

WATER PURCHASE AGREEMENT BETWEEN GARRISON QUINCY KY-O-HEIGHTS WATER DISTRICT AND CITY OF SOUTH SHORE

WHEREAS, the City of South Shore (hereinafter "South Shore"), desires to secure an alternate source for water; and

WHEREAS, the obtainment of said source can, at times, be critical and essential to the satisfaction of the City's customers; and

WHEREAS, the Garrison Quincy Ky-O-Heights Water District (hereinafter "Garrison"), a water district created and existing under the laws of Commonwealth of Kentucky, and specifically, but not limited to, Chapter 273 of the Kentucky Revised Statutes, has a desire to sell water to South Shore; and

WHEREAS, the parties anticipate a line connection between the two systems for the purpose of said transaction; and

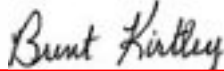
WHEREAS, the City was authorized on or about the 16th day of September, 2014 by the Commissioner of the City of South Shore, to sign and approve the instant agreement; and

WHEREAS, Garrison's general manager was authorized on or about the 14th day of October, 2014, to execute this agreement for or on behalf of the district;

NOW THEREFORE, in consideration of all the foregoing and the mutual terms and conditions expressed therein South Shore and Garrison herein agree as follows:

I. PURPOSE:

1. That the Garrison Water District shall provide, to the City of South Shore, to the point of delivery herein specified, for the entire term of this agreement, potable, treated water, meeting or exceeding all requirements of the Commonwealth of Kentucky and any and all federal regulatory agencies.

KENTUCKY PUBLIC SERVICE COMMISSION JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH

EFFECTIVE 3/1/2015 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Water Purchase Agreement Between
Garrison Quincy KY-O-Heights Water District and City of South Shore

2. That this agreement shall be null and void if the parties do not finalize the connection between the two (2) systems.

II. TERMS:

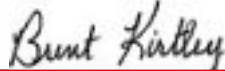
1. That the period of this contract shall be for five (5) years. The contract shall automatically renew for successive one (1) year periods, unless terminated in writing, within thirty (30) days of the expiration of the same at the notice provision set forth below.

2. That Garrison, shall sell, and South Shore shall purchase, a minimum monthly amount of 1 (one) million gallons, at a rate of \$ 2.00 per (1000) one thousand gallon for a total payment of Two Thousand Dollars (\$2,000.00) and any taxes that may apply.

3. That any and all gallons sold to the City above and beyond three million gallons shall be sold to the City at \$2.20 per (1000) one thousand gallon. Garrison shall sell to South Shore any and all water needed pursuant to these terms, so long as South Shore desires to purchase as long as water is readily available from Garrison Water.

4. That if Garrison contracts for supply of water with another entity (any nonresident), then South Shore shall receive priority over any other entity in the event of insufficient supply.

5. That upon the anniversary of the agreement, or otherwise the anniversary of any renewal, the parties may renegotiate the rates in question. If any party desires to change the rate in question, the moving party must obtain a rate study, at their expense, before the rate is eligible to be changed. Upon the obtainment of any study, the parties must engage in good faith negotiations. The effective date of any rate modification shall be at least thirty (30) days after the adoption of a new rate.

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN Executive Director
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6. That Garrison shall bill the City of South Shore monthly, by delivering said bill to the City Building, c/o of the City Clerk at P.O. Box 516, South Shore, Kentucky 41175. Garrison shall provide to the City, concurrent with any bill, an itemized statement of the amount of water furnished at the point of delivery. Those amounts shall be paid no later than the 15th of each month. 10% penalty will be added after 15th of the month.

III. DELIVERY POINT AND METER:

1. Water shall be furnished to South Shore through a 3 (Three) inch meter located at a point of Garrison choosing and will be on North side of tracks on Nelson Brother's property. The City of South Shore shall be responsible for the financing, procurement, and installment of all waterlines up to the meter in question.

2. Said meter shall be owned and operated by the City of South Shore, after Garrison Water District installs said meter. Either party, upon the belief meter is providing inaccurate readings, may have the meter tested. If said meter is inaccurate by a percentage of 2% high or low, then the parties shall bear equally the costs of resolving the inaccuracies with the meter. In the event a reading is requested, and the meter does not prove to be greater than 2% high or low, then the moving party shall bear the cost of the study

IV. NOTICES:

If at any time either party desires or is required to give notice to the other party pursuant to the terms of this agreement, such notice shall be in writing and shall be mailed by certified mail, return receipt requested. Notice shall be given to the commission the following addresses:

The City of South Shore, P.O. Box 516, South Shore, Kentuckl

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 3/1/2015 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

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Garrison Quincy KY-O-Heights Water District and City of South Shore
a. Garrison Water District, P.O. Box 279, Garrison, Kentucky 41141

V. ENTIRE AGREEMENT – SEVERABILITY:

This agreement constitutes the entire agreement between the parties with respect to the subject matter contained therein. Any prior agreements concerning this subject matter are hereby revoked and rescinded. Except as otherwise provided herein, no subsequent alteration, amendment, change or addition to this agreement shall be binding upon either party unless and until it is reduced to writing and signed by both parties. Should any provision of this agreement be declared invalid or unenforceable, the remaining provisions of this agreement shall remain in full force and affect unless such invalid or unenforceable provision substantially alters the benefits of the agreement for either party.

VI. SUCCESSORS IN INTEREST:

This agreement shall be binding on either party's successors and assigns.

VII. JURISDICTION AND LITIGATION:

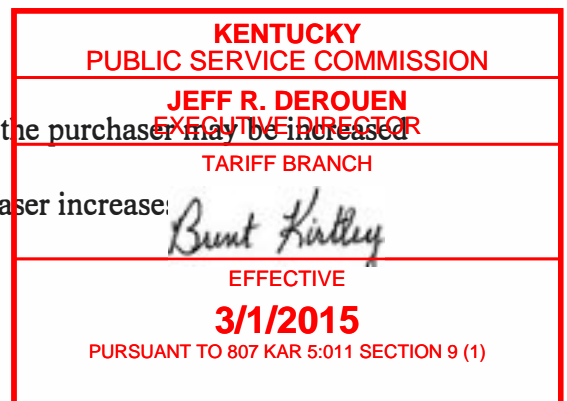
All parties agree the proper jurisdiction of venue for any litigation arising out of this contract shall be Lewis County, Kentucky. If litigation is necessary regarding any terms of this contract, the successful party shall recover their costs of litigation, including attorney fees.

VIII. NO LEAK ADJUSTMENT

Because the purchaser is a wholesale customer and not a retail customer the Purchaser shall not be entitled to any leak adjustments.

IX. RATE MODIFICATIONS

The wholesale rate to be charged by the seller to the purchaser may be increased if the sellers cost of providing water service to the purchaser increase:



**WATER PURCHASE AGREEMENT BETWEEN GARRISON QUINCY KY-O-
HEIGHTS WATER DISTRICT AND CITY OF SOUTH SHORE**

CITY OF SOUTH SHORE, KENTUCKY

BY: *Cheryl Moore*
CHERYL MOORE, MAYOR

GARRISON WATER DISTRICT

BY: *John Pierce*
JOHN PIERCE, MANAGER

STATE OF KENTUCKY:

COUNTY OF *Greenup* :

Acknowledged, subscribed and sworn to before me by CHERYL MOORE, on behalf of the CITY OF SOUTH SHORE, KENTUCKY who first stated she is the Mayor of the City of South Shore, Kentucky and that she is authorized to execute the foregoing document and the execution of same is her free, voluntary and true act on behalf of said City and the free, voluntary and true act of said City, on this 20 day of Oct, 2014.

Kathy Lester
NOTARY PUBLIC

My Commission expires: 12-31-14

Notary ID: 12-31-14

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KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
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**WATER PURCHASE AGREEMENT BETWEEN GARRISON QUINCY KY-O-
HEIGHTS WATER DISTRICT AND CITY OF SOUTH SHORE**

GARRISON WATER DISTRICT

BY: John Pierce
JOHN PIERCE, MANAGER

STATE OF KENTUCKY:

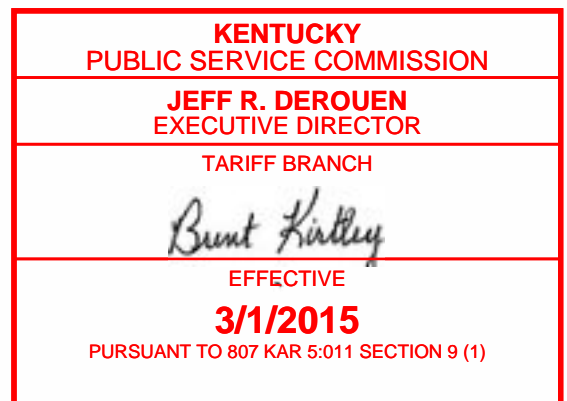
COUNTY OF LEWIS:

Acknowledged, subscribed and sworn to before me by JOHN PIERCE, on behalf of GARRISON WATER DISTRICT who first stated he is the MANAGER of Garrison Water District and that he is authorized to execute the foregoing document and the execution of same is his free, voluntary and true act on behalf of said company and the free, voluntary and true act of said company, on this 17th day of October, 2014.

Harold S. Hillard
NOTARY PUBLIC

My Commission expires: April 8th 2017

Notary ID: 486997



**WATER PURCHASE AGREEMENT BETWEEN GARRISON QUINCY KY-O-
HEIGHTS WATER DISTRICT AND CITY OF SOUTH SHORE**

The parties acknowledge that this agreement shall not become effective until it has been reviewed by the PSC. The Effective Date of this Agreement shall be the date the Agreement is approved by PSC. The term of this Agreement shall be measured from the Effective Date.

City of South Shore Cheryl Moore
Mayor

Garrison Water District John Pierce
Manager

20 Oct 14
12-31-14
Kathy Gester

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
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