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PUBLIC SERVICE
COMMISSION

RATES & RESEARCH DIV.

This CONTRACT AMENDMENT made and entered into this 27th day of April, 1982, by and between the CITY OF DANVILLE, KENTUCKY, a Municipal Corporation of the Third Class in Boyle County, Kentucky, hereinafter referred to as the "SELLER", and the LAKE VILLAGE WATER ASSOCIATION, INC., a non-profit corporation of Danville, Boyle County, Kentucky, hereinafter referred to as the "PURCHASER";

W I T N E S S E T H:

WHEREAS, the parties hereto did on May 29, 1969 enter into an Agreement under which the Seller was obligated to supply unto Purchaser a maximum of 2,000,000 gallons of water per month; and

WHEREAS, on or about December 30, 1969, the maximum amount of water was amended and increased to 5,000,000 gallons per month; and

WHEREAS, on or about August 23, 1977, the Seller did by action of its legislative body increase the maximum limit to 6,000,000 gallons per month and did impose a penalty of two times the normal rate charge for any water consumed over and above said limit; and

WHEREAS, a dispute has arisen between the parties regarding the usage limit and the charges imposed thereon, resulting in litigation in the Boyle Circuit Court, styled Lake Village Water Association vs. City of Danville, C. A. #81-CI-306; and

WHEREAS, the parties have voluntarily settled their dispute and do now desire to amend certain portions of the Agreement of May 29, 1969, and subsequent amendments;

NOW, THEREFORE, in consideration of the foregoing, and for and in consideration of the mutual promises and agreements hereinafter set forth, the parties do now agree as follows:

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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PURSUANT TO 807 KAR 5011,

BY: *Richard C. Neal*
PUBLIC SERVICE COMMISSION

1. Effective March 15, 1982, the Purchaser shall be entitled to purchase from the Seller 9,000,000 gallons of water per month at normal rates, which rates and amendments thereof are provided for in said Agreement of May 29, 1969; however, all water purchased in any one month which exceeds 9,000,000 gallons shall incur a penalty of 50% of the basic charge. Notwithstanding the inclusion of the penalty provision, nothing contained herein shall be construed as creating an obligation upon the Seller to provide water in excess of 9,000,000 gallons per month and, further, the Seller may at its option choose not to supply water exceeding 9,000,000 gallons per month; any sale of water by Seller in excess of 9,000,000 gallons per month shall not constitute a waiver of the limitation and shall not prohibit the Seller from enforcing the limitation during subsequent months.

2. The parties acknowledge that Purchaser is indebted to Seller for penalties incurred prior to and up to March 15, 1982, in the sum of \$17,618.83, which sum shall be payable, together with interest at the rate of 10% per annum from the 15th day of March, 1982 until paid; the Purchaser shall pay unto Seller the accumulated interest on the unpaid balance each month, plus \$1,000.00 per month on the principal amount due, the said interest and principal payments to commence June 1, 1982 and to continue until the entire unpaid balance, both principal and interest, is paid in full.

3. The parties do further acknowledge that certain late charges imposed by Seller prior to and up to March 15, 1982 in the total amount of \$16,408.53, and an overcharge previously imposed by the Seller upon the Purchaser in the total sum of \$2,446.38 shall be offset, each against the other, and neither party shall be entitled to recover from the other any portion of said amounts.

4. The parties acknowledge that Seller obtains its raw water from the Herrington Lake pursuant to an agreement with Kentucky Utilities Company dated April 14, 1970, under which agreement the increase in the limit of the Purchaser herein may be subject to the approval or disapproval of said Kentucky Utilities Company; in the event the Kentucky Utilities Company refuses to grant approval of the increase provided for herein, or in the event the Kentucky Utilities Company grants approval but subsequently revokes such approval, then this agreement shall be null and void.

5. It is further acknowledged between the parties that the authority of the Purchaser to enter into this Agreement is subject to the approval or disapproval of the Public Service Commission of the Commonwealth of Kentucky and, in the event the said Public Service Commission should disapprove of the execution of this Agreement, or the content hereof, then this Agreement shall be null and void.

6. Except where specifically modified herein, the Agreement of May 29, 1969 between these parties is reaffirmed.

IN TESTIMONY WHEREOF, the parties hereto, acting under the authority of their respective governing bodies, have caused this Contract to be executed in duplicate originals.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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CITY OF DANVILLE, KENTUCKY

OCT 06 1994

BY:

ROY W. ARNOLD, MAYOR

SELLER

PURSUANT TO 807 KAR 5.011,

SECTION 9 (1)

ATTEST:

BY:

ANDREW C. HALL

FOR THE PUBLIC SERVICE COMMISSION

DOROTHY VAN GILDER

DOROTHY VANGILDER, CITY CLERK

LAKE VILLAGE WATER ASSOCIATION, INC.

BY: _____
PRESIDENT PURCHASER

ATTEST:

SECRETARY

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

OCT 06 1994

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Anders E. Neal
FOR THE PUBLIC SERVICE COMMISSION