

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 28th day of December, 1987, between the Berea College Water Utility, Berea, Kentucky 40404 hereinafter referred to as the "Seller" and the Southern Madison Water District, Berea, Kentucky 40403 hereinafter referred to as the "Purchaser".

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of KRS Chapter 74, of the Code of N/A, 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, the sale of water to the Purchaser in accordance with the provisions of the offer by letter of intent dated June 17, 1968, was approved, and the execution of this contract carrying out the said letter of intent by the Karl E. Warming, Business Vice President, and attested by the Secretary, was duly authorized:

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

PUBLIC SERVICE CORPORATION

CINCINNATI, KY

SEP 18 1987

PURCHASE

By: [Signature]

A. The Seller Agrees:

1. (Quality and quantity) To furnish the Purchaser at the points of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standard of the Bureau of Health, Department for Human Resources, Commonwealth of Kentucky, in such quantity as may be required by the Purchaser not to exceed ten million (10,000,000) gallons per month. The parties further agree that the quantity of water to be furnished by Seller and purchased by Purchaser as set forth herein shall be reviewed on an annual basis during the term of the original contract or any renewal or extension thereof.
2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at Thirty (30) psi from an existing supply at points located as shown in specifications and plans of Southern Madison Water District. 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 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. (Billing Procedure) To furnish the Purchaser at the above address not later than the Third (3rd) day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

PUBLIC SERVICE COMMISSION

SEP 10 1987

PUBLIC SERVICE COMMISSION

B. Jones

H.A.W.
H.W.Z.
JD 5/20/85

RWB

4. As provided in C.3 hereof, provisions of this contract pertaining to schedules of rates after the initial two-year period are subject to modification at the end of each two-year period and are at all times subject to any changes in rates or conditions ordered or approved by the Public Service Commission of Kentucky, or any other regulatory agency that may in the future have the authority to regulate rates charged by the Seller.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, no later than the 10th day of each month, for water delivered in accordance with the P.S.C. approved schedule of rates: P.S.C. No. 4, Original Sheet No. 6, dated November 25, 1982.

B.1. A - At the P.S.C. approved rate per 1,000 gallons based on combined total of all Master Meters.

B.1. B - See Attached Sheet.

2. (Metering Equipment) To furnish, install, operate and maintain at its own expense at all points of delivery, the necessary metering equipment including a meter house or pit and required devices of standard type for properly measuring the quantities of water delivered by the Seller, and to calibrate such metering equipment whenever requested by the Seller but not more frequently than once every twelve months, and according to the applicable rules of the Public Service Commission of Kentucky. A meter registering not more than two percent (2%) above or below the test result shall be deemed accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the three 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.

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MAY 21 1987
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3. The Purchaser Agrees - in the event overlapping facilities are installed, the Seller may as deemed necessary for the purpose of establishing loop feed to its system to boost pressure, tap, and install crossover lines between the two systems, (at the expense of the Seller) in all such instances all water diverted from the Purchaser's System will be metered and the Purchaser credited for these quantities of each current months billing at same time.
4. The Purchaser covenants to indemnify the Seller against any claim for property damage or personal injury actions, including death actions, that might be brought against the Seller by reason of any of the activities of the Purchaser or its employees in connection with the use of water or facilities of Berea College, and further covenants that Seller shall not be liable to Purchaser for any failure of service or pressure resulting from occurrences beyond the control of the Seller.

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

1. (Term of Contract) That this contract shall extend for a term of Forty (40) years from the date of this Water Purchase Contract and thereafter may be renewed or extended for a period of Twenty (20) years on reasonable terms and conditions unless sooner terminated pursuant to the provisions of C.9."
2. (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.

1500 SE WIDE CORPORATION
1000 W. 100th St.
Cleveland, Ohio 44102

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BC 00153

3. (Modification of Contract) That the provisions of this initial 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 two year period. Other provisions of this contract may be modified or altered by mutual agreement.
4. (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.
5. (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.
6. (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.

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 PURSUANT TO
 BY B. Jones

As provided in C.7 the water system of Purchaser is being financed by a loan and/or grant from the United States of America acting through the Farmers Home Administration of the United States Department of Agriculture. Notwithstanding other provisions hereof, this contract shall terminate when all obligations of Purchaser to pay such loan are discharged. Thereafter, Seller and Purchaser agree to negotiate in good faith to arrive at an extension of the services supplied by Seller to Purchaser based upon reasonable rates and conditions.

BC 00154

7A. This Water Purchase Contract supersedes the Water Purchase Contract between the parties dated May 15, 1969; the Amendment to Water Contract, dated July 7, 1969; and, the Second Amendment to Water Purchase Contract, dated June 25, 1981.

8. This contract is binding on the Seller's successors and assigns. In Witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in Eight (8) counterparts, each of which shall constitute an original.

Seller: BERA COLLEGE WATER UTILITY

Attest:

Louther M Atwater
Title Notary Public

By Robert H. Barnett
Title Business Vice President

Purchaser: SOUTHERN MADISON WATER DISTRICT

Attest:

Lila Bellando
Title Secretary

By Hubert W. Lutz
Title Chairman

This contract is approved on behalf of the Farmers Home Administration this 11 day of December 1985.

PUBLIC SERVICE COMMISSION
OF MARYLAND
Baltimore

SEP 22 1987

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B. Jones

By James L. Lutz
Title Community & Business Programs Specialist

BC 00155

B.1.B

FOR Berea, Kentucky and vicinity

P.S.C. Ky. No. 4

original Sheet No. 6

Cancelling P.S.C. Ky. No. 3

4th. Revised Sheet No. 2

BEREA COLLEGE WATER UTILITY
A Department of Berea College
(Name of Issuing Corporation)

CLASSIFICATION OF SERVICE

Wholesale - Class 6

RATE

(a) APPLICABLE: To Berea, Kentucky and Vicinity

(b) AVAILABILITY OF SERVICE: Available for all purposes.

(c) RATE: (Monthly)

All wholesale water sales Per 1,000 gallons \$ 1.15

(d) DELAYED PAYMENT CHARGE: 10% will be added if bill is not paid by the 10th day after billing date

(e) SPECIAL RULES:

If account is not paid before the 27th day after date of mailing the monthly bill, services may be discontinued in accordance with the rules of the Public Service Commission of Kentucky and an extra charge of \$10.00 will be made before service is restored.

PUBLIC SERVICE COMMISSION

NOV 24 1982

PURSUANT TO SECTION 9(1)

BY: *Boynes*

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFF. DATE

NOV 24 1982

PURSUANT TO 807 KAR 5:011
SECTION 9(1)

Madson

BC 00156

OF ISSUE Dec. 24 1982
Month Day Year

DATE EFFECTIVE Nov. 25 1982
Month Day Year

ISSUED BY *Karl E. Warming* Business Vice-President, Berea, Kentucky
Name of Officer Title Address