

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 5TH day of SEPT., 1971, between the Burkesville Municipal Water Works, Burkesville (Cumberland County), Kentucky, hereinafter referred to as the "Supplier" and the South Cumberland Water District, hereinafter referred to as the "District".

WITNESSETH

RECEIVED

AUG 24 1994

PUBLIC SERVICE COMMISSION

Whereas, the District has been organized and established under the provisions of Chapter 74 of the 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 District and to accomplish this purpose, the District will require a supply of treated water, and

Whereas, the Supplier owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the City system and the estimated number of users to be served by the said District as shown in the plans of the system now on file in the office of the District, and

Whereas, by Resolution _____ enacted on the 5TH day of SEPT., 1971, by the Burkesville Municipal Water Works, the sale of water to the District in accordance with the provisions of the said Resolution was approved, and the execution of this contract carrying out the said Resolution by the Mayor, and attested by the Secretary, was duly authorized, and

Whereas, by Resolution of the Board of Commissioners, of the District, enacted on the 29TH day of SEPT., 1971, the purchase of water from the City in accordance with the terms set forth in the said Resolution was approved, and the execution of this contract by the Chairman, and attested by the Secretary, was duly authorized:

Now, therefore, in consideration of the foregoing and the mutual agreements herein after set forth,

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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

1. (Quality and Quantity) To furnish the District, 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 State Board of Health in such quantity as may be required by the District (not to exceed 3,000,000 gallons per month).

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant normal pressure calculated at approximately 60 psig from a 6 inch main supply at a point located on Kentucky Highway 61 at the City Limits, junction Hwy 90 & 61 South of Burkesville. If a greater pressure than that normally available at the point of delivery is required by the District, the cost of providing such greater pressure shall be borne by the District. Emergency failures of pressure or supply due to main supply line breaks, power failures, flood, fire and use of water to fight fires, earthquake or other catastrophe shall excuse Supplier from this provision for such reasonable period of time as may be necessary to restore service.

3. (Billing Procedure) The metering equipment shall be read on the 25th of each month. To furnish the Secretary and the District of Kettle, Kentucky, not later than the second day of each month, with an itemized statement of the amount of water furnished the City during the preceding month.

3. The District Agrees:

1. (Rates and Payment Date) To pay the City, not later than the 15th. day of each month, for water delivered in accordance with following schedule of rates:

- A. \$40.00 for the first 100,000 gallons (or a like sum) as a minimum rate per month.
- B. \$0.40 center per 1,000 for water in excess of 100,000 gallons.

2. (Connection Fee is \$1.00)

3. (Metering Equipment) To 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 District and to calibrate such metering equipment whenever requested by the

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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 three months previous to such test in accordance with the percentage of inaccuracy found by such test. 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 Supplier and District shall agree upon a different amount.

C. It is further mutually agreed between Supplier and the District as follows:

1. (Term of Contract) That this contract shall extend for a term of 60 years from the date of the initial delivery of any water by the Supplier to the District and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Supplier and District.

2. (Delivery of Water) That 10 days prior to the estimated date of completion of construction of the District's water supply distribution system, the District will notify the Supplier in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the District the Supplier will make available to the contractor at the point of delivery, or other points reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the District during construction, irrespective of whether the metering equipment has been installed at that time, at the rate, of 40 cents per 1,000 gallons which will be paid by the contractor or, on his failure to pay, by the District.

4. (Failure to Deliver) That the Supplier 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 District with quantities of water required by the District. 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 Supplier is otherwise diminished over an extended period of time, the supply of water to District consumers shall be reduced or diminished in the same ratio or proportion as the supply to the Supplier's consumers is reduced or diminished.

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to the schedule of rates to be paid by the District for water delivered are subject to modification at the end of every 2 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 Supplier's system unless such capitalization is required for additional supply to the District. 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 the State of Kentucky and the Supplier and District 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 District is being financed by a loan, from (or a loan insured by) 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 underlings of the District are conditioned upon the approval, in writing, of the State Director of Kentucky, of the Farmers Home Administration. Similarly, any modification of the provisions of this contract, including any increase in the schedule of rates to be paid by the District for the delivery of water shall be conditioned upon the prior approval, in writing, of the State Director of Kentucky, of the Farmers Home Administration.

8. (Successor to the District) That in the event of any occurrence rendering the District incapable of performing under this contract, any successor of the District whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the District hereunder.

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BY: Jordan C. Paul
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 ONE counterparts, each of which shall constitute an original.

Burkesville Municipal Water Works

By *T. D. Spear*
Mayor

Attest:

Laura Smith
Secretary

South Cumberland Water District

By *W. B. Dyett*
Chairman

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Attest:

Orude Watson
Secretary

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BY: *Jordan C. Neal*
FOR THE PUBLIC SERVICE COMMISSION

This contract is approved on behalf of the Farmers Home Administration this _____ day of Sept. 24, 1973.

Carl H. ...

State Director of Ky