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P.S.C.
RATES & RESEARCH DIV.

WATER PURCHASE CONTRACT

PUBLIC SERVICE
COMMISSION

This Contract for the sale and purchase of water is entered into as of the 15th day of August 1994, between the CITY OF MANCHESTER, P.O. BOX 279, MANCHESTER, KENTUCKY 40962 hereinafter referred to as the "Seller" and the NORTH MANCHESTER WATER ASSOCIATION, ROUTE 8, BOX 145, MANCHESTER, KENTUCKY 40962 hereinafter referred to as the "Purchaser". This Contract supersedes and replaces the existing Contract between the Seller and Purchaser,

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of K.R.S. Chapter 273 for the purpose of constructing and operating a potable water 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 supply and distribution system with a capacity 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 with additional limitations contained herein, and

Whereas, by Resolution No. 8/15/94 enacted on the 15th day of August, 1994, by the Seller, the sale of water to the Purchaser in accordance with the provisions of this Contract was approved for execution by the mayor and attesting by the City Clerk, was duly authorized, and

Whereas, by Resolution of the Board of Directors of the Purchaser, enacted on the 14th day of June, 1994, the purchase of water from the Seller in accordance with the terms set forth herein was approved for execution by the President, and attesting 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. To furnish the Purchaser at the point(s) of delivery hereinafter specified, during the term of this Contract or any renewal or extension thereof, ~~the use of suitable~~ ^{PUBLIC SERVICE COMMISSION} water meeting applicable purity standards of the Kentucky State Board of ~~HEALTH~~ ^{PUBLIC SERVICE COMMISSION} in such quantity as hereinafter listed. EFFECTIVE

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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

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2. To furnish the Purchaser potable treated water in such quantities listed herein provided the Seller can produce said quantities:

- a. Maximum quantity of 12,000,000 gallons per month.
- b. Minimum quantity of 7,000,000 gallons per month.

3. That water will be furnish at a reasonably constant pressure of a minimum of 30 psi (static head) from existing and/or new water mains and supplied at the below listed points:

- a. On U.S. 421 north of Manchester city limits at or near the north property line of Bess Carnahan (common line with John Collins).
- b. On KY 11 in the community known locally as Mill Pond.
- c. At one or more additional points that are mutually agreeable to both parties of this Contract.

4. To furnish the Purchaser at the above address not later than the 10th 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. To pay the Seller, not later than the 15th day of each month, for water delivered in accordance with the "wholesale" rates duly established by the Seller through action by the City Council. Further, the wholesale rate is defined to be charges by Seller system wide to other large water users and is the lowest cost rate in Sellers rate system.

2. To purchase from the Seller the minimum quantity of water per month (to wit 7,000,000 gallons); however, this minimum amount shall not be required if the Purchaser's system does not require the minimum amount. However, the Purchaser cannot purchase water from another source to circumvent (avoid) paying Seller for the minimum amount. The Purchaser can purchase water from another source, without affecting the minimum amount, to provide water to customers who cannot be served by water mains owned by Purchaser (to wit, those users west of Foggertown that would have to be served by water mains owned by East Laurel Water District).

C. Seller and the Purchaser Mutually Agrees:

1. The Contract shall extend for a term of 30 years from the date of the execution by both parties, thereafter may be renewed or extended for an additional 30-years and/or for such term, or terms, as may be agreed upon by the Seller and Purchaser.

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BY: Quinton C. Neal
FOR THE PUBLIC SERVICE COMMISSION

2. 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 and within the limits provided herein. Temporary or partial failures to deliver water shall be remedied as soon as is reasonably practical. 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 or Seller cannot produce potable water because of equipment failure, electrical outage, etc., the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

3. The Provisions of this Contract may be modified or altered by mutual agreement.

4. This Contract is subject to such 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.

5. That in the event of any occurrence rendering the Purchaser incapable of performing under this Contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights and obligations of the Purchaser hereunder.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in four (4) counterparts, each of which shall constitute an original.

Seller: City of Manchester, Kentucky

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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By: Daugh L. White
Daugh L. White
Title: Mayor

Attest:

Wanda Marcus FEB 17 1995
City Clerk

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SECTION 9 (1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

Purchaser: North Manchester Water
Association
By: James C. Westerfield
James Westerfield
Title: President

Attest:

Robert White
Secretary

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Sept 14, 1994
J. B. White
D. K. Allen