

AGREEMENT

THIS AGREEMENT, made and entered into this 25th day of FEBRUARY, 1986, by and between KENTUCKY-AMERICAN WATER COMPANY, a Kentucky corporation having its office at 2300 Richmond Road, Lexington, Kentucky (hereinafter sometimes called "COMPANY"), Party of the First Part, and LEXINGTON-SOUTH ELKHORN WATER DISTRICT, a Water District duly organized and existing under and by virtue of the laws of Kentucky, having an office at 200 W. Maple Street, Nicholasville, Kentucky 40356 (hereinafter sometimes called "DISTRICT"), Party of the Second Part;

W I T N E S S E T H:

THAT, WHEREAS, the District has been formed for the purpose of supplying water for the inhabitants of District, and wishes to purchase, upon the terms and conditions hereinafter set forth, water in the quantities hereinafter mentioned from the Company for resale by District to its customers, and

WHEREAS, the Company is willing to sell water, in the quantities and upon the terms and conditions hereinafter stated, to District for resale by District to inhabitants of said District, and

WHEREAS, the parties entered into an Agreement on the 15th day of April, 1970, for the purchase and sale of water, and

WHEREAS, Company and District have mutually agreed to increase the amount of water to be supplied by the Company to the District,

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NOW, THEREFORE, in consideration of the mutual covenants of the parties hereto as hereinafter contained, it is hereby agreed by and between the parties hereto as follows, to-wit:

1. Company agrees to sell to District, and District agrees to purchase from Company at the rates hereinafter mentioned, such quantities of water as the District may hereafter from time to time require, not to exceed an average of Eight Hundred (800) gallons per minute, said water to be furnished at two connections to the water mains of the Company at:

(1) A point on the Harrodsburg Road Five Hundred (500) feet North of the Fayette-Jessamine County line. The amount to be supplied at this connection shall not exceed an average of Six Hundred (600) gallons per minute, and

(2) At a point on the Keene Road Five Hundred (500) feet North of the Fayette-Jessamine County line, in Fayette County, Kentucky. The amount to be supplied at this connection shall not exceed an average of Two Hundred (200) gallons per minute.

2. It is understood and agreed by the parties hereto that all of the limitations on consumption by District as set forth in paragraph 1 are of the essence, as well as the limitations contained in this paragraph. The per minute average limitations mentioned in paragraph 1 shall be computed using the entire consumption at each meter for a regular billing period of Kentucky-American Water Company for these types of connections, one month, and dividing by the number of minutes

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period. In addition, the consumption at the meter near Harrodsburg Road, paragraph 1(1), shall never exceed 900 gallons for any one minute and the consumption at the meter near Keene Road, paragraph 1(2), shall never exceed 300 gallons for any one minute. In the event either or both of the consumption limitations contained herein are exceeded, then and in that event, Company shall have the right, in addition to such remedies as may be otherwise provided, to place such consumption restrictive devices in its system as will regulate District's demands within the limitations contained herein, both as to averages and per minute consumption.

3. It is understood by the parties hereto that District has constructed and is maintaining within said District a system of water works for the purpose of supplying inhabitants of the District with water for domestic, farm, public and manufacturing purposes and that District shall have its water distribution system connected with existing water mains of the Company at the delivery points referred to in Paragraph 1 above, each such connection to be a single meter connection. All such master meters, including vaults, shall be furnished, installed, operated, and maintained by the Company.

4. It is further understood and agreed by the parties hereto that Company shall not be required to provide uniform flows or maintain pressures to District and that District shall provide such elevated tanks or standpipes as may be necessary to provide adequate service to its customers; however, Company

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30 *(circled)*

shall endeavor to maintain ~~25~~ pounds per square inch of pressure at District's service connections under normal conditions.

5. It is understood and agreed that Company does not by this agreement undertake or contract that the service rendered through these connections shall include fire protection or sufficient quantities of water for fire extinguishment; and that District is fully aware that if it or its customers desire fire protection or sufficient quantities of water for fire extinguishment, that District must provide the same by the erection of elevated tanks, standpipes or ground storage with booster pumps for such service.

6. The obligation of Company to supply water hereunder is further limited by the understanding that Company shall undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in the supply of water, but that it cannot and does not guarantee or warrant that such interruptions and fluctuations will not occur, or that because of emergencies due to breaks, leaks, defects, construction or necessary repairs in its facilities, or caused by fires, strikes, acts of God, or other causes, there may not be periods during which the supply may be curtailed or interrupted. In event of such interruptions or fluctuations, no liability of any nature shall be imposed upon Company. Notwithstanding the foregoing, however, Company will not, in event of water shortages, discriminate against District and its customers by unreasonably curtailing service to District.

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7. District agrees to pay to Company for water furnished under the terms of this agreement in accordance with the rates established by Company from time to time and approved by the Public Service Commission of Kentucky. All statements rendered by Company to District for water furnished under this agreement shall be paid at the offices of the Company within ten (10) days from date rendered. This agreement is specifically made subject to the Rules and Regulations of the Company as approved by the Public Service Commission of Kentucky, as the same now exist or may hereafter be amended. Company shall not increase its rates to District without obtaining approval of the Public Service Commission of Kentucky or instituting appropriate proceedings seeking approval of any revision in its rate schedule.

8. If at any time hereafter any statement for water furnished hereunder is not paid within ten (10) days from date rendered, Company shall have the right to discontinue service hereunder.

9. Unless terminated sooner as hereinabove set forth this contract shall be for a period of forty (40) years, with an option in District to renew the same thereafter for an additional term of thirty (30) years.

10. During the term of this Agreement, Company shall have the right of first refusal to purchase all of the assets of the District should District determine that it is for sale. Company shall be notified in writing of any bona fide offer that District may have and Company shall have ninety (90) days thereafter to meet any such offer.

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11. In the event all or any part of the waterworks plant and facilities of the Company which are used in the furnishing of water hereunder are hereafter acquired by a municipal corporation or other governmental entity, then the Company shall be relieved of its obligations hereunder, and, in such event, this agreement shall be binding upon the municipality or governmental entity making such acquisition. This contract may be assigned by District to the United States of America, acting through the Farmers Home Administration, U.S. Department of Agriculture, or to the bondholders of said District, or to a receiver for their benefit in event of default of any payment of bond interest or principal, but any such assignment shall be subject to the terms and conditions herein stated.

IN WITNESS WHEREOF, the parties hereto have caused their corporate signatures to be affixed hereto by their duly authorized officers, all the day and year first above written.

KENTUCKY-AMERICAN WATER COMPANY

BY: *R. A. Edous*
Vice President

LEXINGTON-SOUTH ELKHORN WATER DISTRICT

BY: *Jean Ann H...*
Commissioner

BY: *Wm. Lee Johnson*
Commissioner

BY: *J. W. Perkins*
Commissioner

BY: *Ed V. Haratz*
Commissioner

BY: *D. J. ...*
Commissioner

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