

August 4, 1988

RECEIVED \$1.156

SUPPLEMENTAL AGREEMENT

AUG 19 1994

PUBLIC SERVICE COMMISSION

THIS SUPPLEMENTAL AGREEMENT made and entered into on this the 4<sup>th</sup> day of August, 1988, by and between THE CITY OF LEITCHFIELD, by and through its UTILITIES COMMISSION, a municipal corporation of the fourth class of the Commonwealth of Kentucky, hereinafter referred to as the "CITY", and GRAYSON COUNTY WATER DISTRICT, a municipal corporation pursuant to KRS Chapter 74, of Leitchfield, Grayson County, Kentucky, hereinafter referred to as the "DISTRICT."

W I T N E S S E T H:

WHEREAS, THE CITY OF LEITCHFIELD and the GRAYSON COUNTY WATER DISTRICT heretofore on the 21st day of August, 1972, entered into a contract titled "WATER PURCHASE CONTRACT" (The "Original Contract") for the purchase of water by the DISTRICT from the CITY and sale by the CITY to the DISTRICT;

WHEREAS, the Original Contract was amended by an agreement titled "CONTRACT" made and entered into on the 11th day of April, 1978, by and between the CITY and the DISTRICT, which agreement, hereinafter referred to as the "1978 Agreement", established a rate of fifty-three (\$0.53) cents per one thousand gallons of water sold and purchased and provided language "to clarify the method by which the Public Service Commission of Kentucky arrived at a rate to be charged by the CITY AND DISTRICT;

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PURSUANT TO 807 KAR 5.011, SECTION 9 (1)

BY: [Signature] [Signature]  
FOR THE PUBLIC SERVICE COMMISSION

WHEREAS, the CITY and the DISTRICT could not agree on a rate and the matter was settled by an Agreed Judgment in the Grayson Circuit Court, Civil Action File No. 82-CI-120 dated August 15, 1983, and said Agreed Judgment incorporated a Resolution adopted jointly by the CITY and the DISTRICT, hereinafter referred to as the "Joint Resolution", which Joint Resolution established a rate of ninety-five (\$0.95) cents per one thousand gallons sold and purchased and further established various procedures to be followed in arriving at subsequent rate adjustments;

WHEREAS, the CITY and the DISTRICT heretofore on the 26th day of February, 1985, entered into an Agreement which provided for an interim increase of four (4%) percent in the rate specified by the Joint Resolution;

WHEREAS, the DISTRICT is undertaking to construct extensions to its system which will require additional quantities of water to be purchased from the CITY and will also require a new connection to the CITY'S water system;

WHEREAS, in accordance with the Joint Resolution the parties appointed two engineers to meet and arrive at a new rate to be charged by the CITY to the DISTRICT, and said engineers have issued a joint report titled "Wholesale Water Rate Study for Water Purchased by Grayson County Water District from the City of Leitchfield" dated March, 1988, hereinafter referred to as the "Joint Report";

WHEREAS, the DISTRICT is willing to include in the

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BY: Janice B. Cook  
FOR THE PUBLIC SERVICE COMMISSION

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current and future rates which it pays or will pay to the CITY for water purchased a proportionate share of the CITY'S capital expenditures related to certain construction on the CITY'S water system if said construction is beneficial to the DISTRICT in that it improves the CITY'S treatment, transportation or storage of water.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises of the parties herein contained, the parties hereto agree:

1. The new rate the DISTRICT will pay the CITY for water delivered by the CITY shall be \$1.156 per one thousand (1,000) gallons purchased by the DISTRICT. This new rate shall be effective forty-five (45) days from the date this Supplemental Agreement is executed.

2. The CITY shall furnish to the DISTRICT at the various points of connection of the two systems such quantities of potable water as may be required by the DISTRICT, except such quantities shall not exceed 14,000,000 gallons per month, provided further that should the CITY be unable to furnish an adequate supply of water to its retail customers because of the increased usage by the DISTRICT, then, and in that event, the CITY may decrease the water purchased by the DISTRICT down to 12,000,000 gallons per month, provided, however, that in no event shall the volume of water supplied to the DISTRICT be reduced to a level less than the past twelve month's peak monthly usage and provided

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BY: James H. [Signature]  
FOR THE PUBLIC SERVICE COMMISSION

further that performance under this contract shall be excused by acts or events beyond the control of the CITY.

3. The CITY shall permit the DISTRICT to connect to the CITY'S existing water system on Kentucky Highway 259 North at a point near the end of the CITY'S existing 6 inch water line. The DISTRICT shall furnish, install, operate and maintain at its own expense a master meter suitable for measuring the quantity of water purchased at this point of connection. The location of this water meter shall be in the vicinity of the Mt. Vernon Church.

4. The DISTRICT shall, should it desire to purchase more water from the Kentucky Highway 54 source, lay, at its own expense, a new water line from Sunbeam Road to Kentucky Highway 54 on the grounds that a heavy user of the CITY, Bel Cheese, cannot be supplied in conjunction with any increase in use of Highway 54 considering the present size of the CITY'S water transmission lines.

5. Future rate calculations shall be made in accordance with the Joint Resolution using the methods, assumptions, formulae, and procedures described and used in the Joint Report, dated March 1988, and all according to the settlement procedures set forth in the Joint Resolution dated August 1983.

6. The CITY shall install a new high service meter at its water plant and shall implement her recommendations contained in the Joint Report regarding

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BY: *[Signature]*  
FOR THE PUBLIC SERVICE COMMISSION OF KENTUCKY  
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metering and reporting at its water plant.

7. The recommendations contained in the Joint Report regarding the one-time replacement cost credit to the DISTRICT shall be implemented.

8. In the future, when the CITY is required to construct certain additions and/or improvements to the capacity of its system to treat, transmit or store water, and if the CITY incurs expense to pay the cost of this construction, the DISTRICT shall participate in a proportionate share, based upon comparable use by the two systems, of the annual principal and interest (debt service) related to said expense. Such expense shall be included in the rate calculation after the subject facilities become operational. In consideration of the willingness of the DISTRICT to participate in paying for future expansion as described above, the CITY shall permit the DISTRICT to purchase additional quantities in excess of 14,000,000 gallons of potable water as the DISTRICT'S needs increase so long as the CITY'S water system has such capacity available. Nothing in this paragraph shall be construed to mean that the DISTRICT will be required to be a co-obligor on any bonds or notes issued by the CITY to pay for such additional construction.

9. In all other aspects each and every provision of the Original Contract dated August 21, 1972, amended by the 1978 Contract dated April 11, 1978, and the Joint

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BY: Jordan C. Cook  
FOR THE PUBLIC SERVICE COMMISSION

Resolution is hereby incorporated herein, ratified, reiterated, and reaffirmed to the extent that it is not specifically changed in this Supplemental Agreement.

IN WITNESS WHEREOF, the parties hereto, have caused this contract to be executed by their duly authorized officers the day and year first above written.

CITY OF LEITCHFIELD,  
UTILITIES COMMISSION

BY: Joe Bill Green  
Chairman

ATTEST:

Tom M. Allen  
Secretary

GRAYSON COUNTY WATER DISTRICT

BY: Ed Nichols  
Chairman

ATTEST:

Tony Dorat  
Secretary

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BY: Jonathan P. Steel  
FOR THE PUBLIC SERVICE COMMISSION