

SUPPLEMENTAL SERVICE AGREEMENT

12,470 Y / 7,200 VOLTAGE SERVICE

This Supplemental Service Agreement ("Agreement") is made and entered into as of the 28th day of JUNE, 2004, between The Union Light Heat & Power Company, a corporation organized and existing under the laws of the Commonwealth of Kentucky ("ULH&P" or "Company") and the Sanitation District No. 1, a sanitation district organized pursuant to Kentucky Revised Statutes, Chapter 220 with facilities at 212 Pike Street, Bromley, Kentucky 41016, ("Customer") (each a "Party" and collectively the "Parties").

WHEREAS, Customer is currently being provided electric service by Company through a single electric service connection pursuant to Company's KY. P.S.C. Electric No. 4, on file with the Kentucky Public Service Commission (KyPSC) and as amended from time to time ("Electric Tariff"); and

WHEREAS, Customer desires that Company provide Customer with an additional electric service connection of 12,470 Y / 7,200 volts ("Supplemental Service"); and

WHEREAS, Customer and Company are contemporaneously entering into a Reserve Capacity Agreement under which Company shall reserve certain capacity on its distribution facilities serving the Supplemental Service facilities ("Reserve Capacity Service"); and


WHEREAS, the purpose of the Supplemental Service and Reserve Capacity Service is to provide an alternate source of electric service to Customer's service transformer(s) in the event of the failure of the Company's primary source of supply to said transformer(s) ("Emergency Service"); and

WHEREAS, Company is willing to provide such Supplemental Service to Customer, subject to the terms and conditions of this Agreement;

NOW THEREFORE, the Parties agree as follows:

- Supplemental Service. Company shall construct, own, operate and maintain the Supplemental Service facilities (hereinafter referred to as "Facilities") shown on Company's drawing no. 603252, attached hereto as Exhibit A and thereafter provide Customer a **12,470 Y / 7,200 voltage** Supplemental Service. Supplemental Service shall be in addition to the 12,470-voltage service ("Principle Service") now supplying the Customer in accordance with the provisions of the Company's Electric Tariff and on schedule Rate DT contained therein. The electricity consumed by Customer under this Agreement shall be supplied and billed according to Rate DT and subject to the terms and conditions stated therein, in addition to other applicable provisions of the Company's Electric Tariff.

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By 
Executive Director

2. Fees. Customer shall pay to Company a one-time fee of **\$12,812.00** as compensation for constructing the Facilities (hereinafter referred to as "Construction Cost"). Such payment shall be made within 30 days of the date of invoice. Customer shall also pay to the Company as compensation for the Company's ownership, operation and maintenance of the Facilities a monthly fee equal to 68/100ths percent (0.68%) of the Construction Cost ("Monthly Fee"), such Monthly Fee being **\$87.12** per month. The Company may include the Monthly Fee on the same bill rendered to Customer for other services provided by the Company, and payments by Customer shall be applied by Company to the billed amounts according to Company's customer accounting practices. The Monthly Fee shall become effective either on the date that the Supplemental Service meter is installed by the Company or 60 days after the Company has completed the installation of the Facilities, whichever date occurs first. The amount of such Monthly Fee shall be in effect for the first year immediately following the date that the Monthly Fee becomes effective. At the end of such first year and on each anniversary date thereafter, the Monthly Fee may be adjusted by the Company for any change in the Company's cost of ownership, operation, or maintenance of the Facilities and in accordance with Paragraph 9 herein.


3. Required Rights. If Company is unable to obtain, without cost, all required permits, rights-of-way and easements or any other documents or approvals necessary for the installation on public or private property of the Facilities, this Agreement shall be null and void and neither party shall, thereafter, have any obligations whatsoever to the other party.

4. Grants of Easement. Customer shall, contemporaneously with the execution of this Agreement and without cost to Company, execute and deliver to Company grants of easement requested by the Company in the form prescribed by Company, granting Company the right to construct, maintain, operate and remove the Facilities to be located upon Customer's property.

5. Use of Supplemental Service. The Company and the Customer shall agree to a set of procedures for operation of the Supplemental Service in conjunction with the operation of the Principal Service ("Operating Procedures"). Such Operating Procedures shall be set forth in writing, and shall address the loading of the Supplemental and Principal Services, testing and maintenance of the Facilities, and other such matters related to the operation of the Supplemental and Principal Services as the Parties deem appropriate. Such Operating Procedures shall be part of this Agreement as if fully set forth herein, except that changes to such Operating Procedures shall not be deemed to be amendments to this Agreement. The Parties may agree from time to time to change the Operating Procedures; such changes shall be set forth in writing and shall thereafter be deemed to be part of this Agreement as if fully set forth herein.


6. Right to Inspect. Company shall have the right, at reasonable times, to inspect the Facilities and any of Customer's equipment connected thereto.

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7. Billing Determinants. For billing purposes, the kilowatt-hours and kilowatts registered on the Supplemental Service meter shall be bulked together in accordance with Company's standard practice for bulking interval meters.
8. Limitations on Service. The Facilities to be provided based on this Supplemental Service Agreement are intended to provide an alternate source of supply to the Customer's Bromley Kentucky facility from the local ULH&P distribution system. The Facilities will provide service from the ULH&P distribution system comparable to the standard service provided to any customer supplied from the Company's distribution system. The Primary Service and/or the Supplemental Service may be individually or simultaneously out of service due to events beyond Company's control. In such instances, Company shall restore service as quickly as possible consistent with good utility practice. Company shall not be liable for any damage or claim of damage attributable to any interruption or reversal of service caused by unavoidable accident or casualty, extraordinary action of the elements, action of any governmental authority, or by any other cause which Company could not have reasonably foreseen and made provision consistent with Company's standard system design and operating practices against.
9. Changes in Facilities. If, during the term of this Agreement, Customer requests Company to temporarily or permanently relocate, rearrange or alter any or all of the Facilities, and Company agrees to do so, Customer shall reimburse Company for all costs associated therewith, such reimbursement to include changes to the Monthly Fee reflective of any change in Company maintenance of the Facilities.
10. Term and Termination. The term of this Agreement shall be for a period of five (5) years and shall remain in force, thereafter, until terminated by either Party giving the other Party sixty (60) days written notice of its intent to terminate the Agreement. Upon termination of this Agreement, the Company may, at its sole discretion, remove the Facilities.
13. Tariffed Electric Service. Company shall provide electric service to Customer in accordance with ULH&P's Electric Tariff, except as otherwise set forth in this Agreement.
14. Regulatory Approvals. This Agreement is subject to KyPSC jurisdiction and approval. Any petitions and filings shall be the responsibility of the Company. Company shall notify the Customer when Company makes the required filing at the KyPSC, and shall notify the Customer of any KyPSC Order issued with respect to this Agreement.
15. Assignment. Neither Party shall assign any of its rights nor delegate any of its duties under this Agreement without the prior written consent of the other Party, which consent not to be unreasonably withheld. The terms and conditions of this Agreement shall be binding upon and inure to the benefit of any and all successors or assigns of the Parties.


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By 

Executive Director

- 16. Entire Agreement. This Agreement constitutes the entire agreement between the Parties related to the subject matter hereof and supersedes all prior or contemporaneous understandings, statements or agreements between the Parties on such subject matter with the exception of the Reserve Capacity Agreement between The Union Light Heat & Power Company and the Sanitation District No. 1 dated June 28, 2004 ("Reserve Capacity Agreement" and together with this Agreement, the "Agreements"). In the event of any conflict between this Agreement and the Reserve Capacity Agreement, this Agreement shall control. Each Party acknowledges and agrees that no employee, officer, agent or representative of the other Party has the authority to make any representation, statements or promises in addition to or in any way different that those contained in the Agreements, and that it is not entering into this Agreement in reliance upon any representation, statements or promises in addition to or in any way different than those contained in the Agreements, and that it is not entering into this Agreement in reliance upon any representation, statement or promise of the other party except as expressly stated in the Agreements.
- 11. Governing Law. This Agreement, the construction of this Agreement, all rights and obligations between the Parties to this Agreement, and any and all claims arising out of or relating to the subject matter of this Agreement (including tort claims), shall be governed by and construed in accordance with the substantive laws of the Commonwealth of Kentucky without giving any effect to any conflict of law doctrine.
- 12. Interpretation. Both Parties have had the opportunity to have this Agreement reviewed by counsel; therefore, neither Party hereto shall be construed as the drafter hereof.
- 13. Amendments. No modification, amendment, supplement to or waiver of this Agreement or any of its provisions shall be binding unless made in writing and duly signed by the Party to be obligated by, or to perform, such modification.
- 14. No Waiver of Rights. A failure or delay of either Party to exercise any right or remedy under this Agreement shall not operate to impair, limit, preclude, cancel, waive or otherwise affect such right or remedy.
- 15. Severability. If any provision under this Agreement shall be invalid or unenforceable with respect to either Party, the remainder of this Agreement shall not be affected and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- 16. Notices. All notices to be given hereunder, unless expressly provided otherwise herein, shall be given in writing to the Parties at the addresses appearing herein below and will be effective upon actual receipt:

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By  _____
Executive Director

To Customer:
Sanitation District No. 1
Attn: General Manager
1045 Eaton Drive
Ft. Wright, Kentucky 41017

To Company:
The Union Light Heat & Power Company
Attn. Field Customer Service
7200 Industrial Road
Florence, Kentucky 41042

17. Headings. The headings used in the paragraphs in this Agreement are only for the reference of the Parties and shall have no meaning in the interpretation of any of the provisions herein.
18. Alternative Dispute Resolution. If a dispute arises between the Parties relating to this Agreement, the Parties agree to use the following Alternative Dispute Resolution (“ADR”) procedure prior to either Party pursuing other available remedies:
- a) The aggrieved Party shall send a written notice to the other Party describing the dispute.
 - b) Within fifteen (15) days after receipt of such notice, a meeting, teleconference or videoconference, upon agreement of the Parties, shall be held between the Parties, attended by individuals with decision-making authority regarding the dispute, to attempt in good faith to negotiate resolution of the dispute.
 - c) If, within thirty (30) days after such meeting, the Parties have not succeeded in negotiating a resolution of the dispute, they will jointly appoint a mutually acceptable neutral person not affiliated with either of the Parties to act as a mediator (“Neutral”). If the Parties are unable to agree on the Neutral within ten (10) days after expiration of the thirty (30) day period, they shall seek assistance in such regard from CPR Institute for Dispute Resolution, Inc. (“CPR”). The fees of the Neutral and all other common fees and expenses shall be shared equally by the Parties.
 - d) The mediation may proceed in accordance with CPR’s Model Procedure for Mediation of Business Disputes, or the Parties may mutually establish their own procedure.
 - e) The Parties shall pursue mediation in good faith and in a timely manner. In the event the mediation does not result in resolution of the dispute within twenty (20) days following the mediation, the, upon seven (7) ~~days’ written notice to the other Party,~~ either Party may immediately seek other remedies available to it in law and equity.
 - f) All ADR proceedings shall be strictly confidential and used solely for the purposes of settlement. Any materials prepared by one Party for the ADR proceedings shall not be used as evidence by the other Party in any subsequent

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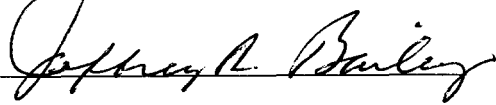
By 
Executive Director

litigation; provided, however, the underlying facts supporting such materials may be subject to discovery, and used as evidence in any subsequent litigation.

- g) Each Party fully understands its specific obligations under the ADR provisions of the Agreement. Neither Party considers such obligations to be vague or in any way unenforceable, and neither Party will contend to the contrary at any future time or in any future proceedings.

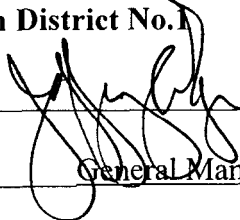
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed by their respective officers, thereunto duly authorized.

THE UNION LIGHT HEAT & POWER COMPANY

By: 

Title: Manager, Pricing

Sanitation District No. 1

By: 

Title: General Manager

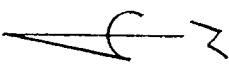
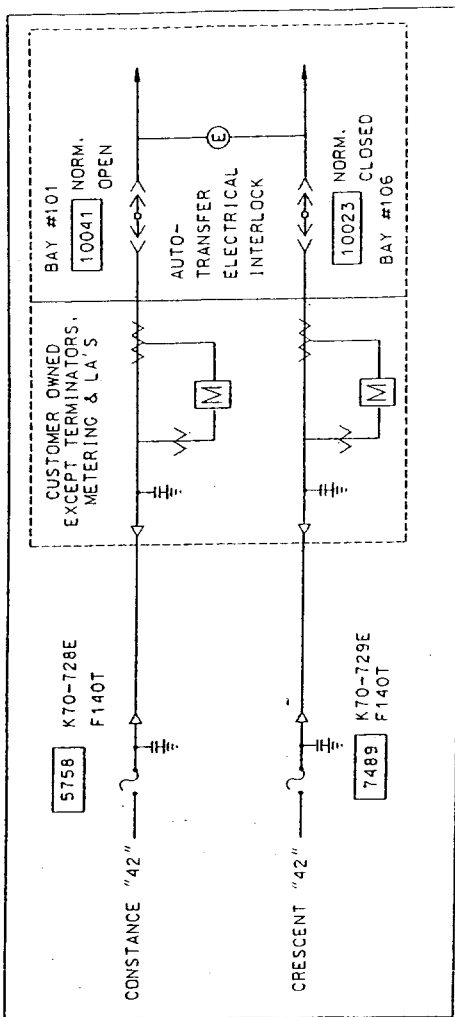
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Property Unit List

Install		Est.	Act.	W
Catalog ID	Compatible Unit Descriptor	Ln/Qy	Ln/Qy	C
192367	CUTOUT 100A 15KV LINE-00-NONE	6		B
103365	PRIMARY UG 3/C-PU-2ALTRXLPECNJ15	1013		B

Retire		Est.	Act.	W
Catalog ID	Compatible Unit Descriptor	Ln/Qy	Ln/Qy	C
103363	PRIMARY UG 3/C-PU-4/0ALTRXLPECNJ15	564		E
192367	CUTOUT 100A 15KV LINE-00-NONE	6		E



MAIN ST

SANITATION DIST. #1



HARRIS

Job Tracking Number	00603252
Contact	CHRIS NOVAK
Contact Phone	859-578-6885
Job Site Address	212 PIKE BROMLEY KY
Township	Bromley
County	Kenton
State	Kentucky
Need Date	9/10/04
Planner	Voegtle, Gregory J
Planner Phone	513-287-5425
Approval Date	

Job Description	Rearrange UG Facilities to serve new Primary Switchgear for Sanitation Dist #1
Transmission Circuit	Crescent "42" & Constance "42"
Substation Circuit	
URD Number	
Primary Voltage	7/12.5KV
District	Florence
Responsibility Center	CP3
Bus. Seg. Code	932
Tax Code	0901040000
Total Labor Hours	147.3
Foreign Utility #	TV
Foreign Cable #	
Tree Trimming	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Right of Way	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Facility Agreement	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Permit Required	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Permit Type/No.	
Completed By	
Completed Date	

Comments: Outage required, Customer needs to replace the roof on the existing building and update their primary service equipment.

BILL JO

SAFETY ALWAYS

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