

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC PROPOSED)
ADJUSTMENT OF THE WHOLESALE) CASE NO. 2017-00417
WATER SERVICE RATES OF)
LEBANON WATER WORKS)**

TESTIMONY OF

DAREN THOMPSON

OPERATIONS & MANAGEMENT SUPERINTENDENT

LEBANON WATER WORKS COMPANY

Filed: January 31, 2018

1 **INTRODUCTION**

2 **Q. Please state your name, position, and business address.**

3 A. My name is Daren Thompson. I am the Operations & Management
4 Superintendent of Lebanon Water Works Company (the “Company”).
5 My business address is 120 S. Proctor Knott Avenue, Lebanon, Kentucky
6 40033. A statement of my qualifications and work experience is attached
7 as Appendix A.

8 **Q. What is your role as the Operations & Management Superintendent?**

9 A. As the Operations & Management Superintendent of the Company, I
10 essentially act as the General Manager or Chief Executive Officer of the
11 Company. I am responsible for overseeing the daily operations,
12 management, and supervising all employees of the Company. I report to
13 the Board of Directors. I am also responsible for executing the policies
14 adopted by the Board.

15 **Q. How many employees does the Company have?**

16 A. Fifteen (15) including myself.

17 **Q. Who is responsible for hiring, disciplining, and firing employees?**

18 A. I am. The buck stops with me. The Board creates the job positions,
19 budgets for the positions, and sets salary ranges for each position. I am

1 responsible for the entire hiring and discipline process, including
2 termination of an employee, if necessary.

3 **Q. Is the Company part of city government or is it a separate legal**
4 **entity?**

5 A. The Company is separate, independent, legal entity. It is not part of the
6 Lebanon City Government. The Company is a non-profit corporation. It
7 was created by an act of the Kentucky General Assembly in 1884.

8 **Q. Who is the shareholder of the Company?**

9 A. The City of Lebanon is the Company's sole shareholder.

10 **Q. Who appoints the Board of Directors?**

11 A. The Mayor nominates the Board Members and the City Council ratifies
12 and approves the appointment of the Board members. Once appointed,
13 the Board of Directors functions independently and exercises its own
14 discretion in the management and operation of the Company's facilities.

15 **Q. Who sets the water rates?**

16 A. The Company recommends rate adjustments, but only the Lebanon City
17 Council can set rates.

18 **Q. What utilities does the Company provide?**

19 A. The Company owns and operates raw water storage, water treatment,
20 finished water storage, transmission, and distribution facilities. It

1 provides water service to 2,644 customers, including Marion County
2 Water District. Its customers are located in and near Lebanon, Kentucky.
3 The Company does **not** provide sanitary sewer service or storm water
4 service. The Company does not provide street maintenance or any other
5 Public Works services that many municipal utilities provide.

6 **Q. Who provides sanitary sewer service for the customers in Lebanon?**

7 A. The City of Lebanon has a separate department that provides sanitary
8 sewer service.

9 **Q. What is the purpose of your testimony?**

10 A. The purpose of my testimony is to describe the history of the contractual
11 relationship between the Company and Marion County Water District
12 (“Marion District”) for the provision of wholesale water service. I will
13 also detail the process followed by the Company and the notice provided
14 to Marion District regarding the recent proposed wholesale rate
15 adjustment.

16 **HISTORY OF CONTRACTUAL RELATIONSHIP**

17 **Q. Please list the contract and addendums for wholesale water service**
18 **between the Company and Marion District.**

19 A. The Company has been providing water service to Marion District by
20 contract since 1968. The Water Purchase Agreement currently in place

1 was made and entered into on December 23, 1988 (“Master Agreement”).

2 The Master Agreement is attached as **Exhibit 1**. The Master Agreement

3 was amended on the following dates:

- 4 • January 31, 1992, attached as **Exhibit 2**;
- 5 • September 28, 1992, attached as **Exhibit 3**;
- 6 • March 13, 1995, attached as **Exhibit 4**;
- 7 • June 30, 1997, attached as **Exhibit 5**;
- 8 • December 15, 1999, attached as **Exhibit 6**;
- 9 • November 17, 2003, attached as **Exhibit 7**; and
- 10 • March 11, 2009, attached as **Exhibit 8**.

11 Most of the addendums simply extend the contractual relationship for 41
12 years from the date of the addendum. None of the addendums materially
13 change the contractual relationship or process for a rate adjustment
14 between the Company and Marion District.

15 **Q. Describe the process by which the Company adjusts its rates to**
16 **Marion District.**

17 A. The Master Agreement provides the method for adjusting rates to Marion
18 District. It states:

19 It is understood and agreed that the Company may hereafter
20 modify its rate schedule by increasing or decreasing the rates
21 charged its customers, including the District. . . . With

1 respect to any future application for modification of its rates,
2 the Company shall present only to the City Council of
3 Lebanon, Kentucky, the basis upon which such rate
4 modification is sought. Whereupon, the City Council,
5 having heard and considered such application for rate
6 modification, and any protest or objection thereto, may enact
7 by proper Ordinance a rate schedule fixing those rates to be
8 charged by the Company to its customers, including the
9 District.

10 This portion of the Master Agreement is not affected by any amendment.

11 Thus, the process to increase rates to Marion District is identical to
12 the process to increase rates to all other Company retail customers. The
13 Company must present the basis for the rate increase to the Lebanon City
14 Council. Then, for a rate increase to be approved, the Lebanon City
15 Council must adopt an Ordinance fixing a rate schedule for the Company.
16 It should be noted that adopting an Ordinance requires adopting a First
17 Reading at a Lebanon City Council meeting and adopting a Second
18 Reading at a subsequent City Council meeting.

19 **Q. Is Marion District protected from unreasonable rate increases?**

20 A. Yes. The Master Agreement provides protection to Marion District by
21 requiring the use of a single, uniform rate to Marion District and Lebanon
22 city residents. The single, uniform rate is also reflected in the City
23 Ordinances. Ordinance 1987-12 provided one set of rates that applied to
24 “all persons who use the waterworks facilities of the City of Lebanon,

1 Kentucky.”¹ Ordinance 1991-08 more specifically set out the single,
2 uniform rate:

3 All users who [*sic*] service is provided through a meter
4 located outside the municipal limits of the City of Lebanon
5 shall pay 110% of the applicable charge provided for under
6 the uniform minimum water rate schedule set out above.
7 **Provided, however, this shall not apply to the Marion**
8 **County Water District, which shall pay those charges set**
9 **forth in the uniform minimum water rate schedule.**²

10
11 In each of the four (4) subsequent ordinances it has adopted modifying
12 the rates in the Master Agreement, the Lebanon City Council has
13 expressly provided that Marion District will be subject to the single,
14 uniform rate applicable to customers within the City limits.³

15 The Master Agreement provides that any rate increase must be
16 approved by the Lebanon City Council. Because Marion District
17 contractually pays the same rate as all other the Company retail
18 customers, if the Lebanon City Council were to adopt an unreasonable
19 rate for Marion District, it must adopt an unreasonable rate for all other
20 Company retail customers. The Company retail customers are the
21 constituents of the Lebanon City Council. This political accountability
22 was placed in the Master Agreement to protect all customers.

¹ Exhibit 9 at 1.

² Exhibit 10 at 2 (emphasis added).

³ Exhibits 11 – 14.

1 **Q. Please provide the Ordinances adopting previous rate increases since**
2 **the Company and Marion District entered into the Master**
3 **Agreement.**

4 A. Certainly. The following Ordinances were enacted by the Lebanon City
5 Council to amend and establish the rates of the Company:

- 6 • Ordinance 1987-12, attached as **Exhibit 9**;
- 7 • Ordinance 1991-08, attached as **Exhibit 10**;
- 8 • Ordinance 1996-16, attached as **Exhibit 11**;
- 9 • Ordinance 2007-04, attached as **Exhibit 12**;
- 10 • Ordinance 2013-02, attached as **Exhibit 13**; and
- 11 • Ordinance 2017-06, attached as **Exhibit 14**.

12 **Q. Has Marion District previously protested an increase in rates?**

13 A. No. The Master Agreement has been in place for nearly 30 years.
14 Marion District has never protested an increase in rates.

15 **Q. Prior to the passage of the resolution, did you notify Marion District**
16 **of the rate increase?**

17 A. Yes, I first notified Jimmy Mudd, Marion District's General Manager,
18 that the Company was going through the process of reviewing rates in
19 December 2016. Before the First Reading of the Ordinance adopting the
20 rate increase, I met with Mr. Mudd to discuss the proposed rate increase.

1 The Lebanon City Council unanimously passed the First Reading of the
2 Ordinance. Marion District was not in attendance. After the First
3 Reading of the Ordinance, I also presented to Marion District and met
4 with Mr. Mudd and Marion District's auditor. By letter to the Mayor
5 attached to my testimony as **Exhibit 15**, the Company requested that the
6 Lebanon City Council delay a Second Reading of Ordinance 2017-06 to
7 permit additional discussions with Marion District regarding the
8 proposed rate increase. On September 11, 2017, the Lebanon City
9 Council conducted its Second Reading of Ordinance 2017-06. Marion
10 District did not attend the Second Reading of the Ordinance. The
11 Lebanon City Council also unanimously passed the Second Reading of
12 the Ordinance. A full timeline of my interactions with Marion District is
13 attached as **Exhibit 16**.

14 **Q. What is your recommendation to the Commission?**

15 A. It is my recommendation that, pursuant to the Company's
16 contemporaneously filed Motion for an Order Establishing a Procedural
17 Schedule and Assigning Burden of Proof, the Commission enter an Order
18 that assigns the burden of proof to Marion District and establishes a
19 procedural schedule in this matter consistent with the assignment of that
20 burden.

1 **Q. Does this conclude your testimony?**

2 **A. Yes, it does.**


VERIFICATION

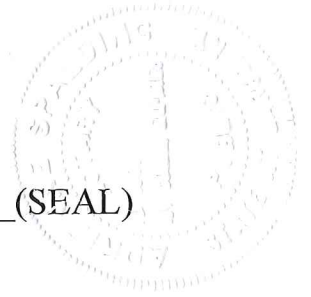
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF MARION)

The undersigned, **Daren Thompson**, being duly sworn, deposes and says he is the Operations & Management Superintendent for Lebanon Water Works Company, that he has personal knowledge of the matters set forth in the foregoing testimony, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.


_____ **DAREN THOMPSON**

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 31 day of January 2018.


_____ (SEAL)
Notary Public



My Commission Expires: 11-12-2019

Notary ID: 545527

APPENDIX A

DAREN THOMPSON

75 Joe Brussell Rd, Gravel Switch, KY 40328
(502) 648-0927

QUALIFICATIONS

Water-Wastewater Management/Construction Management/Operations & Maintenance/& Organizational Leadership

Nearly 18 years of experience in the construction and maintenance industry. I have been instrumental in significantly reducing utility cost and contributing to operational improvements/saving. Strengths include directing a diverse workforce, team building, strategic planning, project management, budgeting, cash management, internal and external reporting, communicating with state and federal regulators. I am familiar with handling union labor issues as well as motivating team members to increase productivity as well as maintaining safe work practices. I'm also very familiar with green infrastructure construction and sustainable technologies to improve water quality for storm water management. I have led the development of many community projects that provide educational opportunities for the community to interact and better understand water quality challenges in our community as well as serve as a mentor to multiple groups of youth in the local community.

EDUCATION, PROFESSIONAL REGISTRATION

Licensed Class IV Drinking Water Distribution Operator, State of Kentucky

Licensed Class II Wastewater Treatment Operator, State of Kentucky

Licensed Class IV Wastewater Collections Operator, State of Kentucky

Water University Utility Management Certification — *National Rural Water Association – 2017-2018. Graduated as a Certified Utility Management Professional*

Utility Management Institute — *Kentucky Rural Water Association – 2016-2017. Graduated as a Utility Management Professional*

M.S., Public Management (MPM) — *Sullivan University – 2016-2017. Graduated Summa Cum Laude & with the President's Cup*

M.S., Business Administration (MBA) w/ focus in Public Management — *Sullivan University – 2015-2016. Graduated Summa Cum Laude & with the President's Cup for Academic Achievement*

B.S., Construction Management — *ITT Technical Institute 2008-2010, National Technical Honors Society*

A.A.S., CAD Design Technology — *ITT Technical Institute 1997-1998, National Technical Honors Society*

PROFESSIONAL EXPERIENCE

Operations & Management Superintendent

2016-Present

The Company Works Company, Lebanon, KY

I direct staff and assets to treat and distribute drinking water to the 2,600 residential, commercial, and industrial customers of the The Company Works Company as well as provide finished water to the Marion County Water District to sell to their customers. I provide oversight of the day-to-day operations and

management of the utility and provide updates and recommendations to the board of directors. Some of my initial efforts at the utility have included items including updating our asset management systems to map all of our pipe networks and maintain the associated data in a mobile environment, treatment plant optimization to improve systemwide water quality, the evaluation and implementation of a highly debated rate increase, creating a Capital Improvement Plan to address ageing infrastructure, and setting a performance metrics to track corporate goals and trend our overall performance.

Flood Protection Manager

2015-2016

Louisville Metropolitan Sewer District, Louisville, KY

I manage staff and assets for a \$566,000,000 flood protection system in Louisville KY. Louisville's flood protection system dates back to the 1950's and has turbine pumps up to 4,700 hp and pumping capacities of up to 450,000 gpm per pump. We also operate and maintain submersible pumps up to 500 hp. My responsibilities include managing all day-to-day flood protection related interaction with the Corps of Engineers' Levee Safety Program Manager and staff and maintaining all regulatory compliance as it relates to the Corps' national, state and local administration of the flood protection system and Federal Emergency Management Agency (FEMA) oversight of the National Flood Protection program. I'm also responsible for the design, construction, and operations and maintenance of large combined sewer storage basin and deep tunnel projects that are mandated by the EPA as a part of our federally mandated consent decree to reduce and eliminated combined sewer overflows by 2024. The projects in this consent decree are projected to cost nearly \$1 billion.

Flood Protection Supervisor

2009-2015

Louisville Metropolitan Sewer District, Louisville, KY

Louisville's flood protection system is home of a couple of the largest inland flood pump stations in the world and is comprised of 29 mile levee/floodwall, and 16 flood pump stations. My responsibilities included overseeing capital improvements to MSD flood protection facilities, coordinating with the CORPS of Engineers and other agencies as well as the day to day operations and maintenance. For my last 18 months in this position, I covered the duties of the previous Flood Protection Manager since the position was vacant and was responsible for items such as department budgets, monitoring and reporting on the Ohio River water levels/flow, monitoring all stages of capital improvements to the flood protection system as well as high level planning for future improvements, and interacting with the COE regularly regarding our compliance to the Levee Safety Program.

Sewer Construction Supervisor

2006-2009

Louisville Metropolitan Sewer District, Louisville, KY

I was a construction/ maintenance supervisor over the sewer collection system at MSD. My responsibilities encompassed the supervision of construction crews for the maintenance and elimination of Combined Sewer Overflows (CSO's), and the maintenance and repair of sewer infrastructure. Some specific responsibilities include the prioritization of projects, scheduling crews, meeting with customers, and coordinating with the engineering staff.

Project Manager

1999-2006

O'Brien & Gere Engineers, Louisville, KY

During my 7 year professional career at O'Brien & Gere, I was involved with many sewer, water and GIS related projects. My experience consisted of being a project manager, field work, construction administration, and GIS and hydraulic modeling experience. I managed people and budgets on various projects. My GIS experience ranged from the ground up GIS development, customized Visual Basic programming, data analysis, data management, and cartography. I have a solid understanding of engineering practices. The following are some examples of my experiences at O'Brien & Gere:

- **The Company Works Company (LWWC), Lebanon, KY**, – Designed and produced plans and specifications for various water line extensions and utility relocations. Conducted a Needs Assessment of the existing LWWC mapping system, to build a comprehensive GIS of their water distribution system. Managed efforts to collect geographic spatial data for equipment that included 300 hydrants, 900 valves, 8 master meters, 1 treatment facility, 3 tanks, and 6 pumping stations. Developed an InfoWater model of the The Company Works Company's water distribution system. I managed all aspects of the project from data collection to the model development and calibration.
- **Buchanan Pump Station Modifications (Starkey PS)**– Performed construction administration, reviewed shop drawings and answered questions that were submitted from contractor for a 140 MGD pump station. The construction cost was approximately \$8.5 million.
- **NSF ETV Verification Testing CSO 108** – Finalized the work plan to verify effectiveness of the CDS unit technology in CSO applications. Primary responsibility during sampling was project manager, Health and Safety Officer, weather tracking and lead sampler. The goal of the project was to verify the effectiveness of the CDS technology as a solids and floatable device in combined sewer applications.
- **Lexington-Fayette Urban County Government, South Elkhorn Watershed Study, Lexington, KY**- Managed field study and investigation to evaluate the amount of inflow and infiltration into the sanitary sewers in the South Elkhorn Watershed. Investigation included installing and maintaining 30 ISCO flow meters in strategic locations to monitor the amount of flow traveling through different sections of the system. Analyzed flow data to determine portions of the system that were stressed during a rain event. Used tipping bucket and static rain gauges to monitor rainfall amounts for flow analysis. Inspected over 250 manholes along the trunk sewer with pipe diameters ranging from 12- to 42-inches using confined space equipment. Manholes were entered and inspected using confined space equipment and were checked for structural defects and for inflow and infiltration. Installed weirs in specific areas to determine if sewer had capacity to handle flows from two pump stations that were going to be eliminated. Prepared input data and analyzed XP-SWMM output results. Used ArcView GIS and GPS to locate and map the manholes and sanitary sewer pipeline in the watershed.
- **Metropolitan St. Louis Sewer District (MSD), Old Mill Creek Sewer Rehabilitation, St. Louis, MO** – Inspected nearly 7,000 lf. of the Old Mill Creek sewer built in the 1880's with confined space equipment. The sewer was 15 foot tall and 20 foot wide and was constructed of brick invert and limestone walls. Obtained information on the sewer structure, including identification of laterals and depth of debris, leaks, bulges, loose or missing brick, and other deformations along the identified length of sewer; and taking video and photographs of the internal structure. Some stretches of the sewer had over 1,500 lf. between access structures.

PROFESSIONAL ORGANIZATIONS / COMMUNITY INVOLVEMENT

Kentuckiana Construction Users Council, Inc. (KCUC)
Board Member and Chair of the Board

2009-Present

A non-profit corporation chartered by the Commonwealth of Kentucky, the Kentuckiana Construction Users Council, Inc. (KCUC) is the local affiliate of the Construction Users Roundtable (CURT), a national organization of companies which purchase the services of contractors for maintenance and new construction. KCUC's membership comes from local construction users (owners) as well as the local contractor, trades, and professional services community. KCUC was formed in the early 1970's by owners in the greater Louisville/Southern Indiana area who were concerned with having available a properly trained, safe and cost effective contractor

workforce needed to work at their local industrial sites. I have participated on the Board of Directors of KCUC since early 2009. I became the Chair of the Workforce Development Committee 2009 and still lead this committee today. In 2013, I was elected to Chair of the Board of Directors and I was elected for a third term in 2015.

ACE Mentor Program, Louisville Ky Affiliate (ACE)

2009-Present

Board Member & Chair of the Board

ACE is an acronym for architecture, construction, and engineering. The program's mission is to enlighten and increase the awareness of high school students to career opportunities in architecture, construction and engineering and related areas of the design and construction industry through mentoring; and to provide scholarship opportunities for students in an inclusive manner reflective of the diverse school population. I have been on the Board of Directors of the ACE Mentor, Louisville Affiliate since 2009 and was elected as Chair of the Board in June of 2015. I have been a mentor to the students in our program since 2009 and have been the mentor leader for the past 4 years at Iroquois HS. My student and mentor team has obtained grant funding of over \$50,000 and donated services which allowed students to take the project they designed through the construction process to understand the entire construction process and leave a legacy at their school.

Kentucky Construction Career Choice Council (K4C)

2009-Present

Board Member, Vice President, & President

K4C is a local organization of the National Construction Career Days. For the past 9 years, the organization has hosted its annual 2 day construction career day event that promotes the construction skilled trade career opportunities to high school students. The event has steadily grown to include over 2200 students and over 60 exhibitors. I have been involved in the organization since 2012 and have been the Chair of the Board since 2012. Under my leadership have been able to increase donations for the event by nearly 50% and student attendance of the event has also risen by nearly 50% since 2012.

SkillsUSA-Louisville Advisory Council

2014-Present

Advisory Council Member

This group consists of local leaders that guide the SkillsUSA National Leadership and Skills Conference in Louisville KY until 2021. The conference and Championships attract approximately 15,000 visitors each year including nearly 6,000 students who compete in 99 skill and leadership contests which occupy the equivalent of 16 football fields of floor space. The economic effect exceeds \$16 million for the local economy in Louisville. March 2014 – Present

WaterStep

2009-Present

Volunteer

Their mission is to save lives with safe water! They fulfill that mission by empowering ordinary people around the world with training and technology in water purification, health and hygiene, and hand pump repair. I volunteer with Waterstep on a regular basis to utilize my technical background to find ways to improving living conditions in other countries through the efforts of clean water.

TRAINING

AutoCAD MAP, OSHA 40 hr Hazardous Waste Site Worker Training, Confined Space Entry Training, CPR First Aid Training, Instructor Led GIS Training-LOJIC Applications, ArcGIS Training, SAP, Hansen, Host, EB

EXHIBITS

EXHIBIT LIST

1. December 23, 1988 Water Purchase Agreement (“Master Agreement”)
2. January 31, 1992 Addendum to Master Agreement
3. September 28, 1992 Addendum to Master Agreement
4. March 13, 1995 Addendum to Master Agreement
5. June 30, 1997 Addendum to Master Agreement
6. December 15, 1999 Addendum to Master Agreement
7. November 17, 2003 Addendum to Master Agreement
8. March 11, 2009 Addendum to Master Agreement
9. Ordinance 1987-12
10. Ordinance 1991-08
11. Ordinance 1996-16
12. Ordinance 2007-04
13. Ordinance 2013-02
14. Ordinance 2017-06
15. August 7, 2017 Letter to Mayor
16. Timeline of Interactions with Marion District

EXHIBIT 1

WATER PURCHASE AGREEMENT

Master - 12-23-1988

THIS WATER PURCHASE AGREEMENT, is made and entered into as of 12-23, 1988, by and between the LEBANON WATER WORKS COMPANY, hereinafter referred to as the "COMPANY"; and the MARION COUNTY WATER DISTRICT, hereinafter referred to as the "DISTRICT":

W I T N E S S E T H:

THAT WHEREAS, the parties hereto by Contract of January 4, 1982, entered into a written Agreement whereby the COMPANY furnishes to the DISTRICT certain quantities of treated water which the DISTRICT then, in turn, makes available for sale to its customers; and

WHEREAS, that January 4, 1982 Agreement was thereafter, on February 15, 1984, and on January 6, 1986 modified by Addendums executed by the parties and made a part of that original Agreement; and

WHEREAS, the term of those contractual agreements entered into between these parties extended for a period of 40 years from and after January 4, 1986, and it is now the desire of the parties to provide for an additional extension of the term of that contract so that the term thereof shall extend for a period of 41 years from and after the date of this Agreement; and

WHEREAS, in order to further expand its service area, the DISTRICT now requires additional quantities of water, and is

desirous of having the COMPANY increase the guaranteed daily allotment of water to be sold to the DISTRICT; and

WHEREAS, the parties are desirous of having one document that sets forth their entire agreement and which supersedes all prior contractual agreements between the parties;

NOW, THEREFORE, in consideration of all the foregoing, and the mutual terms and conditions hereinafter set forth, the parties do hereby agree as follows:

1. TERM:

That the term of this Agreement shall extend for a period of forty-one (41) years from and after the effective date hereof, as provided for in paragraph twenty-five (25) of this Agreement, unless otherwise extended or modified by written agreement between the parties.

2. QUALITY OF WATER:

The COMPANY shall furnish the DISTRICT at the points of delivery hereinafter specified, during the term of this Agreement or any renewal or extension thereof, potable, treated water meeting applicable purity standards of all appropriate state and federal regulatory agencies. The water shall also be of the same type and quality furnished to the COMPANY'S other water customers.

3. QUANTITY OF WATER:

The COMPANY shall furnish to the DISTRICT such quantities of water as the DISTRICT may require in order to provide service to its customers, not to exceed, however, 900,000 gallons per day. This amount shall be designated the "Guaranteed Amount". If and

when the future needs of the DISTRICT exceed this Guaranteed Amount, then the COMPANY, subject to the limitations contained in paragraph fourteen (14) of this Agreement, also agrees to supply that Excess Demand ("Excess Demand"), to the extent water is available and it is able to do so.

4. DELIVERY POINTS:

There are presently seven (7) points of delivery:

- (1) St. Mary's Road (Ky. 49 and 52),
- (2) St. Rose Pike (Ky. 429),
- (3) Danville Highway (US 68),
- (4) Sulphur Springs Road,
- (5) Fairgrounds Road,
- (6) West Main Street (US 68 and 55 South), and
- (7) Calvary (Ky 208).

The COMPANY does not guarantee any specific water pressure at any of the existing points of delivery, but does covenant to use all reasonable care and diligence in the operation and maintenance of its water system to prevent and avoid abnormal interruptions and fluctuations of supply and pressure. Should greater pressures than that available at a point of delivery be required by the DISTRICT, it shall be the DISTRICT'S responsibility, at its own expense, to provide such booster pumping, storage or other facilities as may be required to develop additional pressures within the DISTRICT'S system. The COMPANY shall not be held responsible for emergency failure of pressures and flow at any point of delivery due to main leaks,

power failures, flood, fire and use of water to fight fire, an act of God, or other causes beyond the control of the COMPANY.

5. OPERATION OF SYSTEM:

The COMPANY shall, at all times, operate and maintain its system in an efficient manner and shall take such action as may be necessary to furnish the DISTRICT with the Guaranteed Amount of water set forth in paragraph three (3) of this Agreement. Temporary or partial failures to deliver water shall be remedied with all possible dispatch.

6. MASTER METER TESTING:

The COMPANY shall furnish, operate and maintain at its own expense at each 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 DISTRICT at each location, and to calibrate such metering equipment, whenever requested by the DISTRICT, but not more frequently than once ever twelve (12) months.

A meter, registering not more that 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 said test in accordance with the percentage of inaccuracy found by such test. 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 the COMPANY and the DISTRICT shall agree upon a different amount.

7. BILLING PROCEDURE:

The metering equipment shall be read by the Company on or about the twentieth (20th) day of each month. The COMPANY shall furnish the Treasurer of the DISTRICT at Lebanon, Kentucky not later than the first (1st) day of each month, with an itemized statement of the cost and amount of water furnished the DISTRICT during the preceding month. The DISTRICT shall pay those charges to the COMPANY, not later than the tenth (10th) day of each month. The bill shall be calculated according to the COMPANY'S prevailing rate schedule, as amended from time to time. The prevailing rate schedule at this time is set forth in Ordinance No. 87-12 of the City of Lebanon, a copy of which is attached hereto and incorporated herein by reference as "Exhibit A". (The parties recognize that Ordinance No. 87-12 must be amended prior to the effective date of this Agreement so as to incorporate the Excess Usage Fee referred to in paragraph fifteen (15) of this Agreement.) It is understood and agreed by the parties that the COMPANY'S obligation to furnish certain quantities of treated water to the DISTRICT is contingent upon the DISTRICT'S timely payment of those monthly charges calculated under the prevailing rate schedule. In the event of a dispute over those sums due the COMPANY by the DISTRICT, then the DISTRICT will continue to pay on a monthly basis in accordance with the COMPANY'S monthly billing statement until such time as resolution of such dispute provides otherwise.

8. RATE MODIFICATION:

It is understood and agreed that the COMPANY may hereafter modify its rate schedule by increasing or decreasing the rates charged its customers, including the DISTRICT. Such rate modification shall be reasonably related to any demonstrated changes in the COMPANY'S cost of operation of its business, and any rate change shall be made with the approval of the governing legislative body of the City of Lebanon. Any increase in cost of operation may include increases in capitalization of the COMPANY'S system if such increased capitalization is necessary to permit the COMPANY to carry out its service obligations within its service area.

With respect to any future application for modification of its rates, the COMPANY shall present only to the City Council of Lebanon, Kentucky, the basis upon which such rate modification is sought. Whereupon, the City Council, having heard and considered such application for rate modification, and any protest or objection thereto, may enact by proper Ordinance a rate schedule fixing those rates to be charged by the Company to its customers, including the District. The District is not entitled to any separate or independent showing on the part of the Company as to the need or purpose of any such rate modification. However, and with respect to any subsequent application by the Company to the City Council for modification of the COMPANY'S rate schedule, copies of all supporting documents, exhibits, studies, reports, records, and the like which may be presented by the COMPANY as a part of and in support of its application, shall be made available by the City for review and copying by the DISTRICT upon

request by a DISTRICT representative presented to any elected official of the City of Lebanon, Kentucky. Upon such timely request for information, documentation, and data supporting any rate modification proposed or sought by the COMPANY, the DISTRICT shall be furnished or given access to same sufficiently in advance of any public hearing conducted thereupon by the City Council of Lebanon, Kentucky, or its designated representatives, to permit the DISTRICT'S reasonable assimilation and review of same prior to any such hearing.

These rate modification procedures do not apply to the contemplated amendment of Ordinance No. 87-12 which must be done to impose the Excess Usage Fee referred to in paragraph fifteen (15) of this Agreement.

9. ADVANCE NOTICE:

The COMPANY shall give the DISTRICT written notice at least thirty (30) days before making application to the Lebanon City Council of its intent to apply for rate modification.

10. EFFECTIVE DATE OF RATE MODIFICATION:

The effective date, as to the DISTRICT, of any future rate modifications, except for the imposition of the Excess Usage Fee referred to in paragraph fifteen (15) of this Agreement, shall be sixty (60) days after the second reading and final passage of any Ordinance which modifies the rate schedule. This delay will allow the DISTRICT time to apply to the Public Service Commission for a Purchase Water Adjustment, so the DISTRICT can pass through the increased rates to its customers.

11. SOLE SUPPLIER:

The DISTRICT shall purchase from the COMPANY all water used by the DISTRICT or its customers during the entire term of this Agreement, or any renewals or extensions hereof. It is understood between the parties that, in order to fulfill its obligations under this Agreement, to provide for the increased usage that is reasonably anticipated, and to maintain an adequate reserve capacity, the COMPANY must undertake and make substantial improvements to both its raw water source and its existing plant and facilities. Such improvements will be made, in part, by reason of anticipated revenues to be derived from the DISTRICT during the full term of this AGREEMENT. It is further recognized that, in the event of the DISTRICT'S failure to purchase all of its water from the COMPANY throughout the term of this Agreement, the COMPANY would, at any point in time, have difficulty in establishing such actual damages as it might sustain by reason of the breach by the DISTRICT in this regard, particularly inasmuch as such breach may result in substantial financial damage to the COMPANY well beyond that time period for which such damages would be readily ascertainable upon such default. Accordingly, the parties agree that in the event the DISTRICT, during the term of this Contract and without the COMPANY'S written consent, purchases or otherwise procures any water for use as a part of the operation of its system from any source other than from the COMPANY, then the COMPANY may, at its option, for each remaining month during the term of this Agreement, bill the DISTRICT and receive payment from the DISTRICT for that quantity of water equaling the actual consumption by the DISTRICT and its customers

during each given month, regardless of the source of the water. The amount to be charged the DISTRICT shall be computed using the rate schedule in effect at the time of the usage. In the event the DISTRICT does purchase water from some other source, then the DISTRICT agrees to make available to the COMPANY, upon request, the DISTRICT'S monthly consumption records.

It is further agreed, however, that should the COMPANY be unable to produce and deliver to the DISTRICT sufficient quantities of water to meet the needs of the DISTRICT; then, in such event, the DISTRICT, after having purchased from the COMPANY all of the water made available to the DISTRICT by the COMPANY, shall be allowed to purchase from any other source such additional quantities of water as may be necessary to meet its needs. In that event, the DISTRICT shall be billed by the COMPANY only for that quantity of water actually purchased by the DISTRICT. The privilege of the DISTRICT to purchase water from other sources and without payment penalty shall be considered temporary in nature, and shall extend only for such periods of time within which the COMPANY is unable to provide for the needs of the DISTRICT. Upon notification by the COMPANY that it is again able to furnish to the DISTRICT water sufficient to meet the DISTRICT'S needs, then the DISTRICT'S privilege of alternate purchasing, without penalty, shall cease.

12. WATER SHORTAGE:

In the event of an extended shortage of water, or if the supply of water available to the COMPANY is otherwise diminished over an extended period of time, or in event the COMPANY is

unable to produce sufficient quantities of water to meet the needs of both its customers and the customers of the DISTRICT; such water as is available shall be allocated between the DISTRICT and the other customers of the COMPANY according to the following ratio: the numerator shall be 900,000 gallons per day, which will be the assumed usage by the DISTRICT, and the denominator shall be 900,000 gallons plus the actual, average daily usage by the COMPANY'S other customers during the most recent measurable monthly period prior to the declaration or implementation of any conservation effort declared under any applicable ordinance, or otherwise. The available supply of water shall then be allocated between the DISTRICT and the COMPANY'S other customers according to that ratio. (For example, if prior to any shortage or conservation efforts, the COMPANY'S other customers were using 900,000 gallons per day, then the DISTRICT would get fifty (50%) percent of the available water and the COMPANY'S other customers would get fifty (50%) percent of the available water).

13. INABILITY TO PRODUCE:

The term "unable to produce sufficient quantities of water" used in the preceding paragraph of this Agreement shall, by definition, include, but not be limited to, those situations in which the COMPANY is operating under a "Water Shortage Emergency" (as that term is defined in City of Lebanon Ordinance Number 87-11, or any subsequent ordinances that might be applicable).

14. USAGE CEILING:

In order to adequately provide for the future needs of its other customers, the COMPANY, subject to its obligation to provide the Guaranteed Amount, reserves the right to limit the amount of water made available to the DISTRICT. This limit shall be designated the "USAGE CEILING." The Usage Ceiling shall be the Guaranteed Amount set forth in paragraph three (3) of this Agreement plus thirty (30%) percent, or a total of 1,170,000 gallons per day. If and when the DISTRICT'S water consumption exceeds the Usage Ceiling, the COMPANY may, if it so chooses, request the DISTRICT to reduce its consumption to a level that is equal to or less than the Usage Ceiling. This request can be made by the COMPANY at any time and for any reason. The COMPANY shall provide the DISTRICT with as much advance notice as is reasonably possible under the circumstances. The DISTRICT must then either reduce its consumption so that it is within the Usage Ceiling or pay the excess Usage Fee provided for in paragraph fifteen (15) of this Agreement.

15. EXCESS USAGE FEE:

Because of the practical difficulty in limiting the amount of water made available to the DISTRICT by the COMPANY, the COMPANY may levy a fifty (50%) percent Excess Usage Fee upon all water used by the DISTRICT in excess of the Usage Ceiling (1,170,000 gallons per day). This Excess Usage Fee shall only be levied after the COMPANY has made a written request for the DISTRICT to limit its consumption to the Usage Ceiling and the DISTRICT fails, after expiration of seven (7) days from the date of delivery of such written request, to do so. The imposition of

an Excess Usage Fee is also contingent upon the Lebanon City Council modifying its current rate ordinance (See Exhibit A) to provide for such a fee.

16. DISTRICT EXPANSION PROJECTS:

The DISTRICT shall notify the COMPANY in writing of its intent to undertake any water system expansion project, or combination of projects, which will significantly increase the DISTRICT's water usage.

17. PLEDGE:

It is understood by the parties that the DISTRICT intends to, and does by the execution of this Agreement, pledge this Agreement to the United States of American, acting through the Farmers Home Administration (FmHA) as part of the security for the repayment of all indebtednesses currently owed by the DISTRICT to FmHA, and/or any additional loans hereinafter obtained from FmHA. The COMPANY, however, is not incurring any liability to FmHA because of the DISTRICT'S pledge of this Agreement to FmHA; and the COMPANY is not incurring any independent obligation to FmHA because of this Pledge by the DISTRICT.

18. COOPERATION:

The regulations and limitations which the COMPANY may impose upon other regular customers with respect to the use of its water will be applicable to the DISTRICT, and the DISTRICT will cooperate with the COMPANY in the enforcement of same. In addition, the DISTRICT will use all reasonable efforts to cooperate with the COMPANY during water shortage situations so

that the provisions of Lebanon Ordinance No. 87-11 (Water Shortage Ordinance), and any subsequent amendments thereto, may be effectuated.

19. FmHA APPROVAL:

The District has financed construction of its existing system through loans from the United States of American, acting through the Farmers Home Administration of the United States Department of Agriculture, and the proposed water system improvement project is being financed by FmHA. The provisions of this Agreement pertaining to the undertakings of the DISTRICT are conditioned upon and subject to the approval of the State Director of the FmHA. Similarly, any future modifications of the provisions of this Agreement by the DISTRICT and the COMPANY shall likewise be subject to the prior approval, in writing, of said State Director. Such prior approval shall not, however, apply to any change in rates paid by the DISTRICT for water purchased by it from the COMPANY as same is controlled by the provisions of this Agreement.

20. CITY COUNCIL APPROVAL:

The City of Lebanon joins in this Agreement for the purposes of acknowledging the obligations imposed upon it with respect to the procedures that will be followed when the COMPANY makes applications for rate modifications, and the imposition of the Excess Usage Fee referred to in paragraph fifteen (15) of this Agreement. The City agrees to perform those obligations imposed upon it by this Agreement.

21. PROHIBITED SALES:

The DISTRICT shall not sell or deliver any water other than to its regular, metered customers, without the prior, written consent of the COMPANY. The sale of water for resale, or for delivery by truck or otherwise, except through the DISTRICT'S distribution system is hereby prohibited.

22. PARAGRAPH HEADINGS:

Paragraph headings herein are for convenience only and do not define, limit, confine, or construe the contents of such paragraphs.

23. NON-WAIVER:

Failure on the part of either party to insist upon strict compliance by the other with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such terms, conditions or covenants.

24. ENTIRE AGREEMENT:

This Agreement sets forth all of the promises, agreements, conditions, and understandings between the parties governing their business relationship. There are no covenants, promises, agreements, conditions, and understandings, either oral or written between them other than those set forth herein. Except as herein provided, no subsequent alteration, amendments, changes or additions to this Agreement shall be binding upon either party unless and until reduced to writing and signed by both parties.

25. EFFECTIVE DATE:

The parties covenant that, in order for this Agreement to be made effective, it shall be executed by or on behalf of the COMPANY, the DISTRICT, the City, and FmHA. The City shall then

enact or amend such ordinances as may be necessary to effectuate the provisions of this Agreement, including the imposition of the Excess Usage Fee referred to in paragraph fifteen (15) of this Agreement. This Agreement shall become effective with the final passage, approval, and publication of such ordinances. The effective date shall be the publication date. The term of this Agreement shall be measured from the effective date.

26. PRIOR AGREEMENTS VOID:

Since the provisions of the January 4, 1982, Water Purchase Agreement, the First Addendum dated February 15, 1984, and the Second Addendum dated January 6, 1986, will be superseded by this Agreement, those agreements are hereby declared null and void and will no longer have any legal effect after the Effective Date of this Agreement.

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

LEBANON WATER WORKS COMPANY

DATE: 1-2-89

BY: *Simeon Montgomery*
SIMEON MONTGOMERY, PRESIDENT

ATTEST:

William D. Thompson
SECRETARY

MARION COUNTY WATER DISTRICT

DATE: 12-23-1988

BY: J. B. Peterson
J. B. PETERSON, CHAIRMAN

ATTEST:

H.E. O'Daniel
H.E. O'DANIEL, SECRETARY

CITY OF LEBANON

DATE: 1/3/89

BY: Maurice D. Spalding
MAURICE D. SPALDING, MAYOR

ATTEST:

Joyce A. Ford
LEBANON CITY CLERK

CONCURRENCE BY FARMERS HOME
ADMINISTRATION

DATE: 1/17/89

BY: Mary Ann Baron
MARY ANN BARON, STATE DIRECTOR

AN ORDINANCE FURTHER AMENDING AN ORDINANCE ORIGINALLY ADOPTED ON APRIL 10, 1972, AND AS SUBSEQUENTLY AMENDED BY ORDINANCE NO. 80-1 AND ORDINANCE NO. 84-7, IN ORDER TO AMEND AND ESTABLISH THE RATE SCHEDULE TO BE CHARGED FOR THE USE OF AND SERVICE PROVIDED BY THE MUNICIPAL WATER WORKS SYSTEM.

BE IT ORDAINED BY THE CITY COUNCIL OF LEBANON, KENTUCKY:

SECTION I

That Item II on an Ordinance adopted April 10, 1972, as amended by Ordinance No. 80-1, and as further amended by Ordinance No. 84-7, be and the same is further amended to read as follows:

"Section One. That all persons who use the waterworks facilities of the City of Lebanon, Kentucky, shall be charged and shall pay the following rates for water:

Cubic Feet	City	County
	Residents	Residents
	Amount	Amount
0 to 200	\$ 5.00	\$ 5.50
201 to 300	\$ 5.82	\$ 6.41
301 to 400	\$ 7.14	\$ 7.85
401 to 500	\$ 8.46	\$ 9.32
501 to 600	\$ 9.79	\$10.76
601 to 700	\$10.84	\$11.93
701 to 800	\$11.90	\$13.09
801 to 900	\$12.96	\$14.26
901 to 1000	\$14.02	\$15.42
1001 to 1100	\$15.08	\$16.58
1101 to 1200	\$16.13	\$17.74
1201 to 1300	\$17.19	\$18.91
1301 to 1400	\$18.25	\$20.08
1401 to 1500	\$19.31	\$21.24
1501 to 1600	\$20.24	\$22.25
1601 to 1700	\$21.16	\$23.28
1701 to 1800	\$22.09	\$24.29
1801 to 1900	\$23.01	\$25.31
1901 to 2000	\$23.94	\$26.34
2001 to 2100	\$24.86	\$27.35
2101 to 2200	\$25.79	\$28.37
2201 to 2300	\$26.71	\$29.38
2301 to 2400	\$27.65	\$30.41
2401 to 2500	\$28.57	\$31.42
2501 to 2600	\$29.50	\$32.44



2601 to 2700		\$30.42	\$33.45
2701 to 2800		\$31.35	\$34.48
2801 to 2900		\$32.27	\$35.50
2901 to 3000		\$33.20	\$36.51
Next 7,000 cubic feet . . . . .	.72 per 100 cubic feet	(City and County	
Next 40,000 cubic feet . . . . .	.70 per 100 cubic feet	(City and County	
All Over 50,000 cubic feet . . . . .	.65 per 100 cubic feet	(City and County	

SECTION II

Except to the extent that prior Ordinances fixing charges for services rendered by or product made available through the Lebanon Water Works Company, Inc., are specifically amended hereby, then such prior Ordinances shall not be deemed to have been superseded by the provisions hereof.

SECTION III

This Ordinance shall be effective with respect to that first billing period beginning after December 1, 1987, and for which billing is made on or after January 1, 1988.

SECTION IV

That if any Section, Sub-Section, sentence, clause or phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof.

SECTION V

This Ordinance shall take effect upon its second reading, passage and publication.

CITY OF LEBANON, KENTUCKY

BY Maurice D. Spalding
MAURICE D. SPALDING, Mayor

Joyce A. Ford

JOYCE A. FORD, City Clerk

First Reading by the Council on November 13, 1987.

Second Reading and Passage by the Council on December 7, 1987.

Published in the Lebanon Enterprise on December 16, 1987.

Joyce A. Ford

JOYCE A. FORD, City Clerk

EXHIBIT 2

ADDENDUM TO WATER PURCHASE AGREEMENT

THIS ADDENDUM, made and entered into this 31 day of January, 1992, by and between LEBANON WATER WORKS, INC., hereinafter referred to as the "Company"; and the MARION COUNTY WATER DISTRICT, hereinafter referred to as the "District":

W I T N E S S E T H

THAT WHEREAS, the parties hereto by contract of December 23, 1988, have entered into a written Agreement under the terms of which the Company is to furnish to the District certain quantities of treated water which the District then, in turn, makes available for sale to its customers, and

WHEREAS, the District intends to undertake 2 water system expansion projects referred to as the "1990 Project" and the "Highway 49 Project", and

WHEREAS, the original term of that contractual arrangement entered into between these parties extended for a period of 41 years from and after December 23, 1988, and it is now the desire of the parties to provide for an additional extension of the term of that contract so that the term thereof shall extend for a period of 41 years from and after the date of this Addendum.

NOW THEREFORE, in consideration of the foregoing and the continued obligations of the parties, respectively, under that December 23, 1988 Water Purchase Agreement, it is understood and agreed as follows:

1. That the term of the contractual agreement existing between these parties pursuant to those documents referred to hereinabove shall extend for a period of 41 years from and after the date hereof, such term to expire, unless otherwise extended or modified by Agreement between

the parties on January 31, 2033.

2. In all other respects, the written Agreement dated December 23, 1988, entered into between these parties and as referred to hereinabove shall remain in full force and effect, and the parties shall continue to carry forth their respective obligations thereunder.

IN WITNESS WHEREOF, the parties hereto, acting under the authority of their respective governing bodies, have caused this Addendum to be executed in counterparts, each of which will constitute originals, this the day and year first hereinabove written.

LEBANON WATER WORKS, INC.

BY: Jai W. Green, D & D
PRESIDENT

ATTEST:

Amelia Owen
SECRETARY

MARION COUNTY WATER DISTRICT

BY: C.R. Whitehouse
CHAIRMAN

ATTEST:

J. B. Peterson
SECRETARY

EXHIBIT 3

ADDENDUM TO WATER PURCHASE AGREEMENT

THIS ADDENDUM, made and entered into this 28th day of September, 1992, by and between LEBANON WATER WORKS, INC., hereinafter referred to as the "Company"; and the MARION COUNTY WATER DISTRICT, hereinafter referred to as the "District":

W I T N E S S E T H

THAT WHEREAS, the parties hereto by contract of December 23, 1988, have entered into a written Agreement under the terms of which the Company is to furnish to the District certain quantities of treated water which the District then, in turn, makes available for sale to its customers, and

WHEREAS, the District intends to undertake two water system expansion projects referred to as the "1990 Project" and the "Highway 49 Project", and

WHEREAS, the original term of that contractual arrangement entered into between these parties extended for a period of 41 years from and after December 23, 1988, and it is now the desire of the parties to provide for an additional extension of the term of that contract so that the term thereof shall extend for a period of 43 years from and after the date of this Addendum.

NOW THEREFORE, in consideration of the foregoing and the continued obligations of the parties, respectively, under that December 23, 1988 Water Purchase Agreement, it is understood and agreed as follows:

1. That the term of the contractual agreement existing between these parties pursuant to those documents referred to hereinabove shall extend for a period of 43 years from and after the date hereof, such term to expire, unless otherwise extended or modified by Agree-

ment between the parties on September 28, 2035.

2. In all other respects, the written Agreement dated December 23, 1988, entered into between these parties and as referred to hereinabove shall remain in full force and effect, and the parties shall continue to carry forth their respective obligations thereunder.

IN WITNESS WHEREOF, the parties hereto, acting under the authority of their respective governing bodies, have caused this Addendum to be executed in counterparts, each of which will constitute originals, this the day and year first hereinabove written,

LEBANON WATER WORKS, INC.

BY: *Mr. Jan W. Green*
PRESIDENT

ATTEST:

Amelia Owen
SECRETARY

MARION COUNTY WATER DISTRICT

BY: *C.R. Whitehouse*
CHAIRMAN

ATTEST:

J. B. Peterson
SECRETARY

EXHIBIT 4

ADDENDUM TO WATER PURCHASE AGREEMENT

THIS ADDENDUM, made and entered into this 13 day of MARCH, 1995, by and between, **LEBANON WATER WORKS COMPANY, INC.**, herein after referred to as the "Company"; and the **MARION COUNTY WATER DISTRICT**, hereinafter referred to as the "District";

WITNESSETH:

THAT WHEREAS, the parties hereto have, by written agreement with an effective date of December 23, 1988, entered into an understanding pursuant to which the Company contracts and is obligated to furnish to the District certain quantities of treated water for which the District is obligated to pay in accordance with the Company's prevailing rate schedule, and which treated water the District will then, in turn, make available for sale to its customers throughout Marion County, Kentucky, and

WHEREAS, that original water purchase agreement has heretofore been amended so as to extend the effective term thereof to the year 2033, and

WHEREAS, subsequent to the date of the aforesaid water purchase agreement, the Company has undertaken to complete construction of what is known as the Fagan Branch Reservoir, the purpose of such project being, in part, to provide for raw water storage in order that the Company may not only fulfill its contractual commitments to

the District, but may further enhance its ability to serve the District and its customers, and

WHEREAS, the District continues to undertake to expand its service area so as to provide treated water to customers throughout Marion County, and in areas which have not heretofore been provided with such service, and

WHEREAS, the parties are thus desirous of again modifying both the effective term of the aforesaid water purchase agreement, and the "minimum quantity" clause set forth thereunder in order that the District may make application for additional funding to carry out its ongoing expansion,

NOW, THEREFORE, in consideration of the premises, including the original covenants, privileges, and conditions set forth in the original December 23, 1988 Agreement entered into between these parties, and in further consideration of the continuing and enhanced performance of that Agreement on the part of each of the parties, it is understood and agreed that that written Agreement, as previously modified, shall once again hereby be modified further only to the following extent:

1. The term of the aforesaid written Agreement, originally stated therein, under numerical paragraph 1, as extending for a period of FORTY-ONE (41) years from and after the effective date of that agreement, and subsequently modified in January of 1992, so as to extend for a period of forty-one years from January, 1992, shall now and hereafter be considered to extend to and including the date of March 12, 2040 unless such term shall be further modified by writing entered into as between these parties.

2. Numerical paragraph 3 of the December 23, 1988 Agreement provides, under the heading "Quantity of Water", for what is designated as a "Guaranteed Amount" of 900,000 per day. That "Guaranteed Amount", shall now be modified and increased to 1,140,000 gallons per day.

3. It is understood and agreed between the parties hereto that this Contract shall be filed with the Public Service Commission of the Commonwealth of Kentucky not less than thirty (30) days prior to its effective date. Accordingly, it is understood that this Contract shall become effective thirty (30) days after notification of the execution of same is afforded the Public Service Commission, and then only in the event that said Commission does not reject or call into question any part of such Contract.


4. Except to the extent that this Addendum modifies the December 23, 1988 written Agreement entered into between these parties, then that Agreement is hereby ratified and shall remain in full force and effect throughout the term provided for hereinabove, and as that may be subsequently modified.

IN WITNESS WHEREOF, the parties hereunto, acting under the authority of their respective governing bodies, have caused this Addendum to be executed in counterparts, each of which will constitute originals, this the day and year first hereinabove written.

LEBANON WATER WORKS COMPANY, INC.

BY Dr. Joe W. Green
Joseph W. Green, President

ATTEST:


Secretary

MARION COUNTY WATER DISTRICT

BY 
C. R. Whitehouse, Chairman

ATTEST:


Secretary

Prepared By:

SPRAGENS, SMITH & HIGDON, P.S.C.
Attorneys at Law
15 Court Square - P. O. Box 681
Lebanon, Kentucky 40033
Telephone: (502) 692-3141

By 
ROBERT SPRAGENS, JR.

EXHIBIT 5

SECOND ADDENDUM TO WATER PURCHASE AGREEMENT

THIS SECOND ADDENDUM, made and entered into this 30th day of JUNE, 1997, by and between, **LEBANON WATER WORKS COMPANY, INC.**, hereinafter referred to as the "Company"; and the **MARION COUNTY WATER DISTRICT**, hereinafter referred to as the "District";

WITNESSETH:

THAT WHEREAS, the parties have, by written agreement with an effective date of December 23, 1988, entered into an understanding pursuant to which the Company contracts and is obligated to furnish to the District certain quantities of treated water for which the District is obligated to pay in accordance with the Company's prevailing rate schedule, and which treated water the District will then, in turn, make available for sale to its customers throughout Marion County, Kentucky, and

WHEREAS, that December 23, 1988 agreement has heretofore been filed and docketed with the Public Service Commission for the Commonwealth of Kentucky as a part of that Commission's Administrative Case No. 351. At the time of the filing of such agreement with the Public Service Commission, the water rate schedule then in effect, and pursuant to which the Company and the District operated, was set forth in Ordinance No. 91-8 of the City of Lebanon, Kentucky, and that subject ordinance has governed the charges and rates levied by the Company to the District at all times from and after 1991, to and including the date of this Addendum; and

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WHEREAS, by Addendum entered into between these parties with an effective date of March 13, 1995, certain terms of the original agreement between the parties which relate to the term of that original contract, and the "minimum quantity" clause set forth in that original agreement, were modified and extended, with that Addendum having been approved and deemed effective by the Public Service Commission on April 21, 1996, and

WHEREAS, the Company is in the process of undertaking a significant project whereby it will expand its existing systems, with one of the primary components of such plan being the location and installation of a new 20 inch transmission line from the Company's treatment plant near Calvary, Kentucky to the City of Lebanon, Kentucky, which transmission line, when completed, will enhance the Company's ability to serve all of its customers, including the District, and

WHEREAS, the District has been kept fully apprised of the nature and extent of this proposed construction project, and the costs thereof, as well as the projected revenues which the Company will be required to generate upon completion of that project in order to maintain its systems and to service the debt incurred by reason of this project, and

WHEREAS, the parties hereto have previously agreed that, upon completion of the Company's project, its rates for water service, including those rates to be charged by the Company to the District from and after the date of issuance of the revenue bonds which provide, in part, the financial means by which this project is to be accomplished, should be those set forth in attached Ordinance No. 96-16 of the City of

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Lebanon, Kentucky, that Ordinance having been adopted effective January 22, 1997, and such Ordinance governing, in prospective fashion, the Company's future charges to its customer base including (with PSC approval) of the District which is the Company's only public utility customer. At the time of presentation to the City Council of the City of Lebanon, Kentucky of that proposed Ordinance which has now become Ordinance No. 96-16, the District advised the City of Lebanon of its concurrence with the prospective revised rate schedule set forth in that Ordinance, and subject to the ultimate approval thereof (as to the District) by the Public Service Commission, and

WHEREAS the District deems the Company's completion of its current expansion and construction project to be consistent with the future and further needs of the District; and the parties are thus desirous, by means of this Second Addendum, of setting forth their understanding with respect to the aforesaid prospective modifications in the water rate schedule applicable to service provided by the Company to the District,

NOW THEREFORE, in consideration of the premises, including the original covenants, privileges, and conditions set forth in the original December 23, 1988 agreement entered into between these parties, as amended, and in further consideration of the continuing and enhanced performance of that agreement on the part of each of the parties, it is understood and agreed that the original written agreement, as previously modified, shall once again hereby be modified further only to the following extent:

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1. Consistent with the terms of Ordinance No. 96-16 of the City of Lebanon, Kentucky, the District intends, subject to approval of the Public Service Commission for the Commonwealth of Kentucky, to be bound by the terms of the uniform minimum water rate schedule set forth in the aforesaid Ordinance, with the effective date of that new water rate schedule to be fixed as of the date of issuance by the City of Lebanon of certain series 1997 water works revenue bonds, such issuance date currently being anticipated in December of 1997.

2. Except to the extent that this Second Addendum modifies the December 23, 1988 written agreement entered into between these parties, as previously amended, then that prior agreement, as amended, is hereby ratified and shall remain in full force and effect throughout the term provided, and as that may be subsequently modified by agreement between these parties.

3. It is understood and agreed between the parties hereto that this contract, after execution upon behalf of each of the parties, shall be filed with the Public Service Commission for the Commonwealth of Kentucky, not less than thirty (30) days prior to its effective date. Accordingly, it is understood that the actual effective date hereof shall be not less than thirty (30) days after notification of the execution of same is afforded the Public Service Commission and then only in the event that said Commission does not reject or call into question any part of such Contract.

4. The parties agree that they will, at or about the time of submission of this Contract to the Public Service Commission for its approval, notify the general public, by means of appropriate Legal Notice, of the intentions of the parties as set forth

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IN WITNESS WHEREOF, the parties hereunto, acting under the authority of their respective governing bodies, have caused this Addendum to be executed in counterparts, each of which will constitute originals, as of the respective dates set forth hereupon.

LEBANON WATER WORKS COMPANY, INC.

BY Dr. Joseph W. Green
Dr. Joseph W. Green, President
Date: March 3d, 1997

ATTEST:

William D. Thompson
Secretary

MARION COUNTY WATER DISTRICT

BY Barbara L. May
Title: Chairman

ATTEST:

J. B. Peterson
Secretary

Prepared By:

SPRAGENS, SMITH & HIGDON, P.S.C.
Attorneys at Law
15 Court Square - P. O. Box 681
Lebanon, Kentucky 40033
Telephone: (502) 692-3141

By Robert Spragens, Jr.
ROBERT SPRAGENS, JR.

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PURSUANT TO 807 KAR 5:011,
SECTION 9(1)
BY: Stephen O. Bell
SECRETARY OF THE COMMISSION

EXHIBIT 6

ADDENDUM TO WATER PURCHASE AGREEMENT

THIS ADDENDUM, made and entered into this 15th day of December, 1999, by and between LEBANON WATER WORKS, INC., hereinafter referred to as the "Company", and the MARION COUNTY WATER DISTRICT, hereinafter referred to as the "District".

WITNESSETH:

THAT WHEREAS, the parties hereto by contract of December 23, 1988, have entered into a written Agreement under the terms of which the Company is to furnish to the District certain quantities of treated water which the District then, in turn, makes available for sale to its customers, and

WHEREAS, the District intends to undertake a water system expansion project referred to as the "Gap Knob Water Expansion Project", and

WHEREAS, the original term of that contractual arrangement entered into between these parties extended for a period of 41 years from and after December 23, 1988, and it is now the desire of the parties to provide for an additional extension of the term of that contract so that the term thereof shall extend for a period of 41 years from and after the date of this Addendum.

NOW THEREFORE, in consideration of the foregoing and the continued obligations of the parties, respectively, under that December 23, 1988 Water Purchase Agreement, it is understood and agreed as follows:

1. That the term of the contractual agreement existing between these parties pursuant to those documents referred to hereinabove shall extend for a period of 41 years from and after the date hereof, such term to expire, unless otherwise extended or modified by Agreement between the parties on January 31, 2041.

2. In all other respects, the written Agreement dated December 23, 1988, entered into between these parties and as referred to hereinabove shall remain in full force and effect, and the parties shall continue to carry forth their respective obligations thereunder.

IN WITNESS WHEREOF, the parties hereto, acting under the authority of their respective governing bodies, have caused this Addendum to be executed in counterparts each of which will constitute originals, this the day and year first hereinabove written.

LEBANON WATER WORKS, INC.

BY: Dr. Joe W. Green
President

ATTEST:

Lisa Mattingly
Secretary

MARION COUNTY WATER DISTRICT

BY: Barbara R. May
Chairman

ATTEST:

J. B. Peterson
Secretary

EXHIBIT 7

ADDENDUM TO WATER PURCHASE AGREEMENT

THIS ADDENDUM, made and entered into this 17th day of Nov, 2003, by and between, **LEBANON WATER WORKS COMPANY, INC.**, herein after referred to as the "Company"; and the **MARION COUNTY WATER DISTRICT**, hereinafter referred to as the "District";

WITNESSETH:

THAT WHEREAS, the parties hereto have, by written agreement with an effective date of December 23, 1988, entered into an understanding pursuant to which the Company contracts and is obligated to furnish to the District certain quantities of treated water for which the District is obligated to pay in accordance with the Company's prevailing rate schedule, and which treated water the District will then, in turn, make available for sale to its customers throughout Marion County, Kentucky, and

WHEREAS, that original water purchase agreement has, from time to time, been amended so as to extend the effective term thereof, and to modify the original provisions regarding the quantity of water to be provided by the Company to the District, with the most recent of those modifications having been made by way of Addendum dated March 13, 1995 and approved by the Public Service Commission of Kentucky on or about April 21, 1996, and

WHEREAS, under that aforesaid addendum, the "Guaranteed Amount" as that is defined under numerical paragraph 3 OF the December 23, 1988 agreement was increased to 1,140,000 gallons per day, and

WHEREAS, the District has expanded its service area to the extent that its actual purchase of water will, from time to time, exceed the "Guaranteed Amount"

provided for under that March 13, 1995 Addendum, and

WHEREAS the parties are thus desirous of further modifying their contractual relationship so as to reflect the current operations undertaken by each of them,

NOW, THEREFORE, in consideration of the premises, including the original covenants, privileges, and conditions set forth in the original December 23, 1988 Agreement entered into between these parties, and in further consideration of the continuing and enhanced performance of that Agreement on the part of each of the parties, it is understood and agreed that the said December 23, 1988 Agreement, as that has been previously modified, shall once again hereby be modified further, BUT only to the following extent:

1. Numerical Paragraph 3 of the December 23, 1988 Agreement, as amended by the March 13, 1995 Addendum thereto, provides, under the heading "Quantity of Water", for what is designated as a "Guaranteed Amount" of 1,140,000 gallons per day. That "Guaranteed Amount" shall now be modified and increased to 1,500,000 gallons per day.

2. Numerical paragraph 14 of the December 23, 1988 Agreement provides for a "Usage Ceiling" which is 30% greater than the "Guaranteed Amount". Accordingly, the "Usage Ceiling" under that numerical paragraph shall now be modified and increased to 1,950,000 gallons per day. The parties do recognize and agree, however, that, as the "Guaranteed Amount" may hereafter be modified and increased, it will be necessary to reconsider, and perhaps modify, the 30% multiplier by means of which the District's "Usage Ceiling" has traditionally been calculated.

3. It is understood and agreed between the parties hereto that this Addendum, as with other contractual agreements entered into between these parties, is made

subject to the approval of the Public Service Commission of the Commonwealth of Kentucky. Accordingly, it is understood that this Addendum shall become effective only upon approval thereof by the Public Service Commission.

4. Except to the extent that this and previous Addenda modify the December 23, 1988 written Agreement entered into between these parties, that Agreement is hereby ratified and shall remain in full force and effect throughout the effective term thereof.

IN WITNESS WHEREOF, the parties hereunto, acting under the authority of their respective governing bodies, have caused this Addendum to be executed in counterparts, each of which will constitute originals, this the day and year first hereinabove written.

LEBANON WATER WORKS COMPANY, INC.

BY 
Joseph W. Green, President

ATTEST:


William P. Thompson, Secretary

MARION COUNTY WATER DISTRICT

BY 
Chairman

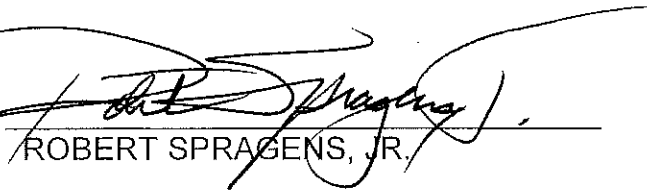
ATTEST:


Secretary

Prepared By:

SPRAGENS, SMITH & HIGDON, P.S.C.
Attorneys at Law
15 Court Square - P. O. Box 681
Lebanon, Kentucky 40033
Telephone: (502) 692-3141

By



ROBERT SPRAGENS, JR.

EXHIBIT 8

ADDENDUM TO WATER PURCHASE AGREEMENT

THIS ADDENDUM, made and entered into this 11th day of March, 2009, by and between LEBANON WATER WORKS, INC., hereinafter referred to as the "Company," and the MARION COUNTY WATER DISTRICT, hereinafter referred to as the "District."

WITNESSETH:

THAT WHEREAS, the parties hereto by contract of December 23, 1988, have entered into a written Agreement under the terms of which the Company is to furnish to the District certain quantities of treated water which the District then, in turn, makes available for sale to its customers, and

WHEREAS, the District intends to undertake a water system expansion project referred to as the "Loretto Transmission Main Project," and

WHEREAS, the original term of that contractual arrangement entered into between these parties extended for a period of 41 years from and after December 23, 1988, and was subsequently extended by Addendum dated December 15, 1999, through January 31, 2041, and it is now the desire of the parties to provide for an additional extension of the term of that contract so that the term thereof shall extend for a period of 41 years from and after the date of this Addendum.

NOW THEREFORE, in consideration of the forgoing and the continued obligations of the parties, respectively, under that December 23, 1988 Water Purchase Agreement, as amended from time to time thereafter, it is understood and agreed as follows:

1. That the term of the contractual agreement existing between these parties pursuant to those documents referred to hereinabove shall extend for a period of 41 years from and after the

date hereof, such term to expire, unless otherwise extended or modified by Agreement between the parties on March 31, 2050.

2. In all other respects, the written Agreement dated December 23, 1988, as amended from time to time thereafter, entered into between these parties and as referred to hereinabove shall remain in full force and effect, and the parties shall continue to carry forth their respective obligations thereunder.

IN WITNESS WHEREOF, the parties hereto, acting under the authority of their respective governing bodies, have caused this Addendum to be executed in counterparts each of which will constitute originals, this the day and year first hereinabove written.

LEBANON WATER WORKS, INC.

By: Dr. Joe W. Green
President

ATTEST:

William D. Thompson
Secretary

MARION COUNTY WATER DISTRICT

By: Barbara R. May
Chairperson

ATTEST:

Eusebio Thomas
Secretary

EXHIBIT 9

ORDINANCE NO. 87-12

AN ORDINANCE FURTHER AMENDING AN ORDINANCE ORIGINALLY ADOPTED ON APRIL 10, 1972, AND AS SUBSEQUENTLY AMENDED BY ORDINANCE NO. 80-1 AND ORDINANCE NO. 84-7, IN ORDER TO AMEND AND ESTABLISH THE RATE SCHEDULE TO BE CHARGED FOR THE USE OF AND SERVICE PROVIDED BY THE MUNICIPAL WATER WORKS SYSTEM.

BE IT ORDAINED BY THE CITY COUNCIL OF LEBANON, KENTUCKY:

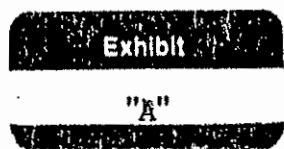
SECTION I

That Item II on an Ordinance adopted April 10, 1972, as amended by Ordinance No. 80-1, and as further amended by Ordinance No. 84-7, be and the same is further amended to read as follows:

"Section One. That all persons who use the waterworks facilities of the City of Lebanon, Kentucky, shall be charged and shall pay the following rates for water:

<u>Cubic Feet</u>	<u>City Residents</u>	<u>County Residents</u>
0 to 200	\$ 5.00	\$ 5.50
201 to 300	\$ 5.82	\$ 6.41
301 to 400	\$ 7.14	\$ 7.85
401 to 500	\$ 8.46	\$ 9.32
501 to 600	\$ 9.79	\$10.76
601 to 700	\$10.84	\$11.93
701 to 800	\$11.90	\$13.09
801 to 900	\$12.96	\$14.26
901 to 1000	\$14.02	\$15.42
1001 to 1100	\$15.08	\$16.58
1101 to 1200	\$16.13	\$17.74
1201 to 1300	\$17.19	\$18.91
1301 to 1400	\$18.25	\$20.08
1401 to 1500	\$19.31	\$21.24
1501 to 1600	\$20.24	\$22.25
1601 to 1700	\$21.16	\$23.28
1701 to 1800	\$22.09	\$24.29
1801 to 1900	\$23.01	\$25.31
1901 to 2000	\$23.94	\$26.34
2001 to 2100	\$24.86	\$27.35
2101 to 2200	\$25.79	\$28.37
2201 to 2300	\$26.71	\$29.38
2301 to 2400	\$27.65	\$30.41
2401 to 2500	\$28.57	\$31.42
2501 to 2600	\$29.50	\$32.44

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
SEP 02 1994
PURSUANT TO 807 KAR 5:01
SECTION 9(1)
BY: *Jordan C. Neal*
FOR THE PUBLIC SERVICE COMMISSION



2601 to 2700		\$30.42	\$33.45
2701 to 2800		\$31.35	\$34.48
2801 to 2900		\$32.27	\$35.50
2901 to 3000		\$33.20	\$36.51
Next 7,000 cubic feet . . . . .	.72 per 100 cubic feet		(City and County)
Next 40,000 cubic feet . . . . .	.70 per 100 cubic feet		(City and County)
All Over 50,000 cubic feet . . . . .	.65 per 100 cubic feet		(City and County)

SECTION II

Except to the extent that prior Ordinances fixing charges for services rendered by or product made available through the Lebanon Water Works Company, Inc., are specifically amended hereby, then such prior Ordinances shall not be deemed to have been superseded by the provisions hereof.

SECTION III

This Ordinance shall be effective with respect to that first billing period beginning after December 1, 1987, and for which billing is made on or after January 1, 1988.

SECTION IV

That if any Section, Sub-Section, sentence, clause or phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof.

SECTION V

This Ordinance shall take effect upon its second reading, passage and publication.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 02 1984

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: *[Signature]*
FOR THE PUBLIC SERVICE COMMISSION

CITY OF LEBANON, KENTUCKY

BY: *[Signature: Maurice D. Spalding]*
MAURICE D. SPALDING, Mayor

Joyce A. Ford

JOYCE A. FORD, City Clerk

First Reading by the Council on November 13, 1987.

Second Reading and Passage by the Council on December 7, 1987.

Published in the Lebanon Enterprise on December 16, 1987.

Joyce A. Ford

JOYCE A. FORD, City Clerk

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 02 1994

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: *Jordan P. Keel*
FOR THE PUBLIC SERVICE COMMISSION

EXHIBIT 10

RECEIVED

AUG 17 1994

ORDINANCE NO. 91-8

PUBLIC SERVICE COMMISSION

AN ORDINANCE FURTHER AMENDING AN ORDINANCE ORIGINALLY ADOPTED ON APRIL 10, 1972, AND AS SUBSEQUENTLY AMENDED BY ORDINANCE NO. 80-1, ORDINANCE NO. 84-7 AND ORDINANCE NO. 87-12, IN ORDER TO AMEND AND ESTABLISH THE RATE SCHEDULE TO BE CHARGED FOR THE USE OF AND SERVICE PROVIDED BY THE MUNICIPAL WATER WORKS SYSTEM.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LEBANON, KENTUCKY:

SECTION I

That Item II on an Ordinance adopted April 10, 1972, as amended by Ordinance No. 80-1, and as further amended by Ordinance No. 84-7 and Ordinance No. 87-12, be and the same is further amended to read as follows:

"Section One. That all persons who use the waterworks facilities of the City of Lebanon, Kentucky, within the City limits shall be charged and shall pay the following rates for water:

Cubic Feet	City Residents Amount	County Residents Amount
0 to 200	\$ 5.00	\$ 5.50
200 to 300	\$ 5.82	\$ 6.41
301 to 400	\$ 7.14	\$ 7.85
401 to 500	\$ 8.47	\$ 9.32
501 to 600	\$ 9.79	\$10.76
601 to 700	\$10.85	\$11.93
701 to 800	\$11.90	\$13.09
801 to 900	\$12.96	\$14.26
901 to 1000	\$14.02	\$15.42
1001 to 1100	\$15.08	\$16.58
1101 to 1200	\$16.13	\$17.74
1201 to 1300	\$17.19	\$18.91
1301 to 1400	\$18.25	\$20.08
1401 to 1500	\$19.31	\$21.24
1501 to 1600	\$20.24	\$22.25
1601 to 1700	\$21.16	\$23.28
1701 to 1800	\$22.09	\$24.29
1801 to 1900	\$23.01	\$25.31
1901 to 2000	\$23.94	\$26.34
2001 to 2100	\$24.86	\$27.35
2101 to 2200	\$25.79	\$28.37

220± to 2300.....	\$26.71	\$29.38
230± to 2400.....	\$27.65	\$30.41
240± to 2500.....	\$28.57	\$31.42
250± to 2600.....	\$29.50	\$32.44
260± to 2700.....	\$30.42	\$33.45
270± to 2800.....	\$31.35	\$34.48
280± to 2900.....	\$32.27	\$35.50
290± to 3000.....	\$33.20	\$36.51
Next 7,000 cubic feet .....	.72 per 100 cubic feet (City & County)	
Next 40,000 cubic feet .....	.70 per 100 cubic feet (City & County)	
All Over 50,000 cubic feet ..	.65 per 100 cubic feet (City & County)	

Uniform Minimum Water Rate Schedule

Meter Charge *: \$5.75 per month

O&M Charge **: \$1.283 per 100 cubic feet

* Minimum bill per water meter regardless of the amount of water used each month.

** Rate for all water used over zero (0) cubic feet each month.

All users who service is provided through a meter located outside the municipal limits of the City of Lebanon shall pay 110% of the applicable charge provided for under the uniform minimum water rate schedule set out above. Provided, however, this shall not apply to the Marion County Water District, which shall pay those charges set forth in the uniform minimum water rate schedule.

SECTION II


Except to the extent that prior Ordinances fixing charges for services rendered by or product made available through the Lebanon Water Works Company, Inc., are specifically amended hereby, then such prior Ordinances shall not be deemed to have been superseded by the provisions hereof.

SECTION III

This Ordinance shall be effective with respect to that first billing period beginning after December 17, 1987, ^{PUBLIC SERVICE COMMISSION} ~~OR KENTUCKY~~ ^{EFFECTIVE} January 1, 1991, and for which billing is made on or after January 17, 1988 January 1, 1992.

SEP 02 1994

PURSUANT TO 807 KAR 5011,
SECTION 9 (1)

BY: 
FOR THE PUBLIC SERVICE COMMISSION

SECTION IV

All Ordinances or parts of Ordinances in conflict herewith are expressly repealed, but only to the extent of such conflict.

SECTION V

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof.

SECTION VI

This Ordinance shall become effective upon its second reading, passage and publication.

CITY OF LEBANON, KENTUCKY

By Katherine M. Blandford
KATHERINE M. BLANDFORD, Mayor

ATTEST:

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

By Joyce A. Ford
JOYCE A. FORD, City Clerk

SEP 02 1994

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

First reading given AUGUST 12, 1991.

BY: Jordan A. Neal
FOR THE PUBLIC SERVICE COMMISSION

Second reading given AUGUST 28, 1991.

Published in The Lebanon Enterprise on SEPTEMBER 4, 1991.

Joyce A. Ford
JOYCE A. FORD, City Clerk

EXHIBIT 11

ORDINANCE NO. 96- 16

AN ORDINANCE FURTHER AMENDING AN ORDINANCE ORIGINALLY ADOPTED ON APRIL 10, 1972, AND AS SUBSEQUENTLY AMENDED BY ORDINANCE NO. 80-1, ORDINANCE NO. 84-7, ORDINANCE NO. 87-12, AND ORDINANCE NO. 91-8, IN ORDER TO AMEND AND ESTABLISH THE RATE SCHEDULE TO BE CHARGED FOR THE USE OF AND SERVICE PROVIDED BY THE MUNICIPAL WATER WORKS SYSTEM.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LEBANON, KENTUCKY:

SECTION I

That Item II of an Ordinance adopted April 10, 1972, as amended by Ordinance No. 80-1, and as further amended by Ordinance No. 84-7, Ordinance No. 87-12, and Ordinance 91-8, be and the same is further amended to read as follows:

"Section One. That all persons who use the waterworks facilities of the City of Lebanon, Kentucky, within the City limits shall be charged and shall pay the following rates for water:

Uniform Minimum Water Rate Schedule

- Meter Charge *: \$5.75 per month
- O&M Charge **: \$1.283 \$1.55 per 100 cubic feet

* Minimum bill per water meter regardless of the amount of water used each month.

** Rate for all water used over zero (0) cubic feet each month.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

OCT 02 1997

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan D. Bue
SECRETARY OF THE COMMISSION

All users whose service is provided through a meter located outside the municipal limits of the City of Lebanon shall pay 110% of the applicable charge provided for under the uniform minimum water rate schedule set out above. Provided, however, this shall not apply to the Marion County Water District, which shall pay those charges set forth in the uniform minimum water rate schedule.

SECTION II

Except to the extent that prior Ordinances fixing charges for services rendered by or product made available through the Lebanon Water Works Company, Inc., are specifically amended hereby, then such prior Ordinances shall not be deemed to have been superseded by the provisions hereof.

PUBLIC SERVICE COMMISSION
KENTUCKY
EFFECTIVE

OCT 02 1997

SECTION III

This Ordinance shall be effective with respect to that first billing period ~~beginning after December 1, 1991, and for which billing is made on or after January 1, 1992~~ the date of issuance by the City of Lebanon of certain Series 1997 Water Works Revenue Bonds.

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)
BY: William B. ...
SECRETARY OF THE COMMISSION

SECTION IV

All Ordinances or parts of Ordinances in conflict herewith are expressly repealed, but only to the extent of such conflict.

SECTION V

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof.

SECTION VI

This Ordinance shall become effective upon its second reading, passage and publication.

CITY OF LEBANON, KENTUCKY

By Katherine M Blandford
KATHERINE M. BLANDFORD, Mayor

ATTEST:

By Joyce A. Ford
JOYCE A. FORD, City Clerk

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

OCT 02 1997

First reading given December 09, 1996.

Second reading given January 13, 1996.

Published in The Lebanon Enterprise on January 22, 1997.

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)
BY: Stephan D Bell
SECRETARY OF THE COMMISSION

Joyce A. Ford
JOYCE A. FORD, City Clerk

EXHIBIT 12

ORDINANCE NO. 07-04

AN ORDINANCE FURTHER AMENDING AN ORDINANCE ORIGINALLY ADOPTED ON APRIL 10, 1972, AND AS SUBSEQUENTLY AMENDED BY ORDINANCE NO. 80-1, ORDINANCE NO. 84-7, ORDINANCE NO. 87-12, ORDINANCE NO. 91-8 AND ORDINANCE NO. 96-16, IN ORDER TO AMEND AND ESTABLISH THE RATE SCHEDULE TO BE CHARGED FOR THE USE OF AND SERVICE PROVIDED BY THE MUNICIPAL WATER WORKS SYSTEM.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LEBANON, KENTUCKY:

SECTION I

That Item II on of an Ordinance adopted April 10, 1972, as amended by Ordinance No. 80-1, and as further amended by Ordinance No. 84-7, Ordinance No. 87-12, Ordinance No. 91-8 and Ordinance No. 96-16, be and the same is further amended to read as follows:

"Section One. That all persons who use the waterworks facilities of the City of Lebanon, Kentucky, within the City limits shall be charged and shall pay the following rates for water:

Uniform Minimum Water Rate Schedule

Meter Charge*: \$6.00 ~~\$5.75~~ per month

O&M Charge**: \$2.14 ~~\$1.55~~ per 100 cubic feet

*Minimum bill per water meter regardless of the amount of water used each month.

**Rate for all water used over zero (0) cubic feet each month.

All users who whose service is provided through a meter located outside the municipal limits of the City of Lebanon shall pay 110% of the applicable charge provided

apply to the Marion County Water District, which shall pay those charges set forth in the uniform minimum water rate schedule.

SECTION II

Except to the extent that prior Ordinances fixing charges for services rendered by or product made available through the Lebanon Water Works Company, Inc., are specifically amended hereby, then such prior Ordinances shall not be deemed to have been superseded by the provisions hereof.

SECTION III

All Ordinances in conflict herewith are expressly repealed, but only to the extent of such conflict.

SECTION IV

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof.

SECTION V

This Ordinance shall become effective upon its second reading, passage and publication.

CITY OF LEBANON, KENTUCKY

By


GARY D. CRENSHAW, Mayor

ATTEST:

By Joyce A. Ford
JOYCE A. FORD, City Clerk

First reading given February 12, 2007.

Second reading given February 15, 2007.

Published in The Lebanon Enterprise on March 7, 2007.

Joyce A. Ford
JOYCE A. FORD, City Clerk

EXHIBIT 13

ORDINANCE NO. 2013-02

AN ORDINANCE FURTHER AMENDING AN ORDINANCE ORIGINALLY ADOPTED ON APRIL 10, 1972, AND AS SUBSEQUENTLY AMENDED BY ORDINANCE NO. 80-1, ORDINANCE NO. 84-7, ORDINANCE NO. 87-12, ORDINANCE NO. 91-8, ORDINANCE NO. 96-16, AND ORDINANCE NO. 07-04 IN ORDER TO AMEND AND ESTABLISH THE RATE SCHEDULE TO BE CHARGED FOR THE USE OF AND SERVICE PROVIDED BY THE MUNICIPAL WATER WORKS SYSTEM.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LEBANON, KENTUCKY:

SECTION I

That Item II of an Ordinance adopted April 10, 1972, as amended by Ordinance No. 80-1, and as further amended by Ordinance No. 84-7, Ordinance No. 87-12, Ordinance No. 91-8, Ordinance No. 96-16, and Ordinance 07-04 be and the same is further amended to read as follows:

"Section One. That all persons who use the waterworks facilities of the City of Lebanon, Kentucky, within the City limits shall be charged and shall pay the following rates for water:

Uniform Minimum Water Rate Schedule

Meter Charge*: \$6.75 ~~\$6.00~~ per month

O&M Charge**: \$2.50 ~~\$2.14~~ per 100 cubic feet

*Minimum bill per water meter regardless of the amount of water used each month.

**Rate for all water used over zero (0) cubic feet each month.

All users whose service is provided through a meter located outside the municipal limits of the City of Lebanon shall pay 110% of the applicable charge provided for under the uniform minimum water rate schedule set out above. Provided, however, this shall not apply to the Marion County Water District, which shall pay those charges set forth in the uniform minimum water rate schedule.

SECTION II

Except to the extent that prior Ordinances fixing charges for services rendered by or product made available through the Lebanon Water Works Company, Inc., are specifically amended hereby, then such prior Ordinances shall not be deemed to have been superseded by the provisions hereof.

SECTION III

All Ordinances in conflict herewith are expressly repealed, but only to the extent of such conflict.

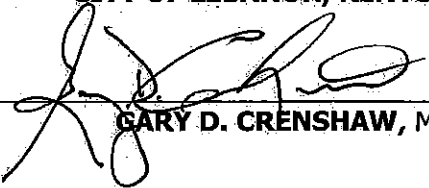
SECTION IV

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof.

SECTION V

This Ordinance shall become effective upon its second reading, passage and publication.

CITY OF LEBANON, KENTUCKY

By 
GARY D. CRENSHAW, Mayor

ATTEST:

By 
GINA JO NICOLE WHEATLEY, City Clerk

First reading given April 15, 2013.

Second reading given April 17, 2013.

Published in The Lebanon Enterprise on April 24, 2013.

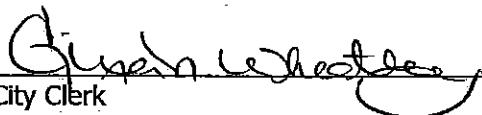

City Clerk

EXHIBIT 14

ORDINANCE.NO 2017-06

AN ORDINANCE FURTHER AMENDING AN ORDINANCE ORIGINALLY ADOPTED ON APRIL 10, 1972, AND AS SUBSEQUENTLY AMENDED BY ORDINANCE NO 80-1, ORDINANCE NO 84-7, ORDINANCE NO 87-12, ORDINANCE NO. 91-8, ORDINANCE NO 96-16, ORDINANCE NO 07-04 AND ORDINANCE NO. 2013-02, IN ORDER TO AMEND AND ESTABLISH THE RATE SCHEDULE TO BE CHARGED FOR THE USE OF AND SERVICE PROVIDED BY THE MUNICIPAL WATER WORKS SYSTEM

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LEBANON, KENTUCKY:

SECTION 1

That Item II of an Ordinance adopted April 10, 1972, as amended by Ordinance No. 80-1, and as further amended by Ordinance No. 84-7, Ordinance No. 87-12, Ordinance No. 91-8, Ordinance No. 96-16, Ordinance 07-04 and Ordinance No. 2013-02, be and the same is further amended to read as follows:

"Section One. That all persons who use the waterworks facilities of the City of Lebanon, Kentucky, within the City limits shall be charged and shall pay the following rates for water:

Uniform Minimum Water Rate Schedule

Meter Charge*: \$7.35 ~~\$6.75~~ per month

O&M Charge**: \$3.35 ~~\$2.50~~ per 100 cubic feet

*Minimum bill per water meter regardless of the amount of water used each month.

**Rate for all water used over zero (0) cubic feet each month.

All users whose service is provided through a meter located outside the municipal limits of the City of Lebanon shall pay 110% of the applicable charge provided for under the uniform minimum water rate schedule set out above. Provided, however, this shall not apply to the Marion County Water District, which shall pay those charges set forth in the uniform minimum water rate schedule.

SECTION II

Except to the extent that prior Ordinances fixing charges for services rendered by or product made available through the Lebanon Water Works Company, Inc., are specifically

amended hereby, then such prior Ordinances shall not be deemed to have been superseded by the provisions hereof.

SECTION III

All Ordinances in conflict herewith are expressly repealed, but only to the extent of such conflict.

SECTION IV

If any section, subsection, sentence, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof.

SECTION V

This Ordinance shall become effective upon its second reading, passage and publication.

CITY OF LEBANON, KENTUCKY

By: 

GARY D. CRENSHAW, MAYOR

ATTEST:

By: 

GINA JO NICOLE WHEATLEY, City Clerk

First reading given July 10, 2017.

Second reading given September 11, 2017.

Published in The Lebanon Enterprise on September 20, 2017.

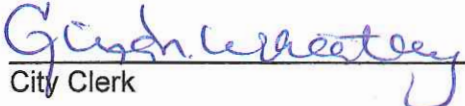

City Clerk

EXHIBIT 15



120 S. Proctor Knott Avenue
Lebanon, Kentucky 40033-1299
(270) 692-2491
Fax (270) 692-6413
TTY (800) 648-6056

August 7, 2017

Mayor Gary Crenshaw
City of Lebanon
118 S. Proctor Knott Ave
Lebanon, KY 40033

2nd Reading of Lebanon Water Works Company's Water Rate Increase

Dear Mr. Crenshaw:

I'm writing you in regards to the second reading of the proposed water rate increase. Last month, the Lebanon Water Works Company presented the need to the City Council to increase our rates to cover increased cost to the utility, fully funding depreciation, covering debt service requirements, and funding the required reserves. The Lebanon Water Works Company will begin to incur additional cost later this year to purchase water from Campbellsville which provides an additional source of water to our entire community. We are also battling the effects of deferred maintenance and aging infrastructure as well as increased operational cost to meet our regulatory commitments and to provide high quality water.

Since the last City Council meeting at which the first reading of the new water rate ordinance was achieved, the Lebanon Water Works Company was asked to attend the July Fiscal Court meeting to answer questions regarding the increase. Our management attended that meeting to give the magistrates and the court reasons for the increase. We have also complied will all requests for

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information including providing our 2016 audited financials, purchase contract, and depreciation schedules as requested by Marion County Water District's attorneys, Mattingly & Nally-Martin. We have also responded to requests to meet with the Marion County Water District stating that we are ready, willing, and able to meet on an agreed time to discuss the increase in further detail.

As you are aware, we were also asked to attend a public meeting Friday, August 4, 2017 with Judge Daugherty, the Marion County Water District, the Cattleman's Association, and representatives from Marion County Farm Bureau. In this meeting, we further explained the need for the increase. We understand the concern from some customers, however, we made a point to explain our concern and responsibility to the community as well. There were concerns brought up regarding the financials that were included in the loan application for the Marion/Taylor Interconnect Project that was submitted back in 2014. Because that loan application included data, some of which was at least 4 years old, we did not utilize that loan application in making our current rate study, and did not attempt to reconcile the numbers in that dated application with those included within our rate study.

Near the conclusion of the public meeting, county magistrate John Authur Elder, III asked me to consider having more discussions with the Marion County Water District on the need of the increase. Part of his request included delaying the second reading of the proposed rate increase at the next City Council meeting on August 7, 2017. After talking with the other Lebanon Water Works Board members, we have decided to recommend to you and the City Council members to delay the second reading to a future meeting. This decision was a difficult one to make, knowing the needs of the utility. However, in the interest of being transparent, we felt the decision would prevent the council from being overwhelmed and doubt placed on the actual need for the rate increase. Over the next few weeks, we will have meetings with the Marion County Water District and their auditor, Charles White, to discuss the financial information in detail and more fully explain why the rate increase is needed.

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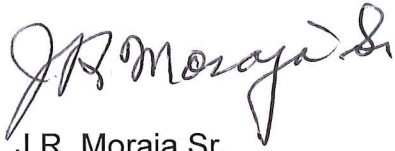
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We want to be clear to you and the council that we still believe that the increase is needed and justified. We will keep you in the loop as to our conversations with the District representatives.

We are committed to providing exceptional water to all of our community. However, infrastructure demands and needs play a significant role in that commitment. Please contact Daren Thompson or myself if you have any questions on this recommendation of our Board of Directors.

Sincerely,

A handwritten signature in black ink, appearing to read "J.R. Moraja Sr.", with a stylized flourish at the end.

J.R. Moraja Sr.

President

Cc: Judge David Daugherty

EXHIBIT 16

TIMELINE

Date	Event
12-??-16	Daren Thompson (Daren) called Jimmy Mudd (MCWD Manager) and informed him that Lebanon Water Works (“LWW”) was commencing rate review process
07-06-17	Daren attempted to contact Jimmy Mudd to discuss new rate proposal; no contact made; left message
07-07-17	Daren briefly spoke with Jimmy Mudd about rate increase on Friday afternoon; both agreed to meet on Monday morning to review details
07-10-17	Daren met with Jimmy Mudd at MCWD office (morning meeting) to discuss proposed rate increase; left paper copy of proposed increase with Mudd
07-10-17	Lebanon City Council meeting (evening meeting) for First Reading of Rate Ordinance; Daren made presentation with handouts; MCWD was not in attendance
07-20-17	Marion County Fiscal Court meeting; Daren and representatives of LWW attended meeting and answered questions concerning impact of proposed rate increase on MCWD and its customers
08-04-17	Daren and representatives of LWW made PowerPoint presentation to MCWD, Cattlemen’s Association, and Marion County Farm Bureau to explain need for rate increase
08-04-17	MCWD requested LWW to persuade Mayor and City Council to delay Second Reading of Ordinance
08-07-17	LWW’s President hand delivered letter to Mayor and requested that Second Reading be postponed one month
08-07-17	Mayor and City Council postponed Second Reading until 9-11-17
08-15-17	Daren and representatives of LWW met with Jimmy Mudd and other representatives of MCWD, including Charles White (MCWD Auditor) and MCWD Board Chairman to answer questions, discuss details of proposed rate increase, and provide additional information and documents to MCWD
09-11-17	Lebanon City Council meeting (evening meeting) for Second Reading of Rate Ordinance and Final Passage; Daren and other representatives of LWW attended; no MCWD representatives attended ; a few concerned citizens attended; City Council unanimously enacted Rate Increase Ordinance No. 2017-06

