

WATER PURCHASE CONTRACT

SEP 08 1994

This contract for the sale and purchase of water is entered into as of the _____ day of August,
19 83, between the City of Grayson, Kentucky - Municipal Building - Grayson, Kentucky
41143

(Address)

hereinafter referred to as the "Seller" and the Rattlesnake Ridge Water District - Route 5, Box 676-
Olive Hill, Kentucky 41164

(Address)

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hereinafter referred to as the "Purchaser",

WITNESSETH:

PUBLIC SERVICE
COMMISSION

Whereas, the Purchaser is organized and established under the provisions of Chapter 74 of the
Code of Kentucky Revised Statues, 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, and

Whereas, by Resolution No. _____ enacted on the 12th day
of August, 1983, 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 Mayor and attested by the Secretary, was duly authorized, and

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Whereas, by Resolution of the Board of Commissioners
of the Purchaser, enacted on the 12th day of August, 1983

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the purchase of water from the Seller in accordance with the terms set forth in the said Resolution SECTION 9(1)

was approved, and the execution of this contract by the Chairman attested by the Secretary was duly authorized;

BY: Jordan C. Neal
FOR THE _____ and _____

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 United
States Environmental Protection Agency

in such quantity as may be required by the Purchaser not to exceed 9,000,000 gallons per month, initially.

point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated
#1 80 psi 6" (Six)

at #2 90 psi from an existing 8" (Eight) inch main supply at a point located _____
Stan Branch on Old U.S. 60
near Stevens Lake on Old E.K. Road

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 this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To ~~install, inspect~~ 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 Six (6) 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 15th of 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 1st 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 10th day of each month, for water delivered in accordance with the following schedule of rates:

a. \$ 134.70 for the first 100,000 gallons, which amount shall also be the minimum rate per month.

~~b. \$ _____ cents per 1000 gallons for water in excess of _____ gallons.~~

~~c. \$ _____ cents per 1000 gallons for water in excess of _____ gallons.~~

c. \$ 0.90 cents per 1000 gallons for water in excess of 100,000 gallons.

2. (Metering Equipment) To furnish and install two dual compound meters and two connections to the Seller's system as set out in Paragraph A(2) above. Said metering equipment and connections shall follow good and normal engineering principles and said design and installation shall be approved by the Seller and performed by the Purchaser. Upon completion and acceptance by the Seller, the meter vaults and equipment therein shall become the property of the Seller, who will operate and maintain same in accordance with Paragraph A(3) above.

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PURSUANT TO 807 KAR 5011,
SECTION 9 (1)

BY Jordan A. [Signature]
FOR THE PUBLIC SERVICE COMMISSION

3. (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 \$15,000 dollars which shall cover any and all costs of the Seller for

enlarging and improving the river intake structure of the Seller and inplant metering (Venturi) system.

...ner mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 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. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.
3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$ 0.90/1000 gal. which will be paid by the contractor or, on his failure to pay, by the Purchaser.
4. (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 Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.
5. (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 _____ year 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.
see Paragraph 12
6. (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.
7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.
8. (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.
9. (Pledge) This contract is hereby pledged to the United States of America acting through the administration of the Farmers Home Administration as part of security for a loan from the United States of America.
10. Upon the failure of the Purchaser to pay the Seller's correct billing in accordance with the Seller's rules and regulations set out herein and applicable to other customers, the Purchaser will pay a 10% penalty if the correct billing is not paid by the 14th day of each month, and if the bill shall still remain unpaid at the end of the month, the Seller shall be entitled to discontinue service to the Purchaser in the same manner as the Seller may be entitled to discontinue service to any other customer.
11. (Taxes) The Purchaser shall be liable for the collection and payment of all taxes that are or may be levied on water purchases or sales within the State of Kentucky.
12. (Modification of Contract) The rate charged for potable water delivered under this contract may be renegotiated if requested by either party, two years

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SECTION 9(1)
By the C. Neal
FOR THE PUBLIC SERVICE COMMISSION

For the initial delivery of potable water, and then thereafter one year after the first renegotiation. The new negotiated rate shall be the actual cost of production or the Seller plus 15% profit. The actual cost of production shall be based on the last published audit of the Seller's system. The increase or decrease of costs shall not include increased capitalization of the Seller's system other than the plant, nor shall it include transmission, distribution or storage costs. The percent of Depreciation, Debt Service, O&M cost, etc., allocated to the Purchaser shall be based on the preceding average monthly consumption of the Purchaser for the preceding year per the Purchaser's meter reading divided by the preceding average monthly plant production for the preceding year per the plant's master meter. Should mutual agreement of rates not be obtainable, then both parties agree to binding arbitration with both parties sharing the cost of same. See Paragraph 5 above for other details.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 6 counterparts, each of which shall constitute an original.

Seller: CITY OF GRAYSON, KENTUCKY

Frank C. Prater

By Frank Prater

Title Mayor

Attest:

Martha Lemaster
Martha Lemaster - Clerk

Purchaser: RATTLESNAKE RIDGE WATER DISTRICT

B. W. Gilbert

By Billy Gilbert PUBLIC SERVICE COMMISSION

Title Chairman OF KENTUCKY EFFECTIVE

Attest:

Dan Stamper
Dan Stamper - Secretary

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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

This contract is approved on behalf of the Farmers Home Administration this 6th day of September, 1983.

By David R. King

Title Committee and Business Program Officer