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PUBLIC SERVICE COMMISSION

CONTRACT FOR PURCHASE OF TREATED WATER

* * * * *

THIS CONTRACT made and entered into this 5th day of November 1971, by and between Elihu-Rush Branch Water Association, Inc., hereinafter sometimes referred to as "Water Association" or "Association", a non-profit corporation duly organized and existing pursuant to the provisions of Chapter 273 of the Kentucky Revised Statutes, acting by and through its duly authorized corporate officers, and Kentucky Water Service Company, Inc., hereinafter referred to as "Water Company", a Kentucky corporation acting pursuant to authority and direction heretofore granted by its Board of Directors as its duly authorized and empowered governing body;

WITNESSETH: That whereas, Kentucky Water Service Company, Inc., is a Kentucky corporation engaged in the acquisition, treatment and distribution and sale of pure and potable water, and is presently serving the City of Somerset, Kentucky, and the environs thereof (but not the area encompassed by the geographic boundary of Elihu-Rush Branch Water Association, Inc.) and said Water Company has adequate facilities and water capacity in and about the area of Somerset, Kentucky, to sell treated water on a substantial basis to said Association; and whereas Elihu-Rush Branch Water Association, Inc., was established for the purpose of furnishing an adequate supply of pure and potable water for domestic, culinary, agricultural, commercial and industrial use in its district and the vicinity and environs thereof; and in carrying out said objectives and purposes, said Water Association will obtain proceeds from individual contributions totaling \$6,400.00, a grant of \$22,000.00 from the Farmers Home Administration, a facility of the United States Department of Agriculture, and from a loan of \$40,000.00 from said Farmers Home Administration; to be evidenced by a promissory note, secured by a mortgage on plant facilities and pledge of certain revenues to the

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P.S.C. RATES & RESEARCH DIV.

Farmers Home Administration payable over a period of forty (40) years from the date of said loan; and whereas, it is necessary prior to the execution of the aforesaid promissory note and mortgage in the sum of \$40,000.00 to the Farmers Home Administration that the Water Association enter into a contract with said Water Company whereby said Water Company will agree to furnish adequate water to said Water Association for a period of not less than forty (40) years, and it is therefore appropriate that this Contract now be consummated;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and undertakings herein described, the parties hereto covenant and agree, each with the other, as follows:

Section 1. Kentucky Water Service Company, Inc., hereby covenants and agrees to sell to Elihu-Rush Branch Water Association, Inc., a volume of pure treated water which shall not exceed Seventy Two Thousand (72,000) Gallons per day and shall not exceed a maximum draw of 100 gallons per minute, the price of said water to be in accordance with the following schedule:

First	1,000 gallons used per month	\$3.25 (minimum)
Next	1,000 gallons used per month	1.05 per M gallons
Next	4,000 gallons used per month	1.00 per M gallons
Next	19,000 gallons used per month	.90 per M gallons
Next	25,000 gallons used per month	.80 per M gallons
Next	25,000 gallons used per month	.75 per M gallons
Next	25,000 gallons used per month	.65 per M gallons
Next	100,000 gallons used per month	.60 per M gallons
Over	200,000 gallons used per month	.50 per M gallons

Service will be supplied under Water Company's General Rules and Regulations, and subject to the present or future rates and Rules and Regulations as approved by the Public Service Commission of the State of Kentucky.

It is hereby acknowledged by Elihu-Rush Branch Water Association, Inc., that 72,000 gallons ^{of} pure and treated water per day is adequate

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for the present and foreseeable needs of the Water Association. The foregoing schedule of rates for treated water furnished by the Kentucky Water Service Company, Inc., is stated by the Water Company to be its approved, commercial schedule for treated water.

Section 2. Water Association hereby covenants and agrees to cause to be constructed an adequate reception and meter facility to receive said purchased water from Water Company. Said reception and meter facility shall be constructed in full compliance with regulations, standards and requirements of the Kentucky State Health Department and other public agencies having regulatory jurisdiction thereof. Said reception and meter facility shall be constructed at the location noted on that certain site plan prepared by the Water Association's Consulting Engineers, which is appended hereto as Exhibit "A", and which said location is hereby expressly approved and consented to by Water Company.

It is agreed that the Water Company will furnish the master meter at the point of delivery of water to the Water Association at the connection point above specified, and that the Water Company shall furnish, install, own and maintain said meter. The Water Company shall charge a minimum monthly rental for said meter according to the following schedule:

5/8 or 3/4 inch meter	\$ 3.25
1 or 1-1/4 inch meter	7.25
1-1/2 inch meter	13.25
2 inch meter	20.25
3 inch meter	54.00
4 inch meter	90.00
6 inch meter	180.00

Section 3. 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 Water Company is otherwise diminished over an extended period of time, the supply of water to

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the Water Association's customers shall be reduced or diminished in the same ratio or proportion as the supply to the Water Company's customers is reduced or diminished, except as otherwise provided by the Rules and Regulations of the Public Service Commission of Kentucky, where the statutes now or which might later be in effect in Kentucky.

Section 4. This contract shall remain in full force and effect for a term of forty (40) years from and after November 5, 1971, said expiration date being November 5, 2011. It is acknowledged by the parties hereto that November 5, 2011, will be the latest possible date of the final maturity of the promissory note to be executed by the Water Association to the Farmers Home Administration; except that, if by reason of a delay in executing the said promissory note and mortgage, the date of the same is later, this agreement shall automatically be amended to conform to the date of the proposed promissory note and mortgage to the Farmers Home Administration. It is further provided that in the event any court of competent jurisdiction shall ever hold the duration of this Contract is illegal by reason of being in excess of twenty (20) years or any other period, then it is agreed by the parties that this Contract shall be effective for a period of twenty (20) years or for such shorter period as shall be determined to be valid by a final decision of such court, provided, however, this clause is not to be construed as indicating any doubt as to the validity or effectiveness of said forty (40) years provision or of any other provision of this Contract. Upon termination of the term of this Contract, it may thereafter be renewed or extended for such term or terms as may be agreed upon between the Kentucky Water Service Company, Inc., and the Elihu-Rush Branch Water Association, Inc.

Section 5. The effectiveness of this Contract is subject to the award by the Water Association of contracts for the construction of its water-works distribution system after approval by the Public Service Commission

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BY: Anderson C. Wood
FOR THE PUBLIC SERVICE COMMISSION

of Kentucky and the effectiveness of this Contract is also subject to the approval of said Public Service Commission. The Water Association agrees that it will receive construction bids and make award of said bids at the earliest feasible date.

Section 6. The quality of water delivered by the Water Company to the Water Association hereunder shall meet the standards of the United States Public Health Service's Limitations for Drinking Water.

Section 7. In the event that the water needs of said Water Association should exceed Seventy Two Thousand (72,000) Gallons per day, the Water Company will endeavor to provide adequate service to the Water Association to the extent necessary, but cannot unqualifiedly covenant to do so. As noted aforesaid, it is acknowledged that 72,000 gallons of water per day is at this time in excess of present and foreseeable water needs of the Water Association. If 72,000 gallons of water per day not exceeding a maximum draw of 100 gallons per minute becomes inadequate for the needs of the Water Association at any time, these provisions of this Contract shall be subject to renegotiation between the parties hereto but all other terms shall remain as written herein. Sums due and payable from the Water Association to the Water Company for purchase of treated water on the basis aforesaid, shall be due and payable at the same time and in the same manner as other commercial accounts of the Kentucky Water Service Company, Inc., in the Somerset, Kentucky, area.

Section 8. It is a further condition of this Contract that the Elihu-Rush Branch Water Association, Inc., shall not serve any customers with water who are now served by Kentucky Water Service Company, Inc., or to whom service is available by the present distribution system of Kentucky Water Service Company, Inc./

Section 9. This Contract shall inure to the benefit of, and shall be binding upon the parties hereto, and their successors in interest, grantees, assignees and transferees.

Section 10. The terms of this Contract are subject to the

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BY: *Justin C. Neal*
FOR THE PUBLIC SERVICE COMMISSION

rights of the holders of any notes and mortgages encumbering the water works system of the Water Association.

Section 11. Nothing contained in this Contract is to be construed or intended by the parties as divesting the Public Service Commission of Kentucky of any of its authority, control or prerogatives in connection with either of the parties.

Section 12. If any section, paragraph or clause of this Contract shall be invalid, the invalidity of such section, paragraph or clause shall not affect any of the remaining provisions of this Contract.

IN TESTIMONY WHEREOF, the parties have hereunto set their hands and seals as of the day and year above written.

ELIHU-RUSH BRANCH WATER ASSOCIATION,
INC.

By: John W. Sears
Its President

ATTEST:

Sandra Jackson
Its Secretary

KENTUCKY WATER SERVICE COMPANY,
INC.

By: B. E. Edelman
Vice President & General Manager

ATTEST:

Debra W. Smith
Its Secretary

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BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

STATE OF KENTUCKY

COUNTY OF PULASKI: SCT

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that on this day the foregoing Contract for Purchase of Treated Water was produced before me in my said County and State by John W. Sears, President of the corporation, and Garrett Jackson, as Secretary of Elihu-Rush Branch Water Association, Inc., a non-profit corporation duly organized and existing under and by virtue of the provision of Chapter 273 of the Kentucky Revised Statutes, a party thereto, being both personally known to me and known personally by me to be such officers, and to be the same persons who executed as such officers, respectively, the within and foregoing instrument of writing, and such persons duly acknowledged the execution of the same to be their voluntary act and deed as such officers of the said Elihu-Rush Branch Water Association, Inc., and the official act and deed of said Elihu-Rush Branch Water Association, Inc., and through them as its duly authorized officers.

Witness my hand and Notarial Seal this 5th day of November, 1971.

J. S. Brown
NOTARY PUBLIC
My Commission Expires: 9-30-74

STATE OF KENTUCKY

COUNTY OF PULASKI: SCT

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that on this day the foregoing Contract for Purchase of Treated Water was produced before me in my said County and State by L. B. Dodson, as Vice President, and Ben D. Smith, as Secretary of Kentucky Water Service Company, Inc., a Kentucky corporation and a party thereto, being both personally known to me and known personally by me to be such

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officers, and to be the same persons who executed as such officers, respectively, the within and foregoing instrument of writing, and such persons duly acknowledged the execution of the same to be their voluntary act and deed as such officers of said Kentucky Water Service Company, Inc., and the official act and deed of said Kentucky Water Service Company, Inc., by and through them as its duly authorized officers.

Witness my hand and Notarial Seal this 22 day of November,

1971.

Maria C. Leese
NOTARY PUBLIC
My Commission Expires: 5-13-73

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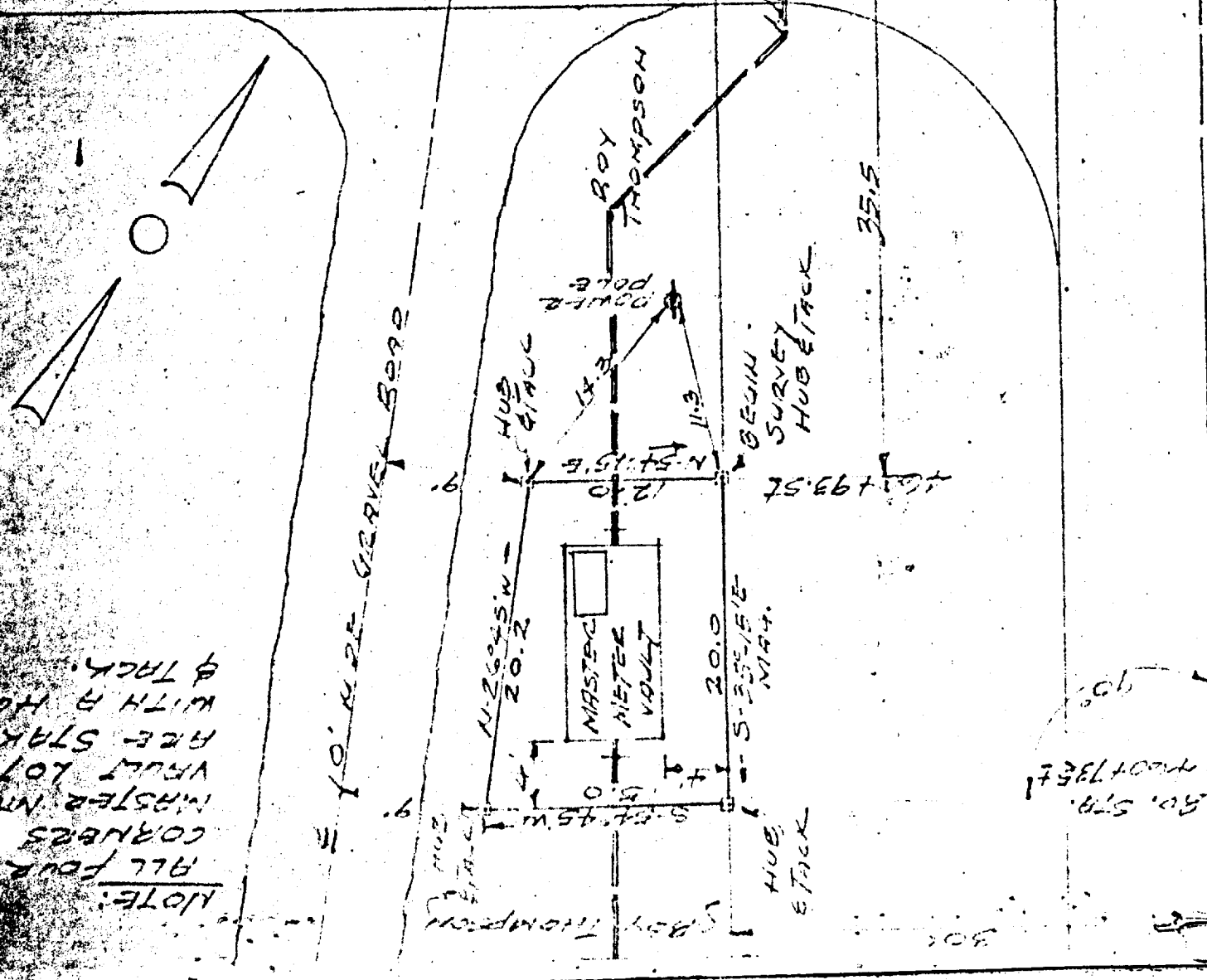
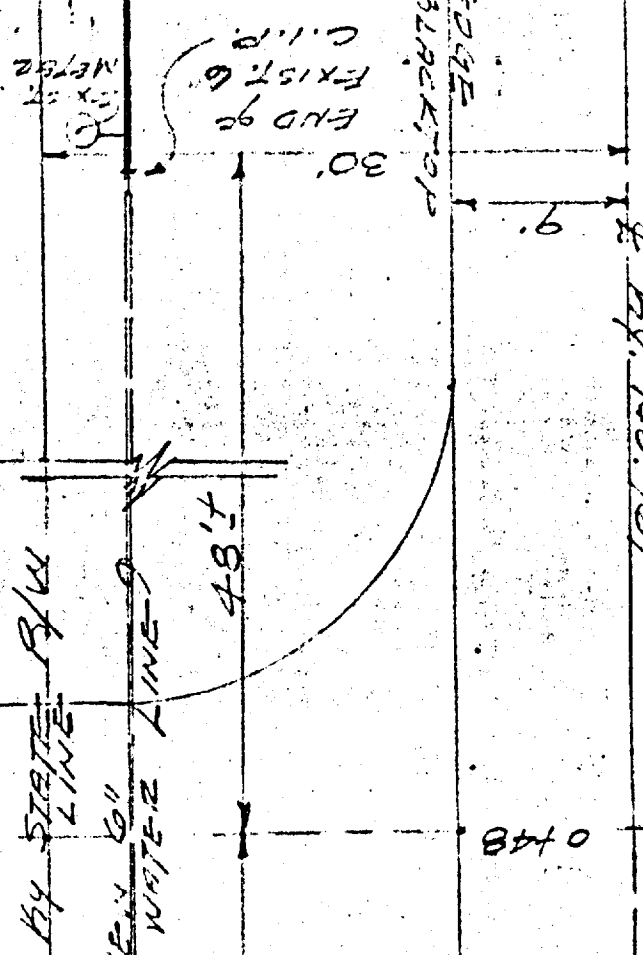
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BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

ELIHU RUSH BRANCH WATER METER
 MASTER METER VAULT SITE
 KY. NO. 769-5 OF SOMEONE
 CRAWFORD & CRAWFORD ENGINEERS
 MT. VERNON & BURLINGTON
 SCALE: 1" = 10' DET. 1/15/94

ROY THOMPSON

BLACKTOP DRIVE TO ROY THOMPSON HOME



NOTE: ALL FOUR CORNERS MASTER METER VAULT LOT ARE STAKED WITH A HUB & TACK.

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 FOR THE PUBLIC SERVICE COMMISSION

MINUTES

* * * * *

At a regular meeting of the Board of Directors of the Elihu-Rush Branch Water Association, Inc., at which meeting all of the directors of said Association were present and which was held at 7:30 P. M., on September 16, 1971, the following resolutions were introduced:

WHEREAS, John G. Prather, Attorney at Law, Somerset, Kentucky, has submitted to the Board of Directors a form of Legal Service Agreement, by which he would agree to act as attorney for the Water Association in the preparation of the legal proceedings necessary to obtain approval for the construction of a water distribution system, as set out in the said Legal Service Agreement, and which agreement is deemed to be for the best interests of the said Association,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Elihu-Rush Branch Water Association, Inc., on behalf of said Association that the Board of Directors accept and approve said Legal Service Agreement and that the President and Secretary of the Association be and they are hereby authorized to execute said Legal Service Agreement on behalf of the corporation, a copy of said agreement being attached to these minutes and made a part hereof by reference to the same.

Whereupon, said resolution was duly moved by G. G. Faulkner and seconded by V. C. Wallace and upon a vote of the same was unanimously carried.

Whereupon, the following resolution was presented to the Board:

WHEREAS, Crawford and Crawford Engineers, Inc., and Associates, Burnside, Kentucky, has submitted to the Board of Directors a form of Engineering Contract, by which they would agree to act as engineers for the Water Association in performing the various professional engineering services required for the design and construction of said water distribution system, as set out in the said Engineering Contract, and which contract is deemed to be for the best interests of the said Association,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Elihu-Rush Branch Water Association, Inc., on behalf of said Association that the Board of Directors accept and approve said Engineering Contract and that the President and Secretary of the Association be and they are hereby authorized to execute said Engineering Contract on behalf of the corporation, a copy

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of said agreement being attached to these minutes and made a part hereof by reference to the same.

Whereupon, said resolution was moved by V. C. Wallace and seconded by Grover Hughes and upon a vote of the same, was unanimously adopted.

Whereupon, the following resolution was presented to the Board:

WHEREAS, it has been brought to the attention of the Elihu-Rush Branch Water Association, Inc., that it would be necessary to enter into a contract for a supply of treated water for the purpose of furnishing water to the proposed consumers of the Elihu-Rush Branch Water Association, Inc., of Pulaski County, Kentucky, and whereas, the Kentucky Water Service Company, Inc., has proposed to furnish an adequate supply of water under said Company's General Rules and Regulations as approved by the Public Service Commission of Kentucky and whereas, a formal contract for the purchase of treated water has been presented to the Board of Directors of the Elihu-Rush Branch Water Association, Inc., and which contract is annexed hereto and made a part hereof by reference to the same;

NOW, THEREFORE, BE IT RESOLVED that the President and Secretary of the Elihu-Rush Branch Water Association, Inc., be and they are hereby authorized to enter into said contract with the Kentucky Water Service Company, Inc., for the purchase of treated water according to the rates and rules set forth in said contract and that the Board of Directors accept and approve said contract.

WHEREUPON, said resolution was moved by G. G. Faulkner, seconded by V. C. Wallace and upon a vote of the same, was unanimously carried.

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There being no further business to come before the meeting it was moved, seconded and unanimously carried that the meeting be adjourned.

ELIHU-RUSH BRANCH WATER ASSOCIATION,
INC.

By: John W. Sears
President

Attest:

Grover Hughes
Secretary

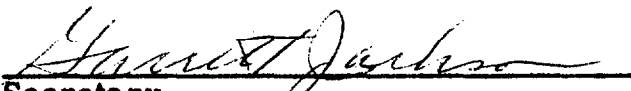
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BY: Jordan C. Neal
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CERTIFICATE

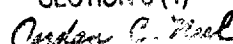
I, the undersigned, hereby certify that I am duly qualified and acting Secretary of the Elihu-Rush Branch Water Association, Inc.; that the foregoing is a true and correct copy of the minutes of a meeting of the Board of Directors of said Association duly held on September 16, 1971; that the resolutions contained in said minutes were duly approved at said meeting; that the foregoing minutes, resolutions and agreements referred to therein have been duly recorded in the minutes of the Association.


Secretary

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BY: 
FOR THE PUBLIC SERVICE COMMISSION