

CONTRACT FOR PURCHASE
OF
TREATED WATER

THIS CONTRACT made and entered into this 2 day of September, 1971, by and between Barnesburg Water Association, Inc., Pulaski County, Kentucky, hereinafter referred to as Barnesburg, a non-profit corporation duly organized and existing under the laws of the Commonwealth of Kentucky, acting by and through its duly authorized corporate officers, and Kentucky Water Service Company, Inc., hereinafter referred to as "Water Company", a Kentucky corporation acting pursuant to authority and direction heretofore granted by its Board of Directors as its duly authorized and empowered governing body;

WITNESSETH:

That Whereas, Kentucky Water Service Company, Inc., is a Kentucky corporation engaged in the acquisition, treatment and distribution and sale of pure and potable water, and is presently serving the City of Somerset, Kentucky, and the environs thereof (but not the area encompassed by the geographic boundary of the Barnesburg Water Association, Inc. water distribution system and said Water Company has adequate facilities and water capacity in and about the area of Somerset, Kentucky, to sell treated water on a substantial basis to said District, and

Whereas, the Barnesburg Water Association, Inc. has established a water distribution system for the purpose of furnishing an adequate supply of pure and potable water for domestic, culinary, agricultural, commercial and industrial use in its district and the vicinity and environs thereof; and in carrying out said objectives and purposes, said ~~City~~ ^{Association} will obtain proceeds from individual contributions, from a grant of \$100,000.00 and from a loan of \$107,000.00 from the Farmers

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PURSUANT TO 807 KAR 5.011,
SECTION 3(1)

BY: John P. [Signature]
FOR THE PUBLIC SERVICE COMMISSION

Home Administration, a facility of the United States Department of Agriculture, to be secured by a mortgage on plant facilities and pledge of certain revenues to the Farmers Home Administration payable over a period of forty (40) years from the date of said loan; and

Whereas, it is necessary prior to the execution of the aforesaid loan proceedings and mortgage in the sum of \$107,000.00 to the Farmers Home Administration that the Barnesburg Water Association, Inc. enter into a contract with said Water Company whereby said Water Company will agree to furnish adequate water to said Barnesburg Water Association, Inc. for a period of not less than forty (40) years, and it is therefore appropriate that this Contract now be consummated;

NOW THEREFORE, for and in consideration of the premises and the mutual covenants and undertakings herein described, the parties hereto covenant and agree, each with the other as follows:

Section 1. Kentucky Water Service Company, Inc., hereby covenants and agrees to sell to the Barnesburg Water Association, Inc. a volume of pure treated water which shall not exceed 144,000 gallons per day (being a pumpage of 100 gallons per minute for a 24-hour period), the price of said water to be in accordance with the following schedule:

First	1,000 gallons used per month	\$3.25 (minimum)
Next	1,000 gallons used per month	1.05 per M gallons
Next	4,000 gallons used per month	1.00 per M gallons
Next	19,000 gallons used per month	.90 per M gallons
Next	25,000 gallons used per month	.80 per M gallons
Next	25,000 gallons used per month	.75 per M gallons
Next	25,000 gallons used per month	.65 per M gallons
Next	100,000 gallons used per month	.60 per M gallons
Next	200,000 gallons used per month	.50 per M gallons

Service will be supplied under Water Company's General Rules and Regulations, and subject to the present or

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future rates and Rules and Regulations as approved by the Public Service Commission of the State of Kentucky.

It is hereby acknowledged by the Barnesburg Water Association, Inc. that 144,000 gallons of pure and treated water per day is adequate for the present and foreseeable needs of the Barnesburg Water Association, Inc.

The foregoing schedule of rates for treated water furnished by the Kentucky Water Service Company, Inc., is stated by the Water Company to be its approved, commercial schedule for treated water.

Section 2. Barnesburg Water Association, Inc. hereby covenants and agrees to cause to be constructed an adequate reception and meter facility to receive said purchased water from Water Company. Said reception and meter facility shall be constructed in full compliance with regulations, standards and requirements of the Kentucky State Health Department and other public agencies having regulatory jurisdiction thereof. Said reception and meter facility shall be constructed at Rock Quarry Road and Kentucky 80 Bypass, which said location is consented to by Water Company.

It is agreed that the Water Company will furnish the master meter at the point of delivery of water to the ^{Association} ~~City~~ at the connection point above specified, and that the Water Company shall furnish, install, own and maintain said meter. The Water Company shall charge a minimum monthly rental for said meter according to the following schedule:

5/8 or 3/4 inch meter	\$ 3.25
1 or 1 1/4 inch meter	7.25
1 1/2 inch meter	13.25
2 inch meter	20.25
3 inch meter	54.00
4 inch meter	90.00
6 inch meter	180.00

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BY: *Judith L. ...*
FOR THE PUBLIC SERVICE COMMISSION

Section 3. 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 Water Company is otherwise diminished over an extended period of time, the supply of water to the Barnesburg Water Association, Inc. customers shall be reduced or diminished in the same ratio or proportion as the supply to the Water Company's customers is reduced or diminished, except as otherwise provided by the Rules and Regulations of the Public Service Commission of Kentucky and of the Statutes of Kentucky then existing.

Section 4. This contract shall remain in full force and effect for a term of forty (40) years from and after September 2, 1971, said expiration date being September 1, 2011. It is acknowledged by the parties hereto that September 1, 2011 will be the latest possible date of the final maturity of the loan to be executed by Barnesburg Water Association, Inc. to the Farmers Home Administration; except that, if by reason of a delay in executing the said loan proceedings and mortgage, the date of the same is later, this agreement shall automatically be amended to conform to the date of the proposed loan proceedings and mortgage to the Farmers Home Administration. It is further provided that in the event any court of competent jurisdiction shall ever hold the duration of this Contract to be illegal by reason of being in excess of twenty (20) years or any other period, then it is agreed by the parties that this Contract shall be effective for a period of twenty (20) years or for such shorter period as shall be determined to be valid by a final decision of such court, provided however, this clause is not to be construed as in-

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FOR THE PUBLIC SERVICE COMMISSION

dicating any doubt as to the validity or effectiveness of said forty (40) years provision or of any other provision of this Contract. Upon termination of the term of this Contract, it may thereafter be renewed or extended for such term or terms as may be agreed upon between the Kentucky Water Service Company, Inc. and the Barnesburg Water Association, Inc.

Section 5. The effectiveness of this Contract is subject both to the award by the Barnesburg Water Association, Inc. of contracts for the construction of its waterworks distribution system and to the approval of said Public Service Commission. The Barnesburg Water Association, Inc. agrees that it will receive construction bids and make award of said bids at the earliest feasible date.

Section 6. The quality of water delivered by the Water Company to the Barnesburg Water Association, Inc. hereunder shall meet the standards of the United States Public Health Service's Limitations for Drinking Water.

Section 7. In the event that the water needs of said Barnesburg Water Association, Inc. should exceed 144,000 gallons per day, the Water Company will endeavor to provide adequate service to the said District to the extent necessary, but cannot unqualifiedly covenant to do so. As noted aforesaid, it is acknowledged that 144,000 gallons of water per day is at this time in excess of present and foreseeable water needs of the District. If 144,000 gallons of water per day and/or the pumpage of 100 gallons per minute for a 24-hour period becomes inadequate for the needs of the District any time these provisions of this contract shall be subject to renegotiation between parties hereto but all other terms shall remain as written herein. Sums due and payable from the District

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to the Water Company for purchase of treated water on the basis aforesaid, shall be due and payable at the same time and in the same manner as other commercial accounts of the Kentucky Water Service Company, Inc. in the Somerset, Kentucky, area.

Section 8. It is a further condition of this Contract that the Barnesburg Water Association, Inc. shall not serve any customers with water who are now served by Kentucky Water Service Company, Inc., or to whom service is available by the present distribution system of Kentucky Water Service Company, Inc.

Section 9. This Contract shall inure to the benefit of, and shall be binding upon the parties hereto, and their successors in interest, grantees, assignees, and transferees.

Section 10. The terms of this Contract are subject to the rights of the holders of any note, bonds and mortgages encumbering the water works system of the Barnesburg Water Association, Inc.

Section 11. Nothing contained in this Contract is to be construed or intended by the parties as divesting the Public Service Commission of Kentucky of any of its authority, control or prerogatives in connection with either of the parties.

Section 12. If any section, paragraph, or clause of this Contract shall be invalid, the invalidity of such section, paragraph, or clause shall not affect any of the remaining provisions of this Contract.

IN TESTIMONY WHEREOF, the parties have hereunto set their hands and seals as of the day and year above written.

BARNESBURG WATER ASSOCIATION, INC.

BY: L. D. Ball

ATTEST:

Cliff Whittaker

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BY: J. J. [Signature]
FOR THE PUBLIC

KENTUCKY WATER SERVICE COMPANY, INC.

By: L. B. Dodson
Vice President and General Mgr.

ATTEST:

[Signature]
Its Secretary
Kentucky Water Service Company, Inc.

STATE OF KENTUCKY

COUNTY OF PULASKI ... SCT

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that on this day the foregoing CONTRACT FOR PURCHASE OF TREATED WATER was produced before me in my said county and state by

L. H. Bane, President
and Cliff Whitaker, Secretary
Clerk of the Barnesburg Water

Association, Inc., duly organized and existing under the laws of the Commonwealth of Kentucky, and being a non-profit corporation, a party thereto, being both personally known to me and known personally by me to be such officers, and to be the same persons who executed as such officers, respectively, the within and foregoing instrument of writing and such persons duly acknowledged the execution of the same to be their voluntary act and deed as such officers of the said Barnesburg Water Association, Inc. and the official act and deed of said Barnesburg Water Association, Inc. and through them as its duly authorized officers.

Witness my hand and seal of office this 2 day of September, 1971.

[Signature]
Notary Public

My comm. expires: 12-23-71

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7. PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: [Signature]
FOR THE PUBLIC SERVICE COMMISSION

STATE OF KENTUCKY

COUNTY OF PULASKI ... SCT

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that on this day the foregoing Contract for Purchase of Treated Water was produced before me in my said County and State by _____, LB Rodson, as Vice President, and Ben D Smith as Secretary of Kentucky Water Service Company, Inc., a Kentucky corporation and a party thereto, being both personally known by me to be such officers, and to be the same persons who executed as such officers, respectively, the within and foregoing instrument of writing, and such persons duly acknowledged the execution of the same to be their voluntary act and deed as such officers of said Kentucky Water Service Company, Inc., and the official act and deed of said Kentucky Water Service Company, Inc., by and through them as its duly authorized officers.

Witness my hand and seal of office this 13 day of September, 1971.

Marie C Lewis
Notary Public

My Commission Expires May 13, 1973
My comm. expires: _____

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PURSUANT TO 807 KAR 5011,
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BY: Justin J. [Signature]
FOR THE [Signature]