

WATER RATE AGREEMENT

THIS AGREEMENT, made and entered into this 15 day of September, 1989, by and between the City of Lancaster, referred to herein as "City" and the City of Crab Orchard referred to herein as "Crab Orchard".

WITNESSETH: That whereas by contract dated March 25, 1970, it was agreed that the rate to be charged for water supplied by the City to the "Crab Orchard" would be subject to modification every five years based on a demonstrable increase or decrease in the cost of performance, such cost not to include increased capitalization of the Lancaster system, and whereas the last modification of rate was made on August 15, 1986, and it now appearing that a modification of the next tariff period from five to three years and an increase in rate is justified,

NOW, therefore, the parties hereto agree as follows:

1. That the five year period provided for in the agreement will be reduced to three years for the next period of rate tariff.

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2. That commencing on August 15, 1989, and continuing for a period of three years from said date, the "City" will charge and "Crab Orchard" will pay for water supplied by the "City" to "Crab Orchard" a tariff of one dollar and twenty-eight cents (\$1.28) per thousand gallons.

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)
BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

3. It is further agreed by the "City" that in all future negotiation for increase that the "City" will not include