

Water Purchase Contract

This contract for the sale and purchase of water is entered into as the 12 day of June, 2017 between Beech Fork Water Commission, PO Box 311, Stanton, Kentucky 40380, hereinafter referred to as "Seller" and Powell's Valley Water District, PO Box 550, Clay City 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,

Whereas, by Resolution enacted on the 12 day of June, 2017 by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Water Purchase Contract was approved and execution of this contract carrying out the said Resolution by Chairman of the Beech Fork Water Commission and attested by the Secretary was duly authorized and,

Whereas, by Resolution of the Commissioners of the Purchaser, enacted on the 12 day of June, 2017 the purchase of water from the Seller in accordance with the terms set forth in the said Water Purchase Contract was approved and the execution of this contract by the Chairman of the Powell's Valley Water District 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 Natural Resources and Environmental Protection Cabinet, Division of Water in such quantity as may be required by the Purchaser, not to exceed 20,000,000 gallons per month.

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2. (Point of Delivery and Pressure) That water will be furnished at the reasonable constant pressure calculated at 85 PSI from an existing 12 inch main supply at a point located at the water treatment plant of the Commission. If a greater pressure than 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 failure 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 of 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, 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 (2%) percent 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 from the six 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 to 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 the 1st day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for purposes of verifying its reading.
4. (Billing Procedure) To furnish the Purchaser at the above address no later than the 10th day of each month, with an itemized statement of the amount of water furnished to the Purchaser during the preceding month.

B. The Purchaser:

1. (Rates and Payment Date) to pay the Seller, no later than the 20th day of each month for water delivered in accordance with the following schedule of rates;
 - a. The rates shall be \$2.71 per 1,000 gallons with an additional \$.022 per thousand gallons being added as Kentucky River Authorization Fee. The rate established will provide adequate Debt Service, a Reserve Account and a Sinking Fund consistent with similar FmHA projects.

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C. Mutual Covenants

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

1. (Term of Contract) This contract shall extend for a term of 45 years from the June 12, 2017 Resolution. The Seller to the Purchaser, as part of this agreement, and thereafter may be renewed or extended for such term, or terms as may be agreed upon by the Seller and Purchaser.
2. (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 the Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply of the Seller's consumers is reduced or diminished.
3. (Modification of Contract) That the provision 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 year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of the 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.
4. (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.
5. (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.

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

SELLER:

BEECH FORK WATER COMMISSION

By: Rodney Barnes
Rodney Barnes, Chairman

ATTEST:

David Neal
David Neal, Secretary

PURCHASER:

POWELL'S VALLY WATER DISTRICT

By: Stephen Everman
Stephen Everman, Chairman

ATTEST:

Paul Shawn Skidmore
Paul Shawn Skidmore, Secretary/Treasurer

Bruna Birch, Notary Public for State
of Kentucky, Powell County, my term
ends on July 6, 2019.

