

AGREEMENT

This Agreement is entered into as of the 11th day of July, 2013, by and between the City Utility Commission of the City of Owensboro, Kentucky, also known as Owensboro Municipal Utilities (hereinafter "OMU"), of 2070 Tamarack Road, Owensboro, KY 42303, and Southeast Daviess County Water District (hereinafter "District"), of 3400 Bittel Road, Owensboro, KY 42301, a water district organized under the provisions of KRS Chapter 74 by order of the Daviess County Fiscal Court.

Whereas, OMU and the District are parties to an agreement dated May 14, 1992 for the sale of water by OMU to the District ("Contract"); and

Whereas, customers of OMU within a portion of its service area referred to as The Springs Area have expressed concerns about the pressure of their water service; and

Whereas, OMU and the District serve customers in the Owensboro and Daviess County area and wish to cooperate in providing adequate pressure to water service customers within The Springs Area;

Now, therefore, in consideration of the premises and for other good and valuable consideration, OMU and the District agree as follows:

1. The District agrees to allow OMU to make an interconnection to its 12 inch water line that runs along the south side of East Parrish Avenue for the purpose of providing service to OMU customers within The Springs Area. The interconnection shall be made at the intersection of Windhaven Drive with Kentucky State Highway 54 (East Parrish Avenue).

2. OMU agrees to make this interconnection at its own expense in a manner pre-approved by the District and in compliance with all applicable codes and safety standards. OMU agrees to provide the District its plans for the proposed interconnection prior to commencing any

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APPROVED BY UTILITY COMMISSION
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7/18/13
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work and to perform the work on a schedule pre-approved by the District. The District agrees to approve the plans for the interconnection, including any requested modifications, within 14 days of their submission to the District by OMU.

3. OMU will maintain the interconnection at its own expense and take any necessary precautions to prevent cross-connection issues. OMU will install a meter at the point of the interconnection and will be responsible for maintaining the meter in good operating condition. The District will have the right to have the meter tested for accuracy by a qualified and certified independent entity at least once annually and will provide the results to OMU. If a test shows that the meter's accuracy exceeds its specified tolerance by more than three (3) percent OMU will have the meter recalibrated by a qualified technician. If any test shows that the metering is outside the specified tolerance, the billing hereunder shall be adjusted for the period since the last qualified test, with the presumption that the error developed progressively from that date.

4. OMU agrees that the area to be served ("The Springs Area") will be isolated from the remainder of OMU's water distribution system by the closing of necessary valves on OMU's system or by taking other necessary measures to ensure that the water supplied from the new interconnection with the District serves only The Springs Area. The parties may amend this Agreement to include within The Springs Area such other areas mutually agreed upon by the parties. The Springs Area shall encompass the area shown in Exhibit "A" attached hereto.

5. The District agrees to supply water to OMU at the same pressure it supplies water to its other customers within the area of the interconnection. OMU agrees that if the District is experiencing or reasonably expects to experience difficulty in meeting water demands during certain periods due to circumstances beyond its control, upon notice to OMU from the District by telephone and email, followed by written notice, OMU agrees to impose the same

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water usage restrictions in the same manner as the District imposes on its retail customers. Provided, however, that during any period when the District is unable to supply water to OMU in sufficient quantities or at sufficient pressure to adequately serve The Springs Area, OMU shall have the option to discontinue the supply it receives from the District during such period and to serve The Springs Area from its own resources.

6. The District will bill OMU for its water usage from the interconnection at the District's approved wholesale rate currently at \$1.85 per 1,000 gallons. The District will read the meter and bill OMU each month in the same manner that it bills its other wholesale customers.

7. OMU will hold the District harmless and indemnify it from any loss or liability arising from any act or omission of OMU in making or maintaining the interconnection or in performing its obligations hereunder.

8. The initial term of this Agreement shall be for five years beginning with the effective date hereof. At the end of the initial term, or any extended term, the Agreement shall automatically be extended for an additional term of three years, unless either party gives the other party written notice at least two years prior to the end of the initial term, or any extended term, that the Agreement will not be extended. OMU may also terminate this Agreement at any time by providing the District at least two years' prior written notice of the effective date of termination.

9. Any notice to be given to a party under this Agreement shall be addressed to the officer executing this Agreement on behalf of the party at the address for the party that appears hereinabove by either hand-delivering or mailing the notice to him or his successor. A party may change the person and address for receipt of notices under this Agreement by providing written notice of the change to the other party.

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10. Neither party may assign this Agreement without the prior written consent of the other party.

11. Any modification or amendment to this Agreement shall be in writing and signed by the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officers, on this the date first hereinabove written.

CITY UTILITY COMMISSION OF THE
CITY OF OWENSBORO, KENTUCKY

By: T. P. Haultby
Title: General Manager & CEO

SOUTHEAST DAVIESS COUNTY
WATER DISTRICT

By: William Higdon
Title: Manager

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