

RECEIVED

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION

FEB 09 2011

PUBLIC SERVICE
COMMISSION

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

Farmdale Development Corporation

Name of Utility

P.O. Box 91588

Louisville, KY 40291

Business Mailing Address

Telephone Number 502 / 239-0796
Area Code Number

I. Basic Information

NAME, TITLE, ADDRESS and Telephone number of the person to whom correspondence or communications concerning this application should be directed:

Name: Mr. Carroll F. Cogan, President

Address: P.O. Box 91588

Louisville, KY 40291

Telephone Number: (502) 239-0796

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

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

NOTICE

Farmdale Development Corporation has filed an application with the Public Service Commission proposing to increase its monthly sewer rate from \$32.60 to \$42.38, an increase of 30%. Farmdale believes it could justify a rate increase of 36.59% or more based upon its operating costs, but has requested the lower increase to reduce the burden upon its customers. The proposed effective date of the change is March 23, 2011.

Monthly Rate:

<u>Current</u>		<u>Proposed</u>	
Flat Rate	\$32.60	Flat Rate	\$42.38
Surcharge	\$ 9.92	Surcharge	\$ 9.92
<u>MONTHLY USAGE</u>	<u>MONTHLY BILL AT CURRENT RATE</u>	<u>MONTHLY BILL AT PROPOSED RATE</u>	<u>PERCENT INCREASE</u>
ALL USAGE	\$32.60	\$42.38	30.0%
SURCHARGE	<u>\$ 9.92</u>	<u>\$ 9.92</u>	N/A
TOTAL BILL	\$42.52	\$52.30	23.0%

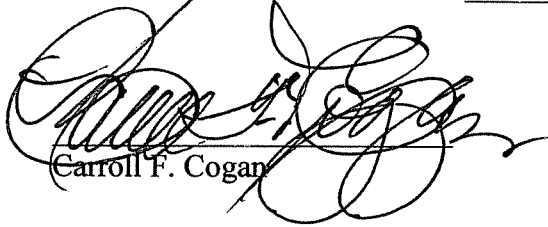
The rates contained in this notice are the rates proposed by Farmdale Development Corporation. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 211 Sower Boulevard, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the utility office at Farmdale Development Corporation, P.O. Box 91588, Louisville, KY 40291. Upon request from an intervenor, the utility shall furnish to the intervenor a copy of the application and supporting documents.

Farmdale Development Corporation

Written Statement of Verification

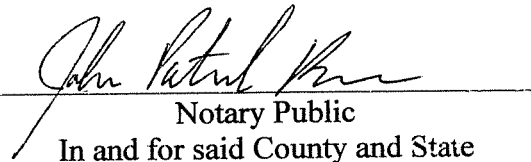
I, Carroll F. Cogan, being the President of Farmdale Development Corporation,
do hereby verify that the attached notice of proposed rate increase was mailed to
Farmdale's sewer customers on 02-03, 2011.


Carroll F. Cogan

02-05-2011
Date

Subscribed and sworn to before me by Carroll F. Cogan, President of Farmdale
Development Corporation on this 5 DAY of February 2011

My Commission Expires Feb 16, 2013


Notary Public
In and for said County and State

JOHN PATRICK BROWN
NOTARY PUBLIC
STATE AT LARGE
KENTUCKY
MY COMMISSION EXPIRES FEB. 16, 2013

February 9, 2011

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, KY 40602

Re: Farmdale Development Corporation 2011 Rate Case Filing

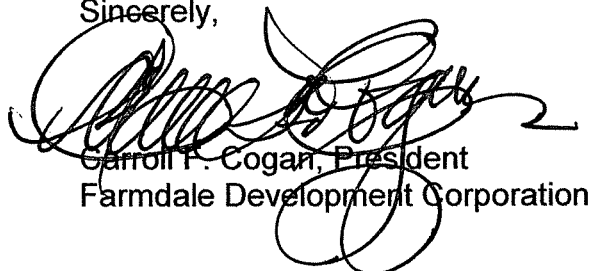
Dear Sirs:

Attached please find an original and 10 copies of Farmdale Development Corporation's Alternative Rate Filing, including a notice to customers and mailing verification. In addition, please incorporate by reference in this case Farmdale's annual reports on file with the PSC, and note that Farmdale filed its articles of incorporation and any amendments in Case No. 2006-00209 ("Application of Farmdale Development Corporation For A Certificate Of Convenience And Necessity, Authority To Make Repairs And Surcharge For Same").

Farmdale is proposing that the new rates become effective on March 23, 2011, and has provided a proposed tariff to that effect after Attachment A of this filing. In addition, Farmdale has attempted to the best of its ability to fully comply with the Commission's ARF filing requirements. However, please consider this a request for waiver of any filing requirements which Farmdale may have inadvertently overlooked, on the grounds that all relevant information has been provided to allow the processing of this case to begin.

Finally, please note that Farmdale believes reduction of the estimated rate case expenses included within this application is in the best interests of all parties. Therefore, we respectfully request that the Commission Staff perform a field review rather than issuing data requests to process this case. In addition, and based on prior experience, we respectfully suggest that the Commission Staff strongly consider holding one or more informal conferences to attempt to stipulate to certain routinely contested issues – for instance, billing and collection fees and owner/manager fees - in this case.

Sincerely,



Carroll F. Cogan, President
Farmdale Development Corporation

II. Increased Cost Information

(1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for the 12 months ending December 31, 2009.

a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount. – **Please See Attachment A**

<u>Item Per Annual Report</u>	<u>Amount Per Annual Report</u>	<u>Increase (Decrease)</u>	<u>Adjusted Amount</u>
<u>Revenues:</u>	\$	\$	\$
Total Revenues	\$ _____	\$ _____	\$ _____
<u>Expenses:</u>			
Total Expenses	\$ _____	\$ _____	\$ _____
Revenues Less Expenses	\$ _____	\$ _____	\$ _____

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

Please see Attachment A

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

<u>Customer Class</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
All Classes			
Monthly Rate	\$32.60 per month	\$42.38 per month	30.0%
<u>Surcharge</u>	<u>\$ 9.92 per month</u>	<u>\$ 9.92 per month</u>	<u>00.0%</u>
Total	\$42.52 per month	\$52.30 per month	23.0%

III. Other Information

a. Please complete the following questions:

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

NA

- 2) Total number of Customers as of the date of filing: 234 residential

- 3) Total amount of increased revenue requested: \$27,462 per year

- 4) Please circle Yes or No:

- a) Does the utility have any outstanding indebtedness? **Yes** **No**

If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

- b) Were all revenues and expenses listed in the Annual Report for 2009 incurred and collected from January 1 to December 31 of that year? **Yes** **No**

If no, list total revenues and total expenses incurred prior to or subsequent to this period and attach

invoices or other analysis which show how amounts were calculated.

- 5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 2009 and the amount shown on this schedule. **Attached**
 - 6) If utility is a sewer utility:
 - a) Attach a copy of the latest State and Federal Income Tax Returns. **Attached.**
 - b) How much of the utility plant was recovered through the sale of lots or other contributions 62.7% \$ or %? (If unknown, state the reason).
- b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

Farmdale's operating costs for electricity and other expenses have increased since its last rate case.

IV. Billing Analysis

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

a. Usage Table (Usage by Rate Increment)

Information needed to complete the usage table should be obtained from the meter books or other available usage records. The usage table is used to spread total usage into the proper incremental rate step.

Column No. 1 is the incremental steps in the present or proposed rate schedule for which the analysis is being made. Column No. 2 is the number of bills in each incremental rate step. Column No. 3 is the total gallons used in each incremental rate step. Column Nos. 4, 5, 6, 7, 8, and

9 are labeled to correspond to the incremental rate steps shown in Column No. 1 and contain the actual number of gallons used in each incremental rate step.

Example for completing Usage Table is as follows:

Column No. 1 is incremental rate steps.

Columns numbered 2 and 3 are completed by using information obtained from usage records.

Columns numbered 4, 5, 6, 7, 8, and 9 are completed by the following steps:

Step 1: 1st 2,000 gallons minimum bill rate level
432 Bills
518,400 gallons used
All bills use 2,000 gallons or less, therefore, all usage is recorded in Column 4.

Step2: Next 3,000 gallons rate level
1,735 Bills
4,858,000 gallons used
1st 2,000 minimum x 1,735 bills = 3,470,000 gallons – record in Column 4.
Next 3,000 gallons – remainder of water over 2,000 = 1,388,000 gallons – record in Column 5.

Step3: Next 10,000 gallons rate level
1,830 Bills
16,268,700 gallons used
1st 2,000 minimum x 1,830 bills = 3,660,000 gallons – record in Column 4.
Next 3,000 gallons x 1,830 bills = 5,490,000 gallons – record in Column 5.
Next 10,000 gallons – remainder of water over 3,000 = 7,118,700 gallons – record in Column 6.

Step4: Next 25,000 gallons rate level
650 Bills
15,275,000 gallons used
1st 2,000 minimum x 650 bills = 1,300,000 gallons – record in Column 4.
Next 3,000 gallons x 650 bills = 1,950,000 gallons – record in Column 5.
Next 10,000 gallons x 650 bills = 6,500,000 gallons – record in Column 6.

Next 25,000 gallons – remainder of water over 10,000
= 5,525,000 gallons – record in Column 7.

Step5: Over 40,000 gallons rate level
153 Bills
9,975,600 gallons used
1st 2,000 minimum x 153 bills = 306,000 gallons –
record in Column 4.
Next 3,000 gallons x 153 bills = 459,000 gallons –
record in Column 5.
Next 10,000 gallons x 153 bills = 1,530,000 gallons –
record in Column 6.
Next 25,000 gallons x 153 bills = 3,825,000 gallons –
record in Column 7.
Over 40,000 gallons – remainder of water over 25,000
= 3,855,600 gallons – record in Column 8.

Step6: Total each column for transfer to Revenue Table.

b. Revenue Table (Revenue by Rate Increment)

The Revenue Table is used to determine the revenue produced from the Usage Table. Column No. 1 is the incremental rate steps in the rate schedule for which the analysis is being made. Column No. 2 indicates the total number of bills. Column No. 3 is the number of gallons accumulated in each rate increment (Totals from Columns 4, 5, 6, 7, and 8 of the above usage table). Column No. 4 is the rates to be used in determining revenue. Column No. 5 contains the revenue produced.

Revenue from Present/Proposed Rates
 Test Period from 01-01-XX to 12-31-XX

USAGE TABLE
Usage by Rate Increment

Class: Residential

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 2,000	(5) Next 3,000	(6) Next 10,000	(7) Next 25,000	(8) Over 40,000	(9) Total
First 2,000 Minimum Bill	432	518,400	518,400					518,400
Next 3,000 Gallons	1,735	4,858,000	3,470,000	1,388,000				4,858,000
Next 10,000 Gallons	1,830	16,268,700	3,660,000	5,490,000	7,118,700			16,268,700
Next 25,000 Gallons	650	15,275,000	1,300,000	1,950,000	6,500,000	5,525,000		15,275,000
Over 40,000 Gallons	153	9,975,600	306,000	459,000	1,530,000	3,825,000	3,855,600	9,975,600
Totals	4,800	46,895,700	9,254,400	9,287,000	15,148,700	9,350,000	3,855,600	46,895,700

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000 Minimum Bill	4,800	9,254,400	\$ 5.00 Minimum Bill	\$ 24,000.00
Next 3,000 Gallons		9,287,000	\$ 2.50 per 1,000 Gal.	23,217.50
Next 10,000 Gallons		15,148,700	\$ 2.00 per 1,000 Gal.	30,297.40
Next 25,000 Gallons		9,350,000	\$ 1.25 per 1,000 Gal.	11,687.50
Over 40,000 Gallons		3,855,600	\$ 0.75 per 1,000 Gal.	2,891.70
Totals	4,800	46,895,700		\$ 92,094.10 Total Revenue

Instructions for Completing Revenue Table:

- (1) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (2) Complete Column No. 4 using rates either present or proposed.
- (3) Column No. 5 is completed by first multiplying the bills times the minimum charge.
- (4) Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

V. General Information/Customer Notice

1) Filing Requirements:

a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding. **Filed in Case No. 2006-00209 (see cover letter)**

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

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Telephone: 502 / 564 – 3940

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

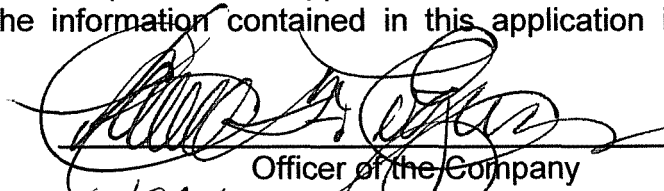
Office of Rate Intervention
Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.

3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502 / 564 – 3940.

4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

Signed



Officer of the Company

Title

Pres.

Date

02-09-11

Farmdale Development
Exhibit Index

1. Attachment A – Pro Forma Income Statement with Explanations
2. Proposed Tariff
3. Customer Notice & Written Statement Verifying Customer Notice Mailed
4. Documentation of Debt (per ARF form page 4)
5. Depreciation Schedule
6. Latest Federal and State Tax Returns
7. 2009 Farmdale General Ledger
8. Documentation Supporting Proposed Expense Adjustments:
 - Electricity Increase.
 - Rate Case Consulting Contract for \$2,000.
 - Notice of KPDES 5-year permit fee.
 - Martin's Pipeline Inspection Annual Survey Cost of \$2,700.

Attachment A - Farmdale Proforma

	2008 case	2009	Adjustment	Ref	Adjusted
Monthly Revenue (\$32.60)	\$80,976	\$78,850	\$12,691	A	\$91,541
Surcharge Revenue (\$9.92)		\$27,915	(\$27,915)	B	0
Total Revenue	\$80,976	\$106,765	(\$15,224)		\$91,541
Owner/Manager Fee	\$6,000	\$9,600	(\$3,600)	C	\$6,000
Sludge Hauling	\$4,250	\$2,650	\$1,600	D	\$4,250
Water	\$1,622	\$2,202	0		\$2,202
Other Labor, Matis., Exp.	\$7,800	\$8,570	0		\$8,570
Fuel & Power Expense	\$15,303	\$17,275	\$1,137	E	\$18,412
Chemicals	\$2,402	\$1,840	0		\$1,840
Routine Maintenance Fee	\$9,720	\$12,000	\$1,020	F	\$13,020
Mt. of Collection System	\$350	\$1,565	0		\$1,565
Mt. of Treatment & Disp. Plant	\$4,986	\$7,031	(\$1,020)	G	\$8,711
			\$2,700		
Mt. of Other Plant	\$1,008	\$98	0		\$98
Agency Collection Fees	\$8,097	\$11,785	\$1,946	H	\$13,731
Office Supplies & Other	\$278	\$844	0		\$844
Outside Services Employed	\$3,000	\$14,432	(\$4,928)	I	\$9,504
Insurance Expense	\$543	0	\$543	J	\$543
Reg. Com. Expense	\$590	\$250	0		\$250
Misc. General Exp.	\$26	0	0		0
Rents	\$600	0	\$600	K	\$600
Total O&M Expenses	\$66,575	\$90,142	(\$2)		\$90,140
Depreciation Expense	\$3,526	\$322	\$1,425	L	\$1,747
Amortiz. Rate Case Exp.	\$6,182	\$31,066	(\$17,887)	M	\$13,179
Taxes OTI	\$1,142	\$2,145	\$740	N	\$2,885
Total Operating Expenses	\$77,425	\$123,675	(\$15,724)		\$107,951
Income Taxes	\$175	0	0		0
Interest on LT Debt	\$6,283	\$8,613	0		\$8,613
Net Income	(\$2,907)	(\$25,523)	\$500		(\$25,023)

Revenue Requirement Calculation

\$ 107,951 – Operating Expenses

\$ / 88% – 88% Operating Ratio

\$122,672 – Revenue Requirement before Interest Expense

\$ 8,613 – Interest Expense

\$131,285 - Revenue Requirement

(\$91,541) – Normalized Sales Revenue (excludes surcharge)

\$ 39,744 – Justified Increase (43.42% increase in base rate, or \$46.76 rate)

\$ 27,462 – Requested Increase (30% increase in base rate, or \$42.38 rate)

Reference Notes

A. Sales Revenues were adjusted to reflect normalized revenues of \$91,541 from 234 customers at the \$32.60 base monthly rate.

B. Surcharge Revenues were removed from pro forma operations to determine the revenue requirement needed based on normal ongoing operations. In addition, the surcharge-related expenses reported in the 2009 PSC Annual Report have also been removed from Amortization of Rate Case Expenses.

C. Owner/Manager Fee was reduced by \$3,600 to the \$6,000 level included in the last rate case.

D. Sludge Hauling Expense was \$2,650 for the test year, which is much less than the \$4,250 allowed in the prior rate case. Farmdale believes the test period expense was lower than what can reasonably be expected in normal years, and has therefore increased the pro forma amount to the \$4,250 allowed in the prior case.

E. Fuel & Power Expense was adjusted by \$1,137 to reflect two electricity increases. First, on April 1, 2009, new electricity rates became effective for Blue Grass Energy, Farmdale's electricity provider. According to a Blue Grass Energy press release, these rates reflected an increase of approximately 6%. Farmdale's 2009 general ledger records electricity charges of \$5,451.35 at the old rates (until the May payment), so Farmdale's first adjustment of \$327.08 is based upon increasing \$5,451.35 by 6%. This would increase pro forma electricity expense to \$17,602.38.

Second, on January 14, 2011, the PSC issued a press release announcing a 4.6% increase in the wholesale rates charged by East Kentucky Power Cooperative, and a pass-through of that increase to BlueGrass Energy. The 4.6% increase applied to the above-mentioned \$17,602.38 results in an adjustment of \$809.71 and a total pro forma electricity expense of \$18,412.09.

F. Routine Maintenance Fee Expenses were increased by \$1,020 to a pro forma level of \$13,020, or \$1,085 per month. During 2009, the monthly routine maintenance fee was \$1,085 per month, so the expense reported should have been \$13,020, but \$1,020 of this expense was instead reported in Maintenance of Treatment & Disposal Expenses.

G. Maintenance Treatment & Disposal Plant Expenses were adjusted for two items. First, the expense was reduced by \$1,020 to offset the above-mentioned adjustment to Routine Maintenance Fees Expense. Second, the expense was increased by \$2,700 to reflect the cost of a survey of mains and manholes that is required by PSC regulations, and that was recognized as an annual expense in the prior rate case. No survey expense was recorded in the test year, and the cost of \$2,700 is based on a bid by Martin's Pipeline Inspection (attached at Exhibit 8).

H. Agency Collection Fees were increased to \$13,731 to reflect the billing and collection expense paid to Farmdale Water District, based on the current monthly rate of \$32.60 and normalized flat rate revenue of \$91,541. Please note that we have not included the full billing and collection expense we would incur based on the proposed revenue requirement. Also please note that Farmdale Development's extensive efforts to negotiate with Farmdale Water to bill and collect the surcharge at no additional cost results in Farmdale Development paying approximately 11.9% rather than 15% of total gross revenues.

I. Outside Services Employed Expenses were reduced by \$4,928 to a pro forma level of \$9,504. During 2009, several bills were paid for CPA and legal services that related to 2008 work on the most recent rate case. The 2009 expenses reported in this account, as well as the adjustments and the pro forma amounts to be expected on an ongoing basis, are as follows:

Category	2009 Amount	Adjustment	Pro Forma Expense
Legal Services	\$8,482	(\$5,278)	\$3,204
CPA fees	\$3,250	(\$850)	\$2,400
Bookkeeping	\$1,800	\$1,200	\$3,000
DMR Reporting	\$900	0	\$900
Total	\$14,432	(\$4,928)	\$9,504

For bookkeeping expenses, the \$3,000 pro forma level is a calculated split of the pro rata cost of the bookkeepers's charges for Farmdale and other duties. In the test year, Farmdale was unable to pay its fair share of the bookkeeper's charges due to insufficient funds.

J. Insurance Expense was reported as zero in the 2009 Annual Report, but Farmdale has an insurance policy that was paid by another sewer utility due to Farmdale's lack of funds. Farmdale has therefore adjusted this account by \$543 to reflect the insurance expense allowed in the most recent rate case,

K. Rents Expense was not included in the 2009 income statement, and has been adjusted to include the \$600 rental expense allowed in the last rate case.

L. Depreciation Expense was reported as \$322 in the 2009 PSC Annual Report. However, this figure does not reflect depreciation on certain nonrecurring expenditures that were capitalized by the PSC or its Staff over 7 years in the two prior rate cases (decided in 2007 and 2008), as follows:

PSC Case No.	Description	Amount	Useful Life per PSC	Annual Exp.
2006-00028	Temporary Repairs	\$8,340	7 years	\$1,191.43
2007-00436	Motor Installation	\$1,635	7 years	\$233.61
			Adjustment	\$1,425.04

M. Amortization of Rate Case Expense was \$31,066 in 2009, and consisted of numerous items associated with the rate cases in 2007 and 2008. A significant portion of this expense will be 100% depreciated on December 31, 2011, which is shortly after any new rates approved in this case would be effective. Farmdale has therefore made an adjustment to remove \$23,554 from this expense, as follows:

	Date Acq.	Life (mo.)	Line No.	Basis	2009 Expense
Rate Case Fees (15)	1/1/08	60	43	\$16,060	\$3,212
Rate Case Fees (16)	1/1/08	60	43	\$4,500	\$900
Rate Case Fees	1/1/09	60	42	\$15,500	\$3,100
Loan Fees (14)	6/07	60	43	\$1,500	\$300
				Subtotal	\$7,512
Rate Case Fees (13)	1/1/07	60	43	\$9,500	\$1,900
Chlorine Contact Tank	1/1/07	60	43	\$17,598	\$3,520
Lift Station	1/1/07	60	43	\$34,221	\$6,844
Lagoon	1/1/07	60	43	\$56,452	\$11,290
				Subtotal	\$23,554
				2009 Total	\$31,066
				Adjustment	(\$23,554)
				Adjusted	\$7,512

However, Farmdale expects to incur additional legal fees of \$15,000 and other expenses of \$2,000 associated with this rate case. This \$17,000 total, amortized over three years, results in additional amortization expense of \$5,667. Farmdale welcomes any help the Commission Staff can provide to reduce these fees, which would benefit both the ratepayers and the utility.

The prior amortization expense of \$7,512 added to the \$5,667 estimated amortization expense associated with this case results in total amortization expense of \$13,179.

N. Taxes Other Than Income Expense was adjusted by \$740 to include a 5-year amortization of the KPDES permit fee of \$3,700 which was not paid in the 2009 test year, but must be paid every 5 years.

PROMISSORY NOTE

*Don't copy
6/15*

Principal	Loan Date	Maturity	Loan No.	Call / Coll	Account	Officer	Initials
\$150,000.00	06-15-2007	06-15-2012	20002246091	222 / 61		***	
References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower: FARMDALE UTILITIES, INC.
FARMDALE DEVELOPMENT CORPORATION
1706 BARDSTOWN ROAD
LOUISVILLE, KY 40205

Lender: OLD NATIONAL BANK
205 LOUISVILLE COMMERCIAL LENDING
333 EAST MAIN STREET
LOUISVILLE, KY 40202
(502) 540-7300

Principal Amount: \$150,000.00 Interest Rate: 7.750% Date of Note: June 15, 2007

PROMISE TO PAY. FARMDALE UTILITIES, INC. ; and FARMDALE DEVELOPMENT CORPORATION ("Borrower") jointly and severally promise to pay to OLD NATIONAL BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Hundred Fifty Thousand & 00/100 Dollars (\$150,000.00), together with interest at the rate of 7.750% per annum on the unpaid principal balance from June 15, 2007, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 60 payments of \$3,032.02 each payment. Borrower's first payment is due July 15, 2007, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on June 15, 2012, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Old National Bank, PO Box 3728 Evansville, IN 47736-3728.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment or \$50.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by 3.000 percentage points. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default In Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Change In Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions. This Note has been accepted by Lender in the Commonwealth of Kentucky.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of JEFFERSON County, Commonwealth of Kentucky.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$20.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may

PROMISSORY NOTE
(Continued)

Loan No: 20002246091

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open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Note is secured by the collateral under any and all existing and subsequent security documents, including mortgages, security agreements and collateral assignments by any Borrower or Guarantor.

COLLATERAL INSPECTION/APPRaisal COST REIMBURSEMENT. Upon such frequency as Lender may determine and whether or not Borrower is in default, Lender shall be entitled to perform and Borrower shall cooperate with examinations, inspections, audits and appraisals as provided herein. Upon advance notice by Lender to Borrower, Borrower shall permit access to its books and records by Lender and by Lender's designated representatives and agents for purposes of inspection, copying and/or auditing. Lender and Lender's designated representatives and agents shall also have the right upon advance notice to examine, inspect and/or appraise any collateral for this Note wherever located. Subject to any limitations under applicable law, Borrower shall reimburse Lender for any professional fees or other expenses incurred by Lender in connection with any examinations, inspections or audits of the books and records of Borrower and/or any examinations, inspections and/or appraisals of such collateral.

FINANCIAL RECORDS. In absence of a more specific agreement, requirement or covenant with regard to the preparation and delivery of financial statements and additional information which may be contained in a Business Loan Agreement between Borrower and Lender, Borrower agrees to furnish Lender with, as soon as available, but in no event later than ninety (90) days after the end of each fiscal year of Borrower, Borrower's balance sheet and income statement for the year ended. Borrower further agrees to furnish Lender with, as soon as available, but in no event later than thirty (30) days after direction to do so from Lender, current interim financial statements, lists of assets and liabilities, agings of receivables and payables, inventory schedules, budgets, forecasts, tax returns, and other reports with respect to Borrower's financial condition and business operations. All financial reports required to be provided by Borrower shall be prepared in accordance with generally accepted accounting principles, applied on a consistent basis, and certified by an authorized officer of Borrower as being true and correct. Borrower also agrees to cause all guarantors of this Note to furnish financial statements and federal income tax returns within thirty (30) days after direction to do so by the Lender. If the required financial statements or financial information required by this Note or any Business Loan Agreement between Borrower and Lender is not delivered to Lender within fifteen days after the date required to do so, Borrower's interest rate on this Note shall be increased 2.500 percentagepoints above the interest rate which would otherwise apply until such time as all of the required financial information is provided to the Lender.

CAPITALIZATION OF LATE CHARGES. Borrower understands and agrees that any late charges imposed under this Note may be added by Lender to the principal amount due under this loan and shall bear interest at the rate then applicable under the terms of this Note.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Each Borrower understands and agrees that, with or without notice to Borrower, Lender may with respect to any other Borrower (a) make one or more additional secured or unsecured loans or otherwise extend additional credit; (b) alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of any indebtedness, including increases and decreases of the rate of interest on the indebtedness; (c) exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any security, with or without the substitution of new collateral; (d) apply such security and direct the order or manner of sale thereof, including without limitation, any non-judicial sale permitted by the terms of the controlling security agreements, as Lender in its discretion may determine; (e) release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; and (f) determine how, when and what application of payments and credits shall be made on any other indebtedness owing by such other Borrower. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, EACH BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. EACH BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

FARMDALE UTILITIES, INC.

By

CARROLL F. COGAN, President of FARMDALE UTILITIES, INC.

FARMDALE DEVELOPMENT CORPORATION

By

CARROLL F. COGAN, President of FARMDALE DEVELOPMENT CORPORATION

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No.	Call / Coll	Account	Officer	Initials
\$150,000.00	06-15-2007	06-15-2012	20002246091	222 / 61			

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: FARMDALE UTILITIES, INC.
 FARMDALE DEVELOPMENT CORPORATION
 1706 BARDSTOWN ROAD
 LOUISVILLE, KY 40205

Lender: OLD NATIONAL BANK
 205 LOUISVILLE COMMERCIAL LENDING
 333 EAST MAIN STREET
 LOUISVILLE, KY 40202
 (502) 540-7300

LOAN TYPE. This is a Fixed Rate (7.750%) Nondisclosable Loan to two Corporations for \$150,000.00 due on June 15, 2012.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

- Personal, Family, or Household Purposes or Personal Investment.
 Business (Including Real Estate Investment).

SPECIFIC PURPOSE. The specific purpose of this loan is: TO FINANCE REPAIRS AND IMPROVEMENTS TO WASTEWATER TREATMENT FACILITY.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$150,000.00 as follows:

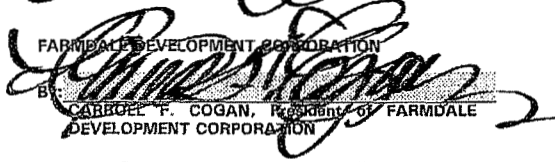
Amount paid to others on Borrower's behalf:	\$148,500.00
\$148,500.00 to FARMDALE DEVELOPMENT CORPORATION	
Total Financed Prepaid Finance Charges:	\$1,500.00
\$1,500.00 Origination Fee	
Note Principal:	\$150,000.00

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED JUNE 15, 2007.

BORROWER:

FARMDALE UTILITIES, INC.

 BY: CARROLL F. COGAN, President of FARMDALE UTILITIES, INC.

FARMDALE DEVELOPMENT CORPORATION

 BY: CARROLL F. COGAN, President of FARMDALE DEVELOPMENT CORPORATION

CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$150,000.00	06-15-2007	06-15-2012	20082246091	222 / 163		***	
References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower: FARMDALE UTILITIES, INC.
FARMDALE DEVELOPMENT CORPORATION
1706 BARDSTOWN ROAD
LOUISVILLE, KY 40205

Lender: OLD NATIONAL BANK
205 LOUISVILLE COMMERCIAL LENDING
333 EAST MAIN STREET
LOUISVILLE, KY 40202
(502) 540-7300

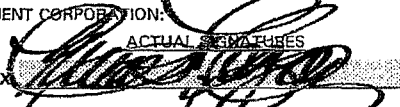
Corporation: FARMDALE DEVELOPMENT CORPORATION
1706 BARDSTOWN ROAD
LOUISVILLE, KY 40205

WE, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE CORPORATION'S EXISTENCE. The complete and correct name of the Corporation is FARMDALE DEVELOPMENT CORPORATION ("Corporation"). The Corporation is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the Corporation's state of incorporation. The Corporation is duly authorized to transact business in all other states in which the Corporation is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Corporation is doing business. Specifically, the Corporation is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Corporation has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Corporation maintains an office at 1706 BARDSTOWN ROAD, LOUISVILLE, KY 40205. Unless the Corporation has designated otherwise in writing, the principal office is the office at which the Corporation keeps its books and records. The Corporation will notify Lender prior to any change in the location of the Corporation's state of organization or any change in the Corporation's name. The Corporation shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Corporation and the Corporation's business activities.

RESOLUTIONS ADOPTED. At a meeting of the Directors of the Corporation, or if the Corporation is a close corporation having no Board of Directors then at a meeting of the Corporation's shareholders, duly called and held on 6-15-07, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

OFFICER. The following named person is an officer of FARMDALE DEVELOPMENT CORPORATION:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
CARROLL F. COGAN	President	Y	

ACTIONS AUTHORIZED. The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Corporation. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Corporation:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Corporation and Lender, such sum or sums of money as in his or her judgment should be borrowed, without limitation.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Corporation's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Corporation's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Corporation or in which the Corporation now or hereafter may have an interest, including without limitation all of the Corporation's real property and all of the Corporation's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Corporation to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Corporation or in which the Corporation may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Corporation's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, including agreements waiving the right to a trial by jury, as the officer may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

ASSUMED BUSINESS NAMES. The Corporation has filed or recorded all documents or filings required by law relating to all assumed business names used by the Corporation. Excluding the name of the Corporation, the following is a complete list of all assumed business names under which the Corporation does business: **None.**

MULTIPLE BORROWERS. The Corporation may enter into transactions in which there are multiple borrowers on obligations to Lender and the Corporation understands and agrees that, with or without notice to the Corporation, Lender may discharge or release any party or collateral securing an obligation, grant any extension of time for payment, delay enforcing any rights granted to Lender, or take any other action or inaction, without the loss to Lender of any of its rights against the Corporation; and that Lender may modify transactions without the consent of or notice to anyone other than the party with whom the modification is made.

NOTICES TO LENDER. The Corporation will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Corporation's name; (B) change in the Corporation's assumed business name(s); (C) change in the management of the Corporation; (D) change in the authorized signer(s); (E) change in the Corporation's principal office address; (F) change in the Corporation's state of organization; (G) conversion of the Corporation to a new or different type of business entity; or (H) change in any other aspect of the Corporation that directly or indirectly relates to any agreements between the Corporation and Lender. No change in the Corporation's name or state of organization will take effect until after Lender has received notice.

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The officer named above is duly elected, appointed, or employed by or for the Corporation, as the case may be, and occupies the position set opposite his or her respective name. This Resolution now stands of record on the books of the Corporation, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

NO CORPORATE SEAL. The Corporation has no corporate seal, and therefore, no seal is affixed to this Resolution.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Corporation's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, we have hereunto set our hand and attest that the signature set opposite the name listed above is his or her genuine signature.

**CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL
(Continued)**

Loan No: 20002246091

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We each have read all the provisions of this Resolution, and we each personally and on behalf of the Corporation certify that all statements and representations made in this Resolution are true and correct. This Corporate Resolution to Borrow / Grant Collateral is dated 6.15.07

CERTIFIED TO AND ATTESTED BY:

By:


Authorized Signer for FARMVALE UTILITIES, INC.

NOTE: If the officer signing this Resolution is designated by the foregoing document as one of the officers authorized to act on the Corporation's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Corporation.

COMMERCIAL GUARANTY

Principal	Loan Date	Maturity	Loan No.	Call / Coll. 222 / 63	Account	Officer ***	Initials
References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower: FARMDALE UTILITIES, INC.
FARMDALE DEVELOPMENT CORPORATION
1706 BARDSTOWN ROAD
LOUISVILLE, KY 40205

Lender: OLD NATIONAL BANK
205 LOUISVILLE COMMERCIAL LENDING
333 EAST MAIN STREET
LOUISVILLE, KY 40202
(502) 540-7300

Guarantor: CARROLL F. COGAN
3001 HAYFIELD AVE.
LOUISVILLE, KY 40205

GUARANTEE OF PAYMENT AND PERFORMANCE. For good and valuable consideration, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of the Indebtedness of Borrower, or any one or more of them, to Lender, and the performance and discharge of all Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lender can enforce this Guaranty against Guarantor even when Lender has not exhausted Lender's remedies against anyone else obligated to pay the Indebtedness or against any collateral securing the Indebtedness, this Guaranty or any other guaranty of the Indebtedness. Guarantor will make any payments to Lender or its order, on demand, in legal tender of the United States of America, in same-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents.

INDEBTEDNESS. The word "Indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any one or more times, accrued unpaid interest thereon and all collection costs and legal expenses related thereto permitted by law, reasonable attorneys' fees, arising from any and all debts, liabilities and obligations that Borrower individually or collectively or interchangeably with others, owes or will owe Lender under the Note and Related Documents and any renewals, extensions, modifications, refinancings, consolidations and substitutions of the Note and Related Documents.

If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from Guarantor, Lender's rights under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. Guarantor's liability will be Guarantor's aggregate liability under the terms of this Guaranty and any such other unexpired guaranties.

DURATION OF GUARANTY. This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all the Indebtedness shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. Release of any other guarantor or termination of any other guaranty of the Indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation Lender receives from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty.

GUARANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time: (A) to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the Indebtedness or any part of the Indebtedness, including increases and decreases of the rate of interest on the Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the Indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine how, when and what application of payments and credits shall be made on the Indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the Indebtedness; and (H) to assign or transfer this Guaranty in whole or in part.

GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lender that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer, or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; (F) upon Lender's request, Guarantor will provide to Lender financial and credit information in form acceptable to Lender, and all such financial information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material adverse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Lender and no event has occurred which may materially adversely affect Guarantor's financial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Guarantor is pending or threatened; (I) Lender has made no representation to Guarantor as to the creditworthiness of Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Guarantor agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information, Lender shall have no obligation to disclose to Guarantor any information or documents acquired by Lender in the course of its relationship with Borrower.

GUARANTOR'S WAIVERS. Except as prohibited by applicable law, Guarantor waives any right to require Lender (A) to continue lending money or to extend other credit to Borrower; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of the Indebtedness or of any nonpayment related to any collateral, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Indebtedness or in connection with the creation of new or additional loans or obligations; (C) to resort for payment or to proceed directly or at once against any person, including Borrower or any other guarantor; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act or omission of any kind, or at any time, with respect to any matter whatsoever.

Guarantor also waives any and all rights or defenses based on suretyship or impairment of collateral including, but not limited to, any rights or defenses arising by reason of (A) any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (B) any election of remedies by Lender which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging the Indebtedness; (C) any disability or other defense of Borrower, of any other guarantor, or of any other person, or by reason of the cessation of Borrower's liability from any cause whatsoever, other than payment in full in legal tender, of the Indebtedness; (D) any right to claim discharge of the Indebtedness on the basis of unjustified impairment of any collateral for the Indebtedness; (E) any statute of limitations, if at any time any action or suit brought by Lender against Guarantor is commenced, there is outstanding Indebtedness which is not barred by any applicable statute of limitations; or (F) any defenses given to guarantors at law or in equity other than actual payment and performance of the Indebtedness. If payment is made by Borrower, whether voluntarily or otherwise, or by any third party, on the Indebtedness and thereafter Lender is forced to remit the amount of that payment to Borrower's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, the Indebtedness shall be considered unpaid for the purpose of the enforcement of this Guaranty.

Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guarantor, or both.

GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS. Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

COLLATERAL. This Guaranty is secured by the collateral under any and all existing and subsequent security documents, including mortgages, security agreements and collateral assignments by Guarantor.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Guarantor's accounts with Lender

**COMMERCIAL GUARANTY
(Continued)**

Loan No: 20002246091

Page 2

(whether checking, savings, or some other account). This includes all accounts Guarantor holds jointly with someone else and all accounts Guarantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Guarantor authorizes Lender, to the extent permitted by applicable law, to hold these funds if there is a default, and Lender may apply the funds in these accounts to pay what Guarantor owes under the terms of this Guaranty.

SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR. Guarantor agrees that the Indebtedness, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the Indebtedness. Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the Indebtedness. If Lender so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender is hereby authorized, in the name of Guarantor, from time to time to file financing statements and continuation statements and to execute documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty:

Amendments. This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration of or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Guarantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

Governing Law. This Guaranty will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions.

Choice of Venue. If there is a lawsuit, Guarantor agrees upon Lender's request to submit to the jurisdiction of the courts of JEFFERSON County, Commonwealth of Kentucky.

Integration. Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

Interpretation. In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower" and "Guarantor" respectively shall mean all and any one or more of them. The words "Guarantor," "Borrower," and "Lender" include the heirs, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

Notices. Any notice required to be given under this Guaranty shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Guaranty. Any party may change its address for notices under this Guaranty by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Unless otherwise provided or required by law, if there is more than one Guarantor, any notice given by Lender to any Guarantor is deemed to be notice given to all Guarantors.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns.

Waive Jury. Lender and Guarantor hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Guarantor against the other.

JOINT AND SEVERAL LIABILITY. Joint and Several Liability. If Guarantor consists of more than one person, firm, or entity, the obligations and liabilities under this Guaranty of those persons, firms and entities shall be joint and several. In addition, the liability of Guarantor under this Guaranty shall be joint and several with Borrower and each and every other obligor, guarantor, endorser and surety of all or any portion of the indebtedness, subject to any limitations contained herein with respect to the amount of Indebtedness guaranteed hereunder.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means FARMDALE UTILITIES, INC. ; and FARMDALE DEVELOPMENT CORPORATION and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Guarantor. The word "Guarantor" means everyone signing this Guaranty, including without limitation CARROLL F. COGAN, and in each case, one signer's successors and assigns.

Guaranty. The word "Guaranty" means this guaranty from Guarantor to Lender.

Indebtedness. The word "Indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

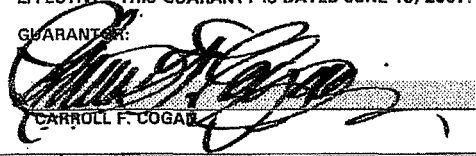
Lender. The word "Lender" means OLD NATIONAL BANK, its successors and assigns.

Note. The word "Note" means the promissory note dated June 15, 2007, in the original principal amount of \$150,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY". NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED JUNE 15, 2007.

GUARANTOR:



CARROLL F. COGAIN

PRIVATE CLIENT LOAN FEE REMITTANCE FORM

BORROWER: FARMDALE DEVELOPMENT CORPORATION

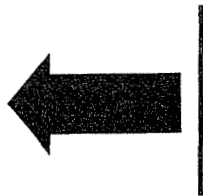
DATE: May 14, 2008

AMOUNT OF LOAN: \$25,000.00

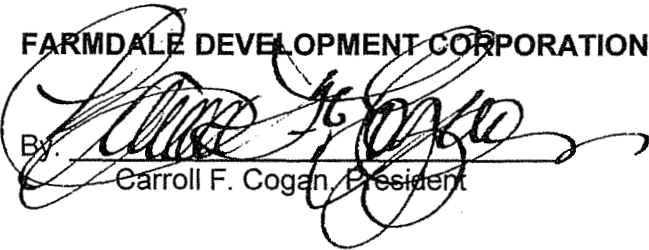
1. Accrued Interest owed through May 14, 2008 per diem \$4.17 **\$719.27**

TOTAL: **\$719.27**

FOR THE TOTAL AMOUNT OF THE ABOVE REFERENCED FEES.



FARMDALE DEVELOPMENT CORPORATION

By: 
Carroll F. Cogan, President

By: _____
Loan Officer Signature

DATE: _____ **BRANCH #** _____ **COST CENTER #** _____ **PHONE EXT.** _____

PREPARED BY: Small Business Credit Services

CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL

Corporation: FARMDALE DEVELOPMENT CORPORATION
1706 Bardstown Road
Louisville, KY 40205

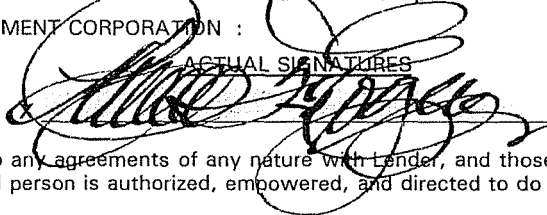
Lender: National City Bank
Private Client Group - Louisville
101 South Fifth St.
Louisville, KY 40202

WE, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE CORPORATION'S EXISTENCE. The complete and correct name of the Corporation is FARMDALE DEVELOPMENT CORPORATION ("Corporation"). The Corporation is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the Commonwealth of Kentucky. The Corporation is duly authorized to transact business in all other states in which the Corporation is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Corporation is doing business. Specifically, the Corporation is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Corporation has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Corporation maintains an office at 1706 Bardstown Road, Louisville, KY 40205. Unless the Corporation has designated otherwise in writing, the principal office is the office at which the Corporation keeps its books and records. The Corporation will notify Lender prior to any change in the location of the Corporation's state of organization or any change in the Corporation's name. The Corporation shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Corporation and the Corporation's business activities.

RESOLUTIONS ADOPTED. At a meeting of the Directors of the Corporation, or if the Corporation is a close corporation having no Board of Directors then at a meeting of the Corporation's shareholders, duly called and held on _____, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

OFFICER. The following named person is an officer of FARMDALE DEVELOPMENT CORPORATION :

<u>NAMES</u>	<u>TITLES</u>	<u>AUTHORIZED</u>	<u>ACTUAL SIGNATURES</u>
Carroll F. Cogan	President	Y	

ACTIONS AUTHORIZED. The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Corporation. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Corporation:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Corporation and Lender, such sum or sums of money as in his or her judgment should be borrowed, without limitation.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Corporation's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Corporation's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Corporation or in which the Corporation now or hereafter may have an interest, including without limitation all of the Corporation's real property and all of the Corporation's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Corporation to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Corporation or in which the Corporation may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Corporation's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements as the officer may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

ASSUMED BUSINESS NAMES. The Corporation has filed or recorded all documents or filings required by law relating to all assumed business names used by the Corporation. Excluding the name of the Corporation, the following is a complete list of all assumed business names under which the Corporation does business: **None.**

NOTICES TO LENDER. The Corporation will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Corporation's name; (B) change in the Corporation's assumed business name(s); (C) change in the management of the Corporation; (D) change in the authorized signer(s); (E) change in the Corporation's principal office address; (F) change in the Corporation's state of organization; (G) conversion of the Corporation to a new or different type of business entity; or (H) change in any other aspect of the Corporation that directly or indirectly relates to any agreements between the Corporation and Lender. No change in the Corporation's name or state of organization will take effect until after Lender has received notice.

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The officer named above is duly elected, appointed, or employed by or for the Corporation, as the case may be, and occupies the position set opposite his or her respective name. This Resolution now stands of record on the books of the Corporation, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

NO CORPORATE SEAL. The Corporation has no corporate seal, and therefore, no seal is affixed to this Resolution.

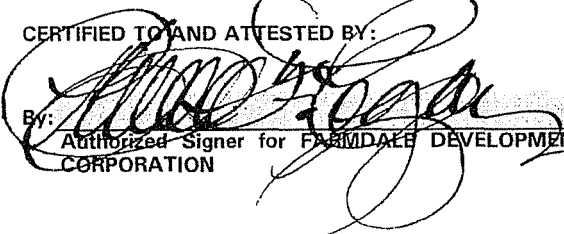
**CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL
(Continued)**

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Corporation's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, we have hereunto set our hand and attest that the signature set opposite the name listed above is his or her genuine signature.

We each have read all the provisions of this Resolution, and we each personally and on behalf of the Corporation certify that all statements and representations made in this Resolution are true and correct. This Corporate Resolution to Borrow / Grant Collateral is dated May 14, 2008.

CERTIFIED TO AND ATTESTED BY:

By: 
Authorized Signer for FARMDALE DEVELOPMENT CORPORATION



NOTE: If the officer signing this Resolution is designated by the foregoing document as one of the officers authorized to act on the Corporation's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Corporation.

COMMERCIAL LOANS LOAN DISBURSEMENT AUTHORIZATION

Borrower's Name: FARMDALE DEVELOPMENT CORPORATION

Dept. or Office: Private Client Group

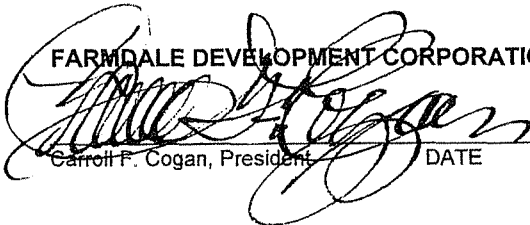
Date: May 14, 2008

You are hereby authorized and directed to disburse the proceeds of the loan which you are making to the undersigned in the following manner.

<input type="checkbox"/>	ISSUE CASHIER'S CHECK PAYABLE TO THE ORDER OF:	CHECK NUMBER	
	_____	_____	\$ _____
	_____	_____	\$ _____
<input type="checkbox"/>	CREDIT ACCOUNT SHOWN BELOW:		
	NAME	ACCOUNT NUMBER	
	_____	_____	\$ _____
	_____	_____	\$ _____
<input type="checkbox"/>	PAY EXISTING COMMERCIAL & COLLATERAL OBLIGATION(S)		
	<u>Account number 2309290137/0503037442</u>		<u>\$25,000.00</u>
<input type="checkbox"/>	OTHER (WIRE TRANSFER, INTER-DEPARTMENT TRANSFER)		
	_____		\$ _____

MULTIPLE ADVANCES: Unless the approval/note provides otherwise, the undersigned borrower agrees that the loan proceeds may be disbursed in one or more advances. The following provisions apply to multiple disbursements on loans other than revolving loans: (a) a minimum amount may be established for each advance; (b) if the note is a term note, no event of default shall have occurred; (c) the total of all principal advances will not exceed the stated principal amount of the note; (d) any amount repaid may not be reborrowed; (e) the total principal amount will at any time be the total of all advances less principal repaid; (f) interest will accrue on the unpaid balance of outstanding advances from the date disbursed until paid in full; and (g) all unpaid principal and accrued interest will be payable on demand, or if the note is a term note, at maturity. To the extent there is any inconsistency between the foregoing provisions and the note terms, the terms of the note will govern.

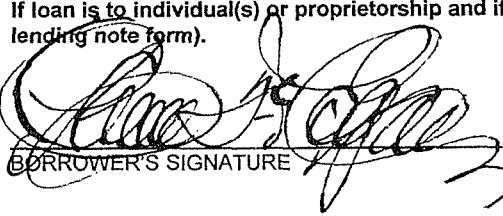
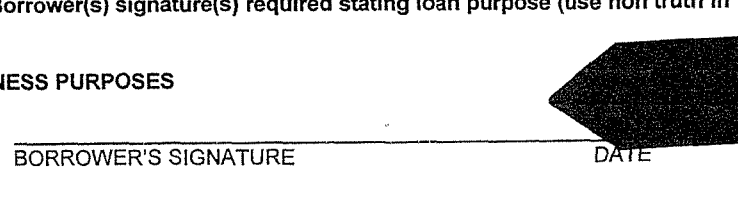
ADDITIONAL ADVANCES, IF ANY, MAY BE DISBURSED TO ANY NATIONAL CITY ACCOUNT IN THE NAME OF THE BORROWER UPON REQUEST OF THE UNDERSIGNED, NOT TO EXCEED TOTAL APPROVAL/NOTE.

FARMDALE DEVELOPMENT CORPORATION

 Carroll F. Cogan, President DATE

TOTAL DISBURSED (TODAY)	<u>\$25,000.00</u>
TOTAL APPROVAL/NOTE	<u>\$25,000.00</u>

BORROWER'S SIGNATURE DATE



BUSINESS PURPOSE STATEMENT			
If loan is to individual(s) or proprietorship and if for business purposes, Borrower(s) signature(s) required stating loan purpose (use non truth in lending note form).			
 BORROWER'S SIGNATURE	<u>05-20-08</u> DATE	 BORROWER'S SIGNATURE	DATE



2009 DEPRECIATION AND AMORTIZATION REPORT

- CURRENT YEAR FEDERAL - FARMDALE UTILITIES, INC.

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
1	SEWER LINES	093080	200DB	25.00	16	3000.			3000.	2751.		0.
2	EQUIPMENT	093082	PRE	10.00	16	2436.			2436.	2436.		0.
3	SEWAGE SPLITTER	093085	SL	5.00	16	885.			885.	885.		0.
4	SEWAGE SPLITTER	123185	SL	5.00	16	2459.			2459.	2459.		0.
5	PUMP	060186	SL	5.00	16	3859.			3859.	3859.		0.
6	PUMP	100186	SL	5.00	16	4435.			4435.	4435.		0.
7	EQUIPMENT	110187	SL	5.00	16	9587.			9587.	9587.		0.
8	TREATMENT PLANT	123080	SL		16	65671.			65671.	65671.		0.
9	EQUIPMENT	083193	200DB	5.00	17	6080.			6080.	6079.		0.
10	EQUIPMENT	061093	200DB	10.00	17	2304.			2304.	2304.		0.
11	EQUIPMENT	041098	200DB	5.00	17	3000.			3000.	3000.		0.
12	PUMP-D&F	111006	200DB	5.00	17	2351.			2351.	1547.		322.
13	RATE CASE FEES	010107		60M	43	9500.			9500.	3800.		1900.
14	LOAN FEES	061507		60M	43	1500.			1500.	475.		300.
15	RATE CASE FEES	010108		60M	43	16060.			16060.	3212.		3212.
16	RATE CASE FEES	010108		60M	43	4500.			4500.	900.		900.
17	CHLORINE CONTACT TANK	100107		60M	43	17598.			17598.	4400.		3520.
18	LIFT STATION	100107		60M	43	34221.			34221.	8555.		6844.

2009 DEPRECIATION AND AMORTIZATION REPORT

- CURRENT YEAR FEDERAL - FARMDALE UTILITIES, INC.

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
19	LAGOON	100107		60M	43	56452.			56452.	14113.		11290.
20	RATE CASE FEES	010109		60M	42	15500.			15500.			3100.
	* TOTAL OTHER DEPRECIATION & AMOR					261398.			261398.	140468.		31388.
	CURRENT YEAR ACTIVITY											
	BEGINNING BALANCE					245898.		0.	245898.	140468.		
	ACQUISITIONS					15500.		0.	15500.	0.		
	DISPOSITIONS					0.		0.	0.	0.		
	ENDING BALANCE					261398.		0.	261398.	140468.		

U.S. Corporation Income Tax Return
 For calendar year 2009 or tax year

2009

beginning _____, ending _____

A Check if:

- 1a Consolidated return (attach Form 851)
- b Life/nonlife consolidated return
- 2 Personal holding co (attach Sch PH)
- 3 Personal service corp (see instructions)
- 4 Schedule M-3 attached

Use IRS label. Otherwise, print or type.

Name
FARMDALE UTILITIES, INC.
 Number, street, and room or suite no. If a P.O. box, see instructions.
1706 BARDSTOWN RD
 City or town, state, and ZIP code
LOUISVILLE, KY 40205

B Employer identification number
~~100246~~

C Date incorporated
10/30/1981

D Total assets (see instructions)
 \$ **292634.**

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

Income	1 Gross receipts or sales	106765.	b Less returns and allowances		c Bal	1c	106765.
	2 Cost of goods sold (Schedule A, line 8)					2	
	3 Gross profit. Subtract line 2 from line 1c					3	106765.
	4 Dividends (Schedule C, line 19)					4	
	5 Interest					5	
	6 Gross rents					6	
	7 Gross royalties					7	
	8 Capital gain net income (attach Schedule D (Form 1120))					8	
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)					9	
	10 Other income (attach schedule)					10	
	11 Total income. Add lines 3 through 10					11	106765.

Deductions (See instructions for limitations on deductions.)	12 Compensation of officers (Schedule E, line 4)		12	
	13 Salaries and wages (less employment credits)		13	
	14 Repairs and maintenance		14	
	15 Bad debts		15	
	16 Rents		16	
	17 Taxes and licenses	SEE STATEMENT 3	17	2145.
	18 Interest		18	8613.
	19 Charitable contributions		19	
	20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)		20	322.
	21 Depletion		21	
	22 Advertising		22	
	23 Pension, profit-sharing, etc., plans		23	
	24 Employee benefit programs		24	
	25 Domestic production activities deduction (attach Form 8903)		25	
	26 Other deductions (attach schedule)	SEE STATEMENT 4	26	109809.
	27 Total deductions. Add lines 12 through 26		27	120889.
	28 Taxable income before net operating loss deduction and special deductions Subtract line 27 from line 11		28	-14124.
29 Less: a Net operating loss deduction STATEMENT 5	29a		0.	
b Special deductions (Schedule C, line 20)	29b			

Tax, Refundable Credits, and Payments	30 Taxable income. Subtract line 29c from line 28 (see instructions)	30	-14124.
	31 Total tax (Schedule J, line 10)	31	0.
	32a 2008 overpayment credited to 2009	32a	
	b 2009 estimated tax payments	32b	
	c 2009 refund applied for on Form 4466	32c	
	d Bal	32d	
	e Tax deposited with Form 7004	32e	
	f Credits: (1) Form 2439 (2) Form 4136	32f	
	g Refundable credits from Form 3800, line 19c, and Form 8827, line 8c	32g	
	32h		
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	33		
34 Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed	34	0.	
35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid	35		
36 Enter amount from line 35 you want: Credited to 2010 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	36		

Sign Here
 Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge

Signature of officer _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below? Yes No

Paid Preparer's Use Only

Preparer's signature _____ Date _____ Check if self-employed Preparer's SSN or PTIN ~~1700201579~~

Firm's name (or yours if self-employed) address, and ZIP code
LOGSDON & CO., PC
405 WEST 6TH STREET
JEFFERSONVILLE, IN 47130

EIN ~~1700201579~~
 Phone no **(812) 283-7722**

CONSENT TO APPORTIONMENT OF SURTAX EXEMPTION IN ACCORDANCE WITH IRC SEC. 1561 - COMPONENT MEMBERS OF CONTROLLED GROUP

CORPORATE NAME	TAX YEAR	EMPLOYER ID#
----------------	----------	--------------

HAYFIELD UTILITIES, INC.	12/31	61-0915691
BRENTWOOD WASTE WATER TMT PLANT, INC.	12/31	61-0915691
FARMDALE UTILITIES, INC.	12/31	61-0915691
FARMDALE DEVELOPMENT CORP	12/31	61-0915691

	TAX PERIOD	I	II	III
--	------------	---	----	-----

HAYFIELD UTILITIES, INC.	2009	50000	25000	9925000
ALL OTHER CONTROLLED CORPS.	2009	-0-	-0-	-0-

ADDRESS OF ALL CORPORATIONS- 1706 BARDSTOWN ROAD,
LOUISVILLE, KENTUCKY 40205

IRS DISTRICT FOR ALL CORPORATIONS-CINCINNATI, OHIO

THE UNDERSIGNED, A MEMBER OF THE CONTROLLED GROUP, CONSENTS TO THE APPORTIONMENT OF SURTAX EXEMPTIONS SHOWN HEREON FOR THE TAXABLE YEAR WHICH INCLUDES DECEMBER 31, 2009.

FARMDALE UTILITIES, INC.

BY _____

Schedule J Tax Computation (see instructions)				
1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	▶	<input checked="" type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	▶	<input type="checkbox"/>	0.
3	Alternative minimum tax (attach Form 4626)			
4	Add lines 2 and 3			0.
5a	Foreign tax credit (attach Form 1118)			
5b	Credit from Form 8834, line 29			
5c	General business credit (attach Form 3800)			
5d	Credit for prior year minimum tax (attach Form 8827)			
5e	Bond credits from Form 8912			
6	Total credits. Add lines 5a through 5e			
7	Subtract line 6 from line 4			0.
8	Personal holding company tax (attach Schedule PH (Form 1120))			
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (attach schedule)			
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31			0.

Schedule K Other Information (see instructions)				
1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶			Yes No
2	See the instructions and enter the:			
a	Business activity code no. ▶ 221300			
b	Business activity ▶ SEWAGE TREATMENT			
c	Product or service ▶ PLANT			
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation ▶			X
4	At the end of the tax year:			
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)			X
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)			X
5	At the end of the tax year, did the corporation:			Yes No
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions If "Yes," complete (i) through (iv).			

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock
FARMDALE DEVELOPMENT CORP	61-1234567	UNITED STATES	100.00%

JWA

Schedule K Continued

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions
If "Yes," complete (i) through (iv).

X

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)

X

If "Yes," file **Form 5452**, Corporate Report of Nondividend Distributions.

If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.

7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of **(a)** the total voting power of all classes of the corporation's stock entitled to vote or **(b)** the total value of all classes of the corporation's stock?

X

For rules of attribution, see section 318. If "Yes," enter:

(i) Percentage owned ▶ _____ and **(ii)** Owner's country ▶ _____

(c) The corporation may have to file **Form 5472**, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____

8 Check this box if the corporation issued publicly offered debt instruments with original issue discount

If checked, the corporation may have to file **Form 8281**, Information Return for Publicly Offered Original Issue Discount Instruments.

9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____

10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1

11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here

If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.

12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$ 119210.

13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?

X

If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 5. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$ _____

JWA

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		6645.		2921.
2a Trade notes and accounts receivable	10140.		10084.	
b Less allowance for bad debts	()	10140.	()	10084.
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (att. sch.)				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (att. sch.) STMT 6		177972.		177972.
10a Buildings and other depreciable assets	103067.		103067.	
b Less accumulated depreciation	(92137.)	10930.	(92459.)	10608.
11a Depletable assets				
b Less accumulated depletion	()		()	
12 Land (net of any amortization)		2240.		2240.
13a Intangible assets (amortizable only)	155330.		155330.	
b Less accumulated amortization	(35455.)	119875.	(66521.)	88809.
14 Other assets (att. sch.)				
15 Total assets		327802.		292634.
Liabilities and Shareholders' Equity				
16 Accounts payable		168300.		168106.
17 Mortgages, notes, bonds payable in less than 1 year		24923.		25000.
18 Other current liabilities (att. sch.)				
19 Loans from shareholders		262489.		281690.
20 Mortgages, notes, bonds payable in 1 year or more		111076.		82348.
21 Other liabilities (att. sch.)				
22 Capital stock: a Preferred stock				
b Common stock	14000.	14000.	14000.	14000.
23 Additional paid-in capital		43434.		43434.
24 Retained earnings - Appropriated (attach schedule)				
25 Retained earnings - Unappropriated		-159420.		-184944.
26 Adjustments to shareholders' equity (attach schedule)				
27 Less cost of treasury stock		(137000.)		(137000.)
28 Total liabilities and shareholders' equity		327802.		292634.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more - see instructions

1 Net income (loss) per books	-25524.	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax per books		Tax-exempt interest \$ _____	
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize): _____			
5 Expenses recorded on books this year not deducted on this return (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation \$ _____		a Depreciation \$ _____	
b Charitable contributions \$ _____		b Charitable contributions \$ _____	
c Travel and entertainment \$ _____			
STMT 7 11400.	11400.	9 Add lines 7 and 8	
6 Add lines 1 through 5	-14124.	10 Income (page 1, line 28) - line 6 less line 9	-14124.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1 Balance at beginning of year	-159420.	5 Distributions:	
2 Net income (loss) per books	-25524.	a Cash	
3 Other increases (itemize): _____		b Stock	
		c Property	
		6 Other decreases (itemize): _____	
		7 Add lines 5 and 6	
4 Add lines 1, 2, and 3	-184944.	8 Balance at end of year (line 4 less line 7)	-184944.

Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns

(Rev. December 2008) Department of the Treasury Internal Revenue Service

File a separate application for each return. See separate instructions.

Type or Print

Name: FARMDALE UTILITIES, INC. Identifying number: [redacted] Number, street, and room or suite no. (If P.O. box, see instructions.): 1706 BARDSTOWN RD City, town, state, and ZIP code (If a foreign address, enter city, province or state, and country (follow the country's practice for entering postal code)): LOUISVILLE, KY 40205

Note. See instructions before completing this form.

Part I Automatic 5-Month Extension Complete if Filing Form 1065, 1041, or 8804

Table with 4 columns: Application Is For, Form Code, Application Is For, Form Code. Rows include Form 1065 (09) to Form 1041 (estate) (04) and Form 8804 (31) to Form 1041 (trust) (05).

Part II Automatic 6-Month Extension Complete if Filing Other Forms

Table with 4 columns: Application Is For, Form Code, Application Is For, Form Code. Rows include Form 706-GS(D) (01) to Form 1120-PC (21) and Form 706-GS(T) (02) to Form 1120-POL (22) through Form 1120-ND (section 4951 taxes) (20) to Form 8928 (36).

2 If the organization is a foreign corporation that does not have an office or place of business in the United States, check here []

3 If the organization is a corporation and is the common parent of a group that intends to file a consolidated return, check here [X] STMT 1 If checked, attach a schedule, listing the name, address, and Employer Identification Number (EIN) for each member covered by this application.

Part III All Filers Must Complete This Part

4 If the organization is a corporation or partnership that qualifies under Regulations section 1.6081-5, check here []

5 a The application is for calendar year 2009, or tax year beginning [] , and ending []

b Short tax year. If this tax year is less than 12 months, check the reason:

- [] Initial return [] Final return [] Change in accounting period [] Consolidated return to be filed

Table with 2 columns: Line number, Amount. Rows 6-8: 6 Tentative total tax 0., 7 Total payments and credits (see instructions) 0., 8 Balance due. Subtract line 7 from line 6. Generally, you must deposit this amount using the Electronic Federal Tax Payment System (EFTPS), a Federal Tax Deposit (FTD) Coupon, or Electronic Funds Withdrawal (EFW) (see instructions for exceptions) 0.



FORM 7004

AFFILIATED GROUP INFORMATION

STATEMENT 1

NAME AND ADDRESS OF EACH MEMBER OF THE AFFILIATED GROUP

FEIN

FARMDALE DEVELOPMENT CORP
SAME



Affiliations Schedule

► File with each consolidated income tax return.

OMB No. 1545-0025

For tax year ending **DECEMBER 31**

2009

Name of common parent corporation
FARMDALE UTILITIES, INC

Employer identification number
~~XXXXXXXXXX~~

Number, street, and room or suite no. If a P.O. box, see instructions

1706 BARDSTOWN ROAD

City or town, state, and ZIP code

LOUISVILLE, KY 40205

Part I Overpayment Credits, Estimated Tax Payments, and Tax Deposits (see instructions)

Corp No	Name and address of corporation	Employer identification number	Portion of overpayment credits and estimated tax payments	Portion of tax deposited with Form 7004
2	Subsidiary corporations: FARMDALE DEVELOPMENT CORP	61 0841182	0	0
3				
4				
5				
6				
7				
8				
9				
10				
Totals (Must equal amounts shown on the consolidated tax return.)			0	0

Part II Principal Business Activity, Voting Stock Information, Etc. (see instructions)

Corp No	Principal business activity (PBA)	PBA Code No	Did the subsidiary make any nondividend distributions?		Stock holdings at beginning of year			
			Yes	No	Number of shares	Percent of voting power	Percent of value	Owned by corporation no.
2	Subsidiary corporations: FARMDALE DEVELOPMENT CORP	221300		✓	100	100 %	100 %	1
3						%	%	
4						%	%	
5						%	%	
6						%	%	
7						%	%	
8						%	%	
9						%	%	
10						%	%	

Part III Changes in Stock Holdings During the Tax Year

Corp No	Name of corporation	Shareholder of Corporation No	Date of transaction	(a) Changes		(b) Shares held after changes described in column (a)	
				Number of shares acquired	Number of shares disposed of	Percent of voting power	Percent of value
	NOT APPLICABLE					%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%

- (c) If any transaction listed above caused either a deconsolidation of a subsidiary or a deconsolidation of any share of subsidiary stock and afterward, any member continued to hold stock of the subsidiary, did the basis of any retained share exceed its value immediately before the deconsolidation? If "Yes," see the instructions for details. Yes No
- (d) Is the group deducting a loss recognized on the disposition of the stock of a subsidiary? If "Yes," see the instructions for details, including the statements that must be attached. Yes No
- (e) If the equitable owners of any capital stock shown above were other than the holders of record, provide details of the changes.

- (f) If additional stock was issued, or if any stock was retired during the year, list the dates and amounts of these transactions.

Part IV Additional Stock Information (see instructions)

1 During the tax year, did the corporation have more than one class of stock outstanding? Yes No
 If "Yes," enter the name of the corporation and list and describe each class of stock.

Corp No.	Name of corporation	Class of stock

2 During the tax year, was there any member of the consolidated group that reaffiliated within 60 months of disaffiliation? Yes No
 If "Yes," enter the name of the corporation(s) and explain the circumstances.

Corp No.	Name of corporation	Explanation

3 During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group? Yes No
 If "Yes," enter the name of the corporation and see the instructions for what to enter in Items 3a, 3b, 3c, and 3d.

Corp No.	Name of corporation	Item 3a	Item 3b	Item 3c
		%	%	%
		%	%	%
		%	%	%
		%	%	%

Corp No.	Item 3d—Provide a description of any arrangement.

**SCHEDULE O
(Form 1120)**

(Rev. December 2009)
Department of the Treasury
Internal Revenue Service

**Consent Plan and Apportionment Schedule
for a Controlled Group**

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-L, 1120-PC, 1120-REIT, or 1120-RIC.
▶ See separate instructions.

OMB No. 1545-0123

Name **FARMDALE UTILITIES, INC.** Employer identification number 

Part I Apportionment Plan Information

1 Type of controlled group:

- a Parent-subsidiary group
- b Brother-sister group
- c Combined group
- d Life insurance companies only

2 This corporation has been a member of this group:

- a For the entire year.
- b From _____, until _____.

3 This corporation consents and represents to:

- a Adopt an apportionment plan. All the other members of this group are adopting an apportionment plan effective for the current tax year which ends on _____, and for all succeeding tax years.
- b Amend the current apportionment plan. All the other members of this group are currently amending a previously adopted plan, which was in effect for the tax year ending _____, and for all succeeding tax years.
- c Terminate the current apportionment plan and not adopt a new plan. All the other members of this group are not adopting an apportionment plan.
- d Terminate the current apportionment plan and adopt a new plan. All the other members of this group are adopting an apportionment plan effective for the current tax year which ends on _____, and for all succeeding tax years.

4 If you checked box 3c or 3d above, check the applicable box below to indicate if the termination of the current apportionment plan was:

- a Voluntary
- b Involuntary

5 If you did not check a box on line 3 above, check the applicable box below concerning the status of the group's apportionment plan (see instructions).

- a No apportionment plan is in effect and none is being adopted.
- b An apportionment plan is already in effect. It was adopted for the tax year ending DECEMBER 31, 2006, and for all succeeding tax years.

6 If all the members of this group are adopting a plan or amending the current plan for a tax year after the due date (including extensions) of the tax return for this corporation, is there at least one year remaining on the statute of limitations from the date this corporation filed its amended return for such tax year for assessing any resulting deficiency? See instructions.

- a Yes.
 - (i) The statute of limitations for this year will expire on _____.
 - (ii) On _____, this corporation entered into an agreement with the Internal Revenue Service to extend the statute of limitations for purposes of assessment until _____.
- b No. The members may not adopt or amend an apportionment plan.

7 Required information and elections under section 1561. Check the applicable box(es) (see instructions).

- a The corporation will determine its tax liability by applying the maximum tax rate under section 11 to the entire amount of its taxable income.
- b The corporation and the other members of the group elect the FIFO method (rather than defaulting to the proportionate method) for allocating the group's section 11(b)(1) additional tax.
- c The corporation has a short tax year that does not include December 31.

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1120.

Schedule O (Form 1120) (Rev. 12-2009)

913335 01-21-10 JWA

SCHEDULE G (Form 1120)

Information on Certain Persons Owning the Corporation's Voting Stock

OMB No. 1545-0123

2009

Department of the Treasury Internal Revenue Service

Attach to Form 1120.

Name: FARMDALE UTILITIES, INC. Employer identification number (EIN):

Part I Certain Entities Owning the Corporation's Voting Stock. (Form 1120, Schedule K, Question 4a). Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

Table with 5 columns: (i) Name of Entity, (ii) Employer Identification Number (if any), (iii) Type of Entity, (iv) Country of Organization, (v) Percentage Owned in Voting Stock.

Part II Certain Individuals and Estates Owning the Corporation's Voting Stock. (Form 1120, Schedule K, Question 4b). Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

Table with 4 columns: (i) Name of Individual or Estate, (ii) Identifying Number (if any), (iii) Country of Citizenship (see instructions), (iv) Percentage Owned in Voting Stock. Row 1: CARROLL F. COGAN, UNITED STATES, 100.00%

Depreciation and Amortization
(Including Information on Listed Property) **OTHER**
▶ See separate instructions. ▶ Attach to your tax return.

FARMDALE UTILITIES, INC.

OTHER DEPRECIATION

Part I Election To Expense Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	250000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	800000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2009	17	322.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

Section B - Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property					
b	5-year property					
c	7-year property					
d	10-year property					
e	15-year property					
f	20-year property					
g	25-year property		25 yrs.		S/L	
h	Residential rental property	/	27.5 yrs.	MM	S/L	
		/	27.5 yrs.	MM	S/L	
i	Nonresidential real property	/	39 yrs.	MM	S/L	
		/		MM	S/L	

Section C - Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year		12 yrs.		S/L	
c	40-year	/	40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	322.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No				24b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No				
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use							25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1								29

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2009 tax year:					
RATE CASE FEES	010109	15500.		60M	3100.
43 Amortization of costs that began before your 2009 tax year				43	27966.
44 Total. Add amounts in column (f). See the instructions for where to report				44	31066.

2009 DEPRECIATION AND AMORTIZATION REPORT
OTHER DEPRECIATION

OTHER												
Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
1	SEWER LINES	093080	200DB	25.00	16	3000.			3000.	2751.		0.
2	EQUIPMENT	093082	PRE	10.00	16	2436.			2436.	2436.		0.
3	SEWAGE SPLITTER	093085	SL	5.00	16	885.			885.	885.		0.
4	SEWAGE SPLITTER	123185	SL	5.00	16	2459.			2459.	2459.		0.
5	PUMP	060186	SL	5.00	16	3859.			3859.	3859.		0.
6	PUMP	100186	SL	5.00	16	4435.			4435.	4435.		0.
7	EQUIPMENT	110187	SL	5.00	16	9587.			9587.	9587.		0.
8	TREATMENT PLANT	123080	SL		16	65671.			65671.	65671.		0.
9	EQUIPMENT	083193	200DB	5.00	17	6080.			6080.	6079.		0.
10	EQUIPMENT	061093	200DB	10.00	17	2304.			2304.	2304.		0.
11	EQUIPMENT	041098	200DB	5.00	17	3000.			3000.	3000.		0.
12	PUMP-D&F	111006	200DB	5.00	17	2351.			2351.	1547.		322.
13	RATE CASE FEES	010107		60M	43	9500.			9500.	3800.		1900.
14	LOAN FEES	061507		60M	43	1500.			1500.	475.		300.
15	RATE CASE FEES	010108		60M	43	16060.			16060.	3212.		3212.
16	RATE CASE FEES	010108		60M	43	4500.			4500.	900.		900.
17	CHLORINE CONTACT TANK	100107		60M	43	17598.			17598.	4400.		3520.
18	LIFT STATION	100107		60M	43	34221.			34221.	8555.		6844.

928102
06-24-09

(D) - Asset disposed

* ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction

2009 DEPRECIATION AND AMORTIZATION REPORT
OTHER DEPRECIATION

OTHER

Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
19	LAGOON	100107		60M	43	56452.			56452.	14113.		11290.
20	RATE CASE FEES	010109		60M	42	15500.			15500.			3100.
	* TOTAL OTHER DEPRECIATION & AMOR					261398.			261398.	140468.		31388.
	CURRENT ACTIVITY											
	BEGINNING BALANCE					245898.		0.	245898.	140468.		
	ACQUISITIONS					15500.		0.	15500.	0.		
	DISPOSITIONS					0.		0.	0.	0.		
	ENDING BALANCE					261398.		0.	261398.	140468.		

FORM 1120 TAXES AND LICENSES STATEMENT 3

DESCRIPTION	AMOUNT
OTHER TAXES AND LICENSES	182.
PROPERTY TAX	1788.
KENTUCKY TAXES - OTHER	175.
TOTAL TO FORM 1120, LINE 17	2145.

FORM 1120 OTHER DEDUCTIONS STATEMENT 4

DESCRIPTION	AMOUNT
AMORTIZATION	31066.
CHEMICALS	1840.
COLLECTION EXPENSE	11785.
LABOR EXPENSE-TESTING	8570.
OFFICE EXPENSE	844.
PROFESSIONAL FEES	12632.
REGULATORY COMM EXP	250.
SLUDGE HAULING	2650.
TREATMENT SYSTEM MAINTENANCE	20694.
UTILITIES	19478.
TOTAL TO FORM 1120, LINE 26	109809.

NET OPERATING LOSS DEDUCTION STATEMENT 5

TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING	AVAILABLE THIS YEAR
12/31/00	8626.		8626.	8626.
12/31/01	3559.		3559.	3559.
12/31/02	2261.		2261.	2261.
12/31/03	8626.		8626.	8626.
12/31/04	11447.		11447.	11447.
12/31/05	5947.		5947.	5947.
12/31/06	32097.		32097.	32097.
12/31/07	33745.		33745.	33745.
12/31/08	12902.		12902.	12902.
NOL AVAILABLE THIS YEAR			119210.	119210.

SCHEDULE L OTHER INVESTMENTS STATEMENT 6

DESCRIPTION	BEGINNING OF TAX YEAR	END OF TAX YEAR
OTHER INVESTMENTS	177972.	177972.
TOTAL TO SCHEDULE L, LINE 9	177972.	177972.

SCHEDULE M-1 OTHER EXPENSES RECORDED ON BOOKS NOT DEDUCTED IN THIS RETURN STATEMENT 7

DESCRIPTION	AMOUNT
MANAGEMENT AND CONSULTING FEES	9600.
BOOKKEEPING FEES	1800.
TOTAL TO SCHEDULE M-1, LINE 5	11400.

720
41A720

Kentucky
UNBRIDLED SPIRIT



A [REDACTED]
Kentucky Corporation/LLET Account Number

Department of Revenue

KENTUCKY CORPORATION
INCOME TAX AND LLET RETURN **2009**

Taxable period beginning **JAN 1**, 2009, and ending **DEC 31**, 2009.

B Check applicable box(es): LLET Receipts Method <input type="checkbox"/> Gross Receipts <input type="checkbox"/> Gross Profits <input checked="" type="checkbox"/> \$175 minimum Nonfiling Status Code Enter Code _____	D Federal Identification Number [REDACTED]	Taxable Year 12 / 09 Ending Mo. Yr.
	Name of Corporation or Affiliated Group (Print or type) FARMDALE UTILITIES, INC.	State and Date of Incorporation KENTUC10/30/1981
Number and Street 1706 BARDSTOWN RD	Principal Business Activity in KY SEWAGE TREATMENT	
City LOUISVILLE	NAICS Code Number (Relating to Kentucky Activity) (See www.census.gov) 221300	
State KY	ZIP Code 40205	
Telephone Number _____	E Name of Common Parent _____	
C Income Tax Return <input type="checkbox"/> Elected Consolidated Attach Form 722 <input checked="" type="checkbox"/> Mandatory NEXUS Nonfiling Status Code Enter Code _____	Kentucky Corporation/LLET Account Number _____	
F Check if applicable: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return (attach explanation) <input type="checkbox"/> Amended return <input type="checkbox"/> Short-period return (attach explanation) <input type="checkbox"/> Change of name <input type="checkbox"/> Change of address <input type="checkbox"/> Change of accounting period		

PART I - LLET COMPUTATION			
1. Schedule LLET, Section D, line 1	1	175	15
2. Recycling/composting equipment tax credit recapture	2		16
3. Total (add lines 1 and 2)	3	175	17
4. Nonrefundable LLET credit from Kentucky Schedule(s) K-1	4		18
5. Nonrefundable tax credits (Schedule TCS)	5		19
6. LLET liability (greater of line 3 less lines 4 and 5 or \$175 minimum)	6	175	20
7. Withholding tax (PTE-WH)	7		21
8. Estimated tax payments	8		22
9. Extension payment	9		23
10. Prior year's tax credit	10		
11. Income tax overpayment from Part III, line 15	11	175	
12. LLET due (line 6 less lines 7 through 11)	12		
13. LLET overpayment (lines 7 through 11 less ln 6)	13		
14. Credited to 2009 income tax	14		
15. Credited to 2010 LLET	15		
16. Amount to be refunded	16		

PART II - TAXABLE INCOME COMPUTATION			
1. Federal taxable income (Form 1120, line 28)	1	<14124>	15
ADDITIONS:			
2. Interest income (state and local obligations)	2		16
3. State taxes based on net/gross income	3		17
4. Depreciation adjustment	4		18
5. Deductions attributable to nontaxable income	5		19
6. Related party expenses	6		20
7. Dividend paid deduction (REIT)	7		21
8. Domestic production activities deduction	8		22
9. Other (attach Schedule O-720)	9		23
10. Total (add lines 1 through 9)	10	<14124>	
SUBTRACTIONS:			
11. Interest income (U.S. obligations)	11		15
12. Dividend income	12		16
13. Federal work opportunity credit	13		17
14. Depreciation adjustment	14		18

PART III - INCOME TAX COMPUTATION			
1. Income tax (see instructions)	1		15
2. Recycling/composting equipment tax credit recapture	2		16
3. Tax installment on LIFO recapture	3		17
4. Total (add lines 1 through 3)	4		18
5. Nonrefundable LLET credit from the Limited Liability Pass-through Entity LLET Credit Worksheet(s) (see instructions)	5		19
6. Nonrefundable LLET credit (Part I, line 6 less \$175)	6		20
7. Nonrefundable tax credits (Schedule TCS)	7		21
8. Net income tax liability (line 4 less lines 5 through 7, but not less than zero)	8		22
9. Estimated tax payments	9		23
<input type="checkbox"/> Check if Form 2220-K attached			
10. Extension payment	10	175	
11. Prior year's tax credit	11		
12. LLET overpayment from Part I, line 14	12		
13. Income tax due (line 8 less lines 9 through 12)	13	0	
14. Income tax overpayment (lines 9 through 12 less line 8)	14	175	
15. Credited to 2009 LLET	15	175	
16. Credited to 2010 corporation income tax	16		
17. Amount to be refunded	17		

TAX PAYMENT SUMMARY (Round to nearest dollar)			
LLET		INCOME	
1. LLET due (Part I, Line 12)	\$ _____	1. Income tax due (Part III, Line 13)	\$ _____
2. Penalty	\$ _____	2. Penalty	\$ _____
3. Interest	\$ _____	3. Interest	\$ _____
4. Subtotal	\$ _____	4. Subtotal	\$ _____
TOTAL PAYMENT (Add Subtotals)	\$ _____		

Federal Form 1120, all pages, and any supporting schedules must be attached.

Make check payable to:
Kentucky State Treasurer

Mail return with payment to:
Kentucky Department of Revenue
Frankfort, Kentucky 40620

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



SCHEDULE Q - KENTUCKY CORPORATION/LLET QUESTIONNAIRE

IMPORTANT: Questions 4 - 13 must be completed by all corporations. If this is the corporation's initial return or if the corporation did not file a return under the same name and same federal I.D. number for the preceding year, questions 1, 2 and 3 must be answered. Failure to do so may result in a request for a delinquent return.

1. Indicate whether: (a) new business; (b) successor to previously existing business which was organized as: (1) corporation; (2) partnership; (3) sole proprietorship; or (4) other

If successor to previously existing business, give name, address and federal I.D. number of the previous business organization.

2. List the following Kentucky account numbers. Enter N/A for any number not applicable.

Employer Withholding _____
Sales and Use Tax Permit _____
Consumer Use Tax _____
Unemployment Insurance _____
Coal Severance and/or Processing Tax _____

3. If a foreign corporation, enter the date qualified to do business in Kentucky.

4. If change of accounting period, Item F on page 1, is checked, complete the following information:

Year End before the change:

Month _____ and Day _____

a. Change from a Fiscal Year to a Calendar Year (NOT a 52/53 week filer);

b. Change from a Calendar Year to a Fiscal Year (NOT a 52/53 week filer);

New Year End:

Month _____ and Day _____

c. Change from a Fiscal Year to a Calendar Year (52/53 week filer);

New Year End: December and Day of week _____

d. Change from a Calendar Year to a Fiscal Year (52/53 week filer);

New Year End:

Month _____ and Day of week _____

If a 52/53 week filer: (Choose one of the options below.)

i. Option A: Ends on the same day of the week and whatever date this same day of the week last occurs in a calendar month.

ii. Option B: Ends on the same day of the week and whatever date this same day of the week falls that is the nearest to the last day of the calendar month.

5. The corporation's books are in care of: (name and address)

COMPANY

COMPANY ADDRESS

6. Are disregarded entities included in this return? Yes No.

If yes, list name, address and federal I.D. number of the entity.

7. Was the corporation a partner or member in a pass-through entity doing business in Kentucky? Yes No. If yes, attach schedule listing name and federal I.D. number of the pass-through entity.

Was the corporation doing business in Kentucky, outside of its interest in a pass-through entity? Yes No

8. Are related party costs made to related members as defined in KRS 141.205(1)(i) included in this return? Yes No

If yes, list name, federal I.D. and/or Kentucky Corporation/LLET account number of the individual or entity.

Caution: If the corporation elected to file a consolidated income tax return for tax years beginning prior to January 1, 2005, skip questions 9 and 10 and go to question 11.

9. Did the corporation at any time during the taxable year do business in Kentucky and own 80 percent or more of the voting stock of another corporation doing business in Kentucky? Yes No. If yes, list name, address and federal I.D. number of the entity.

SEE STATEMENT 3

10. Was 80 percent or more of the corporation's voting stock owned by any corporation doing business in Kentucky at any time of the year? Yes No. If yes, list name, address and federal I.D. number of the entity.

11. Was this return prepared on: (a) cash basis, (b) accrual basis, (c) other

12. Did the corporation file a Kentucky tangible personal property tax return for January 1, 2010? Yes No

13. Is the corporation currently under audit by the Internal Revenue Service? Yes No. If yes, enter years under audit _____

If the Internal Revenue Service has made final and unappealable adjustments to the corporation's taxable income which have not been reported to the department, check here and file an amended return. See Instructions 2009 Kentucky Corporation Income Tax and LLET Return, page 6 for information regarding amended returns. Attach a copy of the final determination to the amended return.

OFFICER INFORMATION (Failure to Provide Requested Information May Result in a Penalty)

Attach a schedule listing the name, home address and Social Security number of the vice president, secretary and treasurer.

Has the attached officer information changed from the last return filed? Yes No

President's Name CARROLL F. COGAN

President's Home Address _____

President's Social Security Number [REDACTED]

LOUISVILLE

Date Became President _____

KY

I, the undersigned, declare under the penalties of perjury, that I have examined this return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of principal officer or chief accounting officer

LOGSDON & CO., PC

Name of person or firm preparing return

Date

[REDACTED]

SSN, PTIN or FEIN

May the DOR discuss this return with the preparer?

Yes No

E-mail Address:

Telephone Number:

(812) 283-772

SCHEDULE LLET

41A720LLET (10-09)



Taxable Year Ending
12 / 09
 Mo. Yr.

Commonwealth of Kentucky
 DEPARTMENT OF REVENUE

**LIMITED LIABILITY ENTITY TAX
 KRS 141.0401**

▶ See instructions.

▶ Attach to Form 720, Form 720S, Form 725 or Form 765.

Member of a Combined Group
 Reason Code

Name of Corporation/Limited Liability Entity FARMDALE UTILITIES, INC.	Kentucky Corporation/LLET Account No. [REDACTED]
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If the corporation or limited liability pass-through entity is a partner, member or shareholder of: (i) a limited liability pass-through entity; or (ii) a general partnership organized or formed as a general partnership after January 1, 2006, check this box and complete Schedule LLET-C and enter the total amounts from Schedule LLET-C in Section A of this form.

Section A - Computation of Gross Receipts and Gross Profits

	Column A Kentucky	Column B Total
1. Gross receipts	106765	106765
2. Returns and allowances		
3. Gross receipts after returns and allowances (line 1 minus line 2 or amount from Schedule LLET-C)	106765	106765
4. Cost of goods sold		
5. Gross profits (line 3 minus line 4 or amount from Schedule LLET-C)	106765	106765

Section B - Computation of Gross Receipts LLET

1. If gross receipts from all sources (Column B, line 3) are \$3,000,000 or less, STOP and enter \$175 on Section D, line 1	1	
2. If gross receipts from all sources (Column B, line 3) are greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, line 3 x 0.00095) - $\left[\frac{\$2,850 \times (\$6,000,000 - \text{Column A, line 3})}{\$3,000,000} \right]$ but in no case shall the result be less than zero	2	0
3. If gross receipts from all sources (Column B, line 3) are \$6,000,000 or greater, enter the following: Column A, line 3 x 0.00095	3	0
4. Enter the amount from line 2 or line 3	4	0

Section C - Computation of Gross Profits LLET

1. If gross profits from all sources (Column B, line 5) are \$3,000,000 or less, STOP and enter \$175 on Section D, line 1	1	
2. If gross profits from all sources (Column B, line 5) are greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, line 5 x 0.0075) - $\left[\frac{\$22,500 \times (\$6,000,000 - \text{Column A, line 5})}{\$3,000,000} \right]$ but in no case shall the result be less than zero	2	0
3. If gross profits from all sources (Column B, line 5) are \$6,000,000 or greater, enter the following: Column A, line 5 x 0.0075	3	0
4. Enter the amount from line 2 or line 3	4	0

Section D - Computation of LLET

1. Enter the lesser of Section B, line 4 or Section C, line 4 on this line or if -0-, enter \$175 on this line and on Form 720, Part I, line 1; and for Form 720S, 725, or 765, enter on Part II, line 1	1	175
--	---	-----

STOP Mark the applicable Receipts Method box on Form 720, Form 720S, Form 725 or Form 765, page 1, Item B.

FARMDALE UTILITIES, INC.

KY 720 NET OPERATING LOSS DEDUCTION STATEMENT 2

TAX YEAR	LOSS SUSTAINED	LOSS PREVIOUSLY APPLIED	LOSS REMAINING
12/31/00	8626.		8626.
12/31/01	3559.		3559.
12/31/02	2261.		2261.
12/31/03	8626.		8626.
12/31/04	11447.		11447.
12/31/05	5947.		5947.
12/31/06	32097.		32097.
12/31/07	33570.		33570.
12/31/08	12902.		12902.
TOTAL TO FORM 720, PAGE 1			119035.

KY SCHEDULE Q OWNED 80% OR MORE OF ANOTHER ENTITY QUESTION 9 STATEMENT 3

NAME AND ADDRESS	FED I.D. NUMBER	KENTUCKY ACCOUNT #
FARMDALE DEVELOPMENT CORP LOUISVILLE, KY	61-2841112	17007

SCHEDULE NOL

41A720NOL (10-09)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



Taxable Year Ending

1 2 / 0 9

Mo. Yr

If an election is made to carry NOL carryforward as an apportioned NOL, check here.
Mandatory Nexus Only

NET OPERATING LOSS SCHEDULE

▶ **Attach to Form 720.**

KRS 141.011, KRS 141.200(11); Regulation 103 KAR 16:250

Name of Corporation FARMDALE UTILITIES, INC.	Kentucky Corporation/LLET Account Number [REDACTED]
--	---

PART I - MANDATORY NEXUS CONSOLIDATION - If using prior year NOL carryforward, complete and attach Schedule NOL-CF

Section A - Current Net Operating Loss Adjustment			Includible Corporations		
			A	B	C
Name	Kentucky Corporation/LLET Account Number	Prior Year's NOL Carryforward	Kentucky Net Income	Kentucky Net Losses (Enter as a Positive)	Total Losses (Enter as a Positive)
1. Common Parent					
2. Subsidiaries					
a					
b					
c					
d					
e					
f					
g					
h					
i					
j					
k					
l					
m					
3. Totals (add Columns A and B)		3			
4. Limitation-Income (line 3, Column A multiplied by 50%)		4			
5. Prior year NOL carryforward				5	119035.
6. Total (add line 5, Column C and line 3, Column B)				6	119035.
Complete line 7 only if line 3, Column B is greater than line 4, Column A.					
7. Disallowed loss, line 3, Column B less line 4, Column A. Enter here and on Form 720, Part II, line 17 (see instructions)		7			
Complete line 8 only if line 4, Column A is greater than line 3, Column B.					
8. Additional NOLD. Enter as a negative amount on Form 720, Part II, line 17 (see instructions)		8			

Section B - Current Year Loss Disallowed and NOL Carryforward

1. Current year loss disallowed (see instructions)	1	
2. Prior year(s) NOL carryforward(s) from Part I, Section A, line 5	2	119035.
3. Prior year(s) NOL carryforward used this year (see instructions)	3	
4. Total NOL carryforward to 2010 (line 1 plus line 2 minus line 3)	4	

PART II - SEPARATE ENTITY AND ELECTIVE CONSOLIDATED FILERS

Section A - NOL Carryforward

1. Enter carryforward from prior year(s)	1	
2. If current year NOL, enter as a positive amount (see instructions)	2	
3. Enter the NOLD from Form 720, Part II, line 20	3	
4. Enter total NOL carryforward to 2010 (line 1 plus line 2 less line 3)	4	

SCHEDULE CR
Form 720

41A720CR (10-09)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

PRO FORMA FEDERAL
CONSOLIDATED RETURN SCHEDULE
(Attach All Applicable Schedules)

Taxable Year Ending

12/09
Mo. Yr.

Common Parent Corporation

FARMDALE UTILITIES INC

Kentucky Corporation/LLET Account Number

~~XXXXXXXXXX~~

Name FARMDALE DEVELOPMENT CORP
FEIN ~~XXXXXXXXXX~~
KY Corp./LLET Acct. No. ~~XXXXXXXXXX~~

Name _____
FEIN _____
KY Corp./LLET Acct. No. _____

		Consolidated Totals		Intercompany Eliminations		Parent			
1. (a) Gross receipts or sales.....	1(a)	106,765	00			-0-	00	106,765	00
(b) Less returns and allowances.....	1(b)		00				00		00
(c) Balance.....	1(c)		00				00		00
2. Cost of goods sold.....	2		00				00		00
3. Gross profit.....	3		00				00		00
4. Dividends.....	4		00				00		00
5. Interest.....	5		00				00		00
6. Gross rents.....	6		00				00		00
7. Gross royalties.....	7		00				00		00
8. Capital gain net income.....	8		00				00		00
9. Net gain or (loss) from Form 4797.....	9		00				00		00
10. Other income.....	10		00				00		00
11. Total income.....	11	106,765	00			-0-	00	106,765	00
12. Compensation of officers.....	12		00				00		00
13. Salaries and wages.....	13		00				00		00
14. Repairs and maintenance.....	14		00				00		00
15. Bad debts.....	15		00				00		00
16. Rents.....	16		00				00		00
17. Taxes and licenses.....	17		00				00		00
18. Interest.....	18		00				00		00
19. Charitable contributions.....	19		00				00		00
20. Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return.....	20		00				00		00
21. Depletion.....	21		00				00		00
22. Advertising.....	22		00				00		00
23. Pension, profit-sharing, etc., plans.....	23		00				00		00
24. Employee benefit programs.....	24		00				00		00
25. Domestic production activities deduction.....	25		00				00		00
26. Other deductions.....	26		00				00		00
27. Total deductions.....	27	120,889	00			-0-	00	120,889	00
28. Taxable income before NOL and special deductions.....	28	(14,124)	00			-0-	00	(14,124)	00



**SCHEDULE KCR
Form 720**

41A720KCR (10-09)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

**KENTUCKY
CONSOLIDATED RETURN SCHEDULE**

(Attach All Applicable Schedules)

Taxable Year Ending

12/09
Mo. Yr.

Common Parent Corporation

FARIDALE UTILITIES INC

Kentucky Corporation/LLET Account Number

[REDACTED]

		Total		Parent		Name <u>FARIDALE DEVELOPMENT CORP</u>		Name _____	
						FEIN <u>[REDACTED]</u>	FEIN _____	FEIN _____	FEIN _____
						KY Corp./LLET Acct. No. <u>[REDACTED]</u>	KY Corp./LLET Acct. No. _____	KY Corp./LLET Acct. No. _____	KY Corp./LLET Acct. No. _____
1. Federal taxable income (Sch. CR or Sch. CR-C, line 28).....	1	(14,124)	00	-0-	00	(14,124)	00		00
(a) Intercompany eliminations	1(a)		00		00		00		00
Additions									
2. Interest income (state and local obligations)	2		00		00		00		00
3. State taxes based on net/gross income.....	3		00		00		00		00
4. Depreciation adjustment.....	4		00		00		00		00
5. Deductions attributable to nontaxable income.....	5		00		00		00		00
6. Related party expenses.....	6		00		00		00		00
7. Dividend paid deduction (REIT)....	7		00		00		00		00
8. Domestic production activities deduction	8		00		00		00		00
9. Other (attach schedule)	9		00		00		00		00
10. Total (add lines 1 through 9).....	10	(14,124)	00	-0-	00	(14,124)	00		00
Subtractions									
11. Interest income (U.S. obligations)	11		00		00		00		00
12. Dividend income.....	12		00		00		00		00
13. Federal work opportunity credit...	13		00		00		00		00
14. Depreciation adjustment.....	14		00		00		00		00
15. Other (attach schedule)	15		00		00		00		00
16. Net income (line 10 less lines 11 through 15).....	16	(14,124)	00	-0-	00	(14,124)	00		00
17. Less nonbusiness income net of related expenses	17		00		00		00		00
18. Add Kentucky nonbusiness income net of related expenses ...	18		00		00		00		00
19. Kentucky net income (line 16 less line 17 plus line 18).....	19	(14,124)	00	-0-	00	(14,124)	00		00



09 Farmdale Itemized Categories11 - 2009:2
 1/1/2009 through 12/31/2009 (Cash Basis)

8/18/2010

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Date	Account	Num	Description	Memo	Tag	Clr	Amount
INCOME							158,023.99
Income-Gross Sewer Receipts							78,850.34
1/2/2009	NCB Far...	DEP	S Sewer Receipts	236 customers		R	6,593.86
2/7/2009	NCB Far...	DEP	S Sewer Receipts	233 customers		R	6,593.86
3/6/2009	NCB Far...	DEP	S Sewer Receipts	239 customers	Gross	R	6,687.22
4/7/2009	NCB Far...	DEP	S Sewer Receipts	234 customers		R	6,563.81
5/4/2009	NCB Far...	DEP	S Sewer Receipts	000 customers		R	6,705.76
6/8/2009	NCB Far...	DEP	S Sewer Receipts			R	6,392.98
7/8/2009	NCB Far...	DEP	S Sewer Receipts			R	6,468.03
8/10/2009	NCB Far...	DEP	S Sewer Receipts	6/04/09 - 7/02/09		R	6,509.51
9/8/2009	NCB Far...	DEP	S Sewer Receipts	7/02/09-8/06/09		R	6,582.54
10/6/2009	NCB Far...	DEP	S Sewer Receipts	244 customers		R	6,848.26
11/9/2009	NCB Far...	DEP	S Sewer Receipts			R	6,618.35
				Over pd in Sept		R	-28.00
12/9/2009	NCB Far...	DEP	S Sewer Receipts			R	6,359.70
12/31/2009	Journal E...		Closing Entries				-45.54
Income-Interest							0.52
6/30/2009	ONB F'dal...		Interest Earned	(Six Months Interest)		R	0.16
7/30/2009	ONB F'dal...		Interest Earned			R	0.04
8/30/2009	ONB F'dal...		Interest Earned			R	0.02
10/30/2009	ONB F'dal...		Interest Earned			R	0.04
12/31/2009	Journal E...		Closing Entries				0.26
Income-Loan							0.00
4/17/2009	NCB Far...	DEP	Hunters Hollow / Ca...			R	800.00
5/14/2009	NCB Far...	DEP	Loan from Hunters ...	ck 1001		R	5,292.20
5/22/2009	NCB Far...	DEP	Hunters Hollow			R	2,000.00
12/31/2009	Journal E...		Closing Entries				-8,092.20
Retained Earnings							51,258.59
12/31/2009	Journal E...		Closing Entries				51,258.59
Surcharge Receipts							27,914.54
1/2/2009	NCB Far...	DEP	S Sewer Receipts			R	2,331.72
2/7/2009	NCB Far...	DEP	S Sewer Receipts			R	2,342.46
3/6/2009	NCB Far...	DEP	S Sewer Receipts			R	2,370.79

09 Farmdale Itemized Categories11 - 2009:2
 1/1/2009 through 12/31/2009 (Cash Basis)

8/18/2010

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Date	Account	Num	Description	Memo	Tag	Clr	Amount
4/7/2009	NCB Far...	DEP	S Sewer Receipts			R	2,326.84
5/4/2009	NCB Far...	DEP	S Sewer Receipts			R	2,368.49
6/8/2009	NCB Far...	DEP	S Sewer Receipts			R	2,301.04
7/8/2009	NCB Far...	DEP	S Sewer Receipts			R	2,283.49
8/10/2009	NCB Far...	DEP	S Sewer Receipts			R	2,330.28
9/8/2009	NCB Far...	DEP	S Sewer Receipts			R	2,296.10
10/6/2009	NCB Far...	DEP	S Sewer Receipts			R	2,419.85
11/9/2009	NCB Far...	DEP	S Sewer Receipts			R	2,338.65
12/9/2009	NCB Far...	DEP	S Sewer Receipts			R	2,222.41
12/31/2009	Journal E...		Closing Entries				-17.58
EXPENSES							-161,713.56
Uncategorized							-5.00
1/15/2009	NCB Far...	1553	**VOID**			R	0.00
10/6/2009	NCB Far...	1668	**VOID**			R	0.00
12/30/2009	ONB F'dal...		Service Charge			R	-5.00
Bank Charges							-482.00
1/22/2009	NCB Far...		Stop Payment Charge			R	-32.00
6/30/2009	ONB F'dal...		Service Charge	(Six Months Charges)		R	-90.00
7/30/2009	ONB F'dal...		Service Charge			R	-15.00
8/30/2009	ONB F'dal...		Service Charge			R	-15.00
9/30/2009	ONB F'dal...		Service Charge			R	-15.00
10/30/2009	ONB F'dal...		Service Charge			R	-15.00
11/30/2009	ONB F'dal...		Service Charge			R	-15.00
12/30/2009	ONB F'dal...		Service Charge			R	-15.00
6/30/2009	ONB F'dal...		Service Charge			R	-5.00
7/30/2009	ONB F'dal...		Service Charge			R	-5.00
8/30/2009	ONB F'dal...		Service Charge			R	-5.00
9/30/2009	ONB F'dal...		Service Charge			R	-5.00
10/30/2009	ONB F'dal...		Service Charge			R	-5.00
11/30/2009	ONB F'dal...		Service Charge			R	-5.00
12/31/2009	Journal E...		Closing Entries				-240.00
Bookkeeping Fees							-1,800.00
12/31/2009	Journal E...		Closing Entries				-1,800.00

09 Farmdale Itemized Categories11 - 2009:2
1/1/2009 through 12/31/2009 (Cash Basis)

8/18/2010

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Date	Account	Num	Description	Memo	Tag	Clr	Amount
Chemicals							-1,839.89
2/13/2009	NCB Far...	1564	Brocklyn Utilities	Dechlor		R	-159.00
3/5/2009	NCB Far...	1568	S Chemical Resource...	#211250		R	-649.43
				#211251 cr		R	200.00
7/24/2009	NCB Far...	1634	Chemical Resource...	#213323		R	-447.43
10/6/2009	NCB Far...	1670	Brocklyn Utilities	#637 Dechlor		R	-159.00
10/31/2009	NCB Far...	1680	Chemcial Resources	#217262		R	-625.03
Depreciation Expense							-322.00
12/31/2009	Journal E...		Closing Entries				-322.00
District Fees							-11,785.10
1/2/2009	NCB Far...	DEP	S Sewer Receipts			R	-946.61
2/7/2009	NCB Far...	DEP	S Sewer Receipts			R	-989.08
3/6/2009	NCB Far...	DEP	S Sewer Receipts			R	-1,003.09
4/7/2009	NCB Far...	DEP	S Sewer Receipts			R	-984.58
5/4/2009	NCB Far...	DEP	S Sewer Receipts			R	-1,005.87
6/8/2009	NCB Far...	DEP	S Sewer Receipts			R	-958.95
7/8/2009	NCB Far...	DEP	S Sewer Receipts			R	-970.21
8/10/2009	NCB Far...	DEP	S Sewer Receipts			R	-976.43
9/8/2009	NCB Far...	DEP	S Sewer Receipts			R	-987.39
10/6/2009	NCB Far...	DEP	S Sewer Receipts			R	-1,023.03
11/9/2009	NCB Far...	DEP	S Sewer Receipts			R	-992.75
12/9/2009	NCB Far...	DEP	S Sewer Receipts			R	-953.95
12/31/2009	Journal E...		Closing Entries				6.84
DMR reporting							-900.00
1/16/2009	NCB Far...	1554	Martin & Associates			R	-75.00
2/13/2009	NCB Far...	1536	Martin & Associates			R	-75.00
3/10/2009	NCB Far...	1574	Martin & Associates			R	-75.00
5/22/2009	NCB Far...	1605	Martin & Associates	Apr & May		R	-150.00
7/20/2009	NCB Far...	1627	Martin & Associates	June & July		R	-150.00
9/15/2009	NCB Far...	1661	Martin & Associates	Aug & Sept		R	-150.00
11/20/2009	NCB Far...	1687	Martin & Associates	Oct & Nov			-150.00
12/18/2009	NCB Far...	1694	Martin & Associates	Dec		R	-75.00
Equip repair							0.00
1/9/2009	NCB Far...	1546	Chlorination Co, Inc	#08-179 08 A/P		R	-624.41

09 Farmdale Itemized Categories11 - 2009:2
 1/1/2009 through 12/31/2009 (Cash Basis)

8/18/2010

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Date	Account	Num	Description	Memo	Tag	Clr	Amount
5/22/2009	NCB Far...	1608	Quality Electric	#65425 partial/Aerator/...		R	-500.00
7/20/2009	NCB Far...	1632	Quality Electric	#65425 Bal/Aerator/Re...		R	-449.70
12/31/2009	Journal E...		Closing Entries				1,574.11
Equipment							-7,030.90
3/10/2009	NCB Far...	1575	Quality Electric	#65244 Reconditioned ...		R	-461.10
12/31/2009	Journal E...		Closing Entries				-6,569.80
Expense							-240.07
5/5/2009	NCB Far...	1596	Linda Wood / The V... Ad for Invoicing			R	-134.00
7/21/2009	NCB Far...	1631	Frankfort Publishing...			R	-98.83
9/15/2009	NCB Far...	1660	Lynn Imaging	Drawings copied		R	-7.24
Grasscutting							0.00
7/3/2009	NCB Far...	1620	Shawn Ford			R	-75.00
7/17/2009	NCB Far...	1625	Shawn Ford			R	-75.00
7/17/2009	NCB Far...	1626	Bruce Brown	Trailer Rental		R	-25.00
7/24/2009	NCB Far...	1637	Shawn Ford			R	-75.00
7/24/2009	NCB Far...	1638	Bruce Brown	Trailer Rental		R	-25.00
8/21/2009	NCB Far...	1645	Bruce Brown	Trailer Rental		R	-25.00
8/21/2009	NCB Far...	1646	Shawn Ford			R	-75.00
9/4/2009	NCB Far...	1648	Shawn Ford			R	-75.00
9/4/2009	NCB Far...	1649	Shane Goldsmith			R	-75.00
9/4/2009	NCB Far...	1650	Bruce Brown	Trailer Rental		R	-25.00
9/18/2009	NCB Far...	1663	Shawn Ford			R	-75.00
9/18/2009	NCB Far...	1664	Shane Goldsmith			R	-75.00
9/18/2009	NCB Far...	1665	Lawrence W Smither			R	-22.40
12/31/2009	Journal E...		Closing Entries				722.40
Interest on NCB Loan							0.00
1/12/2009	NCB Far...	Bank	National City Bank	#1266		R	-93.11
2/11/2009	NCB Far...	1535	National City Bank	#1266		R	-82.69
3/10/2009	NCB Far...	1576	National City Bank	#1266		R	-67.29
4/8/2009	NCB Far...	Bank	National City Bank	#1266		R	-67.29
5/15/2009	NCB Far...	Bank	National City Bank	#1266		R	-67.29
6/16/2009	NCB Far...	1617	National City Bank	#1266		R	-67.29
7/17/2009	NCB Far...	Bank	National City Bank	#1266		R	-67.29
8/17/2009	NCB Far...	Bank	National City Bank	#1266		R	-72.66

09 Farmdale Itemized Categories11 - 2009:2
 1/1/2009 through 12/31/2009 (Cash Basis)

8/18/2010

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Date	Account	Num	Description	Memo	Tag	Clr	Amount
9/8/2009	NCB Far...	1655	National City Bank	#1266		R	-84.58
10/6/2009	NCB Far...	1672	National City Bank	#1266		R	-67.29
11/23/2009	NCB Far... Bank		National City Bank	#1266		R	-67.29
12/18/2009	NCB Far... Bank		National City Bank	#1266		R	-67.29
12/31/2009	Journal E...		Closing Entries				871.36
L&P Fees							-11,732.43
1/22/2009	NCB Far...	1555	Hazelrigg & Cox, Atty	Replacement check		R	-4,331.37
5/14/2009	NCB Far...	1597	Hazelrigg & Cox, Atty			R	-1,507.20
5/22/2009	NCB Far...	1606	Logsdon & Co			R	-2,000.00
8/18/2009	NCB Far...	1644	Logsdon & Co			R	-450.00
10/19/2009	NCB Far...	1677	Logsdon & Co			R	-400.00
11/20/2009	NCB Far...	1688	Logsdon & Co			R	-400.00
12/31/2009	Journal E...		Closing Entries				-2,643.86
Loan							-37,823.06
Interest							-8,613.10
1/13/2009	NCB Far...	1547	OLD National Bank	#20002246091		R	-693.39
2/9/2009	NCB Far...	1560	Old National Bank	#20002246091		R	-609.24
3/10/2009	NCB Far...	1573	Old National Bank	#20002246091		R	-642.51
4/10/2009	NCB Far...	1586	Old National Bank	#20002246091		R	-783.17
5/15/2009	NCB Far...	1603	Old National Bank	#20002246091		R	-656.76
6/16/2009	NCB Far...	1615	Old National Bank	#20002246091		R	-599.04
7/20/2009	NCB Far...	1635	Old National Bank	#20002246091		R	-543.12
8/17/2009	NCB Far...	1643	Old National Bank	#20002246091		R	-488.75
9/15/2009	NCB Far...	1658	Old National Bank	#20002246091		R	-616.03
10/19/2009	NCB Far...	1679	Old National Bank	#20002246091		R	-464.21
11/13/2009	NCB Far...	1684	Old National Bank	#20002246091		R	-584.66
12/15/2009	NCB Far...	1692	Old National Bank	#20002246091		R	-493.40
12/31/2009	Journal E...		Closing Entries				-1,438.82
Principal							-29,209.96
1/13/2009	ONB F'dal... Bank		Old National Bank	#20002246091		R	-2,338.63
2/9/2009	ONB F'dal... Bank		Old National Bank	#20002246091		R	-2,422.78
3/10/2009	ONB F'dal... Bank		Old National Bank	#20002246091		R	-2,389.51
4/13/2009	ONB F'dal... Bank		Old National Bank	#20002246091		R	-2,248.85
5/15/2009	ONB F'dal... Bank		Old National Bank	#20002246091		R	-2,375.26

09 Farmdale Itemized Categories11 - 2009:2
 1/1/2009 through 12/31/2009 (Cash Basis)

8/18/2010

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Date	Account	Num	Description	Memo	Tag	Clr	Amount
6/16/2009	ONB F'dal... Bank		Old National Bank	#20002246091		R	-2,432.98
7/17/2009	ONB F'dal... Bank		Old National Bank	#20002246091		R	-2,488.90
8/14/2009	ONB F'dal... Bank		Old National Bank	#20002246091		R	-2,543.27
9/15/2009	ONB F'dal... Bank		Old National Bank	#20002246091		R	-2,415.99
10/19/2009	ONB F'dal... Bank		Old National Bank	#20002246091		R	-2,567.81
11/13/2009	ONB F'dal... Bank		Old National Bank	#20002246091		R	-2,447.36
12/11/2009	ONB F'dal... Bank		Old National Bank	#20002246091		R	-2,538.62
Other Loan							0.00
3/16/2009	NCB Far...	1580	Hunters Hollow	Paid Loans		R	-124.91
12/31/2009	Journal E...		Closing Entries				124.91
Management Fees							-9,600.00
12/31/2009	Journal E...		Closing Entries				-9,600.00
Office							-331.98
Postage							-314.55
5/22/2009	NCB Far...	1607	Integrity Bookkeeping	Notices mailed/tariff re... Tariff Revi...		R	-265.26
6/16/2009	NCB Far...	1616	S Integrity Bookkeeping	Tax Extension		R	-5.32
				P.O. Box Rental		R	-11.00
				Property Tax		R	-6.24
9/15/2009	NCB Far...	1662	S Integrity Bookkeeping	08 State Tax Return		R	-6.49
				08 Federal Tax Return		R	-6.49
				Annual P.O. Box Rental		R	-13.75
Supplies							-17.43
6/16/2009	NCB Far...	1616	S Integrity Bookkeeping	Quickbooks		R	-8.00
9/15/2009	NCB Far...	1662	S Integrity Bookkeeping	Office supplies		R	-9.43
Operation							-12,000.00
1/9/2009	NCB Far...	1548	Covered Bridge Utilit...		repairs	R	-1,000.00
1/23/2009	NCB Far...	1556	Covered Bridge Utilit...		repairs	R	-400.00
2/6/2009	NCB Far...	1558	Covered Bridge Utilit...		repairs	R	-549.03
2/13/2009	NCB Far...	1566	Covered Bridge Utilit...		repairs	R	-750.00
3/6/2009	NCB Far...	1571	Covered Bridge Utilit...		repairs	R	-850.00
3/6/2009	NCB Far...	1572	Covered Bridge Utilit...		repairs	R	-150.00
4/3/2009	NCB Far...	1582	Covered Bridge Utilit...		repairs	R	-300.00
4/10/2009	NCB Far...	1585	Covered Bridge Utilit...		repairs	R	-500.00
4/17/2009	NCB Far...	1590	Covered Bridge Utilit...		repairs	R	-750.00

09 Farmdale Itemized Categories11 - 2009:2
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Date	Account	Num	Description	Memo	Tag	Clr	Amount
5/11/2009	NCB Far...	Bank	Covered Bridge Utilit...	On Account	repairs	R	-1,000.00
5/14/2009	NCB Far...	1598	Covered Bridge Utilit...		repairs	R	-3,010.00
5/29/2009	NCB Far...	1610	**VOID**Covered Br...	#529-02	repairs	R	0.00
6/1/2009	NCB Far...	1611	Covered Bridge Utilit...	#529-02	repairs	R	-208.91
6/12/2009	NCB Far...	1614	Covered Bridge Utilit...	On Account	repairs	R	-1,085.00
7/3/2009	NCB Far...	1621	Covered Bridge Utilit...	On Account	repairs	R	-442.15
7/24/2009	NCB Far...	1639	Covered Bridge Utilit...	On Account	repairs	R	-500.00
8/14/2009	NCB Far...	1642	Covered Bridge Utilit...	On Account	repairs	R	-1,000.00
9/11/2009	NCB Far...	1657	Covered Bridge Utilit...	On Account	repairs	R	-1,000.00
9/18/2009	NCB Far...	1666	Covered Bridge Utilit...	On Account	repairs	R	-500.00
9/30/2009	NCB Far...	1667	Covered Bridge Utilit...	On Account	repairs	R	-277.70
10/9/2009	NCB Far...	1676	Covered Bridge Utilit...	On Account	repairs	R	-1,000.00
11/6/2009	NCB Far...	1681	Covered Bridge Utilit...	On Account	repairs	R	-1,000.00
11/20/2009	NCB Far...	1686	Covered Bridge Utilit...	On Account	repairs	R	-370.00
12/2/2009	NCB Far...	1689	Covered Bridge Utilit...	On Account	repairs	R	-255.00
12/18/2009	NCB Far...	1699	Covered Bridge Utilit...	On Account	repairs	R	-1,000.00
12/31/2009	Journal E...		Closing Entries				5,897.79
Parts							0.00
2/6/2009	NCB Far...	1557	Lawrence W Smither			R	-6.77
2/10/2009	NCB Far...	1561	Albert Crush	Parts		R	-166.05
3/16/2009	NCB Far...	1579	S Grainger	V-belts		R	-28.29
				Heater		R	-44.52
5/1/2009	NCB Far...	1593	Lawrence W Smither			R	-70.98
5/15/2009	NCB Far...	1604	Lawrence W Smither	Round up spray		R	-22.97
5/29/2009	NCB Far...	1609	Camden Environme...	V-Belts		R	-133.92
10/6/2009	NCB Far...	1673	Lawrence W Smither	Plant maintenance sup...		R	-37.53
12/18/2009	NCB Far...	1697	Stoddard Silencers	#41405		R	-139.00
12/31/2009	Journal E...		Closing Entries				650.03
Permit							-250.00
12/31/2009	NCB Far...	1701	Franklin Co Health ...	Permit #26327		R	-250.00
Rate Case Expense							-31,066.00
12/31/2009	Journal E...		Closing Entries				-31,066.00
Repairs							-97.99
7/17/2009	NCB Far...	1624	Derby City Pump & ...	#3547 Tested Pump #...		R	-412.50

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 1/1/2009 through 12/31/2009 (Cash Basis)

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Date	Account	Num	Description	Memo	Tag	Clr	Amount
12/31/2009	Journal E...		Closing Entries				314.51
							-1,565.00
Sewer repairs							
3/10/2009	NCB Far...	1578	Murphy's Excavating	#924 243 Cherry 11/12...		R	-300.00
4/17/2009	NCB Far...	1591	Murphy's Excavating	#925 STP 2/12/09 Part...		R	-150.00
5/14/2009	NCB Far...	1599	S Murphy's Excavating	#925 STP Bal		R	-150.00
				#926 STP		R	-650.00
				Credit		R	25.00
7/21/2009	NCB Far...	1633	Murphy's Excavating	#980 232 Cherry Ln 6/...		R	-340.00
							-2,650.00
Sludge hauling							
1/13/2009	NCB Far...	1550	Martin's Sanitation S...	#14634 1 load Balance...		R	-425.00
2/13/2009	NCB Far...	1565	Martin's Sanitation S...	#15344 1 load 08 A/P		R	-425.00
5/15/2009	NCB Far...	1600	Martin's Sanitation S...	#16494 1 load		R	-425.00
5/15/2009	NCB Far...	1602	Wayne Perry's Septi...	#3654 1 load STP		R	-175.00
7/24/2009	NCB Far...	1636	Wayne Perry's Septi...	#3753 2 loads		R	-350.00
8/24/2009	NCB Far...	1651	Martin's Sanitation S...	#17326 2 loads		R	-850.00
12/18/2009	NCB Far...	1696	Martin's Sanitation S...	#18301 1 load Remote...		R	-425.00
12/31/2009	Journal E...		Closing Entries				425.00
							-2,144.58
Tax							
4/14/2009	NCB Far...	1587	KY State Treasurer	108 Tax Extension		R	-175.00
4/17/2009	NCB Far...	1588	Franklin Co Sheriff / ...	2008 Property Tax		R	-1,600.08
7/20/2009	NCB Far...	1628	KY State Treasurer / ...	7/2009 - 6/2010 PSC A...		R	-166.90
9/4/2009	NCB Far...	1653	Hazelrigg & Cox, Att...	2008 Property Tax		R	-187.60
10/6/2009	NCB Far...	1675	KY State Treasurer / ...	#ID0161236 Annual R...		R	-15.00
							-8,570.00
Testing							
1/13/2009	NCB Far...	1551	S Fouser Environmental	#24086 08 A/P		R	-175.00
				#24130 08 A/P		R	-175.00
				#24335 08 A/P		R	-185.00
				#24442 08 A/P		R	-175.00
2/13/2009	NCB Far...	1563	S Fouser Environmental	#24225 08 A/P		R	-350.00
				#24532 08 A/P		R	-350.00
				#24712		R	-185.00
3/10/2009	NCB Far...	1577	S Fouser Environmental	#24897		R	-175.00
				#24946		R	-185.00
				#24963		R	-350.00

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Date	Account	Num	Description	Memo	Tag	Clr	Amount
4/21/2009	NCB Far...	1592	S Fouser Environmental	#24750		R	-350.00
				#25044		R	-360.00
				#25153		R	-175.00
6/16/2009	NCB Far...	1618	S Fouser Environmental	#25339		R	-185.00
				#25283		R	-175.00
				#25230		R	-175.00
				#25413		R	-175.00
				#25526		R	-350.00
7/20/2009	NCB Far...	1629	S Fouser Environmental	#25666		R	-185.00
				#25677		R	-175.00
				#25903		R	-185.00
				#25917		R	-350.00
8/24/2009	NCB Far...	1652	S Fouser Environmental	#26066		R	-175.00
				#26202		R	-175.00
				#26232		R	-360.00
				#26379		R	-350.00
10/6/2009	NCB Far...	1674	S Fouser Environmental	#26487		R	-350.00
				#26594		R	-360.00
				#26714		R	-185.00
12/18/2009	NCB Far...	1695	S Fouser Environmental	#26758		R	-175.00
				#26819		R	-175.00
				#26888		R	-175.00
				#27022		R	-360.00
				#27139		R	-400.00
				#27274		R	-175.00
12/31/2009	Journal E...		Closing Entries				-10.00
							-19,477.56
							-17,275.31
	Utilities						
	Electric						
1/16/2009	NCB Far...	1552	Blue Grass Energy	#160102		R	-1,579.38
2/18/2009	NCB Far...	1567	Blue Grass Energy	#160102		R	-1,314.86
3/17/2009	NCB Far...	1581	Blue Grass Energy	#160102		R	-1,140.00
4/17/2009	NCB Far...	1589	Blue Grass Energy	Acct #160102		R	-1,417.11
5/15/2009	NCB Far...	1601	Blue Grass Energy	#160102		R	-1,334.68
6/27/2009	NCB Far...	1619	Blue Grass Energy	#160102		R	-1,534.18

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 1/1/2009 through 12/31/2009 (Cash Basis)

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Date	Account	Num	Description	Memo	Tag	Clr	Amount
7/20/2009	NCB Far...	1630	Blue Grass Energy	#160102		R	-1,550.79
8/21/2009	NCB Far...	1647	Blue Grass Energy	Acct #160102		R	-1,627.70
9/15/2009	NCB Far...	1659	Blue Grass Energy	#160102		R	-1,582.68
10/19/2009	NCB Far...	1678	Blue Grass Energy	#160102		R	-1,266.01
11/20/2009	NCB Far...	1685	Blue Grass Energy	#160102		R	-1,562.60
12/18/2009	NCB Far...	1698	Blue Grass Energy	#160102		R	-1,365.32
Water							-2,202.25
1/9/2009	NCB Far...	1549	Farmdale Water Dis...	#05-74900-01		R	-86.87
2/9/2009	NCB Far...	1562	Farmdale Water Dis...	#05-74900-01		R	-327.29
3/5/2009	NCB Far...	1569	Farmdale Water Dis...	#05-74900-01		R	-228.02
4/8/2009	NCB Far...	1584	Farmdale Water Dis...	#05-74900-01		R	-110.05
5/4/2009	NCB Far...	1595	Farmdale Water Dis...	#05-74900-01		R	-203.89
6/8/2009	NCB Far...	1613	Farmdale Water Dis...	#05-74900-01		R	-203.89
7/8/2009	NCB Far...	1623	Farmdale Water Dis...	#05-74900-01		R	-88.20
8/7/2009	NCB Far...	1640	Farmdale Water Dis...	#05-74900-01		R	-88.58
9/8/2009	NCB Far...	1654	Farmdale Water Dis...	#05-74900-01		R	-392.15
10/6/2009	NCB Far...	1671	Farmdale Water Dis...	#05-74900-01		R	-201.21
11/6/2009	NCB Far...	1682	Farmdale Water Dis...	#05-74900-01		R	-145.29
12/18/2009	NCB Far...	1693	Farmdale Water Dis...	#05-74900-01		R	-126.81
TRANSFERS							0.00
NCB Farmdale Checking							28,232.12
1/5/2009	ONB F'dal... DEP		Farmdale Developm...			R	2,331.72
2/9/2009	ONB F'dal...		Farmdale Developm...			R	2,342.46
3/6/2009	ONB F'dal...		Farmdale Developm...			R	2,370.79
4/7/2009	ONB F'dal...		Farmdale Developm...			R	2,326.84
5/4/2009	ONB F'dal...		Farmdale Developm...			R	2,368.49
6/8/2009	ONB F'dal...		Farmdale Developm...			R	2,301.04
7/8/2009	ONB F'dal...		Farmdale Developm...			R	2,283.49
8/10/2009	ONB F'dal...		Farmdale Developm...			R	2,330.28
9/8/2009	ONB F'dal...		Farmdale Developm...			R	2,296.10
10/6/2009	ONB F'dal...		Farmdale Developm...			R	2,419.85
11/13/2009	ONB F'dal...		Farmdale Developm...			R	2,338.65
12/11/2009	ONB F'dal...		Farmdale Developm...			R	2,222.41

09 Farmdale Itemized Categories11 - 2009:2
 1/1/2009 through 12/31/2009 (Cash Basis)

8/18/2010

Date	Account	Num	Description	Memo	Tag	Clr	Amount
12/15/2009	ONB F'dal...		Farmdale Developm...			R	300.00
	ONB F'dale MMKT Surcharge Acct						-28,232.12
1/5/2009	NCB Far...		Farmdale Developm...			R	-2,331.72
2/9/2009	NCB Far...	1559	Farmdale Surcharge...			R	-2,342.46
3/6/2009	NCB Far...	1570	Farmdale Surcharge...			R	-2,370.79
4/7/2009	NCB Far...	1583	Farmdale Surcharge...			R	-2,326.84
5/4/2009	NCB Far...	1594	Farmdale Surcharge...			R	-2,368.49
6/8/2009	NCB Far...	1612	Farmdale Surcharge...			R	-2,301.04
7/8/2009	NCB Far...	1622	Farmdale Surcharge...			R	-2,283.49
8/10/2009	NCB Far...	1641	Farmdale Surcharge...			R	-2,330.28
9/8/2009	NCB Far...	1656	Farmdale Surcharge...			R	-2,296.10
10/6/2009	NCB Far...	1669	Farmdale Surcharge...			R	-2,419.85
11/13/2009	NCB Far...	1683	Farmdale Surcharge...			R	-2,338.65
12/11/2009	NCB Far...	1690	Farmdale Surcharge...			R	-2,222.41
12/15/2009	NCB Far...	1691	Farmdale Developm...			R	-300.00
OVERALL TOTAL							-3,689.57

Steven L. Beshear
Governor

Leonard K. Peters, Secretary
Energy and Environment
Cabinet



Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Charles R. Borders
Commissioner

NEWS RELEASE

Contact:
Andrew Melnykovich
502-564-3940, ext. 208
502-330-5981 (cell)

PSC Accepts Settlement in East Kentucky Power Rate Case *\$43 million increase is \$6.4 million less than requested*

FRANKFORT, Ky. (Jan. 14, 2011) – The Kentucky Public Service Commission (PSC) has accepted a proposed settlement granting an annual revenue increase of \$43 million to East Kentucky Power Cooperative Inc. (EKPC).

The PSC, in orders issued today, approved both the settlement and the resulting pass-through rates to be charged by the 16 electric distribution cooperatives that own and purchase power from EKPC. The new rates take effect immediately.

EKPC had requested an increase of about \$49.4 million in the annual revenue it receives from the sale of electricity to its owner-customer distribution cooperatives. The pass-through rates have been adjusted downward to reflect the smaller increase.

The PSC said the settlement will produce rates that are “fair, just and reasonable,” noting that the revenue increase is slightly smaller than the amount suggested by a PSC staff analysis.

EKPC applied for the increase in May 2010. In November 2010, the PSC conducted meetings in Somerset, Morehead, Nicholasville and Bardstown for the purpose of taking public comments on EKPC’s proposal.

On Dec. 9, 2010, the PSC held an evidentiary hearing to examine the proposed settlement. Other parties to the case were the Kentucky Office of Attorney General and Gallatin Steel Co., the largest single retail customer in the EKPC service area.

EKPC’s 16 member distribution cooperatives have more than 500,000 customers in 87 counties in eastern and central Kentucky. EKPC generates electricity at four plants and operates 2,755 miles of high-voltage transmission lines.

EKPC proposed to increase its wholesale rates by 5.27 percent. The lower increase – about 4.6 percent – will increase the average residential customer’s monthly bill by \$3.94 to \$5.85, depending on the cooperative.

-more-

The Kentucky Public Service Commission approved March 31 a request by Blue Grass Energy to pass along to its members a rate increase from its wholesale power provider East Kentucky Power Cooperative.

The rate increase is effective April 1.

The average monthly residential power bill will increase by about \$6.75, which is approximately 6 percent.

The rate increase was necessary for EKPC to recover costs from a new \$528 million generating unit and to ensure that the cooperative continues to meet its financial obligations.

The new power plant is needed to meet increasing demand for power among the members of Kentucky's cooperatives.

Blue Grass Energy and EKPC are both not-for-profit, member-owned cooperatives.

The rates of both cooperatives are regulated by the PSC, a government agency that oversees utilities in Kentucky.

Blue Grass Energy offers a number of programs to help our members manage their power usage and their monthly bill:

- Levelized Budget Billing - eliminates large jumps in bills from month to month, allowing for better budgeting.
- Simple Savings information bulletins - provide step-by-step instructions for easy, affordable projects that can substantially improve efficiency and lower power bills.
- Touchstone Energy Living programs (rebates for sealing ductwork, adding insulation, replacing windows, air sealing, and/or making insulation more effective).

Ten high school seniors served by Blue Grass Energy can win a \$1,000 scholarship to aid them in furthering their education.

Scholarship awards are based on financial need, academic achievement and extracurricular activities. Applications must be postmarked or brought to any BGEnergy office by Wednesday, April 1. Incomplete or late applications will not be considered.

Graduating seniors who live with a parent or guardian served by Blue Grass Energy are eligible to apply. The scholarships are one-time grants made directly to the student's accredited college, university or trade school.

Find applications at www.bgenergy.com/forstudents.aspx or in your guidance counselor's office.

Blue Grass Energy's Toyota Prius, which was recently converted to a plug-in electric hybrid (PHEV), is part of a national study by the Cooperative Research Network to test PHEVs in real-world environments.

"We're excited to be part of CRN's study and a leader in exploring this technology," said Denise Myers, energy solutions manager. "PHEVs could be

Consulting Contract

This agreement is made this 28 day of Sept., 2010, by and between Kentucky Small Utility Consulting, LLC, 8105 Parkshire Court, Louisville, KY 40220 (hereinafter referred to as the "Contractor"), and Farndale Development Corporation, whose address is 1706 Bardstown Road, Louisville, KY 40205 (hereinafter referred to as "Utility") for consulting services.

- (1) Contractor shall render the services as set forth in Attachment A, for the compensation set forth in Attachment "A" (hereinafter referred to as the "Services). The Services may be changed only by the prior written agreement of the Contractor and the Utility and if changed the time of performance shall be adjusted accordingly. Contractor's invoices shall be paid by Utility without setoff or deduction, upon receipt. Contractor has the option of suspending or terminating its performance for non-payment.
- (2) The party with complete authority to act under this contract for Contractor is Jack Kaninberg. The party with complete authority to act under this contract for Utility is *Carroll J. Cogan, Pres. Linda O'Wood, Off. Mgr.*
- (3) The Utility shall provide Contractor with full and adequate access to all the information in Utility's possession needed by Contractor to perform the services set out in Attachment A. Utility shall give prompt attention to all requests for documentation, information and action made by Contractor, so as to not delay Contractor's work on this project. When applicable, Contractor shall have access to Utility's private property to complete its work.
- (4) The Contractor shall furnish the necessary qualified personnel to complete the Services, and Contractor represents that it has access to the experience and has the capability necessary to, and agrees to perform the Services with reasonable skill and diligence. This undertaking does not imply and guarantee a perfect project and in the event of failure to obtain a tariff increase, Contractor will only be liable to Utility for its failure to exercise diligence, reasonable care and professional skill. Contractor's fee under this agreement shall be the only measure of damages. There are no other representations or warranties expressed or implied and Utility agrees to hold Contractor harmless and indemnify it from any claims not related to liability from the negligence or willful misconduct of Contractor.
- (5) All documents (hard copy or electronic) prepared by Contractor in connection with this project are the sole property of Contractor until payment in full has been made by Utility, and payment to Contractor under Attachment A shall be a condition precedent to use of any documentation of Contractor. Contractor cannot guarantee or be liable for the integrity of any electronic information.
- (6) Any default in performance caused by a natural catastrophe or civil unrest (force majeure) shall not constitute a default under the Contract.

- (7) This contract shall be interpreted under the laws of the Commonwealth of Kentucky and choice of venue shall be Jefferson County, Kentucky. If there is a dispute, good faith mediation is required as a condition precedent prior to either party filing any complaint in any court.
- (8) Neither Contractor nor Utility may assign any part of this contract without the written consent of the other party.
- (9) Contractor agrees to keep all of Utility's information confidential and at all times allow the Utility access to Utility's information to make sure its information is being protected.
- (10) This Contract and Attachment A, is the entire agreement between the parties and it supersedes any and all other oral or prior agreement between them. The Contract may be amended only by a written amendment, signed by both parties.
- (11) If any portion of this Contract is deemed unenforceable, it shall not affect the remaining portions. The consideration for this Contract is the mutual agreement contained herein, which each party by its signature agrees is sufficient.

THE PARTIES EXPRESSLY ACKNOWLEDGE THAT THIS AGREEMENT CONTAINS LIMITATION OF LIABILITY PROVISIONS RESTRICTING RIGHT FOR RECOVERY OF DAMAGES.

CONTRACTOR:

Jack Kaninberg

UTILITY:

BY: 

TITLE: *pres*

CONSULTING CONTRACT
ATTACHMENT "A"

This Attachment details the Services, contract time, price, forming part of the Contract:

(1) Services: Contractor shall perform the following services:

TASK A -- SCOPE OF SERVICES – A review using 2009 Public Service Commission ("PSC") Income Statement numbers as the test period, in order to make appropriate pro forma adjustments for material, known, and measurable revenue and expense changes, and arrive at a recommended revenue increase that meets with the Utility's approval.

TASK B – SCOPE OF SERVICES – Upon the Utility's approval of a proposed revenue increase, Contractor will prepare the rate increase application and the necessary supporting documentation to justify it, and will forward it to the utility for its review, approval, and submittal to the PSC.

TASK C – SCOPE OF SERVICES – Between the submittal of the rate application and a PSC Final Order on the rate application and proposed revenue increase, Contractor will remain available to advise the Utility in responding to requests for information and otherwise supporting the application. Contractor agrees that it will review the Commission Staff's Report concerning the rate application. In the event that Contractor is requested to prepare a substantive response to the report indicating disagreement with all or a portion of the report, Contractor shall be paid at the hourly rate of \$25.00 to prepare the response.

However, Contractor is not responsible for responding to PSC or other data requests or providing testimony in the case unless the Utility and the Contractor so agree after the issuance of any data requests or requirements to provide testimony. If the Utility and the Contractor agree to make the Contractor responsible, in full or in part, for any data requests or testimony, the Utility agrees to pay the Contractor an hourly rate of \$25 per hour for Contractor's work responding to data requests, and \$50 per hour for Contractor's testimony and any preparation related thereto.

- (2) Contract time**
- (a) Commencement date: To Be Determined
- (b) Estimated Completion Date: To Be Determined

- (3) Contract Payment - \$2,000 in total, unless the Utility and the Contractor agree to additional hourly charges as described under Task C above.**

TASK A - 50% of Total Contract Amount, or \$1,000, due upon completion of Task A as described above.

TASK B - Additional 25% (or \$500) of Total Contract Amount, due after the Commission has deemed the case filed.

TASK C - Final 25% (or \$500) of Total Contract Amount, due upon completion of the rate case.

HAVE SEEN AND AGREED:

CONTRACTOR:

Jack Kaninberg
Jack Kaninberg

UTILITY:

Tarmdale Dev Corp

BY:

[Signature]

TITLE:

pres.

III. Facility Location

- A. Attach a U.S. Geological Survey (USGS), 7 1/2 minute topographic quadrangle map(s) extending at least one mile beyond the property boundary of the discharge source. Depict or mark the facility and each of its intake and discharge structures. Also mark the locations of those wells, springs, surface water bodies, and drinking water wells listed in public records or otherwise known to the applicant within one-quarter mile of the facility property boundary. USGS maps may be obtained from the University of Kentucky, Mines and Minerals Bldg. Room 104, Lexington, Kentucky 40506. Phone: (859) 257-3896.
- B. List the county and, if applicable, city where facility is located.
- C. List the body of water receiving discharge.
- D. List the latitude and longitude for the facility site. The latitude/longitude reading for the site should be taken at the influent to the wastewater treatment plant, if applicable.
- E. List the method used to obtain the latitude and longitude (i.e. topo map coordinates, GPS reading, etc.)
- F. List the facility's Dun and Bradstreet Number if applicable.

IV. Owner/Operator Information

- A. Place a check in the applicable type ownership as listed.
- B. These sections must be completed by all municipal and sanitary wastewater applicants.
 For those facilities that require a Certified Operator, enter the name of a Certified Operator who will operate the treatment plant, or enter the name of an operator who will be certified before commencement of discharge. The operator of the treatment plant is often someone other than the operator of the facility identified in Part I.
 List the name and address of the person who operates the sewage treatment plant.
 Indicate if the operator is also the owner.
 The operator must be currently certified with the Division of Water. For information concerning those requirements,
 Contact: Division of Compliance Assistance, Certification Section, at (502) 564-0323.
 List the Operator's Certification Class and Certification Number.
- V. List any existing environmental permits that the facility has or will be applying for. KPDES permits use an NPDES generated number.
- VI. List the address where Discharge Monitoring Report (DMR) forms are to be mailed. Complete this section if you are requesting a different address than the address in Part I (C.)

VII. Application Filing Fee

The payment of a filing fee as listed below must accompany the application for a KPDES Permit. Your check must be made payable to "Kentucky State Treasurer." For permit renewals, to ensure proper credit to your account, please include the KPDES permit number on the check. This fee will be applied toward the final discharge permit fee. The filing fee is not refundable if the application is withdrawn or the permit is denied. Listed below are the facility categories, associated base five-year fees, and application filing fees. (See the separate "General Instructions" for definitions of facility categories.)

Facility Category	Five-Year Fee (100%)	Application Filing Fee (20%)
Major Industry	\$7,000	\$1,400
Minor Industry	\$4,500	\$900
Non-Process Industry	\$2,200	\$440
Large Non-POTW	\$3,700	\$740
Intermediate Non-POTW	\$3,200	\$640
Small Non-POTW	\$2,200	\$440
Agriculture	\$1,200	\$240
Surface Mining Operation	\$3,300	\$660
501(c)(3)	\$100	\$20

If this application is for a new project, see separate General Instructions for the applicable Construction Permit fee. A permit application cannot be processed unless the application filing fee and (if applicable) construction permit fee is enclosed. Make your check payable to "Kentucky State Treasurer."

VIII. Certification

The permit application must be signed as follows:
 Corporation: by a principal executive officer of at least the level of vice president.
 Partnership or sole proprietorship: by a general partner or the proprietor respectively.
 Municipality, state, federal, or other public agency: by either a principal executive officer or ranking elected official.

MARTIN'S PIPELINE INSPECTION, INC.
P.O. Box 5343 Paris, KY 40362-5343

Phone (859) 987-2529
Fax (859) 987-2583

www.martins-services.com
E-Mail: mthornton@martins-services.com

March 18, 2008

Ref: Quote for Annual Manhole Inspections

Larry,

I would like to begin by saying thank you for your continued interest in our company. The following is a quote for the annual manhole inspection located in the Farmdale Subdivision in Frankfort, KY. Inspections will include detailed forms listing information pertaining to each manhole including general info, listing any and all defects. These inspections will be for all manholes in the total water shed for this area.

- Annual Manhole Inspections \$2700.00 Annually

If you have any additional questions, please feel free to call me at 859-987-2529 or 859-983-8605.

Sincerely,

Neil Buchanan