

WATER SUPPLY CONTRACT

THIS AGREEMENT made and entered into this the 13th day of July, 1992, by and between ELECTRIC AND WATER PLANT BOARD OF THE CITY OF FRANKFORT, KENTUCKY, a governmental agency of the City of Frankfort, Kentucky, having the powers granted by Section 96.171 et. seq., Kentucky Revised Statutes, hereinafter referred to as "Board", and the NORTH SHELBY WATER COMPANY, hereinafter referred to as "Company";

WITNESSETH: That the parties hereto, in consideration of the mutual duties and obligations herein created, have, and do agree as follows:

1. The Board will make available to the Company potable treated water meeting applicable purity standards of the appropriate regulatory agency(s) (presently the Kentucky Department for Natural Resources and Environmental Protection) in such quantity and at such pressure as the Board may have in its main at the service connection at the time of use, subject to the capacity and ability of the Board's system and facilities to furnish water to the Board's existing customers.

2. The Board under this Agreement is obligated to make water available to the facilities of the Company.

3. The Board under this agreement has, and assumes no obligation whatever to furnish satisfactory quantity or pressure for any particular service such as irrigation, fire protection, industrial or commercial use.



4. It is the intention of this contract that the Board will be a reliable, long-term supplier of water to the Company, and that the Company will be a reliable long-term purchaser of water from the Board. There is no present maximum purchase limit under this contract, it being the intention of the parties that the Company may continue to increase its purchases under the contract until such time that the capacity of the Board's system can no longer reasonably supply the needs of the Board's then-existing customers plus an increase in the Company's consumption. At that time the Board will notify the Company that the Company will thereafter have a maximum annual contractual limit equal to the amount purchased by the Company during the previous calendar year. The Board will reasonably notify the Company when the Board anticipates that a future limitation is likely to be imposed. The Company will keep the Board reasonably advised of all significant extensions of other events which are likely to significantly affect the Company's level of water purchases from the Board.

5. The Company shall at all times pay the rates and charges for water as exist at the time of delivery under the then existing published rates, rules and regulations of the Board.

6. The water will be furnished the Company through a meter or meters of the size and type specified by the Board, which shall be installed by the Board and paid for by the Company and located at such points or points as the Board



shall designate at its main, which said meter or meters the Board shall have the right to inspect and test at any and all times. In the event any meter test, whether initiated by the Board or by the Company, discloses any error compensation payable for water delivered shall be adjusted so as to compensate for the error.

7. The obligation of the Board to supply water hereunder is limited by the understanding that the Board shall only be required to use reasonable care and diligence in the operation and maintenance of its water supply system to prevent and avoid interruptions and fluctuations in the supply, and that it cannot and does not guarantee that such interruptions and fluctuation will not occur, or that because of emergencies due to breaks, leaks, defects or necessary repairs to its facilities, or fires, strikes, acts of God or other causes, there may not be periods during which the supply may be curtailed or interrupted. 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 Board from its supply obligations under this contract for such reasonable period of time as may be necessary to restore service. Temporary 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 Board is otherwise diminished over an extended period of time, the supply of water to the Company shall be reduced



or diminished in the same ratio or proportion as the supply to the Board's other customers is reduced or diminished.

8. The present published Rates, Rules and Regulations of the Board relating to water service are attached and made a part hereof.

9. It is further mutually agreed and understood by and between the parties hereto that this contract is to run for a period of 42 years from the date of execution and entry as specified in the first paragraph of this Agreement and thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Board and the Company.

10. Any successor of the Board or the Company, whether the result of legal process, assignment or otherwise, shall succeed to the rights and obligations of the Board or Company hereunder.

11. The Company will purchase on a calendar year basis (December to December meter reading date) an amount of water equal to fifty percent (50%) of the average amount of water purchased by the Company from the Board during the preceding three calendar years. The Company will be relieved from this minimum purchase requirement if the remaining duration of this contract becomes twenty years or less.

12. In the event the Board fails to abide by the terms and conditions of this agreement and/or fails to abide by its' Rates, Rules and Regulations then this agreement may be terminated by the Company prior to its expiration upon written notice to the Board.



13. In the event the Company fails to abide by the terms and conditions of this agreement and/or fails to abide by the Board's Rate, Rules and Regulations, then this agreement may be terminated by the Board prior to its' expiration upon written notice to the Company.

14. This contract replaces all previous or existing agreements between these parties and constitutes the sole and complete agreement as to the sale, provision and purchase of water.

IN TESTIMONY WHEREOF, the parties hereto have caused this Agreement to be executed by its duly authorized officers, on this the day and year first above written.

ATTEST: *[Signature]* Secretary
ELECTRIC AND WATER PLANT BOARD
OF THE CITY OF FRANKFORT, KY
BY: *Bruce Dungan*
Chairman

ATTEST: *William L. Tingle* Secretary
NORTH SHELBY WATER COMPANY
BY: *Duncan LeCompte*
President

This contract is approved on behalf of the Farmers Home Administration on this 3rd day of NOVEMBER, 1992.

By: *Jimmy H. Hall*
Title: COMMUNITY AND BUSINESS PROGRAMS
SPECIALIST

TARIFF BRANCH
RECEIVED
5/31/2011
PUBLIC SERVICE
COMMISSION
OF KENTUCKY