

THIS CONTRACT entered into as of this the 3rd day of November, 1966, by and between the CITY UTILITY COMMISSION OF THE CITY OF OWENSBORO, KENTUCKY, of 115 East Fourth Street, Owensboro, Kentucky, hereafter called COMMISSION, and WEST DAVIESS COUNTY WATER DISTRICT, of 210 West Third Street, Owensboro, Kentucky, a district organized under the provisions of KRS Chapter 74 by order of the Daviess County, Kentucky, Court dated the 7th day of January, 1966, hereafter called DISTRICT:

WITNESSETH

WHEREAS, the Commission is authorized by the Statutes of Kentucky and by the Ordinances of the City of Owensboro, Kentucky, to operate the municipal water system of the City of Owensboro; and,

WHEREAS, the said District is organized under the laws of Kentucky and the orders of the Daviess County Court to operate a water district in Daviess County, Kentucky, for the purpose of supplying water within said District; and,

WHEREAS, the parties hereto have agreed upon the terms and conditions under which Commission shall sell and the District shall purchase water to be distributed by the District to its customers,

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, it is covenanted and agreed between the parties hereto as follows:

(1) Commission agrees to sell, and District agrees to purchase all of District's requirements for water for supplying all of District's customers for the term of this contract, said water to be of the same

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quality as that supplied by Commission from the Owensboro Waterworks System to Commission's customers within the City of Owensboro, Kentucky.

(2) Commission shall furnish such water to District at the rate of Twenty-Eight and One-Half Cents (28-1/2¢) per One Thousand (1,000) Gallons until February 26, 1970, at which time the rate per One Thousand (1,000) Gallons shall be renegotiated. If agreement on a new rate is not reached within Thirty (30) days thereafter, the rate shall become Thirty Cents (30¢) per One Thousand (1,000) Gallons as of February 26, 1970, and shall continue at that rate until further adjusted in accordance with Paragraph 8 hereof.

(3) District covenants to pay for all water purchased under this contract within Ten (10) days after the Commission mails District's bill. If District fails to pay any bill within Thirty (30) days from the due date thereof, Commission shall have the right, without demand or further notice, to terminate the delivery of water to District until such default is cured.

(4) Commission shall deliver the water to District's lines at a point in the vicinity of Carter Road and Kentucky State Highway 54.

Commission shall likewise deliver water to District's line at such other points in Commission's system as is mutually agreed upon by the parties. Water shall be delivered at Commission's system pressure.

(5) Commission shall own, operate, and maintain the water metering devices at the point of delivery. The Commission shall make such tests and inspection of the meters as may be necessary to maintain them

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at the highest practical commercial standard of accuracy, with tests performed in intervals of not more than twelve (12) months, and Commission shall advise District promptly of the results of all such tests. Commission shall give District notice of and the opportunity to have representatives present at any such tests or inspections. Commission will make additional tests of said meters at the request of District and in the presence of District's representatives.

If such periodic or additional tests show that the metering is accurate within Three Per Cent (3%) slow or fast, no correction shall be made in the billing to the District. If any such tests show that metering is inaccurate by more than Three Per Cent (3%) slow or fast, correction shall be made in the billing to District for the period during which the parties agree that the inaccuracy existed, and if no such agreement is reached, then it shall be assumed that the error developed progressively from the date of the last metering test and appropriate adjustment shall be made.

(6) District covenants that it will install in a good and workmanlike manner its entire system; that it will establish reasonable rules and regulations governing the installation of the water systems of its customers; and that all materials and workmanship in all of the said systems shall be equal to the minimum recommendations of the American Waterworks Association.

District covenants that throughout the life of this contract it will install and maintain storage capacity adequate to meet all of District's maximum hour requirements of water.

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DIRECTOR

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BY: *[Signature]*  
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District further covenants to maintain and operate its said system in accordance with the rules and regulations of the Public Health Authorities of the Commonwealth of Kentucky and of Daviess County, Kentucky, and if District should fail so to maintain and operate its system, Commission shall have the right to terminate service during any such period of default by District.

(7) This contract shall continue in full force and effect for a period of Forty (40) years from the date of the initial bond issue financing the original construction of facilities within the District, provided, however, that District may, at its option, terminate this contract upon two years written notice to Commission, and provided further that District shall, upon such termination, pay to Commission a sum equal to the billing from Commission to District for water furnished District during the twelve (12) months preceding the date of the termination of the contract, i. e., the date upon which Commission ceases to furnish water to District.

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(8) In addition to the adjustment provided in Paragraph 2, the rates for water furnished under this contract shall be subject to further adjustment after February 26, 1970 at such times as the rates for water supplied by Commission to customers other than District are adjusted, and the adjustments of the rates to the District upward or downward shall be made so that the percentage of gross dollar increases or decreases in the sales of water to the District shall be the same as the percentage of gross dollar increases or decreases in sales of water to all other customers based upon application of the adjusted rates to sales of water during the year immediately preceding such rate adjustment. Thus, if a rate

adjustment would result in a five per cent (5%) decrease in the gross receipts from the sale of water to all of Commission's customers except District for the period of one year immediately prior to the effective date of the rate decrease, then the rates charged to District shall likewise be reduced in such manner as would result in a five per cent (5%) decrease in the gross receipts of Commission's sales of water to District, based upon the sales made in the preceding year.

(9) Commission shall not be liable for any loss or damage occasioned by non-delivery of water under this contract caused by acts of God, fire, flood, explosion, strike, labor disturbance, civil or military authority, insurrection or riot, acts of the elements, failure of equipment, or for any cause whether similar or dissimilar which is beyond Commission's reasonable control. Commission will assert every effort to assure continuity of supply of water to the District and to remove any of said causes for non-delivery of water with diligence.

(10) All notices under this agreement shall be in writing and may be delivered in person to the General Manager of Owensboro Municipal Utilities, for Commission, or to the Chairman of the Commissioners of the West Daviess County Water District, or sent by mail to either party herein at the respective addresses first herein stated.

(11) This contract contains the entire agreement between the parties hereto, and there are no covenants, representations, warranties, or other terms or conditions affecting the construction, performance, or effectiveness of this contract except as stated herein.

(12) This contract shall extend to and bind the parties hereto and their respective successors and assigns; provided, however, neither party hereto shall assign this contract without the written

consent of the other party hereto, and furthermore, provided, however, that if the construction contract for the District's facilities is not awarded within twenty (20) months from the date of this contract, then this contract shall become null and void.

IN TESTIMONY WHEREOF, the parties hereto have executed this instrument as of the date first herein written.

CITY UTILITY COMMISSION OF THE  
CITY OF OWENSBORO, KENTUCKY

By Harry C. Holder, Jr.  
Harry C. Holder, Jr., Chairman  
PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
MEMBER

ATTEST:  
S. J. Clark  
S. J. Clark, Vice Chairman

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PURSUANT TO KRS 96.5011,  
SECTION 2  
BY James H. Hester  
COMMISSIONER

WEST DAVIESS COUNTY WATER  
DISTRICT

By Walter H. Newton  
Commissioner

By Allen W. Hester  
Commissioner

By John H. Mackey Sr.  
Commissioner

The rates to be charged for services rendered under this contract are hereby approved pursuant to KRS 96.535 and an Ordinance of the City of Owensboro, Kentucky, dated the 2<sup>nd</sup> day of December, 1966.

Dated this 2<sup>nd</sup> day of December, 1966.

CITY OF OWENSBORO, KENTUCKY

By Dugan Best  
Dugan Best, Mayor