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AUG 30 2001

PUBLIC SERVICE
COMMISSION

LINE IMPROVEMENT CONTRACT

Whereas, the Henry County Water District #2 (hereinafter the "District") is a non-profit public utility engaged in providing drinking water for public consumption in Henry, Oldham, Trimble, Shelby and Carroll Counties in the Commonwealth of Kentucky;

And Whereas, the District is regulated by the Kentucky Public Service Commission and State Division of Water;

And Whereas, a need has arisen to dedicate a certain portion of the hydraulic capacity of the water distribution system to allow the development of certain parcels of real estate located near Elmburg in Shelby County, Kentucky ;

And Whereas, said properties are to be developed by the individual named hereinafter who is desirous of having said hydraulic capacity dedicated by the District in order to allow service to the areas to be developed;

And Whereas, it is understood that said hydraulic capacity has resulted from the Magruder-Shipman Line Improvement, a project consisting of approximately 14,000' of six (6) inch line recently installed by the District at a cost of \$114,064.00;

And Whereas, the proposed development has been evaluated by the District's engineers and determined to represent 2.40% of thy hydraulic capacity of said Line Improvement;

NOW THEREFORE, this Line Improvement Contract made and entered into this 23rd day of August, 2001, by and between the Henry County Water District #2, P. O. Box 219, Campbellsburg, Kentucky 40011, and Randolph Angel, 2027 Christianburg Road, Bagdad, Kentucky 40003 (hereinafter the "Developer");

WITNESSETH: that for and in consideration of the mutual promises and covenants set out hereinafter, the parties hereto agree as follows:

1. The Developer shall reimburse the District for 2.40% of the total cost of the Magruder-Shipman Line Improvement, said amount being \$2,737.53. The purpose of this reimbursement is to offset the hydraulic impact of the proposed development on Radcliff Road containing 5 unserved lots, located near Elmburg, in Shelby County,

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 29 2001

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

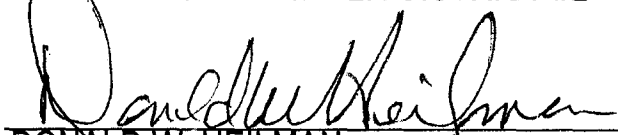
Kentucky..

2. The Magruder-Shipman Line Improvement shall at all times be owned in its entirety by the District. The District shall have the right to extend these facilities without compensation to the Developer or the consent of the Developer.

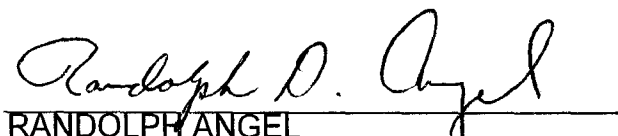
3. It is further understood that no final certification of water availability shall be made by the District until all necessary approvals including approval of this contract are received from the Public Service Commission, the Division of Water and any other necessary and appropriate regulatory agencies, and until the terms of said reimbursement are fulfilled

WITNESS the hands of the undersigned on the date first above written.

HENRY COUNTY WATER DISTRICT #2



DONALD W. HEILMAN
CHIEF OPERATING OFFICER



RANDOLPH ANGEL
2027 CHRISTIANBURG ROAD
BAGDAD, KY 40003

THIS INSTRUMENT PREPARED BY:

D. BERRY BAXTER
ATTORNEY AT LAW
300 EAST MAIN STREET
LAGRANGE, KENTUCKY 40031
(502) 225-0050

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