

WHOLESALE WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 17th Day of May, 2006, between Barkley Lake Water District, Box 308, Cadiz, KY 42211 referred to as the "SELLER" and the North Stewart Utility District, 2361 Hwy. 79, Dover, TN 37058, referred to as the "PURCHASER",

WITNESSETH:

WHEREAS Purchaser requires an additional supply of treated water, and

WHEREAS, the Seller owns and operates a water supply distribution system with capacity Currently capable of serving the additional water supply and the estimated volume of water the Purchaser has indicated a need for, and

WHEREAS, by resolution enacted on the 10th day of April, 2006, 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 Board Chairman, and Attested by the Secretary, was duly authorized, and

WHEREAS, by Resolution of the Purchaser, enacted on the 17th day of May 2006, the purchase of water from the Seller in accordance with the terms set forth in the Resolution was approved, and the execution of this contract by the Chairman of the Board of Commissioners; and attested by the Secretary was duly authorized;

NOW THEREFORE, in consideration of the mutual promises of the Seller and Purchaser,

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SECTION 9 (1)**

By 
Executive Director


A. SELLER AGREES:

1. (Quality and Quantity) To furnish the Purchaser at the point(s) of delivery specified, during the term of this contract or any renewal or extension, potable treated water meeting applicable quality standards of the Kentucky Natural Resources and Environmental Protection Cabinet, Division of Water, Health Department, and any other applicable governmental agency in such quantity as may be required by the Purchaser.

2. (Point of Delivery and Pressure) To furnish water at a reasonably constant pressure of no less than 125 static psi from an existing six (6") inch main supply located near the KY-TN State Line or other mutually agreed-to withdrawal points. 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 cost of materials, 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

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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 the 20th day of the month or a mutually agreed-to date. 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 10th day of each month with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. PURCHASER AGREES:

1. (Rates and Payment Date) To pay the Seller not later than the 20th day of each month.
 - a. To pay a flat wholesale rate of \$1.65 per 1,000 gallons for all water purchased.
 - b. To pay a 10% penalty for payments made past the due date.

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 material cost which shall cover any and all costs of the Seller for installation of the metering equipment and Purchaser to install and donate to Seller.

3. (Term of Contract) This contract shall extend for a term of twenty (20) 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.

4. (Failure to Deliver) 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

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of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied as quickly as possible. 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. (Failure to Pay) The Purchaser will at all times operate and maintain its system in an efficient manner and will take such action as may be necessary to limit outage and shortages to the maximum extent possible. This contract may be nullified if all payments for invoices for purchased water are not received within ninety (90) days of the due date. In the event a payment is ninety (90) or more days late, Seller may pursue all available legal remedies to collect any deficiency due.

6. (Right to Cure) the Purchaser may cure a default, prior to the contract being nullified by full payment of the outstanding balance due.

7. (Modification of Contract) the provisions of this contract, including the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every two (2) year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of service to provide Purchaser water, but such costs shall include only that percentage of increased capitalization of the Seller's system necessary to meet future, more stringent regulations promulgated by EPA or DOW or increased volumes of water needed by the Purchaser. Other provisions of this contract may be modified or altered by mutual agreement.

8. (Regulatory Agencies) This contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State, including approval of the Public Service Commission and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be

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required.

9. (Successor to the Purchaser) 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.

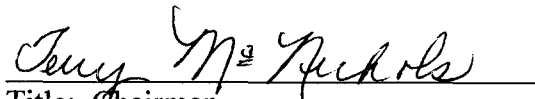
In witness whereof, the parties, acting under authority of their respective governing bodies, have Caused this contract to be duly executed in two (2) counterparts, each of which shall constitute an Original.


Seller:

Purchaser:

BARKLEY LAKE WATER DISTRICT

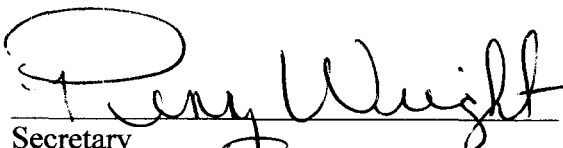
NORTH STEWART UTILITY DISTRICT


Title: Chairman


Title: Chairman


ATTEST:

ATTEST:


Secretary


Secretary

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