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PUBLIC SERVICE COMMISSION

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WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 13 day of March, 19 79, between the The City of Shelbyville, Kentucky acting by and through its duly authorized agency, the Shelbyville Municipal Water and Sewer Commission
(Address)

hereinafter referred to as the "Seller" and the North Shelby Water Company
Peoples Bank Building, Bagdad, Kentucky 40003
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 273 of the ~~scope 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

Whereas, by Resolution No. _____ enacted on the 13th day of March, 19 79, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Resolution was approved, and the execution of this contract

carrying out the said Resolution by the Chairman of the Commission and attested by the Secretary, was duly authorized, and

Whereas, by Resolution of the Board of Directors of the Purchaser, enacted on the 12th day of March, 19 79, 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 President attested by the Secretary was duly authorized;

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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

Kentucky State Department of Health

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SECTION 9 (1)
BY: [Signature]
FOR THE PUBLIC SERVICE COMMISSION

in quantity as may be required by the Purchaser not to exceed 12,500,000 gallons per month.

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2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated
- (1) 50 PSI
 - (2) 63 PSI
- from an existing 10" inch main supply at a point located _____
- (1) Near the intersection of Highway 1871 and Benson road, and
 - (2) At northern extremity of Sellers line on Highway (Kentucky) #53

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 and install at its own expense at the 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. 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 six 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 or about the 1st day of each 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 tenth 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 25th day of each month, for water furnished to the Purchaser at a rate currently established at forty cents per 1000 gallons. It is agreed that if in the future, a change in the Seller's water rates is made for its other customers, the rate to the Purchaser shall also be adjusted, up or down, to the Seller's lowest rate

The minimum monthly charge to the Purchaser, beginning with the month during which the Purchaser delivers water to any of its customers, shall be \$100.00

2. (Check Valve) To properly install, prior to connection with the Seller's system, and subsequently maintain in good condition check valves to preclude reverse flow through master meters.

3. (Metering Equipment) To furnish and install at its expense the necessary metering equipment, including a meter house or pit, by-pass line and valves. Seller shall thereafter maintain same and calibrate said meters whenever requested by Purchaser, not more frequently than once per year period. (See Seller Agrees--Paragraph 3 above)

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To pay the Seller, not later than the _____ day of each month, for water furnished to the Purchaser at a rate currently established at _____ cents per 1000 gallons. It is agreed that if in the future, a change in the Seller's water rates is made for its other customers, the rate to the Purchaser shall also be adjusted, up or down, to the Seller's lowest rate

FOR THE PUBLIC SERVICE COMMISSION

As 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, 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 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 \$ per 1000 gal. 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. (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 as may be required to comply therewith.~~

5. (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 as may be required to comply therewith.

6. (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.

7. (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.

8. (Booster Pumps) The size, type and location of any booster pumps used in the Purchaser's system shall be first approved by the Seller's engineer.

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BY: Jordan C. [Signature]
FOR THE PUBLIC SERVICE COMMISSION

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 3 counterparts, each of which shall constitute an original.

Seller: Shelbyville Municipal Water and Sewer Commission

By Charles T. Long
Title Chairman

Attest:

Mary h. McCoy
Secretary

Purchaser:

North Shelby Water Company

By J. W. Miles
Title President

Attest:

William L. Tingle
Secretary

This contract is approved on behalf of the Farmers Home Administration this _____ day of _____, 19 _____.

By _____
Title _____

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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION