

THIS AGREEMENT, made and entered into this the 12th day of November, 2000, by and between Harrison County Water Association, Inc., hereinafter referred to as "Customer", and KENTUCKY-AMERICAN WATER COMPANY, a Kentucky corporation with offices at 2300 Richmond Road, Lexington, Kentucky 40502, hereinafter referred to as "Company",

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W I T N E S S E T H:

PUBLIC SERVICE COMMISSION

WHEREAS, Customer desires to purchase a supply of potable water from Company, and

WHEREAS, Company can meet the specific request of Customer,

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

1. From and after the 20th day of September, 2000, Customer shall have the right to purchase from Company, and Company shall be obligated to sell to Customer, an amount of potable water not to exceed 150,000 gallons in any twenty-four hour period and at a rate not in excess of 150 gallons per minutes. Customer hereby acknowledges that this quantity and flow is adequate for its present and future needs within the term of this contract, as determined and recommended by its consulting engineer.

2. Delivery of the water purchased by Customer and sold by Company shall be at point or points to be determined under the existing rules and regulations of Company as approved by the Public Service Commission of the Commonwealth of Kentucky and as the same may be changed from time to time. The total quantity of water purchased by Customer from all points shall not exceed the limitations of quantity and flow as set forth in the preceding paragraph. Company shall not be responsible for the quality of

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water purchased by Customer past the point or points of actual delivery as determined herein.

3. Customer acknowledges that Company will make an investment for the metering equipment, vault and the approximately 2500 feet of line to connect from metering equipment to Customer's system, and that investment is based upon the estimated water purchases by Customer. This investment, as of the date of this agreement, is estimated to be approximately \$120,000. Customer agrees that it will purchase water at Company's rates in sufficient quantities over the first three (3) years of the term of this contract to equal the Company's actual investment. At the end of each of the first six, six-month periods of this agreement, starting at the beginning of the agreement, Customer agrees to pay to Company an amount equal to the difference between one-sixth of the amount of the Company's investment and the total of the six months' actual water purchases for that period, but only in the event the six months' actual water purchases for that period are less than one-sixth of the Company Investment. Water purchases shall be calculated at the published tariffs of Company as approved by the Public Service Commission of the Commonwealth of Kentucky.

4. Customer shall pay for the quantity of water purchased by it and sold by Company at the approved and published tariffs of Company as the same may change from time to time and as approved by the Public Service Commission of the Commonwealth of Kentucky.

5. Customer must build, maintain and control such storage and transmission facilities as are necessary for it to meet any demands in excess of the quantities of water or rates of delivery herein agreed to be sold by Company. Company reserves the right to install such quantity and flow restrictive devices as will

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physically limit customer to the quantities and flows specified herein.

6. Customer will install, at its sole expense, appropriately approved backflow devices which Customer must certify to Company as approved and which must be inspected by a certified plumber annually and certified in writing to Company as then currently approved and properly working, all at the cost of Customer.

7. In the event any type of water curtailment practice, procedure, regulation or law is utilized by Company or is imposed upon Company, Customer agrees to abide by all recommendations of Company and to institute such regulations, requirements, policies or laws as will restrict its customers in a fashion similar to all customers of the Company.

8. Company shall endeavor to maintain a minimum normal system hydraulic gradient of 1,050 feet at the metered connection for the maximum delivery rate specified in paragraph 1; however, Company's obligation to supply water pursuant to this Agreement is solely an obligation that it shall undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in the supply of water agreed to herein. Company cannot and does not guarantee, covenant or warrant that interruptions and fluctuations will not occur, or that because of emergencies due to breaks, leaks, defects, construction or necessary repair in its facilities, or caused by fires, strikes, acts of God, or other causes, there may not be periods during which the supply of water may be curtailed or interrupted. In the event of such interruptions or fluctuations, no liability of any kind shall be imposed upon Company.

9. In the event all or any part of the waterworks plant and facilities of Company which are used in meeting its obligations

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under this Agreement are acquired by a municipal corporation or any other entity, then and in that event Company shall be relieved of all of its obligations hereunder and, in such event, this Agreement shall be binding upon the municipality or any other entity making such acquisition.

10. It is understood and agreed between Customer and Company that Company does not, by this Agreement, undertake or contract to provide fire protection for those individuals, partnerships and corporations to whom Customer is going to sell water furnished by Company. Customer acknowledges that it is fully aware that if its customers desire fire protection or sufficient quantities of water for fire extinguishment, that it must provide the same by the construction and maintenance of appropriate facilities to render such service and protection.

11. This Agreement shall terminate forty(40) years after the date of execution hereof. Customer shall have the right to extend this Agreement for a term of 30 years beyond the original termination date by notifying Company in writing of its decision to do so prior to six months before the termination date of this Agreement.

12. Pursuant to 807 KAR 5:011(13), Company will file a copy of this executed contract with the Public Service Commission of the Commonwealth of Kentucky.

13. Customer may pledge this contract to Farmers Home Administration to further secure a loan made to improve the water distribution system of Customer.

14. This Agreement constitutes the entire agreement of the parties and all prior conversations and writings are merged herein.

15. This Agreement shall be construed according to the laws of the Commonwealth of Kentucky.

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This Agreement has been executed by the parties hereto, by their appropriate authorized representatives, and a certified copy of the resolutions of the governing authorities of each is attached hereto, in the city of Lexington, Fayette County, Kentucky, on this the 12th day of November, 2000.

HARRISON COUNTY WATER ASSOCIATION, INC.

BY: William R. Toadvine
William R. Toadvine, President

KENTUCKY-AMERICAN WATER COMPANY

BY: James D. [Signature], President

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