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SEP 07 1994 WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 19th day of December, 1976, between the City of Columbia, Columbia Utility Commission, Campbellsville Street (Municipal Building), Columbia, Kentucky 42728 (Address)

hereinafter referred to as the "Seller" and the Adair County Water District, by its Chairman, Kermit Grider, c/o Robert H. Hutchison, Jr., Attorney for District, 108 North Reed Street, (Address) Columbia, Kentucky 42728 hereinafter referred to as the "Purchaser",

WITNESSETH: Whereas, the Purchaser is organized and established under the provisions of K.R.S. 74.020 of the

Code of Kentucky and by Charter, 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 Minutes No. _____ enacted on the 13th, and 16th day of December, May & December, 1976, by the Seller, the sale of water to the Purchaser in accordance

with the provisions of the said minutes and this contract was approved, and the execution of this contract carrying out the said agreement and understanding by the Chairman, Larue Jessie and attested by the Secretary, was duly authorized, and

Whereas, by Minutes and orders of the Adair County Water District of the Purchaser, enacted on the 7th day of April and 5th day of May, 1976 and before

the purchase of water from the Seller in accordance with the terms set forth in the said oral undertakings was approved, and the execution of this contract by the Chairman, Kermit Grider 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 Department of Health, Commonwealth of Kentucky

in such quantity as may be required by the Purchaser not to exceed 12,000,000 gallons per month and/or 400,000 per day or more not to exceed the monthly amount, above stated.

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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 \$ as priced herein 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 two 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. (Pledge) This contract is hereby pledged 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.

10. That this contract every two years will be reviewed by the parties concerning the quantity of water and the price, and if there is a suggested increase same will be negotiated as this contract has.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE 14 APRIL 1994

SEP 22 1994

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY: Jordan L. Smith
FOR THE PUBLIC SERVICE COMMISSION

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 4 counterparts, each of which shall constitute an original.

Seller:

CITY OF COLUMBIA, COLUMBIA UTILITY COMM

By D. J. Jennings

Title Chairman and others

Attest:

James F. Harper
Secretary

Purchaser:

ADAIR COUNTY WATER DISTRICT

By Herbert L. Sides

Title Chairman

Attest:

H. W. Ross
Secretary

This contract is approved on behalf of the Farmers Home Administration this _____ day of _____, 19____. PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

By _____

SEP 22 1994

Title _____

PURSUANT TO 807 KAR 5011, SECTION 9(1)

BY: James C. ...
FOR THE PUBLIC SERVICE COMMISSION



Approved: James J. Hodges
City Attorney
Columbia, Ky.

Jack Taylor
Councilman

Charles Marshall
Councilman

W. J. Murphy
Mayor

Robin L. Sipes
Councilman

James F. Harper
Councilman

James Reese
Councilman

Charles M. Barr
Councilman

From HR concern 6-17-97
L. T. Hornum C.E.R.