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AGREEMENT

THIS AGREEMENT, made and entered into on the 29<sup>th</sup> day of June 2001, by and between the **GEORGETOWN MUNICIPAL WATER & SEWER SERVICE**, 125 West Clinton Street, Georgetown, Kentucky 40324 ("Government"), and **KENTUCKY-AMERICAN WATER COMPANY**, with offices located at 2300 Richmond Road, Lexington, Kentucky 40502 ("Water Company").

RECITALS:

**WHEREAS**, the Government is the operator of the sanitary sewer system and appurtenances thereto serving customers in the City of Georgetown, Kentucky and others; and

**WHEREAS**, the Government 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 Government 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 part of the same area and customers as are served by the Government and the Water Company is in a position to supply to the Government the customer and water usage data the Government 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 Government; and

**WHEREAS**, the Water Company is authorized, pursuant to Chapter 96 of the Kentucky Revised Statutes, to enter into an agreement with the Government 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 Government are unpaid; and

**WHEREAS**, the Government 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 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;

PUBLIC SERVICE COMMISSION  
KENTUCKY  
OFFICE

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**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:

1. The Government and the Water Company shall jointly designate and cause be identified on the Water Company's computer records, each sewer customer of the Government who is also a water customer of the Water Company (the "Joint Accounts").

2. The Government shall be responsible for the sanitary sewer customer billing, accounting and collecting for those users of the sanitary sewer system of the Government identified pursuant to Section 1 above, during the term of this Agreement.

3. In the case of Joint Accounts, the Water Company and the Government 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.

4. All of the Government'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 receipted by the Government.

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 Government by the Water Company pursuant hereto, the Water Company will issue an invoice to the Government within fourteen (14) days of the close of each month. The bill shall be paid by the Government, 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 Government 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 July 1, 2001. 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 Government. Any party proposing a renewal with different terms and conditions, ~~imposed 2001~~

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SECTION 9 (1)  
BY: Stephan D. Bell  
SECRETARY OF THE COMMISSION

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.

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 Government.

10. The Water Company and the Government 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 Government or until suitable payment arrangements have been made by the sanitary sewer service customer and accepted by the Government, 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 Government, 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 Government by reason of the negligent acts, or other improper conduct on the part of the Water Company, its contractors, agents or employees.

The Government 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, costs 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 Government, 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 Government to do so, the Water Company shall be liable to the Government for any amount due from the sewer user involved. The Government and the Water Company agree that this is an exclusive remedy for failure to discontinue water service pursuant to this Agreement.

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PURSUANT TO 807 KAR 5.011,  
SECTION 3 (1)  
BY: Stephen D. Bull  
SECRETARY OF THE COMMISSION

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

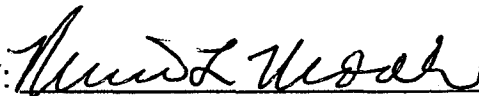
15. This Agreement has been entered into and shall be construed in accordance with the laws of the Commonwealth of Kentucky.

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

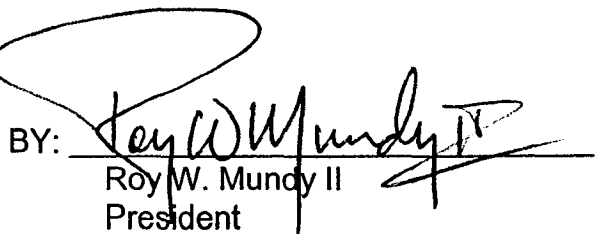
17. This Agreement is the entire agreement between the parties and may not be amended, modified or revised except by a written instrument signed by each of the parties.

**IN WITNESS WHEREOF**, the parties have executed this Agreement on the dates hereinafter set forth, but to be effective as of July 1, 2001.

GEORGETOWN MUNICIPAL WATER  
AND SEWER SERVICE

BY: 


KENTUCKY-AMERICAN WATER CO.

BY:   
Roy W. Mundy II  
President

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SEP 09 2001

PURSUANT TO 807 KAR 5011,  
SECTION 9 (1)

BY:   
SECRETARY OF THE COMMISSION

Schedule A to Agreement

Government:           Georgetown Municipal Water and Sewer Service

Water Company:    Kentucky-American Water Company

1. Water service terminations shall occur on one business day each month on a day mutually agreeable to the Government and the Water Company.
2. At least three (3) business days prior to the date of water service termination, the Government 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 and the amounts owed by each customer account.
3. A charge of Thirty Dollars (\$30.00) shall be paid by the Government to the Water Company for each sewer service account ordered terminated by the Government. This amount shall be paid regardless of whether the account was actually terminated, unless the Government has revoked its termination order, in writing, prior to the agreed-upon day for termination. The charge of \$30.00 shall include one water service termination and one reconnection per account. Subsequent terminations shall be charged a fee of \$30.00 each.
4. A representative of the Government must accompany the Water Company representative and be present at the time of water service termination. Such Government representative shall have, if so designated by the Government, the authority to accept sanitary sewer service charges, fees, taxes, and other amounts owed, including partial payments. Such Government representative shall have the authority to order the Water Company not to terminate water service and to reconnect water service.
5. Only the Government's representative shall have the authority to collect such sanitary sewer charges and the Water Company is released, held harmless and indemnified by the Government from any claims, demands, liabilities, causes of action, penalties, costs and expenses, including reasonable attorneys' fees, arising from or in connection with any assertion against the Water Company related to the collection of sanitary sewer charges of any kind.
6. The Government 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 attorneys' fees arising from or in connection with the Government'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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PURSUANT TO 607 KAR 5011,  
SECTION 9 (1)  
BY: Stephan Bill  
SECRETARY OF THE COMMISSION