

NON-GUARANTEED WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 25 day of October 2007, between the McCreary County Water District, P.O. Box 488, Whitley City, KY. 42653 (Address)

hereinafter referred to as the "Seller" and the Onieda TN . Water & Wastewater

P.O. Box 4848, Oneida, TN. 378

hereinafter referred to as the "Purchaser",

WITNESSETH

Whereas, the Purchaser is organized and established under the provisions of KRS Chapter 74 of the Code of State of Kentucky, 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 gallons requested to be furnished by the said Purchaser as more particularly set out below; and

Whereas, by Resolution No. 2007-10 enacted on the 19 day of October, 2007 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 McCreary County Water District, and attested by the Secretary, was duly authorized, and

Whereas, by of the of the Purchaser, enacted on the day of, the purchase of water from the Seller in accordance with the terms set forth in the said Resolution was approved, and the execution of this contract by the, 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 Kentucky Division of Water in such quantity as may be reasonably available from Seller and as required by the Purchaser not to exceed 5,000,000

gallons per month.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at 40 PSI from an existing 6" inch main supply at a point located in Winfield TN. off U.S. 27

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 th able period of time as may be necessary to restore service.

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3. (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 Purchaser 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 12 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. The metering equipment shall be read on

3rd week of the month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 3rd 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. (Rates and Payment Date) To pay the Seller, not later than the 20th day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$ N/A for the first _____ gallons, which amount shall also be the minimum rate per month.
- b. \$ N/A cents per 1000 gallons for water in excess of _____ gallons but less than _____ gallons.
- c. \$ N/A cents per 1000 gallons for water in excess of _____ gallons.
- d. Flat Rate \$3.48 per 1,000 Gallons

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of _____ dollars which shall cover any and all costs of the Seller for installation of the metering equipment

and _____

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


1. (Term of Contract) That this contract shall extend for a term of one (1) years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (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 the end of every 120 day period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

3. (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. Purchaser is aware of the Rules and Regulations set forth in Sellers filing with the Public Service Commission of the State of Kentucky, dated April 1, 1987.

4. (Failure to Deliver) The parties have expressly agreed that this is a Non-Guaranteed Water Purchase Contract and that Purchaser cannot and will not rely upon the Seller to furnish water in any quantity or for any period of time. This Contract may be terminated by either party upon furnishing 10 days advance notice by regular mail to the other party at the above address. The parties are aware that circumstances may arise preventing Seller from supplying any water whatsoever under this Contract or that purchaser from purchasing any water and each of the parties acknowledge that neither of them has a duty to either sell or provide or to purchase or acquire water

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SECTION 9 (1)

By  _____
 Executive Director

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in _____ counterparts, each of which shall constitute an original.

Seller:

By Raymond Taylor
Title _____

Attest:

Layla W. Capwell
Secretary

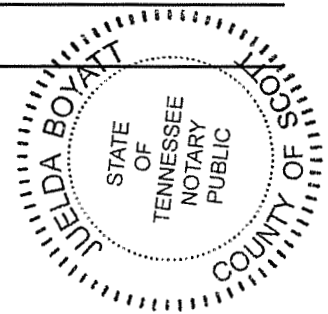
Purchaser:

Onida Water & Wastewater
By Johnny B. Acres
Title Manager

Attest:

Juelda Boyatt
Secretary

Commission
Expires
4-13-11



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1/26/2008
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SECTION 9 (1)

By [Signature]
Executive Director