

Approved by F. H. A.

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PUBLIC SERVICE COMMISSION

TERRITORIAL AGREEMENT

This Territorial Agreement is made and entered into on _____
January 5, _____, 1993, by and between the Shelbyville
Municipal Water and Sewer Commission ("Commission") and West Shelby
Water District of Shelby County, Kentucky ("West Shelby"):

The Commission and West Shelby mutually agree and
covenant as follows:

DEFINITION OF TERMS. For purposes of this Agreement the
following terms shall be defined as follows:

DISTRIBUTION EXTENSION - an addition to a Water
Distribution Main that requires design and approval by
the Division of Water, and which when completed is in
fact a Water Distribution or Transmission Main.

SERVICE EXTENSION - a line that runs from a Distribution
Main to the point of consumption of water, and which
includes a water meter.

1. Except as specifically provided in this agreement, the
Commission shall not make any Distribution or Service Extension
into the area bounded as follows:

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Beginning in the center of the intersection of Highway 55
South and U.S. Highway 60 West, thence with the West
right-of-way of Highway 55 in a southerly direction to
the Southern Railroad tracts, thence in a westerly
direction along the entire north boundary of the Shelby
Business Park, Section 1, thence in a southerly
direction, with the entire western boundary of same, and
thence in an easterly direction with the entire southern
boundary of the Shelby Business Park, Section 1, to the
intersection of the Shelby Business Park and Kentucky
Highway 55 South, thence with the west right-of-way of
Kentucky Highway 55 South to I-64, thence with the center
line of I-64 in a westerly direction to the center line
of Joyes Station Road, thence south with the center line
of said road to its intersection with Brunerstown Road,

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thence in a westerly direction with the center line of Brunerstown Road to its intersection with Simpsonville-Buck Creek Road, thence in a southerly direction with the center line of Simpsonville-Buck Creek Road to its intersection with the Finchville-Clark Station Road, thence in a westerly direction with the center line of Finchville-Clark Station Road to the existing terminating point of the Shelbyville water main on the Finchville-Clark Station Road, thence due south to a point equidistant between Finchville-Clark Station Road and Highway 148, thence in a westerly direction equidistance between Finchville-Clark Station Road and Highway 148 a point due northeast of the existing terminating point of the Commission's distribution line on Highway 148, thence due southwest to the terminating point of the Commission's water main on Highway 148, thence leaving Highway 148 and in a southwesterly direction 2000 feet northwest of and parallel to the center line of Henry Smith Road to a point 2000 feet due north of the present end of Henry Smith Road, thence due south to the Shelby-Spencer County line, thence with the Shelby-Spencer line west to the Jefferson County line, thence with the Jefferson County line north to a point one mile north of U.S. Highway 60, thence along a line running in an easterly direction one mile north of and parallel to U.S. 60 to the intersection of said line with the CSX Railroad southern right-of-way, thence with the southern right-of-way of said railroad in an easterly direction to the existing western City of Shelbyville city limits and the western line of Tract 2 of the Midland Industrial Park Section III, thence with the west and south line of said Midland Industrial Park tract to a point in the northeast corner of the Prentice Lyons property, thence with the east line of Lyons in a southerly direction approximately 3,500 feet to a point in the center of U.S. Highway 60, thence with the center line of said Highway in a westerly direction to the point of beginning.

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FOR THE PUBLIC SERVICE COMMISSION

A. Without making a Distribution Extension, the Commission shall continue to serve those existing customers located in the area bounded as follows: south of I-64, north of Brunerstown Road, west of Joyes Station Road, and east of a line drawn due north from the intersection of Brunerstown Road and the Simpsonville-Buck Creek Road and the Commission may make a Service Extension to any future customer(s) requesting water service in this portion of West Shelby's territory (i) which customer's property fronts on Brunerstown Road, Joyes Station Road, or

Simpsonville-Buck Creek Road and (ii) which customer's point of service (nearest point of water consumption such as a house, barn, etc.) lies within 500 feet of one or more of such roads.

B. The Commission shall continue to serve its existing customers located on Simpsonville-Buck Creek Road and, without making a Distribution Extension, the Commission may make a Service Extension to any future customer requesting water service in West Shelby's territory (i) which customer's property fronts on Simpsonville-Buck Creek Road (south of its intersection with Brunerstown Road) or Finchville Clark Station Road and (ii) which customer's point of service (nearest point of water consumption such as a house, barn, etc.) lies within 500 feet of such road.

C. West Shelby shall provide service to the Commission's existing customers known as Shelby Supply and Jacobi Sales since such customers have consented to service by Shelby.

D. West Shelby shall not make any Distribution Service extensions in Shelby County east or south of the previously described territory.

2. The Commission agrees that, upon West Shelby's relocation of its meter as provided in this paragraph, the revision of West Shelby's territory, and this agreement being approved by all necessary parties, the Commission will immediately transfer to West Shelby the Commission's existing 12-inch water line that intersects with the Commission's 10-inch line on U. S. Hwy. 60 that presently supplies West Shelby at its pumping station. This 12-inch line is more particularly described as the line that runs south from U.S. Hwy. 60 approximately 120 feet to a point on the west side of Hwy.

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55 right-of-way. The Commission will also assign to West Shelby any related easements which are assignable. West Shelby agrees that it will relocate, within 120 days from the date this Agreement is signed by the Commission and West Shelby, its water meter in that area to a point east of the intersection of the aforementioned 12-inch line and the aforementioned 10-inch line. The design and installation of the water meter to its new location described above shall be the responsibility of West Shelby, provided, however, that the Commission shall have the right to approve the design and equipment used in said installation, including but not limited to a backflow preventer, which approval shall not be unreasonably withheld. The Commission agrees to reimburse West Shelby for its actual costs incurred in relocating the water meter as described above, provided, however, that the maximum amount for which the Commission shall reimburse West Shelby for such relocation is \$7,500. West Shelby agrees that the Commission's reimbursement to West Shelby described above shall not be due until the actual costs incurred by West Shelby are documented and provided to the Commission. The Commission and West Shelby agree that the Commission will assume maintenance of the water meter after installation is complete.

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3. The Commission and West Shelby agree that the Commission shall continue to serve the property known as the Shelby Business Park, Section 1 (Lots 1 through 15 as shown on the May 1978 plat) in its entirety.

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BY: *Jordan*
FOR THE PUBLIC SERVICE COMMISSION

4. The Commission and West Shelby agree that West Shelby shall serve the Windhurst development in its entirety, using lines on the West Shelby side of the Brunerstown Road water meter. This

existing metering point located on Brunerstown Road may be relocated to a new point south of where the 12" water line intersects with property lines of the Shelby Business Park and Windhurst Industrial Park. Any expenses of relocation would be at no cost to the Commission. The Commission shall have the right to approve the design, equipment, and installation of the new metering point, which approval shall not be unreasonably withheld.

5. This Territorial Agreement supersedes the existing territorial agreements between the Commission and West Shelby.

6. West Shelby shall continue to have the right to the metering point at or near the Brunerstown Road and Buck Creek-Finchville Road intersection, which metering point was granted to West Shelby in the October 13, 1987 agreement. This metering point, if and when needed, shall be without additional charges to West Shelby other than the full cost of installing the metering point and payment for water purchased pursuant to the Commission's usual rates. The amount of water which West Shelby will be permitted to purchase through this metering point shall be subject to any reasonable restrictions imposed by the Commission due to limitations on the Commission's distribution system in that area.

7. In the event West Shelby is unable or unwilling to make any extension into the aforementioned areas in which the Commission, per this Territorial Agreement has agreed not to extend such service, the Commission, at the written request of West Shelby, will consider extension requests, provided however that no extension will be made by the Commission without the approval of Farmers' Home Mortgage Administration ("FmHA") and without West Shelby changing its service area pursuant to the procedure in KRS

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BY: *James C. [Signature]*
FOR THE POSITION

74.110, to reflect and provide for the Commission's extension of service into such areas.

8. The Commission shall have the responsibility to maintain the existing metering points and the Commission agrees to calibrate all such meters at least once each year and shall report such findings to West Shelby.

9. It is agreed that all provisions in this Agreement are interdependent and inseparable and if for any reason any material portion of the Agreement is held to be invalid or unenforceable, then the entire Agreement shall be null and void.

10. This Agreement shall become effective when (i) it is signed by authorized representatives of the Commission, West Shelby and FmHA, and (ii) West Shelby alters its boundaries pursuant to the procedure in KRS 74.110 so as to delete from the boundaries of the West Shelby Water District all areas in Shelby County not included in the territory description set forth in Paragraph 1 hereof, including those areas to be served by the Commission according to the terms of this agreement. West Shelby shall use its best efforts to obtain FmHA approval and complete the annexation/de-annexation process as soon as possible, but in no event later than one year from the date this agreement is signed by the Commission and West Shelby.

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This 5th day of January, 1993.

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Gene P. Fouts
Gene P. Fouts, witness

Russell T. [Signature]
Authorized Representative of
Shelbyville Municipal Water and Sewer Commission

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FOR THE PUBLIC SERVICE COMMISSION

Wanda Clark
WANDA CLARK, NOTARY
COMMISSION EXPIRES 4-12-93

Ray L. [Signature]
Authorized Representative of
West Shelby Water District

The United States of America, acting by and through the Farmers Home Administration, has no objection to this territorial agreement and concurs in the execution of this agreement by West Shelby and the Commission.

Robert W. Letton
Authorized Representative of FmHA

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