

**WATER SERVICE TERMINATION
AGREEMENT**

THIS AGREEMENT, made and entered into on the 1st day of May 2007
by and between the **Carrollton Utilities**, 225 6th Street, Carrollton, Kentucky 41008 ("Utility"), and
Henry County Water District, with offices located at 8955 Main St, Campbellsburg KY
("Water Company").

RECITALS:

WHEREAS, the Utility is the operator of the sanitary sewer system and appurtenances thereto serving customers who are also water customers of the Water Company; and

WHEREAS, the Utility has established charges for sanitary sewer services rendered to its customers and bills such charges on a periodic basis to its customers so served; and

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

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

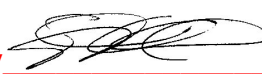
WHEREAS, the Water Company is authorized, pursuant to Chapter 96 of the Kentucky Revised Statutes, to enter into an agreement with the Utility for the termination of water service and discontinuance of the supply of water from its system to any premises at which the sanitary sewer service charge for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

WHEREAS, the Utility has requested the Water Company to perform services for the termination of water service for reason of delinquency in the payment of any sanitary sewer service charge and to reconnect such water service upon payment of all charges, including any reconnect charges; and

WHEREAS, the Water Company is willing to disconnect and reconnect such service, all pursuant to and subject to the terms and conditions hereinafter set forth.


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

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SECTION 9 (1)

By 
Executive Director

1. The Utility and the Water Company shall jointly designate and cause to be identified on the Water Company's computer records, each sewer customer of the Utility who is also a water customer of the Water Company (the "Joint Accounts").
2. The Utility shall be responsible for the sanitary sewer customer billing, accounting and collecting for those users of the sanitary sewer system of the Utility identified pursuant to Section 1 above, during the term of this Agreement.
3. In the case of Joint Accounts, the Water Company and the Utility will take whatever action is necessary to have sanitary sewer service and the liability therefore placed in the same person/name as is the water service for such account. An example of this requirement would be in the case of rental property, where the landlord is billed instead of the tenant(s) or vice versa.
4. All of the Utility's sanitary sewer service charges, of whatever kind and nature, plus any and all applicable federal, state or local sales, use or other tax, which is currently in effect or which may be imposed during the term of this Agreement, paid by its customers, will be collected and received by the Utility.
5. The Water Company shall shut off water service for non-payment of sanitary sewer service charges and applicable taxes and pursuant to the terms, conditions and prices set forth in Schedule A hereto which is incorporated by reference herein.
6. In consideration of the services to be provided to the Utility by the Water Company pursuant hereto, the Water Company will issue an invoice to the Utility within fourteen (14) days of the close of each month. The bill shall be paid by the Utility, in full, within ten (10) days of receipt.
7. The Water Company shall without delay, code each new water service account as a sanitary sewer service account unless the account is specifically known to be located within a non-sewer area. The Utility shall notify the Water Company of those accounts that have existing water service but are newly tapped-on to the sewer system on a monthly basis. The Water Company shall, without delay, code each such existing water service account as a sanitary service account.
8. The term of this Agreement shall be for a period of three (3) years beginning on May 1st, 2007. This Agreement will automatically renew at the end of each twelve-month period of the term, upon the same terms and conditions, subject to sufficient funds being appropriated in the applicable fiscal year by the Utility. Any party proposing a renewal with different terms and conditions, including the consideration to the Water Company, shall submit a written proposal containing such terms and conditions to the other party no later than sixty (60) days prior to the expiration of the then-current twelve month term of the agreement. Either party to this Agreement may terminate the agreement upon sixty (60) days written notice to the other party at the addresses first above written.

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9. This Agreement shall be construed to be applicable to only the parties hereto and shall not confer any rights, privileges or obligation on any third party, including customers of the Water Company and/or the Utility.
10. The Water Company and the Utility shall each designate an individual or individuals as liaison to assist in the implementation of the terms of this Agreement by assisting with the transmission of information required by the Agreement and by responding to questions or requests for information from the public.
11. The water service terminated pursuant to this Agreement shall not be restored until all charges, taxes and reconnect fees have been paid and accepted by the Utility or until suitable payment arrangements have been made by the sanitary sewer service customer and accepted by the Utility, but shall be restored thereafter as soon as practicable.
12. In accordance with KRS 96-942, the Water Company shall incur no liability by reason of discontinuing water service pursuant to this Agreement except to the extent of its own negligence or other improper conduct. The Water Company agrees to indemnify, hold harmless and defend the Utility, its elected and appointed officials, employees, agents and successors in interest from and against all liabilities, claims, damages, penalties, cause of action, cost and expenses, including reasonable attorney fees imposed upon or incurred by or asserted against the Utility by reason of negligent acts, or other improper conduct on the part of the Water Company, its contractors, agents or employees.

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

13. In accordance with KRS 96-943, in the event the Water Company wrongfully fails or refuses to discontinue water service pursuant to this Agreement and continues such failure or refusal for a period of thirty (30) days after receipt of written notice from the Utility to do so, the Water Company shall be liable to the Utility for any amount due from the sewer user involved. The Utility and the Water Company agree that this is an exclusive remedy for failure to discontinue water service pursuant to this Agreement.
14. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors.
15. This Agreement has been entered into and shall be construed in accordance with the laws of the Commonwealth of Kentucky.
16. After the agreement is executed by both parties, the Water Company will file the agreement with the Kentucky Public Service Commission. It is agreed and understood by

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By 
 Executive Director

the parties hereto that the provisions of this Agreement shall not become effective unless it is filed with the Commission. By the executive hereof, the Utility covenants that all approvals by any local governing body have been obtained in order for this Agreement to be effective.

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

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates hereinafter set forth, but to be effective as of May 1, 2007.

CARROLLTON UTILITIES

BY: [Signature]

ATTEST: [Signature]

HENRY COUNTY WATER DISTRICT

BY: [Signature]

ATTEST: [Signature]

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SECTION 9 (1)

By [Signature]

Executive Director

Schedule "A" to Agreement

Utility: Carrollton Utilities

Water Company: Henry County Water District

1. Water service termination shall occur on one business day each month on a day mutually agreeable to the Utility and the Water Company.
2. At least three (3) business days prior to the date of water service termination, the Utility shall notify the Water Company, by fax, or e-mail or other agreed upon method, a list of accounts to be terminated. The notice will contain the names, addresses and account numbers in order to properly identify the account.
3. A charge of \$25.00 Dollars shall be paid by the Utility to the Water Company for each sewer service account ordered terminated by the Utility. This amount shall be paid regardless of whether the account was actually terminated, unless the Utility has revoked its termination order, in writing, prior to the agreed-upon day of termination. The charge of \$25.00 includes one water service termination and one reconnection per account. In the event the account becomes vacated and a reconnect is not required for the delinquent account, the fee will remain \$25.00. Reconnects will only be completed during regular working hours of the Water Company.
4. Only the Utility's representative shall have the authority to collect such sanitary sewer charges and the Water Company is released, held harmless and indemnified by the Utility from any claims, demands, liabilities, causes of action, penalties, costs and expenses, including reasonable attorney's fees arising from or in connection with any assertion against the Water Company related to the collection of sanitary sewer charges of any kind.
5. The Utility releases, holds harmless and indemnifies the Water Company from and against any claims, demands, liabilities, causes of action, judgments, penalties, costs and expenses, including reasonable attorney's fees arising from or in connection with the Utility's representative accompanying the Water Company for the purpose of terminating water service, except for the negligence or willful misconduct of the Water Company.

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