

WATER PURCHASE AGREEMENT

THIS WATER PURCHASE AGREEMENT dated this 8th day of April, 2022, but effective as of the Effective Date defined below, is made by and between **JONATHAN CREEK WATER DISTRICT** of 7564 U.S. Highway 68E, Benton, KY 42025, (hereinafter referred to as the "Seller") and **NORTH MARSHALL WATER DISTRICT** of 96 Carroll Road, Benton, KY 42025 (hereinafter referred to as the "Buyer").

WITNESSETH

WHEREAS, Seller is a Kentucky water district established under Chapter 74 of the Kentucky Revised Statutes and owns and operates a water supply distribution system in Marshall County, Kentucky, with a current capacity capable of serving its present customers and the estimated supplemental water needs to be required by Buyer.

WHEREAS, Buyer is a Kentucky water district established under Chapter 74 of the Kentucky Revised Statutes and owns and operates a water supply distribution system in Marshall County, Kentucky.

WHEREAS, on December 10, 2021, one or more tornadoes of at least EF-3 magnitude directly hit various areas of Buyer's service area causing significant damage to Buyer's water system. Consequently, Buyer purchased water from Seller based upon a verbal understanding and agreement between Buyer and Seller to meet the needs of its customers until it could repair the damage to its system caused by the tornadoes. Buyer and Seller desire to ratify this verbal understanding and agreement by this Agreement.

WHEREAS, furthermore, Buyer desires to procure an alternate source of water for distribution to its customers in peak times and times of emergency in the future.

KENTUCKY PUBLIC SERVICE COMMISSION
Linda C. Bridwell Executive Director

EFFECTIVE 5/13/2022 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

WHEREAS, by Resolution enacted by Seller's Board of Commissioners on Feb. 22, 2022, Seller approved this Agreement and Seller's Chairman was authorized to execute this Agreement for and on behalf of Seller.

WHEREAS, by Resolution enacted by Buyer's Board of Commissioners on March 15, 2022, Buyer approved this Agreement and Buyer's Chairman was authorized to execute this Agreement for and on behalf of Buyer.

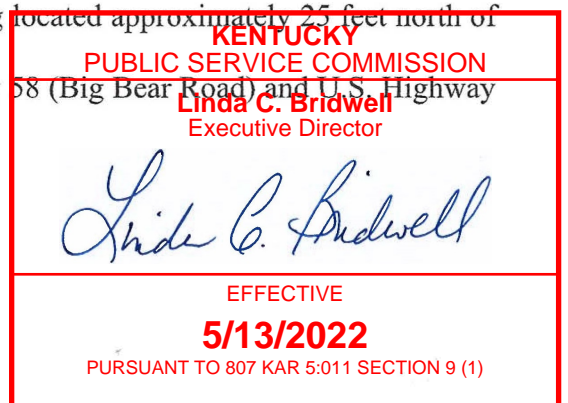
WHEREAS, the parties desire to execute a formal Agreement regarding the duties and responsibilities each shall have in this cooperative effort and ratify their recent verbal understanding and agreement.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Furnish Water.** As of the Effective Date and during the term of this Agreement and any renewal or extension thereof, Seller agrees to sell and furnish to Buyer, at the points of delivery hereinafter specified, such quantities of water as Buyer may require, but not to exceed an amount which, when combined with the usage of all other customers of Seller, would exceed Seller's water production capacity.

2. **Quality of Water.** The quality of water furnished to Buyer by Seller shall be potable, treated water meeting applicable quality standards of all appropriate state and federal regulatory agencies.

3. **Point of Delivery and Pressure.** Seller agrees to furnish the water to Buyer at a reasonably constant pressure. Seller shall deliver the water to Buyer at an existing 6-inch water main supply connecting Seller and Buyer's systems being located approximately 25 feet north of the right of way of the intersection of Kentucky Highway 58 (Big Bear Road) and U.S. Highway




68. Seller shall use reasonable care and diligence in the operation and maintenance of its water system to prevent and avoid abnormal interruptions and fluctuations of supply and pressure. Should greater pressures than that available at the point of delivery be required by Buyer, it shall be Buyer's responsibility, at its own expense, to provide within its system such booster pumping, storage, or other facilities as may be required to develop and maintain additional pressures within Buyer's system. 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 Seller from this provision for such reasonable period of time as may be necessary to restore service.

4. **Metering Equipment.** Seller's existing meter located at the point of delivery will be used to measure the water delivered by Seller to Buyer ("Metering Equipment"). Seller shall be responsible for maintaining the Metering Equipment. Seller will test the metering equipment once every year. A meter registering within the acceptable limits identified by AWWA Standards shall be deemed to be accurate. If any meter fails to register for any period, the amount of water furnished will correspond with the period immediately prior to the failure, unless both parties shall agree upon a different amount.

5. **Rate.** Buyer will pay Seller a wholesale rate of \$3.40 per 1,000 gallons of water delivered to it by Seller pursuant to this Agreement.

6. **Billing Procedure and Payment Procedure.** Seller will furnish Buyer at the address above not later than the 15th day of each month an itemized statement of the amount of water furnished Buyer for the preceding billing cycle and the cost thereof. Buyer will pay those charges within 15 days of the date of the bill.

7. **No Minimum Usage.** There is no minimum usage required by the Buyer, and the Buyer will not be charged a minimum usage fee.

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8. **Term.** The initial term of this Agreement shall be a period of five (5) years from the Effective Date. Upon expiration of the initial term or any renewal term, this Agreement shall be automatically renewed for a one (1) year period unless, at least sixty (60) days prior to the renewal date, either party gives the other party written notice of its intent not to continue the Agreement. During any renewal term, the terms, conditions and provisions set forth in this Agreement shall remain in effect unless modified as permitted herein.

9. **Maintenance of Seller's System.** Seller will, at all time, operate and maintain its system in an efficient manner and will take such action as may be reasonably necessary to perform its obligations under this Agreement. Temporary or partial failures to deliver water shall be remedied with all practicable dispatch. In the event an extended shortage of water, or the supply of water available to Seller is otherwise diminished over an extended period of time, the supply of water to the Buyer shall be reduced or diminished in the same ratio or proportion as the supply to Seller's other consumers is reduced or diminished.

10. **Modification of this Agreement.** The provisions of this Agreement pertaining to the rate to be paid by the Buyer for water purchased are subject to modification at the end of every one (1) year period. Any increase or decrease in rates shall be approved by the Public Service Commission and shall be based on the increase or decrease in the cost of performance hereunder, but such cost shall not include capitalization of either system. Other provisions of this Agreement may be modified or altered by mutual agreement.

11. **Regulatory Agencies.** This Agreement is subject to such rules, regulations or laws as may be applicable to similar agreements in the Commonwealth of Kentucky and the parties will collaborate in obtaining such authorizations, approvals, permits, certificates or the like as may be required to comply therewith.



12. **Termination.** Seller and Buyer have the right to terminate this Agreement for just cause upon giving ninety (90) days written notice to the other of the date of termination at the party's address set forth above. Notice of termination shall be in writing sent to the Chairman of the other party.

13. **Miscellaneous Provisions.** This Agreement represents the entire understanding and agreement of the parties, and all prior covenants, agreements, presentations and covenants are merged herein. This Agreement shall be binding upon the parties and deemed fully enforceable in law or in equity. If any provision of this Agreement shall be invalid under applicable law, that invalidity shall affect the remaining provisions of this Agreement. This Agreement shall inure to the benefit and be binding upon the parties hereto and their respective successors and assigns.

14. **Prior Contracts Superseded.** As of the Effective Date of this Agreement, any prior agreements for Buyer's purchase of water from Seller, and all amendments or modifications thereto, shall be superseded by this Agreement.

15. **Effective Date.** This Agreement shall be effective as of December 10, 2021 ("Effective Date").

[Signature page follows]



IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above, but effective as of the Effective Date.

SELLER:

JONATHAN CREEK WATER DISTRICT

By: Jeff O'Bryan

Name: Jeff O'Bryan

Title: Chairman

ATTEST:

[Signature]
Secretary, Jonathan Creek Water District

BUYER:

NORTH MARSHALL WATER DISTRICT

By: [Signature]

Name: James Leonard

Title: Chairman

ATTEST:

[Signature]
Secretary, North Marshall Water District

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