

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTHERN WATER)
AND SEWER DISTRICT FOR RATE) CASE NO. 2018-00230
ADJUSTMENT PURSUANT TO 807 KAR 5:076)

RESPONSE TO COMMISSION STAFF FIRST REQUEST FOR INFORMATION

The Southern Water and Sewer District (the "Applicant") of Floyd County, Kentucky, respectfully submits the following information in response to Commission Staff's First Request for Information listed in a notice from the Kentucky Public Service Commission dated November 28, 2018:

Each item requested by the Commission Staff has been answered to the best of the District's staff and consultants' knowledge, information and belief. Certifications by those answering the request are included in the documents.

Each item, electronically conveyed to the PSC is in portable document format (PDF) and is searchable and bookmarked.

We trust that this information and attachments will satisfy the Request for Information.

Signed:  _____

Title: Chairman

Date: December 13, 2018

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

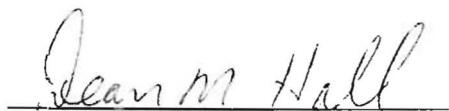
In the Matter of:

APPLIICATION OF SOUTHERN WATER)
AND SEWER DISTRICT FOR RATE ADJUSTMENT) CASE NO. 2018-00230
PURSUANT TO 807 KAR 5:076)

RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
PREPARER'S CERTIFICATION

I, Dean Hall and Paula Burke, do certify that the responses we have prepared are true and accurate to the best of our knowledge, information and belief formed after a reasonable inquiry.

Signed this 13th day of December 2018.



Dean Hall, Manager
Southern Water & Sewer District



Paula Burke
Southern Water & Sewer District

- 1. Provide the Promissory Notes and Loan Agreements that correspond to the Amortization Schedules provide on the two debts to First Guaranty Bank in the amounts of \$25,018.00 and \$41,355.00 in Southern District's application.**

Answers prepared by Dean Hall and Paula Burke

The two loans in question are with First Guaranty Bank, Martin KY and Citizens National Bank, Paintsville KY; not two loans with First Guaranty Bank.

The loan documents follow in this section.



0000003656100038928506501010609151648

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$41,355.00	06-09-2015	06-09-2017	36561	C / U	389285	***	

References in the boxes above 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: SOUTHERN WATER & SEWER DISTRICT
 PO BOX 610
 MCDOWELL, KY 41647

Lender: CITIZENS NATIONAL BANK
 LEFT BEAVER
 PO BOX 1488
 PAINTSVILLE, KY 41240-1488

Principal Amount: \$41,355.00

Date of Note: June 9, 2015

PROMISE TO PAY. SOUTHERN WATER & SEWER DISTRICT ("Borrower") promises to pay to CITIZENS NATIONAL BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of Forty-one Thousand Three Hundred Fifty-five & 00/100 Dollars (\$41,355.00), together with interest on the unpaid principal balance from June 9, 2015, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 4.250% per annum based on a year of 360 days, 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 23 regular payments of \$939.61 each and one irregular last payment estimated at \$22,508.05. Borrower's first payment is due July 9, 2015, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on June 9, 2017, 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. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the 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. All interest payable under this Note is computed using this method.

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: CITIZENS NATIONAL BANK, PO BOX 1488 PAINTSVILLE, KY 41240-1488.

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

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the total sum due under this Note will continue to accrue interest at the interest rate under this Note.

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.

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.

Death or Insolvency. The death of Borrower or 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, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

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.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest



0000003656100038928506501020609151648

**PROMISSORY NOTE
(Continued)**

Loan No: 36561

Page 2

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 JOHNSON County, Commonwealth of Kentucky.

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 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.

APPRAISAL FEE REIMBURSEMENT. If any adoption of or change in law or regulation, or in the interpretation or administration thereof by any official authority, or any requirement or condition imposed or recommended by any official authority, shall cause Citizens National Bank to obtain one or more updated appraisals of any collateral securing payment of this Note, Customer shall, promptly upon demand by Citizens National Bank, reimburse Citizens National Bank for the cost of each such appraisal.

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

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

BORROWER:

SOUTHERN WATER & SEWER DISTRICT

By: Dean Hall
DEAN HALL, MANAGER of SOUTHERN WATER &
SEWER DISTRICT

LENDER:

CITIZENS NATIONAL BANK

x Misty Jenkins
Authorized Signer



0000003656100038928506551010622170944

CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$22,434.72	06-09-2015	08-09-2019	36561	C / U	389285	***	
References in the boxes above 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: SOUTHERN WATER & SEWER DISTRICT
PO BOX 810
MCDOWELL, KY 41647

Lender: CITIZENS BANK OF KENTUCKY
LEFT BEAVER
PO BOX 1488
PAINTSVILLE, KY 41240-1488

Principal Amount: \$22,434.72

Date of Agreement: 06-14-2017

DESCRIPTION OF EXISTING INDEBTEDNESS. PROMISSORY NOTE FROM SOUTHERN WATER & SEWER DISTRICT TO CITIZENS NATIONAL BANK, NKA CITIZENS BANK OF KENTUCKY DATED 06-09-2015.

DESCRIPTION OF COLLATERAL. UCC FILING# 2015-2772214-83.01.

DESCRIPTION OF CHANGE IN TERMS. TERM, RATE CHANGE TO 4.75% , PAYMENT TYPE.

PAYMENT. Borrower will pay this loan in 26 payments of \$909.84 each payment. Borrower's first payment is due July 9, 2017, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on August 9, 2019, and will be for all principal and all accrued interest not yet paid.

INTEREST CALCULATION METHOD. Interest on this loan is computed on a 365/360 basis; that is, by applying the ratio of the 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. All interest payable under this loan is computed using this method.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

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

BORROWER:

SOUTHERN WATER & SEWER DISTRICT

By: Dean Hall
DEAN HALL, MANAGER of SOUTHERN WATER & SEWER DISTRICT

LENDER:

CITIZENS BANK OF KENTUCKY

x Misty R. Jenkins
Authorized Signat



000000001000440250610092320:4061-0874341

LOAN REQUEST SUMMARY

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$25,018.00	09-23-2014	09-23-2019	100044025	00		AJS	

References in the boxes above 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: Southern Water & Sewer District (TIN: 61-0874341)
P.O. Box 610
McDowell, KY 41647

Lender: FIRST GUARANTY BANK
Martin Branch
39 Triangle Street
P.O. Box 886
Martin, KY 41649

INSTALLMENT LOAN
(Fixed Rate)

	<u>Financed</u>	<u>In Cash</u>
AMOUNT REQUESTED:	\$24,919.00	
PREPAID FINANCE CHARGES:		
Loan Origination Fee	50.00	
VSI	27.00	
SECURITY INTEREST CHARGES:		
Recording Fees	22.00	
NOTE AMOUNT:	\$25,018.00	\$0.00

PAYMENT CALCULATION:

Interest Method: 365/365
Disbursement Date: 09-23-2014
First Payment Date: 10-23-2014
Due Date: 09-23-2019
Payment Period: Monthly
Total Number of Pmts: 60
Interest Rate: 5.900%
Credit Insurance: None
Amount of Reg Pmt: \$482.52

Payment Schedule. Borrower's payment schedule consists of the following: 60 monthly consecutive payments of \$482.52 each, beginning October 23, 2014, with interest calculated on the unpaid principal balances at an interest rate of 5.900% per annum. Borrower's final payment will be due on September 23, 2019 and will be for all principal and accrued interest not yet paid, together with any other unpaid amounts under the Note.

APR	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
6.029%	\$4,010.20	\$24,941.00	\$28,951.20

COLLATERAL: Titled Collateral.

TRANSACTION NUMBER: 17376

NOTICE: This Loan Request Summary is for informational purposes only and does not obligate Lender in any way to make this loan or any other loan to Borrower. The fees and charges listed above are estimates only; and, if a loan is made, different or additional fees and charges may be imposed.



0000000010004025035509232014051-0374341

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Cell Cell	ACCOUNT	Officer	Initials
\$25,018.00	09-23-2014	09-23-2019	10004025	06		RJS	

References to the terms above 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: Southern Water & Sewer District (TN
61-0874341)
P.O. Box 610
McDowell, KY 41647

Lender: FIRST GUARANTY BANK
Martin Branch
39 Triangle Street
P.O. Box 888
Martin, KY 41649

Principal Amount: \$25,018.00 Interest Rate: 5.900% Date of Note: September 23, 2014

PROMISE TO PAY. Southern Water & Sewer District ("Borrower") promises to pay to FIRST GUARANTY BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of Twenty-five Thousand Eighteen & 00/100 Dollars (\$25,018.00), together with interest on the unpaid principal balance from September 23, 2014, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 5.900% per annum, 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 full immediately upon Lender's demand. If no demand is made, Borrower will pay this loan in 60 payments of \$482.52 each payment. Borrower's first payment is due October 23, 2014, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on September 23, 2019, 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 late charges; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT; MINIMUM INTEREST CHARGE. 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. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest charge of \$10.00. Other than Borrower's obligation to pay any minimum interest charge, 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 checks 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: FIRST GUARANTY BANK, Martin Branch, 39 Triangle Street, P.O. Box 888, Martin, KY 41649.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment or \$25.00, 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 2.000 percentage points. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

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, in 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.

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 Floyd County, Commonwealth of Kentucky.

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 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 this indebtedness against any and all such accounts.

COLLATERAL. Borrower acknowledges this Note is secured by the following collateral described in the security instrument listed herein: a motor vehicle described in a Commercial Security Agreement dated September 23, 2014.

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.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's accounts to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy/ies should be sent to Lender at the following address: First Guaranty Bank, P.O. Box 888, Martin, KY 41649.

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 forego enforcing any of its rights or remedies under this Note without losing them. 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, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

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

BORROWER:

SOUTHERN WATER & SEWER DISTRICT

By: 
PAULA JOHNSON, CHAIRMAN of Southern Water & Sewer District

By: 
GARY L. ANKERSHIP, SECRETARY of Southern Water & Sewer District



000000000100044025034509232014051-0874341

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$25,018.00	09-23-2014	09-23-2019	100044025	00		RJS	

References in the boxes above 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: Southern Water & Sewer District (TIN: 61-0674341)
P.O. Box 610
McDowell, KY 41647

Lender: FIRST GUARANTY BANK
Martin Branch
39 Triangle Street
P.O. Box 888
Martin, KY 41640

LOAN TYPE: This is a Fixed Rate (5.900%) Nondisclosable Loan to a Government Entity for \$25,018.00 due on September 23, 2019

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).

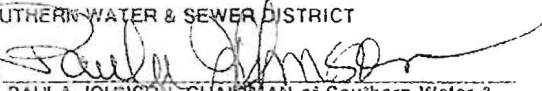
SPECIFIC PURPOSE: The specific purpose of this loan is: purchase 2014 Ford F150.

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 \$25,018.00, together with funds contributed of \$10,000.00, as follows:

Amount paid to others on Borrower's behalf:	\$34,919.00
\$34,919.00 to FREEDOM FORD HONDA	
Other Charges Financed:	\$22.00
\$22.00 Recording Fees	
Total Financed Prepaid Finance Charges:	\$77.00
\$50.00 Loan Origination Fee	
\$27.00 VSI	
Amount Contributed by Borrower:	(\$10,000.00)
\$10,000.00 Non-Loan Funds Contributed By/For Borrower	
Note Principal:	\$25,018.00

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 SEPTEMBER 23, 2014.

BORROWER:

SOUTHERN WATER & SEWER DISTRICT
By: 
PAULA JOHNSON, CHAIRMAN of Southern Water & Sewer District

By: 
GARY BLANKENSHIP, SECRETARY of Southern Water & Sewer District

COMMERCIAL SECURITY AGREEMENT

Principal \$25,018.00	Loan Date 09-23-2014	Maturity 09-23-2019	Loan No 100044025	Call / Coll 00	Account	Officer RJS	Initials
References in the boxes above 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.							

Grantor: Southern Water & Sewer District (TIN: 61-0874341)
P.O. Box 610
McDowell, KY 41647

Lender: FIRST GUARANTY BANK
Martin Branch
39 Triangle Street
P.O. Box 888
Martin, KY 41649

THIS COMMERCIAL SECURITY AGREEMENT dated September 23, 2014, is made and executed between Southern Water & Sewer District ("Grantor") and FIRST GUARANTY BANK ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property in which Grantor is giving to Lender a security interest for the payment of the indebtedness and performance of all other obligations under the Note and this Agreement:

2014 FORD F150 PICKUP (VIN 1FTFW1EF8EFA05236)

In addition, the word "Collateral" also includes all the following:

- (A) All accessions, attachments, accessories, replacements and additions to any of the collateral described herein, whether added now or later
- (B) All products and produce of any of the property described in this Collateral section
- (C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

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

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender.

Notices to Lender. Grantor 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 (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the structure of the entity Grantor; (4) change in the authorized signat(s); (5) change in Grantor's principal office address; (6) change in Grantor's principal residence; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name will take effect until after Lender has received notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. There shall be no setoffs or counterclaims against any of the Collateral and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except for vehicles, and except otherwise in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral at Grantor's address shown above or at such other locations as are acceptable to Lender. If the Collateral is a vehicle, Grantor will keep the Collateral at those addresses except for routine travel. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. To the extent that the Collateral consists of vehicles, or other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the Commonwealth of Kentucky, without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions Involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security

interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, reasonable attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral if the estimated cost of repair or replacement exceeds \$5000, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, file transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to

transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement.

GRANTOR'S RIGHT TO POSSESSION. Until default, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. If Lender at any time has possession of any Collateral, whether before or after Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Default will occur if payment in full is not made immediately when due.

RIGHTS AND REMEDIES ON DEFAULT. If Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Kentucky Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral, if the Collateral contains other goods not covered by this Agreement at the time of repossession. Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in the subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

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

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement 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. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys'

COMMERCIAL SECURITY AGREEMENT
(Continued)

Loan No: 100044025

Page 4

fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor 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. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

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

Governing Law. This Agreement 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 Agreement has been accepted by Lender in the Commonwealth of Kentucky.

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

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement 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 Agreement 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 Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, 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.

Notices. Any notice required to be given under this Agreement 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 Agreement. Any party may change its address for notices under this Agreement 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, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. 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 Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means Southern Water & Sewer District and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default"

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means Southern Water & Sewer District.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction

COMMERCIAL SECURITY AGREEMENT
(Continued)

Loan No: 100044025

Page 5

hereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means FIRST GUARANTY BANK, its successors and assigns.

Note. The word "Note" means the Note dated September 23, 2014 and executed by Southern Water & Sewer District in the principal amount of \$25,018.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guarantees, 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.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED SEPTEMBER 23, 2014.

GRANTOR:

SOUTHERN WATER & SEWER DISTRICT

By: 

PAULA JOHNSON, CHAIRMAN of Southern Water & Sewer District

By: 

GARY BLANKENSHIP, SECRETARY of Southern Water & Sewer District



00000000100044026046009222014081-0874341

GOVERNMENTAL CERTIFICATE

App. Date	Application No.	Loan Amount	Branch	Collateral	Officer	Init.
09/22/2014		25,018.00	03	00	RJS	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Entity: Southern Water & Sewer District (TIN: 61-0374041)
P.O. Box 610
McDowell, KY 41647

Lender: FIRST GUARANTY BANK
Martin Branch
39 Triangle Street
P.O. Box 888
Martin, KY 41649

WE, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE ENTITY'S EXISTENCE. The complete and correct name of the governmental entity is Southern Water & Sewer District ("Entity"). The Entity is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws and regulations of the Entity's state of organization. The Entity has the full power and authority to own its properties and to transact the business and activities in which it is presently engaged or presently proposes to engage. The Entity maintains an office at 245, Ky Rt 680, McDowell, KY 41647. The Entity 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 the Entity and any other governmental or quasi-governmental authority or court applicable to the Entity, and the Entity's business activities.

CERTIFICATES ADOPTED. At a meeting of the appropriate governing body of the Entity, duly called and held on September 22, 2014, at which a quorum was present and voting, or by either duly authorized action in lieu of a meeting, the resolutions set forth in this Certificate were adopted.

OFFICIALS. The following named persons is an Officials of Southern Water & Sewer District:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
PAULA JOHNSON	CHAIRMAN	Y	
GARY BLANKENSHIP	SECRETARY	Y	

ACTIONS AUTHORIZED. Any two (2) of the authorized persons listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Entity. Specifically, but without limitation, any two (2) of such authorized persons is authorized, empowered, and directed to do the following for and on behalf of the Entity:

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 Entity and Lender, such sum or sums of money as in their judgment should be borrowed; however, not exceeding at any one time the amount of Twenty-five Thousand Eighteen & 00/100 Dollars (\$25,018.00), in addition to such sum or sums of money as may be currently borrowed by the Entity from Lender.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Entity'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 Entity's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, amendments, 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 Entity or in which the Entity now or hereafter may have an interest, including without limitation all of the Entity's real property and all of the Entity'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 Entity 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. Notwithstanding the foregoing, any one of the above authorized persons may execute, deliver, or record financing statements.

Regulate 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 Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity's account with Lender, or to cause such other disposition of the proceeds derived therefrom as they 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 Officials may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Certificate.

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

**GOVERNMENTAL CERTIFICATE
(Continued)**

Loan No: 100044025

Page 2

NOTICES TO LENDER. The Entity 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 Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the structure of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal office address; (F) change in the Entity's principal residence; or (G) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the Entity and Lender.

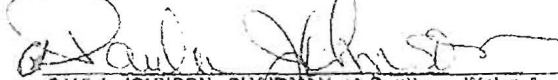
CERTIFICATION CONCERNING OFFICIALS AND CERTIFICATES. The Officials named above is duly elected, appointed, or employed by or for the Entity, as the case may be, and occupy the positions set opposite their respective names. This Certificate now stands of record on the books of the Entity, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Certificate and performed prior to the passage of this Certificate are hereby ratified and approved. This Certificate 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 Entity'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 signatures set opposite the names listed above is their genuine signatures.

We each have read all the provisions of this Certificate, and we each personally and on behalf of the Entity certify that all statements and representations made in this Certificate are true and correct. This Governmental Certificate is dated September 22, 2014.

CERTIFIED TO AND ATTESTED BY



PAULA JOHNSON, CHAIRMAN of Southern Water &
Sewer District



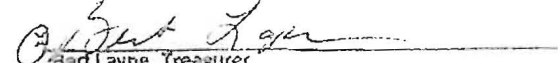
GARY BLANKENSHIP, SECRETARY of Southern
Water & Sewer District



Hayes E. Hamilton, Commissioner of Southern Water
& Sewer District



Scarlett Stumbo, Commissioner of Southern Water &
Sewer District



Bert Layne, Treasurer

NOTE: If the Officials signing this Certificate is designated by the foregoing document as one of the officials authorized to act on the Entity's behalf, it is advisable to have this Certificate signed by at least one non-authorized official of the Entity.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

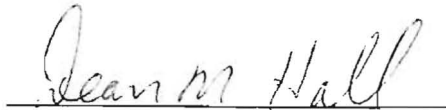
In the Matter of:

APPLIICATION OF SOUTHERN WATER)
AND SEWER DISTRICT FOR RATE ADJUSTMENT) CASE NO. 2018-00230
PURSUANT TO 807 KAR 5:076)

RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
PREPARER'S CERTIFICATION

I, Dean Hall and Paula Burke, do certify that the responses we have prepared are true and accurate to the best of our knowledge, information and belief formed after a reasonable inquiry.

Signed this 13th day of December 2018.



Dean Hall, Manager
Southern Water & Sewer District



Paula Burke
Southern Water & Sewer District

- 2. Provide all meeting minutes of Southern District's Board of Commissioners in which the loans referenced in Item 1 above were discussed or approved.**

Answers prepared by Dean Hall and Paula Burke

Board meeting minutes follow in this section.

**SOUTHERN WATER & SEWER DISTRICT
REGULAR MONTHLY MEETING
MAY 26, 2015 @ 5:00 P.M.**

ATTENDANCE:

PAULA JOHNSON, CHAIRMAN	MATT CURTIS, K.E.G.
BARRY HALL, SECRETARY	TROY HOGG, K.E.G.
HAYES HAMILTON, COMMISSIONER	DERRICK MOTSCH, SUMMIT ENG.
LARRY JOE OSBORNE, TREASURER	
JOE JACOBS, COMMISSIONER	RANDY DAVIS, MAGIST.
DEAN HALL, MANAGER	MIKE TACKETT, MAGIST.
MARIBETH WEBB, OFFICE MGR.	ROGER WEBB
JEFF REED, CPA	BEN HALE, CO. JUDGE EXC.

The meeting was called to order by Chairman, Paula Johnson at 5:00 P.M.

MOTION TO APPROVE MINUTES DATED APRIL 27, 2015

MOTION MADE BY: HAYES HAMILTON.

SECONDED BY: BARRY HALL

MOTION PASSED

MOTION TO APPROVE THE FINANCIAL STATEMENT FOR MARCH 2015

MOTION MADE BY: LARRY JOE OSBORNE

SECONDED BY: JOE JACOBS

MOTION PASSED

MOTION TO PAY PIKEVILLE CITY UTILITIES IN FULL

MOTION MADE BY: BARRY HALL

SECONDED BY: LARRY JOE OSBORNE

MOTION PASSED

MOTION TO PURCHASE AN EXCAVATOR

MOTION MADE BY: JOE JACOBS

SECONDED BY: BARRY HALL

MOTION PASSED

**MOTION TO AUTHORIZE DEAN HALL TO SIGN ALL DOCUMENTS ON
THE PURCHASE OF A NEW EXCAVATOR**

MOTION MADE BY: HAYES HAMILTON

SECONDED BY: BARRY HALL

MOTION PASSED

MOTION TO GO IN TO EXECUTIVE SESSION

MOTION MADE BY: BARRY HALL

SECONDED BY: LARRY JOE OSBORNE

MOTION PASSED

MOTION TO COME OUT OF EXECUTIVE SESSION

MOTION MADE BY: BARRY HALL

SECONDED BY: JOE JACOBS

MOTION PASSED


MOTION TO ADJOURN

MOTION MADE BY: JOE JACOBS

SECONDED BY: HAYES HAMILTON

MOTION PASSED

With there being no further business to discuss, this meeting was adjourned at 6:50 P.M.
Passed by Southern Water & Sewer District Commissioners on this 22 day of JUNE,
2015.



PAULA JOHNSON, CHAIRMAN



BARRY HALL, SECRETARY

SOUTHERN WATER & SEWER DISTRICT

PO BOX 610

MCDOWELL, KY 41647

REGULAR CALLED MEETING MONDAY, September 22, 2014 @5PM

ATTENDANCE

PAULA JOHNSON, CHAIRMAN

TINA MOSLEY, STAFF

BERT LAYNE, ACTING SECRETARY

JEFF REED, MIKE SPEARS CPA

HAYES HAMILTON, COMMISSIONER

RICHARD PAULMANN, AUDITOR

SCARLETT STUMBO, COMMISSIONER

LIBBY RATCLIFF, BSADD

DEAN HALL, STAFF

KEVIN HOWARD, SUMMIT ENG.

Meeting was called to order by Paula Johnson @ 4:51 PM

Richard Paulmann presented the board with the 2012-2013 FY audit.

MOTION TO APPROVE 2012-2013 SOUTHERN WATER AND SEWER DISTRICT AUDIT

MOTION MADE BY: HAYES HAMILTON

SECONDED BY: BERT LAYNE

MOTION PASSED

MOTION TO APPROVE AUGUST 25, 2014 MINUTES

MOTION MADE BY: SCARLETT STUMBO

SECONDED BY: BERT LAYNE

MOTION PASSED

Jeff Reed with Mike Spears CPA presented the board with the August 2014 financial statement for Southern Water and Sewer District.

MOTION TO ACCEPT AUGUST 2014 FINANCIAL STATEMENTS

MOTION MADE BY: HAYES HAMILTON

SECONDED BY: SCARLETT STUMBO

MOTION PASSED

Dean Hall discussed the 8 bids that he had received on the purchase of a new truck. The lowest bid that Mr. Hall received was from Freedom Ford at Ivel for a 2014 Ford F150 for \$34,700.

Mr. Hall stated that we received a \$10,000 check from GEICO for a prior accident that totaled one of our vehicles. The check will be applied toward the purchase of the truck. The remainder of the balance will be financed thru First Guaranty Bank with Gary Blankenship and Paula Johnson authorized to sign bank documents.

MOTION TO APPROVE TO PURCHASE A 2014 FORD F150 FROM FREEDOM FORD AT IVEL FOR \$34,700 AND FINANCE THE BALANCE AT FIRST GUARANTY BANK AUTHORIZING GARY BLANKENSHIP AND PAULA JOHNSON TO SIGN BANK DOCUMENTS FOR THE PURCHASE

MOTION MADE BY: BERT LAYNE

SECONDED BY: HAYES HAMILTON

MOTION PASSED

Mr. Hall updated the board on the Minnie to Harold project which is complete with a few minor things.

Mr. Hall began to discuss the progress of the McDowell Curve project. So far 90% of the lines have been relayed, have been sampled, and pressure tested.

Kevin Howard began discussing the Harold Sewer/ Gearheart Project. The contract has recently been awarded to BOCCA.

Mr. Hall addressed the board with a current situation that has come up regarding the Sewer Treatment Plants. Today Mr. Hall received a visit from DOW in regard to the NOV's that we have received. According to DOW we have been out of compliance with our samples numerous times and they are demanding to know what our plan is on correcting the problem.

DOW informed Mr. Hall that if a corrective plan or any improvement has not been shown at their next visit then the District will be charged up to \$25,000 for each violation per day and the state will take over the treatment plants. They will also have to a meeting with the board members.

The board decided for Mr. Hall to meet with Anthony and if he could not fulfill his duties than a replacement will be needed. They also informed Mr. Hall to go ahead begin looking for a replacement if Mr. Castle states that he is unable to fulfill his job duties for Southern Water and Sewer District.

Mr. Hall informed the board that the bids were opened and awarded for the 3 surplus vehicles. As of today 2 of the vehicles have already been paid for and one has not.

Mr. Hall stated that Harpo was awarded the bid on one of the trucks and is refusing to pay due to a back bill he is saying the district owes for storage of the truck. While the truck was in his care the truck has been stripped of parts. We have tried numerous times to bring the truck to our lot but he has it fenced in and we are unable to get the truck.

The Board suggested that Mr. Hall seek legal counsel with Tyler Green on a solution to the problem.

Mr. Hall also informed the board that there will be a meeting with Doug Hoff with Rural Development to sign documents for the 3.1 million loan/grant that the district has been awarded. The money will be used for Water Treatment Plant upgrade and upgrade to lines from Allen to Martin.

MOTION TO ADJOURN

MOTION MADE BY: SCARLETT STUMBO


SECONDED BY: HAYES HAMILTON

MOTION PASSED

With there being no further information to discuss this meeting was adjourned at 6:05 p.m. Passed by the Southern Water & Sewer Commissioners on this _____ day of _____ 2014.



PAULA JOHNSON, CHAIRMAN



BERT LAYNE, ACTING SECRETARY

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLIICATION OF SOUTHERN WATER)	
AND SEWER DISTRICT FOR RATE ADJUSTMENT)	CASE NO. 2018-00230
PURSUANT TO 807 KAR 5:076)	

RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
PREPARER'S CERTIFICATION

I, Holly Nicholas, do certify that the responses I have prepared are true and accurate to the best of my knowledge, information and belief formed after a reasonable inquiry.

Signed this 10ty day of December 2018.



Holly Nicholas

3. Refer to the Appendix to this Order labeled "Customer History Report" that was provided via electronic mail to Commission Staff during its financial review in the pending case. Explain what each category listed below means.
- a. WAT Water Billing
 - b. PNB Penalty Billing
 - c. PNJ Penalty Adjustment
 - d. OVP Apply Unapplied Cash

Answers prepared by Holly Nicholas

WAT – Water Billing – this is the dollar amount charged for the volume of water purchased during the current billing cycle.

PNB – Penalty Billing – per the District's tariffs, they are allowed to charge a ten percent penalty to a customer if the current bill is not paid by the end of business on the 20th day of the month. This amount is entered into the billing program and will show up on the next month's billing.

PNJ – Penalty Adjustment – if a customer makes a payment at the Harold, KY billing center near the cut off date, the payment center may not inform the District that a payment has been made until after the 20th of the month. If the District finds that the payment was in deed made before the close of business on the 20th, it removes the penalty from the next month's billing.

OVP – Apply Unapplied Cash – if a customer makes a payment in an amount greater than the bill (either through mailing or presenting a check in person), the amount over the bill amount will be credited to the customer on the next billing cycle.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLIICATION OF SOUTHERN WATER)
AND SEWER DISTRICT FOR RATE ADJUSTMENT) CASE NO. 2018-00230
PURSUANT TO 807 KAR 5:076)

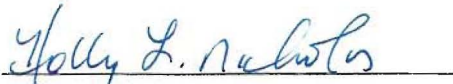
RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
PREPARER'S CERTIFICATION

I, Paula Burke and Holly Nicholas, do certify that the responses we have prepared are true and accurate to the best of our knowledge, information and belief formed after a reasonable inquiry.

Signed this 10th day of December 2018.



Paula Burke
Southern Water & Sewer District



Holly L. Nicholas
Kentucky Engineering Group, PLLC

4. Provide the average usage for Southern District's commercial customers for each month of the calendar year ended December 31, 2017.

Answers prepared by Paula Burke and Holly Nicholas

2017 Monthly Usage for Commercial Customers:

January	7,534
February	7,534
March	6,924
April	9,219
May	7,192
June	8,863
July	8,676
August	8,270
September	8,233
October	8,222
November	9,147
December	8,145

Backup data to these averages is attached in this section.

Please note that even though January and February total the same usage amount with the same number of customers, individual usages did in fact vary. A listing of all commercial customers who used over 1,000 gallons is included for the months of January and February so the individual usages can be seen.

**Southern Water & Sewer District
Summery - Commercial Customers - 2017**

Month	Number of Customers	Total Usage	Average Usage
January	73	550,000	7,534
February	73	550,000	7,534
March	79	547,000	6,924
April	73	673,000	9,219
May	73	525,000	7,192
June	73	647,000	8,863
July	74	642,000	8,676
August	74	612,000	8,270
September	73	601,000	8,233
October	72	592,000	8,222
November	75	686,000	9,147
December	<u>76</u>	<u>619,000</u>	<u>8,145</u>
Totals	888	7,244,000	8,158

Southern Water and Sewer Consumption Analysis

Account Range	All Accounts	Limits	Increments
Service Type	WT Water	999,999,999	999,999,999
Rate Code	All Rates		
Billing Cycle	1 Cycle 1		
Report Is For	History Billing Information		
History Date Range	01/01/2017 To 01/31/2017		
Print On Report	Number Of Customers		
Report Type	Break Down Combine Consumption Brackets By Customer		
Customer Type	Commercial		
Use Reading Factor	<input checked="" type="checkbox"/>		
Include Inactive Services	<input type="checkbox"/>		
Produce an exception report of all accounts with a consumption over	0		
Date Selection For Report	Posting		

	Usage Bracket	Number Of		Total Usage
Customer Type C Commercial Breakdown	0 To 0	22		0
	1 To 999,999,999	51		550,000
Customer Type C Commercial Totals		73		550,000
Grand Totals		73		550,000

**Southern Water and Sewer
Consumption Analysis Exception Report**

Account	Service	Rate	Distribution Line	Usage
0102-05200-000	D & B Auto Sales,	Water	01 00-000-000	27,000
0103-03200-000	Apartment, S&J	Water	01 00-000-000	8,000
0103-03300-000	Apartment, S & J	Water	01 00-000-000	4,000
0104-00500-000	L. & B Oil Gas Co. Inc.,	Water	01 00-000-000	3,000
0109-07000-000	Breena's Pizzeria,	Water	01 00-000-000	4,000
0120-00400-000	Dyno Nobel Inc.,	Water	01 00-000-000	12,000
0120-03910-000	King Supply,	Water	01 00-000-000	2,000
0120-05300-001	Seasons Inn,	Water	01 00-000-000	36,000
0120-12710-000	Dairy Queen Corp.,	Water	01 00-000-000	26,000
0120-13010-000	S.a.#0009588. Speedway	Water	01 00-000-000	13,000
0121-00800-000	Home #2. Hall Funeral	Water	01 00-000-000	4,000
0121-00900-000	Dr. Jerald F Combs,	Water	01 00-000-000	2,000
0121-04000-000	Merion Bros. Monument,	Water	01 00-000-000	1,000
0121-04500-000	United Waste System,	Water	01 00-000-000	3,000
0121-04700-000	Halbert, John	Water	01 00-000-000	3,000
0123-09400-000	Alive In The Mts Llc,	Water	01 00-000-000	10,000
0123-15400-000	Gathering, Ilc1, Equitable	Water	01 00-000-000	3,000
0123-15600-001	Mark West Energy,	Water	01 00-000-000	3,000
0123-18200-000	Warco Mfg.,	Water	01 00-000-000	6,000
0123-22800-000	Elliott Complex,	Water	01 00-000-000	3,000
0123-23800-000	Childers Kwik Mart,	Water	01 00-000-000	16,000
0123-24300-000	Appalachian Project, Christian	Water	01 00-000-000	21,000
0123-24400-000	J.m.s. Inc.,	Water	01 00-000-000	10,000
0124-05300-000	Hayes, Dmd. Stan	Water	01 00-000-000	1,000
0124-05900-000	Express #17. Zip Zone	Water	01 00-000-000	15,000
0124-09700-000	Equitable Prod. Company,	Water	01 00-000-000	1,000
0124-15400-000	Core Appalachia. Operating	Water	01 00-000-000	3,000
0125-01400-000	Wayland Quick Mart,	Water	01 00-000-000	2,000
0125-01600-000	Wayland Comm Center,	Water	01 00-000-000	2,000
0125-09200-001	Ever Care,	Water	01 00-000-000	8,000
0126-02800-000	S & S Whiskey,	Water	01 00-000-000	4,000
0127-27210-000	Controls, D.c.	Water	01 00-000-000	5,000
0127-28810-000	Hi-lite Pizza,	Water	01 00-000-000	3,000
0127-40610-001	Turner Howell Llc,	Water	01 00-000-000	1,000
0128-00600-000	D.a.v.,	Water	01 00-000-000	1,000
0128-08310-000	Professional Pharmacy, McDowell	Water	01 00-000-000	6,000
0128-08510-000	Dollar General Store,	Water	01 00-000-000	3,000
0128-08910-000	Citizen's National Bank,	Water	01 00-000-000	2,000
0128-09910-000	I.g.a.. Mcdowell	Water	01 00-000-000	64,000
0128-10010-000	Dawson Reality,	Water	01 00-000-000	20,000
0128-12310-000	Stop & Shop, Mcdowell	Water	01 00-000-000	5,000
0128-29010-000	Car Wash. Mcdowell	Water	01 00-000-000	26,000
0130-05650-000	Mountain Heart Flooring,	Water	01 00-000-000	1,000
0130-15250-000	Ready Mart#32,	Water	01 00-000-000	5,000
0130-15900-000	Health Care. Golden Years	Water	01 00-000-000	127,000
0130-17500-000	Jones Body Shop,	Water	01 00-000-000	3,000
0131-04100-000	Woodys Carry Out,	Water	01 00-000-000	2,000
0131-08100-000	Service, R&J Wells	Water	01 00-000-000	9,000
0131-14000-000	Hitching Post Market,	Water	01 00-000-000	2,000
0131-14100-000	Hitching Post#2,	Water	01 00-000-000	8,000
0146-00200-000	Mitzi's Hair Design,	Water	01 00-000-000	1,000

Account		Service	Rate	Distribution Line	Usage
0131-14100-000	Hitching Post#2,	Water	01	00-000-000	10,000
0135-11800-000	Mine Power Products.inc.,	Water	01	00-000-000	1,000

Southern Water and Sewer Consumption Analysis

Account Range	All Accounts	<u>Limits</u>	<u>Increments</u>
Service Type	WT Water	999,999,999	999,999,999
Rate Code	All Rates		
Billing Cycle	1 Cycle 1		
Report Is For	History Billing Information		
History Date Range	02/01/2017 To 02/28/2017		
Print On Report	Number Of Customers		
Report Type	Break Down Combine Consumption Brackets By Customer		
Customer Type	Commercial		
Use Reading Factor	<input checked="" type="checkbox"/>		
Include Inactive Services	<input type="checkbox"/>		
Produce an exception report of all accounts with a consumption over	0		
Date Selection For Report	Posting		

	Usage Bracket	Number Of	Total Usage
Customer Type C Commercial Breakdown	0 To 0	13	0
	1 To 999,999,999	60	550,000
Customer Type C Commercial Totals		73	550,000
Grand Totals		73	550,000

**Southern Water and Sewer
Consumption Analysis Exception Report**

Account	Service	Rate	Distribution Line	Usage
0102-05200-000	D & B Auto Sales,	Water	01 00-000-000	8,000
0103-03200-000	Apartment, S&J	Water	01 00-000-000	4,000
0103-03300-000	Apartment, S & J	Water	01 00-000-000	6,000
0104-00500-000	L. & B Oil Gas Co. Inc.,	Water	01 00-000-000	4,000
0109-07000-000	Breena's Pizzaria,	Water	01 00-000-000	2,000
0120-00400-000	Dyno Nobel Inc.,	Water	01 00-000-000	33,000
0120-03910-000	King Supply,	Water	01 00-000-000	1,000
0120-05150-000	Porter Steel Fabrication,	Water	01 00-000-000	1,000
0120-05300-001	Seasons Inn,	Water	01 00-000-000	28,000
0120-12100-000	Electric, Frasure	Water	01 00-000-000	1,000
0120-12710-000	Dairy Queen Corp.,	Water	01 00-000-000	23,000
0120-13010-000	S. a #0009588, Speedway	Water	01 00-000-000	11,000
0121-00800-000	Home #2, Hall Funeral	Water	01 00-000-000	11,000
0121-00900-000	Dr. Jerald F Combs,	Water	01 00-000-000	1,000
0121-01100-000	South Central Bell,	Water	01 00-000-000	1,000
0121-01500-000	Taylor D. Harris,	Water	01 00-000-000	1,000
0121-02800-000	Vanover, Jack	Water	01 00-000-000	1,000
0121-04000-000	Merion Bros. Monument,	Water	01 00-000-000	1,000
0121-04500-000	United Waste System,	Water	01 00-000-000	2,000
0121-04700-000	Halbert, John	Water	01 00-000-000	4,000
0121-08050-000	Mining, Black Hawk	Water	01 00-000-000	7,000
0123-09400-000	Alive In The Mts Llc,	Water	01 00-000-000	2,000
0123-15400-000	Gathering, llc1, Equitable	Water	01 00-000-000	2,000
0123-15600-001	Mark West Energy,	Water	01 00-000-000	5,000
0123-17400-000	Shawna's Hair & More,	Water	01 00-000-000	1,000
0123-18200-000	Warco Mfg.,	Water	01 00-000-000	5,000
0123-22800-000	Elliott Complex,	Water	01 00-000-000	3,000
0123-23800-000	Childers Kwik Mart,	Water	01 00-000-000	15,000
0123-24300-000	Appalachian Project, Christian	Water	01 00-000-000	32,000
0123-24400-000	J.m.s. Inc.,	Water	01 00-000-000	9,000
0123-65000-001	Mark West Energy,	Water	01 00-000-000	1,000
0124-05300-000	Hayes, Dmd, Stan	Water	01 00-000-000	1,000
0124-05900-000	Express #17, Zip Zone	Water	01 00-000-000	10,000
0124-09700-000	Equitable Prod. Company,	Water	01 00-000-000	19,000
0124-15400-000	Core Appalachia, Operating	Water	01 00-000-000	3,000
0125-01400-000	Wayland Quick Mart,	Water	01 00-000-000	2,000
0125-01600-000	Wayland Comm Center,	Water	01 00-000-000	2,000
0125-09200-001	Ever Care,	Water	01 00-000-000	3,000
0126-02800-000	S & S Whiskey,	Water	01 00-000-000	3,000
0127-04610-000	Marco Ind. Tire,	Water	01 00-000-000	1,000
0127-19810-000	Equitable Gathering,	Water	01 00-000-000	3,000
0127-27210-000	Controls, D.c.	Water	01 00-000-000	3,000
0127-28810-000	Hi-lite Pizza,	Water	01 00-000-000	3,000
0127-40610-001	Turner Howell Llc,	Water	01 00-000-000	1,000
0128-08310-000	Professional Pharmacy, McDowell	Water	01 00-000-000	6,000
0128-08510-000	Dollar General Store,	Water	01 00-000-000	24,000
0128-08910-000	Citizen's National Bank,	Water	01 00-000-000	1,000
0128-09910-000	I.g.a., Mcdowell	Water	01 00-000-000	57,000
0128-10010-000	Dawson Reality,	Water	01 00-000-000	17,000
0128-12310-000	Stop & Shop, Mcdowell	Water	01 00-000-000	5,000
0128-29010-000	Car Wash, Mcdowell	Water	01 00-000-000	16,000
0130-05650-000	Mountain Heart Flooring,	Water	01 00-000-000	1,000
0130-15250-000	Ready Mart#32,	Water	01 00-000-000	2,000
0130-15900-000	Health Care, Golden Years	Water	01 00-000-000	119,000
0130-17500-000	Jones Body Shop,	Water	01 00-000-000	2,000

Account		Service	Rate	Distribution Line	Usage
0131-04100-000	Woodys Carry Out,	Water	01	00-000-000	1,000
0131-08100-000	Service, R&J Wells	Water	01	00-000-000	9,000
0131-14000-000	Hitching Post Market,	Water	01	00-000-000	2,000
0131-14100-000	Hitching Post#2,	Water	01	00-000-000	7,000
0135-11800-000	Mine Power Products.inc.,	Water	01	00-000-000	1,000

Southern Water and Sewer Consumption Analysis

Account Range	All Accounts	Limits	Increments
Service Type	All Service Types	999,999,999	999,999,999
Rate Code	All Rates		
Billing Cycle	1 Cycle 1		
Report Is For	History Billing Information		
History Date Range	03/01/2017 To 03/31/2017		
Print On Report	Number Of Services		
Report Type	Break Down Combine Consumption Brackets By Customer		
Customer Type	Commercial		
Use Reading Factor	<input checked="" type="checkbox"/>		
Include Inactive Services	<input type="checkbox"/>		
Produce an exception report of all accounts with a consumption over	0		
Date Selection For Report	Reading		

	Usage Bracket	Number Of Services		Total Usage
Customer Type C Commercial Breakdown	0 To 0	20		0
	1 To 999,999,999	59		547,000
Customer Type C Commercial Totals		79		547,000
Grand Totals		79		547,000

Southern Water and Sewer Consumption Analysis

Account Range	All Accounts	<u>Limits</u>	<u>Increments</u>
Service Type	WT Water	999,999,999	999,999,999
Rate Code	All Rates		
Billing Cycle	1 Cycle 1		
Report Is For	History Billing Information		
History Date Range	04/01/2017 To 04/30/2017		
Print On Report	Number Of Customers		
Report Type	Break Down Combine Consumption Brackets By Customer		
Customer Type	Commercial		
Use Reading Factor	<input checked="" type="checkbox"/>		
Include Inactive Services	<input type="checkbox"/>		
Produce an exception report of all accounts with a consumption over	0		
Date Selection For Report	Posting		

	Usage Bracket	Number Of	Total Usage
Customer Type C Commercial Breakdown	0 To 0	13	0
	1 To 999,999,999	60	673,000
Customer Type C Commercial Totals		73	673,000
Grand Totals		73	673,000

Southern Water and Sewer Consumption Analysis

Account Range	All Accounts	<u>Limits</u>	<u>Increments</u>
Service Type	WT Water	999,999,999	999,999,999
Rate Code	All Rates		
Billing Cycle	1 Cycle 1		
Report Is For	History Billing Information		
History Date Range	05/01/2017 To 05/31/2017		
Print On Report	Number Of Customers		
Report Type	Break Down Combine Consumption Brackets By Customer		
Customer Type	Commercial		
Use Reading Factor	<input checked="" type="checkbox"/>		
Include Inactive Services	<input type="checkbox"/>		
Produce an exception report of all accounts with a consumption over	0		
Date Selection For Report	Posting		

	Usage Bracket	Number Of	Total Usage
Customer Type C Commercial Breakdown	0 To 0	16	0
	1 To 999,999,999	57	525,000
Customer Type C Commercial Totals		73	525,000
Grand Totals		73	525,000

Southern Water and Sewer Consumption Analysis

Account Range	All Accounts	<u>Limits</u>	<u>Increments</u>
Service Type	WT Water	999,999,999	999,999,999
Rate Code	All Rates		
Billing Cycle	1 Cycle 1		
Report Is For	History Billing Information		
History Date Range	06/01/2017 To 06/30/2017		
Print On Report	Number Of Customers		
Report Type	Break Down Combine Consumption Brackets By Customer		
Customer Type	Commercial		
Use Reading Factor	<input checked="" type="checkbox"/>		
Include Inactive Services	<input type="checkbox"/>		
Produce an exception report of all accounts with a consumption over	0		
Date Selection For Report	Posting		

	Usage Bracket	Number Of	Total Usage
Customer Type C Commercial Breakdown	0 To 0	17	0
	1 To 999,999,999	56	647,000
Customer Type C Commercial Totals		73	647,000
Grand Totals		73	647,000

Southern Water and Sewer Consumption Analysis

Account Range	All Accounts	<u>Limits</u>	<u>Increments</u>
Service Type	WT Water	999,999,999	999,999,999
Rate Code	All Rates		
Billing Cycle	1 Cycle 1		
Report Is For	History Billing Information		
History Date Range	07/01/2017 To 07/31/2017		
Print On Report	Number Of Customers		
Report Type	Break Down Combine Consumption Brackets By Customer		
Customer Type	Commercial		
Use Reading Factor	<input checked="" type="checkbox"/>		
Include Inactive Services	<input type="checkbox"/>		
Produce an exception report of all accounts with a consumption over	0		
Date Selection For Report	Posting		

	Usage Bracket	Number Of		Total Usage
Customer Type C Commercial Breakdown	0 To 0	21		0
	1 To 999,999,999	53		642,000
Customer Type C Commercial Totals		74		642,000
Grand Totals		74		642,000

Southern Water and Sewer Consumption Analysis

Account Range	All Accounts	<u>Limits</u>	<u>Increments</u>
Service Type	WT Water	999,999,999	999,999,999
Rate Code	All Rates		
Billing Cycle	1 Cycle 1		
Report Is For	History Billing Information		
History Date Range	08/01/2017 To 08/31/2017		
Print On Report	Number Of Customers		
Report Type	Break Down Combine Consumption Brackets By Customer		
Customer Type	Commercial		
Use Reading Factor	<input checked="" type="checkbox"/>		
Include Inactive Services	<input type="checkbox"/>		
Produce an exception report of all accounts with a consumption over	0		
Date Selection For Report	Posting		

	Usage Bracket	Number Of	Total Usage
Customer Type C Commercial Breakdown	0 To 0	15	0
	1 To 999,999,999	59	612,000
Customer Type C Commercial Totals		74	612,000
Grand Totals		74	612,000

Southern Water and Sewer Consumption Analysis

Account Range	All Accounts	<u>Limits</u>	<u>Increments</u>
Service Type	WT Water	999,999,999	999,999,999
Rate Code	All Rates		
Billing Cycle	1 Cycle 1		
Report Is For	History Billing Information		
History Date Range	09/01/2017 To 09/30/2017		
Print On Report	Number Of Customers		
Report Type	Break Down Combine Consumption Brackets By Customer		
Customer Type	Commercial		
Use Reading Factor	<input checked="" type="checkbox"/>		
Include Inactive Services	<input type="checkbox"/>		
Produce an exception report of all accounts with a consumption over	0		
Date Selection For Report	Posting		

	Usage Bracket	Number Of	Total Usage
Customer Type C Commercial Breakdown	0 To 0	17	0
	1 To 999,999,999	56	601,000
Customer Type C Commercial Totals		73	601,000
Grand Totals		73	601,000

Southern Water and Sewer Consumption Analysis

Account Range	All Accounts	<u>Limits</u>	<u>Increments</u>
Service Type	WT Water	999,999,999	999,999,999
Rate Code	All Rates		
Billing Cycle	1 Cycle 1		
Report Is For	History Billing Information		
History Date Range	10/01/2017 To 11/02/2017		
Print On Report	Number Of Customers		
Report Type	Break Down Combine Consumption Brackets By Customer		
Customer Type	Commercial		
Use Reading Factor	<input checked="" type="checkbox"/>		
Include Inactive Services	<input type="checkbox"/>		
Produce an exception report of all accounts with a consumption over	0		
Date Selection For Report	Posting		

	Usage Bracket	Number Of	Total Usage
Customer Type C Commercial Breakdown	0 To 0	18	0
	1 To 999,999,999	56	592,000
Customer Type C Commercial Totals		74	592,000
Grand Totals		74	592,000

Southern Water and Sewer Consumption Analysis

Account Range	All Accounts	Limits	Increments
Service Type	WT Water	999,999,999	999,999,999
Rate Code	All Rates		
Billing Cycle	1 Cycle 1		
Report Is For	History Billing Information		
History Date Range	11/03/2017 To 11/30/2017		
Print On Report	Number Of Customers		
Report Type	Break Down Combine Consumption Brackets By Customer		
Customer Type	Commercial		
Use Reading Factor	<input checked="" type="checkbox"/>		
Include Inactive Services	<input type="checkbox"/>		
Produce an exception report of all accounts with a consumption over	0		
Date Selection For Report	Posting		

	Usage Bracket	Number Of		Total Usage
Customer Type C Commercial Breakdown	0 To 0	16		0
	1 To 999,999,999	59		686,000
Customer Type C Commercial Totals		75		686,000
Grand Totals		75		686,000

Southern Water and Sewer Consumption Analysis

Account Range	All Accounts	<u>Limits</u>	<u>Increments</u>
Service Type	WT Water	999,999,999	999,999,999
Rate Code	All Rates		
Billing Cycle	1 Cycle 1		
Report Is For	History Billing Information		
History Date Range	12/01/2017 To 12/31/2017		
Print On Report	Number Of Customers		
Report Type	Break Down Combine Consumption Brackets By Customer		
Customer Type	Commercial		
Use Reading Factor	<input checked="" type="checkbox"/>		
Include Inactive Services	<input type="checkbox"/>		
Produce an exception report of all accounts with a consumption over	0		
Date Selection For Report	Posting		

	Usage Bracket	Number Of		Total Usage
Customer Type C Commercial Breakdown	0 To 0	21		0
	1 To 999,999,999	55		619,000
Customer Type C Commercial Totals		76		619,000
Grand Totals		76		619,000