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PUBLIC SERVICE COMMISSION

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SEP 02 1994

PURSUANT TO 807 KAR 5011, SECTION 9 (1)

AGREEMENT

BY: *Jordan A. [Signature]*

*West Shelby Water District*

THIS AGREEMENT made and entered into ~~on~~ the 5th day of January, 1966, by and between The City of Shelbyville, Kentucky, acting by and through it's duly authorized agency, THE SHELBYVILLE MUNICIPAL WATER AND SEWER COMMISSION, hereinafter referred to as The "Commission", and THE WEST SHELBY WATER DISTRICT, hereinafter referred to as The "District", and THE SHELBY COUNTY INDUSTRIAL AND DEVELOPMENT FOUNDATION, INC., hereinafter referred to as the "Foundation",

WITNESSETH:

WHEREAS, The District has been organized and established under the provisions of Chapter 74, Kentucky Revised Statutes, for the purpose of construction and operating a water supply distribution system in an area generally west of Shelbyville serving water users within the area described in plans now on file in the office of the District and to accomplish this purpose, The District will require a supply of treated water, and,

WHEREAS, The Commission operates the City owned water utility system, including source of supply, which system has a capacity currently capable of providing adequate treated domestic water requirements for the estimated number of District water users in addition to it's own connected customers, and

WHEREAS, The Foundation owns the right to withdraw surplus water from Guist Creek Lake (originally known as Chandler Lake) for use by those other than the City's water consumers and all, of the major portion, of the water to be delivered hereunder will be taken from said Lake through the City's filtration plant and system, and,

WHEREAS, The Commission in agreeing to furnish water to the District is acting on a friendly and neighborly basis and in an effort to assist the residents of the District to have water service, and,

WHEREAS, By Resolution No. 1043, enacted on the 5 day

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of Filwood, PURSUANT TO 807 KAR 6011,  
1966 SEC 10. Municipal Water and Sewer Commission  
of Shelbyville, Kentucky, the sale of water to the District in  
accordance with the terms and provisions of this contract was  
approved and execution of said contract by the Commission Chair-  
man, attested by The Commission Secretary, was duly authorized,  
and

WHEREAS, by Resoltuion of The Board of Commissioners of the  
District, enacted on the \_\_\_\_ day of \_\_\_\_\_, 1966, the pur-  
chase of water from The Commission in accordance with the terms  
and provision of this contract was approved and execution of said  
contract by The District Chairman, attested by The District  
Secretary, was duly authorized.

NOW THEREFORE, in consideration of the mutual promises of  
the parties hereto and of the mutual benefits to be derived here-  
from, the following terms and conditions are mutually covenanted  
and agreed upon by the parties hereto.

The Commission Agrees:

1. To furnish and sell treated water (of the same type and  
quality as it furnishes it's other water customers) to The Dis-  
trict at the point of delivery hereinafter specified, during the  
term of this contract or any renewal or extension thereof in such  
quantity as may be required by The District (not to exceed  
3,000,000 gallons per month).

2. That the point of connection with the Shelbyville water  
system shall be at the intersection of U. S. Highway #60 and the  
west boundary line of Kentucky Highway #55. The Commission does  
not guarantee any specific water pressure at the point of delivery,  
but does covenant to use reasonable care and diligence in the  
operation and maintenance of it's water system to prevent and  
avoid interruptions and fluctuations of supply and pressure from  
that currently available at the point of connection. Should  
greater pressures than that available at the point of connection  
be required by The District, it shall be The District's responsi-  
bility and at it's own expense, to provide such booster pumping,

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storage or other facilities as may be required to develop additional pressures within The District's system, but the Commission retains the right for its engineer to specify and the Commission control the size, type, and location of said booster pump. The Commission shall not be held responsible for emergency failures of pressures and flow at the point of connection due to main breaks, power failure, flood, fire and use of water to fight fire, act of God or other causes beyond control of the Commission.

3. To furnish, install and maintain at it's own expense at the point of connection, 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 District and to calibrate such metering equipment whenever requested by the District but not more frequently than once every twelve (12) months. A meter registering not more than two per cent (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 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 Commission and District shall agree upon a different amount. The metering equipment shall be read on or about the first day of each month.

4. To furnish the Treasurer of the District at Simpsonville, Kentucky, not later than the 10th day of each month, with an itemized statement of the amount of water furnished the District during the preceding month.

The District Agrees:

1. To construct, install and thereafter maintain, wholly financed by funds of The District, such water mains, service lines, meters and facilities within the boundaries of the District as

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it finds to be advisable. Such installations shall conform to sound engineering principles and shall comply with all applicable requirements of The Kentucky Department of Health and The Kentucky Public Service Commission.

2. To connect it's system with the Shelbyville system at the point of connection described hereinbefore. The District also agrees that prior to effecting such connection that it will, at it's own expense, properly install and subsequently maintain in good working condition, such check valve installation as is necessary to preclude a reverse flow of water through the meter installation from The District's system to the Shelbyville system, and said check valve shall be installed in meter pit or house in order to be inspected by meter reader. Such installation is deemed necessary inasmuch as the District will provide part of it's water supply requirements from another source or sources.

3. To pay a connection fee to connect the Shelbyville water system with the District Water System, depending upon which size of meter the Commission engineer determines is necessary for it's purposes. The connection fee as determined by the Commission's engineer, shall cover any and all costs of the Commission for installation of the metering equipment and appurtenant devices, and shall be paid for entirely by the District.

4. To pay the Commission, not later than the 25th day of each month for water delivered as measured by the aforementioned meter at a rate currently established at thirty five (35) cents per 1000 gallons. It is agreed that if, in the future, a change in the Commission's water rate is made to it's other water customers, the rate to the District shall also be adjusted, either up or down as the case may be. Inasmuch as the current rate of 35 cents per 1000 gallons is the lowest rate per 1000 gallons for which the Commission charges for water service, any future adjustment of the District's water rate shall be to the Commission's lowest rate per 1000 gallons.

5. To pay the Commission a minimum monthly charge for water service of \$100.00 from the date of installation of the permanent metering device.

6. The reasonable rates, regulations and limitations which the Commission may impose upon other regular customers with respect to the use of it's water will be applicable to the District which will cooperate with the Commission in enforcing same.

7. To bill its customers for sewer charges as specified by the Commission, in the event sewers are installed by the Commission and pay said charges received to the Commission not later than the 25th day of each month after the amount received.

The Foundation Agrees:

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1. That for the sum of ONE DOLLAR (\$1.00) cash in hand paid and other valid considerations, the receipt of which is acknowledged, the Commission may take from Christ Creek Lake, process and deliver such water as is required by the District under the terms of this agreement.

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BY: Carden

IT IS FURTHER MUTUALLY AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. That this contract shall extend for a period of twenty (20) years from the initial delivery of any water by The Commission and the District is hereby granted an option to renew or extend this contract for an additional term of twenty (20) years commencing at the end of the original term aforesaid, and no notice of extension is required to be given; Provided, however, that the District may terminate this contract upon sixty (60) days written notice to the Commission after five (5) years from the initial delivery of any water by the Commission if the District can show that water is available to it at a cheaper rate than that granted by the Commission.

2. That ten (10) days prior to the estimated date of completion of construction of the District's water system, the District will notify The Commission in writing the date for initial delivery of water.

3. When requested by the District the City 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 District during construction. In the event the permanent meter installation has not been completed at that time, a temporary metering arrangement shall be installed by The Commission for measuring such water use. Water so used during construction shall be paid for at the current retail Shelbyville water rate by the contractor, or, on his failure to pay, by the District.

4. That the City 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 District with quantities of water required by the District. 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 City is otherwise diminished over an extended period of time, the Commission shall have the right to require consumers in the District to observe the same restrictions of service or temporary interruption of service as is required of the Shelbyville system consumer's.

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5. That provisions of this contract may be modified or altered by mutual agreement.

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

6. That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in the State of Kentucky, and the City and District will collaborate in obtaining such permits, certification, or the like, as may be required to comply therewith.

7. That in the event the construction of the water supply distribution system by the District is financed by a loan from (or a loan insured by) the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, the provisions hereof pertaining to the undertakings

of the District are conditioned upon the approval, in writing of the State Director of Kentucky, of the Farmers Home Administration. Similarly, any future modification of the provisions of this Contract would be conditioned upon the prior approval, in writing, of the State Director of Kentucky of the Farmers Home Administration. Such prior approval shall not, however, apply to a change in rates to be paid by the District for delivery of water by the Commission as this is controlled by the provisions of Paragraph 4 above under "The District Agrees".

6. That in the event of any occurrence rendering the District incapable of performing under this contract, any successor of the District, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the District hereunder.

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

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BY: Judith C. Paul  
FOR THE PUBLIC SERVICE COMMISSION

Attest:

Mary h. McCoy  
Secretary

Attest:

Secretary

Attest:

Secretary

The City of Shelbyville, Kentucky  
Acting By And Through It's

MUNICIPAL WATER AND SEWER COMMISSION

By: James C. J. Miller  
Chairman

WEST SHELBY WATER DISTRICT

By: \_\_\_\_\_  
Chairman

SHELBY COUNTY INDUSTRIAL AND  
DEVELOPMENT FOUNDATION, INC.

By: \_\_\_\_\_  
President