

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 9th day of September,
19 81 between the City of Central City
Central City, Kentucky
(Address)

hereinafter referred to as the "Seller" and the Muhlenberg County Water District
Post Office Box 348, Greenville, Kentucky 42345
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH

Whereas, the Purchaser is organized and established under the provisions of Kentucky Revised Statutes of the
Code of Chapter 74 and 106, for the purpose of constructing and operating a water supply distribution
system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish
this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the
present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown
in the plans of the system now on file in the office of the Purchaser, and

Whereas, by ordinance No. 81-20 enacted on the 9th day
of September, 19 81, by the Seller, the sale of water to the Purchaser in accordance
with the provisions of the said ordinance No. 81-20 was approved, and the execution of this contract
carrying out the said ordinance No. 81-20 by the Mayor
and attested by the Secretary, was duly authorized, and
Clerk

Whereas, by Resolution of the Commission
of the Purchaser, enacted on the 9th day of September, 19 81,
the purchase of water from the Seller in accordance with the terms set forth in the said ordinance No. 81-20
was approved, and the execution of this contract by the Chairman, and
attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees.

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of
this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the
Commonwealth of Kentucky

in such quantity as may be required by the Purchaser not to exceed fifty-seven million (57,000,000)
gallons per month.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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PURSUANT TO KAR 5:011,
SECTION 9 (1)
BY: Charles Miller
PUBLIC SERVICE COMMISSION MANAGER

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at see attached from an existing see attached inch main supply at a point located see attached

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the three (3) months previous to such test in accordance with the percentage inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on last working day. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the tenth day each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the tenth day of each month,* for water delivered in accordance with the following schedule of rates:

a. \$ 0.989 ** for the first 1,000 gallons, which amount shall also be the minimum rate per month.

b. \$ 0.989 ** cents per 1000 gallons for water in excess of 1,000 gallons but less than _____ gallons.

c. \$ 0.989 ** cents per 1000 gallons for water in excess of 1,000 gallon

* following the month of billing

** This rate was calculated on the basis of the seller's incurring the bonded indebtedness of \$2,900,000.00 for the expansion of its water treatment plant and the installation of certain new transmission lines, and in the event the bonded indebtedness which seller actually incurs shall be greater or lesser than \$2,900,000, then this water rate shall be adjusted up or down, as the case may be, to provide for the amortization by this purchase of its pro rata determined portion (28/48ths) of the bonded indebtedness actually incurred.

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PURSUANT TO KAR 8-011,

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of N/A dollars which shall cover any and all costs of the Seller for installation of the metering equipment and N/A

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PUBLIC SERVICE COMMISSION
OF KENTUCKY
SECTION 9.11

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of forty (40) years, from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That N/A days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a

flat charge of \$0.989 per 1000 which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every three (3) year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

9. It is contemplated that Seller will cause to be constructed an addition to its water treatment plant in order to enable it to perform obligations hereunder. This agreement shall become effective as to the water rate herein specified upon completion of the contemplated addition to Seller's water plant and acceptance thereof by Seller, at which time the existing Water Purchase Contract between the parties shall terminate and be of no further force and effect.

(Pledge of Contract) 10. It is agreed and understood that seller has and does hereby pledge this contract and any and all rights of the seller hereunder to the Farmers Home Administration of the United States Dept. of Agriculture as partial security for a loan made by the latter to the seller.

Reserve) 11. It is mutually agreed that the seller has some existing reserve in its water treatment plant and that there will be created some additional reserve over and above the 48,000,000 gallons allocated from the additional water to be produced by the addition to seller's plant. It is mutually agreed that as to any water produced in excess of 97,000,000 gallons per month following the completion of the addition to seller's plant, one-half (1/2) of any such excess shall be deemed reserve of the seller attributable to its existing plant and purchaser shall be entitled to receive the same.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in triplicate counterparts, each of which shall constitute an original.

Seller:

By _____
Title _____

Attest:

Secretary

Purchaser: Public Service Commission District

By Ray Kay
Title Chairman

Attest:

Secretary

This contract is approved on behalf of the Farmers Home Administration this 9th day of September

19 81

By Robert L. Keller
Title Community Programs Specialist

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SECTION 9(1)
BY: Ray Keller
PUBLIC SERVICE COMMISSION MANAGER

1. An existing metering point near the residence of Roland Morris on U.S. Highway 431 at a pressure sufficient to provide water at a peak instantaneous rate of 350 gallons per minute.
2. An existing metering point on West State Route 70 at a pressure sufficient to supply at a peak instantaneous rate of 250 gallons per minute.
3. At such additional metering points and at such rates of delivery as the parties may mutually agree upon from time to time, but at no additional cost or expense to Seller.

* The initial three (3) year period shall commence on the date this contract is signed by the Seller and the Purchaser.

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PURSUANT TO KRS. 207 KAR 6011,
SECTION 9 (1)
BY: James H. Bell
PUBLIC SERVICE COMMISSION MANAGER