

WATER PURCHASE CONTRACT

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This contract for the sale and purchase of water is entered into as of the 20th day of NOVEMBER

1992 between the CITY OF MT. STERLING WATER & SEWER COMMISSION, an Agency of the City
of Mt. Sterling, Kentucky, P.O. Box 392, Mt. Sterling, KY 40353
(Address)

hereinafter referred to as the "Seller" and the [REDACTED]
P.O. Box 369, Salt Lick, KY 40371
(Address)

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PUBLIC SERVICE
COMMISSION

hereinafter referred to as the "Purchaser",
WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 74 of the
Code of Kentucky Revised Statues, 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
to 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 _____ day
of _____, 19 _____, 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 Chairman of the Board of Commissioners
and attested by the Secretary, was duly authorized, and

Whereas, by Resolution of the Board of Commissioners
of the Purchaser, enacted on the _____ day of _____, 19 _____,
the purchase of water from the Seller in accordance with the terms set forth in the said Resolution
was approved, and the execution of this contract by the Chairman of the Board of Commissioners, and
attested 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, Kentucky Cabinet for Natural Resources and Environmental Protection

in such quantity as may be required by the Purchaser not to exceed 1,550,000 gallons per month. See also the
attached Addendum "A" to Water Purchase Contract incorporated herein by reference.

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

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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: James C. Neel
FOR THE PUBLIC SERVICE COMMISSION

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated

at minimum of 35 PSI from an existing 8 & 16 inch main supply at a point located See attached Addendum "A" to Water Purchase Contract incorporated herein by reference.

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 points of delivery, the necessary meter S 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 past 12 months 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 a monthly basis. 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.

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: See attached Addendum "A" to Water Purchase Contract incorporated herein by reference.

a. \$ _____ for the first _____ gallons, which amount shall also be the minimum rate per month.

b. \$ _____ cents per 1000 gallons for water in excess of _____ gallons but less than _____ gallons.

c. \$ _____ cents per 1000 gallons for water in excess of _____ gallons.

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BY: [Signature]
FOR THE PUBLIC SERVICE COMMISSION

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BY: [Signature]
FOR THE PUBLIC SERVICE COMMISSION

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system

of the Purchaser, the sum of 15,000 dollars, which shall cover any and all costs of the Seller for installation

of the meters, (not to include meter vault or any other meter installation components).

ADDENDUM "A" TO WATER PURCHASE CONTRACT
BETWEEN CITY OF MT. STERLING WATER & SEWER COMMISSION
(HEREIN THE "SELLER") AND THE BATH COUNTY WATER DISTRICT
(HEREIN THE "PURCHASER"), DATED NOVEMBER 20, 1992

A. Exceeding Maximum Quantity of Water. If the maximum quantity of water per month to be furnished hereunder (1,550,000 gallons) is exceeded in any calendar month, the Seller shall have the option of:

(1) Terminating the supply of water to the Purchaser at all delivery points for the remainder of the calendar month in which the excess occurs; or

(2) Purchaser shall be charged an "excess usage fee" equal to four times the current minimum (dollar amount on maximum quantity usage) per cubic feet charge under the general water rate schedule of Seller in effect at the time.

B. Delivery Points. The points of delivery shall be at the following locations:

(1) At the Woodland Industrial Park, located North side of Interstate Highway I-64.

(2) At the East side of Intersection of Howards Mill Road with Stepstone Road, located South side of Interstate Highway I-64.

C. Geographic Boundary of Service Area. The geographic boundary or area in which any water sold and supplied to the Purchaser by the Seller may be resold and/or furnished by the Purchaser to its customers, or anyone else, is specifically limited to only water users located on property which is within the confines of the "Service Area" annexed to the Bath County Water District by the County Courts of Montgomery and Bath Counties.

D. Charges for Water - Initial Water Rate Schedule.

First	100 Cu. Ft.	\$4.42
Next	600 Cu. Ft.	\$2.00 / 100 Cu. Ft.
Next	1,300 Cu. Ft.	\$1.94 / 100 Cu. Ft.
Next	1,300 Cu. Ft.	\$1.76 / 100 Cu. Ft.
Next	3,400 Cu. Ft.	\$1.52 / 100 Cu. Ft.
Next	6,600 Cu. Ft.	\$1.28 / 100 Cu. Ft.
Next	13,300 Cu. Ft.	\$1.03 / 100 Cu. Ft.
Over	26,600 Cu. Ft.	\$0.99 / 100 Cu. Ft.

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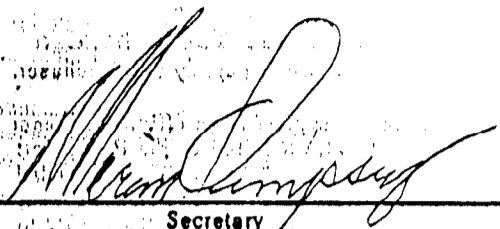
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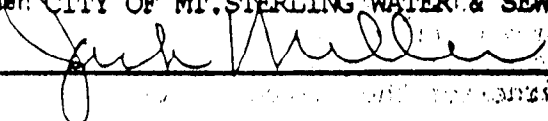
BY: Judith A. Neal
FOR THE PUBLIC SERVICE COMMISSION

witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract

to be duly executed in two counterparts, each of which shall constitute an original.

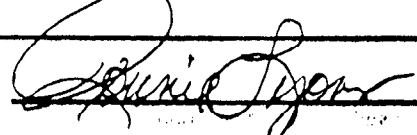
Attest: 
Secretary

Seller: CITY OF MT. STERLING WATER & SEWER SYSTEM


By _____

Title Chairman of the Board of Commissioners

Purchaser: BATH COUNTY WATER DISTRICT


By _____

Title Chairman of the Board of Commissioners

Attest: 
Secretary

This contract is approved on behalf of the Farmers Home Administration this _____ day of _____

19 _____

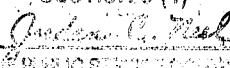
By _____

Title _____

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SECTION 9 (1)

BY: 
FOR THE PUBLIC SERVICE COMMISSION

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 45 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,

at a charge for the actual metered amounts based on the rates set forth herein in the attached Addendum "A", which will be paid by the contractor or, on his failure to pay, by the Purchaser.

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 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.

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. Without regard to any other provision of this Water Purchase Contract, for the purpose of avoiding any aspect of illegal discrimination, it is mutually agreed by the Seller and Purchaser that the Purchaser, in any event, shall not be charged a water rate lower than the rate charged any other independent water district or utility supplied by the City of Mt. Sterling.

10. This contract adopts the Farmers Home Administration's definition of "increase capitalization of the Seller's system", which means the future appreciation in value of the Seller's system without expenditure for capital improvements beyond those which exist on the date of the contract. However, capital expenditures for the purpose of making improvements to the Seller's system which can be attributed to the Purchaser's benefit either in part or in full, shall be proportionately subject to inclusion in rate modification determinations, as permitted in paragraph 5 above.

11. This contract is pledged to the Farmers Home Administration as part of the security for a loan or loans that may be made to the Purchaser.

12. (Additional Provisions) Specifically included in this Water Purchase Contract are the additional provisions set forth in the attached Addendum "A" to Water Purchase Contract which additional provisions are incorporated herein by reference the same as though fully copied herein.

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PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY: Jordan C. Neel
FOR THE PUBLIC SERVICE COMMISSION