

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, between the City of Richmond, a second class municipality of the Commonwealth of Kentucky, by and through the Richmond Utilities Board, P. O. Box 700, Richmond, Kentucky 40475; hereinafter referred to as the "Seller" and the Kirksville Water Association, Inc., a Kentucky non-profit corporation, with offices located at 1623 Foxhaven Drive, Richmond, Kentucky 40475, hereinafter referred to as the "Purchaser".

W I T N E S S E T H:

Whereas, the Purchaser is organized and established under the provisions of Chapter 273 of the Kentucky Revised Statutes, 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 delivering 7.5 million gallons per day; and

Whereas, by Order No. 93-131 enacted on the 5<sup>th</sup> day of NOVEMBER, 1993, by the Seller, the sale of water to the Purchaser in accordance with the provisions of this contract was approved, and the execution of this contract by the Mayor of the City of Richmond and by the Chairman PUBLIC SERVICE COMMISSION OF KENTUCKY Utilities Board and the attestation by the city clerk EFFECTIVE was duly authorized,

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BY: Jordan C. Neal  
FOR THE PUBLIC SERVICE COMMISSION

and

Whereas, by resolution of the Board of Directors of the Purchaser, enacted on the 5<sup>th</sup> day of NOVEMBER, 1993, the purchase of water from the Seller in accordance with the terms set forth in this contract was approved, and the execution of this contract by the President and attestation by the Secretary was duly authorized;

NOW THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

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 Division of Water, Commonwealth of Kentucky, in such quantity as may be required by the Purchaser not to exceed an annual average of 6 million gallons per month.

2. Point of Delivery and Pressure. That water will be furnished at a reasonably constant pressure equal to the normal operating pressure of the city system from time to time from an existing 6-inch main supply at a point located at the existing terminal point on Barnes Mill Road west of Interstate-75. 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 **PUBLIC SERVICE COMMISSION** **OF KENTUCKY** **EFFECTIVE** **Line breaks,**

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power failure, drought, 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. Billing Procedure. To furnish the Purchaser at the above address not later than the 2nd 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 15th day of each month, for water delivered in accordance with the Seller's rates effective at the time of the delivery of the water; it being understood that the rates to be paid are subject to modification at any time and from time to time during the term hereof at the option of the Richmond City Commission or such other governing body of the Seller as shall have the rate making power for the City's system.

In the event the Purchaser fails to make such payments when due, the Seller shall in its discretion impose upon the Purchaser the penalties applicable to delinquent customers of the City of Richmond and may in its discretion suspend service to the Purchaser until said delinquent bills and penalties are paid.

2. Metering Equipment. To furnish, install, 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

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delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Seller 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 six (6) 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 by the Seller on regularly scheduled dates. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

3. Sewer Charge Collection Enforcement. The Purchaser agrees to furnish to Seller on or before the 20th day of each month the volumes of water used by each of Purchaser's customers who are users of the City of Richmond's sewer facilities. The volumes shall be furnished on a per customer basis, to enable billing by the municipal sewer for use of the sewer facilities. Further, Purchaser agrees to discontinue water service to any person who is delinquent in paying city sewer charges within five (5) days after receipt of written notice of the delinquency from the Seller.

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

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1. Term of Contract. That this contract shall extend for a term beginning with the date of the execution of this contract by Seller and ending on December 31, 2038.

2. 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 not to exceed an annual average of 6 million gallons per month. 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 customers shall be reduced according to the provisions of Ordinance 86-39 of the City of Richmond, Kentucky.

3. Modification of Contract. It is understood that the rates to be paid by Purchaser for water delivered hereunder are subject to modification by the Seller as provided in paragraph B (1) above, said rates to be modified only when there is a general rate change or a change in the rate structure applicable to or affecting all customers of the class of which Purchaser is a member. Other provisions of this contract may be modified or altered only by written agreement or the parties.

4. 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,

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as may be required to comply therewith.

5. 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 and of the Seller are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration, provided however, the rates to be paid by Purchaser for water delivered hereunder may be modified as provided in paragraph B (1), without the prior approval of the State Director of the Farmers Home Administration.

6. 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 and obligations of the Purchaser hereunder.

7. Prior Contract. That this contract supercedes a water purchase contract by and between the parties dated June 20, 1989. The June 20, 1989, contract shall cease to be of force and effect upon the execution of this contract.

8. Waiver. No failure on the part of the Seller in exercising any power or right hereunder including, but not limited to the right to sell no more than an annual average of six (6) million gallons of water per month to Purchaser, shall operate as a waiver or modification of the right or power.

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practice of the parties at variance with the terms hereof shall constitute a waiver of Seller's right to demand compliance with the terms hereof.

9. Governing Law. This contract and the rights and obligations of the parties hereto shall be governed by the laws of the Commonwealth of Kentucky.

10. Entire Agreement. The full and entire agreement between the parties hereto is contained in this writing.

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

**Seller:**

City of Richmond and  
Richmond Utilities Board

By: Paul W. [Signature]

Title: Mayor

By: George [Signature]

Title: Chairman, Richmond Utilities  
Board

Attest:

Betty [Signature]  
City Clerk

**Purchaser:**

Kirksville Water Association, Inc.

By: Otis [Signature]

Title: President

Attest:

[Signature]  
Secretary

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

By: \_\_\_\_\_

Title: \_\_\_\_\_

This contract is hereby pledged by Purchaser to the United States of America, acting through the Farmers Home Administration as part of the security for a loan from the United States of America.

Kirksville Water Association, Inc.

By: *Phil Bunker*

Title: President

cdhrwgs/kirks-wa.agr

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