

THE LAW FIRM OF
NEELY, BRIEN & WILSON

James B. Brien, Jr., PSC
S. Boyd Neely, Jr.
Bryan E. Wilson

238 North 7th Street
P. O. Box 708
Mayfield, Kentucky 42066-0034



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Ryan L. Toombs
S. Boyd "Bo" Neely, III

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Sam Boyd Neely, Sr.
1915-2003

Writer's Direct Email:
boyd@neelybrien.com

May 25, 2012

RECEIVED

Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602-0615

MAY 30 2012
PUBLIC SERVICE
COMMISSION

RE: Application of Purchase Public Service Corporation to transfer facilities

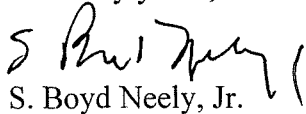
Dear Sir or Madam:

Enclosed herein you will find an Application on behalf of the Purchase Public Service Corporation to transfer certain sewer facilities to the Electric Plant Board of Mayfield, Kentucky d/b/a Mayfield Electric & Water Systems. I enclose the original and ten copies per the regulations.

Please see that this is brought before the Public Service Commission for their consideration. If they desire any further information at all, please do not hesitate to contact me and we will supply as quickly as possible.

Should you have any questions, don't hesitate to contact the undersigned.

Sincerely yours,


S. Boyd Neely, Jr.

Enclosures
SBNjr/pk

0357/0009

BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

MAY 30 2012

In the Matter of

Application of Purchase Public Service
Corporation for an Order Approving a
Transfer of Ownership and Control

PUBLIC SERVICE
COMMISSION
No. 2012-_____

APPLICATION

Applicant Purchase Public Service Corporation (“PPSC”) hereby applies to the Kentucky Public Service Commission (“Commission”) for (a) approval pursuant to KRS 278.020(5) of a transfer of ownership and control of a jurisdictional utility, and (b) any other approval necessary relating to a proposed transaction with The Electric Plant Board of the City of Mayfield, Kentucky d/b/a Mayfield Electric & Water Systems (“MEWS”). In support of its request, PPSC states as follows:

The Applicant

1. PPSC is a Kentucky non-profit corporation which has been authorized by the Commission to provide treatment of sewage for the public for compensation within the Commonwealth. Presently there is an Operating Agreement between PPSC and MEWS under which MEWS is operating the facilities (see Exhibit 1). Specifically, PPSC owns three facilities, Thomas Country Estates, Highland Club Estates and Holifield Heights which are operated by MEWS. (See Deeds to PPSC for the three facilities attached hereto as Exhibits 2, 3 and 4).
2. A certified Copy of PPSC’S Articles of Incorporation are attached hereto as Exhibit 5; and the Billing Agreement is attached as Exhibit 6.
3. PPSC is a non-profit corporation whose current officers and directors are as follows:

Judge Executive Tony Smith, Chair

Kevin Murphy, Vice Chair
Doug Harnice, Secretary/Treasurer
JL Barnett
Judge Executive Greg Terry
Bobby Gifford
Richard Nash
Matt Bing
Judge Executive Van Newberry
Jesse Perry
Judge Executive Larry Elkins
Judge Executive Vicki Viniard
Jerry Bowman
David Ramey
Kevin Leonard
Anita Bugg

4. Copies of all orders, pleadings and other communications regarding this application should be directed to:

S. Boyd Neely, Jr.
Neely, Brien & Wilson
238 North Seventh Street
P. O. Box 708
Mayfield, KY 42066-0034

PPSC
c/o Jennifer Beck Walker
P. O. Box 588
1002 Medical Drive
Mayfield, KY 42066

The Proposed Transaction

5. PPSC proposes to transfer to MEWS and MEWS proposes to acquire all the utility assets and liabilities of PPSC of the three facilities referred to above pursuant to an agreement between PPSC and MEWS (hereinafter “the Proposed Transaction”). The Proposed Transaction is a transfer within the meaning of KRS 278.020(5).

6. MEWS was created in 1942 as a public body corporate and subdivision of the Commonwealth of Kentucky, City of Mayfield, Kentucky. It has complete control, possession, and supervision of the sewer system within the City of Mayfield, Kentucky and within portions of Graves County that it has annexed into its service area.

7. The terms and conditions of the Proposed Transaction are set out in the Agreement between PPSC and MEWS (“the Agreement”) attached as Exhibit 7.

8. By unanimous vote, the MEWS Board has authorized its Superintendent to execute the Agreement, subject to approval by this Commission. (See Minutes of the May 15, 2012 MEWS Board Meeting, attached as Exhibit 8 at page 1.)

9. If all necessary regulatory approvals are secured, the Agreement will be executed on behalf of PPSC and MEWS. PPSC will provide a fully executed copy of the Agreement to the Commission within 21 days after its signing.

10. As is proposed in Paragraph I B of the Agreement, PPSC will transfer to MEWS on July 1, 2012 the three facilities owned and operated by PPSC in Graves County that are used in the operation of the PPSC Waste Water Collection and Treatment System. The properties to be transferred include the wastewater treatment plants, all sewer pipes, lines, man holes, force mains, treatment plants, pumping and lift stations, easements, right-of-ways, licenses, privileges, improvements and appurtenances necessary to the operation of the wastewater treatment plants and the attendant systems. (See Agreement II B).

KRS 278.020(5) Transfer Requirements

11. The Commission should approve the transfer by PPSC pursuant to KRS 278.020(5). MEWS has the financial, technical, and managerial abilities to continue to provide reasonable services following the Proposed Transaction.

12. The Proposed Transaction thus will serve the public interest by enabling the continued operation, maintenance and integration of the MEWS system and ensuring the continued provision of quality sewer treatment service to existing PPSC customers and to future customers in the existing PPSC service area.

13. Until July 1, 2012 PPSC and MEWS will continue their agreement under which MEWS operates and maintains the facilities.

14. On or after July 1, 2012, MEWS will operate and own the PPSC Graves County facility, receive all income, and pay all expenses relating to the operation and otherwise bear all responsibility for the operation and maintenance of the facilities. (See Agreement II B.) Under the Operating Agreement between PPSC and MEWS, Kevin Leonard who is an employee of MEWS is already in charge of the daily operation of the treatment facilities and will continue to be so after the transfer. Mr. Leonard has the technical knowledge to operate the facilities on a day-to-day basis; he possesses a license to operate the wastewater treatment facility and attends continuing education classes each year to maintain a current license. In addition to Mr. Leonard there are other employees of MEWS who have the technical knowledge to operate the facilities on a day-to-day basis and also possess a license to operate wastewater treatment facilities. These employees and their Wastewater Operator License Numbers are as follows:

Kevin Leonard	Water/Wastewater Manager	Class 3	Certification Number 00149
Brent Shultz	Customer Service Manager	Class 3	Certification Number 16872
Kevin McCormack	Wastewater Foreman	Class 3 Collection	Certification Number 19571
Jeff Kelley	Head Operator	Class 3	Certification Number 13389
Kevin Workman	Pipe Fitter	Class 3	Certification Number 59
Todd Whitis	Pipe Fitter	Class 3 Collection	Certification Number 19570; Treatment Certification Number Class 3, 21472

15. Before July 1, 2012 PPSC customers will be charged in accordance with the rates classifications, and administrative regulations currently on file with the Commission. A rate change is not a part of the Proposed Transaction and PPSC does not propose any change in its tariff due to the Agreement or the Proposed Transaction. For service on or after July 1, 2012 it is anticipated that PPSC customers will continue to be charged in accordance with the rates that are currently on file with the commission for the foreseeable future. (See Agreement II B.) MEWS is to hold any security deposits or other such customer funds under the same terms as PPSC for the benefit, use, or credit of the customers; (See Agreement II E) however, PPSC does not hold any amounts required to be deposited by patrons to secure utility service.

16. PPSC acknowledges that, until the proposed transfer takes place, the Commission retains jurisdiction over PPSC and the PPSC facilities and agrees to continue to comply with all commission regulations including those which require the timely filing of any information, notice or reports.

17. As demonstrated in its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011, attached as Exhibit 9, and its control and operation of the sewer and drainage system within the City of Mayfield and portions of Graves County for more than 10 years and the fact that MEWS has been operating the PPSC facilities since 2001, MEWS has a financial managerial and technical abilities to provide reasonable service to the persons currently served by PPSC.

Other Requirements

18. The Proposed Transaction is not an acquisition of control as defined by KRS 278.020(6), because MEWS is not subject to the jurisdiction of the Commission.

19. If the Commission nonetheless applies KRS 278.020(6) to the Proposed Transaction, the Commission should approve the acquisition of MEWS of control of the utility assets of PPSC. As demonstrated by this Application, the Proposed Transaction is in accordance with law, for a proper purpose, and is consistent with the public interest. Therefore, the Commission should approve the acquisition by MEWS of the utility assets of PPSC.

20. PPSC proposes to transfer all of its utility assets in the Proposed Transaction and to cease providing utility services on and after July 1, 2012 for the above facilities only. However, it is not abandoning the utility or its assets within the meaning of KRS 278.020(5), because the transfer is to MEWS, an entity with the capability to provide reasonable service and which is agreeing to take on the responsibility of providing service to customers in the PPSC service area. If the Commission nonetheless applies the KRS 278.020(5) provisions relating to abandonment of ownership or control to the Proposed Transaction, the Commission should approve PPSC'S transfer of all of its utility assets and cessation of providing utility service for the above facilities.

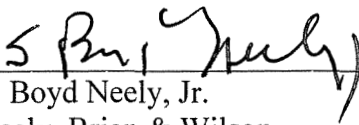
Conclusion

WHEREFORE, Applicant PPSC requests an Order of the Commission within 60 days of the filing of the Application which:

- (a) Grants approval pursuant to KRS 278.020(5) for the transfer to MEWS by PPSC of ownership and control of the PPSC utility assets in the Proposed Transaction;
and
- (b) Declares that KRS 278.020(6) is inapplicable or, in the alternative, grants approval pursuant to KRS 278.020(6) for the acquisition by MEWS of control of the PPSC utility assets in the Proposed Transaction; and

- (c) Declares that no other Commission approvals are necessary for the Proposed Transaction or, in the alternative, grants any other approvals necessary.

Respectfully submitted,



S. Boyd Neely, Jr.
Neely, Brien & Wilson
238 North Seventh Street
P. O. Box 708
Mayfield, KY 42066-0034
(270) 247-9333

EXHIBIT 1

OPERATING AGREEMENT

CONTRACT – RE:
OPERATIONAL AGREEMENT FOR
THOMAS COUNTRY ESTATES, HIGHLAND CLUB ESTATES AND
HOLIFIED HEIGHTS
SEWER SYSTEMS

This Operational Agreement for the Thomas Country Estates, Highland Club Estates and Holified Heights Sewer Systems made and entered into on this 1 day of September, 2001, by and between Purchase Public Service Corporation of P. O. Box 5100, Mayfield, Kentucky 42066, party of the first part, hereinafter referred to as “PPSC”, and the Mayfield Electric & Water System of 301 East Broadway, Mayfield, Kentucky 42066, party of the second part, hereinafter referred to as “MEWS”.

: W I T N E S S E T H :

WHEREAS, **PPSC** is the presently the owner and operator of the Thomas Country Estates, Highland Club Estates and Holified Heights Sanitary Sewer Systems, with all said sewer systems located in Graves County, Kentucky; and

WHEREAS, **PPSC** and **MEWS** desire to enter into an Operational Agreement wherein **MEWS** will assume from **PPSC** some of the responsibilities for operations of the three sanitary sewer systems; and

WHEREAS, **MEWS** is willing to assist **PPSC** in operating these three sanitary sewer systems for the consideration as set forth in this document

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, said parties hereby agree as follows:

(1) TERM:

a. This Operational Agreement shall be effective on September 1, 2001, and shall continue on a month to month basis thereafter.

b. Either party may cancel this Operational Agreement on thirty (30) days written notice to the other party

(2) RESPONSIBILITIES OF MEWS:

a. Assume the daily operations of Thomas County Estates, Highland Club Estates and Holified Height Sanitary Sewer Systems.

b. Provide all tools, materials and labor necessary for the operations of three sanitary sewer systems. This includes the furnishing of chemicals for disinfection.

c. Perform preventative maintenance to the sewer systems as determined a necessity by **MEWS** and preapproved by **PPSC**.

d. Conduct emergency repairs.

e. Pull samples and perform lab analysis in accordance with the KPDES permit.

f. Notify DOW operator certification.

g. Sign and submit discharge monitoring reports to the Kentucky Division of Water.

h. Provide tap-on services for new customers.

i. If new customers have their personal plumbers provide tap-on services, to conduct inspections.

j. To mow or spray properties as needed.

k. To accompany a **PPSC** representative on annual inspections of **PPSC** Graves County facilities.

l. Submit monthly bills to **PPSC** by the 10th of the following month.

Expenses should be itemized for each individual sanitary sewer system and for planned and emergency expenditures for Public Service Commission reporting purposes.

m. Attach to the monthly billing the call out report.

n. Advise **PPSC** of expenditures exceeding the contract amount before incurring the expenditure.

(3) COMPENSATION FROM **PPSC** to **MEWS**:

PPSC shall pay to **MEWS** compensation at the rate of \$30,000.00 per year payable in monthly payments of \$2,500.00 each.

(4) **PPSC'S OBLIGATION:**

a. To mail to customers the bills.

b. Maintain books and ledgers for the accounts payable and accounts receivable.

c. Pay for operators' workers' compensation.

d. Pay for slug hauling.

e. Pay for the insurance on the system(s).

f. Pay for electricity, water and other utilities used by the system(s).

- g. Pay equipment repair – replacement costs.
- h. Notify KPDES Branch of changes and have forms sent to **MEWS** to the attention of Kevin Leonard.
- i. Sign DMRs as owner.
- j. Generate reports for the Public Service Commission.
- k. Provide a monthly revenue and expense report to **MEWS**.
- l. If this contract is in existence for a quarter, to consider issuing quarterly reports after the first six months of operation.
- m. Maintain the proper insurance on the three sanitary sewer systems subject to this agreement.
- n. At the end of the first year, to pay to **MEWS** all revenue received in excess of expenses.

(5) SUCCESSION:

This Agreement shall be binding upon the parties, their respective successors and assigns forever.

(6) INTERPRETATION:

a. In the event this Agreement has to be interpreted by any Court, it shall be interpreted by a Court of competent jurisdiction in Graves County, Kentucky.

b. The Courts of Graves County, Kentucky, are the proper venue for any dispute regarding this Agreement.

(7) ENTIRE AGREEMENT:

a. This Agreement contains the entire agreement between the parties regarding this Operational Agreement and any amendments or modifications thereto shall be executed in like formality.

IN WITNESS WHEREOF, the parties have hereunto set their hands this the day and date first above written.

PURCHASE PUBLIC SERVICE CORPORATION

By: Henry Hodges
Chairman ~~Executive Director~~

MAYFIELD ELECTRIC & WATER SYSTEM

By: Mat T. [Signature]

STATE OF KENTUCKY
COUNTY OF Graves

Subscribed, sworn to, and verified before me by Henry Hodges,
Chairman of PURCHASE PUBLIC SERVICE CORPORATION, to be as free
act and deed as Chairman of the Corporation and to be the free act and deed of the
Corporation, on this the 1st day of September, 2001.

L. Donna Reed
Notary Public State-at-Large

My Comm. Expires:
12-31-02

STATE OF KENTUCKY

COUNTY OF Graves

Subscribed, sworn to, and verified before me by Marty T. Luy, as
General Superintendent of MAYFIELD ELECTRIC & WATER
SYSTEMS, to be in free act and deed as Corporation of the System and to be the
free act and deed of the System, on this the 15th day of September, 2001.

Lorona Reed
Notary Public State-at-Large

My Comm. Expires:

12-31-02
113 0000

EXHIBIT 2

**DEEDS TO THOMAS
COUNTRY ESTATES**

W A R R A N T Y D E E D

FOR AND IN CONSIDERATION OF THE sum of ONE DOLLAR (\$1.00)

in hand paid, the receipt of which is hereby acknowledged,

MAYFIELD SERVICE CORPORATION, a Kentucky corporation, acting pursuant to a resolution passed by the Board of Directors of said corporation,

have sold and do hereby sell and convey with covenant of GENERAL WARRANTY to PURCHASE PUBLIC SERVICE CORPORATION, a Kentucky corporation, c/o Purchase Area Development District, Highway 45 North, Mayfield, Kentucky 42066,

the following described real estate lying in Graves County, Kentucky, viz:

Being Lot Nos. 108 and 127 in the Thomas Country Estates Subdivision as shown on the plat of said subdivision of record in Plat Cabinet B, Slide 66, Graves County Court Clerk's Office.

There is also conveyed by this document all easements which Mayfield Service Corporation owns or has an interest in as a result of its operation of the Sewage Treatment Facility that services Thomas Country Estates Subdivision.

Being a portion of the same real estate which was conveyed to Mayfield Service Corporation by deed from Wayne Barger and wife, Nancy Barger, dated June 8, 1979, and of record in Deed Book 274, page 431, Graves County Court Clerk's Office.

Lot No. 108 conveyed above contains a sewage treatment plant including, but not limited to, receiving wells, pump pits, oxidation lagoons, lift stations, forced and gravity collection sewers, and Lot No. 127 contains a

~~XXXXXX~~ EASEMENT

This ~~XXXXXX~~ Easement made and entered into this the 19th day of February, 1979, by and between GABE MARTIN and wife, WILLIE MARTIN, parties of the first part, of Graves County, Kentucky, hereinafter referred to as "MARTIN, and MAYFIELD SERVICE CORPORATION, a Kentucky corporation, party of the second part, hereinafter referred to as "SERVICE CORPORATION".

: W I T N E S S E T H :

That for and in consideration of the sum of ~~ONE DOLLAR (\$1.00)~~ ^{Three Hundred and fifty 350.00} in hand paid by SERVICE CORPORATION to MARTIN, MARTIN does hereby grant, release and demise unto SERVICE CORPORATION an easement with perpetual right and privilege to lay, construct, maintain and operate a sanitary sewer line under and across a certain parcel of real estate, more particularly described as follows:

A strip of land 10 feet wide running parallel to the East boundary line of property owned by Gabe Martin, more fully described in Deed Book 93, page 581, Graves County Court Clerk's Office, with said easement to be 5 feet on either side of a line more particularly described as follows:

Beginning at a stake on the North property line of a 40-3/4 acre tract in Deed Book 93, page 581, Graves County Court Clerk's Office, with said point of beginning being located in an Easterly direction 2652.5 feet from the Northwest corner of the Northwest quarter of Section 35 T 3 R 1 East; thence in a Southerly direction 500 feet, more or less, to the center of Torain Creek.

Being a portion of the same real estate which was conveyed to Gabe Martin, by deed from O. B. Shelton, et al, dated January 14, 1929, and of record in Deed Book 93, page 581, Graves County Court Clerk's Office

SERVICE CORPORATION shall have the right to maintain said sewer lines as may be necessary and shall have the right of ingress and egress for said purposes.

SERVICE CORPORATION agrees that the surface of said easement, disturbed by construction as herein contemplated, shall be returned

to as nearly the original condition as is reasonably practicable. Damage to the improvement on said real estate occasioned by the use of this easement by SERVICE CORPORATION will be paid to MARTIN upon the determination of such damages with the exception that the parties agree that there is an oak tree on the East property line of the property above described that is to be cut by SERVICE CORPORATION and MARTIN agrees to the cutting of said tree without any payment of damages to him.

SERVICE CORPORATION shall have such rights as are necessary and convenient for the full enjoyment of the easement herein granted which includes but is not limited to the right to maintain and operate said sewer lines.

SERVICE CORPORATION agrees to bury its lines below the surface of the ground.

TO HAVE AND TO HOLD said easement, rights and privileges, for the purposes aforesaid unto SERVICE CORPORATION, its successors and assigns perpetually.

IN WITNESS WHEREOF, the parties have hereunto set their hands this the day and date first above written.

MARTIN:
 Gabe Martin

SERVICE CORPORATION:
 MAYFIELD SERVICE CORPORATIC

Gabe G. Martin
 GABE MARTIN

BY: [Signature]
 PRESIDENT

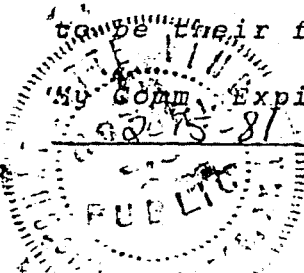
Willie Martin
 WILLIE MARTIN

STATE OF KENTUCKY
 COUNTY OF GRAVES

I, the undersigned, hereby certify that the foregoing ~~is~~ Easement was produced before me by Gabe Martin and Willie Martin ~~and~~ their free act and deed, on this the 19th day of February, 1979.

My Comm. Expires:
 8-15-81

Charlotte Vincent
 Notary Public-St. AT Large



STATE OF KENTUCKY

COUNTY OF GRAVES

I, the undersigned, hereby certify that the foregoing ~~_____~~ Easement was produced before me by _____ as President of Mayfield Service Corporation, to be the free act and deed of the corporation, and to be his free act and deed as President of the corporation, on this the 19th day of February, 1979.

My Comm. Expires:

2-15-81

Charlotte Vincent
Notary Public-St. at Large



THIS INSTRUMENT PREPARED BY:

James B. Brien, Jr.
James B. Brien, Jr.
Neely & Brien'
238 N. 7th Street
Mayfield, Kentucky 42066

STATE OF KENTUCKY
COUNTY OF GRAVES, Sct

I, Glen Bruce, Clerk of the County Court in and for the State and County aforesaid do certify that this instrument was lodged in my office for record on the 1st day of June 19 83, at 11:19 o'clock AM, and the same and the foregoing and this certificate have been duly recorded in Misc Book X-5 page 1087 in the Graves County Court Clerk's Office this the 2nd day of June 19 83

GLEN BRUCE, Clerk

By D. Wilford D.C.

7.00pd

RESTRICTIONS AND EASEMENTS REGARDING CERTAIN
LOTS IN THE THOMAS COUNTRY ESTATES SUBDIVISION

THIS AGREEMENT regarding placing certain easements and restrictions on certain lots in the Thomas Country Estates Subdivision made and entered into on this 19th day of October, 1989, by and between PHILLIP S. MYERS, a single person, of 345 Central Avenue, Mayfield, Kentucky 42066, party of the first part, hereinafter referred to as "MYERS", and and PURCHASE PUBLIC SERVICE CORPORATION, a Kentucky corporation, whose address is c/o Purchase Area Development District, Highway 45 North, Mayfield, Kentucky 42066, party of the second part, hereinafter referred to as "PUBLIC SERVICE".

: W I T N E S S E T H :

WHEREAS, MYERS purchased Lots 6, 7, 9, 10, 11, 13, 16, 35, 36, 37, 41, 42, 43, 44, 45, 47, 52, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 88, 90, 91, 92, 94, 95, 98, 99, 102, 103, 104, 109, 110, 112, 113, 115, 117, 118, 121, 122, 124 and 126 of the Thomas Country Estates Subdivision as shown on the plat of said subdivision of record in Plat Cabinet B, Slide 66, Graves County Court Clerk's Office, by deed from Mayfield Service Corporation dated April 5, 1989, and of

record in Deed Book 319, page 621, Graves County Court Clerk's Office; and

WHEREAS, since the date of the deed referred to above, MYERS has sold Lot No. 118 of said subdivision to George McAlpin, et ux, by deed of record in Deed Book 322, page 392, Graves County Court Clerk's Office; and

WHEREAS, since the date of the deed referred to above, MYERS has sold Lot 126 of said subdivision to Anthony Vaughn by deed of record in Deed Book 320, page 29, Graves County Court Clerk's Office; and

WHEREAS, PUBLIC SERVICE is now the owner of the sewage treatment facility that services the Thomas Country Estates Subdivision, with said sewage treatment facility and one lift station being located on Lot No. 108 and with a second lift station being located on Lot No. 127 of the Thomas Country Estates Subdivision; and

WHEREAS, the MYERS and PUBLIC SERVICE desire to enter into an agreement that would require any purchaser of any of the lots now owned by MYERS to construct improvements on any of said lots to become a customer of PUBLIC SERVICE and to use the sewage treatment facility owned by PUBLIC SERVICE; and

WHEREAS, the parties desire to grant certain easements across the lots now owned by MYERS for the purpose of laying,

to race, color, creed, sex, national origin, or economic or social position.

(d) That PUBLIC SERVICE reserves the right to charge different rates for the services provided for it, but only upon application and approval of those rates by the Public Service Commission of the Commonwealth of Kentucky.

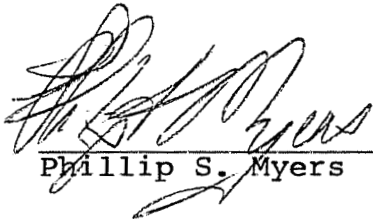
(e) That PUBLIC SERVICE will not disconnect any customer except for the standard and customary reasons, such as nonpayment of a bill, abuse of the system or violation of any regulation pertaining to the system.

(5) INTERPRETATION OF AGREEMENT.

If a dispute arises as to the interpretation of this agreement, all such disputes are to be resolved in the State of Kentucky and in a Court of competent jurisdiction in Graves County, Kentucky.

IN WITNESS WHEREOF, the parties have hereunto set their hands this the day and date first above written.

MYERS:


Phillip S. Myers

PUBLIC SERVICE:

PURCHASE PUBLIC SERVICE CORPORATION, a Kentucky corporation


Klint Kelley, President

STATE OF KENTUCKY

COUNTY OF GRAVES

I, the undersigned, a notary public in and for the state and county aforesaid, hereby certify that the foregoing Bill of Sale was produced to me in my state and county and was acknowledged before me by PHILLIP S. MYERS, to be his free act and deed, on this 19th day of October, 1989.

My Comm. Expires:

7-18-93

James B. Brien, Jr.
Notary Public, State-at-large

STATE OF KENTUCKY

COUNTY OF GRAVES

I, the undersigned, a notary public in and for the state and county aforesaid, hereby certify that the foregoing Bill of Sale was produced to me in my state and county and was acknowledged before me by KLINT KELLEY, President of PURCHASE PUBLIC SERVICE CORPORATION, to be his free act and deed as an officer of the corporation and to be the free act and deed of the corporation, on this the 19th day of October, 1989.

My Comm. Expires:

2/3/90

Donald S. Elia
Notary Public, State-at-large

THIS INSTRUMENT PREPARED BY:

James B. Brien, Jr.
James B. Brien, Jr.
Neely & Brien
238 North 7th Street
P. O. Box 708
Mayfield, KY 42066

STATE OF KENTUCKY
COUNTY OF GRAVES

I, Glen Bruce, Clerk of the County Court in and for the State and County of Graves, do hereby certify that this instrument was lodged in my office on the _____ day of _____, 1989.

Oct 89 2:46 pm

These X-8 54

Oct 89 20

A. Sexton

EXHIBIT 3

**DEEDS TO
HIGHLAND CLUB ESTATES**

PAY CURRENT BILL
ESCROW FUNDS TO COMPLETE
DEED - FACILITY, LINES, EASEMENTS
NOT QUICK DEED

June 26, 1991

Mr. Tim Nuckolls
Purchase Area Development
District
P.O. Box 588
Mayfield, KY 42066-0588

RE: Highland Club Estate Subdivision Treatment Facility

Dear Mr. Nuckolls:

Please be advised that the referenced facility has been transferred to B.S.M., Inc., pursuant to a quitclaim deed, a copy of which is enclosed.

Maxwell F. McDade, Jr. is responsible for the operating expenses, if any, of the facility through June 26, 1991. Therefore, please send any bills for such operating expenses to him at P.O. Box 427, South Fulton, Tennessee 38257. B.S.M., Inc. is responsible for all operating expenses of the facility beginning June 27, 1991. Therefore, please send any such bills to B.S.M., Inc. at 1054 West Main Street, Bowling Green, Kentucky 42101. Until the facility is transferred by B.S.M. to Purchase Public Service Corporation, B.S.M. and Mr. McDade shall each pay one-half of all improvements necessary to bring the facility into compliance with all state regulations. For any such expense, please send a copy of such invoice with any necessary explanation to both B.S.M. and Mr. McDade. However, B.S.M. shall be responsible for the repair and replacement of any equipment of the facility which occurs beginning June 27, 1991.

PURCHASE POLICY
PERSONNEL
FINANCIAL

B.S.M., INC.

BY:

BOBBY H. TURNER, Manager
and Resident Agent

DAN SHARP, ATTY

MAXWELL F. MCDADE, JR.

----- QUITCLAIM DEED -----

THIS QUITCLAIM DEED made and entered into on this the 24th day of June, 1991, by and between MAXWELL P. McDADE, JR. and his wife, LINDA HALE McDADE, of Route 5, Country Club Lane, South Fulton, Tennessee 38257; and B.S.M., INC., a Kentucky corporation, 1054 West Main Street, Bowling Green, Kentucky 42101, hereinafter referred to as the "Grantee";

WITNESSETH:

THAT FOR AND IN CONSIDERATION of the sum of One Hundred Thousand and No/100 (\$100,000.00) Dollars, cash in hand paid, by the Grantee to the Grantors, the receipt and sufficiency of which is hereby acknowledged, the Grantors do hereby remise, release and forever quit-claim unto the Grantee, its successors and assigns, all right, title and interest they have or could claim to have in and to the following-described property: All real estate and personal property of the Highland Club Estates Subdivision Treatment Facility, including the sewage collection and disposal plant, all appurtenances connected thereto, a main trunk line, lateral sewers, pumping stations, and all other parts of the collection system and affluent lines to the point of final disposal and all easements incident thereto, the Facility being located on a parcel of land lying in Graves County, Kentucky.

This is the same sewage treatment facility subject to an Order of the Kentucky Public Service Commission dated July 11, 1986, Case No. 859558.

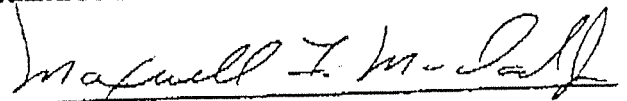
TO HAVE AND TO HOLD the herein-described property, together with all improvements thereon and all rights, easements, and appurtenances thereunto in anywise appertaining, unto the Grantee, its successors and assigns forever.

The Grantor, Maxwell F. McDade, Jr., further assigns all of his rights and responsibilities in a Contract of Agreement dated November 28, 1990, with Purchase Public Service Corporation, and a Contract of Operation and Repair dated November 28, 1990, with Purchase Public Service Corporation. The Grantee assumes all liability and responsibility under these two contracts, subject to the terms of a Settlement Agreement between the parties dated June 10, 1991.

By signing below, the Grantors and Grantee hereby acknowledge that the consideration stated hereinabove is the full actual consideration for the transfer of the Grantors' interest in the subject property. The Grantee joins this deed to certify the consideration and for the purposes stated hereinabove.

IN TESTIMONY WHEREOF, the Grantors and the Grantee have hereunto set their hands on this the day and year first written.

GRANTORS:


MAXWELL F. MCDADE, JR.


LINDA HALE MCDADE

GRANTEE:

B.S.M, INC.

BY: Bobby H. Turner
BOBBY H. TURNER, Manager and Resident Agent

STATE OF Kentucky)
) :SS.
COUNTY OF FULTON)

I, William L. Fossett, a Notary Public in and for the county and state aforesaid, hereby certify that the foregoing Quitclaim Deed was this day produced before me in my county and state aforesaid, and was signed and acknowledged before me by MAXWELL F. McDADE, JR., and his wife, LINDA HALE McDADE, as and for their free act and deed for all the purposes therein contained and according to law.

GIVEN under my hand and seal of office on this the 24th day of June, 1991.

William L. Fossett
NOTARY PUBLIC
Fulton COUNTY, Ky

My commission expires: June 29, 1991

STATE OF _____)
) :SS.
COUNTY OF _____)

I, _____, a Notary Public in and for the county and state aforesaid, hereby certify that the foregoing Quitclaim Deed was this day produced before me in my county and state aforesaid, and was signed and acknowledged before me by B.S.M., INC., by and through its duly authorized Manager and Resident Agent, BOBBY H. TURNER, as and for his free act and deed for all the purposes therein contained and according to law.

GIVEN under my hand and seal of office on this the _____ day of June, 1991.

NOTARY PUBLIC
_____ COUNTY, _____

My commission expires: _____

I hereby certify that this instrument has been prepared by:
Law Offices
McMurry and Livingston
Citizens Bank Building
P. O. Box 1700
Paducah, KY 42002-1700

BY: _____
M. GREG RAINS

WARRANTY DEED

FOR AND IN CONSIDERATION of the GRANTEE herein assuming full operation and control of the existing sewage system located on the real estate herein conveyed, B.S.M., INC., a Kentucky Corporation, of 1054 West Main, Bowling Green, KY 42101, by and through its agent, Bobby H. Turner, pursuant to resolution duly passed by its Board of Directors, have sold and do hereby sell and convey with covenant of General Warranty, to PURCHASE PUBLIC SERVICE CORPORATION, of P.O. Box 5100, Mayfield, Graves County, Kentucky, in fee, all of my right, title and interest in and to the following described real estate lying in Mayfield, Graves County, Kentucky, Viz:

Being 0.389 acres of land a portion of Deed Book 314, Page 811, as recorded in the Graves County Court Clerk's Office, said land lying in the southeast quarter of Section 34, Township 3, Range 1 east and more particularly described as follows:

Beginning at a set iron pin & cap on the west right-of-way line of HWY 303 (Cuba Road) said point being 30 feet west and 41.68 feet north of the southeast corner of said Section 34 (also the intersection of HWY 303 & HWY 1890 Sharon Church Road); thence N 88 degrees 31 minutes 45 seconds W 192.92 feet to a set iron pin and cap; thence N 01 degrees 28 minutes 15 seconds E 90.0 feet to a set iron pin and cap; thence S 88 degrees 31 minutes 45 seconds E 182.92 feet to a set iron pin and cap; thence S 01 degrees 28 minutes 15 seconds W 40.00 feet to a set iron pin & cap; thence S 88 degrees 31 minutes 45 seconds E 10.00 feet to a set iron pin & cap; thence S 01 degrees 28 minutes 15 seconds W 50.00 feet, along said right-of-way line to the point of beginning and containing 0.389 acres of land.

This description is based on a suevey made 12/06/91.

Bearings are based on Mag. north observed 12/06/91.

This property subject to easements and restrictions of record if any.

Being a portion of the same real estate conveyed to B.S.M., Inc. by deed dated March 30, 1988, of record in Deed Book 314, Page 811, Graves County Court Clerk's Office.

THE PROPERTY DESCRIPTION HEREIN WAS TAKEN FROM A SURVEY PLAT GIVEN BY AMMONS & ASSOCIATES SURVEYORS, ROBERT L. AMMONS, SURVEYOR, DATED 12/17/91, (COPY ATTACHED) AND IS NOT THE RESPONSIBILITY OF THE ATTORNEY PREPARING THIS DEED.

GRANTOR HEREIN RETAINS A PERMANENT EASEMENT FOR INGRESS AND EGRESS ALONG THE 50 FOOT STRIP OF LAND LOCATED ON THE SOUTHEASTERN PORTION OF SAID REAL ESTATE, WHICH 50 FOOT PORTION IS ADJACENT TO AND ABUTS KENTUCKY HIGHWAY #303

TO HAVE AND TO HOLD the said real estate and the appurtenances thereunto belonging unto the said Grantees, their heirs and assigns forever.

Words used herein in the singular shall, when appropriate, include the plural and the plural to mean the singular; also any gender used herein shall, when appropriate, be construed to mean and refer to any other gender.

IN WITNESS WHEREOF, I have hereunto set my hand, relinquishing my respective rights to curtesy or dower and homestead exemptions in and to said real estate this the 20th day of December, 1991.

CONSIDERATION CERTIFICATE

THE UNDERSIGNED HEREBY CERTIFY THAT THE FAIR CASH VALUE OF THE PROPERTY REFLECTED IN THIS DEED IS \$177,000.⁰⁰.

GRANTOR:


GRANTEE:

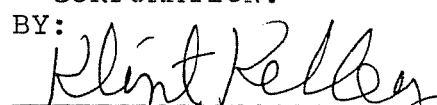
B.S.M., INC.

PURCHASE PUBLIC SERVICE CORPORATION:

BY:

BY:


BOBBY H. TURNER, AGENT,
pursuant to resolution passed
by its Board of Directors


CLINT KELLEY, CHAIRMAN

I, Dean Bruce, Clerk of the County Court
in and for the State and County aforesaid, do certify that this
Deed was lodged in my office for record on the 20 day of
December, 1991, duly stamped \$ and
the same and the foregoing and this certificate have been duly
recorded in Deed Book 334, Page 482, in the Graves County
Court Clerk's Office this the 20 day of December,
1991.

Dean Bruce
Clerk

By K. Sexton
Dep. Clerk

Revenue Stamps ----- \$

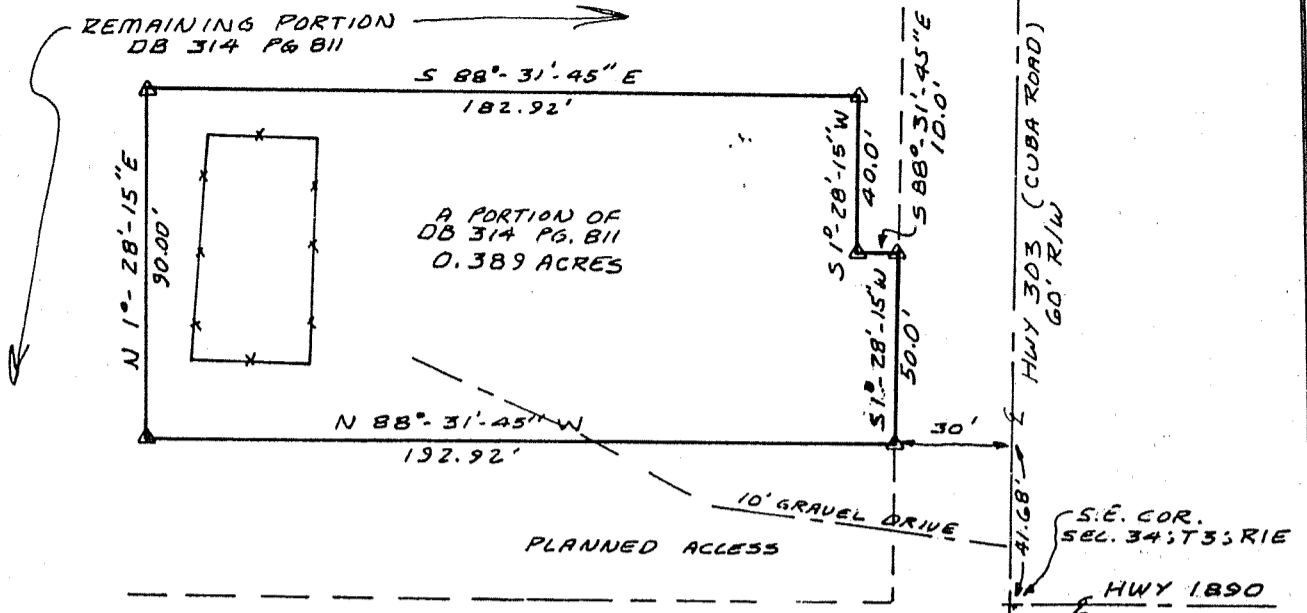
Tax and Fees ----- \$ \$12.00

20 day of December 1991

Dean Bruce
Clerk

By K. Sexton
Dep. Clerk

PLAT OF SURVEY



OWNER'S CERTIFICATION

I (we) do hereby certify that I (we) the only owners of record of the property platted herein, said property being recorded in DB book 314 page 811 and — book — page — in the Graves County Clerk's Office, and do hereby adopt this as my (our) record plat for this property; and do hereby dedicate the streets and other space so indicated to public use.

12/20/91
DATE

BSM, Inc Robert L. Ammons
OWNER'S SIGNATURE

DATE

OWNER'S SIGNATURE

ENGINEER'S OR LAND SURVEYOR'S CERTIFICATION

I do hereby certify that this record plat was prepared under my direction and that the best of my knowledge and belief the boundaries of the property being subdivided are true and accurate, and all applicable requirements of the Subdivision Regulations have been met.

12-19-91
DATE

Robert L. Ammons
ENGINEER'S SIGNATURE

PLANNING COMMISSION STAFF

I hereby certify that the monuments indicated on the above plat actually exist and all other information shown hereon is in accordance with current subdivision regulations.

12-19-91
DATE

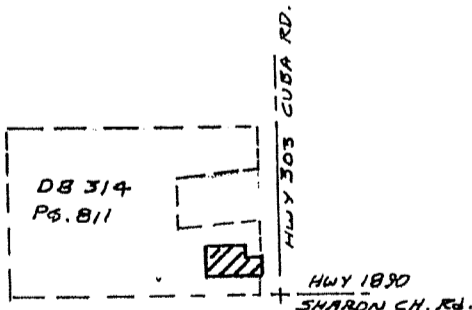
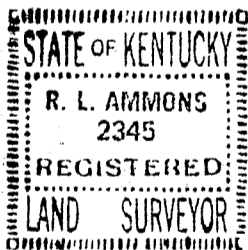
James E. Thomas
STAFF

COMMISSION'S CERTIFICATION

We do hereby certify that this record plat has met the regulations of the Mayfield Planning Commission, and is now eligible for recording.

12-19-91
DATE

Warner
CHAIRMAN
MAYFIELD PLANNING COMMISSION



VICINITY MAP
NOT TO SCALE

- △ IRON PIN & CAP SET
- △ IRON PIN FOUND
- _____ FOUND
- _____ FOUND

I hereby certify that this plat depicts a survey, made by me, or under my direction, by the method of random traverse. The bearings and distances have been adjusted for closure. This survey and plat meets or exceeds the minimum standards of the governing authorities.

Robert L. Ammons
Robert L. Ammons P.L.S.
Ky. Lic. No. 2345

Surveyed for: B.S.M. INC.
Address: P.O. BOX 5243 MAYFIELD, KY. 42066
Plat of Record: DB. — PG. —
Subdivision: A PORTION OF S.E. 1/4 SEC. 34; T3; R1E
Previous Deed of Record: DB. 314 PG. 811
Lot No.: — Block: —
Date: 12-17-91 Scale: 1" = 50'
County of: GRAVES, KENTUCKY

Ammons & Associates Surveyors

P.O. Box 163 - Mayfield, KY 42066
(502) 247-4316

DWG. NO.
6120691

DWN. BY.
RA

A G R E E M E N T

This Agreement, entered into by and between B.S.M., Inc., a Corporation existing under the laws of the Commonwealth of Kentucky by and through its agent, Bobby H. Turner, pursuant to resolution duly passed by its Board of Directors, hereinafter referred to as First Party, and Purchase Public Service Corporation, a non-profit corporation existing under the laws of the Commonwealth of Kentucky.

WITNESSETH

WHEREAS, First Party now owns a sewage system located on property belonging to First Part, said sewage system being located on or adjacent to property commonly referred to as South Highland Country Club, and

WHEREAS, Second Party is desirous of providing a public service to property owners located in the area of said sewage system by eventually taking ownership and control of said sewage system for the purpose of providing reasonable sewage service and sewage rates to any of said property owners who desire to avail themselves of said sewage system, and

WHEREAS, First Party is also desirous of allowing Second Party to take ownership and control of said sewage system for the purpose of providing reasonable sewage service and sewage rates to any of said property owners who desire to avail themselves of said sewage system,

NOW, THEREFORE, for an in consideration of the sum of One Dollar (\$1.00), cash, and the further consideration of the hereinafter named covenants on the part of both parties hereto, and for other valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Property To Be Conveyed. First Party hereby agrees to convey by Quitclaim Deed all of its right, title, and interest in and to certain

property more particularly described in accordance with the attached plat/survey, said plat/survey marked as Exhibit 1. Said property includes the existing sewage system now owned and operated by First Party.

2. Easements To Be Granted By First Party To Second Party. First Party expressly agrees to grant necessary easements to Second Party so as to allow Second Party access to said sewage system, and for the further purpose of allowing Second Party to operate and maintain the existing sewage system, including sewage lines that are currently in use in said system, as well as sewage lines that the parties contemplate will be installed in the future. Said easements shall be granted from First Party to Second Party as follows:

A. First Party shall grant to Second Party an easement of 10 feet on either side of the existing sewage lines; provided, however, that said 20 foot easement rights shall not apply in the event that said easements would interfere with any third-party property owner's property or in the event that said easements would materially alter the lot or property adjoining the sewage lines, including the material depreciation in value of said adjoining lots or property.

B. First Party shall grant to Second Party an easement of 10 feet on either side of any sewage line that is hereinafter constructed by First Party; provided, however, that said 20 foot easement rights shall not apply in the event that said easements would interfere with any third-party property owner's property or in the event that said easements would materially alter the lot or property adjoining the sewage lines, including the material depreciation in value of said adjoining lots or property.

C. In the event that the parties have any type of dispute concerning whether said easements would interfere with any third-party property owner's property rights, or whether said easements would materially alter the lot or property adjoining the sewage lines, including the material depreciation

in value of said adjoining lots or property, the parties agree to make good faith efforts to resolve said dispute. In the event the parties are unable to resolve said dispute, each party agrees to submit to binding arbitration in order to resolve said dispute.

D. In any event, the parties hereto agree that Second Party shall have full responsibility for the maintenance and repair of any property located within the aforesaid 20 foot easement, including the real estate, sewage system, and sewage lines.

3. Costs and Expenses. The parties hereto agree that until such time as said sewage system is brought into compliance with Environmental Protection guidelines, First Party shall be responsible for all costs and expenses associated with said sewage system up to the sum of \$ 2500⁰⁰. After said sewage system has been brought into compliance with said guidelines, First Party shall pay any remaining expenses and costs associated with said sewage system, at which time Second Party shall then be liable and responsible for the costs and maintenance of said sewage system.

4. Tap-On Fees. The parties hereto agree that for any property or lots that First Party or its assigns presently owns or hereinafter acquires or develops, Second Party shall waive any tap-on fee and First Party or its assigns shall not be required to pay said tap-on fee.

5. Miscellaneous Covenants by Parties. The parties hereto further agree as follows:

A. Regarding future construction of additional sewage lines, First Party agrees to be solely responsible for the costs of said lines.

B. Regarding future construction of additional lift stations, Second Party agrees to be solely responsible for the construction of a limit of two (2) additional lift stations. For any additional lift stations over and above the aforesaid two (2) lift stations, the parties hereto agree that First Party shall furnish all materials for said additional

lift stations, and Second Party shall furnish all labor and installation costs for said additional lift stations.

C. Regarding the materials to be used in future construction of said sewage lines, First Party agrees to use and provide eight inch (8") collection lines and two (2") to four (4") force lines for said project.

D. The parties hereto agree that any third persons who, in the future, desire to tap in to the current sewage lines shall be responsible for acquiring their own easements so as to allow said third parties to construct their own lines at no cost to the existing customers.

It is further agreed that for the first 40 service connections by the First Party or his assigns, all tap-on fees shall be waived after which a tap-on fee may be assessed by the Second Party, not to exceed the sum of \$1,000.00, as may be established by the Public Service Commission of Kentucky.

E. The parties hereto agree that both parties shall decide on the design and construction of said sewage system additions in the most economical and aesthetic way. Second Party agrees to advise and assist First Party regarding the plans for said construction.

F. Second Party agrees to install and maintain fences and shrubs around any pump stations that are installed by either of the parties hereto, and in installing and maintaining said fences and shrubs around said pump stations, Second Party further agrees to install said fences and shrubs in such a manner as will blend aesthetically with the land and the surrounding area.

6. Required Approval by Public Service Commission. The parties hereto agree that this Agreement is contingent upon approval of transfer of ownership of said sewage system by the Public Service Commission.

7. Succession. This Agreement shall inure to and be binding upon the heirs, executor, successors and assigns of both parties hereto. Witness out signatures on this the 25th day of November, 1991.

First Party

B.S.M., Inc., by

Bobby H. Turner
Bobby H. Turner

Connie L. Nicks
Witness

Second Party

Purchase Public Service Corp., by

Klint Kelley, Chairman
Klint Kelley, Chairman

Jim Nicholls
Witness

DB 334 / 482

WARRANTY DEED

FOR AND IN CONSIDERATION of the GRANTEE herein assuming full operation and control of the existing sewage system located on the real estate herein conveyed, B.S.M., INC., a Kentucky Corporation, of 1054 West Main, Bowling Green, KY 42101, by and through its agent, Bobby H. Turner, pursuant to resolution duly passed by its Board of Directors, have sold and do hereby sell and convey with covenant of General Warranty, to PURCHASE PUBLIC SERVICE CORPORATION, of P.O. Box 5100, Mayfield, Graves County, Kentucky, in fee, all of my right, title and interest in and to the following described real estate lying in Mayfield, Graves County, Kentucky, Viz:

Being 0.389 acres of land a portion of Deed Book 314, Page 811, as recorded in the Graves County Court Clerk's Office, said land lying in the southeast quarter of Section 34, Township 3, Range 1 east and more particularly described as follows:

Beginning at a set iron pin & cap on the west right-of-way line of HWY 303 (Cuba Road) said point being 30 feet west and 41.68 feet north of the southeast corner of said Section 34 (also the intersection of HWY 303 & HWY 1890 Sharon Church Road); thence N 88 degrees 31 minutes 45 seconds W 192.92 feet to a set iron pin and cap; thence N 01 degrees 28 minutes 15 seconds E 90.0 feet to a set iron pin and cap; thence S 88 degrees 31 minutes 45 seconds E 182.92 feet to a set iron pin and cap; thence S 01 degrees 28 minutes 15 seconds W 40.00 feet to a set iron pin & cap; thence S 88 degrees 31 minutes 45 seconds E 10.00 feet to a set iron pin & cap; thence S 01 degrees 28 minutes 15 seconds W 50.00 feet, along said right-of-way line to the point of beginning and containing 0.389 acres of land.

This description is based on a suevey made 12/06/91.

Bearings are based on Mag. north observed 12/06/91.

This property subject to easements and restrictions of record if any.

Being a portion of the same real estate conveyed to B.S.M., Inc. by deed dated March 30, 1988, of record in Deed Book 314, Page 811, Graves County Court Clerk's Office.

THE PROPERTY DESCRIPTION HEREIN WAS TAKEN FROM A SURVEY PLAT GIVEN BY AMMONS & ASSOCIATES SURVEYORS, ROBERT L. AMMONS, SURVEYOR, DATED 12/17/91, (COPY ATTACHED) AND IS NOT THE RESPONSIBILITY OF THE ATTORNEY PREPARING THIS DEED.

GRANTOR HEREIN RETAINS A PERMANENT EASEMENT FOR INGRESS AND EGRESS ALONG THE 50 FOOT STRIP OF LAND LOCATED ON THE SOUTHEASTERN PORTION OF SAID REAL ESTATE, WHICH 50 FOOT PORTION IS ADJACENT TO AND ABUTTS KENTUCKY HIGHWAY #303

TO HAVE AND TO HOLD the said real estate and the appurtenances thereunto belonging unto the said Grantees, their heirs and assigns forever.

Words used herein in the singular shall, when appropriate, include the plural and the plural to mean the singular; also any gender used herein shall, when appropriate, be construed to mean and refer to any other gender.

IN WITNESS WHEREOF, I have hereunto set my hand, relinquishing my respective rights to curtesy or dower and homestead exemptions in and to said real estate this the 20th day of December, 1991.

CONSIDERATION CERTIFICATE

THE UNDERSIGNED HEREBY CERTIFY THAT THE FAIR CASH VALUE OF THE PROPERTY REFLECTED IN THIS DEED IS \$177,000.⁰⁰.

GRANTOR:

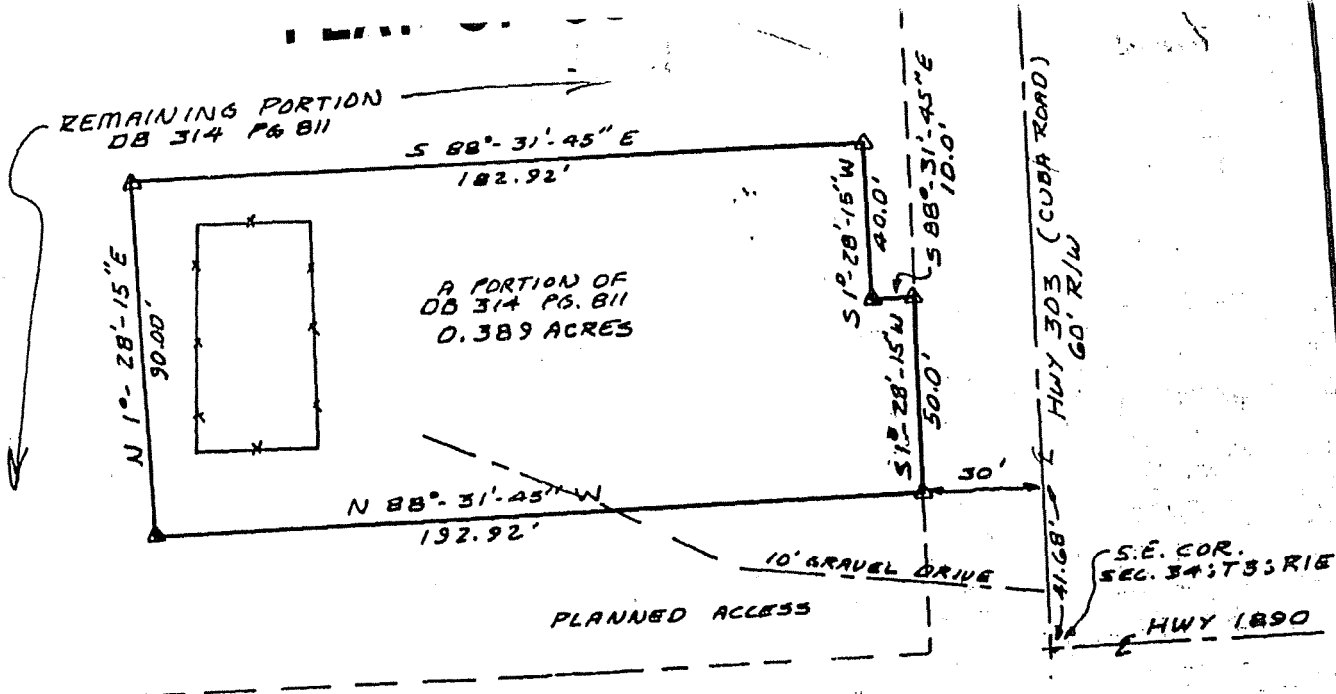
B.S.M., INC.
BY:

Bobby H. Turner
BOBBY H. TURNER, AGENT,
pursuant to resolution passed
by its Board of Directors

GRANTEE:

PURCHASE PUBLIC SERVICE
CORPORATION:

BY: Klint Kelley
KLINT KELLEY, CHAIRMAN



OWNER'S CERTIFICATION
 I (we) do hereby certify that I (we) the only owners of record of the property platted herein, said property being recorded in DB book 314 page 811 and book page in the Graves County Clerk's Office, and do hereby adopt this as my (our) record plat for this property, and do hereby dedicate the streets and other space so indicated to public use.

12/20/91
DATE

B.S.M. Inc Robert H. James Pres
OWNER'S SIGNATURE

ENGINEER'S OR LAND SURVEYOR'S CERTIFICATION
 I do hereby certify that this record plat was prepared under my direction and that the best of my knowledge and belief the boundaries of the property being subdivided are true and accurate, and all applicable requirements of the Subdivision Regulations have been met.

12-19-91
DATE

Robert Ammons
ENGINEER'S SIGNATURE

PLANNING COMMISSION STAFF
 I hereby certify that the monuments indicated on the above plat actually exist and all other information shown hereon is in accordance with current subdivision regulations.

12-19-91
DATE

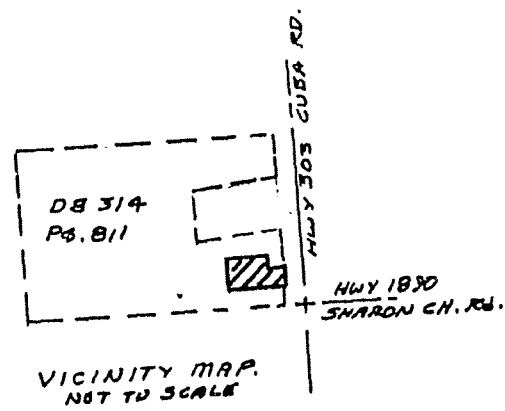
James E Thomas
STAFF

COMMISSION'S CERTIFICATION
 We do hereby certify that this record plat has met the regulations of the Mayfield Planning Commission, and is now eligible for recording.

12-19-91
DATE

Warwood
CHAIRMAN
MAYFIELD PLANNING COMMISSION

STATE OF KENTUCKY
 R. L. AMMONS
 2345
 REGISTERED
 LAND SURVEYOR



I hereby certify that this plat depicts a survey, made by me, or under my direction, by the method of random traverse. The bearings and distances have been adjusted for closure. This survey and plat meets or exceeds the minimum standards of the governing authorities.

Robert L. Ammons
Robert L. Ammons P.L.S.
Ky. Lic. No. 2345

△ IRON PIN & CAP SET
 △ IRON PIN FOUND
 _____ FOUND
 _____ FOUND

Surveyed for: B.S.M. INC.
 Address: P.O. BOX 5243 MAYFIELD, KY. 42060
 Plat of Record: DB. _____ PG. _____
 Subdivision: A PORTION OF S.E. 1/4 SEC. 34; T33R1E
 Previous Deed of Record: DB. 314 PG. 811
 Lot No.: _____ Block: _____
 Date: 12-17-91 Scale: 1" = 50'
 County of: GRAVES, KENTUCKY

**Ammons & Associates
 Surveyors**
 P.O. Box 163 - Mayfield, KY 42066
 (502) 247-4316

DWG. NO. G120691 DWN. BY. RA

STATE OF KENTUCKY
COUNTY OF GRAVES

The foregoing Deed and Consideration Certificate was
acknowledged by B.S.M., INC., by and through its Agent, BOBBY H.
TURNER, pursuant to resolution duly passed by its Board of
Directors, grantor. *Dated 12/20/91*

My Commission Expires:

7-22-93

Connie L. Hicks

Notary Public

STATE OF KENTUCKY
COUNTY OF GRAVES

The foregoing Consideration Certificate was acknowledged by
PURCHASE PUBLIC SERVICE CORPORATION, by and through its Chairman,
KLINT KELLEY, grantee.

My Commission Expires:

7-24-94

Wendy J. Ewens

Notary Public

THIS INSTRUMENT PREPARED BY:

E. Dan Sharp, Jr.

E. Dan Sharp, Jr.
Attorney At Law
P. O. Box 1026
Mayfield, Kentucky 42066

I, Dean Bruce, Clerk of the County Court in and for the State and County aforesaid, do certify that this Deed was lodged in my office for record on the 20 day of December, 1991, duly stamped \$ and the same and the foregoing and this certificate have been duly recorded in Deed Book 334, Page 482, in the Graves County Court Clerk's Office this the 20 day of December, 1991.

Dean Bruce
Clerk

By A. Sutton
Dep. Clerk

Revenue Stamps ----- \$

Tax and Fees ----- \$ \$12.00

20 day of December 1991

Dean Bruce
Clerk

By A. Sutton
Dep. Clerk

RESTRICTIONS

1. All homes shall contain a minimum of 1500 square feet of living area, exclusive of garages, carports, storage areas, porches, etc. All home plans shall be submitted to the Owners designated agent, Robert Woodsmall, and written approval received prior to beginning construction.
2. All homes shall be built in accordance with the minimum building line as shown. No home shall be built more than 5 feet behind the minimum building line. No building or home shall be constructed nearer the rear and side lot lines than 15 feet.
3. No fences, hedges, etc., over 4 feet high shall be constructed along the property lines.
4. No outbuildings for storage, etc., shall be constructed over 12 feet by 12 feet without written approval.
5. No home shall be used as a business place and no business signs shall be permitted on any lot or home.
6. No pens or enclosures shall be constructed for the purpose of keeping animals for hunting, breeding, grooming, or sale.
7. Only single family dwellings shall be constructed, and no mobile home or trailer shall be permitted on any lot.
8. All lots purchased shall be mowed and maintained to provide a neat appearance.
9. All homes shall connect to the public sewerage system, if available at the time of construction or within 2 years upon availability.
10. All driveways shall be paved with a durable material such as portland cement concrete, bituminous concrete, brick, etc., within one year from the start of construction.
11. No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which may be or become an annoyance or a nuisance to the neighborhood.
12. The conditions and restrictions shall be binding upon all lot owners in this subdivision, their heirs, assigns or successors in title to said lots. If the owner of any lot in this subdivision or any person shall violate any of the covenants herein, it shall be lawful for any person or persons owning other property situated in said subdivision to prosecute any proceedings at law or in equity against the persons or persons violating any such covenants for the purpose of preventing him or them from so violating said covenant (s) or to recover damages for such violation (s).

OWNERS CERTIFICATION

We do hereby certify that we are the owners of record of this property platted hereon which is recorded in Deed Book 262 Page 138 in the Graves County Court Clerk's office; do hereby adopt this plan of lots for this property; do hereby dedicate the streets and any other spaces so indicated to public use; and do establish and reserve the indicated easements for public utilities and drainage purposes.

Mr. Dale & Hunt By May M. Dale

Robert Woodsmall

Joan Milburn

Subscribed & Sworn to before me by
Robert Woodsmall, this the 6th Day
of July, 1977 PLANNING COMMISSION STAFF *Gloria Wright*
Austin

I hereby certify that the monuments indicated on the above plat actually exist and all other information shown hereon is in accordance with current subdivision regulations.

7-5-77

 Date

Paul Crawford

 Staff

State atty
8/11-7-77

circle at 017044

COO 2971-11 139544

Sound HIGHLANDS CO

A G R E E M E N T

This Agreement, entered into by and between B.S.M., Inc., a Corporation existing under the laws of the Commonwealth of Kentucky by and through its agent, Bobby H. Turner, pursuant to resolution duly passed by its Board of Directors, hereinafter referred to as First Party, and Purchase Public Service Corporation, a non-profit corporation, existing under the laws of the Commonwealth of Kentucky.

WITNESSETH

WHEREAS, First Party now owns a sewage system located on property belonging to First Part, said sewage system being located on or adjacent to property commonly referred to as South Highland Country Club, and

WHEREAS, Second Party is desirous of providing a public service to property owners located in the area of said sewage system by eventually taking ownership and control of said sewage system for the purpose of providing reasonable sewage service and sewage rates to any of said property owners who desire to avail themselves of said sewage system, and

WHEREAS, First Party is also desirous of allowing Second Party to take ownership and control of said sewage system for the purpose of providing reasonable sewage service and sewage rates to any of said property owners who desire to avail themselves of said sewage system,

NOW, THEREFORE, for an in consideration of the sum of One Dollar (\$1.00), cash, and the further consideration of the hereinafter named covenants on the part of both parties hereto, and for other valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Property To Be Conveyed. First Party hereby agrees to convey by Quitclaim Deed all of its right, title, and interest in and to certain

property more particularly described in accordance with the attached plat/survey, said plat/survey marked as Exhibit 1. Said property includes the existing sewage system now owned and operated by First Party.

2. Easements To Be Granted By First Party To Second Party. First Party expressly agrees to grant necessary easements to Second Party so as to allow Second Party access to said sewage system, and for the further purpose of allowing Second Party to operate and maintain the existing sewage system, including sewage lines that are currently in use in said system, as well as sewage lines that the parties contemplate will be installed in the future. Said easements shall be granted from First Party to Second Party as follows:

A. First Party shall grant to Second Party an easement of 10 feet on either side of the existing sewage lines; provided, however, that said 20 foot easement rights shall not apply in the event that said easements would interfere with any third-party property owner's property or in the event that said easements would materially alter the lot or property adjoining the sewage lines, including the material depreciation in value of said adjoining lots or property.

B. First Party shall grant to Second Party an easement of 10 feet on either side of any sewage line that is hereinafter constructed by First Party; provided, however, that said 20 foot easement rights shall not apply in the event that said easements would interfere with any third-party property owner's property or in the event that said easements would materially alter the lot or property adjoining the sewage lines, including the material depreciation in value of said adjoining lots or property.

C. In the event that the parties have any type of dispute concerning whether said easements would interfere with any third-party property owner's property rights, or whether said easements would materially alter the lot or property adjoining the sewage lines, including the material depreciation

in value of said adjoining lots or property, the parties agree to make good faith efforts to resolve said dispute. In the event the parties are unable to resolve said dispute, each party agrees to submit to binding arbitration in order to resolve said dispute.

D. In any event, the parties hereto agree that Second Party shall have full responsibility for the maintenance and repair of any property located within the aforesaid 20 foot easement, including the real estate, sewage system, and sewage lines.

3. Costs and Expenses. The parties hereto agree that until such time as said sewage system is brought into compliance with Environmental Protection guidelines, First Party shall be responsible for all costs and expenses associated with said sewage system up to the sum of \$ 2500⁰⁰. After said sewage system has been brought into compliance with said guidelines, First Party shall pay any remaining expenses and costs associated with said sewage system, at which time Second Party shall then be liable and responsible for the costs and maintenance of said sewage system.

4. Tap-On Fees. The parties hereto agree that for any property or lots that First Party or its assigns presently owns or hereinafter acquires or develops, Second Party shall waive any tap-on fee and First Party or its assigns shall not be required to pay said tap-on fee.

5. Miscellaneous Covenants by Parties. The parties hereto further agree as follows:

A. Regarding future construction of additional sewage lines, First Party agrees to be solely responsible for the costs of said lines.

B. Regarding future construction of additional lift stations, Second Party agrees to be solely responsible for the construction of a limit of two (2) additional lift stations. For any additional lift stations over and above the aforesaid two (2) lift stations, the parties hereto agree that First Party shall furnish all materials for said additional

lift stations, and Second Party shall furnish all labor and installation costs for said additional lift stations.

C. Regarding the materials to be used in future construction of said sewage lines, First Party agrees to use and provide eight inch (8") collection lines and two (2") to four (4") force lines for said project.

D. The parties hereto agree that any third persons who, in the future, desire to tap in to the current sewage lines shall be responsible for acquiring their own easements so as to allow said third parties to construct their own lines at no cost to the existing customers.

It is further agreed that for the first 40 service connections by the First Party or his assigns, all tap-on fees shall be waived after which a tap-on fee may be assessed by the Second Party, not to exceed the sum of \$1,000.00, as may be established by the Public Service Commission of Kentucky.

E. The parties hereto agree that both parties shall decide on the design and construction of said sewage system additions in the most economical and aesthetic way. Second Party agrees to advise and assist First Party regarding the plans for said construction.

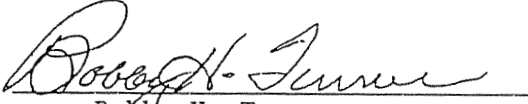
F. Second Party agrees to install and maintain fences and shrubs around any pump stations that are installed by either of the parties hereto, and in installing and maintaining said fences and shrubs around said pump stations, Second Party further agrees to install said fences and shrubs in such a manner as will blend aesthetically with the land and the surrounding area.


6. Required Approval by Public Service Commission. The parties hereto agree that this Agreement is contingent upon approval of transfer of ownership of said sewage system by the Public Service Commission.

7. Succession. This Agreement shall inure to and be binding upon the heirs, executor, successors and assigns of both parties hereto. Witness out signatures on this the 25th day of November, 1991.

First Party

B.S.M., Inc., by


Bobby H. Turner


Witness

Second Party

Purchase Public Service Corp., by


Klint Kelley, Chairman

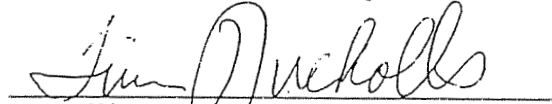

Witness

EXHIBIT 4

**DEEDS TO
HOLIFIELD HEIGHTS**

GENERAL WARRANTY DEED

CHARGED

FOR AND IN CONSIDERATION OF THE SUM OF FIVE THOUSAND NINE HUNDRED AND 00/100 DOLLARS -----(\$5,900.00)----- CASH IN HAND PAID, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED;

WE, CARY DAN CUNNINGHAM and wife, FREDIA CUNNINGHAM, of 1467 Central Road, Mayfield, Kentucky 42066;

Have sold and do hereby sell and convey with covenant of **GENERAL WARRANTY** to:

PURCHASE PUBLIC SERVICE CORPORATION, of 1002 Medical Drive, Mayfield, Kentucky 42066,

The following described real estate lying in **GRAVES COUNTY, Kentucky, viz:**

A 0.59 acre parcel of land as per June 14, 2008 survey of Jason W. Looper, KY LS #3573 and located east of Mobile Heights Road south of the Mayfield community of Graves County, Kentucky;

And more particularly described as beginning at the southwest corner of the property herein described, said corner being a ½" dia. x 24" lng. steel pin with surveyor's cap #3573 set, being a new established corner in a common line with the Cary Cunningham property as described in Deed Book 320, Page 317 and the Holly Beadles property as described in Deed Book 376, Page 859;

Said point of beginning lies on a bearing of South 32 deg. 25 min. 14 sec. East - - 538.36 feet from the intersection of the centerline of Old Dukedom Road and the centerline of Mobile Heights Road;

THENCE: N 00° 14' 01" E 425.74 feet and passing a ½" dia. x 24" lng. steel pin with surveyor's cap #3573 set at 400.74 feet to a point in the center of a creek, said point being the northwest corner of the property herein described and a point in the south line of the Eric England property as described in Deed Book 386, Page 280;

THENCE: N 89° 28' 28" E 60.01 feet to a point in the center of said creek, said point being the northeast corner of the property herein described and a point in the south line of the previously mentioned England property;

THENCE: S 00° 14' 01" W 426.53 feet along a new line and passing a ½" dia. x 24" lng. steel pin with surveyor's cap #3573 set at 25.00 feet to a ½" dia. x 24" lng. steel pin

with surveyor's cap #3573 set, said pin being the southeast corner of the property herein described;

THENCE: N 89° 45' 59" W 60.00 feet along a new line to the point of beginning.

And being subject to all previously conveyed easements, rights-if-way, covenants and restrictions of record and not of record if any.

Being a portion of the same property which was conveyed to Cary Dan Cunningham and wife, Fredia Cunningham, by Deed dated May 8, 1989 and of record in Deed Book 320, Page 317, Graves County Court Clerk's Office.

TO HAVE AND TO HOLD the said real estate and the appurtenances thereunto belonging unto the said grantee, its heirs and assigns forever.

Words used herein in the singular shall, when appropriate, include the plural and the plural to mean the singular; also any gender used herein shall, when appropriate, be construed to mean and refer to any other gender.

THE GRANTORS have hereunto set their hands, relinquished their respective right to curtesy or dower and homestead exemptions in and to said real estate.

THE PARTIES HERETO STATE THAT THE CONSIDERATION REFLECTED IN THIS DEED IS THE FULL CONSIDERATION PAID FOR THE PROPERTY. THE GRANTEE JOINS IN THIS DEED FOR THE SOLE PURPOSE OF CERTIFYING THE CONSIDERATION PURSUANT TO THE PROVISIONS OF 382.010 ET. SEQ.

DATED this the 19th day of July, 2008.

GRANTORS:

GRANTEE:

PURCHASE PUBLIC SERVICE CORPORATION

Cary Dan Cunningham
CARY DAN CUNNINGHAM

Donald Ellis
By:

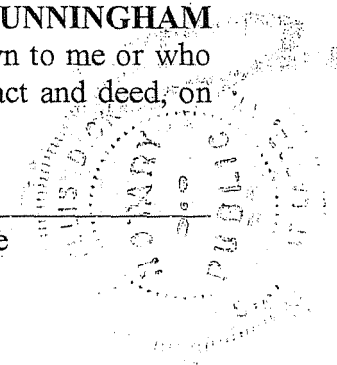
Fredia Cunningham
FREDIA CUNNINGHAM

STATE OF KENTUCKY
COUNTY OF Graves

I, the undersigned, a notary public in and for the state and county aforesaid, do certify that the foregoing Deed and Consideration Certificate was this day produced before me in my state and county, and acknowledged and sworn to before me by **CARY DAN CUNNINGHAM and wife, FREDIA CUNNINGHAM, GRANTORS**, who are personally known to me or who produced sufficient identification to prove their identity to me, to be their free act and deed, on this the 9 day of July, 2008.

My Commission Expires: 1-4-2012

Phyllis Dick
Notary Public, State-at-Large



STATE OF KENTUCKY
COUNTY OF Graves

I, the undersigned, a notary public in and for the state and county aforesaid, do certify that the foregoing Deed and Consideration Certificate was this day produced before me in my state and county, and acknowledged and sworn to before me by **PURCHASE PUBLIC SERVICE CORPORATION, by and through Donald Elias**, GRANTEE, who is personally known to me or who produced sufficient identification to prove their identity to me, to be their free act and deed and the free act and deed of Purchase Public Service Corporation, on this the 10th day of July, 2008.

My Commission Expires: 3-9-2010

Sheila Rogers
Notary Public, State-at-Large

THIS INSTRUMENT PREPARED BY:

S. Boyd Neely, Jr.
S. Boyd Neely, Jr.
Neely, Brien & Wilson
238 North 7th Street
P.O. Box 708
Mayfield, KY 42066-0034

STATE OF KENTUCKY
COUNTY OF GRAVES,
I, Barry Kennermore, Graves County Clerk in and for the State and County aforesaid do certify that this instrument was lodged in my office for record on the 10 day of July 2008, at 11:41 o'clock am, and the same and the foregoing and this certificate have been duly recorded in Deed book 447 page 637 in the Graves County Clerk's Office this the 11 day of July 2008
Barry Kennermore, Clerk

Barry Kennermore
1941-6.00

GENERAL WARRANTY DEED

CHARGED

FOR AND IN CONSIDERATION OF THE SUM OF TWELVE THOUSAND FOUR HUNDRED AND 00/100 DOLLARS -----(\$12,400.00)----- CASH IN HAND PAID, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED;

WE, **HOLLY W. ROBINSON (formerly HOLLY W. BEADLES)** and husband, **LARRY G. ROBINSON**, of 1312 Beane Road, Murray, Kentucky 42071;

Have sold and do hereby sell and convey with covenant of **GENERAL WARRANTY** to:

PURCHASE PUBLIC SERVICE CORPORATION, of 1002 Medical Drive, Mayfield, Kentucky 42066,

The following described real estate lying in **GRAVES COUNTY**, Kentucky, viz:

A 1.24 acre parcel of land as per June 14, 2008 survey of Jason W. Looper, KY LS #3573 and located east of Mobile Heights Road south of the Mayfield community of Graves County, Kentucky;

And more particularly described as beginning at the southeast corner of the property herein described, said corner being a ½" dia. x 24" lng. steel pin with surveyor's cap #3573 set, being a new established corner in a common line with the Cary Cunningham property as described in Deed Book 320, Page 317, and the Holly Beadles property as described in Deed Book 376, Page 859;

Said point of beginning lies on a bearing of South 32 deg. 25 min. 14 sec. East - - 538.36 feet from the intersection of the centerline of Old Dukedom Road and the centerline of Mobile Heights Road;

THENCE: N 89°45' 59" W 130.00 feet along a new line to a ½" dia. x 24" lng. steel pin with surveyor's cap #3573 set in the east line of the Lot #11 as recorded in Plat Cabinet B, Slide 120, said pin being the southwest corner of the property herein described;

THENCE: N 00°14' 01" E 400.00 feet along the east line of Lot #11, Lot #10, Lot #9 and Lot #8 as recorded in Plat Cabinet B, Slide 120, to a point in the center of a creek and passing a ½" dia. x 24" lng. steel pin with surveyor's cap #3573 set at 368.46 feet, said point being the northwest corner of the property herein described and a point in the south line of the Eric England property as described in Deed Book 386, Page 280;

THENCE: N 74° 13' 39" E 91.31 feet to a point in the center of said creek;

THENCE: N 89° 28' 28" E 42.24 feet to a point in the center of said creek, said point being the northeast corner of the property herein described and a point in the south line of the previously mentioned England property;

THENCE: S 00° 14' 01" W 425.74 feet and passing a ½" dia. x 24" lng. steel pin with surveyor's cap #3573 set at 25.00 feet to the point of beginning.

And being subject to all previously conveyed easements, rights-if-way, covenants and restrictions of record and not of record if any.

Being a portion of the same property which was conveyed to Holly W. Beadles by Deed dated October 2, 1998 and of record in Deed Book 376, Page 859, Graves County Court Clerk's Office.

TO HAVE AND TO HOLD the said real estate and the appurtenances thereunto belonging unto the said grantee, its heirs and assigns forever.

Words used herein in the singular shall, when appropriate, include the plural and the plural to mean the singular; also any gender used herein shall, when appropriate, be construed to mean and refer to any other gender.

THE GRANTORS have hereunto set their hands, relinquished their respective right to curtesy or dower and homestead exemptions in and to said real estate.

THE PARTIES HERETO STATE THAT THE CONSIDERATION REFLECTED IN THIS DEED IS THE FULL CONSIDERATION PAID FOR THE PROPERTY. THE GRANTEE JOINS IN THIS DEED FOR THE SOLE PURPOSE OF CERTIFYING THE CONSIDERATION PURSUANT TO THE PROVISIONS OF 382.010 ET. SEQ.

DATED this the 10th day of July, 2008.

GRANTORS:

GRANTEE:

**PURCHASE PUBLIC SERVICE
CORPORATION**

Holly W. Robinson
HOLLY W. ROBINSON

Donald Elias
By:

Larry G. Robinson
LARRY G. ROBINSON

STATE OF KENTUCKY
COUNTY OF GRAVES

I, the undersigned, a notary public in and for the state and county aforesaid, do certify that the foregoing Deed and Consideration Certificate was this day produced before me in my state and county, and acknowledged and sworn to before me by **HOLLY W. ROBINSON and husband, LARRY G. ROBINSON, GRANTORS**, who are personally known to me or who produced sufficient identification to prove their identity to me, to be their free act and deed, on this the 9th day of July, 2008.

My Commission Expires: 1-4-2012

Shelley Wick
Charlotte Jay
Notary Public, State-at-Large

STATE OF KENTUCKY
COUNTY OF GRAVES Calloway

I, the undersigned, a notary public in and for the state and county aforesaid, do certify that the foregoing Deed and Consideration Certificate was this day produced before me in my state and county, and acknowledged and sworn to before me by **PURCHASE PUBLIC SERVICE CORPORATION, by and through Donald Elias**, GRANTEE, who is personally known to me or who produced sufficient identification to prove their identity to me, to be their free act and deed and the free act and deed of Purchase Public Service Corporation, on this the 10th day of July, 2008.

My Commission Expires: 3-8-2010

Shirley Rogers
Notary Public, State-at-Large

THIS INSTRUMENT PREPARED BY:

S. Boyd Neely, Jr.
S. Boyd Neely, Jr.
Neely, Brien & Wilson
238 North 7th Street
P.O. Box 708
Mayfield, KY 42066-0034

STATE OF KENTUCKY
COUNTY OF GRAVES, Sol.
I, Barry Kennemore, Graves County Clerk in and for the State and County aforesaid do certify that this instrument was lodged in my office for record on the 10 day of July 2008, at 11:40 o'clock am and the same and the foregoing and this certificate have been duly recorded in Deed book 447 page 634 in the Graves County Clerk's Office this the 11 day of July 2008
Barry Kennemore, Clerk

D. W. Wood
1ax-0-1250

X

DEED OF CONVEYANCE

This deed of conveyance made and entered into this 27 day of March, 1991. by and between CARDINAL UTILITIES, INC., LORRAINE P. KIMBRELL, single, and CRAIG STEVE POPE, single, hereinafter referred to as parties of the first part, and PURCHASE PUBLIC SERVICE CORPORATION, TIM NUCKOLLS, of P.O. Box 588, Mayfield, Kentucky 42066, hereinafter referred to as the party of the second part.

WITNESSETH:

WHEREAS, Civil Action No. 89-CI-0046 is now pending against the first parties in Division II of the Franklin Circuit Court, and

WHEREAS, the first parties have and are accumulating fines at the rate of \$50.00 per day for the violation of the Order of said Court, and

WHEREAS, Cardinal Utilities, Inc. has an unpaid fine of \$20,000.00 imposed by the Kentucky Public Service Commission for violation of its orders in Public Service Commission Case No. 90-189, and

WHEREAS, both the Circuit Court of Franklin County, Kentucky and the Kentucky Public Service Commission have entered orders approving the sale of the hereinafter described sewage treatment facilities to the party of the second part, and further have suspended the imposition of the aforesaid fine and penalties on transfer of said public facilities to an approved entity, and

WHEREAS, the first parties do declare that the hereinafter described real estate and the utilities situated thereon are sold and transferred to the second party free and clear of any and all liens, claims and encumbrances, except for restrictions and easements of record and any city, state, county or school ad valorem taxes due for 1990 and all prior years.

NOW THEREFORE, in consideration of the premises the parties of the first part hereby grant, sell and convey unto the party of the second part the following described real estate in Marshall County, Kentucky, viz:

GOLDEN ACRES

Tract #1 Treatment Plant Site - beginning at a point in the South line of Section 19, T. 6, R. 3, East said beginning point being 961.0 feet East of the Southwest corner of Sec. 19, T. 6, R. 3 East; thence North 33 deg. 46 min, East a distance of 50.0 feet to an iron pin; thence South 33 deg. 46 min. West a distance of 50.0 feet to an iron pin; thence North 87 degrees 14 min. West and along the Sec. line a distance of 70.0 feet to the point of beginning. See Plat Book 5, page 47 Marshall County Court Clerk's Office.

Tract #2 Access Road, Beginning at a point in the South line of Sec. 19, T. 6, R 3 East said beginning point being 1,031 feet East of the Southwest corner of Sec. 19 T. 6, R 3 East; thence North 33 deg. 46 min. East a distance of 29.2 feet to an iron pin; thence South 87 deg. 14 min. East a distance of 164.0 feet to an iron pin; thence North 2 deg. 14 min. East a distance of 25.0 feet to an iron pin; thence North 87 deg. 14 min. West a distance of 179.0 feet to the point of beginning.

Tract #3 20 foot Sewer Line Easement - A certain parcel of land described as being 20 feet in width, and lying 10 feet on either side of a line described as follows: Beginning at a point in the North line of Parcel #1 15 feet West of the Northease corner of said tract; thence North 33 deg. 46 min. East a distance of 466.2 feet to a manhole; thence North 53 deg. 47 min. East a distance of 234.0 feet to a manhole in Gholson Drive and there terminating.

GATEWAY

Beginning at the intersection of the centerline of easement number 5 and the Jackson Purchase Parkway R/W fence; thence, Northerly with Jackson Purchase Parkway R/Q fence for a distance of 45.0 ft. to a point; thence Easterly with 90°00' for a distance of 50.0 ft. to a point; thence, Southerly with 90°00' for a distance of 90.0 ft. to a point; thence, Westerly with 90°00' for a distance of 50.0 ft. to a point; said point at the Jackson Purchase Parkway R/W fence; thence, Northerly with 90°00' and along said fence for a distance of 45.0 ft. to the point of beginning.

The first and last calls form an interior angle of 180°00'.

The area of this parcel is 4,500 sq. ft.

EASEMENT NO. 1

A 15-foot wide easement in Gateway Drive (a 50-foot R/W) extending along the Northwest lines of Lot 44, 47, 48 and 49 of the Gateway Village Subdivision according to the plat thereof of record in Plat Book 3, page 26, Marshall County Court Clerk's Office, and more particularly described as follows:

Beginning at the intersection of the Northwestern R/W of Godwin Drive (a 50-foot R/W) and the Southeasterly R/W of Gateway Drive, same being the Northeast corner of Lot 44; thence, N 48°17' W along the Southeasterly R/W of Gateway Drive and the Northeast lines of Lots 44, 47, 48 and 49 a distance of approximately 418 feet to the intersection of the Northeast R/W of Telegraph Drive (a 50-foot R/W) and the Southeasterly R/W of Gateway Drive; thence N. 41° 43' W a distance of 15 feet; thence N 48° 17' E along a line parallel to the Southeasterly R/W of Gateway Drive a distance of approximately 418 feet; thence, S 41° 43' E a distance of 15 feet to the point of beginning.

EASEMENT NO. 2

A 15-foot wide easement along the Southeasterly R/W of Gateway Drive and extending Northeasterly from Godwin Drive and more particularly described as follows:

Beginning at the intersection of the Northeasterly R/W of Godwin Drive and the Southeasterly R/W of Gateway Drive, same being the Northwest corner of Lot 24; thence, N. 48° 17' E along the Southeasterly R/W of Gateway Drive a distance of 470 feet; thence, S 41° 43' E a distance of 15 feet; thence S 48°17' W a distance of 470 feet to the Northeasterly R/W of Godwin Drive; thence, N 41° 43' along the Northeasterly R/W of Gateway Drive a distance of 15 feet to the point of beginning.

EASEMENT NO. 3

A 15-foot wide easement more particularly described as follows:

Beginning at a point 15 feet S 41° 43' E of the intersection of the Southeasterly R/W of Gateway Drive and the Northeasterly R/W of Godwin Drive; thence, along the Northeasterly R/W of Godwin Drive across the Northwest lines of Lots 24, 25, 26, 27 and 28 a distance of approximately 409 feet to a Southwest corner of Lot 28 (a 5 sided lot) thence S 76°08' 50" E a distance of 158.04 feet to a Southwest corner of Lot 28; thence N. 43° 53' E approximately 225.63 feet to the Gateway Bowling Lanes property; thence, along the Gateway Bowling Lanes property to a point 15 feet Northwest of the previous call; thence S 43° 53' 50" W to a point 15 feet N 43°53' 50' W of the Southwest line of Lot 28; thence, N 76° 08' 50" W to a point 15 feet S 76° 08' 50" E of the R/W of Godwin Drive; thence, along a line parallel to and 15 feet distant from the R/W of Godwin Drive across Lots 28, 27, 26, 25 and 24 to a point 15 feet N 48° 17' W of the point of beginning; thence S 48° 17' W 15 feet to the point of beginning.

EASEMENT NO. 4

A 15-foot wide easement across Godwin Drive connecting easements 1, 2 and 3 more particularly described as follows:

Beginning at the intersection of the Northwesterly R/W of Godwin Drive and the Southeasterly R/W of Gateway Drive; thence, crossing said Godwin Drive to a point lying 15 feet S 41° 43' E of the intersection of the Northeasterly R/W of Godwin Drive and the Southeasterly R/W of Gateway Drive; thence, N 41° 43' W along the Northeasterly R/W of Godwin Drive 15 feet to the point where it intersects with the Southeasterly R/W of Gateway Drive; thence, in a Westerly direction across Godwin Drive to a point 15 feet N 41° 43' W of the point of beginning; thence S 41° 43' E a distance of 15 feet to the point of beginning.

EASEMENT NO. 5

A 15-foot easement extending Northwesterly from Gateway Drive a distance of 200 feet, and more particularly described as follows:

Beginning at the intersection of the Southerly R/W of U.S. Highway 68 (a varying R/W) and the Northwesterly R/W of Gateway Drive; thence, S 48° 17' W along said R/W of Gateway Drive 200 feet to an iron dowel and the point of beginning; thence N. 41°43' W West for a distance of 200 feet to a point; thence, S 48° 17' W for a distance of 15 feet to a point; thence, N 41° 43' E for a distance of 200 feet to a point; thence, N 48°17' E along the R/W of Gateway Drive for a distance of 15 feet to the point of beginning.

EASEMENT NO. 6

A 15 foot easement extending Northwesterly from Gateway Drive to and passing through the sewage treatment plant and lying 7½ on either side of a line more particularly described as follows:

Beginning at a point in the Southeasterly R/W of Gateway Drive 65 feet N 48 17' E of the Northeasterly R/W of Godwin Drive; said point being the center of an existing sewer line; thence, Northwesterly with R/W of Gateway Drive and crossing said street for a distance of 190 feet to a point; thence, deflect to the left 41° 53' for a distance of 300 feet to a point; thence, deflect to the right 23°00' for a distance of 170 feet to a point and the Southeasterly R/W of Jackson Purchase Parkway.

ALSO: A 10 inch trunk line sewer line with steel casing with crosses under the Jackson Purchase Parkway at Highway Station 2353+40 and is approximately 410 feet long, and an 9 inch trunk line sewer line with steel casing which crosses under the Jackson Purchase Parkway at Highway Station 2340+20 and is approximately 350 feet long, together with all of Grantor's rights to maintain said sewer lines in their present locations.

Being the same property conveyed to Cardinal Utilities, Inc. by Ralph L. Boling United States Marshall for the Western District of Kentucky on behalf of Red Wing Utility Company, Inc., by deed dated April 4, 1986, and recorded in Deed Book 215, page 283, of the Marshall County Court Clerk's Office.

TO HAVE AND TO HOLD the said premises together with all of the appurtenances thereunto belonging unto the party of the second part with Covenant of General Warranty.

CONSIDERATION CERTIFICATE

The parties hereto certify that the consideration reflected in this deed is the full consideration paid for the property. The grantee joins this deed for the sole purpose of certifying the consideration pursuant to KRS 382.135.

IN TESTIMONY hereof, witness our signatures this the 27 day of March, 1991.

GRANTORS:

Lorraine P. Kimbrell
LORRAINE P. KIMBRELL
Individually

Craig Steve Pope
CRAIG STEVE POPE
Individually

GRANTEE:

Tim Nuckolls
TIM NUCKOLLS, President
Purchase Public Service Corp.

Steve Pope
STEVE POPE, President
Cardinal Utility Company

STATE OF KENTUCKY)
COUNTY OF MARSHALL)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by LORRAINE P. KIMBRELL and CRAIG STEVE POPE, Grantors, on this the 27 day of Mar, 1991.

My commission expires: Jan 18, 1993.

Wanda Hodder
NOTARY PUBLIC

STATE OF KENTUCKY)
COUNTY OF MARSHALL)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by TIM NUCKOLLS, President Purchase Public Service Corp., Grantee, on this the 27 day of Mar, 1991.

My commission expires: Jan 18, 1993.

Wanda Hodder
NOTARY PUBLIC

STATE OF KENTUCKY)
COUNTY OF MARSHALL)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by CRAIG STEVE POPE, President Cardinal Utility Company, Grantee, on this the 27 day of Mar, 1991.

My commission expires: Jan 18, 1993.

Wanda Halder
NOTARY PUBLIC

THIS INSTRUMENT PREPARED BY:

Richard H. Lewis
RICHARD H. LEWIS
LEWIS, THOMAS & CARTER
1100 Main Street
Benton, KY 42025

STATE OF KENTUCKY)
COUNTY OF MARSHALL)

I, JAMES R. ENGLISH, Clerk of the County in and for the State and County aforesaid, do certify that this instrument was lodged in my office for record on the 28th day of March, 1991, duly taxed \$ -0-, and the same and foregoing and this certificate have been duly recorded in Deed Book 248, page 280, Marshall County Court Clerk's Office, on this 29th day of March, 1991.

JAMES R. ENGLISH, CLERK

BY: Gail Stoney, DC

Paid 15.00 recording Fee

DEED OF CONVEYANCE

This deed of conveyance made and entered into this 27th day of April, 1994, by and between CARDINAL UTILITIES, INC., LORRAINE P. KIMBRELL, single, and CRAIG STEVE POPE, single, hereinafter referred to as parties of the first part, and PURCHASE PUBLIC SERVICE CORPORATION, TIM NUCKOLLS, of P.O. Box 588, Mayfield, Kentucky 42066, hereinafter referred to as the party of the second part.

WITNESSETH:

WHEREAS, Civil Action No. 89-CI-0046 is now pending against the first parties in Division II of the Franklin Circuit Court, and

WHEREAS, the first parties have and are accumulating fines at the rate of \$50.00 per day for the violation of the Order of said Court, and

WHEREAS, Cardinal Utilities, Inc. has an unpaid fine of \$20,000.00 imposed by the Kentucky Public Service Commission for violation of its orders in Public Service Commission Case No. 90-189, and

WHEREAS, both the Circuit Court of Franklin County, Kentucky and the Kentucky Public Service Commission have entered orders approving the sale of the hereinafter described sewage treatment facilities to the party of the second part, and further have suspended the imposition of the aforesaid fine and penalties on transfer of said public facilities to an approved entity, and

WHEREAS, the first parties do declare that the hereinafter described real estate and the utilities situated thereon are sold and transferred to the second party free and clear of any and all liens, claims and encumbrances, except for restrictions and easements of record and any city, state, county or school ad valorem taxes due for 1990 and all prior years.

NOW THEREFORE, in consideration of the premises the parties of the first part hereby grant, sell and convey unto the party of the second part the following described real estate in Graves County, Kentucky, viz:

HOLIFIELD HEIGHTS

Being a part of Lot #8 of Holifield Heights Subdivision as recorded in Plat Book 3, page 82, Graves County Court Clerk's Office and being more particularly described as follows:

Beginning at a point in the Northwest corner of said Lot 38, thence North 87° 47' E 182.70 feet to a point; thence South 2° 13 minutes East 50 feet to a point; thence South 87° 47' West 135 feet, more or less, to a point in the East line of Holifield Drive as shown on the aforesaid plat; thence in a Northwesterly direction with the curve of Holifield Drive to the point of beginning.

Being the same property conveyed to Cardinal Utilities, Inc. by Ralph Bolling, United States Marshall for the Western District of Kentucky on behalf of Red Wing Utility Company, Inc., by deed dated April 2, 1986, of record in Deed Book 303, page 553 of the Graves County Court Clerk's Office.

TO HAVE AND TO HOLD the said premises together with all of the appurtenances thereunto belonging unto the party of the second part with Covenant of General Warranty.

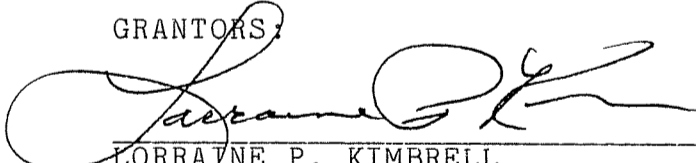
CONSIDERATION CERTIFICATE

The parties hereto certify that the consideration reflected in this deed is the full consideration paid for the property. The grantee joins this deed for the sole purpose of certifying the consideration pursuant to KRS 382.135.

IN TESTIMONY hereof, witness our signatures this the

27 day of March, 1991.

GRANTORS:



LORRAINE P. KIMBRELL
Individually



CRAIG STEVE POPE
Individually

GRANTEE:



TIM NUCKOLLS, President
Purchase Public Service Corp.



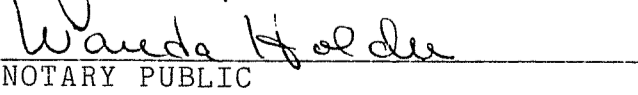
STEVE POPE, President
Cardinal Utilities, Inc.

STATE OF KENTUCKY)
COUNTY OF MARSHALL)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by LORRAINE P. KIMBRELL and CRAIG STEVE POPE, Grantors, on this the

27 day of March, 1991.

My commission expires: Jan 18, 1993.


NOTARY PUBLIC

STATE OF KENTUCKY)
COUNTY OF MARSHALL)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before my by TIM
NUCKOLLS, President Purchase Public Service Corp., Grantee, on
this the 27 day of Mar., 1991.

My commission expires: Jan 18, 1993.

Wanda Holder
NOTARY PUBLIC

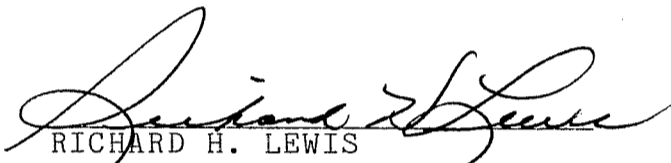
STATE OF KENTUCKY)
COUNTY OF MARSHALL)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by CRAIG
STEVE POPE, President Cardinal Utilities, Inc., Grantee, on this
the 27 day of Mar., 1991.

My commission expires: Jan 18, 1993.

Wanda Holder
NOTARY PUBLIC

THIS INSTRUMENT PREPARED BY:



RICHARD H. LEWIS
LEWIS, THOMAS & CARTER
1100 Main Street
Benton, KY 42025

STATE OF KENTUCKY)
COUNTY OF GRAVES)

I, GLEN BRUCE, Clerk of the County in and for the State
and County aforesaid, do certify that this instrument was lodged
in my office for record on the 29 day of March, 1991,

duly taxed \$, and the same and foregoing and this cer-
tificate have been duly recorded in Deed Book 330, page 407,

Graves County Court Clerk's Office, on this 29 day of
March, 1991.

9:15

GLEN BRUCE, CLERK

BY: W. Sexton, DC

EXHIBIT 5

**ARTICLES OF INCORPORATION
OF
PPSC**

RECEIVED FEB 01 2011



Alison Lundergan Grimes
Secretary of State

Commonwealth of Kentucky
Office of the Secretary of State
Suite 156, State Capitol
Frankfort, KY 40601

Fax (502) 564-4075
Corporate Filings (502) 564-3490
Corporate Records (502) 564-3490

Records Request Receipt

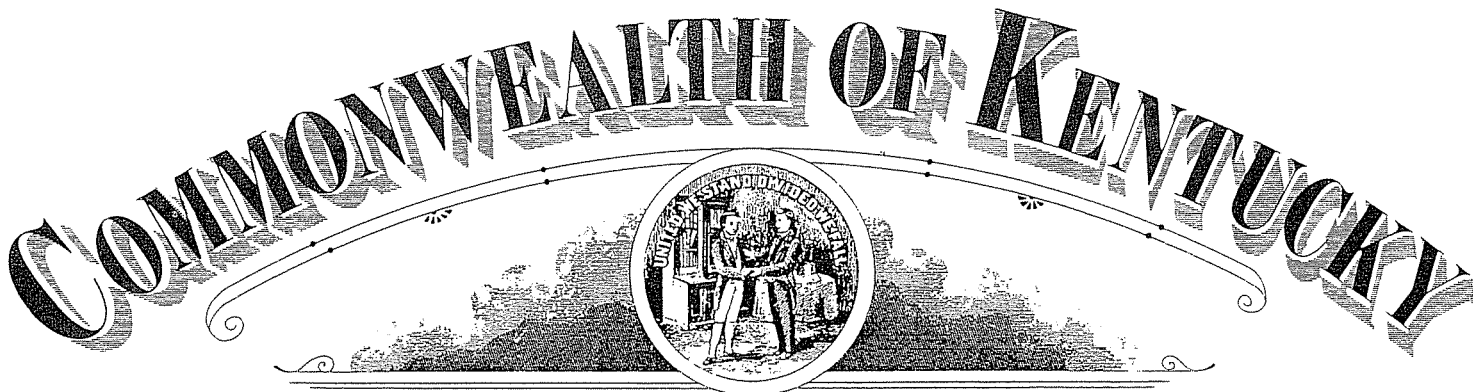
MARK DAVIS
PURCHASE PUBLIC SERVICE CORP.
PO BOX 5100
MAYFIELD KY 42066

Records Request ID: 62809
Customer ID: 32436
Date: Friday, January 27, 2012
Total Amount: \$11.50
Total Amount Paid (to Records): \$11.50
Corporate Records Balance: \$0.00

Payments Received:
Amount: \$11.50, Method: Check (Check #005584)
Checking Account Information:
PURCHASE PUBLIC SERVICE CORP
P.O. BOX 5100
MAYFIELD, KY 42066

All charges have been paid in full. The documents requested are listed below.

PURCHASE PUBLIC SERVICE CORPORATION (0253307.09.99999)		
Document	Pages/Quantity	Cost
Certified Copies (\$10.00 plus \$0.50 per page after 5 pages)	8 pages	\$11.50



**Alison Lundergan Grimes
Secretary of State**

Certificate

I, Alison Lundergan Grimes, Secretary of State for the Commonwealth of Kentucky, do hereby certify that the foregoing writing has been carefully compared by me with the original thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of

ARTICLES OF INCORPORATION OF

PURCHASE PUBLIC SERVICE CORPORATION FILED JANUARY 12, 1989.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 27th day of January, 2012.



Alison Lundergan Grimes

Alison Lundergan Grimes
Secretary of State
Commonwealth of Kentucky
emcnulty/0253307 - Certificate ID: 122119

253307

RECEIVED AND FILED

DATE JAN 12 1989

TIME 11:10 am

AMOUNT \$2.00

ARTICLES OF INCORPORATION
OF
PURCHASE PUBLIC SERVICE CORPORATION

BREMER EHRLER
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY

BY TS

This is to certify that we, the undersigned, all being of full legal age, do hereby associate ourselves for the purpose of forming a non-profit corporation under and by virtue of the laws of the State of Kentucky and Kentucky Revised Statutes 273.161-273.400, and further certify that:

ARTICLES

547936

- A. The name of the Corporation is PURCHASE PUBLIC SERVICE CORPORATION referred to as "Corporation".
- B. The existence of the Corporation will be perpetual.
- C. The principal offices of the Corporation will be located at the offices of the Purchase Area Development District, P.O. Box 588, Highway 45N, Mayfield, KY 42066.
- D. The resident agent of the Corporation is Henry Hodges, whose principal post office address is P.O. Box 588, Highway 45 N, Mayfield, KY 42066.

ARTICLE II

The purpose for which the Corporation is formed, and the business and objects to be carried on and promoted by it, are as follows:

A. To provide for the proper and orderly operation, maintenance, expansion, and construction of infrastructure facilities throughout the eight-county Purchase area. These shall include, but not be limited to, water and wastewater treatment and distribution facilities; solid waste management, handling, and disposal facilities; water resources projects; flood control projects; gas or electric utilities; or any other public utility or public service project which the corporation finds would enhance the welfare of the citizens of the region.

B. The Corporation is irrevocably dedicated to and operated for non-profit purposes; and no part of the income or assets of the Corporation shall be distributed to, nor inure to the benefit of any individual.

ARTICLE III

The Corporation shall have all of the powers granted by KRS.273.171, as amended, and more specifically:

A. Subject to the provisions of KRS 273.383, to purchase, take, receive, lease, take by gift, devise or bequest, or otherwise acquire, own, hold, improve, use and otherwise deal in and with real or personal property, or any interest therein, wherever situated.

B. To sell, convey, mortgage, pledge, lease, exchange, transfer and otherwise dispose of all or any part of its property and assets.

C. To purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of, other domestic or foreign corporations, whether for profit or not for profit, associations, partnerships or individuals, or direct or indirect obligations of the United States, or of any other government, state, territory, governmental district or municipality or of any instrumentality thereof.

D. To make contracts and incur liabilities, borrow money at such rates of interest as the corporation may determine, issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of all or any of its property, franchises and income.

E. To conduct its affairs, carry on its operations, and have offices and exercise the powers granted by KRS 273.161 to 273.390 in the Kentucky counties of Ballard, Calloway, Carlisle, Fulton, Graves, Hickman, Marshall, and McCracken.

F. To elect or appoint officers and agents of the corporation, who may be directors or members, and define their duties and fix their compensation.

G. To make and alter bylaws, not inconsistent with its articles of incorporation or with the laws of this state, for the administration and regulation of the affairs of the corporation.

H. To indemnify any director or officer or former director or officer of the corporation, or any person who may have served at its request as a director or officer of another corporation in which it owns shares of capital stock or of which it is a creditor, against expenses actually and reasonably incurred by him in connection with the defense of any action, suit or proceeding, civil or criminal, in which he is made a party by reason of being or having been such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty to the corporation; and to make any other indemnification that shall be authorized by the articles of incorporation or bylaws, or resolution adopted after notice to the members entitled to vote.

I. To have and exercise all powers necessary or convenient to effect any or all of the purposes for which the corporation is organized.

J. To set, charge, and collect necessary fees for services rendered in carrying out the purposes for which the Corporation is organized.

ARTICLE IV

In the event of the dissolution of the Corporation or the winding up of its affairs, or other liquidation of its assets, the Corporation's property shall not be conveyed to an organization created or operated for profit or to any individual for less than the fair market value of such property, and all assets remaining after the payment of the Corporation's debts shall be conveyed or distributed only to an organization or organizations created and operated for nonprofit purposes similar to those of the Corporation other than one created for religious purposes.

ARTICLE V

The directors of the corporation shall be eliminated from any personal liability for monetary damages for breach of his duties as a director, except in the following cases:

- a. For any transaction in which the director's personal financial interest is in conflict with the financial interests of the corporation;
- b. For acts or omissions not in good faith or which involve intentional misconduct or are known to the director to be a violation of law; or
- c. For any transaction from which the director derived an improper benefit.

ARTICLE VI

The number of Directors of the Corporation shall be no less than four (4) nor more than such number as prescribed in the Bylaws of the Corporation. The Directors of the Corporation must at all times be members of the Corporation, and such Directors shall serve without compensation.

The original Directors, and the terms for each are set below:

NAME	ADDRESS	TERM
R. K. Kelley	P.O. Box 218 Wickliffe, KY 42087	3 Year
John Harris	6445 Hinkleville Rd. Paducah, KY 42001	3 Year
Virgil Gilliam	301 Parker Mayfield, KY 42066	3 Year
Warren Owens	Rt. 1 Bardwell, KY 42023	3 Year

Membership in the Corporation shall, at all times, be established by appointment by the County Judge/Executives of each of the eight Purchase counties and limited to individuals who are residents of the eight-county Jackson-Purchase. Should local residency cease to exist or the appointment withdrawn, then such shall constitute automatic resignation as a member and Director of the Corporation.

The officers of the Corporation, as provided by the By-Laws of the Corporation, shall be elected by the directors of the Corporation, in the manner therein set out, and shall serve until their successors are elected and have qualified. The directors shall elect the regular officers of the Corporation at the annual meeting, for terms of one year. The secretary and treasurer may be one and the same person.

The annual meeting shall be held on the second Monday in May of each year.

ARTICLE VII

By-Laws of the Corporation may be adopted by the directors at any regular or any special meeting called for that purpose, so long as they are not inconsistent with the provisions of these Articles.

Signed by the incorporators this 9th day of January, 1989.

NAMES

ADDRESS

R. K. Kelley P.O. Box 218, Wickliffe, KY 42087

John R. Harris 6445 Hinkleville Rd., Paducah, KY
42001

Virgil Gilliam 301 Parker, Mayfield, KY 42066

Warren Owens Rt. 1, Bardwell, KY 42023

STATE OF KENTUCKY-AT-LARGE

COUNTY OF FULTON

I, the undersigned, a notary public in and for the state and county aforesaid, do hereby certify that the foregoing Articles of Incorporation were produced before me in my state and county and were duly signed and acknowledged before me by R. K. Kelley, John R. Harris, Virgil Gilliam, & Warren Owens, the incorporators therein, to be their free act and deed for the purposes therein set forth, on this 9th day of January, 1989.

My Commission Expires:

Feb. 3, 1990

Donald S. Elias
Notary Public



Purchase Public Service Corporation

Bylaws

Attachment 2

EXHIBIT 6

BILLING SERVICES AGREEMENT

BILLING SERVICES AGREEMENT

This Billing Services Agreement made and entered into this 1st day of July, 2010, by and between Graves County Water District, Party of the First Part, (hereinafter referred to as "GCWD") and Purchase Public Service Corporation, Party of the Second Part, (hereinafter referred to as "PPSC").

WITNESSETH:

WHEREAS, PPSC provides waste water services for Thomas Country Estates, Highland Club Estates, and Holifield Heights in Graves County, Kentucky, and,

WHEREAS, GCWD provides water for Thomas Country Estates, Highland Club Estates and Holifield Heights, and,

WHEREAS, to date PPSC and GCWD bill separately for these services provided and in the interest of cost economy PPSC desires for its waste water charges to be included on the water bills presently being sent by GCWD, and,

WHEREAS, GCWD wishes to provide these billing services for PPSC on the terms and conditions set forth herein.

NOW THEREFORE, for and in consideration of the mutual promises and covenants herein contained the parties hereto hereby agree as follows:

1. **Services provided by GCWD:**

- a. Beginning on the 1st day of July, 2010 GCWD agrees to include the monthly flat rate waste water charges of PPSC for its customers in Thomas Country Estates, Highland Club Estates and Holifield Heights.
- b. GCWD will mail its bill (which shall include the monthly flat rate waste water charges of PPSC) on or about the first working day of each month. Payments will be considered late and assessed a 1% penalty if not paid past the 10th of each month. The penalty charges shall be prorated between GCWD and PPSC according to their respective charges. All revenues

KENTUCKY PUBLIC SERVICE COMMISSION JEFF B. DEROUEN EXECUTIVE DIRECTOR TARIFF BRANCH
<i>Brent Kirtley</i>
EFFECTIVE 7/1/2010 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

collected by **GCWD** on behalf of **PPSC** for waste water charges shall be paid by **GCWD** to **PPSC** on a monthly basis.

- c. **GCWD** will discontinue water service for non-payment by the 25th of each month and disconnects will be scheduled on or about the 25th of each month. A disconnect notice will be sent out by **GCWD** in accordance with the Public Service Commission requirements prior to any disconnection.
- d. In the event a bill remains unpaid after the 10th day of the month then **GCWD** shall send a disconnect notice to the customer. The parties agree that the cost this disconnect notice to **GCWD** is \$2.00 and **PPSC** agrees to pay to **GCWD** one-half (½) of this cost (\$1.00) by reduction of the revenues paid to **PPSC** by **GCWD** as set forth in 1(l) below.
- e. If a customers bill remains unpaid by the 25th of the month **GCWD** will disconnect the customer's water service on or about the 25th of each month.
- f. The parties agree that the disconnect/reconnect costs of a customers' service is \$25.00. In the event of a disconnect of water services by **GCWD**, **PPSC** will pay to **GCWD** one-half (½) of the disconnect fees (\$12.50) by reduction of the revenues paid to **PPSC** by **GCWD** as set forth in 1(l) below. **GCWD** shall charge the customer \$25.00 to reconnect the water service and when this is paid by the customer, **GCWD** will pay to **PPSC** one-half (½) (\$12.50) of the reconnection fee, only if there has been a reduction in the revenues pursuant to 1(l) below.
- g. In the event a customers delinquent account is turned over to a collection agency, then **PPSC** agrees to be responsible for one-half (½) of the collection fee which shall be reduced from its revenues to be paid under 1(l) below.
- h. **GCWD** shall generate reports on a timely basis so that **PPSC** will have the necessary information which can be submitted to the Public Service Commission on an annual basis.
- i. **GCWD** will charge all new **PPSC** sewer customers a \$40.00 deposit after July 1, 2010. **GCWD** shall pay interest on all deposits as set forth in (j) below.
- j. **GCWD** will pay interest on customer deposits one time per year. This interest payment will be applied to the customers billing in the form of a credit.

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF B. DEBOEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<i>Brent Kirtley</i>
EFFECTIVE 7/1/2010
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

- k. **GCWD** will charge a \$25.00 returned check fee. Expenses and revenue from this process will be shared equally between **GCWD** and **PPSC**.
- l. At the end of each month, **GCWD** will pay **PPSC** an amount based on the number of customers charged with the **PPSC'S** approved flat rate. In December of each year, **GCWD** will account for the notice fees, the disconnect/reconnect fees, and the returned check fees as set forth above for non-paying customers and shall reduce the December payment by this amount accordingly as set forth above.
- m. When service is terminated for non payment, service will be restored only after a \$25.00 reconnect fee plus the customer's bill is paid. For service to be restored after normal business hours the \$25.00 reconnect fee, customer's bill and a \$75.00 overtime charge must be paid. The overtime charges to a customer shall not be subject to the reimbursement/repayment provisions to **PPSC** of this agreement. For purposes of this section the water/sewer bill will be treated as one bill and service will not be restored for partial payment.

2. **PPSC Responsibilities:**

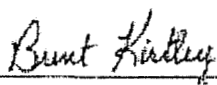
- a. **PPSC** agrees to pay **GCWD** for the services referred to above the following:
 - i. \$500.00 for a setup fee for billing services
 - ii. \$150.00 per month for billing services
- b. **PPSC** agrees to provide any and all new customer information to **GCWD** for billing purposes.
- c. **PPSC** shall be responsible for collecting all balances on accounts prior to the effective date of this agreement.

3. **Termination:**

Either party may terminate this agreement with 60 days written notice to the other at their address at that time. Should either party terminate this agreement with 60 days written notice all billing information will be provided to **PPSC** by **GCWD** and **GCWD** shall be compensated for any and all work completed prior to the termination within 60 days of the termination of this agreement.

4. **Succession:**

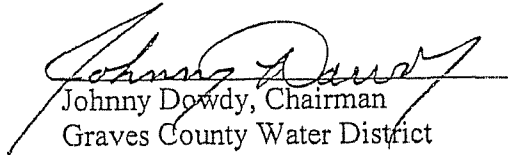
This agreement shall be binding upon the parties, their heirs, successors and assigns.


KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR

EFFECTIVE 7/1/2010
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

IN WITNESS WHEREOF, the parties have here and to set their hands this the day and date first above written.

GCWD

PPSC


Johnny Dowdy, Chairman
Graves County Water District


Don Elias, Chairman
Purchase Public Service Corporation

0080/0073

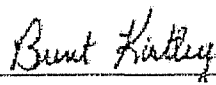
KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 7/1/2010 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

EXHIBIT 7

**AGREEMENT BETWEEN
PPSC & MEWS**

**PURCHASE PUBLIC SERVICE CORPORATION
WASTEWATER TREATMENT PLANT AND SYSTEM AGREEMENT**

THIS AGREEMENT made and entered into this ____ day of April, 2012, by and between **PURCHASE PUBLIC SERVICE CORPORATION** (hereinafter referred to as “PPSC”), with its business at Purchase Area Development District of 1002 Medical Drive, Mayfield, Kentucky 42066 and **THE ELECTRIC PLANT BOARD OF THE CITY OF MAYFIELD, KENTUCKY D/B/A MAYFIELD ELECTRIC & WATER SYSTEMS**, 301 East Broadway, Mayfield, Kentucky 42066, a public body corporate and political subdivision organized pursuant to Chapter 96 of the Kentucky Revised Statutes (hereinafter referred to as “MEWS”),

WHEREAS, PPSC owns three sewage treatment facilities in Graves County, Kentucky being Thomas Country Estates, Highland Club Estates, and Holifield Heights; and

WHEREAS, MEWS is currently operating said facilities under an Operating Agreement dated the 1st day of September, 2001; and

WHEREAS, PPSC desires to transfer ownership of the three facility treatment plants to MEWS.

NOW THEREFORE, for and in consideration of the mutual promises and covenants herein contained PPSC and MEWS agree as follows:

I. DEFINITIONS.

The following definitions will apply throughout this agreement:

- A. **“AGREEMENT DATE”** shall be the date on which this agreement is fully executed by both PPSC and MEWS;
- B. **“TRANSFER DATE”** shall be July 1, 2012 pending approval from the Kentucky Public Service Commission;

- C. “**TREATMENT FACILITES**” shall mean the three facilities now owned by PPSC and operated by MEWS and being the Thomas Country Estates, the Highland Club Estates, and the Holifield Heights located in Graves County, Kentucky. This shall include all properties, real, personal or mixed which are owned by PPSC and are used by MEWS in the operation of the three facilities referred to above and any and all contracts associated with the operation of the facilities. It shall also include all sewer pipes, lines, force mains, treatment plants, pumping and lift stations and all other real and/or personal property of PPSC used in the collection conveyance and treatment of sanitary sewage at the facilities.

II. **OPERATIONS PENDING APPROVAL AND TRANSFER.**

- A. Prior to the approval by the Kentucky Public Service Commission and the transfer of the **TREATMENT FACILITIES** MEWS shall continue to operate the **TREATMENT FACILITIES** pursuant to the agreement entered into on or about the 1st day of September, 2001 between PPSC and MEWS.
- B. On the **TRANSFER DATE** PPSC agrees, pursuant to a Deed and Bill of Sale to transfer and sell to MEWS the facilities described herein situated in Graves County, Kentucky, including all easements, right-of-ways, licenses, privileges, improvements and appurtenances (including sewer mains, lines, manholes, pumping stations, etc. located in public ways or in dedicated public easements) necessary to the operation of the **TREATMENT FACILITIES** and its attendant system. PPSC agrees to transfer the **TREATMENT FACILITIES** free and clear of all encumbrances, except for any easements, restrictions and stipulations of record or applicable governmental laws rules and regulations.

As of the **TRANSFER DATE** and upon execution and delivery of the deeds and Bills of Sale, MEWS shall own and operate the **TREATMENT FACILITIES**, pay all the expenses relating to the operations and otherwise bear all responsibility for the operations and maintenance of the **TREATMENT FACILITIES**. After the transfer it is anticipated that PPSC customers will be subject to the same rates that are currently on file with the Public Service Commission for the foreseeable future.

- C. Both PPSC and MEWS warrant that there are no claims known to either of them arising out of the ownership by PPSC or the operations by MEWS and further knows of no litigation which is contemplating or pending that relates to or concerns the **TREATMENT FACILITIES**.
- D. MEWS agrees to indemnify, defend and hold harmless PPSC from all claims or obligations that arise out of any event or incident related to or concerning MEWS’S ownership of the **TREATMENT FACILITIES** on or after the transfer date, including, but not limited to all taxes assessed and payable liens operating debt and expenses in claims for personal injury. Before MEWS shall have any liability under this paragraph MEWS must receive prompt and reasonable written

notice of any claim or obligation for which PPSC seeks indemnity and reimbursement. The written notice shall be of sufficient content to allow MEWS the opportunity to defend any such claims or obligations.

- E. PPSC states that there are no written or oral contracts or other obligations including but not limited to prior capacity commitments, to be assumed by MEWS, except those that may be identified in this agreement or in the application before the Public Service Commission of Kentucky. On the **TRANSFER DATE**, PPSC shall tender to MEWS all security deposits or other funds held by PPSC for the benefit of or future use by or credit to customers and MEWS shall hold said funds under the same terms for the benefit use or credit of the customers. However, PPSC represents that at the present time, it does not hold any security deposits or other funds or credits for the benefit of or future use by its customers. On the **TRANSFER DATE** PPSC agrees to tender to MEWS any and all records, documents, permits files, billing lists, customer lists related to the facilities that is not already in possession of MEWS under the Operating Agreement.
- F. On the **TRANSFER DATE** PPSC agrees to provide MEWS with any and all operating data influent and effluent of the facilities then in possession of PPSC or its agents that has not already been furnished to MEWS under the Operating Agreement.
- G. Subject to any express provisions contained in this agreement to the contrary, MEWS accepts the **TREATMENT FACILITIES** subject to any such conditions and liabilities, which are unknown to PPSC (without any independent investigation) as of the **TRANSFER DATE**. MEWS agrees that, as a part of the inducement to PPSC to enter into this agreement, PPSC shall not be liable if or in any way responsible, for any existing or future losses, liabilities (including, without limitation, strict liability), damages, injuries, expenses, costs of any settlement or judgment and claims of any and every kind whatsoever with respect to, or as a direct result of, any environmental hazard occurring on or after the **TRANSFER DATE**. MEWS expressly assumes as of the transfer date all responsibility for, and shall carry out and comply with, any and all duties, obligations and requirements, whether existing or future, of PPSC with respect to, or imposed by, any settlement, judgment, decree, or other order of any governmental authority, any other settlement, judgment or other order of any court, or any Environmental Laws, in relation to, or as a direct result of, any such environmental hazard on or after the **TRANSFER DATE**.
- H. MEWS expressly assumes, as of the **TRANSFER DATE**, all liability for, and shall indemnify PPSC and hold PPSC harmless from and against any and all liabilities, including but not limited to any liabilities asserted or rising under any Environmental Laws, suffered by, or otherwise asserted against PPSC as the result of its ownership of the **TREATMENT FACILITES** by any person or entity.

III. MISCELLANEOUS

- A. All responsibilities and obligations incurred under this agreement shall be binding on the successors and assigns of PPSC and MEWS.
- B. This agreement shall be interpreted pursuant to the laws of the Commonwealth of Kentucky. The Graves Circuit Court, Graves County, Kentucky, shall have exclusive jurisdiction and venue to interpret the terms of this agreement, to settle disputes arising under this agreement, and to enforce this agreement. The parties to this agreement agree and hereby submit themselves to the jurisdiction of the Graves Circuit Court for these purposes.
- C. MEWS shall obtain any and all necessary approvals for this agreement from all applicable government authorities, except that PPSC shall petition the Public Service Commission for approval of this agreement. PPSC shall provide such assistance, as reasonably necessary, for MEWS to gain the necessary approvals from any other applicable government authorities.
- D. MEWS represents that Kevin Leonard is in charge of the daily operation of the facilities and will continue to be so after the transfer. MEWS has the technical knowledge to operate the facilities on a day-to-day basis and Kevin Leonard possesses a license to operate the wastewater treatment facilities and attends continuing education classes each year to maintain a current license.

IN WITNESS WHEREOF, PPSC and MEWS have executed this agreement as of the date first set forth above but actually on the dates set forth below.

**PURCHASE PUBLIC
SERVICE CORPORATION**

**MAYFIELD ELECTRIC &
WATER SYSTEMS**

By: _____

By: _____

EXHIBIT 8

**MINUTES & RESOLUTION
MAY 15, 2012
MEWS BOARD MEETING**

May 15, 2012

MAYFIELD ELECTRIC PLANT BOARD

The Electric Plant Board met this day in the office of Mayfield Electric and Water Systems . Chairman Wesley Greer presided over the meeting with the following members present : Chris Kendrick, Vice-Chairman, Nancy Barger, Kathy O’Nan and Robert Barclay. Also present was Marty Ivy, General Superintendent and Boyd Neely, Attorney for the Board.

Mr. Greer asked if all members had reviewed the minutes of the April Board meeting. On a motion by Mr. Kendrick and second by Ms. Barger , the Board approved the minutes of the last meeting. All voted aye.

Mr. Ivy presented the operational reports for the month of April, 2012. On a motion by Ms. O’Nan and second by Mr. Barclay, the Board accepted the operational reports as presented. All voted aye.

Mr. Ivy explained the Resolution Exhibit 2 from Kentucky Infrastructure for MEWS to accept the \$90,000.00 in grant funds to do additional work on the 1MGallon water tank and gives the General Superintendent the authority to sign all documents relating to this. On a motion by Mr. Kendrick and second by Ms. Barger, the Board adopted this resolution. All voted aye. Robert Barclay also signed the Certificate at Secretary.

The next Resolution concerns the wastewater facilities owned by Purchase Public Service Corporation (PPSC). MEWS is currently maintaining these facilities at Thomas Estates, Holifield Heights and Highland Club Estates The Resolution will precede an agreement to transfer ownership of these facilities from PPSC to MEWS. The Resolution also gives the General Superintendent approval to execute the agreement and sign all documents related to this project. On a motion by Ms. O’Nan and second by Mr. Barclay, the Board adopted the resolution. All voted aye. The application will be submitted to Public Service Commission for approval.

Mr. Ivy explained the next Resolution concerning TVA and MuniNet Project 2. He noted that MEWS is already a member of the MuniNet agency and it will be building a new project which will connect Hydro Dam to Paradise Steam Plant. MEWS is entering into an guaranty agreement with TVA to use some of their fiber optic strands and for TVA to use some of MuniNet fiber optic strands on this route. TVA already has constructed their part of the fiber and MuniNet part is not built yet. TVA is asking that MEWS approve a resolution to assure that MuniNet part of the project will be completed. He noted that the other MuniNet agencies have already signed similar resolutions. On a motion by Mr. Barclay and second by Mr. Kendrick, the Board adopted the resolution. All voted aye. Mr. Barclay as secretary signed the Certificate for the resolution.

Mr. Ivy shared with the Board concerning Muninet Project 5. Murray State University has asked for fiber to be run from Murray State to Hancock Biological Center which is on Kentucky Lake and will be a 13 mile project. The Resolution agrees for Electric Plant Board of Mayfield to participate in Project 5 of the MuniNet Agency. The resolution authorizes Board to pursue financing along with the other participating utility members and obtain financing for the project. Mr. Ivy reviewed the cost which is should not exceed \$200,000.00. Murray will make upfront payment of \$100,000.00. and two \$25,000.00. payments. Plus \$450.00 monthly thereafter. At end of the 5 year contract this will be a profitable endeavor. Also it will be ready if any other business who wishes to be connected to fiber in that area. On a motion by Mr. Barclay and second by Ms. O’Nan, the Board adopted the resolution. All voted aye. Mr. Barclay, Secretary, signed the Certificate.

Mr. Ivy explained the change order for the substation. There is \$60,000.00. in punitive damages as contractor was late. Also, expenses for concrete was estimated incorrectly so the total to be reduced from contract is \$124,480.72. Contractor should be completely gone by end of week.

Kentucky Department of Energy has not awarded the grant for the street light project. Mr. Ivy noted he may have info on that project in June.

Mr. Ivy noted that the Highway 45 Project is near to completion.

Mr. Ivy noted that MEWS was awarded a Safety Award from American Public Power Association.

Mr. Ivy stated that Brent Schultz represented utilities in the Reality Zone. Last week was National Drinking Water Week. Mary Beth Paschall participated in story hour at Graves County Public Library. MEWS has given away items pertaining to water during last week and installed a new water fountain which keeps track of number of plastic bottles that are saved. MEWS manned a water station at recent 5K race. Mary Beth Paschall is participating in Child Mentoring Program.

He noted that old transformers have been disposed of. Mr. Ivy shared pictures of the new substation. Mr. Ivy explained how the new substation works.

Mr. Ivy presented TVPPA Annual Conference packets to those Board members attending.

Next meeting date will be June 19, 2012.

Minutes
May 15, 2012
Page 3

On a motion by Ms. O’Nan and second by Mr. Kendrick, the meeting was adjourned.
All voted aye.

Chairman

Secretary-Treasurer

RESOLUTION _____

WHEREAS, Purchase Public Service Corporation (hereinafter "PPSC") owns three sewage treatment facilities in Graves County, Kentucky being Thomas Country Estates, Highland Club Estates, and Holifield Heights; and

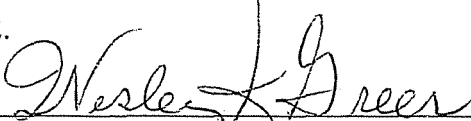
WHEREAS, the Electric Plant Board of the City of Mayfield, Kentucky d/b/a Mayfield, Electric & Water Systems (hereinafter "MEWS") is currently operating said facilities under an Operating Agreement dated the 1st day of September, 2001; and

WHEREAS, MEWS and PPSC have reached an agreement whereby PPSC will transfer ownership of the three sewage treatment facilities to MEWS; and

WHEREAS, the transaction is contingent upon approval by the Kentucky Public Service Commission.

NOW THEREFORE, be it resolved by the Electric Plant Board of the City of Mayfield, Kentucky that it hereby approves the agreement between Purchase Public Service Corporation and the Electric Plant Board of the City of Mayfield, Kentucky for the transfer of the sewage treatment facilities in Graves County, Kentucky being Thomas Country Estates, Highland Club Estates, and Holifield Heights to the Electric Plant Board of the City of Mayfield, Kentucky; and it hereby authorizes the General Superintendent, Marty Ivy to execute the agreement and all other necessary documents or agreement and to otherwise act on behalf of the Electric Plant Board of the City of Mayfield, Kentucky to implement the transfer upon approval by the Kentucky Public Service Commission.

ADOPTED on this the 15th day of May, 2012.



Electric Plant Board of the City of
Mayfield, Kentucky

ATTEST:

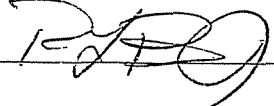


EXHIBIT 9

COMPREHENSIVE ANNUAL FINANCIAL REPORT

ELECTRIC PLANT BOARD OF THE CITY OF MAYFIELD, KENTUCKY

STATEMENTS OF NET ASSETS

JUNE 30, 2011

(With Comparative 2010)

	Electric System	Internet System	Water System	Sewer System	Total 2011	Total 2010
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,637,509	\$ 3,272	\$ 55,083	\$ 11,712	\$ 1,707,576	\$ 1,021,483
Customers	1,875,319	-	-	-	1,875,319	1,692,761
Other	104,855	1,986	59,869	12,322	179,032	227,512
Grants	144,532	-	-	-	144,532	144,532
Deposits	-	3,200	-	625	3,825	3,825
Prepaid purchase power	51,925	-	-	-	51,925	84,281
Interfund receivable	1,529,637	26,437	10,625	31,419	1,598,118	2,028,860
Material and supplies, at average cost	237,217	-	183,839	8,378	429,434	416,638
Preliminary survey and investigation charges	-	-	-	37,014	37,014	37,014
Total current assets	<u>5,580,994</u>	<u>34,895</u>	<u>309,416</u>	<u>101,470</u>	<u>6,026,775</u>	<u>5,656,906</u>
Non-current assets:						
Plant in service	13,449,106	1,587,065	7,873,322	9,662,177	32,571,670	30,085,811
Less accumulated depreciation	<u>3,944,697</u>	<u>202,151</u>	<u>4,265,198</u>	<u>3,820,328</u>	<u>12,232,374</u>	<u>12,137,498</u>
	9,504,409	1,384,914	3,608,124	5,841,849	20,339,296	17,948,313
Construction work in process	<u>1,036,399</u>	<u>64,417</u>	<u>453,110</u>	<u>240,625</u>	<u>1,794,551</u>	<u>2,283,056</u>
Total non-current assets	<u>10,540,808</u>	<u>1,449,331</u>	<u>4,061,234</u>	<u>6,082,474</u>	<u>22,133,847</u>	<u>20,231,369</u>
Other assets:						
Investment in Muninet	22,954	-	-	-	22,954	-
Bond issue cost, net of amortization	335,739	-	-	-	335,739	-
Stockholder loan-CSA	9,576	-	-	-	9,576	9,576
Restricted cash	<u>4,116,844</u>	<u>-</u>	<u>-</u>	<u>172,008</u>	<u>4,288,852</u>	<u>171,918</u>
Total other assets	<u>4,485,113</u>	<u>-</u>	<u>-</u>	<u>172,008</u>	<u>4,657,121</u>	<u>181,494</u>
TOTAL ASSETS	<u>\$ 20,606,915</u>	<u>\$ 1,484,226</u>	<u>\$ 4,370,650</u>	<u>\$ 6,355,952</u>	<u>\$ 32,817,743</u>	<u>\$ 26,069,769</u>

ELECTRIC PLANT BOARD OF THE CITY OF MAYFIELD, KENTUCKY

STATEMENTS OF NET ASSETS

JUNE 30, 2011

(With Comparative 2010)

	Electric System	Internet System	Water System	Sewer System	Total 2011	Total 2010
LIABILITIES						
Current liabilities:						
Current portion long-term debt	\$ 350,518	\$ 68,253	\$ 172,330	\$ 250,694	\$ 841,795	\$ 536,437
TVA-power purchased-billed	2,377,031	-	-	-	2,377,031	1,916,926
TVA- True up	-	-	-	-	47,595	-
Accrued interest payable	47,595	-	-	-	84,541	109,671
Accounts payable	58,695	-	25,846	-	110,299	119,916
Payroll taxes withheld and accrued	110,299	-	-	-	110,299	119,916
Accrued sales and utility taxes	51,695	-	1,948	-	53,643	51,140
Property taxes	3,813	-	-	-	3,813	8,609
Customer deposits	474,399	-	90,767	-	565,166	650,065
Customer deposits-accrued interest	81,597	-	27,807	-	109,404	105,168
Interfund payable	40,857	798,625	19,403	739,233	1,598,118	2,028,860
Customer advance for construction-refundable	-	-	4,396	-	4,396	4,396
Accrued compensated absences	94,433	-	40,222	40,222	174,877	160,739
Other accrued expenses	135,256	-	-	-	135,256	118,589
Total current liabilities	<u>3,826,188</u>	<u>866,878</u>	<u>382,719</u>	<u>1,030,149</u>	<u>6,105,934</u>	<u>5,924,361</u>
Non-current liabilities:						
Obligation under capital lease, less current portion	-	-	389,007	-	389,007	545,756
1ST Kentucky Bank debt obligation, less current portion	-	341,500	-	-	341,500	370,178
Key Government Finance debt obligation, less current portion	-	-	-	7,865	7,865	30,728
Revenue bonds payable, less current maturities	8,060,000	-	-	-	8,060,000	-
First National Bank debt obligations, less current portion	557,951	-	58,411	-	616,362	2,765,517
Kentucky infrastructure debt obligation, less current portion	-	293,396	-	532,693	826,089	663,113
Total non-current liabilities	<u>8,617,951</u>	<u>634,896</u>	<u>447,418</u>	<u>540,558</u>	<u>10,240,823</u>	<u>4,375,292</u>
TOTAL LIABILITIES	<u>12,444,139</u>	<u>1,501,774</u>	<u>830,137</u>	<u>1,570,707</u>	<u>16,346,757</u>	<u>10,299,653</u>
NET ASSETS						
Invested in capital assets, net of related debt	1,572,339	746,182	3,441,486	4,701,989	10,461,996	14,645,315
Reserved	4,116,844	-	-	172,008	4,288,852	171,918
Unreserved	2,473,593	(763,730)	99,027	(88,752)	1,720,138	952,883
TOTAL NET ASSETS	<u>\$ 8,162,776</u>	<u>\$ (17,548)</u>	<u>\$ 3,540,513</u>	<u>\$ 4,785,245</u>	<u>\$ 16,470,986</u>	<u>\$ 15,770,116</u>

ELECTRIC PLANT BOARD OF THE CITY OF MAYFIELD, KENTUCKY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2011

(With Comparative 2010)

	Electric System	Internet System	Water System	Sewer System	Total 2011	Total 2010
OPERATING REVENUES	\$ 16,577,316	\$ 254,905	\$ 1,474,446	\$ 1,497,650	\$ 19,804,317	\$ 17,431,549
OPERATING EXPENSES						
Purchased power	12,193,373	85,515	-	-	12,278,888	10,899,887
Operations	390,847	28,627	502,111	724,989	1,646,574	1,483,825
Customer services	502,858	8,135	130,374	121,644	763,011	666,040
General and administrative	860,794	10,610	403,097	381,606	1,656,107	1,446,595
Maintenance	706,776	-	-	-	706,776	530,167
Amortization, issuance cost	2,537	-	-	-	2,537	-
Depreciation	501,341	37,704	239,497	190,009	968,551	749,446
Taxes-property	115,200	-	-	-	115,200	102,000
Taxes-payroll	92,861	-	37,632	35,529	166,022	143,771
Taxes-school	474,444	-	32,526	-	506,970	437,750
Total operating expenses	<u>15,841,031</u>	<u>170,591</u>	<u>1,345,237</u>	<u>1,453,777</u>	<u>18,810,636</u>	<u>16,459,481</u>
OPERATING INCOME	<u>736,285</u>	<u>84,314</u>	<u>129,209</u>	<u>43,873</u>	<u>993,681</u>	<u>972,068</u>
NON-OPERATING REVENUES (EXPENSES):						
Contributions in aid of construction	-	-	249,036	198,525	447,561	500,397
Reduction of plant costs recovered through contributions in aid of construction	-	-	(249,036)	(198,525)	(447,561)	(500,397)
Other income	-	-	-	-	-	75,205
Interest income	10,481	29	491	762	11,763	14,343
Interest expense:						
Revenue bonds	(47,595)	-	-	-	(47,595)	-
1994 water project	-	-	(21,032)	-	(21,032)	(27,818)
FNB loans	(151,386)	(7,217)	(2,001)	-	(160,604)	(82,662)
1ST Kentucky loan	-	(17,130)	-	-	(17,130)	(19,736)
KIA loans	-	(1,931)	-	(15,125)	(17,056)	(39,587)
Key Government Finance	-	-	-	(2,029)	(2,029)	(3,040)
Customer deposits	(31,958)	-	(7,170)	-	(39,128)	(38,037)
Net non-operating revenues (expenses)	<u>(220,458)</u>	<u>(26,249)</u>	<u>(29,712)</u>	<u>(16,392)</u>	<u>(292,811)</u>	<u>(121,332)</u>
NET INCREASE IN NET ASSETS	<u>515,827</u>	<u>58,065</u>	<u>99,497</u>	<u>27,481</u>	<u>700,870</u>	<u>850,736</u>
Total net assets-beginning (Restated)	<u>7,646,949</u>	<u>(75,613)</u>	<u>3,441,016</u>	<u>4,757,764</u>	<u>15,770,116</u>	<u>14,919,380</u>
Total net assets-ending	<u>\$ 8,162,776</u>	<u>\$ (17,548)</u>	<u>\$ 3,540,513</u>	<u>\$ 4,785,245</u>	<u>\$ 16,470,986</u>	<u>\$ 15,770,116</u>

ELECTRIC PLANT BOARD OF THE CITY OF MAYFIELD, KENTUCKY
 STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011
 (With Comparative 2010)

	Electric System	Internet System	Water System	Sewer System	Total 2011	Total 2010
Cash flows from operating activities:						
Received from user fees	\$ 16,438,568	\$ 253,578	\$ 1,485,019	\$ 1,493,074	\$ 19,670,239	\$ 17,460,083
Payments from (to) other funds	(50,458)	48,558	(148,172)	150,072	-	(2,694,708)
Payments to employees for services	(1,424,839)	(9,186)	(573,961)	(497,948)	(2,505,934)	(11,271,918)
Payments to suppliers for goods and services	(12,912,405)	(123,701)	(469,281)	(744,554)	(14,249,941)	(640,754)
Payments for taxes	(682,505)	-	(71,079)	(35,529)	(789,113)	-
Net cash from operating activities	<u>1,368,361</u>	<u>169,249</u>	<u>222,526</u>	<u>365,115</u>	<u>2,125,251</u>	<u>2,852,703</u>
Cash flows from investing activities:						
Utility plant additions, net of cost of removal, salvage and allowance for funds used during construction	(2,062,619)	(85,314)	(327,177)	(843,481)	(3,318,591)	(4,580,989)
Investments purchased	(22,954)	-	-	-	(22,954)	75,205
Interest received	10,481	29	491	762	11,763	14,343
Net cash from investing activities	<u>(2,075,092)</u>	<u>(85,285)</u>	<u>(326,686)</u>	<u>(842,719)</u>	<u>(3,329,782)</u>	<u>(4,491,441)</u>
Cash flows from capital financing activities:						
Principal payments of debt obligations	(2,302,168)	(64,266)	(147,456)	(242,766)	(2,756,656)	(2,993,036)
Contributions in aid of construction	-	-	249,036	198,525	447,561	1,577,037
Bond issue cost	(338,276)	-	-	-	(338,276)	-
Loan proceeds	8,377,771	-	82,749	467,025	8,927,545	3,458,761
Interest paid	(198,981)	(26,278)	(30,203)	(17,154)	(272,616)	(210,880)
Net cash from capital financing activities	<u>5,538,346</u>	<u>(90,544)</u>	<u>154,126</u>	<u>405,630</u>	<u>6,007,558</u>	<u>1,831,882</u>
Net increase (decrease) in cash and cash equivalents	4,831,615	(6,580)	49,966	(71,974)	4,803,027	193,144
Cash and cash equivalents at beginning of year	<u>922,738</u>	<u>9,852</u>	<u>5,117</u>	<u>255,694</u>	<u>1,193,401</u>	<u>1,000,257</u>
Cash and cash equivalents at end of year	<u>\$ 5,754,353</u>	<u>\$ 3,272</u>	<u>\$ 55,083</u>	<u>\$ 183,720</u>	<u>\$ 5,996,428</u>	<u>\$ 1,193,401</u>

ELECTRIC PLANT BOARD OF THE CITY OF MAYFIELD, KENTUCKY
 STATEMENTS OF CASH FLOWS-(Continued)
 FOR THE YEAR ENDED JUNE 30, 2011
 (With Comparative 2010)

	Electric System	Internet System	Water System	Sewer System	Total 2011	Total 2010
Reconciliation of operating income						
to net cash from operating activities:						
Net operating income	\$ 736,285	\$ 84,314	\$ 129,209	\$ 43,873	\$ 993,681	\$ 972,068
Adjustments to reconcile operating income to						
net cash provided by operating activities:						
Depreciation	501,341	37,704	239,497	190,009	968,551	749,446
Amortization	2,537	-	-	-	2,537	-
Changes in assets and liabilities:						
Accounts receivable, net	(138,748)	(1,327)	10,573	(4,576)	(134,078)	28,534
Materials and supplies	(16,983)	-	4,187	-	(12,796)	(6,215)
Prepayments and other assets	200,632	(17,763)	110,256	169,973	463,098	(241,504)
Accounts payable	340,678	-	(2,032)	(17,516)	321,130	911,846
Customer deposits	(69,859)	-	(15,040)	-	(84,899)	34,592
Accrued taxes and interest	6,911	-	1,052	-	7,963	11,629
Other accrued payables	(194,433)	66,321	(255,176)	(16,648)	(399,936)	392,307
Net cash from operating activities	<u>\$ 1,368,361</u>	<u>\$ 169,249</u>	<u>\$ 222,526</u>	<u>\$ 365,115</u>	<u>\$ 2,125,251</u>	<u>\$ 2,852,703</u>