

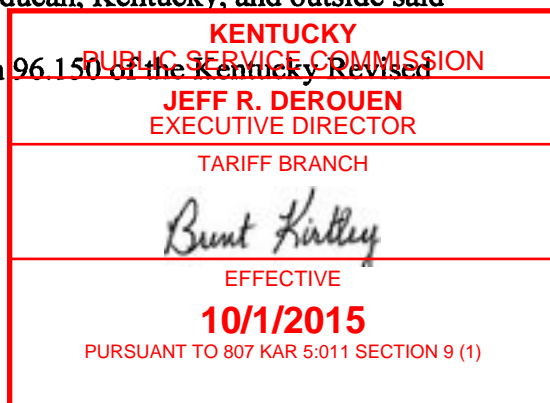
## CONTRACT FOR WATER SERVICE

This CONTRACT FOR WATER SERVICE was made and entered into as of this 6<sup>th</sup> day of July, 2015, by and between the West McCracken Water District, 8020 Ogden Landing Road, West Paducah, Kentucky 42086 (hereinafter referred to as the "District"), and the Commissioners of Waterworks, the City of Paducah, DBA Paducah Water, 1800 North 8th Street, Paducah, Kentucky 42001 (hereinafter referred to as "Paducah Water").

### WITNESSETH:

(A) The West McCracken Water District is a duly organized, created, and presently existing Water District under the provisions of Chapter 74 of the Kentucky Revised Statutes. The District was created by virtue of an Order entered by the County Court of McCracken County, Kentucky on October 30, 1962. The District service area is located in the western part of McCracken County and is west of and adjacent to the Paducah Water service area.

(B) Paducah Water is a duly organized, created and presently existing municipal water utility owned by the City of Paducah and operating under the provisions of KRS 96.320 by the Board of Commissioners of Waterworks. The Paducah Water Service Area is located in close proximity to the boundaries of the West McCracken Water District, but is not included within the corporate limits of said District. Paducah Water has long owned and operated a municipal waterworks and water distribution system which renders water service to retail and wholesale customers both within the corporate limits of said City of Paducah, Kentucky, and outside said corporate limits in accordance with the provisions of Section 96.150 of the Kentucky Revised Statutes.



(C) Paducah Water has continuously supplied potable water to the District since 1967 under a Contract for Water Supply that has expired. The District desires to continue to purchase potable water from Paducah Water sufficient to meet the present and future needs of said District for a period of not less than ten (10) years. The District and Paducah Water have entered into negotiations and it has been ascertained and agreed by and between the parties that Paducah Water will be able to continue to serve the District pursuant to this Contract with an adequate supply of treated potable water in quantity adequate for the needs of the District at a reasonable rate.

NOW, THEREFORE, IN CONSIDERATION OF ALL OF THE FOREGOING AND THE VARIOUS REPRESENTATIONS, COVENANTS AND UNDERTAKINGS HEREINABOVE AND HEREINAFTER CONTAINED, THE PARTIES HEREBY SPECIFICALLY AGREE AND COVENANT EACH WITH THE OTHER, AS FOLLOWS:

Section 1. The West McCracken Water District, McCracken County, Kentucky, hereby agrees to purchase an unlimited volume of treated, potable water in accordance with the terms of this CONTRACT FOR WATER SERVICE from Paducah Water, and said Paducah Water agrees, subject to the terms set forth herein, to sell an unlimited volume of treated, potable water to the District. Both Parties agree that changes to contract rates or charges for water are subject to approval of the City Commission of the City of Paducah and the Kentucky Public Service Commission. From the date of contract execution until September 30, 2018, Paducah Water will provide water to the District at the following contract rate or charges of:

- Date Contract is Executed \$1.50 per 1,000 gallons
- October 1, 2015 \$1.70 per 1,000 gallons

KENTUCKY PUBLIC SERVICE COMMISSION	
SEE ROUEN EXECUTIVE DIRECTOR	
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- October 1, 2016 \$1.90 per 1,000 gallons
- October 1, 2017 \$2.10 per 1,000 gallons

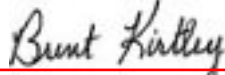
It is understood that the District will operate its own water distribution system and will serve its own retail water consumers. No tapping fees will be exacted from any customers served by the District's water distribution system for the benefit of Paducah Water. The District's water customers shall be customers of the District only and not customers of Paducah Water. The District itself will be the customer of Paducah Water.

Section 2. It is hereby specifically agreed and covenanted between the parties that the water rates to be paid to Paducah Water by the District, as set forth in Section 1 hereof, shall not be increased or decreased until October 1, 2018. After September 30, 2018, if Paducah Water raises or lowers the basic rate it charges to its other customers then the water rate being charged to the District is to be adjusted in like manner.

Section 3. It is agreed that the amount of water purchased by the West McCracken Water District from Paducah Water in any one month, shall be determined as follows:

It is agreed that the three existing master meters are the property of the District.

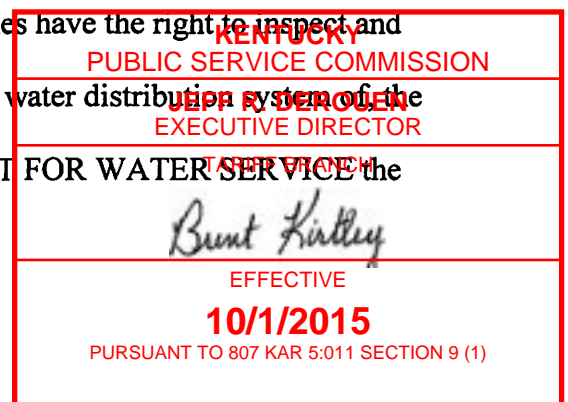
The District, will at its expense and under the supervision of Paducah Water, install, maintain and replace as necessary, master meters at each point of connection of the District's system to the Paducah Water system to meter and measure treated water entering the distribution system of the District. Said master meters shall be of such type as may be approved by Paducah Water, and shall be connected to the water facilities of Paducah Water at said locations as aforesaid, under the supervision and inspection of the officials of both Paducah Water and the District. The District will at its expense, test the master meters annually in accordance with

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Kentucky Public Service Commission's requirements. The District will provide notice to Paducah Water so that they may witness the test. Paducah Water will at its own expense has the right, upon giving notice to the District, to also test the master meters. Both parties shall have access to said meters at any and all reasonable times for inspection and reading purposes. It is agreed by and between the parties that the amount of water consumed monthly by the District, and to be paid for by the District, shall be deemed to be that amount registered by the master meters described as aforesaid. If any of the master meters fail between monthly readings and the monthly reading is obviously in error, it is agreed that the General Manager of Paducah Water and the General Manager of the District shall meet and review historical usage for past similar months in order to determine an amount to be billed.

Section 4. It is understood and agreed that the District may be required to install, operate, and maintain booster pumping stations near the master meters' connections through which it will maintain required pressure for its purposed water distribution system. Paducah Water will not undertake to provide pressure for any part of the water distribution system of the District. However, Paducah Water will undertake to provide adequate pressure at the master meters to assure that the District will be provided an adequate supply of treated water at all times, subject to the provisions of Sections 1 and 7 of this Contract. Paducah Water does not guarantee to maintain any specific amount of water pressure, but will make reasonable efforts to maintain normal operating pressure at the point(s) of connection.

Section 5. Paducah Water shall at all reasonable times examine the plans and specifications for, and the completed water distribution system of the District. It is agreed that during the term of this CONTRACT FOR WATER SERVICE the



District shall satisfy its entire water needs from Paducah Water and that said District will not operate any waterworks system in competition with Paducah Water, nor seek to satisfy any part of its water needs from any other source or party. The District may construct and maintain connections with adjacent municipal utilities or water districts in order to provide temporary or emergency water supply to the District or to the adjacent municipal utilities or water districts. There shall be no "cross connections" of any kind in connection with said water distribution system of the District. The District agrees to indemnify and hold harmless Paducah Water, on account of any and all expenses, losses, damages or claims for damages incident to the construction, installation, maintenance and operation of its water distribution system.

Section 6. The District agrees to submit a complete copy of all plans and specifications for the construction of any extensions of their distribution system thereto to Paducah Water for their review and approval. Upon completion of any extensions to the water distribution system, the District will provide Paducah Water one copy of "plans as built" and a copy of their Engineer's certification that construction has been accomplished in accordance with plans and specifications approved by the Kentucky Division of Water. Failure of the District to comply with the provisions of this paragraph shall be considered a breach of this contract.

Section 7. If at any time during the term of this CONTRACT FOR WATER SERVICE, Paducah Water is unable to furnish water to the District because of an emergency situation or an unforeseen and unusual water demand within the Paducah Water service area or due to water system breakdowns, strikes, civil disorder, contamination, water conservation necessities or other causes beyond its control, Paducah Water may limit or discontinue service during said temporary period. Paducah Water does, however, agree that in such event it will make reasonable efforts to

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re-establish water service to the District as quickly as possible within the limits of its legal and fiscal abilities.

Section 8. It is agreed and understood that the District will not at any time sell treated water to any consumer at a rate lower than that rate paid by similar customers of Paducah Water; nor will the District sell water to customers located beyond its boundaries (as existing on the date of execution).

Section 9. Charges for water furnished under this Contract shall be payable monthly, and within fifteen (15) days of the rendering of a statement from Paducah Water to the District. Bills will be rendered and charges paid in accordance with rules and regulations now in effect or which may from time-to-time be adopted and revised by Paducah Water, governing the payment of charges by consumers of water.

Section 10. Paducah Water agrees that it will continue to supply water to the District from the same source and of the same purity and potability as furnished to its customers under the terms and provisions as herein stated for a period of ten (10) years from the date this contract is executed, subject only to temporary discontinuance by reason of the existence of an emergency or of a temporary unusual water demand within the Paducah Water service area as hereinabove more particularly stated. This contract may be renewed for an additional five (5) year period if both the District and Paducah Water agree to the renewal in writing, and, if legally required, prior approval is given by the City Commission of the City of Paducah and the Kentucky Public Service Commission.

Section 11. At any time during the term of this CONTRACT FOR WATER SERVICE the District or Paducah Water may, with ninety (90) days written notice, provide written notice

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<b>TARLETT BRANCH</b>
<i>Brent Kirtley</i>
<b>EFFECTIVE 10/1/2015</b>
<b>PURSUANT TO 807 KAR 5:011 SECTION 9 (1)</b>

of its desire to renegotiate the terms of this Contract or cancel same. The District and Paducah Water must mutually agree, in writing, to renegotiate or cancel this Contract. If both parties do not agree to renegotiate or cancel this Contract, the Contract shall remain in force throughout the term as detailed in Section 10.

Section 12. This CONTRACT FOR WATER SERVICE shall be binding upon, and shall inure to the benefit of all of the parties hereto and successors in interest, grantees, assignees, heirs, and assigns, and all parties taking any interest from said parties. If any section, clause, or provision of this Contract shall be held invalid, such holding of invalidity shall not affect the validity of any remaining section, clause, paragraph, portion or provision of this Contract. All notices required to be given herein must be in writing and shall be delivered by certified mail to the official offices of the General Manager of the District or Paducah Water.

IN WITNESS WHEREOF, the parties hereto have hereunto caused their names to be affixed as heretofore duly authorized.

PADUCAH WATER

By: William C. Fisher  
General Manager

WEST McCRACKEN WATER DISTRICT

By: Samuel D. Jackson  
Title: CHAIRMAN

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH  <i>Brent Kirtley</i>
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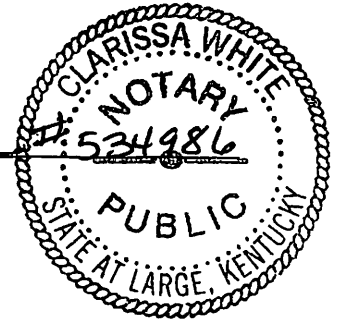
STATE OF KENTUCKY )

COUNTY OF McCracken )

Subscribed, sworn to, and acknowledged to before me by William C. Robertson,  
General Manager, on behalf of Paducah Water, this the 6<sup>th</sup> day of  
July, 2015.

My commission expires: June 13, 2019.

Clarissa White  
Notary Public, State at Large



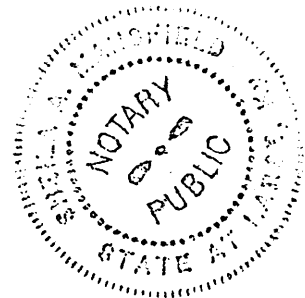
STATE OF KENTUCKY )

COUNTY OF McCracken )

Subscribed, sworn to, and acknowledged to before me by Gary D. Jackson,  
as Chairman (title) on behalf of West McCracken Water District, this the  
13<sup>th</sup> day of July, 2015.

My commission expires: 2-19-2018.

Shirley A. Mansfield # 505776  
Notary Public, State at Large



<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
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