

WATER PURCHASE CONTRACT

THIS CONTRACT for the sale and purchase of water is entered into as of the 23rd day of October, 1989, between the City of Eddyville, Kentucky whose mailing address is P. O. Box 673, Eddyville, Kentucky 42038, hereinafter referred to as the SELLER, and the Lyon County Water District, a public agency, whose mailing address is P. O. Box 675, Eddyville, Kentucky 42038, hereinafter referred to as the PURCHASER,

WITNESSETH:

WHEREAS, the PURCHASER is organized and established under the Kentucky Revised Statutes as a public agency having perpetual succession, and

WHEREAS, the PURCHASER is desirous of purchasing water from the SELLER for distribution at a maximum volume of Five Hundred Thousand (500,000) gallons per month, and

WHEREAS, the SELLER owns and operates a water supply distribution system with a capacity currently capable of serving the PURCHASER at a maximum volume of Five Hundred Thousand (500,000) gallons per month, and

WHEREAS, on the 16th day of October, 1989, the SELLER, through its City Council, did affirmatively agree to the sale of water to the PURCHASER in accordance with the provisions of this contract, which was properly executed by the Mayor and attested by the Clerk of the City of Eddyville, said actions of SELLER, through Council, were duly recorded within the official minute book of SELLER,

WHEREAS, on the 23rd day of OCTOBER, 1989, the PURCHASER, through its Officers, did affirmatively agree to the purchase of water from the SELLER in accordance with the provisions of this contract, which was properly executed by the Chairman and attested by the Secretary of the Lyon County Water District, said actions of PURCHASER, through its Officers, were duly recorded within the official minute book of PURCHASER,

NOW THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth,

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PURSUANT TO 807 KAR 5011,
SECTION 9 (1)

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COMMISSION

BY: Judith C. Neal
FOR THE PUBLIC SERVICE COMMISSION

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 Kentucky Department of Health in such quantity as may be required by the PURCHASER not to exceed Five Hundred Thousand (500,000) gallons per month, with no monthly minimum requirements by PURCHASER.

2. (Point of Delivery and Pressure) That water will be furnished at a minimum pressure of 30 PSI at the discharge side of the PURCHASER's meter located at the City Limits off HWY 93 at junction of Riley Road and Elkhorn Tavern. If a greater pressure than that 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 maintain the metering equipment, installed by PURCHASER, and to calibrate such metering equipment whenever requested by the PURCHASER but not more frequently than once every five (5) years. 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 the failure, unless SELLER and PURCHASER shall agree upon a different amount. The metering equipment shall be read between the 15th and 25th of each month. 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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BY: Jordan C. Hill
FOR THE PUBLIC SERVICE COMMISSION

4. (Billing Procedure) To furnish the PURCHASER, at the above address not later than the fifth (5th) of each month, with an itemized statement of the amount of water furnished the PURCHASER during the preceding month.

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 rate schedule:

a. \$1.39 per 1,000 gallons purchased throughout the term of this contract.

2. The PURCHASER shall install all piping and meter equipment for the connection and shall pay the total cost thereof. All installations and connections to the SELLER's main, including meter and piping, shall be in accordance with a plan approved by the SELLER. The time of connection shall be agreed upon prior to installation.

C. IT IS MUTUALLY AGREED BETWEEN THE SELLER AND THE PURCHASER:

1. (Term of Contract) That this contract shall extend for a term of forty (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 thirty (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. It is further agreed that when said system is completed, PURCHASER shall charge tap fees to its customers regarding water and the SELLER shall have no interest in said fees outside the City Limits. The PURCHASER shall have no interest in tap fees on that portion of water line which is situated within the City Limits of SELLER. SELLER shall own and maintain the line within its City Limits, PURCHASER shall maintain the remaining lines.

3. (Water for Testing) When requested by PURCHASER, the SELLER will make available to the contractor at the point of delivery, or other point reasonably close thereto, water

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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 rate of \$1.39 per 1,000 gallons 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, take such actions 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 rate to be paid by the PURCHASER for water delivered is subject to modification at the end of the initial one (1) year period and at the end of every one (1) year period thereafter. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder. 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 herewith.

7. (Successor to the PURCHASER) That in the event of any occurrence rendering the PURCHASER incapable of performing this contract, the contract will become null and void.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in six counterparts, each of which shall constitute an original.

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BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

SELLER:

CITY OF EDDYVILLE, KENTUCKY

BY: *Jerry L Peek*
Jerry Peek, Mayor

ATTEST:

[Signature]
Eddyville City Clerk

PURCHASER:

LYON COUNTY WATER DISTRICT

BY: *Don Robertson*
Don Robertson, Chairman

ATTEST:

Newman Herring
Newman Herring, Secretary

THIS INSTRUMENT PREPARED BY:

[Signature]
G. L. Ovey
OVEY & JOHNSON
Attorneys at Law
P. O. Box 679
Eddyville, Kentucky 42038

STATE OF KENTUCKY, COUNTY OF LYON, SCT.

I, Jane Delew, Clerk of the County and State aforesaid do certify
that the foregoing instrument of writing was presented for the record on the
7 day of Nov, 1989 at 1:10 P.M. o'clock, and I have
recorded the same together with this and foregoing certificate in my
office. Given under my hand and seal this 7 day of Nov, 1989

Miss Skell
page 237 BY *Jane Delew* D.C.
JANE DELEW, CLERK

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OF KENTUCKY
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BY: *[Signature]*
FOR THE PUBLIC SERVICE COMMISSION