

## CONTRACT

**THIS CONTRACT** is made and entered into by and between PEAKS MILL WATER DISTRICT ("DISTRICT"), having its principal place of business in Franklin County, Kentucky, and LENN SMITH ("SMITH"), 850 Gregory Road, Frankfort, Kentucky 40601;

The effective date of this Contract will be when and if the Public Service Commission ("PSC") of Kentucky approves same;

**WHEREAS**, The DISTRICT is a regulated water supplier for its service area, and SMITH is the Lessee of a parcel of land at the juncture of Shadrick Ferry Road and Owenton Road in that service area, and intends to construct on said land a water loading station and supply line thereto to connect to the DISTRICT line, and to resale water to the public in bulk, purchased from the DISTRICT at wholesale, all dependent upon this Contract;

**WHEREFORE**, in order to facilitate said business plan, to comply with the requirement of prior approval by the PSC, and to define the agreement in writing, the parties agree as follows:

1) The DISTRICT will, at the expense of SMITH, install a 2-inch (2") water supply meter at the said real property leased by SMITH;

Maintenance and repair of the meter will be the expense and responsibility of the DISTRICT.

2) The water line leading to the water meter, and the water meter, are the property and responsibility of the DISTRICT;

3) The water loading station, the line leading from the water meter, and all manner of appurtenances to said real property, the loading facility and everything in connection therewith will, as between the parties to this Contract, be the sole property and responsibility of SMITH;

4) The DISTRICT will sell and supply water through said water meter to SMITH, and SMITH will promptly pay for same, at the rate now approved, and as subsequently changed and approved by the PSC for the DISTRICT to charge for bulk sales, or sales to a wholesaler for resale;

The DISTRICT will notify SMITH of any filing it makes for a change in rates to increase the cost of water to SMITH;

In accordance with its regular rules and regulations, the DISTRICT will have the right to curtail its supply of water to SMITH in the event SMITH does not pay by the 10th day of the second month for water already supplied; until such payment is fully made, whereupon, the DISTRICT will resume its supply of water but may, as its rules and regulations allow, require a reasonable deposit to be applied to future delinquent charges;

5) Nothing in this Contract will bind or obligate the DISTRICT to furnish water to SMITH through said water meter in excess of 100 gallons a minute; nor to install additional supply meter or meters unless same meets the approval of the DISTRICT and the PSC.

All water sold to SMITH will meet regulated quality, and the sole responsibility and liability for water as resold by SMITH will rest with SMITH, and SMITH will indemnify and hold the DISTRICT safe from all damages and liability in any ways connected to or stemming from SMITH'S resale of its water and its activities on the premises;

PUBLIC SERVICE COMMISSION  
OF KENTUCKY

OCT 20 1983

PUBLIC SERVICE COMMISSION  
SECTION 100  
BY *[Signature]*  
PUBLIC SERVICE COMMISSION MANAGER

6) The DISTRICT'S obligation to furnish water to SMITH pursuant to this Contract is contingent upon the DISTRICT being able to obtain from its own supplier, Frankfort Electric and Water Plant Board, sufficient water for bulk resale after first servicing its own retail customers;

The DISTRICT will have the right to reduce or curtail its supply of water to SMITH in accordance with the guidelines then in effect for Frankfort-Franklin County, Kentucky, in the event of a community water shortage, while such shortage exists, and to curtail water in the event a water rationing order or directive is made by the agency or body having authority to do so, so long as the rationing is in effect;

**THIS CONTRACT** is not assignable by SMITH unless agreed to in writing by the DISTRICT, and any requisite PSC or other approval first obtained at the expense of SMITH. The DISTRICT will not unreasonably withhold such agreement.

SMITH warrants unto the DISTRICT that he is the LESSEE of the land upon which the water meter will be installed, and the water loading station to be built, from GERALD PARRISH, landowner, under a valid written Lease and that he has full power and authority to use the property in the manner to be facilitated by this Contract;

The DISTRICT will have the right to remove its water meter and thereby terminate its water supply in the event that SMITH ceases or nearly ceases his business of water resale at the premises, or if he attempts to assign his business or water resale at the premises or if his lease of the real property expires or is sooner terminated voluntarily or involuntarily;

Mason Bates, who as Chairman executes this Contract for and on behalf of the DISTRICT, warrants that same Contract is entered into pursuant to proper resolution of the DISTRICT.

This Contract executed the day and date below indicated to be effective when and if the PSC approves same.

Mason Bates  
PEAKS MILL WATER DISTRICT  
BY: MASON BATES, CHAIRMAN  
Bates Road, Frankfort  
Franklin County, Kentucky 40601.

Len Smith  
LENN SMITH  
850 Gregory Road  
Frankfort, Franklin County,  
Kentucky 40601.

STATE OF KENTUCKY     )  
  )ss  
COUNTY OF FRANKLIN    )

The foregoing Contract was subscribed, sworn to and acknowledged by MASON BATES in his capacity as Chairman of Peaks Mill Water District, as he verily believes and as his own free act and deed.

**WITNESS** my Notarial signature this October 13, 1988.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
NOTARY

OCT 20 1988

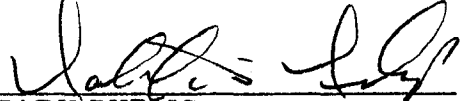
PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
NOTARY  
30 Steve Miller  
PUBLIC SERVICE COMMISSION MANAGER

[Signature]  
NOTARY PUBLIC  
Kentucky, State at Large  
My commission expires: 09-10-89

STATE OF KENTUCKY     )  
  )ss  
COUNTY OF FRANKLIN    )


The foregoing Contract was subscribed, sworn to and acknowledged by LENN SMITH, as he verily believes and as his own free act and deed.

WITNESS my Notarial signature this October 13, 1988.

  
NOTARY PUBLIC  
Kentucky, State at Large  
My commission expires: 09-10-89

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
FRANKFORT, KY

OCT 30 1988

SECRETARY  
  
PUBLIC SERVICE COMMISSION MANAGER