

## WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 13<sup>th</sup> day of ~~June~~ <sup>September</sup>, 2005, between the HENRY COUNTY WATER DISTRICT NO. TWO, Post Office Box 219, Campbellsburg, Kentucky 40011, hereinafter referred to as the "District" and the CITY OF EMINENCE, KENTUCKY, P. O. Box 163, Eminence, Kentucky 40019, hereinafter referred to as the "City",

### WITNESSETH:

WHEREAS, the City is organized and established under the provisions of Chapter 82 of the Kentucky Revised Statutes and operates a water supply distribution system serving water users within its incorporated city limits and to accomplish this purpose, the City will require a supply of treated water, and

WHEREAS, the District owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the District's system and the number of water users to be served by the said City as represented by the City, and

WHEREAS, the District and the City entered into an agreement approved by the Public Service Commission in July 2001, by which improvements to the District's distribution were planned in order to increase supply to the City, with said improvements having been installed and with the other terms of said agreement having be met by the respective parties;


NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth;

#### A. THE DISTRICT AGREES:

1. Quality and Quantity: To furnish the City at the points 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 Division of Water and all other applicable agencies in such quantity as may be

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By   
Executive Director

required by the City not to exceed One Hundred Twenty Million (120,000,000) gallons per year, and not to exceed Three Hundred Twenty Five Thousand (325,000) gallons per day and not to exceed the maximum total delivery rate, sustained for no more than one hour of 375 gallons per minute, except during an emergency.

2. Points of Delivery, Pressure, and Flowrates: To furnish water to the City at two points of delivery. The Jackson Road master meter has a calculated pressure range of 60 to 70 pounds per square inch, and the KY 55 master meter has a calculated pressure range of 80 to 100 pounds per square inch. Supply rates at these two points will fluctuate with hydraulic conditions in both the District's system and the City's system. 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 District from this provision for such reasonable period of time as may be necessary to restore service.
3. Billing Procedure: To furnish the City at the above address not later than the first day of each month with a statement of the amount of water furnished by the District during the preceding month.

B. THE CITY AGREES:

1. Rates and Payment Date: To pay the District, not later than the 10<sup>th</sup> day of each month, for water delivered the sum of \$2.20 per 1000 gallons for water the current wholesale rate per the District's Tariff with the Public Service Commission. In addition, the City shall pay a surcharge on water in excess of the annual contract amount at a rate of equal to 100% of the purchase price. It is agreed and understood that the rate set out above is subject to change should the

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District seek and be granted a rate change by the Public Service Commission and that any such new rate would be substitute for the wholesale rate set out hereinabove.

C. IT IS FURTHER MUTUALLY AGREED BETWEEN THE DISTRICT AND THE CITY AS FOLLOWS:

1. Term of Contract: That this contract shall extend for a term of 40 years from the date first herein above written and thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the District and City.
2. Failure to Deliver: That the District 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 City with daily quantities of water required by the City. Temporary or partial failure to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, drought, or other condition in which the supply of water available to the District is reduced or diminished over an extended period of time, the supply of water to City shall be reduced or diminished in the same ratio or proportion as the supply to the District's other customers is reduced or diminished.
3. Modification of Contract: That the provisions of this contract pertaining to the schedule of rates to be paid by the City for water delivered and regarding quantities of water to be delivered are subject to modification at the end of every two 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 District's system. Any modification of the quantities of water to be delivered shall be based upon the consumptive needs of the City. Other provisions of this contract may be modified or altered by mutual agreement.
4. 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 District and City will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

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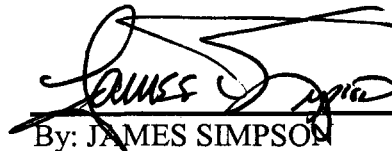
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5. Successor to the City: That in the event of any occurrence rendering the City incapable of performing under this contract, any successor of the City, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the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

6. This contract replaces and supersedes previous contracts.

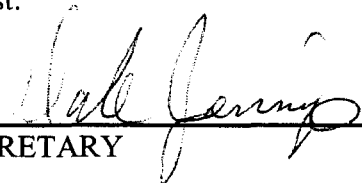
IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in \_\_\_\_\_ counterparts, each of which shall constitute an original.

HENRY COUNTY WATER DISTRICT NO. 2:

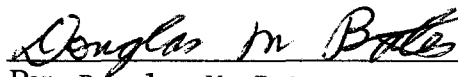


By: JAMES SIMPSON  
Title: CHIEF OPERATING OFFICER

Attest:

  
SECRETARY

CITY OF EMINENCE:



By: Douglas M. Bates  
Title: MAYOR  
Signed: October 10, 2005

Attest:

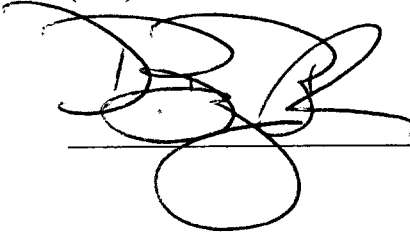
  
CITY CLERK

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SECTION 9 (1)

  
By: \_\_\_\_\_  
Executive Director

THIS INSTRUMENT PREPARED BY:

D. BERRY BAXTER  
BERRY, FLOYD & BAXTER, PSC  
19 NORTH MAIN STREET  
P.O. BOX 245  
NEW CASTLE, KENTUCKY 40050  
(502) 845-2880



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