

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 15 day of October,  
19 85, between the Princeton Water and Sewer Commission

116 Edwards Street Princeton KY 42445  
(Address)

hereinafter referred to as the "Seller" and the Lyon County Water District #13  
PO Box 675, Eddyville, Kentucky 42038  
(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 Statute~~, 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 Resolution No. \_\_\_\_\_ enacted on the 10th day  
of May, 19 84, by the Seller, the sale of water to the Purchaser in accordance  
with the provisions of the said Resolution was approved, and the execution of this contract  
carrying out the said resolution by the seller,  
and attested by the Secretary, was duly authorized, and

Whereas, by resolution of the Lyon County District  
of the Purchaser, enacted on the 12 day of May, 1984,  
the purchase of water from the Seller in accordance with the terms set forth in the said resolution  
was approved, and the execution of this contract by the Lyon County Water District, 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 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 \_\_\_\_\_  
Commonwealth of Kentucky Department of State Commission of Kentucky Drinking Standards  
in such quantity as may be required by the Purchaser not to exceed 3,000,000 gallons per month.

OCT 06 1994

FHA 442-30 (Rev. 4-19-72)

FORWARD TO R17 KAR 5011.

*[Handwritten signature]*  
\_\_\_\_\_  
COMMISSION

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at normal pressure from an existing 16" inch main supply at a point located \_\_\_\_\_

Highway 293, intersection with Highway 730, Lyon County, KY42038. 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 ~~XXXXXX XXXX~~ 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 the failure, unless Seller

and Purchaser shall agree upon a different amount. The metering equipment shall be read on 20th day of the mo. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

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 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 schedule of rates:

- a. \$ 150.73 for the first 145,875 gallons, which amount shall also be the minimum rate per month.
- b. \$ N/A cents per 1000 gallons for water in excess of \_\_\_\_\_ gallons but less than \_\_\_\_\_ gallons.
- c. \$ 1,03.33 cents per 1000 gallons for water in excess of 145,875 gallons.

At the rate of \$1,03.33 per 1,000 gallons of water.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
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PURSUANT TO 807 KAR 5.011,  
SECTION 9 (1)

BY: [Signature]  
PUBLIC SERVICE COMMISSION

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of Construction dollars which shall cover any and all costs of the Seller for installation of the metering equipment and <sup>Cost</sup> The Construction cost to be bid by purchaser & approved by seller.

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 \$ 1,03.33 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 one (1) 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.

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PURSUANT TO 807 KAR 5.011,  
SECTION 2(1)

BY: Arthur L. Neal  
SECRETARY

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 6 counterparts, each of which shall constitute an original.

Seller: Princeton Water & Sewer Commission

By John B. Mani  
Title \_\_\_\_\_

Attest:  
Jeresa Martin  
Secretary

Purchaser: Lyon County Water District

By Don K. Little  
Title Chairman

Attest:  
Newman L. Herring  
Secretary

This contract is approved on behalf of the Farmers Home Administration this 30<sup>th</sup> day of MAY, 19 86.

By James A. Little  
Title Community & Business Programs Specialist

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OF KENTUCKY  
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PURSUANT TO 807 KAR 5.011,  
SECTION 9 (1)

BY: [Signature]  
[Illegible Title]

LYON COUNTY WATER DISTRICT

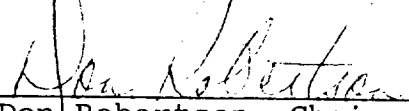
RESOLUTION  
Special Meeting Held  
April 28, 1986  
7:00 p.m.

At a special called meeting of the Lyon County Water District, all members being present, upon motion of John Butler, seconded by Newman Herring and unanimous vote of all commissioners, the commission adopted the following:

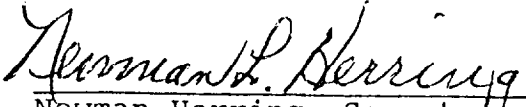
BE IT RESOLVED that the District Commissioners hereby adopt, approve and ratify the actions of the District Chairman and District Secretary regarding their execution of water purchase contract with the City of Princeton, Kentucky, dated October 15, 1985.

Adopted this 28th day of April, 1986.

LYON COUNTY WATER DISTRICT

  
\_\_\_\_\_  
Don Robertson, Chairman

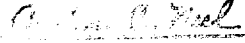
ATTEST:

  
\_\_\_\_\_  
Newman Herring, Secretary

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PURSUANT TO 807 KAR 5.011,  
SECTION 9 (1)

BY:   
\_\_\_\_\_  
PUBLIC SERVICE COMMISSION

PRINCETON WATER & SEWER COMMISSION  
116 EDWARDS STREET  
PRINCETON, KY 42445

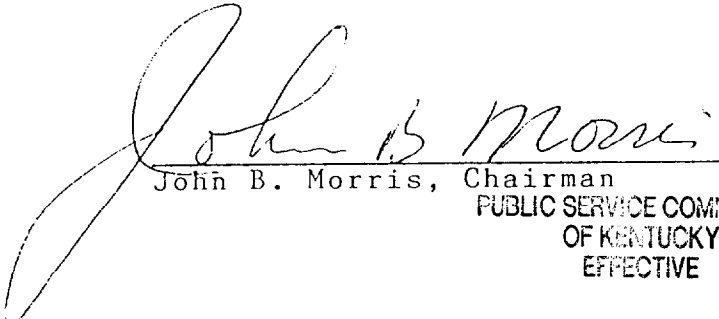
RESOLUTION

At a regular scheduled meeting of the Princeton Water & Sewer Commission of Princeton, Kentucky, a quorum of members being present, the following resolution was duly adopted and entered into the official minutes of said commission.

BE IT RESOLVED that the Princeton Water & Sewer Commission, by and through its commissioners, does hereby affirm and ratify the actions of the commission Chairman and Secretary on October 15, 1985, regarding execution of Water Purchase Contract of above date by and between the Princeton Water & Sewer Commission, Princeton, Kentucky, and the Lyon County Water District, Lyon County, Kentucky, providing for the sale of water by the Princeton, Water & Sewer Commission to the Lyon County Water District for a term of forty (40) years under terms set forth within the October 15, 1985 contract.

Adopted this 22 day of May, 1986.

PRINCETON WATER & SEWER COMMISSION

  
John B. Morris, Chairman

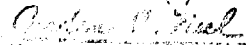
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ATTEST:

  
Secretary

OCT 06 1994

PURSUANT TO 807 KAR 5.011,  
SECTION 3 (1)

BY:   
PUBLIC SERVICE COMMISSION