

AUG 31 1995

PUBLIC SERVICE COMMISSION

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 8th day of August 1995, between the Utility Commission of the City of London, Kentucky, 801 North Main Street/P.O. Box 918, London, Kentucky 40743-0918 (Address)

hereinafter referred to as the "Seller" and the Laurel Water District Number 2,

3910 South Laurel Road, London, Kentucky 40741 (Address)

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 Statutes, 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 required 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

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Whereas, by Ordinance No. 886 enacted on the
22ND day of May, 1995, by the City of London, Kentucky, the
sale of water to the Purchaser in accordance with the provisions of
the said Ordinance by the City of London, Kentucky and attested by
the City Clerk, was duly authorized, and

Whereas, by Resolution of the Board of Commissioners
of the Purchaser, enacted on the _____ day of _____,
1995 the purchase of water from the Seller in accordance with the
terms set forth in the said Ordinance was approved, and the
execution of this contract by the Chairman of the Board, 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: 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 Kentucky Natural
Resources and Environmental Protection Cabinet, Division of Water.

2. Point of Delivery and Pressure: That water will be
furnished at at reasonably constant pressure calculated at
30 psi (minimun) from an existing 12 (via 6" service) inch main
supply at a point located 10 feet south of the intersection of
U.S. HWY 25 and Airport Road. If a greater pressure than

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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 point of delivery, the necessary metering equipment, including a meter house or pit, and required devices 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 six (6) 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 failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read monthly. An appropriate official of the Purchaser/at all reasonable times shall have access to the meter for the purpose of verifying its readings.

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4. Billing Procedure: To furnish the Purchaser at the above address not later than the 1ST day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding monthly billing period.

B. The Purchaser Agrees:

1. Rates and Payment Date: To pay the Seller, not later than the 10TH day of each month, for water delivered in accordance with the following schedule of rates:

- a. \$ 1.35 for the first 1,000 gallons. Minimum monthly bill is charge for 1,000,000 gallons of water at \$1,350.00
- b. \$ 1.35 per 1,000 gallons for water in excess of 1,000 gallons. Water service will be discontinued to all delinquent accounts in accordance with the applicable City Rate Ordinance.
- c. The purchaser shall install and maintain a proper backflow prevention device that will meet or exceed the requirements of the Kentucky Division of Water, KNREPC.

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 5 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.

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2. Failure to Deliver: That the Seller will, at all times, operate and maintain its system in an efficient manner and will undertake 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.

3. 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. Other provisions of this contract may be modified or altered by mutual agreement.

4. 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.

5.

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In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 3 counterparts, each of which shall constitute an original. This contract shall supercede all prior contracts that are or may have been in place.

UTILITY COMMISSION
Seller

By *Robert L. Bunn*
Title CHAIRMAN

Attest:

Michael G. Hannon
Secretary

WATER DISTRICT
Purchaser:

By *C. J. Lousabaugh*
Title Chairman

Attest:

Wayne Cornett
Secretary

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