

**FIRST AMENDMENT TO  
WATER PURCHASE CONTRACT**

This **First Amendment to Water Purchase Contract** is made and entered into this 9 day of January 2018 by and between Grayson County Water District (“Grayson District”) and the city of Caneyville, Kentucky (“Caneyville”) (collectively “the Parties”).

WITNESSETH:

WHEREAS, the Parties executed the Water Purchase Contract on August 21, 2017 to govern Grayson District’s provision of water service to Caneyville;

WHEREAS, the Parties submitted the Water Purchase Contract to the Kentucky Public Service Commission on August 24, 2017 for its review and approval;

WHEREAS, on September 20, 2017, the Kentucky Public Service Commission entered an Order in which it suspended the operation of the Water Purchase Contract and initiated an administrative proceeding to review the reasonableness of the Water Purchase Contract; and,


WHEREAS, the Staff of the Kentucky Public Service Commission has recently advised the Parties of certain concerns regarding the Water Purchase Contract and the Parties wish to address those concerns;

NOW THEREFORE, the Parties agree as follows:

1. Paragraph 1 of the Water Purchase Contract, which the Parties executed on August 21, 2017, is amended to read follows:

2. **Quality and Quantity of Water.** During the term of this Water Purchase Contract and any renewal or extension thereof, Grayson District agrees to furnish to Caneyville at agreed points of delivery a volume of potable treated water that complies with all federal and state laws and regulations not to exceed 125,000 gallons per day (“agreed maximum allowable volume”). In the event that Caneyville’s total volume of water in any billing period exceeds an average daily usage of 137,500 gallons (or 10 percent of the agreed maximum allowable volume), Caneyville shall for the volume of water in that billing period exceeding the agreed maximum allowable volume pay a rate that is equal to 105 percent of the established rate for service under this Water Purchase Contract.

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<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>Gwen R. Pinson</b> Executive Director

EFFECTIVE <b>2/14/2018</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

3. The Water Purchase Contract is amended to include the following paragraph:

1A. **Points of Delivery.** Grayson District shall deliver water to Caneyville at the following delivery points:

- a. Highway 736 Meter located at 5435 Yeaman Road in Caneyville, Kentucky;
- b. Highway 62 Meter located at 11063 Beaver Dam Road in Caneyville, Kentucky; and,
- c. Hopewell Road Meter located at 5113 Hopewell Road in Caneyville, Kentucky.

4. Paragraph 13 of the Water Purchase Contract is amended to read follows:

13. **Arbitration.** In the event District and Caneyville are unable to agree on the applicability or allocation of expenses or data used in calculating the adjusted rate as calculated in accordance with the terms of this Water Purchase 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 applicability of various expenses and the allocation of same. 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 Grayson District's engineer and Caneyville's engineer whereupon these individuals shall advise the auditor of Grayson District as to the appropriate applicability of expenses and allocation of same. The vote of any three of the four individuals shall be controlling in the establishment of said allocation or applicability of expenses. Following a determination of the allocation or applicability of expenses, the auditor shall then calculate the revised rate in accordance with the terms of this Water Purchase Contract. The Parties expressly acknowledged that the arbitrators' decisions are not binding on or limit the jurisdiction of the Kentucky Public Service Commission.

5. All other provisions of the Water Purchase Contract not specifically addressed in this First Amendment are ratified and affirmed.

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**KENTUCKY  
PUBLIC SERVICE COMMISSION**

**Gwen R. Pinson**  
Executive Director



EFFECTIVE

**2/14/2018**

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

IN WITNESS WHEREOF, the Parties, acting under the authority of their respective governing bodies, have caused this First Amendment to Water Purchase Contract to be duly executed in multiple counterparts, each of which shall constitute an original.

GRAYSON COUNTY WATER DISTRICT

By: John R. Tomes  
JOHN R. TOMES, CHAIRMAN

ATTEST:

Kevin Shaw

CITY OF CANEYVILLE, KENTUCKY

By: James P. Embry  
JAMES P. EMBRY, MAYOR

ATTEST:

[Signature]

