

WATER PURCHASE AGREEMENT

This Water Purchase Agreement (the “Agreement”) is made and entered into as of the 21 day of Dec., 2015, by and between the **WESTERN MASON COUNTY WATER DISTRICT** (“Seller”), P.O. Box 49, Dover, Kentucky 41034, and the **BRACKEN COUNTY WATER DISTRICT** (“Purchaser”), P.O. Box 201, 1324 Brooksville Germantown Road, Brooksville, Kentucky 41004.

WITNESSETH:

WHEREAS, the Seller is a non-profit water district organized under the provisions of KRS Chapter 74;

WHEREAS, the Purchaser is a non-profit water district organized under the provisions of the KRS Chapter 74;

WHEREAS, by a Resolution duly adopted on December 21, 2015 by the Board of Commissioners of the Seller, this Agreement was approved and the Seller’s Chairman was authorized to execute this Agreement for ~~KENTUCKY~~ half of the Seller; and

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WHEREAS, by a Resolution duly adopted on December 16, 2015, by the Board of Commissioners of the Purchaser, this Agreement was approved and the Purchaser's Chairman was authorized to execute this Agreement for and on behalf of the Purchaser.

NOW THEREFORE, in consideration of the foregoing and the mutual terms and conditions contained herein, the Seller and Purchaser (collectively "the Parties") agree as follows:

1. Term of Agreement. The term of this Agreement is for a period of 20 years, commencing on the Effective Date hereof as provided in paragraph 16, unless otherwise extended or modified by the Parties' written agreement or terminated pursuant to the terms of this Agreement.

2. Quantity of Water. The Seller shall furnish to the Purchaser, at the specified point of delivery, such quantity of water as the Purchaser may require, but not to exceed an amount which, when combined with the usage of the Seller's other customers, would exceed the Seller's water production capacity. In the event of an emergency the Purchaser shall furnish to the Seller such quantity of water as the Seller may require, but not to exceed an amount which, when combined with the usage of the Purchaser's other customers, would exceed the total quantity of water available to the Purchaser from its other water supply sources.

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3. **Minimum Purchases.** The Purchaser shall not be obligated to purchase a minimum quantity from the Seller.

4. **Quality of Water.** The Seller shall furnish to the Purchaser, at the point of delivery hereinafter specified, during the term of this Agreement, or any renewal or extension thereof, potable, treated water meeting the applicable water quality standards of all appropriate state and federal regulatory agencies.

5. **Operation of System.** The Seller shall, at all times, operate and maintain its water system in an efficient manner and shall take such action as may be reasonably necessary to perform its obligations under this Agreement. Temporary or partial failures to deliver water shall be remedied diligently with all practicable dispatch. The Seller shall immediately inform the Purchaser by telephone, email, or facsimile transmission of the nature and extent of such failure to deliver water. The Purchaser agrees to take such actions as may be reasonably necessary to curtail water usage within its system in response to a shortage of water.

6. **Delivery Point.** The Seller shall deliver the water to the Purchaser at the Germantown Master Meter (“point of delivery”) which is located on Kentucky Highway 10 at a point approximately 40 feet south of the centerline of Kentucky

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Highway 10 and near the common property line of Donald Mains, et ux. and Darrell and Jeff Williams;

The water shall be furnished at the point of delivery at a minimum pressure of seventy (70) pounds per square inch. The Seller shall use reasonable care and diligence in the operation and maintenance of its water system to prevent and avoid interruptions and fluctuations of supply and pressure. Should greater pressures than that available at the point of delivery be required by the Purchaser, it shall be Purchaser's responsibility, at its own expense, to provide within its system such booster pumping, storage or other facilities as may be required to develop and maintain additional pressures within the Purchaser's system.

Emergency failures of water 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.

7. **Metering Equipment.** The Purchaser shall furnish, install, own, operate and maintain at its own expense the necessary metering equipment to reliably measure the quantity of water delivered to the Purchaser and shall test such metering equipment annually. The Purchaser shall provide notice to Seller at least 24 hours prior to conducting any meter tests, allow Seller access to the metering

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1/30/2016
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site during testing, and submit test results to the appropriate official designated by the Seller. A meter registering within the acceptable limits set forth in 807 KAR 5:006 and 807 KAR 5:066 shall be deemed to be accurate. Previous readings of any meter disclosed by test results to be inaccurate (registering outside of acceptable limits established by 807 KAR 5:006 and 807 KAR 5:066) shall be adjusted for the six-month period previous to the test in accordance with the percentage of inaccuracy found by such test. Billings for the period shall be recalculated and the Purchaser's account credited or charged accordingly. If any meter fails to register usage for any period, the amount of water furnished during such period shall be estimated by any reasonable means agreeable to the Purchaser and Seller. The metering equipment shall be read on or about the 10th day of each month, or any other day mutually agreed upon. An appropriate official of the Purchaser and Seller shall have access to the master meter for the purpose of collecting usage data and verifying the master meter's readings.

8. Telemetry. The Purchaser and Seller may each install at its own expense, telemetry equipment at the point of delivery to enable it to remotely read the master meter. Each party hereby consents to such installations at the point of delivery provided adequate space exists and the telemetry equipment does not pose a safety hazard. Neither the Purchaser nor the Seller is obligated to install telemetry equipment at the point of delivery, but if it elects *Brent Kirtley* party

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installing such equipment shall be responsible for all costs associated with the installation, operation and maintenance of the telemetry equipment. Ownership of the telemetry equipment shall remain vested in the party installing such equipment. Neither party shall install telemetry equipment at the point of delivery, however, without first presenting a drawing or illustration of the proposed telemetry equipment to the other party, who, shall promptly review the proposed installation and determine if adequate space exists at the point of delivery and if the telemetry equipment is likely to pose a safety hazard.

9. Billing and Payment Procedure. The Seller shall furnish the Purchaser at the above address, not later than the **first** business day of each month, an itemized statement of the amount and cost of water furnished the Purchaser at the delivery point during the preceding billing cycle. The Purchaser shall pay those charges not later than the **10th** day of each month. Any amount unpaid after the due day shall be subject to a 10 percent late payment fee.

10. Cost Based Rates. The Seller shall establish and adjust, from time to time, the wholesale rate based upon the Seller's actual cost of providing water service to the point of delivery described in paragraph 6 of this Agreement.

11. Initial Rate Schedule. The initial wholesale rate shall be **\$1.83** per 1,000 gallons.

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12. Billing Credit. The Purchaser assumes responsibility for the total project cost to construct the interconnection. The Seller, however, recognizes that the interconnection will benefit its distribution system by providing an emergency supply of potable water and agrees to reimburse the Purchaser for fifty (50) percent of the project cost of the interconnection through a billing credit. Seller will provide a billing credit of \$0.50 per 1,000 gallons to the Purchaser for its water purchases until the total of such credits equals fifty (50) percent of the total project cost upon completion. At the time of completion of the interconnection, the project engineer will provide written notice of the total project cost to the Purchaser and Seller.

The Purchaser and Seller recognize that the Seller may use the interconnection to supply the Seller's distribution system in an emergency that arises from a catastrophic system failure of power failure, line break, or other situation that creates a loss of pressure to the Seller's customers. If the Seller takes water through the interconnection in an emergency, all water will be metered and the Seller will reduce the volume of water for which the Purchaser is billed on the Purchaser's next monthly bill by an amount equal to the volume that the Seller took through the interconnection. If the Purchaser's usage through the interconnection does not equal or exceed the volume that the Seller has taken for the month in question, then the Seller shall reduce the volume of water for which the Purchaser is billed on the Purchaser's next monthly bill by an amount equal to the volume that the Seller took through the interconnection.

AGENT THROUGH THE
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following months until the total amount taken by the Seller through the interconnection has been deducted from the Purchaser's billed usage.

13. Rate Modification. Commencing one year after the effective date of this Agreement, the Seller, may on an annual basis, adjust or modify the volumetric rate set forth in paragraph 11 of this Agreement, to reflect changes in the Seller's cost of providing water service to the Purchaser. Any change in the wholesale rate shall be based on a demonstrable change in the costs of performance hereunder.

14. Effective Date of Rate Modification. No proposed adjustment or modification to the existing wholesale rate shall take effect earlier than 30 days after the date that Seller has filed notice of the proposed adjustment or modification with the Kentucky Public Service Commission ("KPSC"). Seller shall provide Purchaser with notice of the proposed adjustment of the wholesale rate no later than the date on which it files notice of the proposed adjustment with the KPSC.

15. Termination. On and after December 21, 2035, the Purchaser and/or Seller may terminate this Agreement with 60 days advance, written notice to the Seller and/or Purchaser. If written notice is not provided to the Seller and/or Purchaser, this Agreement shall automatically continue. This Agreement may be terminated prior to the earlier established date upon written notice and agreement by b

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16. **Effective Date.** The Parties acknowledge that this Agreement shall become effective 30 days after its filing with the KPSC, or if the KPSC suspends operation of this agreement for further review, upon an Order of the KPSC approving the Agreement. The Seller shall give written notice of the Effective Date to the Purchaser.

17. **Indemnification.** Each Party shall be solely responsible for the construction, operation, and maintenance of its respective water system. Each Party, to the extent permitted by law, expressly agrees to indemnify, save harmless and defend the other Party against all claims, demands, cost, or expense asserted by third parties and proximately caused by the negligence or willful misconduct of such indemnifying Party in connection with the construction, operation, and maintenance of its respective water system.

18. **Regulatory Agencies.** This Agreement is subject to the laws of the Commonwealth of Kentucky. The Seller and Purchaser shall collaborate in obtaining any permit, approval, or certificate as may be required to comply therewith.

19. **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns. This Agreement shall not be assigned by either Party without the written consent of the

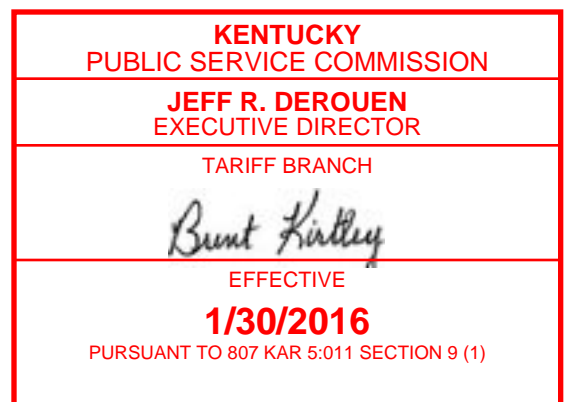
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other Party, which consent shall not be unreasonably withheld, unless such assignment or transfer is to a successor in the operation of its properties by reason of a merger, consolidation, sale or foreclosure where substantially all such properties are acquired by such a successor empowered by law and financially able to effect the purposes of this Agreement which it must assume and, thereafter, be exclusively responsible for the performance of the terms of this Agreement to be performed by either Party hereunder.

20. This Agreement constitutes the entire agreement of the parties and all prior conversations and writings are merged into this Agreement.

21. This Agreement shall be construed according to the laws of the Commonwealth of Kentucky.

[Remainder of this page intentionally left blank]



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

SELLER:

Western Mason County Water District, Dover, Kentucky



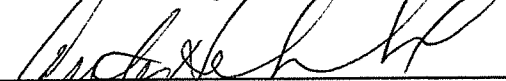
Larry Redden, Chairman

Attest:




PURCHASER:

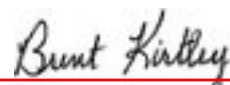
Bracken County Water District



Anthony Habermehl, President

Attest:



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