

RECEIVED

RESOLUTION

SEP 06 1994

PUBLIC SERVICE
COMMISSION

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF OWENSBORO,
KENTUCKY, AS FOLLOWS:

The City Utility Commission of the City of Owensboro, Kentucky ("Commission"), hereby approves the Agreement between the Commission and the East Daviess County Water Association, Inc., dated the 14th day of May, 1992, and authorizes the Chairman, W. R. Cavin, and the Secretary, Daisy M. James, to execute said Agreement for and on behalf of the Commission. Additionally, the Commission requests that the Board of Commissioners of the City of Owensboro approve the aforesaid Agreement and the rate provisions contained therein to the extent required by law.

This 14th day of May, 1992.

CITY UTILITY COMMISSION OF THE
CITY OF OWENSBORO, KENTUCKY

W. R. Cavin
Chairman

Kenneth V. Rawson
Commissioner

Daisy M. James
Commissioner

James H. Hensel
Commissioner

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 23 1994

PURSUANT TO 807 KAR 5.011,
SECTION 4(1)

BY: James H. Hensel
FOR THE PUBLIC SERVICE COMMISSION

TABLE OF CONTENTS

	Page
Introduction	1 - 2
ARTICLE 1 - Definitions	2 - 7
1.1 Base Year Plant Usage	2
1.2 Clock Day	2
1.3 Debt Service Expense.	2 - 3
1.4 Delivery Points	3
1.5 District Annual Quantity.	3
1.6 District Base Quantity	3 - 4
1.7 District Growth Quantity.	4
1.8 District Growth Ratio	4
1.9 District Maximum Day Quantity	4
1.10 Fiscal Year	5
1.11 Fixed Costs	5
1.12 New Plant Capacity.	5
1.13 New Plant Usage	5
1.14 New Treatment Facility.	6
1.15 Original Treatment Facility	6
1.16 Replacements and Improvements	6
1.17 System Annual Quantity.	6 - 7
1.18 System Maximum Day Quantity	7
1.19 Transmission Facilities	7
1.20 Variable Expenses	7
ARTICLE 2 - Term of Contract	8
2.1 Term	8
ARTICLE 3 - Source of Water and Points of Delivery	8 - 10
3.1 Source	8
3.2 Points of Delivery.	8 - 9
3.3 Future Points of Delivery	9 - 10
ARTICLE 4 - Quantity and Quality of Water	10 - 11
4.1 Quantity of Water	10
4.2 Quality of Water	10
4.3 Operation of System	10 - 11
4.4 Notice of Anticipated Growth.	11
4.5 Alternative Source of Water	11
ARTICLE 5 - Peak Rates and Flow Measurement	11 - 13
5.1 Peak Rates of Delivery.	11 - 12
5.2 Flow Measurement.	12 - 13

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
SEP 23 1994
PURSUANT TO 807 KAR 5011,
SECTION 2(1)
BY: *[Signature]*
FOR THE SECRETARY

ARTICLE 6 - Seller's Rights	13	
6.1 Sale to Others.	13	
6.2 Right to Curtail Delivery	13	
ARTICLE 7 - Buyer's Rights	14	
7.1 Resale to Others.	14	
7.2 Water from Other Sources.	14	
ARTICLE 8 - Basis of Charge for Water Service	15	- 20
8.1 Intent	15	- 16
8.2 Summary	16	
8.3 Original Treatment Facility	16	- 17
8.4 New Treatment Facility.	17	
8.5 Transmission Facilities	17	
8.6 Variable Expenses	17	- 18
8.7 Contract Administration	18	
8.8 Determination of Charges.	18	- 19
8.9 Billing and Payment	19	- 20
8.10 Interim Rate Increases.	20	
ARTICLE 9 - Storage Capacity and Plant Expansion.	20	- 21
9.1 Distribution Storage Capacity	20	- 21
9.2 Plant Expansion	21	
ARTICLE 10 - Force Majeure	21	- 23
10.1 Definition of "Force Majeure"	21	- 22
10.2 Notice of "Force Majeure"	22	
10.3 Responsibility and Indemnification.	23	
ARTICLE 11 - Default, Remedy, Disputed Bill	23	- 25
11.1 Events of Default	23	
11.2 Notice of Default	23	- 24
11.3 Curing of Default, Termination and Remedy	24	
11.4 Suspension of Services After Nonpayment	24	- 25
11.5 Disputed Bill	25	
ARTICLE 12 - Accounting	25	- 27
12.1 General Accounting Provisions	25	- 26
12.2 Annual Independent Audit.	26	
12.3 Additional Audits	26	- 27

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 23 1994

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: *Justin L. Smith*
FOR THE PUBLIC SERVICE COMMISSION

ARTICLE 13 - Miscellaneous 27 - 31

13.1 Notices 27

13.2 Response to Notices 27 - 28

13.3 Governing Law 28

13.4 Entire Agreement; Severability. 28

13.5 Waivers 28

13.6 Successors and Assigns. 29

13.7 Section Headings Not to Affect Meanings 29

13.8 Cooperation 29

13.9 Exhibits. 29

13.10 Effective Date 30

13.11 Prior Contracts Superseded 30

13.12 Pledge. 30

13.13 FmHA Approval 30 - 31

Signatures 31

List of Exhibits. 32

- Exhibit A
- Exhibit A-1
- Exhibit B
- Exhibit B-1
- Exhibit C
- Exhibit D
- Exhibit E
- Exhibit F
- Exhibit G
- Exhibit H
- Exhibit I
- Exhibit J

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 23 1994

PURSUANT TO 807 KAR 5011,
SECTION 2(1)

BY: *[Signature]*
FOR THE COMMISSIONER

JUL 15 1992

AGREEMENT

This Agreement (the "Agreement") is entered into as of the 14th day of MAY, 1992, by and between the City Utility Commission of the City of Owensboro, Kentucky, also known as Owensboro Municipal Utilities (hereinafter "OMU"), of 115 East Fourth Street, Owensboro, Kentucky 42303, and East Daviess County Water Association, Inc., of 9210 KY 144, Philpot, Kentucky 42366, a water association organized under the provisions of KRS Chapter 273, (hereinafter "ASSOCIATION"):

WITNESSETH

WHEREAS, OMU is authorized by the Statutes of Kentucky and/or by the Ordinances of the City of Owensboro, Kentucky, to own, operate, and maintain a water system within and beyond the City limits of Owensboro; and,

WHEREAS, the ASSOCIATION is organized under the laws of Kentucky to operate a water association for the purpose of supplying water within said ASSOCIATION; and,

WHEREAS, OMU and the ASSOCIATION (the "Parties") have agreed upon the terms and conditions under which OMU shall sell and the ASSOCIATION shall purchase water to be distributed by the ASSOCIATION to its customers; and

WHEREAS, the ASSOCIATION has been purchasing treated water from OMU under a contract dated the 17th day of June, 1970, as amended (the "Contract"); and

WHEREAS, the Parties wish to supersede said Contract with this Agreement;

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

ARTICLE I

DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth in this Article, unless the context requires otherwise.

1.1 Base Year Plant Usage

The System Maximum Day Quantity for the Fiscal Year ending May 31, 1989 which is specified to be 17.54 mgd (million gallons per day) as shown in Exhibit B.

1.2 Clock Day

The twenty-four (24) hour period ending 12:00 midnight.

1.3 Debt Service Expense

With respect to the Original Treatment Facility and Transmission Facilities, the Debt Service Expense is the sum of:

- (a) the annual debt service (principal and interest payments) on all OMU water revenue bonds outstanding on December 31, 1991 allocated to these respective facilities on the basis of plant investment in these facilities as of the same date, and
- (b) that portion of debt service on any additional revenue bonds used for:
 - (1) improvements to the Original Treatment Facility which do not increase its overall treatment capacity and
 - (2) additions to Transmission Facilities.

With respect to the New Treatment Facility, the Debt Service Expense is the annual principal and interest payment on the portion of OMU revenue bonds issued to finance construction of this facility, related reserve fund deposits and bond issuance costs.

Debt Service Expense shall be reduced by the amount of interest income earned on investment of funds in the debt service reserve accounts of the respective revenue bond issues.

The assignment and allocation of Debt Service Expense to the Original Treatment Facility, New Treatment Facility, and the Transmission Facilities is shown in Exhibit E.

1.4 Delivery Points

Locations of interconnections between OMU and the ASSOCIATION as described in Exhibit A, and such other locations as the Parties may agree upon.

1.5 District Annual Quantity

The total combined quantity of water delivered to the Delivery Points of the ASSOCIATION by OMU during each twelve (12) month period ending May 31 divided by 0.98 to make allowance for Transmission Facilities water losses.

1.6 District Base Quantity

An amount representing the District Maximum Day Quantity for the fiscal year ending May 31, 1989 which quantity shall be specified as 0.594 mgd. The combined District Base Quantity for the West Daviess County Water District, Southeast Daviess County Water District and East Daviess County Water Association, Inc., is

4.911 mgd.

1.7 District Growth Quantity

The arithmetic difference between the District Maximum Day Quantity for each Fiscal Year and the District Base Quantity, but in no event less than zero.

1.8 District Growth Ratio

The ratio of the District Growth Quantity divided by the New Plant Usage, but not greater than 1.00.

1.9 District Maximum Day Quantity

The arithmetic average of the five (5) greatest Clock Day combined water volumes delivered to the ASSOCIATION at all Delivery Points divided by 0.98 (for Transmission Facilities water losses) during each Fiscal Year. Until such time as OMU has installed metering equipment to measure the District Maximum Day Quantity, such quantity shall be defined as 1.15 times the average daily usage of the ASSOCIATION'S maximum monthly usage during each Fiscal Year divided by 0.98 (for Transmission Facilities water losses).

In determining the water volumes for the maximum days, OMU shall make adjustments, at its reasonable discretion, for any nonrecurring and unusual water uses such as vandalism or water main breaks. No adjustment shall be made for water usage for fire fighting.

1.10 Fiscal Year

The twelve (12) month period ending May 31.

1.11 Fixed Costs

Annual costs and expenses, which do not vary directly with the quantity of water produced, associated with and directly attributable or allocable to the respective Original Treatment Facility, New Treatment Facility, and Transmission Facilities.

Fixed Costs shall consist of:

- (a) operation and maintenance expenses of the respective facilities (including proportional shares of administrative and general expenses),
- (b) Debt Service Expense of the respective facilities, and
- (c) Replacements and Improvements to the respective facilities.

1.12 New Plant Capacity

The maximum day capacity of the New Treatment Facility which is specified to be 10 mgd.

1.13 New Plant Usage

The System Maximum Day Quantity less the Base Year Plant Usage but not less than zero. Actual water production at the OMU treatment facilities shall have no bearing on the definition of this term.

1.14 New Treatment Facility

All OMU water supply, treatment, wet well, high service pumping equipment, transmission mains and other facilities identified in the New Water Treatment Plant Design Report, Black & Veatch/Johnson, Depp & Quisenberry, B & V Project 17926, June 5, 1991, Articles VII, VIII, and IX to be constructed, owned and operated by OMU.

1.15 Original Treatment Facility

All OMU water supply, treatment, wet well, and high service pumping equipment facilities constructed prior to December 31, 1991.

1.16 Replacements and Improvements

The annual amount required for:

- (a) all additions, modifications, improvements and replacements to the Original Treatment Facility, the New Water Treatment Facility and Transmission Facilities which are necessary, as determined by OMU, to maintain the capacity of such facilities, to provide adequate reliable and safe water service to OMU customers including the ASSOCIATION, and to meet the requirements of public authorities, and
- (b) all additions, or replacements, of Transmission Facilities, which increase the capability of such facilities and are not financed by revenue bonds, provided such additions or replacements would or could be utilized by OMU to provide water service to the ASSOCIATION.

1.17 System Annual Quantity

For each fiscal year, the total combined quantity of water delivered to the Transmission Facilities by the New Treatment Facility and Original Treatment Facility, less the quantity of

water, as reasonably determined by OMU, representing filter wash water and other treatment plant uses.

1.18 System Maximum Day Quantity

The arithmetic average of the five (5) maximum Clock Day water volumes delivered to the Transmission Facilities by the Original Treatment Facility and New Treatment Facility, combined, during each Fiscal Year, less the quantity of water, as reasonably determined by OMU, representing filter wash water and other treatment plant uses.

In determining the water volumes for the maximum days, OMU shall make adjustments, in its reasonable discretion, for any nonrecurring and unusual water uses such as vandalism or water main breaks. No adjustment shall be made for water usage for fire fighting.

1.19 Transmission Facilities

All eight (8) inch and greater water mains owned and maintained by OMU in service as of December 31, 1991 and subsequent additions and improvements to such water mains which could provide service to both retail customers of OMU and the ASSOCIATION. Transmission Facilities include replacements to such water mains and exclude transmission mains used solely to connect water treatment facilities to the transmission system.

1.20 Variable Expenses

Annual operation and maintenance expenses which vary directly with the quantity of water produced.

ARTICLE 2
TERM OF CONTRACT

2.1 Term

This Agreement shall continue in full force and effect for fifty (50) years from the date of this Agreement, unless sooner terminated under the terms of this Agreement.

ARTICLE 3
SOURCE OF WATER AND POINTS OF DELIVERY

3.1 Source

The source of the water to the ASSOCIATION shall include all of OMU's existing municipal water system and any future municipal water system, additions or improvements that OMU may construct or acquire.

3.2 Points of Delivery

OMU shall deliver the water to the ASSOCIATION'S water lines at the point or points shown in Exhibit A and at such other points in OMU's system as is mutually agreed upon by the Parties.

OMU does not guarantee any specific water pressure at any of the existing points of delivery, but does covenant to use reasonable care and diligence in the operation and maintenance of its water system to prevent and avoid abnormal interruptions and fluctuations of supply and pressure. Should greater pressures than that available at a point of delivery be required by the

ASSOCIATION, it shall be the ASSOCIATION'S responsibility, at its own expense, to provide within its system such booster pumping, storage or other facilities as may be required to develop additional pressures within the ASSOCIATION'S system.

3.3 Future Points of Delivery

It is foreseeable that future growth within certain portions of the ASSOCIATION'S system will necessitate additional Delivery Points. The anticipated location of, transmission line sizes, and maximum flow rates at these additional Delivery Points are shown in Exhibit A-1. OMU agrees to conduct a hydraulic analysis of its water system to determine if it is feasible to provide these additional Delivery Points without materially affecting its ability to provide adequate service to its other customers. If it is feasible, then OMU shall provide these additional Delivery Points according to the approximate timetable shown in Exhibit A-1. The capital costs incurred by OMU in providing additional Delivery Points will be identified and allocated by OMU between: (a) Transmission Facilities, and (b) facilities which are expected by OMU to provide service only to the ASSOCIATION. The portion of capital costs of providing these additional Delivery Points which has been identified by OMU as Transmission Facilities shall be included in the annual amount specified in Section 1.16 of this Agreement. The remainder of the capital costs of providing these additional Delivery Points, if any, shall be paid by the ASSOCIATION at the time of commercial

operation of the Delivery Points or by other payment terms and conditions approved by OMU.

ARTICLE 4

QUANTITY AND QUALITY OF WATER

4.1 Quantity of Water

OMU shall furnish to the ASSOCIATION, and the ASSOCIATION shall purchase from OMU, all of the ASSOCIATION'S water requirements during the entire term of this Agreement, or any renewals or extensions hereof; provided, however, that the ASSOCIATION may purchase from Southeast Daviess County Water District water which has been purchased by said District from OMU.

4.2 Quality of Water

All water furnished to the ASSOCIATION by OMU during the term of this Agreement, or any renewal or extension thereof, shall be potable, treated water meeting all applicable purity standards of all appropriate state and federal regulatory agencies. The water shall also be of the same quality furnished to OMU's other retail and wholesale customers.

4.3 Operation of System

OMU shall, at all times, operate and maintain its water system in an efficient manner and shall take such action as may be reasonably necessary to perform its obligations under this Agreement. OMU shall not be liable for any damage or loss

allegedly due to interruption of the supply of water to ASSOCIATION, but shall remedy any failure to deliver water with all possible dispatch.

4.4 Notice of Anticipated Growth

The ASSOCIATION shall notify OMU in writing of its intent to commence serving a customer, or group of customers, whose anticipated demand will increase the ASSOCIATION'S average daily usage by 150,000 gallons or more.

4.5 Alternative Source of Water

In the event OMU is unable to produce and deliver to the ASSOCIATION sufficient quantities of water to meet the needs of the ASSOCIATION; then, in such event, the ASSOCIATION, after having purchased from OMU all of the water made available to the ASSOCIATION by OMU, shall be allowed to obtain from any other source such additional quantities of water as may be necessary to meet its customers' needs.

ARTICLE 5

PEAK RATES AND FLOW MEASUREMENT

5.1 Peak Rates of Delivery

ASSOCIATION agrees to limit the rate at which it takes water from the OMU system at each delivery point to not more than the amounts specified in Exhibit A of this Contract. The contents

of Exhibit A may be modified by mutual agreement of the ASSOCIATION and OMU.

5.2 Flow Measurement

OMU shall own, operate, and maintain the water metering devices at the point(s) of delivery. OMU shall make annual tests and inspections of the meters and such other tests and inspections as OMU may deem necessary to maintain them at the highest practical commercial standard of accuracy and advise the ASSOCIATION promptly of the results of all such tests. OMU shall give the ASSOCIATION notice of, and the opportunity to have representatives present at, any such tests or inspections. OMU will make additional tests of said meters at the request of the ASSOCIATION and in the presence of the ASSOCIATION'S representatives. The cost of additional tests requested by the ASSOCIATION shall be paid for by the ASSOCIATION.

No correction shall be made in the billing to the ASSOCIATION unless a test shows that the metering is more than three percent (3%) slow or fast. If any such test shows that the metering is inaccurate by more than three percent (3%) slow or fast, correction shall be made in the billing to the ASSOCIATION 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 to billings shall be made.

All tests referred to in Section 5.2 of this Agreement shall be performed by a qualified and certified, independent

testing laboratory or facility that is generally recognized in the industry.

ARTICLE 6

SELLER'S RIGHTS

6.1 Sale to Others

OMU agrees it will not contract for wholesale supply of water to others to such an extent as to, or for any quantities which will, impair OMU's ability to perform its cumulative obligations to supply water to the ASSOCIATION under this Agreement and the West Daviess County Water District, and the Southeast Daviess County Water District under contracts of even date herewith.

6.2 Right to Curtail Delivery

Whenever OMU is experiencing or reasonably expects to experience difficulty in meeting water demands during certain periods due to circumstances beyond OMU's control and upon notification by telephone or facsimile transmission, to be followed by written documentation, the ASSOCIATION agrees to impose water usage restrictions in the same manner as imposed by OMU on its retail customers.

ARTICLE 7
BUYER'S RIGHTS

7.1 Resale to Others

The ASSOCIATION agrees not to sell or otherwise furnish water supplied by OMU to any users for use outside its ASSOCIATION limits or provide wholesale service without the prior written approval of OMU.

7.2 Water from Other Sources

It is understood and agreed that the ASSOCIATION will not permit water from any other source or supply to be introduced into the ASSOCIATION'S water system, nor any part thereof, or to be mixed or mingled with water from the OMU system, without prior written approval of OMU, except in cases of emergency, and then only in such quantities as shall be necessary to relieve the emergency, or as permitted in Section 4.1 hereof. OMU agrees that "emergency" as used herein includes curtailment of service covered by Section 6.2. The introduction of water into ASSOCIATION'S system pursuant to Section 4.5 hereof shall not be a violation of this Section, as long as ASSOCIATION exercises all reasonable measures necessary to prevent any mixing of the water in ASSOCIATION'S system with that of OMU'S system.

ARTICLE 8

BASIS OF CHARGE FOR WATER SERVICE

8.1 Intent

The Parties agree that the intent of this Article 8 is to provide for an allocation of the costs incurred by OMU in owning and operating the respective water facilities based upon use or availability of water as follows:

(a) A portion of the Fixed Costs of the Original Treatment Facility shall be paid by the ASSOCIATION in proportion to the actual peak water demand by the ASSOCIATION relative to the peak demand of the total OMU system during the Fiscal Year ending May 31, 1989. See the equation set out in Section 8.3, *infra*.

(b) A portion of the Fixed Costs of the New Treatment Facility shall be paid by the ASSOCIATION in proportion to the ASSOCIATION'S effective utilization of the capacity of this Facility relative to the total capacity of this Facility. See the equation set out in Section 8.4, *infra*.

(c) A portion of the Fixed Costs of the Transmission Facilities shall be paid by the ASSOCIATION in proportion to the ASSOCIATION'S peak water demand relative to the total OMU system peak of water demand. See the equation set out in Section 8.5, *infra*.

(d) A portion of the combined Variable Expenses of all OMU treatment facilities shall be paid by the ASSOCIATION in proportion to water sales to the ASSOCIATION, plus transmission losses, relative to total water produced and delivered to the

Transmission Facilities. See the equation set out in Section 8.6, infra.

8.2 Summary

In consideration for OMU's undertaking to supply water to the ASSOCIATION, the ASSOCIATION shall make payments to OMU as set forth in this Article 8. In summary, the payments by the ASSOCIATION shall consist of five separately determined elements consisting of:

- (a) the Fixed Costs associated with the existing Original Treatment Facility,
- (b) the Fixed Costs associated with the New Treatment Facility,
- (c) the Fixed Costs associated with Transmission Facilities,
- (d) Variable Expenses such as chemicals and electric power, and
- (e) contract administration costs.

The total amount charged to the ASSOCIATION shall be equal to the sum of the charges determined in Sections 8.3 through 8.7 herein but not less than the District Annual Quantity times the rate billed to the ASSOCIATION at the end of the first full Fiscal Year of operation of the New Treatment Facility.

8.3 Original Treatment Facility

The ASSOCIATION shall pay its proportionate share of the Fixed Costs of the Original Treatment Facility as determined by the following equation:

ASSOCIATION Share =

$$\begin{array}{l} \text{Original Treatment Facility} \\ \text{Fixed Costs (Exhibit G)} \end{array} \quad \times \quad \frac{\text{District Base Quantity}}{\text{Base Year Plant Usage}}$$

8.4 New Treatment Facility

The ASSOCIATION shall pay its proportionate share of the Fixed Costs of the New Treatment Facility as determined by the following equation:

ASSOCIATION Share =

$$\begin{array}{l} \text{New Treatment Facility} \\ \text{Fixed Costs (Exhibit G)} \end{array} \quad \times \quad \frac{\text{District Growth Quantity}}{\text{New Plant Capacity}}$$

Provided, however, that ASSOCIATION'S share shall never be less than 4.00%, nor more than 100%, of the Fixed Costs of the New Treatment Facility.

8.5 Transmission Facilities

The ASSOCIATION shall pay its proportionate share of the Fixed Costs of the Transmission Facilities as determined by the following equation:

ASSOCIATION Share =

$$\begin{array}{l} \text{Transmission Facilities} \\ \text{Fixed Costs (Exhibit G)} \end{array} \quad \times \quad \frac{\text{District Maximum Day Quantity}}{\text{System Maximum Day Quantity}}$$

8.6 Variable Expenses

The ASSOCIATION shall pay its proportionate share of Variable Expenses as determined by the following equation without

regard to which treatment facility actually produced water used by the ASSOCIATION:

$$\text{ASSOCIATION Share} = \frac{\text{Variable Expenses (Exhibit G)}}{\text{District Annual Quantity}} \times \frac{\text{System Annual Quantity}}{\text{System Annual Quantity}}$$

8.7 Contract Administration

Administrative costs which shall consist of OMU expenses incurred in:

- (a) determining amounts due under this Contract and related accounting and billing expenses,
- (b) responding to ASSOCIATION inquiries regarding estimated and actual billing amounts, and
- (c) resolving all billing disputes with the exception of disputes which resolution is found to be in favor of the ASSOCIATION.

8.8 Determination of Charges

After the New Treatment Facility has been in operation for at least nine (9) months, on or before March 16 of each year during the term hereof, OMU, using the formulae set forth in this Article 8 and the Exhibits to this Agreement, shall determine or estimate and calculate the total charges to be allocated to the ASSOCIATION for the Fiscal Year ending the next following May 31 based upon actual and estimated expenses. Adjustment shall be made by OMU to reconcile any differences between the estimated revenues and expenses and the actual revenues and expenses from the previous fiscal year. The total charges shall be divided by the total gallons of water estimated by OMU to be sold by OMU to the

ASSOCIATION during the Fiscal Year. The result will be the proposed rate to be charged the ASSOCIATION.

OMU shall notify the ASSOCIATION in writing of the proposed rate on or before March 16 of each Fiscal Year, or at least 15 days before it is to be established as the actual rate, to permit the ASSOCIATION to review and comment on the proposed rate. OMU shall furnish the ASSOCIATION the information called for in the Exhibits attached to this Agreement in the same format contained therein.

Fifteen days after notice of the proposed rate is sent to the ASSOCIATION, OMU may establish the actual rate to be charged the ASSOCIATION and shall immediately notify the ASSOCIATION in writing of the new rate. The effective date of the new rate shall be June 1 of each Fiscal Year, but not less than 60 days after it has been established by OMU, to allow submission of the new rate by the ASSOCIATION to the Kentucky Public Service Commission for approval of the ASSOCIATION'S Purchase Water Adjustment.

8.9 Billing and Payment

OMU shall submit to the ASSOCIATION as promptly as practicable after the first of each month and not later than the tenth of the month, an invoice for the transactions and the respective amounts due under the terms of this Agreement for the prior month. All such invoices shall be due and payable by the 20th of the month or within ten (10) days after receipt by the ASSOCIATION, whichever is later. Any amount unpaid after the due

date shall be deemed delinquent and shall bear interest at the rate of 12% per annum until paid.

8.10 Interim Rate Increases

The Parties acknowledge the need for OMU to increase its retail and wholesale water rates prior to the completion of the New Treatment Facility and implementation of the rates calculated according to Article 8 of this Agreement. OMU shall have the authority to increase its wholesale water rates; provided, however, that the rates charged to all other wholesale customers shall be increased by the same percentage as the rate to be charged the ASSOCIATION; and, provided further, that the rates to be charged OMU's retail customers shall simultaneously be increased by at least the same percentage as the ASSOCIATION'S.

The effective date, as to the ASSOCIATION, of any such rate increases shall be at least 60 days after the new rate has been established by OMU. This delay will allow the ASSOCIATION time to apply to the Kentucky Public Service Commission for a Purchase Water Adjustment, so the ASSOCIATION can pass through the increased rates to its customers.

ARTICLE 9

STORAGE CAPACITY AND PLANT EXPANSION

9.1 Distribution Storage Capacity

The ASSOCIATION shall install, maintain and utilize sufficient storage capacity on its distribution system so that the

maximum clock hour volume of water delivered to the ASSOCIATION is not greater than one hundred forty (140%) percent of the average hourly rate of delivery for each Clock Day.

9.2 Plant Expansion

In the event OMU proposes to expand the capacity of water supply, treatment or transmission facilities beyond the capacity provided by the existing Transmission Facilities and the Original and New Treatment Facilities, the ASSOCIATION shall share the cost of such additional facilities in proportion to the anticipated and actual utilization of such facilities by the ASSOCIATION in the manner described in Section 8.1 hereof. OMU may choose to expand the capacity of the water supply, treatment or transmission facilities at any time after the System Maximum Day Quantity reaches or exceeds 90% of the then existing system capacity. Notice of OMU's intention to expand shall be given to the ASSOCIATION as provided in Section 13.1 hereof. The ASSOCIATION'S minimum share of the fixed costs of the additional treatment facility shall be the District Growth Quantity for the most recent Fiscal Year then available divided by the New Plant Usage.

ARTICLE 10

FORCE MAJEURE

10.1 Definition of "Force Majeure"

The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or other labor disturbances, acts of the

public enemy, orders of any kind of the Government of the United States or the Commonwealth of Kentucky or any military authority, insurrection, riots, epidemics, landslides, earthquake, fires, storms, hurricanes, floods, washouts, droughts, arrests and restraints of government and people, civil disturbances, explosions, breakage or damage to machinery, canals, tunnels or pipelines, partial or entire failure of water system, and inability by OMU to furnish water hereunder or the ASSOCIATION to receive water hereunder for any reason or cause not reasonably within the control of the Party claiming such inability.

10.2 Notice of "Force Majeure"

If by reason of force majeure either party hereto shall be rendered unable, wholly or in part, to carry out its obligations under this Contract, then such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after the event or cause relied on, the obligation of the party giving such notices, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch, provided however, that this Section 10.2 shall not apply to failures by OMU or the ASSOCIATION to make payments or credits for service rendered as specified under Article 8.

10.3 Responsibility and Indemnification

Each Party shall be solely responsible for the construction, operation, and maintenance of its respective water systems. Each Party, to the extent permitted by law, hereto expressly agrees to indemnify and save harmless and defend the other Party to this Agreement against all claims, demands, cost, or expense asserted by third parties and proximately caused by the negligence or willful misconduct of such indemnifying Party in connection with the construction, operation, and maintenance of its respective water system.

ARTICLE 11

DEFAULT, REMEDY, DISPUTED BILL

11.1 Events of Default

The ASSOCIATION agrees to pay all monies as described in Article 8 when due and both Parties hereby agree to carry out all other duties and obligations to be performed by them pursuant to all of the terms and conditions set forth and contained in this Agreement. The failure of either Party to perform any of its duties or obligations contained herein shall be an event of default by that Party.

11.2 Notice of Default

Upon the occurrence of an event of default, the nondefaulting Party may promptly notify the defaulting Party, in

writing pursuant to Section 13.1, of the existence and nature of the event of default.

11.3 Curing of Default, Termination and Remedy

(a) Within fifteen (15) days after written notice of the event of default has been given, the defaulting Party shall cure such default.

(b) The failure of OMU to comply with any water quality standards of any governmental entity shall not constitute an event of default if OMU undertakes to cure such failure as soon as practicable and within 15 days of OMU's receipt of notice thereof and continues in good faith to cure the failure.

(c) Should the defaulting Party fail to cure the default within 15 days after written notice has been given to it, or within the time reasonably necessary to cure the default by the exercise of due diligence, or within the time specified in Section 11.4, infra, then the nondefaulting Party may, at its option, immediately terminate this Agreement and recover from the defaulting Party any and all damages to which it may be entitled under applicable law.

(d) Notwithstanding the foregoing provisions, neither Party shall have the right to terminate this Agreement unless the event of default constitutes a breach of a material term or condition of this Agreement.

11.4 Suspension of Services After Nonpayment

Should an act of default by the ASSOCIATION in payment of monies under this Contract continue for a period of thirty (30)

days from the giving of written notice without having been cured by the ASSOCIATION, then OMU may, by written notice, suspend the right of the ASSOCIATION to receive any or all of its water supply from OMU. If the default in payment continues for 30 days or more after suspension, OMU may terminate this Agreement and recover from the ASSOCIATION any and all damages to which it may be entitled under applicable law.

11.5 Disputed Bill

If a portion of any bill is in a bona fide dispute, the undisputed amount shall be paid when due. In the event either Party is entitled to all or any portion of the disputed amount, such Party shall also be entitled to interest on such amount at 12% per annum. In any dispute relating to the payment of money, the prevailing Party shall be reimbursed by the nonprevailing Party for the reasonable costs of resolving such disputes, including reasonable attorney and consulting fees. Use of the above procedure shall not be deemed an event of default under this Agreement.

ARTICLE 12

ACCOUNTING

12.1 General Accounting Provisions

OMU shall maintain its accounting records in accordance with the Uniform System of Accounts. Nothing in this Agreement shall require OMU to change, or otherwise affect, the accounting

practices, and procedures used by it. All accounting practices, procedures, and records necessary to obtain a proper allocation of costs under this Agreement may be maintained independently of OMU's accounting records. The manner in which accounts are kept pursuant to this Agreement is not intended to be determinative of the manner in which they are treated in the separate books of the Parties.

12.2 Annual Independent Audit

OMU shall cause its accounts to be audited by a firm of certified public accountants at annual intervals. A copy of the certified public accountant's audit report and opinion shall be supplied to the ASSOCIATION.

12.3 Additional Audits

Any payment made by the ASSOCIATION pursuant to this Agreement shall not constitute a waiver of any right of the ASSOCIATION to question or contest the correctness of any charge by OMU. The ASSOCIATION may cause the accuracy of any costs charged to it to be verified, at its own expense, by an examination of the accounts and records kept by OMU either by the ASSOCIATION'S designated accounting personnel or by an independent certified public accountant, and OMU shall make such accounts and records available at its office at reasonable times for such purposes. However, the ASSOCIATION may not have an independent certified public accountant conduct such an examination of OMU's accounts and records except on at least thirty (30) days prior written notice to OMU, and may not conduct any such examination more than once in any

12-month period. OMU recognizes that audits may be conducted more frequently if warranted by special circumstances.

ARTICLE 13

MISCELLANEOUS

13.1 Notices

If at any time either Party desires or is required to give notice to the other Party pursuant to the terms of this Agreement, such notice shall be in writing and shall be hand-delivered or mailed by certified mail return receipt requested. Notice shall be effective upon receipt. Notices shall be given to the Parties at the following addresses or such other place or other person as each party shall designate by similar notice:

(a) As to OMU:

Owensboro Municipal Utilities
115 East 4th Street
Owensboro, Kentucky 42303
Attention: General Manager

(b) As to the ASSOCIATION:

East Daviess County Water Association, Inc.
9210 KY 144
Philpot, KY 42366
Attention: General Manager

13.2 Response to Notices

At any time either Party desires or is required to respond to any notice given pursuant to Section 12.1, such response shall be made in the manner prescribed by Section 12.1 and be

given within fifteen (15) days after receipt of the notice unless otherwise provided in this Agreement.

13.3 Governing Law

This Agreement shall be governed by the laws of the Commonwealth of Kentucky.

13.4 Entire Agreement; Severability

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter contained herein. Except as otherwise provided herein, no subsequent alteration, amendment, change or addition to this Agreement shall be binding upon either Party unless and until it is reduced to writing and signed by both Parties. Should any provision of this Agreement be declared to be invalid or unenforceable by a Court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect unless such invalid or unenforceable provision substantially alters the benefits of the Agreement for either Party.

13.5 Waivers

Any waiver at any time by any Party hereto of its rights with respect to the other Party or with respect to any matter arising in connection with this Contract shall not be considered a waiver of any such rights or matters at any subsequent time.

13.6 Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. This Agreement shall not be assigned by either Party without the written consent of the other Party, which consent shall not be unreasonably withheld, unless such assignment or transfer is to a successor in the operation of its properties by reason of a merger, consolidation, sale, or foreclosure where substantially all such properties are acquired by such a successor empowered by law and financially able to effect the purposes of this Agreement which it must assume and, thereafter be exclusively responsible for the performance of the terms of this Contract to be performed by either Party hereunder.

13.7 Section Headings Not to Affect Meanings

The descriptive headings of the various Sections of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms and provisions thereof.

13.8 Cooperation

The Parties agree to confer periodically regarding projected demand for water and the implementation and administration of this Agreement.

13.9 Exhibits

Exhibits A, A-1, B, B-1, C, D, E, F, G, H, I and J attached to this Agreement are incorporated herein by reference.

13.10 Effective Date

This Agreement shall become effective upon proper execution by both of the Parties and approval of the Agreement by the City of Owensboro and FmHA.

13.11 Prior Contracts Superseded

As of the effective date of this Agreement, the June 17, 1970, Contract, and all supplemental contracts, addenda or amendments thereto, shall be superseded.

13.12 Pledge

It is understood by the Parties that the ASSOCIATION intends to, and does by the execution of this Agreement, pledge this Agreement to the United States of America, acting through the Farmers Home Administration (FmHA) as part of the security for the repayment of all indebtedness currently owed by the ASSOCIATION to FmHA, and/or any additional loans hereinafter obtained from FmHA. OMU, however, is not incurring any liability to FmHA because of the ASSOCIATION'S pledge of this Agreement to FmHA; and OMU is not incurring any independent obligation to FmHA because of this pledge by the ASSOCIATION.

13.13 FmHA Approval

The ASSOCIATION has financed construction of its existing system through loan(s) from the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture. The provisions of this Agreement pertaining to the undertakings of the ASSOCIATION are conditioned upon and subject to the approval of the State Director of the FmHA. Similarly, any future modifications of the provisions of this Agreement by the ASSOCIATION and OMU shall likewise be subject to

the prior approval, in writing, of said State Director. Such prior approval shall not, however, apply to any change in rates paid by the ASSOCIATION for water purchased by it from OMU as same is controlled by the provisions of this Agreement.

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

OMU:
OWENSBORO MUNICIPAL UTILITIES

BY: William R. Cavin
William R. Cavin
Chairman

ATTEST:

Daisy James
Daisy James
Secretary

ASSOCIATION:
EAST DAVIESS COUNTY WATER
ASSOCIATION, INC.

By: Jerome Hamilton
Jerome Hamilton
President

ATTEST:

Lester Dunaway
Lester Dunaway
Secretary

CONCURRENCE BY FARMERS HOME
ADMINISTRATION

DATE: 7/13/92

By: James B. Danson
for MARY ANN BARON, STATE DIRECTOR

LIST OF EXHIBITS

- A EXISTING DELIVERY POINTS
- A-1 FUTURE DELIVERY POINTS
- B BILLING DETERMINANTS
- B-1 DETERMINATION OF DISTRICT PERCENTAGE
OF RESPONSIBILITY FOR COSTS
- C TRANSMISSION O & M EXPENSE
- D WATER SUPPLY & TREATMENT O & M EXPENSE
- E ALLOCATION OF REVENUE BOND DEBT SERVICE
- F ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES
- G SUMMARY OF ANNUAL FIXED AND VARIABLE EXPENSES
- H DEVELOPMENT OF CHARGES TO DISTRICTS
- I EFFECTIVE UNIT RATE
- J DISTRICT & SYSTEM DATA

EXHIBIT A

EXISTING DELIVERY POINT
FOR
EAST DAVIESS COUNTY WATER ASSOCIATION, INC.

LOCATION	LINE SIZE	MAXIMUM FLOW RATE (GALLONS/MINUTE)
1. OMU Elmer Smith Power Plant	two 6"	1,500

EXHIBIT A-1

FUTURE DELIVERY POINT OR CHANGES TO DELIVERY POINT
FOR
EAST DAVIESS COUNTY WATER ASSOCIATION, INC.

<u>LOCATION</u>	<u>ANTICIPATED DATE NEEDED</u>	<u>LINE SIZE</u>	<u>MAXIMUM FLOW RATE (GAL./MIN.)</u>
1. U.S. Highway 60 at Elmer Smith Power Plant	May, 1994	16"	2,200

Schedule 1
 Projected FY 1995
 Billing Determinants

Owensboro Municipal Utilities - Black & Veatch Project: 17656.010 - 5-6-92
 - N:\17656010\FY1995E.WK1 Range: RNG10\
 Analysis: Proforma Charges to Wholesale Customers
 Fiscal Year Ending May 31, 1995

		FY 1991 Amount	FY 1991 Reference	Inflation Factor	Growth Factor	Compounded Adjustment Factor 4 years	Estimated FY 1995 Amount
1.001							
1.002							
1.003							
1.004							
1.005							
1.006	Water System Demands and Usage						
1.007	-----						
1.008	System Annual Quantity	Mil. Gal.	4,846	+S10.051	0%	3% 1.126	5,457
1.009							
1.010	District Annual Quantity						
1.011	Southeast Davies	Mil. Gal.	532	+S10.040	0%	4% 1.170	622
1.012	West Davies	Mil. Gal.	345	+S10.040	0%	4% 1.170	404
1.013	East Davies	Mil. Gal.	154	+S10.040	0%	4% 1.170	180
1.014							
1.015	Maximum Day Quantity						
1.016	Southeast Davies	mgd	1.99	+S10.041	0%	4% 1.170	2,328
1.017	West Davies	mgd	1.38	+S10.041	0%	4% 1.170	1,612
1.018	East Davies	mgd	0.61	+S10.041	0%	4% 1.170	0,716
1.019							
1.020	System Maximum Day Quantity	mgd	16.91	+S10.046	0%	3% 1.126	19,041
1.021							
1.022	Operation and Maintenance Expense						
1.023	-----						
1.024	Transmission and Dist. Expense	\$	269,521	(a)	4%	0% 1.170	315,340
1.025	Source of Supply Expense	\$	121,068	(a)	4%	0% 1.170	141,650
1.026	Existing Treatment Plant Expense						
1.027	Chemicals	\$	198,132	(a)	4%	3% 1.311	259,751
1.028	Other	\$	405,493	(a)	4%	0% 1.170	474,427
1.029	New Treatment Plant Expense	\$					155,000 (b)
1.030	Pumping Expense						
1.031	Electric Power	\$	240,191	(a)	4%	3% 1.311	314,890
1.032	Other	\$	8,840	(a)	4%	0% 1.170	10,343
1.033							
1.034	Administrative Expenses	\$	689,980	(a)	4%	0% 1.170	807,277
1.035	Billing, Records & Collection	\$	176,825	(a)	4%	0% 1.170	206,885
1.036							
1.037	(a) FY 1991 financial statements.						
1.038	(b) Estimated from prior study.						
1.039							
1.040	Debt Service Payments						
1.041	-----						
1.042	Existing Plant	\$	487,100		0%	0% 1.000	487,100
1.043	New Plant (c)	\$					2,074,000
1.044							
1.045	(c) Based on about \$23 million revenue bonds. (b)						
1.046							
1.047							
1.048							
1.049							

Schedule 2
Determine District Percentage
Responsibility for Costs

Owensboro Municipal Utilities - Black & Veatch Project: 17656.010 - 5-6-92
- N:\17656010\FY1995E.WK1 Range: RNG2\
Analysis: Proforma Charges to Wholesale Customers
Fiscal Year Ending May 31, 1995

		Wholesale Customers				OMU	Total
		-----	-----	-----	-----	Retail	OMU
		Southeast	West	East	Subtotal	Customers	System
		Davies	Davies	Davies			
		-----	-----	-----	-----	-----	-----
Units							
2.000							
2.001							
2.002							
2.003							
2.004							
2.005	District Responsibility for Variable Expenses						
2.006	-----						
2.007	FY 1995 System Annual Quantity	Mil. gal.					5,457 +\$1.008
2.008	FY 1995 District Annual Quantity	Mil. gal.	622	404	180	1,206 +\$1.013	
2.009							
2.010	District Responsibility for Variable Expenses		11.40%	7.40%	3.30%	22.10%	@ROUND(+\$2.008/\$2.007,4)
2.011							
2.012							
2.013	District Responsibility for Fixed Costs of Existing Facilities						
2.014	-----						
2.015	FY 1989 District Base Quantity	mgd	2.38	1.94	0.594	4.911 +\$10.011	
2.016	FY 1989 Plant Usage (Base)	mgd					17.54 +\$10.022
2.017	District Responsibility for Fixed Costs of Existing Facilities						
2.018	Percent		13.56%	11.05%	3.39%	28.00%	@ROUND(+\$2.015/\$2.016,4)
2.019							
2.020							
2.021	District Responsibility for Fixed Costs of Existing Transmission Facilities						
2.022	-----						
2.023	FY 1995 District Maximum Day Quantity		2.328	1.612	0.716	4.656 +\$1.018	
2.024	FY 1995 System Maximum Day Quantity						19.04 +\$1.020
2.025							
2.026	District Responsibility for Fixed Costs of Existing Transmission Facilities						
2.027	Percent		12.23%	8.47%	3.76%	24.46%	@ROUND(+\$2.023/\$2.024,4)
2.028							
2.029							
2.030	District Responsibility for Fixed Costs of New Facilities						
2.031	-----						
2.032	FY 1995 System Maximum Day Quantity	mgd					19.04 +\$1.020
2.033	less Base Year Plant Usage	mgd					17.54 Contract
2.034							
2.035	New Plant Capacity	mgd					10.00 Input
2.036	FY 1995 New Plant Usage	mgd					1.50 +\$2.032-\$2.035
2.037	FY 1995 New Plant Usage	mgd			(but not less than zero)		1.50 @IF(\$2.036<0,0,\$2.036)
2.038	FY 1995 Reserve Capacity	mgd					8.50 +\$2.035-\$2.038
2.039							
2.040	FY 1995 Maximum Day Quantity	mgd	2.328	1.612	0.716	4.656 +\$2.023	
2.041	FY 1989 District Base Quantity	mgd	2.378	1.939	0.594	4.911 +\$10.011	
2.042	District Growth Quantity	mgd	-0.050	-0.327	0.122		+\$2.040-\$2.041
2.043	But not less than zero	mgd	0.000	0.000	0.122	0.122	@IF(\$2.042<0,0,+\$2.042)
2.044							
2.045	District Growth Ratio	percent	0.00%	0.00%	8.13%		+\$2.043/\$2.037
2.046							
2.047	Ratio New Plant Usage / New Plant Capacity						
2.048							
2.049	Factor	percent	0.00%	0.00%	1.22%	1.22%	@ROUND(\$2.043/\$2.035,4)
2.050							
2.051							
2.052	Minimum District Responsibility	percent	12.75%	8.25%	4.00%	25.00%	(a)
2.053							
2.054	District Responsibility for Fixed Costs of New Facilities						
2.055	Amount	percent	12.75%	8.25%	4.00%	25.00%	@MAX(\$2.049,\$2.052)
2.056	(a) From Districts' attorney.						
2.057							

Schedule 3
 Exhibit C for FY 1995
 Transmission O&M Expense

Owensboro Municipal Utilities - Black & Veatch Project: 17656.010 - 5-6-92
 - N:\17656010\FY1995E.WK1 Range: RNG3\
 Analysis: Proforma Charges to Wholesale Customers
 Fiscal Year Ending May 31, 1995

3.000			
3.001			
3.002			
3.003	FY 1995 annual trans. & dist. expense	\$315,340	+S1.024 (a)
3.004			
3.005	Beginning of year inch-feet of transmission and distribution system		
3.006			
3.007	Distribution mains (less than 8 inch)		
3.008			
3.009	Transmission mains (8 inch & over)		
3.010			
3.011	Total		
3.012			
3.013	Transmission portion	36.63%	FY 1986 data used as proxy.
3.014			
3.015	Calculated Transmission O&M Expense	\$115,509	@ROUND(\$3.003*\$3.013,0)
3.016			
3.017	Net Distribution O&M Expense	\$199,831	-\$3.003-\$3.015
3.018			
3.019			
3.020			
3.021			
3.022	(a) Total water trans. & dist. expense less maintenance of services,		
3.023	meters, hydrants and misc. plant.		
3.024			
3.025			

Schedule 4
 Exhibit D for FY 1995
 Water Supply & Treatment O&M Expense

Owensboro Municipal Utilities - Black & Veatch Project: 17656.010 - 5-6-92
 - N:\17656010\FY1995E.WK1 Range: RNG4\
 Analysis: Proforma Charges to Wholesale Customers
 Fiscal Year Ending May 31, 1995

ine		FY 1995	
-----		-----	
4.000			
4.001			
4.002			
4.003		\$	
4.004	Source of Supply Expense	141,650	+S1.025
4.005			
4.006	Water Treatment		
4.007	Existing Plant		
4.008			
4.009	Chemicals	259,751	+S1.027
4.010	Other	474,427	+S1.028
4.011			
4.012	New Plant	155,000	+S1.029
4.013			
4.014	Pumping Expense		
4.015			
4.016	Electric Power	314,890	+S1.031
4.017	Other	10,343	+S1.032
4.018			
4.019	Variable Expenses		
4.020	Electric Power	314,890	+S4.016
4.021	Chemicals	259,751	+S4.009
4.022	Other	0	
4.023	Total Variable Expenses	574,641	@SUM(S4.020..S4.022)
4.024			
4.025			
4.026			
4.027			

Schedule 5
 Exhibit E for FY 1995
 Allocation of Revenue Bond Debt Service

Black & Veatch Project: 17656.010 - 5-6-92
 Owensboro Municipal Utilities - Black & Veatch Project: 17656.010 - 5-6-92
 - N:\17656010\FY1995E.WK1 Range: RNG5\
 Analysis: Proforma Charges to Wholesale Customers
 Fiscal Year Ending May 31, 1995

Line				
5.000				
5.001			FY 1995	
5.002			-----	
5.003			\$	
5.004	Existing Revenue Bonds			
5.005	Total Debt Service			
5.006	Prinicpal			
5.007	Interest			
5.008	Total		487,100	+S1.042
5.009				
5.010	Allocation	(b)		
5.011	Water Supply & Treatment	66.28%	322,850	@ROUND(\$5.008*\$5.011,0)
5.012	Transmission Mains	33.72%	164,250	@ROUND(\$5.008*\$5.012,0)
5.013	Total	100.00%	487,100	+\$5.011+\$5.012
5.014				
5.015	New Revenue Bonds			
5.016				
5.017				
5.018	Annual P & I		2,074,000	
5.019				
5.020				
5.021	Debt Service Summary			
5.022	Exiting Treatment Facility		322,850	+S5.011
5.023	New Treatment Facility		2,074,000	+S5.018
5.024	Transmission Facilities		164,250	+S5.012
5.025				
5.026				
5.027	(a) FY 1991 Expenditure Summary			
.028	(b) Exhibit E, Contract			
5.029				
5.030				
5.031				

Schedule 6
 Exhibit F for FY 1995
 Allocation of Admin. and General Expenses

Owensboro Municipal Utilities - Black & Veatch Project: 17656.010 - 5-6-92
 - N:\17656010\FY1995E.WK1 Range: RNG6\
 Analysis: Proforma Charges to Wholesale Customers
 Fiscal Year Ending May 31, 1995

Line		FY 1995	
6.000			
6.001			
6.002			
6.003		\$	
6.004			
6.005	Administrative and General Expenses	807,277	+S1.034
6.006			
6.007	Basis of Allocation - Supervised Expenses (b)		
6.008	Existing Treatment Facility	626,420	+S4.004+S4.010+S4.017
6.009			
6.010	New Treatment Facility	155,000	+S4.012
6.011			
6.012	Transmission System	115,509	+S3.015
6.013			
6.014	Distribution System	199,831	+S3.017
6.015			
6.016	Billing, Records & Collection	206,885	+S1.035
6.017			
6.018	Total Above	1,303,645	@SUM(\$6.008..\$6.016)
6.019			
6.020	Allocation Of Admin. & Gen. Expense		
6.021	Existing Treatment Facility	387,908	@ROUND(+S6.005*S6.008/S6.018,0)
6.022			
6.023	New Treatment Facility	95,983	@ROUND(+S6.005*S6.010/S6.018,0)
6.024			
6.025	Transmission System	71,528	@ROUND(+S6.005*S6.012/S6.018,0)
6.026			
6.027			
6.028			
6.029	(b) Excludes expenses which vary with the quantity of water produced.		
6.030			
6.031			

Schedule 7
 Exhibit G for FY 1995
 Summary of Annual Fixed and Variable Costs

Owensboro Municipal Utilities - Black & Veatch Project: 17656.010 - 5-6-92
 - N:\17656010\FY1995E.WK1 Range: RNG7\
 Analysis: Proforma Charges to Wholesale Customers
 Fiscal Year Ending May 31, 1995

Line		FY 1995	
7.000			
7.001			
7.002			
7.003			
7.004	Existing Treatment Facility Fixed Costs		
7.005	Debt Service	322,850	+S5.011
7.006			
7.007	O&M Expense	626,420	+S4.004+S4.010+S4.017
7.008			
7.009	Replacements & Improvements	128,222	@ROUND(0.025*S7.045,0)
7.010			
7.011	Admin. & General Expense	387,908	+S6.021
7.012			
7.013	Total Existing Treatment Facility Fixed Costs	1,465,400	@SUM(S7.005..S7.011)
7.014			
7.015			
7.016	New Treatment Facility Fixed Costs		
7.017			
7.018	Debt Service	2,074,000	+S1.043
7.019			
7.020	O&M Expense	155,000	+S1.029
7.021			
7.022	Replacements & Improvements	46,250	@ROUND(0.0025*S7.047,0)
7.023			
7.024	Admin. & General Expense	95,983	+S6.023
7.025			
7.026	Total New Treatment Facility Fixed Costs	2,371,233	+S7.023+S7.024
7.027			
7.028	Transmission Facility Fixed Costs		
7.029	Debt Service	164,250	+S5.012
7.030			
7.031	O&M Expense	115,509	+S3.015
7.032			
7.033	Replacements & Improvements	131,000	+S7.052
7.034			
7.035	Admin. & General Expense	71,528	+S6.025
7.036			
7.037	Total Transmission Facility Fixed Costs	482,287	@SUM(S7.029..S7.035)
7.038			
7.039			
7.040	Variable Expenses		
7.041	Total Amount	574,641	+S4.023
7.042			
7.043			
7.044	Estimated Plant Investment		
7.045	Existing Treatment Facilities	5,128,861	(a)
7.046			
7.047	New Treatment Facilities	18,500,000	(b)
7.048			
7.049	Transmission Facilities	7,400,000	(c)
7.050	Existing	5,000,000	2.50% 125,000
7.051	New	2,400,000	0.25% 6,000
7.052			131,000
7.053	(a) From financial statement.		
7.054	(b) Per Tom Ratzki - see April 29, 1992 memo		
7.055	(c) Estimated \$5 million existing plant plus \$2.4 million for new plant. (b)		
7.056			

Schedule B
 Exhibit H
 Development of Charges to Districts

Owensboro Municipal Utilities - Black & Veatch Project: 17656.010 - 5-6-92
 - N:\17656010\FY1995E.WK1 Range: RNG8\
 Analysis: Proforma Charges to Wholesale Customers
 Fiscal Year Ending May 31, 1995

Line	Description	Wholesale Customers				
		Total System Costs	Southeast Davies	West Davies	East Davies	Subtotal
8.000						
8.001						
8.002						
8.003						
8.004						
8.005						
8.006		\$	\$	\$	\$	\$
8.007	Existing Treatment Facility					
8.008	Total Costs	1,465,400	+57.013			
8.009						
8.010	District Responsibility					
8.011	Percent		13.56%	11.05%	3.39%	28.00% +S2.018
8.012	Amount		198,708	161,927	49,677	410,312 @ROUND(S8.008*S8.011,0)
8.013						
8.014						
8.015	New Treatment Facility					
8.016	Total Costs	2,371,233	+57.026			
8.017						
8.018	District Responsibility					
8.019	Percent		12.75%	8.25%	4.00%	25.00% +S2.055
8.020	Amount		302,332	195,627	94,849	592,808 @ROUND(S8.016*S8.019,0)
8.021						
8.022						
8.023	Transmission Facilities					
8.024	Total Costs	482,287	+57.037			
8.025						
8.026	District Responsibility					
8.027	Percent		12.23%	8.47%	3.76%	24.46% +S2.027
8.028	Amount		58,984	40,850	18,134	117,968 @ROUND(S8.024*S8.027,0)
8.029						
8.030						
8.031	Variable Expenses					
8.032	Total Costs	574,641	+57.041			
8.033						
8.034	District Responsibility					
8.035	Percent		11.40%	7.40%	3.30%	22.10% +S2.010
8.036	Amount		-65,569	42,523	18,963	126,995 @ROUND(S8.032*S8.035,0)
8.037						
8.038						
8.039	Total Charges to Districts for FY 1995		625,533	440,927	181,623	1,248,083 +S8.039+S8.039+S8.039
8.040						
8.041						
8.042	Effective Unit Charge					
8.043	Existing Treatment Facility		0.326	0.410	0.281	0.347 @ROUND(+S8.012/(S9.009*1000),3)
8.044	New Treatment Facility		0.496	0.495	0.536	0.502 @ROUND(+S8.020/(1000*S9.009),3)
8.045	Transmission Facilities		0.097	0.103	0.102	0.100 @ROUND(+S8.028/(1000*S9.009),3)
8.046	Variable Expenses		0.107	0.108	-0.107	0.107 @ROUND(+S8.036/(1000*S9.009),3)
8.047						
8.048			1.026	1.116	1.026	1.056 @SUM(S8.043..S8.047)

Schedule 9
Effective Unit Rate

Owensboro Municipal Utilities - Black & Veatch Project: 17656.010 - 5-6-92
 - N:\17656010\FY1995E.WK1 Range: RNG9\
 Analysis: Proforma Charges to Wholesale Customers
 Fiscal Year Ending May 31, 1995

Line

		Wholesale Customers				
		Southeast	West	East	Subtotal	
		Davies	Davies	Davies		
9.000						
9.001						
9.002						
9.003						
9.004						
9.005						
9.006						
9.007	Sales, FY 1991	Mil. gal	521	338	151	1,010 +\$10.028
9.008	Growth Factor		1.170	1.170	1.170	+\$1.011
9.009	Sales, FY 1995	Mil. gal	610	395	177	1,182 @ROUND(\$9.007*\$9.008,0)
9.010						
9.011	Total FY 1995 Charges	\$	625,533	440,927	181,623	1,248,083 +\$8.039
9.012						
9.013	Effective unit cost		1.025	1.116	1.026	1.056 @ROUND(+\$9.011/(1000*\$9.009),3)
9.014						
9.015						

Schedule 10
 FY 1989 Base Year and FY 1991
 District and System Data

Owensboro Municipal Utilities - Black & Veatch Project: 17656.010 - 5-6-92
 - N:\17656010\FY1995E.WK1 Range: RNG1\
 Analysis: Proforma Charges to Wholesale Customers
 Fiscal Year Ending May 31, 1995

Line		Units	Wholesale Customers			Subtotal	OMU	Total
			Southeast Davies	West Davies	East Davies		Retail Customers	OMU System
10.000								
10.001								
10.002								
10.003								
10.004								
10.005								
10.006	Data for Base Year FY 1989							
10.007								
10.008	Average of 5 Maximum Day Demands				(c)			
10.009	Amount (a)	mgd	2.33	1.90	0.582	4.81		
10.010	Allowance for Transmission Losses		2%	2%	2%	Estimated		
10.011	Amount Adjusted for Losses	mgd	2.378	1.939	0.594	4.91		
10.012								
10.013	For Information Only							
10.014	Annual sales	Mil cf	67.08	45.89	21.02	(a)		
10.015	Annual sales	Mil. gal.	502	343	157	@ROUND(7.48*S10.014,0)		
10.016	Average Day	mgd	1.38	0.94	0.43	+S10.015/365		
10.017	Ratio Max to Average Day		1.69	2.02	1.35	+S10.009/S10.016		
10.018								
10.019								
10.020	Average of System 5 maximum day demands					mgd	17.90 (a)	
10.021	Allowance for filter wash water						2%	
10.022	Adj. System 5 Maximum Day Demands (Base year plant usage)					mgd	17.54 @ROUND(+S10.	
10.023								
10.024								
10.025								
10.026	Input data for FY 1991 (a)							
10.027	Annual Sales	Million cf			(b)	135.0	399.2 534.2	
10.028	Annual Sales	Mil. gal.	521	338	151	1,010	2,986 3,996	
10.029					(c)			
10.030	Average of 5 Maximum Day Demands	mgd	1.95	1.35	0.600	@ROUND(\$10.034*S10.028/365,3)		
10.031								
10.032	For Information Only							
10.033	Average Day	mgd	1.427	0.926	0.414	+S10.028/365		
10.034	Ratio Max to Average Day		1.37	1.46	1.45	+S10.030/S10.033	1.41 << Ave SE & W	
10.035								
10.036	Allowance for Transmission Losses		-2%	2%	2%	Estimated		
10.037								
10.038	Data Adjusted for Water Losses							
10.039	District Data:							
10.040	Annual Water Sales	Mil. gal.	532	345	154	@ROUND(+S10.028/(1-S10.036),0)		
10.041	Average of 5 Maximum Day Demands	mgd	1.990	1.378	0.612	@ROUND(+S10.030/(1-S10.036),3)		
10.042								
10.043	Total System Data:							
10.044	Average of 5 Maximum Day Demands					mgd	17.26 (a)	
10.045	Filter wash water					mgd	0.35 @ROUND(0.02*	
10.046	Adj. 5 Max. Day Demands					mgd	16.91 +S10.044-S10	
10.047								
10.048								
10.049	Total treated water				(a)	Mil. gal.	4,944 @ROUND(660.C	
10.050	Filter wash water				(a)	Mil. gal.	98 @ROUND(13.1*	
10.051	Treated water delivered to trans. system					Mil. gal.	4,846 +S10.049-S10	
10.052								
10.053								
10.054								
10.055	(a) Source: OMU staff tabulation dated 8-19-91						(b) Total wholesale less Southeast Davies and West Davies.	
10.056	May, 1991 Financial Statement						(c) Amount per Districts' attorney.	
10.057							ratios of the other districts.	
10.058								
10.059	(d) East Davies est 5 day max day demand							
10.060	FY 1989 Annual Sales	Million cf	21.02				<< OMU monthly listing of district sales	
10.061	FY 1989 Annual Sales	Mil. gal.	157.2			@ROUND(\$10.060*7.48,1)		
10.062	Average day demand	mgd	0.431			@ROUND(\$10.061/365,3)		
10.063	Estimated Max day ratio		1.35					
10.064	Est. East Davies 5 day max day demand (mgd)		0.582			@ROUND(\$10.062*S10.063,3)		
10.065								