

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:)
)
INVESTIGATION INTO EXCESSIVE) **CASE NO. 2019-00041**
WATER LOSS BY KENTUCKY’S)
JURISDICTIONAL WATER UTILITIES)

**KENTUCKY-AMERICAN WATER COMPANY’S
NOTICE OF APPEARANCE OF COUNSEL, STATEMENT REGARDING
ELECTRONIC CASE, AND RESPONSE TO APPENDIX D
OF THE COMMISSION’S MARCH 12, 2019 ORDER**

Kentucky-American Water Company (“Kentucky American Water”) submits the following information in accordance with the Commission’s March 12, 2019 Order in this matter. First, Kentucky American Water provides the following appearance of counsel:

Lindsey W. Ingram III
L.Ingram@skofirm.com
Monica H. Braun
Monica.Braun@skofirm.com
STOLL KEENON OGDEN PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801
Telephone: (859) 231-3000
Fax: (859) 259-3503

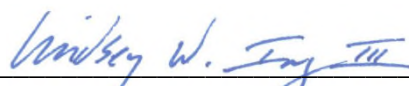
Second, in accordance with Ordering Paragraph 5 of the Commission’s March 12, 2019, Order, Kentucky American Water certifies that it possesses the facilities to receive electronic submissions and requests that all electronic notices and messages in this matter be sent to:

Lindsey W. Ingram (l.ingram@skofirm.com);
Monica H. Braun (monica.braun@skofirm.com); and
Elaine K. Chambers (elaine.k.chambers@amwaer.com).

Finally, Kentucky American Water provides the attached documents in Kentucky American Water's possession that are required by Appendix D of the Commission's March 12, 2019 Order and which are related to Kentucky American Water's operations in Rockcastle County, Kentucky. These documents are water purchase contracts Kentucky American Water assumed as a result of its acquisition of the former Eastern Rockcastle Water Association on February 28, 2018. They are: (1) September 20, 1993 Water Purchase Contract, as amended, between Jackson County Water Association and Rockcastle Water Association; (2) July 22, 1997 Water Purchase Contract, as amended, between City of Livingston and Rockcastle Water Association; and (3) September 8, 1993 Water Purchase Agreement, as amended, between City of Mt. Vernon and Rockcastle County Water Association.

Date: March 20, 2019

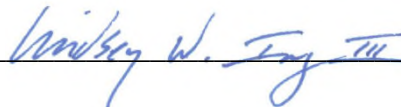
Lindsey W. Ingram III
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STOLL KEENON OGDEN PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801
Telephone: (859) 231-3000
Fax: (859) 259-3503

BY:  _____
Lindsey W. Ingram III
Attorneys for Kentucky-American Water Company

CERTIFICATE

This certifies that Kentucky American Water's electronic filing is a true and accurate copy of the documents to be filed in paper medium; that the electronic filing has been transmitted to the Commission on March 20, 2019; that a paper copy of the filing will be delivered to the Commission within two business days of the electronic filing; and that no party has been excused from participation by electronic means.

STOLL KEENON OGDEN PLLC

By: 

Attorneys for Kentucky-American Water Company

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 20th day of September,
19 93, between the Jackson County Water Association
P.O. Box 232 - Tyner, Kentucky 40486
(Address)

hereinafter referred to as the "Seller" and the Rockcastle County Water Association
507 Three Links Rd McKee Ky 40447
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of 807 KAR 5:001 of the
Code of Commonwealth of Ky, for the purpose of constructing and operating a water supply distribution
system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish
this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the
present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown
in the plans of the system now on file in the office of the Purchaser, and

Whereas, by VOTE ON MOTION No. 1 enacted on the 25th day
of August, 19 93, by the Seller, the sale of water to the Purchaser in accordance
with the provisions of the said WATER Purchase CONTRACT was approved, and the execution of this contract
carrying out the said WATER Purchase CONTRACT by the Pres. of J.C.W.A. Inc.
and attested by the Secretary, was duly authorized, and

Whereas, by VOTE ON the MOTION of the Board of Directors
of the Purchaser, enacted on the 4th day of OCTOBER, 19 93,
the purchase of water from the Seller in accordance with the terms set forth in the said WATER Purchase CONTRACT
was approved, and the execution of this contract by the Pres. of Rockcastle Co. Water Assoc., and
attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of
this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Regulations of the Kentucky Division of Water
in such quantity as may be required by the Purchaser not to exceed 500,000 gallons per month.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated from an existing 4 inch main supply at a point located near the residence of Noah Pigg, Jr. on KY 1912.

If greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the 6 months previous to such 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 Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on the 25th day of the month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 1st day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 15th day of each month, for water delivered in accordance with the following schedule of rates:

a. Flat Rate: \$1.48 per 1,000 gallons

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the actual cost of the lowest and best bid, with a minimum of three bids being submitted, which shall cover any and all costs of the Seller for installation of the metering equipment and appurtenances.

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 50 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.
2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.
3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$1.48 per 1,000 gallons, which will be paid by the contractor or, on his failure to pay, by the Purchaser.
4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.
5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one (1) year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system, except as provided in numerical paragraph nine (9) below, relating to costs for extensions. Other provisions of this contract may be modified or altered by mutual agreement.
6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.
7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.
8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.
9. (Costs for Extensions) Extensions, improvements, and reinforcements of the Sellers system will not be included in the determination of the Purchaser's rate if the facilities are not jointly used to provide water to the Purchaser. If increased capitalization of the Seller's system is determined to be required to meet minimum standards for potable water delivery to all customers, the cost for such facilities shall be proportionately allocated according to joint use, and may be included in the Purchaser's rate.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 4 counterparts, each of which shall constitute an original.

Seller:

Jackson County Water Association

By *Eddie J. Miller*

Title President

Attest:

Ernest J. ...
Secretary

Purchaser:

Rockcastle County Water Association

By *Harold Bellinger, Sr*

Title President

Attest:

Woy Ed ...
Secretary

This contract is approved on behalf of the Farmers Home Administration this _____ day of _____,

19 _____.

By _____

Title _____

AMENDMENT

To the WATER PURCHASE AGREEMENT

JUN 20 1997

Dated September 20, 1993; Between

JACKSON COUNTY WATER ASSOCIATION, TYNER, KY

and

ROCKCASTLE COUNTY WATER ASSOCIATION, MT. VERNON, KY

The parties to the Water Purchase Agreement (the "Agreement"), the Jackson County Water Association, Inc., PO Box 232, Tyner, KY 40486, (the "SELLER"), and the Rockcastle County Water Association, Inc., PO Box 540, Mt. Vernon, KY 40456, (the "PURCHASER"), do hereby amend the Agreement made and signed as of September 20, 1993 to affect the following changes with no other provisions or terms of the Agreement changed or otherwise invalidated except as explicitly described herein.

Be it hereby known that the Rockcastle County Water Association, Inc., party to the original contract and to this amendment, is registered as the Rockcastle Water Association, Inc. and that the Water Purchase Agreement dated September 20, 1993 and this amendment are binding upon both parties and upon the Rockcastle Water Association, Inc. as executed under either name.

The following Section and Paragraph shall be replaced in its entirety:

A. The Seller Agrees

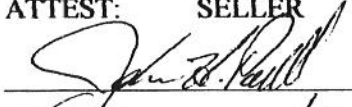
1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity and pressure standards of the Regulations of the Kentucky Division of Water in such quantity as may be required by the Purchaser not to exceed 850,000 gallons per month.


The following Section and Paragraph shall be inserted:


B. The Purchaser Agrees

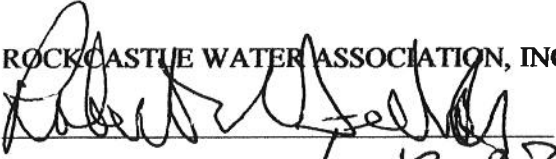
3. (Capacity Improvement) To provide, upon the Purchaser's successful funding and contracting for water line additions, expansion, and improvements to the system served from the Seller's wholesale water, the Purchaser's own storage tank(s) as required by the Regulations of the Kentucky Division of Water. To pay to the Seller the Seller's expenses as necessary and required to be used to increase the pumps serving the Purchaser in size and flow rate to the minimum gallons per minute required to maintain the contracted pressure and flow; said expenses not to exceed Twenty Thousand dollars (\$20,000.00), such amount to be paid at least 90 days before the first demand for increased water flow.

In witness whereof, the parties hereto, acting under the authority of their respective governing bodies with duly recorded resolutions of empowerment, have caused this contract amendment to be executed in four (4) counterparts, each of which shall constitute an original.

ATTEST: SELLER

WITNESS Date 6-18-97

JACKSON COUNTY WATER ASSOCIATION, INC.

PRESIDENT Date 6-18-97

ATTEST: PURCHASER

WITNESS Date 6-13-97

ROCKCASTLE WATER ASSOCIATION, INC.

PRESIDENT Date 6-13-97

AMENDMENT

TO THE WATER PURCHASE AGREEMENT

Dated September 20, 1993 and amended June 18, 1997 ; Between

JACKSON COUNTY WATER ASSOCIATION, TYNER, KY

and

EASTERN ROCKCASTLE WATER ASSOCIATION, MT. VERNON, KY

The parties to the Water Purchase Agreement (the "Agreement"), the Jackson County Water Association, Inc., PO Box 232, Tyner, KY 40486, (the "SELLER"), and the Eastern Rockcastle Water Association, Inc., PO Box 540, Mt. Vernon, KY 40456, (the "PURCHASER"), amend the Agreement made and signed as of September 20, 1993, and amended June 18, 1997 to affect the following changes with no other provisions or terms of the Agreement changed or otherwise invalidated except as explicitly described herein.

WHEREAS, the Seller of water has undertaken an extensive water treatment and distribution system improvements project, and

WHEREAS, the demands of both Seller and its wholesale customers have necessitated the improvements, and

WHEREAS, the Seller sought and received engineering services in establishing the minimum required water rate increases for Seller's customers and its wholesale customers,

THE PARTIES NOW AGREE:

A. The seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Regulations of the Kentucky Division of Water in such quantity as may be required by the Purchaser not to exceed 1,500,000 gallons per month.

The following Section and Paragraph shall be replaced in its entirety:

4

B The Purchaser Agrees:

(Rates and Payment Date) To pay the Seller, not later than the 15th day of each month, for water delivered in accordance with the following schedule of rates:

a. Flat Rate:

\$3.50 per 1,000 gallons

Howard M. Wilcox Pres.

Date: 8-14-2012

Jackson County Water Association

ATTEST: [Signature]

Date: 10-29-2012

Eastern Rockcastle Water Association

ATTEST: [Signature]

SEP 2 1997 5-9

WATER PURCHASE CONTRACT

This contract and agreement for the sale and purchase of water is entered into as of the 22 day of July, 1997, between the City of Livingston, Inc., Livingston, KY, 40409, hereinafter referred to as the "Seller", and the Rockcastle Water Association, Inc PO Box 540, Mt. Vernon, KY 40456, hereinafter referred to as the "Purchaser".

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of the Secretary of State, the Public Service Commission, and the Environmental and Natural Resources Protection Cabinet, of the Code of the State of Kentucky, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and, to accomplish this purpose, the Purchaser will require a service in a replacement supply of treated water by the Seller, and

Whereas, the Seller owns and operates a water supply distribution system organized and established under the provisions of the Environmental and Natural Resources Protection Cabinet of the Code of the State of Kentucky, having a capacity currently capable of serving the present customers of the Seller's system and with additional capacity capable of supplying the required volume of this agreement and the Seller does seek and consent to the sale of water, and

Whereas, by Ordinance (No. _____) enacted on the 26 day of July, 1997, by the City Council of the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Ordinance was approved, and the execution of this contract carrying out the said Ordinance by the Mayor, and attested by the Clerk, was duly authorized, and

Whereas, by Resolution of the Board of Directors of the Purchaser, enacted on the 14th day of Aug, 1997, the purchase of water from the Seller in accordance with the terms set forth in the said Resolution was approved, and the execution of this contract by the President, and attested by the Secretary, was duly authorized;

Now therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting

applicable purity standards of the State of Kentucky in such quantity as may be required by the Purchaser up to and not to exceed 5,500 gallons per day.

2. **(Point of Delivery and Pressure)** . That water is to be delivered to the Purchaser's connection point and master meter located on or near Sand Hill and Nicely Road west of US 25. The delivery pressure will be nominally 70 PSI or more but shall be maintained to be at least 40 PSI to avoid pump cavitation due to low suction pressure.

Emergency failures of supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. **(Metering Equipment)** To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the 6 months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on a regular monthly basis. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. **(Billing Procedure)** To furnish the Purchaser at the above address not later than the 1st day of each month, with an itemized statement of the amount of water acquired on behalf of the Purchaser during the preceding month, including details of wholesale water acquisition rates.

B. The Purchaser Agrees:

1. **(Rates and Payment Date)** To pay the Seller, not later than the 10th day of each month, for water acquired on the Purchaser's behalf, in accordance with the following schedule of rates:

a. \$ 2.00 per 1000 gallons or portion thereof rounded to the nearest cent.

2. **(Connection Fee)** To pay as an agreed cost, only such actual cost of connection of the Seller's system to the system of the replacement volume supplier, consisting of the sum of any and all costs of installation of the metering equipment, vault, and tie-in at the above point of connection (Sec. A.2). Upon completion, the master meter, the tie-in fittings, water line, and valves to the vault only become the property and responsibility of the Seller. The construction of said connection may be done by any party acceptable to both Seller and Purchaser with prior review and approval of the plans and materials thereof and with right of acceptance upon completion.

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. **(Term of Contract)** That this contract shall extend for a term of forty (40) years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be mutually agreed upon by the Seller and Purchaser.
2. **(Delivery of Water)** That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system or the Purchaser's need for water, the Purchaser will notify the Seller in writing the date for the initial delivery of water.
3. **(Failure to Deliver)** That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to acquire on behalf of the Purchaser quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch.
4. **(Modification of Contract)** Provisions of this contract may be modified or altered only by mutual agreement and amendment.
5. **(Regulatory Agencies)** That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.
6. **(Miscellaneous)** That the construction of the Purchaser's water supply system by the Purchaser is being financed directly, indirectly, and/or in part by a loan made or insured by, and/or a grant from, the United States of America, acting through the Rural Development Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of Rural Development.
7. **(Successor to the Purchaser)** That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.
8. **(Severability)** That the invalidation of any provision of this contract under law does not invalidate the remaining provisions.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 4 counterparts, each of which shall constitute an original.

Seller:

City of Livingston

By Ed Cole

Title Mayor

Attest:

J. A. K.
Clerk OPERATOR

Purchaser:

Rockcastle Water Association, Inc.

By Robert J. Seelbach

Title President

Attest:

J. A. K.
Secretary OPERATOR

This contract is approved on behalf of the Rural Development this 7th day of January, 19 99.

By James H. Hall
Title Rural Utilities Specialist

AMENDMENT to the WATER PURCHASE AGREEMENT

Dated July 22, 1997; Between

THE CITY OF LIVINGSTON, KY

and

ROCKCASTLE WATER ASSOCIATION, MT. VERNON, KY

The parties to the Water Purchase Agreement (the "Agreement"), the City of Livingston, PO Box 654, Livingston, KY 40445, (the "SELLER"), and the Rockcastle Water Association, Inc., PO Box 540, Mt. Vernon, KY 40456, (the "PURCHASER"), do hereby amend the Water Purchase Agreement made and signed as of July 22, 1997 to affect the following changes with no other provisions or terms of the Agreement or prior amendments changed, modified, or otherwise invalidated except as explicitly described herein. The following Sections and/or Paragraphs shall be replaced or added in their entirety:

C. It is further mutually agreed between the Seller and the Purchaser as follows:

- 3. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner, will endeavor to provide continuous service, and will take such action as may be necessary to acquire on behalf of the Purchaser quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of a prolonged water shortage of any kind (acts of God, water quality problems, maintenance shut-downs, etc.), the Seller shall assure that all customers, including the Purchaser, will share in such shortages equally on a pro-rated basis; i.e., the supply of water to the Purchaser's meter shall be reduced or diminished in the same ratio or proportion as the supply to the Seller's consumers is reduced or diminished.
4. (Modification of Contract) The provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one (1) year period. Any increase or decrease in rates shall only be based on a demonstrable increase or decrease in the costs of performance hereunder and the Seller shall notify the Purchaser of decreases as well as increases, but such costs shall not include increased capitalization of the Sellers' system, unless such capital improvement and addition costs are jointly used to provide water to the Purchaser. The Seller shall demonstrate such necessary costs and joint usage. Should any such capitalization be determined to be required to meet minimum standards of service to all customers, the equivalent 40-year financing cost (or the lesser amount of the Seller's actual cost) for such facilities shall be proportionately allocated according to joint use and may be included in the Purchaser's rate. All other provisions of this contract may be modified or altered only by mutual agreement and amendment.

In witness whereof, the parties hereto, acting under the authority of their respective governing bodies with duly recorded resolutions of empowerment, have caused this contract amendment to be executed in four (4) counterparts, each of which shall constitute an original.

ATTEST: SELLER
Angela Loring
CLERK Date 8/28/98

CITY OF LIVINGSTON, KENTUCKY
Dorinda Tyree
MAYOR Date 8-28-98

ATTEST: PURCHASER
H. Cook
SECRETARY Date 11-3-95

ROCKCASTLE WATER ASSOCIATION, INC.
Robert Field
PRESIDENT Date 8-13-98

This contract as amended is approved on behalf of Rural Development this 7th day of JANUARY, 1999 OCT 01 1998
By Jimmy H. Hall
Title Rural Utilities Specialist

AMENDMENT NO. 1

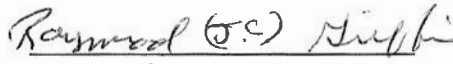
to the

WATER PURCHASE CONTRACT

The WATER PURCHASE CONTRACT between the CITY OF LIVINGSTON hereinafter referred to as the 'SELLER', and the EASTERN ROCKCASTLE WATER ASSOCIATION hereinafter referred to as the 'PURCHASER', dated July 22, 1997, shall be amended as follows:

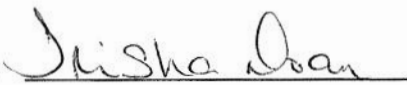
Section A. The Seller Agrees to increase the not to exceed the volume of water from 5,500 gallons per day to 15,000 gallons per day.

Seller: **CITY OF LIVINGSTON**



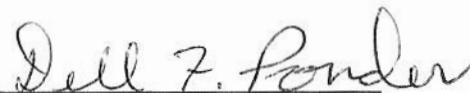
J.C. Griffin, Mayor

Attest



Trish Doan, City Clerk

Purchaser: **EASTERN ROCKCASTLE WATER ASSOCIATION**



Dell Ponder, President

Attest



Randal E. Corry, Manager

This Amendment No. 1 is approved this 14 day of July, 2008.

AMENDMENT NO. 2

to the

WATER PURCHASE CONTRACT

The WATER PURCHASE CONTRACT between the CITY OF LIVINGSTON hereinafter referred to as the 'SELLER' and EASTERN ROCKCASTLE WATER ASSOCIATION hereinafter referred to as the 'PURCHASER', DATED July 22 1997, shall be amended as follows:

Section B.1.a. \$ 3.19 per 1000 gallons or portion thereof rounded to the nearest cent.

Seller: CITY OF LIVINGSTON

Raymond (J.C.) Griffin
JC Griffin, Mayor

Attest

Trisha Doan
Trisha Doan, City Clerk

Purchaser: EASTERN ROCKCASTLE WATER ASSOCIATION

George O. Shackelford
George Shackelford, Board Member

Attest

Carolyn Hinton
Carolyn Hinton, Clerk

This Amendment No. 2 is approved this 14 day of May, 2012.

AMENDEMENT NO. 3

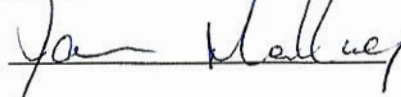
To the

WATER PURCHASE CONTRACT

The WATER PURCHASE CONTRACT between the CITY OF LIVINGSTON hereinafter referred to as the 'SELLER' and EASTERN ROCKCASTLE WATER ASSOCIATION hereinafter referred to as the PURCHASER', DATED July 22 1997, shall be amended as follows:

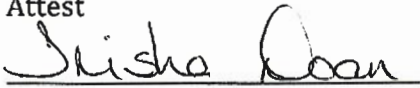
Section B. 1.a. \$ 3.69 per 1000 gallons or portion thereof rounded to the nearest cent.

Seller: CITY OF LIVINGSTON



Jason Medley, Mayor

Attest



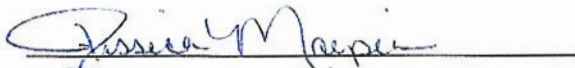
Trisha Doan, City Clerk

Purchaser: EASTERN ROCKCASTLE WATER ASSOCIATION



Russell Barron, President ERWA

ATTEST



Jessica Maupin, Clerk

This Amendment No 3. Is approved this 20th Day of FEBRUARY 2017.

94-115-M

**WATER PURCHASE AGREEMENT
BETWEEN
CITY OF MT. VERNON, KENTUCKY
AND
ROCKCASTLE COUNTY WATER ASSOCIATION, INC.**

**RECEIVED
SEP 12 1994
PUBLIC SERVICE
COMMISSION**

THIS WATER PURCHASE AGREEMENT, is made and entered into this 8th day of September, 1993, by and between the CITY OF MT. VERNON, City Hall, P.O. Box 1465, 125 Richmond Street, Mt. Vernon, Kentucky 40456-0516, (hereinafter referred to as the "SELLER"), party of the first part, and the ROCKCASTLE COUNTY WATER ASSOCIATION, INC., 507 Three Links Road, McKee, Kentucky 40447, (hereinafter referred to as the "PURCHASER"), party of the second part:

WITNESSETH:

WHEREAS, the SELLER owns and operates a water treatment plant and water supply distribution system within the city limits of Mt. Vernon, Kentucky and surrounding areas, all of which are located in Rockcastle County, Kentucky; and

WHEREAS, the PURCHASER was organized and established for the purpose of operating a water supply distribution system in an area contiguous to the area served by the City of Mt. Vernon, Kentucky; and

WHEREAS, the PURCHASER requires a supply of treated water to operate its water supply distribution system; and

WHEREAS, the SELLER has an excess supply of treated water which it desires to sell; and

WHEREAS, the SELLER desires to establish a minimum amount of water purchased each month from the SELLER by the PURCHASER; and

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OF KENTUCKY
EFFECTIVE**

OCT 06 1994

PURSUANT TO 807 KAR 5.011.

SECTION 9.6

BY: Jordan C. Neal

WHEREAS, it is the purpose of this Water Purchase Agreement, (hereinafter referred to as the "Agreement"), to set forth the entire agreement between the SELLER and the PURCHASER for the sale and purchase of water at the designated points of connection between the two water supply distribution systems; to establish minimum and maximum amounts of water to be sold each month; and to define the rates and charges for the amounts of water sold;

NOW THEREFORE, in consideration of all the foregoing and the terms and conditions expressed herein, the SELLER and the PURCHASER agree as follows:

1. TERM:

The term of this Agreement shall extend for a period of forty (40) years from and after the Effective Date of this Agreement, unless otherwise extended or modified by written agreement between the Parties.

2. QUANTITY OF WATER:

The SELLER shall furnish to the PURCHASER such quantities of water as the PURCHASER may require in order to provide service to its customers, not to exceed, three hundred twenty five thousand (325,000) gallons of water per month, delivered at the average flow rate of 10,656 gallons of water per day. Any increase of the limit of three hundred twenty five thousand (325,000) gallons of water per month shall be agreed to by the SELLER and the PURCHASER in a formal written Amendment to this Agreement.

3. QUALITY OF WATER:

All water furnished to the PURCHASER by the SELLER during the Agreement, or any renewal or extension thereof, shall be potable, treated water applicable purity standards of the Commonwealth of Kentucky Natural Resources and Environmental Protection Cabinet, Division of Water.

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PURSUANT TO 807 KAR 5011,
SECTION 9 (1)

BY: _____

4. DELIVERY POINTS:

The SELLER shall deliver the water to the PURCHASER at the points of delivery listed below and at such additional or substitute points of delivery which may be agreed upon in writing by both Parties. The PURCHASER will notify the SELLER in writing of the date for the initial delivery of water thirty (30) days prior to the estimated date of completion of construction of the PURCHASER'S water supply distribution system.

The water shall be furnished at the points of delivery at a reasonably constant pressure calculated at thirty (30) pounds per square inch. Should greater pressures be required by the PURCHASER than that available at a point of delivery, then, it shall be the PURCHASER'S responsibility, at its own expense, to provide and operate and maintain within its system such booster pumping, storage or other facilities as may be required to develop additional pressures needed within the PURCHASER'S system. The SELLER shall use reasonable care and diligence in the operation and maintenance of its water system to prevent and avoid abnormal interruptions and fluctuations of water supply and pressure.

Emergency failures of pressure or water supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the SELLER from this provision for such reasonable period of time as may be necessary to restore service.

The points of delivery, water main sizes, and meter sizes are as follows:

POINTS OF DELIVERY	MAIN SIZE	PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE METER SIZE
1. 600 feet east of Maple Grove Ridge on KY 1004	6-inch	OCT 06 1994 4-inch PURSUANT TO 807 KAR 5011. SECTION 2 (1) BY: <i>Jordan C. Neal</i> FOR THE PUBLIC SERVICE COMMISSION

5. OPERATION OF SYSTEM:

The SELLER will, at all times, operate and maintain its water system in an efficient manner and will take such actions as may be reasonably necessary to perform its obligations under this Agreement. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. The SELLER shall immediately inform the PURCHASER, by telephone, of the nature and extent of such temporary or partial failure to deliver water.

6. METERING EQUIPMENT:

The PURCHASER shall furnish to specifications approved by the City of Mt. Vernon and install, at its own expense, under the supervision of the Superintendent of the City of Mt. Vernon Water and Sewer Department at the points of delivery, the necessary metering equipment, including a properly sized meter vault, and required devices of standard type for measuring the quantity of water delivered to the PURCHASER by the SELLER. The PURCHASER agrees that the metering equipment, including the meter vault, and the required devices of standard type for properly measuring the quantity of water delivered to the purchaser by the SELLER, once installed, will become the property of the SELLER.

The SELLER shall operate, and maintain at its own expense, at the points of delivery, the metering equipment, including the meter vault, and the required devices of standard type for properly measuring the quantity of water delivered to the PURCHASER and to calibrate such metering equipment whenever requested by the PURCHASER, but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. previous reading of any meter disclosed by test to be inaccurate shall be corrected for the one month period previous to such test in accordance with the percentage of inaccuracy found by such test, unless SELLER and PURCHASER shall agree upon a different amount.

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PURSUANT TO 807 KAR 5011.
SECTION 9(1)

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 of equal days immediately prior to the failure, unless SELLER and PURCHASER shall agree upon a different amount. The metering equipment shall be read on or about the twentieth (20th) day of each month. The PURCHASER, at all reasonable times, and upon request with adequate notice of at least twenty-four (24) hours, during the normal business hours of the SELLER, shall have access to the meter(s) for the purpose of verifying the meter reading(s).

7. EXPANSION OF PURCHASER'S SYSTEM:

The PURCHASER agrees to inform the SELLER in writing of any proposed water line extension project or proposed expansion or any major modifications to the PURCHASER'S water distribution system, hereinafter referred to as the "Project", according to the following criteria.

A. The PURCHASER will furnish to the SELLER one (1) complete set of construction drawings, technical specifications and related material that describes the Project proposed by the PURCHASER. Said related material, shall include, but not be limited to, the estimated increase in water consumption that said Project will require.

B. The PURCHASER shall have the Project designed by a registered professional engineer licensed to practice in the Commonwealth of Kentucky. Said design shall be based on flow demands and pressure requirements as determined by a hydraulic analysis performed by a registered professional engineer licensed to practice in the Commonwealth of Kentucky.

C. The PURCHASER shall not initiate any Project that will increase the PURCHASER'S water consumption above three hundred twenty five thousand (325,000)

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SECTION 2(1)

gallons of water, unless, this Agreement has been modified in writing prior to the Project being undertaken. The SELLER agrees that the PURCHASER may proceed with the implementation of any Project upon notification to the SELLER if the estimated increase in the PURCHASER'S water consumption as a result of the Project does not exceed the agreed upon limit of three hundred twenty five thousand (325,000) gallons of water per month.

D. The PURCHASER shall furnish written evidence to the SELLER that any Project proposed by the PURCHASER has been approved by the Commonwealth of Kentucky Natural Resources and Environmental Protection Cabinet, Division of Water.

8. BILLING AND PAYMENT PROCEDURE:

The SELLER shall furnish the PURCHASER on or about the first (1st) day of each month with an itemized statement of the amount of water furnished the PURCHASER at each of the points of delivery during the preceding month and the costs thereof. The PURCHASER shall pay those costs to the SELLER not later than the twentieth (20th) day of each month. Any amount remaining unpaid after the due date shall be deemed delinquent and shall bear interest at the rate of twelve percent(12%) per annum until paid.

9. RATE:

The PURCHASER agrees to pay the SELLER for water delivered by the SELLER and for any connections of the PURCHASER'S system to the SELLER'S system in accordance with the following:

A. To purchase from SELLER a minimum of one hundred thousand (100,000) gallons of water per month during the term of this Agreement. The PURCHASER agrees to pay for the minimum monthly quantity of water even if the minimum monthly quantity of water is not used by the PURCHASER. The maximum amount of water purchased from

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The SELLER shall not exceed three hundred twenty five thousand (325,000) gallons for any one month period at an average flow rate of 10,656 gallons of water per day. The daily maximum amount of water purchased shall not exceed 13,320 gallons.

B. The PURCHASER shall pay to the SELLER each month for water delivered by the SELLER to the PURCHASER one dollar and twelve cents (\$1.12) per one thousand (1,000) gallons of water registered on the SELLER'S meter(s); provided, however, the PURCHASER shall be deemed to have taken at least the minimum quantity of water each month as stated above. The costs to the PURCHASER shall be measured by the volume of water registered at the meter(s) on a monthly basis. If the PURCHASER takes more than it's maximum quantity of water each month without having obtained prior written approval from the SELLER, an additional charge of twenty five (25) cents per one thousand (1,000) gallons of water that exceeds the maximum quantity of three hundred twenty five thousand (325,000) gallons of water each month shall be paid by the PURCHASER to the SELLER, except that, the SELLER agrees to waive the additional charge of twenty five (25) cents per one thousand (1,000) gallons of water for that amount of water used by the PURCHASER that exceeds the maximum quantity of three hundred twenty five thousand (325,000) gallons of water per month if the water used is due to a water main break(s) or other unexpected or natural disaster identified by the PURCHASER and field verified by the SELLER that may occur during a billing period.

Volume reports shall be submitted by the SELLER to the PURCHASER with the monthly bill. The PURCHASER shall have the right, during the normal business hours of the SELLER, to inspect the SELLER'S records to the extent necessary to verify the SELLER'S calculations of the water delivered to the PURCHASER.

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PURSUANT TO 607 KAR 5011,

BY _____
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Any water purchased at any time during the term of this Agreement by the PURCHASER in excess of the SELLER'S maximum quantity of three hundred twenty five thousand (325,000) gallons of water per month shall be only for the convenience of the PURCHASER and shall not be considered as a waiver of the SELLER'S maximum quantity of water per month.

C. The PURCHASER shall pay to the SELLER as an agreed cost, an initial connection fee for the connection of the SELLER'S water distribution system to the water distribution system of the PURCHASER, the sum of one thousand five hundred (\$1,500.00) dollars which shall cover the costs of the SELLER, including, engineering, administration, accounting, and legal costs associated with the initial connection. Permit and inspection costs to be paid by the PURCHASER to the SELLER are covered under paragraph 29. of this Agreement. In addition, the PURCHASER shall reimburse the SELLER all costs incurred by the SELLER in the future for making any additional new connections to the PURCHASER'S system, including, but not limited to, construction costs, if required, engineering, inspection, administration, accounting, legal and property costs, if required, within thirty (30) days of receipt of SELLER'S itemized billing.

D. When requested by the PURCHASER, the SELLER will make available during construction to the PURCHASER'S contractor at the points of delivery, water sufficient for testing, flushing, and the backfilling operation of the trench after the water distribution mains are installed at a rate of one (1) dollar and twelve cents (\$1.12) per 1,000 gallons of water which will be paid by the PURCHASER'S contractor or, on his failure to pay, by the PURCHASER.

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OF KENTUCKY
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OCT 06 1994

PURSUANT TO 907 KAR 5.011.

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

10. RATE MODIFICATION:

The provisions of this Agreement pertaining to the rate to be paid by the PURCHASER for water delivered by the SELLER are subject to modification, from time to time, as may be required based upon the SELLER'S costs of providing water to the PURCHASER, but will not be modified more than once per year. Any rate adjustment modification proposed by the SELLER will be based upon a demonstrable increase or decrease in the costs of providing water service to the PURCHASER, however, the PURCHASER understands that the rate of one dollar and twelve cents (\$1.12) per 1,000 gallons of water shall be considered a minimum rate during the term of this Agreement. Any Cost of Service Study performed by the SELLER in support of a rate adjustment will follow guidelines set forth by the American Water Works Association (AWWA) in the latest edition of the AWWA Manual M1 - Water Rates.

11. ADVANCED NOTICE OF RATE MODIFICATION:

The SELLER shall notify the PURCHASER in writing of the proposed rate at least thirty (30) days before it is to be adopted as the actual rate. This will enable the PURCHASER to have sufficient time to review and comment on the proposed rate before it is actually adopted by the SELLER. The SELLER shall furnish the PURCHASER with a copy of the Cost of Service Study to support the proposed rate modification.

At the expiration of the thirty (30) day review period, the SELLER may establish and adopt the actual rate to be charged the PURCHASER and shall immediately notify the PURCHASER in writing of the new rate.

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OF KENTUCKY
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PURSUANT TO 407 KAR 5.011.

BY: _____
FR: _____

12. EFFECTIVE DATE OF RATE MODIFICATION:

The Effective Date of the new rate as to the PURCHASER shall be at least thirty (30) days after the expiration of the thirty (30) day review period set forth in paragraph 11. of this Agreement.

13. WATER SHORTAGE:

In the event of a shortage of water, or if the supply of water available to the SELLER is otherwise diminished over a period of time, then, the supply of water made available to the PURCHASER shall be reduced or diminished by the same ratio or proportion as the supply of water to the SELLER'S other customers is reduced or diminished.

14. INDEMNIFICATION:

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

15. DEFAULT:

The PURCHASER agrees to pay all monies as described in the Agreement when due, and both Parties hereby agree to carry out all other duties and obligations to be performed by them pursuant to all of the terms and conditions set forth and contained in this Agreement. The failure of either Party to perform any of its duties or obligations contained herein shall be an event of default by that Party.

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PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

A. Notice of Default. Upon the occurrence of an event of default, the nondefaulting Party may promptly notify the defaulting Party, in writing pursuant to the terms of this Agreement, of the existence and nature of the event of default.

B. Curing of Default, Termination and Remedy.

(1) Within fifteen (15) days after written notice of the event of default has been received, the defaulting Party shall cure such default.

(2) Should the defaulting Party fail to cure the default within fifteen (15) days after written notice has been given to it, or within the time reasonably necessary to cure the default by the exercise of due diligence, or within the time specified in the Agreement, then the nondefaulting Party may, at its option, immediately terminate this Agreement and recover from the defaulting Party any and all damages to which it may be entitled under applicable law.

(3) Notwithstanding the foregoing provisions, neither Party shall have the right to terminate this Agreement unless the event of default constitutes a breach of a material term or condition of this Agreement.

(4) The PURCHASER shall not be in default if all undisputed monies are paid when due.

16. TERMINATION OF WATER SERVICE FOR NONPAYMENT:

Should an act of default by the PURCHASER in payment of monies under this Agreement continue for a period of thirty (30) days from the giving of written notice without having been cured by the PURCHASER, then the SELLER may, by written notice, terminate the right of the PURCHASER to receive any or all of its water supply from the SELLER. If the default in payment continues for thirty (30) days or more after the

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

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

termination of water service, the SELLER may terminate this Agreement and recover from the PURCHASER any and all damages to which it may be entitled under applicable law.

17. DISPUTED BILL:

If a portion of any bill issued by the SELLER to the PURCHASER is in a bona fide dispute, the undisputed amount shall be paid when due. In the event the SELLER is entitled to all or any portion of the disputed amount, the SELLER shall also be entitled to interest on such amount at twelve percent (12%) per annum.

18. NOTICES:

If at any time either Party desires or is required to give notice to the other Party pursuant to the terms of this Agreement, such notice shall be in writing and shall be hand delivered or mailed by certified mail, return receipt requested. Notice shall be effective upon receipt. Notices shall be given to the Parties at the following addresses or such other place or other person as either Party shall designate by similar notice:

(A) As to the SELLER

City of Mt. Vernon
City Hall
P.O. Box 1465
125 Richmond Street
Mt. Vernon, Kentucky 40456-0516
Attention: Mayor

(B) As to the PURCHASER

Rockcastle County Water Association, Inc.
507 Three Links Road
McKee, Kentucky 40447
Attention: President

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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Quinton C. Neal
FOR THE PUBLIC SERVICE COMMISSION

19. RESPONSE TO NOTICES:

At any time either Party desires or is required to respond to any notice given pursuant to paragraph 18., such response shall be made in the manner prescribed by paragraph 18. and be given within fifteen (15) days after receipt of the notice unless otherwise provided in this Agreement.

20. PARAGRAPH HEADINGS:

The descriptive headings of the various paragraphs of this Agreement have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms and provisions thereof.

21. ENTIRE AGREEMENT; SEVERABILITY:

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter contained herein. Except as otherwise provided herein, no subsequent alteration, amendment, change or addition to this Agreement shall be binding upon either Party unless and until it is reduced to writing and signed by both Parties. Should any provision of this Agreement be declared to be invalid or unenforceable by a Court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect unless such invalid or unenforceable provision substantially alters the benefits of the Agreement for either Party.

22. NON-WAIVER:

Any waiver at any time by any Party hereto of its rights with respect to the other Party or with respect to any matter arising in connection with this Agreement shall be considered a waiver of any such rights or matters at any subsequent time.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

OCT 06 1984

PURSUANT TO 807 KAR 5011,
SECTION 8(1)
BY: Jonathan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

23. SUCCESSORS AND ASSIGNS:

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

24. PURCHASER'S SUCCESSOR:

In the event of any occurrence rendering the PURCHASER incapable of performing under this Agreement, any successor of the PURCHASER, whether the result of legal process, assignment, or otherwise, shall succeed to the rights and obligations of the PURCHASER and the terms of this Agreement shall be binding upon the successor in interest.

PUBLIC SERVICE COMMISSION
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25. PLEDGE:

OCT 06 1994

It is understood by the Parties that the PURCHASER intends to, and does by the execution of this Agreement, pledge this Agreement to the United States of America, acting through the Farmers Home Administration (FmHA) as part of the security for the repayment of all indebtedness owed by the PURCHASER to FmHA. The SELLER, however is not incurring any liability to FmHA because of the PURCHASER'S pledge of this Agreement to FmHA; and the SELLER is not incurring any independent obligation to FmHA because of this pledge by the PURCHASER.

PURSUANT TO 607 KAR 5011,
SECTION 9 (1)
[Signature]
FOR THE PUBLIC SERVICE COMMISSION

26. FmHA APPROVAL:

The PURCHASER has financed construction of portions of its water system through loan(s) from the United States of America, acting through the Farmers Homes Administration of the United States Department of Agriculture. These provisions of 607 KAR 5011, SECTION 9 (1)

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

this Agreement pertaining to the undertakings of the PURCHASER are conditioned upon and subject to the approval of the State Office of the FmHA which approval shall not be unreasonably withheld. Similarly, any future modifications of the provisions of this Agreement by the Parties shall likewise be subject to the approval, in writing, of said State Office. Such approval shall not, however, apply to any change in rates paid by the PURCHASER for water purchased by it from the SELLER as same is controlled by the provisions of this Agreement.

27. EFFECTIVE DATE:

The Parties acknowledge that, in order for this Agreement to be made effective, it must be approved by and executed on behalf of the SELLER, the PURCHASER, and FmHA. The SELLER must also enact or amend such ordinances as it deems necessary to effectuate the provisions of this Agreement pertaining to establishing and modifying rates. This Agreement shall become effective with the final passage, approval, and publication of such ordinances. The Effective Date shall be the date of the initial delivery of any water as shown by the first bill submitted by the SELLER to the PURCHASER. The term of this Agreement shall be measured from the Effective Date.

28. DISPUTES:

Every effort shall be made to resolve any disagreements arising from this Agreement between the respective representatives of the SELLER and the PURCHASER. Disagreements not so resolved will become disputes. Pending final resolution of a dispute hereunder, the Parties to this Agreement will continue to operate under the terms of this Agreement.

PUBLIC SERVICE COMMISSION
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PURSUANT TO 807 KAR 5011,
SECTION 9 (1)

BY: William C. Neel
FOR THE PUBLIC SERVICE COMMISSION

29. CONNECTION PERMIT AND INSPECTION FEE:

The PURCHASER shall not uncover, make any connection with or opening into, use, alter, or disturb any municipal water line belonging to the SELLER without first obtaining a written permit from the SELLER. The permit application shall be supplemented by any information required to administer the SELLER'S Ordinance No. 2-93 and assurances from the PURCHASER that the PURCHASER will comply with all of the SELLER'S ordinances pertaining to the SELLER'S municipal water distribution system. The PURCHASER agrees to submit with the permit application two copies of the Indemnification Agreement provided by the SELLER that have been signed by the PURCHASER and the PURCHASER'S construction contractor that will connect the PURCHASER'S water distribution system to the SELLER'S water distribution system. A permit and inspection fee of two hundred dollars (\$200.00) plus all reasonable costs incurred by the SELLER to provide the permit and to perform the inspection(s) shall be paid to the SELLER by the PURCHASER. The two hundred dollar fee shall be paid at the time the permit application is filed.

30. CERTIFICATION:

The PURCHASER does by the execution of this Agreement certify that they will comply with all of the SELLER'S ordinances pertaining to the SELLER'S municipal water distribution system. Furthermore, the PURCHASER does by the execution of this Agreement certify that the PURCHASER has complied with all of the requirements of the SELLER'S Ordinance No. 2-93.

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OF KENTUCKY
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PURSUANT TO 807 KAR 5011,
SECTION 9 (1)

BY: Justin C. Keel
FOR THE PUBLIC SERVICE COMMISSION

RD
54
COPY

Amendment # 2

to the

Water Purchase Agreement
dated September 8, 1993

between

The City of Mt. Vernon, Kentucky
and
The Rockcastle County Water Association, Inc.

REC 23 2007

DEC 27

I. INTRODUCTION

This AMENDMENT is made and entered into this 2ND day of December, 1996, by and between the City of Mt. Vernon, Kentucky, PO Box 1465, Richmond Street, Mt. Vernon, KY 40456-0516, (hereinafter called "the SELLER"), party of the first part, and the Rockcastle County Water Association, Inc., 507 Three Links Road, McKee, KY 40447, (hereinafter called "the PURCHASER"), party of the second part. Once effective, this AMENDMENT will be a part of the Water Purchase Agreement dated September 8, 1993, (hereinafter called "the AGREEMENT"), throughout the term of the AGREEMENT.

Whereas, the PURCHASER wishes to increase the upper limit of water authorized for monthly sale under the AGREEMENT; and,

Whereas, the SELLER no longer has the excess supply of water referred to in the AGREEMENT; and,

Whereas, the SELLER is currently in the design phase of an improvements project to expand the capacity of the existing Mt. Vernon, Kentucky, water treatment plant and distribution system (hereinafter called "the PROJECT"); and,

Whereas, the SELLER agrees to increase the maximum limit of potable water authorized for sale to the PURCHASER subject to the condition set forth in Section II below; and,

Whereas, the SELLER and PURCHASER agree to the terms set forth in Section III of this AMENDMENT, the effectiveness of which is conditioned in Section II below.

Now Therefore, in consideration of all the foregoing, the PURCHASER and SELLER acknowledge the following condition and terms of this AMENDMENT:

II. CONDITION

The successful completion of the construction contracts to increase capacity of the Mt. Vernon water treatment plant and distribution system is a condition precedent to this AMENDMENT to the AGREEMENT. More specifically, successful completion is hereby defined as the capability of the SELLER to consistently produce and deliver potable water into the Mt. Vernon distribution system at the rate of two thousand, eight hundred (2800)

gallons per minute. That capability must exist for the SELLER before this AMENDMENT becomes effective.

III. TERMS

Acknowledging the condition in Section II, and the other terms and conditions herein expressed, the SELLER and PURCHASER agree to amend the AGREEMENT in the following ways:

1. **Term**

This AMENDMENT extends the term of the AGREEMENT five (5) years, to total forty-five (45) years from the date of the AGREEMENT. The term of this AMENDMENT, once effective, will coincide with the term of the AGREEMENT.

2. **Quantity of Water**

The SELLER shall furnish to the PURCHASER such quantities of water as the PURCHASER may require in order to provide service to its customers, not to exceed, one million, one hundred eighty thousand, (1,180,000) gallons of water per month, delivered at the average flow rate of ten thousand, six hundred fifty-six, (10,656) gallons of water per day through the meter identified as Point of Delivery No. 1 in Section 4 of this AMENDMENT, twenty-four thousand (24,000) gallons per day through the meter identified as Point of Delivery No. 2 in Section 4 of this AMENDMENT, and four thousand five hundred (4,500) gallons per day through the meter identified as Point of Delivery No. 3 in Section 4 of this AMENDMENT.

Any increase of the limit of one million, one hundred eighty thousand, (1,180,000) gallons of water per month shall be agreed to by the SELLER and the PURCHASER in a formal written amendment to the AGREEMENT.

Nothing in this AMENDMENT shall prohibit the SELLER from supplying a volume of potable water for sale to the PURCHASER in excess of the maximum limit of the AGREEMENT, or in excess of the maximum limit of this AMENDMENT if such water is available for sale. However sales of potable water in excess of the maximum volumes are not guaranteed.

3. **Quality of Water**

This AMENDMENT does not change the quality of water delivered, through the AGREEMENT.

4. **Delivery Points**

This AMENDMENT adds two additional points of delivery:

	<u>Points of Delivery</u>	<u>Main Size</u>	<u>Meter Size/Type</u>
2.	On KY 1249, approximately 3 miles south of city limits	4-inch	3-inch, Badger turbine
3.	On Hummel Road, approximately 2 miles east of KY 25	4-inch	2-inch, Badger turbine

5. **Operation of System**

This AMENDMENT offers the following addition to this section of the AGREEMENT:

The PURCHASER, will, at all times, operate and maintain its water system in an efficient manner and will take such actions as may be reasonably necessary to perform its obligations under the AGREEMENT.

6. **Metering Equipment**

This AMENDMENT revises the AGREEMENT as identified below:

The PURCHASER shall furnish to specifications approved by the City of Mt. Vernon and install, at its own expense, under the supervision of the Superintendent of the City of Mt. Vernon Water and Sewer Department at the points of delivery, the necessary metering equipment, including a properly sized meter vault, and required devices of standard type for measuring the quantity of water delivered to the PURCHASER by the SELLER. The PURCHASER agrees that the metering equipment, including the meter vault, and the required devices of standard type for properly measuring the quantity of water delivered to the PURCHASER by the SELLER, once installed and accepted by the SELLER, will become the property of the SELLER.

As revised, the metering equipment must be accepted by the SELLER before ownership transfers from the PURCHASER to the SELLER.

Additionally, no water will be sold or otherwise provided through the Point of Delivery No. 2 until such metering equipment is accepted by the SELLER. Acceptance will be in written format on letterhead from the City of Mt. Vernon.

The remainder of Section 6 of the AGREEMENT is unchanged.

7. **Expansion of PURCHASER's System**

This AMENDMENT amends references to the maximum water purchase of three hundred twenty-five thousand (325,000) gallons per month to read one million, one hundred eighty thousand, (1,180,000) gallons per month.

8. **Billing and Payment Procedure**

This AMENDMENT offers no change to this section of the AGREEMENT.

9. **Rate**

A. The PURCHASER hereby agrees to purchase from the SELLER a minimum of two hundred thousand (200,000) gallons of water per month, one hundred thousand (100,000) gallons of water through Point of Delivery No. 1 and one hundred thousand (100,000) gallons through Point of Delivery No. 2. There will be no minimum purchase set for Point of Delivery No. 3. The PURCHASER agrees to pay for the minimum monthly quantity of water even if the minimum monthly quantity of water is not used by the PURCHASER. The maximum amount of water purchased from the SELLER shall not exceed one million,

one hundred eighty thousand, (1,180,000) gallons for any one month period at an average flow rate (combined flows) of forty thousand (40,000) gallons per day. The daily maximum amount of water purchased shall not exceed forty-nine thousand (49,000) gallons.

B. Subsection B. remains as in the AGREEMENT, except that all references within this subsection to three hundred twenty-five thousand (325,000) gallons per month shall be amended to one million, one hundred eighty thousand, (1,180,000) gallons per month.

C. In accordance with Subsection C. of the AGREEMENT, the PURCHASER will, upon receiving an itemized billing, reimburse the SELLER within thirty (30) days of the date of the itemized billing all costs incurred by the SELLER for construction costs, engineering inspection, administration, accounting, legal, and property costs arising from additional connections to the SELLER's water system. Opinions of probable costs shall be discussed between the parties within thirty (30) days of the written notification of the proposed waterline extension as required in Section 7. The PURCHASER shall, within that 30 days, inform the SELLER of the services required of the SELLER for the proposed project. Failure of the PURCHASER to supply written notification of proposed extensions and conduct subsequent cost negotiations to and with the SELLER will not abate the PURCHASER's obligation to pay the costs described in this section.

D. This AMENDMENT becomes effective after the condition in Section II is met as described at the beginning of this AMENDMENT. Accordingly, until those conditions are

met, the SELLER cannot guarantee availability of water during construction to the PURCHASER's contractor at any point of delivery.

10. **Rate Modification**

This AMENDMENT offers no change to this section of the AGREEMENT.

11. **Advanced Notice of Rate Modification**

This AMENDMENT offers no change to this section of the AGREEMENT.

12. **Effective Date of Rate Modification**

This AMENDMENT offers no change to this section of the AGREEMENT.

13. **Water Shortage**

This AMENDMENT offers no change to this section of the AGREEMENT.

14. **Indemnification**

This AMENDMENT offers no change to this section of the AGREEMENT.

15. **Default**

This AMENDMENT offers no change to this section of the AGREEMENT.

16. **Termination of Water Service for Nonpayment**

This AMENDMENT offers no change to this section of the AGREEMENT.

17. **Disputed Bill**

This AMENDMENT offers no change to this section of the AGREEMENT.

18. **Notices**

This AMENDMENT offers no change to this section of the AGREEMENT.

19. **Response to Notices**

This AMENDMENT offers no change to this section of the AGREEMENT.

20. **Paragraph Headings**

This AMENDMENT offers no change to this section of the AGREEMENT.

21. **Entire Agreement; Severability**

This AMENDMENT offers no change to this section of the AGREEMENT.

22. **Non-Waiver**

This AMENDMENT offers no change to this section of the AGREEMENT.

23. **Successors and Assigns**

This AMENDMENT offers no change to this section of the AGREEMENT.

24. **PURCHASER's Successor**

This AMENDMENT offers no change to this section of the AGREEMENT.

25. **Pledge**

This AMENDMENT offers no change to this section of the AGREEMENT except to acknowledge the agency formally known as Farmers Home Administration (FmHA) is now known as Rural Development.

26. **FmHA Approval**

This AMENDMENT offers no change to this section of the AGREEMENT except to acknowledge the agency formally known as Farmers Home Administration (FmHA) is now known as Rural Development.

27. **Effective Date**

The parties acknowledge that, in order for this AMENDMENT to be made effective, it must be approved by and executed on behalf of the SELLER, the PURCHASER, and FmHA (Rural Development) and the Engineer's Certification must be completed and submitted to Rural Development as required for the PROJECT in Item No. 11 of Attachment 2 to the Form FmHA-KY 1942-T0. The engineer's certification is offered to the owner and states that the construction contract has been completed in accordance with the approved plans and

specifications of the PROJECT. Provided this AMENDMENT is signed by the PURCHASER and SELLER, and approved by FmHA (Rural Development) prior to the delivery of the engineer's certification, the date of the engineer's certification will be the effective date of this AMENDMENT. If this AMENDMENT has not been signed by the date of the engineer's certification, this AMENDMENT becomes effective the date the last party to the AMENDMENT signs the AMENDMENT.

28. **Disputes**

This AMENDMENT offers no change to this section of the AGREEMENT.

29. **Connection Permit and Inspection Fee**

This AMENDMENT offers no change to this section of the AGREEMENT.

30. **Certification**

The PURCHASER does by the execution of this AMENDMENT certify to compliance with all of the SELLER's ordinances pertaining to the SELLER's municipal water distribution system, and to the compliance with the terms and conditions of the AGREEMENT. Furthermore, the PURCHASER does, by execution of this AMENDMENT, certify that the PURCHASER has complied with all of the requirements of the SELLER's Ordinance No. 2-93.

In Witness Whereof, the Parties hereto, acting under the authority of their respective governing bodies, have caused this AMENDMENT to be duly executed in three counterparts, each of which shall constitute an original, on the date stated above.

City of Mt. Vernon, Kentucky, (SELLER)

Attest: Kaye Rader

Kaye Rader, City Clerk

By: Gary R. Cromer

Gary R. Cromer, Mayor

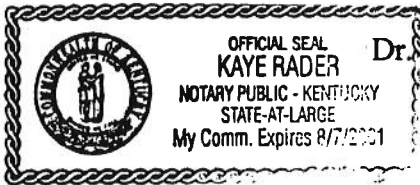
Rockcastle County Water Association, Inc., (PURCHASER)

Attest: Kaye Rader

Name, Secretary

By: Robert Fields

Dr. Robert Fields, President



This AMENDMENT to the Water Purchase AGREEMENT Dated September 8, 1993, is approved on behalf of Rural Development (formally Farmers Home Administration) this day of _____, 1996.

By:

Name and Title

This AMENDMENT has been approved as to legality of form and content by:

Debra Lambert

Ms. Debra Lambert, City Attorney
Law Offices of Debra Hembree Lambert
PO Box 1094
Mt. Vernon, KY 40456

Rural Development Comm.

Urban Comm

Program Manager

Amendment No. 3
to
Water Purchase Agreement
between the
City of Mt. Vernon, Kentucky (Seller)
and the
Rockcastle County Water Association (Buyer)

WHEREAS, the Buyer and Seller have entered into a contractual agreement dated September 8, 1993, concerning the sale and purchase of potable water, and

WHEREAS, the Seller of water has undertaken an extensive water treatment and distribution system improvements project, and

WHEREAS, the demands of both city and wholesale customers have necessitated the improvements project, and

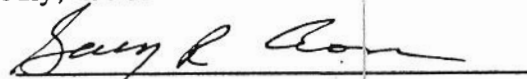
WHEREAS, the Seller sought and received engineering services in establishing the minimum required water rate increases for city and wholesale customers, and

WHEREAS, the aforesaid rate study is hereby made available to the Buyer, and

WHEREAS, the publication, required by the Public Service Commission, of proposed rates was published in the Mt. Vernon Signal on 07/09/98.

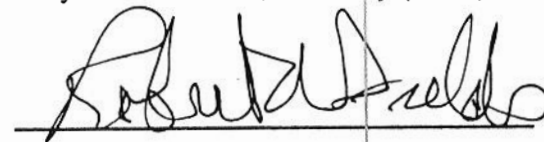
NOW, THEREFORE, by our signatures it is agreed that the Buyer and Seller agree to the revised rate of water sales by the Seller, that rate being \$1.81 per 1000 gallons of water. Further, all other terms and provisions of the water purchase contract dated September 8, 1993, remain in force. This Amendment establishes a new rate, one which will remain in effect until changed by amendment or a new water purchase agreement.

IN TESTIMONY WHEREOF, this 10th Day of July, 1998.



for the
City of Mt. Vernon, Kentucky (Seller)


Attest for the Seller



for the
Rockcastle County Water Association (Buyer)


Attest for the Buyer

Amendment No. _____

To the

Water Purchase Agreement

Dated ~~April~~ ^{March} ~~15th~~ _{10th}, 2012

Between

The City of Mt Vernon, Kentucky

and

Eastern Rockcastle Water Association, Inc.

I. INTRODUCTION

This AMENDMENT is made and entered into this 15th day of May, 2012, by and between the City of Mt. Vernon, Kentucky, P.O. Box 1465, Richmond Street, Mt. Vernon, Kentucky 40456, (hereinafter called "the SELLER"), party of the first part, and the Eastern Rockcastle Water Association, Inc., P.O. Box 540, Mt. Vernon, Kentucky 40456 (hereinafter called "the PURCHASER"), party of the second part.

WHEREAS, both parties realize that it is necessary to increase water rates to be paid by Eastern Rockcastle Water Association, Inc. which will increase the rate from \$2.16 per thousand to \$2.93 per thousand and whereas the parties agree that this is necessary in order to permit the city to serve its water customers.

Now therefore in consideration and foregoing premises the parties agree that the water rates listed above shall be imposed.

In Witness Thereof, the Parties hereto, acting under the authority of their respective governing bodies, have caused this AMENDMENT to be duly executed in three counterparts, each of which shall constitute an original, on the date stated above.

City of Mt. Vernon

By:

Mike Bryant, Mayor

Attest

City Clerk

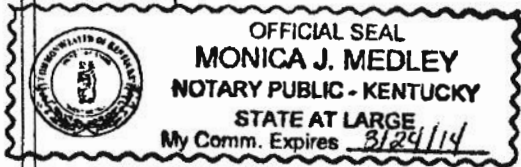
Eastern Rockcastle Water Association, Inc.

By:

President

STATE OF KENTUCKY
COUNTY OF ROCKCASTLE

The foregoing Amendment was acknowledged and sworn to before me, a Notary Public in and for the aforesaid County and State, this 15th day of May, 2012 by City of Mt. Vernon, by: Mike Bryant, Mayor.



Monica J. Medley
Notary Public, State of KY at Large
My commission expires: 3/24/14

STATE OF KENTUCKY
COUNTY OF ROCKCASTLE

The foregoing Amendment was acknowledged and sworn to before me, a Notary Public in and for the aforesaid County and State, this 15th day of May, 2012 by Eastern Rockcastle Water Association, by: David Belliger President.

Carolyn S. Hinton
Notary Public, State of KY at Large
My commission expires: 5/27/13

THIS INSTRUMENT PREPARED BY:

JERRY J. COX P.S.C.
Attorney at Law
P.O. Box 1350
Mt. Vernon, KY 40456
606-256-5111

Jerry J. Cox