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AGREEMENT

OCT 20 1997

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

PUBLIC SERVICE COMMISSION

RECITALS:

WHEREAS, the City is the operator of the sanitary sewer system and apparatus serving Sadieville, Kentucky; and

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

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

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

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

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

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

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

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

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

**A. BILLING, ACCOUNTING AND COLLECTING**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **B. CUSTOMER AND WATER USAGE DATA**

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

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

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

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

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

### C. MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates hereinafter set forth, but to be effective as of 2 July 1997.

ATTEST:

  
CHRISTIE GRINDSTAFF  
CITY CLERK

CITY OF SADIENVILLE

BY:

  
DIANNA F. VEST, MAYOR

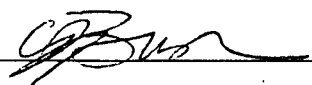
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WITNESSED

BY:



KENTUCKY-AMERICAN WATER COMPANY

BY:

  
ROY W. MUNDY II

VICE-PRESIDENT AND MANAGER