MEMORANDUM OF AGREEMENT

This Memorandum of Agreement made and entered into this 27 day of 5200, by and between; Laurel County, Kentucky, (hereinafter called "county") and Laurel County Water District No. 2, (hereinafter called "water district") as follows;

WHEREAS, Laurel County, Kentucky, is authorized to repair, maintain and operate the NORTHLAND SEWER COMPANY, a private sewer treatment plant which serves approximately thirty-nine (39) residences in Northland Estates Subdivision, all pursuant to an inducement agreement dated June 14, 2000 between Dwight Stevens and wife, Kathie G. Stevens and Laurel County, Kentucky, and;

WHEREAS, Laurel County, Kentucky, has requested Laurel County Water District No. 2 to bill and collect sewer charges from owners of property in Northland Estates Subdivision who are currently or will in the future be served by Northland Sewer Company, NOW;

The Laurel County Water District #2 is in agreement with the Laurel County Fiscal Court to bill and collect sewer charges from the residence of Northland Estates Subdivision who are currently being served by the Package Sewage Plant.

The sewer will be billed at the same rate as the water which is posted on the bills.

The delinquency of these customers will be based on both water and sewer and will be delinquent when either or both are due.

The reasons for discontinuing water service for sewer reasons will be for non-payment of bills or when a dangerous condition is found to exist on the customer's premises.

Reconnecting Fee - When the water supply to the customer has been discontinued for non-payment of delinquent bills, a charge of \$20.00 will be made until all delinquent bills and other charges, if any, owed by the customer to the Water District have been paid.

Deposits - The Water District may require a minimum case deposit of \$30.00 (Residential) and \$60.00 (Commercial) or other guaranty to secure payments of bills or service may be refused or discounted for failure to pay the requested deposit. Interest, as prescribed by KRS 74.050, will be paid annually either by refund or credit to the customers bill, except that no refund or credit will be made if the customer's bill is delinquent on the anniversary date of the deposit.

The Laurel County Water District #2 agrees to bill a group of customers designated by the Fiscal Court, pull and reset meters according to law and regulations, issue the Fiscal Court a monthly check for monies collected, to either the County Treasurer or a specific amount designated by the Fiscal Court, minus a \$1.00 per customer charge for services rendered by the District.

TARIFF BRANCH
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PUBLIC SERVICE COMMISSION OF KENTUCKY The reconnecting fee will be considered a charge paid to the Water District for service rendered and will not involve a refund to the Fiscal Court.

Each additional trip involving the sewer will be charged at \$10.00 per trip to be billed to the customer and retained by the Water District.

Any problem found by the Water District pertaining to the sewer will be relayed to a designated proper authority of the Laurel County Fiscal Court in a timely manner.

This agreement is considered a temporary solution to an existing problem and the Fiscal Court and Laurel County Water District #2 agree to review this agreement six (6) months from the date of signing.

This group of customers will be represented in the approval of this agreement by the Public Service Commission and the laws and regulations by which the Water District currently abides.

Any changes in rates must be approved by the Public Service Commission.

This the above date.

LAUREL COUNTY WATER

LAUREL COUNTY, KENTUCKY

DISTRICT NO. 2

The above Memorandum of Agreement was approved by the Laurel County Fiscal Court

at a regular meeting held on the 27 day of (http., 2000).

Clerk, Laurel County Fiscal Court

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