

WATER PURCHASE CONTRACT

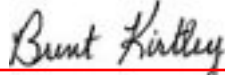
This contract for the sale and purchase of water is entered into on October 12, 2015 by and between the Shelbyville Municipal Water and Sewer Commission (hereinafter referred to as the "Commission" and U. S. 60 Water District of Shelby and Franklin Counties, Kentucky (hereinafter referred to as "U.S. 60");

WITNESSETH:

1. Quantity and Quality of Water. The Commission will sell to U.S. 60 potable treated water, meeting the applicable purity standards of the appropriate regulatory agency (presently the Kentucky Natural Resources Cabinet) in an amount not exceeding 15 million gallons per calendar month. The Commission shall not require that a system development charge as normally calculated be paid by U.S. 60. The system development charge will be deferred until such time as it becomes necessary to oversize the water main from the water treatment plant to the U.S. 60 Water District metering point in order to supply the requirements of new customers in that area or in order to meet increased requirements of the U.S. 60 Water District. At such time as an oversized water line becomes necessary, the U.S. 60 Water District shall pay as a system development charge forty-five percent (45%) of the cost of the contract price for the construction of the new line. However the total system development charge shall not exceed fifty thousand dollars (\$50,000.00). U.S.60 agrees to purchase the following minimum amounts of water during the time intervals indicated:

- (a) 36 million gallons per calendar year beginning on January 1 following the calendar year during which U.S. 60's new pump station and 12-inch water main from Hempridge Road to Peytona are substantially completed, and continuing until superseded by the next paragraph (b). Substantially completed means a facility is sufficiently constructed that it is capable of being placed into service for its intended purpose; and
- (b) 54 million gallons per calendar year beginning on January 1 five years after the minimum purchase amount specified in paragraph (a) becomes effective, and continuing until superseded by the next paragraph (c); and
- (c) Beginning January 1 of the first year that is twenty (20) years following the year during which U.S. 60 completes construction of its new pump station and 12-inch water main described in paragraph (a), U.S. 60 will purchase from the Commission on a yearly basis (December to December meter reading date) an amount of water equal to 50% of the average amount of water purchased by U.S. 60 from the Commission during the immediately preceding three year period.

Provided, however that the minimum purchase amounts specified in Paragraph 1 above shall not become effective until the Commission converts its disinfection process from free chlorine to chloramine.

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JEFF BERQUEM EXECUTIVE DIRECTOR TARIFF BRANCH

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U. S. 60 represents in good faith its current Commissioners and management have the present intention to construct within a reasonable time the improvements described in paragraph 1(a), subject to obtaining acceptable financing and any required regulatory approval.

The Commission represents in good faith it has the present intention to connect to the Louisville Water Company within a reasonable time a waterline not less than 12-inches in diameter to provide water to some of the Commission's customers and to serve as a backup during periods of drought, subject to negotiating a contract with the Louisville Water Company that is deemed reasonable by the Commission.

2. Metering Points

The Commission will supply a larger meter point at the same location as the Commission/U.S. 60 emergency connection near the intersection of Hempridge Road and US 60. The Commission will supply U.S. 60 water at the rate of 400 gallons per minute at the metering point at varying pressures.

3. Service Area.

U.S. 60 understands and agrees that all water purchased from the Commission from a Guist Creek Lake supplied water meter shall only be sold and other wise provided to customers within the boundaries of Shelby County, Kentucky.

4. New Meter Construction. U.S. 60, at its expense, will construct, in accordance with the Commission's current specifications, the standard metering equipment including, but not limited to, a meter house or pit, bypass equipment, valves, strainers and meter testing ports, at the new meter location near Hempridge Road.

5. Maintenance of Metering Equipment. The Commission will operate and maintain at its own expense the standard metering equipment to properly serve U. S. 60. The Commission shall test and calibrate such metering equipment whenever requested by U.S. 60, but not more frequently than once every 12 months. A meter whose test results are within 2% above or below the testing standards shall be deemed to be accurate. The previous reading of any meter disclosed by test to be inaccurate shall be corrected for the six months previous to such test in accordance with the percentage of inaccuracy found by such tests, with an appropriate refund or additional charge made. 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 time period of equal length immediately prior to the failure, unless the Commission and U. S. 60 shall agree to the different amount. U.S. 60 shall at all reasonable times have access to the meters for the purpose of independently reading the meters.

6. Failure to Deliver. The Commission will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish U.S. 60 with quantities of water equal to 400 gallons per minute at the meter point at various pressures. Temporary or partial failure 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 Commission is reduced or diminished in an extended period of time, the supply of water to U. S. 60's customers shall be reduced or diminished in the same ratio or proportion as the supply to the Commission's customers is reduced or diminished, and U. S. 60 shall be relieved from the minimum purchase requirements set forth in Paragraph 1 of this

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contract for the time during which the extended shortage of water continues. 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 Commission from this provision for such reasonable period of time as may be necessary to restore service.

7. Meter Reading Date. The metering equipment shall be read on the 19th day of each month with a bill based upon that reading submitted to U.S. 60 on the first day of the following month, or on such other regular day of the month chosen by the Commission with notice to U. S. 60. U.S. 60 shall have at least 10 calendar days to pay a bill after the bill is mailed by the Commission to U.S. 60. If the bill is not timely paid, U.S. 60 shall be subject to the same late fees which apply to the Commission's other customers. The Commission shall make the bill available to U. S. 60 by a mutually acceptable electronic method as soon as it is available.

8. Rates. The rate in effect for U. S. 60 as of the date of the signing of this contract is \$1.894 per 1000 gallons. The initial rate charged to U.S. 60 shall be the rate in effect at the time service is first provided to U.S. 60 by the Commission subject to the other provisions of paragraph 8, as set out below. U.S. 60 shall pay the Commission for water purchased at water rates approved by the Commission, subject to the approval of the Kentucky Public Service Commission, in accordance with the following provisions: (a) when a change in the Commission's residential water rates is made, the rate to U.S. 60 shall also be adjusted, up or down, by the same percentage amount as the average change to the rates applicable to residents living within the Shelbyville city limits. (b) There shall be no adjustment in the U.S. 60's rates under this Contract other than those adjustments provided for in paragraph 8(a) herein, except there will be a \$1.00 surcharge for each 1,000 gallons of water purchased by U.S. 60 over 15 million gallons during any calendar month.

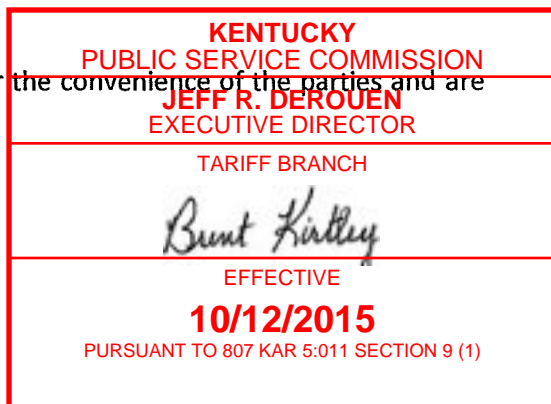
9. Check Valve. U.S. 60 shall, at its expense, properly install, operate and maintain in good working condition a check valve at each master meter to prevent any reverse flow of water from U.S. 60's Shelby's system to the Commission's system.

10. Term of Contract. This Contract shall have a term of 42 years from the date of execution, which term shall automatically extend for one additional year on each anniversary of the execution of this Contract. Either party may give written notice to the other party prior to the anniversary of the execution that the term will no longer be automatically extended, after which notice these automatic extensions will no longer occur.

11. Entire Agreement. This contract replaces all previous or existing agreements between the Commission and U.S. 60 and constitutes the sole and complete agreement as to the sale and purchase of water between these parties.

12. Waiver. A waiver of any of the terms and conditions of this Contract shall not be consumed as a general waiver by any party, and such party shall be free to reinstate any such term or condition, with or without notice to the other parties.

13. Headings. The headings in this contract are for the convenience of the parties and are not to be constructed as part of this contract.



14. Successors and Assigns. This contract shall be binding upon the successors and assigns of the Commission and U.S. 60.

15. Termination by U.S. 60. In the event the Commission fails to abide by the terms and conditions of this Contract, then this Contract may be terminated by U.S. 60 prior to expiration upon 30 days prior written notice to the Commission provided, however, that this Contract shall not be terminated as long as the Commission has notified U.S. 60 in writing within this 30-day period of the actions which the Commission is taking to cure the Commission's default within a reasonable period of time, and the Commission is proceeding in good faith to expeditiously complete those actions and cure its default.

16. Termination by the Commission. In the event U.S. 60 fails to abide by the terms and conditions of this Contract, then this Contract may be terminated by the Commission prior to expiration upon 30 days prior written notice to U.S. 60 provided, however, that this Contract shall not be terminated as long as U.S. 60 has notified the Commission in writing within this 30-day period of the actions which U.S. 60 is taking to cure U.S. 60's default within a reasonable period of time, and U.S. 60 is proceeding in good faith to expeditiously complete those actions and cure its default.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed in duplicate by their proper officers thereunto duly authorized the day and year first above written.

**SHELBYVILLE MUNICIPAL WATER AND SEWER
COMMISSION**

By: Thomas Hardesty

Title: Mayor of Shelbyville

**U.S. 60 WATER DISTRICT OF SHELBY AND FRANKLIN
COUNTIES, KENTUCKY**

By: William Eggen

Title: CHAIRMAN

U.S. 60 WATER DISTRICT
KENTUCKY

PUBLIC SERVICE COMMISSION

JEFF R. DEROUEN
EXECUTIVE DIRECTOR

TARIFF BRANCH

Brent Kirtley

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