

RECEIVED *City Ord.*

SEP 06 1994

AGREEMENT

PUBLIC SERVICE
COMMISSION

This Agreement, made and entered into this the 14th day of December, 1982, by and between the CITY OF HARRODSBURG, KENTUCKY, a Municipal Corporation of the fourth class, acting by and through its Mayor and the authority of the Board of Commissioners of the City of Harrodsburg, hereinafter referred to as CITY, and LAKE VILLAGE WATER ASSOCIATION, acting by and through its Chairman and Board of Commissioners, all pursuant to authority of its Board of Commissioners, hereinafter referred to as ASSOCIATION, with both parties being organized pursuant to the laws of the Commonwealth of Kentucky, WITNESSETH:

In consideration of the mutual promises and obligations contained hereinafter, the parties hereby agree as follows:

1. The City agrees to furnish and sell potable, treated water, meeting applicable purity standards of the Kentucky Department of Health, of the same type and quality as it regularly furnishes to its City customers to the Association through a meter or meters of the type approved by the City, same to be furnished, installed and maintained by the Association at no cost or expense to the City, upon the terms as set forth herein.

2. The City shall furnish and sell to the Association up to 4,000,000 gallons of water per month. In the event the available supply of purified water obtainable through the City's intake and purification plant should fall short of the City's own needs and demands, including that of the North Mercer Water District, the City may give reasonable notice to the Association, thereafter, provide such amounts as the City can provide and meeting the service obligations of its own customers, including North Mercer Water District.

3. Failure in the City's supply due to main breaks, power failures, floods, earthquakes and other catastrophes or acts of God shall excuse the City from compliance with the supply until such occurrences can be reasonably remedied.

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PURSUANT TO 807 KAR 5.011, SECTION 9(1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

4. The rules, regulations and limitations which the City may impose upon other regular customers with respect to the use of its water will be furnished to the Association. The Association specifically agrees to discontinue water service to any customer who fails to pay the City sewer charge, if applicable, and to restrict usage, so far as possible, during such times as supply from the City may be limited. The intention is for equality of rules and treatment of all customers for the prudent operation of the system.

5. The Association agrees to pay to the City each month and not later than the 10th day following mailing of a bill for water consumed as shown by the reading (or uncombined readings

6. The said meters shall be the property of the Association and will be maintained at the Association's expense, however, the Association shall have each meter independently tested each year and prior to the initial usage by a mutually agreed testing agency and supply the City with a certified copy of meter test reports. If any meter shall be found upon testing to be inaccurate beyond plus or minus 2% or other standards currently provided by the regulations of the Utility Regulatory Commission of Kentucky, immediate replacement or repair shall be done by the Association at its expense. Payment for service of not more than 3 months during any period found to be inaccurate shall be 100% of the corresponding months known accurate meter readings as recorded by the City for the previous year.

7. In the event the City shall question the accuracy of the district's meter or meters between the regular testing, the meter shall be examined as hereinbefore stated, and if it is found to be such additional testing that the inaccuracy is beyond plus or minus 2%, the repair and cost of testing shall be borne by the district, otherwise the expense of such additional testing shall be borne by the City.

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8. It is understood that the City does not guarantee to the Association any specific pressure and the Association shall hold the City harmless by reason of any liability for any specific or particular water pressure in the Association's distribution system for fire protection or other purposes.

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SECTION 9(1)
BY *James C. Neal*
FOR THE PUBLIC SERVICE COMMISSION

9. All extensions of service by the Association within 1-1/2 miles of the present service lines of the City shall only be expanded and enlarged by the Association upon written approval from the City, and upon approval being granted for expansion of the Association lines, such installations and expansion contracts and specifications shall be subject to approval and review by the City, which shall not be unreasonably withheld.

10. It is understood that the City only agrees to supply the Association water to the extent its purified water supply exceeds the demands of its own customers and North Mercer Water District.

11. In the event the City annexes property which contains customers of the Association, the City shall have the option to purchase the right-of-ways, easements, lines and other facilities of the Association, and take over all obligations and responsibilities to the Association customers, provided the annexed area is within 1-1/2 miles of the present City limits.

12. This contract shall extend for a term of 10 years beginning with the effective date of this contract. At the expiration of the 10-year term the Association shall have the option to extend the term hereof for an additional 5 years; which option shall be automatically extended by the Association unless the Association,

if multiple meters) of said meter through which water is furnished by the City to the Association, upon the following terms:

A. It is agreed that the Association will pay to the City monthly as billed the same rate of charges for water received from the City through the facilities for said meters as the City charges and collects from time to time from its other customers of the same classification, plus the Association will pay a 10% surcharge for the privilege of utilizing the City's water supply, and upon failure of the Association to pay the City's billing, the City shall be entitled to discontinue water service to the Association in the same manner as the City may be entitled to discontinue service to any other customer.

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B. The City may review its rates or charges for water service annually and adjust rates as deemed appropriate for all City customers. In the event the City should increase or decrease its rates or charges to its customers, an equitable increase or decrease will be made in the charges to the Association. However, the City will notify the Association at least six months prior to any proposed increase or decrease becoming effective between the parties. Current rates of charges are:

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	Minimum Bill - \$5.00 for first 250 Cu. Ft.
Next	750 Cu. Ft. for \$1.90 per 100 Cu. Ft.
Next	3,000 Cu. Ft. for 1.65 per 100 Cu. Ft.
Next	6,000 Cu. Ft. for 1.40 per 100 Cu. Ft.
Next	25,000 Cu. Ft. for 1.20 per 100 Cu. Ft.
Next	25,000 Cu. Ft. for 1.00 per 100 Cu. Ft.
All over	60,000 Cu. Ft. for .80 per 100 Cu. Ft.

C. The Association agrees that from the time the Association's system is first connected to the point or points of supply and a meter or meters through which the Association will acquire water have been installed, the Association will pay a minimum monthly water bill per meter (minimum charge will not be in addition to usage of respective meter) to the City according to the following schedule:

<u>Size of Meter</u>	<u>Minimum Charge per month</u>
1-1/2" and smaller.....	\$ 50.00
2" through 4".....	100.00
6" through 8".....	300.00
Over 8".....	Negotiable

The City may review its minimum meter charges annually and adjust rates as deemed appropriate for City customers.

not less than 90 days prior to the expiration of the 10-year term, serves written notice by registered mail upon the then Mayor of the City of the Association's intention not to exercise said option. Said option shall be upon the same terms and conditions as this contract.

13. Any notice between the parties shall be addressed to the other in the care of the Mayor of the City of Harrodsburg and the Chairman of the Lake Village Water Association, Inc.

14. This contract is subject to the approval of the Public Service Commission of the Commonwealth of Kentucky and in the event same is not approved by the said Commission it shall be null and void and of no effect.

CITY OF HARRODSBURG

LAKE VILLAGE WATER ASSOCIATION

BY: *Charles W. Carr*
Charles W. Carr, Mayor

BY: *Danny Noel*
Chairman

ATTESTED: *Marquita E. Carey*
Marquita E. Carey, Clerk

R. W. West
Secretary

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BY: *Jason A. Hall*
FOR THE PUBLIC SERVICE COMMISSION