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AGREEMENT

SEP 25 1995

THIS AGREEMENT, made and entered into this the 11 September, 1995, by and between SCOTT COUNTY, KENTUCKY, a political subdivision of the Commonwealth of Kentucky, Scott County Courthouse, Georgetown, Kentucky 40324, Party of the First Part, and KENTUCKY-AMERICAN WATER COMPANY, a Kentucky corporation, 2300 Richmond Road, Lexington, Kentucky 40502, Party of the Second Part;

PUBLIC SERVICE COMMISSION

WITNESSETH:

WHEREAS, there are areas of Scott County, Kentucky, that do not have potable water available, and

WHEREAS, the Party of the Second Part is able to make potable water service available in some of these areas, and

WHEREAS, it is the desire of the parties hereto to reach an agreement with respect to some of the areas,

NOW, THEREFORE, the parties hereto do hereby agree as follows:

1. This Agreement shall cover the extension of facilities of Kentucky-American Water Company in Scott County, Kentucky, for the provision of general water service in the following areas:

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

Location

Distance

- (1) Rogers Gap/Turkeyfoot Road 5,000 feet
- (2) Finnell Road Extension 2,750 feet
- (3) Finnell Road - Bailey Road 27,325 feet
- (4) Mt. Gilead Road App. 10,000 feet
- (5) Double Culvert Road App. 18,000 feet
- (6) Barkley Road App. 8,000 feet

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PURSUANT TO 807 KAR 5011, SECTION 9(1)

BY: Jordan C. Neal  
FOR THE PUBLIC SERVICE COMMISSION

2. Scott County, Kentucky, will pay to Kentucky-American Water Company 80% of the cost (including material, cost of

construction, engineering cost and easement acquisition cost) of the extension to provide general water service.

3. The payment required from Scott County, Kentucky, for each of the extensions mentioned above may, at the election of the Party of the Second Part, be required in advance of construction or payable ratably during construction at four times, the first of which shall be prior to the start of construction.

4. The Party of the First Part shall not be entitled to any refunds, either from the facilities to be construction or any extension thereof.

5. The Party of the Second Part's contribution of 20% of the cost of each of the projects shall be in lieu of all other statutory, regulatory or tariff requirements.

6. Extensions made pursuant to this Agreement shall be and shall remain the property of the Party of the Second Part.

7. The Party of the First Part agrees to provide all appropriate cooperation and assistance in the securing of the easements necessary for these extensions.

8. Service provided by the Party of the Second Part from the facilities to be installed pursuant hereto shall be in accordance with its rates, rules and regulations as approved by the Public Service Commission and as may be changed from time to time.


WITNESS the signature of Roy W. Mundy II, Vice President and Manager of Kentucky-American Water Company, and George Lusby, Scott County Judge/Executive, authorized by a resolution of the

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
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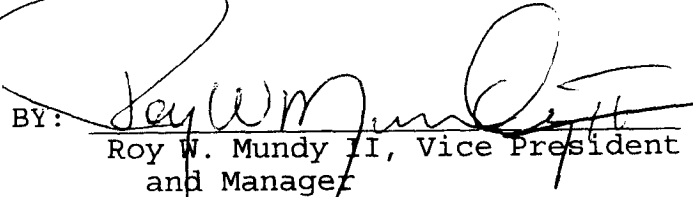
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County Fiscal Court adopted July 3, 1995, this the day and year above written.

SCOTT COUNTY, KENTUCKY

BY:   
George Lusby, Scott County  
Judge/Executive

KENTUCKY-AMERICAN WATER COMPANY

BY:   
Roy W. Mundy II, Vice President  
and Manager

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OF KENTUCKY  
EFFECTIVE

OCT 13 1995

PURSUANT TO 807 KAR 5.011,  
SECTION 9(1)

BY:   
FOR THE PUBLIC SERVICE COMMISSION