

WATER PURCHASE CONTRACT

THIS CONTRACT for the sale and purchase of water is entered into this 12th day of March, 1984, between the CITY OF FALMOUTH, PENDLETON COUNTY, KENTUCKY, Main Street, Falmouth, Kentucky, a Municipal Corporation, hereinafter referred to as the "SELLER" and the PENDLETON COUNTY WATER DISTRICT, 400 Main Street, Falmouth, Kentucky, hereinafter referred to as the "PURCHASER".

WITNESSETH:

WHEREAS, the Purchaser is organized and established under the provisions of Chapter 74 of the Code of Kentucky Revised Statutes, 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 supply 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 enacted on the 12th day of March, 1984, 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 Mayor and attested by the Secretary, was duly authorized, and

WHEREAS, by Resolution of the Commissioners of the Purchaser, enacted on the 11 day of JUNE, 1984, the purchase of water from the Seller in accordance with the terms set forth in said Resolution was approved, and the execution of this Contract by the Chairman 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 State of Kentucky in such quantity as may be required by the Purchaser not to exceed five million (5,000,000) gallons per month.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonable constant pressure calculated at City Normal Pressure from an existing six (6) inch main supply at a point located as per the parties' agreement within the city or just outside the city. 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 this provision for such reasonable periods of time as may be necessary to restore service.

3. The metering equipment shall be read on or about the 14th day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for

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the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 30th 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. (Metering 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 (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the two (2) 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.

2. (Rates and Payment Date) To pay the seller, not later than the 10th day of each month for water delivered in accordance with the schedule hereinbelow set out or prevailing at the time.

C. It is further mutually agreed between the Seller and Purchaser as follows: JUL 08 2000

1. (Term of Contract) That this Contract shall extend for a term of ~~forty (40) years~~ from this date, from the date water is delivered to the new line anticipated herein, or from the date of the issuance of the new bonds, and in no event for longer than ~~forty-two (42) years~~ from this date, and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That thirty (30) days prior to the estimated date of completion of construction of the addition of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing of the date of the initial delivery of water.

3. (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 in the same ratio or proportion as the supply to seller's consumers is reduced or diminished.

4. (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 any time the Seller adjusts rates to all its customers and by the same percent that it adjusts its rates to all its customers. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder including, but not limited to, cost of labor, materials, necessary capital improvements, and reserve for

depreciation. Other provisions of this Contract may be modified or altered by mutual agreement.

a. However, by way of specifications, the rate schedule presently in effect is as follows:

0 - 2,000 gallons	-	\$ 4.00 (minimum)
2,000 - 5,000 gallons	-	4.00 plus \$.84 per 1,000
5,000 - 10,000 gallons	-	6.52 plus \$.70 per 1,000
10,000 - 50,000 gallons	-	10.02 plus \$.58 per 1,000
all over 50,000 gallons	-	33.22 plus \$.75 per 1,000

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PURSUANT TO 207 KAR 50.11,
SECTION 9 (1)

b. At no time shall there be established, without the consent of second party, new classes of water usage. At anytime the City adjusts rates to any one or more class of water users, either by increasing or decreasing said rates, the same adjustment shall be made to the rates applicable to all classes of users for example, an increase of twenty-five (25%) percent would, based upon the schedule of rates set out herein, increase the minimum bill from \$4.00 to \$5.00 and would increase the rate to other classes to \$1.05 dollars per thousand, \$.875 dollars per thousand, \$.725 dollars per thousand, and \$.9375 dollars per thousand, respectively.

5. However, notwithstanding the above, it is agreed that the initial rate for the water purchased by purchaser in the range of 4,000,001 through 5,000,000 gallons shall be open to negotiation of the parties at the time same is delivered or anticipated as being delivered to purchaser by seller. However, once the initial rate is set, modifications of said rate will be in accordance with this contract.

6. (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 Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration, or some other state or Federal agency or agencies similarly administered and this contract is similarly conditioned if the same be another agency or agencies.

8. (Successor to the Purchaser) 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 of the Purchaser hereunder.

9. This Contract is hereby pledged to the United States of America, acting through the Farmers Home Administration, as part of the security for a loan from the United States of America or such other state or Federal agency as may participate in or provide financing for the project.

10. This contract supersedes the contract and modification of 1976 and 1981, respectively.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in two (2) counterparts, each of which shall constitute an original.

SELLER:

CITY OF FALMOUTH

BY

Mark Gaddy
Title: MAYOR

ATTEST:

H.L. Crummett
SECRETARY

PURCHASER:

PENDLETON COUNTY WATER DISTRICT

BY

Denise Hornbeek
Title: CHAIRMAN

ATTEST:

H.L. Crummett
SECRETARY

This Contract is approved on behalf of the Farmers Home Administration this 11 day of December, 1985.

By

James A. Little
Title Community & Business Programs Specialist

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PURSUANT TO 807 KAR 5.011
SECTION 9 (1)
BY: Stephen Bell
SECRETARY OF THE COMMISSION