

**WATER PURCHASE AGREEMENT**

THIS AGREEMENT for the sale and purchase of water entered into as of the \_\_\_\_\_ day of October, 2009, by and between **Knott County Water and Sewer District**, P.O. Box 884, Hindman, Kentucky 41822, (hereinafter referred to as the “**Seller**”), and **Letcher County Water and Sewer District**, P.O. Box 827, Whitesburg, Kentucky 41858, (hereinafter referred to as the “**Purchaser**”).

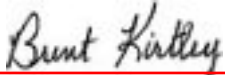
**WITNESSETH:**

WHEREAS, the Purchaser 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 Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

WHEREAS; the Seller owns and operates a water production and distribution system with a capacity currently capable of serving the present customers of the Seller’s system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

WHEREAS, by Resolution No. 04082009 enacted on the 10<sup>th</sup> day of April, 2009, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Resolution was approved, and the execution of this contract carrying out the said Resolution by the Chairperson of the Knott County Water and Sewer District, and attested by the Commission’s Secretary, was duly authorized, and

WHEREAS, by Resolution of the Purchaser, enacted on the 17<sup>th</sup> day of September, 2009, the purchase of water from the Seller in accordance with the terms set

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<b>TARIFF BRANCH</b>

<b>EFFECTIVE</b> <b>6/1/2010</b>
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forth in the said Resolution was approved, and the execution of this contract by the Chairperson, and attested by the Secretary was duly authorized;

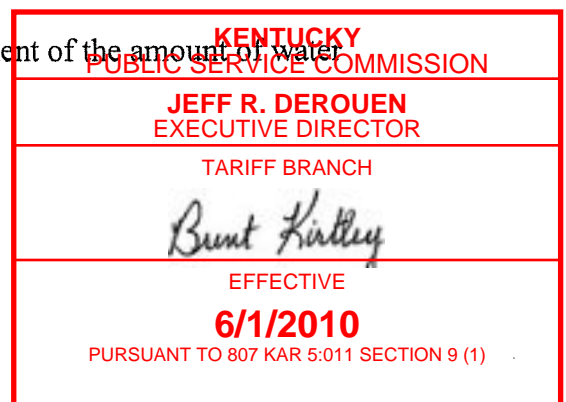
NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth.

**A. The Seller Agrees:**

**1. Quality and Quantity.** To furnish the Purchaser 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 Commonwealth of Kentucky Division of Water and the U.S. Environmental Protection Agency, in such quantity as may be required by the Purchaser not to exceed 600,000 gallons per day with a minimum of 150,000 gallons per day.

**2. Point of Delivery and Pressure.** That water will be furnished at a reasonably constant pressure at 75 PSI from and existing 8" (eight) inch main supply at a point located on Highway 1410 near the Knott/Letcher County line. If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. 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 Seller from the provisions for such reasonable period of time as may be necessary to restore service.

**3. Billing Procedure.** To furnish the Purchaser at the above address not later than the 30<sup>th</sup> day of each month, with an itemized statement of the amount of water furnished the purchaser during the preceding month.



**B. The Purchaser Agrees:**

**1. Rates and Payment Date.** To pay the Seller, not later than the 10<sup>th</sup> day of each month (subsequent to the receipt of the bill), for water delivered in accordance with the following schedule of rates:

a. \$3.00 per 1,000 gallons of water for all water provided to Purchaser.

**2. Meter Equipment.** To furnish, install, 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 Purchaser and to calibrate such metering equipment whenever requested by the Seller but not more frequently than once every twelve months. A meter registering not more than two percent above or below the test results shall be deemed to be accurate.

The previous reading of any meter disclosed by test to be inaccurate shall be corrected for the six 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 of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on or about the 18<sup>th</sup> day of each month by the Seller. Appropriate officials of the Purchaser and Seller shall at all reasonable times have access to the meter for the purpose of verifying its readings.

**C. It is further mutually agreed between the Seller and the Purchaser as follows:**

**1. Terms of Contract.** That this contract shall extend for a term of one (1) year from the date of the initial delivery of any water as shown by the first

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the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

**2. Deliver of Water.** That Purchaser shall notify Seller 15 to 20 days prior to the estimated date of completion of the Purchaser's water supply distribution system, the Seller will notify the Purchaser in writing of the date for the initial delivery of water.

**3. Water for Testing.** When requested by the Purchaser, the Seller will make available to the contractor at the point of delivery or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at the time, at a charge of \$3.00 per 1,000 gallons, which will be paid by the contractor or, on his failure to pay, by the Purchaser.

**4. Public Notices.** Seller agrees to notify Purchaser within 48 hours of any water quality test results that do not meet purity standards mentioned above. Purchaser agrees to notify customers if supplied water fails to meet division of water purity standards.

**5. Failure to Deliver.** That the Seller 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 Purchaser with quantities of water required by the Purchaser. 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 Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished to the extent necessary and appropriate by the Seller. In the event of failure to deliver the minimum purchase amount of water

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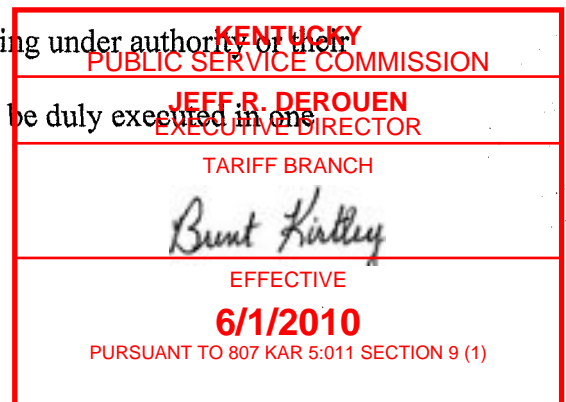
mentioned above, during any month of the term of this contract or any extension thereof, minimum water quantity standards for that month shall not apply.

**6. Construction and Operation.** Each party shall be responsible for the ownership, operation and maintenance of its own respective facilities during the terms of this Agreement and agrees that each party will be responsible for any and all losses, damages, claims or liabilities arising from or on account of its ownership or operations and maintenance of its facilities.

**7. Modification of Contract.** That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one (1) year period and the requesting entity shall bear the cost of the rate study. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the cost of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement in writing signed by both parties.

**8. Regulatory Agencies.** That this contract is subject to rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

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



**Seller: Knott County Water and Sewer District**

By: *Alice G. Ritchie*  
**Alice G. Ritchie, Chairperson**

Attest:

*Russ Campbell*  
**Secretary**

**Purchaser: Letcher County Water and Sewer District**

By: *Phillip A. Back*  
**Phillip Back, Chairperson**

Attest:

*Judith*  
**Secretary**

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PUBLIC SERVICE COMMISSION**

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EXECUTIVE DIRECTOR**

TARIFF BRANCH

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