

WATER PURCHASE CONTRACT AMENDMENT

This WATER PURCHASE CONTRACT AMENDMENT (the "Agreement") made and entered into this 8TH day of August, 2006, and continuing for a period of 42 years from that date, by and between THE MT STERLING WATER & SEWER COMMISSION, an agency of the City of Mt. Sterling, Kentucky, hereinafter referred to as the "Seller", and JUDY WATER ASSOCIATION, INC., a Kentucky non-stock, non-profit corporation, whose address is 2010 Maysville Road, Mt. Sterling, Kentucky 40353, hereinafter referred to as the "Purchaser" WITNESSETH:

WHEREAS, Seller and Purchaser are currently parties to a certain "Water Purchase Contract" between them dated September 8, 1988, as heretofore formally amended, hereinafter collectively referred to together as the "Contract"; and

WHEREAS, the Contract presently provides that the quantity of water to be sold and supplied to Purchaser by Seller shall not exceed 12,000,000 gallons per calendar month and delineates the geographic service area the Contract is applicable to; and

WHEREAS, the Purchaser now wishes to be able to purchase and be supplied up to 15,000,000 gallons per calendar month under the Contract and Seller has agreed to supply and sell to Purchaser up to 15,000,000 gallons of water per calendar month under the Contract and it is necessary that the existing Contract be amended to provide for same.

NOW, THEREFORE, in consideration of the premises, and the mutual covenants and agreements of the parties, it is agreed as follows:

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1. The Water Purchase Contract between the Mt. Sterling Water & Sewer Commission and Judy Water Association dated September 8, 1988, as heretofore amended (herein collectively referred to together as the "Contract"), is hereby modified and amended to provide that Seller shall furnish and sell to Purchaser, during the term of said Contract, potable treated water meeting the applicable purity standards of the Kentucky State Department of Health, etc, in such quantity as may be required by Purchaser, but not to exceed to total aggregate quantity of 15,000,000 gallons of water per calendar month.
2. The obligation of Seller to furnish and sell to Purchaser water under the contract, as amended hereby, is strictly limited to, and shall at no time exceed, 15,000,000 gallons of water per calendar month at the delivery points.
3. The charges for all water sold and delivered by Seller to Purchaser at the delivery points shall be the same charges made by Seller to all of its customers under the Seller's "city", general water rate schedule in effect at the time of the delivery of water to Purchaser at the delivery points, said water rate schedule being as is determined by Seller and published from time to time.
4. Any and all of the water to be furnished and sold by Seller to Purchaser under the Contract, as further amended by this Agreement, shall be only resold for consumption by and/or used solely by customers of Purchaser who reside within the geographic boundaries set forth in the Contract as heretofore amended. Seller shall not sell nor supply water to Purchaser for resale or

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resupply by Purchaser to users located anywhere outside of the geographic territories prescribed in the Contract as amended.

5. Based on the restrictions set forth above in Paragraph 4, a part of the consideration to Seller hereunder, Purchaser covenants and agrees that Purchaser will not, in any calendar month, purchase any water whatsoever from a water source other than Seller, until Purchaser has purchased from Seller 80% of the above stated 15,000,000 gallons of water per calendar month.
6. If the maximum water per calendar month to be furnished hereunder (15,000,000 per calendar month) exceeds in any calendar month, Seller shall have the option of
 - A. Terminating the supply of water to Purchaser at all delivery points, for the remainder of the calendar month in which the excess occurs, or
 - B. Purchaser shall be charged an "excess usage fee" equal to four times the current minimum (dollar amount on maximum quantity usage) per cubic feet charge under the general "city" water rate schedule of user in effect at the time.

The waiver of the exercise of either of these options on any occasion where they could be exercised, shall not be considered a waiver of the right to exercise either option upon any future occasion or occasions where they could be exercised.

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7. Any and all expenses incurred by Seller as a result of having to give notice to customers of Purchaser to satisfy any applicable federal, state and/or local laws and/or regulations shall be the responsibility of, and timely paid by, Purchaser to Seller upon the presentation of a statement for same, on a pro rata basis based on the number of customers of other water districts and/or associations to whom Seller must give such notices in order to satisfy such regulatory compliance from time to time.
8. Except to the extent herein amended and modified, the Contract between Seller and Purchaser, dated September 8, 1988, as heretofore amended, is hereby confirmed and ratified and shall continue to remain in full force and effect according to its original terms, provisions and conditions.
9. This Agreement, and its enforceability as to Purchaser, is subject to approval by the Rural Economic and Community Development, United States Department of Agriculture and, if determined to be applicable, by the Kentucky Public Service Commission.

IN TESTIMONY WHEREOF, the parties hereto acting under the authority of their respective governing bodies, have caused this Water Purchase Contract Amendment to be executed in one or more counterparts, each of which are to have the force and effect of an original, as of the day, month and year first hereinabove written.

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SELLER:

MT. STERLING WATER & SEWER
COMMISSION, ACTING FOR THE
CITY OF MT. STERLING, KENTUCKY

BY: David Pearce
SYSTEM MANAGER

ATTEST:

[Signature]
COMMISSION SECRETARY

PURCHASER:

JUDY WATER ASSOCIATION, INC.

BY: [Signature]
PRESIDENT

ATTEST:

[Signature]
SECRETARY

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