

WATER PURCHASE CONTRACT

This **CONTRACT** for the sale and purchase of water is made and entered into as of the 22 day of April, 2024, by and between **GRAYSON COUNTY WATER DISTRICT**, a water district organized and established pursuant to the provisions of Chapter 74 of the Kentucky Revised Statutes (hereinafter referred to as “**Grayson District**”) and the **EDMONSON COUNTY WATER DISTRICT**, a water district organized and established pursuant to the provisions of Chapter 74 of the Kentucky Revised Statutes (hereinafter referred to as “**Edmonson District**”).

WITNESSETH:

WHEREAS, the Grayson District is organized and established for the purpose of constructing and operating a water supply distribution system serving water users within the Grayson District service area in Kentucky and in order to accomplish this purpose, the Grayson District owns and operates a water procurement, treatment, transmission and distribution system (the “Grayson District System”), which includes a water treatment plant in Grayson County, Kentucky, with a raw water intake from Rough River Lake; and multiple purchase connections with the City of Leitchfield Utilities for the purchase of up to 995,000 gallon per day, and

WHEREAS, the Grayson District has sufficient capacity within its system to provide water in the amount of 216,000 gallon per day by the Edmonson District and is willing to sell water to the Edmonson District in sufficient quantity to meet Edmonson District needs; and

WHEREAS, the Edmonson District has requested the Grayson District to sell water at a rate of flow not to exceed 150gpm, and the Grayson District is willing to do so in accordance with the terms hereinafter in this Contract set forth.




NOW, THEREFORE, for and in consideration of the mutual covenants contained and benefits to be derived by the parties hereto, the Grayson District and Edmonson District agree as follows:

1. **Quality and Quantity of Water.** During the term of this Contract and any renewal or extension thereof, the Grayson District agrees to furnish to the Edmonson District at the point of delivery hereafter described potable treated water meeting applicable purity standards of the Federal Safe Drinking Water Act, in amount of 150gpm but not to exceed a maximum daily usage of 216,000 gallons per day. The quantities of water previously enumerated in this Contract shall be absolute maximums unless mutually agreed otherwise by the parties hereto.

2. **Accounting System.** The Grayson District shall chart expenses in accordance with the Uniform System of Accounts and set out in its annual report filed with the Kentucky Public Service Commission as the accounting system for the identification of the costs described in Section 6 below.

3. **Metering.** The Grayson District will furnish, install and operate the necessary metering equipment for properly measuring water quantity while minimizing pressure loss through the meters and to calibrate such metering equipment whenever it shall be deemed necessary or at a minimum of one time every two years. If the Edmonson District requests the meters to be tested more often, the cost and expense of such interim testing shall be borne by the Edmonson District unless the meter registers more than two percent (2%) above or below the test results. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous reading of any meter disclosed by the test to be inaccurate shall be corrected for the six (6) 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 delivered in the corresponding

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period immediately prior to the failure unless the Grayson District and Edmonson District agree upon a different amount. The unit of measurement for water delivered pursuant to this Contract shall be gallons of water, U.S. Standard Liquid Measure, and all measuring devices shall, unless the parties agree otherwise, be so calibrated

4. **Billing Procedure.** The Grayson District shall furnish the Edmonson District monthly, a bill, for the amount of water furnished to the Edmonson District for the period covered by the last preceding meter reading.

5. **Payment.** The Edmonson District shall pay to the Grayson District, not later than fourteen (14) days from the date of billing, for water billed to Edmonson District as provided above. Payment shall be deemed, for purposes of this Contract, to have been made when delivered. A late penalty of ten percent (10%) of any unpaid amount shall be assessed if any portion of the bill remains unpaid after the due date. In the event Edmonson District fails to pay for water in accordance with the terms of this Contract, the Grayson District shall further have the right to terminate the flow of water to the Edmonson District, and shall have all other remedies provided at law or in equity for breach of contract, including an action for recovery of the amounts owed and any damages incidental thereto.

6. **Rate and Rate Calculation.** Rates will be calculated based on the current rate applied to the Grayson District by its wholesale provider, the City of Leitchfield Utilities plus a markup of 15%. The markup was determined based on the replacement cost of the length of water main from the Grayson District purchase point to the Edmonson District purchase point minus depreciation, the projected average volume to be purchased, and administration costs.

7. **Rate Adjustment.** The Edmonson District wholesale rate will be adjusted every two years on the schedule of the current contract between the Grayson District and the City of

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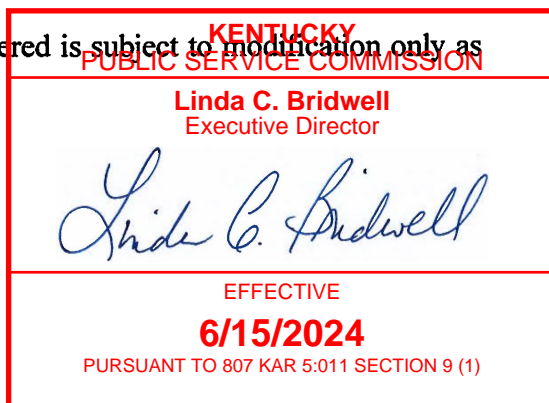
Leitchfield Utilities, in an amount equal to the increase/decrease in the rate associated with the Grayson Districts purchase contract rate with the City of Leitchfield Utilities.

8. **Term of Contract.** The initial term of this Contract shall extend for a term of ten (10) years from the date of the initial delivery of any water as shown by the first bill submitted by the Grayson District to the Edmonson District after consummation and PSC approval of this contract. The Edmonson District is granted an option to renew or extend this Contract under the same terms and conditions for an additional ten (10)-year period provided written notice of the Edmonson Districts intention to exercise this option to extend is given to the Grayson District at least two (2) years prior to the expiration of the Initial Term. The Grayson District explicitly reserves the same right to termination or renewal of said contract with the same two (2) years prior written notice at the end of the initial term.

9. **Failure to Deliver.** The Grayson District will take such action as may be necessary to furnish the Edmonson District with quantities of water required by the Edmonson District, not to exceed the maximums. 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 Grayson District, or is otherwise diminished over an extended period of time, the supply of water to the Edmonson District shall be reduced or diminished in the same ratio or proportion as the supply to the Grayson District has been reduced or diminished.

10. **Remedies.** Either party shall have the right to enforce this Contract by injunctive or mandamus action or to assert any other remedies provided by applicable law for the failure of the other party to comply with its agreements and covenants set forth herein.

11. **Modification or Amendment.** The provisions of this Contract pertaining to the rate to be paid by the Edmonson District for water delivered is subject to modification only as




provided in Section 7 hereof. Other provisions of this Contract may be modified or altered only by written agreement of the parties.

12. **Notification.** The Edmonson District and the Grayson District agree to notify each other immediately of any line breaks or emergencies which might affect the operations of the Grayson Districts System or the Grayson Districts ability to supply the Edmonson District.

13. **Arbitration.** In the event the Grayson District and the Edmonson District are unable to agree on the data used in calculating the adjusted rate as calculated in accordance with the terms of this Contract, each party shall submit to the other a list of three individuals who would be acceptable to such party to act as an independent party to assist the auditor in determining the proper calculation. Each party shall exercise the right to strike any two of the other party's suggested names. The remaining two individuals shall jointly work together to arrive at a resolution. These individuals, who may be engineers, accountants, or managers of a water treatment system, shall consult with Districts independent engineers whereupon these individuals shall advise the auditor of the Grayson District as to the appropriate calculation. Should these two selected individual's decisions come to a tie, these two individuals shall select a third individual independent from the two districts and of the same stature as themselves to become the tie breaker. The vote of the three individuals shall be controlling in the resolution. Following a determination of the rate calculation, the auditor shall then calculate the revised rate in accordance with the terms of this Contract.

14. **Pledge of Contract.** The Grayson District shall have the right to pledge or assign this Contract, and its rights hereunder, to the United States of America, acting through the Farmers Home Administration, or any other state or federal agency, as part of the security for a loan or loans from such agency.

15. **Required Administrative Approval.** This Contract, the rates set forth herein and the rate adjustment procedure provided herein shall be subject to the approval of the

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Kentucky Public Service Commission. The Grayson District covenants to promptly request approval of this Contract from the said agency. This Contract shall become effective immediately upon its approval by the Kentucky Public Service Commission. It is expressly acknowledged that the rates the Grayson District charges its customers for water sold by it are subject to the approval of the Kentucky Public Service Commission.

16. **Notice.** Any notice to the parties pursuant to the provisions hereof shall be in writing and delivered by either certified mail or via a nationally recognized overnight delivery service such as Federal Express to the parties at their addresses set forth below:

To Edmonson District:

Edmonson County Water District
1128 KY-259
Brownsville, KY 42210
Attention: Kevin Shaw

To Grayson District:

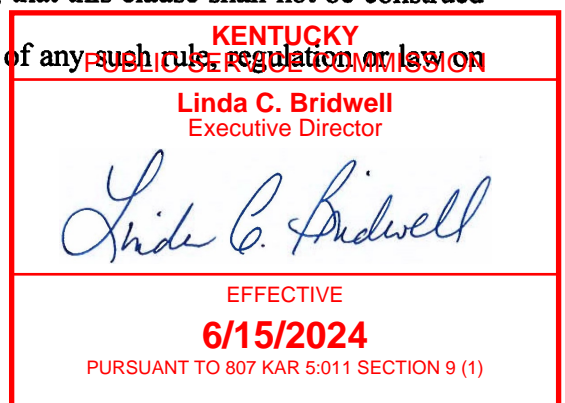
Grayson County Water District
21 Shull White Rd
Leitchfield, KY 42754
Attention: Jeremy Woosley

With a copy to: Tom Goff
53 Public Square
Leitchfield, KY 42754

17. **Miscellaneous**

a. Should any part, term or provision of this Contract be determined by a court of competent jurisdiction to be illegal or in conflict of any law, the validity of the remaining portion or portions shall not be affected thereby.

b. This Contract shall be subject to all valid rules, regulations and laws applicable hereto passed or promulgated by the United States of America and the Commonwealth of Kentucky or any governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them; provided, however, that this clause shall not be construed as waiving the right of either party to challenge the validity of any such rule, regulation or law on any basis, including impairment of this Contract.



c. This Contract may not be modified except in a writing executed by all parties, and all parties shall thereafter be bound by such modification.

d. This Contract and the respective rights and obligations of the parties hereto shall be construed in accordance with and governed by the laws of the Commonwealth of Kentucky.

e. This Contract contains the entire agreement of the parties pertaining to its subject matter and supersedes all prior written and oral agreements pertaining hereto.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in _____ counterparts, each of which shall constitute an original.

GRAYSON DISTRICT:
GRAYSON COUNTY WATER DISTRICT

BY: Nancy Cain
TITLE: Chairman

ATTEST: Kenny Shy

EDMONSON DISTRICT:
EDMONSON COUNTY WATER DISTRICT

BY: J. Smith
TITLE: Chairman

ATTEST: Bl...

This Contract is approved on behalf of the Public Service Commission this _____ day of _____, 2024.

BY: _____ TITLE: _____

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