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WATER PURCHASE CONTRACT

DEC 19 1994

THIS CONTRACT for the sale and purchase of water is entered into as of this the 12th day of June, 1991, by and between:

PUBLIC SERVICE COMMISSION

THE CITY OF CARROLLTON, KENTUCKY, by and through Charles W. Webster, Mayor of the City of Carrollton, and THE CARROLLTON UTILITIES COMMISSION, by and through Mary Frances Mefford, Chairperson, Carrollton Utilities Commission, hereinafter referred to as the "Seller"; and,

WEST CARROLL COUNTY WATER DISTRICT, Carrollton, Kentucky, hereinafter referred to as the "Purchaser".

WHEREAS, the Purchaser is organized and established under the provisions of Chapter 74 of the Kentucky Revised Statutes 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 proposed to be served by Purchaser with water from Seller's system (with other customers of Purchaser to be served with water obtained from other sources), and,

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PURSUANT TO 807 KAR 5011, SECTION 9(1)

BY: James C. Keel
FOR THE PUBLIC SERVICE COMMISSION

WHEREAS, the Seller by and through the Carrollton Utilities Commission, an agency of the City of Carrollton, Kentucky, entered into a contract for the sale of the purchase of water on the 19th day of June, 1981; and,

WHEREAS, the parties hereto desire to reaffirm, readopt and reiterate said contract with certain modifications and changes.

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 Kentucky State Board of Health in such quantity as may be required by the Purchaser not to exceed Five Million (5,000,000) gallons per month; provided, however, that the occasional, or even regular, furnishing of water by Seller to Purchaser at a rate exceeding 5,000,000 gallons per month shall not in and of itself bind or require Seller to continue doing so.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at 90 psig from an existing six (6) inch main supply at a point located in the City of Carrollton, Kentucky, on Highland Avenue (U.S. Highway

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No. 42) at or near Second Street. If a greater pressure 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 any catastrophe or force majeure such as, but without limiting the generality of the foregoing, main supply line breaks, power failure, flood, fire and use of water to fight fire (whether within or without the limits of the City of Carrollton, Kentucky), earthquake or failure of supply shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Sewer Charge Collection Enforcements) The Purchaser agrees to furnish to the Seller on or before the 1st day of each month the total volume of water used by each of Purchaser's customers who are users of the City of Carrollton's sewer facilities. The volume shall be furnished on a per customer basis to enable billing by the municipal sewer for use of sewer facilities. Further, Purchaser agrees to discontinue water service to any person who is delinquent in paying city sewer charges within five (5) days after receipt of a written notice of the delinquency from the Seller.

4. (Metering Equipment) To maintain at its own expense at the point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the

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Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the twelve (12) 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. The metering equipment shall be read on the first day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

5. (Billing Procedure) To furnish the Purchaser not later than the fifteenth (15th) day of each month with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. THE PURCHASER AGREES:

1. (Rates and Payment Date) To pay the Seller, not later than the thirtieth (30th) day of each month, for water delivered during the preceding month in accordance with the

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following schedule of rates:

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First	1,000 gallons	\$ 2.50	Minimum
Next	4,000 gallons	1.15	per 1,000
Next	15,000 gallons	.85	per 1,000
Next	20,000 gallons	.75	per 1,000
Next	60,000 gallons	.55	per 1,000
Next	300,000 gallons	.45	per 1,000
Over	400,000 gallons	.40	per 1,000

2. To furnish and install all necessary metering equipment, meter, and meter pit with bypass in lieu of paying a connection fee to Seller. The meter and meter pit installation shall be approved by the Manager 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 period of twenty (20) years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser, and the Purchaser is hereby granted an option to renew or extend this contract for an additional term of twenty (20) years, commencing at the end of the original term aforesaid, no notice of extension is required to be given.

2. (Delivery of Water) That thirty (30) days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing of the date for the initial delivery of water, including that required under paragraph 3 of this section C. Without such notice being given and the elapse of said

thirty (30) day period, the Seller shall be under no obligation to deliver water to the purchaser.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonable close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction. Such water will be metered and priced according to the rate schedule set forth in paragraph 1 of section B and will be paid for by the contractor or, on his failure to pay, by the Purchaser.

4. 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 the maximum quantity called for by Paragraph 1 of Section A. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In case of a water shortage suffered by the City, all the towns, water districts, corporations, or other groups purchasing water from the City of Carrollton on a contract basis, shall share in the shortage in same ratio or proportion as others in this contract class.

5. (Modification of Contract) That the schedule of rates to be paid by the Purchaser for water delivered shall at all times be those rates that are in effect for users located within the corporate limits of the City of Carrollton, Kentucky (city

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rates). That is, the schedule of rates set forth in paragraph 1 of section B being the present city rates, any change by the Seller in such city rates (whether increase or decrease) shall automatically apply to the rates to be paid by the Purchaser under this contract. Other provisions of this contract may be modified or altered by mutual agreement. *

6. (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.

7. (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.

8. (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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9. (Pledge) This contract is hereby pledged to the United States of America, acting through the Farmers Home Administration, as part of the security for a loan from the United States of America.

10. (Prior Contract) This contract supersedes a water purchase contract by and between the parties dated June 19, 1981. The original term of the contract was twenty (20) years from and after June 19, 1981, and the term of this contract shall be for twenty (20) years from and after the contract entered into on June 19, 1981, and shall expire on June 19, 2001. .

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in duplicate counterparts, each of which shall constitute an original.

CITY OF CARROLLTON, KENTUCKY
Seller

By: Charles W. Webster
Charles W. Webster, Mayor

ATTEST:

Becky H. Pyles
Becky H. Pyles,
City Clerk/Treasurer

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CARROLLTON UTILITIES COMMISSION,
Seller

By: Mary Frances Mefford
Mary Frances Mefford,
Chairperson

ATTEST:

Gerald L. Ballinger
Gerald Ballinger, Manager

WEST CARROLL COUNTY WATER
DISTRICT, Purchaser

By: Jerry Smith, Chairman

ATTEST:

William B. Dunn
Secretary

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BY: Gordon C. Neel
FOR THE PUBLIC SERVICE COMMISSION

THIS CONTRACT between the Carrollton Utilities Commission as Seller and the West Carroll County Water District as Purchaser dated the 12th day of June, 1991, is approved on behalf of the Farmers Home Administration on this the 18th day of JULY, 1991.

By: Jimmy H. Hall
Title: Co. B.P. Specialist

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