

MARCH 14, 1985

USDA-FHA  
Form FHA 442-30  
(Rev. 4-19-72)

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 14 day of March,  
19 85, between the Prestonsburg City's Utilities Commission  
1048 South Lake Drive, Prestonsburg, Kentucky 41653  
(Address)

hereinafter referred to as the "Seller" and the Prater Creek Water District  
Dana, Kentucky 41615  
(Address)

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hereinafter referred to as the "Purchaser",

OCT 26 1994

WITNESSETH:

PUBLIC SERVICE  
COMMISSION

Whereas, the Purchaser is organized and established under the provisions of KRS Chapter 74 of the  
Code of Kentucky, for the purpose of constructing and operating a water supply distribution  
system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish  
this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the  
present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown  
in the plans of the system now on file in the office of the Purchaser, and

Whereas, by Resolution No. \_\_\_\_\_ enacted on the 14th day  
of March, 19 85, by the Seller, the sale of water to the Purchaser in accordance  
with the provisions of the said Resolution was approved, and the execution of this contract  
carrying out the said Resolution by the Prestonsburg City's Utilities Comm.  
and attested by the Secretary, was duly authorized, and

Whereas, by Resolution of the Commissioners  
of the Purchaser, enacted on the \_\_\_\_\_ day of \_\_\_\_\_, 19 85,  
the purchase of water from the Seller in accordance with the terms set forth in the said Contract  
was approved, and the execution of this contract by the Chairman of the Prater Creek Water District, and  
attested by the Secretary was duly authorized;

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OF KENTUCKY  
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Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

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1. (Quality and Quantity) To furnish the Purchaser at the point 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  
Kentucky Natural Resources and Environmental Protection BY: Phillip Tanner  
Pursuant to 807 KAR 5.011, SECTION 9 (1)  
EFFECTIVE MARCH DIV

in such quantity as may be required by the Purchaser not to exceed 1,500,000 gallons per month.

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2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at 40 PSI from an existing Eight (8) inch main supply at a point located at the Banner Bridge, Banner, Ky. - North Side of River.

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. 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 the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser 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 Three (3) 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 Seller

and Purchaser shall agree upon a different amount. The metering equipment shall be read ~~on~~ Between 1-5 day of Mo. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 10th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

**B. The Purchaser Agrees:**

1. (Rates and Payment Date) To pay the Seller, not later than the 20th day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$ 6.25 for the first 2,000 gallons, which amount shall also be the minimum rate per month.
- b. \$ 2.25 cents per 1000 gallons for ~~water in excess of~~ the next 98,000 gallons ~~but not to exceed~~ XXXXXXXXXXXXXXXXXXXX gallons ~~per month~~.
- c. \$ 1.35 cents per 1000 gallons for water in excess of 100,000 gallons.

1-A If booster pumps shall be required by purchaser to increase the P.S.I. for its system, said pumps shall be furnished by purchaser but shall, in no event, exceed 100 gallons per minute capacity.

1-B No water for fire protection is guaranteed under this contract.

1-C All subsequent rate changes will be of the same percentage of change as applied to all the customers in the city limits of PRESTONSBURG, KY.

1-D The purchaser agrees to purchase water from no other source unless mutually agreed to by both parties.

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 BY [Signature]  
 DIRECTOR, RATES & RESEARCH DIV

2. (Connection Fee) To pay ~~an~~ XXXXXXX dollar ~~which shall cover any and all costs of the Seller~~ XXXXXXXXXXXXXXXXXXXX of the Purchaser, the ~~sum of~~ XXXXXXXXXXXXXXXXXXXX dollar ~~which shall cover any and all costs of the Seller~~ XXXXXXXXXXXXXXXXXXXX

the metering equipment and Installation of metering equipment is to be paid for by the purchaser to the specifications of the Prestonsburg City's Utilities Commission and after the installation of the water meter and all appurtenances it shall become the property of the Prestonsburg City's Utilities Commission.

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.
2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.
3. (Water for Testing) When requested by the Purchaser the Seller 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 the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$ 1.35 Per 1000 which will be paid by the contractor or, on his failure to pay, by the Purchaser.  
Gallons
4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. 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 the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's 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 the Purchaser for water delivered are subject to modification at the end of every One (1) 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 Seller's system. Other provisions of this contract may be modified or altered by mutual agreement. Or at any time rates are increased or decreased to the Citizens within the corporate limits of the City of Prestonsburg.
6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser 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 the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.
8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.
9. In the event chlorination of water referred to in this agreement should be required beyond the metering equipment provided in paragraph A. such treatment shall be the responsibility of purchaser.
10. In the event that the water pressure at or near the metering site exceeds the capable working pressure of the Purchaser, it shall be the responsibility of the Purchaser to install the necessary pressure reducing regulator or regulators at no cost to the Prestonsburg City's Utilities Commission, and the Prestonsburg City's Utilities Commission shall not be held responsible for any over pressure of the Purchaser's water system.
11. It is agreed that all of Purchaser's rights and equities under this contract may be and the same are hereby pledged to the United States Department of Agriculture, Farmers Home Administration, as security for a loan FmHA proposes to make to Purchaser to finance PUBLIC SERVICE COMMISSION of a water system.  
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PURSUANT TO 607 KAR 5.011,  
SECTION 9 (1)

BY Phyllis Lanning  
DIRECTOR, RATES & RESEARCH DIV

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 07 counterparts, each of which shall constitute an original.

Seller:

PRESTONSBURG CITY'S UTILITIES COMMISSION

By C. J. McVally  
Title Chairman

Attest:

*W. H. [Signature]*  
SUPERINTENDENT ~~Secretary~~

Purchaser:

PRATER CREEK WATER DISTRICT

By *Erwin Akers*  
Title Chairman

Attest:

*Ronald [Signature]*  
Secretary

This contract is approved on behalf of the Farmers Home Administration this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_.

By \_\_\_\_\_

Title \_\_\_\_\_

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PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
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NOV 25 1994

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

BY *Phyllis Lamm*  
DIRECTOR, RATES & RESEARCH DIV