# CASE NUMBER:





KY. PUBLIC SERVICE COMMISSION



AS OF : 12/05/02

CitiPower, L.L.C.

Alternative Rate Filing Adjustment

THE APPLICATION OF CITIPOWER, LLC FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES

.

SEQ NBR		Date	Remarks
1			
2			Application.
3			Acknowledgement letter.
4	(MA)		Order granting request to deviate from 807 KAR 5:076, Section 1.
5	(M)		MOTION TO INTERVENE (E BLACKFORD AG)
6	$(\mathbf{M})$		Order granting motion of the Attorney General for full intervention. AG REQ FOR INFO (AG E BLACKFORD)
7	(M)		
8	(M)		REQUEST TO BE PLACED ON SERVICE LIST (ROBERT BROWN)
9	(M)		Data Request Order, response due 8/17/99.
10	(M)		AGREEMENT TO PROTECT RESPONSE TO AG REQ FOR INFO (ROBERT BROWN CITIPOWER LLC) MOTION TO PROTECT MATERIAL AS CONFIDENTIAL TO AG REQ FOR INFO (CITIPOWER HILL)
11	(M)		MOTION FOR EXTENSION OF TIME TO RESPOND TO PSC REQUEST FOR INFORMATIO (TERESA HILL)
11	(111)	08/20/99	CITIPOWER LLC)
12		08/30/99	Order granting ext. of time until 9/7/99 to respond to 8/3/99 Order.
13			Letter granting 8/9/99 petition for conf. filed on behalf of Citipower, LLC.
14	(M)		RESPONSE TO PSC ORDER OF AUGUST 13,99 (JANE BRYANT LAWSON CITIPOWER)
15	(M)		RESPONSE TO ORDER OF AUGUST 3,99 FOR RATE FILING (JANE LAWSON CITIPOWER LLC)
16	. ,		Data Request Order, response due 11/10/99.
17	(M)		MOTION FOR EXTENSION OF TIME TO RESPOND TO PSC REQ FOR INFORMATION (HILL, CITIPOWER
	```		LLC)
18		11/17/99	Order granting motion; responses to 10/27 Order are now due 11/30/99.
19	(M)	12/01/99	RESPONSE TO PSC ORDER OF OCT 27,99 (HEATHER MCCUE CITIPOWER)
20		01/10/00	Letter to David Brock advising that PSC will set up a review of records soon.
21			Order setting hearing 3/29/2000; staff report, comments due 3/27/2000.
22			Final Order approving rates in Appendix A.
23			Reminder letter sent 5/16, tariff due 5/26.
24	(M)	05/16/00	MOTION FOR EXTENSION OF TIME (TERESA HILL CITIPOWER)
25	(M)	05/24/00	RESPONSE TO ORDER OF MARCH 31,00 APPROVING TARIFF (TERESA HILL CITIPOWER)
26			Order granting ext. of time until 6/1/2000 to file revised tariffs.
27		11/21/02	Final Order approving rates



Paul E. Patton, Governor

Janie A. Miller, Secretary Public Protection and Regulation Cabinet

Thomas M. Dorman Executive Director Public Service Commission COMMONWEALTH OF KENTUCKY PUBLIC SERVICE COMMISSION 211 SOWER BOULEVARD POST OFFICE BOX 615 FRANKFORT, KENTUCKY 40602-0615 www.psc.state.ky.us (502) 564-3940 Fax (502) 564-3460 Martin J. Huelsmann Chairman

> Gary W. Gillis Vice Chairman

Robert E. Spurlin Commissioner

Honorable Elizabeth E. Blackford Assistant Attorney General Office of the Attorney General Utility & Rate Intervention Division 1024 Capital Center Drive Suite 200 Frankfort, KY 40601

# CERTIFICATE OF SERVICE

RE: Case No. 1999-00225 CitiPower, L.L.C.

I, Thomas M. Dorman, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on November 21, 2002.

**Executive Director** 



Paul E. Patton, Governor

Janie A. Miller, Secretary Public Protection and Regulation Cabinet

Thomas M. Dorman Executive Director Public Service Commission

David K. Brock President Ibexco P. O. Box 523 Corbin, KY 40702



COMMONWEALTH OF KENTUCKY PUBLIC SERVICE COMMISSION 211 SOWER BOULEVARD POST OFFICE BOX 615 FRANKFORT, KENTUCKY 40602-0615 www.psc.state.ky.us (502) 564-3940 Fax (502) 564-3460 Martin J. Huelsmann Chairman

> Gary W. Gillis Vice Chairman

Robert E. Spurlin Commissioner

# CERTIFICATE OF SERVICE

RE: Case No. 1999-00225 CitiPower, L.L.C.

I, Thomas M. Dorman, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on November 21, 2002.

**Executive Director** 





COMMONWEALTH OF KENTUCKY PUBLIC SERVICE COMMISSION 211 SOWER BOULEVARD POST OFFICE BOX 615 FRANKFORT, KENTUCKY 40602-0615 www.psc.state.ky.us (502) 564-3940 Fax (502) 564-3460 Martin J. Huelsmann Chairman

> Gary W. Gillis Vice Chairman

Robert E. Spurlin Commissioner

Paul E. Patton, Governor

Janie A. Miller, Secretary Public Protection and Regulation Cabinet

Thomas M. Dorman Executive Director Public Service Commission

Honorable Robert L. Brown III Attorney at Law Citipower, LLC 1005 S. Main Street, Suite 101 Corbin, KY 40701

# CERTIFICATE OF SERVICE

RE: Case No. 1999-00225 CitiPower, L.L.C.

I, Thomas M. Dorman, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on November 21, 2002.

**Executive Director** 





COMMONWEALTH OF KENTUCKY PUBLIC SERVICE COMMISSION 211 SOWER BOULEVARD POST OFFICE BOX 615 FRANKFORT, KENTUCKY 40602-0615 www.psc.state.ky.us (502) 564-3940 Fax (502) 564-3460 Martin J. Huelsmann Chairman

> Gary W. Gillis Vice Chairman

Robert E. Spurlin Commissioner

Paul E. Patton, Governor

Janie A. Miller, Secretary Public Protection and Regulation Cabinet

Thomas M. Dorman Executive Director Public Service Commission

James Curd Manager CitiPower, L.L.C. 2122 Enterprise Road Greensboro, NC 27408

# CERTIFICATE OF SERVICE

RE: Case No. 1999-00225 CitiPower, L.L.C.

I, Thomas M. Dorman, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on November 21, 2002.

**Executive Director** 



Honorable Elizabeth E. Blackford Assistant Attorney General Office of the Attorney General Utility & Rate Intervention Division 1024 Capital Center Drive Suite 200 Frankfort, KY 40601



David K. Brock President Ibexco P. O. Box 523 Corbin, KY 40702



Honorable Robert L. Brown III Attorney at Law Citipower, LLC 1005 S. Main Street, Suite 101 Corbin, KY 40701

James Curd Manager CitiPower, L.L.C. 2122 Enterprise Road Greensboro, NC 27408

# COMMONWEALTH OF KENTUCKY

## BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CITIPOWER, LLC FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES

and

NOTICE OF GAS COST ADJUSTMENT FILING OF ) CITIPOWER, LLC ) CASE NO. 2002-00390

CASE NO.

1999-00225

## ORDER

On March 31, 2000, the Commission issued its Order in Case No. 1999-00225 approving a rate adjustment for Citipower, LLC ("Citipower"). The rate schedule attached as Appendix A to that Order provided that the first .7 Mcf for residential and commercial customers and the first .8 Mcf for industrial and institutional customers be charged at a rate of \$5.00 and the remaining Mcfs be charged at a volumetric rate. However, during a financial examination of Citipower's records for the year ended December 31, 2001, Commission Staff determined that Citipower had interpreted that Order to mean that it should charge a flat rate per Mcf subject to a \$5.00 minimum charge and that, since March 31, 2000, it has billed its customers accordingly. In order to evaluate the reasonableness of Citipower's billing method, the Commission, on its own motion, hereby reopens Case No. 1999-00225.

The Commission's Order in that case provided for further rate adjustments in accordance with the provisions of Citipower's gas cost adjustment ("GCA") clause. The Commission notes that on October 30, 2002 Citipower filed a GCA application

proposing an effective date of December 1, 2002. That application has been docketed as Case No. 2002-00390. The Commission believes that the issues in Case Nos. 1999-00225 and 2002-00390 are inter-related and can be more efficiently and expeditiously addressed through one consolidated proceeding.

#### Case No. 1999-00225

A review of the record in Case No. 1999-00225 indicates that the text included in the appendix to the final Order was based on Citipower's response to Item 11 of the Commission's August 3, 1999 data request, wherein it explained why its billing analysis included no minimum bill revenue. In that response, Citipower included a schedule that represented the usage levels, by customer class, that resulted in customers receiving minimum bills. The schedule identified 0.0 to 0.7 Mcf as the level for residential and commercial customers and 0.0 to 0.8 Mcf as the level for industrial and institutional customers. Based on this response, we understood Citipower to be requesting a rate design that included a minimum bill for the first 0.7 or 0.8 Mcf, depending on customer However, it appears that Citipower's intention was to have a rate design class. consisting of a single volumetric rate as evidenced by the text of its response to that same request, which states that, "[t]he small amount of gas used by customers receiving a minimum bill is not charged for, rather, the \$5.00 recovers administrative costs incurred by Citipower in processing the monthly billing." Consistent with that language, Citipower has been charging all Mcf sales at a flat rate, subject to a \$5.00 minimum charge.

Review of the March 17, 2000 Staff Report issued in that case shows the revenue of \$215,750 produced by Citipower's proposed rates was calculated using Citipower's single rate method of billing rather than the two-step volumetric rate design

-2-

included in Appendix A of the Commission's March 31, 2000 Order. Taking this into consideration, the Commission finds that Citipower's method of billing and its calculation of customers' bills are reasonable and that the text of Citipower's rate tariffs should be modified to more clearly describe its billing method. The appropriate text changes are included in the Appendix to this Order.

#### Case No. 2002-00390

Citipower proposes revised rates to pass on its expected change in gas costs to its customers. Its expected gas cost ("ECG") is \$3.0331 per Mcf, a decrease of 1.69 cents per Mcf from the prior EGC of \$3.05. Citipower set out an actual adjustment ("AA") of 1.46 cents per Mcf to collect under-recovered gas costs from May, June and July 2002. The total AA is \$1.1282 per Mcf, which is an increase of 1.46 cents per Mcf from the previous total AA. This total AA includes a previous quarterly AA that will remain in effect for 36 months. These combined adjustments produce a gas cost adjustment of \$4.1613 per Mcf, 0.23 cent Mcf less than the prior rate of \$4.1636. Citipower did not propose a balance adjustment nor a refund adjustment.

After reviewing the records in both cases and being otherwise sufficiently advised, the Commission finds that the rates set forth in the Appendix to this Order are fair, just, and reasonable, in the public interest, and should be approved for service rendered on and after December 1, 2002.

## IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for service rendered on and after December 1, 2002.

-3-

2. Within 20 days of the date of this Order, Citipower shall file with this Commission its revised tariffs setting out the rates and tariff language changes authorized herein.

Done at Frankfort, Kentucky, this 21st day of November, 2002.

By the Commission

ATTEST:

**Executive Director** 

# APPENDIX

# APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CONSOLIDATED CASE NOS. 2002-00390 AND 1999-00225 DATED November 21, 2002.

The following rates and charges are prescribed for the customers served by Citipower, LLC. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

**Residential and Commercial** 

	Gas Cost Recovery		
	Base Rate	Rate	Total
Volumetric Rate	\$6.4592	\$4.1613	\$10.6205

The volumetric rate will apply to all Mcfs sold, subject to a minimum bill of \$5.00. In those cases where the usage applied to the volumetric rate results in an amount less than \$5.00, the customer will be charged the \$5.00 minimum.

#### Industrial and Institutional

:		Gas Cost Recovery	
. · ·	Base Rate	Rate	Total
Volumetric Rate	\$5.4592	\$4.1613	\$9.6205

The volumetric rate will apply to all Mcfs sold, subject to a minimum bill of \$5.00. In those cases where the usage applied to the volumetric rate results in an amount less than \$5.00, the customer will be charged the \$5.00 minimum.



COMMONWEALTH OF KENTUCKY **PUBLIC SERVICE COMMISSION** 211 SOWER BOULEVARD POST OFFICE BOX 615 FRANKFORT, KY. 40602 (502) 564-3940

May 31, 2000

To: All parties of record

RE: Case No. 1999-225

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

Stephanie Bell Secretary of the Commission

SB/hv Enclosure David K. Brock President Ibexco P. O. Box 523 Corbin, KY 40702

James Curd Manager CitiPower, L.L.C. P. O. Box 1309 12 Courthouse Square Whitley City, KY 42653

Elizabeth Blackford Assistant Attorney General 1024 Capital Center Drive Frankfort, KY 40601

Honorable Robert L. Brown Honorable Teresa J. Hill Counsel for Citipower, LLC 1005 S. Main Street, Suite 101 Corbin, KY 40701

# COMMONWEALTH OF KENTUCKY

# BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CITIPOWER, LLC)FOR AN ADJUSTMENT OF RATES PURSUANT)TO THE ALTERNATIVE RATE FILING PROCEDURE)FOR SMALL UTILITIES)

CASE NO. 99-225

# <u>ORDER</u>

Citipower, LLC ("Citipower"), on May 16, 2000, filed a motion requesting an extension of time to file its revised tariff rates. The Commission's Order dated March 31, 2000 stated that this information was due within 30 days of the date of the Order. Citipower requests Commission approval to file its revised tariff rates on or before June 1, 2000. The Commission, being sufficiently advised, HEREBY ORDERS that this motion is granted and Citipower shall file its revised tariff rates on or before June 1, 2000.

Done at Frankfort, Kentucky, this 31st day of May, 2000.

By the Commission

ATTEST:

as flachen

Executive Director

BROWN & HILL, PLLC attorneys at law 1005 S. Main Street, Suite 101 Corbin, Kentucky 40701

Robert L. Brown III Teresa J. Hill

May 15, 2000



(606) 528-3073

FAX (606) 528-3289

Hon. Martin Huelsman Executive Director Kentucky Public Service Commission P.O. Box 615 Frankfort, Kentucky 40602

RE: Application of Citipower, LLC, Case No. 99-225

Dear Mr. Huelsman:

Enclosed please find a motion for an extension of time in order to file the revised tariff rates for Citipower, LLC, per the Commission's Order dated March 31, 2000. Although the motion asks for an extension through June 1, 2000, we are hopeful that the revision of tariffs can be filed well before that date.

Should you have any questions or comments, please do not hesitate to contact me.

Sincerely, AN

Teresa J. Hill

TJH:bh Enclosures

and the second secon A second secon A second secon A second second

# COMMONWEALTH OF KENTUCKY BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CITIPOWER, ) L. L. C. FOR AN ADJUSTMENT OF ) RATES PURSUANT TO THE ) ALTERNATIVE RATE FILING ) PROCEDURE FOR SMALL UTILITIES )

CASE NO. 99-225

# MOTION FOR EXTENSION OF TIME TO FILE REVISED TARIFF OF CITIPOWER, LLC

Comes now, Citipower, LLC, the Applicant in the above-styled matter, and respectfully requests an extension to June 1, 2000, to file its Revised Tariff in response to the March 31, 2000, Order by the Kentucky Public Service Commission.

Respectfully Submitted,

BROWN & HILL, PLLC 1005 S. Main St., S-101 Corbin, Kentucky 40701 (606) 528-3073 Attorney for Applicant, Citipower, LLC

ALL COMMENDED



# **CERTIFICATE**

I hereby certify that the above and foregoing was on the 15 day of May, 2000, served by mailing the original and true and exact copies of same, all postage prepaid, addressed for delivery to:

Hon. Martin Huelsman Executive Director Kentucky Public Service Commission 730 Schenkel Lane P. O. Box 615 Frankfort, Kentucky 40602

BROWN & HILL, PLLC



COMMONWEALTH OF KENTUCKY **PUBLIC SERVICE COMMISSION** 730 SCHENKEL LANE POST OFFICE BOX 615 FRANKFORT, KENTUCKY 40602 www.psc.state.ky.us (502) 564-3940 Fax (502) 564-3460

Ronald B. McCloud, Secretary Public Protection and Regulation Cabinet

Helen Helton Executive Director Public Service Commission

Paul E. Patton Governor

May 16, 2000

Mr. James Curd Manager CitiPower, L.L.C. P. O. Box 1309 12 Courthouse Square Whitley City, KY 42653

> Re: Case No. 1999-225 Filing Requirements

Dear Mr. High:

The Commission entered its final Order in this case on March 31, 2000 approving certain tariff revisions. The Commission ordered CitiPower, L.L.C. to submit revised tariffs no later than April 30, 2000. To date we have not received these tariffs. They must be filed to fully comply with the Commission's Order. Please submit two cover letters referencing the case number along with the original and three copies of the tariffs within ten days from the date of this letter. Blank tariff forms are enclosed for your convenience.

If you have questions concerning completing the forms, please contact our Tariff Branch at (502) 564-3940, extension 252 or 263.

Sincerely, Jerhad Ber

Stephanie Bell Secretary of the Commission



djw Enclosures

AN EQUAL OPPORTUNITY EMPLOYER M/F/D



COMMONWEALTH OF KENTUCKY **PUBLIC SERVICE COMMISSION** 211 SOWER BOULEVARD POST OFFICE BOX 615 FRANKFORT, KY. 40602 (502) 564-3940

## CERTIFICATE OF SERVICE

RE: Case No. 1999-225 CITIPOWER, L.L.C.

¢

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on March 31, 2000.

See attached parties of record.

Secretary of the Commission

SB/hv Enclosure David K. Brock President Ibexco P. O. Box 523 Corbin, KY. 40702

۸.

James Curd Manager CitiPower, L.L.C. P. O. Box 1309 12 Courthouse Square Whitley City, KY. 42653

Elizabeth Blackford Assistant Attorney General 1024 Capital Center Drive Frankfort, KY. 40601

Honorable Robert L. Brown Honorable Teresa J. Hill Counsel for Citipower, LLC 1005 S. Main Street, Suite 101 Corbin, KY. 40701

# COMMONWEALTH OF KENTUCKY

# BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CITIPOWER, LLC FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES

CASE NO. 99-225

# <u>ORDER</u>

On June 3, 1999, Citipower, LLC ("Citipower") applied for an adjustment of its rates for natural gas distribution services pursuant to 807 KAR 5:076, the Alternative Rate Adjustment Procedure for Small Utilities. Intervention was requested by and granted to the Office of the Attorney General ("AG").

Citipower's proposed rates produced additional annual normalized revenue of \$40,466, an increase of 23 percent over Commission Staff's ("Staff") normalized test period revenue from natural gas distribution services of \$174,796. Staff conducted a limited review of Citipower's test period financial records and issued its report on March 17, 2000, which recommended that the Commission grant Citipower an annual revenue requirement from rates of \$215,262, an increase of \$40,466, or 23 percent, based on rates proposed by Citipower in its application.

The Commission's March 17, 2000 Order requested that all parties submit written comments on the Staff Report within 10 days from the date of the Order. Neither Citipower nor the AG filed a response to the Staff Report recommendations within the prescribed comment period; therefore, the case has been submitted to the Commission for a decision.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings in the Staff Report are reasonable and should be adopted as the Commission's findings and incorporated by reference as if fully set out herein.

2. The rates in Appendix A will produce gross annual natural gas distribution service revenue of \$215,750, including revenues from late payment fees, and are fair, just and reasonable rates for Citipower.

3. In order to assure that Citipower complies with the various recommendations adopted herein in a timely manner, Citipower should file its plan for compliance with the recommendations contained in the Staff Report within 60 days from the issuance of this Order.

4. Citipower should file quarterly reports 45 days after the end of each calendar quarter beginning with the period ending June 30, 2000, to allow the Commission to monitor its compliance with the requirements of this Order. At a minimum, these reports should include a comparative balance sheet, a detailed income statement, and a statement of cash flows.

IT IS THEREFORE ORDERED that:

1. The rates requested by Citipower and recommended by Staff, contained in Appendix A, are approved for service rendered by Citipower on and after the date of this Order.

-2-

2. Citipower shall comply with all instructions set out in Findings 3 and 4 as if they were individually so ordered.

3. Within 30 days of the date of this Order, Citipower shall file with the Commission its revised tariffs setting out the rates approved herein, showing their effective date and that they were issued pursuant to this Order.

Done at Frankfort, Kentucky, this 31st day of March, 2000.

By the Commission

ATTEST:

Deputy Executive Director

# APPENDIX A

# APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-225 DATED MARCH 31, 2000

The following rates and charges are prescribed for the customers in the area served by Citipower, LLC. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

# **Residential**

Minimum Bill: 0 – .7 Mcf Volumetric Rate	\$5.00 8.50			
Commercial				
Minimum Bill: 07 Mcf Volumetric Rate	\$5.00 8.50			
Institutional				
Minimum Bill: 08 Mcf Volumetric Rate	\$5.00 7.50			
Industrial				
Minimum Bill: 08 Mcf Volumetric Rate	\$5.00 7.50			



COMMONWEALTH OF KENTUCKY PUBLIC SERVICE COMMISSION 211 SOWER BOULEVARD POST OFFICE BOX 615 FRANKFORT, KY. 40602 (502) 564-3940

March 17, 2000

To: All parties of record

• .

RE: Case No. 1999-225

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

Ste Secretary of the Commission

SB/sh Enclosure David K. Brock President Ibexco P. O. Box 523 Corbin, KY 40702

James Curd Manager CitiPower, L.L.C. P. O. Box 1309 12 Courthouse Square Whitley City, KY 42653

Elizabeth Blackford Assistant Attorney General 1024 Capital Center Drive Frankfort, KY 40601

Honorable Robert L. Brown Honorable Teresa J. Hill Counsel for Citipower, LLC 1005 S. Main Street, Suite 101 Corbin, KY 40701

# COMMONWEALTH OF KENTUCKY

## BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ALTERNATIVE RATE FILING ) OF CITIPOWER, LLC ) CASE NO. 99-225

# <u>O R D E R</u>

On June 3, 1999, Citipower, LLC ("Citipower") applied for an adjustment of rates pursuant to Administrative Regulation 807 KAR 5:076, the alternative rate filing procedure for small utilities. Having performed a limited financial review of Citipower's operations, Commission Staff has submitted to the Commission a report of its findings and recommendations regarding the proposed rate adjustment. A copy of this report is attached hereto.

IT IS THEREFORE ORDERED that:

1. All parties shall have 10 days from the date of this Order to review the Commission Staff Report and comment upon it.

2. Any party objecting to any finding or recommendation contained in the Commission Staff Report shall file such objections in writing within 10 days of the date of this Order. Parties submitting written objections shall identify each finding and recommendation to which they object and state the basis for their objection.

3. If a party does not submit any objection to the Commission Staff Report within 10 days of the date of this Order, the Commission Staff's findings and recommendations shall be considered accepted by that party. 4. A public hearing on the proposed rate adjustment shall be held in Hearing Room 2 of the Commission's offices at 211 Sower Blvd., Frankfort, Kentucky on March 29, 2000, at 10:00 a.m., Eastern Standard Time.

5. Citipower shall cause to be published in a newspaper of general circulation in the area affected by its proposed rate adjustment, no later than March 22, 2000, notice of the purpose, time, place, and date of the hearing.

6. If no objections to the findings and recommendations of the Commission Staff Report are received within 10 days of the date of this Order, the scheduled hearing in this matter shall be canceled and this matter shall stand submitted to the Commission for decision based upon the existing record.

Done at Frankfort, Kentucky, this 17th day of March, 2000.

By the Commission

ATTEST:

Mc Andre-

# STAFF REPORT

## <u>ON</u>

# CITIPOWER, LLC

# Case No. 99-225

## **Preface**

On June 3, 1999, Citipower, LLC ("Citipower") filed an application for a rate adjustment pursuant to Administrative Regulation 807 KAR 5:076, the Alternative Rate Filing Procedure for Small Utilities ("ARF"). Staff has determined that the amount of increase produced by the proposed rates is \$40,466, which represents a 23 percent increase over revenues from existing rates. In order to meet the minimum filing requirements for an ARF, a utility must have less than 500 customers or less than \$300,000 in gross annual revenues. During 1998, Citipower met the minimum requirements for an ARF filing.

The Commission Staff performed a limited financial review of Citipower's operations for the test year ending December 31, 1998. The Commission's objective was to reduce the need for additional written data requests, and therefore, decrease the expense to the utility. On January 7, 2000, the Commission issued a letter specifying what information would be needed to assist Commission Staff ("Staff") during the field review. John Williams and Katy Finn of the Commission's Division of Financial Analysis performed the field visit on January 24 to 26, 2000, at the business office of Citipower in Whitley City, Kentucky. Dawn McGee of the Division of Financial Analysis performed a review of Citipower's reported revenues at the office of the Commission.

# <u>Scope</u>

The scope of the review was limited to obtaining information to determine that the operating expenses as reported in Citipower's application for the period ending December 31, 1998 were representative of normal operations, and to gather information to evaluate the pro forma adjustments proposed in Citipower's filing. Expenditures charged to test-year operations were reviewed, including any supporting invoices. Insignificant or immaterial discrepancies were not pursued and are not addressed herein.

## Accounting and Record-Keeping Procedures

The company's accounting records and procedures are subject to the requirements established by the Uniform System of Accounts ("USoA") prescribed for natural gas companies in the Code of Federal Regulations ("CFR"), Title 18, Chapter I, Subchapter F, as well as the financial reporting requirements prescribed by the Kentucky Public Service Commission. Several deviations from the USoA and prescribed practices and procedures were disclosed. We have noted the following exceptions:

## Plant Records

Plant records presently maintained by the utility are insufficient to determine the historical cost of utility property, plant and equipment. It is imperative that the cost of plant assets be effectively controlled and accurately accounted for, because of the importance of these costs in determining periodic depreciation charges and as a measure of rate base. Staff recommends that a subsidiary plant ledger be maintained with the accounting records to contain a card or sheet for each unit of property, showing

-2-

details such as description, location, cost, vendor, date of purchase or installation, estimated salvage value, estimated cost of removal rate and method of depreciation, depreciation accumulated to date, and capitalized repairs, replacements, and improvements. Supplementary information to the plant ledger would include documentation of periodic inventories and periodic appraisals of property, plant, and equipment for insurance purposes.

# Unauthorized Amounts Charged

From September 23, 1998 through December 31,1998 Citipower charged hookup fees, and refundable deposits that were not authorized by the Commission. There are no provisions for these charges in its tariff.<sup>1</sup> KRS 278.160 requires that "each utility shall file with the Commission, within such time and in such form as the Commission designates, schedules showing all rates and conditions for service established by it and collected or enforced." Citipower is advised to cease collection of any unauthorized rate or charge until such time as it is approved in its tariff.

# Maintaining Books and Records

Citipower retains the accounting firm of Ernst and Young to prepare its audited financial statements. As of the conclusion of the field review on January 26, 2000, Citipower's 1998 audited financial statements had not been released as "final." Citipower used the calendar year 1998 operating statement information included in the 1998 annual report to the Commission as the test period in this case.

<sup>&</sup>lt;sup>1</sup> The Tariff Filing Of Citipower, L.L.C. Of Whitley City, Kentucky For Furnishing Natural Gas Service In McCreary County, Kentucky, Case No. 97-528, September 23, 1998.

Staff requested supporting documentation that would verify the financial information contained in the filing, yet Citipower was not able to supply sufficient information to reconcile the general ledger accounts to either its "draft" audited financial statements or the annual report to the Commission prior to the field review. Citipower provided a general ledger that did not reconcile with the information in the annual report. Following the field review, Citipower provided a second copy of the general ledger that was not in agreement with the first general ledger. For purposes of this report, Staff used the 1998 annual report to the Commission and the version of the general ledger that was provided prior to Staff's field review. Although some information from 1999 is used in this report, Staff determined that Citipower's 1999 records could not be relied upon as a basis for an updated 1999 test year.

Staff emphasizes the importance of having one general ledger that can be used as support for the financial statements. The general ledgers that were provided to Staff did not reconcile with Citipower's 1998 annual report or its 1998 draft audit report. The general ledger is a permanent organizational record and as such is vital in reporting to regulatory authorities, other federal, state and local authorities, and owners or limited liability members.

## Records Retention

According to the CFR 18, Subchapter F, Section 225.3, Item 10, general and subsidiary ledgers should be retained for at least 50 years, and the trial balance sheets of the general and subsidiary ledgers should be kept for two years. Citipower has not complied with this section of the CFR.

-4-

The CFR 18, Subchapter F, Section 225.2(d)(2) states, "If the media form of the record retained is other than a readable paper copy, then reader and/or printer equipment and related printout programs, if required, shall be provided by the utility for data reference." Section (g) states, "(1) All records created or maintained in a media and a format other than readable entries on paper shall: (i) Be prepared, arranged, classified, identified, and indexed as to permit the subsequent location, examination, and reproduction of the record to a readable media."

Citipower did not produce a complete copy of their supporting/subsidiary ledgers, transaction journals, or other supporting workpapers necessary to trace receipts and disbursements to its general ledgers. In the general ledgers provided to Staff, the transactions were divided into separate accounts for record-keeping purposes. However, the general ledgers did not indicate which accounts these were.

# Governing Statutes and Regulations

The operation of a utility in Kentucky is subject to statutes as provided by the Kentucky Revised Statutes ("KRS") and to regulations as established by the Kentucky Administrative Regulations ("KAR"). The following deviations were disclosed during the review:

#### Issuance or Assumption of Debt by Utility

Citipower obtained an auto loan from the Bank of McCreary County in 1998 without prior approval from the Commission. The auto loan was issued to finance the purchase of a 1996 Toyota Tacoma 4-Wheel Drive Truck. The loan was dated February 10, 1998, has a four-year maturity, a 9.467% interest rate, and a total amount financed of \$18,871. A utility is required by KRS 278.300 to obtain prior approval before

-5-

assuming evidence of indebtedness payable in more than two years from the date of issuance and/or renewing such debt for a period exceeding six years from the date of issuance of the original debt. Prior to the test period, Citipower obtained three additional auto loans that also required Commission approval because of the indebtedness' term to maturity.

## Certificate of Public Convenience and Necessity ("CPCN") for Gas Plant Additions

KRS 278.020(1) requires utilities to seek Commission approval prior to "the construction of any plant, equipment, property or facility for furnishing to the public any of the services enumerated in KRS 278.010." During 1998, Citipower placed in service in excess of \$560,000 of Kentucky jurisdictional natural gas utility plant and equipment. Staff believes that Citipower should have obtained a CPCN for the projects constructed in 1998. Additionally, Citipower has filed no application for Commission approval of a CPCN for any of its planned 1999 capital projects referenced in its application. Staff does not believe the extensions of this scope qualify for treatment as "extensions in the ordinary course of business" under the statute.<sup>2</sup>

# Purchase of McCreary Natural Gas Systems, Inc. ("McCreary") Assets.

Citipower was initially formed to purchase McCreary's assets. The purchase took place on September 26, 1996. Staff requested data or any studies performed to determine the original cost of the assets purchased. Citipower provided McCreary's balance sheet for the year ended December 31, 1995. However, no up-to-date detailed

<sup>&</sup>lt;sup>2</sup> 807 KAR 5:001, Section 9(3), provides that in order to qualify as an extension in the ordinary course of business, said extensions should not "involve sufficient capital outlay to materially affect the existing financial condition of the utility involved, or will not result in increased charges to its customers."

supporting information was provided concerning the cost of the assets to the original purchaser. This information is required by the USoA for use in recording utility plant asset purchases. According to the USoA, all amounts included in the accounts for gas plant acquired as an operating unit or system "shall be stated at the cost incurred by the person who first devoted the property to utility service. All other gas plant shall be included in the accounts at the cost incurred by the utility."<sup>3</sup>

Citipower's acquisition of McCreary's assets should have been accounted for in accordance with the USoA. The amounts included in the gas plant accounts of McCreary should have been recorded on Citipower's books at the cost to the original purchaser. If that amount is not known, it should be estimated. Pursuant to the USoA, the following journal entries should be made to effect the purchase of another utility's assets:

- a. To record the purchase of assets: Acct 102 – Gas Plant Purchased or Sold XXXX Acct 130 – Cash XXXX
  b. To record original cost of plant, estimated if not known: Acct 101 – Gas Plant in Service XXXX
  - Including entries to accounts # to #Acct 104 Gas Plant Leased to OthersXXXXAcct 105 Plant Held for Future UseXXXX

-7-

<sup>&</sup>lt;sup>3</sup> 18 CFR, Chapter 1, Part 201, at Gas Plant Instructions, Section 2(A).
Acct 105.1 – Production Properties Held

	for Future Use	XXXX
	Acct 107 – Construction Work in Progress	XXXX
	Acct 102 – Gas Plant Purchased or Sol	d XXXX
C.	To record accumulated depreciation, deplet	ion and amortization
incurred up to the t	ime of transfer:	
	Acct 102 – Gas Plant Purchased or Sold	XXXX
	Acct 110 – Accumulated Provision for	XXXX
	Depreciation, Depletion and Amortization	n
	of Gas Utility Plant	
d.	Any amount remaining in Account 102, Gas	Plant Purchased or
Sold, should be clo	sed to Account 114, Gas Plant Acquisition Adju	stments ("GPAA"):
	Acct 102 – Gas Plant Purchased or Sold	xxxx
	Acct 114 – Gas Plant Acquisition	
	Adjustment	XXXX
	OR:	
	Acct 114 – Gas Plant Acquisition Adjustment	XXXX
	Acct 102—Gas Plant Purchased or Solo	t
	Sold	XXXX

Pursuant to the USoA, amortization of the GPAA may be recorded in account 425, Miscellaneous Amortization. The amortization period cannot exceed "the remaining useful life of the properties to which such amounts relate."<sup>4</sup> The Commission

<sup>4</sup> 18 Code of Regulations, Chapter 1, Part 201, Section 114.

must approve any exceptions to the amortization period. Citipower made no request for approval of a GPAA.

The USoA provides that if the original cost of the assets is not known, the cost should be estimated. This process would require taking an inventory of the assets purchased in the original transaction with McCreary and determining the estimated cost to construct those assets using acceptable indices and appropriate cost valuation techniques to arrive at the estimate. Staff believes that Citipower should determine whether it could undertake this study with its own personnel or whether it should use a professional consultant to conduct the original cost study. The study should be conducted prior to Citipower's next rate adjustment request. If the study is not completed, Citipower may be subject to having the total investment excluded for ratemaking purposes.

## Staff Recommended Accounting and Rate-Making Adjustments

Citipower presented its test-year operating statement based on its annual report to the Commission for the calendar year 1998. Citipower proposed numerous adjustments to its test-year operations. Based on the review of the proposed adjustments, Staff recommends that none of the requested adjustments be accepted for ratemaking purposes. The adjustments proposed by Citipower were not quantified based on appropriate utility ratemaking methodology, and do not meet the "known and measurable standard." Citipower gave general descriptions of adjustments without explanations any supporting documentation or explanation that is necessary to evaluate the reasonableness of the proposals.<sup>5</sup>

-9-

<sup>&</sup>lt;sup>5</sup> Citipower's response to Item 3.d. of the Commission's August 3, 1999 Order.

Although not accepting any of the adjustments proposed by Citipower, Staff has made adjustments where sufficient information is available from the field review and the public record to make the appropriate adjustment. The Staff's evaluation of the adjustments is discussed below. Schedule I contains a proforma income statement with the allowable adjustments.

#### Normalized Revenues

Citipower proposed normalized jurisdictional revenues of \$132,465 in its application. This amount, reported in Schedule E of the application, consisted of \$128,817 in gas sales revenue, \$3,160 in minimum bill revenue and \$488 in late payment fees. The sales revenue was based on Citipower's retail rates in effect during 1998 and its actual sales volumes for calendar year 1998.

Citipower has been operating as a Local Distribution Company ("LDC") under the Commission's jurisdiction for a limited period of time and it only had two years of financial information on file with the Commission at the time it filed its application. Based on a review of that information, for calendar years 1997 and 1998, as well as Staff's review of additional information for part of 1999, two conclusions can be made. First, Citipower's average Mcf sales per residential customer were less during the 1998 test year than during either 1997 or 1999. Second, Citipower has experienced substantial customer growth, both during 1998 and 1999. Staff's field review found that Citipower had 363 total customers at the end of 1999, an increase of 72% over the 211 customers it had at the end of 1998. Because of the lower per-customer sales during the test year and in recognition of the growth Citipower is experiencing, Staff recommends two adjustments to Citipower's proposed normalized revenues.

-10-

The first adjustment is a sales volume normalization adjustment. For calendar year 1998, especially for the residential class, sales volumes did not appear representative of normal on-going levels. The 1998 per customer usage was lower than in both 1997 and in the first five months of 1999 for which monthly usage data was available. To provide a more representative level of sales, Staff felt it was appropriate to develop weighted average sales volumes based on the information available for 1997, 1998, and the first five months of 1999. This approach produced mixed results; the residential and industrial monthly weighted averages were higher than the 1998 sales while the commercial and institutional monthly weighted averages were lower than the 1998 sales. Given the rather limited amount of historical information available and the fact that residential usage is more temperature sensitive than usage of other customer classes, Staff believes this averaging approach is appropriate. Staff calculated normalized test year revenue of \$124,120 from this information.

The second adjustment is a customer growth adjustment to recognize additional revenue that would have been generated if Citipower had served the 1998 year-end customer level for the entire test period. Using the same weighted average monthly usage per customer as used in the previous adjustment, Staff calculated the revenue that would have been generated based on the 1998 year-end number of customers. This year-end customer adjustment, which is shown in Schedule II, is a standard adjustment made by the Commission in rate cases, produces normalized test year revenues of \$174,796.

## Non-Jurisdictional Revenue and Purchased Gas Expense

During 1998 Citipower sold gas purchased from its affiliated company, Forexco, Inc., to Citizens Gas Utility District ("Citizens Gas"), a natural gas utility district serving Scott and Morgan Counties, Tennessee. These sales for resale totaled \$54,276 for the calendar year 1998. These sales are not subject to the authority of the Kentucky PSC.

The only revenue included in Account 483, Sales for Resale, is revenue derived from Tennessee. Therefore, Staff recommends an adjustment decreasing sales for resale by the entire amount of \$54,276.

The purchased gas expense of \$49,709 related to sales to Citizens Gas on Citipower's application is consistent with the amount reported on the annual report to the Commission. However, since this cost relates to non-jurisdictional (Tennessee) sales the expense should be removed from Citipower's projected revenues and expenses. Accordingly, Staff recommends an adjustment decreasing purchased gas expense by the entire amount of \$49,709.

#### Purchased Gas Expense

Citipower proposed normalized jurisdictional purchased gas expense of \$54,669 based on the 26,788 Mcf purchased in 1998 at an average cost of \$2.0408. Information provided by Citipower during the field review indicates that the test year average cost of \$2.0408 is lower than that expected in the future. However, due to the potential for gas cost fluctuations and the fact that such fluctuations are recoverable through the GCA mechanism, the test year average cost was accepted by Staff.

Staff adjusted the normalized purchased gas expense to reflect the average annual usage volumes used to calculate the normalized revenues. The adjusted

-12-

volume is 28,397 Mcf, which includes a 5% allowance for line loss. Using this approach produces a normalized purchased gas expense of \$57,953.

## Miscellaneous Service Revenues

Citipower included two sub-accounts in its test year-end balance for miscellaneous service revenues: sub-account 488.2, Late Charges Collected, with a balance of \$488; and sub-account 488.3, Hook Up Fees Collected, with a balance of \$25,977. Based upon Staff's review of these accounts, certain charges to customers were erroneously included as revenue.

The Commission approved a change in Citipower's tariff on September 23. 1998. After that tariff change, Citipower could no longer charge a tap fee of \$100 per customer or a refundable customer deposit in the amount of \$200. The previously mentioned account balances were a significant portion of the Hook-Up Fees Collected account. Charges for tap fees should be recorded as contra-assets to the plant accounts being Refundable customer deposits should be recorded in account 235. constructed. Customer Deposits. Charges for service line installation and the extra service line fees should be included in USoA Account 415, Revenues from Merchandising, Jobbing, and Contract Work. If Citipower continues to install service lines to its customers, it should isolate and identify costs associated with those installations and record the costs in account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work. Citipower should also be aware that when the customer pays for distribution line extensions of more than 100 feet, the payment by the customer should be recorded in account 252, Customer Advances for Construction, and refunded according to 807 KAR 5:022, Section 9.

Following is a list of the items and the amounts that Citipower included in Account 488 for the test year 1998:

Account 488---Miscellaneous Service Revenues:

Account 488.2—Late Charges Collected		\$ 488
Account 488.3—Hook up Fees Collected		
A. Additional Audit Adjustment		
-Unearned Well Hook-Up Fees	\$10,000	
B. Customer Deposits		
Before 9/23/98	2,400	
After 9/23/98	800	
Returned Security Deposit	(250)	
C. Service Line Charges	6,500	
D. Extra service line fees	1,097	
E. Non-tariffed Tap Fees		
After 9/23/98	1,200	
F. Non-Recurring Tap Fees	<b>,</b>	
Before 9/23/98	300	
G. Non-Recurring Miscellaneous Charges	3,442	
Total Account 488.3		\$25,689
To adjust for unexplained difference		,,
between annual report and general		
ledger		200
Total Account 488		\$26 177
		<u> </u>

Items A, B, C, and D from the above schedule, totaling \$20,747, should be removed from account 488 because they were initially posted to the wrong account. Item A should be included in Account 238, Other Current and Accrued Liabilities, Item B should be included in Account 235, Customer Deposits, and Items C and D, totaling \$7,597 should be included in Account 415, Revenues from Merchandising, Jobbing, and Contract Work. The \$1,200 in Item E consists of non-tariffed items that were erroneously collected after the September 23, 1998 filing of the new tariff. The new tariff did not include these charges; therefore, they are not allowable. The charges in

Item F of \$300 were excluded because they are non-recurring. The revenues in Item G totaling \$3,442 were not sufficiently explained in the general ledger and Staff was unable to determine the nature of these charges. Consequently, Staff has not included these revenues for ratemaking purposes. Therefore, Staff recommends an adjustment decreasing miscellaneous service revenue by \$25,689 to exclude the above amounts.

The only charge identified in Citipower's records that should be included in miscellaneous service revenues is a late payment fee, which is 10 percent of a customer's bill. In 1998, late fees totaling \$488 were charged to account 488.3 in Citipower's general ledger. This fee is included in Citipower's tariff. Therefore, Citipower's miscellaneous service revenues should be \$488.

Citipower included in Schedule A to its application, in Item II, a \$19,275 increase to other revenue. The notation for the adjustment was "taking into account 70 new customers added." Considering the amounts that Citipower has historically posted to these accounts, the potential customer charges according to the current tariff and Citipower's explanation, Staff finds no basis for including the proposed adjustment.

#### Salaries, Wages and Other Compensation

Citipower proposed six adjustments to salaries, wages and other compensation. First, it proposed an adjustment to increase administrative and general salaries by \$100,000 for 1/3 of the management and office salaries paid by an affiliated company, Forexco, Inc. ("Forexco"), for services performed on behalf of Citipower at Forexco's office in Greensboro, North Carolina. These proposed salaries were for work performed in Greensboro by Forexco employees Daniel Forsberg, H.V. McCue and J.B. Lawson, CPA.<sup>6</sup>

The salary allocated to Citipower for Daniel Forsberg represented "duties customary of President/CEO" in the amount of \$73,600. H.V. McCue's salary allocation to Citipower in the amount of \$8,250 was for "accounting . . . and administrative/clerical" work. J.B. Lawson, CPA's work on behalf of Citipower was for "overseeling] . . . accounting; ... prepar[ing] internal financial statements ... and provid[ing] financial information for management decision-making" in the amount of \$18,150. Staff finds the allocations for Ms. McCue and Ms. Lawson reasonable. These Forexco employees' salary allocations to Citipower are 50 percent to customer accounting and collecting and 50 percent to administrative and general salaries and wages. However, due to other forms of compensation to Mr. Forsberg and the lack of a better description of the services he performed, the allocation of pay by Forexco is not considered reasonable and has been excluded by Staff for ratemaking purposes. Citipower's response to Item 4.A. of the July 16, 1999 AG data request said the adjustment for Mr. Forsberg's salary allocation was in error.<sup>7</sup> Staff agrees that the explanation of work he performed is insufficient support to allocate affiliated company expenses for recovery of his services from Citipower's ratepayers.

<sup>&</sup>lt;sup>6</sup> Citipower's response to Item 4 of the Attorney General's ("AG") July 16, 1999 data request.

<sup>&</sup>lt;sup>7</sup> The proposed adjustment allocating part of Mr. Forsberg's Forexco salary to Citipower was eliminated in Citipower's response to Item 3.d. of the Commission's August 3, 1999 Order.

During the test year, Citipower reported total officers compensation and consulting expense of \$251,840. Citipower proposed adjustments to wages and salaries to decrease officer's compensation and consulting expense by \$50,000, and to reduce commissions by \$10,000. Citipower's only explanation for the adjustments was "based on investments sold." These accounts included only non-cash compensation that was offered to officers in exchange for raising equity capital from investors in Citipower. In regard to the non-cash officer's compensation and consulting expense, Citipower stated its "management does not ... believe it is appropriate to include such items in Citipower's rate base."8 However, Citipower made no adjustment to exclude the proposed officer's compensation and consulting expense in its revenue requirement calculation. Staff agrees that the non-cash compensation for raising equity capital should not be included in operating expenses recoverable from ratepayers. Staff recommends a decrease to administrative and general salaries for the entire officer's compensation and consulting expense in the amount of \$251,840. For the same reason, Staff recommends that the non-cash commissions of \$25,774 that were included in administrative and general salaries be excluded from operating expenses.

Total salaries and wages paid, according to Citipower's general ledger in the amount of \$176,761 during the 1998 test year, were included in administrative and general salaries, account 920. According to payroll records maintained by a computerized payroll service for Citipower, the total salaries and wages paid by Citipower during the test period totaled \$175,569. Accordingly, Staff recommends a

<sup>&</sup>lt;sup>8</sup> Citipower's response to Item 7 of the Commission's August 3, 1999 Order.

decrease to administrative and general salaries of \$1,192 to balance with subsidiary payroll records.

Citipower proposed a \$20,005 adjustment to decrease by one-third the salaries and wages of the operations manager and the office manager/bookkeeper in Whitley City, Kentucky for services that they provided to Forexco, an affiliate of Citipower with gas production operations in Kentucky. Staff recomputed this adjustment to be a \$26,805 decrease in administrative and general salaries.<sup>9</sup> The difference is \$6,800.

According to its response to Item 12 of the Commission's October 27, 1999 Order, Citipower provided laborers to perform well hook-up and reclamation work. The estimated total cost of this work during the test year was \$5,240. There is no evidence that this work relates to the Kentucky PSC jurisdictional operations of Citipower. Any cost of this nature that is related to the production of gas to sell in the interstate market should not be included in the revenue requirements of Citipower. Therefore, Staff recommends that this amount be excluded from administrative and general salaries for ratemaking purposes.

After its pipeline and distribution system expansion was completed in June 1999, Citipower reduced its workforce. The employees remaining are the operations manager, office manager, a part-time office assistant, and two laborers. Staff normalized the salaries of the operations manager, office manager, and office assistant based on 1998 hours worked and rates effective at the time of the field review. The two

<sup>&</sup>lt;sup>9</sup> According to its response to Item 12 of the Commission's October 27, 1999 Order, Citipower's "allocations for James Curd and Janice Ross . . . [are] one-third allocation of each employee's salary based on an estimate of hours spent providing services for Forexco, Inc."

remaining laborers' wages were normalized using a 2,080-hour work year and actual hours of overtime as worked in 1998. The salaries and wages of the other laborers employed during 1998 were considered to be allocated to construction during the test year. Thus, Staff has decreased operating expenses by \$56,934 for non-recurring expenses related to construction labor.

After allocating one-third of the operations manager's and office manager's salaries to Forexco, the remainder of their salaries was allocated between distribution supervision, customer accounting and collecting, and administrative and general salaries. The office assistant's wages were allocated 100 percent to customer accounting and collecting.

Citipower's laborers' normalized salaries are allocated 75 percent to Account 761, Distribution Mains and Services Labor, and 25 percent to Account 901, Customer Meter Reading Labor. In normalizing these laborers' wages, Staff increased administrative and general wages (Citipower's direct wages) and operating expenses by \$11,227. Schedule V contains an allocation of normalized salaries which explains how these salaries are allocated to the various expense accounts.

Additionally, in its 1998 annual report to the Commission, Citipower included amounts in the salaries and wages Account 761, Distribution Mains and Services Labor in the amount of \$8,063, and Account 902, Customer Accounting and Collecting Labor in the amount of \$14,713. Staff found no support for these amounts in Citipower's records and accordingly, operating expenses are being adjusted to decrease these account balances in the amounts of \$8,063 and \$14,713, respectively.

-19-

Citipower proposed two additional adjustments to wages and salaries. One was to increase contract labor by \$10,400 to hire an individual to perform easement work. Because Citipower is recording the costs of obtaining easements as capital expenditures, Staff does not find support for including these expenses as operating expenses subject to rate recovery. Also, Citipower proposed an additional cost increase for marketing salaries, "to promote new customer hook-ups."<sup>10</sup> Citipower did not demonstrate by its explanation that this new position is required to provide gas service to the customers of Citipower. Therefore, Staff has not included this proposed adjustment as a recoverable operating expense from Citipower's ratepayers.

A summary of the salary and wages adju	ustments made by Staff is as follows:
----------------------------------------	---------------------------------------

Acct. No. & Title / Narrative Per 1998	Total Salaries & Wages	Acct. 920, Admin. & General	Acct. 760, Distr. Supr.	Acct. 761, Distr. Labor	Acct. 901, Meter Reading	Acct. 902, Acctg. & Collecting
Annual Report	\$477,151	\$454,375	\$ -0-	\$8,063	\$ -0-	\$14,713
Forexco Work for Citipower	26,400	13,200				13,200
Non-cash Salaries & Comp.	(277,614)	(277,614)				
Subsidiary Record Difference	(1,192)	(1,192)				
Citipower Admin. & Labor for Forexco	(26,805) (5,240)	(26,805) (5,240)				
Non- Recurring Labor	(56,934)	(56,934)				

<sup>&</sup>lt;sup>10</sup> Citipower's response to Item 3.d. of the Commission's August 3, 1999 Order.

Normalize Laborers' Wages	11,227	11,227				
Eliminate Amounts Not Supported	(22,776)			(8,063)		(14,713)
Reclassify to Various Accounts	<u>-0-</u>	<u>(71,007)</u>	<u>20,773</u>	<u>27,485</u>	<u>9,161</u>	<u>13,588</u>
Staff Adjusted Balances	<u>\$124,217</u>	<u>\$40,010</u>	<u>\$20,773</u>	<u>\$27,485</u>	<u>\$9,161</u>	<u>\$26,788</u>

# Taxes Other Than Income Taxes

Taxes other than income taxes should include employer payroll taxes, the PSC assessment fee, licenses (representing other taxes) and property taxes. Staff recomputed employer payroll taxes based on normalized employees and salaries and

wages as follows:

Total Adjusted Test Year Salaries and Wages\$124,217FICA and OASDI tax rate7.65%FICA and OASDI taxes – employer portion computed	\$ 9,503
State Unemployment ("SUI") wages subject to tax\$ 32,000SUI tax rate3.00%SUI tax computed on applicable employee wage limit	\$ 960
Federal Unemployment ("FUTA") wages subject to tax\$ 28,000 FUTA tax rate <u>0.80%</u> FUTA tax computed on applicable employee wage limit SUBTOTAL	<u>\$224</u> \$10,687
Amount reported on annual report to the Commission	\$ (14,376)
Retail Sales Revenues (as normalized) subjectto PSC assessment feeRate of 1.667 per \$1,000 revenue(X) 1.667(÷) 1,000	
PSC assessment fee computed Amount reported on annual report to the Commission	\$  292 \$( 216)

Licenses included in sub-account 928.2 per general ledger	513
Property taxes substantiated on Citipower's general ledger	\$    -0- \$ (  1,152)
Property taxes reported on annual report to the Commission	<u>\$ (1,152)</u>
Staff adjustment to test year balance, taxes other than income tax	\$ (4,252)
Test year balance reported on the annual report	\$ 15,744
Staff Adjusted Test Year Balance	<u>\$ 11,492</u>

#### Injuries and Damages

Citpower's injuries and damages account balance of \$16,350 included employee health, dental and life insurance premiums totaling \$11,556 that should have been posted to Account 926, Employees' Pension and Benefits. The \$16,350 balance also included \$207 that Staff was unable to trace to Citipower's general ledger.

Citipower proposed a \$1,481 increase to injuries and damages for workers compensation. This was based on a December 1998 workers compensation audit by Kentucky Employers' Mutual Insurance. Staff has not accepted this adjustment as proposed due to the reduction of the salaries and wages accounts addressed in the salaries and wages section of this report. A computation of Citipower's workers compensation premium based on normalized wages is provided below. The calculation is based on the workers compensation rates on Citipower's January 1, 2000 invoice from Kentucky Employers' Mutual Insurance. Staff's calculation assumes Kentucky workers compensation rates for Citipower's employees located in Kentucky. In allocating wages to Forexco, Staff has not calculated the difference in wages caused by the differing workers compensation rates in Kentucky and North Carolina because the result would be inconsequential.

Base Premium Calculation: Total office employees' class salaries\$ 25,660 x .0038 x .0038 Base Premium on office employees' class\$ 98Total employees' class salaries for natural gas Local distributing, drivers, etc.\$ 98,557 Rate per \$100 of compensation \$4.11 x .0411\$ 4,051 \$ 118 \$ 118 \$ 4,267 \$ ase Premium calculatedBase Premium calculated Subtotal Subtotal\$ 4,051 \$ 140 \$ 3,767 \$ 339 \$ taff computed workers compensation policy premiumLess: Account no. 925 balance per annual report Staff recommended adjustment to injuries and damages\$ 16,350 \$ (12,244)	Adjusted Total Citipower Salaries and Wages	\$124,217		
Local distributing, drivers, etc.\$ 98,557Rate per \$100 of compensation \$4.11x .0411Base Premium on employees' class for naturalGas local distributing, drivers, etc.Premium portion\$ 118Base Premium calculated\$ 4,267Rate Adjustment Factor\$ (640)Expense Constant\$ 140Subtotal\$ 3,767Kentucky Special Fund Assessment of 9%\$ 339Staff computed workers compensation policy premium\$ 16,350	Total office employees' class salaries Rate per \$100 of compensation \$0.38	•	\$	98
Local distributing, drivers, etc.\$ 98,557Rate per \$100 of compensation \$4.11x .0411Base Premium on employees' class for naturalGas local distributing, drivers, etc.Premium portion\$ 118Base Premium calculated\$ 4,267Rate Adjustment Factor\$ (640)Expense Constant\$ 140Subtotal\$ 3,767Kentucky Special Fund Assessment of 9%\$ 339Staff computed workers compensation policy premium\$ 16,350	Total employees' class salaries for natural gas			
Rate per \$100 of compensation \$4.11x .0411Base Premium on employees' class for natural Gas local distributing, drivers, etc.\$ 4,051Premium portion\$ 118Base Premium calculated\$ 4,267Rate Adjustment Factor\$ (640)Expense Constant Subtotal\$ 140Subtotal\$ 3,767Kentucky Special Fund Assessment of 9%\$ 339Staff computed workers compensation policy premium\$ 4,106Less: Account no. 925 balance per annual report\$ 16,350	-	\$ 98,557		
Base Premium on employees' class for natural Gas local distributing, drivers, etc.\$ 4,051Premium portion\$ 118Base Premium calculated\$ 4,267Rate Adjustment Factor\$ (640)Expense Constant Subtotal\$ 140Subtotal\$ 3,767Kentucky Special Fund Assessment of 9% Staff computed workers compensation policy premium\$ 4,106Less: Account no. 925 balance per annual report\$ 16,350	•	<u>x .0411</u>		
Premium portion\$ 118Base Premium calculated\$ 4,267Rate Adjustment Factor\$ (640)Expense Constant\$ 140Subtotal\$ 3,767Kentucky Special Fund Assessment of 9%\$ 339Staff computed workers compensation policy premium\$ 4,106Less: Account no. 925 balance per annual report\$ 16,350				
Expense Constant\$ 140Subtotal\$ 3,767Kentucky Special Fund Assessment of 9%\$ 339Staff computed workers compensation policy premium\$ 4,106Less: Account no. 925 balance per annual report\$ 16,350			\$	4,051
Expense Constant\$ 140Subtotal\$ 3,767Kentucky Special Fund Assessment of 9%\$ 339Staff computed workers compensation policy premium\$ 4,106Less: Account no. 925 balance per annual report\$ 16,350	Premium portion		<u>\$</u>	<u>118</u>
Expense Constant\$ 140Subtotal\$ 3,767Kentucky Special Fund Assessment of 9%\$ 339Staff computed workers compensation policy premium\$ 4,106Less: Account no. 925 balance per annual report\$ 16,350	Base Premium calculated		\$	4,267
Kentucky Special Fund Assessment of 9%\$ 339Staff computed workers compensation policy premium\$ 4,106Less: Account no. 925 balance per annual report\$ 16,350	Rate Adjustment Factor		\$	(640)
Kentucky Special Fund Assessment of 9%\$ 339Staff computed workers compensation policy premium\$ 4,106Less: Account no. 925 balance per annual report\$ 16,350	Expense Constant		<u>\$</u>	140
Staff computed workers compensation policy premium\$ 4,106Less: Account no. 925 balance per annual report\$ 16,350	Subtotal			3,767
Less: Account no. 925 balance per annual report <u>\$ 16,350</u>	Kentucky Special Fund Assessment of 9%		<u>\$</u>	<u>339</u>
	Staff computed workers compensation policy p	remium	\$	4,106
$-\frac{1}{2}$			\$ \$	<u>16,350</u> (12,244)

#### **Employee Pensions and Benefits**

Citipower included \$3,795 in Account 926, Employee Pensions and Benefits in its 1998 annual report. Citipower has a simplified employee pension plan ("SEP") for its employees. For each employee participating in the plan, Citipower matches up to three percent of an employee's salaries or wages when the employee contributes three percent or more of his/her salary or wages. Staff has calculated the adjusted cost for Citipower's SEP, taking into account the number of employees at the time of the field review, their normalized salaries, and each individual level of participation.

As previously discussed, Citipower did not include employee insurance benefits in the Employee Pensions and Benefits account. Instead, Citipower erroneously included these expenses in Account 925, Injuries and Damages. As shown below, Staff has computed the adjusted employee insurance benefit expenses based on the present

level of personnel and the current policy premium costs reflected on recent invoices.

<u>SEP Pension Expense</u> : Employees contributions for the test year Employer matching rate Citipower SEP pension expense computed	\$ 98,720 <u>3.00%</u>	\$ 2,961
Employee Health, Dental and Life Insurance: Monthly health ins. premium per employee Monthly dental ins. premium per employee Total monthly premiums Total Citipower employees at time of review Total health & dental premiums Times the number of months in a year	\$ 106 <u>\$ 19</u> \$ 125 <u>4</u> \$ 500 x 12	
Annualized health & dental ins. expense Life insurance provided operations manager		\$    6,000 \$       547
Citipower employee benefit expense computed	l	\$ 6,547
Staff computed adjusted balance	<b>a</b> l	\$ 9,508 \$ 2,705
Less: 1998-account no. 926 balance per annu	•	<u>\$ 3,795</u> \$ 5,713
Staff adjustment to employees pensions & ben	CIIIS	<u>\$    5,713</u>

# Customer Installation Expenses, Maintenance of Meters, and Other Plant

In its annual report to the Commission, Accounts 764, 768 and 769 contained expenses described on Citipower's general ledger as materials, labor and "new customer hook-ups and customer repairs and maintenance."

The annual report balance for Account 769, Maintenance of Other Plant, included one unsubstantiated audit adjustment from the general ledger that increased the account by \$32,883. The description was "to correct PPE [property, plant and equipment]." Citipower was asked to provide its auditor's workpapers, but only provided a trial balance and adjustments, without any other supporting documentation. Consequently, there is no explanation available for the \$32,883 adjustment. Another transaction included in this account was to "B.K.R. Well Service Company" in the amount of \$1,540. This transaction was a portion of a split invoice with additions to gas

plant and equipment, with no allocations noted on the invoice and no explanation of what the \$1,540 represented. Staff has excluded these items for ratemaking purposes.

Citipower's sub-category of customer hook-up expense appeared to be included in Account 764, Customer Installation Expense on the annual report in the amount of \$14,998. Many of the vendors listed on the general ledger are the same as those providing construction services. Several of Citipower's invoices do not provide an allocation by account number of items purchased. Notation of the accounts to which invoices are charged should be provided on the invoice and/or the check voucher in order to distinguish expense items from capital items. Citipower did not provide any form of transaction journal or any other ledgers that would show the accounts to which the costs were posted in the general ledger. Based on the above explanations, Staff recommends that the \$14,998 in Account 764, Customer Installation Expenses, be removed from operating expenses and added to the gas plant and equipment account 381 as a depreciable asset. Staff could not locate any support on Citipower's general ledger for the \$1,950 included on its annual report to the Commission included in Account 768, Maintenance of Other Meters. Since no support could be found for the \$1,950 Citipower included on the annual report in the Account 768, Maintenance of Meters, Staff recommends this amount be disallowed from operating expenses for ratemaking purposes.

Staff recommends that the entire balance of \$34,693 in Account 769, Maintenance of Other Plant, be removed from operating expenses and reclassified as gas plant and equipment. Lacking better documentation, this reclassification to gas plant and equipment should be allocated between Kentucky jurisdictional assets and

-25-

non-jurisdictional assets placed in service during 1998. These adjustments bring Staff's recommendation for total reductions to operating expenses from these accounts to \$51,641. Depreciation for the cost reclassifications will be addressed later in this Staff Report.

## **Uncollectible Accounts**

Staff has computed an adjustment to Account 904, Uncollectible Accounts, based on Citipower's 1998 uncollectible rate of \$72 divided by \$131,288, or 0.0548 percent. Normally, Staff requires three or five years of data for an adjustment of this nature. However, because Citipower has not been subject to Commission regulation that long, the 1998 data is reasonable.

Retail Sales Revenues (as normalized) subject			
Applied to uncollectible experience rate	\$174,796		
Rate of 0.05%	<u>(X) .0548%</u>		
Uncollectible accounts computed		\$	c <b>96</b>
Amount reported on annual report to the Commission		<u>\$ (</u>	<u>    72)</u>
Staff recommended adjustment		<u>\$</u>	24

# **Outside Services Employed**

Citipower reported \$77,673 in Account 923, Outside Services Employed. Citipower proposed to reduce its account to reflect a \$5,000 decrease in engineering costs and a \$15,000 decrease in legal costs.

Invoices for legal expenses incurred with the Law Offices of Robert L. Brown, III during 1998, as well as the response (Schedule A) to Item 1 of the AG's July 16, 1999 data request showed charges for direct work on utility business research, assistance with interpreting Kentucky employment statutes, the preparation of an employee handbook of company employment policies, communication with Commission Staff, research on statutory and regulatory requirements, preparation of responses to Commission Orders, revisions to tariffs submitted in Citipower's initial tariff filing case, and communications regarding future service to the planned federal prison. These readily identifiable legal expenses have been included for ratemaking purposes. Many of the invoice descriptions included discussions with politicians, discussions about state legislative bills, discussions with localities where Citipower has no franchise to serve the public (i.e., Monticello), extensive work on leases, easements, wells and well operations, and the conduct of business in Tennessee. These kinds of charges are not included for ratemaking purposes by Staff because they are either unrelated to Citipower utility business operations or are unrelated to jurisdictional operations. A significant portion of these bills appears to be related to legal work for Forexco (e.g., discussions with localities where Citipower has no franchise to do business, work on leases, easements, wells and well operations). In instances where professional services are performed for affiliated companies, the services should be billed directly to the company for which the service is performed.

In regard to the remaining legal services, a legal claim of settlement in the amount of \$7,405 was unexplained.<sup>11</sup> Also, \$20,000 of charges by Peter D.W. Heberling were for services in connection with Citipower raising equity capital.<sup>12</sup> Both of these are non-recurring charges. Additionally, Heberling's service is a cost of equity funding, not an operating expense. As such, both costs are disallowed for ratemaking purposes.

<sup>&</sup>lt;sup>11</sup> Citipower's response to Item 1 of the Attorney General's ("AG") July 16, 1999 data request.

<sup>&</sup>lt;sup>12</sup> <u>Id.</u>

The accounting, tax and payroll services that are allowed for rate-making purposes according to the table below are amounts that are supported in Citipower's general ledger. Invoices in support of engineering services were not provided for Staff review and are not supported in Citipower's general ledger; thus the expense has not been included for ratemaking purposes.

Following is a table of the outside services employed expenses that have been included and excluded for ratemaking purposes.

		Allowed for Rate	Disallowed for Rate
Sub-categories	Totals	Recovery	Recovery
Acctg., tax &	٤		
payroll services	\$ 5,118	\$ 4,008	\$ 1,110
Legal – Brown Law			
Offices	\$ 30,878	\$ 10,412	\$ 20,465
Legal – Akin,			
Gump, Strauss	\$ 2,389	\$ 2,389	\$ -0-
Legal – Peter D.W.			
Heberling	\$ 20,000	\$ -0-	\$ 20,000
Legal – Claim			
Settlement	\$ 7,405	\$ -0-	\$ 7,405
Engineering fees	<u>\$ 11,883</u>	<u>\$ -0-</u>	<u>\$ 11,883</u>
Totals	<u>\$ 77,673</u>	<u>\$ 16,809</u>	<u>\$ 60,864</u>

#### Property Insurance

On its 1998 annual report to the Commission in Account 924, Property Insurance, Citipower reported a balance of \$7,642. According to Citipower's most recent invoices, it has annual premiums for general liability and umbrella policies totaling \$8,354. Therefore, Staff recommends an adjustment to increase operating expenses for the property insurance adjusted balance in the amount of \$712.

#### <u>Rents</u>

Citipower reported no Account 931, Rents, on its 1998 annual report to the Commission. Citipower included in Account 930.1, Miscellaneous General Expense, a total of \$6,000 for storage rental. Because the majority of the pipeline and distribution system construction ceased in June 1999, management is no longer renting the storage space. A smaller unit was rented at \$150 per month or \$1,800 annually for supplies and equipment storage. Staff has included the \$1,800 annual rental expense in Account 931, Rents.

As part of its purchase of McCreary Gas, Citipower bought a log office building in downtown Whitley City and recorded it on both the general ledger and depreciation schedule at a cost of \$125,000. Citipower was not able to provide a copy of the deed to this building as documentation of the purchase price. The building appears to exceed the size that would be needed to operate daily activities for a utility of Citipower's size. Furthermore, because the building was acquired from a previous owner, the cost recorded on Citipower's books for depreciation should have been the cost to the first user of the property, or an estimate thereof. Citipower provided no substantiation to Staff for either the original cost of the property or an estimate of that cost. In the portion of this report dealing with depreciation expense, Staff has disallowed the depreciation on the building in the amount of \$5,000 for ratemaking purposes. In the portion of this report entitled Insurance Expense, Staff disallowed the cost of property insurance on the office building for ratemaking purposes. Furthermore, no property tax expenses were substantiated in its general ledger, although \$1,152 was included on Citipower's 1998 annual report to the Commission. Therefore, Staff is disallowing costs directly

-29-

associated with operating expenses for the office building for rate-making purposes. In lieu of depreciation, taxes, and insurance on the office building, Staff has included a monthly rent expense of \$400 for a total annual expense of \$4,800. Staff believes this amount is reasonable based on experience with other small utilities.

#### Amortization Expense

In its 1998 annual report to the Commission, Citipower erroneously reported \$14,670 in Account 406, Amortization of Gas Plant Acquisition Adjustments. In its response to the Commission's August 3, 1999 Order, Citipower stated that the amortization expense resulted from organizational costs, not a gas plant acquisition adjustment. Citipower's general ledger shows total amortization expense of \$15,132 in contrast to the amount in the annual report of \$14,670.

Citipower's 1998 annual report to the Commission contains organizational costs recorded during the test year in the amount of \$73,350. This was identified in the supporting schedule of the report on page 5, line 1 as "allocation of original purchase." Citipower's general ledger shows "Intangible Plant – Goodwill – Other" in the amount of \$75,648. Citipower provided no supporting workpapers or any explanation of this item. Due to the lack of supporting documentation for this item, Staff has excluded recovery of amortization expense in the amount of \$14,670 for ratemaking purposes.

#### Office Supplies and Expense

In its 1998 annual report to the Commission, Citipower included \$10,978 in Account 921, Office Supplies and Expenses. Citipower proposed an adjustment to decrease office supplies and expenses by \$2,500. However, it did not provide an

-30-

explanation of its proposed adjustment.<sup>13</sup> From Citipower's general ledger, Staff found the following sub-accounts in support of the office supplies and expense account balance:

Sub-Account No.	Account Title	Account Balance
921.1 921.2	Office Supplies Office Cleaning	\$4,851 945
921	Office Supplies/Exp. – Other	1,352

Total Account Balance per Citipower's General Ledger, 1998 <u>\$7,148</u>

Staff found two items in these accounts that do not belong in operating expenses for rate-making purposes. First, check number 1092 was made to Kinko's on April 4, 1998 in the amount of \$969 for printing "offering memoranda." This is a cost of securing equity capital, not an operating expense. Also, on January 15,1998 a payment was made to Merry's Flower Shop in the amount of \$40. While this expense may represent a business gift, it is not an operating expense for ratemaking purposes.

As described in the Miscellaneous General Expense section, costs for communications expenses of \$14,867, bank charges of \$699, and postage and FedEx expenses of \$2,665 should be reclassified to the Office Supplies and Expenses, Account 921. The total amount reclassified is \$18,231. Of this total amount reclassified, Staff has determined that \$8,881 should not be included for ratemaking purposes. The portion not included is comprised of \$748 from postage and FedEx expenses and \$8,133 from communications expenses. The disallowed portion of the postage and FedEx expense is for a payment to UPS of December 10, 1998 for

-31-

<sup>&</sup>lt;sup>13</sup> Citipower's response to Item 3.d. of the Commission's August 3, 1999 Order.

shipping of Christmas gifts. The \$8,133 of communications expenses included telephone, cellular, and paging services. Because Staff considered the total communications expenses extremely high for a utility of Citipower's size. Staff requested support for the amount. Citipower's response was that significant costs were incurred during the test period for frequent communications with the numerous suppliers of components for the distribution system development and the pipeline construction. Citipower lacks contemporaneous records for call purposes and the individuals responsible for cellular and long-distance calling. A printout of charges for the same account for the first nine months of 1999 revealed a significant decline in expenses of this nature. Normally, changes for costs reductions outside the test year would not be accepted when a historical test period is used and it would be a voluminous task for Citipower to reconstruct a detailed analysis of all of the costs. Staff finds that an allocation of the 1998 costs based on an annualized proration of the costs for the first nine months of 1999 communications expenses provides a reasonable basis for estimating an allowable amount of communications expense. The 1999 communications costs were \$7,576 for the first nine months. By annualizing this amount, Staff derived a result of \$10,101 for 1999. Because Citipower's operations manager and office manager work one-third of their time for Forexco, Staff has allocated 66.67 percent of the communications expense to Citipower. Thus, the allowable communications expense is \$6,734 (\$10,101 x .6667 = \$6,734). Of the amounts reclassified from Miscellaneous Expense to Office Supplies and Expense, Staff recommends allowing \$9,350. This amount is comprised of \$699 from bank

-32-

charges, \$6,734 from communications expense and \$1,917 from postage and FedEx expense.

Accordingly, Staff has increased Account 921, Office Supplies and Expenses, to an adjusted balance of \$15,489.<sup>14</sup>

## Miscellaneous General Expense

In its 1998 annual report Citipower included \$31,785 in Account 930.2, Miscellaneous General Expenses. Citipower proposed an adjustment to decrease Miscellaneous General Expenses by \$10,000, Citipower's explanation of the proposed decrease was "Travel, Utilities, Postage, Computer Repairs." An explanation such as this is insufficient for ratemaking purposes. A description or calculation showing the derivation of a proposed adjustment, as well as, any external factors having an impact on the calculation of an adjustment should be disclosed.

Following is a table of the adjustments explained above to Citipower's Miscellaneous General Expenses for ratemaking purposes.

Sub-Accounts	Gen. Ledger Bal.	Amount Allowed	Disallowed Amt.
Bank Charges	\$ 699	\$ 699	\$ -0-
Computer Repairs	\$ 600	\$ 600	\$ -0-
Dues/Subscriptions	\$ 1,029	\$ 1,029	\$ -0-
Employee Testing	\$ 475	\$ 475	\$ -0-
Postage & FedEx	\$ 2,665	\$ 1,917	\$ 748
Supplies & Repairs	\$ 114	\$ 114	\$ -0-
Communication Exp.	\$14,867	\$ 6,734	\$ 8,133
Meals/Entertainment	\$ 278	\$ 240	\$ 38

<sup>&</sup>lt;sup>14</sup> General Ledger Balance of \$7,148 - \$969 - \$40 + 9,350 = \$15.489.

Travel	\$( 2,302)	\$( 2,302)	\$ -0-
Utilities	\$ 2,080	\$ 2,080	\$ -0-
Pest Control	\$ 497	\$ 497	\$ -0-
"Prior Period Adjust."	\$13,944	<u>\$ -0-</u>	<u>\$13,944</u>
Subtotal	\$34,946	\$12,083	\$22,863
Less: Reclassifications			
Communication Exp.	\$14,867	\$ 6,734	\$ 8,133
Bank Charges	\$ 699	\$ 699	\$ -0-
Postage & FedEx	\$ 2,665	<u>\$ 1,917</u>	<u>\$ 748</u>
Total Reclassifications	<u>\$18,231</u>	<u>\$ 9,350</u>	<u>\$_8,881</u>
Total Miscellaneous	<u>\$16,715</u>	<u>\$_2,733</u>	<u>\$13,982</u>

The above table of sub-accounts within the miscellaneous general expenses, as reported on Citipower's general ledger, includes the sub-accounts communications expense, bank charges, and postage and FedEx, which should be correctly recorded under Account 921, Office Supplies and Expenses. Staff has reclassified these items to office supplies and expenses. A discussion of the amounts in these sub-accounts allowable for rate-making purposes was discussed in that section of this report.

Of the \$16,715 remaining in miscellaneous general expenses after the abovementioned reclassification, two sub-accounts include expenses that are not allowable for ratemaking purposes. First, Citipower has a sub-account entitled "prior period adjustment" in the amount of \$13,944. Staff was not provided with any explanation of this amount and even so, as an expense related to a prior period, the amount cannot pertain to current normalized operations. Therefore, Staff has disallowed the entire subaccount balance in the amount of \$13,944. Additionally, Citipower has a sub-account

-34-

for meals and entertainment. While, entertainment is a below-the-line expense (not an expense in determining net operating income) and not subject to rate recovery, meals that apply to operations should be recorded in the appropriate account according to FERC account definitions and appropriately identified. Contemporaneous documentation of business purpose and place, among the other record-keeping requirements, should also be maintained. Investor-related meals identified in this account totaling \$38 should be recorded in Account 426.5, Other Deductions. The \$38 was not included by Staff in the allowable operating expenses for ratemaking purposes.

The total miscellaneous general expenses disallowed by Staff and excluded from operating expenses after making the reclassification to office supplies and expense is \$13,982.

## General Advertising Expenses

In its 1998 annual report to the Commission, Citipower included \$1,463 in Account 930.1, General Advertising Expenses. Citipower proposed an adjustment to decrease general advertising expenses by \$500 without an explanation.<sup>15</sup> Upon review of Citipower's general ledger, Staff only found a balance of \$259 supporting the general advertising expense account. Accordingly, Staff has reduced Account 930.1, General Advertising Expenses, by \$1,204 due to lack of supporting documentation.

#### Transportation Expenses

In its 1998 annual report to the Commission, Citipower included \$18,284 in Account 933, Transportation Expenses. Citipower proposed an adjustment to decrease

<sup>15</sup> <u>Id.</u>

transportation expenses by \$3,000; however Citipower did not provide a thorough explanation of why the proposed adjustment should be made.<sup>16</sup> Citipower's only explanation of the proposed account balance decrease was "Auto Expense, Repair, Maintenance, and Gas." An explanation such as this is insufficient support for ratemaking purposes.

During the test period Citipower operated, maintained, fueled, and kept in repair four trucks. As discussed in the section on salaries, wages and other compensation, Citipower has been operating with two laborers and an operations manager since the completion of the distribution system expansion and pipeline construction in June of 1999. Since only three personnel remain for normal operations that work in the field, Citipower should not be entitled to charge its ratepayers for a fourth vehicle. The associated expenses for fuel, maintenance, repairs, taxes, insurance, and other should likewise not be included. Staff was not provided any contemporaneous records of individual vehicle use and costs. The truck was operated during the test year due to extensive construction activities. Therefore, Staff has excluded one-fourth of the expense.

The operations manager provides services for Forexco that requires transportation. The services for the affiliated company occupies one-third of his time. As previously stated, since Citipower did not provide contemporaneous records of vehicle use and costs, Citipower should not be allowed to recover one-third of the transportation expenses on the truck used by the operations manager. Following is a

<sup>16</sup> Id.

computation of the transportation expenses (based on Citipower's general ledger balances) that are being disallowed for rate recovery.

<u>Sub-Account</u> 933.1 933.3 933.4 933.5	Automobile Expenses Auto Taxes Repairs & Maintenance Insurance/Titles/Fees	<u>Amount</u> \$ 2,007 332 4,888 4,039
933	Other	<u>5,972</u> \$ 17,238
Total per general ledger Less: One-fourth of total for extra truck expenses		4,309
Subtotal		\$ 12,929
Less: One-third of cost related to operations manager's truck		1,437
Allo Amou Sta	\$ 11,492 <u>\$(18,284)</u> <u>\$(_6,792)</u>	

## Maintenance of General Plant

In its 1998 annual report, Citipower included \$16,247 in Account 935, Maintenance of General Plant. Citipower proposed an adjustment to decrease maintenance of general plant by \$3,000 based on cost reductions related to maintenance and storage of equipment. As previously mentioned in the section on Account 931, Rents, Citipower misposted storage rental expense in the amount of \$6,000. This \$6,000 rental expense was reclassified to Account 931, Rents, then reduced as previously discussed. Therefore, this account should be reduced by \$6,000 to an adjusted test year balance of \$10,247.

#### Depreciation Expense

Citipower reported total depreciable assets of \$3,250,855 at the end of the test period. The depreciation schedules provided by Citipower that were prepared by the external auditors reflected total depreciable assets of \$3,222,168. Of this amount, \$1,673,416 was added to plant during the test period. The total depreciation expense reported by Citipower for the test period was \$117,566. Upon a review of the depreciation schedules, staff determined that Citipower was using incorrect service lives for many of the plant in service items. Using the appropriate depreciation rates results in total annualized depreciation expense of \$99,251. Depreciation expense has been reduced by \$18,315 to reflect annualized depreciation expense based on the proper depreciation rates. Schedule III hereto, contains an analysis of the depreciation rates its depreciation rates to agree with the depreciable lives included in Schedule III.

Information provided in the record and obtained in the field review indicates that \$1,121,057 of the plant on Citipower's books consists of a compressor site and steel pipeline located in the State of Tennessee and used to provide wholesale gas to Citizens. Consequently, these assets are not within the regulatory jurisdiction of the Commission and should not be included in the Kentucky jurisdictional rate base for Citipower. Staff has removed the \$28,952 of annual depreciation expense associated with these assets.

When Citipower purchased the assets of McCreary in 1996, the 1995 balance sheet of McCreary reflected total assets at a gross book value of \$175,772 that included the farm-tap gathering and distribution lines. The McCreary balance sheet was the only

-38-

source of information on the value of the assets purchased from McCreary. The purchase price of all of the assets acquired by Citipower and added to the depreciation records in 1996 was \$746,268. The purchase contract reflects that a substantial portion of the purchase price was for assets other than the assets of McCreary, and for the premium paid for the assets above the net book value. However, due to the failure of Citipower to supply adequate supporting documentation of the purchase, we can not determine the precise amount that Citipower paid for the Kentucky jurisdictional assets. Because Citipower has not substantiated the portion of the purchase price to be applied to the McCreary assets, Staff has no alternative but to exclude the total amount, or include only the portion that was included on McCreary's balance sheet. Based on Staff's discussions with Citipower personnel, the assets purchased from McCreary are in good working order and are currently being used to supply LDC service to Citipower's customers. Staff, therefore, has included depreciation expense on the gross book value of the assets purchased from McCreary.

Due to the failure of Citipower to record the original cost of the purchased assets appropriately, Staff has reduced depreciation expense by \$14,262. This amount represents the depreciation expense on the difference between the \$175,772 of assets on the books of McCreary and the \$746,268 of assets recorded on the books of Citipower during 1996. As stated earlier in this report, Citipower should research the purchase price of the McCreary assets and record the purchase in accordance with the USoA so that the appropriate level of depreciation and amortization expense can be included for ratemaking purposes in future cases.

-39-

The office building that Citipower and Forexco currently use was purchased in 1996 from the owners of McCreary. For the same reasons listed above, as well as the fact that the property is jointly used by Citipower and its affiliate, Staff does not believe it is appropriate to include the recorded value of this property for ratemaking purposes. Consequently, Staff has reduced depreciation expense by \$3,125. Staff has included rent expense in another section of this report to compensate Citipower for the office space it uses.

At the end of the test period, Citipower included four trucks as depreciable assets. Based on the reduction of employees discussed elsewhere in this report, and the fact that Citipower has reduced the level of new construction since 1998, Staff believes it is appropriate to exclude one of these vehicles for ratemaking purposes. The oldest of the four vehicles is a 1995 Dodge Truck with a gross depreciable value of \$17,884 and a useful life of 5 years. Staff has deducted \$3,577 from depreciation expense to exclude this vehicle. Also, a portion of the vehicle that is used by the operations manager should be allocated to Forexco since it is used for both companies' operations. Staff is excluding 1/3 of the depreciation based on the allocation of salary of this employee. This adjustment results in a reduction of \$1,367 to depreciation expense.

In another section of this order, Staff removed \$14,998 of customer hook-up and meter installation expenses from expense accounts that should have been capitalized. Applying a 30-year depreciable life to these assets will result in an increase to depreciation expense of \$500.

-40-

Finally, Staff reclassified some expenses in other sections of this report that result in additional depreciation expense. Staff reclassified \$36,643 of other plant and equipment that had erroneously been charged to expense accounts. This adjustment results in \$916 of additional annual depreciation expense based on a 40-year useful life. Staff reclassified \$67,154 of salaries, and wage related expenses that should have been capitalized during the test year. The annual depreciation expense associated with these reclassified assets, based on a 40-year useful life, is \$1,679. These costs are related to both the jurisdictional and non-jurisdictional operations of Citipower and should be allocated between the two. Because the salaries and wages that are being capitalized relate to construction performed during the test year, the basis for allocation should be the jurisdictional and non-jurisdictional plant additions for the test year. Based on the total plant additions during the test year of \$1,673,416 and the portion that was constructed during the test year for the Tennessee operations in the amount of \$1,110,008, staff has determined that 33.668% of the depreciation expense related to these two items is for Kentucky jurisdictional operations. Therefore Staff has included \$874 ((\$1.679 + \$916) x .33668 = \$874)) in additional depreciation for these reclassified items.

The net effect of all of the above adjustments on depreciation expense, is a reduction of the test period depreciation expense of \$68,224.

#### Other Deductions

<u>Donations.</u> Citipower had \$535 in Donations on its 1998 general ledger. These amounts were erroneously included as part of Account 930.2, Miscellaneous General Expense on Citipower's annual report to the Commission. These donations were not

addressed in Staff's discussion of Miscellaneous General Expense. The donations do not have an effect on operating expenses since these costs are below-the-line expenses. Staff is adjusting the Statement of Revenues and Expenses to include donations of \$535 appropriately in Account 426.1, under Other Income (Deductions). As stated, donations do not impact Total Gas Operating Expenses or Citipower's revenue requirement determination.

<u>Other Interest Expense.</u> In its application, Citipower proposed an adjustment to increase interest expense by \$42,500. Citipower explained that this was an annual estimate of the interest to be charged Citipower by the Bank of McCreary on short-term financing totaling \$500,000.<sup>17</sup> The interest was estimated at eight and one-half percent, or three-quarters of a percent over the "New York Prime Rate" at the time of the application.

Generally, the Commission does not approve the financing of long-lived plant and equipment, or operating expenses with short-term financing. Staff inquired whether any studies had "been performed to evaluate the cost effectiveness of short-term loans to finance long-lived assets".<sup>18</sup> Citipower responded that profitability must be achieved before the short-term indebtedness could be converted to long-term debt. It also reported that no studies or analyses had been performed to evaluate the financing method used. As is explained in the revenue requirements section of this report, Citipower's lack of rate base support for equity capital precludes a rate of return on

<sup>&</sup>lt;sup>17</sup> Citipower's response to Item 5 of the Commission's August 3, 1999 Order.

<sup>&</sup>lt;sup>18</sup> Citipower's response to Item 2 of the Commission's August 3, 1999 Order.

investment in the revenue requirement determination. The 88 percent operating ratio provides sufficient earnings to repay the reported interest. Therefore, Staff does not approve the recovery of this proposed request of short-term interest expense and has reduced Other Interest Expense by \$5,434, leaving only the interest on customer deposits in the amount of \$114. Additionally, Staff reclassifies the Interest on Long-term Debt for the automobile loans of \$5,851 to Account 427, since it was misposted to Account 431.

### Other Adjustments Requested by Citipower

"Transmission Expenses: USoA <u># 751, 752, 754, 756, \$72,000.</u>"<sup>19</sup> In its application and explanation of adjustments, Citipower requested an increase to Accounts 751, 752, 754 and 756 for additional natural gas transmission expenses to operate the new compressor station for gas delivery to Citizens Gas. As discussed in previous sections of this report, revenue and expenses for sales of gas to Citizens Gas are outside the jurisdiction of the Commission. Since the requested adjustment for transmission expenses is associated with non-jurisdictional revenue, the expenses are considered non-jurisdictional, and as such, are not recoverable from Kentucky ratepayers. Accordingly, Staff has not included any of the proposed adjustments to increase operating expenses.

## **Revenue Requirements**

Citipower did not propose a rate of return on rate base approach or the operating ratio method to determine its total revenue requirements in this case. The operating

<sup>&</sup>lt;sup>19</sup> Citipower's response to Item 3.d. of the Commission's August 3, 1999 Order.
ratio method is used primarily when there is no sound basis for a rate of return determination using the required return on capital and rate base method. In order for the rate of return on equity to be conceptually valid, capitalization must be closely supported by rate base.

In its 1998 annual report to the Commission, Citipower reported net utility plant of \$3,007,973 and equity capital, net of accumulated losses, equal to \$2,253,688. As previously mentioned, Staff noted significant discrepancies in Citpower's historical calculations of depreciation. Also, Staff noted significant unsubstantiated amounts Citipower recorded as utility assets from the purchase of McCreary's assets, that Staff cannot accept without more thorough documentation by Citipower. Staff requested explanations needed in regard to Citipower's asset cost allocation from the McCreary acquisition, but no adequate supporting information was provided.

Citipower's members' equity consists of limited liability units acquired with cash, and equity has been issued to certain owners for services provided (non-cash issuances). Citipower was asked prior to the Staff review to provide a schedule of members' equity, a reconciliation of total investments (both cash and non-cash), the allocations of losses, and support for the valuation of the services rendered for LLC units. No response was provided by Citipower.

Without answers to these issues, Staff does not have the information necessary to provide the Commission with an informed decision as to the appropriateness of using a required return on capital and rate base. Therefore, Staff believes that the operating ratio method is the only appropriate method that can be used to determine revenue requirements in this case.

-44-

The Commission generally uses an 88 percent operating ratio to determine a reasonable level of earnings for small utilities. Applying the operating ratio to the Staff adjusted operating expenses results in a total revenue requirement of \$365,914. This revenue requirement is before adjustments for the additional PSC assessment fees (\$27) and uncollectible accounts (\$9). The total revenue requirement after consideration of these items is \$365,950. Staff computed normalized revenues based on the adjusted test period sales and current rates of \$175,284. This includes revenue from sales and revenue from late payment fees. The revenue produced by the proposed rates including the revenues from late payment fees is \$215,750. (See Schedule IV.) Therefore, Staff recommends an increase in operating revenue of \$40,466. Although the proposed rates will not produce sufficient revenues to meet the total revenue requirement, due to the uncertainties that exist with the appropriate costs, Staff recommends no additional increase.

Following is a calculation of the revenue requirement:

Total Gas Operating Expenses	329,288
Less: Purchased Gas Expense	57,953
Subtotal	271,335
Operating Ratio	88%
Subtotal	308,335
Add: Purchased Gas Expense	57,953
Interest Expense on Customer Deposits	114
Less: Miscellaneous Service Revenues	488
Revenue Requirement From Rates	365,914
Uncollectible Accounts 0.054800%	9
PSC Assessment Fee (\$1.667 per \$1,000 of Revenue) 0.166700%	27
Total Revenue Requirement	\$ 365,950
Normalized Revenues	174,796
Increase Required	\$ 191,154

1

è

è

٠ŧ

Э

÷

ł

١ſ

٦

э

ε

a,

1;

٦

# Staff Recommendations

Included in this report are several items of concern to Staff that will require Citipower to take corrective action in order to be in compliance with the Commission's rules and regulations and Kentucky Statutes. Citipower should take the appropriate steps to become familiar with the Kentucky Revised Statutes and the Commission's Administrative Regulations in order to comply with same. 10. Financial Reporting – In order to monitor the progress of compliance with the recommendations in this report, Citipower should file quarterly financial reports to the Commission. The reports should include, at a minimum, a comparative balance sheet and detailed income statement. Staff will work with Citipower to develop any additional schedules deemed necessary.

11. GCA Filings – Citipower should develop a procedure to track gas costs and submit quarterly GCA filings in accordance with their tariff.

12. Unauthorized Rates – Citipower should immediately discontinue charging any rate for regulated utility services that has not been approved by the Commission.

13. 1999 Financial Statements – The adjustments and concepts contained in the corrections to the 1998 financial statements contained in this report should be considered and included in the preparation of financial statements for 1999.

14. Plan For Compliance With Recommendations – Within 30 days of the final Order in this case, Citipower should file a plan to comply with the recommendations in this report.

Signatures:

D) William

Prepared By: John D. Williams Public Utility Financial Analyst Electric and Gas Revenue Requirements Branch Division of Financial Analysis

۲ Kathaleen Finn

Prepared By: Kathaleen Finn Public Utility Financial Analyst Electric and Gas Revenue Requirements Branch Division of Financial Analysis

S. Dawn McGee

Prepared By: S. Dawn McGee Public Utility Rate Analyst Electric and Gas Rate Design Branch Division of Financial Analysis

## Schedule 1 Pro Forma Income Statement

Acct.		Ba	st Year End lances Per	٨	Staff			
No.	Account Title	<u>An</u>	nual Report	AC	ljustments	Test Year Balance		
	Operating Revenues:	¢	121 200	e	42 509	¢	174 706	
481, 482	Retail Sales	\$	131,288	\$	43,508	\$	174,796	
483	Sales for Resale		54,276		(54,276)		-	
489	Miscellaneous Service Revenues		26,177		(25,689)		488	
	Operating Revenues		211,741		(36,457)		175,284	
	Operating Expenses:							
730	Natural Gas Purchases		104,378		(46,425)		57,953	
761	Distribution Supervision		-		20,773		20,773	
762	Distribution Mains & Svcs. Labor		8,063		19,422		27,485	
764	Customer Installation Expenses		14,998		(14,998)		-	
768	Maintenance of Meters & Regulators		1,950		(1,950)		-	
769	Maintenance of Other Plant		34,693		(34,693)		-	
901	Meter Reading Labor		-		9,161		9,161	
902	Accounting & Collecting Labor		14,713		12,075		26,788	
903	Supplies and Expenses		676		(85)		591	
904	Uncollectible Accounts		72		24		96	
907	Customer Svc. & Informational Expenses		-		-		-	
908	Customer Assistance Expenses		-		-		-	
920	Administrative & General Expenses		454,375		(414,365)		40,010	
921	Office Supplies and Expenses		10,978		4,511		15,489	
923	Outside Services Employed		77,673		(60,864)		16,809	
924	Property Insurance		7,642		712		8,354	
925	Injuries and Damages		16,350		(12,244)		4,106	
926	Employee Pensions & Benefits		3,795		5,713		9,508	
928	Regulatory Commission Expenses		-		-		-,	
930.1	General Advertising Expenses		1,463		(1,204)		259	
930.2	Miscellaneous General Expenses		31,785		(29,052)		2,733	
931	Rents		-		6,600		6,600	
933	Transportation Expenses		18,284		(6,792)		11,492	
935	Maintenance of General Plant		16,247		(6,000)		10,247	
555	Total Operating & Maintenance Expenses		818,135		(549,681)		268,454	
403	Depreciation Expense		117,566		(68,224)		49,342	
404	Amortization Expense		14,670		(14,670)		-0,0-12	
404	Taxes Other Than Income Taxes		15,744		(4,252)		11,492	
400.1	Total Gas Operating Expenses	\$	966,115	\$	(636,827)	\$	329,288	
	Net Operating Income	<u> </u>	(754,374)	<u> </u>	600,370		(154,004)	
	Het operating moore		(101,071)		000,010		(10,000)	
	Other Income (Deductions):							
415	Jobbing Revenue		-		7,597		7,597	
416	Jobbing Expenses		-		-		-	
419	Interest Income		5,103		-		5,103	
421	Miscellaneous Nonoperating Income		6		-		6	
426.1	Donations		-		-		-	
427	Interest on Long-Term Debt		-		-		-	
431	Other Interest Expense		(11,399)		11,285		(114)	
	Total Other Income (Deductions)	_	(6,290)		18,882		12,592	
	NET INCOME	\$	(760,664)	\$	619,252	\$	(141,412)	

# SCHEDULE II

# Normalized Test Year Revenues

\$52,787.36	\$422.91	+ Minimum Bills \$2,430.00 \$455.00	Normalized Sales Revenue  \$49,934.45 \$18,467.24	Normalized Sales Revenue \$49,934.45 \$18,467.24	x Current rate/Mcf \$7.00 \$7.00	Avg. Annual Sales Volume 7,133.49 2,638.18	Avg. Annual Sales Volume 7,133.49 2,638.18		44.58	Avg. Annual Usage per Customer 44.58 87.94	x 12 Months 12 12	Wt'd Avg. Monthly Usage per Customer 1997 - May 1999 3.72 7.33	1998 Test Year Residential Commercial
					0 \$7.00	9 2,638.18	9 2,638.18		87	8 87.94	2 12	2 7.33	Commercial
\$76,7	-	\$245.00	\$18,467.24 \$76,527.51	\$18,467.24 \$76,527.51 \$26,707.12 \$171,636.31	\$6.00	12,754.58	12,754.58	5	671.	671.29	12	55.94	Public
\$26,737.12	\$0.00	\$30.00	\$26,707.12 \$171,636.31	\$26,707.12	\$6.00	4,451.19	4,451.19	N	2,225.59	2,225.59	12	185.47	Industrial
\$175,284.22	\$487.91	\$3,160.00	\$171,636.31	\$171,636.31		26,977.44	26,977.44		3,029.41	3,029.41		252.45	Total

-

. -

# SCHEDULE III Depreciation Schedule

				Per Auditor	
		Staff	Staff	Prepared	Staff
		Estimated	Depreciation	Schedule	Computed
		Useful	Rate	TOTAL	Annual
		Lives	Used	COST	Depreciation
	Office Building	40 years	0.025	125,000	3,125
	Office Furniture & Equip.	5-15 years	.2066	9,177	612
	Trucks (4)	5 years	0.2	87,311	17,462
	Compressor Site - TN rev.('98 add'n)	30 years	0.033	111,094	3,703
	Equip. Ditchwitch, Other	30 years	0.033	49,970	1,666
	Meters	30 years	0.033	195,853	6,528
	Reg. Odorant Station	30 years	0.033	7,321	244
	Pipeline, 1" & 2"	40 years	0.025	307,695	7,692
	Pipeline, 3"	40 years	0.025	246,154	6,154
	Pipeline, 4"	40 years	0.025	583,664	14,592
	Pipeline, 6"	40 years	0.025	488,966	12,224
	Steel Pipeline to TN	40 years	0.025	1,009,963	25,249
	Annualized Staff Total	40 years		3,222,168	99,251
				0,222,100	39,201
	ADJUSTMENTS				
Α.	Compressor Site			(111,094)	(3,703)
	Steel Pipeline			(1,009,963)	(25,249)
	Total in Tennessee		-	(1,121,057)	(28,952)
в	McCreary Purchase	40 years		(1,121,007)	(20,002)
υ.	Citipower's Assets-1996=	ie jeure	\$746,268		
	Gross Book Value=		\$175,772		
	Difference (Non-allowable)	-	<i>•••••</i>	(570,496)	(14,262)
С	Office Building	40 years		(125,000)	(3,125)
	1995 Dodge Truck	5 years		(123,000) (17,884)	(3,577)
	Reclassified Customer Hook-up and	30 years		14,998	(3,377) 500
<b>L</b> .	Meter Installation Expenses	oo years		14,330	500
F	Reclassified from Maintenance	40 years		36,643	916
• •	Accounts 768 and 769	40 years		50,045	910
G	Reclassified Salaries and Wage	40 years		67,154	1,679
0.	Related Expenses	40 years		07,154	1,079
ц	Nonjurisdictional Reclassifications				(1 701)
11.  .	· · · · · · · · · · · · · · · · · · ·				(1,721)
١.	of 1995 Toyota Forerunner				(1,367)
			-		
	Total Plant in Service in Kentucky and	Total Depre	ciation	1,506,526	49,342



. .

Revenue under Proposed Rates

+ Late Payment Fees Total Normalized Revenue	Normalized Sales Revenue + Minimum Bills	Normalized Sales Revenue	x Proposed Rate/Mcf	Avg. Annual Sales Volume	Avg. Annual Sales Volume	x # Customers End of Year 1998	Avg. Annual Usage per Customer	Avg. Annual Usage per Customer	x 12 Months	vvi u Avg. ivioniniy Usage per Customer 1997 – May 1999	1998
\$422.91 \$63,487.60	\$60,634.69 \$2,430.00	\$60,634.69	\$8.50	7,133.49	7,133.49	160	44.58	44.58	12	3.72	Residential Con
\$422.91 \$65.00 \$63,487.60 \$22,944.51	\$22,424.51 \$455.00	\$22,424.51	\$8.50	2,638.18	2,638.18	30	87.94	87.94	12	7.33	Commercial
\$0.00 \$95,904.38	\$95,659.38 \$245.00	\$95,659.38	\$7.50	12,754.58	12,754.58	19	671.29	671.29	12	55.94	Public
\$0.00 \$33,413.90	\$33,383.90 \$30.00	\$33,383.90	\$7.50	4,451.19	4,451.19	2	2,225.59	2,225.59	12	185.47	Industrial
\$0.00 \$487.91 \$33,413.90 <b>\$215,750.38</b>	\$33,383.90 \$212,102.47 \$30.00 \$3,160.00	60,477.15		26,977,44	26,977.44	211	3.029.41	3,029.41		252.45	Total

# Schedule V Allocation of Normalized Salaries and Wages

199	98			1998	Normalized	Citipower	С	itipower
Reg. Hrs.	OT Hrs.	-	Т	otal Pay	Total Pay	Alloc. %	A	Alloc. \$
Salar	ried	- Operations Manager	\$	62,316	62,316	66.67%		41,546
2,200.50	21.00	Office Manager	\$	18,108	18,108	66.67%		12,073
1,084.50	-	Office Assistant	\$	7,552	7,552	100%		7,552
2,166.80	138.00	Laborer 1, "normalized"	\$	26,566	18,296	100%		18,296
819.00	142.50	Laborer 2, "normalized"	\$	7,929	18,350	100%		18,350
						-	\$	97,817
		Allocated from Forexco (	McCu	e & Lawson	)		\$	26,400
		Adjusted And Normalized	Citip	ower Wages	6	-	\$	124,217

Note that the 1998 Salaries and Wages of the operations manager, office manager and office assistant are accepted by Staff as a normal annual representation.

			No	ormalized	7	60, Distr.	761,	9	01, CA,	9	02, CA	9	920, CA
Reg. Hrs.	OT Hrs.		Т	otal Pay	Sı	pervision	Labor	Mtr	Reading	A	cct./Coli.	Ad	min./Genl.
Salaried		Operations Manager		62,316	\$	20,773						\$	20,773
2,200.50	21.00	Office Manager		18,108						\$	6,036	\$	6,037
1,084.50	-	Office Assistant		7,552						\$	7,552		
2,080.00	138.00	Laborer 1, "normalized"		18,296			\$ 13,722	\$	4,574				
2,080.00	142.50	Laborer 2, "normalized"		18,350			\$ 13,763	\$	4,587				
			\$	97,817	\$	20,773	\$ 27,485	\$	9,161	\$	13,588	\$	26,810
Allocated from	m Forexco	o (McCue & Lawson)	\$	26,400						\$	13,200	\$	13,200
Adjusted And	I Normaliz	zed Citipower Wages	\$	124,217	\$	20,773	\$ 27,485	\$	9,161	\$	26,788	\$	40,010

Norma	lized		Tot	al Pay at
Reg. Hrs.	OT Hrs.	-	\$8 /	Per Hour
2,080.00	138.00	Laborer 1, "normalized"	\$	18,296
2,080.00	142.50	Laborer 2, "normalized"	\$	18,350



COMMONWEALTH OF KENTUCKY PUBLIC SERVICE COMMISSION 730 SCHENKEL LANE POST OFFICE BOX 615 FRANKFORT, KY. 40602 (502) 564-3940

November 17, 1999

To: All parties of record

RE: Case No. 99-225

.'

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

Stephanie Bel

Secretary of the Commission

SB/hv Enclosure David K. Brock President Ibexco P. O. Box 523 Corbin, KY 40702

.\*

James Curd Manager CitiPower, L.L.C. P. O. Box 1309 12 Courthouse Square Whitley City, KY 42653

Elizabeth Blackford Assistant Attorney General 1024 Capital Center Drive Frankfort, KY 40601

Honorable Robert L. Brown Honorable Teresa J. Hill Counsel for Citipower, LLC 1005 S. Main Street, Suite 101 Corbin, KY 40701

#### COMMONWEALTH OF KENTUCKY

#### BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CITIPOWER, LLC FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES

CASE NO. 99-225

#### <u>ORDER</u>

On November 5, 1999, Citipower, LLC ("Citipower") filed a Motion for an Extension of Time to Respond to the Request for Information. Citipower requested an additional extension of time of 20 days after November 10, 1999 or until November 30, 1999 in which to file its response to the Commission's Order of October 27, 1999. This is the second request for an extension of time filed in this case by Citipower. The Commission will not look favorably upon any further requests for extensions of time.

The Commission being otherwise sufficiently advised,

IT IS HEREBY ORDERED that the motion is granted and the responses to the Order of October 27, 1999 are due on or before November 30, 1999.

Done at Frankfort, Kentucky, this 17th day of November, 1999.

By the Commission

ATTEST: Executive Director

#### COMMONWEALTH OF KENTUCKY BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

)

)

)

)

In the Matter of:

# NOV - 5 1999

# APPLICATION OF CITIPOWER, L. L. C. FOR RATE ADJUSTMENT PURSUANT TO: 807 KAR 5:076 ALTERNATIVE RATE FILING

CASE NO. 99-225

### MOTION FOR EXTENSION OF TIME TO RESPOND TO PSC'S REQUEST FOR INFORMATION

Comes now, Citipower, LLC, the Applicant in the above-styled matter, and respectfully requests an extension of an additional 20 days to respond to the Request for Information propounded by the Kentucky Public Service Commission on October 27, 1999, and due November 10, 1999. Citipower, LLC, would request an additional 20 days so that said Response will be due on or before November 30, 1999.

In support of said Motion, Citipower, LLC, would state that the extension would allow Citipower, LLC, adequate time to respond. Also, a hearing date in this matter has not yet been set, therefore, an extension of time would not cause undue prejudice to any of the parties nor the PSC.

Respectfully Submitted,

BROWN & HILL, PLLC 1005 S. Main St., S-101 Corbin, Kentucky 40701 (606) 528-3073 Attorney for Applicant, Citipower, LLC

#### **CERTIFICATE**

I hereby certify that the above and foregoing was on the  $4^{n}$  day of November, 1999, served by mailing the original and true and exact copies of same, all postage prepaid, addressed for delivery to:

2

Ms. Helen C. Helton Executive Director Kentucky Public Service Commission 730 Schenkel Lane P. O. Box 615 Frankfort, Kentucky 40602

Hon. Elizabeth E. Blackford Assistant Attorney General 1024 Capital Center Drive Frankfort, KY 40601

Ť

BROWN & HILL, PLLC



COMMONWEALTH OF KENTUCKY PUBLIC SERVICE COMMISSION 730 SCHENKEL LANE POST OFFICE BOX 615 FRANKFORT, KY. 40602 (502) 564-3940

October 27, 1999

To: All parties of record

RE: Case No. 99-225

2

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

Stephanie Bel

Secretary of the Commission

SB/hv Enclosure David K. Brock President Ibexco P. O. Box 523 Corbin, KY 40702

. ,•

James Curd Manager CitiPower, L.L.C. P. O. Box 1309 12 Courthouse Square Whitley City, KY 42653

Elizabeth Blackford Assistant Attorney General 1024 Capital Center Drive Frankfort, KY 40601

Honorable Robert L. Brown Honorable Teresa J. Hill Counsel for Citipower, LLC 1005 S. Main Street, Suite 101 Corbin, KY 40701

#### COMMONWEALTH OF KENTUCKY

#### BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CITIPOWER, LLC FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES

CASE NO. 99-225

### <u>ORDER</u>

IT IS ORDERED that Citipower, LLC ("Citipower") shall file within 14 days of the date of this Order an original and 10 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 3. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Provide a copy of Citipower's 1998 audited financial statements, complete with the independent auditor's report and notes to financial statements.

2. Provide a copy of Forexco, Inc.'s ("Forexco") 1998 audited financial statements, complete with the independent auditor's report and notes to financial statements.

3. Provide a copy of Citipower's internally prepared monthly and/or quarterly financial statements for any periods available in 1999. If readily available, provide internal financial statements for the twelve months ended September 30, 1999.

4. Provide a copy of Citipower's limited liability company ("LLC") articles of organization and the "organizational documents" (if different), referred to in Citipower's response to Item 7 of the Commission's Order of August 3, 1999.

5. Provide a copy of all sale/purchase agreement(s) or contract(s) for the purchase of McCreary County Gas's assets, whether the agreement(s) or contract(s) is with Citipower and/or Forexco.

6. Explain the original transaction for the purchase of McCreary County Gas's assets.

a. Provide a copy of the journal entries to record the acquisition of McCreary County Gas's assets, whether posted to Citipower's or Forexco's books and records, or both.

b. Provide copies of any agreements, entered subsequent to the original purchase of McCreary County Gas's assets, for transfer of any "former"
 McCreary County Gas assets from Forexco to Citipower or vice versa.

c. Provide a copy of McCreary County Gas's depreciation schedule used to record the original cost to the first user of the assets.

-2-

d. Provide the depreciation schedule, which contains the amount of accumulated depreciation that was posted to Citipower's or Forexco's books at the time of the acquisition.

7. Provide a copy of Citipower's depreciation schedules, detailed by individual asset description, date of purchase, original cost, useful life, method of depreciation, depreciation expense and accumulated depreciation for the years ended December 31, 1997 and December 31, 1998.

8. Provide a copy of Citipower's projected depreciation schedule in the same detail as set out in Item 7 above for the 1999 calendar year.

9. Provide a copy of Citipower's initial balance sheet after recording the acquisition of McCreary County Gas and the initial capitalization of the company.

10. Provide a copy of Citipower's chart of accounts, year-to-date general ledger and supporting ledger of original entry for posting revenues and expenses for the test period, calendar year 1998.

a. If Citipower records expenses on its general ledger from an accounts payable ledger, provide a copy of that ledger(s) for the test period, calendar year 1998.

b. If Citipower records expenses on its general ledger from a cash disbursements journal, provide a copy of that journal(s) for the test period, calendar year 1998.

11. Provide a summary of salaries and wages for Citipower during the test period, calendar year 1998. Include details of salaries and wages as follows:

-3-

a. For <u>each</u> employee provide the total hours worked, the regular hours and the overtime hours.

b. Pay rates during 1998 (regular and overtime).

c. Total pay during 1998.

d. Provide a list of accounts charged.

e. Provide the date and amounts of pay rate changes for each employee during 1998 and 1999.

f. For each employee hired or terminated during 1998, provide the hire date and the termination date if applicable.

g. Provide any significant changes in personnel from 1998 to 1999. If a change was to create a new position, describe the reason the new job was needed.

h. Provide any significant changes in personnel time requirements from 1998 to 1999 and describe the reason for the need of the new time requirements.

12. Provide a summary of any salaries and wages paid to Citipower employees for work performed for Forexco during the test period, calendar year 1998. Include details of salaries and wages as follows:

a. For <u>each</u> employee provide the hours worked, specifying how many are at regular rates and how many are at overtime rates.

b. Pay rates during 1998 (regular and overtime).

c. Total pay during 1998.

d. A description of the work performed, including why this work could not be performed by a Forexco employee.

-4-

e. Explain whether or not this work will be required of Citipower employees in future years.

13. Provide a summary of any salaries and wages paid to Forexco employees for work performed for Citipower during the test period, calendar year 1998. Include details of salaries and wages as follows:

a. For <u>each</u> employee provide the hours worked, specifying how many are at regular rates and how many are at overtime rates. Also, provide the total hours this employee worked for Forexco during the year.

b. Pay rates during 1998 (regular and overtime).

c. Total pay during 1998 (amount allocated to Citipower and total for both companies).

d. A description of the work performed, including why this work could not be performed by a Forexco employee.

e. Explain whether or not this work will be required of Forexco employees in future years, as ongoing utility service.

14. Refer to Citipower's response to Item 3 of the Commission's Order of August 3,1999, Exhibit B, Schedule A-1. Provide a schedule cross-referencing and reconciling salaries and wages from 1998 on Citipower's books as adjusted and reported on the annual report to the Commission for 1998 (labor accounts 761, 902 and 920) with the summary of responses Items 12, 13 and 14 above.

15. Refer to Citipower's response to question 4 of the Attorney General's data request of July 16, 1999, which states that Citipower purchases all of its natural gas from Forexco at fair market prices.

-5-

a. Explain how the affiliated purchase price is derived.

b. Provide a copy of the gas purchase contract between Forexco and Citipower.

c. Provide copies of any other contracts between Citipower and gas suppliers.

16. Refer to Citipower's responses to Items 10(c) and 19 of the Commission's Order of August 3, 1999.

a. Are the customer hook-ups mentioned in the responses, extensions of 100 feet or less of service lines from the company's existing distribution mains to the customer?

b. If yes, is the company aware of Kentucky regulation 807 KAR 5:022 Section 9(16)(a), which prohibits a gas utility from charging customers for service line extensions of 100 feet or less if the customer applies for and contracts to use service for one year or more?

c. If no, explain the nature of the hook-up.

17. On October 1, 1999, page one of the "City & Region" section of <u>The</u> <u>Lexington Herald-Leader</u> contained an article entitled "McCreary prison project to start by April 2000." In that article, James B. Jones, deputy assistant director of the Federal Bureau of Prisons, states that construction should be finished by the summer of 2002. In Citipower's response to Item 14 of the Commission's Order of August 3, 1999, a forecast of total gas sales is provided.

-6-

a. Explain any assumptions in the forecast of gas sales for the level of gas expected to be sold to the prison as a public customer. Include a discussion of the likelihood that the prison will become a customer of Citipower.

b. If the assumptions are not consistent with the announcement of the expected completion of the prison construction, provide a revised forecast of gas sales.

c. Provide a forecast of gas sales for the same period without the projected usage and sales from the prison.

d. Provide a detailed schedule and explanation of additional capital costs and annual operating expenses that would be incurred to provide natural gas service to the prison.

Done at Frankfort, Kentucky, this 27th day of October, 1999.

By the Commission

ATTEST:



COMMONWEALTH OF KENTUCKY 730 SCHENKEL LANE POST OFFICE BOX 615 FRANKFORT, KENTUCKY 40602 www.psc.state.ky.us (502) 564-3940

August 30, 1999

Lee Hill Brown & Hill, PLLC 1005 S. Main Street, S-101 Corbin KY 40701

> RE: Citipower, LLC Case No. 99-225 Petition for Confidential Protection

Dear Mr. Hill,

On August 9, 1999 the Commission received the petition filed on behalf of Citipower, LLC to protect as confidential information filed in response to the Attorney General's data requests. A review of the information has determined that it is entitled to the protection requested on the grounds relied upon in the petition and it shall be withheld from public inspection.

If the information becomes publicly available or no longer warrants confidential treatment, you are required by 807 KAR 5:001, Section 7(9)(a) to inform the Commission so that the information may be placed in the public record.

incerely.

Helen C. Helton Executive Director

cc: All parties of record



COMMONWEALTH OF KENTUCKY **PUBLIC SERVICE COMMISSION** 730 SCHENKEL LANE POST OFFICE BOX 615 FRANKFORT, KY. 40602 (502) 564-3940

August 30, 1999

To: All parties of record

RE: Case No. 99-225

We enclose one attested copy of the Commission's Order in the above case.

Stephen Su

Stephanie Bell Secretary of the Commission

SB/hv Enclosure David K. Brock President Ibexco P. O. Box 523 Corbin, KY 40702

James Curd Manager CitiPower, L.L.C. P. O. Box 1309 12 Courthouse Square Whitley City, KY 42653

Elizabeth Blackford Assistant Attorney General 1024 Capital Center Drive Frankfort, KY 40601

Honorable Robert L. Brown Counsel, Citipower LLC Brown & Hill, PLLC 1005 S. Main Street, Suite 101 Corbin, KY 40701

### COMMONWEALTH OF KENTUCKY

### BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CITIPOWER, LLC FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES

CASE NO. 99-225

# <u>ORDER</u>

Citipower, LLC having moved for an extension of time until September 7, 1999 in which to respond to the Commission's August 3, 1999 Order and the Commission finding good cause, IT IS HEREBY ORDERED that the motion is granted.

Done at Frankfort, Kentucky, this 30th day of August, 1999.

By the Commission

ATTEST:

Executive Direct

BROWN & HILL, PLLC Attorneys at law 1005 S. Main Street, Suite 101 Corbin, Kentucky 40701

RECEIVEL AUG 2 6 1999

ROBERT L. BROWN III TERESA J. HILL

VIA CERTIFIED MAIL

August 25, 1999

Ms. Susan Hutcherson Kentucky Public Service Commission 730 Schenkel Lane P. O. Box 615 Frankfort, Kentucky 40602

# **RE:** Application of Citipower, LLC. for Rate Adjustment; Case No. 99-225 Motion for Extension of Time

Dear Ms. Hutcherson:

Pursuant to our conversation on today's date, enclosed please find an original Motion for the case file. It is my understanding that the PSC will rule on the copy of the motion which was faxed to your attention today.

I appreciate your assistance in this matter, and should you have any questions or comments, please do not hesitate to contact me.

Sincerely,

Teresa J. Hill

Enclosure

### COMMONWEALTH OF KENTUCKY BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

)

)

)

)

In the Matter of:

RECEIVE AUG 2 6 1999 LELIC SERVICE

APPLICATION OF CITIPOWER, L. L. C. FOR RATE ADJUSTMENT PURSUANT TO: 807 KAR 5:076 ALTERNATIVE RATE FILING

**CASE NO. 99-225** 

#### MOTION FOR EXTENSION OF TIME TO RESPOND TO PSC'S REQUEST FOR INFORMATION

Comes now, Citipower, LLC, the Applicant in the above-styled matter, and respectfully requests an extension of an additional 20 days to respond to the Request for Information propounded by the Kentucky Public Service Commission on August 3, 1999, and due August 17, 1999. Citipower, LLC, would request an additional 20 days so that said Response will be due on or before September 7, 1999.

In support of said Motion, Citipower, LLC, would state that the extension would allow Citipower, LLC, adequate time to respond. Also, a hearing date in this matter has not yet been set, therefore, an extension of time would not cause undue prejudice to any of the parties nor the PSC.

Respectfully Submitted,

BROWN & HILL, PLLC 1005 S. Main St., S-101 Corbin, Kentucky 40701 (606) 528-3073 Attorney for Applicant, Citipower, LLC

Client/Citipower/Response.to.Atty.Gen.Rate

#### **CERTIFICATE**

I hereby certify that the above and foregoing was on the  $\cancel{b}$  day of August, 1999, served by mailing the original and true and exact copies of same, all postage prepaid, addressed for delivery to:

Ms. Helen C. Helton Executive Director Kentucky Public Service Commission 730 Schenkel Lane P. O. Box 615 Frankfort, Kentucky 40602

Hon. Elizabeth E. Blackford Assistant Attorney General 1024 Capital Center Drive Frankfort, KY 40601

I futher certify that this motion was re-mailed to the above on this the 25th day of August, 1999.

his

BROWN & MILL, PLLC

# COMMONWEALTH OF KENTUCKY BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

) )



In the Matter of:

APPLICATION OF CITIPOWER,
L. L. C. FOR RATE ADJUSTMENT
PURSUANT TO: 807 KAR 5:076
ALTERNATIVE RATE FILING

CASE NO. 99-225

## MOTION TO PROTECT MATERIAL AS CONFIDENTIAL TO ATTORNEY GENERAL'S REOUESTS FOR INFORMATION

Comes now, Citipower, LLC, the Applicant in the above-styled matter, pursuant to 807 KAR 5.001 Section 7, and moves the Kentucky Public Service Commission to classify as confidential certain information provided to the Public Service Commission in response to the Attorney General's Request for Information filed July 16, 1999.

Applicant would state that certain information sought by the Attorney General (specifically identified in the attached and highlighted copy of the response), requires disclosure of information presently unknown to the public and competitors and represents financial records and documents which if disclosed to competitors, could cause irreparable harm to Citipower, LLC. Kentucky Revised Statute 61.878 (c) (1) provides that certain records can be kept confidential including those "[r]ecords confidentially disclosed to an agency, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial

advantage to competitors of the entity that disclosed the records and which are compiled and maintained: b. In conjunction with the regulation of a commercial enterprise ....."

In the response to requests for information, Citipower, LLC, on page 1 of 17, has provided additional information in the form of an introduction, explaining the relationship between Forexco, Inc., and Citipower, LLC, and the services that Forexco, Inc., provides to Citipower, LLC, free of compensation. As this information was provided voluntarily, in an effort to aid the Public Service Commission better understand the relationship between Forexco and Citipower, LLC, and because the compensation and the role of Forexco's employees is not public knowledge, Citipower requests that said information be kept confidential.

On page 2 of 17, Citipower has disclosed the information relating to the compensation of Daniel Forsberg and Guy Strevey.

On page 3 of 17, Box 4, reveals a percentage amount of allocations of salaries for Forexco employees providing services to Citipower.

On page 4 of 17, Box 4A-C, reveals the annual compensation of Forexco employees.

On page 5 of 17, Box 5 and Box 5D-E, reveals salaries of Citipower employees.

On page 6 of 17, Box 7 reveals compensation of Citipower employees.

On page 9 of 17, Box A reveals compensation paid for legal services.

Citipower, LLC would ask that the Public Service Commission classify as confidential the above referenced information as it relates to salaries and compensation in actual amounts paid to Citipower employees and/or Forexco employees. Both Citipower and Forexco are privately owned, for-profit corporations which hire and pay personnel in a competitive marketplace. Citipower, LLC, is located in a market in which it is difficult to find trained personnel, and revealing salaries allows competitors to compare their salary rates and gives competitors an unfair advantage in determining what to pay their own personnel or in attempts to hire away key personnel of Citipower, LLC.

In the case of Marina Management Services, Inc., et al v. Cabinet for Tourism Department of Parks, Ky., 906 S.W.2d 318, 319 (1995), the Kentucky Supreme Court recognized and upheld the confidentiality of financial records of private corporations (the marinas) which were submitted pursuant to a license agreement with the State. The financial records of the marinas were in the possession of the Tourism Cabinet and were requested by the Legislative Program Review and Investigation Committee (LPRIC). The circuit court allowed the LPRIC not only to receive the documents but also disclose them to the public. The appellate court upheld the circuit court's decision, but the Kentucky Supreme Court overturned the decision, finding the documents were excluded as being open to the public under KRS 61.878(1) (c) (1).

The Court wrote: "These are records of privately owned marina operators, disclosure of which would unfairly advantage competing operators. The most obvious disadvantage may be the ability to ascertain the economic status of the entities without the hurdles systematically associated with the acquisition of such
information about privately owned organizations."

Likewise, the information disclosed by Citipower, LLC, and Forexco, Inc., to the PSC relating to salaries and compensation of its key personnel would allow competitors to ascertain the status of the entities. In the <u>Marina Management</u> <u>Services, Inc.</u>, case, <u>supra</u>, the Court further recognized that the LPRIC could use the information obtained without disclosing the information to the general public. "The legislature recognizes that the purposes of the Committee can still be achieved without requiring disclosure of documents deemed confidential, not only by the company whose financial data is in question, but also by the public agency in possession of those documents." <u>Id</u>.

In the case at bar, all of the information disclosed can by used and evaluated by the Public Service Commission for its purposes, without any need of dissemination to the general public, which would include competitors of Citipower, LLC.

As it relates to the legal services provided and the sums received, Citipower, LLC, requests that the type of legal services sought by Citipower, LLC and said amounts paid be kept confidential under the privilege of attorney-client information. As set out in the <u>Marina</u> case, <u>supra</u>, such information, if disseminated to the general public and competitors, shows the issues that the private corporation faces, and allows others the unfair advantage of determining the type of legal issues and the amount to be paid in this market for those issues in this type of business through looking at Citipower's private records and information. Said information

4

can be used by the PSC for its purposes, but should be exempted under KRS 61.878(1) (c) (1).

For all the foregoing reasons, Citipower, LLC, respectfully requests that all financial information relating to the compensation and salaries of Citipower, LLC and/or Forexco, Inc.'s employees, as specified in the Responses above, be deemed confidential and exempt under KRS 61.878(1) (c) (1) and not open for disclosure to the public.

Respectfully Submitted,

BROWN & HILL, PLLC 1005 S. Main St., S-101 Corbin, Kentucky 40701 (606) 528-3073 Attorney for Applicant, Citipower, LLC

#### **CERTIFICATE**

I hereby certify that the above and foregoing was on the <u>6</u> day of August, 1999, served by mailing the original and 10 true and exact copies of same, all postage prepaid, addressed for delivery to:

Ms. Helen C. Helton Executive Director Kentucky Public Service Commission 730 Schenkel Lane P. O. Box 615 Frankfort, Kentucky 40602

and 1 copy, all postage prepaid to:

Client/Citipower/Response.to.Atty.Gen.Rate

5

Hon. Elizabeth E. Blackford Assistant Attorney General 1024 Capital Center Drive Frankfort, KY 40601

BROWN & HILL, PLLC

6



COMMONWEALTH OF KENTUCKY **PUBLIC SERVICE COMMISSION** 730 SCHENKEL LANE POST OFFICE BOX 615 FRANKFORT, KY. 40602 (502) 564-3940

August 3, 1999

To: All parties of record

RE: Case No. 99-225

We enclose one attested copy of the Commission's Order in the above case.

Sincerely, Stephen Bue

Stephanie Bell Secretary of the Commission

SB/hv Enclosure , David K. Brock President Ibexco P. O. Box 523 Corbin, KY 40702

•

James Curd Manager CitiPower, L.L.C. P. O. Box 1309 12 Courthouse Square Whitley City, KY 42653

Elizabeth Blackford Assistant Attorney General 1024 Capital Center Drive Frankfort, KY 40601

Honorable Robert L. Brown Counsel, Citipower LLC Brown & Hill, PLLC 1005 S. Main Street, Suite 101 Corbin, KY 40701

#### COMMONWEALTH OF KENTUCKY

# BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CITIPOWER, LLC FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES

CASE NO. 99-225

# <u>ORDER</u>

IT IS ORDERED that Citipower, LLC ("Citipower") shall file within 14 days from the date of this order an original and 10 copies of the following information with the Commission, with a copy to all parties of record. Each copy should be in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be indexed, for example, Item 3(a), Sheet 2 of 6. Include with each response the name of the witness responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. If information requested herein has been provided in the original application, in the format requested herein, reference may be made to that information in responding to this request.

IT IS FURTHER ORDERED that Citipower shall also file its response to the July 16, 1999 information request of the Attorney General of the Commonwealth of Kentucky by no later than 14 days from the date of this order. 1. Provide an affidavit from the president or other corporate officer attesting that Citipower's books and records are maintained separately from any other commonly owned enterprise.

2. Have any studies been performed to evaluate the cost effectiveness of short-term financing used by Citipower to finance long-lived assets? If yes, provide such studies. If no, explain why such studies have not been performed.

3. Refer to Attachment A to Section III of the application.

a. Provide the exhibit of increased cost information using the Uniform System of Accounts ("USoA"), which is the system of accounts reflected in the annual report filed with the Commission.

b. Provide total revenues, including wholesale gas sales, according to the USoA.

c. Provide total gas purchases, including purchases for wholesale sales, as well as gas purchases for retail sales. Show any adjustments in the determination of natural gas purchases for retail or wholesale sales with a footnote referencing a schedule or workpaper where the adjustment is calculated.

d. Provide all increased cost information classified according to the USoA along with a brief explanation for the increases, together with any supporting documentation.

e. Provide projected revenues and requested expenses adjusted for increased cost adjustments classified according to the USoA.

-2-

4. Provide an exhibit setting forth Citipower's determination of its revenue requirement, as well as an explanation of the methodology used, i.e., operating ratio, return on rate base, etc.

5. Refer to Attachment A. Provide a computation determining the estimated interest expense for the adjusted test period.

6. Refer to Attachment A.

a. Provide the depreciation expense (Account 403) broken out separately from the amortization expense (Accounts 404-407) according to the USoA accounts.

b. Explain whether any amortization expense results from either a plant acquisition adjustment or organizational costs.

c. If any amortization expense results from a plant acquisition adjustment, provide the supporting adjusting journal entry recording the plant acquisition adjustment on Citipower's books.

7. Refer to Attachment A. Why is "Officers Comp/Consulting" considered a noncash expense in the exhibit?

8. Explain the differences in classes of "Members' Capital Contributions," as reported in the 1998 Annual Report to the Commission.

9. Has a cost-of-service study assessing the appropriateness of a flat rate billing structure compared to alternative billing structures been prepared in association with this application? If yes, provide the study. If no, provide an explanation for why no study was performed.

-3-

10. Refer to Section III, Attachment A, of the application, the first line headed "Gas Sales – Citipower Customers" and the third line headed "Other Revenues." Both have a short narrative statement that refers to the addition of 70 customers.

a. Provide a more thorough explanation of the additional 70 customers. Over what period of time were they added? How do they break down by customer classification (residential, commercial, or industrial)?

b. The application was filed June 3, 1999. As of June 1, 1999, provide the total number of Citipower customers, broken down by customer classification.

c. The increase amount of \$175,638 for "Gas Sales – Citipower Customers" does not agree with the \$28,010 revenue increase calculated in Section III, Attachment E. Provide a thorough explanation for the amount of increase shown on Attachment A along with a description of the "Other Revenues" of \$26,177, and a more detailed explanation for the projected \$19,275 increase to those revenues.

d. Refer to the Expenses portion of Attachment A - the first line headed "Cost of Goods Sold – Citipower Customers." Provide a thorough explanation of the derivation of the actual amount of \$54,669 and the calculation of the projected increase of \$33,771.

11. Refer to Section III, Attachment E. Explain why the Revenue Analysis – Proposed Rate Structure does not include the Mcfs currently billed under the minimum bill in its calculation of the Total Revenue generated under the proposed rates.

-4-

12. Refer to Section III, Attachment B. In what manner were the pipelines constructed? Provide copies of the feasibility studies, bid documents, and construction specifications.

13. Provide topographic maps showing the route of the steel pipelines, the location of the compressor station and the Citipower distribution system.

14. Provide the forecast of total gas production and total gas sales for 1999-2004.

15. Explain how the gas compressor is used in the operation of the Citipower system. Do any customers in Kentucky receive gas downstream from the compressor? Explain whether the compressor is mainly used to transport gas for Citizens Gas.

16. Are there any customers in Kentucky tapped into the 6-inch or 4-inch steel pipeline? Explain.

17. Refer to Section III, Attachment B. Provide the construction contract and maps for the 1998 and 1999 projects.

18. Refer to Section IV, Tab A. Explain whether the \$1,500 per month represents the total lease and operation costs for the compressor? If yes, explain why, on Attachment A, the adjusted increased cost information for compressor maintenance is \$72,000 annually. If no, provide supporting documentation and a thorough explanation of the additional costs and expenses.

19. Refer to Section IV, Tab B.

a. Is \$350 the average cost of a customer's service connection?

b. Are the costs of customer service lines reimbursed by the customers?

-5-

c. Why did two customers pay \$250 and nine customers receive free hook-ups?

Done at Frankfort, Kentucky, this 3rd day of August, 1999.

By the Commission

ATTEST:

Executive Director

**BROWN & HILL, PLLC** ATTORNEYS AT LAW 1005 S. MAIN STREET, SUITE 101 CORBIN, KENTUCKY 40701

**ROBERT L. BROWN III** TERESA J. HILL

(606) 528-3073 FAX (606) 528-3289

July 16, 1999

RECEIVED

JUL 1 9 1999

PUBLIC SERVICE COMMISSION

Helen C. Helton, Executive Director Commonwealth of Kentucky Public Service Commission 730 Schenkel Lane Frankfort, Kentucky 40602

#### ATTORNEY GENERAL REQUESTS FOR INFORMATION RE: Application of Citipower, LLC for Rate Adjustment Pursuant to: 807 KAR 5:076 - Alternative Rate Filing Case No. 99-225

Dear Ms. Helton:

Please allow this letter to serve as a formal request for the firm of Brown and Hill, PLLC to be placed upon the service list for the above-mentioned matter.

Your cooperation in this is greatly appreciated, and should you have any questions or comments, please do not hesitate to contact me.

Sincerely,

ért L. Brown III

RLB/ca

OK-H.V.

# COMMONWEALTH OF KENTUCKY BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

RECEIVED

JUL 1 6 1999

PUBLIC SERVICE

COMMISSION

In the Matter of:

Application of Citipower, LLC for Rate Adjustment Pursuant to: 807 KAR 5:076 Alternative Rate Filing

Case No. 99-225

# ATTORNEY GENERAL REQUESTS FOR INFORMATION

)

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits these Requests for Information to Citipower LLC:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the company witness who will be prepared to answer questions concerning each request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of the Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully Submitted,

Elizabeth E. Blackford Assistant Attorney General 1024 Capital Center Drive Frankfort, Kentucky 40601 (502) 696-5458

#### CERTIFICATE OF SERVICE AND OF FILING

I hereby certify that this 16<sup>th</sup> day of July, 1999, I have filed the original and ten true copies of the foregoing with the Public Service Commission at 730 Schenkel Lane, Frankfort, Kentucky, 40601 and that I have served the parties by mailing a true copy of same, postage prepaid to the following:

DAVID K BROCK PRESIDENT IBEXCO P O BOX 523 CORBIN KY 40702

JAMES CURD MANAGER CITIPOWER LLC P O BOX 1309 12 COURTHOUSE SQUARE

11 Black

#### **REQUESTS FOR INFORMATION**

1. With reference to Section III, Subsection A, please provide a full explanation of the legal services provided to Citipower, LLC in the test year and those expected to be provided on a going forward basis.

2. With reference to Section III, Subsection A, please provide a full explanation of the services to be provided to Citipower, LLC by the Marketing Employee.

3. With reference to Section III, Subsection A, please;

A. Provide an explanation detailing who is to be compensated under the line "Officers Comp/Consulting" and the services that are to be provided by each.

B. Explain the use of "Based on total investments-less new investments projected for 1999" as the basis for this expense.

C. Is the expense referenced in subsection B. or the services to be provided giving rise to that expense expected to change after 1999? If so, please explain the changes expected and the basis upon which the expected changes are anticipated.

3. With reference to Section III, Subsection A, to whom or what have commissions been paid? What investments have been sold to generate those commissions?

4. With reference to Section III, Subsection A, please explain the allocation of 1/3 of the "Salaries paid by Forexco to Citipower" for Forsberg, McCue and Lawson. Include an explanation of what Forexco is, what it does, who owns it, and whether there is any ownership in common with those who own Citipower LLC as well as explaining the basis for the salary allocation between the two companies.

- A. In what capacity is Forsberg employed by Citipower and what is the total amount of his/her annual compensation therefore? In what capacity is Forsberg employed by Forexco and what is the total amount of his/her annual compensation therefor? Does Forsberg own any portion of either company, and if so, what portion?
- B. In what capacity is McCue employed by Citipower and what is the total amount of his/her annual compensation therefor? In what capacity is McCue employed by Forexco and what is the total amount of his/her annual compensation therefore?Does McCue own any portion of either company, and if so, what portion?
- C. In what capacity is Lawson employed by Citipower and what is the total amount of his/her annual compensation therefore? In what capacity is Lawson employed by

Forexco and what is the total amount of his/her compensation therefore? Does Lawson own any portion of either company, and if so, what portion?

5. With reference to Section III, Subsection A, please explain the allocation of 1/3 of the "Salaries paid by Citipower to Forexco" for Curd and Ross.

- D. In what capacity is Curd employed by Citipower and what is the total amount of his annual compensation therefore? In what capacity is Curd employed by Forexco and what is the total amount of his annual compensation therefore? Does Curd own any portion of either company, and if so, what portion?
- E. In what capacity is Ross employed by Citipower and what is the total amount of his/her annual compensation therefore? In what capacity is Ross employed by Forexco and what is the total amount of his/her annual compensation therefore? Does Ross own any portion of either company, and if so, what portion?

6. Are there any other employees of Citipower who work for both Forexco and Citipower? If so, please identify each such employee, the nature of the employment with/for each company, the amount of time spent performing duties for each company and the basis for any allocation of salary between the two companies.

7. Are there any other employees of Citipower LLC only? If so, what are their jobs, and what is the total annual compensation paid to them?

8. Are facilities (such as office space) or materials, furnishings or equipment (such as furniture, computers, phone systems and vehicles) shared by Forexco and Citipower? If so, please identify all facilities, furnishings, equipment and materials which are shared by the two and the basis on which the expense of each item is allocated between the two companies.

9. With reference to Section III, Subsection A, please provide a full explanation of "Other expenses - reduction due to cutback and learning curve". Explain what cutback has impacted expenses, how it has done so, and how long that impact is expected to continue. Also explain what learning curve is referenced, how that learning curve has impacted expenses and state whether that learning curve is expected to further reduce expenses in the future.

10. With reference to Section III, Subsection A, do the sales to Citizens Gas utilize the gas supply resources, distribution or transmission facilities, or any other asset, including personnel or labor, of Citipower LLC? If so, explain what is used and the extent of its use.

11. With reference to Section III, Subsection D, please provide a full explanation of the line item "Office F & F".

12. With reference to Section III, Subsection D please provide a full explanation of the line item

"Autos" including a description each vehicle included, the employee to whom that vehicle is assigned and the function that vehicle performs.

13. With reference to Section III, Subsection G, Attachment G-1, were any surveys or studies done to compare the cost of natural gas to alternative energy costs of electric and propane service in McCreary County? If so, please provide copies of those studies or surveys. Further, please provide all facts, materials, reports and information upon which the statement "It is not uncommon for Citipower customers to report savings of 50% over propane or electricity." is based or which supports that statement.

14. Has Citipower LLC performed or caused any studies or surveys to be preformed comparing the costs of alternative electric or propane service in McCreary County to that of natural gas if the rate increase requested in this filing is granted? If so, please provide copies of those reports or surveys. If not, please explain the basis for the statement in Section III, Section G, Attachment G-1 which says, "Even with a rate increase, natural gas will continue to be significantly more affordable than alternative energy costs." Provide copies of all information relied upon in making that statement.

15. With reference to Section IV, Subsection B, concerning the extension of pipeline from Poplar Grove Road to Bob Musgrove Road, why were/are nine of eleven customers permitted free hook ups, while two paid/will pay the cost of hook up? On what basis is that differentiation made?

16. Please provide copies of all contracts or agreements upon which costs are allocated between Citipower LLC and any other company with reference to labor, personnel, facilities, equipment and materials.



COMMONWEALTH OF KENTUCKY **PUBLIC SERVICE COMMISSION** 730 SCHENKEL LANE POST OFFICE BOX 615 FRANKFORT, KY. 40602 (502) 564-3940

July 16, 1999

David K. Brock President Ibexco P. O. Box 523 Corbin, KY. 40702

James Curd Manager CitiPower, L.L.C. P. O. Box 1309 12 Courthouse Square Whitley City, KY. 42653

Elizabeth Blackford Assistant Attorney General 1024 Capital Center Drive Frankfort, KY. 40601

RE: Case No. 99-225

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

Stephanie Bell

Secretary of the Commission

SB/hv Enclosure

# COMMONWEALTH OF KENTUCKY

# BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CITIPOWER, LLC FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES

CASE NO. 99-225

# <u>ORDER</u>

This matter arising upon the motion of the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), filed July 9, 1999, pursuant to KRS 367.150(8), for full intervention, such intervention being authorized by statute, and this Commission being otherwise sufficiently advised,

IT IS HEREBY ORDERED that the motion is granted and the Attorney General is hereby made a party to these proceedings.

Done at Frankfort, Kentucky, this 16th day of July, 1999.

By the Commission

ATTEST:

# COMMONWEALTH OF KENTUCKY BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

In the Matter of:

Application of Citipower, LLC for Rate Adjustment Pursuant to: 807 KAR 5:076 Alternative Rate Filing

Case No. 99-225

#### MOTION TO INTERVENE

)

)

Comes the Attorney General, A. B. Chandler, III, pursuant to KRS 367.150 (8) which

grants him the right and obligation to appear before regulatory bodies of the Commonwealth of Kentucky

to represent the consumers' interests, and moves the Public Service Commission to grant him full intervener

status in this action pursuant to 807 KAR 5:001(8).

Pool Carlor

ELIZABETH E. BLACKFOR ASSISTANT ATTORNEY GENERAL 1024 CAPITAL CENTER DRIVE FRANKFORT KY 40601 (502) 696-5453 FAX: (502) 573-4814

#### **CERTIFICATE OF SERVICE AND OF FILING**

I hereby Certify that this the 9th day of July, 1999, I have filed the Original and ten copies of the

foregoing Motion with the Public Service Commission at 730 Schenkel Lane, Frankfort, KY, 40601, and that

I have served the parties of record by mailing a true copy of same postage prepaid to:

DAVID K BROCK PRESIDENT IBEXCO P O BOX 523 CORBIN, KY 40702 JAMES CURD MANAGER CITIPOWER LLC P O BOX 1309 12 COURTHOUSE SQUARE WHITLEY CITY KY 42653

11 Bland fl



. .

COMMONWEALTH OF KENTUCKY **PUBLIC SERVICE COMMISSION** 730 SCHENKEL LANE POST OFFICE BOX 615 FRANKFORT, KY. 40602 (502) 564-3940

June 17, 1999

David K. Brock President Ibexco P. O. Box 523 Corbin, KY. 40702

James Curd Manager CitiPower, L.L.C. P. O. Box 1309 12 Courthouse Square Whitley City, KY. 42653

RE: Case No. 99-225

We enclose one attested copy of the Commission's Order in the above case.

Sincerely, Bul

Stephanie Bell Secretary of the Commission

SB/hv Enclosure

# COMMONWEALTH OF KENTUCKY

# BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CITIPOWER, LLC FOR AN ADJUSTMENT OF RATES PURSUANT TO THE ALTERNATIVE RATE FILING PROCEDURE FOR SMALL UTILITIES

CASE NO. 99-225

# <u>ORDER</u>

On June 3, 1999, Citipower, LLC ("Citipower") applied to the Commission for an adjustment of rates pursuant to Administrative Regulation 807 KAR 5:076, the alternative rate filing procedure for small utilities. In its filing, Citipower requested permission to deviate from the requirements of 807 KAR 5:076, Section 1.

Administrative Regulation 807 KAR 5:076, Section 1, requires the applicant to have on file with the Commission fully completed annual reports for the immediate past year and for at least the two prior years when the applicant has been in existence that long. Since Citipower did not come under the Commission's jurisdiction until November 1997 and its 1997 and 1998 Annual Reports are on file, the Commission finds that good cause exists to grant the deviation.

IT IS THEREFORE ORDERED that Citipower's request for permission to deviate from the requirements of 807 KAR 5:076, Section 1, is hereby granted.

Done at Frankfort, Kentucky, this 17th day of June, 1999.

By the Commission

ATTEST:

Exec utive Direc



COMMONWEALTH OF KENTUCKY **PUBLIC SERVICE COMMISSION** 730 SCHENKEL LANE POST OFFICE BOX 615 FRANKFORT, KY. 40602 (502) 564-3940

June 3, 1999

David K. Brock President Ibexco P. O. Box 523 Corbin, KY. 40702

James Curd Manager CitiPower, L.L.C. P. O. Box 1309 12 Courthouse Square • Whitley City, KY. 42653

RE: Case No. 99-225 CITIPOWER, L.L.C. (Rates - ARF)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received June 3, 1999 and has been assigned Case No. 99-225. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

Stephanie Bell

Secretary of the Commission

SB/jc



# Citipower, LLC

RECEIVED

JUN 0 3 1999

PUBLIC SERVICE COMMISSION CASE 99-225

# Application for Rate Adjustment

Pursuant to:

807 KAR 5:076

**Alternative Rate Filing** 

# **TABLE OF CONTENTS**

May 21, 1999

**SECTION I** COVER LETTER

SECTION II APPLICATION

**<u>SECTION III</u>** ATTACHMENTS

- A. Attachment A
- B. Attachment B
- C. Attachment C
- D. Attachment D
- E. Attachment E
- F. Attachment F
- G. Attachment G

SECTION IV

# EXHIBITS

- A. Exhibits to Attachment A
- B. Exhibits to Attachment B
- C. Exhibits to Attachment C



Reply to: *Ibexco* P.O. Box 523 Corbin, KY 40702



June 2, 1999

Ms. Helen C. Helton Executive Director Kentucky Public Service Commission 730 Schenkel Lane P.O. Box 615 Frankfort, KY 40602

RECEIVED

JUN 03 1999

PUBLIC SERVICE COMMISSION

CASE 99-225

RE: Alternative Rate Filing for Small Utilities

Dear Ms. Helton:

On behalf of Citipower, LLC, I respectfully submit the following application for rate adjustment pursuant to 807 KAR 5:076.

In respect to the Basic Information Section, Question 3 of the application (Has the utility filed an annual report with this Commission for the past year and the two previous years?), Citipower has filed an Annual Report for the years 1997 and 1998. Citipower, LLC acquired McCreary Natural Gas as a farm tap program in September 1996 and operated as such until mid-1997. For this reason, 1 respectfully request written approval from the Commission to consider the Annual Reports filed for 1997 and 1998 as satisfaction of this specific requirement of the application.

Additionally, Citipower, LLC utilizes a flat rate designed billing structure. For this reason, I respectfully request the Commission to accept Attachment E as satisfaction of the requirement for a Billing/Revenue Analysis.

Pursuant to publication of the Public Notice, Attachment G was published in the McCreary County Record (a newspaper of general circulation within the county) on Tuesday, June 1, 1999 and is scheduled for publication once a week for three consecutive weeks.

Thank you for your time in consideration of this application, should you have any questions or if I may be of assistance in any way please contact me at (606) 526-1177.

Sincerely,

Dand H. Prach

David K. Brock President

Serving Tomorrow's Future Today



#### APPLICATION FOR RATE ADJUSTMENT BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

For Small Utilities Pursuant to 807 KAR 5:076 (Alternative Rate Filing)

·Citipower, LLC

	Name of Utility	
	12 Courthouse Square	
	Whitley City, KY 42653	
Telephone Number	Business Mailing Address (606) / 376-8373	
	Area Code Number	

#### I. Basic Information

NAME, TITLE, ADDRESS <u>and</u> telephone number of the person to whom correspondence or communications concerning this application should be directed:

NAME: David K. Brock – Independent Consultant

Address: P.O. Box 523

Corbin, KY 40702

Telephone Number: (606) 526-1177

1)	Do you have 500 customers or fewer?	Yes	No
2}	Do you have \$300,000 in Gross Annual Revenue or less?	Yes	No
3)	Has the utility filed an annual report with this Commission for the past year and the two previous years?	Yes	NO
4)	Are the utility's records kept separate from any other commonly-owned enterprise?	Yes	No

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered <u>yes</u> to either question 1 or 2 and <u>yes</u> to both questions 3 and 4 above. If you answer <u>no</u> to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

#### II. Increased Cost Information

- (1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for this rate revision is the one filed with the Commission for the 12 months ending December 31,  $19_{-08}$ .
  - a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

Item Per <u>Annual Report</u>	Amount Per Annual Report	Increase (Decrèàse)	Adjusted <u>Amount</u>
Revenue	\$	\$	\$
Total Revenue	\$	\$	\$

<u>Expense</u>

See:

#### III. ATTACHMENTS

A. Attachment A

Total Expense	\$ \$	\$
Revenue Less Expense	\$ \$	\$

-2-

b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

See notes on Attachment A and also:

#### IV. EXHIBITS

A. Exhibits to Attachment A

c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

Customer Class	Present Rates	Proposed Rates	Percent Increase
Residential	\$7.00	\$8.50	21%
Commercial	\$7.00	\$8.50	21%
Public	\$6.00	\$7.50	25%
Industrial	\$6.00	\$7.50	25%

-3-

# III. Other Information

- a. Please complete the following questions:
  - Please describe any events or occurrences which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

See:

#### III. ATTACHMENTS

B. Attachment B

See also:

#### IV. EXHIBITS

B. Exhibits to Attachment B

2)	Total	number of custo	mers
•	as of	the date of fil	ing:227

- 3) Total amount of increased revenue requested: \$30,481.38 Proposed Rate Structure \$159,298.31 minus \$128,816.93 Current Rate Structure per Attachment E
- 4) Please circle Yes or No:

a)	Does the utility have outstanding indebtedness? Yes	No
	If yes, attach a copy of any See: documents such as promissory notes, <u>III.</u> bond resolutions, mortgage agreements, etc. See Also:	ATTACHMENTS C. Attachment C
b)	Were all revenues and expenses IV. listed in the Annual Report for 1998 incurred and collected from January 1 to December 31 of that year? Yes	EXHIBITS C. Exhibits to Attachment C NO
	If no, list total revenue and	

total expense incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were calculated.

- 4 -

5)	utility plant in service. Reconcile any different between total depreciation shown on the Annual Report	rence	3
	19 <u>98</u> and the amount shown on this schedule. See:	111.	ATTACHMENTS

- 6) If utility is a sewer utility: D. Attachment D
  - a) Attach a copy of the latest State and Federal Income Tax Returns.  $N\!/\!A$
  - b) How much of the utility plant was recovered through the sale of lots or other contributions \$ or %? (If unknown, state the reason.)

N/A

b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

- A) Projections for 1999 and 2000 excluding capital expenditures reflect net operating losses.
- B) To cover costs for expanding services including new pipeline to customers throughout McCreary County.
- C) Cover prior year capital expenditures for new and backup pipeline.
- D) Cover current year capital expenditures for actual and projected expansion.
- E) To cover added costs associated with maintenance of compressor station.

~5-
### IV. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of this rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a billing analysis is also included. Although the sample reflects water usage, it is equally applicable for gas companies using a declining block rate design. This billing analysis is not intended for companies using a flat rate design.

### For Revenue and Billing Analysis

See:

### III. ATTACHMENTS

E. Attachment E

### V. General Information/Customer Notice

1) Filing Requirements:

a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding. See: III. ATTACHMENTS F. Attachment F

b. An original and 10 copies of the completed application should be sent to:

Executive Director Kentucky Public Service Commission 730 Schenkel Lane P. O. Box 615 Frankfort, Kentucky 40602

Telephone: 502/564-3940

c. One copy of the completed application should also be sent at the same time to:

Public Service Litigation Branch Office of the Attorney General Post Office Box 2000 Frankfort, Kentucky 40602-2000

2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation. See: <u>III. ATTACHMENTS</u>

G. Attachment G

- 3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502/564-3940.
- 4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

a correct.	
Signed	and Atomber
<u> </u>	Officer of the Company
Title	Dresident
Date	5/21/99



## ATTACHMENT A

Citipower, LLC Alternative Rate Filing II. Increased Cost Information

1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for this rate revision will be the one filed with the commission for the 12 months ending December 31, 1998

(a) If you have reason to believe some of the items of revenue and expenses listed in the annual report will increase or decrease, please list each item,

the expected increase or decrease and the adjusted amount.

Total C penses	New customers-Josh Hill, Musgrove, Hayes	Loop line	Projected Capital Expenditures	Sub-Total (Cash expenses) \$	Depreciation/Amortization (in Other) \$	Officers Comp/Consulting \$	Noncash Expenses included above	Net Income (Loss)	Total Operating Expenses \$	Other income		General & Admin Salaries - Allocation \$	General & Admin Salaries - Allocation \$	Legal Fees \$	Engineering Fees \$	Commissions \$	Officers Comp/Consulting \$	Interest Expense \$	Marketing (New person) \$	Contract Labor - Rick Wilson \$	Compressor Maintenance \$	Insurance-Workmen's Compensation \$	<b>Operating Expenses</b>	Gross Profit \$	Total Cost of Goods Sold \$	(avg 20 wells @ \$100 per well per month) \$	(Compressor Fees)	1999 - 180000) \$	(Avg 0.45 per mcf; estimated mcf's for	Adjustment for Line Loss/Compressor Burn	(180,000 mcf @ 1.82/mcf) \$	Cost of Goods Sold-Citizens \$	Cost of Goods Sold-Citipower Customers \$	Expenses	Total Revenues \$	Other Revenue \$	Gas Sales - Citizens Gas \$	Gas Sales - Citipower Customers \$	per	-	1998.
				483,950	(132,236)	(251,840)		(765,230) \$	868,026 \$	(5,109) \$	330,012 \$	176,761 \$	۰ ج	60,672 \$	11,883 \$	25,774 \$	251,840 \$	11,399 \$	, \$	' \$	' \$	4,794 \$		102,796 \$	54,669 \$	' \$		، ج			49,709 \$	,	54,669 \$		157,465 \$	26,177 \$	\$		- 	1998 Actual Inci	1998 Annualized Using Proposed Rate Increase
60		-	•	\$	S	6		120,186 \$		1,000 \$		(20,005) \$	100,000 \$	(15,000) \$	(5,000) \$	(10,000) \$	(50,000) \$	42,500 \$	21,600 \$	10,400 \$	72,000 \$	1,461 \$		161,142 \$		-		(81,000) \$			327,600 \$		33,771 \$		194,913 \$	19,275 \$	÷	¥	, >	Increase or Ad	ng Proposed
1,029,696	104,790 B			\$ 574,906	(132,236)	(201,840)		(645,044)	908,982	(4,109)	294,012	156,756	100,000	45,672	6,883	15,774	201,840	53,899 A	21,600	10,400	72,000 A			263,938	88,440	(24,000)		(81,000)			377,309 C		88,440		352,378	45,452	377,309	076,970	Amount	Adjusted	Rate increas
	Estimates for Hayes, Musgrove										Other Expenses - reduction due to cutoack and learning curve	1999 Allocation 1/3 of Salaries paid by Unipower to Forexcu (Curin, 1009)	1999 Allocation 1/3 of Salaries paid by Forexco to Chipower (Fusuely, Miccue, Lawson)		Expect less engineering work in 1999	Based on investments sold	Based on total investments-less new investments projected for 1989	Note Payable - \$500,000 - Bank of McCreary		Rick Wilson sales to Ottoens Gas	essor Added in 1998 - Monuty Terit and Maintenance			Gross Pront from Sales to Citipower Customers Citing		Per Contract for Gas Purchase		Per Contract for Gas Purchase			Estimate - Cuzers cas have not been included		Sales to Citizens Gas and Cost of			Based on Increase from 1997 to 1990 (lakes line account / o new construct account)	Increase sales due to new steel backup lille to 1 civilessee	n pased on trade of the second s	econd on 1009 Actual Customers Added - 70. Using proposed rates \$7.50 and \$8.50		

## ATTACHMENT B

Citipower, LLC Alternative Rate Filing III. Other Information

III), a.), 1) Describe any events or occurrences which may have an effect on this rate review that should be brought to the Commission's attention:

9	1999 Capital Expenditures - Actual	\$ 1,0	÷	↔	\$	\$ 1,0	θ	\$	1998 Capital Expenditures - Actual
	itures - Actua	1,650,500.98	21,477.21	10,587.26	125,480.17	1,023,076.52	42,991.19	426,888.63	itures - Actual
	I Description of Expenditure	Total Capital Expenditures in 1998	Purchase of new trucks and major repairs to ditchwitch	Installation of Regulator/Odorant Station in 1998.	Installation of compressor station for 4" steel backup pipeline	Construction in 1998 (and continuing in 1999) of 4" steel backup pipeline	70 New customers added to burn in 1998	Installation of 1", 2", 3", 4" & 6" Pipeline for expansion of infastructure in McCreary County and hook in of new customers	I Description of Expenditure

- 23,823.56 Continuing expansion of 1", 2", 3" & 4" pipeline for new customer hookups and expansion of infastructure.
- ÷ 7,018.79 Completion of 4" steel backup pipline
- G 15,682.45 Completion of compressor station
- ÷ 2,323.12 Completion of regulator/odorant station
- ⇔ 3,581.06 New customer hook-ups - 18 new customers added to burn in 1st quarter 1999
- ÷ 52,428.98 Total capital expenditures through 3/31/1999

# **1999 Projected Capital Expenditures**

- θ 104,790.00 New customers-Josh Hill, Musgrove, Hayes
- ÷

<del>م</del> ا

454,790.00

Total 1999 Projected capital expenditures

1999 \$

507,218.98

Total actual and projected capital expenditures

- Loop line

- 350,000.00

## ATTACHMENT C

Citipower, LLC Alternative Rate Filing III. Other Information

III.) a., 4), a) Does the utility have outstanding indebtedness? If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

January 6, 1999 Various Various	<u>Date</u> November 11, 1997 November 11, 1998 December 16, 1998
Bank of McCreary Bank of McCreary BankOne	Lender Bank of McCreary Bank of McCreary Bank of McCreary
Note Payable Vehicle Note Vehicle Note	<b>Type</b> Line of Credit Line of Credit Note Payable
<del></del>	<del>6</del> 6 6
250,000.00 27,157.00 29,342.00	<u>Amount</u> 250,000.00 250,000.00 500,000.00
January 6, 2000 February 10, 2002 December 21, 2001	Maturity Date November 11, 1998 November 11, 1999 December 16, 1999
Purchase - LBU	<u>Comments</u> Working Capital - Construction Renewal of above Line of Credit Infrastructure/Construction

# ATTACHMENT D

Adjustment to Correctly State Deprectation Exp./Accum. Deprec.	Depreciation Expense Accumlated Deprec. per TB	Total IP &E	PP&B-Other	<b>Reg-Odorant Station</b>	Pipeline-Steel	Pipeline-6"	Pipeline-4"	Pipeline-3"	Pipeline-I" & 2"	Equip-Meters-sctup	Equipment-1)W-Other	Compressor Site	Auton	Office Fall	Office Building	Sanatiary of PP&H Chipower
y State cum. Deproc.	Accumlated Dep	919,029,21		•	•	•	3 16,800 no	•	295,680.00	102,798.00	25,000.00	·	44,574.33	9,176.85	125,000.00	Adjusted Cost
	ve. per 118		(701.724.82)			•	316,800.00	•	295,680.00	102,798.00	20,000.00	ı	44,574.33	0,00	50,000.00	Adjurding Entry
			701,724.82			•			•	•	3,000.00	•		9,176,88	75,000.00	12/31/96 Unadj: Cont
87,653.61	(102,672.00)	(15,018.39)		•		•	(3,960.00)	•	(3,696.00)	(3,604.74)	(1,250.00)		(74291)	(514,74)	(1,230.00)	Data Est
87,653.61	(102,672.00)	(15,018.39)		•	•		(3,960.00)	ł	(3,696.00)	(3,604.74)	(1,250.00)		(742.91)	(514.74)	(1,250.00)	Acc Dupp
		1,527,003.54	•	•	11,048.70	290,738.87	361,598.72	179.180.92	273,932.58	160,523.30	47,328.48	·	68,475.09	9,176.88	125,000.00	Adjusted Cost
			(37,195.08)		11,048,70	22,170.62	2,825,45	(813.33)	(100,073.00) 374,007.58	(14,678.89)	(3,285.57)		(9,005.22)	(797.86)		Adjusting Lintry
			\$7,195.0R		•	268,568 25	358,773.27	(813.33) 179,994.25	374,007.58	(14,678.89) 175,202.19	50,614.05	•	77,480.31	9,974.74	123,000.00	1231/97 Unselj. Cont
217, IB1.00	(294,471.00)	(77,290.00)			•		(15,840.00)	•	(14,784.00)	(19,935.78)	(8,879,88)		(10,458.05)	(2,392.29)	(5,000.00)	Dopn Exp
217,181.00	(309,489.39)	(924308.39)			,	۰	(19)800.00)		(18 480.00)	(23;540.52)	(10)129.88)	•	(11)200.96)	(2,907.03)	(6:230.00)	Acc:Dcpn
		3,222,166.08		7,320.75	1.009,962.58	488,965.67	583,663.84	746,153.63	307,694.94	195,852.94	49,969.69	111,094.07	87,311.09	9,176.88	125,000.00	Adjusted Cost
				(23, 13)			(2,516.63)	(2,916.07)	(3,397.32)	(8,882.96)	(862.60)	27,356.16	(1,871.93)	•		Adjusting Eatry
				7,343.88	17,687.46 992,275.12	(25,071.13) 514,036.80	(2,516.63) 586,180.47	(2,916.07) 249,069.70	(3,397.32) 311,092.26	(8,882.96) 204,735.90	50,832.29	83,737.91		9,176.88	125,000.00	12/31/98 Linudj, Carl
(117,565.85)		(117,563.83)		(23.42)	(5,260.22)	(12,224,14)	(19,175.80)	(6,153.84)	(15,084.37)	(24,894.79)	(9,836.37)	(370.31)	89,183.02 (17,148.29)	(2,397,29)	(5,000.00)	<b>Дера Екр</b>
(117,565.85) (117,565.85)	(92,308.39)	(209,874.24)		(25.42)	(5,260,22)	(12,224,14)	(38,975.80)	(6,153.84)	(33,564.37)	(48,435.31)	(19,966.25)	(370.31)	(28,349.25)	(5,299.32)	(11,250.00)	Ace Ucpn

Note: During our review of PP & E, we noted that the client did not have a capitalization policy; therefore, we adjusted all items in PP & E less than \$500.00, except for the items in the Steel Pipeline category, which were mainly for easements, which should be capitalized.

Also, the client was calculating depreciation expense using tax basis, we have recalculated depreciation expense based on a straight-line basis. We have recognized a full months depreciation expense for items placed in service at anytime during the month.

We tosted all PP&E items greater than \$5,000 and any adjustments we bound in our testing is noted in the adjusting entries above. Therefore, any items included in the detail PP & E listing at whp \_\_\_\_\_\_ above \$5,000 have been tested without exception.



.

Page 1

CUSTONINE CLASS         FOTAL #         OF DILLS         CUSTONINE CLANCES         SULO	\$159,298.31			20,320.92	\$0.00	\$0.00	\$0.00	0	0	TOTAL
CUSTOMER CHARGES         # of MCF         # OF MCF USED         RATE           REVENUE         BILLED         BY CUSTOMERS         RECEIVING         NINIMUM BILLS           NEVENUE         BILLED         BY CUSTOMERS         RECEIVING         NINIMUM BILLS           S2000         2,116.44         12.87         \$7.00           S2,852.91         4,774.97         8.09         \$6.00           S2000         2,116.44         12.87         \$5.00           S30,00         9,411.73         8.09         \$6.00           S345.00         9,411.73         8.09         \$6.00           S345.00         4,017.78         0.99         \$6.00           S345.01         20,320.92         90.72         \$6.00           S3,647.91         20,320.92         90.72         \$6.00           S3,647.91         20,320.92         90.72         \$6.00           CUSTOMER CHARGES         # of MCF         Revenue Loss on Gas Used by Clustomers Receiving:         Adjustment for 9 MCF commercial not reflected on A           Deduction for Late Payment Fees Collected         BHLED         BY CUSTOMER           REVENUE         BHLED         BY CUSTOMERS         RATE           REVENUE         BHLED         BY CUSTOMERS	\$30,1	\$7.50		4017.78	\$0.00		\$0.00			Industrial
CUSTOMER CHARGES         # of MCF         # OF MCF USED         RATE           REVENUE         BILLED         BY CUSTOMERS         RECEIVING         NINIMUM BILLS           NECEIVING         4,774.97         68.77         \$7.00           S2,852.91         4,774.97         68.77         \$7.00           S2,852.91         4,774.97         68.77         \$7.00           S3,000         2,116.44         12.87         \$9.00           \$30,00         4,017.78         0.99         \$6.00           S3,647.91         20,320.92         99.72         \$6.00           S3,647.91         20,320.92         99.72         \$6.00           S3,647.91         20,320.92         99.72         \$6.00           Adjustmer Loss on Gas Used by Clustomers Receiving         Adjustmer for JMCF Commercial not reflected on AD         Deduction for Late Payment Fees Collected           CUSTOMER CHARGES         # of MCF         # OF MCF USED         RATE           REVENUE         BILLED         BY CUSTOMERS         RATE           REVENUE         BILLED         BY CUSTOMERS         RATE           REVENUE         BILLED         BY CUSTOMERS         \$8.50           S0.00         4774.97         \$8.50         \$8.50 </td <td>\$70,5</td> <td>\$7.50</td> <td></td> <td>9411.73</td> <td>\$0.00</td> <td></td> <td>\$0.00</td> <td></td> <td></td> <td>Institutional</td>	\$70,5	\$7.50		9411.73	\$0.00		\$0.00			Institutional
CUSTOMER CHARGES         # of MCF         # OF MCF USED         RATE           REVENUE         BILLED         BY CUSTOMERS         RECEIVING         NINIMUM BILLS           NECEIVING         V.1         RECEIVING         NINIMUM BILLS         NINIMUM BILLS           S2,852.91         4,774.97         68.77         \$7.00           S2,852.91         4,774.97         68.77         \$7.00           S2,852.91         4,774.97         8.09         \$6.07           S2,852.91         4,774.97         8.09         \$6.07           S2,852.91         4,774.97         8.09         \$6.00           S2,852.90         2,116.44         12.87         \$7.00           S2,852.90         9,411.73         8.09         \$6.00           S3,647.91         20,320.92         99.72         \$5.00           CUSTOMER CHARGES         # of MCF         BY CUSTOMERS         \$8.12           REVENUE         BY C										
CUSTOMER CHARGES         # of MCF         # OF MCF USED         RATE           REVENUE         BILLED         EV CUSTOMERS         RECEIVING           NEVENUE         BILLED         EV CUSTOMERS         RECEIVING           S2,852.91         4,774.97         68.77         \$7.00           \$2,852.91         4,774.97         68.77         \$7.00           \$2,852.91         4,774.97         8.09         \$6.00           \$2,852.91         4,774.97         8.09         \$6.00           \$2,116.44         12.87         \$7.00         \$2,116.44         12.87           \$520.00         9,411.73         8.09         \$6.00           \$2,45.00         9,411.73         8.09         \$6.00           \$2,45.00         9,411.73         8.09         \$6.00           \$2,45.00         9,411.73         8.09         \$6.00           \$2,45.00         9,411.73         8.09         \$6.00           \$2,45.00         9,411.73         8.09         \$6.00           \$2,45.00         9,411.73         8.09         \$6.00           \$2,45.01         20,320.92         90.72         \$6.00           \$2,647.91         20,320.92         90.72         \$6.00	\$17,98	\$8.50		2116.44	\$0.00		\$0.00			Commercial
CUSTOMER CHARGES         # of MCF         # OF MCF USED         RATE           REVENUE         BILLED         BY CUSTOMERS         RECEIVING           NRECEIVING         ARCE VISIOMERS         RECEIVING         NINIMUM BILLS           S2,852.91         4,774.97         68.77         \$7.00           \$2,852.91         4,774.97         68.77         \$7.00           \$2,116.44         12.87         \$7.00         \$9,411.73         8.09         \$6.00           \$2,245.00         9,411.73         8.09         \$6.00         \$5245.00         \$9,172         \$5.00           \$3,647.91         20,320.92         90.72         \$6.00         \$6.00         \$6.00         \$6.00           \$3,647.91         20,320.92         90.72         \$6.00         \$6.00         \$6.00         \$6.00           \$3,647.91         20,320.92         90.72         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00	\$40,58	\$8.50		4774.97	\$0.00		\$0.00			Domestic
CUSTOMER CHARGES         # of MCF         # OF MCF USED         RATE           REVENUE         BILLED         BY CUSTOMERS         RECEIVING         NECEIVING           NEVENUE         BILLED         BY CUSTOMERS         NECEIVING         NECEIVING         NECEIVING           NEVENUE         4,774.97         68.77         \$7.00         \$7.00         \$7.00         \$7.00           S520.00         2,116.44         12.87         \$7.00         \$7.00         \$7.00           \$5245.00         9,411.73         8.09         \$6.00         \$6.00         \$7.00           \$5245.00         9,411.73         8.09         \$6.00         \$7.00         \$7.00           \$5245.00         9,411.73         8.09         \$6.00         \$7.00         \$7.00           \$5245.00         9,411.73         8.09         \$6.00         \$7.00         \$7.00           \$5245.00         9,411.73         8.09         \$6.00         \$7.00         \$7.00         \$7.00           \$5245.00         9,411.73         8.09         \$6.00         \$7.00         \$7.00         \$7.00           \$5245.00         9,411.73         8.09         \$6.00         \$7.00         \$7.00         \$7.00         \$7.00         \$7.00<										
CUSTOMER CHARGES         # of MCF         # OF MCF USED         RATE           REVENUE         BILLED         BY CUSTOMERS         RECEIVING         NINIMUM BILLS           NECEIVING         X2,852.91         4,774.97         68.77         \$7.00           S2,852.91         4,774.97         68.77         \$7.00           S520.00         2,116.44         12.87         \$7.00           S520.00         2,116.43         8.09         \$6.00           S520.00         2,116.44         12.87         \$7.00           S520.00         2,116.44         12.87         \$5.00           S3.647.91         20,320.92         \$9.72         \$6.00           S3,647.91         20,320.92         \$9.072         \$6.00           S3,647.91         20,320.92         \$9.072         \$6.00           S3,647.91         20,320.92         \$9.072         \$6.00           Custormerstander tereded on A         Deducti			MINIMUM BILLS							
CUSTOMER CHARGES       # of MCF       # OF MCF USED       RATE         REVENUE       BILLED       BY CUSTOMERS       RECEIVING         NINIMUM BILLS       MINIMUM BILLS       NINIMUM BILLS         \$2,852.91       4,774.97       68.77       \$7.00         \$2,852.91       4,774.97       68.77       \$7.00         \$2,852.91       4,774.97       68.77       \$7.00         \$2,852.91       4,774.97       8.09       \$6.00         \$2,116.44       12.87       \$7.00       \$7.00         \$2,30.00       2,116.44       12.87       \$7.00         \$3,647.91       20,320.92       \$9.72       \$6.00         \$3,647.91       20,320.92       \$9.72       \$6.00         \$3,647.91       20,320.92       \$9.72       \$6.00         \$3,647.91       20,320.92       \$9.72       \$6.00         \$3,647.91       20,320.92       \$9.72       \$6.00         CUSTOMER CHARGES       Revenue Loss on Gas Used by Customers Receiving by Customers Receiving by Customers Received on A       Deduction for Late Payment Fees Collected         CUSTOMER CHARGES       # of MCF       WOF MCF USED       RATE         REVENUE       BULED       BY CUSTOMERS       RATE			RECEIVING							
CUSTOMER CHARGES         # of MCF         # OF MCF USED         RATE           REVENUE         BILLED         BY CUSTOMERS         RECEIVING         RECEIVING           NINIMUM BILLS         MINIMUM BILLS         MINIMUM BILLS         .         .           \$2,852.91         4,774.97         68.77         \$7.00           \$2,852.91         4,774.97         68.77         \$7.00           \$2,852.91         4,774.97         68.77         \$7.00           \$2,852.91         4,774.97         68.77         \$7.00           \$2,852.91         4,774.97         \$8.09         \$6.00           \$2,852.90         9,411.73         8.09         \$6.00           \$2,30.00         4,017.78         0.99         \$6.00           \$3,647.91         20,320.92         99.72         \$6.00           \$3,647.91         20,320.92         99.72         \$6.00           \$3,647.91         20,320.92         \$9.72         \$6.00           \$3,647.91         20,320.92         \$9.72         \$6.00           \$4justment for 9 MCFcommercial not reflected on A         Deduction for Late Payment Fees Collected         \$6.00           \$4justment for 9 MCFcommercial not reflected         \$6.00         \$6.00         \$6.00	GAS SA REVEN	RATE	# OF MCF USED BY CUSTOMERS		CUSTOMER CHARGES REVENUE	CHARGES*	CUSTOME Minimum Billing	# OF MINIMUM BILLS	TOTAL # OF BILLS	CUSTOMER CLASS
CUSTOMER CHARGES       # of MCF       # OF MCF USED       RATE         REVENUE       BILLED       BY CUSTOMERS       RECEIVING         NINIMUM BILLS       MINIMUM BILLS       MINIMUM BILLS         \$2,852.91       4,774.97       68.77       \$7.00         \$2,852.000       2,116.44       12.87       \$7.00         \$520.00       2,116.44       12.87       \$7.00         \$520.00       9,411.73       8.09       \$6.00         \$30.00       9,411.73       8.09       \$6.00         \$3,647.91       20,320.92       99.72       \$6.00         \$3,647.91       20,320.92       99.72       \$6.00         Adjustment for 9 MCF commercial not reflected on A       Adjustment for 9 MCF commercial not reflected on A         Deduction for Late Payment Fees Collected       Adjustment for 9 MCF commercial not reflected on A					- PROPOSED RATE STRUCT	REVENUE ANALYSIS -				
CUSTOMER CHARGES         # of MCF         # OF MCF USED         RATE           REVENUE         BILLED         BY CUSTOMERS         RECEIVING         RECEIVING           NINIMUM BILLS         MINIMUM BILLS         MINIMUM BILLS         Standard         Standard           S2,852.91         4,774.97         68.77         \$7.00         \$7.00         \$7.00           S2,852.90         2,116.44         12.87         \$7.00         \$7.00         \$7.00           S245.00         9,411.73         8.09         \$6.00         \$6.00         \$6.00         \$6.00         \$7.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00         \$6.00										
CUSTOMER CHARGES       # of MCF       # OF MCF USED       RATE         REVENUE       BILLED       BY CUSTOMERS       RECEIVING         NINIMUM BILLS       MINIMUM BILLS       . $52,852.91$ $4,774.97$ $68.77$ $$7.00$ $52,852.000$ $2,116.44$ $12.87$ $$7.00$ $530.00$ $9,411.73$ $8.09$ $$6.00$ $$33,647.91$ $20,320.92$ $99.72$ $$6.00$ Revenue Loss on Gas Used by Customers Receiving       Adjustment for 9 MCF commercial not reflected on A       Deduction for Late Payment Fees Collected         Deduction for Late Payment Fees Collected       Adjustment for 9 MCF commercial not reflected on A       Deduction for Late Payment Fees Collected										
CUSTOMER CHARGES       # of MCF       # OF MCF USED       RATE         REVENUE       BILLED       BY CUSTOMERS       RECEIVING         NRECEIVING       NINIMUM BILLS       NINIMUM BILLS         S2,852,91       4,774.97       68.77       \$7.00         \$2,852,90       2,116.44       12.87       \$7.00         \$2,45.00       9,411.73       8.09       \$6.00         \$30,00       4,017.78       0.99       \$6.00         \$3,647.91       20,320.92       90.72       \$6.00         Adjustment for 9 MCF oommersial not reflected on A       Deduction for Late Payment Fees Collected       Adjustment for 9 MCFoommersial not reflected on A										
CUSTOMER CHARGES         # of MCF         # OF MCF USED         RATE           REVENUE         BILLED         BY CUSTOMERS         RECEIVING         RECEIVING           S2,852.91         4,774.97         68.77         \$7.00           \$2,852.91         4,774.97         68.77         \$7.00           \$2,852.91         4,774.97         57.00         \$7.00           \$2,852.91         4,774.97         \$8.77         \$7.00           \$2,852.91         4,774.97         \$8.77         \$7.00           \$2,852.91         4,774.97         \$8.77         \$7.00           \$2,852.91         4,774.97         \$8.77         \$7.00           \$2,852.91         4,774.97         \$8.09         \$5.00           \$2,16.44         12.87         \$7.00         \$7.00           \$2,16.44         12.87         \$5.00         \$7.00           \$2,16.44         12.87         \$5.00         \$5.00           \$2,000         9,411.73         \$0.99         \$6.00           \$3,647.91         20,320.92         \$90.72         \$5.00           \$3,647.91         20,320.92         \$90.72         \$5.00           \$2,90,72         Revenue Lass on Gas Used by Customers Receiving theduction for Late Paym										
CUSTOMER CHARGES       # of MCF       # OF MCF USED       RATE         REVENUE       BILLED       BY CUSTOMERS       RECEIVING         NINIMUM BILLS       MINIMUM BILLS       .       .         S2,852.91       4,774.97 $68.77$ \$7.00         \$2,852.00       2,116.44       12.87       \$7.00         \$2,116.44       12.87       \$5.00       \$5.00         \$2,30.00       9,411.73       8.09       \$6.00         \$3,647.91       20,320.92       99.72       \$6.00         Revenue Loss on Gas Used by Customers Receiving Minin Adjustment for 9 MCF commercial not reflected on Annual Deduction for Late Payment Fees Collected       Annual	OTAL REV	T								
CUSTOMER CHARGES         # of MCF         # OF MCF USED         RATE           REVENUE         BILLED         BY CUSTOMERS         RECEIVING           NINIMUM BILLS         MINIMUM BILLS         .         .           S2,852.91         4,774.97         68.77         \$7.00           \$2,852.91         4,774.97         68.77         \$7.00           \$2,116.44         12.87         \$7.00         \$7.00           \$2,245.00         2,116.44         12.87         \$7.00           \$2,30.00         9,411.73         8.09         \$6.00           \$3,647.91         20,320.92         90.72         \$6.00           Revenue Loss on Gas Used by Customers Receiving Minin         Adjustment for 9 MCF commercial not reflected on Annual		red	te Payment Fees Collect	Deduction for La		to Ultimate Customers"	9, Line 6 "Total Sales	t are not included in Page	3 of Annual Report	Late Fees on Page 9, Line 1
CUSTOMER CHARGES         # of MCF         # OF MCF USED         RATE           REVENUE         BILLED         BY CUSTOMERS         NECEIVING         NECEIVING         NINIMUM BILLS	nual Report	flected on Anı	MCF commercial not ret	Adjustment for 9						
MER CLASSTOTAL ## OF MINIMUMCUSTOMER CHARGESCUSTOMER CHARGES $\# of MCF# of MCF\# of MCF USEDRATEMER CLASSOF BILLSBILLSMinimun BillingLate Payment FeesREVENUEBILLED\# of MCF USEDRATEATEJunceJunceJunceJunceJunceJunceJunceJunceJunce\# of MCF USEDRATE\# of MCF USEDRATEJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceS243000S42291S285291JunceJunceJunceJunceJunceJunceJunceJunceS24500S42500S2852000JunceJunceJunceJunceJunceJunceJunceJunceJunceJunceS455.00S6500S245.00JunceJunceJunceJunceJunceJunceJunceJunceJunceS245.00S520.00JunceJunceJunceJunceJunceJunceJunceJunceJunceJunceS30.00S30.00S530.00JunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunceJunce$	tinimum Bills	s Receiving M	Gas Used by Customers	Revenue Loss on		stomer Charges Revenue	Sales Revenue or Cu	ling. Not reflected in Gas	ant to minimum bil	* Total unbilled MCF pursu
MER CLASSTOTAL ## OF MINIMUMCUSTOMER CHARGESCUSTOMER CHARGES# of MCF# OF MCF USEDRATEMER CLASSOF BILLSBILLSMinimum BillingLate Payment FeesREVENUEBILLEDBY CUSTOMERS $\sim$ MER CLASSOF BILLSMinimum BillingLate Payment FeesREVENUEBILLEDBY CUSTOMERS $\sim$ MER CLASSAAAAAAAAAMINIMUMS1000\$492291\$2,852914,714.9768.77\$7.00AIal1,494.00486\$2,430.00\$422.91\$2,852.002,116.4412.87\$7.00Ial127.0049\$245.00\$65.00\$245.00\$245.002,116.4412.87\$7.00Ial127.0049\$245.00\$245.00\$245.00\$245.009,411.738.09\$6.00Ial127.006\$30.00\$30.00\$30.004,017.760.99\$6.00	\$128,816.		90.72	20,320.92	\$3,647,91	\$487.91	\$3,160.00	632	1,886.00	TOTAL
MER CLASSTOTAL ## OF MINIMUMCUSTOM ER CHARGESCUSTOMER CHARGES# of MCF# of MCF# of MCF USEDRATEOF BILLSBILLSMinimum BillingLate Payment FeesREVENUEBILLEDBY CUSTOMERSNImage: State S	\$24,106.	<b>\$</b> 6.00	0.99	4,017.78	\$30.00		\$30.00	6	23.00	Industrial
MERCLASSTOTAL ## OF MINIMUMCUSTOMER CHARGESCUSTOMER CHARGES# of MCF# OF MCF USEDRATEOF BILLSBILLSMinimum BillingLate Payment FeesREVENUEBILLEDBY CUSTOMERSImage: State Sta	\$56,470.	<b>\$</b> 6.00	8.09	9,411.73	\$245.00		\$245.00	49	127.00	Institutional
MERCLASS       TOTAL #       # OF MINIMUM       CUSTOMER CHARGES       CUSTOMER CHARGES       # of MCF       # OF MCF USED       RATE         OF BILLS       BILLS       Minimum Billing       Late Payment Fees       REVENUE       BILLED       BY CUSTOMERS       ATE         Image: State Sta	\$14,815	\$7.00	12.87	2,116.44	\$520.00	\$65.00	\$455.00	16	242.00	Commercial
MER CLASS       TOTAL #       # OF MINIMUM       CUSTOMER CHARGES       CUSTOMER CHARGES       # of MCF       # OF MCF USED       RATE         OF BILLS       BILLS       Minimum Billing       Late Payment Fees       REVENUE       BILLED       BY CUSTOMERS                                                                                                           <										
TOTAL#       # OF MINIMUM       CUSTOMER CHARGES       CUSTOMER CHARGES       # of MCF       # OF MCF USED       RATE         OF BILLS       BILLS       Minimum Billing       Late Payment Fees       REVENUE       BILLED       BY CUSTOMERS       NECEIVING         V       V       V       V       V       V       V       NECEIVING       NEVENUE       NEVENUE       NEVENUG	\$33,424	\$7.00	68.77	4,774.97	\$2,852.91	\$422.91	\$2,430.00	486	1,494.00	Domestic
TOTAL#       # OF MINIMUM       CUSTOMER CHARGES       CUSTOMER CHARGES       # of MCF       # OF MCF USED       RATE         OF BILLS       BILLS       Minimum Billing       Late Payment Fees       REVENUE       BILLED       BY CUSTOMERS       4         OF BILLS       Minimum Billing       Late Payment Fees       REVENUE       BILLED       BY CUSTOMERS       4         MINIMUM       MINIMUM BILLS       MINIMUM BILLS       MINIMUM BILLS       MINIMUM BILLS       MINIMUM BILLS			Þ							
TOTAL#       # OF MINIMUM       CUSTOMER CHARGES       CUSTOMER CHARGES       # of MCF       # OF MCF USED       RATE         OF BILLS       BILLS       Minimum Billing       Late Payment Fees       REVENUE       BILLED       BY CUSTOMERS          OF BILLS       Minimum Billing       Late Payment Fees       REVENUE       BILLED       BY CUSTOMERS			MINIMUM BILLS							
TOTAL#     # OF MINIMUM     CUSTOMER CHARGES     CUSTOMER CHARGES     # of MCF     # OF MCF USED     RATE       OF BILLS     BILLS     Minimum Billing     Late Payment Fees     REVENUE     BILLED     BY CUSTOMERS			RECEIVING							
TOTAL# # OF MINIMUM CUSTOMER CHARGES CUSTOMER CHARGES # of MCF # OF MCF USED RATE	REVEN		BY CUSTOMERS		REVENUE	Late Payment Fees	Minimum Billing	BILLS	OF BILLS	
	GAS SAL	RATE	# OF MCF USED		CUSTOMER CHARGES	<b>ER CHARGES</b>	CUSTOME	# OF MINIMUM	TOTAL #	CUSTOMER CLASS

Citipower, LLC Alternative Rate Filing <u>Billing/Revenue Analysis</u>

ATTACHMENT E

State of Delaware Office of the Secretary of State

PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF LIMITED LIABILITY COMPANY OF "CITIPOWER, L.L.C.", FILED IN THIS OFFICE ON THE THIRTIETH DAY OF MAY, A.D. 1996, AT 10 O'CLOCK A.M.



Edward J. Freel, Secretary of State

9747880 AUTHENTICATION: 05-17-99 DATE:

2628643 8100



STATE OF DELAWARE SECRETARY OF STATE DIVISION OF CORPORATIONS FILED 10:00 AM 05/30/1996 960156284 - 2628643

### **CERTIFICATE OF FORMATION**

### OF

### CITIPOWER, L.L.C.

1. The name of the limited liability company is Citipower, L.L.C. (the "Company").

2. The address of the registered office of the Company in the state of Delaware is Corporation Trust Center, 1209 Orange St., Wilmington 19801, County of New Castle; and the name of the registered agent for service of process of the Company in the State of Delaware at such address is The Corporation Trust Company.

3. The date of dissolution of the Company shall be April 30, 2046.

IN WITNESS WHEREOF, the authorized person whose name is set forth below has executed this Certificate of Formation this 28th day of May, 1996.

FORSBERG OIL CO., INC.

B١ Daniel R.Forsberg

### ATTACHMENT G

### PUBLIC NOTICE OF PROPOSED RATE CHANGE

Pursuant to public notification provisions relating to an application for rate adjustment with the Kentucky Public Service Commission, Citipower, LLC proposes the following amended rate structure.

Customer Class	Current Rate	<b>Proposed Rate</b>	Amount of Increase	Percent Increase
Residential	\$7.00/mcf	\$8.50/mcf	\$1.50/mcf	21%
Commercial	\$7.00/mcf	\$8.50/mcf	\$1.50/mcf	21%
Public	\$6.00/mcf	\$7.50/mcf	\$1.50/mcf	25%
Industrial	\$6.00/mcf	\$7.50/mcf	\$1.50/mcf	25%

The rates contained in this notice are the rates proposed by Citipower, LLC. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice. Any corporation, association, body politic or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rate changes is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the motion, including the status and interest of the movant.

Copies of the application may be obtained at no charge from Citipower, LLC at 12 Courthouse Square, Whitley City, Kentucky 42653.

Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.

### ATTACHMENT G-1

Published in McCreary County Record on May 25, 1999







Kentucky Employers' Mutual Insurance 250 W. Main Street, Suite 900 Lexington, KY 40507

RECEIVED FEB 0 2 1999

"Making Workers' Comp Work"

### FINAL AUDIT SUMMARY/INVOICE

Date: 01/28/1999 Page: 1

The Insured: Policy Number: 225270 CITIPOWER LLC & FOREXCO INC 2122 ENTERPRISE RD GREENSBORO NC 27408

> Inception Date: 01/08/1998 Cancellation Date: 01/08/1999 Days In Force: 365

> > Due Date: 02/27/1999

CODE		CLASS DESCRIPTION:	NUMBER:	REMUNERATION: RA	TE/\$100:	PREMIUM:
8810	R	CLERICAL OFFICE EMPLOYEES NOC		\$25,408.00	\$.44	\$111.80
6216	R	GAS OR OIL LEASE WORK NOC - NATURAL GAS - BY CONTRACTOR - & DRIVE		\$0.00	\$13.66	\$0.00
7502	R	GAS COMPANY: NATURAL GAS - LOCAL DISTRUBUTING - & DRIVERS		\$147,417.00	\$4.33	\$6,383.16
				Base Premiun	n:	\$6,494.96
			Exp. Mod. Rate:	01/08/1998 - 01/08/1999	1.00	\$.00
				Rate Adjust Facto	r: 1.00	\$0.00
		ENTERED FEB 0 9	PPar	Increased Limit	5:	\$129.90
		TEB 0 9	(33	Short Rate Facto	r:	<sup>•</sup> \$0.00
		TED FEE		Premium Discoun	t:	\$82.87
		TEAL		Expense Constan	t:	\$140.00
		E1.	,	Total Premiun	1: 	\$6,681.99
				l/or Reinstatement Charge	5:	\$0.00
	р	A I D MAR 1 2 1999 \$(102 55		Taxes & Assessment	s: 9%	\$601.38
	*	A I D MAR 1 2 1999 1102 -		Grand Tota	l:	\$7,283.37
		+7382		Amt. Paid by Insured	<b>í</b> :	-\$2,878.02
		· · ·	O	ver/Short Writeoff Amoun		\$0.00
		<b>PAID</b> MAR 2 9 1999 1197 CP	Ad	ditional/Return Premiun		. \$4,405.35

THANK YOU FOR YOUR BUSINESS.

-686376**/11**8

CITIPOWER, L.L.

PAGE 02

UNIVERSAL COMPRESSION, INC.

### RENTAL CONTRACT

CITIPOWER, LLC

2.

б.

BY:

ITS:

No.: UCI Unit #

201701 October 28, 1998

982780172

x 100 =

Page 3

### MONTHLY RENTAL AND TERMS

The monthly rental for the equipment quoted herein shall be as follows:<sup>1</sup>

### Two thousand, nine hundred dollars (\$2,900.00).

The rental shall be payable monthly in <u>advance at UCI's Houston office</u>, for a minimum term of twelve (12)months, commencing from the date of shipment<sup>\*</sup>. Upon expiration of the minimum term, such rental shall continue from month to month. Either party may terminate this agreement at the expiration of the minimum term upon thirty (30) days written notice prior to such expiration or upon thirty (30) days prior written notice thereafter. Rentals shall cease at the expiration of such thirty (30) days, provided Customer has returned the equipment to UCI's designated terminal.

\*Lease payments begin one (1) week after arrival on location.

### MONTHLY EQUIPMENT AVAILABILITY

UCI will endeavor to provide a monthly availability of the Equipment furnished in this proposal of 25% ("Proposed Monthly Availability") subject to the	;
provision below.	
Any much other the actual branching contribution is the show the monopole contribution. The much market the actions of the contribution of the state	

Any month when the actual monthly availability is less than the proposed monthly availability, the rental rate shall be adjusted by an availability factor in accordance with the following:

(a) To determine actual monthly availability, the following formula

shall be used: • Hours Equipment available during month 24 x number of days in month

 (b) To determine the availability factor, the following formula shall be used: <u>Actual monthly availability</u>

Proposed monthly availability =

(c) The rental rate shall be adjusted in accordance with the following:

Monthly Rental Rate x Availability Factor = Adjusted Rental Rate

There shall be no reduction in the rental rate if the compression equipment was not available due to the fault of CUSTOMER or CUSTOMER'S operation.

4. Paragraphs 1 and 2 above shall not be effective during the first thirty (30) days after commencement of the term as stated in Article 1 of the Proposed Lease Terms or during the first thirty (30) days after which UCI replaces or substitutes equipment.

5. In the event of breakdown or non-availability of equipment for any cause, UCT's liability to CUSTOMER shall be limited to a reduction of the rental rate as provided above and in no event shall UCI be liable to CUSTOMER for any consequential loss, damage or expense as a result thereof.

Downtime begins when UCI is notified the unit is down.

CITIPOWER, LLC

7. Request for downtime credit must be received by UCI, Houston, Texas; in writing thirty (30) days from the end of the month in which the downtime occurred.

• Eight (8) hours per month allowed for scheduled preventive maintenance. (only applicable if UCI provides maintenance)

This Contract is subject to the attached terms and conditions on page 4.

Accepted this 3rd day of Dovember , 1998

Submitted By Tim Nicely **District Manager** 

Return original to: Universal Compression, Inc P.O. Box 40009 Houston, TX 77240 Telephone: (713) 466-4103 or (800) 234-4650

hese prices are subject to applicable Federal, State, and Local sales and/or use taxes.

05/06/199	08:28	6063768830	CITIPOW	ER, L.L.C.		Pag
: 						<b></b>
		RKR Wel	1 Service Con	nnany		
			25Oneida, TN 3'	· · · · · · · · · · · · · · · · · · ·		
				. •		
		Omce: (423)569	-8999Fax: (423)	7669-6997		J
		COMPRESSOR - FIELI	OPERATOR AC	REEMENT		
CL	ENT	CITIPOWER, LL	<i>.</i> <b>C</b> .			
OP	ERATOR.	B.K.R. WELL SP	ERVICE COMPA	NY		•
. 10	CATION	WORLEY COM	DESSOD SITE	n dag 1. julio - Angelan State 1. julio - Angelan State		
14	-751 IUIN	WINFIELD, TEN	•			
· · ·		winrield, ier	ANESSEE			
RF	GIN DATE	JANUARY 1, 19	99.			
co	ST AND TF	RMS: A PAYMENT	OF \$1 500.00.PFF	MONTH P	YARIFAT	
	J. J		ACH MONTH FC			
· · ·		OF 12 MONTHS				
			· · · · · · · · · · · · · · · · · · ·			
SE	VICE PRO	VIDED	· · ·			
Pro	vide daily on	eration and inspection o	f compressor and	olant equipmer	nt and all	
	ciated gauge					
			· · · ·	· · · ·		
: · ·	1. C	check all fluid levels and	maintain as requir	ed:		
		Check Dehy daily and ma			col levels.	
· · · · ·		lycol pump and burner e		•		
		heck all vessels for dum		i levels, and fil	ter replacements	
		s required;				
		Observe and report field	pressure (suction),	, compressor d	ischarge pressure	
1		nd pipeline pressure (sal				
÷.,		hange chart as required;		÷ •		•
		Notify Universal Compre		compressor pr	oblems and	
		naintain any required rep				
• • •		ollow all operating proc		ended by Univ	ersal	
• • •		Compression, Inc.,		· · ·		
· · ·		Responsible for transport	ation, fuel and insi	urance;		• •
		Asintain 24 hour / 7 day				
• •		Submit monthly operating		wer		
Acc	epted this	day of frances .!	999.			
						• .
	RATOR	S.K.R. WELL SERVICE	CLIENT C	TTPOWER, I	LC	. ·
	63.00	Remotes	BY			
	LE. DW	NPa	TITLE V.P	On atom	a man	
					σ	
				* . <b>*</b>		
,			•.•			

٠.

••

;

ORIGINAL RECEIVED JAN - 6 1999

### PRODUCER GAS PURCHASE CONTRACT

This Contract for the purchase of natural gas is made on the <u>JKr</u> of <u>December</u>, 1998 at Helenwood, Tennessee, by and between CitiPower, L.L.C. of 12 Courthouse Square, P.O. Box 1309, Whitley City, Kentucky 42653, hereinafter referred to as "Seller," and CITIZENS GAS UTILITY DISTRICT, with its principal office at Highway 27, P. O. Box 320, Helenwood, Tennessee, 37755, it being a natural gas utility district serving Scott and Morgan Counties, Tennessee, hereinafter referred to as "Purchaser."

WITNESSETH:

WHEREAS, the Seller owns or has contracts to purchase gas from certain gas wells located in McCreary and Whitley Counties, Kentucky. Seller is willing to sell natural gas that it has under contract to Purchaser; and

WHEREAS, the Purchaser is willing to purchase the natural gas from the Seller; and

NOW, THEREFORE, for and in consideration of the sum of Ten (\$10.00) Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Contract agree to the following:

 Seller has built or will build a natural gas pipeline to connect with Purchaser's natural gas pipeline at the

Stephens/Pine Hill station, or has contracted for the use of a pipeline owned by third parties that connect with Purchaser's line, therefore, the Purchaser hereby agrees to purchase the gas delivered from the Seller's pipeline at the Stephens/Pine Hill station for the term set forth below.

The price the Purchaser will pay the Seller for the 2. gas will be measured by each thousand cubic feet (mcf) of gas at the sales meter located at the Stephens/Pine Hill station, less 4% per mmbtu for compressor fuel, and is as follows: Purchaser will pay the Seller on an mmbtu basis for volumes equal to or greater than 1,000 mmbtu per day at any one delivery point, the index price established and published in the publication entitled "Inside F.E.R.C.'s Gas Market Report" as set forth in the Table entitled "Prices of Spot Gas Delivered to Pipelines" under the Listing "Tennessee Gas Pipeline Co., Louisiana & Offshore (zone 1). Purchaser will pay the Seller on an mmbtu basis for volumes equal to or greater than 500 mmbtu per day, but less than 1,000 mmbtu per day, at any one delivery point, the index price established and published in the publication entitled "Inside F.E.R.C.'s Gas Market Report" as set forth in the Table entitled "Prices of Spot Gas Delivered to Pipelines" under the Listing "Tennessee Gas Pipeline Co., Louisiana & Offshore (zone 1), less Fifteen (\$0.15) cents per

mmbtu. Purchaser will pay the Seller on an mmbtu basis for volumes less than 500 mmbtu per day at any one delivery point, the index price established and published in the publication entitled "Inside F.E.R.C.'s Gas Market Report" as set forth in the Table entitled "Prices of Spot Gas Delivered to Pipelines" under the Listing "Tennessee Gas Pipeline Co., Louisiana & Offshore (zone 1), less Thirty (\$0.30) cents per mmbtu. The month of publication for "Inside F.E.R.C.'s Gas Market Report" shall determine the price to be paid for deliveries made to Purchaser for the same month as the publication issue.

3. The term of this Agreement shall be for thirty (30) days from the date hereof, and continuing thereafter under the covenants, terms, and conditions set forth herein unless the party desiring to terminate this Contract shall give thirty (30) days written notice sent by certified mail, return receipt requested, to the other party of its intention to so terminate; provided, however, that Purchaser is hereby given the right to terminate this Agreement at any time it is required to do so by any federal, state, or local governmental agency, or at any time that the Board of Trustees of Purchaser determines, by majority vote, that it is not in the best interest of the customers of Citizens Gas Utility District to continue the same.

4. Seller grants and guarantees to Purchaser, so far as Seller has the right so to do, a meter location and a compressor location with full right of ingress and egress to and from said Stephens/Pine Hill station, and the further right to do thereon acts necessary or convenient for the carrying out of the terms of this Contract. All pipelines and equipment placed, or caused to be placed, on such sites by Purchaser shall be and remain Purchaser's property and may be removed by Purchaser at any time. This paragraph shall not be construed as creating an obligation on the part of the Purchaser to install compression or to locate its meter station at any particular location other than where Purchaser deems necessary in its sole and absolute discretion.

5. Seller agrees that the gas delivered hereunder will, upon delivery:

A. Have a total heating value of not less than one thousand(1,000) btu's per cubic foot; however, should the total heating value of the gas fall below one thousand (1,000) btu's per cubic foot during any month, Purchaser, at Purchaser's sole discretion, shall have the right to refuse to accept delivery thereof;

B. Not have been processed, stripped, refrigerated, or in any way treated to lower the btu content below one thousand

(1,000) btu's per cubic foot;

C. Be commercially free from dust, hydrocarbon liquids, water and any other substance that might become separated from the gas in Purchaser's or Purchaser's designee's facilities, and Seller at its sole expense shall furnish, install, maintain and operate such drips, separators, heaters and other mechanical devices as may be necessary to effect compliance with such requirements;

D. Not contain more than twenty (20) grains of total sulfur, nor more than one (1) grain of hydrogen sulfide per one hundred (100) cubic feet;

E. Not contain more than five parts per million (PPM) by volume of oxygen, and Seller shall make every reasonable effort to keep the gas free of oxygen;

F. Not contain more than four percent (4%) by volume of a combined total of carbon dioxide and nitrogen components; provided, however, that the total carbon dioxide content shall not exceed three percent (3%) by volume;

G. Have a temperature of not more than one hundred degrees (100%) Fahrenheit;

H. Have been dehydrated by Seller for removal of entrained water present therein in a vapor state, and in no event contain more than seven (7) pounds of entrained water per million

cubic feet, at a pressure base of fourteen and seventy three hundredths (14.73) pounds per square inch and a temperature of sixty (60) degrees Fahrenheit as determined by dew-point apparatus approved by the Bureau of Mines or such other apparatus as may be mutually agreed upon;

I. Shall not be of a pulsation level which, in the opinion of Purchaser or Purchaser's designee, hinders accurate measurement.

6. As to gas which cannot meet the specifications set out above, Purchaser shall have the option to:

A. Refuse to accept delivery of such gas and in the event Seller cannot correct such deficiency despite its best efforts within a reasonable period of time, this Agreement will terminate as to such gas; or

B. Upon notice to Seller, accept such gas at a reduced price, to be mutually agreed upon by the parties. However, in the event Purchaser accepts nonconforming gas, such acceptance shall not be construed as a waiver of Purchaser's right to demand strict compliance by Seller in the future.

7. The Seller will pay for all gas lines needed to connect the Seller's pipeline to the delivery point at the Stephens/Pine Hill station, which is defined as the point where the

gas is measured and enters the Purchaser's pipeline system. Each party has the responsibility for the gas in its own pipeline. Deliveries of gas pursuant to this contract are expected to be made at pressures ranging from 250 psi to 400 psi. Therefore, all equipment and fittings installed by Seller must be rated to withstand operating pressures in excess of 400 psi and must be maintained in a safe and operational manner. A purchase meter will be installed at the delivery point. The meter will be a high pressure type meter as determined by American Gas Association Standards, which for volumes equal to or greater than 500 mmbtu per day, shall be an orifice meter with a seven (7) day chart, and for volumes less than 500 mmbtu per day, shall be an orifice meter with a thirty-one (31) day chart, which shall be purchased and installed at the Seller's expense. The Seller will install the meter, all regulators, valves, safety relief valves, and check valves as Purchaser deems necessary to comply with the utility regulations. Purchaser will have the sole and exclusive right to control any and all regulators, valves, safety relief valves, and check valves at the point of delivery. Seller will take all steps necessary to insure a safe delivery pressure.

8. The Seller will maintain its pipeline and connections at the delivery point in a safe and suitable condition

at all times and shall comply with all State and Federal rules and regulations. The Seller is required to obtain and maintain all easements, rights of way, leases, and meter station agreements. The Purchaser and Seller will each own the equipment and materials that they contributed to comply with this Contract. This Contract is not a partnership nor joint venture, and each party will own the equipment it has supplied.

The purchase meter will be tested and calibrated at 9. regular intervals, the cost of which shall be divided equally between Seller and Purchaser, by a qualified testing firm selected by Purchaser. The meter and instrument will be tested separately. The Seller will pay for all necessary replacement parts to maintain the accuracy of the meter and instrument. Either party at any time it questions the accuracy of the meter or instrument may order a test to be conducted by a qualified testing firm, provided it observes the same procedures as the tests performed on regular In the event the test establishes that the meter is intervals. measuring gas with a two percent (2%) margin of error or less, the expense of the test shall be paid by the party requesting the test and no adjustments to gas volumes shall be made; it being expressly agreed that a two percent (2%) margin of error or less is an acceptable tolerance for both parties. In the event the test

establishes that the meter measurement has a margin of error greater than two percent (2%), so that the meter is measuring less gas than is actually being delivered, and such slow measurement is a result of the Seller's noncompliance with the quality provisions contained herein, Purchaser shall not be held liable for gas delivered to Purchaser and not properly measured, so that Seller will only be paid for the meter reading amount. In the event the test establishes a greater than two percent (2%) margin of error so that the meter is measuring more gas than is actually being delivered. Purchaser shall be entitled to a credit because of the meter error. In the event the test establishes a greater than two percent (2%) margin of error so that the meter is not measuring all of the gas delivered to Purchaser, and Seller is in compliance with the quality provisions for the gas set forth herein, Seller shall be entitled to a credit for the amount of gas not accurately The credit to which either Seller or measured by the meter. Purchaser may be entitled shall be established by multiplying the difference between the actual percentage margin of error and two percent (2%) by the "Adjustment" (as calculated below), so that the formula to be utilized to establish a credit is as follows:

Credit = (x - 2) Adjustment

x = actual margin of error established by

### the meter calibration

All adjustments made either on behalf of the Seller or Purchaser shall be made by taking the total volume of gas delivered to Purchaser from the time of the last meter calibration to the most recent meter calibration, divided by the number of days between the last meter calibration and the most recent meter calibration, multiplied by thirty (30) days so that the adjustment shall be made on an average month, multiplied by the average price per mmbtu during the period established by the number of days between the last meter calibration and the most recent meter calibration. In other words, the Adjustment shall be determined by using the following formula:

### <u>TV</u>(30)P = Adjustment d

- TV = total volume of gas delivered to purchaser from the time of the last meter calibration to the most recent meter calibration.
  - d = the number of days between the last
     meter calibration the most recent
     meter calibration.
  - P = the average price per mmbtu during the period established by the number of days between the last meter calibration and the most recent meter calibration.

If the most recent meter calibration test establishes a greater than two percent (2%) margin of error so that the meter is measuring more gas than is actually being delivered, Seller shall pay to Purchaser the Credit defined herein.

10. It is understood and agreed by the parties hereto that this Gas Purchase Contract shall be included as collateral pledged to various financial institutions, to secure outstanding loans to the Purchaser by various financial institutions, and this Agreement will inure to the benefit of the successors, assigns, and beneficiaries of Purchaser, including but not limited to, the said financial institutions.

11. Seller agrees to indemnify and hold harmless Purchaser for any and all claims, loss, damage, or costs, including reasonable attorney's fees, which might result from the purchase of gas by Purchaser, including, but not limited to, any liability arising from the production of gas in violation of the statutes, rules, and regulations of the State of Tennessee, the Commonwealth of Kentucky, or of the United States of America, or any agency thereof, and any injuries occasioned by third parties as a result of being at the Stephens/Pine Hill station, if said violation or injury was not caused by Purchaser, its employees or agents. Purchaser agrees to indemnify and hold harmless Seller for any and

11

and the second second

all claims, loss, damage, or costs, including reasonable attorney's fees, because of injuries occasioned by third parties as a result of being at the Stephens/Pine Hill station, if such injuries were not caused by Seller, its employees or agents.

12. This is a fully integrated document and can only be modified in writing.

13. This Producer Gas Purchase Contract shall be construed and interpreted according to the laws of the State of Tennessee, and venue for the same shall be Scott County, Tennessee.

14. Seller agrees to maintain all of its pipelines, compressors, metering stations, and/or points of delivery free from hydrocarbon leakage or spills of any kind, whether such hydrocarbons are refined or not, free from trash and debris, and in full compliance with all applicable environmental laws, rules, and/or regulations of every kind and nature.

15. Seller; at its own expense and liability, has the right to install a check meter at the delivery point located at the Stephens/Pine Hill station as long as said check meter is located upstream of the sales meter and is located a sufficient distance from the sales meter to allow for accurate measurement of the gas at the sales meter.

16. This Producer Gas Purchase Contract shall be binding

upon the heirs, executors, administrators, successors, and/or assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have affixed their signatures the day and year first above written.

SELLER:

CitiPower, L.L.C.

BY: AUTHØRIZED REPRESENTATIVE **PURCHASER:** 

CITIZENS GAS UTILITY DISTRICT

BY:

AUTHORIZED REPRESENTATIVE

cypapers #11:bcgciti.gpc

n (1949)

三 计自然

### LOAN AGREEMENT

THIS AGREEMENT, made and entered into this 16th day of December, 1998, by and between CITIPOWER, L.L.C., P.O. Box 1309, Whitley City, Kentucky 42653, **PARTY OF THE FIRST PART**, (hereinafter referred to sometimes as "Borrower" or "First Party"), and BANK OF McCREARY COUNTY, P.O. Box 160, Whitley City, Kentucky 42653, **PARTY OF THE SECOND PART**, (hereinafter referred to as "Bank" or "Second Party").

WITNESSETH: WHEREAS, Borrower desires to obtain a loan from Bank in the amount of Five Hundred Thousand and no/100 Dollars (\$500,000.00) for the purpose of: paying construction costs for completion of gas pipeline from McCreary County to Scott County and connected to Citizens Gas, and

WHEREAS, Bank is willing to make such a loan upon the terms and conditions herein set forth;

NOW, THEREFORE, the parties agree as follows:

### **GENERAL PROVISIONS**

1. AMOUNT. The Bank hereby agrees to loan to Borrower, jointly and severally, the sum of Five Hundred Thousand and no/100 Dollars (\$500,000.00).

2. NOTE. The indebtedness shall be evidenced by a Promissory Note payable to the order of the Bank. The note shall become due on December 16, 1999. The Bank may however demand payment in full before the maturity date upon adverse re-evaluation of Borrower's creditworthiness, upon failure of Borrower to comply with any terms of this agreement, or upon Borrower being in default of the Promissory note.

3. **PAYMENTS**. Payments shall be made as follows: quarterly interest payments beginning March 16, 1999 and principal due at maturity. All payments will be applied first to retire interest due, and the remainder to the unpaid principal balance.

4. INTEREST. The note executed pursuant hereto by Borrower shall bear interest at a rate of 8.50%. This rate shall be in effect until March 16, 1999. Interest shall be computed upon a 365 day year basis and shall be payable according to the terms of the note. The note shall bear interest at a rate equal to three-fourths percent (0.75%) in excess of the "New York Prime Rate", subject to change quarterly.

5. BALANCE. The principal amount of the loan is Five Hundred Thousand and no/100 Dollars (\$500,000.00). Principal payments shall be made in accordance with the terms of the note.

### **EXPENSES**

The Borrower agrees to pay all taxes and assessments, all recording fees, attorney fees, appraisal fees, and all other expenses associated with the loan as applicable.

### SECURITY/COLLATERAL

This loan is subject to the Borrower providing to Bank security and collateral securing the repayment of any and all amounts loaned. The form and substance of said security and liens perfected on said collateral is to be in a form acceptable to Bank in its own discretion.

The Borrower shall grant to the Bank a pledge and perfected security interest in the following: all assets tangible and intangible now owned or hereafter acquired including accounts receivable, inventory, pipeline, machinery and equipment. The security interest shall be evidenced by the execution and delivery of security agreements, assignments, and/or pledges in a form acceptable to the Bank.

### WARRANTIES

The Borrower convenants and warrants to the Bank on the date of the execution hereof each of the following matters:

1. AUTHORIZATION. Borrower represents that there is no known legal impediment which in any way restricts or prevents the execution or carrying out of this

the service of a constraints of the state of the service of the se

agreement in any respect, and that this agreement and executed Note and Security Documents are valid and binding obligations of the Borrower.

2. FINANCIAL CONDITION. Borrower agrees to furnish to the Bank true and correct balance sheets, income statements, and tax returns which fairly reflect the Borrower's financial condition, and furthermore to continue to furnish these items on an semi-annual basis.

3. TAXES. Borrower has paid all taxes, other than those which might be due but not payable. Borrower is not in default in the payment of any tax nor is any assessment threatened in respect thereof.

4. **TITLE TO PROPERTY**. The Borrower has good and marketable title to its respective assets as disclosed on the financial statement supplied to the Bank hereunder.

5. ACTIONS PENDING. There are no actions, suits, investigations, or proceedings pending, or to the knowledge of the Borrower, threatened against the Borrower by any Court, arbitrator, administrative, or governmental body, either singularly or in the aggregate, which might result in a material adverse change in the business, condition, and operations of the borrower.

### **CONDITIONS PRECEDENT**

The obligation of the Bank to disburse the loan shall be subject to the satisfaction of each of the following conditions precedent:

1. EXECUTION OF PROMISSORY NOTE (NOTES). The Note or Notes in the form acceptable to Bank shall have been executed for the principal amount of the loan and delivered by the Borrower to the Bank.

2. CORPORATE AUTHORIZATION. The Bank shall have received in a form acceptable to the Bank all corporate documents authorizing the encumbrance of corporate

assets, authorizing the execution of this agreement and any documents contemplated herein, and ratifying the same.

3. OTHER DOCUMENTS. The Bank shall have received upon request from the Borrower any other reasonable documents relating to this Agreement or contemplated by this loan transaction in a form acceptable to Bank.

### DEFAULT

The occurrence of any one or more of the following events shall constitute a default by the Borrower under this Agreement and thereupon any Note or Notes issued hereunder, at the option of the Bank, will immediately become due and payable upon written notice; each of the following shall constitute an event of default hereunder.

1. NON-PAYMENT OR LATE PAYMENTS. Non-payment when payment is due, whether by acceleration or otherwise, of any principal or interest of any Note, whether short term or long term. Any installment of principal or accrued interest on any Note not paid in full, punctually when due and payable as provided in any Note.

2. BREACH OF COVENANTS AND AGREEMENTS. The Borrower shall fail or omit to perform or observe any covenant, agreement, condition or other provision contained or referred to in this Agreement, or in any Security Agreement, Note, or any other instrument securing any portion of the indebtedness or Note owed or in any other instrument which constitutes security for the repayment of the indebtedness or Note or is related hereto, and such failure or omission shall not have been fully corrected to the satisfaction of the Bank within thirty (30) days after the giving of written notice by the Bank to the Borrower thereof.

3. MISREPRESENTATION AND ACCURACY OF STATEMENTS. Any representation or warranty or other statement of facts made by the Borrower herein in any writing, certificate, report, or statement at any time furnished to the Bank pursuant to or in connection with this Loan Agreement or otherwise shall prove to be false and misleading in any material respect when made or shall fail to state a material fact necessary in order to make the statements contained herein or therein not misleading. If any representation or

warranty made by the Borrower in any written statement or certificate now or later furnished by or for the Borrower in connection herewith, shall prove untrue in any material respect as of the date upon which it was made.

4. **INSOLVENCY.** (a) The Borrower shall make an assignment for the benefit of creditors, file a petition in Bankruptcy, Petition or apply to any tribunal for the appointment of a custodian, receiver or any trustee for any one of them, or a substantial part of their assets, or shall commence any proceeding under any bankruptcy. reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or if there shall have been filed any such petition or application or any such proceeding shall have been commenced against any of them, in which an order for relief is entered or which remains undismissed for a period of thirty (30) days or more; or the Borrower by any act or omission shall indicate their consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or any trustees for any of them or any substantial part of any of their property, or shall suffer any such custodianship, receivership or trusteeship to continue undischarged for a period of thirty (30) days or more; or (b) The Borrower shall generally not pay their debts as such debts become due; or (c) The Borrower shall have concealed, removed or permitted to be concealed or removed, any part of their property, with intent to hinder, delay or defraud their creditors, or any of them, or made or suffered a transfer of any of their property which may be fraudulent under any Bankruptcy, fraudulent conveyance or similar law, or shall have made any transfer of their property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or shall have suffered or permitted, while insolvent, any creditor to obtain a lien upon any of their property through legal proceedings or distraint which is not vacated within thirty (30) days from the date hereof.

### MISCELLANEOUS

1. WAIVERS. No delay or omission of the Bank to exercise any right upon the happening of any event of default shall impair any such right or shall be construed to be a waiver of any such default or an acquiescence therein. No waiver of any default herein shall effect any later default or impair any right of Bank. No single, partial or full exercise of any right of Bank shall preclude other or further exercise thereof.

2. GOVERNING LAWS. This Agreement, the Note and all documents securing same shall each be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky.

3. COMPLETE AGREEMENT. This Agreement shall be binding upon and inure to the benefit of the Bank and the Borrower in accordance with its terms. This Agreement, including the Note and other instruments and documents executed to secure and collateralize said loan in the forms acceptable to Bank, including any correspondence from the Bank to Borrower, constitutes the entire understanding between the parties hereto and supersedes all prior written or oral understandings or agreements with respect to matters contained or referred to herein between the parties or any of the interested parties or any third parties. This Agreement may not be modified, amended or terminated except by written agreement signed by the parties hereto. The headings of the several sections of this Agreement are for the convenience of reference only and shall not effect the meaning hereof.

4. SINGLE AGREEMENT. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument. The Counterpart of this Agreement retained by the Bank for its permanent file shall be deemed to be the original for purposes of comparison of provisions.

5. FEES AND EXPENSES. The Borrower shall pay all out-of-pocket expenses incurred by the Bank in connection with the transactions contemplated hereunder,
including, but not limited to, the fees and expenses of the Bank's counsel incurred in connection with this Agreement, the Note, and other documents related to or referred to as collateral or documents securing said Loan.

6. NOTICES. All notices referred to or permitted to be given hereunder shall be given in writing or personally delivered or sent by mail, addressed as follows:

- If to the Bank: Mr. David Ross President Bank of McCreary County P.O. Box 160 Whitley City, Kentucky 42653
- If to the Borrower: Mr. James E. Curd Vice President Citipower, L.L.C. P.O. Box 1309 Whitley City, Kentucky 42653

Any party may change their address for the purpose of this Agreement by sending written notice thereof to the other parties.

7. SEVERABILITY. If any provision of this Agreement shall be held invalid under any applicable laws, such invalidity shall not effect any other provision of this Agreement that can be given effect without the invalid provision, and, to this end, the provisions hereof are severable.

## 8. BINDING EFFECT, ASSIGNMENT, AND ENTIRE AGREEMENT.

This Agreement and all documents executed in association herewith shall inure to the benefit of, and shall be binding upon, the respective parties hereto, including their successors, heirs, personal representatives, legatees, devisees, assigns, and permitted assigns. The Borrowers have no right to assign any of their rights or obligations hereunder without the prior written consent of the Bank.

9. BANK NOT A JOINT VENTURE. The Bank by entering into this Agreement or by any action taken pursuant to this Agreement or any loan document, will not be deemed a partner or joint venturer with the Borrower, and the Borrower will indemnify and hold the Bank harmless from any and all damages resulting from such a construction of the parties and their relationship.

IN TESTIMONY WHEREOF, the parties have executed this Agreement the day and year first above written.

CITIPOWER, L.L.C.

ES E. CURD

ITS: Vice President

BANK OF MCCREARY COUNTY · I to By:

这首次回家地位在中国小学

ITS: President

## STATE OF KENTUCKY COUNTY OF McCREARY

I, the undersigned Notary Public in and for the State and County aforesaid, do hereby certify that the foregoing Loan Agreement was this day produced acknowledged, and delivered to before me by Citipower, L.L.C., by James E. Curd, its Vice President of Whitley City, Kentucky, to be his free act and deed and the free act and deed of Citipower, L.L.C..

Witness my hand, this 10th day of <u>Ucemlue</u>, 1998. dimiliely AL NOTARY PUBLIC

My commission expires: 9.16.02

# STATE OF KENTUCKY COUNTY OF McCREARY

I, the undersigned Notary Public in and for the State and County aforesaid, do hereby certify that the foregoing Loan Agreement was this day produced, acknowledged, and delivered to before me by David Ross, President, Bank of McCreary County, to be his free act and deed and the free act and deed of Bank of McCreary County, Whitley City, Kentucky.

Witness my hand, this <u>10</u> day of <u>December</u>, 1998. Kimberly HOrd NOTARY PUBLIC

My commission expires: 9.16.02

CITIPOWER, L.L.C. (61-1305266) BANK OF MCCREARY COUNTY P.O. BOX 1309 WHITILEY CITY, KY 42653 WHITILEY CITY, KY 42653	Logan Number 9233
	Loop Number 705.27
	DECEMBER 16, 1998
	Maturity Date DEC. 16, 1999
	Loan Amount \$ 500,000.00
1	Renewal Of
BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally. "You" means the lander, its successors and assigns	
for value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL su	m of FIVE HUNDRED THOUSAND
<u>ND NO/100* • * * • • * * * * * * * * * * * * * </u>	500,000.00
X Single Advance: I will receive all of this principal sum on DECEMBER 16, 1998. No additional	advances are contemplated under this note.
Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow u	
I will receive the amount of \$ and future principal a	dvances are contemplated.
Conditions: The conditions for future advances are	· · · · · · · · · · · · · · · · · · ·
Copen End Credit: You and Lagree that I may borrow up to the maximum principal sum more that	in one time. This feature is subject to all othe
conditions and expires on	
Closed End Credit: You and I agree that I may borrow (subject to all other conditions) up to the	
NTEREST: Lagrae to pay interest on the outstanding principal balance from	990 at the rate of8.300 9
per year until MARCH 16, 1999	
X Variable Rate: This rate may then change as stated below.	
XX Index Rate: The future rate will beO_750%_OVERthe following index rate: THE	NEW YORK PRIME RALE
No Index: The future rate will not be subject to any internal or external index. It will be entirely in XX Frequency and Timing: The rate on this note may change as often as <u>QUARTERLY</u> A change in the interest rate will take effect ON THE SAME DAY	n your control.
Limitations: During the term of this loan, the applicable annual interest rate will not be more that	
%. The rate may not change more than%	each
Effect of Variable Rate: A change in the interest rate will have the following effect on the payments	
Effect of Variable Rate: A change in the interest rate will have the following effect on the payments XX. The amount of each scheduled payment will change.	payment will change.
X3 The amount of each scheduled payment will change. X3 The amount of the final p	sayment will change.
XI The amount of each scheduled payment will change.       XI The amount of the final p	
XI The amount of each scheduled payment will change.       XI The amount of the final p	
XI The amount of each scheduled payment will change.       XI The amount of the final p         CCRUAL METHOD: Interest will be calculated on a	nd until paid in full, as stated below:
RS The amount of each scheduled payment will change.       RS The amount of the final payment will change.         CCRUAL METHOD: Interest will be calculated on a <u>ACTUAL/365</u> basis.         OST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, a RATE is an effect balance basis in effect balance maturity (as indicated above).	nd until paid in full, as stated below:
X3 The amount of each scheduled payment will change.       X3 The amount of the final p         CCRUAL METHOD: Interest will be calculated on a	nd until paid in full, as stated below: rge of <u>\$10.00</u>
X3 The amount of each scheduled payment will change.     X3 The amount of the final p     CCRUAL METHOD: Interest will be calculated on a <u>ACTUAL/365</u> basis.     OST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after meturity, a     X3 on the same fixed or variable rate basis in effect before maturity (as indicated above).     at a rate equal to     X4 ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which are     nbove: <u>RECORDING FEES OF \$18.00</u> ,	nd until paid in full, as stated below: rge of <u>\$10.00</u>
X3 The amount of each scheduled payment will change.     X3 The amount of the final p     CCRUAL METHOD: Interest will be calculated on a <u>ACTUAL/365</u> basis.     OST MATURITY RATE: I agree to pay interest on the unpeid balance of this note owing after maturity, a     X3 on the same fixed or variable rate basis in effect before maturity (as indicated above).     at a rate equal to     X4 ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which are     nhove: <u>RECORDING FEES OF \$18.00</u> .	nd until paid in full, as stated below: rge of <u>\$10.00</u>
X3 The amount of each scheduled payment will change.     X3 The amount of the final p     CCRUAL METHOD: Interest will be calculated on a <u>ACTUAL/365</u> basis.     OST MATURITY RATE: I agree to pay interest on the unpeid balance of this note owing after maturity, a     X3 on the same fixed or variable rate basis in effect before maturity (as indicated above).     at a rate equal to     X4 ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which are     nhove: <u>RECORDING FEES OF \$18.00</u> .     AYMENTS: I agree to pay this note as follows:     X4 Interest: I agree to pay accrued interest <u>ON THE 16TH DAY OF EACH THIRD MONTH BE</u>	nd until paid in full, as stated below: rge of <u>\$10.00</u>
X3 The amount of each scheduled payment will change.       X3 The amount of the final p         CCRUAL METHOD: Interest will be calculated on a <u>ACTUAL/365</u> basis.         OST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, a X3 on the same fixed or variable rate basis in effect before maturity (as indicated above).         Image: Interest equal to	nd until paid in full, as stated below: rge of <u>\$10.00</u> \$3 are not included in the principal amoun CSINNING MARCH 16, 1999
X3 The amount of each scheduled payment will change.     X3 The amount of the final p     CCRUAL METHOD: Interest will be calculated on a <u>ACTUAL/365</u> basis.     OST MATURITY RATE: I agree to pay interest on the unpeid balance of this note owing after maturity, a     X3 on the same fixed or variable rate basis in effect before maturity (as indicated above).     at a rate equal to     X4 ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which are     nhove: <u>RECORDING FEES OF \$18.00</u> .     AYMENTS: I agree to pay this note as follows:     X4 Interest: I agree to pay accrued interest <u>ON THE 16TH DAY OF EACH THIRD MONTH BE</u>	nd until paid in full, as stated below: rge of <u>\$10.00</u> XX are not included in the principal amoun XXIIINNING MARCH 16, 1999 t of \$

. . . . . . .

i,

•

: .

. .

:::: :::\_\_\_\_\_ •

(page 1 of 3)

JELUAIT

SECURITY-INTEREST: I give you a security interest in all of the Property described below that I now own and that I may own in the future (including, but not limited to, all parts, accessories, repairs, improvements, and accessions to the Property), wherever the Property is or may be located, and all proceeds and products from Property.

Winventory: All inventory w hold for ultimate sale or lease, or which has been or will be s under contracts of service, or which are raw materials, work in process, or materials used or consumed in my business.

Equipment: All equipment including, but not limited to, all mechinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, allocating, out not minica to, an machinery, and parts and tools. All equipment described in a list or schedule which I give to you will also be included in the secured property, but such a list is not necessary for a valid security interest in my equipment.

(a) all poultry and livestock and their young, slong with their products, produce and replacaments; (b) all roops, annual or perannial, and all products of the crops; and (c) all food, seed, fertilizer, medicines, and other supplies used or produced in my farming operations.

Class load, seed, tertitizer, medicines, and there suppres deed of produced in my handing openance. CAccountes, Instruments, Occuments, Chattel Paper and Other Rights to Payment: All rights I have now and that I may have in the future to the payment of money including, but not limited to:

(n) payment (or goods and other property sold or leased or for services rendered, whether or not ! have earned such payment by performance;

We rights to payment arising out of all present and future debt instruments, chattel paper and loans and obligations receivable. The above include any rights and interests (including all liens and security interests) which I may have by law or agreement against any account debter or obliger of mine.

Bactor of validation of thing. trade secrets, good will, trade names, customer lists, permits and franchises, and the right to use my name.

🖾 Government Payments and Programs: All payments, accounts, general intangibles, or other benefits lincluding, but not limited to, payments in kind, deficiency payments, latters of antillement, warehouse receipts, storage payments, emergency assistance payments, diversion payments, and conservation reserve payments) in which I now have and in the future may have any rights or interest and which arise under or as a result of any preaxisting, current or future Federal or state governmental program (including, but not limited to, all programs administered by the Commodity Credit Corporation and the ASCS).

The secured property includes, but is not limited by, the following: REAL ESTATE MORIGAGE DATED 11-11-97 ON COMMERCIAL BLDG. AND LOT. ALL ASSETS TANGIBLE AND INTANGIBLE NOW OWNED OR HEREAFTER ACCUIRED INCLUDING ACCOUNTS RECEIVABLE, INVENTORY, PIPELINE, MACHINERY AND EQUIPMENT.

If this agreement covers timber to be cut, minerals (including oil and gas), fixtures or crops growing or to be grown, the description of the real estate is:

If checked, file this agreement on the real estate records. Record owner (if not me)

The Property will be used for a personal XX business agricultural ADDITIONAL TERMS OF THE SECURITY AGREEMENT ournesa. GENERALLY - This agreement secures this note and any other debt I have

GENERALLY - This agreement secures this note and any other debt I have with you, now or later. However, it will not secure other debts if you fail with respect to such other debts, to make any required disclosure about this security agreement or if your fail to give any required disclosure about this security agreement or if your fail to give any required notice of the right of rescission. If property described in this agreement is located in another state, this agreement may also, in some circumstances, be govarned by the law of the state in which the Property is located. OWNERSHIP AND DUTIES TOWARD PROPERTY - I represent that I own all of the Property, or to the extent this is a purchase money security interest I will acquire ownership of the Property with the proceeds of the loan. I will defend it against any other creditor. I agree to do whetever you require to protect your security interest and to keep your claim in the Property alread of the claims of other creditors. I will not do anything to harm your position.

Property alread of the diam's of other disense of other disense of the harm your position. I will keep bonks, records and accounts about the Property and my business in general. I will nt you axamine these records at any reasonable time. I will prepare any report or accounting you request, which deals

time. I will prepare any report or accounting you request, which deals with the Property. I will keep the Property in my possession and will keep it in good repair and use it only for the purposals) described on page 1 of this agreement. I will not change this specified use without your express written permission. I represent that I am the original owner of the Property and, if I am not, that I have provided you with a list of prior owners of the Property.

awners of the Property. I will keep the Property at my address listed on page 1 of this agreement, unless wa agree 1 may keep it at another location. If the Property is to be used in another state, I will give you a list of those states. I will not try to sell the Property unless it is inventory or *l* receive your written permission to do so. If I sell the Property I will have the payment made payable to the order of you and me. You may demend immediate payment of the dobt(s) if the dobtor is not a natural person and without your prior written consent: (1) an

not a natural person and without your prior written consent: (1) a beneficial interest in the debtor is sold or transforred, or (2) there is a change in either the identity or number of members of a partnership, or (3) there is a change in awnership of more than 25 percent of the voting stock of a corporation.

stock of n corporation. I will pay all taxes and charges on the Property as they become due. You have the right of reasonable access in order to inspect the Property. I will immediately inform you of any loss or damagn to the Property. If I fail to perform any of my duties under this socurity agreement, or any mortgage, deed of trust, lien or other socurity interest, you may without notice to me perform the duties or cause them to be performed. Your right to perform for me shall not create an obligation to perform and your failure to perform will not preclude you from exorcising any of your rither rights under the law or this socurity agreement. PURCHASE MONEY SECURITY INTEREST - For the sole purpose of determining the extent of a purchase money security interest erising

determining the extent of a purchase money security interest arising under this security agreement: (a) payments on any nonpurchase money lean also secured by this agreement will not be deemed to apply to the Purchase Money Lean, and (b) payments on the Purchase Money Lean Purchase Monay Loan, and (b) payments on the Purchase Monay Loan will be deemed to nopply first to the nonpurchase monay portion of the loan, if any, and then to the purchase monay obligations in the order which the items of collateral ware acquired or if acquired at the same time, in the order solacited by you. No socurity interest will be terminated by application of this formula. "Purchase Monay Loan" means any loan the proceeds of which, in whole or in part, are used to acquire any collateral securing the loan and all extensions, renewals, consolidations and refinancing of such loan." PAYMENTS BY LENDER - You are authorized to pay, on my behalf,

PartmENIS of LENDER - You are autorized to pay, on my benait, charges I am or may become obligated to pay to preserve or protect the secured property (such as property insurance premiums). You may treat those payments as advances and add them to the unpaid principal under the note secured by this agreement or you may demand immediate payment of the amount advanced.

Ø 1984, 1991 Bankers Systems, Inc., St. Cloud, MN. Form UNS-LAZ 1/31/96

••• .

化氨基基苯基 机磷酸 化合物分子合物酶 1.1.1

INSURANCE - I agree to buy insurance on the Property against the risks and for the amounts you require and to furnish you continuing proof of and for the amounts you require and to forman you continuing proof of coverage. I will have the insurance company name you as loss proce on any such policy. You may require addrd security if you agree that insurance proceeds may be used to repair or replace the Property. I will buy insurance proceeds inly to data to input of up input of the Property i will buy insurance from a firm licensed to do business in the state where you are located. The firm will be reasonably acceptable to you. The insurance will last until the Property is released from this agreement. If I fail to buy or maintain the insurance for fail to name you as loss payed) you may

or maintain the insurance (or fail to name you as loss payee) you may purchase it yourself. WARRANTIES AND REPRESENTATIONS - If this agreement includes accounts, I will not settle any account for loss than its full value without your written permission. I will collect all accounts until you tell ma otherwise. I will keep the proceeds from all the accounts and any goeds which are returned to me or which I take back in trust for you. I will not mix them with any other property of mino. I will deliver them to you at your request. If you ask me to pey you the full price on any returned items or items retaken by myself, I will not dispose of it except in my ordinary course of business at the fair market value for the Property, or at a minimu price astabilished baween you and me.

If this agreement covers inventory, I will not dispose of it except in my ordinary course of business at the fair market value for the Property, or at a minimum price established between you and me. If this agreement covers farm products I will provide you, at your request, a written list of the buyers, commission merchants or selling agents to or through whom I may sell my farm products. In addition to those parties named on this written list, I nulthorize you to notify at your sole discretion any additional parties regarding your security interest in my farm products. I remain subject to all applicable penalties for selling my farm products. I remain subject to all applicable penalties for selling my farm products. I remain subject to all applicable penalties for selling them in the Federal Food Security Act of 1985. REMEDIES - I will be in default on this security agreement if I am in defoult on any note this agreement, fill default, you have all of the rights and remedies provided in the note and under the Uniform Commercial Code. You may require mo to make the secured property available to you at a place which is reasonably convenient. You may take possession of the segment notice under the Uniform Commercial Codes will be applied lirst to your expenses and then to the dobt. I agree that 10 days written notice sont to my last known address by first class mail will be reasonable notice under the Uniform Commercial Code. change of my address is FILING - A comber My current address is on page 1. I agree to inform you in writing of any

change of my address. FILING - A carbon, photographic or other reproduction of this security agreement or the financing statement covering the Property described in this agreement may be used as a linancing statement where allowed by law. Where permitted by law, you may file a financing statement which does not contain my signature, covering the Property secured by this agreement.

Any person who signs within this box does so to give you a security interest in the Property described on this page. This person does not promise to pay the note. "I" as used in this security agreement will include the borrower and any person who signs within this box.

> Date ipage 2 of 31



Signed

DEFINITIONS - As used on pages 1 and 2, "X" means the terms that apply to this loan. "I," "me" or "my" means each Borrower who signs this note and each other person or legan nity (including guarantors, endorsers, and sureties) who agrees to prove a note (together referred to as "us"). "You" or "your" means the Conder and its successors and assigns.

APPLICABLE LAW - The law of the state in which you are located will govern this agreement. Any term of this agreement which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a variation. If any provision of this agreement cennot be enforced according to its terms, this fact will hot affect the enforceability of the remainder of this agreement. No modification of this agreement may be made without your express written consent. Time is of the essence in this agreement.

PAYMENTS - Each payment I make on this note will first reduce the amount I own you for charges which are neither interest nor principal. The remainder of each payment will then reduce accrued unpaid interest, and then unpaid principal. If you and I agree to a different application of payments, we will describe our agreement on this note. I may prepay a part of, or the entire balance of this loan without penalty, unless we specify to the contrary on this note. Any partial prepayment will not excuse or reduce any later scheduled payment until this note is paid in full (unless, when I make the prepayment, you and I agree in writing to the contrary).

INTEREST - Interest accrues on the principal remaining unpaid from time to time, until paid in full. If I receive the principal in more than one advance, each advance will start to earn interest only when I receive the advance. The interest rate in effect on this note at any given time will apply to the entire principal sum outstanding at that time. Notwithstanding anything to the contrary, I do not agree to pay and you do not intend to charge any rate of interest that is higher than the maximum rate of interest you could charge under applicable law for the extension of credit that is agreed to in this note (either before or after maturity). If any notice of interest accrual is sent and is in error, we mutually agree to correct it, and if you actually collect more interest than allowed by law and this agreement, you agree to refund it to me.

INDEX RATE - The index will serve only as a device for setting the interest rate on this note. You do not guarantee by selecting this index, or the margin, that the interest rate on this note will be the same rate you charge on any other loans or class of loans you make to me or other borrowers.

POST MATURITY RATE - For purposes of deciding when the "Post Maturity Rate" (shown on page 1) applies, the term "maturity" means the date of the last scheduled payment indicated on page 1 of this note or the date you accelerate anyment on the note, whichever is earlier.

SINGLE ADVANCE LOANS - If this is a single advance loan, you and I expect that you will make only one advance of principal. However, you may add other amounts to the principal if you make any payments described in the "PAYMENTS BY LENDER" paragraph on page 2.

MULTIPLE ADVANCE LOANS - If this is a multiple advance loan, you and I expect that you will make more than one advance of principal. If this is closud and credit, repaying a part of the principal will not antitle me to additional credit.

SET-OFF - I agree that you may set off any amount due and payable under this note against any right I have to receive money from you.

"Right to receive money from you" means: (1) any deposit account balance I have with you:

(1) any deposit account balance i have with you; (2) any money owed to me on an item presented to you or in your

possession for collection or exchange; and

(3) any repurchase agreement or other nondeposit obligation.

"Any amount due and payable under this note" means the total amount of which you are entitled to demand payment under the terms of this note at the time you set off. This total includes any balance the due date for which you properly accelerate under this note.

If my right to receive monsy from you is also owned by someone who has not nyreed to pay this note, your right of sat-off will apply to my interest in the obligation and to any other amounts I could withdraw on my soln request or endorsement. Your right of set-off does not apply to an account or other obligation where my rights are only as a representative. It also does not apply to any Individual Retirement Account or other tax-deferred retirement account.

You will not be liable for the dishonor of any check when the dishonor nccurs because you set off this debt against any of my accounts. Lagree to hold you harmlass from any such claims arising as a result of your axercise of your right to set-off.

DEFAULT - I will be in default if any one or more of the following occur: (1) I fail to make a payment on time or in the amount due; (2) I fail to keep the Property insured, if required; (3) I fail to pay, or keep any promise, on any debt or agreemen of mine attempts to collect a ve with you; (4) any other creditor debt 1 owe him through court proceedings; (5) I die, am declared incompetent, make an assignment for the benefit of creditors, or become insolvent leither because my liabilities ceed my assets or I am unable to pay my debts as they become duel; (6) I make any written statement or provide any financial information that is untrue or inaccurate at the time it was provided; (7) I do or fail to do something which causes you to believe you will have difficulty collecting the amount I owe you; (8) any collateral securing this note is used in a manner or for a purpose which threatens confiscation by a lenal authority; (9) I change my name or assume an additional name without first notifying you before making such a change; (10) I fail to plant, cultivate and harvest crops in due season; (11) any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.

 $\ensuremath{\mathsf{REMEDIES}}$  - If I am in default on this note you have, but are not limited to, the following remedies:

- You may demand immediate payment of all I owe you under this note (principal, accrued unpaid interest and other accrued unpaid charges).
- (2) You may set off this debt against any right I have to the payment of money from you, subject to the terms of the "SET-OFF" paragraph herein.
- (3) You may demand security, additional security, or additional parties to be obligated to pay this note as a condition for not using any other remedy.
- (4) You may refuse to make advances to me or allow purchases on credit by me.
- (5) You may use any remedy you have under state or federal law,
- (5) You may make use of any remedy given to you in any agreement securing this note.

By selecting any one or more of these remedies you do not give up your right to use later any other remedy. By weiving your right to declare an event to be a default, you do not weive your right to consider later the event a default if it continues or happens again.

COLLECTION COSTS AND ATTORNEY'S FEES -1 agree to pay all costs of collection, replevin or any other or similar type of cost if I am in default. In addition, if you hire an attorney to collect this note, I also agree to pay any fee you incur with such attorney plus court costs (except where prohibited by law). To the extent permitted by the United States Bankruptcy Code, I also agree to pay the reasonable attorney's fees and costs you incur to collect this debt as awarded by any court exercising jurisdiction under the Bankruptcy Code.

WAIVER - I give up my rights to require you to do certain things. I will not require you to:

(1) demand payment of amounts due (presentment);

(2) obtain official cartification of nonpayment (protest); or

(3) give notice that amounts due have not been paid (notice of dishonor).

I waive any dafanses I have based on suretyship or impairment of collateral.

OBLIGATIONS INDEPENDENT - I understand that I must pay this note even if someone else has also agreed to pay it (by, for example, signing this form or a separate guarantee or endorsement). You may sue me alone, or anyone else who is obligated on this note, or any number of us together, to collect this note. You may without notice release any party to this agreement without releasing any other perty. If you give up any of your rights, with or without notice, it will not affect my duty to pay this note. Any extension of new credit to any of us, or ranewal of this note by all or less than all of us will not release me from my duty to pay it. (Of course, you are entitled to only one payment in full.) I agree that you may at your of the note or debt, from time to time without finit or notice and for any term without affecting my liability for payment of the note. I will not assign my obligation under this agreement without your prior written agroval.

CREDIT INFORMATION - I agree and authorize you to obtain credit information about me from time to time (for example, by requesting a credit report) and to report to others your credit experience with me (such as a credit reporting agency). I agree to provide you, upon request, any financial statement or information you may deem necessary. I warrant that the financial statements and information I provide to you are or will be accurate, correct and complete.

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGES 1 AND 2). I have received a copy on today's data.

<u>CTTIPCWER, L.L.C. (61-1305266)</u>	
BY: E.Curd JAMES J. CURD, VICE PRESIDENT	
SIGNATURE FOR LENDER: X Quil Ross	Pren.

194, 1991 Bankers Systems, Inc., St. Cloud, MN. Form UNS-LAZ 1/31/98

(page 3 of 3)

GUARANTY

KY (State)

#### DECEMBER 16, 1998

(City)

WHITTLEY

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce BANK OF MCCREARY COUNTY, P.O. BOX 160, WHITLEY CITY, KY 42653

(herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of <u>CITIPOWER, L.L.C. (61-1305266)</u>

(herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this XX is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: LOAN DATED

12-16-98 IN THE AMOUNT OF \$500,000.00 TO CITIPONER, LLC\_\_\_\_ and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

B. If this is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created ar incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s):

The maximum aggregate liability that I am subject to is \$ 500,000.00 In addition to the maximum aggregate liability stated, I absolutely and unconditionally guarantee payment of interest accruing on the guaranteed indebtedness, and fees, charges and costs of collecting the guaranteed indebtedness, including reasonable attorneys' fees.

This guaranty will terminate on \_\_\_\_\_\_\_DECEMBER 16, 1999 \_\_\_\_\_\_. The termination will not affect my liability with respect to obligations created or incurred prior to the termination date, or extensions or renewals of, interest accruing on, or fees, costs, or expenses incurred with respect to such obligations on or after the termination date.

The term "Indebtedness" as used in this guaranty shall not include any obligations entered into between Borrower and Lender after the date hereof (including any extensions, renewals or replacements of such obligations) for which Borrower meets the Lender's standard of creditworthiness based on Borrower's own assets and income without the addition of a guaranty, or for which a guaranty is required but Borrower chooses someone other than the joint Undersigned to guaranty the obligation.

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all Indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. Indebtedness may be created and continued in any amount, whether or not in excess of any principal or aggregate amount stated above, without affecting or impairing the liability of the Undersigned as limited hereunder. The Lender may apply any sums received by or available to Lender on account of the Indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

-	This guaranty is XX unsecured; I secured by a mortgage or security agreement dated	
	is guaranty includes the additional provisions on page 2, all of which are made a part hereof.	

IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned the day and year first above written.

"Undersigned" shell refer to all persone who sign this guaranty, severally and jointly.

lunge 1 of 21

11ANKERS SYSTEMS, INC., ST. CLOUD, MN 56301 (1-800-397-2341) FORM M-240-KY 5/29/91 (For Corporate Guerantor use M-250-KY)

#### ADDITIONAL PROVISIONS

5. Subject to any limitatic estated in this guaranty, the Undersigned will pay commburse Lender for all costs and expenses (including reachable attorneys' fees and legal expenses) incurred by winder in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (viii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Lender under \$1111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any Indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable, to the fullest extent permitted by anplicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing Indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The undersigned shall remain obligated, to the fullest extent permitted by iaw, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay Indebtedness even though any other person obligated to pay Indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to Indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the Indebtedness to which such payment was applied shall for the purposes of this guaranty he deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

10. The Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acquire against Borrower or any other person obligated to pay Indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing indebtedness. Lender shall not be required first to resort for payment of the Indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be hinding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall imme to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof.

UANKERS SYSTEMS, INC., ST. CLOUD, MN 56301 (1-800-397-2341) FORM M-240-KY 6/29/91

and the state of the second second

#### PIPELINE EXTENSION PROPOSAL

March 19,1999



TO: Dan Forsberg

From: Jimmy Curd

**RE:** Planned extension

Dan;

1

I am proposing an extension of 3000' of 2" main pipeline from Poplar Grove Road to Bob Musgrove Road . This will enable us to pick up eleven new customers and will eventually loop the 2" line into a planned 4" main line. The line is to be laid in-house as it will all be mostly going from house to house running services.

#### INCOME

Eleven (11) customer of which eight (9) are free hook-up signees. Two (2) customers at \$250.00 each = \$500.00. Eleven customers at an average of \$400.00 per year per customer =\$4400.00

#### COST

3000' 2" main line @ 55 cents =\$1650.00 2000' 1" Service line @ 33 cents = \$660.00 Eleven service connections @ \$350.00 each = \$3850.00 550' of R.O.W. @ \$1.00 per foot = \$550.00 Fourteen days labor @ \$40.00 per hour = \$4480.00 TOTAL COST \$11,190.00

This equates to a 2.43 year pay out. JEC

#### 05/03/1999 16:24 606376

CITIPOWER, 1

Hayes Cr.

PAGE 02

#### TO: DAN FORSBERG

#### FROM: JIMMY CURD

#### **RE: PLANNED PIPELINE EXTENSION** MURTON WILSON #1 TO D H CAMPBELL #1

#### DAN;

The attached information is what I have to date on the planned project. The total distance is 13,500 feet. The dischline will be opened and a 4" high pressure main put in the bottom of the ditch and a 2" distribution line will be installed above the 4" for house connections.

I can only estimate the possible services that would result from this line due to the fact that I have not went door to door to see how many would hook up to the pipeline if we lay it. The route is a cross country route due to the fact that the road ditchline would be almost impossible to lay our line in it. I would estimate that the customers gathered along this route would be around twenty. This would not support the payback of the proposed pipeline, but we are laying this line mainly to gather the gas from the D H Campbell #4 and D H Campbell #1 wells which totals 1.2MMCF.

FACTS 1.2MMCFpd X 20% actual flowable daily gas X .33Cents pc MCF = \$30240.00 pcr year Twenty customers average yearly income = \$6,900.00 Less 68% COG = \$2,346.00 per year Total income per year potential: \$32,586.00 Total estimated cost of proposed pipeline \$92,000.00 Estimated recovery time frame = 2.82 years.

CITIPOWER, L.L.C. JAMES E. CURD

42,000

#### LOAN AGREEMENT

THIS AGREEMENT, made and entered into this 16th day of December, 1998, by and between CITIPOWER, L.L.C., P.O. Box 1309, Whitley City, Kentucky 42653, **PARTY OF THE FIRST PART**, (hereinafter referred to sometimes as "Borrower" or "First Party"), and BANK OF McCREARY COUNTY, P.O. Box 160, Whitley City, Kentucky 42653, **PARTY OF THE SECOND PART**, (hereinafter referred to as "Bank" or "Second Party").

WITNESSETH: WHEREAS, Borrower desires to obtain a loan from Bank in the amount of Five Hundred Thousand and no/100 Dollars (\$500,000.00) for the purpose of: paying construction costs for completion of gas pipeline from McCreary County to Scott County and connected to Citizens Gas, and

WHEREAS, Bank is willing to make such a loan upon the terms and conditions herein set forth;

NOW, THEREFORE, the parties agree as follows:

## **GENERAL PROVISIONS**

1. AMOUNT. The Bank hereby agrees to loan to Borrower, jointly and severally, the sum of Five Hundred Thousand and no/100 Dollars (\$500,000.00).

2. NOTE. The indebtedness shall be evidenced by a Promissory Note payable to the order of the Bank. The note shall become due on December 16, 1999. The Bank may however demand payment in full before the maturity date upon adverse re-evaluation of Borrower's creditworthiness, upon failure of Borrower to comply with any terms of this agreement, or upon Borrower being in default of the Promissory note.

3. **PAYMENTS**. Payments shall be made as follows: quarterly interest payments beginning March 16, 1999 and principal due at maturity. All payments will be applied first to retire interest due, and the remainder to the unpaid principal balance.

4. INTEREST. The note executed pursuant hereto by Borrower shall bear interest at a rate of 8.50%. This rate shall be in effect until March 16, 1999. Interest shall be computed upon a 365 day year basis and shall be payable according to the terms of the note. The note shall bear interest at a rate equal to three-fourths percent (0.75%) in excess of the "New York Prime Rate", subject to change quarterly.

5. BALANCE. The principal amount of the loan is Five Hundred Thousand and no/100 Dollars (\$500,000.00). Principal payments shall be made in accordance with the terms of the note.

#### **EXPENSES**

The Borrower agrees to pay all taxes and assessments, all recording fees, attorney fees, appraisal fees, and all other expenses associated with the loan as applicable.

## SECURITY/COLLATERAL

This loan is subject to the Borrower providing to Bank security and collateral securing the repayment of any and all amounts loaned. The form and substance of said security and liens perfected on said collateral is to be in a form acceptable to Bank in its own discretion.

The Borrower shall grant to the Bank a pledge and perfected security interest in the following: all assets tangible and intangible now owned or hereafter acquired including accounts receivable, inventory, pipeline, machinery and equipment. The security interest shall be evidenced by the execution and delivery of security agreements, assignments, and/or pledges in a form acceptable to the Bank.

#### WARRANTIES

The Borrower convenants and warrants to the Bank on the date of the execution hereof each of the following matters:

1. AUTHORIZATION. Borrower represents that there is no known legal impediment which in any way restricts or prevents the execution or carrying out of this



agreement in any respect, and that this agreement and executed Note and Security Documents are valid and binding obligations of the Borrower.

2. FINANCIAL CONDITION. Borrower agrees to furnish to the Bank true and correct balance sheets, income statements, and tax returns which fairly reflect the Borrower's financial condition, and furthermore to continue to furnish these items on an semi-annual basis.

3. TAXES. Borrower has paid all taxes, other than those which might be due but not payable. Borrower is not in default in the payment of any tax nor is any assessment threatened in respect thereof.

4. **TITLE TO PROPERTY**. The Borrower has good and marketable title to its respective assets as disclosed on the financial statement supplied to the Bank hereunder.

5. ACTIONS PENDING. There are no actions, suits, investigations, or proceedings pending, or to the knowledge of the Borrower, threatened against the Borrower by any Court, arbitrator, administrative, or governmental body, either singularly or in the aggregate, which might result in a material adverse change in the business, condition, and operations of the borrower.

## **CONDITIONS PRECEDENT**

The obligation of the Bank to disburse the loan shall be subject to the satisfaction of each of the following conditions precedent:

1. EXECUTION OF PROMISSORY NOTE (NOTES). The Note or Notes in the form acceptable to Bank shall have been executed for the principal amount of the loan and delivered by the Borrower to the Bank.

2. CORPORATE AUTHORIZATION. The Bank shall have received in a form acceptable to the Bank all corporate documents authorizing the encumbrance of corporate

assets, authorizing the execution of this agreement and any documents contemplated

herein, and ratifying the same.

3. OTHER DOCUMENTS. The Bank shall have received upon request from the Borrower any other reasonable documents relating to this Agreement or contemplated by this loan transaction in a form acceptable to Bank.

## DEFAULT

The occurrence of any one or more of the following events shall constitute a default by the Borrower under this Agreement and thereupon any Note or Notes issued hereunder, at the option of the Bank, will immediately become due and payable upon written notice; each of the following shall constitute an event of default hereunder.

1. NON-PAYMENT OR LATE PAYMENTS. Non-payment when payment is due, whether by acceleration or otherwise, of any principal or interest of any Note, whether short term or long term. Any installment of principal or accrued interest on any Note not paid in full, punctually when due and payable as provided in any Note.

2. BREACH OF COVENANTS AND AGREEMENTS. The Borrower shall fail or omit to perform or observe any covenant, agreement, condition or other provision contained or referred to in this Agreement, or in any Security Agreement, Note, or any other instrument securing any portion of the indebtedness or Note owed or in any other instrument which constitutes security for the repayment of the indebtedness or Note or is related hereto, and such failure or omission shall not have been fully corrected to the satisfaction of the Bank within thirty (30) days after the giving of written notice by the Bank to the Borrower thereof.

3. MISREPRESENTATION AND ACCURACY OF STATEMENTS. Any representation or warranty or other statement of facts made by the Borrower herein in any writing, certificate, report, or statement at any time furnished to the Bank pursuant to or in connection with this Loan Agreement or otherwise shall prove to be false and misleading in any material respect when made or shall fail to state a material fact necessary in order to make the statements contained herein or therein not misleading. If any representation or warranty made by the Borrower in any written statement or certificate now or later furnished by or for the Borrower in connection herewith, shall prove untrue in any material respect as of the date upon which it was made.

4. INSOLVENCY. (a) The Borrower shall make an assignment for the benefit of creditors, file a petition in Bankruptcy, Petition or apply to any tribunal for the appointment of a custodian, receiver or any trustee for any one of them, or a substantial part of their assets, or shall commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or if there shall have been filed any such petition or application or any such proceeding shall have been commenced against any of them, in which an order for relief is entered or which remains undismissed for a period of thirty (30) days or more; or the Borrower by any act or omission shall indicate their consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or any trustees for any of them or any substantial part of any of their property, or shall suffer any such custodianship, receivership or trusteeship to continue undischarged for a period of thirty (30) days or more; or (b) The Borrower shall generally not pay their debts as such debts become due; or (c) The Borrower shall have concealed, removed or permitted to be concealed or removed, any part of their property, with intent to hinder, delay or defraud their creditors, or any of them, or made or suffered a transfer of any of their property which may be fraudulent under any Bankruptcy, fraudulent conveyance or similar law, or shall have made any transfer of their property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or shall have suffered or permitted, while insolvent, any creditor to obtain a lien upon any of their property through legal proceedings or distraint which is not vacated within thirty (30) days from the date hereof.

#### MISCELLANEOUS

1. WAIVERS. No delay or omission of the Bank to exercise any right upon the happening of any event of default shall impair any such right or shall be construed to be a waiver of any such default or an acquiescence therein. No waiver of any default herein shall effect any later default or impair any right of Bank. No single, partial or full exercise of any right of Bank shall preclude other or further exercise thereof.

2. GOVERNING LAWS. This Agreement, the Note and all documents securing same shall each be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky.

3. COMPLETE AGREEMENT. This Agreement shall be binding upon and inure to the benefit of the Bank and the Borrower in accordance with its terms. This Agreement, including the Note and other instruments and documents executed to secure and collateralize said loan in the forms acceptable to Bank, including any correspondence from the Bank to Borrower, constitutes the entire understanding between the parties hereto and supersedes all prior written or oral understandings or agreements with respect to matters contained or referred to herein between the parties or any of the interested parties or any third parties. This Agreement may not be modified, amended or terminated except by written agreement signed by the parties hereto. The headings of the several sections of this Agreement are for the convenience of reference only and shall not effect the meaning hereof.

4. SINGLE AGREEMENT. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument. The Counterpart of this Agreement retained by the Bank for its permanent file shall be deemed to be the original for purposes of comparison of provisions.

5. FEES AND EXPENSES. The Borrower shall pay all out-of-pocket expenses incurred by the Bank in connection with the transactions contemplated hereunder,

including, but not limited to, the fees and expenses of the Bank's counsel incurred in connection with this Agreement, the Note, and other documents related to or referred to as collateral or documents securing said Loan.

6. NOTICES. All notices referred to or permitted to be given hercunder shall be given in writing or personally delivered or sent by mail, addressed as follows:

If to the Bank: Mr. David Ross President Bank of McCreary County P.O. Box 160 Whitley City, Kentucky 42653

If to the Borrower: Mr. James E. Curd Vice President Citipower, L.L.C. P.O. Box 1309 Whitley City, Kentucky 42653

Any party may change their address for the purpose of this Agreement by sending written notice thereof to the other parties.

7. SEVERABILITY. If any provision of this Agreement shall be held invalid under any applicable laws, such invalidity shall not effect any other provision of this Agreement that can be given effect without the invalid provision, and, to this end, the provisions hereof are severable.

## 8. BINDING EFFECT, ASSIGNMENT, AND ENTIRE AGREEMENT.

This Agreement and all documents executed in association herewith shall inure to the benefit of, and shall be binding upon, the respective parties hereto, including their successors, heirs, personal representatives, legatees, devisees, assigns, and permitted assigns. The Borrowers have no right to assign any of their rights or obligations hereunder without the prior written consent of the Bank.

9. BANK NOT A JOINT VENTURE. The Bank by entering into this Agreement or by any action taken pursuant to this Agreement or any loan document, will not be deemed a partner or joint venturer with the Borrower, and the Borrower will indemnify and hold the Bank harmless from any and all damages resulting from such a construction of the parties and their relationship.

IN TESTIMONY WHEREOF, the parties have executed this Agreement the day and year first above written.

CITIPOWER, L.L.C.

By: Lames E. Lund

ITS: Vice President

BANK OF MCCREARY COUNTY By: David Rom DAVID ROSS

ITS: President

# STATE OF KENTUCKY COUNTY OF McCREARY

I, the undersigned Notary Public in and for the State and County aforesaid, do hereby certify that the foregoing Loan Agreement was this day produced acknowledged, and delivered to before me by Citipower, L.L.C., by James E. Curd, its Vice President of Whitley City, Kentucky, to be his free act and deed and the free act and deed of

Citipower, L.L.C. Witness my hand, this 16th day of Olcom Clinifiely A Juckey NOTARY PUBLIC My commission expires: 9.16.02

# STATE OF KENTUCKY COUNTY OF McCREARY

I, the undersigned Notary Public in and for the State and County aforesaid, do hereby certify that the foregoing Loan Agreement was this day produced, acknowledged, and delivered to before me by David Ross, President, Bank of McCreary County, to be his free act and deed and the free act and deed of Bank of McCreary County, Whitley City, Kentucky.

Witness my hand, this 10 day of Decomplet, 1998. A

My commission expires: <u>9.16.02</u>

CITIPOWER, L.L.C. (61-11 66)		Low Number 9233
P.O. BOX 1309	P.O. BOX 160	Low Number 90.33
WHITLEY CITY, KY 42653	WHITLEY CITY, KY 42653	Date DECEMBER 16, 1998
		Meturity Data DEC. 16, 1999
		Loan Amount \$ 500,000.00
		Renewal Of
BORROWER'S NAME AND ADDRESS	LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assis	<b>ms</b> .
	order, at your address listed above the PRINCIPAL	
סר עמענג זמרמוע אין	* * * * * * * * * * * * * * * * Ooflars	\$ 500,000,00
	sum on DECEMBER 16, 1998 No addition	al advances are contempleted under this onte
Single Advence: I will receive all of this pratcipal	ve is the maximum amount of principal I can borrow	and advances are containly ater, and or the note
J Multiple Advance: The principal sum snown abo	and luture principa	
I will receive the emount of \$	and hadre principl	
Conditions: The conditions for future advance	8\$ 8f6	<u></u>
·		
	ay borrow up to the maximum principal sum more	then one time. This feature is subject to all at
		then one time, inis regula is subject to an or
conditions and expires on	may borrow (subject to all other conditions) up to ti	
Closed End Credit: You and Fagres that I	may borrow (subject to all other conditions) up to it og principal balance fromDDCEMBER 16,	1998 at the sum only one time.
	ng principal balance from	BL THE FELE OF O. 300
Variable Rate: This rate may then change as stat	ted Detow.	
	0 7505 (1077)	THE NEW VIEW TO THE DATE
🕅 Index Rate: The future rate will be	0.750% OVERthe following index rate: Th	HE NEW YORK PRIME RATE
X Index Rate: The future rate will be	0.750% OVERthe following index rate: The	HE NEW YORK FRIME RATE
	0.750% OVER the following index rate: The following index rate: The following index rate: The following index is to any internel or external index. It will be entired	
No Index: The future rare will not be subje	0,750% OVER the following index rate: The fo	iy in your control.
No Index: The future rare will not be subje	0,750% OVERthe following index rate: The following internal or external index. It will be entired to may change as often as	iy in your control.
No Index: The future rare will not be subje XX Frequency and Timing: The rate on this no A change in the interest rate will take of	0,750% OVERthe following index rate: The following internal or external index. It will be entired to may change as often asUARTERLY effect ON THE SAME DAY	ily in your control.
No Index: The future rare will not be subje XX Frequency and Timing: The rate on this no A change in the interest rate will take a Limitations: Ouring the term of this loan, th	0,750% OVERthe following index rate: The following internal or external index. It will be entired to may change as often as	iy in your control.
No Index: The future rare will not be subje XX Frequency and Timing: The rate on this no A change in the interest rate will take a Limitatione: Ouring the term of this loan, the 	0.750% OVER the following index rate: The may change as often as <u>CUARTERLY</u> effect ON THE SAME DAY the applicable annual interest rate will not be more the point of the more the more them are the more them are the more them as the more them are the more them are the more them are the more them are the more them are the more them are them are the more them are the more the	ily in your control. then % or less th % each
No Index: The future rare with not be subje X Frequency and Timing: The rate on this no A change in the interest rate will take a Limitations: During the term of this loan, it for the rate m Effect of Variable Rate: A change in the intere	0.750% OVER	iy in your control. than % or less th % each mts;
No Index: The future rare with not be subje X Frequency and Timing: The rate on this no A change in the interest rate will take a Limitations: During the term of this loan, it for the rate m Effect of Variable Rate: A change in the intere	0.750% OVER the following index rate: The may change as often as <u>CUARTERLY</u> effect ON THE SAME DAY the applicable annual interest rate will not be more the point of the more the more them are the more them are the more them as the more them are the more them are the more them are the more them are the more them are the more them are them are the more them are the more the	iy in your control. than % or less th % each mts;
No Index: The future rare wit not be subje X Frequency and Timing: The rate on this no A change in the interest rate will take a Limitatione: Ouring the term of this loan, th Effect of Variable Rate: A change in the intere The amount of each scheduled payment w	0.750% OVER the following index rate: The angle as often as <u>OUARTERLY</u> effect ON THE SAME DAY the applicable annual interest rate will not be more they not change and the following effect on the payme rill change.	iy in your control. than % or less th % each mts;
No Index: The future rare wit not be subje X Frequency and Timing: The rate on this no A change in the interest rate will take a Limitatione: Ouring the term of this loan, it is loan, it Effect of Variable Rate: A change in the inter X The amount of each scheduled payment w CRUAL METHOD: Interest will be calculated on a	0.750% OVER	ily in your control. ihen % or less th % each mits: al payment will change.
No Index: The future rare wit not be subje X Frequency and Timing: The rate on this no A change in the interest rate will take a Limitatione: Ouring the term of this loan, it the interest of Variable Rate: A change in the interest The amount of each scheduled payment w CCRUAL METHOD: Interest will be calculated on a DST MATURITY RATE: I agree to pay interest on t	0.750% OVER the following index rate: The following index rate: The following index rate: The ray change as often as <u>QUARTERLY</u> effect ON THE SAME DAY the applicable ennual interest rate will not be more they not change more than ast rate will have the following effect on the payme rill change. The emount of the fine <u>ACTUAL/365</u> besis. The unpaid belance of this note owing after maturity	ily in your control. ihen % or less th % each mits: al payment will change.
No Index: The future rere with not be subje XI Frequency and Timing: The rate on this no A change in the interest rate will take it Limitations: Ouring the term of this loan, it Effect af Variable Rate: A change in the intere XI The amount of each scheduled payment will CCRUAL METHOD: Interest will be calculated on a DST MATURITY RATE: I agree to pay interest on to XI on the same fixed or variable rate basis in In the same fixed or variable rate basis in	0.750% OVER the following index rate: The following index rate: The following index rate: The following index rate: The following attract ON THE SAME DAY the applicable annual interest rate will not be more that not change more than	iy in your control. ihan % or less th % each shts: al payment will change. r, and until pairl in full, as stated below:
No Index: The future rere with not be subje XI Frequency and Timing: The rate on this no A change in the interest rate will take it Limitations: Ouring the term of this loan, it Effect af Variable Rate: A change in the intere XI The amount of each scheduled payment will CCRUAL METHOD: Interest will be calculated on a DST MATURITY RATE: I agree to pay interest on to XI on the same fixed or variable rate basis in In the same fixed or variable rate basis in	0.750% OVER the following index rate: The following index rate: The following index rate: The following index rate: The following attract ON THE SAME DAY the applicable annual interest rate will not be more that not change more than	iy in your control. ihan % or less th % each shts: al payment will change. r, and until pairl in full, as stated below:
No Index: The future rere with not be subje XI Frequency and Timing: The rate on this no A change in the interest rate will take it Limitations: Ouring the term of this loan, it Effect af Variable Rate: A change in the intere XI The amount of each scheduled payment will CCRUAL METHOD: Interest will be calculated on a DST MATURITY RATE: I agree to pay interest on to XI on the same fixed or variable rate basis in In the same fixed or variable rate basis in	0.750% OVER the following index rate: The following index rate: The following index rate: The ray change as often as <u>QUARTERLY</u> effect ON THE SAME DAY the applicable ennual interest rate will not be more they not change more than ast rate will have the following effect on the payme rill change. The emount of the fine <u>ACTUAL/365</u> besis. The unpaid belance of this note owing after maturity	iy in your control. ihan % or less th % each shts: al payment will change. r, and until pairl in full, as stated below:
No Index: The future rere will not be subje X Frequency and Timing: The rate on this no A change in the interest rate will take i Limitations: During the term of this loan, it Effect of Variable Rate: A change in the inter X The amount of each scheduled payment w CCRUAL METHOD: Interest will be calculated on a IST MATURITY RATE: I agree to pay interest on t X on the same fixed or variable rate basis in nt a rate equal to LATE CHARGE: If a payment is made more than	0.750% OVER the following index rate: The following index rate: The following index rate: The following index rate: The rate of any change as often as <u>OVARTERLY</u> effect ON THE SAME DAY has applicable annual interest rate will not be more the applicable annual interest rate will not be more the applicable annual interest rate will not be more the applicable annual interest rate will not be more the applicable annual interest rate will not be more the applicable annual interest rate will not be more the applicable annual interest rate will not be more the applicable annual interest rate will not be more the following affact on the payme rill change. The amount of the finite <u>ACTUAL/365</u> basis. The unpaid balance of this note owing after meturity affact before maturity (as indicated above).	ity in your control. than % or less it % each Ints: al payment will change. r, and until paid in full, as stated below: charge of \$10.00
No Index: The future rere with not be subje XI Frequency and Timing: The rate on this no A change in the interest rate will take it Limitations: During the term of this loan, it Effect of Variable Rate: A change in the interest XI The amount of each scheduled payment will CCRUAL METHOD: Interest will be calculated on a ST MATURITY RATE: I agree to pay interest on to XI on the same fixed or variable rate basis in In it is rate equal to LATE CHARGE: If a payment is made more them ADDITIONAL CHARGES: In addition to interest.	0.750% OVER the following index rate: The following index rate: The following index rate: The following index rate: The following affact ON THE SAME DAY the applicable annual interest rate will not be more to any not change more than	ity in your control. than % or less it % each Ints: al payment will change. r, and until paid in full, as stated below: charge of \$10.00
No Index: The future rere will not be subje XI Frequency and Timing: The rate on this no A change in the interest rate will take i Limitations: During the term of this loan, it Effect of Variable Rate: A change in the interv XI The amount of each scheduled payment w CCRUAL METHOD: Interest will be calculated on a ST MATURITY RATE: I agree to pay interest on t XI on the same fixed or variable rate basis in Int a rate equal to LATE CHARGE: If a payment is made more them ADDITIONAL CHARGES: In addition to interest, attove: RECORDING FEES OF \$18.00	0.750% OVER the following index rate: The following index rate: The following index rate: The following index rate: The following affact ON THE SAME DAY the applicable annual interest rate will not be more to any not change more than	ity in your control. ihan % or less it % each Ints: al payment will change. r, and until paid in full, as stated below: charge of \$10.00
No Index: The future rare with not be subjex  Frequency and Timing: The rate on this no A change in the interest rate will take a Limitations: During the term of this loan, it Limitations: Ouring the term of this loan, it State of Variable Rate: A change in the interest CRUAL METHOD: Interest will be calculated on a DST MATURITY RATE: I agree to pay interest on t XI on the same fixed or variable rate basis in I of a rate equal to LATE CHARGE: If a payment is made more then ADDITIONAL CHARGES: In addition to interest, above: <u>RECORDING FEDS OF \$18.00</u> WMENTS; I agree to pay this note as follows:	0.750% OVER	ity in your control. then % or less th % each % or less th mits: al payment will change. r, and until paint in full, as stated below: charge of <u>\$10.00</u> tre <b>\$2</b> are not included in the principal amounts
No Index: The future rare with not be subjex  Frequency and Timing: The rate on this no A change in the interest rate will take a Limitations: During the term of this loan, it Limitations: Ouring the term of this loan, it State of Variable Rate: A change in the interest CRUAL METHOD: Interest will be calculated on a DST MATURITY RATE: I agree to pay interest on t XI on the same fixed or variable rate basis in I of a rate equal to LATE CHARGE: If a payment is made more then ADDITIONAL CHARGES: In addition to interest, above: <u>RECORDING FEDS OF \$18.00</u> WMENTS; I agree to pay this note as follows:	0.750% OVER the following index rate: The following index rate: The following index rate: The following index rate: The following affact ON THE SAME DAY the applicable annual interest rate will not be more to any not change more than	ity in your control. then % or less th % each % or less th mits: al payment will change. r, and until paint in full, as stated below: charge of <u>\$10.00</u> tre <b>\$2</b> are not included in the principal amounts
No Index: The future rare with not be subje X Frequency and Timing: The rate on this no A change in the interest rate will take of Limitations: During the term of this loan, it with the rate of the rate of the rate of the rate of Effect of Variable Rate: A change in the interest X The mount of each scheduled payment will CCRUAL METHOD: Interest will be calculated on a DST MATURITY RATE: I agree to pay interest on to XI on the same fixed or variable rate basis in in it a rate equal to LATE CHARGE: If a payment is made more than ADDITIONAL CHARGES: In addition to interest, above: <u>RECORDING FEES OF \$18.00</u> LYMENTS: I agree to pay accrued interest <u>ON TR</u>	0.750% OVER	ity in your control. then % or less th % each % or less th mits: al payment will change. r, and until paint in full, as stated below: charge of <u>\$10.00</u> tre <b>\$2</b> are not included in the principal amounts
No Index: The future rare with not be subjex  Frequency and Timing: The rate on this no A change in the interest rate will take a Limitations: During the term of this loan, it Limitations: Ouring the term of this loan, it State of Variable Rate: A change in the interest CRUAL METHOD: Interest will be calculated on a DST MATURITY RATE: I agree to pay interest on t XI on the same fixed or variable rate basis in I of a rate equal to LATE CHARGE: If a payment is made more then ADDITIONAL CHARGES: In addition to interest, above: <u>RECORDING FEDS OF \$18.00</u> WMENTS; I agree to pay this note as follows:	0.750% OVER	ity in your control. then % or less th % each % or less th mits: al payment will change. r, and until paint in full, as stated below: charge of <u>\$10.00</u> tre <b>\$2</b> are not included in the principal amounts
No index: The future rere will not be subje XX Frequency and Timing: The rate on this no A change in the interest rate will take d Limitations: Ouring the term of this loan, th Effect of Variable Rate: A change in the interd XI. The amount of each scheduled payment w CCRUAL METHOD: Interest will be calculated on a DST MATURITY RATE: I agree to pay interest on to XX on the same fixed or variable rate basis in I at a rate equal to LATE CHARGE: If a payment is mede more them A about IONAL CHARGES: In addition to interest, above: <u>RECORDING FEES OF \$18.00</u> LYMENTS: I agree to pay accrued interest <u>ON T</u> Principal: I agree to pay the principal <u>DECEME</u>	0.750% OVER	ity in your control. than % or less th % each mits: all payment will change. r, and until pairl in full, as stated below: charge of <u>\$10.00</u> tre X2 are not included in the principal amou <u>BEGINNING MARCH 16, 1999</u>
No Index: The future rere will not be subje XX Frequency and Timing: The rate on this no A change in the interest rate will take i Limitations: Ouring the term of this loan, it Effect of Variable Rate: A change in the interv XI. The amount of each scheduled payment w CCRUAL METHOD: Interest will be calculated on a DST MATURITY RATE: I agree to pay interest on t XI. On the same fixed or variable rate basis in I at a rate equal to LATE CHARGE: If a payment is made more them ADDITIONAL CHARGES: In addition to interest, atiove: <u>RECORDING FEDS OF \$18.00</u> VMENTS: I agree to pay this note as follows: I interest: I agree to pay the principal <u>DECEME</u> I netallments: I agree to pay this note in	0.750% OVER	ity in your control. than % or less th % each sonts: all payment will change. r, and until pairl in full, as stated below: charge of \$10.00 tre \$2 are not included in the principal amou BEGINNING MARCH 16, 1999

IDDITIONAL TERMS

> -.

· • •

: • • • •

.

:

•

.

SECURITY INTEREST: I give your occurity interest in all of the Property described below that I nov but not limited to, all parts, associos, repairs, improvements, and accessions to the Property). Winventory: All inventory which I hold for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are aw materials, work in process, or materials used or consumed in my business.

Equipment: All equipment including, but not limited to, all machinery, vehicles, furniture, fustures, manufactiving equipment, farm machinery and equipment, stop equipment, office and recordsteeping equipment, and parts and tools. All equipment described in a first or schedule which I give to your will stop be included in the secured property, but such a first is not necessary for a valid security interest in my equipment. For products: All fem preducts including, but not limited to:

(a) all poultry and livestack and their young, along with their products, produce and replacements; (b) all crops, amusi or perannisi, and all products of the crops; and (c) all food, seed, fertilizer, medicines, and other supplies used or produced in my farming operations.

Accounts, Instruments, Decuments, Chaitel Paper and Other Rights to Payment: All rights I have new and that I may have in the luture to the anyment of money including, but not limited to: (a) sevment for goods and other property sold

payment for goods and other property sold or leased or for services rendered, whether or not I have earned such payment by performance;

unu (b) rights to newment arising out of all present and future debt instruments, chetter peper and loans and obligations receivable. The above include any rights and interests (including all liens and security interests) which I may have by law or agreement against any account

Jobio of all of an energibles and interests including, but not limited to, tax refunds, applications for patents, potents, copyrights, trademarks, trade secrets, good with trade names, customer lists, permits and franchises, and the right to use my name.

Covernment Payments and Programs: All payments, accounts, general intangibles, or other banalits (including, but not limited to, payments in kind, deficiency payments, letters of antillement, warehouse receipts, storage payments, amargancy assistance payments, and conservation reserve payments) in which I now have and in the future may have any rights or interest and which lonse under or na result of any preasisting, current or future. Federal or state governmental program (including, but not limited to, nil programs administered by the Commodity Credit Corporation and the ASCS).

ZIThe secured property includes, but is not limited by, the following: REAL ESTATE MORIGAGE DATED 11-11-97 CN COMMERCIAL BLOG. AND LOT. ALL ASSETS TANGIBLE AND INTANGIBLE NOW OWNED OR HEREAFTER ACQUIRED INCLUDING ACCOUNTS RECEIVABLE, INVENTORY, PIPELINE, MACHINERY AND EQUIPMENT.

If this agreement covers timber to be cut, minerals fincluding oil and gas), fixtures or crops growing or to be grown, the description of the real estate is:

I checked, file this spreement on the real estate records. Record owner (if not me)

# 

GENERALLY - This agreement secures this note and any other debt I have with you, now or Inter. Mowaver, it will not secure other debts if you fail with respect to such other debts, to make any required disclosure about this sociatity agreement or if you fail to give may required disclosure about this sociatity agreement or if you fail to give may required notice of the right of reacission. If property described in this agreement is located in mother state, this agreement may also, in some circumstances, be governed by the law of law state in which the Property is located. OWNERSHIP AND OUTIES TOWARD PROPERTY - I represent that I own all of the Property or in the settent this is a purchase money security.

Guided Ship and Duiles Turnand Property intersections monors security interset I will acquire annorship of the Property with the proceeds of the toan 1 will defend it against any other clasm. Your clasm to the Property is and of the claims of any other craditor. I agree to do whelever you reques to protect your security interest and to keep your clasm in the Property shend of the claims of other creditors. I will not do enything to

Property sheed of the claims of other creditors, I will not do anything to harm your position. I will keep bonks, records and incounts about the Property and my business in general. I will int you axamine these records at any reasonable time. I will prepare any report or accounting you request, which deals with the Property.

with the Property. I will keep the Property in my possession and will keep it in good repar and use it only for the purposets) described on page 1 of this agreement. I will not change this specified use without your express written permission. I represent that I am the original owner of the Property and, if I am not, that I have provided you with a list of prior Property and, if I am n owners of the Property.

avmers of the Proparty. I will keep the Proparty at my address listed on page 1 of this aurecment, unless we agree I may keep it at monother location. If the Proparty is to be used in another state, I will give you a list of these states, I will not try to sell the Proparty unless it is inventory or I receive your written permission to do so. If I sell the Property I will heve the payment medie payable to the order of you and me. You may demend immediate payment of the debits! If the debits is the debits in the debitor is sold or transformed, or (2) there is a change in either the identity or number of members of a pertorship, or (3) there is a change in ownership of more than 25 percent of the voting stock of a corporation.

I will pay all taxes and charges on the Property as they become due. You have the right of reasonable access in order to inspect the Property. I

You have the right of reasonable access in order to inspect the Property. I will immediately inform you of any loss or damage to the Property. If I fail to perform any of my duties under this accurity agreement, or any mortgage, deed of trust, lien or other security interest, you may without notice to me perform the duties or cause them to be performed. Your right to perform for meshall not create an obligation to perform and your failure to perform will not preclude you from exercising any of your other certain under the law or this scenario uncertain and

niling rights under the law or this socially agreement. PURCHASE MONEY SECURITY INTEREST - For the sole purpose of nition rights under the law of this security agreement. PURCHASE MONEY SECURITY INTEREST - For the sole purpose of determining the extent of a purchase money security interest arising under this socurity agreement. Ital paymonits on any nonpurchase money loan also secured by this agreement will not be dearred to apply to the Purchase Money Loan, and (b) paymonts on the Purchase Money Loan will be deemed to apply first to the nonpurchase money obligations in the order which the items of collateral were acquired or if accured at the seme time, in the order selected by you. No security interest will be termineted by application of this formula. "Purchase Money Loan" means any loan the proceeds of which, in whole or in part, are used to acquire any collateral securing the loan and all extensions, reneweds, consolidations and relimenting of such loan. PAYMENTS BY LENDER - You are authorized to pay, on my behall, charges I am or mey become obligated to pay to protect the secured property (such as property insurance premiume). You may treat those operands advances and add the to the upsid principal under the note secured by this agreement or you may demand immediate payment of the amount advanced. Disgs, ites I same Streems, Inc. 35, Ched. MN New UNSLAZ 1/31/06

D 1984, 1981 Sankers Systems, Inc., St. Cloud, MN. Form UNS-LAZ 1/31/96

#### a the second second second

Signed

INSURANCE - I agree to buy insurance on the Property against the risks and for the amounts you require and to furnish you continuung moof of coverage. I will have the insurance company name you as loss payed on any such policy. You may require added security if you agree that insurance proceeds may be used to repair or replace the Property. I will buy insurance from a firm licensed to do business in the state where you are located. The first will be reasonably acceptable to you. The insurance will last until the Property is released from this agreement. If I fail to buy or mentain the insurance to fast to name you as toss payodity of the obsy purchase it yourself. WARRANTIES AND REPRESENTATIONS - If this agreement includes

WAMAAN IES AND REPRESENTATIONS . It is agreement includes accounts, I will not settle my account for less than its full value without your written permission. I will collect mill accounts unit your left ma otherwise. I will keep the proceeds from slittle accounts and my goods. which are returned to me or which I take hack in trust for you. I will not mix them with any other property of mine. I will deliver them to you at your request. If you ask me to pay you the full price an any returned items or items retaken by myself. I will do so.

If this agreement covers inventory, i will not dispose of it except in my ordinery course of business at the fair market value for the Property, or at

ordinery course of business at the fair market value for the Property, or at a minimum price established batween you and me. If this egreement covers form products i will provide you, at your request, a written list of the buyers, commission morchants or stilling agains to or through whom I may sell my fairm products. In addition to those perties named on this written list, I mithorize you to notify at your sole discretion any additional parties regarding your socurity whereast in my fairm products, I romain subject to all applicable penalties for stilling Security Act. In this paragroph the terms fairm products, layers, commission marchanis and selling agains have the meaturing given to them in the Federal Food Security Act of 1985. REMEDIES - I will be in default on this security agreement if I am in default on any note this agreement secures or if I fail to koop any promise

REMEDIES - I will be in default on this security agreement if I am in default on any note this agreement secures or if I fait to toop any aromise conterned in the terms of this agreement. If I default, you have all of the rights and remedies provided in the note and under the Uniform Commercial Code. You may require ma to make the sociared property available to you at a place which is reasonably convenient. You may take possession of the secured property and soil it as provided by Inw. The proceeds will be applied first to your expenses and then to the dobt. I agree that 10 days written notice under the Uniform Commercial Code. My current address is on page 1. I agree to inform Commercial Code.

change of my widross. FILING - A carbon, photographic or other reproduction of this socurity agreement or the financing statement covering the Property described in this agreement may be used as a linancing statement where allowed by law. Where permitted by law, you may life a financing statement which does not contain my signature, covering the Property secured by this agreement

Any person who signs within this box does so to give you a socurity interest in the Property described on this page. This person does not promise to pay the note. "I" as used in this security agreement wat include the borrower and any person who signs within this box.

Dote

(page 2 of 3)

£



. . .

"🖾 " means the terms that DEFINITIONS - As used on pages 1 an apply to this linen. "I." "me" or "my" s each Borrower who sinns this role and each other person of lega entity (including guaranters endorsers, and surelies) who arrees to pay this note (together referred to ns "us"), "You" or "your" means the Lender and its successors and

APPLICABLE LAW . The low of the state in which you are located will govern this agreement. Any term of this agreement which is controry to annicable law will not be effective, unless the law permits you and me to agree to such a variation. If any provision of this agreement cannot be enforced according to its terms, this fact will not affect the enforceability the remainder of this agreement. No modification of this agree may be made without your express written consent. Time is of the assance in this enreement.

PAYMENTS . Ench payment I make on this note will first reduce the amount I own you for charges which are neither interest nor principal. The remainder of each payment will then reduce accrued unpeid interest, and then unpaid principal. If you and I agree to a different application of navments we will describe our amemment on this note. I may prepay a part of, or the entire balance of this loss without penalty, unless we specify to the contrary on this note. Any partial propayment will not excuse or reduce any fater scheduled permont until this note is paid in full funless, when I make the prepayment, you and I agree in writing to the

INTEREST - Interest accrues on the principal remaining uppeid from time to time, until paid in full, if I receive the principal in more than one minance, each advance will start to earn interest only when I receive the advance. The interest rate in affect on this note at any given time will apply to the entire principal sum outstanding at that time. Norwithstanding anything to the contrary, I do not agree to pay and you do not intend to charge any rate of interest that is higher than the maximum rate of interest you could charge under applicable law for the extension of credit that is agreed to in this note (either before or after maturity), If any notice of interest accrual is sent and is in error, we

mutually agree to correct it, and if you actually collect more interest than allowed by law and this agreement, you agree to refund it to me.

INDEX RATE . The index will serve only as a device for setting the interest rate on this note. You do not guarantee by selecting this index, or the margin, that the interest rate on this note will be the same rate you charge on any other loans or class of loans you make to me or other borrowers.

POST MATURITY RATE - For purposes of deciding when the "Post Maturity Brite" (shown on page 1) applies, the term "maturity" means the date of the last scheduled payment indicated on page 1 of this note or e date you accelerate payment on the note, whichever is serier.

SINGLE ADVANCE LOANS - If this is a single advance loan, you and I expect that you will make only one advance of principal. Nowever, you odd other amounts to the principal if you make any payme described in the "PAYMENTS BY LENDER" paragraph on page 2.

MULTIPLE ADVANCE LOANS - If this is a multiple advance loan, you and I expect that you will make more than one advance of principal, If this is closed end credit, repaying a part of the principal will not entitle me to additional credit.

SET-OFF - I agree that you may set off any amount due and payable under this note conmist any right I have to receive money from you.

"Right to receive money from you" means:

(1) any deposit account balance I have with you;

(2) may manay award to me on an item presented to you or in your possession for collection or exchange; and

(3) any reputchese agreement or other nondeposit obligation.

"Any amount due and payable under this note" means the total amount of which you are entitled to demand payment under the terms of ins note at the time you set off. This total includes any belance the due date for which you properly accelerate under this note.

If my right to receive money from you is also owned by someone a has not airread to pay this note, your right of set-off will apply to my interest in the obligation and to any other amounts I could withdraw an my sole request or endorsement. Your right of set-off does not epply to an account or other obligation where my rights are only as a representative. It also does not apply to any individual Retirement Account or other tax-deferred retwement account.

You will not be liable for the dishonor of any check when the dishonor oncurs hermise you set off this debt against any of my accounts. I agree to hold you harmines from any such claims arising as a result of your exercise of your right to set-off.

one or more of the following occur: DEFAULT - I will be in default if (1) I fail to make a payment of keep the Property insured, if reor in the smount due; (2) I fail to ured: (3) I fast to pay, or keep any promise, on any debt or agreement I have with you; (4) any other creditor of mine attempts to collect any debt i owe him through court proceedings: (5) I die, em declared incompetent, make en essigni and for the benefit of creditors, or become insolvent (either because my liabilities and my assets or I am unable to pay my datts as they bec ma duel: (6) I make any written statement or provide any financial information that is untrue or inaccurate at the time it was provided; (7) I do or fail to do something which causes you to believe you will have difficulty collecting the emount I awe you; (8) any colleteral securing this note is used in a menner or for a purpose which threatens confiscation by a legal authority; (9) I change my name or assume an additional name without first notifying you before making such a change; (10) I fail to plant, cultivate and harvest crops in due season; (11) any losn proceeds are used for a purpose that will contribute to excessive erosion of highly prodible land or to the conversion of wetlands to produce an agricultural commodity, as further axplained in 7 C.F.R. Part 1940, Subpart G. Exhibit M.

REMEDIES - If I am in default on this note you have, but are not limited to, the following remedies:

- (1) You may demand immediate payment of all I owe you under this note (principal, accrued unpaid interest and other accrued unpaid charges).
- (2) You may set off this dont against any right I have to the payment of money from you, subject to the terms of the "SET-OFF" paragraph herein.
- (3) You may demand security, additional security, or additional parties to be obligated to pay this note as a condition for not using any other remedy.
- (4) You may refuse to make advances to ma or allow purchases on credit by me.
- (5) You may use any remody you have under state or federal law. (6) You may make use of any remoty given to you in any agreement

securing this note. By selecting any one or more of these remedies you do not give up

your right to use later any other remady. By weiving your right to declare an event to be a default, you do not wrive your right to consider later the nt a default if it contin ues or happens age

COLLECTION COSTS AND ATTORNEY'S FEES . I porce to pay all costs of collection, replavin or any other or similar type of cost if I am in default. In addition, if you hire an attorney to collect this note, I also arrae to pay any fee you incur with such attorney plus court costs lexcept where prohibited by law). To the extent permitted by the United States Bankruptcy Code, I also acres to pay the reasonable attorney's fees and costs you incur to collect this debt an awarded by any court exercising jurisdiction under the Benkruptcy Code. WAIVER -1 give up my rights to require you to do certain things. I will not

require you to:

(1) demand payment of amounts due (presentment);

(2) obtain official cartification of nonpeyment (protest); or

(3) give notice that emounts due have not been paid inotice of dishonor). I waive any datansas I have based on sureryship or impairment of

olistarai. OBLIGATIONS INDEPENDENT - I understand that I must pay this note

even if someone also has also agreed to pay it (by, for example, signing this form or a separate guarantee or endorsement). You may sue m alone, or envone else who is obligated on this note, or any number of us together, to collect this note. You may without notice release any party to this agreement without releasing any other party. If you give up any of your rights, with or without notice, it will not affect my duty to pay this note. Any extension of new credit to any of us, or renewal of this note by all or less than all of us will not release me from my duty to pay it. (Of course, you are entitled to only one payment in full.) I agree that you may at your option extend this note or the debt represented by this note, or partion of the note or debt, fram time to time without limit or notice and for any term without affecting my liability for payment of the nate. I will not assign my obligation under this agreement without your prior

written exproved. CREDIT INFORMATION - I egree and sulhorize you to obtain credit information about me from time to time (for example, by requesting a credit report) and to report to others your credit experience with me (such as a credit reporting egency), I agree to provide you, upon request, any financial statement or information you may deem necessary, I warra that the financial statements and information I provide to you are or will be eccurate, correct end complete,

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGES 1 AND 2). I have received a copy on loday's date.

CITIPOWER, L.L.C. (61-1305266)	
BY: Comes E. Curd JAMES I. CIRL, VICE PRESIDENT	
SIGNATURE FOR LENDER: X David Rom,	Day.
DAVID ROSS	

194, 1951 Rankara Svatema, Ing., St. Claud, MM. Farm UNS-LAZ, 1/31/98

(page 3 of 3)

GUARANTY

WHITLEY CITS

Stat

ECEMBER 16, 1998 For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce BANK CF MCCREARY COUNTY, P.O. BOX 160, WHITLEY CITY, KY 42653

(herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of CTTIPOWER, L.L.C. (61-1305266)

(herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

- A. If this XX is checked, the Undersigned guarantees to Lender the payment and performance of the debt. liability or obligation of Borrower to Lender evidenced by or arising out of the following: <u>LOAN DATED</u> <u>12-16-98 IN THE AMOUNT OF \$500,000,00 TO CITIPOWER, LLC</u> and any extensions, renewals
- or replacements thereof (hereinafter referred to as the "Indebtedness"). B. If this is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts.

liabilities and abligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s):\_\_\_\_\_\_\_

The maximum aggregate liability that I am subject to is \$ \_500,000.00 In addition to the maximum aggregate liability stated, I absolutely and unconditionally guarantee payment of interest accruing on the guaranteed indebtedness, and fees, charges and costs of collecting the guaranteed indebtedness, including reasonable attorneys' fees.

The term "Indebtedness" as used in this guaranty shall not include any obligations entered into between Borrower and Lender after the date hereof (including any extensions, renewals or replacements of such obligations) for which Borrower meets the Lender's standard of creditworthiness based on Borrower's own assets and income without the addition of a guaranty, or for which a guaranty is required but Borrower chooses someone other than the joint Undersigned to guaranty the obligation.

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. Indebtedness may be created and continued in any amount, whether or not in excess of any principal or aggregate amount stated above, without affecting or impairing the liability of the Undersigned as limited hereunder. The Lender may apply any sums received by or available to Lender on account of the Indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability of only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

This guaranty is XXI unsecured; Secured by a mortgage or security agreement dated \_\_\_\_\_\_

This guaranty includes the additional provisions on page 2, all of which are made a part hereol. IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned the day and year first above written.

TANTEL

"Under segred" shad rafer to all parame who wan this guaranty, storarty and jornity.

#### ADDITIONAL PROVISIONS



5. Subject to any limitations stated in this guaranty, the Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (h) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any whiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue. Borrower or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security: or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Lender under \$1111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any Indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged by appursuant to statute or judicial decision. The undersigned shall remain obligated, to the fullest extent permitted by iaw, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay Indebtedness even though any other person obligated to pay Indebtedness, including Borrower, has such obligation discharged in hankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to Indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to Indebtedness is thereafter set aside, recovered, rescinded or required to the returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the Indebtedness to which such payment was applied shall for the purposes of this guaranty the deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

10. The Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acquire against Borrower or any other person obligated to pay Indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing Indebtedness. Lender shall not be required first to resort for payment of the Indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the irrstrument or agreement evidencing or creating such other liability specifically provides to the contrary.

1.3. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be hinding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall mule to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. Except as authorized by the terms herein, this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing executed. The Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof. (prove 2 of 2)

· Æ

UANKUNS SYSTEMS, INC., ST. CLOUD, MN 56001 (1-800-397-2341) FORM M-240-KY 5/29/91

#### LOAN AGREEMENT

THIS AGREEMENT, made and entered into this 6th day of January, 1999, by and between CITIPOWER, L.L.C., P.O. Box 1309, Whitley City, Kentucky 42653, **PARTY OF THE FIRST PART**, (hereinafter referred to sometimes as "Borrower" or "First Party"), and BANK OF McCREARY COUNTY, P.O. Box 160, Whitley City, Kentucky 42653, **PARTY OF THE SECOND PART**, (hereinafter referred to as "Bank" or "Second Party").

WITNESSETH: WHEREAS, Borrower desires to obtain a loan from Bank in the amount of Two Hundred Fifty Thousand and no/100 Dollars (\$250,000.00) for the purpose of: purchasing an 8.6% ownership interest in Cambridge Resources, Inc., and

WHEREAS, Bank is willing to make such a loan upon the terms and conditions herein set forth;

NOW, THEREFORE, the parties agree as follows:

## GENERAL PROVISIONS

1. AMOUNT. The Bank hereby agrees to loan to Borrower, jointly and severally, the sum of Two Hundred Fifty Thousand and no/100 Dollars (\$250,000.00).

2. NOTE. The indebtedness shall be evidenced by a Promissory Note payable to the order of the Bank. The note shall become due on January 6, 2000. The Bank may however demand payment in full before the maturity date upon adverse re-evaluation of Borrower's creditworthiness, upon failure of Borrower to comply with any terms of this agreement, or upon Borrower being in default of the Promissory note.

3. PAYMENTS. Payments shall be made as follows: quarterly interest payments beginning April 6, 1999 and principal due at maturity. All payments will be applied first to retire interest due, and the remainder to the unpaid principal balance.

4. INTEREST. The note executed pursuant hereto by Borrower shall bear interest at a rate of 8.50%. This rate shall be in effect until April 6, 1999. Interest shall be

computed upon a 365 day year basis and shall be payable according to the terms of the note. The note shall bear interest at a rate equal to three-fourths percent (0.75%) in excess of the "New York Prime Rate", subject to change quarterly.

5. BALANCE. The principal amount of the loan is Two Hundred Fifty Thousand and no/100 Dollars (\$250,000.00). Principal payments shall be made in accordance with the terms of the note.

## EXPENSES

The Borrower agrees to pay all taxes and assessments, all recording fees, attorney fees, appraisal fees, and all other expenses associated with the loan as applicable.

#### SECURITY/COLLATERAL

This loan is subject to the Borrower providing to Bank security and collateral securing the repayment of any and all amounts loaned. The form and substance of said security and liens perfected on said collateral is to be in a form acceptable to Bank at its own discretion.

The Borrower shall grant to the Bank a pledge and perfected security interest in the following: all assets tangible and intangible now owned or hereafter acquired including accounts receivable, inventory, pipeline, machinery and equipment. The security interest shall be evidenced by the execution and delivery of security agreements, assignments, and/or pledges in a form acceptable to the Bank.

## WARRANTIES

The Borrower convenants and warrants to the Bank on the date of the execution hereof each of the following matters:

1. AUTHORIZATION. Borrower represents that there is no known legal impediment which in any way restricts or prevents the execution or carrying out of this agreement in any respect, and that this agreement and executed Note and Security Documents are valid and binding obligations of the Borrower.

2. FINANCIAL CONDITION. Borrower agrees to furnish to the Bank true and correct balance sheets, income statements, and tax returns which fairly reflect the Borrower's financial condition, and furthermore to continue to furnish these items on a semi-annual basis.

3. TAXES. Borrower has paid all taxes, other than those which might be due but not payable. Borrower is not in default in the payment of any tax nor is any assessment threatened in respect thereof.

4. TITLE TO PROPERTY. The Borrower has good and marketable title to its respective assets as disclosed on the financial statement supplied to the Bank hereunder.

5. ACTIONS PENDING. There are no actions, suits, investigations, or proceedings pending, or to the knowledge of the Borrower, threatened against the Borrower by any Court, arbitrator, administrative, or governmental body, either singularly or in the aggregate, which might result in a material adverse change in the business, condition, and operations of the borrower.

## CONDITIONS PRECEDENT

The obligation of the Bank to disburse the loan shall be subject to the satisfaction of each of the following conditions precedent:

1. EXECUTION OF PROMISSORY NOTE (NOTES). The Note or Notes in the form acceptable to Bank shall have been executed for the principal amount of the loan and delivered by the Borrower to the Bank.

2. CORPORATE AUTHORIZATION. The Bank shall have received in a form acceptable to the Bank all corporate documents authorizing the encumbrance of corporate assets, authorizing the execution of this agreement and any documents contemplated herein, and ratifying the same.

3. OTHER DOCUMENTS. Upon request, the Bank shall have received from the Borrower any other reasonable documents relating to this Agreement or contemplated by this loan transaction in a form acceptable to Bank.

## DEFAULT

The occurrence of any one or more of the following events shall constitute a default by the Borrower under this Agreement and thereupon any Note or Notes issued hereunder, at the option of the Bank, will immediately become due and payable upon written notice; each of the following shall constitute an event of default hereunder.

1. NON-PAYMENT OR LATE PAYMENTS. Non-payment when payment is due, whether by acceleration or otherwise, of any principal or interest of any Note, whether short term or long term. Any installment of principal or accrued interest on any Note not paid in full, punctually when due and payable as provided in any Note.

2. BREACH OF COVENANTS AND AGREEMENTS. The Borrower shall fail or omit to perform or observe any covenant, agreement, condition or other provision contained or referred to in this Agreement, or in any Security Agreement, Note, or any other instrument securing any portion of the indebtedness or Note owed or in any other instrument which constitutes security for the repayment of the indebtedness or Note or is related hereto, and such failure or omission shall not have been fully corrected to the satisfaction of the Bank within thirty (30) days after the giving of written notice by the Bank to the Borrower thereof.

3. MISREPRESENTATION AND ACCURACY OF STATEMENTS. Any representation or warranty or other statement of facts made by the Borrower herein in any writing, certificate, report, or statement at any time furnished to the Bank pursuant to or in connection with this Loan Agreement or otherwise shall prove to be false and misleading in any material respect when made or shall fail to state a material fact necessary in order to make the statements contained herein or therein not misleading. If any representation or warranty made by the Borrower in any written statement or certificate now or later furnished by or for the Borrower in connection herewith, shall prove untrue in any material respect as of the date upon which it was made.

4. INSOLVENCY. (a) The Borrower shall make an assignment for the benefit of creditors, file a petition in Bankruptcy, Petition or apply to any tribunal for the appointment of a custodian, receiver or any trustee for any one of them, or a substantial part of their assets, or shall commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or if there shall have been filed any such petition or application or any such proceeding shall have been commenced against any of them, in which an order for relief is entered or which remains undismissed for a period of thirty (30) days or more; or the Borrower by any act or omission shall indicate their consent to, approval of or acquiescence in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or any trustees for any of them or any substantial part of any of their property, or shall suffer any such custodianship, receivership or trusteeship to continue undischarged for a period of thirty (30) days or more; or (b) The Borrower shall generally not pay their debts as such debts become due; or (c) The Borrower shall have concealed, removed or permitted to be concealed or removed, any part of their property, with intent to hinder, delay or defraud their creditors, or any of them, or made or suffered a transfer of any of their property which may be fraudulent under any Bankruptcy, fraudulent conveyance or similar law, or shall have made any transfer of their property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or shall have suffered or permitted, while insolvent, any creditor to obtain a lien upon any of their property through legal proceedings or distraint which is not vacated within thirty (30) days from the date hereof.

## MISCELLANEOUS

1. WAIVERS. No delay or omission of the Bank to exercise any right upon the happening of any event of default shall impair any such right or shall be construed to be a waiver of any such default or an acquiescence therein. No waiver of any default herein shall effect any later default or impair any right of Bank. No single, partial or full exercise of any right of Bank shall preclude other or further exercise thereof.

2. GOVERNING LAWS. This Agreement, the Note and all documents securing same shall each be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky.

3. COMPLETE AGREEMENT. This Agreement shall be binding upon and inure to the benefit of the Bank and the Borrower in accordance with its terms. This Agreement, including the Note and other instruments and documents executed to secure and collateralize said loan in the forms acceptable to Bank, including any correspondence from the Bank to Borrower, constitutes the entire understanding between the parties hereto and supersedes all prior written or oral understandings or agreements with respect to matters contained or referred to herein between the parties or any of the interested parties or any third parties. This Agreement may not be modified, amended or terminated except by written agreement signed by the parties hereto. The headings of the several sections of this Agreement are for the convenience of reference only and shall not effect the meaning hereof.

4. SINGLE AGREEMENT. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument. The Counterpart of this Agreement retained by the Bank for its permanent file shall be deemed to be the original for purposes of comparison of provisions.

5. FEES AND EXPENSES. The Borrower shall pay all out-of-pocket expenses incurred by the Bank in connection with the transactions contemplated hereunder,

including, but not limited to, the fees and expenses of the Bank's counsel incurred in connection with this Agreement, the Note, and other documents related to or referred to as collateral or documents securing said Loan.

6. NOTICES. All notices referred to or permitted to be given hereunder shall be given in writing or personally delivered or sent by mail, addressed as follows:

If to the Bank: Mr. David Ross President Bank of McCreary County P.O. Box 160 Whitley City, Kentucky 42653

If to the Borrower: Mr. James E. Curd Vice President Citipower, L.L.C. P.O. Box 1309 Whitley City, Kentucky 42653

Any party may change their address for the purpose of this Agreement by sending written notice thereof to the other parties.

7. SEVERABILITY. If any provision of this Agreement shall be held invalid under any applicable laws, such invalidity shall not effect any other provision of this Agreement that can be given effect without the invalid provision, and, to this end, the provisions hereof are severable.

8. BINDING EFFECT, ASSIGNMENT, AND ENTIRE AGREEMENT. This Agreement and all documents executed in association herewith shall inure to the benefit of, and shall be binding upon, the respective parties hereto, including their successors, heirs, personal representatives, legatees, devisees, assigns, and permitted assigns. The Borrowers have no right to assign any of their rights or obligations hereunder without the prior written consent of the Bank. 9. BANK NOT A JOINT VENTURE. The Bank by entering into this Agreement or by any action taken pursuant to this Agreement or any loan document, will not be deemed a partner or joint venturer with the Borrower, and the Borrower will indemnify and hold the Bank harmless from any and all damages resulting from such a construction of the parties and their relationship.

IN TESTIMONY WHEREOF, the parties have executed this Agreement the day and year first above written.

CITIPOWER, L.L.C.

By: Ames E MES E. CURD ITS: Vice President

BANK OF MCCREARY COUNTY Bv DAVID ROS

ITS: President

# STATE OF KENTUCKY COUNTY OF McCREARY

I, the undersigned Notary Public in and for the State and County aforesaid, do hereby certify that the foregoing Loan Agreement was this day produced acknowledged, and delivered to before me by Citipower, L.L.C., by James E. Curd, its Vice President of Whitley City, Kentucky, to be his free act and deed and the free act and deed of Citipower, L.L.C.

ver, L.L.C.. Witness my hand, this <u>4</u><u>th</u> day of <u>January</u>, 1999. <u>Auren A. Juckor</u> NOTARY PUBLIC

My commission expires: 8-18-2001

# STATE OF KENTUCKY COUNTY OF McCREARY

I, the undersigned Notary Public in and for the State and County aforesaid, do hereby certify that the foregoing Loan Agreement was this day produced, acknowledged, and delivered to before me by David Ross, President, Bank of McCreary County, to be his free act and deed and the free act and deed of Bank of McCreary County, Whitley City, Kentucky.

Witness my hand, this  $\frac{\#}{2}$  day of anuary, 1999. Haren A. Ducter; NOTARY PUBLIC

My commission expires: 8-18-2001

This PINANCING STATEMENT is presented to a Filing Officer for filing pursuant to the Uniform Commercial Code:		Additional Presented: 1	Maturity Date 3. (Optional):	
1. Debtor(s) (Last Name First), Address(cs) and Identification Number(s): CITIPOWER, Ls.L.C. 61-1305266) BOX 1309 WHITLEY CITY, KY 42653	2. Secured Party(ies) Name(s) and Address(es): BANK OF MCCREARY COUNTY P.O. BOX 160 WHITLEY CITY, KY 42653	4, F	nr Filing Officer: Time, Date, i	No., Filing Office
\$\$N:611-30-5266				
5. This Financing Statement Covers the Following Types (or Items) of I SEE ATTACHED SHEET FOR COMPLETE ALL ASSETS TANGIBLE AND INTANGIE ACOUTRED INCLUDING ACCOUNTS RECE MACHINERY AND EQUIPMENT.	DESCRIPTION. LE NOW OWNED OR HEREAFTH	ER JINE, C	☐ The described gonds are or tate described in Item 7 and thi one office as the real estate reco ☐ The timber to be cut or min of gas) is on the real estate atement is to be filed in the s cords. ☐ The described crops are gr e real estate described in Item ason is	a statement is to be tiled in the ords. erals or the like (including oil described in item 7 and this ame office as the real ertain owing or are to be grown on
7. Description of Real Estate:		8. N	ame(s) of record owner(s) of re	al estate:
<ul> <li>10. This statement is filed without the debtor's signature to perfect a secur (check  if so)</li> <li>already subject to a security interest in another jurisdiction when</li> <li>when debtor's location is changed to this state, or</li> <li>as to which the filing has lapsed, or</li> <li>acquired after a change of name, identity, or corporate structure</li> <li>which is proceeds of the following described original collateral with the following described original coll</li></ul>	it was brought into this state, or of the debtor, or	BAN PO 1	ssignee(s) of Secured Party and K OF MCCREARY BOX 160 ILEY CITY, KY	
CITIPOWER, L.L.C. (61-1305266)				
By James E Curd	Dy			
Signature(s) of Debtor(s)		Sig	mature(s) of Secured Party(ies)	

,

. . . . .

i.

· • •

¢,

(5) FILE COPY — DEBTOR(S) FORM LICC-1 UNIFORM COMMERCIAL CODE Bankers Systems, Inc., St. Cloud, MN Form UCC-1-LAZ-KY 6/26/98

.

•

٩,

•:

.....

. . . . . . . .

#### INSTRUCTIONS

Remove Secured Party and Debtor copies and send other 3 copies to the filing officer.
 At the time of original filing, filing officer will return the third (3rd) copy as an acknowledgment.

3. When filling out this form be sure to indicate state name in appropriate space.

Be sure to file this form with original financing statement.

# ADDENDUM TO UNIFORM COMMERCIAL CODE FINANCING STATEMENTS

STATE OF KENTUCKY	TOTAL NUMBER OF SHEETS
The Financing Statement to which this addendum is attached cov may own in the future, together with all parts, acce located, and all proceeds and products from the prope	ers the types (or items) of property indicated below that I now own and that I sories, repairs, improvements, and accessions to the property, wherever it is arty:
XX Inventory: All inventory which I hold for ultimate sale or lease, or v materials, work in process, or materials used or const	which has been or will be supplied under contracts of service, or which are raw uned in my business.
equipment, shop equipment, office and recordkeeping	ery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and g equipment, and parts and tools. Any equipment described in a list or schedule red property, but such a list is not necessary for a valid security interest in my
Farm Products: All farm products including, but not limited to: (a) all poultry and livestock and their young, along wit (b) all crops, annual or perennial, and all products of t (c) all feed, seed, fertilizer, medicines, and other supp	he crops; and
money including, but not limited to: (a) payment for goods sold or leased or for services re (b) rights to payment arising out of all present and fut	s to Payment: All rights I have now or may have in the future to the payment of endered, whether or not I have earned such payment by performance; and ure debt instruments, chattel paper and loans and obligations receivable. all liens and security interests) which I may have by law or agreement against
	ted to, tax refunds, applications for patents, patents, copyrights, trademarks, permits and franchises, and the right to use my name.
kind, deficiency payments, letters of entitlement, wai payments and conservation reserve payments) in whi	eneral intangibles, or other benafits (including, but not limited to, payments in rehouse receipts, storage payments, emergency assistance payments, diversion ch I now have and in the future may have any rights or interest and which arise future Federal or state governmental program (including but not limited to all oration and the ASCS.)
CTTIPOWER, L.L.C. (61-1305266) BANK	OF MCCREARY COUNTY 2 SECURED PARTY SHEET No.
(4) SECURED PARTY COPY and forward bal	- ORIGINATOR - Remove this copy lance of form for filing.
& 1989 Bankers Systems, Inc., St. Cloud, MN Form UCC-ADD-LAZ 11/29/93	(page 1 of ))

,

•••

١.
CITIPOWER, L.L.C. P.O. BOX 1039	(6 305266)	BANK OF MCCREAN P.O. BOX 160		
WHITLEY CITY, KY	42653	WHITTLEY CITY, I	CY 42653	Date JANUARY 6, 1999
	12033	Mullius Call, I		Maturity Date JANUARY 6, 2000
				Loan Amount \$ 250,000.00
				Renewal Of
BORROWER'S NAME	AND ADDRESS	LENDER'S NA	ME AND ADDRESS	
"I" includes each borrower abo		"You" means the lande	r, its successors and assign	5.
or value received, I promise	to pay to you, or your	order, at your address lis	ted above the PRINCIPAL s	um of TWO HUNDRED FIFTY
			* * * * Dollars \$	
A Single Advance: I will reci	eive all of this principal	sum on JANUARY 6,	1999 No additiona	edvances are contemplated under this note
				under this note. On
			and future principal	advancos are contemplated.
Conditions: The condit	ions for luture advance	es are	· · · · · · · · · · · · · · · · · · ·	
<u></u>				
Open End Credit: Y	ou and i agree that in	ey borrow up to the maxi	mum original sum more th	an one time. This feature is subject to all ot
Closed End Credit:	You and I agree that I r	may borrow (subject to ai	other conditions) up to the	maximum principal sum only one time.
	rest on the outstandin	g principal balance from .	JANUARY 6, 199	9 at the rate of 8.500
per year until APP	IL 6, 1999		•	
Variable Rate: This rate m				
& Index Rate: The lutu	rarate will be	0.750% OVER 1	he following index rate: THE	NEW YORK PRIME RATE
			<u></u>	·
			and fasters to still be and the	2 P.
		ict to any internal or exter its may change as often a	nal index. It will be entirely CHARTERLY	in your control.
		nifect ON THE SAME		
				en % or less ti
			wing effect on the payment	
XX The amount of each	schoduled payment w	vill change.		payment will change.
CCRUAL METHOD: Interest	will be calculated on a	ACTUAL/365	basis.	
LATE CHARGE: If a paym	nent is made more than	10_days efter it is o	lue, l'agree to pay a late ch	
Z LATE CHARGE: If a paym Z ADDITIONAL CHARGES:	nent is made more than In addition to interest,	1 <u>10</u> days after it is o	lue, Lagree to pay a late ch	
Z LATE CHARGE: If a paym Z ADDITIONAL CHARGES: abovo: <u>PECORDING</u> AYMENTS: I agree to pay th	In addition to interest, FEES OF \$327.2	1 <u>10</u> days after it is o l agree to pay the follow	lue, lagree to pay a late ch ving charges which are	→ X3 are not included in the principal amo
Z LATE CHARGE: If a paym Z ADDITIONAL CHARGES: abovo: <u>PECORDING</u> AYMENTS: I agree to pay th	In addition to interest, FEES OF \$327.2	1 <u>10</u> days after it is o l agree to pay the follow 20 HE 6TH DAY OF EA	tue, Lagree to pay a late ch ving charges which are CH THIRD MONTH BE	
<ul> <li>LATE CHARGE: If a paym</li> <li>ADDITIONAL CHARGES: abovo: <u>RECORDING</u></li> <li>AYMENTS: I agree to pay th</li> <li>Interest: I agree to pay at</li> </ul>	nent is made more than In addition to interest, FEES OF \$327.2 his note as follows: corued interest ON T	1 <u>10</u> days after it is o l agree to pay the follow 20 HE 6TH DAY OF EA	tue, Lagree to pay a late ch ving charges which are CH THIRD MONTH BE	→ X3 are not included in the principal amo
<ul> <li>LATE CHARGE: If a paym</li> <li>ADDITIONAL CHARGES: abovo: <u>PECORDING</u></li> <li>AYMENTS: I agree to pay it</li> <li>Interest: I agree to pay at</li> <li>Principal: I agree to pay I</li> </ul>	nent is made more than In addition to interest, FEES OF \$327.2 his note as follows: corued interest ON The he principal JANUAR	n <u>10</u> days after it is o l agree to pay the follow 10 <u>HE GTH DAY OF EA</u> Y 6, 2000	tue, Lagree to pay a late ch ving charges which are CH THIRD MONTH BE	→ X3 are not included in the principal amo
<ul> <li>LATE CHARGE: If a paym</li> <li>ADDITIONAL CHARGES: above: <u>RECORDING</u></li> <li>AYMENTS: I agree to pay it</li> <li>Interest: I agree to pay it</li> </ul>	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANJAR	n <u>10</u> days after it is c l agree to pay the follow 10 HE <u>STH DAY OF EA</u> Y <u>6</u> , 2000	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u>	SI are not included in the principal amo
<ul> <li>LATE CHARGE: If a paym</li> <li>ADDITIONAL CHARGES: abovo: <u>RECORDING</u></li> <li>AYMENTS: I agree to pay ith</li> <li>Interest: I agree to pay it</li> <li>Principal: I agree to pay it</li> <li>Installments: I agree to pay it</li> </ul>	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANJAR	10 days after it is o l agrae to pay the follow 0 HE 6TH DAY OF EA Y 6, 2000	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u>	GINNING APRIL 6, 1999
<ul> <li>LATE CHARGE: If a paym</li> <li>ADDITIONAL CHARGES: above: <u>RECORDING</u></li> <li>AYMENTS: I agree to pay th</li> <li>Interest: I agree to pay th</li> <li>Principal: I agree to pay th</li> <li>Installments: I agree to pay th</li> </ul>	In addition to interest, FEES OF \$327.2 his note as follows: corrued interest ON The he principal JANJAR av this note in	10 days after it is o l agrae to pay the follow 0 HE 6TH DAY OF EA Y 6, 2000	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u>	SINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Instailments: I agree to pay th     Instailments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: corrued interest ON The he principal JANJAR ay this note in	10 days after it is of a grad to pay the follow 0 HE 6TH DAY OF EA Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u>	SINNING APRIL 6, 1999
<ul> <li>LATE CHARGE: If a paym</li> <li>ADDITIONAL CHARGES: abovo: <u>RECORDING</u></li> <li>AYMENTS: I agree to pay ith</li> <li>Interest: I agree to pay it</li> <li>Principal: I agree to pay it</li> <li>Installments: I agree to pay it</li> </ul>	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o 1 agree to pay the follow 10 HE <u>6TH DAY OF EA</u> Y <u>6</u> , 2000 payments. The first p a duo	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u>	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay to     Principal: I agree to pay II     Installments: I agree to pay     unpaid belance of principal	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o 1 agree to pay the follow 10 HE <u>6TH DAY OF EA</u> Y <u>6</u> , 2000 payments. The first p a duo	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MCNTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o 1 agree to pay the follow 10 HE <u>6TH DAY OF EA</u> Y <u>6</u> , 2000 payments. The first p a duo	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MCNTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o 1 agree to pay the follow 10 HE <u>6TH DAY OF EA</u> Y <u>6</u> , 2000 payments. The first p a duo	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MCNTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MCNTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MCNTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MCNTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MCNTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MCNTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MCNTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MCNTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999
LATE CHARGE: If a paym     ADDITIONAL CHARGES:     abovo: <u>RECORDING</u> AYMENTS: I agree to pay th     Interest: I agree to pay th     Installments: I agree to pay II     Installments: I agree to pay     Instagree     Installments: I agree to pay	In addition to interest, FEES OF \$327.2 his note as follows: scrued interest ON The he principal JANUAR ay this note in	1 <u>10</u> days after it is o l agroe to pay the follow 0 HE <u>6TH DAY OF EA</u> Y 6, 2000 payments. The first p	tue, Lagree to pay a late ch ving charges which are <u>CH THIRD MONTH BE</u> ayment will be in the amou A payment of \$	GINNING APRIL 6, 1999

UNIVERSAL NOTE AND SECURITY AGREEMENT 01984, 1991 Barkers Systems, Inc., SI. Cloud, MN. Form UNS-LAZ 1/31/98

 $\lambda_{2,2} \in$ 

SECURITY SECURITY INTEREST: I give you a secu interest in all of the Property described below that I now own a at I may own in the future (including, but not limited to, all parts, accessories, repairs, improvements, and accessions to the Property), wherever the Property is or may be located, and all proceeds and products from the Property.

Alinventory: All inventory which I hold for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in my business.

🕮 guipment: All equipment including, but not limited to, all machinery, vehicies, furniture, fixtures, manufacturing equipment, farm machinery 

(a) all poultry and livestock and their young, along with their products, produce and replacements; (b) all crops, annual or perannial, and all products of the crops; and

(c) all feed, seed, fertilizer, medicines, and other supplies used or produced in my farming operations.

ZAccounts, Instruments, Documents, Chattel Paper and Other Rights to Payment: All rights I have now and that I may have in the future to the payment of money including, but not limited to:

tal payment for goods and other property sold or leased or for services rendered, whether or not I have serned such payment by performance; end

and (b) rights to payment arising out of all present and future debt instruments, chartel paper and loans and obligations receivable. The above include any rights and interests (including all lians and socurity interests) which I may have by law or agreement against any account debtor or obligor of mine.

Adolor of poligor of mine. General Intengibles: All general intengibles including, but not limited to, tax refunds, applications for patents, patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, and the right to use my iteme.

Covernment Payments and Programs: All payments, accounts, general intangibles, or other benefits (including, but not limited to, payments in kind, deficiency payments, letters of antitlement, warehouse receipts, storage payments, antergency assistance payments, diversion payments, and conservation reserve payments) in which I now have and in the future may have any rights or interest and which arise under or as a result current or luture Federal or state governmental program lincluding, but not limited to, all programs administered by the of any preexisting, current or future Federal Commodity Credit Corporation and the ASCS).

ZThe secured property includes, but is not limited by, the following: REAL ESTATE MORIGAGE DATED 11-11-97 ON COMMERCIAL BLOG. AND LOT. ALL ASSETS TANGIBLE AND INTANGIBLE NOW OWNED OR HEREAFTER ACQUIRED INCLUDING ACCOUNTS RECEIVABLE, INVENTORY, PIPELINE, MACHINERY AND EQUIPMENT.

If this agreement covers timber to be cut, minerals (including oil and gas), fixtures or crops growing or to be grown, the description of the real estate is:

· <u>····································</u>	······	
If shecked, file this agreement on the real estate records. Record owner (if not ma)	· · · · · · · · · · · · · · · · · · ·	

The Property will be used for a D personal XX business D agricultural ADDITIONAL TERMS OF THE SECURITY AGREEMENT

ADDITIONAL TERMS OF T GENERALLY - This agreement secures this note and any other debt have with you, now or later. However, it will not secure other debts if you fail with respect to such other debts, to make any required disclosure about this security agreement or if you lail to give any required disclosure about this security agreement or if you lail to give any required notice of the right of rescission. If property described in this agreement is located in another state, this agreement may also, in some circumstances, be governed by the law of the state in which the Property is located. OWNERSHIP AND DUTIES TOWARD PROPERTY - I represent that I own all of the Property, or to the extent this is a purchase money security interest will acquire ownership of the Property wour claim to the Property is ahead of the claims of any other claim. Your claim to the Property is ahead of the claims of any other creditors. I will not do anything to Property ahead of the claims of other creditors. I will not do anything to harm your position. I will keep books, records and accounts about the Property and my business in general. I will let you examine these records at any responsible time. I will property.

time. I will prepare any report or accounting you request, which deals with the Property. I will keep the Property in my possession and will keep it in good repair and use it only for the purpose(s) described on page 1 of this agreement. I will not change this specified use without your express written permission. I represent that I am the original owner of the Property and, if I am not, that I have provided you with a list of prior owners of the Property, at my address listed on page 1 of the list.

owners of the Property. I will keep the Property at my address listed on page 1 of this agreement, unless we agree I may kaep it at namber location. If the Property is to be used in another state: It will give you a list of those states. I will not try to sell the Property unless it is inventory or I receive your written permission to do so. If I sell the Property I will have the payment made payable to the order of you and me. You may demand immediate payment of the debt(st) if the debtor is not a natural person and without your prior written consant; (1) a beneficial interest in the debtor is sold or transferred, or (2) there is a change in either the identity or number of members of a partnership, or (3) there is a change in ownership of more than 25 percent of the voting stock of a corporation. I will pay all taxes and charges on the Property as they become due.

(3) there is a change in ownership of more than 25 percent of the voting stack of a corporation. I will pay all taxes and charges on the Property as they become due. You have the right of reasonable access in order to inspect the Property. I will immediately inform you of any loss or damage to the Property. If I fail to perform any of my duties under this security agreement, or any mortgage, deed of trust, lien or other security interest, you may without notice to me perform the duties or cause them to be performed. Your right to perform on the rectuley our frame security interest, you may over rights to perform will not preclude you from exercising any of your other rights under the law or this security agreement. Your other rights under the law or this security agreement. PURCHASE MONEY SECURITY INTEREST - For the sole purpose of determining the extent of a purchase money security interest arising under this security agreement (all payments on any nonpurchase money loan, if any, and then to the purchase money obligations in the order solelateral were acquired or il acquired at the same time, in the order solected by you. No security interest will be tarminated by application of this formule. "Purchase Money Loan which the isom of collateral were acquired or il acquired at the same time, in the order solected by you, no security interest will be tarminated by application of this formule. "Purchase Money Loan" means any low pulcestaries of which, in whole or in part, are used to acquire any collateral securing the loan and all extensions, renewals, consolidations and refinancing of such bar become obligated to pay the streat those payments as advances and add them to the unpaid principal under the sacured by this agreement or you may demend immediate bar.

payment of the amount advanced.

© 1984, 1991 Bankers Systems, Inc., St. Claud, MN, Form UNS-LAZ, 1/31/96

INSURANCE - I agree to buy insurance on the Property against the risks and for the amounts you require and to furnish you continuing proof of coverage. I will have the insurance company name you as loss payce an any such policy. You may require added security if you agree that insurance proceeds may be used to repair or replace the Property. I will buy insurance from a firm liconsed to do business in the state where you are located. The time will be renamably accessible to you. The insurance will last until the Property is released from this agreement. If I fail to buy or maintain the insurance (or fail to name you as loss payed) you may purchase it yourself. WARRANTIES AND REPRESENTATIONS - If this agreement includes

WARRANTIES AND REPRESENTATIONS - If this agreement includes accounts, I will not settle any account for less than inc full value without your written permission, I will collect all accounts until you toll me otherwise. I will keep the proceeds from all the accounts and any goods which are returned to me or which I take back in trust for you. I will not mix them with any other property of mine. I will deliver them to you at your reducest. If you ask me to pay you the full price on any returned lemis or items retaken by myself. I will do so. If this agreement covers inventory. I will not dispose of it except in my ordinary course of business at the fair market value for the Property, or at a minimum orige activities.

a minimum price established between you and me.

ordinary course of business at the fair market value for the Property, or at a minimum price astabilisted between you and me. If this agreement covers farm products I will provide you, at your request, a written list of the buyers, commission merchants or selling agents to or through whom I may sell my farm products. In addition to those parties named on this written list, I authorize you to notify at your sole discretion any additional parties regarding your socurity interest in my farm products. I remain subject to all applicable penalties for selling my farm products in violation of my agreement with you and the Food Socurity Act. In this paregraph the terms farm products, buyers, commission merchants and solling agents have the mennings given to them in the Federal Food Socurity Act of 1985. REMEDIES - I will be in default on this security agreement if I am in default on any note this agreement secures or il I fail to keep any promise contained in the tarms of this agreement. If I default, you have all of the rights and remedies provided in the note and under the Uniform Commercial Cods. You may require ms to make the secured property available to you at a place which is reasonably convenient. You may take possession of the secured property and sell is a provided by law. The proceeds will be applied first to your expenses and then to the debt.

proceeds will be applied first to your expenses and then to the debt. I agree that 10 days written nutice sent to my last known address by first class meil will be reasonable notice under the Uniform Commercial Code.

class mail will be reasonable notice under the Uniform Commercial Code. My current address is on page 1.1 agree to inform you in writing of any change of my address. FILING - A carbon, photographic or other reproduction of this security agreement or the financing statement covering the Property described in this agreement may be used as a financing statement where allowed by law. Where permitted by law, you may file a financing statement which does not contain my signature, covering the Property secured by this arcsement? agreement.

Any person who signs within this hox does so to give you a security interest in the Property described on this page. This person does not promise to pay the note. "I" as used in this security agreement will include the borrower and any person who signs within this box.

Date

Signed

(page 2 of 3)

DEFINITIONS - As used on pages and 2. "[X]" means the terms that apply to this loan. "I." "me" or "my" means each Borrower who signs this note and each other person or legal antity lincluding guaranters, endersers, and surattes) who agrees to pay this note (together referred to as "us"). "You" or "your" means the Lender and its successors and assigns.

APPLICABLE LAW - The law of the state in which you are located will govern this agreement. Any term of this agreement which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a variation. If any provision of this agreement cannot be enforced according to its terms, this fact will not affect the enforceability of the remainder of this agreement. No modification of this agreement may be made without your express written consent. Time is of the assence in this agreement.

PAYMENTS - Each payment I make on this note will first raduce the amount I owe you for charges which are neither interest nor principal. The remainder of ack bayment will then reduce accrued unpaid interest, and then unpaid principal. If you and I agree to a different application of payments, we will describe our agreement on this note. I may prepay a part of, or the ontrie balance of this foam without penalty, unless we specify to the contrary on this note. Any partial prepayment will not excuse or reduce any later scheduled payment until this note is paid in full (unless, when I make the prepayment, you and I agree in writing to the contrary).

INTEREST - Interest accrues on the principal remaining unpeid from time to time, until paid in full. If I receive the principal in more than one advance, each advance will start to earn interest only when I receive the advance. The interest rate in effect on this note at any given time will apply to the entire principal sum outstanding at that time. Notwithstanding anything to the contrary. I do not agree to pay and you do not intend to charge any rate of interest that is higher than the maximum rate of interest you could charge under applicable law for the extension of credit that is agreed to in this note (either before or after muturity). If any notice of interest accrual is sent and is in error, we mutually agree to correct it, and if you actually collect more interest than allowed by how and this agreement, you agree to refund it to ma. INDEX RATE - The index will serve only as a davice for satting the

INDEX RATE - The index will serve only as a device for setting the interest rate on this note. You do not guarantee by selecting this index, or the margin, that the interest rate on this note will be the same rate you charge on any other loans or class of loans you make to me or other borrowers.

POST MATURITY RATE - For purposes of deciding when the "Post Maturity Rate" (shown on page 1) applies, the term "maturity" means the date of the last scheduled payment indicated on page 1 of this note or the date you accelerate payment on the nete, whichever is earlier.

SINGLE ADVANCE LOANS - If this is a single advance loan, you and expect that you will make only one advance of principal. However, you may add other amounts to the principal if you make any payments described in the "PAYMENTS BY LENDER" paragraph on page. 2000 MULTIPLE ADVANCE LOANS - If this is a multiple advance loan, you and I expect that you will make more then one advance of principal; If this is, closed and credit, repaying a part of the principal will not entitle me to additional credit.

SET-OFF - I agree that you may set off any amount due and payable under this note against any right I have to receive money from you.

"Right to receive money from you" means:

(2) any money ewed to me on an item presented to you or in your

possession for collection or exchange; and. (3) any repurchase agreement of other nondeposit obligation. "Any amount due and payable under this note" means the total

Any amount due and payable under this note means the total amount of which you are antitled to demand payment under, the terms of this note at the time you set off. This total includes any balance the due date for which you properly accelerate under this note.

If my right to receive money from your is also owned by someone who has not agreed to pay this note, your right of sat-off will apply to my interest in the obligation and to any other amounts. Locald withdraw on my sola request or andorsement. Your right of set off does not apply to an account or other obligation where my rights are only as a representative. It also does not apply to any individual Retirement Account or other tax-dafored retirement account.

You will not be liable for the dishonor of any check when the dishonor occurs because you set off this debt against any of my accounts. Lagree to hold you harmless from any such claims arising as a result of your exarcise of your right to set-off. DEFAULT - I will be in defi any one or more of the following occur: (1) I fail to make a payment on time or in the amount due; (2) I fail to keep the Property insured, if required; (3) I fail to pay, or keep any promise, on any dobt or agreement I have with you; (4) any other creditor of mine attempts to collect any debt I owe him through court proceedings; (5) I die, am declared incompetent, make an assignment for the benefit of creditors, or become insolvent (either because my liabilities exceed my assets or I am unable to pay my debts as they become due): (6) I make any written statement or provide any financial information that is untrue or inaccurate at the time it was provided; (7) I do or fail to do something which causes you to believe you will have difficulty collecting the amount I owe you; (8) any collateral securing this note is used in a manner or for a purpose which threatens confiscation by a legal authority; (9) I change my name or assume an additional name without first notifying you before making such a change; (10) I fail to plant, cultivete and harvest crops in due season; (11) any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1940, Subpart G. Exhibit M. REMEDIES . If I am in default on this note you have, but are not limited to, the following remedies:

(1) You may demand immediate payment of all 1 owe you under this note formcroal, accrued unpeid interest and other accrued unpeid charges).

- (2) You may set off this debt against any right I have to the payment of monay from you, subject to the terms of the "SET-OFF" paragraph herein.
- (3) You may demand security, additional security, or additional parties to be obligated to pay this note as a condition for not using any other remedy.
- (4) You may reluse to make advances to me or allow purchases on credit by me.
- (5) You may use any romedy you have under state or federal law.
  (6) You may make use of any remedy given to you in any agreement securing this note: <a href="https://www.securing.com">https://www.securing.com</a>

By selecting any one of more of these remedies you do not give up your right to use inter any other remedy. By waiving your right to declare an event to be a default, you do not waive your right to consider later the event a default if it continues or happens again.

COLLECTION COSTS AND ATTORNEY'S FEES - I agree to pay all costs of collection, replevin or any other or similar type of cost if I am in default. In addition, if you blre an attorney to collect this note, I also agree 10 pay any fee you incur with such attorney plus court costs (except-where prohibited by law). To the extent permitted by the United States Bankruptcy Code, I also agree to pay the reasonable attorney's fees and costs you incur to collect this debt as awarded by any court ascercing jurisdiction under the Bankruptcy Code.

WAIVER  $\cdot$  1 give up my rights to require you to do certain things. I will not require you to:  $^{\circ}$ 

(1) demand payment of amounts due (presentment);

(2) obtain official certification of nonpayment (protest); or

(3) give notice that amounts due have not been paid (notice of dishanor).

t wrive any defenses I have based on suretyship or impairment of collateral.

OBLIGATIONS INDEPENDENT - I understand that I must pay this note even if someone else has also agread to pay it (by, for example, signing this form or a separate guarantee or endorsement). You may sue me alone, or anyone else who is obligated on this note. You may sue me alone, or anyone else who is obligated on this note, or any number of us together, to collect this note. You may without notice release any party (ic this agreement without releasing any other party. If you give up any of your rights, with or without notice, it will not affect my duity to pay this note. Any extension of new credit to any of us, or renewal of this note by all or less than all of us will not release me from my duity to pay it. (Of course, you are entitled to only one payment in full.) I agree that you may at your option extend this note or the debt represented by this note, or any portion of the note or debt. from time to time without limit or notice and for any term without affecting my liability for payment of the note. I will not assign my obligation under this agreement without your prior written aporoval.

CREDIT INFORMATION - I agree and authorize you to obtain credit information about me from time to time (for example, by requesting a credit report) and to report to others your credit experience with me (such as a credit reporting agency). I agree to provide you, upon request, any financial statement or information you may deem necessary. I warrant that the financial statements and information I provide to you are or will be accurate, correct and complete.

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGES 1 AND 2). I have received a copy on today's date.

CITIFORER, L.L.C. (61-1305266)	
BY: Lange E. Cusd	
JAMES E. CIRD, VICE PRESIDENT	
SIGNATURE FOR LENDER: X Quin for thomas	
DAVID ROSS	

化素素 印刷图 医淋巴性神经炎

GUARANTY

(Citvi

# JANUARY 6, 1999

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce BANK OF MCCREARY COUNTY, P.O. BOX 160, WHITLEY CITY, KY 42653

(herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of CITIPOWER, L.L.C. (61-1305266)

(herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at inaturity or carlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

- A.If this It is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following: LOAN DATED JANUARY 6, 1999 IN THE AMOUNT OF \$250,000.00. and any extensions, renewals
- or replacements thereof (hereinafter referred to as the "Indebtedness"). B. If this - is checked, the Undersigned guarantees to Lender the payment and performance of each and
- every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Londer (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s):\_

The maximum aggregate liability that I am subject to is \$ 250,000.00 In addition to the maximum aggregate liability stated. I absolutely and unconditionally guarantee payment of interest accruing on the guaranteed indebtedness, and fees, charges and costs of collecting the guaranteed indebtedness, including reasonable attorneys' fees.

This guaranty will terminate on \_\_\_\_\_ JANUARY 6, 2000 affect my liability with respect to obligations created or incurred prior to the termination date, or extensions or renewals of, interest accruing on, or fees, costs, or expenses incurred with respect to such obligations on or after the termination date.

The term "Indebtedness" as used in this guaranty shall not include any obligations entered into between Borrower and Lender after the date hereof (including any extensions, renewals or replacements of such obligations) for which Borrower meets the Lender's standard of creditworthiness based on Borrower's own assets and income without the addition of a guaranty, or for which a guaranty is required but Borrower chooses someone other than the joint Undersigned to guaranty the obligation.

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to indebtedness existing or committed for at the time of actual receipt of such notice by the Londer, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all Indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. Indebtedness may be created and continued in any amount, whether or not in excess of any principal or aggregate amount stated above, without affecting or impairing the liability of the Undersigned as limited hereunder. The Lender may apply any sums received by or available to Lender on account of the Indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Londer, advising the Londer that such payment is made under this guaranty for such purpose.

This guaranty is XI unsecured; LI secured by a mortgage of	or security agreement dated;
secured by	· · · · · · · · · · · · · · · · · · ·
This guaranty includes the additional provisions on page 2, all of	which are made a part hereof.
IN WITNESS WHEREOF, this guaranty has been duly exec written.	Strengther DANKEL R.
BANKERS SYSTEMS, INC., ST. CLOUD. MN GG301 (1-000-397-2341) FORM M-240-KY	"Undersigned" shall refer to all persons who sign this guiranty, severally and jointly. 5/29/91 (For Corporate Guarantion use M-250-KY) (page 1 of 2)

## ADDITIONAL PROVISIONS



5. Subject to any limitations stated in this guaranty, the Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

6. Whether or not any existing relationship between the Undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked. Lender may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the Undersigned and without any notice to the Undersigned. The liability of the Undersigned shall not be affected or impaired by any of the following acts or things (which Lender is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the Undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver, adjustment, forbearance, compromise or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any release, modification, substitution, discharge, impairment, deterioration, waste, or loss of any collateral security; (viii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Lender under \$1111(b)(2) of the United States Bankruptcy Code.

7. The Undersigned waives any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Undersigned will not assert, plead or enforce against Lender any defense of waiver, release, statute of limitations, res judicata, statute of frauds, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any Indebtedness, or any setoff available against Lender to Borrower or any such other person, whether or not on account of a related transaction. The Undersigned expressly agrees that the Undersigned shall be and remain liable to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure of any mortgage or security interest securing pursuant to statute or judicial decision. The undersigned shall remain obligated, to the fullest extent permitted by law, to pay such amounts as though the Borrower's obligations had not been discharged.

8. The Undersigned further agrees that the Undersigned shall be and remain obligated to pay Indebtedness even though any other person obligated to pay Indebtedness, including Borrower, has such obligation discharged in bankruptcy or otherwise discharged by law. "Indebtedness" shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which Borrower is discharged from paying or which do not otherwise accrue to Indebtedness due to Borrower's discharge, and the Undersigned shall remain obligated to pay such amounts as though Borrower's obligations had not been discharged.

9. If any payment applied by Lender to Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the Indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

10. The Undersigned waives any claim, remedy or other right which the Undersigned may now have or hereafter acauire against Borrower or any other person obligated to pay Indebtedness arising out of the creation or performance of the Undersigned's obligation under this guaranty, including, without limitation, any right of subrogation, contribution, reimbursement, indemnification, exoneration, and any right to participate in any claim or remedy the Undersigned may have against the Borrower, collateral, or other party obligated for Borrower's debts, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

11. The Undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing Indebtedness. Lender shall not be required first to resort for payment of the Indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this guaranty.

12. The liability of the Undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the Undersigned to Lender as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

13. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the Undersigned. This guaranty shall be effective upon delivery to Lender, without further act, condition or acceptance by Lender, shall be binding upon the Undersigned and the heirs, representatives, successors and assigns of the Undersigned and shall inure to the benefit of Lender and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the Undersigned and Lender. This guaranty shall be governed by the laws of the State in which it is executed. The Undersigned waives notice of Lender's acceptance hereof.

•••• ••••

. 5

BANKERS SYSTEMS, INC., ST. CLOUD, MN 55301 (1-000-397-2341) FORM M-240-KY 5/29/91

the set of a first of

·· . 19

### 11 1 ...

CITIPOWER, L.L.C.	BANK OF MCCREARY COUNTY	
P.O. BOX 1309	P.O. BOX 160	Loan Number
WHITLEY CITY, KY 42653	WHITLEY CITY, KY 42653	Onte NOVEMBER 11, 1997
		Meturity Date NOV. 11, 1998
		Loan Amount # 250,000.00
		Renewal Of
BORROWER'S NAME AND ADDRESS	LENDER'S NAME AND ADDRESS	SSN: 61-1305266
"I" includes each borrower shove, jointly and soverally.	"You" means the lender, its successors and assigns.	
For vehie received, I promise to pay to you, or your	order, at your address listed above the PRINCIPAL sum	of TWO HUNDRED FIFTY
THOUSAND AND NO/100+ + + + + +	* * * * * * * * * * * * * Dollars \$ 250	

No additional advances are contemplated under this note Single Advence: I will raceive all of this principal sum on Multiple Advance: The principal sum shown above is the meximum amount of principal I can borrow under this note. On NOVEMBER 11, 1997

\_\_\_\_\_\_ I will receive the amount of 3 \_\_\_\_\_\_\_ and future principal advances are contemplated. Conditions: The conditions for future advances are ADVANCES STALL BE MADE UPON THE WRITTEN REQUEST OF THE BORROWER UNLESS THE TERMS OF THE LIDNE OF CREDIT ACREEMENT OR PROMISSORY NOTE HAVE BEEN BREACHED.

🔀 Open End Credit: You and Lagree that I may berrow up to the meximum principal sum more than one time. This feature is subject to all other conditions and expires on NOVEMBER 11, 1998

INTEREST: I agrae to pay interest on the outstanding principal balance from \_\_\_\_\_\_ par year until FEBRUARY 11, 1998 9.500 %

X Veriable Rate: This rate may then change as stated lielow. X Index Rate: The future rate will be <u>1.000% OVER</u> AGING AND THE CHARGE THE CHARGE AS SINGLING HOUSE. AGING AND THE THE UNCERT AND THE CHARGE MANHATTAN BANK AND PUBLISHED IN THE WALL STREET JOURNAL. PER ANNUM.

No index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

EFrequency and Timing: The rate on this note may change as often as \_ QUARTERLY A change in the interest rate will take effect ON THE SAME DAY

Umitations: During the term of this loan, the applicable annual interest rate will not be more than % or less than %. The rate may not change more then \_\_\_\_\_% aag Effect of Varieble Rete: A change in the interest rate will have the following affact on the payments: \_% each

The amount of the final payment will change. The amount of each scheduled payment will change. 

ACCRUAL METHOD: Interest will be calculated on a \_\_\_\_\_\_ACTUAL/365\_\_\_\_ basis.

POST MATURITY RATE: I agree to pay interest on the unpeid balance of this note owing alter meturity, and until paid in full, as stated below: 🖾 on the same lixed or variable rate basis in effect before maturity (as indicated above).

at a rate equal to

ILATE CHARGE: If a payment is made more than 10 days after it is due. I agree to pay a late charge of \$10.00

🖾 ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which 🔲 are 🖾 are not included in the principal amount ALL RECORDING FEES, APPRAISAL COST, AND ATTORNEY FEES. YMENTS: I agree to pay this note as follows:

Interest: I agree to pay accrued interest ON DEMAND, BUT IF NO DEMAND IS MADE THEN ON THE 11TH DAY OF EACH THURD MONTH BEGINNING FEBRUARY 11, 1998

Installments: I agree to pay this note in \_\_\_\_\_ \_ payments: The first payment will be in the amount of \$ and will be due . A payment of \$\_ will be due thereafter. The final payment of the entire

ungaid balance of principal and interest will be dur-PURPOSE: The purpose of this loan is BUSINESS: WORKING CAPITAL AND INFRASTRUCTURE FURPOSES IN MCOREARY CO. ADDITIONAL TERMS: " Pringing"

, ·

17 - 17 - 1948

(onge ï of 3)

SECURITY INTEREST: I give you a socurity interest in all of the Property described below that I now new and that I may own in the future linctuding but not limited to, all parts, accessories, repairs, improvements, and accessions to the Property), wherever the Property is or may be located, an all proceeds and products from the Property

Manuantary: All inventory which I haid for ultimate sele or lease, or which has been or will be supplied under contracts of service, or which are rew materials, work in process, or manerials used or consumed in my business.

The instances, work in process, or materials used or consumed in two outness.
 Caudemas, work in process, or materials used or consumed in two outness.
 Caudemas, shop exploring, but not limited to, all mechanys, venic'ss. *Curruture*, histores, monulacturing equipment, fair machinery and equipment, and parts and roots. All industrials described in a list or schedule which if give to you will also be included in this snourief property, but such a lists or other schedules. All industrials in modules and records the other schedules and them modules and records and the industrial in or himself to:
 Farm Products; All farm modules and tail industrial of the property descenter of a valid security interest in my equipment.
 Tail all poulity and livestock and their volup, along with their products, produce and indiaccements:
 Tail all poulity and livestock and their volup, along with their products, produce and indiaccements:
 Tail all poulity and livestock and their volup, along with their products, or produces and in a fail products at the cross; and all or parenume, and all products at the cross; and all or parenume, and all produces at the products at the cross; and all contained to a produce on an all produces at the products. The transitions
 Caccounts, Instituments, Documents, Chartal Peper and Other Rights to Psymeatic All rights i have now and that I may have in the future to the payment of mong nocluding, but not himseld 10;
 Tail payment for goods and phar or parenum, and himseld 10;
 Tail payments, Documents, Chartal Peper and Other Rights to Psymeatic All rights i have now and that I may have in the future to the payment for goods and phar or produces and for services tendered, whether or not i have earned such beymant by performance; and

. . . .

and (b) rights to payment attaing out of all present and future dabt instruments, challel paper and loans and obligations receivable. The apove include any rights and interests fincluding all liens and security interests, which I may have by law or agreement against any account debter or oblight of mine.

- 25000 of obligor of mine. Conserved Intergebes: All general intangibles including, but not limited in, tax refunds, applications for patents, patents, copyrights, trademerks, trade sectors, good will, trade names, customer lass, nermis and franchisos, and the right to use my name.
- Covernment Peyments and Programs: All payments, accounts, general intergibles, or other honefits finduding, but not limited to, deyments in kind, deficiency payments, letters of entitlement, warenouse receipts, storage payments, emergency assistance beyments, diversion payments, and conservation reserve payments in which i now have and in the future may have any rights or interest and which arts under or as a result of any preventient function for all or state governmental program finctuding, but not limited to, all programs administated by the Commodity Credit Corporation and the ASCS)
- The secured property includes, but is not limited by the following: A REAL ESTATE MORTGAGE OF EVEN DATE ON A COMMERCIAL BUILDING AND LOT LOCATED 12 COURTHOUSE SQUARE, WHITLEY CITY, KENTUCKY. ALL ASSETS TANGIBLE AND INTANGIBLE INCLUDING ACCOUNTS RECEIVABLE, INVENTORY, PIPELDIE, MACHINERY AND EQUIPMENT NOW OWNED OR HEREAFTER ACQUIRED INCLUDING BUT NOT LIMITED TO THOSE CONTAINED IN EXHIBIT A AS ATTACHED HERETO.

If this agreement covers timber to be out, minerals (including oil and gas), fixtures or crops growing or to be grown, the description of the real estate is:

XX II checked, file this agreement on the real estato records. Record owner (if not me)
The Property will be used for a 🗋 personal 🛣 business 🔲 agricultural 🗋 purpose.

Signed \_

### ADDITIONAL TERMS OF THE SECURITY AGREEMENT

ADDITIONAL TERMS OF THE ADDITIONAL TERMS OF THE GENERALLY - This agreement secures this role and any other debt I have with you, now or later. Moviney: if with not recurrent disclosure about this security agreement or if you laid to give any required notice of the right of rescission. If property described in this agreement is located in anither state, this agreement may also, in some circumstances, be governed by the law of the state in this agreement is located of the Property, or to the estent this is a purchase money security interest if will acquire ownershop of the Property is high the Property is located any other creditor. You then the the of the Property is all of the Property, or to the estent this is a purchase money security interest if will acquire ownershop of the Property is the the Property is aneed of the chimms of any other creditor I agrees to do whatever you require to protect your security interest and to keep your claim in the Property need of the claims of other creditors I will not do anything to harm your losalinn.

require to protect your security interest and to keep your claim in the Property named of the claims of other craditors. I will not do anything to harm your restime. I will net you scamme these records at any reasonable time. I will serve books, records and accounting you request, which deals with the Property in my report or accounting you request, which deals with the Property in my nostassion and will keep it in good repair and use it only for the ourposets! described on page 1 of this agreement. I will not change this specified use without your encreast within permission. I represent that I am the original owner of the Property and, it I am not, that I have provided you with a list of prior owners of the Property. I my address fisted on page 1 of this agreement, unless we agree I may keep it at snother location. If the Property and, it I am not, that I have provided you with a list of prior owners of the Property. I wy address fisted on page 1 of this states, I will not try to sell the Property and my keep it at snother location. If the property on the torder of you and me. You may damand immediate payment of the dottor is not a natural person and without your prior written consent: (1) a beneficial interest in the debtor is sold or transfored, or (2) there is a change in either the identity or numbers of members of a partnership, or stock of a corporation.

durange in stiner instituering internity or number of mambers of a par(hetship, of [2] there is a change in ownership of more than 25 percent of the voting stock of a corporation.
 I will pay all taxes and charges on the Property as they become due. Not have the right of reasonable access in order to inspect the Property. I will immediately inform you of any bass or idanage to the Property. I will any adjusted in trust, lien or other security instrument, you may durate the right of reasonable access in order to inspect the Property. I will immediately inform you of any bass or idanage to the Property. I will inmediately inform you of any bass or idanage to the Property. I will not be partern will not create an obligation to parform and your failurs to parform one insisting into create an obligation to parform any or my state tracts and obligation to parform any organized by the parform one partern will not be parform as a parform any organized by the parform one partern will not be deemed to apply to the parform will not be deemed to apply list to the homopuchese money particle of the profession of the parform will not be deemed to apply to the parform to the puchase money ballingtions in the order which the items of collateral were acquired or in act, any any and then to the puchase. Money Loan means any learn the order selected by vitu. O security interest will any collateral were acquired to in part, an used to acquired any collateral socure obligations in the order in part and lean.
 PAYMENTS BY LENDER - You are authorized to park on my balail, charged balances and existed to apper to secure any consolications.
 PAYMENTS BY LENDER - You are authorized to park on my balail, second balances and add them to the unpark oricolat under the socure abligations in part and under the socure ables.
 PAYMENTS BY LENDER - You are authorized to park or my balail, these parternis as advectioned whence any or my balaid them to the unpark oricolat under the socure

01984 1391 Sanzars Systems, Inc., St. Cloud, MN. Form UNS LAZ 1/01/96

22

Any person who signs within this box does so to give you a security interest in the Property described on this pege. This person does not promise to pay the note. "It as used in this security agraement will include the borrowar and any person who signs within this box.

Data	
/be <del>y</del>	

ADDITIONAL TERMS OF THE NOTE

DEFINITIONS - As used on pages 1 and 2. "W" means the terms that apply to this loan. "I," "me" or "my" means each Borrower who signs this note and seen ather berson or legal active lindication guarantees, endorsers, ond survities who agrees to pay "his note (logether relation to as "us"). "You" or "your" means the Lender and its successors and

APPLICABLE LAW - The law of the state in which you are located will govern this agreement. Any term of this agreement which is contrary to applicable law will not be effective, unless the law permits you and me to applicable law will not to monitive, unless the law permits you and the to agree to such a variation. If any provision of this agreement cannot be enforced according to its terms, this fact will not affect the enforceability of the remainder of this agreement. No modification of this agreement may be made without your express written consent. Time is of the assence in this agreement

PAYMENTS - Each payment I make on this note will lirst reduce the PAYMENTS - Each payment 1 make on this note will list reduce the amount 1 owe you for charges which are notifier interest our principal. The remainder of each payment will then induce accruind unpaid interest, and then unpaid principal. If you and i agree to a different application of payments, we will disprible our agreement on this note. They press way pay of, or the contrary on this note. Any partial pressment will not specify to the contrary on this note. Any partial pressment will not specify to the contrary on this note. Any partial pressment will not specify to the contrary on this note. Any partial pressment will not inflass when I make the pressment out in different willing to the avoid of the partial pressment will not willing to the partial partial pressment will not willing to the partial pressment will not willing to the partial partial pressment will not willing to the partial partial pressment will not willing to the partial partial partial pressment will not willing to the partial p (unless, when I make the prepayment, you and I agree in writing to the CODICACY

Contravy. INTEREST - Interest accruas on the principal remaining unpaid from time to time, until paid in full, If I receive the principal in more than one advance, each advance will start to earn interest only when I receive the advance, sech notwink terr to smithing solutions only when indexed the advance. The interest rate in effect on this note at any given time will solut to the entire principal sum outstanding at that time. Notwithstanding anything to the contrary, I do not agree to pay and you Notwithstanding anything to the contrary, i do not agree to pay and you do not intend to charge any rate of interest that is higher than the maximum rate of interest you could charge under applicable law for the axtension of credit that is agreed to in this note leither before or after maturity. If any notice of interest accruel is sent and is in error, we mutuelly agree to correct it, and if you actually collect more interest then

Bilowed by law and this agreement, you accurate for a for a formation more set than INDEX RATE - The index will serve only as a device for setting the interest rate on this note. You do not querantice by selecting this index, or the margin, that the interest rate on this note will be the semerate you charge on any other loans or class of loans you make to me or other

POST MATURITY RATE - For purposes of deciding when the "Post Meturity Relet (shown on page 11 applies, the tarm "maturity" means the data of the last scheduled payment indicated on page 1 of this note of accolorate payment on the pote, whichever is partier

SINGLE ADVANCE LOANS - II his is a single advance loan, you and I stopet that you will make only one advance of principal. However, you may add other amounts to the principal if you make any payments to describe in the "PAYMENTS BY LENDER" paragraph on page  $2.2_{\pm}, 2_{\pm}$  MULTIPLE ADVANCE LOANS III this is a multiple advance loan, you and L expect that you will make more than one advance of principal. If this is closed and credit, rounying a part of the principal will not entitle me to edditional credit.

SET-OFF - I agree that you may sot off any amount due and payable undar this note against any right I have to receive monoy from you. Right to receive money from you means: [1] any deposit occount balance I have with you:

(2) any money owed to me on an item presented to you of in your possession for collection or exchange: and (3) any repurchase agreement or other nondeposit oblightion.

(3) any repurchase agreement or other nondeposit obligation. Any amount due and payable under this note means the total amount of which you are entitled to demend payment under the terms of this note at the time you set off. This total includes any balance the due date for which you property accelerate under this note. If my right to receive money from you is also owned by someone who has ant agreed to pay this note, your right of set-off will apply to my interest in the obligation and to any other anounts! Loud withdraw on the obligation and to any other anounts! Loud withdraw on a count or other obligation where my fights are only as a constraint account. You will not be liable for the distingent account. You will not be liable for the distonor of any check when the dishonor occurs because you set off this defined against my of my accounts. Legrees

accurs because you sat off this debt against any of my accounts. I agrea to hold you harmless from any such claims arising as a result of your exercise of your right to set-off.

MS OF THE NOTE DEFAULT - I will be in default if any one or more of the following occur: 1) I fail to make a payment on time or in the amount due; (2) I fail to keep the Property insured, if any and it is a pay, or keep any promise, on any dolit or agreement have with you; (4) any other creditor of mine attempts to collect any debt I ave nim through court the liserelit of creditors, or become insolvent tenter because my libbilities accend my assist or I am unable to pay my debits as they become due; (6) I make any written statement or provide any finance information thet is unroug or inaccurate at the time if was provide; (7) I do or fail to do constning which causes you to beinew you will have difficulty collecting the amount I over you; (8) any collistor to source the is used in a menner or for a purpose which thrankers confisction by a legal suthority: the amount of way you, tak any stimuter's socializing this hole is used in a menning of or a purpose which thransies confiscation by a legal suthority. (9) I change my name or assume an additional name without first notifying you before making such a change; (10) I sait to plant, cultivate and harvest crings in duc season; (11) any loan proceeds are used for a and harvest crists in due tension; (11) any iden proceeds an used for a ournate that will cantholite to accessive arosino it henvie accessible land or to the conversion of wellands to produce an agriculturel commodity, as further scolaringh or 7.C.R. Part 1940, Subpart 6, Schobi M. REMEDIES - If I am in default on this note you have, but are not limited to, the following remedies: (1) You may demand immediate newment of all I owe you under this

note torincipal, accrued unpaid interest and other accrued unpaid

- Action (unincup), contraction of the contract (2)
- (3) You may demand security, additional security, or additional parties to be obligated to pay this note as a condition for not using any other remody.
- oller remay. You may infuse to make advances to me or allow purchases on credit by me.
- creat oy me. (5) You may use any remedy you have under state or federal law. (6) You may make use of any remedy given to you in any agreement

COLLECTION COBTS AND ATTORNEY'S FEES - I agree to pay all costs of collection, replevin or any other or similar type it cost if I am in default. In addition, if you hire an attorney to collect this note, I also agrees to gay any fee you incur with such attorney plus court costs (except where prohibited by law). To the extent parmitted by the United States Bankruptcy Corle. I also agree to pay the reasonable attorney's least and costs you incur to collect this dolt as awarded by any court avercising jurisdiction under the Davis router of a. WAIVER - I give up my rights to require you to do certain things. I will not require you for

require you to:

(1) demend payment of amounts due (presentment):

(2) obtain official cartification of nonpayment (protest); or (2) give notice that amounts due have not been paid (notice of

dishanor), I waive any defenses I have based on suretyship or impairment of

collatoral Collitional OBLIGATIONS INDEPENDENT - I understand that I must pay this note oven if someone else has else agreed to pay it (by, for example, signing this form or a severale guarantee or enforcement). You may suo me the form of a second gradient of endorsement, indentity store store, or anyone elso who is obligated on this nois, or any number of us togather, to collect this nois. You may without noics release any perty to this agreement without releasing any other parts. If you give up any of your rights, with or without noics, it will not affect my duty to pay this your rights, with or without notice, it will not affect my duty to pay this note. Any extension of heav cradit to any of us, or renewal of this note by all or less than all of us will not release me from my duty to pay it. (Of course, you are entitled to only one payment in full.) Fagree that you may at your notion extend this note or the debt represented by this note, or any portion of the note or debt. From time to time without limit or notice and for any term without affecting my liability for payment of the note. In will not assign my obligation under this agreement without your prior

written appre

written approval CREDIT INFORMATION - Lagree and sutherite you to obtain credit information about me from time to time for oxampin, by requesting a credit report and to report to others your credit apprence with me (such as a credit reporting agency). Lagree to provide you, upon request, any financial statement or information you may deem necessary. I warrant that the linearcial statements and information (provide to you are or will be that the linearcial statements and information (provide to you are or will be the linearcial statement or information (provide to you are or will that the linearcial statements and information (provide to you are or will be the linearcial statement or information (provide to you are or will that the linearcial statements and information (provide to you are or will the provide to you are or will be the provide to you are or will the provide to you are or will be the provide to you are or will the provide to you are or will be provide to you are or will be you are or will be the provide to you are or be accurate, correct and complete.

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGES 1 AND 2). I have received a copy on loday's date.

CITIPOWER, L.L.C. BY: JAMES E. CURD, VICE PRESIDENT SIGNATURE FOR LENDER: X DAVID ROSS ipage 3 of 31 O tess 1991 Bankara Systems, Inc., St. Cloud, MN. Form UNS-LAZ, 1/31/95



TILPOWER, L.L.	c.	BANK OF MOCREA	RY COUNTY	
.O. BOX 1309	V ADEED	P.O. BOX 160	77 49653	Loan Number 104101
HIILBY CITY, K	1 42053 1	WHITLEY CITY,	AI 42033	Dete NOVEMBER 11, 1998 Maturity Date NOV, 11, 1999
		1		Loen Amount \$ 250,000.00
				Renewal Of 104101
BORROWER'S NA	ME AND ADDRESS	LENDER'S N	AME AND AODRESS	SSN: 61-1305266
I VELUE RECEIVAD, L PROM	nies to pay to you, or yo	our order, at your address II	Isred above the PRINCIPAL	Sum of TWO HUNDRED FIFTY
				ional advances are contemplated under this no
Multiple Advance: Th	e principal sum shawn	above is the maximum amo	ount of principal I can borro	w under this note. On <u>NOV. 11, 1998</u>
Canditions: The co	I will receive the amoun nditions for future educ FERMS OF THE LI	ADVANCES SE	HALL BE MALE UPON	Incipal advances are contemplated. THE REQUEST OF THE BORROWER ORY NOTE HAVE BEEN BREACHED.
Z Open End Cred			naximum amount of princip	al more than one time. This feature is subject
		NOVEMBER 11, 1999		
Closed End Cre	dit: You and I agree the	at I may burrow up to the m	naximum only one time tand	d subject to all other conditions).
		iding principal balanca from	NOV. 11. 1998	at the rate of9,000
	BRIERY 11, 1999		•	
	te may then change as		the following lader reter T	HE "PRIME RATE" AS SET FORTH
FROM TIME IN	TIME BY THE O	HASE MANHATTAN BA	NK AND FUBLISHED	IN THE WALL STREET JOURNAL
PER ANNUM.				
No Index: The f			ternal indexIt will be antire	HTID Your control.
		a note may change as often		
		to ottocz ON THE SAME	DAY	there
	ning the term of this los	an, the applicable ennual int rate may not channe more		Station of less th
Effect of Variable R			owing effect on the payme	
	agen scheduled paymer		The maunt of the fin	al payment will change.
	· · · · · · · · · · · · · · · · · · ·	-		
CRUAL METHOD: Incor	est will be calculated o	n a: ACTT	DL/365	basis.
T MATURITY RATE:	agree to pay interest o	in the unpeid belance of the	whote owing affait graturity	, and until paid in full, as stated below:
_		in effect before maturity	estimaticated abovel	
at a reta squal				
LATE CHARGE: If a pr	to			y a late charge of <u>\$10,00</u>
LATE CHARGE: If a pr	syment is mede more th		ifter it a due I agree to pay	
LATE CHARGE: If a pr	syment is mede more th	an 10 days a	ifter it a due I agree to pay	y a late charge of <u>\$10,00</u>
ADDITIONAL CHARGE	syment is mede more th S: In addition to intere: y this note as follows:	an <u>10</u> days a st. t agr <u>eiorpay</u> menulow	Itar it a due 1 agree to pay	e 🔲 are not included in the principel amou
ADDITIONAL CHARGE	syment is mede more th S: In addition to intere: y this note as follows:	an <u>10</u> days a st. t agraetorpay metalow THE SITH DAY OF F	Itar it allow i agrae to pay	
LATE CHARGE: If a pro- ADDITIONAL CHARGE above:	ayment is meda mare th IS: In addition to intere: y this note as follows: y scortied interest ON	THE STITH DAY OF E	Itar It a Close which are a straight and a straight	e 🔲 are not included in the principel amou
LATE CHARGE: If a pro ADDITIONAL CHARGE above: "MENTS: I agree to per Interest: I agree to per Principal: I agree to pe	syment is mede more th S: In addition to intere: y this note as follows:	THE SITH DAY OF B	Inter TE is dias i agrae to pay	e 🔲 are not included in the principel amou
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: "MENTS: I agree to per Interest: I agree to per Principal: I agree to pe	syment is mede more th IS: In addition to intere: y this note as follows: r accrued interast ON_ y the principal NOVEM 	an 10 days a st. I agreetorpay metalow THE SITH DAY OF I BER 112-1999	Itar it a dias a arrest to pay	BEGINNING FEBRUARY 11, 1999
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: (MENTS: I agree to per Interest: I agree to per Principal: I agree to pe	syment is mede more th IS: In addition to intere: y this note as follows: r accrued interast ON_ y the principal NOVEM 	THE SITH DAY OF E	Inter it is dies i agree to pay	BEGINNING FEBRUARY 11, 1999
LATE CHARGE: If a pro ADDITIONAL CHARGE above: "MENTS: I agree to per Interest: I agree to per Principal: I agree to per installments: I agree to and will be due	ayment is meda more th S: In addition to interes y this note as follows: y scoried interest ON y the principal NCVS o pay this principal NCVS is not this principal NCVS	an _10 days a st. I agreetorpay the fullow THE SITH DAY OF F BER 112-1999	In the second se	BEGINNING FEBRUARY 11, 1999
LATE CHARGE: If a pro ADDITIONAL CHARGE above: "MENTS: I agree to per Interest: I agree to per Principal: I agree to per installments: I agree to and will be due	ayment is meda more th S: In addition to interes y this note as follows: y scoried interest ON y the principal NCVS o pay this principal NCVS is not this principal NCVS	an _10 days a st. I agreetorpay the fullow THE SITH DAY OF F BER 112-1999	In the second se	BEGINNING FEBRUARY 11, 1999
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: "MENTS: I agree to pro- Interest: I agree to pa Principal: I agree to pa inetaliments: I agree to and will be due unpeid belance of pro-	ayment is mede more th ES: In addition to interes y this note as follows: r scorting interest ON y the principal NCVB r this force in	an _10 days a st. I agreetorpay the fullow THE SITH DAY OF F BER 112-1999	In the second se	BEGINNING FEBRUARY 11, 1999
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: (MENTS: I agree to pro- Interest: I agree to pro- Principal: I agree to pro- inetaliments: I agree to and will be due unpeid belance of pro-	ayment is meda more th S: In addition to interes y this note as follows: y accrued interest ON y the principal NCVS o pay this principal NCVS 1000000000000000000000000000000000000	an _10 days a st. I agreetorpay the fullow THE SITH DAY OF F BER 112-1999	In the second se	BEGINNING FEBRUARY 11, 1999
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: "MENTS: I agree to pro- Interest: I agree to pa Principal: I agree to pa inetaliments: I agree to and will be due unpeid belance of pro-	ayment is meda more th S: In addition to interes y this note as follows: y accrued interest ON y the principal NCVS o pay this principal NCVS 1000000000000000000000000000000000000	an _10 days a st. I agreetorpay the fullow THE SITH DAY OF F BER 112-1999	In the second se	BEGINNING FEBRUARY 11, 1999
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: "MENTS: I agree to par Interest: I agree to pa Principal: I agree to pa Inetaliments: I agree to and will be due unpeid balance of pa	ayment is meda more th S: In addition to interes y this note as follows: y accrued interest ON y the principal NCVS o pay this principal NCVS 1000000000000000000000000000000000000	an _10 days a st. I agreetorpay the fullow THE SITH DAY OF F BER 112-1999	In the second se	BEGINNING FEBRUARY 11, 1999
ADDITIONAL CHARGE: ADDITIONAL CHARGE above: (MENTS: I agree to per intereet: I agree to per principal: I agree to per installments: I agree to per in	ayment is meda more th S: In addition to interes y this note as follows: y accrued interest ON y the principal NCVS o pay this principal NCVS 1000000000000000000000000000000000000	an _10 days a st. I agreetorpay the fullow THE SITH DAY OF F BER 112-1999	In the second se	BEGINNING FEBRUARY 11, 1999
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: "MENTS: I agree to pro- Interest: I agree to pa Principal: I agree to pa inetaliments: I agree to and will be due unpeid belance of pro-	ayment is meda more th S: In addition to interes y this note as follows: y accrued interest ON y the principal NCVS o pay this principal NCVS 1000000000000000000000000000000000000	an _10 days a st. I agreetorpay the fullow THE SITH DAY OF F BER 112-1999	In the second se	BEGINNING FEBRUARY 11, 1999
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: "MENTS: I agree to pro- Interest: I agree to pa Principal: I agree to pa inetaliments: I agree to and will be due unpeid belance of pro-	ayment is meda more th S: In addition to interes y this note as follows: y accrued interest ON y the principal NCVS o pay this principal NCVS 1000000000000000000000000000000000000	an _10 days a st. I agreetorpay the fullow THE SITH DAY OF F BER 112-1999	In the second se	BEGINNING FEBRUARY 11, 1999
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: "MENTS: I agree to pro- Interest: I agree to pa Principal: I agree to pa inetaliments: I agree to and will be due unpeid belance of pro-	ayment is meda more th S: In addition to interes y this note as follows: y accrued interest ON y the principal NCVS o pay this principal NCVS 1000000000000000000000000000000000000	an _10 days a st. I agreetorpay the fullow THE SITH DAY OF F BER 112-1999	In the second se	BEGINNING FEBRUARY 11, 1999
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: (MENTS: I agree to pro- Interest: I agree to pro- Principal: I agree to pro- inetaliments: I agree to and will be due unpeid belance of pro-	ayment is meda more th S: In addition to interes y this note as follows: y accrued interest ON y the principal NCVS o pay this principal NCVS 1000000000000000000000000000000000000	an _10 days a st. I agreetorpay the fullow THE SITH DAY OF F BER 112-1999	In the second se	BEGINNING FEBRUARY 11, 1999
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: (MENTS: I agree to per Interest: I agree to per Principal: I agree to per Inetaliments: I agree to and will be due unpeid belance of per DITIONAL TERMS:	ayment is meda mare th ES: In addition to interest y this note as follows: y the principal NOVA o pay this period interest will rincipal additionarcest will co is separately security	at, I agreetorpay the follow THE SITH DAY OF I Paymentes The follow 20 20 20 20 20 20 20 20 20 20	Ifter It all a groot to pay Ing charges which ar A payment will be in the ar A payment of 3 PURPOSE: The purpose	e of this loon is <u>BUSINESS</u> : WORKING
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: (MENTS: I agree to per Interest: I agree to per Installments: I agree to and will be due unpeid belance of per DITIONAL TERMS: SECURITY: This not	ayment is meda mare the IS: In addition to interest y this note as follows: a scotted interest ON y the principal NOVB rincipal and interest will rincipal and interest will the source of the second the separately second	at. I agreetorpay the talow THE SITH DAY OF F Payments Ithe the Payments Ithe the Company of the talow Payments Ithe talow Payments Ithe talow Company of the talow Payments Ithe talow Company of the talow Company of talow Comp	PURPOSE: The purpose	e of this loan is <u>BUSINESS</u> ; WORKING
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: (MENTS: I agree to per Interest: I agree to per Interest: I agree to per Inetallments: I agree to and will be due unpeid belance of per DITIONAL TERMS: SECURITY: This non- sument by type and da -11-97 ON COM	ayment is meda mare the S: In addition to interest y this note as follows: r scoried interest ON_ y the principal NCVS rincipal mediate in rincipal mediate in to is separately security to is separately security EBLIC, & LOT, 11-11-97 ON EO	ALL ACTION OF A CALL AND A CALL A	PURPOSE: The purpoae CAPITAL & INFR SIGNATURES: 1 AGRE	e of this losn is <u>BUSINESS</u> ; <u>WORKING</u> ASTRUCTURE E TO THE TERMS OF THIS NOTE (INCLUDIN
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: "MENTS: I sgree to per Interest: I agree to per Interest: I agree to per Inetallments: I agree to and will be due unpeid belance of per DITIONAL TERMS: SECURITY: This not DITIONAL TERMS: SECURITY: This not DITIONAL TERMS: SECURITY: This not DITIONAL TERMS:	ayment is mede more the IS: In addition to interest y this note as follows: a scotted interest ON_ y the principal NOVBY the principal NOVBY rincipal and interest will rincipal and interest will rincipal and interest will the principal Addition to is separately second to is separately second EST & LOT 11-11-97 ON BU ERY, ACTS, REC	Ad by (Gascribe separate MORICACE DATED SPOLRITY MORICACE DATED	PURPOSE: The purpoae CAPITAL & INFR SIGNATURES: 1 AGRE	e of this loan is <u>BUSINESS</u> ; WORKING
LATE CHARGE: If a pro- ADDITIONAL CHARGE above:	ayment is mede more the IS: In addition to interest y this note as follows: a scritical interest ON_ y the principal NCUSY on pay this note the rincipal and interest will rincipal and interest will to is separately security to is separately security II - II - 97 CN EQU	ALL ACTION OF A CALL AND A CALL A	PURPOSE: The purpoae CAPITAL & INFR SIGNATURES: 1 AGRE	e of this losn is <u>BUSINESS</u> ; <u>WORKING</u> ASTRUCTURE E TO THE TERMS OF THIS NOTE (INCLUDIN
LATE CHARGE: If a pro- ADDITIONAL CHARGE above:	ayment is mede more the IS: In addition to interest y this note as follows: a scritical interest ON_ y the principal NCUSY on pay this note the rincipal and interest will rincipal and interest will to is separately security to is separately security II - II - 97 CN EQU	Ad by (Gascribe separate MORICACE DATED SPOLRITY MORICACE DATED	PURPOSE: The purpoae CAPITAL & INFR SIGNATURES: 1 AGRE	e of this losn is <u>BUSINESS</u> ; <u>WORKING</u> ASTRUCTURE E TO THE TERMS OF THIS NOTE (INCLUDIN
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: (MENTS: I agree to per Interest: I agree to per Interest: I agree to per Installments: I agree to and will be due unpeid belance of per Unpeid belance	ayment is mede more the IS: In addition to interest y this note as follows: a scritical interest ON_ y the principal NCUSY on pay this note the rincipal and interest will rincipal and interest will to is separately security to is separately security II - II - 97 CN EQU	Ad by (Gascribe separate MORICACE DATED SPOLRITY MORICACE DATED	PURPOSE: The purpose CAPITAL & INFR SIGNATURES: 1 AGRE THOSE ON PAGE 21. 1	e of this losn is <u>BUSINESS</u> : <u>WORKING</u> ETO THE TERMS OF THIS NOTE (INCLUDIN have received a copy on today's date.
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: (MENTS: I agree to per Interest: I agree to per Interest: I agree to per Installments: I agree to and will be due unpeid belance of per Unpeid belance	ayment is mede more the IS: In addition to interest y this note as follows: a scritical interest ON_ y the principal NCUSY on pay this note the rincipal and interest will rincipal and interest will to is separately security to is separately security II - II - 97 CN EQU	Ad by (Gascribe separate MORICACE DATED SPOLRITY MORICACE DATED	PURPOSE: The purpoae CAPITAL & INFR SIGNATURES: 1 AGRE	e of this losn is <u>BUSINESS</u> : <u>WORKING</u> ETO THE TERMS OF THIS NOTE (INCLUDIN have received a copy on today's date.
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: (MENTS: I agree to per Interest: I agree to per Interest: I agree to per Installments: I agree to and will be due unpeid belance of per Unpeid belance	ayment is mede more the IS: In addition to interest y this note as follows: a scritical interest ON_ y the principal NCUSY on pay this note the rincipal and interest will rincipal and interest will to is separately security to is separately security II - II - 97 CN EQU	Ad by (Gascribe separate MORICACE DATED SPOLRITY MORICACE DATED	PURPOSE: The purpose CAPITAL & INFR SIGNATURES: 1 AGRE THOSE ON PAGE 21. 1	e of this losn is <u>BUSINESS</u> : <u>WORKING</u> ETO THE TERMS OF THIS NOTE (INCLUDIN have received a copy on today's date.
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: (MENTS: I agree to per Interest: I agree to per Interest: I agree to per Installments: I agree to and will be due unpeid belance of per Unpeid belance of per DITIONAL TERMS: SECURITY: This not sector is for very internet ment by type and da -11-97 CN COMM REMENT DATISD PELLING, MACHTU	ayment is mede more the IS: In addition to interest y this note as follows: a scritical interest ON_ y the principal NCUSY on pay this note the rincipal and interest will rincipal and interest will to is separately security to is separately security II - II - 97 CN EQU	Ad by (Gascribe separate MORICACE DATED SPOLRITY MORICACE DATED	PURPOSE: The purpose CAPTIAL & INFR SIGNATURES: 1 AGRE THOSE ON PAGE 21. 1 CITIPOWER, L. J. BY CAMPA	e of this loan is <u>BUSINESS</u> : WORKING ASTRUCTURE E TO THE TERMS OF THIS NOTE (INCLUDIN have received a copy on today's date.
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: (MENTS: I agree to per Interest: I agree to per Interest: I agree to per Installments: I agree to and will be due unpeid belance of per Unpeid belance	ayment is mede more the IS: In addition to interest y this note as follows: a scritical interest ON_ y the principal NCUSY on pay this note the rincipal and interest will rincipal and interest will to is separately security to is separately security II - II - 97 CN EQU	Ad by (Gascribe separate MORICACE DATED SPOLRITY MORICACE DATED	PURPOSE: The purpose CAPITAL & INFR SIGNATURES: 1 AGRE THOSE ON PAGE 21. 1	e of this losn is <u>BUSINESS</u> : <u>WORKING</u> ETO THE TERMS OF THIS NOTE (INCLUDIN have received a copy on today's date.
LATE CHARGE: If a pro- ADDITIONAL CHARGE above: (MENTS: I agree to per Interest: I agree to per Interest: I agree to per Installments: I agree to and will be due unpeid belance of per Unpeid belance of per DITIONAL TERMS: SECURITY: This not sector is for very internet ment by type and da -11-97 CN COMM REMENT DATISD PELLING, MACHTU	ayment is mede more the IS: In addition to interest y this note as follows: a scritical interest ON_ y the principal NCUSY on pay this note the rincipal and interest will rincipal and interest will to is separately security to is separately security II - II - 97 CN EQU	Ad by (Gascribe separate MORICACE DATED SPOLRITY MORICACE DATED	PURPOSE: The purpose CAPTIAL & INFR SIGNATURES: 1 AGRE THOSE ON PAGE 21. 1 CITIPOWER, L. J. BY CAMPA	e of this loan is <u>BUSINESS</u> : WORKING ASTRUCTURE E TO THE TERMS OF THIS NOTE (INCLUDIN have received a copy on today's date.
ADDITIONAL CHARGE: If a pro- ADDITIONAL CHARGE shows: YMENTS: I sqree to per Interest: I agree to per Instanti I agree to per Installments: I agree to and will be due unpeid belance of per Unpeid belance of per DITIONAL TERMS: SECURITY: This not sument by type and da -11-97 CN COMM RESMENT DATED PELINE, MACHTU	ayment is mede more the IS: In addition to interest y this note as follows: a scritical interest ON_ y the principal NCUSY on pay this note the rincipal and interest will rincipal and interest will to is separately security to is separately security II - II - 97 CN EQU	Ad by (Gascribe separate MORICACE DATED SPOLRITY MORICACE DATED	PURPOSE: The purpose CAPTIAL & INFR SIGNATURES: 1 AGRE THOSE ON PAGE 21. 1 CITIPOWER, L. J. BY CAMPA	e of this loan is <u>BUSINESS</u> : WORKING ASTRUCTURE E TO THE TERMS OF THIS NOTE (INCLUDIN have received a copy on today's date.
ADDITIONAL CHARGE: If a pro- ADDITIONAL CHARGE shows: YMENTS: I sqree to per Interest: I agree to per Instanti I agree to per Installments: I agree to and will be due unpeid belance of per Unpeid belance of per DITIONAL TERMS: SECURITY: This not sument by type and da -11-97 CN COMM RESMENT DATISD PELINE, MACHTU	ayment is mede more the IS: In addition to interest y this note as follows: a scritical interest ON_ y the principal NCUSY on pay this note the rincipal and interest will rincipal and interest will to is separately security to is separately security II - II - 97 CN EQU	Ad by (Gascribe separate MORICACE DATED SPOLRITY MORICACE DATED	PURPOSE: The purpose CAPTIAL & INFR SIGNATURES: 1 AGRE THOSE ON PAGE 21. 1 CITIPOWER, L. J. BY CAMPA	e of this loan is <u>BUSINESS</u> : WORKING ASTRUCTURE E TO THE TERMS OF THIS NOTE (INCLUDIN have received a copy on today's date.
ADDITIONAL CHARGE: If a pro- ADDITIONAL CHARGE above:	ayment is mede more the IS: In addition to interest y this note as follows: a scritical interest ON_ y the principal NCUSY on pay this note the rincipal and interest will rincipal and interest will to is separately security to is separately security II - II - 97 CN EQU	Ad by (Gascribe separate MORICACE DATED SPOLRITY MORICACE DATED	PURPOSE: The purpose CAPTIAL & INFR SIGNATURES: 1 AGRE THOSE ON PAGE 21. 1 CITIPOWER, L. J. BY CAMPA	e of this loan is <u>BUSINESS</u> : WORKING ASTRUCTURE E TO THE TERMS OF THIS NOTE (INCLUDIN have received a copy on today's date.
ADDITIONAL CHARGE: If a pro- ADDITIONAL CHARGE above:	ayment is mede more the IS: In addition to interest y this note as follows: a scritical interest ON_ y the principal NCUSY on pay this note the rincipal and interest will rincipal and interest will to is separately security to is separately security II - II - 97 CN EQU	Ad by (Gascribe separate MCRICACE DATED SPOIRTY IPP, INVENTORY,	PURPOSE: The purpose CAPTIAL & INFR SIGNATURES: 1 AGRE THOSE ON PAGE 21. 1 CITIPOWER, L. J. BY CAMPA	e of this loan is <u>BUSINESS</u> : WORKING ASTRUCTURE E TO THE TERMS OF THIS NOTE (INCLUDIN have received a copy on today's date.

Kernensei og La		
CITTIPOWER, L.L.C.	PANK OF MOCREARY COUNTY	
P.O. BOX 1309	2.0. BOX 160 Loan Number <u>1041</u>	n1
WHITLEY CITY, KY 42653	WHITLEY CITY, KY 42653 Date NOVEMBER 1	
	Maturity Date NOV.	
	Loan Amount 1 250	
	Ranewai Of 10410	
SORROWER'S NAME AND ADDRESS	LENDER'S NAME AND ADDRESS SSN: 61-130526	
	eraily. "You" means the lender, its successors and assigns.	
nr value received, I promise to pay to you, or the the test of tes	r your order, at your address listed above the PRINCIPAL sum of TWO HUNDRED	
J Single Advance: I will receive ail of this prin Multiple Advance: The principal sum shown	vn above is the maximum amount of principal I can borrow under this note. On <u>NOV</u>	<u>, 11, 1998</u>
f will receive the amo	ount of \$ and future principal advances are contemp	plated.
Conditions: The conditions for future adv UNLESS THE TERMS OF THE L	JUANCES AT A ATVANCES SHALL BE MADE UPON THE REQUEST OF TH	BREACHED.
ITEREST: I agree to pay interest on the outsta per year until FEBRUARY 11, 199 IV variable Rete: This rate may then change a: Index Rete: The future rate will be FROM TIME TO TIME BY THE ( PER ANNUM, No index: The future rate will not be IT frequency and Timing: The rate on the A change in the interest rate will U Limitetions: Ouring the term of this is %. Th	as stated below. <u>1,000% OVER</u> the following index rate: THE "PRIME RATE" A: CHASE MANHATTAN BANK AND PUBLISHED IN THE WALL STREE e subject to any internal or external index. It will be entirely inyour control, this note may change as often as <u>OLARTERLY</u> take effect <u>ON THE SAME DAY</u> loan, the applicable ennual interest rate will not be more than be rate may not change more than interest rate will have the following effect on the payments: ment will change.	s set forth
OST MATURITY RATE: I agree to nay esterest	st on the unpaid balance of this nöte owing after meturity, and until peid in full, as sti Issis in Affect before maturity (se indicated abova).	sted below:
OST MATURITY RATE: Lagrae to nay interest XX on the same lixed or variable rate be: at a rate equal to	asis in effect before maturitý (38 bidiceted abové).	stad balow:
OST MATURITY RATE: Lagrae to nav witarest & on the same fixed or variable rate bas into a rate grund to ALLE CHARGE: If a payment is meda more	esis in affect before maturity (aŭ fiblicated abova). e (nan <u>10</u> deva after it je dub, l'agree to pey e lete charge of <u>\$10.00</u>	
Image: Second	esse in affect before maturity (as indicated abové). • than <u>10</u> days after it is due, I agree to pay a late charge of \$10,00	
OST MATURITY RATE: Lagrae to nav interest XI on the same fixed or variable rate bas I at a rate equal to XI LATE CHARGE: If a payment is made more ADDITIONAL CHARGES: In addition to inter above:	asis in affect before maturity (as indicated above). a then <u>10</u>	
OST MATURITY RATE: Lagrae to nav interest XC on the same liked or variable rate bes Late change: If a payment is mede more ADDITIONAL CHARGES: In addition to inter above: AVMENTS: Lagrae to pay this note as follows	asis in affect before maturity (as indicated above). a then <u>10</u>	the principal amou
OST MATURITY RATE: Lagrae to nay interest Ston the same fixed or variable rate bas at a rate squal to ALATE CHARGE: If a payment is made more aDDITIONAL CHARGES: In wildling to inter above: AVMENTS: Lagree to pay this note as follows Clinerest: Lagree to pay accrued interest.	este in affect before maturity (sé fidicated abové). • (nan <u>10</u> days after it is due, I agree to pay a late charge of <u>\$10,00</u> (arest, I agree to pay the following charges which are one of included in rest. N THE 11TH DAY OF EACH THIRD MONTH BEGINNING FEBRIAR	the principal amou
OST MATURITY RATE: Lagrae to nay interest Ston the same fixed or variable rate bas at a rate squal to ALATE CHARGE: If a payment is made more aDDITIONAL CHARGES: In wildling to inter above: AVMENTS: Lagree to pay this note as follows Clinerest: Lagree to pay accrued interest.	este in affect before maturity (sé fidicated abové). • (nan <u>10</u> days after it is due, I agree to pay a late charge of <u>\$10,00</u> (arest, I agree to pay the following charges which are one of included in rest. N THE 11TH DAY OF EACH THIRD MONTH BEGINNING FEBRIAR	the principal amou
OST MATURITY RATE: I agree to nay interest XI on the same fixed or variable rate bas 1 at a rate aqual to XI LATE CHARGE: If a payment is made more ADDITIONAL CHARGES: In addition to inter- above: AYMENTS: I agree to pay this note as follows XI Interest: I agree to pay accrued interest X Principal: I agree to pay the principal NOVI	asia in affect before maturity (as indicated above). a then <u>10</u> days after it is due, I agree to pay a late charge of <u>\$10,00</u> areat, I agree to pay the following charges which are are not included in areat, I agree to pay the following charges which are are not included in THE 11TH DAY OF EACH THIRD MONTH BEGINNING FEBRIAR VEMBER 11, 1999	the principal amou
OST MATURITY RATE: I agree to nay interest XI on the same fixed or variable rate bas 1 at a rate aqual to XI LATE CHARGE: If a payment is made more ADDITIONAL CHARGES: In addition to inter- above: AYMENTS: I agree to pay this note as follows XI Interest: I agree to pay accrued interest X Principal: I agree to pay the principal NOVI	este in affect before maturity (as fidicated above).  e than 10 devs effect is due, I agree to pay a late charge of \$10.00  arcest, I agree to pay the following charges which are are or included in  re:  N THE 11TH DAY OF EACH THIRD MONTH BEGINNING FEBRIAR VEMBER 11, 1999	the principal amou
OST MATURITY RATE: I agree to nay interest X on the same lixed or variable rate bet I at a rate input to A LATE CHARGE: If a payment is mede more ADDITIONAL CHARGES: In addition to inter above: AYMENTS: I agree to pay this note as follows X Principal: I agree to pay this principal MOVE	asis in affect before maturity (as indicated above). • (nen <u>10</u>	the principal amou Y <u>11, 1999</u>
OST MATURITY RATE: I agree to nay interest Ston the same fixed or variable rate bas int a rate aqual to at a rate aqual to ADDITIONAL CHARGES: In adda more aDDITIONAL CHARGES: In adda more ADDITIONAL CHARGES: In addition to inter- above: ATMENTS: I agree to pay this note as follows Clinierest: I agree to pay accrued interest. ADDITIONAL I agree to pay this note in [] Installments: I agree to pay this note in [] and will be due unpaid balance of principal and interest.	este in affect before maturity (aŭ fidicated abova).  e (nan <u>10</u> deva alter it is duis 1 agree to pay a late charge of <u>\$10,00</u> arest, I agree to pay the following charges which are or not included in  s: <u>N THE 11TH DAY OF EACH THIRD MONTH BEGINNING FEBRIAR</u> VEMBER 11, 1999	the principal amou Y <u>11, 1999</u>
OST MATURITY RATE: I agree to nay interest Ston the same fixed or variable rate bes into a rate opual to ALLATE CHARGE: If a payment is made more ADDITIONAL CHARGES: In winktion to inter above: ADDITIONAL CHARGES: In winktion to inter ADDITIONAL CHARGES: INTER ADDITIONAL CHARG	este in affect before maturity (aŭ fidicated abova).  e (nan <u>10</u> deva alter it is duis 1 agree to pay a late charge of <u>\$10,00</u> arest, I agree to pay the following charges which are or not included in  s: <u>N THE 11TH DAY OF EACH THIRD MONTH BEGINNING FEBRIAR</u> VEMBER 11, 1999	the principal amou Y <u>11, 1999</u>
OST MATURITY RATE: I agree to nay interest Ston the same fixed or variable rate bas int a rate aqual to at a rate aqual to ADDITIONAL CHARGES: In adda more aDDITIONAL CHARGES: In adda more ADDITIONAL CHARGES: In addition to inter- above: ATMENTS: I agree to pay this note as follows Clinierest: I agree to pay accrued interest. ADDITIONAL I agree to pay this note in [] Installments: I agree to pay this note in [] and will be due unpaid balance of principal and interest.	este in affect before maturity (aŭ fidicated abova).  e (nan <u>10</u> deva alter it is duis 1 agree to pay a late charge of <u>\$10,00</u> arest, I agree to pay the following charges which are or not included in  s: <u>N THE 11TH DAY OF EACH THIRD MONTH BEGINNING FEBRIAR</u> VEMBER 11, 1999	the principal amou Y <u>11, 1999</u>
OST MATURITY RATE: I agree to nay interest Ston the same fixed or variable rate bas int a rate aqual to at a rate aqual to ADDITIONAL CHARGES: In adda more aDDITIONAL CHARGES: In adda more ADDITIONAL CHARGES: In addition to inter- above: ATMENTS: I agree to pay this note as follows Clinierest: I agree to pay accrued interest. ADDITIONAL I agree to pay this note in [] Installments: I agree to pay this note in [] and will be due unpaid balance of principal and interest.	este in affect before maturity (aŭ fidicated abova).  e (nan <u>10</u> deva alter it is duis 1 agree to pay a late charge of <u>\$10,00</u> arest, I agree to pay the following charges which are or not included in  s: <u>N THE 11TH DAY OF EACH THIRD MONTH BEGINNING FEBRIAR</u> VEMBER 11, 1999	the principal amou Y <u>11, 1999</u>
OST MATURITY RATE: I agree to nay interest Ston the same fixed or variable rate bas int a rate aqual to at a rate aqual to ADDITIONAL CHARGES: In adda more aDDITIONAL CHARGES: In adda more ADDITIONAL CHARGES: In addition to inter- above: ATMENTS: I agree to pay this note as follows Clinierest: I agree to pay accrued interest. ADDITIONAL I agree to pay this note in [] Installments: I agree to pay this note in [] and will be due unpaid balance of principal and interest.	este in affect before maturity (aŭ fidicated abova).  e (nan <u>10</u> deva alter it is duis 1 agree to pay a late charge of <u>\$10,00</u> arest, I agree to pay the following charges which are or not included in  s: <u>N THE 11TH DAY OF EACH THIRD MONTH BEGINNING FEBRIAR</u> VEMBER 11, 1999	the principal amou Y <u>11, 1999</u>
OST MATURITY RATE: I agree to nay interest Ston the same fixed or variable rate bas int a rate aqual to at a rate aqual to ADDITIONAL CHARGES: In adda more aDDITIONAL CHARGES: In adda more ADDITIONAL CHARGES: In addition to inter- above: ATMENTS: I agree to pay this note as follows Clinierest: I agree to pay accrued interest. ADDITIONAL I agree to pay this note in [] Installments: I agree to pay this note in [] and will be due unpaid balance of principal and interest.	este in affect before maturity (aŭ fidicated abova).  e (nan <u>10</u> deva alter it is duis 1 agree to pay a late charge of <u>\$10,00</u> arest, I agree to pay the following charges which are or not included in  s: <u>N THE 11TH DAY OF EACH THIRD MONTH BEGINNING FEBRIAR</u> VEMBER 11, 1999	the principal amount of the pr
OST MATURITY RATE: I agree to nay interest Ston the same fixed or variable rate bas int a rate aqual to at a rate aqual to ADDITIONAL CHARGES: In adda more aDDITIONAL CHARGES: In adda more ADDITIONAL CHARGES: In addition to inter- above: ATMENTS: I agree to pay this note as follows Clinierest: I agree to pay accrued interest. ADDITIONAL I agree to pay this note in [] Installments: I agree to pay this note in [] and will be due unpaid balance of principal and interest.	este in affect before maturity (aŭ fidicated abova).  e (nan <u>10</u> deva alter it is duis 1 agree to pay a late charge of <u>\$10,00</u> arest, I agree to pay the following charges which are or not included in  s: <u>N THE 11TH DAY OF EACH THIRD MONTH BEGINNING FEBRIAR</u> VEMBER 11, 1999	the principal amou Y <u>11, 1999</u>
OST MATURITY RATE: I agree to nay interest Ston the same fixed or variable rate bas int a rate aqual to at a rate aqual to ADDITIONAL CHARGES: In adda more aDDITIONAL CHARGES: In adda more ADDITIONAL CHARGES: In addition to inter- above: ATMENTS: I agree to pay this note as follows Clinierest: I agree to pay accrued interest. Clinierest: I agree to pay this note in and will be due unpaid balance of principal and interest.	este in affect before maturity (aŭ fidicated abova).  e (nan <u>10</u> deva alter it is duis 1 agree to pay a late charge of <u>\$10,00</u> arest, I agree to pay the following charges which are or not included in  s: <u>N THE 11TH DAY OF EACH THIRD MONTH BEGINNING FEBRIAR</u> VEMBER 11, 1999	the principal amou Y <u>11, 1999</u>

EX SECURITY: This note is separately secured by identifie separate document by type and data; REAL ESTATE MORIGAGE DATED 11-11-97 CN CUYM. BLCC. & LOT, SECURITY ACREEMENT DATED 11-11-97 CN EQUIP, INVENTORY, PIPELINE, MACHINERY, ACCTS. REC This security rev interest in the secure secury secures data at most the secure and at security in the table is being secure data at most the

PURPOSE: The purpose of this toon is <u>BUSINESS</u>: <u>WORKING</u> <u>CAPITAL & INFRASTRUCTURE</u> SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's data.

Signature for Londer

X DAVID ROSS

CITIPOWER, L.L.C. Д EN LAND E CUI J

UNIVERSAL NOTE p 1984, 1991 Bornars Systems, Inc., St. Cloud, MN (1-900-297-2341). form UN: 1/17/96

(page 1 of 2)

• : •

DEFINITIONS: As used on page 1 "(3)" means the forms that apply to this loam. "1." "me" or "my" means cach Barrower who signs this note and each other person or logal ensure lineturing guereniers, andorsers, and surfacts who agrees to pay this innic lingether releared to as "us". "You" or "mu" means the larger and its successors and assigns. APPLICABLE LAW: The law of the tatle in which you are located will govern this note. Any term of this innis which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a vertainer, it any provision of this agreement cannot be enforced according to its terms, this last will not affect the anforcement may be made willow!! your express written consent. Time is of the assance in hyperpendie.

made withmit your express written consent. Time is of the essence in this agreement, PAYMENTS, Sach payment I make on this note will first reduce the amount I awe you for barries withch are neither interest nor principal. The remainder of each payment will then robust excruded unpaid interest, and then unpaid principal, II you and Lagree for a different application of payments, we will describe our agreement on this note. I may propay a part of, or the entire balance of this fane, which garawing will der source of the entire balance of this fane. They payment will der source of the entire balance of this fane. Which garawing is paid will der source of the entire balance of this fane. Which garawing is paid in full furthers, which is make the payment will be again a paid in full furthers, which is not propayment, you and Lagree in writing to the controly.

prot of, or the entire balance of this fand without panality, unliss we Stroff to the contravious this mole. Any partial preparement will dif-results or ratius, any later schehuleg payment until this only is poid in full lunliss, when I make the propriority you mill fly only is speed in full contravit. INTEREST, introst accrues on the principal ramaining unpert from time to time, until paid in full. It receive the principal inmove that one advance, acch advance will start to rain intrast only when it receives the advance. The introst accrues on the principal ramaining unpert from time to time, until paid in full. It receive the principal inmove that one advance, acch advance will start to rain intrast time. Notwithstanding introduced to the principal advanced at that time. Notwithstanding introduced to the online principal luma. The unit time accurs the advance. The interest rate in effect on this note at any given time will apply to the online principal advanced at that time. Notwithstanding interest rais call subser that is the pay and you go not intered to phrage any rain of subsers that is the pay and you go not intered to phrage any call other subser than is more allowed by lay raise to correct it. and all you callulat balact man interest that allowed by lay wand this interest rais call subser that is an arrow we mutually sars to correct it. NOEX RATE: This index will serve only as a device for setting the rate on the start of You than guarantical by telecting this index, or the magin, the rate of lower to mark subser that is will be calculated using the interest that I will be accurate and you any subsert of lower and subsert that will be accurate method stated on page 1 of the note. Sor the purpose of interest calculation, the accurate mathod is stand, then you may use any resemble accurate method stated on page 1 of the note. Sor the purpose of interest calculation, the accurate mathod will determine the number of daws in a "way." If no accurate mathod is stander will be note

ecoect that you will make more than one advance of principal, if this is additional credit, covering a pert of the principal will not entitle me to additional credit. Provide the principal will not entitle me to then you may trink those paymaps india by you is advances and add then you may trink those paymaps india by you is advances and add then you may trink those paymaps india by you is advances and add then you may trink those paymaps india by you is advances and add then you may trink those paymaps india by you is advances and add then to the usual principal unifer this note, or you may domaind inmodulin paymati of these to create somey from you. "Pight to receive money from you" means; 111 any doposit account balance they will have to receive money from you. possession for calification or acchange; and. they not ngound advance of the nondeposit obligation. "Any mount dive and payable under this note" means; 12) any neguritase agreement or other nondeposit obligation. "Any mount dive set off. This total includes any balance the due date for which you properly accelerate under this note. If my refut to receive money from your you so advance the due date for which you properly accelerate under this note. If my refut to receive money from your so is so owned by someone who has not adread to pay this note under this note. If my refut to receive money from whis advance it due to my interest in the obligation and to any balar advances it due to my interest or endorsement. Your right of set-off does not apply to on account or other to bligation where my rights are only as a representative. If also down not pay the advances it due to account or other adviction there we for any check when the dishonor occurs because you sait off the dishonor of any check when the dishonor occurs because you sait the dishonor of any check when the dishonor occurs because you sait the source at the advance at a result of your secrets of your nght of advection. REAL ESTATE OR RESIDENCE SECURITY: If this

and your remedies for such a default will be determined by applicable faw, by the forms of any separate institutional creating the security to instrument. If a security is instrument, by the "Default" and in the security instrument, by the "Default" and instrument is socurity instrument, by the "Default" and instrument is socurity to instrument. By the "Default" and instrument is an any society instrument for the boliowing nocur: (1) in the security well (1) instrument, by the "Default" and instrument is society to be address of the second provide security and in the second provide second p

periodition officer the descruptor solve. WATVER; I give up my rights to require you to do certain things. I will not

require you to:

guie you to: (1) demand proment of amounts due (presentment); (2) obtain official cartification of nonpayment (protest); of (3) give notice that amounts due have not been and (indice of distance); i waive any defenses I have hasad on surcityship or impairment of

I welve any defenses I have based on surglyship or impairment of collectrol: OBLIGATIONS INDEPENDENT: I understend that I must hav this note even if someone dise has also agreed to pay it by, for nample, tigned to be an advected to pay it by, for nample, tigned to be any number of use someone. If someone dise has also agreed to pay it by, for nample, tigned along, or any number dise that it must have not be advected to be advected advected to be advected to be advected to be advected advected to be advected advected to be advected advected to be advected advected advected advected advected to be advected advect

JATE RANSAC	0F C T(ON	PRINCIPAL	BORRÓWER'S INITIALS frei requiret	PHNCIPAL FAYMENTS	PRINCIPAL SALANGE	INTEREST RATE	NTEREST Payments	IN TEI PA THRO	0
7	1	3		\$	\$		\$	1 /	1
1	1	\$		\$	5	**	\$	1 1	1
1	1	5		\$	5	%	5	1	1
1	1	3		5	3	35	\$	1	1
1	1	5		\$	15	1 %	\$	11	1
1	1	\$		\$	5	*	\$	1	1
1	1	1 5		\$	5	3.	3	1	1
1	1	5		\$	\$	*	3	1 /	1
1	1	5		5	1 3	%	5	1 /	ĩ
1	1	3		\$	5	%	\$	17	7
7	1	;		\$	1 3	?"	\$	1	7

0 1984,1991 Samera Systems, Inc., St. Claud, MN 11-800-397-23411 Farm UN: 1/17/98

•

·· . · · .

1977 - 2141

S. 1

1.13

		SIMPL	LLMENT I			URI I Y AGR 'UCKY)	EEMENT		****3 (7/2
tor Vehicle CET rower (and Co-Sorrower)	THEOREM AND			Seller	HAND FILME	- PPFERS FC	new Anne		
	स्टन			NAME		UNITED TO THE TO THE T		-	<del></del>
el <del>an ner n</del> er-		····	32000	Street	Realson (Aller)	0.8241041 (2011) 0910-0			
	Stars _	Zip		City			State	Z:p	4022
this Agreement, the words "We" mean Bank One, Ke tified above (the "Seller"), v	RUCKY, NA, INS (	Creditor. This is	an is to linance	rower or Co-Br 1 Your purches	anowarwh onowarwh	o signs at the both operty described	om of this pag below (the "P	e. The words "C roperty") fram t	lur," "Us he Saile
Make		Волу Туре	Year	New o		Identifica Numbe		Licen Numt	
10GeF	I		(.)!"						
	Auto Transmissio			er Brakes			<u> 28484</u>		
							T 8945		
*ANNUAL PERCENTAGE RATE* The cost of Your credit as a yearly rate.	*FINAN CHARC Thy tollar am credit will cost	SE* ount the t You	Amo Finan The arround provided to Your behall.	cad ; of credit You or on	The s nave have ments	Total of Payments amount You will perd. after You made all pay- s as scheduled.			国家語族性
<u>- 9.37</u> %	\$958	<u>61.10</u>	\$12/3/9		S		J Sara		死
our payment schedule will t				- <del></del>		N/K C			·,
Number of Payme (0646)		Amount o	Payments	Montra		When Paymer	ns are Due		<u></u>
Isla és			_ <u></u>			<u></u>			
IF APPLICABLE. Is Your contract document	moni than 10 da curity interest in s arly. You may hav unption: Sorneo s for any addition	the goods or Pr i i ve to pay a pen ne buying Your	l b4 charged 5% roperty being pr . (313) alty. principal dwelli	of the payme ircheed, and ng cannot ass	ant. Iany money Iame the rel	y or property You v	n on the origin	nat terme	, and
Security: You are giving a se sepayment: If You pay off e CHECK BOX C IF APPLICABLE IF APPLICABLE NSURANCE: Iredit lite insurance and cre-	more than 10 da curity interest in t arly, You may hav arription: Someon s for any addition altres.	iya late, You will the goods or Pr l 77 re to pay a pen- ne buying Your nat information	l be charged 5% operty being po . (1)) alty. principal dwelli about non-payi	a of the payme archased, and ng cannot ass ment, default,	ant. Bny money sume the rea any require	y or property You's inalinder of the lea ad repayment in th	n on the origin ull balore the	nal terms scheduled date	
Seurity: You are giving a se ling Fees: 5 repayment: If You pay off e CHECK BOX D Asso IF APPUCABLE IF APPUCABLE NSURANCE:	more than 10 da curity interest in t arly, You may hav arription: Someon s for any addition altres.	iya late, You will the goods or Pr l 77 re to pay a pen- ne buying Your nat information	l be charged 5% operty being po . (1)) alty. principal dwelli about non-pays 	a of the payme archased, and ng cannot ass ment, default,	ant. Bny money sume the rea any require	y or property You's inalinder of the lea ad repayment in th	n on the origin ull balore the	nal terms scheduled date	
Security: You are giving a se apayment: If You pay off e CHECK BOX A Asso IF APPUICABLE. By Your contract docurrent apayment refunds and pen NSURANCE: Iredit life insurance and cre- ne additional cost.	more than 10 da curity interest in t arly, You may hav unption: Someon s for any addition allies.	iya late, You will the goods or Pr l 77 re to pay a pen- ne buying Your nat information	I be charged 5% operty being po ality. principal dwelli about non-pays a are not require	of the payme inchased, and ng cannot ass ment, default, d to obtain cre	ant. Biny money aime the rei any require any require adit, and will	y or property You's inalinder of the lea ad repayment in th	n on the origin ull balore the	nal terms scheduled date	
Security: You are giving a se ling Fees: \$	more than 10 da curity interest in t arly, You may hav unption: Someon s for any addition allies.	iya late, You will the goods or Pr l 77 re to pay a pen- ne buying Your nat information	I be charged 5% roperty being pr . (1); ality. principal dwelli about non-pays a are not require	of the payme inchased, and ng cannot ass ment, default, d to obtain cre Signature	ant. Biny money aime the rei any require any require adit, and will	y or property You's inalinder of the lea ad repayment in th	n on the origin ull balore the	nal terms scheduled date	
Security: You are giving a se ling Fees: \$	more than 10 da curity interest in t arly, You may hav unption: Someon s for any addition allies.	iya late, You will the goods or Pr l 77 re to pay a pen- ne buying Your nat information	I be charged 5% operty being po- ality. principal dwelli about non-pays e are not require	of the payme inchased, and ing cannol ass ment, default, ind to obtain cre Signature want credit life	ant. Biny money aime the rei any require any require adit, and will	y or property You's inalinder of the lea ad repayment in th	n on the origin ult balore the unless You sig	nal terms scheduled date	
Security: You are giving a set to a set of the set of	more than 10 da curity interest in t arly, You may hav unption: Someon s for any addition allies.	iya late, You will the goods or Pr l 77 re to pay a pen- ne buying Your nat information	I be charged 5% operty being pu- ality. principal dwelli about non-pays a are not require to the transfer of t	of the payme inchased, and ing cannot ass ment, default, ind to obtain cre <u>Signature</u> want credit life signature)	int. Eny money sume the re- any require edit, and will insurance,	y or property You's inalinder of the lea ad repayment in th	n on the origin ult balore the unless You sig	nal terms scheduled date	
Security: You are giving a set applyment: If You pay off e CHECK BOX C IF APPLICABLE applyment refunds and pen NSURANCE: redit life insurance and cross additional cost. Type Credit Life	more than 10 da curity interest in t arly, You may hav unption: Someon s for any addition allies.	iya late, You will the goods or Pr l 77 re to pay a pen- ne buying Your nat information	I be charged 5% operty being po- alty. principal dwelli about non-pays a are not requires	of the payme inchased, and ing cannot ass ment, default, ind to obtain cre <u>Signature</u> want credit life signature)	int. Eny money sime the re- any require edit, and will insurance.	y or property You's inalinder of the loa ad repayment in th il not be provided (	n on the origin ult balore the unless You sig	nal terms scheduled date	
Security: You are giving a set to a set of the set of	more than 10 da curity interest in t arly, You may hav unption: Someon s for any addition allies.	iya late, You will the goods or Pr l 77 re to pay a pen- ne buying Your nat information	I be charged 5% operty being po- alty. principal dwelli about non-pays a are not requires	of the payme inchased, and ing cannot ass ment, default, ind to obtain cre Signature want credit life signature) want credit acc	int. Eny money sime the re- any require edit, and will insurance.	y or property You's inalinder of the loa ad repayment in th il not be provided (	n on the origin ult balore the unless You sig	nal terms scheduled date	
Security: You are giving a set security: You are giving a set sepayment: If You pay off e CHECK BOX C IF APPLICABLE IF AP	more than 10 da curity interest in t ariy, You may hav amption: Someor s for any addition almes. dit accident and t <u>Premium</u> \$	In the goods or Pr i 177 ie to pay a pen- ne buying Your nat information intentit Insurance intentit Insurance intentit Insurance	I be charged 5% operty being po- ality. principal dwelli about non-pays a are not require (5 (5) (5) (5) (5) (5) (5) (5) (5) (5)	of the payme inchased, and ing cannot ass ment, default, ind to obtain cre <u>Signature</u> want credit life signature) want credit acc signature) ble to Us:	ant. Eny money time the re- any require edit, and will insurance.	y or property You's inalinder of the lea ad repayment in the ill not be provided of health insurance.	n on the origin uli balore ine unless You sig	nal terms	
Security: You are giving a se security: You are giving a se sepayment: If You bay off e. CHECK BOX C Assu- IF APPLICABLE. The Your contract docurrent sepayment refunds and period NSURANCE: Tredit lite insurance and create a dditional cost. Type Credit Lite Credit Lite Credit Lite	mani than 10 da curity interest in 1 ariy, You may has imption: Someon s for any addition alites. dit addidant and t <u>Premium</u> \$	In the goods or Pr I The goods or Pr I The to pay a pen- ne buying Your nat information I the top and top and top and the top and	I be charged 5% operty being pu- ality. principal dwelli about non-pays a are not require to a contrequire (5) (5) (5) (5) (5) (5) (5) (5) (5) (5)	of the payme inchased, and ing cannot ass ment, default, ind to obtain cre <u>Signature</u> want credit life signature) want credit acc signature) ble to Us:	ant. Eny money time the re- any require edit, and will insurance.	y or property You's inalinder of the lea ad repayment in the ill not be provided of health insurance.	n on the origin uli balore ine unless You sig	nal terms	
weurity: You are giving a set ting Fees: 5 wepayment: If You pay off e CHECK BOX IF APPLICABLE To Your contract docurrent wepayment refunds and pen NSURANCE: redit life insurance and cre- te additional cost. Type Credit Life Credit Life Credit Life You may obtain property;	more than 10 da curity interest in 1 ariy. You may hav imption: Someon s for any addition allies. dit addidant and t <u>Premium</u> Single Interest in Single Interest in Single Interest in	ya late. You will the goods or Pr 1 "7" te to pay a pen- ne buying Your nat information health Insurance Littic black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black black bl	I be charged 5% operty being po- ality, principal dwelli about non-pays a are not require (S) (S) (S) (S) (S) (S) (S) (S) (S) (S)	of the payme inchased, and ing cannot ass ment, default, ind to obtain cre Signature want credit tife signature) want credit acc signature) ble to Us; t that is accept	ant. Eny money sume the rea any require edit, and will insurance, cidenr and i	y or property You's inalinder of the Ica ad repayment in the ll not be provided of health insurance,	n on the origin uli balore ine unless You sig	nal terms scheduled date n and agree to p 	
Credit Accident and Health insurance Credit Accident and Health insurance Credit Accident and Health insurance Credit Accident and Health insurance Credit Life Credit Life Credit Life Credit Accident and Health insurance Credit Life Credit Life Credit Life Credit Accident and Health insurance Credit Accident and Health insurance Credit Accident and Health insurance Credit Accident and Health insurance Credit Accident and Health insurance	more than 10 da curity interest in 1 arly. You may hav imption: Someon s for any addition allies. dit addition allies.	ya late. You will the goods or Pr 1 77. Te to pay a pen- ne buying Your hal information health Insurance Li-Li- balth Insurance Li-Li-balth Insu	I be charged 5% operty being po- ality, principal dwelli about non-pays a are not require a are not require to that is accepted invone You wan ticated.	of the payme inchased, and ing cannot ass ment, default, ind to obtain cre Signature want credit life signature) want credit act signature) want credit act signature) ble to Us: it that is accept it Accident an e Interest insu	ant. Bny money sume the real any required any required	y or property You's inalinder of the Ica ad repayment in the ll not be provided of health insurance, s. If checked below \$	n on the artgin ult batore the untess You sig	nal terms scheduled date n and agree to p 	леу
weurity: You are giving a set ting Fees: 5 wepsyment: If You pay off e CHECK BOX C Assu IF APPUCABLE to Your contract docurtent wepsyment refunds and pan NSURANCE: regit life insurance and create a additional cost. Type Credit Life Credit Accident and Health insurance You may obtain property i You may obtain property i You may obtain property i You may obtain property i You may obtain property i Credit Life Credit Accident and Health insurance Lender's Single Interest in Lender's Single Interest Only those of You who s Credit Accident and Health	mani than 10 da curity interest in 1 arty, You may has imption: Someon s for any addition alites. dit addition and r <u>Premium</u> \$	The to pay a period the goods or Priod to pay a period to pay a period to pay a period to pay a period to pay a period to pay a period to pay a period the buying Your material the buying Your material the buying Your material to the cost include the pre- pre-to pay a period to pre- to the cost include to pre- to the cost	I be charged 5% operty being po- ality. principal dwelli about non-pays a are not require a are not require to that is accepta inyone You wan ticated.	of the payme inchased, and ing cannot ass ment, default, ind to obtain cree Signature want credit life Signature) want credit according signature) ble to Us: it that is accord it Accident and e Interest insu rnlahed by Us	ant. Eny money time the real any required any required	y or property You's inalinder of the Ica ad repayment in the ll not be provided of health insurance, s. If checked below \$	n on the artgin ult batore the untess You sig	nal terms scheduled date n and agree to p 	
weurity: You are giving a set ting Fees: 5 epsyment: If You pay off e CHECK BOX D Assu IF APPUCABLE to Your contract docurrent apayment refunds and para NSURANCE: regit life insurance and cre- te additional cost. Type Credit Life Credit Accident and Health insurance You may obtain property f You may obtain property f You may obtain property f You may obtain property f Credit Accident and Health insurance Doittional Insurance Only these of You wird a Credit Accident and Health You pre required to obtain Only the insurance for w	mani than 10 da curity interest in 1 arty, You may has imption: Someon s for any addition alites. dit addition and r <u>Premium</u> \$	The to pay a period the goods or Priod to pay a period to pay a period to pay a period to pay a period to pay a period to pay a period to pay a period the buying Your material the buying Your material the buying Your material to the cost include the pre- pre-to pay a period to pre- to the cost include to pre- to the cost	I be charged 5% operty being po- ality. principal dwelli about non-pays a are not require a are not require to that is accepta inyone You wan ticated.	of the payme inchased, and ing cannot ass ment, default, ind to obtain cree Signature want credit life Signature) want credit according signature) ble to Us: it that is accord it Accident and e Interest insu rnlahed by Us	ant. any money ame the real any require any require addt, and will insurance. cident and i cident and i c	y or property You'd inalinder of the Ica ad repayment in the ill not be provided to health insurance.	n on the artgin ult batore the untess You sig	nal terms scheduled date n and agree to p 	
weurity: You are giving a set ting Fees: 5 epsyment: If You pay off e CHECK BOX D Assu IF APPUCABLE To Your contract docurtent epsyment refunds and para IF APPUCABLE Tredit life insurance and create a additional cost. Type Credit Accident and Health insurance Credit Accident and Health insurance You may obtain property f You may obtain property f Credit Accident and Health You are required to obtain Only the insurance for w #/ 533 00	more than 10 da curity interest in 1 ariy. You may has imption: Someon s for any addition alites. alt accident and t <u>Premium</u> \$	The to pay a period the goods or Priod to pay a period to pay a period to pay a period to pay a period to pay a period to pay a period to pay a period the buying Your material the buying Your material the buying Your material to the cost include the pre- pre-to pay a period to pre- to the cost include to pre- to the cost	I be charged 5% operty being po- ality. principal dwelli about non-pays a are not require a are not require to that is accepted invone You wan ticated.	of the payme inchased, and ing cannot ass ment, default, ind to obtain cree Signature want credit life Signature) want credit according signature) ble to Us: it that is accord it Accident and e Interest insu rnlahed by Us	ant. Eny money time the real any required any required	y or property You'd inalinder of the Ica ad repayment in the ill not be provided to health insurance.	n on the artgin ult batore the untess You sig	nal terms scheduled date n and agree to p 	
Security: You are giving a setting Fees: 5         Payment: If You bay off e         CHECK BOX []         Assumption of the Check BOX []         IF APPLICABLE.         NSURANCE:         Tredit life insurance and creme additional cost.         Type         Credit Life         Credit Life         Credit Life         You may obtain property;         You reaged by the insurance for w         You are required to obtai         Only the insurance for w         "/ 1533 O0         '/115 G S G 7	mani than 10 da curity interest in 1 arty, You may has imption: Someon s for any addition alites. dit addidant and t <u>Premium</u> \$	The to pay a period The goods or Prime to pay a period the buying Your he buying Your has information the buying Your has information has information the buying Your has information has information	I be charged 5% operty being po- ality. principal dwelli about non-pays a are not require a are not require to that is accepta inyone You wan ticated.	of the payme inchased, and ing cannot ass ment, default, ind to obtain cree Signature want credit life Signature) want credit according signature) ble to Us: it that is accord it Accident and e Interest insu rnlahed by Us	ant. any money ame the real any require any require addt, and will insurance. cident and i cident and i c	y or property You'd inalinder of the Ica ad repayment in the ill not be provided to health insurance.	n on the artgin ult batore the untess You sig	nal terms scheduled date n and agree to p 	
weurity: You are giving a set ting Fees: 5 epsyment: If You pay off e CHECK BOX D Assu IF APPUCABLE To Your contract docurtent epsyment refunds and para IF APPUCABLE Tredit life insurance and create a additional cost. Type Credit Accident and Health insurance Credit Accident and Health insurance You may obtain property f You may obtain property f Credit Accident and Health You are required to obtain Only the insurance for w #/ 533 00	mani than 10 da curity interest in 1 arty, You may has imption: Someon s for any addition alites. dit addidant and t <u>Premium</u> \$	The to pay a period The goods or Prime to pay a period the buying Your he buying Your has information the buying Your has information has information the buying Your has information has information	I be charged 5% operty being po- ality. principal dwelli about non-pays a are not require a are not require to that is accepta inyone You wan ticated.	of the payme inchased, and ing cannot ass ment, default, ind to obtain cree Signature want credit life Signature) want credit according signature) ble to Us: it that is accord it Accident and e Interest insu rnlahed by Us	ant. any money ame the real any require any require addt, and will insurance. cident and i cident and i c	y or property You'd inalinder of the Ica ad repayment in the ill not be provided to health insurance.	n on the artgin ult batore the untess You sig	nal terms scheduled date n and agree to p 	

01/14/1999 12:19 6863752838

	Itemization of the Amount manced
	Cash Price (including asies or use tex)
:.	Cash Down Payment
1	Trada In S
	Lees Dalance
	due on trade in
	Net Trade in
	Allowance
Ŀ	Total down Paymant (2 + 3)
÷.	Total down Paymani (2 + 3) Uripaid balance of can price ball to Seller
•	Amount para to others on mour samile
	a. To insurance companies
	e. To public officials for filing.
	Heense and registration
	<u> </u>
	d. To
	5 <u>I.I. ().</u>

Promise to pay: You promise to pay to Us, or to Our order, the Principal
Annount (defined below) plus interest at the annual interest rate indicated
below. The term "Principal Amount" means the Amount Financed
plus the Prepaid Finance Charge listed in item 9 of the Itemization
of the Amount Financed, interest will be figured daily on the unpeud
Principal Amount on a simple interest busis, beginning on the date of
inia Agreement and continuing until paid in full. You promise to make
monthly payments according to the payment schedule above on the
same day of each month. If this Apreement provides for a variable annual
ate of interest and the rate changes, the number of payments may
change but the amount of each payment will remain the same (except
perhaps for the last payment).
Annual Rate of Interest:

PAGE

82

A State of the second

ł

日本のないので、「日本のの

CITIPOWER, L.L.C.

Annual Rate of Interest: Marx the appropriate box with an "X" SG The annual rate of interest of this Agreement is \_\_\_\_\_\_\_%. The annual rate of interest of this Agreement is \_\_\_\_\_\_%. The annual rate of interest in effect on the date of this Agreement is \_\_\_\_\_\_%.which is \_\_\_\_\_\_ percentage points in excess of the "Prime Rate" (as explained below) for the calendar month praceding the month in which this Agreement is signed. The annual Interest rate will be adjusted on the first banking day of each month to equal the "Prime Rate" determined for the previous month, plus the same number of percentage points. "Prime Rate" means the average weekly Bank Prime Loan Rate es published by the Boak of Governors of the Federal Reserve System in Statistical Release H. 15 for the week which includes the 15 th of the month. The annual rate of interest will not exceed 24%.

.;'

 $2^{-1}$ ۰.

4

ŝ

B Propaid Finance Charge Late Charges: If any payment is not paid in full within ten (10) days after it is due. You, yell pay a Late Charge equal to 3% of the unpeld amount of the payment.

5

17 പ്രവ

CHECK BOX IF APPLICABLE

Ş. の記載す

1. Sec.

1 10 A Car í

tize signed this Agreement for the sole purpose of waiving or subordinating any joint or inchoste interest that he or she may have in the Property.

Security Interest: In order to secure all amounts due under this Agreement and any and all renewals, extensions and reinancings of any amounts due under this Agreement, You hereby grant to Us a purchase money security interest in the Property, all proceeds and replacements of the Property, and all additions and accessions to the Property.

YOU AGREE THAT THE ADDITIONAL TERMS AND CONDITIONS ON THE REVERSE SIDE OF THIS PAGE ARE INCORPO-RATED BY REFERENCE, WHICH MEANS THAT THEY ARE PART OF THIS AGREEMENT JUST AS IF THEY WERE PRINTED BIGHT HERE, YOU ACKNOWLEDGE RECEIPT OF A TRUE AND COMPLETELY FILLED IN COPY OF THIS AGREEMENT AT THE TIME OF SIGNING.

COSIGNERS: Read the Important notice on the reverse side before you sign this Agreement.

UZ	ROWA	AC	In Au	ILE CH	012/1	3		
BORROY	ER'S SIGNATURE		-77	V.P.	DATE	CO BORROWER'S SIG	INATURE	 DATE
			· · · ·					•
711-1E -	- MYERE FORD	- TRACL	· · · · ·					1.271.27%
			·					LEZIZZA
			WHITE -	BANK	CANARY	- SELLER PI	NK - BUYER	

otor Vehicle CITT	PPOWER FLC		ST (i	KENTUCKY)		
rrower (and Co-Borrower)			Seller PH	OR INE - MYTERS LORD	94462.	
noer 2 122 COURCEPTONS	en errande			PHES LEAD STREET		
WEDTCHEY COTTY	State I'Y Zip	807.00B		99 (4 a	10 1° 1° 710	402762
n this Agroomont, the words 1 "We" mean Bank Orie, Kar	"You." "Your," and "I" mean en	ioan is to lloanca	war or Co.Borr	ower who signs at the bottom of of the property described below	lania anna Tha and	s "Our," "U Im the Seil
Маке	Body Type	Year	New or	Identification Number		censa umber
OND	F250	20	INFELD -	LETHEREGUTERBELL	-9-4	
essories 🔲 Radio 🗍 A	uto Transmission 🛛 Power S	Steering (] Powe	r Brakes (7 Ai			<del></del>
ANNUAL	FINANCE	Amou	nt	Total of	A# 57 74	45.4
PERCENTAGE	CHARGE*	Finance flie amount		Payments	的实行主要	科美国
The cost of Your credit	credit will cost You.	provided to Y		The amount You will nave paid after You		393
as á yearly rate.		Tour Seriair.		have, made all pay- monts as scheduled.		
6. 83	6420.17	. 26690	1.0.3	2024 1 4 Wira	ANNE	また
······································	5	\$	· · · · · · · · · · · · · · · · · · ·	\$33111.000		的东西
four payment schedule will b	a:			*********************************		ت <u>ل</u> يد است. ا
Number of Paymer		of Payments		When Payments are		
7,6%,QA	1 5	2007 E 2 7907		pediulud Triff Sign	19	
		and course and an experimental sector of the		egiuting the fill fill	19	<u> </u>
Late Charge: If a payment is security: You are giving a sec illing Fees: S Prepayment: If You pay off at CHECK BOXAssu IF APPLICABLE See Your contract documents	ised to 15% in two years, you more than 10 days late. You wantly interest in the goods or it arry. You may have to pay a perimption: Someone buying You stor any additional informatio	would have to misk vill be charged 5% Property being pur アルドル malty. ur principal dweilin	of the payment chased, and an g cannot assum	al payment of \$77.18.	the original terms.	date, and
Late Charge: If a payment is security: You are giving a sec illing Fees: S repayment: If You pay off as CHECK BOXAssu IF APPLICABLE see Your contract documents rapayment refunds and pen rapayment refunds and pen	ised to 15% in two years, you more than 10 days (kie, You w more than 10 days (kie, You w aurity interest in the goods or ) the goods or ) the goods of the goods or ) the goods of the goods of the goods with the good of the goods of the go	would have to mak will be charged 5%. Property being put 2,, 8%) malty. ur principal dwellen n about non-paym	le one additions of the payment chased, and an g cannot assum tent, dafault, an	al payment of \$77.18. In money or property You've dep ne the remainder of the loan on t	the original terms. fure the scheduled o	
Late Charge: If a payment is Security: You are giving a sec repsyment: If You pay off as CHECK BOXAssu IF APPLICABLE See Your contract documents repayment refunds and perm INSURANCE:	ised to 15% in two years, you more than 10 days (kie, You w more than 10 days (kie, You w aurity interest in the goods or ) the goods or ) the goods of the goods or ) the goods of the goods of the goods with the good of the goods of the go	would have to mak will be charged 5%. Property being put 2, 時分 malty. In about non-paym about non-paym ce are not required	le one additions of the payment chased, and an g cannot sasur tent, default, an u to obtain credi lignature	al payment of \$77.18. In money or property You've dep the the remainder of the loan on t iv required repayment in full be up and will not be provided unless	the original terms. fure the scheduled o	
Late Charge: If a payment is Security: You are giving a sec Prepayment: If You pay off as CHECK BOXAssu IF APPLICABLE See Your contract documents repayment refunds and pend INSURANCE: Credit life insurance and cred the additional cost.	sed to 15% in two years, you more than 10 days (ate, You w ounty interest in the goods or 1 any, You may have to pay a pe anotion: Someone buying You is for any additional informatio wittes	would have to mak will be charged 5%. Property being pur 2, 16(c) maity. Ir principal dwellin n about non-paym ce are not required the are not required the second second second second the second second second second the second second second second second the second second second second second the second secon	le one additions of the payment chased, and an g cannot saturn tent, default, an li to obtain credi lignature ant credit life in	al payment of \$77.18. In money or property You've dep the the remainder of the loan on t iv required repayment in full be up and will not be provided unless	the original terms. fure the scheduled o	
Late Charge: If a payment is Security: You are giving a sec Prepayment: If You pay off as CHECK BOXAssu IF APPLICABLE See Your contract documents prepayment refunds and pen INSURANCE: Credit inte insurance and cred the additional cost. Type	Ised to 15% in two years, you more than 10 days late. You we more than 10 days late. You we aurity interest in the goods or 1 they, You may have to pay a pe temption: Someone buying You s for any additional information withes dit accident and health insuran Premium	would have to mak will be charged 5%. Property being pur 2, (%) maity. In principal dwellin in about non-paym oce are not required to a set of required (Si	le one additions of the payment chased, and an g cannot sasurt tent, dofault, an d to obtain credi lignature ant credit life in gnature)	al payment of \$77.18. In money or property You've dep the the remainder of the loan on t iv required repayment in full be up and will not be provided unless	the original terms. fure the scheduled o	
Late Charge: If a payment is Security: You are giving a sec Prepayment: If You pay off as CHECK BOXAssu IF APPLICABLE See Your contract documents prepayment refunds and pen INSURANCE: Credit inte insurance and cred the additional cost. Type	Ised to 15% in two years, you more than 10 days late. You we more than 10 days late. You we aurity interest in the goods or 1 they, You may have to pay a pe temption: Someone buying You s for any additional information withes dit accident and health insuran Premium	would have to mak will be charged 5%. Property being put 2%. (%) analty. ar principal dwellan in about non-paym in about	le one additione of the payment chased, and an g cannot assum ent, default, an d to obtain credi lignature ant credit life in gnature) gnature)	al payment of \$77.18. In money or property You've dep ne the remainder of the loan on t iv required repsyment in full be it, and will not be provided unless surance.	the original terms. fure the scheduled o	
Late Charge: If a payment is Recurity: You are giving a sec Filing Fees: S Prepayment: If You pay off as CHECK BOX D Assu IF APPLICABLE Ree Your contract documents repayment refunds and period INSURANCE: Credit life insurance and cred the additional cost. Type Credit Life Credit Life	Isad to 15% in two years, you more than 10 days late. You we ounty interest in the goods or any any additional intermation and any additional intermation attes	would have to mak vill be charged 5%. Property being put 2, 19(1) analty. In principal dwellar in about non-paym oce are not required the formation of the second second of the second of the second second of the second of the second second of the second of the second of the second second of the second of the s	le one additione of the payment chased, and an g cannot saturn rent, dafault, an d to obtain credi lighature ant credit life in gnature) ant credit accid	al payment of \$77.18. In money or property You've dep ne the remainder of the loan on t ay required repayment in full bet ut, and will not be provided unless surance.	the original terms. fure the scheduled o	
Late Charge: If a payment is Security: You are giving a sec iling Pees: S Prepayment: If You pay off as CHECK BOX A Assu IF APPLICABLE See Your contract documents prepayment refunds and period INSURANCE: Credit life insurance and credit Type Credit Life	Ised to 15% in two years, you more than 10 days late. You we more than 10 days late. You we aurity interest in the goods or 1 they, You may have to pay a pe temption: Someone buying You s for any additional information withes dit accident and health insuran Premium	would have to mak will be charged 5%. Property being pur 7, 6(c) waity. It principal dwellin in about non-paym scelare not required to a financipal dwellin in about non-paym in about non-paym (Si (Si (Si	le one additione of the payment chased, and an g cannot assum ent, default, an d to obtain credi lignature ant credit life in gnature) gnature)	al payment of \$77.18. In money or property You've dep ne the remainder of the loan on t ay required repayment in full bet ut, and will not be provided unless surance.	the original terms. fure the scheduled o	
Late Charge: If a payment is Recurity: You are giving a sec Filing Fees: S Prepayment: If You pay off as CHECK BOX D Assu IF APPLICABLE Ree Your contract documents repayment refunds and period INSURANCE: Credit life insurance and cred the additional cost. Type Credit Life Credit Life	Isad to 15% in two years, you more than 10 days late. You we ounty interest in the goods or any any additional intermation and any additional intermation attesses.	would have to mak will be charged 5%. Property being pur 7, 6(c) waity. It principal dwellin in about non-paym scelare not required to a financipal dwellin in about non-paym in about non-paym (Si (Si (Si	le one additione of the payment chased, and an g cannot saturn rent, dafault, an d to obtain credi lighature ant credit life in gnature) gnature) ant credit accid	al payment of \$77.18. In money or property You've dep ne the remainder of the loan on t ay required repayment in full bet ut, and will not be provided unless surance.	the original terms. fure the scheduled o	
Late Charge: If a payment is Security: You are giving a sec Prepayment: If You pay off as CHECK BOXAssu IF APPLICABLE See Your contract documents prepayment refunds and perm INSURANCE: Credit life insurance and cred the additional cost. Type Credit Life Credit Life	Isad to 15% in two years, you more than 10 days late. You we ounty interest in the goods or any any additional intermation and any additional intermation attesses.	would have to mak will be charged 5%. Property being pur 7, 6%) maity. It principal dwellin in about non-paym scelare not required (Si (Si (Si	le one additions of the payment chased, and an g cannot saturn rent, default, an d to obtain credi lig <u>inature</u> ant credit life in gnature) ant credit accid ( gnature)	al payment of \$77.18. In money or property You've dep ne the remainder of the loan on t ay required repayment in full bet ut, and will not be provided unless surance.	the original terms. fure the scheduled o	
Late Charge: If a payment is Security: You are giving a sec Prepayment: If You pay off as CHECK 80X C Assu IF APPLICABLE See Your contract documents prepayment refunds and period INSURANCE: Credit life insurance and credit the acquitional cost. Type Credit Life Credit Life Credit Life You may obtain property of You may obtain property	Ised to 15% in two years, you more than 10 days late. You we county interest in the goods or 1, any, You may have to pay a permetion: Someone buying You a for any additional informational informatio	would have to mak will be charged 5%. Property being pur 7, 19(c) maity. It principal dwellin in about non-paym scelare not required (Si (Si (Si (Si (Si (Si (Si (Si (Si (Si	le one additione of the payment chased, and an g cannot sasur tent, dofault, an u to obtain credi lignature ant credit life in gnature) ant credit accid ( , gnature) ant credit accid ( , gnature)	al payment of \$77.18. In money or property You've dep ne the remainder of the loan on t ay required repayment in full bet ut, and will not be provided unless surance.	the original terms. fure the scheduled of s You sign and agree	
Late Charge: If a payment is Security: You are giving a sec Prepayment: If You pay off as CHECK 80X C Assu IF APPLICABLE See Your contract documents prepayment refunds and period INSURANCE: Credit life insurance and credit the acquitional cost. Type Credit Life Credit Life Credit Life You may obtain property of You may obtain property	Ised to 15% in two years, you more than 10 days late. You we county interest in the goods or 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	would have to mak will be charged 5%. Property being pur 7, 19(c) maity. It principal dwellin in about non-paym scelare not required (Si (Si (Si (Si (Si (Si (Si (Si (Si (Si	le one additione of the payment chased, and an g cannot sasur tent, dofault, an u to obtain credi lignature ant credit life in gnature) ant credit accid ( , gnature) ant credit accid ( , gnature)	al payment of \$77.18. In money or property You've dep ne the remainder of the loan on t ay required repayment in full bet up required repayment in full bet up required repayment in full bet up required repayment in full bet surrance.	the original terms. fore the scheduled of s You sign and agree	
Late Charge: If a payment is Security: You are giving a sec iling Pees: S Prepayment: If You pay off as CHECK BOX Assu IF APPLICABLE See Your contract documents prepayment refunds and period INSURANCE: Credit life insurance and creditive additional cost. Type Credit Life Credit Life Credit Accident and Health Insurance You may obtain propetity! You may obtain propetity!	Ised to 15% in two years, you more than 10 days late. You we county interest in the goods or 1, any, You may have to pay a permetion: Someone buying You a for any additional informational informatio	would have to mak will be charged 5%. Property being put 7, (b): maity. ar principal dwellin in about non-paym in about	le one additions of the payment chased, and an g cannot sasur tent, default, an d to obtain credi lignature ant credit life in gnature) gnature) ant credit accid ( gnature) obte to Us. that is accepta	al payment of \$77.18. In money or property You've dep ne the remainder of the loan on t ay required repayment in full bet up required repayment in full bet up required repayment in full bet up required repayment in full bet surrance.	the original terms. fare the scheduled of s You sign and agree	tain
Late Charge: If a payment is Lecurity: You are giving a set Prepayment: If You pay off as CHECK BOX Assu IF APPLICABLE Lee Your contract documents Prepayment refunds and pen INSURANCE: Credit life insurance and credit (the additional cost. Type Credit Life Credit Life Credit Life Credit Life You may obtain property ( You may obtain property ( You may obtain Lender's Lender's Single Interest interest	Isad to 15% in two years, you more than 10 days late. You was a present in the goods or 1 1, any, You may have to pay a present in the goods or 1 1, any, You may have to pay a present in the goods or 1 1, any, You may have to pay a present information inform	would have to mak will be charged 5%. Property being put 7, (b): maity. in principal dwellin in about non-paym in about	le one additione of the payment chased, and an g cannot sasur rent, default, an d to obtain credit lignature ant credit life in gnature) gnature) ant credit accid ( gnature) bie to US. That is accepta	al payment of \$77.18. In money or property You've dep the the remainder of the loan on t is required repayment in full be it, and will not be provided unless surance. lent and health insurance. ble to Us. If chacked below, You \$\$	the original terms. fure the scheduled of s You sign and agree u have elected! to bb [N., i't, 	tain
Late Charge: If a payment is Security: You are giving a sec Prepayment: If You pay off as CHECK 80X C Assu IF APPLICABLE See Your contract documents prepayment refunds and period INSURANCE: Credit life insurance and credit the additional cost. Type Credit Life Credit Life Credit Life Credit Life You may obtain propetity You may obtain propetity You may obtain propetity Lender's Single Interest in Cony those of You who s Credit Accident and Health ADDITIONAL INSURANCE	In the second se	would have to mak will be charged 5%. Property being pur 7, 19(c) analty, in principal dwellin in about non-paym in abou	te one additione of the payment chased, and an g cannot saturn rent, dafault, an d to obtain credit ingnature ant credit life in gnature) gnature) ant credit accid ( gnature) bie to Us. that is accepta	Al payment of \$77.18. In money or property You've dep the the remainder of the loan on t in required repayment in full be in, and will not be provided unless surance. Ient and health insurance. Iblé to Us. If checked below, You S Health insurance will be covered	the original terms. fure the scheduled of s You sign and agree u have elected! to bb [N., i't, 	tain
Late Charge: If a payment is Security: You are giving a sec Filing Pees: S Prepayment: If You pay off as CHECK BOX A Assu IF APPLICABLE See Your contract documents repayment refunds and pen INSURANCE: Credit life insurance and credit ite additional cost. Type Credit Accident and Health Insurance You may obtain propetly ( You may obtain Lender's Lender's Single Interest interest ADDITIONAL INSURANCE A Only those of You who s Credit Accident and Health ADDITIONAL INSURANCE A Only those of You who s Credit Accident and Health ADDITIONAL INSURANCE	Insurance from anyone You was more than 10 days late. You was parity interest in the goods or 1 arry. You may have to pay a pe sentention: Someone buying You arry additional information arry additional information	would have to mak will be charged 5%. Property being put 7, (b): maity. ar principal dwellin in about non-paym in about	te one additione of the payment chased, and an g cannot sasur tent, default, an d to obtain credit tignature ant credit life in gnature) gnature) ont credit accid ( gnature) ont credit accid ( gnature) bie to US. that is accepta t Accident and is interest (nsural	Al payment of \$77.18. In money or property You've dep the the remainder of the loan on t in required repayment in full be in, and will not be provided unless surance. Ient and health insurance. Iblé to Us. If checked below, You S Health insurance will be covered	the original terms. fure the scheduled of s You sign and agree u have elected! to bb [N., i't, 	tain
Late Charge: If a payment is Security: You are giving a sec Filing Pees: S Prepayment: If You pay off as CHECK BOX A Assu IF APPLICABLE See Your contract documents repayment refunds and pen INSURANCE: Credit life insurance and credit ite additional cost. Type Credit Accident and Health Insurance You may obtain propetly ( You may obtain Lender's Lender's Single Interest interest ADDITIONAL INSURANCE A Only those of You who s Credit Accident and Health ADDITIONAL INSURANCE A Only those of You who s Credit Accident and Health ADDITIONAL INSURANCE	In the second se	would have to mak would have to mak would have to mak Property being pur 2, 19(d) maity. Ir principal dweilin in about non-pay in any one You want indicated.	te one additione of the payment chased, and an g cannot saturn rent, dofault, an u to obtain credi lignature ant credit life in gnature) gnature) ant credit accid ( gnature) ble to Us. that is accepta t Accident and i interest (nsural mished by Us.	Al payment of \$77.18. In money or property You've dep the the remainder of the loan on t is required repayment in full bet u, and will not be provided unless surance. Tent and health insurance. Ible to Us. If chacked below, You S Health insurance will be covered ince.	the original terms. fure the scheduled of s You sign and agree u have elected to bb N Fin 200 for that type of insu	tain
Late Charge: If a payment is Security: You are giving a sec iling Pees: S Prepayment: If You pay off sec CHECK BOX Assu- if APPLICABLE See Your contract documents prepayment refunds and pen- inspayment refunds and pen- inspayment refunds and pen- (NSURANCE: Credit life insurance and credit ite additional cost. Type Credit Life Credit Life Credit Life Credit Life You may obtain propetity(i You may obtain Lender's Lender's Single Interest in Credit Accident and Health Lender's Single Interest in ADDITIONAL INSURANCE A Only the Insurance for w	Insurance from anyone You was more than 10 days late. You was parity interest in the goods or 1 arry. You may have to pay a pe sentention: Someone buying You arry additional information arry additional information	would have to mak will be charged 5%. Property being put 7, (b): maity. ar principal dwellin in about non-paym in about	te one additione of the payment chased, and an g cannot saturn rent, dofault, an u to obtain credi lignature ant credit life in gnature) gnature) ant credit accid ( gnature) ble to Us. that is accepta t Accident and i interest (nsural mished by Us.	Al payment of \$77.18. In money or property You've dep the the remainder of the loan on t in required repayment in full be in, and will not be provided unless surance. Ient and health insurance. Iblé to Us. If checked below, You S Health insurance will be covered	the original terms. fure the scheduled of s You sign and agree u have elected to bb N Fin 200 for that type of insu	tain
Late Charge: If a payment is Security: You are giving a sec Filing Pees: S Prepayment: If You pay off as CHECK BOX A Assu IF APPLICABLE See Your contract documents readyment refunds and period INSURANCE: Credit life insurance and credit Type Credit Life Credit Life Credit Life Credit Life You may obtain property if You may obtain Linder's Lender's Single Interest in Credit Accident and Heat Health Insurance ADDITIONAL INSURANCE A Only those of You who s Credit Accident and Heat ADDITIONAL INSURANCE Conty those of You who s Credit Accident and Heat ADDITIONAL INSURANCE Only the required to obtain C. Only the Insurance for who s	Insect to 15% in two years, you more than 10 days late. You we may label to the goods or 1. I have to pay a permitty interest in the goods or 1. I have to pay a permittion: Someone buying You as for any additional informational informationa	would have to mak would have to mak while be charged 5%. Property being put 7, 16(d) maity. If principal dweilin in about non-paym in abou	te one additione of the payment chased, and an g cannot sasur rent, default, an d to obtain credi ingnature ant credit life in gnature) gnature) ant credit accid ( gnature) ant credit accid ( gnature) bie to Us. that is accepta t Accident and i t interest (nsural migned by Us.	Al payment of \$77.18. In money or property You've dep the the remainder of the loan on the inviraguired repayment in full bet und will not be provided unless surrance. I and health insurance. I and health insurance. I blie to Us. If chacked below. You S Health insurance will be covered ince. 51.65 2/319-	the original terms. fure the scheduled of s You sign and agree u have elected to bo N. Fin 200 final type of insu	tain
Late Charge: If a payment is Security: You are giving a sec Filing Pees: S Prepayment: If You pay off as CHECK BOX A Assu IF APPLICABLE See Your contract documents readyment refunds and period INSURANCE: Credit life insurance and credit Type Credit Life Credit Life Credit Life Credit Life You may obtain property if You may obtain Linder's Lender's Single Interest in Credit Accident and Heat Health Insurance ADDITIONAL INSURANCE A Only those of You who s Credit Accident and Heat ADDITIONAL INSURANCE Conty those of You who s Credit Accident and Heat ADDITIONAL INSURANCE Only the required to obtain C. Only the Insurance for who s	Ised to 15% In two years, you more than 10 days late, You was more than 10 days late. You was unity interost in the goods or 1.  arry, You may have to pay a permittion: Someone buying You any additional information attracts for any additional information attract.  Single Interest Insurance from anyone You was single Interest Insurance from Us for the cost in tinsurance from Us for the cost in tinsurance is available only information. Comprehensive a mich a specific dhargo is set participation and the set of the cost is the specific dhargo is set participation.	would have to mak would have to mak while be charged 5%. Property being put 7, 16(d) maity. If principal dweilin in about non-paym in abou	te one additione of the payment chased, and an g cannot saturn rent, dofault, an u to obtain credi lignature ant credit life in gnature) gnature) ant credit accid ( gnature) ble to Us. that is accepta t Accident and i interest (nsural mished by Us.	Al payment of \$77.18. In money or property You've dep the the remainder of the loan on t is required repayment in full bet u, and will not be provided unless surance. Tent and health insurance. Ible to Us. If chacked below, You S Health insurance will be covered ince.	the original terms. fure the scheduled of s You sign and agree u have elected to bo N. Fin 200 final type of insu	tain
Late Charge: If a payment is Security: You are giving a sec illing Pees: S Prepayment: If You pay off as CHECK BOX A Assu IF APPLICABLE See Your contract documents are your contract documents are your contract documents are your contract documents in a payment refunds and pen INSURANCE: Credit life insurance and credit ite additional cost. Type Credit Life Credit Accident and Health Insurance You may obtain propetity You may obtain Lender's Lender's Single Interest interest Credit Accident and Health ADDITIONAL INSURANCE A. Only those of You who s Credit Accident and Health Credit Accident and Health Conly the Insurance for w C. Only the Insurance for w	INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFORMATION INFOR	would have to mak will be charged 5%. Property being pur 2, fift) malty. In principal dwellin in about non-paym in about non-paym in about non-paym in about non-paym in about non-paym is a solution (Si (Si (Si (Si (Si (Si (Si (Si (Si (Si	te one additione of the payment chased, and an g cannot sasur rent, default, an d to obtain credi ingnature ant credit life in gnature) gnature) ant credit accid ( gnature) ant credit accid ( gnature) bie to Us. that is accepta t Accident and i t interest (nsural migned by Us.	Al payment of \$77.18. In money or property You've dep the the remainder of the loan on the inviraguired repayment in full bet und will not be provided unless surrance. I and health insurance. I and health insurance. I blie to Us. If chacked below. You S Health insurance will be covered ince. 51.65 2/13/9-	the original terms. fure the scheduled of s You sign and agree u have elected to bo N. Fin 200 final type of insu	tain
Late Charge: If a payment is Decurity: You are giving a service Prepayment: If You pay off as CHECK 80X C Assu- IF APPLICABLE See Your contract documents Prepayment refunds and period INSURANCE: Credit life insurance and credit Insurance and credit Insurance and credit Credit Life Credit Accident and Health Insurance You may obtain properly You may obtain properly You may obtain properly Credit Accident and Health Health Insurance ADDITIONAL INSURANCE A Only those of You who s Credit Accident and Health Control Accident and Health Control Single Interest in C Only the insurance for w C A C U C	Insert to 15% in two years, you more than 10 days late. You was more than 10 days late. You was a period of the goods or 1. I have to pay a period of the goods or 1. I have to pay a period of the goods of the good	would have to mak will be charged 5%. Property being pur 2, fift) malty. In principal dwellin in about non-paym in about non-paym in about non-paym in about non-paym in about non-paym is a solution (Si (Si (Si (Si (Si (Si (Si (Si (Si (Si	te one additione of the payment chased, and an g cannot sasur rent, default, an d to obtain credi lignature ant credit life in gnature) gnature) ant credit accid ( gnature) ant credit accid ( gnature) bie to Us. that is accepta t Accident and i cluterest (nsural migned by Us.	Al payment of \$77.18. In money or property You've dep the the remainder of the loan on the inviraguired repayment in full bet und will not be provided unless surrance. I and health insurance. I and health insurance. I blie to Us. If chacked below. You S Health insurance will be covered ince. 51.65 2/13/9-	the original terms. fure the scheduled of s You sign and agree u have elected to bo N. Fin 200 final type of insu	tain
Late Charge: If a payment is Security: You are giving a sec illing Pees: S Prepayment: If You pay off as CHECK BOX A Assu IF APPLICABLE See Your contract documents are your contract documents are your contract documents are your contract documents in a payment refunds and pen INSURANCE: Credit life insurance and credit ite additional cost. Type Credit Life Credit Accident and Health Insurance You may obtain propetity You may obtain Lender's Lender's Single Interest interest Credit Accident and Health ADDITIONAL INSURANCE A. Only those of You who s Credit Accident and Health Credit Accident and Health Conly the Insurance for w C. Only the Insurance for w	Insert to 15% in two years, you more than 10 days late. You was more than 10 days late. You was a period of the goods or 1. I have to pay a period of the goods or 1. I have to pay a period of the goods of the good	would have to mak will be charged 5%. Property being pur 2, fift) malty. In principal dwellin in about non-paym in about non-paym in about non-paym in about non-paym in about non-paym is a solution (Si (Si (Si (Si (Si (Si (Si (Si (Si (Si	te one additione of the payment chased, and an g cannot sasur rent, default, an d to obtain credi lignature ant credit life in gnature) gnature) ant credit accid ( gnature) ant credit accid ( gnature) bie to Us. that is accepta t Accident and i cluterest (nsural migned by Us.	Al payment of \$77.18. In money or property You've dep the the remainder of the loan on the inviraguired repayment in full bet und will not be provided unless surrance. I and health insurance. I and health insurance. I blie to Us. If chacked below. You S Health insurance will be covered ince. 51.65 2/13/9-	the original terms. fure the scheduled of s You sign and agree u have elected to bo N. Fin 200 final type of insu	tain
Late Charge: If a payment is Decurity: You are giving a sec illing Pees: S Prepayment: If You pay off as CHECK BOX Assu IF APPLICABLE See Your contract documents prepayment refunds and period INSURANCE: Credit life insurance and credit ite additional cost. Type Credit Life Credit Accident and Health Insurance You may obtain propetity You may obtain propetity You may obtain Lender's Lender's Single Interest ADDITIONAL INSURANCE A. Only those of You who s Credit Accident and Health Credit Accident and Health Conly the Insurance for w Credit Accident and Health Conly the Insurance for w	Insert to 15% in two years, you more than 10 days late. You was more than 10 days late. You was a period of the goods or 1. I have to pay a period of the goods or 1. I have to pay a period of the goods of the good	would have to mak will be charged 5%. Property being pur 2, fift) malty. In principal dwellin in about non-paym in about non-paym in about non-paym in about non-paym in about non-paym is a solution (Si (Si (Si (Si (Si (Si (Si (Si (Si (Si	te one additione of the payment chased, and an g cannot sasur rent, default, an d to obtain credi lignature ant credit life in gnature) gnature) ant credit accid ( gnature) ant credit accid ( gnature) bie to Us. that is accepta t Accident and i cluterest (nsural migned by Us.	Al payment of \$77.18. In money or property You've dep the the remainder of the loan on the inviraguired repayment in full bet und will not be provided unless surrance. I and health insurance. I and health insurance. I blie to Us. If chacked below. You S Health insurance will be covered ince. 51.65 2/13/9-	the original terms. fure the scheduled of s You sign and agree u have elected to bo N. Fin 200 final type of insu	tain

CITIPOWER, L.L.C.

: 1	Itemization of the Ania Finances	
		Promise to pay: You promise to pay to Us, or to Our order, the Principat
	1. Cash Price (including sales or use tax)	Amount (depned below) plus interest at the annual interest rate indicated
•	2. Cash Down Payment	I DRIOW, TRO LOUT "Principal Amount" means the Amount Electronic
·.	3. Trade in	I DIUS (NO Propaid Finance Charge lister in item 0 of the itemization)
	Lass Dalanco	I OF THE AMOUNT FINANCED, INTERNI WILL DE HOURED CALLY OF THE HOOSIG
2	due on trade in	1 Principal Amount on a simple interest basis beginning on the data of
1	Net Trade in	
	Allowance	
		j same day of eech month, if this Apreement provides for a veriante application
	4. Total down Payment (2 + 3)	rete of interest and the rate changes, the number of payments may
- 1	5. Unpaid balance ut cash printe-phild to Seller	change but the amount of each payment will remain the same (except ) perhaps for the last payment).
. [	d. Amount paid to others on Your Isehalf:	
· [	a. To insurence companies	Annuel Rate of Interest:
1	<ol> <li>To public officials for filling,</li> </ol>	Mark the appropriate pox with an "X"
.	Scence and registration	LI The annual rate of interest in effect on the date of this Agreement .
1	c. To	
		171004 Hale (as explained below) for the calendar month preceding the
: ]	a. To	monin in which this Agreement is signed. The annual interest rate will be
1	333	- adjusted on the first banking day of each month to equal the "Prime :
. 1	7. Total of lient & (4 + 5 + 5 + 0)	Aate" determined for the previous month, plus the same number of "
1	8. Amount Financed	percentage points. "Prime Rate" invans the average weekly Bank Prime
- I	Branad Stance (there a	Loan Rate as published by the Board of Governors of the Federal Reserve System in Statistical Release H. 15 for the week which includes the 15th #
	9. Prepaid Finance Charge	of the month. The annual rate of interast will not exceed 24%.
문	ate Charges: If any payment is not paid in full within ten (10) days after it is due. You	of the month, the annual are of mights will not exceed 24%.
; <b>Y</b>	vill pay a Late Charge equal to 5% of the unpaid amount of the payment.	

Security Interest: In order to secure all amounts due under this Agreement and my and all renewals, extensions and refinancings of any amounts due under this Agreement. You harvoy grant to Us a purchase money security interest in the Property, all proceeds and replacements of the Property, and all additions and, accessions to the Property.

YOU AGREE THAT THE ADDITIONAL TERMS AND CONDITIONS ON THE REVERSE SIDE OF THIS PAGE ARE INCORPO-RATED BY REFERENCE, WHICH MEANS THAT THEY ARE PART OF THIS AGREEMENT JUST AS IF THEY WERE PRINTED RIGHT HERE. YOU ACKNOWLEDGE RECEIPT OF A TRUE AND COMPLETELY FILLED IN COPY OF THIS AGREEMENT AT THE TIME OF SIGNING.

COSIGNERS: Read the Important notice on the reverse side before you sign this Agreement.

+ Cites and;	Ple ley Je in	E Curd P.	1 12.131/2	4			· ·	
RORROWER'S SIGNATUR	ε ΄΄ ΄΄ / / ΄		DATE	CO-BORNOWER'S	SIGNATURE			DATE
erane - Pressin	(99) O MC)	• *						182721.476
	•	. ·			· · ·		·	
	•	HITE - BANK	CANARY	SELLER	PINK - BUYER	a	. :*	1.024831.45965
······································				GMU(TOTATI TO`Dan	111225.411.1161.2			
<b>e</b>					· · ·		:	
		 				· · · · ·	:	•
				· · ·	• .		•. •	: 
	•			· · · · · · · · ·				
	•		•	· · · · ·		· · · ·		
		- -			•			
			1		· · ·		• :	
ien - An An Although - Antonio -							• • •	
		· .	· .					
		· .						•
		· · ·	· ·				· · · ·	
		· · · · · · · · · · · · · · · · · · ·			•			
		•						
· · · · ·					• .			
			•					
			• · ·		. '		· . · · ·	
	·	· .				•	• • •	
				: · · · · · · · · · · ·	•			
- 1		· · · · · · · · · · · · · · · · · · ·	1					· •

LEDGE & RANCE AND ADDRESS         International and the second and the second address and the second addr	12704	/1997 10:13 6	063758830		DITIPOWER, L.L.C.	PAGE 03
P. O., BOX, 1500       EVENTLEY CTTTY, KX 4 2653       Event summary strained and a subject of the summary strained and a subject of the summary strained and a subject of the summary strained and s						
P. O., BOX, 1500       EVENTLEY CTTTY, KX 4 2653       Event summary strained and a subject of the summary strained and a subject of the summary strained and a subject of the summary strained and s					<b></b>	
Here Times of the normal set of the set of			· ·		مني بيرجاني في المناج المناجب في عن من المنظنة المناجبة المناجبة المناجبة المناجبة المناجبة الم	43303492
Letter:	_		· · ·			
LEADDLET & RAMA AND ADDRESS     LEADDLET & RAMA AND ADDRE	WHITLEY C	11Y, XY 42653		WHILLEY CL	17, RY 42653	
There is made the Louis, is updated in a subject.         MARK ADD WAT F AMARE AND ADDRESS         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis, is updated in a subject.         Provide and the Louis and Louis			a   ·			
The mean solution of a maximum of the second of t				80880	WER'S NAME AND ADDRESS	
The for space accord, promoting to go to you and an another allow and the space accord and the space acc	TERMS COLL	OWING A CLARK Y ONLY	E CHECKED	"I" includes seci	a Borrower above, jointly and severally.	
MEMORY TYPE TABLE 24/2007				ut your address a	now the sum of EIGHTEEN THOIR	
Description ALL PRANEE CLARAGE - 1 and marked to a provide a provide a serie of the series of t	EVENTY TW	0 AND 16/100* *	* * * * * *	* * * * * *	* * * * * * * * * * * Dolla	18,872.16
external data term.              Control data term and the term.              Control data terms and term						
VMMENT       Let X 1 and years this acts a follow:       Image: Second S					includes this fee unless it is paid in cash.)	
Image:	YMENT - I will p	ney this note as follows:				
Image:	(a) 🖾 in	48 Installments of	• <u>393.17</u>	each, seginni	ng OCT. 30, 1997 and car	tinuing on the same day of each 🖾 mai
NUMBER 1. The 1 at an analysis of the part of t					thereafter until gald in full.	
Base description         Provide any particular description of the second of the	(b) 🛄 (other)					
Device the formation of the second barreles in the second barreles in the second barreles and the second barreles in the second barreles and the second barreles in the second barreles and the second					······································	
Here and the rest is granted by the rest of the construction of the construct	pay already inclu	udee the finance charges pay	sole hereafter to m	aturity.		
The second of the data is a second of the second of the second of the data is a second of the	EPAYMENT -   1	may prepay this note in who ment will not reduce of us	te or in pert at en-	v time. However,	more then days after	It is due equal to5.000
	rmente until this	note is paid in full, if and wi	han prepaid in full.	or upon maturity	-	
The land is made under Kentices Mersee Statues, Cherge 227 THE depuised to be test must 1,00 will be made. THE Ben is made under Kentices Mersee Statues, Cherge 227 THE depuised to be test must 1,00 will be made. THE Ben is made under Kentices Mersee Statues, Cherge 297 THE Depuised and the method of test method. THE KENTIGES OF MARKE COARSE 1995 TOYOTA 4-REINNER THE MERSEE MARKE 1,00 Will be made. THE BEN IS MARKE COARSE 1995 TOYOTA 4-REINNER THE MERSEE MARKE 1995 TOYOTA 4-REINNE	HOURT Then due				POST-MATURITY INTEREST - Interest w	Hi edorus at the rate of 9.949
	charged for the	Rule of 78's method, if the m = loan,	iaximum finance st	arge perinimad is	acceleration.	
TUTOTA 4-FILMER  TUTOT						
During Filance CHARGE - 1 ague to ay a minimum finance charge of and formula you make a series that much in Market e Langue.         If a the filance market base much in Market e Langue.           Detry - You Lange and market and the much in Market e Langue.         If a the filance market base much in Market e Langue.         If a the filance market base much in Market e Langue.         If a the filance market base much in Market e Langue.         If a the filance market base much in Market e Langue.         If a the filance market base much in Market e Langue.         If a the filance market base much in Market e Langue.         If a the filance e Langue.         If a the f			he mad-			OLINESS: FURCHASE 1995
LO_OOH H ath time i pay of this note and error values and error is the interval of the in					AXTATU 3-LITRAACK	
	LO.00				6	
Int Milling Reserved by 1995 TOYOTA 4-FRINKER DI HUTSVN390050193170       Image: Second		have not earned that much i	ne note and after a n linance charges.	opplication of the	12250	
Int Milling Reserved by 1995 TOYOTA 4-FRINKER DI HUTSVN390050193170       Image: Second	CURITY - You ha	ave Certain rights that may all	fect inv property a		a 2 This town XX is I is not thither	actived
(b) 22 Genutry Agreement - i give you security interest in the Property sectings area, the definition of the sections of the se						
Provent of the cost of th	(b) XX Security	Agreement - I give you a	security interest in	the Property dea	cribed below. The statist Filit bivert	win this Property and the obligations of
Provide used to: BUSTING     Provide Used     Provide Used     Provid	agreeme	int accuras are defined on pe	ge 2 of this agreen	ient. 1995 TC	YOTA 4-RONNER STEROAL	D #JT3VN39WK80193170
INUAL PERCENTAGE MATE					CALCULATION OF A CALCULATION OF	
INUAL PERCENTAGE MATE						
INUAL PERCENTAGE RATE					A THE Property with the used tor BUSI	NEED
The det of my deal       The and def much is       The and def much is <ththe and="" def="" is<="" much="" th="">       The and def much is<td></td><td></td><td>·</td><td>r.</td><td></td><td></td></ththe>			·	r.		
9.9494       1.35.51.5       1.15.517.00       1.0.5.517.00       1.0.5.517.00       No.1.148.601         48       3.393.17       MCNTELY-ADDINUNCTO-OCTOBER 302.3097       1.0.148.601       No.1.148.601         48       3.393.17       MCNTELY-ADDINUNCTO-OCTOBER 302.3097       1.17.00       Filing Peas         4.1       1.17.00       Filing Peas       1.17.00       Filing Peas         4.1       1.11.00       Filing Peas       1.17.00       Filing Peas         4.1       1.11.00       Filing Peas       1.17.00       Filing Peas         4.1       1.11.00       Filing Peas       1.0.0       deve after It is due equal to       5.000 m         1.11.00       Filing Peas       1.00       deve after It is due equal to       5.000 m       5.000 m         1.11.01       Insurface       1.00       deve after It is due equal to       5.000 m         1.11.01       Store active to monitor to an examption of \$5.00       1.00       Anount to an examot wat equal to an examot wat equal to active	NNUAL PERCENT	TAGE RATE FINANCI	E CHARGE	AMOUNT FU	NANCED TOTAL OF PAYMENTS	
by Permittin Standaule will be insurance from or through Your Standaule will be charged or the standaule of the	TO O YEARIY !	ete. grouit w	ill wat me.	provident to me or	Griffindenalt States made at athedules pave	Amount Amount Amount
Amount of Payments       Amount of Payments       No.11 de not y         48       3393.17       MENTELY FAILUT PATER TOWN AND SECURE 307.1997       ************************************		and the second	6			YES - I weitt
Amount of Paymenta       Amount of Paymenta       and termination         48       • 393.17       FINITE VALUE ADJINUTION CONTRELED 304.1997       ** means are assumate.         48       • 17.00       Filling Insurance       • 17.00         48       • 17.00       Filling Insurance       • 17.00         48       • 17.00       Filling Insurance       • 17.00         49       • 17.00       Filling Insurance       • 17.00         40       • 100       • 17.00       Filling Insurance         40       • 100       • 17.00       Filling Insurance         41       • 100       • 17.00       Filling Insurance         42       • 100       • 100       • 17.00       Filling Insurance         43       • 110       • 100       • 100       • 100       • 100         44       • 110       • 100       • 100       • 100       • 100       • 100         45       • 100       • 100       • 100       • 100       • 100       • 100       • 100         46       • 100       • 100       • 100       • 100       • 100       • 100       • 100       • 100       • 100       • 100       • 100       • 100       • 100       • 100 <t< td=""><td></td><td>· · · · · · · · · · · · · · · · · · ·</td><td></td><td></td><td></td><td></td></t<>		· · · · · · · · · · · · · · · · · · ·				
	mber of Peymenus	Amount of Paymenta				an itemization.
	48		and the second	EGINNING-C	CIDBER 30% 1997	
Control of the security interest in:     Control of the interest inter				······································		• <u>17,00</u> Filing Pose
AL to goods or property terms before the service in the service in the service of the service of the service of the service in the service of the service o		6				Nonfiling Insumner
ALL the goods or proceeding there is a server that is according to the server to a maximum to the server to a maximum to a more and on the Unance to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a more and the server to a more and the server to a maximum to a more and the server to a maximum to a more and the server to a more theore and the server to a more and theore t						
All be goods or property band purchasting in the server of in generation of integration server.       Implies the server of the server of ingeneration of integration server.         Implies the update securing of the server of ingeneration of integration server.       Implies the server of			TELEVISION THE	Hitohat descriptio	1995 TOYOTA	4-RLINNER 5 SPEED
my deposit accounts and other prime to maximum and more than made more than the ungest account of the asymptotic terms and the ungest an	SCA the yoods i	or property being purchased		Strate Concernant	2017 I to Jack 20 1417 A 19 Jack - 1417 A 19 Jack -	
The Charge - 1 will be charged a investige on the portion of provide and more than 10 development. It is due equal to 5.00 m The unpaid amount up to a maximum of a 5.00 m The unpaid amount up to a maximum of a 5.00 m The annual paid like of the terms of the finance of the fi						
the unpaid smount up to a maximum is 5_00         Required Deposit - The annual particle light of a part of the finance of the character is any observation of particle of the finance of the character is any observation of the servation of the character is any observation of the character is any o						E 000
Required Depart - The annual provided willing rate does not take filted account my required depart.         Toppyment - If I pay off the note early. The does not take filted at part of the finesce charge.         Can see my conset doornwas for any additive frighted addition warmant. default, any required depart.         Can see my conset doornwas for any additive frighted addition warmant.         Can see my conset doornwas for any additive frighted addition warmant.         Can see my conset doornwas for any additive frighted addition warmant.         Can see my conset doornwas for any additive frighted warmant.         Can see my conset doornwas for any additive frighted warmant.         Can see my conset doornwas for any additive frighted warmant.         Can see my conset doornwas for any additive frighted warmant.         Can see my conset doornwas for any additive frighted warmant.         Can see my conset doornwas for any addition frighted warmant.         Can see my conset doornwas for any addition frighted warmant.         Can addition for addition for the base form of through out if and the first frighted warmant.         Can addition for addition frighted warmant.         Can addition for addition frighted warmant.         Can additin frighte					deve after it la	
Imperment - if i pay off this note sent insubs antitied to stight during when the insurance are my contrast documents for any additional documents for additional document and agree to pay additional documents for additional document additionaditional document additionad document additi				1.1.1		
can see my contract documents for any additional finance in additional costs.       Contract documents for any additional finances in a document of the scheduled date, and proper ment relative and parallel.         EDMT INSURANCE - Credit life insurance with a scheduled date and proper ment relative and parallel.       If EMIZATION OF AMOUNT FINANCED         Ide do not want credit life insurance.       AMOUNTE PAID TO ME DIRECTLY						
BDT INBURANCE - Credit life insurance and offth wells in surance are not when to obtain credit and the b provided unless I sign and agree to pay additional cests.       ITEMIZATION OF AMOUNT FINANCED         additional cests.       Premium       Term         additional cests.       Premium       Term         additional cests.       Premium       Term         additional cests.       AMOUNT PAID ON MY (LOAN) ACCOUNT       Image: State of the state of						
Wired to obtain credit, and will not be provided unless I sign and spree to pay       AMOUNT GIVEN TO ME DIRECTLY       IS, SUD, OU         additional cests.       Premium       Term         additional cests.       Premium       Term         additional cests.       AMOUNT PAID ON MY (LOAN) ACCOUNT       Imaurance         at Life       AMOUNT BAID ON MY (LOAN) ACCOUNT       Imaurance         at Life       Insurance       Insurance       Imaurance         at Credit Life       Insurance       Imaurance       Imaurance         ado a not went credit life insurance.       Insurance       Imaurance         ado a not went       Oots       Imaurance       Imaurance         ado a not went       Oots       Imaurance       Imaurance         add an ot went credit life insurance.       Imaurance       Imaurance         add a not went       Dout       Imaurance       Imaurance         add a not went       Insurance       Imaurance       Imaurance         add a not went       Imaurance       Imaurance       Imaurance         add a not went       Imaurance from or through vou I will per       Imaurance from or through vou I will per         acceptable to you. If I got the insurance from or through vou I will per 8       Imaurance from or through vou I woult not coverage.						
additional casts.       Premium       Term         additional casts.       Premium       Term         additional casts.       Premium       Term         additional casts.       Premium       Term         additional casts.       AMOUNT PAID ON MY (LDAN) ACCOUNT       Premium         additional casts.       AMOUNTS PAID ON MY (LDAN) ACCOUNT       Premium         additional casts.       AMOUNTS PAID ON MY (LDAN) ACCOUNT       Premium         additional casts.       AMOUNTS PAID ON MY (LDAN) ACCOUNT       Premium         additional casts.       AMOUNTS PAID ON MY (LDAN) ACCOUNT       Premium         additional casts.       AMOUNTS PAID ON MY (LDAN) ACCOUNT       Premium         additional casts.       AMOUNTS PAID ON MY (LDAN) ACCOUNT       Premium         additional casts.       Amounts Paid On Onthese Companies       Premium         additional casts.       Amount Paid On Onthese Companies       Premium         additional casts.       Amount Paid On Onthese Companies       Premium         additional casts.       DOS       Insurance       Premium         additional casts.       DOS       Insurance       Insurance         additional casts.       DOS       Insurance       Insurance         additional casts.       Insu						
e       Premium       Term         dit Life			190 001949 1 3100 8	nd agree to pay		
dit Life       AMOUNTE PAID TO OTHERS ON MY BEHALF:         dit Hearth       to Insurance Companies         ht Codit Life       to Public Officiele         do       do not want credit life insurance.         do       do not want joint credit life insurance.         insurance       005         OOUS       Amount Financed on the insurance from or through you i will pever insurance from or through you i coverage.         gine insurance insurance from or through you i will pever insurance from or through you i may obtain alingle insurance from or through you i may obtain alingle insurance from or through you if will got the insurance from or through you if uper insurance from or through you if or coverage.         Bignature BY:       Costones, asse Nonce on Page 2 BBFORE signing.         Optional or where receesary for filling this Security Agreement.       For Lender         for       for         grade from or through you       for is for Lender         Signature       BY:         Optional or where receesary for filling this Security Agreement.         for       For Lender         Signature       BY: <td></td> <td></td> <td></td> <td>Term</td> <td></td> <td></td>				Term		
date Hearth       to Insurance Companies					AMOUNTS PAID TO OTHERS ON MY BE	MALE-
Int Credit Life       to Public Officies       17,00         Ido       do not want credit Hite insurance.						
do       do not want credit life insurance.         do       do not want credit health insurance.         do       do not want credit health insurance.         ido       da not want joint credit life insurance.         issurance       005         003       (liese) PREPAID FINANCE CHARGE(5)         issurance       005         003       (Add all Items financed and subtract prepeid finance charges.)         incceptable to you. If 1 get the insurance from or through you I will pev         for       of coverage.         issurance       costronge.         gaste intreast insurance from or through you I will pev         in pey 8       for         for       of coverage.         Optional or where necessary for filling this Security Agreement.       For Lender         PRESIDENT       Signeture			·······	· · · · · · · · · · · · · · · · · · ·		
do       do not want credit Hie insurance.         do       do not want credit hesith insurance.         do       do not went						
do       do not went credit health insurance.         do       da nat went joint credit life insurance.         insurance       DOS         COS       Amount Financed         insurance       Amount Financed         DOS       (Add all items financed and subtract propold linance charges.)         (Add all items financed and subtract propold linance charges.)         cceptable to you. If 1 got the insurance from or through you i will pay for						······································
do       da nat want joint cradit life insurance.         do       da nat want						
Image: State Notice of the insurance of the insurance from or through you if where necessary for thing this Security Agreement.       Insurance insurance from or through you if where necessary for thing this Security Agreement.         Image: State Notice of the insurance from or through you if where necessary for thing this Security Agreement.       Image: State Notice of the insurance from or through you if where necessary for thing this Security Agreement.					ILANA DEPAID SINANCE OUN	
DOS         D	· · · · · · · · · · · · · · · · · · ·			losureo ce		
DUB         IPERTY INSURANCE - I may obtain property insurance from or through you I will pey incomposed in surance from or through you I will pey incomposed in surance from or through you I will pey incomposed in surance from or through you I will pey incomposed in surance from or through you I will pey incomposed in surance from or through you II may obtain alogie interest insurance from or through you II will pey incomposed in surance from or through you I will pey incomposed in surance from or through you II pay is of coverage.         Optional or where necessary for filling this Security Agreement.       Signature BY:         Optional or where necessary for filling this Security Agreement.       For Lender         Signature       Signature		want	DOR	instrance	Amount Fir	venced • 15,517,00
President insurance from or through you i will pay     for						
Acceptable to you. If I got the insurance from or through you I will pay forof coverage. GLE INTEREST INSURANCE - 1 mmy obtain single interest insurance from one I want that is acceptable to you. If I got the insurance from or through you III pay 6 of coverage. Optional or where necessary for filling this Security Agreement. Control of the security agreement. PRESIDENT	PERTY INSURA	NCE - I may obtain proverty I	Insurance from any	one I want that	ua bna beonanti email lla bbA)	ibtract prepald finance charges.)
Image: Contract of the second process of the second procesecond procesecond proces of the second process of the second proc						
GLE INTEREST INSURANCE - 1 mmy obtain single interest insurance from or through you in pay 6 of coverege.       DOCUMENT ON TODAY'S DATE.         Optional or where necessary for filling trids Security Agreement.       Signature EY:         Image: PRESIDENT       Signature	CCADING TO A				BIGNATURER . I AGREE TO THE TI PAGE 2 OF THIS AGREEMENT	HAVE RECEIVED & COPY OF TH
CONTINENT: Signature	GLE INTERFAT				DOCUMENT ON TODAY'S DATE.	
Image: Stress of coverage.       Signature BY:         Optional or where necessary for filling tids Security Agreement.       Signature BY:         Image: Signature PRESIDENT       Signature Signa					COBIONERS - SEE NOTICE ( CITTLEOWER L. L. C	ON PAGE 2 BEFORE SIGNING.
Optional or where necessary for filling this Security Agreement.       Signature EY:         JAMES CURD, VICE PRESIDENT         d      For Lender         Signature       Signature						-
PRESIDENT Signature					Signature BY:	
dFor Lender PRFSIDENISignature	Optional	or where necessary for filling	tids Security Agre	ement.	JAMES CIRD, VICE	PRESIDENT
PRESIDENT Signatura						
	PRESTRA	NT			Signature	
					·	

.



ADDITIONAL LEHR

## ADDITIONAL TENMS OF THE NOT

ADDITIONAL TENMS OF THE NOTE EFINITIONS - '1,' 'me' or 'mw' meens each Barrower who signs this note and on other person or legal entity (including guarantos, undersura, suid surstreat he agrees to pay this note (together inferred to s 'uu'). 'You' or 'you' "insens e Lender and its successore and assigna. PPLICABLE LAW - This note and any sgreement vacuring this note will be systemed by the laws of the state of Xaniucky. The Indersit Truth-n-Londing acleances on page 1 are disclosures only and are not Intended to be terms of this premet by the laws of the state of Xaniucky. The Indersit Truth-n-Londing acleances on page 1 are disclosures only and are not Intended to be terms of this premet. The fact ther sing period this note cannot be interced will not affect int of this note, any change to this note or uny sgreement accuring this note be inversion and signed by you and me. Offy - The interest rate and other charge on this loan will never exceed the prestrike on charge allowed by ide of this loar will never exceed the prestrike on charge allowed by ide of this loar on the principal balance 'this soction, final meturity occurs: ) If this loan is provide for payment or on the final alternate payment detail, on the date which were is societ; ) On the date of the jest scheduled navmant of principal; oil ) On the date of the jest scheduled navmant of principal; oil ) On the date of the jest scheduled navmant of principal; oil ) On the date of the jest scheduled navmant of principal; oil ) On the date of the jest scheduled navmant of principal; oil ) On the date of the jest scheduled navmant of principal; oil ) On the date of the jest scheduled navmant of principal; oil ) On the date of the jest scheduled navmant of principal; oil ) On the date of the jest scheduled navmant of principal; oil ) On the date of the jest scheduled navmant of principal; oil ) On the date of the jest scheduled navmant of principal; oil ) On the date of the jest scheduled navmant of principal; oil ) On the dat

) On the back point of the provide the payment accuring this loss and any agreement securing this loss if the provide occurs.

- beyment!
  EFAULT I will be in default on this loan and any agreement securing this loan if is one or more of the following occurs:
  I fail to make a payment the full winen due;
  I fail to make a payment the full winen due;
  I fail to keep any promise i have make in connection with this loan.
  I fail to bey, or thep any other promise on, any other loan or agreement 1 have with you.
  I make any written streament or provide any filancial information that is untrue or inscrube the time it is provided.
  Any dreditor of mine streament or collect any dubt I uwe through court proceedings, set-off or setT-hap representation.
  I fail to provide any additional security that you may require;
  Any legal entry (such as a paymer his or load in connection, thet has agreen to pay this note marges, discloyed of stolen;
  Any legal entry (such as a paymer big or corporation) that has agreen to pay this note marges, discloyed disc or pay all its upatient; or a laterance, or a partner or majority stockholder disc or is declared incompetent; or any outline to collect any due to you with ave efficiently collecting the emount I dow you.
  If any legal entry is used, disting or any sodiary addition with the collecting the some spanner or majority and chard on any a distingt on the that you with a solutions or any interaction; or a partner or majority and chard on any or all us use in default on this note or any socurity normant, you may cercise your mendles against any or all of us.
  SMEDIES If i om in default on this loan any ugreement excuring this loan, you

н

After spolying the rebate described on page 1, make unput digiting the rebate described on page 1, make unput digiting the related described on page 1, make unput digiting the relation of th

b) Use Environmedy force to you in any sgreament sequing this lab.
By choosing any one or more of these remedies you go not give up your right i search you do not give up your right to cale any remedy shauld be in frequent, you do not give up your right to cale any remedy shauld be in frequent, you do not give up your right to cale any remedy shauld be in the state of the up your right to cale any remedy shauld be in the state of the total state of the state

OF THE SECURITY AGREEMENT

ADDITIONAL LEM. OF THE SECURITY AGREEMENT SECURED OBLIGATIONS - This security eqreement secures this loom lincluding all stansional remewise. Infinancings and modificational and any other debt i near other sources the security interest is in household goods and the other debt in the security interest is in household goods and the other debt in the security interest is in household goods and the other debt in the security interest is in household goods and the other debt in the security interest is in household goods and the other debt is a out its accurity interest is in household goods and the other debt is a the used of this security agreement will be desmed to apply first to the monor the security interest is in household goods and the subscheded to a boot the purchase Money Loan will be desmed to apply first to the monor obligations in the order in which the first were acquired. The build do apply to the Arritises Money Loan, and then to the boxchese money obligations in the order in which the first were acquired. PROPERTY - the word 'Property is used here, includes all property that is listed property includes will not property that now or later is used, the word property includes will not property that now or later is actached to, is a part of or acquire any property as used here, includes all property that is listed property includes will not property that now or later is attached to, is a part of, or acquires from the forgetty. More and retinancings of such loan. PROPERTY - the word 'Property that now or later is attached to, is a part of, or accurity agreement for property firsting the general description is used, the word property includes will not property that now or later is attached to, is a part of, or accurits from the forgetty. More and the property was an other clean, i agrees to do whiteyer to be ablend the Property agreement on the property firsting the property includent, stock solits and or accurits from the Property agreement. More any dotes unless we agree cl

apromant ure puid.
apromant ure puid.
bergautt and MekeDies - if Henry and deteuit, in edition to the removies listed in the note particin gravity discusses of other Councerny you may:
(a) Pay taxes or first Councerny you may:
(a) Pay taxes or first Councerny you may:
(b) Pay taxes or first Councerny you may:
(c) Pay taxes or first Councerny you may:
(d) Fay taxes or first Councerny you may:
(e) Pay taxes or first Councerny you may:
(d) Pay taxes or first Councerny you may add the amount you may not this best and work of the pay the pay the pay of the p

THIRD PARTY AGREEMENT "For the purposes of the provisions within this enclosure, "I," "me" or "my" metric the person signing below and "you" means the Lander Identified an baby?!. Dec's

Detay agree to give you a security interest in the Property that is described on brow i. I AGREE TO THE TERMS OF THIS NOTE AND BECURITY AGREEMENT SET OUT ON PAGES 1 AND 2, but 1 em BECOMITY AGREEMENT SET OUT ON PAGES 1 AND 2, but tem In no way parsonally liable for payment of the debt. The means that if the Barrower dufaults, my interest in the Property may be used to setisfy the Barrower's dubt. I agree that you may, without releasing me or the Property from this Third Party Agreement and without notice or demand upon me, extend new credit to any Borrower, forlaw or change this note or security appropriate (), impair, or release any security (including guerantes) for the obligations of any Barrower. I HAVE RECEIVED A COMPLETED COPY OF THIS NOTE AND SECURITY AGREEMENT.

NAME

### NOTICE TO COSIGNER

NO IICE TO COSIONER You (the cosignal) are being asked to guerramy this debt. Think awarhily before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to socept the responsibility. You may have to pay up to the full amount of the debt if the borrower does not pay. You also may have to pay late lees or collection costs, which horsese this amount. The creditor each collect this debt from you without first trying to collect frum the borrower. The creditor can use the same collection methods egainst you that can be used against the borrower, such as suing you, geniteling your wayes, etc. If this debt is wor is default, that fact may become part of year or what record.

dit record. This notice is not the contract that makes you liable for the debt.

Attach FTC "Preservation of Consumer Claims and Defenses" Notice if Applicable

Systems, Inc., St. Cloud, MN (1-800-397-2341) Farm NDS-PL-KY 11/16/93

(page 2 of 2)

	OF MCCREA BOX 160	ri UUN	*11X 📥		<u>CITIPOWER,</u> <u>P.O. BOX 1</u>		<b></b>	İ	Loan Num	nber <u>433</u>	0517	2
	EY CITY,	KY 426	53		WHITLEY CI	TY, KY 4	42653		Date _F	EBRUAR		
· You-	LENDER'S N			igns					Loan Amo	ount \$ <u>22</u>	. 10, 20 ,742.40	
TERMS	FOLLOWING A		ONLY IF CHE	CKED	"I" includes eact		ve, jointly and s	severally.		61-130		
NOTE - For	value received,	I promise to p	pay to you, or	r your order,	, at your address al * * * * *	bove, the sum o	of TWENTY		USAND :	SEVEN 1		
ADDIT	ONAL FINANCE	CHARGE - I	also agree to	pay an inve	stigation fee of \$1	L6.00	, and it v	will be XX w	s s $22, 7$		eeds.	·
🗖 paie		he loan term.	. 🔲 paid in		sum above already							
-		installm	ments of \$ 47		each, beginni		. 10, 199	98_ and conti	inuing on t	he same da	iy of each 🕅	month
രം 🗆	니 (other)											
		)movie -	a which	18 then "	turn   have -							<u> </u>
to pay alrea PREPAYME	dy includes the NT - I may prep	finance charg ay this note	ges payable h in whole or i	nereafter to r	ny time. However,	more than	GE - Lagree to	o pay a late ch days after it				nt made 000%
any partial payments u by accelera	prepayment wi ntil this note is a tion, the finance	Il not reduci paid in full, If	e or excuse f and when or	any subsec	quently scheduled I, or upon maturity termine the exact	of the unpai	d amount up to	o a maximum c	or \$ <u>5.00</u>	0		
amount the	n due ng the Rule of 7				charge permitted is	POSIMAIU	JRITY INTERES' the balance o	T - Interest wi of this note no	ill accrue al ot paid at	t the rate o maturity, i	ncluding matu	450%
charged	for this loan. ng the proportion					This loan is i	made under Ke SE DF THIS LO.					<u> </u>
No refund o	alculated to be	less than \$1.	.00 will be ma				TACOMA 4					<u> </u>
,10.00	if at	the time I pa	ay off this not	te and after	finance charge of application of the			Â				
rebate form	ula you have no	t earned that	t much in finar	nce charges	I.							
					as explained on pa A ID #4TAW			9993-99363		<u>BRUA</u> RY	10, 199	8
ю 🕅	Security Agreem	ent · I give	you a securi	ity interest i	in the Property de ament. 1996 T	scribed below.	The rights I	am giving you	i in this Pr	roperty and		
	1 TAWM72NX			<b>g</b> . 50	200 I		AITLA			· .		
						This Dire	rty will be use	A for Ring to	VESS		•-	1
ANNI	FRCENTAGE	TE 1	FINANCE	1805			Not a set					rposes.
The c	ERCENTAGE RA ost of my credit a yearly rate.		FINANCE CHA The dollar amoun credit will cost	int the	AMOUNT F The amount provided to me of	f of credit	The amount L	OF PAYMENTS will have paid wh I scheduled payme	nen	time an ite Amour	nt to receive at emization of th nt Financed.	
Mu P-	9.46		371.40		\$18,871.0	<u>o (</u>	\$22,742	.40			YES - I want an itemization	
· · · · · · · · · · · · · · · · · · ·	nt Schedule wil				معجمة والدوار والأفري فيرور	$\sum_{i=1}^{N} \sum_{j=1}^{N} \sum_{i=1}^{N} \sum_{i=1}^{N} \sum_{i=1}^{N} \sum_{j=1}^{N} \sum_{i=1}^{N} \sum_{i=1}^{N} \sum_{i=1}^{N} \sum_{j=1}^{N} \sum_{i=1}^{N} \sum_{i=1}^{N} \sum_{i=1}^{N} \sum_{i=1}^{N} \sum_{i$	Mag.		•			
Number of P	Ayments #	mount of Paym				hen Paymonis Are	Oue		<u> </u>		NO - I do not an itemization	
Number of P				ONTHLY	w BEGINNING	MARCH 10	Oue			"e" mear	an itemization ns an estimate	<b>v</b> .
	\$ 47 \$ \$	mount of Paym		ONTHLY	W BEGINNING	hen Paymonis Are	Oue			°e" mear 17.00	an itemization	». ».
48	\$ 47 \$ \$ \$	3.80	M	ONTHLY	W BEGINNING	hen Paymonis Are MARCH 10	0ue , 1998	. مىلىكىكىكىك	\$_	"e" mear 17.00	an itemization ns an estimate Filing Fees Nonfiling Insu	n. b. Wance
48 Security	\$ 47 \$ \$	aniount of Paym 3.80 scurity interes rty being pure	st in: rchased.	CNTHLY	W BEGINNING I (brief descripti #4TAVM72	hen Paymonis Are MARCH 10	Oue , 1998	TOYOIA	\$_	"e" mear 17.00	an itemization ns an estimate Filing Fees Nonfiling Insu	n. b. Wance
Security - XX the Col D my	s 477 s s s l am giving a se goods or prope lateral securing of deposit account	anount of Paym 3.80 scurity interes rty being pure other loans w ts and other	st in: chased. With you may 7 rights to the p	also secure	w BEGINNING brief descripti #4TAWM72 this loan. money from you.	MARCH 10, MARCH 10, on of other pro NXTZ08595	0.00 , <u>1998</u> 		TACOMA	'e' mear 17.00 . 4WD P	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP IE	n. b. Jirance
Security - Security - Salaria Col my Late Cher	s 477 s s s l am giving a se goods or prope lateral securing of deposit account	anount of Paym 3.80 scurity interest rty being pure other loans v ts and other arged a late c	st in: chased. With you may a rights to the p charge on the	also secure paymont of a	w BEGINNING https://www.com/ #4TAW/72/ this loan,	MARCH 10, MARCH 10, on of other pro NXTZ08595	0.00 , <u>1998</u> 		TACOMA	'e' mear 17.00 . 4WD P	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP IE	n. b. Jirance
48 Security - XX the Col my Late Char the un	s 4.7 s s l am giving a se goods or prope lateral securing of deposit accoun ge - I will be cha paid amount up ired Deposit - Th	anount of Paym 3.80 sourity interest rty being pur- pother loans with ts and other arged a late of to a maximu- te annual per	st in: chased. with you may a rights to the p charge on the m of s <u>5.00</u> reentage (as of	also secure paymont of a portion of a O does not tak	w BEGINNING Ibriel descripti #4TAWM72 this loan, money from you. any payment made ke into account my	hen Payments Are MARCH 10, an of other proj NXTZ08595 more than required depos	000 , <u>1998</u> pretty 1996 91 <u>10</u> d		TACOMA	'e' mear 17.00 . 4WD P	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP IE	n. b. Jirance
48 Security - XX the Col D my Late Cher the un Requ Prepayme	s 4.7 s s l am giving a se goods or prope lateral securing i deposit accoun ge - I will be chu paid amount up ired Deposit - Th nt - If I pay off I	anount of Paym 3.80 sourity interest rty being pur- other loans with and other arged a late of to a maximu- te annual per- this note earl	st in: cchased. vith you may i rights to the p charge on the m of s <u>5.00</u> reentage rate of iy; I may be or	also secure payment of a portion of a O does not tak ntitled to a f	w BEGINNING Ibriel descripti #4724M72 this loan, money from you. sny payment made	hen Payments Are MARCH 10, inn of other proj NXTZ08599 more than required depos	0.00 <u>1998</u> <u>1998</u> <u>1996</u> <u>10</u> dit. je.	days after it is	TACOMA	*e* mear 17.00 4WD P	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP IE 5.0000	). 
48 Security - XX the col my Late Char the un Requ Prepayme I can see n CREDIT IN:	s 47 s s s l am giving a se goods or prope lateral securing i deposit accoun ge - t will be chu paid amount up ired Deposit - Th nt - If I pay off ti ny contract docum SURANCE - Cre	anount of Paym 3.80 sourity interest rty being pur- other loans with ts and other arged a late c to a maximu- te annual per this note earli- sents for any a dit life insur	st in: cchased. with you may i rights to the p charge on the im of s <u>5.00</u> reantage rate of iy; 1 may be or widditional inform rance and cre	also secure payment of a portion of a does not tak nuiled to a f netion about of edit health	w BEGINNING Ibriel descripti #4TAWM72 this loan, money from you. any payment made ke into account my refund of part of th ronpayment, defailt, insurance are not	hen Payments Are MARCH 10, inn of other proj. NXTZ08595 more than required depose le linance charg any required repart	0.00 <u>1998</u> <u>1998</u> <u>1996</u> <u>10</u> <u>10</u> diit. ge. avment before th ITEN	days after it is he scheduled date MIZATION OF 4	TACOMA due equal	to	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP II 5.0000	). ): ): ): ): ): ): ): ): ): ):
48 Security - XX the col multiple the un Requ Prepayme I can see in CREDIT IN: required to the addition	s 477 s s s l am giving a se goods or prope lateral securing i deposit accoun ge - 1 will be cha paid amount up lired Deposit - Th nt - If I pay off I ny contract docum SURANCE - Cre obtain credit, a	anount of Paym 3.80 incurity interest rty being purport other loans w its and other, arged a late c to a maximum te annual per this note earl this note earl this note earl dit life insur nd will not b	st in: chased: With you may a rights to the p charge on the m of a 5_0(0 reantage rate of iy;   may be or rance and cre be provided u	also secure payment of a portion of a does not tak nuiled to a f netion about of edit health	w BECTINNING thrief descripti #4TAWAT2 this loan, money from you. any payment made the into account my retund of part of the nonpayment, default, insurance are not and agree to pay	hen Payments Are MARCH 10 inn of other pro- NXTZ08599 more than required depose le finance charg any required reprint AMOU!	0.000           1998           1998           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10	days after it is <u>he scheduled dat</u> MIZATION OF <i>I</i> EN TO ME DIRI	ta, and prepr AMOUNT F RECTLY	to	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP IE 5.000 nds and penaltie L8,836.00	
48 Security - XX the col my Late Cher the un Prepayme I can see in CREDIT IN: required to the addition Type	s 477 s s s l am giving a se goods or prope lateral securing i deposit accoun ge - 1 will be cha paid amount up lired Deposit - Th nt - If I pay off I ny contract docum SURANCE - Cre obtain credit, a	anount of Paym 3.80 incurity interest rty being purport other loans w its and other, arged a late c to a maximum te annual per this note earl this note earl this note earl dit life insur nd will not b	st in: cchased. with you may i rights to the p charge on the im of s <u>5.00</u> reantage rate of iy; 1 may be or widditional inform rance and cre	also secure payment of a portion of a does not tak nuiled to a f netion about of edit health	w BEGINNING Ibriel descripti #4TAWM72 this loan, money from you. any payment made ke into account my refund of part of th ronpayment, defailt, insurance are not	hen Payments Are MARCH 10 inn of other pro- NXTZ08599 more than required depose is linance charg any required repr AMOUN TO LENI	0.000           1998           1998           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10           10	days after it is he scheduled date MIZATION OF J EN TO ME DIRI IY (LOAN) ACC	due equal to, and preparation of the AMOUNT F NECTLY COUNT	to	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP II 5.0000	
48 Security - XX the col my Late Char the un Requ Prepayme I can see of CREDIT IN: required to the addition Type Credit Life Credit Heal	s 4.7 s s s l am giving a se goods or prope- lateral securing i deposit accoun ge - t will be chu paid amount up red Deposit - Th nt - II pay off i nv contract docum SURANCE - Cre obtain credit, a sal costs.	anount of Paym 3.80 incurity interest rty being purport other loans w its and other, arged a late c to a maximum te annual per this note earl this note earl this note earl dit life insur nd will not b	st in: chased: With you may a rights to the p charge on the m of a 5_0(0 reantage rate of iy;   may be or rance and cre be provided u	also secure payment of a portion of a does not tak nuiled to a f netion about of edit health	w BECTINNING thrief descripti #4TAWAT2 this loan, money from you. any payment made the into account my retund of part of the nonpayment, default, insurance are not and agree to pay	hen Payments Are MARCH 10 inn of other pro- NXTZ08599 more than required depose is linance charg any required repr AMOUN TO LENI	0.00 1998 1998 10 10 0 0 0 0 0 0 0 0 0 0 0 0 0	days after it is he scheduled date MIZATION OF / EN TO ME DIRI IY (LOAN) ACC ERS ON MY BE Insurance Com	due equal due equal to, and prepr AMOUNT F LECTLY COUNT EHALF: npanies	to	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP IE 5.000 mis and cenaltie 18,836.00 16.00 18.00	). ): ): ): ): ): ): ): ): ): ):
48 Security - XX the col my Late Char the un Requ Propayme I can see n CREDIT IN:	s 4.7 s s s l am giving a se goods or prope- lateral securing i deposit accoun ge - t will be chu paid amount up red Deposit - Th nt - II pay off i nv contract docum SURANCE - Cre obtain credit, a sal costs.	anount of Paym 3.80 incurity interest rty being purport other loans w its and other, arged a late c to a maximum te annual per this note earl this note earl this note earl dit life insur nd will not b	st in: chased: With you may a rights to the p charge on the m of a 5_0(0 reantage rate of iy;   may be or rance and cre be provided u	also secure payment of a portion of a does not tak nuiled to a f netion about of edit health	w BECTINNING thrief descripti #4TAWAT2 this loan, money from you. any payment made the into account my retund of part of the nonpayment, default, insurance are not and agree to pay	hen Payments Are MARCH 10 inn of other pro- NXTZ08599 more than required depose is linance charg any required repr AMOUN TO LENI	0.00 1998 1998 10 10 0 0 0 0 0 0 0 0 0 0 0 0 0	days after it is he scheduled date MIZATION OF A EN TO ME DIRI IY (LOAN) ACC ERS ON MY BE	due equal due equal to, and prepr AMOUNT F LECTLY COUNT EHALF: npanies	to	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP IE 5.000 nds and penaltie 18,836.00 16.00	). ): ): ): ): ): ): ): ): ): ):
48 Security - XX the col my Late Cher the un Requ Prepayme I can see n CREDIT IN: required to the addition Type Credit Life Credit Heal Joint Credit	s 4.7 s s s l am giving a se goods or prope- lateral securing of deposit accoun ge - t will be cha paid amount up ired Deposit - Th nt - If I pay off I ny contract docum SURANCE - Cre obtain credit, a sel costs.	anount of Paym 3.80 accurity interest rty being pur- other loans wits and other arged a late of to a maximum te annual per whis note early rents for any a dit life insur- nd will not b credit life insur-	st in: rchased. with you may it rights to the p charge on the im of s <u>5.0(</u> rcentage rate in y,   may be gr sidditional inform rance and creation be provided un Premium surance.	also secure payment of a portion of a does not tak nuiled to a f netion about of edit health	w BECTINNING thrief descripti #4TAWAT2 this loan, money from you. any payment made the into account my retund of part of the nonpayment, default, insurance are not and agree to pay	hen Payments Are MARCH 10 inn of other pro- NXTZ08599 more than required depose is linance charg any required repr AMOUN TO LENI	0.00 1.0998 1.0996 1.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	days after it is he scheduled date MIZATION OF / EN TO ME DIRI IY (LOAN) ACC ERS ON MY BE Insurance Com	due equal due equal to, and prepr AMOUNT F LECTLY COUNT EHALF: npanies	to	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP IE 5.000 mis and cenaltie 18,836.00 16.00 18.00	). ): ): ): ): ): ): ): ): ): ):
48 Security - XX the col my Late Cher the un Requ Prepayme I can see n CREDIT IN: required to the addition Type Credit Life Credit Heal Joint Credit I do I do	s 4.7 s s s l am giving a se goods or prope- lateral securing of deposit accoun ge - t will be chu paid amount up ired Deposit - Th nt - If I pay off I ny contract docum SURANCE - Cre obtain credit, a sel costs.	anount of Paym 3.80 sourity interest rty being pur- other loans wits and other arged a late of to a maximu- te annual per whis note earling whill here insur- nd will not be credit life insur- credit life insur-	st in: cchased. with you may it rights to the p charge on the im of s <u>5.00</u> reantage rate of y <sub>2</sub>   may be or sdditional inform rance and created be provided up Premium surance. h insurance.	also secure payment of a portion of a does not tak nuiled to a f netion about of edit health	w BECTINNING thrief descripti #4TAWAT2 this loan, money from you. any payment made the into account my retund of part of the nonpayment, default, insurance are not and agree to pay	hen Prymeric Are MARCH 10, MARCH 10, more than required depose any required depose any required reputed AMOUNTS  AMOUNTS	0.00 1.0998 1.0996 1.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0	days after it is he scheduled date MIZATION OF / EN TO ME DIRI IY (LOAN) ACC ERS ON MY BE Insurance Com to Public O	a due equal to, and preparation AMOUNT F NECTLY COUNT EHALF: impanies Difficials	to	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP IE 5.000 mis and cenaltie 18,836.00 16.00 18.00	0 0 0 0 0 0 0 0 0 0 0 0 0
48 Security - XX the col my Late Cher the un Requ Prepayme I can see n CREDIT IN: required to the addition Type Credit Life Credit Heal Joint Credit I do	s 4.7 s s s l am giving a se goods or prope- lateral securing of deposit accoun ge - t will be cha paid amount up ired Deposit - Th nt - If I pay off I ny contract docum SURANCE - Cre obtain credit, a sel costs.	anount of Paym 3.80 sourity interest rty being pur- other loans with ts and other arged a late of to a maximu- te annual per this note early early for any a dit life insur nd will not b credit life insur credit life insur credit health joint credit li	st in: cchased. with you may it rights to the p charge on the im of s <u>5.00</u> reantage rate of y <sub>2</sub>   may be or sdditional inform rance and created be provided up Premium surance. h insurance.	also secure payment of a portion of a 0 does not tak ntitled to a f netion about or edit health inless I sign	w BECTINNING // ibrief descripti #4TAWA72 this loan, money from you. any payment made te into account my refund of part of th nonpayment, default, insurance are not and agree to pay Term	hen Prymeric Are MARCH 10, MARCH 10, more than required depose in ance charg any required repose AMOUNTS  TO LENI AMOUNTS  	Dee , 1998 pertyl 1996 10 10 d iit. je. AMOUNT GIVE NT PAID ON M DER PAID TO OTHE to I	days after it is he scheduled date MIZATION OF / EN TO ME DIRI IY (LOAN) ACC ERS ON MY BE Insurance Com to Public O FINANCE CHAF	a due equal to, and preparent AMOUNT F IECTLY COUNT EHALF: inpanies Difficials AGE(S)	*e* mear 17.00 4WD P to svmant refur svmant refur s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP II 5.000 nds and cenalitie 18,836.00 16.00 18.00 17.00	0. 0. 0. 0. 0. 0. 0. 0. 0. 0.
48 Security - XX the col my Late Cher the un Requ Prepayme I can see n CREDIT IN: required to the addition Type Credit Life Credit Heal Joint Credit I do	s 4.7 s s s l am giving a se goods or prope- lateral securing i deposit accoun ge - I will be chu paid amount up ired Deposit - Th nt - If I pay off I ny contract docum SURANCE - Cre obtain credit, a sal costs.	anount of Paym 3.80 sourity interest rty being pur- other loans with ts and other arged a late of to a maximu- te annual per this note early early for any a dit life insur nd will not b credit life insur credit life insur credit health joint credit li	st in: cchased. with you may it rights to the p charge on the im of s <u>5.00</u> reantage rate of y <sub>2</sub>   may be or sdditional inform rance and created be provided up Premium surance. h insurance.	also secure payment of a portion of a does not tak nuiled to a f netion about of edit health	w BECTINNING brief descripti #4TAWA72 this loan, money from you, sity payment made te into account my refund of part of th nonpayment, default, insurance are not and agree to pay Term	hen Pryments Are MARCH 10, MARCH 10, more than required depose any required depose	Dee , 1998 pertyl 1996 10 10 d iit. je. AMOUNT GIVE NT PAID ON M DER PAID TO OTHE to I	days after it is he scheduled date MIZATION OF / EN TO ME DIRI IY (LOAN) ACC ERS ON MY BE Insurance Com to Public O	a due equal to, and preparent AMOUNT F IECTLY COUNT EHALF: inpanies Difficials AGE(S)	*e* mear 17.00 4WD P to svmant refur svmant refur s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP ID 5.000 Ms and cenalitie 18,836.00 16.00 18.00 17.00	0. 0. 0. 0. 0. 0. 0. 0. 0. 0.
48       Security       XX the       col       my       Late Cher       the un       Prepayme       I can see in       CREDIT IN:       required to the addition       Type       Credit Life       Credit Heal       Joint Credit       I do [       I do [       I do [       I do [       X       PROPERTY	s 4.7 s s s l am giving a se goods or prope- lateral securing i deposit accoun ge - 1 will be chi paid amount up ired Deposit - Th nt - If I pay off i ny contract docum SURANCE - Cre obtain credit, a sal costs.	anount of Paym 3.80 icurity interest rty being purport other loans with arged a late of to a maximulation arged a late of arged a late of ar	st in: chased: with you may a rights to the p charge on the m of s 5_00 reantage rate of ty;   may be or rance and cre be provided un Premium surance. h insurance. property insur	also secure paymont of a portion of a O does not tak nutiled to a t nutiled to a t edit health miess I sign edit health miess I sign DOI DOI conce from a	w BECJINNING thrief descripti #4TAWA72 this loan, money from you, any payment made ter into account my retund of part of th ronpayment, default, insurance are not and agree to pay Term term term term term term term term t	hen Prymonic Are MARCH 10, MARCH 10, MARC	Dee , 1998 pertyl 1996 10 10 d iit. je. AMOUNT GIVE NT PAID ON M DER PAID TO OTHE to I	days alter it is he scheduled date MIZATION OF J EN TO ME DIRI IY (LOAN) ACC ERS ON MY BE Insurance Com to Public O FINANCE CHAF Amount Fin	due equal due equal to, and prepa AMOUNT F NECTLY COUNT EHALF: npanies Itificials RGĒ(S) nenced	**************************************	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP II 5.000 nds and penaltie 18,836.00 16.00 18,00 17.00 18,00 17.00	0. 0. 0. 0. 0. 0. 0. 0. 0. 0.
48 Security	s 4.7 s s s l am giving a se goods or prope- lateral securing of deposit accoun ge - ( will be chi paid amount up lired Deposit - Th nt - II i pay off i v contract docum SURANCE - Cre obtain credit, a bal costs.	anount of Paym 3.80 incurity interest rty being purport other loans with and other, arged a late c to a maximum te annual per this note earl this note earl inter for any a dit life insur nd will not b credit health joint credit life may obtain for	st in: chased. Mith you may it rights to the p charge on the m of \$ <u>5</u> .0( rcentage rate of rcentage rate of rcentage rate of rcentage rate of remay be or widditional inform rance and cre be provided up Premium Surance. in insurance. if insurance. property insur	also secure payment of a portion of a of a portion of a does not tak ntitled to a r edit health unless I sign edit health unless I sign both control of a control of a does not tak not the control of a	w BECINNING bits bits bits bits bits bits bits bits	hen Prymonic Are MARCH 10, MARCH 10, MARC	Dee 1998 1998 10 10 10 10 10 10 10 196 AUTEN AUTEN 1996 10 1996 10 1996 10 0 0 0 0 0 0 0 0 0 0 0 0 0	days alter it is he scheduled date MIZATION OF J EN TO ME DIRI IY (LOAN) ACC ERS ON MY BE Insurance Com to Public O FINANCE CHAF Amount Fir inanced and su	due equal due equal to, and prepr AMOUNT F RECTLY COUNT EHALF: rpanies Difficials RGE(S) nanced ubtract prep	* e* mear 17.00 4WD P to syment refur FINANCED s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP II 5.000 nds and penaltie 18,836.00 16.00 18,836.00 18,00 17.00 18,00 17.00 18,00 0.00 18,00 17.00 0.00 0.00 0.00 0.00 0.00 0.00 0	2 % of 0 0 0 0 0 0 0 0 0 0 0 0 0
48         Security         Security         Security         Col         my         Late Cher         the un         Required to the addition         Type         Credit Life         Credit Hoal         Joint Credit         I □ do [         I □ do [         I □ do [         X         PROPERTY         is accepta	s 47 s s s s l am giving a se goods or prope- lateral securing of deposit accoun ge - I will be cho paid amount up lired Deposit - Th nt - If I pay off i v contract docum SURANCE - Cre obtain credit, a hal costs.	anount of Paym 3.80 Incurity interest rty being purport other loans with and other, arged a late of to a maximum te annual per this note earli- this note earli- th	st in: (chased: Mith you may it rights to the p charge on the m of s 5_00 (rights to the p charge on the m of s 5_00 (rights to the p rights to the p m of s 5_00 (rights to the p (rights to th	CNTHLY also secure payment of a portion of a does not tak nutiled to a r redict health inless I sign edit health inless I sign both contents of the both contents of the portion of the portion of the portion of the portion of the portion of the po	w BECJINNING thrief descripti #4TAWA72 this loan, money from you, any payment made ter into account my retund of part of th ronpayment, default, insurance are not and agree to pay Term term term term term term term term t	hen Pryments Are MARCH 10, MARCH 10, MARC	1998     1998     1998     10     10     d      it.     ie.     AMOUNT GIVE     NT PAID TO OTHE     to II	days after it is he scheduled data MIZATION OF / IEN TO ME DIRI IY (LOAN) ACC ERS ON MY BE Insurance Com to Public O FINANCE CHAF Amount Fir inanced and su ETO THE TI AGREEMENT S DATE.	due equal due equal to, and prepa AMOUNT F RECTLY COUNT EHALF: npanies Stificials RGE(S) nenced ubtract prep FERMS SI T. I HAVE	*e* mear 17.00 4WD P to avmant refur s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP ID 5.000 15.000 16.00 18.00 17.00 16.00 18.01 17.00 16.00 18.871.00 e charges.) ON PAGE 1 D A COPY 0	2 % of 0 0 0 0 0 0 0 0 0 0 0 0 0
48 Security Security Security Colored Security S	s 4.7 s s s l am giving a se goods or prope- lateral securing i deposit accoun ge - t will be chi paid amount up ired Deposit - Th nt - II pay off i two contract docum SURANCE - Cre obtain credit, a sal costs. chi Life do not want do not want do not want do not want do not want insuRANCE - I bie to you. If TEREST INSURA	anount of Paym 3.80 icurity interest rty being purport other loans wits and other arged a late c to a maximus te annual per this note early interest to a maximus this note early interest this note early dit life insur nd will not b credit life insur credit life insur may obtain ( I get the in for ANCE - 1 m ptable to you	st in: rchased. with you may it rights to the p charge on the im of s <u>5</u> .0( rcentage rate of rcentage rate of r	also secure payment of a portion of a oortion of a does not tak ntitled to a r metion about r edit health unless I sign does not tak netion about r edit health unless I sign does not tak netion about r edit health unless I sign does not tak netion about r edit nealth unless I sign does not tak neither about r does not tak nealth does not tak	w BECJINNING bits bits bits bits bits bits bits bits	hen Prymonic Are MARCH 10, MARCH 10, MARC	Dee 1998 1998 10 10 10 10 10 10 10 10 10 10	days after it is he scheduled data MIZATION OF / IEN TO ME DIRI IY (LOAN) ACC ERS ON MY BE Insurance Com to Public O FINANCE CHAF Amount Fir inanced and su ETO THE TI AGREEMENT S DATE.	due equal due equal to, and prepa AMOUNT F RECTLY COUNT EHALF: npanies Stificials RGE(S) nenced ubtract prep FERMS SI T. I HAVE	*e* mear 17.00 4WD P to avmant refur s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s s	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP ID 5.000 15.000 16.00 18.00 17.00 16.00 18.01 17.00 16.00 18.871.00 e charges.) ON PAGE 1 D A COPY 0	2 % of 0 0 0 0 0 0 0 0 0 0 0 0 0
48         Security         XX the         col         my         Late Char         the un         Requ         Prepayme         I can see in         I can see in         Credit Life         Credit Life         Credit Heal         Joint Credit         I do         I do         I do         X         PROPERTY         is accepta         SINGLE IN         anyone I will pay \$	s 47 s s s s l am giving a se goods or prope- lateral securing of deposit accoun ge - I will be chu paid amount up ired Deposit - Th nt - If I pay off I ny contract docum SURANCE - Cre obtain credit, a sal costs. th Life do not want do not want do not want do not want do not want survey contract docum SURANCE - I ble to you. If TEREST INSUR- ant that is accer 18.00	Anount of Paym 3.80 Incurity interest rty being pur- other loans violations violation stand other, arged a late c to a maximu- te annual per this note earling maximum for any a dit life insur nd will not b credit life insur redit health joint credit life may obtain c I get the in for for for for for for for for for for for for for for 	st in: chased. with you may i rights to the p charge on the im of s 5.00 reintage rate i by I may be or sidditional inform rance and cre be provided ui Premium surance. in insurance. in insurance. property insur neurance from hay obtain si u. If I get the p for <u>48 MD</u>	Also secure payment of a portion of a of a portion of a portion of a portion of a portion of a of a portion of a portion of a portion of a portion of a of a portion of a pore	w BECTINNING brief descripti #4TAW/72 this loan, money from you, sity payment made te into account my retund of part of th nonpayment, default, insurance are not and agree to pay Term term term term term term term term t	hen Pryments Are MARCH 10, MARCH 10, MARC	1998     1998     1998     10     10     d      it.     ie.     avment before th     ITEN     ITE	days after it is he scheduled date MIZATION OF A (EN TO ME DIRI IY (LOAN) ACCO ERS ON MY BE Insurance Com to Public O FINANCE CHAF Amount Fir inanced and su E TO THE TI AGREEMENT S DATE. . SEE NOTICE ( R, L.L.C	to, and preparent of the second secon	e mear 17.00 4WD P to avmant refur finAnceo s 3 5 5 5 5 5 5 5 5 5 5 5 5 5	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP ID 5.000 vis and cenalitie 18,836.00 16.00 18,01.00 18,00 17.00 16.00 18,871.00 e charges.) ON PAGE 1 D A COPY O SIGNING.	2 % of 0 0 0 0 0 0 0 0 0 0 0 0 0
48 Security Security Security Color of the addition Type Credit Life Credit Heal Joint Credit I do	s 4.7 s s s l am giving a se goods or prope- lateral securing i deposit accoun ge - t will be chi paid amount up ired Deposit - Th nt - II pay off i two contract docum SURANCE - Cre obtain credit, a sal costs. chi Life do not want do not want do not want do not want do not want insuRANCE - I bile to you. If TEREST INSURA	Anount of Paym 3.80 Incurity interest rty being pur- other loans violations violation stand other, arged a late c to a maximu- te annual per this note earling maximum for any a dit life insur nd will not b credit life insur redit health joint credit life may obtain c I get the in for for for for for for for for for for for for for for 	st in: chased. with you may i rights to the p charge on the im of s 5.00 reintage rate i by I may be or sidditional inform rance and cre be provided ui Premium surance. in insurance. in insurance. property insur neurance from hay obtain si u. If I get the p for <u>48 MD</u>	Also secure payment of a portion of a of a portion of a portion of a portion of a portion of a of a portion of a portion of a portion of a portion of a of a portion of a pore	w BECGINNTING BECGINNTING Interference Inter	hen Pryments Are MARCH 10, MARCH 10, MARCH 10, more than required depose required depose required depose in ance charg any required repr AMOUNTS  TO LENI AMOUNTS  Signature I Signature I	1998     1998     1998     10     10     d      it.     ie.     AMOUNT GIVE     NT PAID TO OTHE     to II	days after it is he scheduled date MIZATION OF A (EN TO ME DIRI IY (LOAN) ACCO ERS ON MY BE Insurance Com to Public O FINANCE CHAF Amount Fir inanced and su E TO THE TI AGREEMENT S DATE. . SEE NOTICE ( R, L.L.C	to, and preparent of the second secon	e mear 17.00 4WD P to avmant refur finAnceo s 3 5 5 5 5 5 5 5 5 5 5 5 5 5	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP ID 5.000 vis and cenalitie 18,836.00 16.00 18,01.00 18,00 17.00 16.00 18,871.00 e charges.) ON PAGE 1 D A COPY O SIGNING.	2 % of 0 0 0 0 0 0 0 0 0 0 0 0 0
48       Security       XX the       col       my       Late Char       the un       Required to       Prepayme       I can see n       CREDIT IN:       required to       Type       Credit Life       Credit Heal       Joint Credit       I do       X       PROPERTY       is accepta       S       Single IN       anyone I w       Signed	s 47 s s s s l am giving a se goods or prope- lateral securing of deposit accoun ge - I will be chu paid amount up ired Deposit - Th nt - If I pay off I ny contract docum SURANCE - Cre obtain credit, a sal costs. th Life do not want do not want do not want do not want do not want survey contract docum SURANCE - I ble to you. If TEREST INSUR- ant that is accer 18.00	Anount of Paym 3.80 Incurity interest rty being pur- other loans violations violation stand other, arged a late c to a maximu- te annual per this note earling maximum for any a dit life insur nd will not b credit life insur redit health joint credit life may obtain c I get the in for for for for for for for for for for for for for for 	st in: chased. with you may i rights to the p charge on the im of s 5.00 reintage rate i by I may be or sidditional inform rance and cre be provided ui Premium surance. in insurance. in insurance. property insur neurance from hay obtain si u. If I get the p for <u>48 MD</u>	Also secure payment of a portion of a of a portion of a portion of a portion of a portion of a of a portion of a portion of a portion of a portion of a of a portion of a pore	w BECTINNING brief descripti #4TAW/72 this loan, money from you, sity payment made te into account my retund of part of th nonpayment, default, insurance are not and agree to pay Term term term term term term term term t	hen Pryments Are MARCH 10, MARCH 10, MARCH 10, more than required depose required depose required depose in ance charg any required repr AMOUNTS  TO LENI AMOUNTS  Signature I Signature I	1998     1998     1998     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10	days after it is he scheduled date MIZATION OF A (EN TO ME DIRI IY (LOAN) ACCO ERS ON MY BE Insurance Com to Public O FINANCE CHAF Amount Fir inanced and su E TO THE TI AGREEMENT S DATE. . SEE NOTICE ( R, L.L.C	to, and preparent of the second secon	e mear 17.00 4WD P to avmant refur finAnceo s 3 5 5 5 5 5 5 5 5 5 5 5 5 5	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP ID 5.000 vis and cenalitie 18,836.00 16.00 18,01.00 18,00 17.00 16.00 18,871.00 e charges.) ON PAGE 1 D A COPY O SIGNING.	2 % of 0 0 0 0 0 0 0 0 0 0 0 0 0
48       Security       XX the       col       my       Late Cher       the un       Required to       Prepayme       I can seen       CREDIT IN:       required to       Credit Life       Credit Heal       Joint Credit       I do       I saccepta       Singled       Title PR       PRECOMPL	s 47 s s s s l am giving a se goods or prope- lateral securing i deposit accoun ge - t will be cha paid amount up ired Deposit - Th nt - If I pay off i vy contract docum SURANCE - Cre obtain credit, a tal costs. do not want do not want do not want do not want do not want inSURANCE - I oble to you. If TEREST INSUR ant that is acce 18.00 Optional or whe	Anount of Paym 3.80 Incurity interest rty being purport other loans with arged a late of to a maximule annual per this note early ments for any a dit life insur- nd will not b credit life insur- credit life insur- int credit life insur- credit life insur- nd will not b credit life insur- credit life insur- for	st in: rchased. with you may it rights to the p charge on the im of s 5_0( rcentage rate of rcentage rate of row of s 5_0( rcentage rate of row of s 5_0( remained of remained of rance and cree be provided of Premium Premium surance. if insurance. if insurance. property insur nay obtain si u. If I get the of for 48 MD r for [liing im L 0 100 100 100 100 100 100 100 100 100	ACREEME	w BECINNING bits bits bits bits bits bits bits bits	hen Pryments Are MARCH 10, MARCH 10, more than required depose required depose any required repr AMOUNTS  TO LENI AMOUNTS  Signature Signature	1998     1998     1998     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10     10	days alter it is he scheduled date MIZATION OF J EN TO ME DIRI IY (LOAN) ACC ERS ON MY BE Insurance Com to Public O FINANCE CHAF Amount Fir inanced and su E TO THE TI AGREEMENT S DATE. SEE NOTICE ( R, L.L.C	due equal due equal to, and prepa AMOUNT F NECTLY COUNT EHALF: npanies Difficials RGE(S) nenced ubtract prep TCE PR	e mear 17.00 4WD P to avment refur FINANCED s s s s s s s s s s s s s	an itemization ns an estimate Filing Fees Nonfiling Insu ICKUP ID 5.000 vis and cenalitie 18,836.00 16.00 18,01.00 18,00 17.00 16.00 18,871.00 e charges.) ON PAGE 1 D A COPY O SIGNING.	2 % of 2 % of 0 0 0 0 0 0 0 0 0 0 0 0 0

#### ADDITIONAL TERM THE NOTE

DEFINITIONS - "I," "ine" or "my" means and antower who signs this note and each other person or legal entity (including guarantors, endorsers, and surettes) who agrees to pay this note (together referred to as "us"). "You" or "you" means the Lender and its successors and assigns. APPLICABLE LAW - This note and any agreement securing this note will be governed by the laws of the state of Kentucky. The federal Truth-in-Lending disclosures on page 1 are disclosures only and are not intended to be terms of this.

disclosures on page 1 are disclosures only and are not intended to be terms of this agreement. The tact that any part of this note cannot be entireed will not affect that rais of this note. Any change to this note cannot be entireed will not affect interstored this note. Any change to this note cannot be entired will not affect interstore the interstore any entire and and ther charges on this loan will never exceed the uginest rate or charge allowed by law for this loan.
POST-MATURITY INTEREST - interest will accrue on the principal balance remaining uppad after that maturity of the rate specified on page 1. For purposes of this section, final maturity occris:
(b) If this loan is payable on demand with alternate payment date; you make demand to payment or on the final alternate payment date. Which deter is eacher is eacher is eacher.
(b) On the date of the last scheduled payment of principal; or (demand immediate payment).

(c) On the date you accelerate the due date of this loan (demand immediate payment).
DEFAULT - I will be in default on this loan and any agreement securing this loan if airy one or nore of the tollowing occurs:
(a) I fail to make a payment in full when due;
(b) I die, and datared incompetent, or become insolvent;
(c) I lat to keep any promise I have made in connection with this loan;
(c) I lat to keep any promise I neve made in connection with this loan;

- (d) I fail to pay, or keep any other promise on, any other loan or agreement I have

with you;

(e) I make any written statement or provide any financial information that is untrue or inaccurate at the time it is provided;

- (i) Thate any write's statistic of you'de any interclarithomation that is dirived or infact any debt. I owe, through court proceedings, set-off or self-heig reposession;
  (g) The Property is darnaged, destroyed or stolen;
  (h) Lait to provide any additional security that you may require;
  (ii) Any legal entity (such as a partnership or corporation) that has agreed to pay this note merges, dissolves, reorganizes, ends its business or existence, or a partner or majority stockholder dies or is declared incompetent; or
  (j) Anything else happens that causes you to believe that you will have difficulty collecting the anount I owe you. If any of us are in default on this note or any security agreement, you may exercise you remedies against any or all of us.

Interesting the rebate described on page 1, make unpaid principal, interest and all other agreed charges 1 owe you under this note immediately due;
(b) Use the right of set-off as explained below;
(c) Demand more security or new parties obligated to pay this loan (or both) in the particular principal of the particular particular principal.

(d) Make

(c) Demand more security or new parties obligated to pay this loan (or both) in return for not using any other remedy.
(d) Muke a claim for any and all insurance benefits or refunds that may be available on my default;
(e) Use any remedy you have under state or federal law; and
(f) Use any remedy you have under state or federal law; and
(f) Use any remedy you have under state or federal law; and
(g) Sea any remedy you have under state or federal law; and
(g) Sea any remedy you have under state or federal law; and
(g) Use any remedy you have under state or federal law; and
(g) Sea any remedy given to you in any agreement securing this loan.
By choosing any one or more of these remedies you do not give up your right to use another remedy later. By deciding not to use any remedy should I be in usfault, you do not give up your right to consider the event a default if it happens again.

to use another remedy later. By deciding not to use any remedy should 16 use adjustic, you do not give up your right to consider the event a default if it happens again. COSTS OF COLLECTION AND ATTORNEYS' FEES - 1 agree to pay you all reasonable costs you mour to collect this debt or realize on any security. This includes, unless poliholited by law, court costs and reasonable attorneys' fees. If this toan is made under Kenucky Revised Statutes, Chapter 287, Lagree to pay your reasonable attorneys' tees of up to 15% of the unaid balance of this note. This provision also shall apply if 1 life a polition or any other claim for relief under any usinkruptcy rule or law of the United States, or if such patition or other claim for relief is filed against me by another. SET-OFF - 1 agree that you may set uff any amount due and payable under this note against any right have to receive money from you. "Right to receive money from you" means: (a) Any deposit account balance I have with you; (b) Any money owed to me on an item presented to you or in your possession for collection or exchange; and (c) Any repurchase agreement or other nondeposit obligation. "Any anount due and payable under this note" means the total amount of which you are antitled to demand payment under the terms of this note at the time you set off. This total includes any balance the due date for which you properly accelerate under this note. "If my right to receive money from you is also owhed by someons who has not agreed to pay this note. Your right of astroff will apply to my interest in the obligation and to any other amounts i. could withdraw on my sole request or endorsement. Your right of set-off will apply to my interest in the obligation and to any other amounts i. could withdraw on the collect offer obligation and to any other amounts i. could withdraw on the collect offer obligation and to any other amounts i. could withdraw on the collect offer obligation and to any other amounts i due accounts of the obligation where my rights arise only

set-oil. OTHER SECURITY - Any present or future agreement securing any other debt I owe you also will secure the payment of this loan. Property securing another deot will not secure this loan: (1) If and to the extent such property is in household goods; (2) If and to the extent such property is in household goods;

If such provide such such property is in nousened guods, If such property is inny principal dwelling and you fail to provide any required notice of right of rescission; and If this loan is made under Kentucky Revised Statutes, Chapter 287, and the (3)

notice of right of rescission; and
(3) If this loan is made under Kentucky Revised Statutes, Chapter 287, and the security is a first lien or first mortgage on real estate. However, the property security generates the security is a first lien or first mortgage on uninproved real estate not over 10 acres in size or is on real estate on which there is located or to be located a residential inoble home. OBLIGATIONS INDEPROVENT - I understand that my obligation to pay this loan is independent of the obligation of any other person who has also agreed to pay it. You may, without notice, release ne or any of us, or renew or change this note one or more times and for any cent, and it will still be obligation to pay this loan. You may, without notice, release ne or any of us, or renew or change this note one or more times and notice of protest.
RWACY - I agree that from time to time you may receive credit information about me troin others, including other lenders and credit reporting agencies. I agree that from time to time sond marsing from the use of information provided to you by thers or for providing such information. To the extent permitted by law, lagree that you will not be liable for any claim arising from the use of information provided to you by others or for providing such information to others.
FINAACY - I agree that from the any claim arising from the use of information provided to you by others of for providing such information to others.
FINAACH STATEMENTS - I will give you any financial statements or information that you leal is necessary. All tinancial statements and information I give you will be correct and complete.

ADDITIONAL TEMPORT HE SECURITY AGREEMENT SECURED OSLIGATIONS - This wire agreement secures this loan lincturing all extensions, renewals, relinancing, and modifications) and any other debt 1 have only on now or later. Property described in this security agreement will not secure other such debts if you lait to give any required notice of the right of rescision with respect to the Property. Also, this security agreement will not secure other debts if this security interest is in household goods and the other debt is a cursumer ban. This security agreement will resischarged in writing. For the sole purpose of detormining the extent of a purchase money security rerest arising under this security agreement: (a) Payments on any rionpurchase money loan also secured by this agreement will not be deemed to apply to the Purchase Money Loan; and (b) Payments on the Purchase Money Loan, and then to the purchase money obligations in the order in which the items were acquired. No security interest will be terminated by application of this formula. "Purchase Money Loan" means any loan the proceeds of which, in whole or in part, are used to acquire any property securing the loan and all extensions, renewals, consolitations and reinfrancings of such loan. PROPERTY - The word "Propurty," as used here, includes all property that is listed in the security agreement will ageneral description is used, the word Property includes all my property hitting the general description. Property also insurance benefits, payments from others, instread, dividends, stock splits and volting risk. If also means property hitting the statched to is a part of the submits, busing the order will be thered, includes all proceeds, insurance benefits, payments from others, instread, dividends, stock splits and volting risk. If also theres to row of Property includes, stock splits and volting risk. If also theres to row of the volting the proceeds, insurance benefits, PAND DUTES TOWARD PROPERTY - Unless a co-owner(s) of the

or issuits from the Property. OWNERSHIP AND DUTIES TOWARD PROPERTY - Unless a co-owner(s) of the Property signed a third party agreement, I represent that I own all the Property. I will defend the Property against any other claim. I agree to do whatever you require to perfect your interest and keep your priority. I will not do anything to harm your position

require to perfect your interest and keep your priority. I will not do anything to nam your position. I will keep the Property in my possession (except if pledged and delivered to you). I will keep it in good repair and use it only for Its intended purposes. I will keep it at my address unless we agree otherwise in writing. I will not try to sail or transite the Property, or permit the Property to become attached to any real estate, without your written consent. I will pay all taxes and changes on the Property. As they become due. I will inform you of any (bass or damage to the Property. You have the right of reasonable access in older to inspect the Property. I will name you as loss payee on any such policy. You may require added security on this loon if you agree that if the insurance proceeds do not cover the amounts is till owe you, I will pay the difference. I will buy the insurance from a firm authorized to do-business in Kentucky. The firm will be reasonably acceptable to you. I will keep the insurance until all dets secured by this agreement are pair. agreement are paid. DEFAULT AND REMEDIES - If I am In default, in addition to the remedies listed in

- DEFAULT AND REMEDIES IT ram in generatin, in addition to the following and the note portion of this document; your may: (a) Pay taxes or other charges, or purchase any required insurance, if I fail to do these things (but; your are into required to do sol. You may add the amount you pay to this loan and secrue interest on that amount at rate equal to the rate shown in the "POST-MATURITY:INTEREST" paragraph on page 1 until paid in
- Itali;
  In the to gather the Property and any related records and make it available to you in a reasonable fashion;
  Raquire mit to gather the Property and any related records and make it available to you in a reasonable fashion;
  Take immediate possession of the Property, but in doing so you may not breach the peace-or unlawfully enter onto my premises. You may sell, lease or discose of the Property as provided by law. You may apply what you receive from the sale of the Property to your expenses and then to the debt. If what you receive from the sale of the Property to sell sets than what i owe you, you may take me to court for recover the difference (to the extent permitted by law); and (di Keep the Property, to satisfy the debt.
  1. agree that when you must give notice to me of your intended sale or disposition. I sagree to inform you invitting of any change in my address.
  FILING A copy of this security agreement may be used as a financing statement when allowed by law;

when allowed by law?

THIRD PARTY AGREEMENT For the purposes of the provisions within this enclosure, "I," "me" or "my" means the person signing below and "you" means the Lender identified on page 1

Page 1. Fagree to give you a security interest in the Property that is described on page 1. I AGREE TO THE TERMS OF THIS NOTE AND SECURITY AGREEMENT SET OUT ON PAGES 1 AND 2, but I am SECURITY AGREEMENT SET OUT ON PAGES 1 AND 2, but I am in no way personally liable for payment of the debt. This means that if the Borrower defaults, my interest in the Property may be used to satisfy the Borrower's debt. I agree that you may, without releasing me or the Property from this Third Party Agreement and without notice or demand upon me, extend new credit to any Borrower, renew or change this note or security agreement one or more times and for any term, or fail to perfect your security interest in, impair, or release any security (including guaranties) for the obligations of any Borrower. I HAVE RECEIVED a COMPLETED COPY OF THIS NOTE AND SECURITY

ODIGATIONS OF ANY BORTOWER. I HAVE RECEIVED A COMPLETED COPY OF THIS NOTE AND SECURITY AGREEMENT. NAME

х

### NOTICE TO COSIGNER

You (the cosigner) are being asked to guaranty this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this

onsibility. You may have to pay up to the full amount of the debt if the borrower does hay. You also may have to pay late fees or collection costs, which increase not pay. this amount.

The creditor can collect this debt from you without first trying to collect from the barrower. The creditor can use the same collection methods against you that can be used egainst the barrower, such as suing you, gamishing your weges, etc. If this debt is ever in default, that fact may become part of your incord

This notice is not the contract that makes you liable for the debt.

Attach FTC "Preservation of Consumer Claims and Defenses" Notice if Applicable



ADDITIONAL TE F THE SECURITY AGREEMENT

1. Debtor(s) (Last Name Fir CITTIPOWER, L.L.C. P.O. BOX 1309 WHITLEY CITY, KY		2. Secured Party and a BANK OF MCCREA P.O. BOX 160 WHITLEY CITY,			
3. This Title Lien Statement of	covers the following:				
YEAR MODEL	MAKE	IDENTIFICATI			NAL DESCRIPTION
1996	TOYOTA	4TAWM72NXT	Z085991	TACOMA 4WD P	ICKUP TRUCK
Filed with: JO KIDD, N	ACCERTARY CONTRACT		. <u></u>		
Filed with: OO TOLDO, T					
(Signature of Debtor)		(Date)	(Signature of Debtor)		(Oate)
DEBTOR COPY					
Bankers Systems, Inc., St. Cloud, N	AN FORM ILS-LAZ-KT 12/15				
Bankers Systems, Inc., St. Cloud, M	IN Form ILS-LAZ-KY 12/15				
Bankers Systems, Inc., St. Cloud, M	4N Form (L3-LA2-K7 12/)				
Bankers Systems, Inc., St. Cloud, M	IN Form (LS-LA2-KT (2/))				
Bankers Systems, Inc., St. Cloud, M	IN Form (LS-LA2-KT (2/))				
Bankers Systems, Inc., St. Cloud, M	IN Form (LS-LA2-KT (2/)			•	
				•	
				•	
			,		· · ·
			·		· · · · · · · · · · · · · · · · · · ·
			,		· · · · · · · · · · · · · · · · · · ·
			,		
			· · ·		