

AGREEMENT

THIS AGREEMENT, made and entered into on the 13th day of December, 2001, by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Kentucky 40507 ("Government"), and **KENTUCKY-AMERICAN WATER COMPANY**, with offices located at 2300 Richmond Road, Lexington, Kentucky 40502 ("Water Company").

RECITALS:

WHEREAS, the Government is the operator of the sanitary sewer system and appurtenances thereto serving Fayette County, Kentucky; and

WHEREAS, the Government has established charges for sanitary sewer services rendered to its customers based upon water usage by such customers and bills such charges on a periodic basis to its customers so served; and

WHEREAS, the Government is obligated to collect delinquent sanitary sewer service charges from its customers so served; and

WHEREAS, Chapter 96 of the Kentucky Revised Statutes permits the Government to enforce collection of rates and charges for the use of sewer facilities by requiring that water service be discontinued until payment is made or some satisfactory arrangement is reached; and

WHEREAS, the Water Company is engaged in the business of providing water service to substantially the same area and customers as are served by the Government and the Water Company is in a position to supply to the Government the customer and water usage data the Government requires to compute and monitor collection of its sanitary sewer service charges and to terminate water service for reason of delinquency in the payment of any sanitary sewer service charge by a customer of the Government; and

WHEREAS, the Water Company is authorized, pursuant to Chapter 96 of the Kentucky Revised Statutes, to enter into an agreement with the Government for the termination of water service and discontinuance of the supply of water from its system to any premises at which the sanitary sewer service charge for sanitary service supplied by the Government are unpaid; and

WHEREAS, the Government has requested the Water Company to perform billing, accounting, and collecting for sanitary sewer service customers of the Government including the termination of water service for reason of delinquency in the payment of any sanitary sewer service charge and to reconnect such water service upon all charges, including any reconnect charges, being paid by the sanitary sewer customer; and

WHEREAS, the Government has further requested the Water Company to furnish to the Government certain customer and water usage data which will permit the Government to compute and monitor collection of its sanitary sewer service charges; and

WHEREAS, the Water Company is willing to furnish the requested customer and water usage data to the Government, to perform billing accounting and collecting for sanitary sewer service customers of the Government and to disconnect and reconnect such service, all pursuant to and subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the Recitals which are a material part of this Agreement, the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, it is agreed by and between the parties as follows:

A. BILLING, ACCOUNTING AND COLLECTING

1. The Government and the Water Company shall jointly designate and cause to be identified on the Water Company's computer records, each customer of the Government who is also a sewer customer of the Water Company (the "Joint Accounts"). The Water Company shall bill all such Joint Accounts for sanitary sewer service charges on behalf of the Government at the rates provided to it by the Government pursuant to Paragraph A(3).

(a) Accounts involving exclusion meters will be billed at 100% of the customer's usage. The Government will calculate and approve exclusion credits for these accounts monthly or quarterly based on the exclusion information provided by the customer. The Government will transmit the credit information, by facsimile, to the Water Company and the Water Company will enter the exclusion credits on the customer's account and bill accordingly.

(b) Accounts involving extra strength adjustments will be billed by the Water Company, with adjustments being based on information provided by the Government. The information required for adjustments will be provided in a spreadsheet format which lists the account name, account number, adjustment period and adjustment amount. The Water Company will place a debit on the customer's account to be billed during the next billing cycle.

2. The Water Company shall be responsible for the sanitary sewer customer billing, accounting and collecting for only those users of the sanitary sewer system of the Government identified pursuant to Paragraph A(1) above, and only during the term of this Agreement.

3. The Government shall, prior to the commencement of billing, accounting and collecting services by the Water Company pursuant hereto, furnish the Water Company with the ordinance or ordinances establishing the rate or rates to be charged for sanitary sewer services, including both the flat and metered rates. The Government will notify the Water Company of any revisions of such rates; provided that such revisions shall not be effective until the billing cycle following the end of the month in which notice has been given. In no event shall the period between notice of the rate change and implementation for billing purposes be more than sixty (60) days.

4. The sanitary sewer customers to be billed by the Water Company pursuant hereto shall be billed on a cycle which is the same as the Water Company uses for the billing of its water service customers.

5. The Water Company shall administer the accounts of the Government and prepare a bill for water service that includes a bill for all customers of the Government receiving sanitary sewer service subject hereto in accordance with the regular and periodic billing procedure followed by the Water Company in the billing of its customers receiving water service. The Water Company agrees to observe the same diligence, policies and procedures in the billing, accounting and collecting of the sanitary sewer accounts subject hereto as it uses in administering the billing, accounting and collecting of its water service accounts, including but not limited to establishment of payment plans, preparation and mailing of delinquent notices, procedures for the handling of medical situations, reconnects and removal of meters.

6. In the case of Joint Accounts, the Water Company and the Government will take whatever action is necessary to have sanitary sewer service and the liability therefor placed in the same person/name as is the water service for such account. An example of this requirement would be in the case of rental property, where the landlord is billed instead of the tenant(s) or vice versa.

7. Water bill adjustments which directly relate to the quantity of water discharged into the sanitary sewer system shall be made by the Water Company, accepted by the Government and recognized in determining the billing for sanitary sewer charges, excluding, however, any exclusion meter customer. The Water Company shall make any other adjustment requested, in writing (which may include a facsimile), by the Government, for the next billing cycle(s) and until such adjustment has been made in full.

8. (a) The Water Company shall (i) calculate, as set forth above, the applicable sanitary sewer charges for each of the Government's sanitary sewer customers identified pursuant to Paragraph 1; (ii) print a water bill including the sanitary sewer service bill therefore, and (iii) deposit such bill in the United States mail, with a return envelope pre-addressed to the Water Company.

(b) In addition to the calculation of sanitary sewer service charges as set forth herein, the Water Company shall calculate the applicable state sales and use tax and include same on the bill to customers.

9. All of the Government's sanitary sewer service charges, plus any and all applicable federal, state or local sales, use or other tax, which is currently in effect or which may be imposed during the term of this Agreement, paid by its customers, will be collected and receipted by the Water Company and the Water Company shall transmit to the Government, on a daily basis, the collected balance from the preceding business day. The Government shall be solely responsible for filing any necessary and related tax forms and remitting amounts due to the appropriate taxing entities, subject to any errors in calculation, collection, or transmission by the Water Company. Any reconnect fees, returned check fees, or other fees which may be imposed by the Water Company during the term of this Agreement which are charged to and collected from customers, shall be retained by the Water Company.

10. The Water Company shall maintain accounts receivable data for the Government's sanitary sewer service customers. A monthly revenue summary report for sewer service charges and appropriate taxes shall include the beginning balances, adjustments, payments, billings, write-offs, and ending balances. A monthly summary report shall also provide totals of receivables that are current, over thirty (30) days and over ninety (90) days. An aging listing for any account over ninety (90) days shall also be provided upon request. These reports shall be delivered to the Government by the seventh (7th) of the month following the month to which such reports relate.

11. The Water Company shall shut off water service for non-payment of sanitary sewer service charges and applicable taxes and pursue the collection of delinquent accounts, observing the same diligence, policies and procedures in such shut off situations and collections as it uses in terminating its water service accounts. Pursuing collection of delinquent accounts shall include, but is not limited to, transferring such accounts to a collection agency and filing proofs of claim in bankruptcy actions. The Government, upon seven (7) days written notice, may assume the collection responsibility for any sanitary sewer service account. Further, the Water Company shall restore water service observing the same diligence, policies and procedures as it uses in restoring water

service accounts.

12. For purposes of this Agreement, the water service and sanitary sewer service charges shall be considered one unified bill which must be paid in full or which must be the subject of a suitable payment plan in order to prevent termination of water service or collection efforts. Any payment received by the Water Company which is not adequate to pay the bill in full or any payment according to a payment plan, may be applied first to the water service portion of the bill.

13. In consideration of the services to be provided to the Government by the Water Company pursuant hereto, the Water Company will issue an invoice to the Government within fourteen (14) days of the close of each month. The bill will be payable within ten (10) days of receipt. The invoice is to include calculations supporting the invoiced amount based on a charge for each Joint Account billed the prior month as follows:

(a) The charge for each Joint Account billed from and including the effective date of this Agreement shall be fifty-one and six-tenths cents (\$.516), subject to the provisions of subparagraph (b) below.

(b) Requests for payment should be accompanied by a summary of the number of accounts billed. Said charges shall be adjusted each January 1 beginning on January 1, 2002, by an amount based upon the Consumer Price Index For All Urban Consumers, the U.S. City Average ("CPI-u") published monthly by the Bureau of Labor Statistics. The amount to be charged per bill shall be adjusted up or down by a factor determined by averaging the monthly CPI-u published for the twelve-month period ending, and including, November of the year before the January 1 adjustment. Upon termination of the Agreement by either party as set forth in paragraph 16 herein, the Water Company shall be compensated only for the services provided to the effective date of the termination.

B. CUSTOMER AND WATER USAGE DATA

14.1 During the term of this Agreement, by the seventh (7th) day of the month following the month to which such reports relate, the Water Company shall furnish to the Government the following usage data information relative to all current and newly discontinued Water Company customer accounts for Fayette County, Kentucky:

- (a) Customer account numbers
- (b) Customer name and address
- (c) Revenue class code

- (d) Meter size code
- (e) Billing period (service code)
- (f) Previous and current reading dates
- (g) Previous reading, out reading (if applicable)
- (h) Set reading (if applicable), current reading
- (i) Current consumption (usage)
- (j) Past 12 consumptions (if applicable)
- (k) Indicator if reading was estimated
- (l) New accounts (new home or building)
- (m) New customer (change of occupant)
- (n) Terminated or transferred accounts

14.2. The Water Company shall furnish the Government with on-line access to the following:

- (a) Billed usage history inquiry
- (b) Accounts receivable inquiry
- (c) Customer status inquiry

15. The Water Company shall, without delay, code each new water service account as a sanitary sewer service account unless the account is specifically known to be located within a non-sewer area of the Fayette County. The Government shall notify the Water Company of those accounts that have existing water service but are newly tapped-on to the sewer system on a monthly basis. The Water Company shall, without delay, code each such existing water service account as a sanitary sewer service account.

C. MISCELLANEOUS PROVISIONS

16. The term of this Agreement shall be for a period of five (5) twelve month periods beginning on October 1, 2001. This Agreement will automatically renew at the end of each twelve month period of the term, upon the same terms and conditions, subject to sufficient funds being appropriated in the applicable fiscal year by the Government. Any party proposing a renewal with different terms and conditions shall submit a written proposal containing such terms and conditions to the other party no later than sixty (60) days prior to the expiration of the then-current twelve month term of the agreement. Either party to this Agreement may terminate the agreement upon sixty (60) days written notice to the other party at the addresses first above written.

17. This Agreement shall be construed to be applicable to only the parties hereto and shall not confer any rights, privileges, or obligation on any third party, including customers of the Water Company and/or the Government.

18. The Water Company shall provide the Government with on-line, read only access to the Water Company computer for the purpose of looking up individual sanitary sewer billing and payment information by any one of the following: name, service location, number. The Government shall, on request, also have the ability to run queries on the Water Company computer. The cost of the communication line(s) will be borne equally by both parties. The Water Company and the Government shall each be responsible for their own costs incurred for equipment housed in their respective offices. The Water Company and the Government shall each designate an individual or individuals as liaison to assist in the implementation of the terms of this Agreement by assisting with the transmission of information required by the Agreement, by responding to questions or requests for information from the public and by informing eligible customers of the assistance program established in Section 16-59.1 of the Code of Ordinances.

19. The water service terminated pursuant to this Agreement shall not be restored until all charges, taxes and reconnect fees have been paid or until suitable payment arrangements have been made by the sanitary sewer service customer, but shall be restored thereafter as soon as practicable.

20. In accordance with KRS 96.942, the Water Company shall incur no liability by reason of discontinuing water service pursuant to this Agreement except to the extent of its own negligence or other improper conduct. The Water Company agrees to indemnify, hold harmless and defend the Government, its elected and appointed officials, employees, agents and successors in interest from and against all liabilities, claims, damages, penalties, causes of action, costs and expenses, including reasonable attorney fees, imposed upon or incurred by or asserted against the Government by reason of the intentional or negligent acts, or other improper conduct on the part of the Water Company, its contractors, agents or employees.

The Government agrees to defend, indemnify and hold harmless the Water Company, its employees, agents and successors in interest from and against all liabilities, claims, damages, penalties, causes of action, costs and expenses, including reasonable attorney fees, imposed upon or incurred by or asserted against the Water Company by reason of the intentional or negligent acts, or other improper conduct on the part of the Government, its contractors, agents or employees.

21. In accordance with KRS 96.943, in the event the Water Company wrongfully fails or refuses to discontinue water service pursuant to this Agreement and continues such failure or refusal for a period of thirty (30) days after receipt of written notice from the Government to do so, the Water Company shall be liable to the Government for any amount due from the sewer user involved.

22. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors.

23. This Agreement has been entered into and shall be construed in accordance with the laws of the Commonwealth of Kentucky.

24. After the agreement is executed by both parties, the Water Company will file the agreement with the Kentucky Public Service Commission. It is agreed and understood by the parties hereto that the provisions of this Agreement shall not become effective on October 1, 2001 unless it is filed with the Commission.

25. It is understood between the parties that the Water Company will continue to provide the necessary data for the Government to bill and collect for sanitary sewer user service that occurs prior to the October 1, 2001 commencement date of this

Agreement.

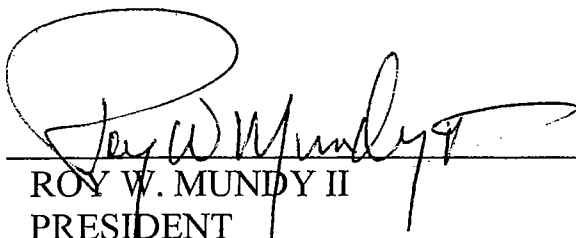
26. This Agreement is the entire agreement between the parties and may not be amended, modified or revised except by a written instrument signed by each of the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates hereinafter set forth, but to be effective as of October 1, 2001.

LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT

BY: 
PAM MILLER, MAYOR

KENTUCKY-AMERICAN WATER COMPANY

BY: 
ROY W. MUNDY II
PRESIDENT

AGREEMENT

THIS AGREEMENT, made and entered into on the 27th day of June, 2002, by and between the LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Kentucky 40507 ("Government"), and KENTUCKY-AMERICAN WATER COMPANY, with offices located at 2300 Richmond Road, Lexington, Kentucky 40502 ("Water Company").

RECITALS:

WHEREAS, the Government is responsible for disposing of the refuse of the residents of Fayette County, Kentucky; and

WHEREAS, the Government has established charges, known as solid waste disposal fees (hereinafter "disposal fees") to be charged for services rendered to each resident of the urban services district who receives refuse collection services (hereinafter "customers"); and

WHEREAS, the Government bills customers so served on a periodic basis with such charges being based upon the volume of refuse measured by the number of Herbies or Herbie equivalents (hereinafter "Herbies") allotted for each customer's billing address (Herbies being standardized wheeled waste receptacles provided to facilitate the removal of refuse from residents' property by centralized refuse collection services); and

WHEREAS, the Water Company is engaged in the business of providing water service to substantially the same area and customers as are served by the Government; and

WHEREAS, the Government has requested the Water Company to perform billing, accounting, and collecting for disposal fees for customers of the Government; and

WHEREAS, the Government agrees to furnish the Water Company with data on the number and location of Herbies; and

WHEREAS, the Water Company agrees to provide the Government on-line, read only access to the Water Company's database so that the Government can access data regarding the number and location of Herbies at each billing address; and

WHEREAS, the Government agrees to provide any changes in the number and location of Herbies to the Water Company in the form of a computer file which the Water Company will use to update its customer records;

NOW, THEREFORE, in consideration of the Recitals which are a material part of this Agreement, the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, it is agreed by and between the parties as follows:

A. BILLING, ACCOUNTING AND COLLECTING

1. The Government and the Water Company shall jointly designate and cause to be identified on the Water Company's computer records, each customer of the Government who should be billed for the disposal fees (the "Joint Accounts"). The Water

Company shall bill all such Joint Accounts for the disposal fees on behalf of the Government. Accounts will be billed by the Water Company at a rate based on information on the location and number of Herbies at the billing address and is computed for each monthly billing at a monthly rate or a daily rate, if applicable, based on the daily data updates provided by the Government pursuant to paragraph 8. Such daily rate will be determined using the same method as is used by the Water Company to pro rate water bills.

2. Any change in the rate to be charged to customers will be effective on the first day of the next billing cycle immediately following notice by the Government to the Water Company of such rate change and will be included on the bill for that billing cycle.

3. The disposal fees billed by the Water Company pursuant to this contract shall be billed on a cycle which is the same as the Water Company uses for the billing of its water service customers.

4. For all Joint Accounts, the Water Company agrees to observe the same diligence, policies and procedures in the billing, accounting and collecting of the disposal fees as it uses in administering the billing, accounting and collecting of its water service accounts, including but not limited to, establishment of payment plans and the preparation and mailing of delinquent notices.

5. In the case of Joint Accounts, the Water Company and the Government will take whatever action is necessary to have the

payment of the disposal fees and the liability therefor placed in the same person/name as is the water service for such account. An example of this requirement would be in the case of rental property, where the tenant is billed instead of the landlord.

6. The Water Company shall (i) calculate the applicable disposal fees for each of the Government's customers identified pursuant to paragraph 1; (ii) print a water bill including the disposal fees therefore, and (iii) deposit such bill in the United States mail, with a return envelope pre-addressed to the Water Company. If it does not interfere with the Water Company's requirement for messages and within space limitations, the Water Company shall include on the invoice a message pertaining to the disposal fee upon the Government's request, and include an informational insert one time per year regarding disposal fees or sewer user fees. The cost of the insert will be at the Government's expense and must be designed to meet the weight, dimension and fold requirements of the Water Company.

7. All of the Government's disposal fees, plus any and all applicable federal, state or local sales, use or other tax, which are currently in effect or which may be imposed during the term of this Agreement, paid by its customers, will be collected and receipted by the Water Company and the Water Company shall transmit to the Government, on a daily basis, the collected balance from the preceding business day. The Government shall be solely responsible for filing any necessary and related tax forms and remitting amounts due to the appropriate taxing entities,

subject to any errors in calculation, collection, or transmission by the Water Company. Any returned check fees or other fees which may be imposed by the Water Company during the term of this Agreement which are charged to and collected from customers shall be retained by the Water Company. As of the date of this Agreement, the Government has determined that the disposal fees are not subject to any taxes. Should that condition change, when it is practical to do so, the Government will notify the Water Company in writing at least ninety (90) days prior to the effective date of the change. The Government shall pay the Water Company's additional reasonable expenses to accommodate such change.

8. The Water Company shall maintain accounts receivable data for the Government's customers charged a disposal fee. The Water Company shall provide the Government with on-line, read only access to the Water Company database for the purpose of accessing individual disposal fee billing and payment information by any one of the following: name, service location of Herbies, account number. The Government shall provide a data file listing the customer account numbers and corresponding changes related to the number of Herbies. The Water Company shall, without delay, load this file onto its database to update the number of Herbies on the Joint Accounts. The Government shall, on request, also have the right to run queries related to disposal fees on the Water Company computer. The Water Company will prepare a monthly revenue summary report for the disposal fees and appropriate taxes. This

revenue summary shall include the beginning balances, adjustments, payments, billings, write-offs, and ending balances. A monthly summary report shall also provide totals of receivables over thirty (30) days and over ninety (90) days. An aging listing for each account over thirty (30) days and over ninety (90) days shall also be provided monthly. The Water Company shall furnish a report each month which identifies joint accounts which have had no water service for greater than sixty (60) days and a report which identifies new water accounts established for the preceding month. The Water Company shall furnish, twice a year, a master file of all water accounts in Fayette County listing water account number, address, name, and number of Herbie units. These reports shall be delivered to the Government by the seventh (7th) of the month following the month to which such reports relate.

9. The Government shall have the right, at the Government's request, to perform an audit on site of any records required to determine the accuracy of billing services, accounting, and monthly reports as provided pursuant to this Agreement. The Water Company and the Government shall each be responsible for their own costs incurred for equipment housed in their respective offices. The Water Company and the Government shall each designate an individual or individuals as liaison to assist in the implementation of the terms of this Agreement by assisting with the transmission of information required by the Agreement, by responding to questions or requests for information from the public and by informing eligible customers of the

assistance program established in Section 16-59.1 of the Code of Ordinances.

10. For purposes of this Agreement, the water service, sanitary sewer service charges, and disposal fees shall be considered one unified bill which must be paid in full or which must be the subject of a suitable payment plan in order to prevent termination of water service or collection efforts. Any payment received by the Water Company which is not adequate to pay the bill in full or any payment according to a payment plan shall be applied first to the water service portion of the bill. After application of the payment to the water service portion of the bill, any remaining amounts will be applied first to the disposal fees portion of the bill and then to the sewer user fee.

11. The term of this Agreement shall be for five (5) twelve (12) month periods beginning on April 1, 2002, subject to sufficient funds being appropriated in each fiscal year by the Government. This Agreement may be renewed on an annual basis, by the Government and the Water Company, in writing, for successive twelve month periods, upon the same terms and conditions, subject to the provisions of paragraph 12 and subject to sufficient funds being appropriated in the applicable fiscal year by the Government. Any party proposing a renewal with different terms and conditions shall submit a written proposal containing such terms and conditions to the other party no later than sixty (60) days prior to the expiration of the then current twelve (12) month term of the agreement. Either party to this Agreement may

terminate the agreement upon sixty (60) days written notice to the other party at the addresses first above written.

12. The Water Company will issue a bill to the Government within fourteen (14) days after the close of each month, said bill including calculations supporting the invoice amount based on a charge of twenty-six and seven tenths cents (\$.267) for each Joint Account billed that month. The bill will be payable within fourteen (14) days of issuance. Requests for payment should be accompanied by a summary of the number of accounts billed. Said charges shall be adjustable each January 1 beginning on January 1, 2003, by an amount based upon the Consumer Price Index For All Urban Consumers, the U.S. City Average ("CPI-u") published monthly by the Bureau of Labor Statistics. The amount to be charged per bill shall be adjusted up or down by a factor determined by averaging the monthly CPI-u published for the 12-month period ending, and including, November of the year before the January 1 adjustment. Upon termination of the Agreement by either party as set forth in paragraph 11 herein, the Water Company shall be compensated only for the services provided to the effective date of the termination.

B. MISCELLANEOUS PROVISIONS

13. This Agreement shall be construed to be applicable to only the parties hereto and shall not confer any rights, privileges, or obligation on any third party, including customers of the Water Company and/or the Government.

14. The cost of the communication line(s) will be borne

equally by both parties.

15. The Water Company shall incur no liability pursuant to this Agreement except to the extent of its own negligence or other improper conduct. The Water Company agrees to indemnify, hold harmless and defend the Government, its elected and appointed officials, employees, agents and successors in interest from and against all liabilities, claims, damages, penalties, causes of action, costs and expenses, including reasonable attorney fees, imposed upon or incurred by or asserted against the Government by reason of the intentional or negligent acts, or other improper conduct on the part of the Water Company, its contractors, agents, employees, directors, or officers.

The Government agrees to defend, indemnify and hold harmless the Water Company, its employees, directors, officers, agents and successors in interest from and against all liabilities, claims, damages, penalties, causes of action, costs and expenses, including reasonable attorney fees, imposed upon or incurred by or asserted against the Water Company by reason of the intentional or negligent acts, or other improper conduct on the part of the Government, its contractors, agents or employees.

16. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors.

17. This Agreement has been entered into and shall be construed in accordance with the laws of the Commonwealth of Kentucky.

18. After the agreement is executed by both parties, the Water Company will file the agreement with the Kentucky Public Service Commission. It is agreed and understood by the parties hereto that the provisions of this Agreement shall not become effective on April 1, 2002, unless it is filed with the Commission.

19. This Agreement is the entire agreement between the parties and may not be amended, modified or revised except by a written instrument signed by each of the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates hereinafter set forth, but to be effective as of April 1, 2002.

LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT

BY: *Pam Miller*
PAM MILLER, MAYOR

ATTEST:

Liz Danvers
CLERK OF URBAN COUNTY COUNCIL

KENTUCKY-AMERICAN WATER COMPANY

BY: *Roy Mundy I*
ROY MUNDY I
PRESIDENT

WITNESSED BY:

James C. Dickson

0:RKB/ep/Agr018

RESOLUTION NO. 312-2002

A RESOLUTION AUTHORIZING AND DIRECTING THE MAYOR, ON BEHALF OF THE URBAN COUNTY GOVERNMENT, TO EXECUTE AN AGREEMENT WITH KENTUCKY-AMERICAN WATER COMPANY, FOR FIVE TWELVE-MONTH PERIODS FOR THE BILLING AND COLLECTION OF SOLID WASTE DISPOSAL USER FEES, FOR THE DEPARTMENT OF FINANCE, AT A COST NOT TO EXCEED \$.267 FOR EACH JOINT ACCOUNT BILLED FROM AND INCLUDING THE EFFECTIVE DATE OF THE AGREEMENT, SAID COSTS SUBJECT TO ADJUSTMENT BASED UPON THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS, THE U.S. CITY AVERAGE ("CPI-U"), AND TO SUFFICIENT FUNDS BEING APPROPRIATED.

BE IT RESOLVED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 – That the Mayor, on behalf of the Lexington-Fayette Urban County Government, be and hereby is authorized and directed to execute the Agreement, which is attached hereto and incorporated herein by reference, with Kentucky-American Water Company, for the billing and collection of solid waste disposal fees, for five twelve-month periods, for the Department of Finance.

Section 2 – That an amount, not to exceed \$.267 for each joint account billed from and including the effective date of the agreement, said costs subject to adjustment based upon the Consumer Price Index for all urban consumers, the U.S. City Average ("CPI-U"), and to sufficient funds being appropriated, be and hereby is approved for payment to Kentucky-American Water Company from account #250-490-265-410, line 3696, pursuant to the terms of the Agreement.

Section 3 – That this Resolution shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL: June 27, 2002


MAYOR

ATTEST:


CLERK OF URBAN COUNTY COUNCIL

PUBLISHED: July 3, 2002-1t

RENEWAL OF AGREEMENT

THIS RENEWAL OF AGREEMENT, made and entered into this the 17th day of June, 1998, by and between the **CITY OF SADIEVILLE**, a municipal corporation of the Commonwealth of Kentucky of the sixth class, Scott County, Kentucky ("City"), and **KENTUCKY-AMERICAN WATER COMPANY**, with offices located at 2300 Richmond Road, Lexington, Kentucky 40502 ("Water Company").

WHEREAS, the City and the Water Company have previously entered into an Agreement dated April 1, 1997, for billing, accounting, and collection of sanitary sewer service charges of City sewer customers; and,

WHEREAS, the term of the Agreement ends June 30, 1998; and,

WHEREAS, pursuant to Paragraph 16 of said Agreement, the Agreement may be renewed in writing on an annual basis; and,

WHEREAS, the parties are desirous of renewing their Agreement on the same terms and conditions as originally set forth.

NOW, THEREFORE, the parties hereto have bargained and agreed as follows:

Section 1. The City and the Water Company hereby agree to a Renewal of their Agreement, attached hereto and incorporated herein by reference, dated April 1, 1997, for the billing, accounting, and collection of sanitary sewer service charges for customers of the City by the Water Company.

Section 2. The term of this Renewal of Agreement shall be for a period of twelve (12) months beginning on July 1, 1998.

Section 3. All of the other terms and conditions of the original Agreement shall continue in full force and effect for the term of this renewal.

IN WITNESS WHEREOF, the parties have executed this Renewal of Agreement of the City by and through its duly authorized mayor pursuant to Resolution _____ -1998, on the respective dates hereinafter set forth, but to be effective as of July 1, 1998.

THE CITY OF SADIEVILLE

6/2/98
Date

Mayor Carl E. Jones
By: Carl E. Jones, Mayor

ATTEST:

Christie Grindstaff
Christie Grindstaff,
Sadieville City Clerk

KENTUCKY-AMERICAN WATER COMPANY

June 17, 1998
Date

Roy W. Mandy II
By: Roy W. Mandy II,
Vice President ~~and Manager~~

WITNESS:

Harold M. [Signature], Secretary

RECEIVED

AGREEMENT

OCT 20 1997

THIS AGREEMENT, made and entered into on the 25th day of DECEMBER, 1997, by and between the CITY OF SADIEVILLE, a municipal corporation of the sixth class, Scott County, Kentucky, ("City"), and KENTUCKY-AMERICAN WATER COMPANY, with offices located at 2300 Richmond Road, Lexington, Kentucky 40502 ("Water Company").

RECEIVED

RECITALS:

DEC - 2 1997

WHEREAS, the City is the operator of the sanitary sewer system and appurtenances thereto serving Sadieville, Kentucky; and P.S.C. Rates & Research Div.

WHEREAS, the City has established charges for sanitary sewer services rendered to its customers based upon water usage by such customers and bills such charges on a periodic basis to its customers so served; and

WHEREAS, the City is obligated to collect delinquent sanitary sewer service charges from its customers so served; and

WHEREAS, Chapter 96 of the Kentucky Revised Statutes permits the City to enforce collection of rates and charges for the use of sewer facilities by requiring that water service be discontinued until payment is made or some satisfactory arrangement is reached; and

WHEREAS, the Water Company is engaged in the business of providing water service to substantially the same area and customers as are served by the City and the Water Company is in a position to supply to the City the customer and water usage data the City requires to compute and monitor collection of its sanitary sewer service charges and to terminate water service for reason of delinquency in the payment of any sanitary sewer service charge by a customer of the City; and

WHEREAS, the Water Company is authorized, pursuant to Chapter 96 of the Kentucky Revised Statutes, to enter into an agreement with the City for the termination of water service and discontinuance of the supply of water from its system to any premises at which the sanitary sewer service charge for sanitary service supplied by the City are unpaid; and

WHEREAS, the City has requested the Water Company to perform billing, accounting, and collecting for sanitary sewer service customers of the City, including the termination of water service for reason of delinquency in the payment of any sanitary sewer service charge and to reconnect such water service upon all charges, including any reconnect charges, being paid by the sanitary sewer customer; and

WHEREAS, the City has further requested the Water Company to furnish to the City certain customer and water usage data which will permit the City to compute and monitor collection of its sanitary sewer service charges; and

WHEREAS, the Water Company is willing to furnish the requested customer and water usage data to the City, to perform billing, accounting and collecting for sanitary sewer service customers of the City and to disconnect and reconnect such service, all pursuant to and subject to the terms and conditions hereafter set forth.

NOW, THEREFORE, in consideration of the Recitals which are a material part of this Agreement, the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, it is agreed by and between the parties as follows:

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A. BILLING, ACCOUNTING AND COLLECTING P. S. C.
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1. The City and the Water Company shall jointly designate and cause to be identified on the Water Company's computer records each sewer customer of the City who is also a customer of the Water Company (the "Joint Accounts"). The Water Company shall bill all such Joint Accounts for sanitary sewer service charges on behalf of the City at the rates provided to it by the City pursuant to Paragraph A(3).

2. The Water Company shall be responsible for the sanitary sewer customer billing, accounting and collecting for only those users of the sanitary sewer system of the City identified pursuant to Paragraph A(1) above, and only during the term of this Agreement.

3. The City shall, prior to the commencement of billing, accounting and collecting services by the Water Company pursuant hereto, furnish the Water Company with the ordinance or ordinances establishing the rate or rates to be charged for sanitary sewer services, including both the flat and metered rates. The City will notify the Water Company of any revisions of such rates, provided that such revisions shall not be effective until the billing cycle following the end of the month in which notice has been given. In no event shall the period between notice of the rate change and implementation for billing purposes be more than sixty (60) days.

4. The sanitary sewer customers to be billed by the Water Company pursuant hereto shall be billed on a cycle which is the same as the Water Company uses for the billing of its water service customers.

5. The Water Company shall administer the accounts of the City and prepare a bill for water service that includes a bill for all customers of the City receiving sanitary sewer service subject hereto in accordance with the regular and periodic billing procedure followed by the Water Company in the billing of its customers receiving water service. The Water Company agrees to observe the same diligence, policies and procedures in the billing, accounting and collecting of the sanitary sewer accounts subject hereto as it uses in administering the billing, accounting and collecting of its water service accounts, including but not limited to establishment of payment plans, preparation and mailing of delinquent notices, procedures for the handling of medical situations, reconnects and removal of meters.

6. In the case of Joint Accounts, the Water Company and the City will take whatever action is necessary to have sanitary sewer service and the liability therefor placed in the same person/name as is the water service for such account. An example of this requirement would be in the case of rental property, where the landlord is billed instead of the tenant(s) or vice versa.

7. Sewer bill adjustments which directly relate to the quantity of water discharged into the sanitary sewer system shall be made by the Water Company, only after being presented to and being accepted by the City and recognized in determining the billing for sanitary sewer charges, excluding, however, any flat rate sanitary sewer service charge customer.

8. a. The Water Company shall (i) calculate, as set forth above, the applicable sanitary sewer charges for each of the City's sanitary sewer charges for each of the City's sanitary sewer customers identified pursuant to Paragraph 1; (ii) print a water bill including the sanitary sewer service bill therefor, and (iii) deposit such bill in the United States mail, with a return envelope pre-addressed to the Water Company.

b. In addition to the calculation of sanitary sewer service charges as set forth herein, the Water Company shall calculate the applicable state sales and use tax and include same on the bill to customers.

9. All of the City's sanitary sewer service charges, plus any and all applicable federal, state or local sales, use or other tax, which is currently in effect or which may be imposed during the term of this agreement, paid by its customers, will be collected and receipted by the Water Company and the Water Company shall transmit to the City on a monthly basis by the 15th of the following month, the collected balance from the preceding month. The City shall be solely responsible for filing any necessary and related tax forms and remitting amounts due to the appropriate taxing entities, subject to any errors in calculation, collection, or transmission by the Water Company. Any reconnect fees, returned check fees, or other fees which may be imposed by the Water Company during the term of this agreement which are charged to and collected from customers, shall be retained by the Water Company.

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10. The Water Company shall maintain accounts receivable data for the City's sanitary sewer service customers. A monthly revenue summary report for sewer service charges and appropriate taxes shall include the beginning balances, adjustments, payments, billings, write-offs, and ending balances. A monthly summary report shall also provide totals of receivables that are current, over thirty (30) days and over ninety (90) days. An aging listing for any account over ninety (90) days shall also be provided upon request. These reports shall be delivered to the City by the fifteenth (15th) day of the following month to which such reports relate.

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11. a. The Water Company shall shut off water service for non-payments of sanitary sewer service charges and applicable taxes and pursue the collection of delinquent accounts, observing the same diligence, policies and procedures in such shut-off situations and collections as it uses in terminating its water service accounts. Pursuing collection of delinquent accounts shall include, but is not limited to, transferring such accounts to a collection agency and filing proofs of claim in bankruptcy accounts. The City upon seven (7) days written notice, may assume the collection responsibilities for any sanitary sewer service account. Further, the Water Company shall restore water service observing the same diligence, policies and procedures as it uses in restoring the water service accounts.

b. A City official with authority to negotiate on behalf of the City, shall accompany the Water Company service representative to the premises to be shut off. The City official shall attempt to inform the customer of the potential shut-off, and to prevent the shut-off through a mutually satisfactory agreement. The fee to be paid Water Company shall be charged even if no customer is disconnected on any trip to Sadieville.

12. For purposes of this agreement, the water service and sanitary sewer service charges shall be considered one unified bill which must be paid in full or which must be the subject of a suitable payment plan in order to prevent termination of water service or collection efforts. Any

payment received by the Water Company which is not adequate to pay the bill in full or any payment according to a payment plan, may be applied first to the water service portion of the bill.

13. In consideration of the services to be provided to the City by the Water Company pursuant hereto, the City shall pay the Water Company as follows:

a. Costs associated with programming the Water Company's books, records and billing equipment to accommodate sanitary sewer service billing, in an amount not to exceed One Thousand Five Hundred Fifty-One Dollars (\$1,551.00), which amount represents a one time payment to the Water Company. This amount shall be paid on or before 15 APR 97. In the event the City changes its method of rates for sanitary sewer service billing, it shall pay the Water Company's additional reasonable expenses to accommodate any such change, subject to funds being appropriated. The Water Company shall not be responsible for making such changes without compensation.

b. A bill will be issued by the Water Company to the City within ten (10) days after the close of each billing period. The bill will be payable within ten (10) days of issuance. The City will pay to the Water Company for the services rendered hereunder at the rate of \$1.58 per bill rendered. Upon the termination of this Agreement by either party as set forth in Paragraph 16 herein, the Water Company shall be compensated only for the services provided to the effective date of the termination.

c. The Water Company will shut off water service to accounts who have only sewer balances unpaid only at the direction of the City. For each trip to the City for the purposes of shutting off water service for non-payment of sewer fees only, the City will be billed \$85.77. This fee will cover the cost to both shut off and then later reconnect the water service (following payment in full) for up to 6 accounts per each trip. If more than 6 accounts are to be shut off on any trip, the City will be billed an additional \$14.30 for each account over 6. The City will be billed \$85.77 even if no actual shut-offs are performed on that trip.

B. CUSTOMER AND WATER USAGE DATA

14. During the term of this Agreement, by the 15th day of the month following the billing period to which such reports relate, the Water Company shall furnish to the City, the following information relative to all current and newly discontinued Water Company customer accounts for Sadieville, Kentucky:

- (a) Customer account numbers
- (b) Customer name and address
- (c) Revenue class Code
- (d) Meter size code
- (e) Billing period (service code)
- (f) Previous and current reading dates

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- (g) Previous reading, out reading (if applicable)
- (h) Set reading (if applicable), current reading
- (i) Current consumption (usage)
- (j) Past 12 consumptions (if applicable)
- (k) Indicator if reading was estimated
- (l) New accounts (new home or building)
- (m) New customer (change of occupant)
- (n) Terminated or transferred accounts

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Such information shall be provided in a format compatible to the City's equipment.

15. The City will notify the Water Company in writing each time a new tap or other change occurs and the Water Company shall without delay code each new water service account, located in an area known to be sewerred, as a sanitary sewer service account.

C. MISCELLANEOUS PROVISIONS

16. The term of this agreement shall be for a period of twelve (12) months beginning on July 1, 1997. This agreement may be renewed on an annual basis, by the Mayor and the Water Company, in writing, for successive twelve month periods, upon the same terms and conditions, subject to sufficient funds being appropriated in the applicable fiscal year by the City. Any party proposing a renewal with different terms and conditions shall submit a written proposal, containing such terms and conditions to the other party no later than sixty (60) days prior to the expiration of the then-existing term of the agreement. Either party to this agreement may terminate the agreement upon sixty (60) days written notice to the other party at the addresses first above written.

17. This Agreement shall be construed to be applicable to only the parties hereto and shall not confer any rights, privileges, or obligation on any third party, including customers of the Water Company and/or the City.

18. The Water Company and the City shall each designate an individual or individuals as liaison to assist in the implementation of the terms of this Agreement by assisting with the transmission of information required by the Agreement, by responding to questions or requests for information from the public.

19. The water service terminated pursuant to this Agreement shall not be restored until all charges, taxes and reconnect fees have been paid or until suitable payment, arrangements have been made by the sanitary sewer service customer, but shall be restored thereafter as soon as practicable.

20. In accordance with KRS 96.942, the Water Company shall incur no liability by reason of discontinuing water service pursuant to this Agreement except to the extent of its own negligence

or other improper conduct. The Water Company agrees to indemnify, hold harmless and defend the City, its elected and appointed officials, employees, agents and successors in interest from and against all liabilities, claims, damages, penalties, causes of action, costs and expenses, including reasonable attorney fees, imposed upon or incurred by or asserted against the City by reason of the intentional or negligent acts, or other improper conduct on the part of the Water Company, its contractors, agents or employees.

The City agrees to defend, indemnify and hold harmless the Water Company, its employees, agents and successors in interest from and against, all liabilities, claims, damages, penalties, causes of action, costs and expenses, including reasonable attorney fees, imposed upon or incurred by or asserted against the Water Company by reason of the intentional or negligent acts, or other improper conduct on the part of the City, its contractors, agents or employees.

21. In accordance with KRS 96.943, in the event the Water Company wrongfully fails or refuses to discontinue water service pursuant to this Agreement and continues such failure or refusal for a period of thirty (30) days after receipt of notice from the City to do so, the Water Company shall be liable to the City for any amount due from the sewer user involved.

22. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors.

23. This Agreement has been entered into and shall be construed in accordance with the laws of the Commonwealth of Kentucky.

24. After the agreement is executed by both parties, the Water Company will file the agreement with the Kentucky Public Service Commission.

25. This Agreement is the entire agreement between the parties and may not be amended, modified or revised except by a written instrument signed by each of the parties. This Agreement shall constitute neither a partnership nor a joint venture, and is for services to be rendered the City by the Water Company.

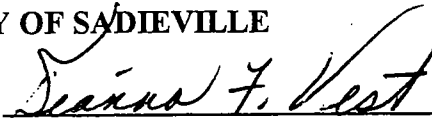
IN WITNESS WHEREOF, the parties have executed this Agreement on the dates hereinafter set forth, but to be effective as of 25 July 1997.

ATTEST:


CHRISTIE GRINDSTAFF
CITY CLERK

CITY OF SADIENVILLE

BY:


DIANNA F. VEST, MAYOR

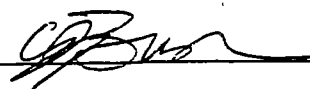
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WITNESSED

BY:



KENTUCKY-AMERICAN WATER COMPANY

BY:


ROY W. MUNDY II
VICE-PRESIDENT AND MANAGER

THIS SERVICE AGREEMENT is made and entered into this 21st
day of November, 1996, by and between BOONESBORO WATER
ASSOCIATION, INC., 136 Hud Road, Winchester, Kentucky 40391,
(hereinafter referred to as "BWA"), and VERNA HILLS NEIGHBORHOOD
ASSOCIATION, INC. (hereinafter referred to as "VHNA"), whose
address is Post Office Box 4377, Winchester, Kentucky 40392.

WITNESSETH: That, whereas, VHNA is the operator of the
sanitary sewer system and appurtenances thereto serving the sub-
division of Verna Hills, Clark County, Kentucky; and

WHEREAS, VHNA has established charges for sanitary sewer
services based upon water usage by its customers; and

WHEREAS, BWA is engaged in the business of providing water
service to certain areas or territories within Clark County,
Kentucky, including but not limited to Verna Hills Subdivision,
located on the north side of U. S. 60 in Clark County, Kentucky;
and

WHEREAS, VHNA has requested BWA to provide billing services
for the sewer charges assessed to the residents of Verna Hills
Subdivision, and

WHEREAS, BWA is willing to provide this billing service,
under conditions specified herein;

NOW, THEREFORE, for and in consideration of the mutual
benefits to be derived by the parties hereto, the parties covenant
and agree as follows:

1. VHNA shall notify their customers by direct mail about
this agreement including the date or month that BWA will begin
providing this billing service. A copy of this letter will be
furnished BWA for inclusion in each customers' file.

2. VHNA shall coordinate the sewer billing date to correspond to the billing date for water service.

3. VHNA shall coordinate the due date of the sewer bill to the water bills to eliminate multiple disconnects. The date on which the sewer bill becomes delinquent will correspond with date the water bill becomes delinquent.

4. VHNA shall coordinate the changeover from a flat fee to billings based on water usage and shall bill and collect for any partial months caused by this change.

5. VHNA shall adopt a late fee charge compatible with the late fee charged water customers by BWA.

6. BWA shall compute each sewer bill based on the water usage and shall include this amount as a second line on the water bill.

7. BWA shall maintain an individual account for the Verna Hills Neighborhood Association in their accounting system in order to identify all charges and collections applicable to the Verna Hills sewer charges.

8. In the event a customer does not pay the water and/or sewer bill by the due date, BWA will initiate a letter to the customer giving notification that their account is past due and if payment is not received by the specified date, their service will be discontinued and there will be a fee for reinstating the service. This fee is retained by BWA to cover the costs of reinstating the service once the charges and fees have been paid. VHNA shall indemnify and hold harmless BWA from all costs, including reasonable attorneys' fees, arising out of such termination of sewer service.

9. BWA will charge a fee of four (4) percent of total charges billed for each month with the minimum charge to be \$200. A check will be issued by BWA no later than the 25th of each month for the amount of collections for the month less the BWA fee for billing. A list of accounts collected and accounts that are delinquent will be furnished to VHNA along with the check.

10. In the event a customer moves leaving an unpaid balance, BWA will notify VHNA and it will be the responsibility of the VHNA to pursue collection of the sewer charges.

11. This agreement shall become effective on the day and year first above written and shall remain in effect until terminated by either party giving ninety (90) days advance notice in writing to the other party.

This Agreement has been executed by the parties hereto, by their appropriate authorized representatives, and a certified copy of the resolutions of the governing authorities of each is attached hereto.

BOONESBORO WATER ASSOCIATION, INC.

BY: James A. Adams


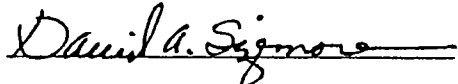
VERNA HILLS NEIGHBORHOOD ASSOCIATION, INC.

BY: B.C. McCord
B.C. McCord
President

RESOLUTION

At the regular meeting of the Board of Directors of the Boonesboro Water Association, Inc., duly held on the 14th day of November 1996, the following resolution, which is still in force and effect, was duly adopted and a written record thereof made, namely:

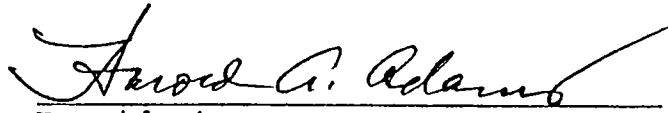
"RESOLVED, that the President and Secretary/Treasurer be and they are hereby authorized on behalf of the Association to execute an agreement with the Verna Hills Neighborhood Association, Inc. to provide billing services to the Verna Hills Neighborhood Association for their sewer charges."

TYPEWRITTEN NAME	TITLE	SIGNATURE
<u>Harold A. Adams</u>	President	
<u>David A. Sizemore</u>	Secretary/Treasurer	

"IT IS FURTHER RESOLVED, that all parties involved are authorized to rely upon the aforesaid resolution until receipt by it of written notice of any change or revocation thereof."

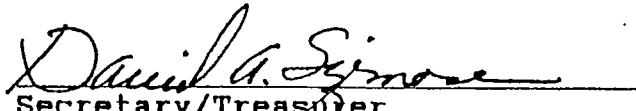
We certify that the above is a true copy of a resolution adopted under date given, is still in effect and it does not conflict with any of the by-laws of the corporation.

Signed and delivered this 14th day of November 1996.



President

Corporate Seal





Secretary/Treasurer

RESOLUTION

At the regular meeting of the Board of Directors of the Verna Hills Neighborhood Association, Inc., duly held on the 21st day of November 1996, the following resolution, which is still in force and effect, was duly adopted and a written record thereof made, namely:

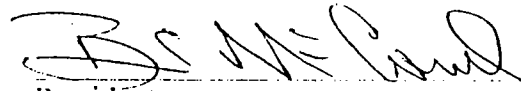
"RESOLVED, that the President and the Secretary be and they are hereby authorized on behalf of the Association to execute an agreement with the Boonesboro Water Association, Inc. for Boonesboro Water Association to provide billing services for the Verna Hills sewer charges."

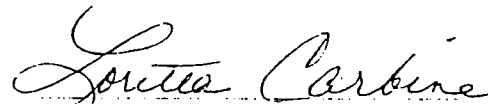
TYPEWRITTEN NAME	TITLE	SIGNATURE
B. C. McCord	President	
Loretta Carbine	Secretary	

IT IS FURTHER RESOLVED, that all parties involved are authorized to rely upon the aforesaid resolution until receipt by it of written notice of any change or revocation thereof."

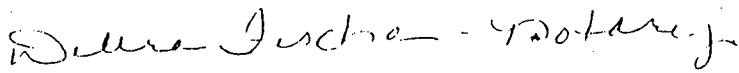
We certify that the above is a true copy of a resolution adopted under date given, is still in effect and it does not conflict with any of the by-laws of the corporation.

Signed and delivered this 21st day of November 1996.


President


Secretary

Resby VIINA


11-13-97

THIS SERVICE AGREEMENT is made and entered into this 2nd day of January, 19 97, by and between BOONESBORO WATER ASSOCIATION, INC., 136 Hud Road, Winchester, Kentucky 40391, (hereinafter referred to as "BWA") and BLAU PUNCT, INC., d/b/a TREEHAVEN MOBILE HOME PARK, whose offices are located at 121 Lafayette Avenue, Lexington, Kentucky 40502 (hereinafter referred to as TMHP).

WITNESSETH; That, whereas, TMHP is the operator of the sanitary sewer system and appurtenances thereto serving Treehaven Mobile Home Park, Clark County, Kentucky; and

WHEREAS, TMHP has established charges for sanitary sewer services based upon water usage by its customers; and

WHEREAS, BWA is engaged in the business of providing water service to certain areas or territories within Clark County, Kentucky, including but not limited to Treehaven Mobile Home Park, located on the north side of Rockwell Service Road in Clark County, Kentucky; and

WHEREAS, TMHP has requested BWA to provide billing services for the sewer charges assessed to the residents of TMHP connected to Winchester Municipal Utilities Community Sewer System during the interim period until the Boonesboro Water Association customers now being served by the Rockwell Village Wastewater Treatment Plant are connected to the Winchester Municipal Utilities Community Sewer System. and

WHEREAS, BWA is willing to provide this billing service, under conditions specified herein;

NOW, THEREFORE, for and in consideration of the mutual benefits to be derived by the parties hereto, the parties covenant and agree as follows:

1. TMHP shall notify the customers affected by this agreement in writing that TMHP has entered into an agreement in which BWA will be providing billing services for their sewer service at rates specified by TMHP and that their sewer charges will be included on the bill for their water service.

2. The sewer billing date and due date for payment shall correspond to the billing date and due date for the water service. The date on which the sewer bill becomes delinquent will be the date the water bill becomes delinquent.

3. TMHP shall adopt a late fee charge compatible with the late fee charged water customers by BWA.

4. BWA shall compute each sewer bill based on the water usage and shall include this amount as a second line on the water bill.

5. BWA shall maintain an individual account for the Treehaven Mobile Home Park in their accounting/billing system to identify all charges and collections applicable to the Treehaven sewer charges.

6. In the event a customer does not pay the water and/or sewer bill by the due date, BWA will initiate a letter to the customer giving notification that their account is past due and if payment is not received by the specified date, their service will be discontinued and there will be a fee for reinstating the service. This fee is retained by BWA to cover the costs of reinstating the service once the charges and fess have been paid. TMHP shall indemnify and hold harmless BWA from all costs, including reasonable attorneys' fees, arising out of such termination of sewer service.

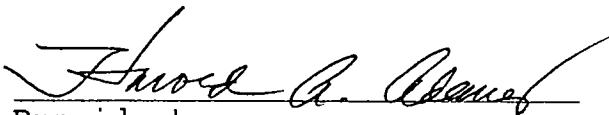
7. BWA will charge a fee of four (4) percent of total charges billed for each month with the minimum charge to be \$75. A check will be issued by BWA no later than the 25th of each month for the amount of collections for the month less the BWA fee for billing. A list of accounts collected and accounts that are delinquent will be furnished to TMHP along with the check.

8. In the event a customer moves leaving an unpaid balance, BWA will notify TMHP and it will be the responsibility of TMHP to pursue collection of the sewer charges.

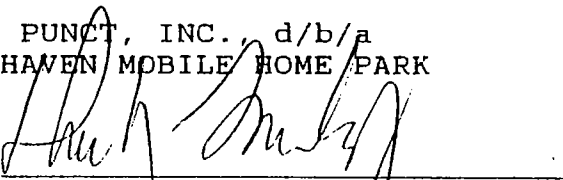
9. This agreement shall become effective on the day and year first above written and shall remain in effect until terminated by either party or until such time as BWA connects its Rockwell Village sanitary sewer system to WMU's sanitary sewer. At this time WMU shall render billings to BWA and BWA agrees to pay said billings pursuant to a new contract to be entered into.

This Agreement has been executed by the properly authorized representatives of the parties hereto, as of the day and year first above written.

BOONESBORO WATER ASSOCIATION, INC.

By: 
President

BLAU PUNCT, INC. d/b/a
TREEHAVEN MOBILE HOME PARK

By: 
Desha N. Sanders, Jr.
President