

RECEIVED RECEIVED

WATER CONTRACT JAN 13 1995 JAN 13 1995

P.S.C. PUBLIC SERVICE  
RATES & RESEARCH DIV. COMMISSION

THIS CONTRACT, made and entered into this the 13th day of April, 1970, by and between the City of Manchester, Kentucky, a municipal corporation of the fourth class, under the laws of the Commonwealth of Kentucky, hereinafter referred to as the "Seller," and the Hima - Sibert Water District, organized as a water district under Chapter 74 of the Kentucky Revised Statutes, party of the second part, hereinafter referred to as the "Purchaser,"

WITNESSETH:

WHEREAS, the Purchaser and the territory embraced by it are without an adequate water supply, and

WHEREAS, it appears to be to the best interests of all concerned that said Purchaser obtain an adequate water supply and water service in the foreseeable future through the issuance of its revenue bonds to finance the cost (not otherwise provided) of the construction of a new waterworks system, whereby the Purchaser may purchase and acquire water from the Seller, and in turn, sell and distribute water to the citizens and residents of the Purchaser, and

WHEREAS, the Seller has a water plant or plants of sufficient capacity to provide for the current needs and requirements of existing customers of the Seller and further to serve the Purchaser all of the necessary water needed by the Purchaser in order to accomplish the foregoing, and

WHEREAS, the Seller is willing to sell to the Purchaser a supply of water which is substantially in excess of the of the water service obligations of the Seller to its own residents, and

WHEREAS, the legislative bodies of the Purchaser and of the Seller have duly authorized the execution of this Contract,

NOW, THEREFORE, in consideration of the premises, of the mutual covenants and agreements herein contained, of the prompt payment of the rates as herein agreed to

IS AND MARCLE  
ORREYS AT LAW  
O. BOX 432  
MANCHESTER, KY.  
40762

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

FEB 17 1995

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

BY: Jordan C. Keel  
FOR THE PUBLIC SERVICE COMMISSION

and set out, the parties hereto have agreed as follows:

1. The Seller agrees to sell and deliver to the Purchaser, and the Purchaser agrees to purchase and receive from the Seller, all water required or desired by the Purchaser for whatever purposes desired by the Purchaser and for such others as the Purchaser may contract with for the furnishings of water, subject to the terms and conditions set out herein.

2. This Contract shall become effective upon the completion of ten percent (10%) of the construction of the waterworks system of the Purchaser to the extent sufficient to enable the Purchaser to begin serving water to its customers on September 30, 1970, and shall continue for a period of forty (40) years certain thereafter; provided that in the event any court of competent jurisdiction shall ever hold that the duration of this Contract is illegal by reason of being in excess of twenty (20) years, then it is agreed by the parties that this Contract shall be effective for a period of twenty (20) years, or for such shorter period as shall be determined to be valid by a final decision of such court; provided, further, however, this clause is not to be construed as indicating any doubt as to the validity or effectiveness of said forty (40) years provision or of any other provisions of this Contract.

3. The effectiveness of this Contract is subject to the award by the Purchaser or contracts for the construction of its waterworks system after approval by the Public Service Commission of Kentucky, and the effectiveness of this Contract is also subject to the approval of said Public Service Commission.

4. The quality of water delivered by the Seller to the Purchaser hereunder shall meet the standards of the United States Public Health Service Limitations for Drinking Water.

5. The Seller shall deliver water to the Purchaser at a pressure of not less than the standard city pressure at the point of mutual connection between the parties

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

- 2 -

FEB 17 1985

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

BY: *James A. Neal*  
FOR THE PUBLIC SERVICE COMMISSION

during the period of withdrawal, which connecting point will be located as follows:

At or next to a fire hydrant next to a house owned by the Clay County Board of Education and the Horse Creek Elementary School.

6. The Seller shall maintain the aforesaid water pressure at said location at all times, except in cases of unavoidable casualty, acts of God, strikes or other instances beyond the control of the Seller.

7. The Seller shall use reasonable diligence and care to provide a regular and uninterrupted supply of water to the Purchaser and to avoid any shortage or interruption of services thereof. The maximum amount which the Seller must furnish during any twenty-four (24) hour period shall be an amount not to exceed a total of fifty thousand (50,000) gallons of water for such twenty-four (24) hour period or not to exceed a rate of one hundred (100) gallons per minute during any twenty-four (24) hour period. The Seller shall not be liable for any failure, interruption or shortage of water or any loss or damage resulting therefrom, occasioned in whole or in part by any cause beyond the reasonable control of the Seller.

8. A master meter or meters shall be furnished and installed at the expense of the Purchaser and shall be located within the boundaries of the Purchaser (District) at the place of the point of connection of the Purchaser's system with the Seller's water supply lines, as shall be mutually agreed upon by the parties. Such master meter shall be equipped (also at the expense of the Purchaser) with a check valve or valves which shall be located at a reasonable place or places at or near the point of connection of said two systems, as shall be mutually agreed upon by both parties. Such master meter and check valve shall measure the quantity of water furnished by the Seller and used by the Purchaser, on a monthly basis, and will determine the monthly amounts to be paid by the Purchaser to the Seller for such water, subject to all applicable conditions and limitations specified herein.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

FEB 17 1995

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

BY: Jordan C. Neal  
FOR THE PUBLIC SERVICE COMMISSION

9. The master meter shall be checked by both the Seller and the Purchaser through their authorized agent(s) or employee(s), and said master meter shall be maintained and tested according to any applicable rules and regulations of the Public Service Commission of Kentucky, and if found to be inaccurate, shall be corrected as soon as practicable (and adjustments based on such meter testings shall be made in previous payments to conform to the results of such tests).

10. The master meter, shall measure the water furnished by the Seller and used by the Purchaser on a daily basis, and will determine the monthly amounts to be paid by the Purchaser to the Seller for such water. Said master meter shall be read each day by an officially designated employee of the Seller and such meter shall be accessible at all reasonable times to an officially designated employee of the Purchaser for the purpose of reading and checking same. The official readings, which will determine the basis of the charges rendered to the Purchaser, will be the readings made by the Seller.

11. The Seller agrees that at its own expense, it will procure, furnish, install, operate and maintain the necessary facilities, rights-of-way and easements required to furnish the water service necessary to serve the point(s) referred to herein.

12. The Purchaser agrees to pay for the water so sold and delivered to the point where the meter is installed, at the rate of forty-five (\$.45) cents per 1,000 gallons; provided, however, that such rate may be increased by the Seller upon six months' notice from the Seller to the Purchaser, by an amount equivalent to the same percentage increase as is then placed in effect by the Seller for all other customers of the Seller using water in excess of 500,000 gallons per month.

13. The Purchaser shall buy a minimum of 200,000 gallons per month upon completion of the construction of the Hima - Sibert Water District.

14. The Purchaser agrees to maintain and repair, and keep all its mains, pipes, services and facilities in as good condition as possible to enable it to continue purchasing water from the Seller.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

FEB 17 1995

PURSUANT TO 807 KAR 5.011,  
SECTION 5 (1)

BY: Jordan C. Reed  
FOR THE PUBLIC SERVICE COMMISSION

15. The Purchaser assumes all responsibility for its own billing and for maintenance of its own system, the responsibility of the Seller being solely to deliver water to the Purchaser at the agreed point. The Purchaser will assume the burden and cost of distribution of the water to its customers from the point of the master meter, including the cost of all electric power, insurance, pumping, storage and related expense. If any booster pumping station is required by the Purchaser in order to effect the distribution of water purchased from the Seller from the point of the master meter to the customers of the Purchaser, the entire cost of such booster pumping station will be borne by the Purchaser, provided, however, that if and to the extent that any such booster pumping station shall be required in order to enable the Seller to deliver water at said agreed point, the cost thereof will be borne by the Seller.

16. In the event that the population of the Seller should increase to such an extent that the existing facilities of the Seller cannot adequately serve said population, and if same should occur before existing facilities can be expanded by the Seller to meet such contingency, the quantity of water supplied to the Purchaser may then be reduced by the same percentage as such quantity is reduced to all other customers of the Seller, for a period of time sufficient to allow the Seller to expand.

17. Nothing contained in this Contract is to be construed or intended by the parties as divesting the Public Service Commission of Kentucky of any of its authority, jurisdiction, control or prerogatives in connection with either of the parties.

18. This Contract shall in no event be transferred or assigned by either party, without the written consent of the other, unless required by law, and in such event, this Contract shall inure to and be binding on both parties, their successors, and assigns.

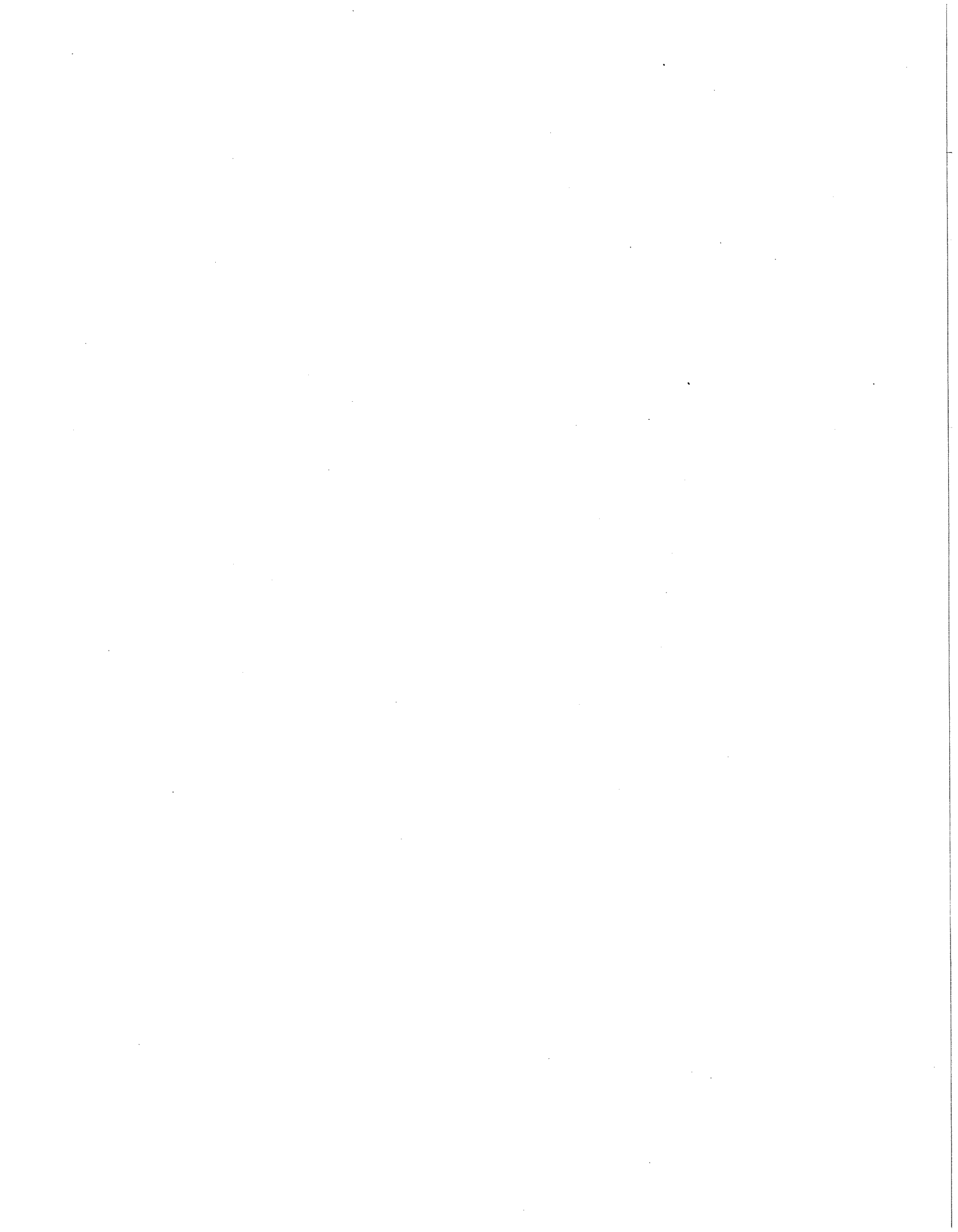
19. If any section, paragraph, or clause of this Contract be held invalid, the invalidity of such section, paragraph, or clause shall not affect any of the remaining provisions of this Contract.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

FEB 17 1995

PURSUANT TO 807 KAR 5011,  
SECTION 9(1)

BY: Jordan C. Fiel  
FOR THE PUBLIC SERVICE COMMISSION



IN WITNESS WHEREOF, the Seller, by resolution duly adopted by its City Council, authorizing its Mayor and City Clerk, and the Purchaser, by resolution duly adopted by its Board of Water Commissioners, authorizing its Chairman and its Secretary, to affix their respective signatures, together with the seals of said respective parties, have hereunto executed this Contract, as of the date first hereinabove written.

CITY OF MANCHESTER, KENTUCKY

By: Jack L. White  
MAYOR

(Seal of City)

ATTEST:

Wanda M. Mearns  
CITY CLERK

HIMA\_SIBERT WATER DISTRICT

By: Dennis R. ...  
CHAIRMAN

(Seal of District)

ATTEST:

J. C. Gregory  
SECRETARY

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

FEB 17 1995

PURSUANT TO 807 KAR 5.011,  
SECTION 8 (1)  
BY: Jordan C. Nash  
FOR THE PUBLIC SERVICE COMMISSION