

WATER PURCHASE CONTRACT

THIS CONTRACT for the sale and purchase of water is entered into as of
8th day of June, 1976, between the City of Brownsville, a
municipal corporation of the Commonwealth of Kentucky, hereinafter referred to
as the "City", and the Edmonson County Water District, hereinafter referred to
as the "District",

WITNESSETH:

WHEREAS, the District has been organized and established under the
provisions of KRS Chapter 74 of the Revised Statutes of Kentucky, for the
purpose of constructing and operating a water supply distribution system
serving water users with area described in plans now on file in the office of
the District, and

WHEREAS, the District will own and operate a water supply distribution
system with a capacity capable of serving the estimated number of water users
to be served by the District as shown in the plans of the system on file in
the office of the District and the present customers of the City system;

WHEREAS, by Resolution of the Board of Directors of the District enacted
on the 8th day of June, 1976, the sale of water to the City in
accordance with the terms set forth in the said Resolution was approved, and
the execution of this Contract by the Chairman, and attested by the secretary,
was duly authorized,

WHEREAS, by Ordinance of the Board of Trustees of the City, enacted on
the 7th day of June, 1976, the purchase of water from the District
in accordance with the provisions of the said Ordinance was approved, and the
execution of this Contract carrying out the said provisions of the Ordinance
was approved.

NOW, THEREFORE, in consideration of the foregoing and the mutual agree-
ments hereinafter set forth:

A. The District Agrees:

1. (Quality and Quantity) to furnish the City, 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 State Board of Health in such quantity as may be required by the City (not
to exceed 3,000,000 gallons per month).

2. (Point of Delivery at the meter box and Pressure) that water will be
furnished from an existing 6 inch main supply at a point located at meter box.
If a greater pressure than that normally available at the point of delivery is
required by the City, the cost of providing such greater pressure shall be borne
by the City. Emergency failures of pressure or supply due to main supply line
breaks, pump failure, flood, fire and use of water to fight fire, earthquakes

or other catastrophe shall excuse the Dist. from the provisions for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) to furnish, install, operate and maintain at its own expense a point of delivery, the necessary metering equipment including a meter house or pit, and required devices of stand type for properly measuring the quantity of water delivered to the City and to calibrate such metering equipment whenever requested by the City but not more frequently than once every twelve (12) months. A meter registering not more than two per cent (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 3 months previous to such test in accordance with the percentage of inaccuracy found by such test. 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 City and District shall agree upon a different amount. The metering equipment shall be read on gallons of water.

4. (Billing Procedure) To furnish the City Clerk of the City, at Brownsville, Kentucky, not later than the first day of each month, with an itemized statement of the amount of water furnished the City during the preceding month.

B. The City Agrees:

1a. (Rates and Payment Date) to pay the District, not later than the tenth day of each month for water delivered at the rate of \$0.60 per 1,000 gallons, or \$900.00 per month, whichever is greater.

1b. This rate is guaranteed thru December 31, 1979 and at the end of said time, the rate shall be re-negotiated.

C. It is further mutually agreed between the City and the District as follows:

1. (Term of Contract) That this Contract shall extend for a term of five (5) years from January 1, 1975 and thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the City and District.

2. (Altitude Valve) The new altitude valve located at the City Tank, installed by the District, will be turned over to the City and all future maintenance and repair will then become the responsibility of the City. The District shall have the right to maintain and repair telemetering devices located on said tank, said devices belong to the District.

3. (Failure to Deliver) That the District 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 City with quantities of water required by the City. 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 District is otherwise diminished over an extended period of time, the supply of water to City consumers shall be reduced or diminished.

4. (Modification of Contract) That the provisions of this Contract pertaining to the scheduled of rates to be paid by the City for water delivered are subject to modification at the end of every five year period based upon the actual cost of operation for the last year past as arrived at by the use of the formula in Attachment "A" hereof. Should the rate charged differ from the actual cost of the operation by the District, then the District within 90 days of the end of the contractual year rebate or charge the difference to the City. No rate hereunder shall consider increased capitalization of the District System. Other provisions of this contract may be modified or altered by mutual agreement.

5. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in the State of Kentucky and the City and District will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

6. (Successor to the District) That in the event of any occurrence rendering the District incapable of performing under this Contract, any successor of the District, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the District hereunder.

7. Default on the part of the City to pay within thirty days after the presentation of the bills mentioned in A-4, The District may terminate all delivery of water under this contract.

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

CITY OF BROWNSVILLE, KENTUCKY

BY: W. C. Davis
MAYOR

ATTEST:

Hilda Ann Skaggs
CITY CLERK

EDMONSON COUNTY WATER DISTRICT

BY: Roger Rich
CHAIRMAN

ATTEST:

J. H. [Signature]
[Title]

SUPPLEMENT TO WATER PURCHASE AGREEMENT
 BETWEEN
 EDMONSON COUNTY WATER DISTRICT
 AND
 CITY OF BROWNSVILLE, KENTUCKY
 JANUARY 1975
 REVISED ATTACHMENT "A"

(Cost information received from District's Financial Audit for year ending December 31, 1974.

I. Water Demand

- A. Total Amount of water purchased by Brownsville for year 1974 = 25 MG
 B. Total amount of water sold by Edmonson County Water District for year 1974 = 83 M.G.

II. Cost

A. Fixed Cost

- (1) Construction Cost of Treatment Plant, Intake, and that portion of distribution system from Treatment Plant to Brownsville's master meter = \$418,729.00
 (2) Percent of total construction cost =
 $100 \times 418,729 \div 1,134,367 = 37\%$
 (3) Amount for Amortization (Total bonds \$244,000)
 $37\% \text{ of } \$244,000 = \$90,280.00$
 (4) Annual Debt Service: $4 \frac{3}{4}\% @ 38 \text{ years}$
 $\$90,280 \times .05734 = \$5,177/\text{yr}$
 (5) Fixed cost per thousand gallons: $\$5,177 \div 83,000 = \underline{\$0.0624}$

B. Operating Cost

- (a) (a) Operation and Administration Labor = $23,009 \div 83,000 = 0.2772$
 (b) Chemicals = $4,586 \div 83,000 = 0.0552$
 (c) Operation Supplies and Expense = $767 \div 83,000 = 0.0092$
 (d) Maintenance of Treatment Plant: $2,815 \div 83,000 = 0.0339$
 (e) Utilities (Plant) : $4,681 \div 83,000 = 0.0564$
 (f) Property Insurance: $2,600 \div 83,000 = \underline{0.0313}$
- Total Operations Cost per thousand Gallons = 0.4632

C. Depreciation Cost (50 Year Straight Line)

For Treatment Plant and Distribution System shown in Item (A) above: $418,729 \div 50 = 8,375/\text{yr.}$
 Depreciation Cost per thousand gallons: $8,375 \div 83,000 = \underline{0.1009}$

Total Cost per thousand Gallons 0.6265
 Profit (5%) 0.0313

Total per thousand Gallons \$0.6578