

ORIGINAL

WATER PURCHASE AGREEMENT

This Agreement is made on the _____ day of _____, 2000, between the city of West Liberty, Kentucky, a municipal corporation, having its offices at 565 Main St., West Liberty, Kentucky, the "Seller" and the Morgan County Water District, a publicly owned water district formed and operating under the terms and provisions of KRS Chapter 74, having its offices at the Morgan County Office Building, 450 Prestonsburg St., West Liberty, Kentucky, the "Purchaser".

RECITALS

The Seller currently is selling treated potable water to the Purchaser and desires to sell additional water to the Purchaser, and

The Purchaser desires to purchase additional water from the Seller to serve the city of Frenchburg, Kentucky on an emergency basis; and

It is in the interest of both the Seller and the Purchaser to enter into this Agreement:

Therefore, it is agreed by the Seller and Purchaser that in consideration of the following mutual promises and conditions:

I

1. Quality and Quantity

- a. Seller shall furnish to Purchaser at the points of delivery, during the term of this Agreement or any renewal or extension, potable treated water meeting applicable purity standards of local, state, and federal regulatory agencies for resale to Frenchburg, Kentucky on a temporary basis.
- b. The Purchaser's maximum purchase of water for resale to Frenchburg shall not exceed 30,000 gallons per day above Purchaser's current total contract maximum daily purchases from Seller as set forth in its existing water supply agreements. Any additional purchases of water by Purchaser for resale to out-of-county users shall be subject to approval by Seller.
- c. If Purchaser exceeds the maximum purchase limits, the Seller may restrict deliveries to the maximum purchases allowed.
- d. If Seller must curtail or limit water sales or usage to any of its customers, the sales volumes under this Agreement shall be subject to the same curtailment terms.
- e. If the ability of the Seller to supply water to the Purchaser is disrupted by forces of nature or other circumstances beyond Seller's control, the volume of water supplied under this Agreement may be limited until Seller is capable of resuming deliveries of water. Seller shall make its best efforts to resume service after the interruption, but shall have no liability to Purchaser for any damages or other losses that result directly or indirectly from the interruption of service.

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SECRETARY OF THE COMMISSION

2. Points of Delivery and Pressure

- a. Seller shall furnish water at a reasonably constant pressure at the following locations:

Location	Avg. Quantity	Avg. Pressure
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- b. If a greater pressure than 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 breaks, power failures, equipment failure, flood, fire, use of water to fight fire, earthquake, or other catastrophe shall excuse the Seller from this provision for such reasonable periods of time as may be necessary to restore service. Seller agrees to make a good faith effort to restore service within a reasonable time after it becomes aware of the problem.

3. Metering Equipment

- a. Seller shall maintain and calibrate metering equipment whenever requested by the Purchaser, but not more frequently than once every twelve months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate.
- b. The previous readings of any meter disclosed by testing to be inaccurate shall be corrected for the six months previous to such testing in accordance with the percentage of inaccuracy found by such testing. 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 failure, unless Seller and Purchaser agree upon a different amount.
- c. The metering equipment shall be read on the _____ day of the month. A designated official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. Billing Period

- a. Seller shall furnish to Purchaser at the above address not later than the _____ day of each month with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

II.

1. Rates and Payment Date

- a. Purchaser shall pay the Seller, not later than the _____ day of each month; the rate of \$2.25 per 1000 gallons of water purchased for resale to Frenchburg. (If Morgan County Water District's rates should exceed \$2.63 per 1000 gallons of water purchased by Frenchburg, the city's rate shall raise proportionately). OF KENTUCKY PUBLIC SERVICE COMMISSION EFFECTIVE

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- c. The parties may negotiate an adjustment of rates at any time and if accepted by both parties shall be adopted and a new schedule of rates implemented.
- d. If the Purchaser exceeds its monthly purchases as provided in section I (1), the Seller may charge the Purchaser for all excess purchases a rate of one hundred ten percent (110%) of the base rate.
- e. Failure to make timely payments will result in a penalty of ten percent (10%) per month on each invoice remaining unpaid. Failure of Frenchburg to pay Purchaser for the water resold will not excuse Purchaser's timely payment to Seller.

2. Connection Fee

- a. If any additional connections to Seller's facilities are required to fulfill this Agreement, the Purchaser agrees to pay to Seller an additional connection fee to connect the Seller's system with the system of the Purchaser. The fee, which shall cover any and all costs of the Seller for installation and maintenance of the metering equipment, shall be the actual costs of labor, material, and equipment of an independent Agreement to install such facility. In lieu of an agreed cost, the Purchaser, at the approval of the Seller, may construct the meter facilities to the Seller's specifications and contribute the facilities to the Seller.

3. Metering Equipment

- a. Purchaser shall furnish, install, operate, and maintain at its own expense at points 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 by Seller.

III. Miscellaneous

1. Term of Agreement

- a. This Agreement shall extend for a term of one (1) year from the effective date and may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. Modification of Agreement

- a. The provisions of this Agreement may be modified upon mutual agreement of both parties.

3. Regulatory Agencies

- a. This Agreement is subject to such rules, regulations, or laws of any regulatory agency, including the Public Service Commission, as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining Public Service Commission certificates, or authorizations as may be required to comply.

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4. Successor to the Purchaser

- a. In the event of any occurrence rendering the Purchaser incapable of performing under this Agreement, any successor of the Purchaser, whether the result of the legal process, assignment or otherwise, shall succeed to the rights of the Purchaser.

5. Notices

- a. The parties agree to notify each of any situation that might limit or interfere with the delivery or use of water or which would adversely affect the quantity, quality or pressure of the water at the delivery points.

6. Effective Date

- a. The effective date of this Agreement is the date of execution.

In witness of these terms, conditions and consideration, the parties execute this Agreement as evidenced by their signatures:

Morgan County Water District

By: Earl Reed

Title: Chairman

Date: 6-26-00

Dennis Sully
Witness

City of West Liberty

By: Robert W. Nichell

Title: Mayor

Date: 6-26-00

Heidi Bradley
Witness

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