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P.S.C.
RATES & RESEARCH DIV.

WATER PURCHASE CONTRACT

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PUBLIC SERVICE
COMMISSION

This contract for the sale and purchase of water is entered into as of the 25th day of January, 1993, between the City of Carlisle, Nicholas County, Kentucky, City Hall, 107 Chestnut Street, Carlisle, Kentucky 40311, hereinafter referred to as the "Seller" and the Nicholas County Water District, P.O. Box 304, Carlisle, Kentucky 40311, hereinafter referred to as the "Purchaser".

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W I T N E S S E T H:

WHEREAS the Purchaser is organized and established under the provisions of Chapter 74 of the Kentucky Revised Statutes for the purpose of constructing and operating a 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 requires for its existing system, and will require for an extension thereto, a supply of treated water; and

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PURSUANT TO 807 KAR 5.011.

SECTION 9(1)

BY: Jordan B. Neal
FOR THE PUBLIC SERVICE COMMISSION

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 existing system and the extension thereto, respectively, now on file in the office of the Purchaser, and

WHEREAS, by Resolution No. 8 enacted on the 23^d day of DECEMBER, 1992, 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 Mayor, and attested by the City Clerk, was duly authorized, and

WHEREAS, by Resolution of the Nicholas Co. Water District of the Purchaser, enacted on the 21ST day of January, 1993, 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 Chairman, and attested by the Secretary was duly authorized;

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

It is the intent of the parties hereto that this Agreement shall supercede and replace all prior Agreements of the parties for the sale of water from City of Carlisle to Nicholas County Water District, and all sales after the effective date hereof shall be governed by the terms and conditions herein, as they may be modified from time to time by City Ordinances relating to rates for Outside City Customers, or by mutual written agreement.

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 Division of Water Quality in such quantity as may be required by the Purchaser not to exceed Four Million (4,000,000) gallons per month.

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BY: Judson C. Neal
FOR THE PUBLIC SERVICE COMMISSION

2. Points of Delivery and Pressure. That water will be furnished at a reasonably constant pressure, from existing main supplies, at points located, through meters sized, as follows:

A. From a tap on the north side of Kentucky Highway #36 across from the Deposit Bank, from a four (4") inch supply main, through a two (2") inch meter, at plus or minus (+/-) fifty-five (55) PSI.

B. From a tap on the north side of Kentucky Highway #36 on the County Barn property, from a four (4") inch supply main, through a four (4") inch compound meter, at plus or minus (+/-) seventy-five (75) PSI.

C. From a tap on the south side of Kentucky Highway #32 in the Henryville neighborhood, east of Laytart's Store, from a ten (10") inch supply main, through a six (6") inch meter, at plus or minus (+/-) thirty-two (32) PSI.

D. From a tap at the end of High Street, on the property of Billy Mack Gaunce, from a four (4") inch supply main, through a two (2") inch turbine meter, at plus or minus (+/-) forty-eight (48) PSI.

E. From a tap on the west side of Dorsey Road, serving the Concord Road area, from a four (4") inch supply main, through a two (2") turbine meter, at plus or minus (+/-) fifty-six (56) PSI.

F. From a tap on the west side of Kentucky Highway #32 "Old Paris Pike", next to the Reno Runck farm, from a ten (10") inch supply main, which tap shall be ten (10") inches by six (6") inches, and which meter shall be four (4") inches minimum to six

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BY: Andrew C. Steel
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(6") inches maximum, at plus or minus (+/-) seventy-five (75) PSI.

If a greater pressure than that normally available at the points 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. Billing Procedure. To furnish the Purchaser at the above address not later than the 10th day of each month, (or the first working day thereafter), with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

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B. The Purchaser Agrees:

1. Metering Equipment. To furnish and install meter pit and connection for its extension to system, at its own expense at the new point of delivery in 2.F. above, including any required meter house or pit, and required devices of a standard type, which shall follow good and normal engineering principles, and which said design and installation shall be approved by the Seller and the Seller's engineer and performed by the Purchaser.

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BY: James A. Neal
FOR THE SELLER'S ENGINEER

2. Operation and maintenance. Upon completion, testing, and acceptance by the Seller, Purchaser is to operate and maintain at its own expense, all necessary connections, from the

tapping valve and line, and metering equipment, including meter houses and pits, for properly measuring the quantity of water delivered to the Purchaser, at all points of delivery and to calibrate such metering equipment whenever requested by the Seller 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 by the last of the month. An appropriate official of the Seller at all reasonable times shall have access to the meter for the purpose of verifying its readings.

3. Outside City Rates and Payment Date. To pay the Seller, not later than than ten (10) working days following billing by Seller, for water delivered in accordance with the City of Carlisle Water rates for Outside City Users as established from time to time by Ordinance in the Code of Ordinances of the City, currently per the following schedule of rates:

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FOR THE PUBLIC SERVICE COMMISSION

Outside City

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First 1,000 gallons	\$7.80
Next 4,000 gallons	2.08
Next 5,000 gallons	2.02
Next 5,000 gallons	1.69
Next 10,000 gallons	1.56
Next 25,000 gallons	1.30
All over 50,000 gallons	1.24
Industrial rate	1.30

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BY: *Jordan C. Paul*
ALBERT DESPER
1,000 gallons

A penalty of ten (10%) percent of the amount due will be assessed and paid on all bills not paid in full within ten (10) working days in accordance with Ordinances of Seller.

4. Connection Fee. No connection fee will need to be paid if the Water District or its contractors install all meter equipment and other needed materials and make all water main taps. If the City does any work for the Water District, it will be reimbursed at an agreed cost of labor and materials furnished.

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 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 extension to 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 Purchaser's contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system extension of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge per one thousand (1,000) gallons at the then current over fifty (50,000) thousand gallons rate for Outside City Users, which will be paid by the contractor or, for Outside City Users, which will be paid by the contractor or, failure to pay, by the Purchaser.

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4. Failure to Deliver. That the Seller will, at all times, operate and maintain its system in an efficient manner 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 as set forth in the City of Carlisle Code of Ordinances.

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SECTION 10
BY: *Jordan C. Neal*
FOR THE PUBLIC SERVICE COMMISSION

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 in accordance with the City of Carlisle Water Rates, as established from time to time by Ordinance of the City in its Code of Ordinances. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of production of

finished water by Seller, which may include increased capitalization of the Seller's system based on improvements benefiting Purchaser. Other provisions of the 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 extension of its 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 regarding the extension to its system are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

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8. Successor to the Purchaser. That in the event of any occurrence rendering the Purchaser incapable of performing this contract, any successor of the Purchaser, whether by legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

PURSUANT TO 807 KAR 8.011,
SECTION 4

BY: *Jordan C. Neal*
DATE: *9/9/94*

9. Conflicts of Law. This contract shall be construed in accordance with the laws of the Commonwealth of Kentucky.

10. Modification. Except as to rates for water provided as set forth in Paragraph C. 5. above, this Contract shall not

modified except in writing executed by both parties hereto.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in four (4) counterparts, each of which shall constitute an original.

Seller: City of Carlisle

Frankie Hughes

By: Frankie Hughes

Title: Mayor

Attest:

Mary Tapp

Mary Tapp
City Clerk

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BY: Jordan C. Paul
FOR THE PUBLIC SERVICE COMMISSION

Purchaser: Nicholas County Water
District

Garvey Curtsinger

By: Garvey Curtsinger

Title: Chairman

Attest:

Paula J Hunter

This contract is approved on behalf of the Farmers Home Administration this the 22nd day of FEBRUARY, 1993.

Jimmy H. Hall

By: Jimmy H. Hall

Title: COMMUNITY AND BUSINESS PROGRAMS SPECIALIST