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P.S.C. RATES & RESEARCH DIV.
WATER PURCHASE CONTRACT

PUBLIC SERVICE COMMISSION

This Contract for the sale and purchase of water is entered into as of the 24 day of May, 1979, between the City of Murray, Murray, Kentucky, hereinafter referred to as the Seller or Murray, and the South 641 Water District, Hazel, Kentucky hereinafter referred to as the Purchaser or South 641 Water District.

WITNESSETH:

WHEREAS, the Purchaser is a Water District, properly organized and established pursuant to KRS Ch. 74 and, in addition to sewer functions, is engaged and intends to engage in the construction and operation of a water supply distribution system serving water users within the city limits of Hazel and that unincorporated 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 currently capable of serving the present customers of the Seller's system and 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 enacted on the 24 day of May, 1979 by the Seller, the sale of water to the Purchaser in accordance with the provisions of this Water Purchase Contract was approved, and the execution of this Contract by the Mayor on behalf of the City of Murray and attested by the Clerk, was duly authorized, and

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OF KENTUCKY
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PURSUANT TO 607 KAR 5.011,

BY: [Signature]
FOR THE PUBLIC SERVICE COMMISSION

LAW OFFICES OF J. WILLIAM PHILLIPS
201 SOUTH FIFTH STREET
P.O. Box 52
MUR KENTUCKY 42071
(502) 753-8900

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WHEREAS, by resolution of the Purchaser, enacted on the ____ day of _____
197_, the purchase of water from the Seller in accordance with the terms set forth in this
Water Purchase Contract was approved, and the execution of this Contract by the Chairman
of the South 64l Water District on behalf of the South 64l Water District and attested by a
notary of the State of Kentucky as 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 Commonwealth of Kentucky
in such quantity as may be required by the Purchaser not to exceed five million (5,000,000)
gallons per month.

2. POINT OF DELIVERY AND PRESSURE: Upon receipt of the Connection Fee,
as set forth in paragraph B.G., below, to extend an existing eight inch water main from
its existing termination point located at the intersection of Peggy Ann Drive and U.S. 64l to
the intersection of the South city limits and U.S. 64l which shall be known as the point of
delivery. That the water will be furnished at a reasonably constant minimum pressure calcu-
lated at forty-five pounds per square inch (45 p.s.i.). 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 including collateral and incidental costs, shall be borne by the Purchaser.
Emergency failures of pressure or supply

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PURSUANT TO 807 KAR 5.011,
SECTION 5 (1)
BY: *[Signature]*
SECRETARY

1 due to main supply line breaks, power failure, strikes, vandalism,
2 flood, fire, and use of water to fight fire, earthquake, or other
3 catastrophe or act of God shall excuse the Seller from this
4 provision for such reasonable period of time as may be necessary
5 to restore service, considering the availability of funding,
6 materials, equipment and labor.

7 3. METERING EQUIPMENT: To operate and maintain at its own
8 expense at point of delivery, the metering equipment and the
9 required devices of standard type for properly measuring the
10 quantity of water delivered to the Purchaser. Also, to calibrate
11 such metering equipment whenever requested by the Purchaser, but
12 not more frequently than once every twelve (12) months. A meter
13 registering not more than two percent (2%) above or below the
14 test result shall be deemed to be accurate. The previous readings
15 of any meter disclosed by test to be inaccurate shall be corrected
16 for the six (6) months previous to such test in accordance with
17 the percentage of inaccuracy found by such tests. If any meter
18 fails to register for any period, the amount of water delivered
19 in the corresponding period immediately prior to the failure shall
20 be deemed to be the amount of water delivered during the period
21 the meter failed to register unless Seller and Purchaser shall
22 agree upon a different amount. An appropriate official of the
23 Purchaser shall have access to the meter for the purpose of
24 verifying its readings at all reasonable times.

25 4. BILLING PROCEDURE: To furnish the Purchaser at the
26 Hazel City Hall, not later than the first (1st) day of each
27 month, with an itemized statement of the amount of water furnished
28 the Purchaser during the preceding monthly billing period, which

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PURSUANT TO 202 KAR 5.011,

BY: *Anthony J. Phillips*
FOR THE PUBLIC SERVICE COMMISSION

LAW OFFICES OF J. WILLIAM PHILLIPS
201 W. FIFTH STREET
Box 52
MURRAY, KENTUCKY 42071
(502) 753-8900

1 monthly billing period shall be established by Seller. The bill
2 shall be due and payable upon receipt of the bill at Hazel
3 City Hall.

4 B. The Purchaser Agrees:

5 1. SUBMITTING OF DEVELOPMENT PLANS: To install the water
6 mains and other water distribution facilities, through and along
7 such roads, streets, and public ways between the point of delivery
8 to and throughout the City of Hazel as it feels to be advisable;
9 the size and length of such mains and pipes to be substantially
10 in accordance with plans and specifications attached hereto and
11 identified as Appendix _____, which plans and specifications
12 have heretofore been examined by the Seller and found to be
13 acceptable for the purpose of this agreement. The water mains
14 and other facilities shall be completely installed within two (2)
15 years of the date of this Contract and if not so installed and
16 operational within said two years, Seller, at its option, may
17 declare this Contract null and void.

18 2. INSTALLATION OF METERING EQUIPMENT: To furnish and
19 install metering equipment and other required devices of a
20 standard type for properly measuring the quantity of water
21 approved by Seller at the point of delivery within the city limits
22 of Murray, as designated by Seller. Such installation shall be
23 to the satisfaction of Seller and once installed, such metering
24 equipment and other devices located within the city limits shall
25 become the property of the Seller and subject to being operated
26 and maintained by Seller as set forth in paragraph A.3., above.

27 3. FUTURE DEVELOPMENT PLANS: If during the period of this
28 Contract further extension or expansion of water mains or lines

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FURSUANT TO 607 KAR 5.011.

BY: _____

1 or new water mains or lines are desired to be installed by the
2 Purchaser, such extensions or expansions will be installed in
3 the same manner and under the same conditions as set out in
4 Section B, paragraphs 1 and 2 of this Contract, subject to the
5 prior written approval of Seller.

6 4. MAPS PROVIDED: The Purchaser will provide and supply to
7 the Seller a complete and detailed map of its water distribution
8 facilities showing the length, size and location of all water
9 main facilities, fittings, gate valves and fire hydrants.

10 5. RATES AND PAYMENT DATE: To pay the Seller, not later
11 than the tenth (10th) day of each month, forty-five cents (45¢)
12 for each one thousand (1,000) gallons of water delivered during
13 the previous month; provided, however, that payment shall be not
14 less than one hundred twenty-five dollars (\$125.00) each month.
15 Also, that during the terms of this Contract or any extension or
16 renewal thereof, Purchaser will not sell water to any of its
17 customers at a rate which is lower than that being then charged
18 by the Seller to comparable customers from its own system.

19 6. CONNECTION FEE: To pay to Seller as an agreed cost,
20 a connection fee to Seller's system with the system of the
21 Purchaser, the sum of twelve thousand dollars (\$12,000.00).

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

24 1. TERM OF CONTRACT: That this Contract shall extend for a
25 term of forty (40) years from the date of the initial delivery of
26 any water as shown by the first bill submitted by the Seller to
27 the Purchaser and, thereafter, may be renewed or extended for such
28 term, or terms, as may be agreed upon by the Seller and Purchaser.

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PUBLIC SERVICE COMMISSION
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PURSUANT TO KRS 5011.

BY: _____
SECRETARY

1 2. DELIVERY OF WATER: That sixty (60) days prior to the
2 estimated date of completion of construction of the Purchaser's
3 water supply distribution system, the Purchaser will notify the
4 Seller in writing of such estimated completion date. Seller shall
5 be prepared to deliver water not later than sixty (60) days after
6 Purchaser completes construction.

7 3. WATER TESTING: When requested by the Purchaser, the
8 Seller will make available to the contractor at the point of
9 delivery, or other point reasonably close thereto, water
10 sufficient for testing, flushing, and trench filling the system
11 of the Purchaser during construction, irrespective of whether
12 the metering equipment has been installed at that time, at a
13 charge of seventy-five cents (75¢) for each one thousand (1,000)
14 gallons of water used will be billed to and paid by Purchaser's
15 contractor or, on his failure to pay within thirty (30) days of
16 the billing date, by the Purchaser.

17 4. FAILURE TO DELIVER: That the Seller will, at all times,
18 operate and maintain its system in an efficient manner and will
19 take such action as may be necessary to furnish the Purchaser
20 (with quantities of water required by the Purchaser, not to exceed
21 five million (5,000,000) gallons per month. Temporary or partial
22 failures to deliver water shall be remedied with all reasonable
23 dispatch. In the event of an extended shortage of water, or the
24 supply of water available to the Seller is otherwise diminished
25 over an extended period of time, the supply of water to Purchaser's
26 consumers shall be reduced or diminished in the same ratio or
27 proportion as the supply to Seller's comparable county customers
28 is reduced or diminished.

LAW OFFICES OF J. WILLIAM FRIZZLES
201 SOUTH FIFTH STREET
P. O. BOX 52
MURR KENTUCKY 42071
753-8900

1 5. MODIFICATION OF CONTRACT: That the provisions of this
2 Contract pertaining to the schedule of rates to be paid by the
3 Purchaser for water delivered and time of payment are subject to
4 modification at the option of the Seller by Resolution or Ordinance
5 and prior written notification to Purchaser; however, that such
6 modified rates and time of payment shall never be more unfavorable
7 for the Purchaser than those fixed for comparable county customers
8 of the Seller for such water. Other parts of this Contract may
9 be modified or altered by mutual agreement in writing.

10 6. DISCONTINUATION OF SUPPLY OF WATER AND HOLD HARMLESS
11 AGREEMENT: If at any time during the term of this Contract, the
12 Purchaser shall fail or refuse to pay for the water delivered and
13 billed as herein set forth, or as may be hereafter changed by
14 agreement, or to comply with any other provisions of this
15 agreement, within ten (10) days after the same shall be due or
16 after written and delivered notice of such breach, the Seller at
17 its option may refuse to furnish any further supply of water to
18 the Purchaser until all back rents or bills are paid, or until
19 such breach is remedied to Seller's satisfaction, together with
20 any and all costs or expense which the Seller shall necessarily
21 incur in turning off and turning on said water supply, or until
22 such breach is remedied. Purchaser agrees to hold Seller free
23 and harmless from any and all claims, suits, losses or judgments
24 which may be filed or rendered against Seller as a result of
25 Seller's actions when done in strict accordance and pursuant to
26 this paragraph, including all costs of suit and reasonable
27 attorney's fees incurred by Seller.

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PUBLIC SERVICE COMMISSION
OF KENTUCKY
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OCT 07 1994

PURSUANT TO 607 KAR 5.011,

BY: *[Signature]*
DATE: *[Date]*

LAW OFFICES OF J. WILLIAM PHILLIPS
201 1/4 FIFTH STREET
O. BOX 52
MURRAY, KENTUCKY 42071
(502) 753-8900

1 7. REGULATORY AGENCIES: That this Contract is subject to
2 such rules, regulations, or laws as may be applicable to similar
3 agreements in this State and the Seller and Purchaser will
4 collaborate in obtaining such permits, certificates, or the like,
5 as may be required to comply therewith.

6 8. MISCELLANEOUS: That the construction of the water
7 supply distribution system by the Purchaser is being financed by
8 a loan made or insured by, and/or a grant from, the United States
9 of America, acting through the Farmers Home Administration of
10 the United States Department of Agriculture, and the provisions
11 hereof pertaining to the undertakings of the Purchaser are
12 conditioned upon the approval, in writing, of the State Director
13 of the Farmers Home Administration.

14 9. SUCCESSOR TO THE PURCHASER: That in the event of any
15 occurrence rendering the Purchaser incapable of performing under
16 this Contract, any successor of the Purchaser, whether the result
17 of legal process, assignment, or otherwise, shall succeed to the
18 rights of the Purchaser hereunder only by the written consent
19 of the Seller.

20 10. PLEDGE: This Contract is hereby pledged to the United
21 States of America, acting through the Farmers Home Administration,
22 as part of the security for a loan from the United States
23 of America.

24 11. ANNEXATION OF UNINCORPORATED TERRITORY BY SELLER:
25 Should any unincorporated area containing any part of the water
26 distribution facilities constructed and installed by Purchaser be
27 annexed to and become a part of the City of Murray, Kentucky, all
28 such water mains, equipment, and facilities of the Purchaser in

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OF KENTUCKY
EFFECTIVE

OCT 07 1994

PURSUANT TO 607 KAR 5011.

BY: [Signature]
POST: [Signature]

LAW OFFICES OF J. WILLIAM PHILLIPS
201 S. FIFTH STREET
P. O. BOX 52
MURRAY, KENTUCKY 42071
(502) 753-8900

1 the area so annexed shall thereby become the property of the
2 City of Murray if, and only if, there is a valid and binding
3 assumption by the City of Murray of that percentage of the out-
4 standing debts of Purchaser, including its outstanding and unpaid
5 revenue bonds arising directly from construction of the water
6 distribution facility pursuant to this Contract which is the
7 same percentage as the cost of construction of that portion
8 annexed bears to the total construction cost of the water distri-
9 bution facilities constructed by Purchaser pursuant to this
10 Contract; with the Seller to install, at its own expense, any
11 facilities which may be necessary in order for the Purchaser to
12 serve its remaining area and its remaining customers upon terms
13 and conditions not less favorable than those which prevailed prior
14 to such partial annexation.

15 12. MAINTENANCE: The Purchaser agrees, during the period of
16 this agreement, to maintain all of its mains, pipes, services,
17 and facilities in good condition and repair and to keep the same
18 in at least as comparable condition of repair and operation as is
19 presently accomplished by the Seller in the operation and
20 functioning of Seller's own plant and equipment.

21 IN WITNESS WHEREOF, the parties hereto, acting under
22 authority of their respective governing bodies, have caused this
23 Contract to be duly executed in four (4) counterparts, each of
24 which shall constitute an original.

CITY OF MURRAY

26 ATTEST:

27 Jo Crass
28 Jo Crass, City Clerk

By: Melvin B. Henley
Melvin B. Henley, Mayor
Seller

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PUBLIC SERVICE COMMISSION
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OCT 07 1994

PURSUANT TO 607 KAR 5011,
SECTION 4(1)

BY: [Signature]
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South 64l Water District

By: _____
Chairman, South 64l Water District

ATTEST:

Notary Public, State of Kentucky

This Contract is approved on behalf of the Farmers Home Administration this _____
day of _____, 197__.

By: _____

TITLE: _____

LAW OFFICES OF J. WILLIAM PHILLIPS
201 SC FIFTH STREET
MURRAY, KENTUCKY 42071
Box 52
(502) 783-8900

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

OCT 07 1964

PURSUANT TO 607 KAR 5:011,
SECTION 9 (1)

BY: _____
FOR THE PUBLIC SERVICE COMMISSION