manufacturing plant is not built for any reason whatsoever and upon notice to Company, Company will, to the extent feasible and reasonable, immediately stop construction of the facilities required to deliver water service. Then and in that event, Company shall take all appropriate action to minimize the additional expenditure of funds but Commonwealth shall, in any event, reimburse Company for all of its costs.

SEVENTH: It is expressly understood and agreed that if the WATER COMPANY shall be delayed or prevented from installing the Main Extension and other facilities, if any, hereinabove described because of its failure to secure pipe or other construction materials, or because of strikes, unusual delay in transportation, unavoidable casualties or for any other causes beyond its control, such failure or delay in performance shall be excused, provided, however, if such failure or delay in performance shall extend for a period of more than one (1) year from the date hereof, the DEPOSITOR shall have the right to cancel and terminate this Agreement on thirty (30) days written notice to the WATER COMPANY, by registered mail and thereafter both parties shall be relieved of all duties and obligations arising hereunder.

EIGHTH: The parties hereto further agree that no customer now receiving water service from the City of Versailles will be permitted to receive service through a service line directly connected to said extension without the expressed written consent from the City.

NINTH: In addition to the aforescribed covenants and acts, it may also be desired by the parties hereto, for the WATER COMPANY to coordinate the construction of additional facilities for the DEPOSITOR. Then and in that event, such construction will be performed under a separate subsequent Agreement.

TENTH: All service rendered by WATER COMPANY pursuant to this Agreement, or otherwise to DEPOSITOR, shall be subject to the rates, rules and regulations of WATER COMPANY and the PUBLIC SERVICE COMMISSION of the COMMONWEALTH OF KENTUCKY as the same may change from time to time.

2300 Richmond Road  
P.O. Box 7500  
Lexington, Kentucky 40522  
606-269-2386, Ext. 221

ROBERT A. EDENS  
Vice President and General Manager



December 4, 1985

Hon. Martha Layne Collins  
The Governor of the  
Commonwealth of Kentucky  
Capitol Building  
Frankfort, KY 40601

Dr. Shoichiro Toyoda  
President  
Toyota Motor Corporation  
1, Toyota-Cho, Toyota  
Aichi, 471 Japan

Re: Water Service  
Georgetown Site

Dear Governor Collins and Dr. Toyoda:

Should Toyota Motor Corporation, or any affiliate, ("Toyota") decide to locate its automobile manufacturing facility (the "Facility") at the proposed site near Georgetown, in Scott County, Kentucky as shown in yellow on the map attached hereto (the "Georgetown Site"), Kentucky-American Water Company ("Kentucky-American") shall provide, upon the terms and conditions hereinafter set forth, water service to the Facility to be constructed on the Georgetown Site in amounts equal to the following quantities, at a pressure of 70 to 80 PSI under normal operating conditions, and not later than the applicable dates on the following time schedule:

AVERAGE QUANTITY,  
GALLONS PER HOUR

TO BE AVAILABLE NOT LATER THAN  
THE FOLLOWING DATE

(a) 70,000  
(b) 100,000  
(c) 140,000  
(d) 150,000

May 1, 1987  
April 30, 1989  
July 31, 1990  
January 1, 1992

It is estimated that Toyota shall take water at the rates specified above for nine (9) hours per day, every day, from May 1, 1987, until April 30, 1989, and for eighteen (18) hours per day, every day, thereafter.

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Upon receipt of funds by March 1, 1986, equal to the estimated cost of installing the necessary facilities required to deliver water service at the above-described levels, with costs to be adjusted to actual costs by way of additional payment or refund upon completion of installation, Kentucky-American shall provide said facilities including but not limited to pipelines, meters, and valves, and other equipment, not later than May 1, 1987, at a location or locations along the boundary of the Georgetown Site designated by Toyota. It shall not be the obligation of Kentucky-American to secure the funds described in the preceding sentence, nor shall it be the obligation of Kentucky-American to install pipelines and appurtenant facilities within the boundaries of the Georgetown Site. Kentucky-American also agrees that there shall be no "tap-on" or other similar charge to Toyota for the right to connect to Kentucky-American's service facilities, except for those connections necessary to establish private fire protection service to the Facility and the Georgetown Site as required by the rates and tariffs of Kentucky-American filed with and approved by the Public Service Commission of the Commonwealth.

Kentucky-American agrees that it shall supply water service to the Facility and Georgetown Site subject to the conditions of the preceding paragraph at the most advantageous of the rates and other charges as set forth in Kentucky-American's filed standard tariffs applicable to Toyota's service or other standard tariffs hereafter filed, approved and available to customers with volumes of like magnitude and characteristics as all present and future such tariffs may from time to time be in effect.

It is understood and agreed between Kentucky-American and Toyota that Kentucky-American shall use its best efforts to obtain, at its expense, any authorizations or other approvals, including changes or revisions to its tariff and rates as may be required by any state or federal regulatory bodies in order for Kentucky-American to accomplish its obligations hereunder.

Finally, it is also understood and agreed between Kentucky-American and Toyota that time is of the essence with respect to the performance by Kentucky-American of each of its obligations herein and the receipt by Kentucky-American of the funds equal to the estimated cost of installing

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said facilities as mentioned above. The term "Facility" as used herein shall include, but is not limited to, Toyota's equipment, buildings, and other facilities located upon the Georgetown Site which may, in Toyota's sole discretion, require the services of Kentucky-American consistent with the schedule of quantities and dates of availability set forth above.

The foregoing proposal is subject to the receipt by Kentucky-American, in form and substance satisfactory to it, of all required regulatory approvals and the execution by Kentucky-American and Toyota of a definitive agreement embodying the foregoing terms.

Very truly yours,

KENTUCKY-AMERICAN WATER COMPANY

By:



Vice President

Attachments