

WATER PURCHASE AGREEMENT

THIS AGREEMENT, made and entered into this 16 day of November, 1983, by and between Bath County Water District, hereinafter referred to as "SELLER", and Sharpsburg Water District, hereinafter referred to as "PURCHASER",

WITNESSETH:

WHEREAS, Sharpsburg Water District desires an additional source of water supply; and

WHEREAS, Bath County Water District has the ability to deliver water to Sharpsburg Water District provided a proposed upgrade of their existing system is completed;

NOW, THEREFORE, the parties do hereby mutually agree as follows:

A. The SELLER agrees:

1. (QUALITY AND QUANTITY) To furnish the PURCHASER at a 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 Department for Human Resources in such quantity as may be required by the PURCHASER not to exceed 288,000 gallons per day.

2. (POINT OF DELIVERY AND PRESSURE) That water will be furnished at a reasonably constant pressure calculated at 35 p.s.i. during PURCHASER's booster pumping at a rate of 200 G.P.M. from the current termination point of SELLER's main supply line located on Highway 36 near the community of

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SEP 10 1987

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

BY: Bynes

Case No. 8896 - 5-18-84

Harpers. Emergency failures of pressure or supply due to main supply line breaks, power failures, 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. (UPGRADE OF SELLER'S SYSTEM) To construct a 6 inch transmission line paralleling SELLER's existing line from Salt Lick to the Fearing Road pump station and to upgrade and replace existing pumps and control facilities at the said pump station according to the recommendations of PURCHASER's engineers, said transmission lines and related pumps and facilities to be maintained and operated thereafter at the cost and expense of SELLER.

4. (SYSTEM IMPROVEMENTS) That the proposed 6 inch transmission line proposed to be constructed by the SELLER parallel to SELLER's existing line along highway U.S. 60, from Salt Lick to Fearing Road and the related replacements and upgrades to SELLER's existing booster pump station at Fearing Road are designed to provide the present and future needs of PURCHASER only. If the SELLER desires to extend service from said transmission line additional capacity would be required. In the event that SELLER deems it necessary to construct a larger line than proposed by PURCHASER, then SELLER will pay the additional construction and related costs of the larger line.

5. (BILLING & STATEMENTS) To furnish the PURCHASER, not later

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 10 1987

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

BY: B. Jones

than the 10th day of each month, a statement indicating the quantity of water furnished for the preceding calendar month and the current amount due.

B. The PURCHASER agrees:

1. (TAP ON FEE) To pay to the SELLER a one time tap on fee, equal to the total cost of construction, including legal, administrative, and other costs, of the improvements proposed by PURCHASER to be made in SELLERS system to enable SELLER to serve PURCHASER, which cost is presently estimated to be \$225,500.00. Said tap on fee shall be paid to SELLER as required to meet expenses and costs of the proposed construction, after opening of bids for construction to be undertaken by the parties, and after acceptance of bids for construction to be undertaken by SELLER.

2. (RATES AND PAYMENT DATE) To pay the SELLER not later than the 20th day of the month for water delivered during the previous calendar month at the rate of ~~\$1.14~~ ^{\$1.20} per 1000 gallons plus any "purchased water adjustment surcharge" as hereinafter set out. PURCHASER is cognizant of the fact that SELLER purchases water from Morehead Utility Plant Board at a rate based on a flat fee component and a per gallon purchase price that is subject to recalculation annually based on the costs of producing and delivering water to SELLER. At the time of each future rate recalculation SELLER ~~PURCHASER~~ ^{PUBLIC SERVICE COMMISSION OF KENTUCKY} shall advise PURCHASER of the increase or decrease in SELLER's per gallon purchase price ^{EFFECTIVE}

SEP 10 1987
PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: B. Jones

of water and any such increase or decrease shall be added to the rate charged to PURCHASER, without increase or diminution, for the month in which the recalculation is finalized and subsequent months until the next recalculation as a "purchased water adjustment charge".

3. (METERING EQUIPMENT) To furnish, install and maintain, at its own expense, the necessary metering equipment including all required devices of standard type for properly measuring the quantity of water delivered to PURCHASER. Said metering facilities shall be checked and read by both the SELLER and the PURCHASER through their duly authorized agents and employees and shall be maintained and tested according to the rules and regulations of the Public Service Commission. Either party may at any time require the testing of the metering equipment at their own expense. In the event that testing discloses an inaccuracy in excess of 2% then the billing for the preceding six months shall be adjusted based on the degree of deviation from a true reading that is determined to exist.

C. It is further mutually agreed as between the SELLER and the PURCHASER as follows:

1. (CONDITIONS PRECEDENT) The parties mutually acknowledge that the construction of the water supply distribution system improvements by the PURCHASER is proposed in anticipation of financing by a Community Development Block Grant and through a grant and loan from the United States of America, acting by

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
SEP 10 1987
PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: B. Jones

and through the Farmers Home Administration, Department of Agriculture, and the provisions hereof are conditioned upon the approval of the appropriate administrators of the Block Grant and FmHa grant and loan programs. This contract, in its entirety, is further specifically conditioned upon the receipt of sufficient financing from said sources to enable PURCHASER to undertake and complete the proposed project according to terms imposed by the said financing agencies.

2. (TERM) That this contract shall extend for a term of 40 years from the date of the initial delivery of water as shown by the first bill submitted by the SELLER and thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the SELLER and the PURCHASER.

3. (DELIVERY OF WATER) That 10 days prior to the estimated date of completion of construction of the PURCHASER's water distribution system improvements, the PURCHASER will notify the SELLER in writing of the date for the initial delivery of water.

4. (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 reasonable charge to be paid by the contractor, or, upon

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SEP 10 1987

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

his failure to pay, by the PURCHASER.

5. (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 the quantities of water required by the PURCHASER. Temporary or partial failures to supply water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or should the supply of water that is available to the SELLER be 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 the SELLER's consumers is reduced or diminished.

6. (EXTRAORDINARY RATE ADJUSTMENTS) In the event that the Fixed fee or capital charge paid by the seller should be changed or in case of a substantial change in SELLER's maintenance and operating costs, then the parties shall negotiate in good faith to make an equitable adjustment in the basic rate charged by the SELLER to the PURCHASER.

7. (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 PURCHASER and SELLER will collaborate in obtaining such permits, certifications, or the like, as may be required to comply therewith.

8. (PLEDGE AS SECURITY) This Contract is pledged to the United States of America, acting by and through the

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SEP 1 1987

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: B. Jones

Home Administration (FmHA), as security for the loan made to the PURCHASER by FmHA.

EXECUTED pursuant to a Resolution of the Bath County Water District at a duly authorized meeting held on the 16 day of Nov, 1983.

EXECUTED pursuant to a Resolution of the Sharpsburg Water District at a duly authorized meeting held on the 12 day of October, 1983.

Bath County Water District
SELLER

BY: [Signature]
William J. Razor, Chairman

ATTEST: [Signature]
Secretary

Sharpsburg Water District
PURCHASER

BY: [Signature]
Billy Stewart, Chairman

ATTEST: [Signature]
Secretary

APPROVED:

[Signature]

Title: County and Bureau Program [Signature] SERVICE COMMISSION
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United States of America
Farmers Home Administration

12-27-83

SEP 10 1987

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

BY: [Signature]

RESOLUTION

In order to continue public water supply service, and to provide adequate water supply, and to comply with FmHA guidelines, it is hereby resolved that the Bath County Water District enter into a water purchase agreement with the Sharpsburg Water District. The Water Purchase Agreement is attached to this resolution and adopted/approved this 16th day of November, 1983.

By: William John Razor
William John Razor, Chairman

Attest: Wayne Johnson
Wayne Johnson, Secretary

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SEP 10 1987

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

BY: B. G. [Signature]

RESOLUTION

In order to continue public water supply service, and to provide adequate water supply, and to comply with FmHA guidelines, it is hereby resolved that the Sharpsburg Water District enter into a water purchase agreement with the Bath County Water District. The Water Purchase Agreement is attached to this resolution and adopted/approved this 12th day of October, 1983.

By: Billy Stewart
Billy Stewart, Chairman

Attest: Jimmy Wells
Jimmy Wells, Secretary

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

BY: [Signature]