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P.S.C.
RATES & RESEARCH DIV.

WATER PURCHASE CONTRACT

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PUBLIC SERVICE
COMMISSION

This CONTRACT FOR THE SALE AND PURCHASE OF WATER made and entered into this 25 day of March, 1970, between the City of LANCASTER, KENTUCKY, hereinafter referred to as LANCASTER, and the GARRARD COUNTY WATER ASSOCIATION, INC., (A non-profit corporation and successor to the Garrard County Water District), GARRARD COUNTY, KENTUCKY, hereinafter referred to as GARRARD:

WITNESSETH: Whereas, LANCASTER owns and operates a water supply distribution system with a capacity currently capable of serving the customers of LANCASTER, and fulfilling the present and projected water requirements of GARRARD as shown by the plans for the water facility improvements of GARRARD, now on file in the office of the GARRARD COUNTY WATER ASSOCIATION, INC.

WHEREAS, GARRARD is planning to construct a water supply and distribution system and desires to purchase treated water from LANCASTER.

WHEREAS, by a Resolution enacted on the 25 day of March, 1970, by the Lancaster Council, the sale of water to GARRARD in accordance with the provisions of said Resolution was approved, and the execution of this contract carrying out the said Resolution by the Mayor and attested by the City Clerk was duly authorized, and

WHEREAS, by resolution of the Board of Directors of the GARRARD COUNTY WATER ASSOCIATION, INC., enacted on the 23 day of March, 1970, the purchase of water from Lancaster in accordance with the terms set forth in the said Resolution was approved, and the execution, attested by the Secretary was duly authorized.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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FEB 06 1995

PURSUANT TO 807 KAR 5011,
SECTION 9 (1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

LANCASTER AGREES:

1. (Quality and Quantity) To furnish GARRARD, 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 standards of the State Board of Health in such quantity as may be required by GARRARD:

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant normal pressure approximately 70 p.s.i. from a 6" or larger water main. Points of delivery are to be near the Lancaster City Limits at the following four locations; (a) At a point at the west corporation line of the City of Lancaster, Kentucky, on the new 6" line to be built by LANCASTER to serve the Danville Road section of GARRARD; (b) On U. S. Highway No. 27 North of the City; (c) On U. S. 27 South of the city; (d) Just off Ky. Highway No. 39 South on the Fall Lick County Road at a point approximately 1800 feet north of the Crab Orchard Meter. If a greater pressure than that normally available at the point of delivery is required by GARRARD, the cost of providing such greater pressure shall be borne by GARRARD. 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 Lancaster from this provision for such reasonable period of time as may be necessary to restore service.

3. (Billing Procedure) To furnish the President of the Board of Directors of GARRARD at the Garrard Office not later than the 15th day of each month, with an itemized statement of the amount of water during the preceding month to GARRARD.

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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: *Jordan C. Neal*
FOR THE PUBLIC SERVICE COMMISSION

4. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at each point of delivery, the necessary metering equipment, 2' size including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to GARRARD and to calibrate such metering equipment whenever requested by LANCASTER, 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 six 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 LANCASTER and GARRARD shall agree upon a different amount. The metering equipment shall be read during the first week of each month.

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GARRARD AGREES:

FEB 06 1995

1. (Rates and Payment Date) To pay LANCASTER not later than the 25th day of each month, for water delivered at the rate of \$0.27 for each million.

PURSUANT TO 807 KAR 5011,
SECTION 11
BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

2. In consideration of the low water rate and other GARRARD agrees to pay LANCASTER a connecting fee of Twenty thousand dollars and no cents (\$20,000.00). Said payment will be made within 30 days after meters are set on U. S. 27 North and South of the City.

IT IS FURTHER MUTUALLY AGREED BETWEEN LANCASTER AND GARRARD AS FOLLOWS:

S.R.
B.C.M.

1. (Term of Contract) That this contract shall extend for a term of ~~twenty (20)~~ ^{sixty 60} years from the date of the initial delivery of any water by LANCASTER to GARRARD, and thereafter may be renewed or extended for such term, or terms, as may be agreed upon by LANCASTER and GARRARD.

2. (Delivery of Water) That thirty (30) days prior to the estimated date of beginning of construction of the GARRARD Water Supply System, GARRARD will notify LANCASTER in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by GARRARD, LANCASTER will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of GARRARD during construction, irrespective of whether the metering which will be paid by the contractor or, on his failure to pay, by GARRARD.

4. (Failure to Deliver) That LANCASTER will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish GARRARD with quantities of water required by GARRARD. 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 LANCASTER is otherwise diminished over an extended period of time, the supply of water to GARRARD consumers shall be reduced or diminished in the same ratio or proportion as the supply to LANCASTER consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by GARRARD for water delivered are subject to modification at the end of every five (5) year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Lancaster System. Other provisions of this contract may be modified or altered by mutual agreement.

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PURSUANT TO 807 KAR 5011,
SECTION 9(1)

BY: *Justin C. Neal*

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in the State of Kentucky and LANCASTER and GARRARD 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 GARRARD is contemplated to be financed by a loan from (or a loan insured by) the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and in such case the provisions hereof pertaining to the undertakings of GARRARD are conditioned upon the approval, in writing, of the State Director of Kentucky, of the Farmers Home Administration. Similarly, any modification of the provisions of this contract, including any increase in the schedule of rates to be paid by GARRARD for the delivery of water shall be conditioned upon the prior approval, in writing, of the State Director of Kentucky, of the Farmers Home Administration.

8. (Successor to GARRARD) That in the event of any occurrence rendering GARRARD incapable of performing under this contract, any successor of GARRARD whether the result of legal process, assignment, or otherwise, shall succeed to the rights of GARRARD hereunder, providing the successor is not a private individual or a profit-making corporation.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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LANCASTER FURTHER AGREES TO:

(a) Construct a new 6" water main from existing city lines of 6" or larger diameter. LANCASTER will pay all additional construction costs of the stated connecting fee, all engineering and legal costs and obtain all necessary easements required in the construction of these connecting lines.

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PURSUANT TO 807 KAR 5-011,
SECTION 9
BY: Jordan C. Paul
FOR THE PUBLIC SERVICE COMMISSION

GARRARD FURTHER AGREES TO:

(a) To grant LANCASTER the right to serve any future customers between their present water lines and the metering points described in Par. 2 preceding.

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

ATTEST:

Ruth White
RUTH WHITE, CITY CLERK

CITY OF LANCASTER, KENTUCKY

BY: Billy C. Moss
MAYOR, BILLY C. MOSS

ATTEST:

Fritz R. Stollger
FRITZ R. STOLLGER, SECRETARY

GARRARD COUNTY WATER ASSOCIATION, INC.

BY: Scott Rogers
SCOTT ROGERS, PRESIDENT
BOARD OF DIRECTORS

STATE OF KENTUCKY

COUNTY OF GARRARD

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that the foregoing Agreement was this day produced to me in my said County and State and signed and acknowledged before me by BILLY C. MOSS, Mayor of City of Lancaster, to be the free voluntary act and deed of City of Lancaster and his free and voluntary act and deed as Mayor thereof, and the seal of said corporation was affixed and attested by RUTH WHITE, City Clerk.

Given under my hand and seal of office this 25 day of MARCH 19 70.

MY. COMMISSION EXP. MAY 5, 1970

[Signature]
NOTARY PUBLIC, GARRARD COUNTY, KENTUCKY

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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FEB 06 1965

PURSUANT TO 807 KAR 5011,
SECTION 9(1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

STATE OF KENTUCKY
COUNTY OF GARRARD

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that the foregoing Agreement was this day produced to me in my said County and State and signed and acknowledged before me by Scott Rogers, President of Board of Directors, Garrard County Water Association, Inc., to be the free voluntary act and deed of The Garrard County Water Association, Inc., and his free voluntary act and deed as President of The Board of Directors thereof, and the seal of said corporation was affixed and attested by Fritz R. Stollger, its Secretary.

Given under my hand and seal of office this 28 day of March, 1970.


NOTARY PUBLIC, GARRARD COUNTY, KENTUCKY

MY COMM. EXP: 2-26-74.

I hereby certify that this instrument was drafted by Leonard W. Smith Attorney, Lancaster, Kentucky.



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OF KENTUCKY
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FEB 06 1995

PURSUANT TO 807 KAR 5011,
SECTION 9 (1)

BY: Jordan C. Neel
FOR THE PUBLIC SERVICE COMMISSION