

WATER PURCHASE CONTRACT

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P.S.C.
RATES & RESEARCH DIV.

This contract for the sale and purchase of water is entered into as of the 12th day of January,
19 87, between the City of Pikeville, Kentucky

City Hall, Pikeville, Kentucky 41501
(Address)

hereinafter referred to as the "Seller" and the Mountain Water District
P.O. Box 1469, Pikeville, Kentucky 41501
(Address)

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hereinafter referred to as the "Purchaser",

PUBLIC SERVICE
COMMISSION

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapters 74 and 106 of the
~~Code of~~ Kentucky Revised Statutes, 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

Approved Motion of the
Whereas, by City Commission No. _____ enacted on the 27th day
of October, 19 86, by the Seller, the sale of water to the Purchaser in accordance
with the provisions of the said Motion was approved, and the execution of this contract

carrying out the said Motion by the Mayor,
and attested by the Secretary, was duly authorized, and

City Attorney
Whereas, by Resolution No. 86-53 of the Board of Commissioners
of the Purchaser, enacted on the 29th day of October, 19 86,

the purchase of water from the Seller in accordance with the terms set forth in the said Resolution
was approved, and the execution of this contract by the Chairman
attested by the Secretary was duly authorized;

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

A. The Seller Agrees:

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1. (Quality and Quantity) To furnish the Purchaser at the point of delivery herein specified, during the term of
this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Kentucky
Natural Resources and Environmental Protection Cabinet FOR THE PUBLIC DIVISION OF WATER
in such quantity as may be required by the Purchaser not to exceed 45,000,000 gallons per month.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated See Memorandum

at of Agreement from an existing various inch main supply at a point located as designated in the Memorandum of Agreement.

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, the 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 twelve (12) months previous to such test in accordance with the percentage of 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 15th day of the month. 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 20th day of 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 20th day of ~~each~~ ^{the next} month, for water delivered in accordance with the following schedule of rates:

- a. \$ _____ for the first _____ gallons, which amount shall also be the minimum rate per month.
- b. \$ _____ cents per 1000 gallons for water in excess of _____ gallons but less than _____ gallons.
- c. \$ _____ cents per 1000 gallons for water in excess of _____ gallons.
- d. Flat Wholesale Rate = \$1.31 per 1,000 gallons
- e. The purchaser further agrees to pay the seller a tap-on fee at each of the purchase points in accordance with Articles 6, 7, and 8 of the attached Memorandum of Agreement.

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PURSUANT TO 807 KAR 5011,
SECTION 9(1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

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 See 8.1.e ~~dollars~~ ^{above} which shall cover any and all costs of the Seller for installation of the metering equipment and See Articles 6, 7 and 8 of the attached Memorandum of Agreement.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in six (6) counterparts, each of which shall constitute an original.

Seller:

City of Pikeville, Kentucky

By W.C. Hamblin, Jr.

Title Mayor

Attest:

Russell H. Daniels

~~Secretary~~

City Attorney

Purchaser:

Mountain Water District

By Leon Huffman

Title Chairman

Attest:

Jim Vance

Secretary

This contract is approved on behalf of the Farmers Home Administration this 21st day of JANUARY, 19 87, subject to contract being pledged to FmHA as part of security for the FmHA loan.

By Robert W. Letton

Title Chief Community Business Program

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SECTION 9(1)

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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 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 hereafter 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 30 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 \$ See item B.1.D 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 * 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.

*See Article 1 of the attached Memorandum of Agreement.

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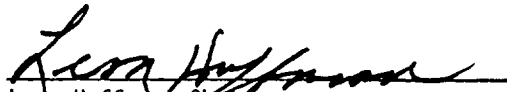
BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

Resolution 86.53 for Mountain Water District

Authorize Chairman to sign a standard Farmers Home Administration Water User Contract and to sign the negotiated Memorandum of Agreement between Mountain Water District and the City of Pikeville.

Whereas, the motion was made to give the Chairman of Mountain Water District the authority to sign a standard Farmers Home Administration Water User Contract and to sign the negotiated Memorandum of Agreement between the Mountain Water District and the City of Pikeville.

This 9th day of October, 1986



Leon Huffman, Chairman


Toni Akers, Secretary

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PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: 
FOR THE PUBLIC SERVICE COMMISSION

MEMORANDUM OF AGREEMENT

The City of Pikeville, Pike County, Kentucky (Hereinafter referred to as "City") is presently constructing a 6,000,000 gallon per day (6 MGD) Water Treatment Plant. When completed, this plant can provide over 2 MGD excess treated water, over and above City needs or commitments to other entities.

The Mountain Water District (Hereinafter referred to as MWD) has an approved project which utilizes private, local government, state and federal government funds to provide potable water in the Grapevine and Johns Creek areas of Pike County. Included in this project is a proposed 1 MGD (Expandable to 1.5 MGD) water treatment plant. Additionally, MWD has funding approved which would construct water lines in the Upper Chloe area of Pike County which interconnect with existing City water lines. MWD also has approved funding which would allow interconnection with City water lines in the Yorktown area of US 23 in Pike County.

It is therefore determined that construction of both water plants would be a duplication of effort and not beneficial economically to the citizens of this area. Further, it would be beneficial that the MWD not construct a water plant, but purchase water from the City.

IT IS HEREIN AGREED THAT:

1. The City shall sell water to MWD at the rate of \$1.31 per 1,000 gallons up to a maximum of 1.5 MGD. This Agreement shall remain in effect for a period of forty (40) years. Purchase rate may be adjusted at such time as both parties are satisfied that cost of production has risen sufficiently to require a higher rate.
2. Master Meters shall register water usage at the following points:
 - A. Existing City Limits at Town Mountain.
 - B. Existing City Limits at Chloe Gap.
 - C. Existing City Limits at Yorktown.
3. MWD shall pay all monies due the City within 30 calendar days of the date of billing. Thereafter normal late charges shall apply.
4. The City agrees that in no instance shall water supplies to MWD be discontinued except at such time as the City itself has no water whatsoever.
5. Should circumstances arise wherein the City should need to purchase water from MWD, items 1 through 4 above apply with the exception that MWD shall furnish a maximum of 0.5 MGD. The City shall pay all monies due MWD within 30 calendar days of the date of billing. Thereafter normal late charges shall apply.

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By: *[Signature]*
FOR THE PUBLIC SERVICE COMMISSION

6. In reference to the purchase point in Chloe Gap, it is understood that MWD will construct properly sized lines and a master meter within the existing City limits and these lines and master meter shall become the property of, and shall be maintained and operated by the City. The water storage tank constructed at this location shall remain the property of the MWD whether located within the City limits or in Pike County.
7. With reference to the purchase point at the existing city limits on Town Mountain, it is understood that MWD shall pay a tap-on fee equal to the cost of construction of all distribution facilities within the existing city limits, which are necessary to deliver water to the point of sale, but not to exceed \$215,000. The amount of the tap-on fee shall be reduced by \$100,000 which is the City's project contribution. The facilities to be owned, maintained and operated by the City include the necessary booster pump station, all connecting transmission lines (constructed of ductile iron) up to and including the master meter pit. MWD shall retain ownership of the water storage tank.
8. With reference to the Yorktown purchase point, it is understood that the City plans to extend properly sized lines to that point at some future date. At such time as the interconnect is made, MWD shall pay the City a tap-on fee equal to the cost of the master meter. The City will be responsible for operation, maintenance and replacement when and if necessary of subject master meter.
9. That the parties hereto agree to enter a more comprehensive water purchase agreement, the form of which shall be approved by Farmers Home Administration or any other necessary Federal Regulatory Agency.

This Memorandum of Agreement is entered into by The City of Pikeville per approved Commission Motion by W.C. Hambley, Mayor.

This Memorandum of Agreement is entered into by the Mountain Water District Per Resolution Number 86-53 dated October 29, 1986 by Leon Huffman, Chairman.

W.C. Hambley

 W.C. HAMBLEY
 MAYOR, CITY OF PIKEVILLE

ATTEST:

Arnold H. Davis

 CITY ATTORNEY

Leon Huffman

 LEON HUFFMAN PUBLIC SERVICE COMMISSION
 CHAIRMAN, MOUNTAIN WATER DISTRICT OF KENTUCKY
 EFFECTIVE

ATTEST:

Jim Vance

 MWD ATTORNEY

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PURSUANT TO 807 KAR 5:011,
 SECTION 9(1)

BY: *Jordan C. Neal*

 FOR THE PUBLIC SERVICE COMMISSION

A RESOLUTION AUTHORIZING THE EXECUTION OF A WATER
SERVICE CONTRACT AND MEMORANDUM OF UNDERSTANDING WITH
THE MOUNTAIN WATER DISTRICT

WHEREAS, the City of Pikeville has received a Memorandum of Understanding to sell water to the Mountain Water District, and;

WHEREAS, the City of Pikeville has received a FmHA Water Purchase Contract for the sale of water to the Mountain Water District.

NOW, THEREFORE, BE IT RESOLVED, that the Pikeville City Commission hereby authorizes the Mayor to execute the Memorandum of Understanding (attached) and the FmHA Water Purchase contract for the sale of Water to the Mountain Water District.

Approved on the 4th day of November, 1986

Commissioner Robert Page made the motion to adopt the Resolution of the COMMISSION OF KENTUCKY EFFECTIVE

Commissioner Frank Morris seconded the motion.

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Upon call of the roll, the votes were as follows:

PURSUANT TO 807 KAR 50.11,
SECTION 9(1)
BY NO. 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100
COMMISSION

	<u>YES</u>	
W. C. HAMBLEY, M.D., MAYOR	<u>X</u>	---
GREG JUSTICE, COMMISSIOENR	<u>X</u>	---
ROBERT WEDDLE, COMMISSIONER	<u>X</u>	---
FRANK MORRIS, COMMISSIONER	<u>X</u>	---
ROBERT PAGE, COMMISSIONER	<u>X</u>	---

The Mayor declared the within Resolution adopted.

W.C. Hambley Jr.

W. C. HAMBLEY, M.D., MAYOR

ATTEST:

Ted Herring

TED HERRING, CITY CLERK

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

RESOLUTION AUTHORIZING EXECUTION OF ~~BY MEMORANDUM~~ ^{BY MEMORANDUM}
OF AGREEMENT BETWEEN THE CITY OF ~~PIKEVILLE~~ ^{PIKEVILLE}
AND MOUNTAIN WATER DISTRICT FOR
THE PURCHASE OF WATER

RESOLUTION NO. 20

WHEREAS, Mountain Water District has presented a Memorandum of Agreement to Purchase Water From the City of Pikeville,

NOW, THEREFORE, BE IT RESOLVED that the Mayor and City Clerk are authorized to execute the said Memorandum of Agreement and to bind the City to the terms thereof.

That Pikeville, Kentucky this 27th day of October, 1986.

Commissioner Robert Page moved for the adoption of the within resolution.

Commissioner Robert Weddle seconded the Motion.

Upon rollcall the votes were as follows:

	<u>YES</u>	<u>NO</u>
MAYOR W. C. HAMBLEY, M.D.	<u>X</u>	—
ROBERT PAGE, COMMISSIONER	<u>X</u>	—
GREG JUSTICE, COMMISSIONER	—	<u>X</u>
ROBERT WEDDLE, COMMISSIONER	<u>X</u>	—
FRANK MORRIS, COMMISSIONER	<u>X</u>	—

The Mayor declared the within Resolution adopted.

W. C. Hambley, M.D.
MAYOR W. C. HAMBLEY, M.D.

ATTEST:
Ted Herring
TED HERRING, CITY CLERK