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OF COUNSEL:
ROBERT M. SPRAGENS

March 21, 1995

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

Hon. Gerald E. Wuetcher, Staff Attorney
Commonwealth of Kentucky
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

APR 21 1996

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: Phyllis Lammie
DIRECTOR, RATES & RESEARCH DIV.

RECEIVED

MAR 22 1995

GENERAL COUNSEL

Dear Gerry:

Re: Lebanon Water Works Company,
Inc. - Marion County Water District
Contract Modification

Consistent with your advices of March 13, 1995, the Lebanon Water Works Company, Inc. and the Marion County Water District have entered into an Addendum to their December 23, 1988 supply contract, the purpose of that Addendum being to extend both the term of that contract and the daily quantity of treated water guaranteed thereunder.

I enclose herewith a completely executed copy of that agreement, and numerical paragraph 3 thereof provides for an effective date thirty days subsequent to the filing of same with the Public Service Commission.

Please advise if any further information referable to this project is required, and I would assume that we will be advised in the event that the Commission has no objection to this Addendum.

Very truly yours,

SPRAGENS, SMITH & HIGDON, P.S.C.


Robert Spragens, Jr.

RS, JR:js
Enclosure

ADDENDUM TO WATER PURCHASE AGREEMENT

THIS ADDENDUM, made and entered into this 13 day of MARCH, 1995, by and between, **LEBANON WATER WORKS COMPANY, INC.**, herein after referred to as the "Company"; and the **MARION COUNTY WATER DISTRICT**, hereinafter referred to as the "District";

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WITNESSETH:

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Phyllis Larkin
DIRECTOR, RATES & RESEARCH DIV.

THAT WHEREAS, the parties hereto have, by written agreement with an effective date of December 23, 1988, entered into an understanding pursuant to which the Company contracts and is obligated to furnish to the District certain quantities of treated water for which the District is obligated to pay in accordance with the Company's prevailing rate schedule, and which treated water the District will then, in turn, make available for sale to its customers throughout Marion County, Kentucky, and

WHEREAS, that original water purchase agreement has heretofore been amended so as to extend the effective term thereof to the year 2033, and

WHEREAS, subsequent to the date of the aforesaid water purchase agreement, the Company has undertaken to complete construction of what is known as the Fagan Branch Reservoir, the purpose of such project being, in part, to provide for raw water storage in order that the Company may not only fulfill its contractual commitments to

the District, but may further enhance its ability to serve the District and its customers,
and

WHEREAS, the District continues to undertake to expand its service area so as to provide treated water to customers throughout Marion County, and in areas which have not heretofore been provided with such service, and

WHEREAS, the parties are thus desirous of again modifying both the effective term of the aforesaid water purchase agreement, and the "minimum purchase price" set forth thereunder in order that the District may make application for additional funding to carry out its ongoing expansion,

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NOW, THEREFORE, in consideration of the premises, including the original covenants, privileges, and conditions set forth in the original December Agreement entered into between these parties, and in further consideration of the continuing and enhanced performance of that Agreement on the part of each of the parties, it is understood and agreed that that written Agreement, as previously modified, shall once again hereby be modified further only to the following extent:

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)
BY: Phillip Lammie
DIRECTOR, FINANCE & RESEARCH DIV.

1. The term of the aforesaid written Agreement, originally stated therein, under numerical paragraph 1, as extending for a period of FORTY-ONE (41) years from and after the effective date of that agreement, and subsequently modified in January of 1992, so as to extend for a period of forty-one years from January, 1992, shall now and hereafter be considered to extend to and including the date of March 12, 2040 unless such term shall be further modified by writing entered into as between these parties.

2. Numerical paragraph 3 of the December 23, 1988 Agreement provides, under the heading "Quantity of Water", for what is designated as a "Guaranteed Amount" of 900,000 per day. That "Guaranteed Amount", shall now be modified and increased to 1,140,000 gallons per day.

3. It is understood and agreed between the parties hereto that this Contract shall be filed with the Public Service Commission of the Commonwealth of Kentucky not less than thirty (30) days prior to its effective date. Accordingly, it is understood that this Contract shall become effective thirty (30) days after notification of the execution of same is afforded the Public Service Commission, and that only in the event that said Commission does not reject or call into question any part of such Contract.

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4. Except to the extent that this Addendum modifies the December 23, 1988 written Agreement entered into between these parties, then that Agreement is hereby ratified and shall remain in full force and effect throughout the term provided for hereinabove, and as that may be subsequently modified.

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)
BY: Phyllis Lanning
DIRECTOR, RATES & RESEARCH DIV.

IN WITNESS WHEREOF, the parties hereunto, acting under the authority of their respective governing bodies, have caused this Addendum to be executed in counterparts, each of which will constitute originals, this the day and year first hereinabove written.

LEBANON WATER WORKS COMPANY, INC.

BY Joseph W. Green
Joseph W. Green, President

ATTEST:

William P. Thompson
Secretary

MARION COUNTY WATER DISTRICT

BY C. R. Whitehouse
C. R. Whitehouse, Chairman

ATTEST:

J. B. Peterson
Secretary

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APR 21 1996

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Phyllis Lannin
DIRECTOR, RATES & RESEARCH DIV.

Prepared By:

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By Robert Spragens, Jr.
ROBERT SPRAGENS, JR.