

Case No. 2007-00114

RECEIVED

MAY - 3 2007

PUBLIC SERVICE  
COMMISSION

**Water Rate Agreement**

This Agreement made and entered into this 2<sup>nd</sup> day of May, 2007, by and between the City of Lancaster, referred to herein as the "City", and the Garrard County Water Association, referred to herein as the "Association".

Witnessed: That whereas by a contract dated March 25, 1970, an arrangement was made that the rate to be charged for water supplied by the City to the Association would be subject to modification every five years based on a demonstrable increase in the cost of performance, such cost not to include increased capitalization of the Lancaster system.

That whereas this time period was shortened to one year by subsequent agreements and that the latest one year agreement expires at the close of the day on March 31, 2007 and whereas this latest one year agreement introduced the concept of a guaranteed minimum purchase by the Association from the City.

Now, therefore, the parties hereto agree as follows:

1. That the original five year pricing period will continue to be shortened to one year.
2. That the rate charged by the City for water supplied to the Association will increase to \$1.83 per thousand gallons for the next year. There will be a Kentucky River Fee of .044 added. If any increase in the Kentucky River Fee will be passed on to the user in the next billing cycle. These rates to take effect on June 10, 2007. This agreement will remain in effect to June 30, 2008.
3. The Association agrees to a minimum purchase amount to 200 million gallons Per year.
4. That the costs and methodology used to arrive at the price increase noted above will be reviewed every year by an independent third party to identify any need for an increase or decrease in wholesale rates.
5. All other provisions of the original contract between the parties will remain in full force and effect.

Witness our Signatures to duplicate copies hereof this 2<sup>nd</sup> day of  
May, 2007

City of Lancaster

By: [Signature] Mayor

Attest Shari Lane

Garrard County Water Association

By: [Signature] President

Attest Paul Rupp

FOR Lancaster, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Lancaster Water Works  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

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CONTENTS

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Wholesale Rate


Garrard County Water District

\$1.83 Per 1,000 Gallons

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DATE OF ISSUE MAY 2 2007  
Month / Date / Year

DATE EFFECTIVE JUNE 10 2007  
Month / Date / Year

ISSUED BY   
(Signature of Officer)

TITLE MAYOR

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

**Lancaster Water and Sewer Utilities**

308 W. Maple Ave. Suite 2  
Lancaster, KY 40444

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COMMISSION

*Public Service Commission  
P.O. Box 615  
Frankfort, Ky 40602-0615*