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January 24, 2006

RECEIVED

JAN 24 2006

PUBLIC SERVICE
COMMISSION

Brent Kirtley
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Re: Special Contract – 2005-1838

Dear Brent:

Case No. 2006-00068

This is in response to your letter of January 19th. Barkley Lake Water District has not performed a cost study relative to the proposed wholesale water rate to Christian County Water District. However, based on a review of the current operating costs, it is estimated that the cost of water production and pumping is approximately \$1.00 to \$1.10 per 1000 gallons. The contract rate of \$1.65 allows BLWD to recover its costs of production and pumping, plus a margin over that cost.

If there are any other questions, please let me know.

Very truly yours,



John N. Hughes
Attorney for Christian
County Water District

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January 6, 2006

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JAN 6 2006

PUBLIC SERVICE
COMMISSION

Brent Kirtley
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Re: Special Contract – 2005-1838

Dear Brent:

Case No. 2006-00068

Christian County Water District submits for filing the supplemental information you requested. Barkley Lake Water District has excess capacity in its treatment plant. It also has a large number of summer seasonal customers. In order to increase its sales and particularly to increase off season water sales, it has agreed to provide a supplemental water supply to Christian County Water District.

Not only do the sales to CCWD increase BLWD's revenues, they allow it to more efficiently use its treatment plant and avoid excessive, costly flushing of its facilities due to low volumes in the winter or off season.

In addition to the benefits of cost savings and increased revenue, the rate in the contract exceeds BLWD's cost of production and pumping and also provides a substantial "profit". These factors are the basis for the rate being as proposed.

If there are any other questions, please let me know.

Very truly yours,

Jack
John N. Hughes
Attorney for Christian
County Water District

JOHN N. HUGHES
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Professional Service Corporation
124 WEST TODD STREET
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November 10, 2005

Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

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NOV 10 2005

PUBLIC SERVICE
COMMISSION

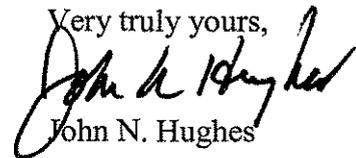
Re: Special Contract

Dear Beth:

Case No. 2006-00068

Christian County Water District submits for filing the contract for water service with Barkley Lake Water District.

If there are any questions, please let me know.

Very truly yours,

John N. Hughes

Case No. 2006-00068

WHOLESALE WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 3 day of November, 2005, between Barkley Lake Water District, Box 308, Cadiz, KY 42211 referred to as the "SELLER" and the Christian County Water District, Box 7, Hopkinsville, KY 42241-0007 referred to as the "PURCHASER",

WITNESSETH:

WHEREAS, the Purchaser is a water district created and formed pursuant to KRS Chapter 74 that owns and operates a water supply distribution system serving water users in Christian County, which is supplied in part by the city of Hopkinsville Water and Environment Agency and

WHEREAS Purchaser requires an additional supply of treated water, and

WHEREAS, the Seller owns and operates a water supply distribution system with capacity currently capable of serving the additional water supply and the estimated volume of water the Purchaser has indicated a need for, and

WHEREAS, by Resolution enacted on the 17 day of October, 2005 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 Board Chairman, and attested by the Secretary, was duly authorized, and

WHEREAS, by Resolution of the Purchaser, enacted on the 3 day of November, 2005, the purchase of water from the Seller in accordance with the terms set forth in the Resolution was approved, and the execution of this contract by the

Chairman of the Board of Commissioners; and attested by the Secretary was duly authorized;

NOW THEREFORE, in consideration of the mutual promises of the Seller and Purchaser,

A. Seller agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point(s) of delivery specified, during the term of this contract or any renewal or extension, potable treated water meeting applicable quality standards of the Kentucky Natural Resources and Environmental Protection Cabinet, Division of Water, Health Department and any other applicable governmental agency in such quantity as may be required by the Purchaser.
2. (Point of Delivery and Pressure) To furnish water at a reasonably constant pressure of no less than 45 psi from an existing six (6") inch main supply located near the intersection of KY 128 and US 68 or other mutually agreed to withdrawal points. If a greater pressure than that normally available at the point 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. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, 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 Purchaser and to calibrate such metering equipment whenever requested by the Purchaser 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 twelve (12) 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 on the 20th day of the month or a mutually agreed to date. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 10th day of each month with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller not later than the 20th day of each month.

a. To pay a flat wholesale rate of \$1.65 per 1,000 gallons for all water purchased.

b. To pay a 10% penalty for payments made past the due date.

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of Zero (\$0) dollars which shall cover any and all costs of the Seller for installation of the metering equipment and Purchaser to install and donate to Seller.

3. (Term of Contract) This contract shall extend for a term of twenty (20) 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.

4. (Failure to Deliver) The Seller 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 Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied as quickly as possible. 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 in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

4.(Failure to Pay) The Purchaser will at all times operate and maintain its system in an efficient manner and will take such action as may be necessary to limit outage and shortages to the maximum extent possible. This contract may be nullified if all payments for invoices for purchased water are not received within ninety (90) days of the due date. In the event a payment is ninety (90) or more days late, Seller may pursue all available legal remedies to collect any deficiency due.

5. (Right to Cure) The Purchaser may cure a default, prior to the contract being nullified by full payment of the outstanding balance due.

6. (Modification of Contract) The provisions of this contract, including the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every two (2) year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of service to provide Purchaser water, but

such costs shall include only that percentage of increased capitalization of the Seller's system necessary to meet future, more stringent regulations promulgated by EPA or DOW or increased volumes of water needed by the Purchaser. Other provisions of this contract may be modified or altered by mutual agreement.

7. (Regulatory Agencies) This contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State, including approval of the Public Service Commission and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required.

8. (Successor to the Purchaser) In the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser.

In witness whereof, the parties, acting under authority of their respective governing bodies, have caused this contract to be duly executed in two (2) counterparts, each of which shall constitute an original.

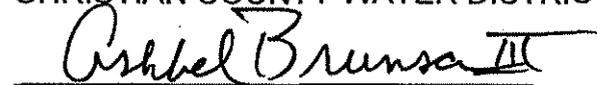
Seller:

Purchaser:

BARKLEY LAKE WATER DISTRICT

CHRISTIAN COUNTY WATER DISTRICT


Title: Chairman


Title: Chairman

ATTEST:

ATTEST:


Secretary


Secretary