

P. O. BOX 3157  
PIKEVILLE, KY 41502  
PHONE: (606) 631-9162  
FAX: (606) 631-3087  
TDD: (606) 631-3711

December 17, 2008

2008-00508  
FILED

DEC 23 2008

PUBLIC SERVICE  
COMMISSION

Stephanie Stumbo, Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

RECEIVED

DEC 23 2008

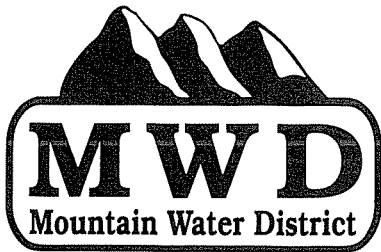
PUBLIC SERVICE  
COMMISSION

RE: Application for Non-Recurring Charge Increase  
Mountain Water District

Dear Ms. Stumbo:

Please find enclosed an application to make tariff revisions for certain non-recurring charges as listed in the enclosed tariff sheet and as defined in 807 KAR 5:006, Section 8. In support of its application, Mountain Water District states as follows:

1. Cost justification forms are included for each quantified rate proposed which show a full description of the equipment or service provided. The proposed rates cover incremental costs and a reasonable contribution to overhead.
2. A copy of the public notice that will be published in the newspaper for three (3) consecutive weeks before the new rates are imposed.
3. A copy of this filing has been mailed to the Attorney General's Consumer Protection Division at 700 Capital Avenue, Suite 118, Frankfort, KY 40601.
4. Mountain Water District costs of performing the services associated with the non-recurring charges proposed have increased dramatically since our last general rate case. Mountain Water District has been absorbing the increased costs incurred for the listed non-recurring charges and cannot afford to wait for its next general rate case.



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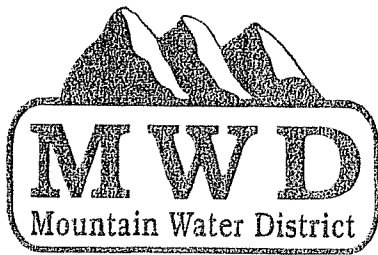
5. The group of customers impacted by the proposed increases will be those who cause Mountain Water District to incur the expense. It is unfair for Mountain Water District and all its customers to continue to absorb expenses attributable to specific customers.
6. Mountain Water District has previously filed income and balance sheet statements with the Public Service Commission. The statements are currently on file with the Commission.
7. The additional revenue to be generated from the proposed tariff revisions will not exceed five percent (5%) of the total revenues provided by all miscellaneous and non-recurring charges for 2007.
8. Merchant contract with The Neil Group is included to verify that the District has no restrictions in regards to passing fees onto the customer.

Should the Public Service Commission require additional information, please contact our office.

Sincerely,

Toni Akers, Chairperson  
Mountain Water District

Enclosures  
Cc: PSC File



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December 17, 2008

Office of the Attorney General  
Consumer Protection Division  
700 Capital Avenue, Suite 118  
Frankfort, KY 40601

RE: Formal Application for Tariff Revisions

Dear Sir/Madam:

This letter shall serve as notice that Mountain Water District has filed an application with the Public Service Commission to revise its tariff to adjust certain non-recurring charges.

The District is not requesting a water rate increase at this time. However, the District can no longer absorb increased cost attributable to certain non-recurring charges. The customers affected by these increases will be the customers that cause the District to incur these additional expenses.

The District will publish a public notice of these rate revisions for three consecutive weeks subsequent to approval by the PSC and prior to the imposition of the new rates. You will find a copy of the District's filing with the PSC enclosed.

Sincerely,

A handwritten signature in cursive script that reads 'Toni Akers'.

Toni Akers, Chairperson  
Mountain Water District

Enclosures  
Cc: PSC File

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Page 101 of th  
Pike County, Ke  
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Trustee under  
NovaStar  
Mortgage Funding  
Trust 2005-1

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**NOTICE**

Mountain Water District has filed an application with the Public Service Commission that proposes to make the following revisions to its schedule of non-recurring charges and tariff.

LS  
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| Charge                           | Current   | Proposed  |
|----------------------------------|-----------|-----------|
| Fire Hydrant Installation        | \$2100.00 | \$2550.00 |
| Same day reconnect after 3:00 pm | 30.00     | 50.00     |
| Residential Deposit              | 50.00     | 75.00     |
| Commercial Deposit               | 100.00    | 150.00    |
| Meter Re-read                    | 20.00     | 30.00     |

The District also proposes to (1) implement a policy whereby water withdrawn from a hydrant and water for construction will be charged at the lowest step in their rate schedule, currently \$6.22 per 1,000 gallons; (2) change the multi-unit master meter billing calculation to be based on the average gallons used per housing unit at the current rate schedule, times the number of housing units in the multiple-unit facility; (3) implement an option to pay by credit card, debit card, or online payment whereby the charge for this service will be \$0.25 per transaction plus 2.27% of the amount of the bill.

The rates contained in this notice are the rates proposed by Mountain Water District. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

Any corporation, association, body politic or person may by motion within thirty (30) days after publication of the proposed rate changes request leave to intervene. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the request including the status and interest of the party.

Intervenors may obtain copies of the application and testimony by contacting the District at 332 Zebulon Highway, Pikeville, Kentucky 41502; (606) 631-9162. A copy of the application and testimony shall be available for public inspection at the District's offices.

This notice is published pursuant to 807 KAR 5:011 Section 8 - Notices.

12/17/08

FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 2

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

**RATES AND CHARGES**

|                                      |                          |
|--------------------------------------|--------------------------|
| 5/8" Meters:                         |                          |
| First 2,000 gallons                  | \$20.02 minimum bill     |
| Next 8,000 gallons                   | \$7.01 per 1,000 gallons |
| All over 10,000 gallons              | \$6.22 per 1,000 gallons |
| 1" Meters:                           |                          |
| First 5,000 gallons                  | \$42.00 minimum bill     |
| Next 5,000 gallons                   | \$7.01 per 1,000 gallons |
| All over 10,000 gallons              | \$6.22 per 1,000 gallons |
| 2" Meter:                            |                          |
| First 20,000 gallons                 | \$130.00 minimum bill    |
| All over 20,000 gallons              | \$6.22 per 1,000 gallons |
| 3" Meter:                            |                          |
| First 30,000 gallons                 | \$190.00 minimum bill    |
| All over 30,000 gallons              | \$6.22 per 1,000 gallons |
| 4" Meter:                            |                          |
| First 50,000 gallons                 | \$300.00 minimum bill    |
| All over 50,000 gallons              | \$6.22 per 1,000 gallons |
| 6" Meter:                            |                          |
| First 100,000 gallons                | \$595.00 minimum bill    |
| All over 100,000 gallons             | \$6.22 per 1,000 gallons |
| Martin County Water District         | \$2.40 per 1,000 gallons |
| Mingo County Public Service District | \$3.75 per 1,000 gallons |
| Nolin Public Service District        | \$2.40 per 1,000 gallons |
| City of Elkhorn City                 |                          |
| First 215,000 gallons per day        | \$2.25 per 1,000 gallons |
| All over 215,000 gallons per day     | \$2.40 per 1,000 gallons |
| Line Leak Adjustment Rate            | \$3.60 per 1,000 gallons |
| Water Taken From Hydrant             | \$6.22 per 1,000 gallons |
| Water Used For Construction          | \$6.22 per 1,000 gallons |

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY Joni Akers  
(Signature of Officer)

TITLE \_\_\_\_\_ CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 6

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

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CLASSIFICATION OF SERVICE

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Connection and Installation Charge for a Special Service

An Individual Fire Hydrant

For each fire hydrant contracted for order by a City, County, State, or Federal governmental agency or institution, private customer, private institution, the connection and installation charge shall be \$2,550.00.

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DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_

ISSUED BY Joni Akers \_\_\_\_\_  
Month / Date / Year  
(Signature of Officer)

TITLE \_\_\_\_\_ CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 17

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

**RULES AND REGULATIONS**

excused from the payment of any bill or any performance required in said notice.

Bills for water service are due and payable at the office of the DISTRICT, or to any designated agent, on the date of issue. The past due date shall be the 20<sup>th</sup> day after the date of issue. On all accounts not paid in full by the next billing date, an additional charge of 10 percent of the unpaid portion will be made. Payments may be made in the form of cash, check, credit/debit card, or online at [www.mountainwaterdistrictky.com](http://www.mountainwaterdistrictky.com). Customers choosing to pay by credit/debit card or online shall be charged \$0.25 per transaction plus 2.27% of the amount to be paid.

All bills not paid on or before the past due date shall be deemed delinquent. Any said delinquent bill will appear as added to next month's balance. Included on the bill will be a statement indicating that if the previous balance is not paid in full on or before the next past due date, it is the intent of the DISTRICT to discontinue service as of the date provided. However, if, prior to discontinuance of service, there is delivered to the DISTRICT or its employee empowered to discontinue service, a written certificate signed by a physician, a registered nurse, or a public health officer that, in the opinion of the certifier, discontinuance of service will aggravate an existing illness or infirmity at the affected premises, service shall not be discontinued until the affected resident can make other living arrangements or until (30) days elapse from the time of the DISTRICT'S receipt of said certification, whichever occurs first pursuant to 807 KAR 5:006, Section 14 (2) (c).

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY *Tom Akers* \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_ CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 18

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

11. Discontinuance of Service by Customer

Any customer having fulfilled their contract terms and desiring to discontinue the water service to their premises for any reason must give notice of discontinuance in writing at the business office of the DISTRICT at least three (3) days prior to the date on which the customer desires to discontinue service. If such notice in writing is not given, a customer shall remain liable for all water used and service rendered to such premises by the DISTRICT until such notice is received by the DISTRICT

12. Reconnection Fees

Where the water supply to the customer has been discontinued for non-payment of delinquent bills, or where a meter is to be reinstalled for a new customer at the location where one existed previously, a charge of \$30.00 shall be made for reconnection until all delinquent bills and other charges, if any, owed by the customer to the DISTRICT have been paid. In instances where the customer pays after three (3) p.m. and would like service connected the same day a charge of \$50.00 shall apply.

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_

ISSUED BY Joni Akers \_\_\_\_\_  
Month / Date / Year  
(Signature of Officer)

TITLE \_\_\_\_\_ CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_



FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 19

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

**RULES AND REGULATIONS**

13. **DEPOSIT**

The Mountain Water District reserves the right to require a minimum cash deposit of \$75.00 for residential accounts and \$150.00 for commercial accounts to secure payment of bills except for customers qualifying for service reconnection pursuant to 807 KAR 5:006, Section 15, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Interest, as prescribed by KRS 278.460, will be paid annually either by refund or credit to the customer's bill, except that no refund or credit will be made if the customer's bill is delinquent on the anniversary date of the deposit. The rate at which interest will be paid shall be equal to the interest rate the DISTRICT receives from the customer deposit escrow account.

The deposit may be waived upon a customer's showing of satisfactory credit or payment history, and required deposits will be returned after one (1) year if the customer has established a satisfactory payment record for that period. If a deposit has been waived or refunded and the customer fails to maintain a satisfactory payment record, a deposit may then be required. The DISTRICT may require a deposit in addition to the initial deposit if the customer's classification of service changes or if there is a substantial change in usage. Upon termination of service, the deposit, any principal amounts, and any interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

In determining whether a deposit will be required or waived, the following criteria will be considered:

1. Previous payment history with the DISTRICT. If the customer has no previous history with the DISTRICT, statements from other utilities, banks, etc. may be presented by the customer as evidence of good credit.
2. Whether the customer has an established income or line of credit.
3. Length of time the customer has resided or been located in the area.
4. Whether the customer owns property in the area

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_

ISSUED BY Joni Akers \_\_\_\_\_  
Month / Date / Year  
(Signature of Officer)

TITLE \_\_\_\_\_ CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR Entire Service Area  
Community, Town or City

P.S.C. KY. NO. 1

ORIGINAL SHEET NO. 32

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

SHEET NO. \_\_\_\_\_

Mountain Water District  
(Name of Utility)

RULES AND REGULATIONS

The customer shall not sell, donate, give, or allow use of such water to any authorized or unauthorized party.

31. Special Charges

Special charges may be assessed to the customer for returned checks, meter rereads, and meter retests at the specified charges shown below:

- A. A charge of \$25.00 will be made for each check returned to the District by the bank.
- B. A charge of \$30.00 will be made to reread a meter at the customers request unless such reread reveals that the initial reading was erroneous. No charge shall be made if the initial reading was erroneous.
- C. A charge of \$30.00 will be made for a meter retest when such test is made at the customers written request unless the meter is found to be faulty. No charge shall be made for a faulty meter, but appropriate adjustments shall be made in accordance with Section 14 of these rules and regulations.

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY Joni Akers \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_ CHAIRPERSON

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

## HYDRANT INSTALLATION COST

|                                                        |                |
|--------------------------------------------------------|----------------|
| Cost of Hydrant                                        | \$1,220.00     |
| Cost of Tapping Saddle & Valve                         | \$ 852.00      |
| Cost of Equipment – 6 hours @ \$28.00/hr               | \$ 168.00      |
| Cost of Vehicle – 20 miles round trip @ \$0.58/mile    | \$ 11.70       |
| Labor Cost – 6 hours – Equip. Operator, Utility Worker |                |
| 4 hours – Supervisor + 40% overhead                    | \$ 288.60      |
| <u>Miscellaneous Pipe Fittings</u>                     | <u>\$ 9.70</u> |
|                                                        | \$2,550.00     |

## Justification For Same Day Connection Charge

### Labor & Equipment

|                                                                                     |                |
|-------------------------------------------------------------------------------------|----------------|
| Vehicle Expense - 20 Miles @ \$0.585/Mile                                           | \$11.70        |
| Meter Department Worker - \$17.27/hr Overtime Rate @ 1 Hour + 40% Fringe            | \$24.18        |
| Office Worker - \$18.75/hr Overtime Rate @ 15 Minutes + 40% Fringe                  | \$6.56         |
| Administrative-Additional Paperwork & Filing - \$10.80/hr @ 30 Minutes + 40% Fringe | <u>\$7.56</u>  |
| Total Cost                                                                          | <u>\$50.00</u> |

## Justification For Credit/Debit Card Payment Fees

**Fees Charge by The Neil Group**

|                                            |         |
|--------------------------------------------|---------|
| Per Transaction                            | \$ 0.25 |
| Percent of Amount of Transaction Processed | 2.20%   |

**Proposed Fees to be Charged to Customer**

|                                            |        |
|--------------------------------------------|--------|
| Per Transaction                            | \$0.25 |
| Percent of Amount of Transaction Processed | 2.27%  |

**Example:**

|                               |                |
|-------------------------------|----------------|
| Balance Due                   | \$20.02        |
| Transaction Fee               | \$ 0.25        |
| 2.27% of Amount to be Paid    | <u>\$ 0.46</u> |
| <b>Total Paid by Customer</b> | <b>\$20.73</b> |

**Total Fees Charged to the Customer** **\$ 0.71**

|                                           |                  |
|-------------------------------------------|------------------|
| <b>Fees Charged to the DISTRICT</b>       | \$20.73          |
|                                           | X 2.20%          |
|                                           | <u>\$ 0.46</u>   |
|                                           | + \$0.25         |
| <b>Total Fees Charged to the District</b> | <b>= \$ 0.71</b> |

This would be offered only as a convenience to the customer. The District is requesting to charge a higher fee than it is being charged due to the fact that The Neil Group would charge their fee (2.2%) based on the actual amount processed, not the amount of the customers bill and the District would have to charge 2.27% to break even. The District would not generate any additional revenue from this fee.

## Justification For Increase In Customer Deposit

| System Average Usage      | x Rate Schedule | = | Average Monthly Bill |
|---------------------------|-----------------|---|----------------------|
| 4500                      |                 |   |                      |
| First 2,000 Gallons       | \$20.02         |   | \$20.02              |
| Next 2,500 Gallons        | \$7.01 / 1,000  |   | \$17.53              |
| <b>Total For 1 Month</b>  |                 |   | <b>\$37.55 *</b>     |
|                           |                 | x | 2 MONTHS             |
| <b>Total For 2 Months</b> |                 |   | <b>\$75.10</b>       |

\*If Disconnected The Customer Will Have A Two (2) Month Bill Excluding School Tax And Penalties

## Justification For Increase On Reread Meter Fee

### Labor & Equipment

|                                                                |                |
|----------------------------------------------------------------|----------------|
| Vehicle Expense - 20 Miles @ \$0.585/Mile                      | \$11.70        |
| Meter Department Worker - \$11.51/hr @ 45 Minutes + 40% Fringe | \$12.11        |
| Office Worker - 12.51/hr @ 22 Minutes + 40% Fringe             | <u>\$6.42</u>  |
| <b>Total Cost</b>                                              | <b>\$30.23</b> |

## NOTICE

Mountain Water District has filed an application with the Public Service Commission that proposes to make the following revisions to its schedule of non-recurring charges and tariff.

| Charge                           | Current   | Proposed  |
|----------------------------------|-----------|-----------|
| Fire Hydrant Installation        | \$2100.00 | \$2550.00 |
| Same day reconnect after 3:00 pm | 30.00     | 50.00     |
| Residential Deposit              | 50.00     | 75.00     |
| Commercial Deposit               | 100.00    | 150.00    |
| Meter Re-read                    | 20.00     | 30.00     |

The District also proposes to (1) implement a policy whereby water withdrawn from a hydrant and water for construction will be charged at the lowest step in their rate schedule, currently \$6.22 per 1,000 gallons; (2) change the multi-unit master meter billing calculation to be based on the average gallons used per housing unit at the current rate schedule, times the number of housing units in the multiple-unit facility; (3) implement an option to pay by credit card, debit card, or online payment whereby the charge for this service will be \$0.25 per transaction plus 2.27% of the amount of the bill.

The rates contained in this notice are the rates proposed by Mountain Water District. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

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Intervenors may obtain copies of the application and testimony by contacting the District at 6332 Zebulon Highway, Pikeville, Kentucky 41502; (606) 631-9162. A copy of the application and testimony shall be available for public inspection at the District's offices.

This notice is published pursuant to 807 KAR 5:011 Section 8 - Notices.



# Merchant Bankcard Application and Agreement

Please print and fill out completely.

|                                                         |                                              |                                                                                                                              |
|---------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Sales ID #<br><b>512111</b>                             | Representative's Name<br><b>Robert Mohon</b> | Representative's Phone<br>[REDACTED]                                                                                         |
| Maximum Monthly Bankcard Volume<br>\$ <b>150,000.00</b> | Average Bankcard Ticket<br>\$ <b>120.00</b>  | Do you process recurring transactions?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                |
|                                                         |                                              | Do you accept card numbers over the internet?<br><input type="checkbox"/> Yes _____ % <input checked="" type="checkbox"/> No |

PROCESSING INFORMATION

| <b>Visa/MasterCard/Discover Sales</b><br>Select One:<br><input type="checkbox"/> Retail/Storefront <input type="checkbox"/> Restaurant<br><input checked="" type="checkbox"/> Service <input type="checkbox"/> Lodging<br><input type="checkbox"/> Trade Show<br><input type="checkbox"/> Mail Order/Telephone Order<br><input type="checkbox"/> Internet (shopping cart required)<br><input type="checkbox"/> Virtual Terminal (no shopping cart)<br><br><table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">Swiped<br/><b>0</b> %</td> <td style="width:50%;">Non-Swiped<br/><b>100</b> %</td> </tr> </table> <p style="text-align:center;">Total Must Equal 100%</p> | Swiped<br><b>0</b> %       | Non-Swiped<br><b>100</b> %               | <b>Fee Summary</b> (Refer to Section 25 of Merchant Agreement for additional fees)<br><br><table style="width:100%;"> <tr> <td style="width:50%;"></td> <td style="text-align:center;"><b>Credit Card</b></td> <td style="text-align:center;"><b>Signature Debit *</b></td> </tr> <tr> <td>Qualified Discount Rate</td> <td style="text-align:center;"><b>2.2</b> %</td> <td style="text-align:center;"><b>2.2</b> %</td> </tr> <tr> <td>Auth/Batch Fee</td> <td style="text-align:center;">\$ <b>0.15</b> each</td> <td><input type="checkbox"/> eMerchant View</td> </tr> <tr> <td>Device Monthly Fee (Internet/Wireless)</td> <td style="text-align:center;">\$ <b>N/A</b> /device</td> <td><input type="checkbox"/> Lighthouse Club</td> </tr> <tr> <td>Annual Fee</td> <td style="text-align:center;">\$ <b>10</b></td> <td></td> </tr> </table> <p style="font-size: small;">* If left blank, signature debit rate and credit rate will be the same</p> <table border="1" style="width:100%; border-collapse: collapse; margin-top: 5px;"> <tr> <th colspan="4" style="text-align:center;">Adjustments</th> </tr> <tr> <td style="width:25%;">Monthly Minimum</td> <td style="width:25%;">MQR</td> <td style="width:25%;">NQR</td> <td style="width:25%;">SD MQR/NQR</td> </tr> </table> |  | <b>Credit Card</b> | <b>Signature Debit *</b> | Qualified Discount Rate | <b>2.2</b> % | <b>2.2</b> % | Auth/Batch Fee | \$ <b>0.15</b> each | <input type="checkbox"/> eMerchant View | Device Monthly Fee (Internet/Wireless) | \$ <b>N/A</b> /device | <input type="checkbox"/> Lighthouse Club | Annual Fee | \$ <b>10</b> |  | Adjustments |  |  |  | Monthly Minimum | MQR | NQR | SD MQR/NQR |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------|--------------------------|-------------------------|--------------|--------------|----------------|---------------------|-----------------------------------------|----------------------------------------|-----------------------|------------------------------------------|------------|--------------|--|-------------|--|--|--|-----------------|-----|-----|------------|
| Swiped<br><b>0</b> %                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Non-Swiped<br><b>100</b> % |                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |                    |                          |                         |              |              |                |                     |                                         |                                        |                       |                                          |            |              |  |             |  |  |  |                 |     |     |            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Credit Card</b>         | <b>Signature Debit *</b>                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |                    |                          |                         |              |              |                |                     |                                         |                                        |                       |                                          |            |              |  |             |  |  |  |                 |     |     |            |
| Qualified Discount Rate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>2.2</b> %               | <b>2.2</b> %                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |                    |                          |                         |              |              |                |                     |                                         |                                        |                       |                                          |            |              |  |             |  |  |  |                 |     |     |            |
| Auth/Batch Fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$ <b>0.15</b> each        | <input type="checkbox"/> eMerchant View  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |                    |                          |                         |              |              |                |                     |                                         |                                        |                       |                                          |            |              |  |             |  |  |  |                 |     |     |            |
| Device Monthly Fee (Internet/Wireless)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | \$ <b>N/A</b> /device      | <input type="checkbox"/> Lighthouse Club |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |                    |                          |                         |              |              |                |                     |                                         |                                        |                       |                                          |            |              |  |             |  |  |  |                 |     |     |            |
| Annual Fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | \$ <b>10</b>               |                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |                    |                          |                         |              |              |                |                     |                                         |                                        |                       |                                          |            |              |  |             |  |  |  |                 |     |     |            |
| Adjustments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                            |                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |                    |                          |                         |              |              |                |                     |                                         |                                        |                       |                                          |            |              |  |             |  |  |  |                 |     |     |            |
| Monthly Minimum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | MQR                        | NQR                                      | SD MQR/NQR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                    |                          |                         |              |              |                |                     |                                         |                                        |                       |                                          |            |              |  |             |  |  |  |                 |     |     |            |

Special Program/Event  
**Government / Monthly Discount -Conversion**

|                                                                                                                                                                                                                   |                                                                                                                                                       |                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| Terminal Type<br><input type="checkbox"/> DSL/IP <input type="checkbox"/> Contactless                                                                                                                             | Printer Type                                                                                                                                          | Pin Pad Type                                                                                   |
| Software Type/Version<br><input type="checkbox"/> DSL/IP                                                                                                                                                          | Gateway                                                                                                                                               | HMS to set up: <input type="checkbox"/> Authorize Net <input type="checkbox"/> USA ePay<br>EPN |
| <input type="checkbox"/> Online PIN Debit (NYCE, Interlink, PULSE, STAR, Maestro)<br>PIN Debit Monthly Access Fee: \$ _____<br>PIN Debit Sale Transaction Fee: \$ _____<br>PIN Debit Sale Percentage Fee: _____ % | <input type="checkbox"/> Electronic Benefits Transfer (EBT)<br>EBT Authorization Fee: \$ _____<br>FNS Number: [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] |                                                                                                |

ADDITIONAL CARD TYPES

JCB: [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]

American Express: [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]    Apply (Must Sign Below)

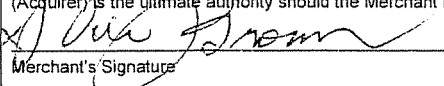
Apply for American Express

Discount Rate \_\_\_\_\_ % and Transaction Fee \$ \_\_\_\_\_ each   or    Monthly Flat Fee: \$5.95   Pay Frequency:  3 Day    15 Day    30 Day

Est. Annual Volume: \$ \_\_\_\_\_   Est. Average Ticket: \$ \_\_\_\_\_    Monthly Gross Pay (+ 03% if \$100k+)   or    Daily Gross Pay

By signing below, I represent that I have read and am authorized to sign and submit this application on behalf of the entity below and all information I have provided herein is true, complete, and accurate. I authorize American Express Travel Related Services Company, Inc. ("American Express") to verify the information in this application and receive and exchange information about me personally, including by requesting reports from consumer reporting agencies. I authorize and direct American Express to inform me directly, or through the entity above, of reports about me that American Express has requested from consumer reporting agencies. Such information will include the name and address of the agency furnishing the report. I understand that upon American Express' approval of the entity indicated below to accept the American Express Card, the terms and conditions for American Express® Card Acceptance ("Terms and Conditions") will be sent to such entity along with a Welcome Letter. By accepting the American Express Card for the purchase of goods and/or services, or otherwise indicating its intention to be bound, the entity agrees to be bound by the Terms and Conditions.

DISCLOSURE

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>MEMBER BANK (ACQUIRER) INFORMATION</b><br>Acquirer Name: First National Bank of Nevada<br>Acquirer Address: 6275 Neil Road, Reno, Nevada 89511<br>Acquirer Phone: (866) 493-9253<br><br><b>IMPORTANT MEMBER BANK (ACQUIRER) RESPONSIBILITIES</b><br>1 A Visa Member is the only entity approved to extend acceptance of Visa products directly to a Merchant<br>2 A Visa Member must be a principal (signer) to the Merchant Agreement<br>3 The Visa Member is responsible for educating Merchants on pertinent Visa Operating Regulations with which Merchants must comply<br>4 The Visa Member is responsible for and must provide settlement funds to the Merchant.<br>5 The Visa Member is responsible for all funds held in reserve that are derived from settlement | <b>MERCHANT INFORMATION</b><br>Merchant DBA: <b>Mountain Water District</b><br><br><b>IMPORTANT MERCHANT RESPONSIBILITIES</b><br>1. Ensure compliance with cardholder data security and storage requirements.<br>2. Maintain fraud and chargebacks below thresholds.<br>3. Review and understand the terms of the Merchant Agreement.<br>4. Comply with Visa Operating Regulations.<br><br>The responsibilities listed for Member Bank and Merchant do not supersede terms of the Merchant Bankcard Agreement and are provided to ensure the Merchant understands some important obligations of each party and that the Visa Member (Acquirer) is the ultimate authority should the Merchant have any problems<br><br><div style="text-align: right;"> <br/>         Merchant's Signature      10/03/08<br/>         Date       </div> <p style="text-align: center;"><b>Will Brown, Manager</b></p> Merchant's Name and Title |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                         |                                                                                                                                                                        |                                                                                                                                   |                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| <b>BUSINESS INFORMATION</b>                                                                                                                                                                                                                                                                                                                                                                                                                                     | Legal Business Name (As registered with IRS)<br>Mountain Water District                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                         | Doing Business As (Appears on Cardholder statements)<br>Mountain Water District                                                                                        |                                                                                                                                   |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Location Address<br>6332 Zebulon Hwy.                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                         | City<br>Pikeville                                                                                                                                                      | State<br>KY                                                                                                                       | Zip<br>41501                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Billing Address<br>P.O. Box 3157                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                         | City<br>Pikeville                                                                                                                                                      | State<br>KY                                                                                                                       | Zip<br>41502                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Contact Name(s)<br>Kevin Lowe, Tammy Olson, Janet Wallace                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                         | Federal Tax ID# [REDACTED]                                                                                                                                             |                                                                                                                                   |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Business Phone<br>(606) 631-9162                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                         | Customer Service Phone<br>(606) 631-9162                                                                                                                               |                                                                                                                                   | Fax<br>(606) 631-3087                                                                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | E-mail<br>klowe@umgllc.net                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                         | URL (Use additional sheets if needed to list all URLs)<br>www.mountainwaterdistrictky.com                                                                              |                                                                                                                                   |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Years in Business<br>22                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Type of Ownership<br><input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Non-Profit <input type="checkbox"/> LLC <input checked="" type="checkbox"/> Government |                                                                                                                                                                        |                                                                                                                                   | State of Incorporation<br>KY                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Do you currently process Bankcards?<br><input checked="" type="checkbox"/> Yes (Provide 3 most recent statements) <input type="checkbox"/> No                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                         | Has this merchant or any of the principals ever had a merchant relationship terminated?<br><input type="checkbox"/> Yes Explain <input checked="" type="checkbox"/> No |                                                                                                                                   |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Describe Products/Services Sold<br>Water & Sewer Service                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                         | Do you use a Fulfillment House?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br>If yes, name of service: _____ Phone Number _____            |                                                                                                                                   |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Product/Service is received (select one) after card is processed.<br><input checked="" type="checkbox"/> Immediately <input type="checkbox"/> 1-10 Days <input type="checkbox"/> 11-30 Days <input type="checkbox"/> 31-90 Days <input type="checkbox"/> 91-180 Days <input type="checkbox"/> >180 Days                                                                                                                                                                    |                                                                                                                                                                                                                                                         |                                                                                                                                                                        | Publicly traded company? (NASDAQ/NYSE/AMEX)<br><input type="checkbox"/> Yes Provide Symbol <input checked="" type="checkbox"/> No |                                                                                                    |
| Refund Policy (select one)<br><input checked="" type="checkbox"/> No Refunds <input type="checkbox"/> Refund Within 30 Days <input type="checkbox"/> Damaged/Defective Merchandise Only <input type="checkbox"/> Restocking Fee Charged <input type="checkbox"/> Store Credit Only<br><input type="checkbox"/> Return Authorization Required (RM/RMA) <input type="checkbox"/> Other _____                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                         |                                                                                                                                                                        |                                                                                                                                   |                                                                                                    |
| Marketing Methods<br><input type="checkbox"/> Newspaper/Magazine <input type="checkbox"/> Television/Radio <input type="checkbox"/> Yellow Pages <input type="checkbox"/> Direct Mail <input type="checkbox"/> Internet <input checked="" type="checkbox"/> Other None                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                         |                                                                                                                                                                        |                                                                                                                                   |                                                                                                    |
| <b>SECURITY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Do you store account data electronically? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, indicate what you store (select all that apply):<br><input type="checkbox"/> Card Numbers <input type="checkbox"/> Expiration Date <input type="checkbox"/> CVV2/CVC2/CID <input type="checkbox"/> Cardholder Name <input type="checkbox"/> Cardholder Zip Code <input type="checkbox"/> Cardholder Address <input type="checkbox"/> Mag Stripe Data |                                                                                                                                                                                                                                                         |                                                                                                                                                                        |                                                                                                                                   |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Are you currently PCI DSS compliant? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                         | Have you been subject to any ongoing or previous compromise investigations? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                        |                                                                                                                                   |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Do you utilize a shopping cart service? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Name of service: _____                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                         | Do you utilize a hosting provider? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Name of provider(s):<br>United Systems Software & Support       |                                                                                                                                   |                                                                                                    |
| <b>PRINCIPAL INFORMATION</b>                                                                                                                                                                                                                                                                                                                                                                                                                                    | Principal 1 Name<br>Will Brown                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                         | Principal 2 Name                                                                                                                                                       |                                                                                                                                   |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Position/Title<br>Manager                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                         | % Ownership<br>0                                                                                                                                                       | Position/Title                                                                                                                    |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Social Security #<br>000-00-0000                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                         | Date of Birth<br>X 6-11-49                                                                                                                                             | Social Security #                                                                                                                 |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Driver's License #                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                         | State<br>KY                                                                                                                                                            | Driver's License #                                                                                                                |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Home Address<br>NA                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                         | <input type="checkbox"/> Own <input type="checkbox"/> Rent                                                                                                             | Home Address<br><input type="checkbox"/> Own <input type="checkbox"/> Rent                                                        |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | City<br>NA                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | State<br>NA                                                                                                                                                                                                                                             | Zip<br>NA                                                                                                                                                              | City<br>State<br>Zip                                                                                                              |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Home Phone<br>(000) 000-0000                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                         | Home Phone                                                                                                                                                             |                                                                                                                                   |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Relative Not Living With You<br>NA                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                         | Phone<br>(000) 000-0000                                                                                                                                                | Relative Not Living With You<br>Phone                                                                                             |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Bank Name<br>Community Trust Bank                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                         | Phone<br>[REDACTED]                                                                                                                                                    |                                                                                                                                   |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Transit & Routing/ABA # (Include Voided Check)<br>[REDACTED]                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                         | Account #/DDA<br>[REDACTED]                                                                                                                                            |                                                                                                                                   |                                                                                                    |
| <b>SITE SURVEY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                              | Zoning: <input type="checkbox"/> Commercial <input type="checkbox"/> Industrial <input type="checkbox"/> Residential Type of Building: <input type="checkbox"/> Shopping Center <input checked="" type="checkbox"/> Office Building <input type="checkbox"/> Residence <input type="checkbox"/> Retail Storefront <input type="checkbox"/> Other                                                                                                                           |                                                                                                                                                                                                                                                         |                                                                                                                                                                        |                                                                                                                                   |                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Business Premises:<br><input type="checkbox"/> Own <input type="checkbox"/> Rent <input type="checkbox"/> Lease                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                         | Permanent Signage:<br><input type="checkbox"/> Yes <input type="checkbox"/> No                                                                                         |                                                                                                                                   | Is inventory consistent with business?<br><input type="checkbox"/> Yes <input type="checkbox"/> No |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                         |                                                                                                                                                                        |                                                                                                                                   | Business appears legitimate?<br><input type="checkbox"/> Yes <input type="checkbox"/> No           |
| By signing below, I certify that I have inspected the business premises of the merchant identified in this Application AND I have personally confirmed the identity of each person listed in the Business Information and Principal Sections of this Application AND I have conducted my review of this merchant to the best of my ability and that, to the best of my knowledge and belief, the information set forth in this Application is true and accurate |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                         |                                                                                                                                                                        |                                                                                                                                   |                                                                                                    |
| Signature _____                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | To Be Completed by Sales Representative _____                                                                                                                                                                                                           |                                                                                                                                                                        | Date _____                                                                                                                        |                                                                                                    |

SECTION 25 - FEES

Merchant agrees to pay FNBN and HMS all fees, discount rates, and other charges set forth herein or in any other document issued contemporaneously herewith, and any other charges as may be shown on the monthly statement or that arise out of this Agreement, as amended from time to time. Merchant agrees that all charges are considered accurate and final unless Merchant disputes them within sixty (60) calendar days of receipt of documentation showing the charges. No charges will be prorated for partial months including the month in which the Merchant's account is closed, and all charges commence on the date that the Merchant Bankcard Application is approved by FNBN and HMS. The following charges are applicable to this Agreement as of the effective date hereof (Merchant acknowledges that such charges may be changed and that other fees and/or charges may be added by FNBN and HMS pursuant to this Agreement):

See Processing Information on Application for Qualified Discount Rate for sales and credits, Online PIN Debit Fees, Electronic Benefits Transfer Fees, Auth/Batch Fee, and Device Monthly Fee.  
Rewards Discount Rate for sales and credits: An additional 0.25% over the credit Qualified Discount Rate.  
Mid-Qualified Discount Rate (MQR) for sales and credits: An additional 0.70% over the credit Qualified Discount Rate or as otherwise noted in the Adjustments section on Application.  
Non-Qualified Discount Rate (NQR) for sales and credits: An additional 1.79% over the credit Qualified Discount Rate or as otherwise noted in the Adjustments section on Application.  
Monthly Minimum: \$25.00/month or as otherwise noted in the Adjustments section on Application.  
Annual Fee: See Processing Information on Application; to be charged annually on Anniversary Date.

Early Cancellation Fee: \$159.00 if Merchant cancels this Agreement prior to its one year term.  
Voice Auth Fee: \$1.00 each.  
Address Verification Service (AVS): \$0.10 each.  
ISA Rate: 0.40% of Visa International Sales Volume.  
Maintenance Fee: \$10.00/month per account.  
eMerchant View: \$5.00/month per account.  
Lighthouse Club: \$14.95/month per terminal.  
Retrieval Fee: \$7.00 each.  
Chargeback Fee: \$25.00 each.  
Overlimit Fee: \$35.00 per occurrence.  
ACH Reject Fee: \$25.00 per occurrence.  
Settlement Account Change Fee: \$15.00 per occurrence.  
Merchant DBA Name Change Fee: \$15.00 per occurrence.  
Documentation Research Fee: \$20.00 per hour.

Requests for refunds of fees or statements or questions relating to fees must be addressed in writing to HMS within sixty (60) days of receipt of statement, but in no event more than ninety (90) days following imposition of the fee in question. FNBN's and HMS' liability with respect to any fee is limited to ninety (90) days from date statement issued.

LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of laws principles. Any action or dispute arising from, or related to, this Agreement shall not be deemed proper unless brought in a court of competent jurisdiction located in Humboldt County, California.

AGREEMENT

IN WITNESS WHEREOF, the Merchant, HMS, and FNBN have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the 03 day of October 20 08, have read and hereby agree to all terms and conditions of the Merchant Bankcard Agreement (OA-006) available for viewing and/or downloading at: <https://www.merchantapply.com/agreement006>.

MERCHANT:

*Will Brown* 10/03/08  
Principal or Corporate Officer Signature Date

\_\_\_\_\_  
Principal or Corporate Officer Signature Date

Will Brown  
Print Name

\_\_\_\_\_  
Print Name

ACCEPTED BY:

Humboldt Merchant Services, P.O. Box 1479, Eureka, CA Date

1st National Bank of Nevada Date

GUARANTEE

PERSONAL GUARANTEE: As a primary inducement to FNBN and HMS to enter into this Merchant Bankcard Processing Agreement with Merchant, and in consideration of FNBN's and HMS' acceptance of this Merchant Bankcard Application and Agreement, the undersigned Guarantor, jointly and severally if more than one, by signing this Agreement unconditionally and irrevocably guarantees the full and faithful performance by Merchant of each of its obligations to FNBN and HMS pursuant to this Agreement, as it now exists or as it may be amended from time to time, whether before or after termination or expiration and whether or not Guarantor has received any notice of any amendment and, in the event of any breach by Merchant, hereby waives Notice of Default and agrees to indemnify FNBN and HMS for any and all funds due from Merchant and perform any other obligation of Merchant pursuant to the terms of the Agreement. FNBN and HMS may proceed directly against Guarantor without first exhausting its remedies against any other person or entity responsible to, or any security held by, FNBN and HMS. Guarantor waives any and all rights of subrogation, reimbursement, or indemnity derived from Merchant and all other rights and defenses available to Guarantor under California Civil Code Section 2787 to 2856, inclusive, (or any similar suretyship laws), and further waives any and all rights or defenses arising by reason of any modification or change in the terms of the Agreement whatsoever, including, without limitation, the renewal, extension, acceleration, or other change in the time any payment or other performance thereunder is due, and/or any change in any interest, discount rate, or fee thereunder. Guarantor confirms that Guarantor, collectively or individually, is a party to the Agreement, and unconditionally and specifically authorizes FNBN and HMS, or its authorized agent, to debit any overdue fees, costs, chargebacks, fines, penalties, expenses, or obligations under the Agreement and/or any other contractual relationship between FNBN/HMS and Merchant from any personal checking account or other account owned or controlled by Guarantor, and further, to report any default hereunder or inquiries hereof on Guarantor's personal Credit Bureau Report. Guarantor agrees to pay all costs and expenses of whatever nature, including attorney's fees and other legal expenses, incurred by or on behalf of FNBN and HMS in connection with the enforcement of this Guarantee.

\_\_\_\_\_, An Individual, \_\_\_\_\_  
Signature Date

\_\_\_\_\_, An Individual, \_\_\_\_\_  
Signature Date

**AFFIDAVIT**

The Affiant, after first being duly sworn states as follows:

1) My name is Kevin Lowe and I am the Office Manager for Mountain Water District of Pikeville, Kentucky, whose address is 6332 Zebulon Highway, Post Office Box 3157, Pikeville, Kentucky.

2) That the Mountain Water District, on December 17, 2008, mailed by United States Postal Service, notice to all sewer customers regard proposed changes in the Districts tariff and non-recurring charges.

  
\_\_\_\_\_  
**KEVIN LOWE, AFFIANT**

STATE OF KENTUCKY

COUNTY OF PIKE

Subscribed, sworn to and acknowledged before me by **KEVIN LOWE** on this the 17<sup>th</sup> day of December, 2008.

My Commission Expires: January 16, 2012.

  
\_\_\_\_\_  
**NOTARY PUBLIC**