

WATER PURCHASE CONTRACT

This Water Purchase Contract for the sale and purchase of potable water is entered into as of the 23rd day of October, 2003, between the CITY OF JACKSON, KENTUCKY (JACKSON WATER WORKS), of Broadway, Jackson, Kentucky 41339, hereinafter referred to as the "Seller" and the BREATHITT COUNTY WATER DISTRICT, a governmental entity formed pursuant to Kentucky Statute, hereinafter referred to as the "Buyer,"

WITNESSETH:

Whereas, the Buyer is organized and established under the provisions of the Kentucky Revised Statutes, Chapter 74, et. Seq., for the purpose of constructing and operating a water supply and distribution system serving water users within the area described in plans now on file in the office of the Buyer and to accomplish this purpose, the Buyer will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply and 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 Buyer during project "Phase 1" as shown in the plans of the system now on file in the office of the Buyer, and

Whereas, by vote of the Jackson City Counsel, enacted on the 23rd day of October, 2003, by the Seller, the sale of water to the Buyer in accordance with the provisions of the said Ordinance was approved, and the execution of this Contract carrying out the said Ordinance by the Jackson City Council, and attested by the City Clerk, was duly authorized, and,

Whereas, by vote of the majority of the Board of the Buyer, enacted on the 15th day of October, 2003, the purchase of water from the Seller in accordance with the terms set forth in the said was approved, and the execution of this Contract by the Breathitt County Water District, and attested by the Chairman was duly authorized;

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

A. THE SELLER AGREES:

1. Maximum Volumes Allowed To Buyer

The Seller agrees to furnish the Buyer at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable, treated water meeting the purity standards of the United States Environmental Protection Agency, and the Kentucky Division of Water in such quantity as may be required by the Buyer, not to exceed a volume of 2,500,000 gallons per month and a rate not to exceed 118 gallons per minute. The treated water shall be conveyed and measured through the Point(s) of Delivery identified in Section A-5.

2. **Minimum Pressure Provided By Seller**

The Seller shall provide the contracted volume of water to the Buyer at a reasonably constant pressure at approximately 60 - 70 pounds per square inch from the point herein described as the "Point of Connection No. 1." If a greater pressure than that normally available at the point of delivery is required by the Buyer, the cost of providing such greater pressure shall be borne by the Buyer. Emergency failures of pressure or supply due to main 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. **Seller To Provide Three-Days Notice Of Work To Main**

In the event the Seller wishes to conduct pre-planned or scheduled maintenance or other work to the transmission main or distribution lines that convey treated water to the Buyer, the Seller shall provide three-days notice of such work to the Buyer. The three days shall be weekdays, i.e., Monday through Friday, in addition to any Saturdays or Sundays that fall within the notice period. The Buyer may be asked to curtail or limit the purchase of treated water from the Seller during the scheduled maintenance.

4. **Procedures To Notify Of Unscheduled/Emergency Work**

In the event the Seller must make emergency or unscheduled repairs to the transmission main or distribution lines that convey treated water to the Buyer, the Seller will endeavor to notify the Buyer immediately upon becoming aware of the necessary repairs. The Buyer may be asked to curtail or discontinue the purchase of treated water while repairs are undertaken. The Seller will promptly notify the Buyer when repairs are complete and purchase of water through the master meter(s) may resume.

5. **Points Of Connection (Delivery)**

The Seller shall furnish the Buyer potable water at the point(s) of delivery described below:

- a. Point of Delivery No. 1EOL Jackson Distribution System on KY 30, immediately south of Belcher Fork
- b. Point of Delivery No. 2 12-Inch Flange in WTP Yard Armory Rd
(EOL = end of line; WTP = water treatment plant)

6. **Responsibility for Water Quality**

The Seller's responsibility for water quality ends at the discharge side of the master meter. The Seller will adhere to the Kentucky Division of Water's regulations as they relate to the sale of water to wholesale customers.

B. THE BUYER AGREES:

1. **Minimum Volume To Be Purchased By Buyer**

The Buyer shall purchase a minimum of 400,000 gallons of treated water per month from the Seller. The Buyer shall pay the Seller for the minimum volume of treated water at the contracted price per gallon whether or not the water was conveyed to the Buyer.

2. **Rates**

The Buyer agrees to pay the Seller for water delivered in accordance with the following schedule of rates:

- a. \$1.90 per 1,000 gallons for the first 400,000 gallons, which amount shall also be the minimum rate per month.
- b. \$1.90 per 1,000 gallons for water in excess of 400,000 but less than 2,500,000 gallons per month.
- c. \$3.80 per 1,000 gallons for water in excess of 2,500,000 gallons per month.

3. **Future Requirement Forecast**

On or before the 15th day of January of each year, the Buyer will provide the Seller with a three-year forecast of the Buyer's anticipated water volume requirement. If the forecast includes more than modest growth (greater than three (3) percent annually), the Buyer will include a topographic map clearly indicating the area(s) from which the anticipated additional demand will come.

C. IT IS FURTHER MUTUALLY AGREED BETWEEN THE SELLER AND THE BUYER:

1. Fire Flow Pressure

The Seller and the Buyer acknowledge and agree that the Seller is not providing water for fire flow service and therefore guarantees no fire flow volume or residual pressures during fire flows to the Buyer. Any fire hydrants or other fire facilities installed by the Buyer shall be serviced by the Buyer and at the Buyer's risk as no fire flows or residual pressure conditions are assured herein.

2. Responsibility Of Purchase And Installation Of Master Meters

The Seller will construct master meter station(s) in accordance with the Seller's requirements and the Buyer will pay the full costs of such master meter stations. Prior to construction or authorization of construction of any master meter station, the Buyer must pay the estimated cost of the station. Any difference in the estimated cost and the actual cost of the station shall also be paid by the Buyer. Conversely, differences in the estimated cost and the actual cost which result in an overpayment by the Buyer shall be reimbursed to the Buyer. At the Seller's option, the Buyer may construct and pay all costs associated with installing a master meter station provided the station is constructed in accordance with the Seller's requirements or specifications. No delivery of water will commence without pre-construction approval of the master meter station by Seller's Engineer. Further, prior to the sale of water through the point of sale, the Seller's Engineer will inspect the finished station to ensure requirements and specifications were met. Should the construction not, in the Seller's opinion, adhere to the requirements and specifications, the Seller may refuse to deliver or sell water through that point of delivery until such time the discrepancy is remedied.

MUST BE DONE NOW

SEPARATE OF INSTALLATION

3. Calibration Of Master Meters

The Seller will calibrate the master meter on a frequency of not less than one (1) time every five (5) years and bear the costs of said calibration. The Seller will furnish certified, written, results of the calibration to the Buyer at no cost. The Buyer may, at any time, request calibration of the master meter. Should the Buyer request, the calibration shall be performed by the Seller. All costs associated with the Buyer-requested calibration will be paid by the Buyer if the meter is found to be accurate or the Seller if the meter is found not to be accurate. A meter registering not more than two (2) percent 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 three (3) months previous to such test in accordance with the percentage in 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 the Seller and Buyer shall agree upon a different amount. The metering equipment shall be read by the Seller on the 15th of each month, or the 14th if the 15th falls on a Saturday, or the 16th if the 15th falls on a Sunday. An appropriate official of the Buyer at all reasonable times shall have access to the meter for purposes of verifying its readings.

C- 4. **Altering The Contract**

The provisions of this Contract pertaining to the schedule of rates to be paid by the Buyer for water delivered are subject to modification at the end of every one-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.

~~Section 52.16 of the Jackson Code of Ordinances~~ allows for the automatic adjustment of water rates annually, based on the Consumer Price Index as published by the Federal Reserve Bank of Cleveland, Ohio. The auto adjustment is capped at three (3) percent. Changes in the Consumer Price Index as published by the Federal Reserve Bank shall constitute a demonstrable increase or decrease in costs of performance, in lieu of more rigorous analysis of actual costs by a qualified auditor. Results of such an analysis by a qualified auditor shall have precedence over the Consumer Price Index method. Other provisions of this Contract may be altered or modified by mutual agreement with any such modifications or alterations being manifested in writing, signed and witnessed by the parties to this Contract.

5. **Term Of Contract**

This Contract shall extend for a term of fifty (50) years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Buyer and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Buyer. Further, if the Buyer's initial waterline project (KY 30) fails to be completed or is delayed more than five (5)

years from the date of the Contract, the Contract shall expire and no longer be valid or binding unless extended in writing by the Seller.

6. **Assignment Of Contract**

In the event of any occurrence rendering the Buyer incapable of performing under this Contract, any successor of the Buyer, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Buyer hereunder.

7. **Contract Subject To Regulatory Approval**

This Contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this Commonwealth and the Seller and Buyer will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

8. **Water for Testing and Initial Delivery**

Fifteen (15) days prior to the estimated date of completion of construction of the Buyer's water supply distribution system, the Buyer will notify the Seller in writing the date for the initial delivery of water. When requested by the Buyer, the Seller will make available to the Buyer's contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing and flushing the Buyer's system during construction, regardless of whether the metering equipment has been installed at that time, at a flat charge of \$1.50 per thousand gallons of water which will be paid by the contractor or, on the contractor's failure to pay, by the Buyer.

9. **Payment Dates And Due Dates**

Water bills are typically mailed by the Jackson Water Works on the 26th or 27th of each month. This schedule was developed to result in delivery of the bills to the customers on or before the 1st of each month. Payment of water bills by wholesale and retail customers is due by the 10th of each month.

10. **Adjustments To Water Bills**

Leaks which may develop on the Buyer's side of the master meter are the sole responsibility of the Buyer. Section C-3 of this Contract allows for adjustments due to inaccurate or malfunctioning master meters. No adjustment will be made for leaks on the Buyer's side of the master meter. The Seller, being unquestionably aware of a significant leak on the Buyer's side of the master meter, can, after written notice is given, interrupt water service to the Buyer

until such leak is repaired. A significant leak, for purposes of this Contract, is defined as water lost at 1.2 times the maximum allowable rate as defined in Section A-1 of this Contract, or 142 gallons per minute.

11. Rate Adjustments

The initial, temporary rate per 1,000 gallons of treated water charged to the Buyer will be as stated in Section B-2 of this Contract. The Seller has initiated a Cost of Service Study to determine a fair and equitable rate to be charged to the Buyer. Upon completion of the Cost of Service Study, this Contract will be modified to reflect the wholesale rate to be charged to the Buyer. By entering into this Contract, the Buyer understands the initial rate will be altered, increased or decreased, to reflect the results of the Cost of Service Study. The rate identified in section B.2 above, (\$1.90 per 1,000 gallons) will not be increased for a period of three (3) years from the date of this Contract. If the Cost of Service study is completed prior to the end of the three-year period, the rate may be decreased in accordance with the results of the study. If the study is completed before the end of the three-year period, and the results indicate and increase in the wholesale rate charged to the Buyer is warranted, the rate will nevertheless remain unchanged until the three-year period has ended.

12. Arbitration

If differences arise between the Buyer and the Seller, the parties hereby agree to resolve their differences using a third-party neutral to assist in the negotiations. If, after thirty (30) days, the parties are unable to resolve their disputes, the parties agree to use a mediator experienced in conflict resolution and certified by the Mediation Center of Kentucky, Inc. Finally, disputes lingering after attempts at third-party neutrals and mediators, the parties will submit their case to an arbitrator. If the dispute is less than \$100,000, one arbitrator will be used. For amounts in dispute over \$100,000, three (3) arbitrators will be used. Arbitrators chosen must be listed with the American Arbitration Association. The method of choosing arbitrators shall be by mutual acceptance if only one arbitrator is used, or, if three are used, each party chooses one arbitrator and the chosen arbitrators choose a third.

13. Seller Unable To Sell

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 Buyer

with quantities of water required by the Buyer. 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 the Buyer's consumers shall be reduced or diminished in the same ratio or proportion as the supply to the Seller's consumers is reduced or diminished. Further, Sections 52.30 through 52.99 of the Jackson City Ordinance, and subsequent amendments thereto, establishes water restrictions that may be levied on the customers of the Seller's municipal water utility in the event of a drought or water shortage emergency. The restrictions and requirements imposed upon the Seller's direct customers in water emergencies shall also apply to wholesale customers, in this case, the Buyer.

14. Buyer Fails To Pay

As stated in Section C-9 of this Contract, payment for water purchased is due at Jackson Water Works on or before the 10th of each month. If not paid by the 10th of the month following the date rendered, the bill shall be delinquent, and a delay penalty equal to ten (10) percent of the face amount of the bill shall become due and payable; provided however, that if the 10th day should fall upon a Sunday or legal holiday, then the face amount of the bill may be paid on the next sequential day that is not a holiday. If the entire bill for water and penalty shall remain unpaid for a period of 60 days after with the date the penalty is added, then pursuant to authority of KRS 96.934, the water service connection to the Buyer is subject to be disconnected. Whether or not the Buyer's service is disconnected because of such delinquency, the Seller may exercise all rights under law to enforce and collect the amount of any bills remaining delinquent for sixty (60) days.

15. Cost Of Rate Filing

The Buyer understands that costs will be incurred by the Seller as a result of filing the wholesale rates with the Kentucky Public Service Commission. The Buyer agrees to reimburse the Seller for only the costs incurred in the actual filing of the rates. Any further costs associated with matters other than the actual filing of the rates (hearings, etc.) shall be borne by each party in proportion to involvement therein.

16. Other Costs Incurred by the Seller

The Seller has and will continue to incur costs directly associated with the administrative and legal tasks of supplying water to the Buyer. Such costs include, but are not limited to, preparation of this Contract and amendments hereto, evaluations regarding the effects of the Buyer's proposals on the Seller's distribution system, and costs of rate filings mentioned in C.15 of this Contract. Such costs shall be evenly divided between the Buyer and the Seller and payment by the Buyer shall be made timely and in accordance to the timeframe detailed in Section C.14 of this Contract.

17. Change Of Circumstance

Since the term for this Contract is fifty (50) years, a legitimate cause for renegotiation might come to exist if the parties are subject to drastically changed conditions. The Buyer and Seller agree, however, that the presence or identification of an additional supplier of treated water for the Buyer is not cause for a renegotiation under a Change of Circumstance clause.

18. Seller's Service Area

The Seller's service area will consist of incorporated areas of the City of Jackson and those areas of Breathitt County currently with water service by the City of Jackson, as of the date of execution of this Agreement

19. Miscellaneous

The construction of the water supply distribution system by the Buyer is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through Rural Development of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Buyer are conditioned upon the approval, in writing, of the State Director of Rural Development.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in six (6) counterparts, each of which shall constitute an original.

Seller:

CITY OF JACKSON, KENTUCKY

By: 

MICHAEL D. MILLER, Mayor

Attest:

By: Angie Combs
ANGIE COMBS, City Clerk

Buyer:

BREATHITT COUNTY WATER DISTRICT

By: John Lester Smith
JOHN LESTER SMITH, Chairman

Attest:

By: Alma Noble
ALMA NOBLE, Secretary

This instrument prepared by:

Brendon D. Miller

BRENDON D. MILLER
Breathitt County Attorney
1137 Main Street, Room 209
Jackson, Kentucky 41339

USDA APPROVAL

This Contract is approved on behalf of United States Department of Agriculture,
Rural Development this _____ day of _____, 2003.

By: _____

RONNIE BROOKS,
Rural Development Specialist

AMENDMENT NO. 1

to
Water Purchase Contract dated 23 October 2003
between
the City of Jackson (Seller) and the Breathitt County Water District (Buyer)

The parties to the Water Purchase Contract have identified a need to amend the Water Purchase Contract dated 23 October 2003 to:

- Add two Points of Delivery;
- Adjust the contracted volume;
- Clarify the ownership of master meters;
- Address KY30 pump operations; and,
- Establish the method by which the BUYER is invoiced.

Upon execution, this Amendment dated 29 June 2006 shall become a part of the Contract, equally binding as the original Contract.

The Contract is hereby amended as follows:

Section A.5. In the original Contract allows for the Seller to furnish the Buyer finished water through two points of delivery. This Amendment adds the following points of delivery:

Point of Delivery No. 3master meter at EOL of Seller's line on KY 52

Point of Delivery No. 4master meter at intersection of KY 30 & Town Hill Rd

Section A.1. In the original Contract limits the sale of water to a volume of 2,500,000 gallons per month and a rate not to exceed 118 gallons per minute. The volume and rate was pertaining to finished water passing through Point of Delivery No. 1 (POD1) and POD2. Upon the construction of other distribution lines and master meters, revisions to the volume and rate limitations are required. POD2 and POD4 are meters through which finished water is delivered to customers of both the Buyer and the Seller. No limitation is imposed on POD2 and POD4. This Amendment revises the Maximum Volumes Allowed to Seller as follows:

Delivery Point	Monthly Limit (gallons)	Rate (gallons per minute)
POD1	3,000,000	118
POD2	not applicable	not applicable
POD3	3,200,000	170
POD4	not applicable	not applicable

Section C.2. of the original Contract was not clear on the ownership of the master meter vaults and their contents after construction and warranty periods have elapsed. The Seller, regardless of shared use, shall own all master meter vaults that are read or referred to in the calculation of the volume of finished water used by the Buyer.

Access to all master meter vaults shall be availed to both the Buyer and Seller and every effort shall be made to have the Buyer accompany the Seller when reading meters. Alternatively, if desired by the Seller, the volume of finished water used by the Buyer may be determined by electronic meter readings supplied by the Buyer to the Seller.

The Buyer has opted to install radio-read meters. The meters shall be calibrated in accordance with Section C.3.; however, any additional cost associated with the calibration of radio-read versus visual dial meters shall be borne by the Buyer.

Section C.20. is hereby added by this Amendment to the Contract and shall establish limitations on the operation of the booster pump station located near POD1. If for any reason, the Seller is not realizing at least 95 pounds per square inch (psi) on the discharge side of the pressure reducing valve immediately upstream of POD4, the Buyer shall not operate the KY30 booster pump station, except between the hours of 2300 and 0600 (11:00 pm and 6:00 am).

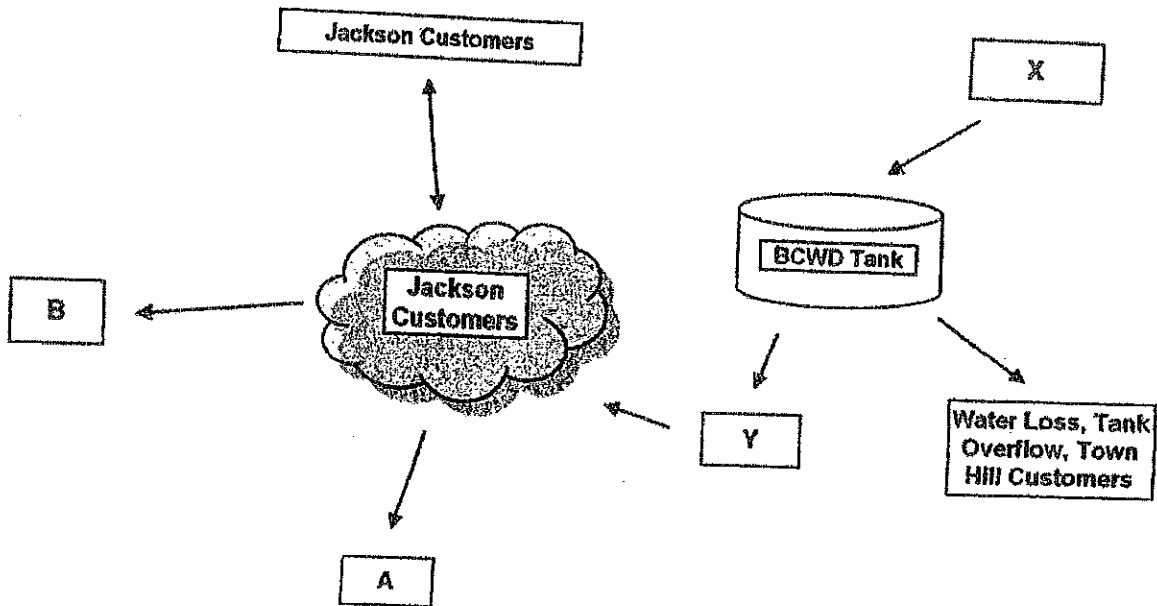
Section B.4. is hereby added by this Amendment to the Contract and shall establish the means by which the volume of finished water used by the Buyer is determined. Attachment A to this Amendment provides the mathematical and pictorial account of the method that shall be used to calculate gallons used by the Buyer. Attachment A is an integral part of this Amendment.

This Amendment consists of four pages.

Attachment A to Amendment 1
Example Calculation of Finished Water Usage by Buyer

Master Meter ID	Location	Beginning Reading	Ending Reading	Gallons Used	Factor in Equation
MM3	Meter at Point of Delivery No. 3; Jackson EOL on KY 52	0	0	0	B
MM2	Meter at Point of Delivery No. 2; 12-inch Flange in WTP Yard on Armory Drive	10	110	100	X
MM1	Meter at Point of Delivery No. 1; Jackson EOL on KY 30	180	205	25	A
MM4	Meter at Point of Delivery No. 4; Discharge of Town Hill Tank	10	100	90	Y

Equation: $X - (Y - (A + B)) = \text{Gallons Used by BCWD}$



In witness whereof, the parties hereto, acting under the authority of their respective governing bodies, has caused this Amendment to be duly executed in six (6) counterparts, each of which shall constitute an original.

Seller:

City of Jackson, Kentucky

By: 
Michael D. Miller, Mayor

By: 
Angie Combs, City Clerk

Buyer:

Breathitt County Water District

By: 
John Lester Smith, Chairman

By: _____
Alma Noble, Secretary

Rural Development Concurrence

By: _____
Community Programs Specialist

Date: _____

AMENDMENT NO. 2

to

Water Purchase Contract dated 23 October 2003

between

the City of Jackson (Seller) and the Breathitt County Water District (Buyer)

The parties to the Water Purchase Contract have identified a need to amend the Water Purchase Contract dated 23 October 2003 to:

- Add a fifth Point of Delivery;
- Acknowledge the cross connection requirement.

Upon execution, this Amendment dated 26 July 2007 shall become a part of the Contract, equally binding as the original Contract.

The Contract is hereby amended as follows:

Section A.5. In the original Contract allows for the Seller to furnish the Buyer finished water through two points of delivery. Amendment No. 1 added two more points of delivery:

Point of Delivery No. 1..... master meter at EOL of Seller's line on KY 30

Point of Delivery No. 2..... master meter at 12-inch flange at WTP yard

Point of Delivery No. 3..... master meter at EOL of Seller's line on KY 52

Point of Delivery No. 4..... master meter at intersection of KY 30 & Town Hill Rd

This Amendment will add one point of delivery:

Point of Delivery No. 5..... master meter at KY 15 South and Lost Creek

Section A.1. Point of Delivery No. 5 (POD5) carries no minimum or maximum volume of water at this time. The Seller reserves the right to establish a minimum sale and/or a maximum volume at a later date. If such limits are to be imposed, the Seller shall notify the Buyer in writing and an amendment to the Water Purchase Contract shall be executed.

Delivery Point	Monthly Limit (gallons)	Rate (gallons per minute)
POD1	3,000,000	118
POD2	not applicable	not applicable
POD3	3,200,000	170
POD4	not applicable	not applicable
POD5	not applicable	not applicable

Section B.4. (new) A double check valve assembly (DCVA) will be required downstream of POD5 in accordance with Section 52.52 B (4)(b) of the Jackson ordinance. The DCVA must be installed between the source, POD5, and the proposed Buyer's storage facility(ies). The Buyer shall submit a plansheet with the proposed DCVA detailed by make, model, and size, as well as the location within the hydraulic design clearly shown. The Seller shall promptly review the design and indicate approval or lack thereof by letter to the Buyer's engineer. The DCVA designed for installation must be approved by the City prior to construction.

This Amendment consists of three pages.

In witness whereof, the parties hereto, acting under the authority of their respective governing bodies, has caused this Amendment to be duly executed in six (6) counterparts, each of which shall constitute an original.

Seller:

City of Jackson, Kentucky

By: 

Michael D. Miller, Mayor

By: 

Angie Combs, City Clerk

Buyer:

Breathitt County Water District

By: 

John Lester Smith, Chairman

By: 

Kay Barnett, Secretary

Rural Development Concurrence

By: _____

Date: _____

Community Programs Specialist

AMENDMENT NO. 3

to
Water Purchase Contract dated 23 October 2003
Between
the City of Jackson (Seller) and the Breathitt County Water District (Buyer)

The parties to the Water Purchase Contract have identified a need to amend the Water Purchase Contract dated 23 October 2003 to:

- Eliminate the quantity and rate restrictions and the surcharge for water in excess of 2,500,000 gallons per month;
- Add a sixth Point of Delivery

Upon execution, this Amendment dated May 21, 2008 shall become a part of the Contract, equally binding as the original Contract.

The Contract is hereby amended is follows:

Section A.1. All Point of Delivery locations shall carry no minimum or maximum volume of water, or delivery rate (gpm) at this time. The Seller reserves the right to establish a minimum sale and/or a maximum volume or rate at a later date. If such limits are to be imposed, the Seller shall notify the Buyer in writing and an amendment to the Water Purchase Contract shall be executed.

Section A.5. In the original Contract allows for the Seller to furnish the Buyer finished water through two points of delivery (# 1 & 2). Amendment No. 1 added two more points of delivery (# 3 & 4); Amendment No. 2 added one more point of delivery (# 5):

- Point of Delivery No. 1..... master meter at EOL of Seller's line on KY 30
- Point of Delivery No. 2..... master meter at 12-inch flange at WTP yard
- Point of Delivery No. 3..... master meter at EOL of Seller's line on KY 52
- Point of Delivery No. 4..... master meter at intersection of KY 30 & Town Hill Rd
- Point of Delivery No. 5..... master meter at KY 15 South and Lost Creek

This Amendment will add one more point of delivery:

Point of Delivery No. 6..... master meter at KY 30 East near KY DOT Garage

Section B.2.c. The surcharge rate for water volume greater than 2,500,000 gallons per month shall be eliminated.

This Amendment consists of two pages.

In witness whereof, the parties hereto, acting under the authority of their respective governing bodies, has caused this Amendment to be duly executed in six (6) counterparts, each of which shall constitute an original.

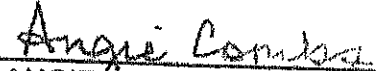
Seller:

City of Jackson, Kentucky

Date: 27 May 2008

By: 
MICHAEL D. MILLER, Mayor

Date: 27 May 2008

By: 
ANGIE COMBS, City Clerk


Buyer:

Breathitt County Water District

Date: June 18, 2008

By: 
J.L. SMITH, Chairman

Date: June 18, 2008

By: 
KAY BARNETT, Secretary

Rural Development Concurrence

By: _____
Community Programs Specialist

Date: _____

AMENDMENT NO. 4

to
Water Purchase Contract dated 23 October 2003 Between the City of
Jackson (Seller) and the Breathitt County Water District (Buyer)

The parties to the Water Purchase Contract have identified a need to amend the Water Purchase Contract dated 23 October 2003 to:

- Eliminate all quantity and rate restrictions and all surcharge for water in excess of 2,500,000 gallons per month;
- Add a seventh, eighth and ninth Point of Delivery

Upon execution, this Amendment dated June 16, 2010 shall become a part of the Contract, equally binding as the original Contract.

The Contract is hereby amended is follows:

Section A.1. All Point of Delivery locations shall carry no minimum or maximum volume of water, or delivery rate (gpm) at this time. The Seller reserves the right to establish a minimum sale and/or a maximum volume or rate at a later date. If such limits are to be imposed, the Seller shall notify the Buyer in writing and an amendment to the Water Purchase Contract shall be executed.

Section A.4. Whenever an emergency interruption of service, cut-off of the water supply to the District, or a "Boil Water" notice is necessary by the Seller, the Seller will immediately contact the District at the District's office number of (606) 666-3800 x 250 and the District's Superintendent, Shannon Moore on his cell phone (606) 568-5707.

Section A.5. In the original Contract allows for the Seller to furnish the Buyer finished water through two points of delivery (# 1 & 2). Amendment No. 1 added two more points of delivery (# 3 & 4); Amendment No. 2 added one more point of delivery (# 5); Amendment No. 3 added one more point of delivery (# 6):

Point of Delivery No. 1..... master meter at EOL of Seller's line on KY 30 West
Point of Delivery No. 2..... master meter at 12-inch flange at WTP yard
Point of Delivery No. 3..... master meter at EOL of Seller's line on KY 52
Point of Delivery No. 4..... master meter at intersection of KY 30 & Town Hill Rd
Point of Delivery No. 5..... master meter at KY 15 South and Lost Creek
Point of Delivery No. 6..... master meter at KY 30 East near the KY DOT Garage

This Amendment will add three more points of delivery:

Point of Delivery No. 7..... master meter at KY 1812 Panbowl area
Point of Delivery No. 8..... master meter at KY 476 near Caney School area
Point of Delivery No. 9..... future master meter at KY 1110/KY 15 (meter flow in both directions -- to the District and also to the City)

Section C.9. The last sentence of this section shall be changed to read "Payment of water bills by wholesale customers is due by the 30th of each month for the prior months usage, except in February, when payment is due on the last day of the month.

This Amendment consists of two pages.

In witness whereof, the parties hereto, acting under the authority of their respective governing bodies, has caused this Amendment to be duly executed in six (6) counterparts, each of which shall constitute an original.

Setter:

City of Jackson, Kentucky

Date: 6-29-10

By:

Michael D. Miller
Michael D. Miller, Mayor

Date: 6-24-10

By:

Angie Combs
Angie Combs, City Clerk

Buyer:

Breathitt County Water District

Date: 7/21/10

By:

Bobby Thorpe, Jr.
Bobby Thorpe, Jr., Chairman

Date: 7/21/10

By:

Eva Fugate
Eva Fugate, Secretary

Rural Development Concurrence

By:

Community Programs Specialist

Date: _____

AMENDMENT NO. 5

to

Water Purchase Contract dated October 23, 2003 Between the City of Jackson, Kentucky (seller) and the Breathitt County Water District (Buyer)

The parties to the Water Purchase Contract have identified a need to amend the Water Purchase Contract dated October 23, 2003, to:

1. Adjust the water purchase rate between the parties;
2. Set the time period before a future adjustment may be had; and
3. Add a restriction for usage and sale.

Upon execution, this Amendment dated November 1, 2011, shall become part of the Water Purchase Contract, and be equally binding as the original Water Purchase Contract.

The Water Purchase Contract is hereby amended as follows:

Section B(2)**2. Rates**

The Rates section of the Contract is amended to state as follows:

The Buyer agrees to pay the Seller for water delivered in accordance with the following schedule of rates:

- a. \$2.90 per 1,000 gallons for all water purchased per month.

The effective date of this Rate increase is November 1, 2011.

Section B(4)

A new section B(4) is added to the Contract which states as follows:

Buyer shall not sell any water purchased from the City of Jackson to any customer outside of the boundary of Breathitt County, (with the sole exception being the sale of water to the Village of Buckhorn, Kentucky, which that Village can only use for consumption) without the permission and consent of the City of Jackson, which consent may not be unreasonably withheld.

Section B(5)

A new section B(5) is added to the Contract which states as follows:

In case of drought or other emergency, the Seller will not be held to a minimum of maximum amount for delivery of water to the Buyer.

Sections C (4) and (11)

4. Altering The Contract

The following clarifying language is added to the Contract as follows:

The rate of \$2.90 per 1,000 gallons shall not be altered for a term beginning on November 1, 2011, and ending on October 31, 2014.

11. Rate Adjustments

The fifth (5th) sentence of this section of the Contract is amended to read as follows: The rate identified in section B.2 above, (\$2.90 per 1,000 gallons) shall not be adjusted for a period of three (3) years from the effective date of November 1, 2011, being October 31, 2014.

This Amendment consists of two (2) pages.

In witness whereof, the parties hereto, acting under the authority of their respective governing Bodies, has caused this Amendment to be duly executed in six (6) counterparts, each of which Shall constitute an original.

Seller:

City of Jackson, Kentucky

Date: 12-7-11

By: Rose Wolfe
Rose Wolfe, Mayor

Date: 12-7-11

By: Angie Combs
Angie Combs, City Clerk

Buyer:

Breathitt County Water District

Date: 12-7-11

By: Bobby Thorpe, Jr.
Bobby Thorpe, Jr., Chairman

Date: 11-07-2011

By: Eva Fugate
Eva Fugate, Secretary

AMENDMENT NO. 6

To

Water Purchase Contract dated October 23, 2003 Between the City of Jackson, Kentucky (seller) and the Breathitt County Water District (Buyer)

The parties to the Water Purchase Contract have identified a need to amend the water Purchase Contract dated October 23, 2003, to;

1. Adjust the water purchase rate between the parties;
2. Set the time period for new rate to begin.
3. Addition, C (20) Town Hill Pump Station

Upon execution, this Amendment dated November 1, 2014, shall become part of the Water Purchase Contract, and be equally binding as the original Water Purchase Contract.

The Water Purchase Contract is hereby amended to state as follows:

Section B(2)

2. Rates

The Rates section of the Contract is amended to state as follows:

The Buyer agrees to pay the Seller for water delivered in accordance with the following schedule of rates:

- a. At a rate of 3.32 per 1,000 gallons for all water purchased per month.
- b. The effective date of this Rate Increase is November 1, 2014
- c. With a 3% increase yearly here after. .

Section C(20)

The City (Jackson Water Works) will pay the Breathitt County Water Board (buyer) their share of the Electric Bill for the Town Hill pump station. The Buyer will send the Seller a copy of the electric bill each month and the Jackson Water Works will pay 300.00 a month toward that bill as agreed.

This Amendment consists of two (2) pages including the signature page.

In witness thereof, the parties hereto, acting under the authority of their respective governing bodies, have caused this Amendment to be duly executed, each amendment shall constitute an original.

Seller:

City of Jackson, Ky.

Date: 11-13-14

By: Rose Wolfe
Rose Wolfe, Mayor

Date: 11-13-14

By: Angie Combs
Angie Combs, City Clerk

Buyer:

Breathitt County Water District

Date: 11-12-2014

By: Bobby Thorpe, Jr.
Bobby Thorpe, Jr., Chairman

Date: 11-13-2014

By: Eva Fugate
Eva Fugate, Secretary



Rose Wolfe
Mayor, City of Jackson

333 Broadway
Jackson, KY 41339

Phone: (606) 666-7069 Fax: (606) 666-7046

October 3, 2011

Breathitt County Water Board
Breathitt County Fiscal Court
1137 Main Street
Jackson, Kentucky 41339

Re: Letter of Intent – Raise Water Rates from \$ 1.90 to \$ 2.90 Per 1000 Gallons

Please find this letter as the Official Letter of Intent from the City of Jackson that as per our Amendment Agreement # 5 (From the Original Water Contract) that the City has filed all the necessary paperwork with the Public Service Commission, that effective November 1, 2011 the water sold to the Breathitt County Water District will be at a rate of \$ 2.90 per 1000 gallons replacing the old rate of \$ 1.90 per 1000 gallons sold.

This (\$1.00 per 1000 gallons sold) is the amount proposed by the Breathitt County Water Board to the City of Jackson and all are in agreement as recorded in the Minutes of the City and County meetings.

Thank you for your assistance in this Amendment Agreement.

Sincerely,

A handwritten signature in cursive script that reads "Rose Wolfe". A long horizontal line extends from the end of the signature across the page.

Rose Wolfe, Mayor
City of Jackson, Kentucky

NOTICE

Notice is hereby given that the City of Jackson proposes to increase its rate for wholesale water service effective November 8, 2014. On October 9, 2014, documentation will be filed with the Kentucky Public Service Commission to increase the rate as follows:

	<u>Current Rate</u>	<u>New Rate</u>	<u>\$ Change</u>	<u>% Change</u>
Water Rate per 1,000 gallons	\$2.90	\$3.32	\$0.42	14.5%

The proposed effective date is November 8, 2014. Water flowing through the meter(s) before the effective date will be charged at the current rate. Water flowing through the meter(s) on and after the effective date will be charged at the proposed new rate.

The rates contained in this notice are the rates proposed by the City of Jackson but the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Any person may examine this filing by visiting the Jackson Mayor's Office located at 333 Broadway in Jackson, Kentucky; telephone 606-666-7069.

The filing may also be examined at the offices of the Public Service Commission located at 211 Sower Boulevard in Frankfort, Kentucky, Monday through Friday from 8:00am to 4:30pm or through the PSC website at <http://psc.ky.gov>.

Comments regarding the filing may be submitted to the PSC through its website or by mail to Public Service Commission, Post Office Box 615, Frankfort, KY 40602.

A timely written request for intervention that establishes grounds for the request may also be submitted to the PSC. The Public Service Commission may take final action on the filing if a written request for intervention is not received within 30-days of the date notice was given.

Received
Cheryl Campbell
10/9/2014 @ 3:42pm

EXTENSION OF WATER PURCHASE CONTRACT AS AMENDED

WHEREAS, the CITY OF JACKSON, KENTUCKY (JACKSON WATER WORKS), of 333 Broadway, Jackson, Kentucky 41339, hereinafter referred to as "SELLER"; and the BREATHITT COUNTY WATER DISTRICT, a governmental entity formed pursuant to Kentucky Statute, hereinafter referred to as "BUYER", entered into a WATER PURCHASE CONTRACT, dated October 23, 2003, with executed Amendments number 1, 2, 3, 4, 5 and 6; and

WHEREAS, the CITY OF JACKSON, KENTUCKY (JACKSON WATER WORKS) and BREATHITT COUNTY WATER DISTRICT desires to extend said WATER PURCHASE CONTRACT and ALL AMENDMENTS for a period of an additional five (5) years; and

WHEREAS, by vote of the Jackson City Council on the 15th day of September, 2016, SELLER has agreed to extend said WATER PURCHASE CONTRACT AS AMENDED for a period of five (5) additional years and has authorized the execution of this Extension of Water Purchase Contract as Amended by the Mayor of the City of Jackson, Kentucky, attested by the City Clerk; and

WHEREAS, by vote of the BREATHITT COUNTY WATER BOARD on the 21st day of September, 2016, BUYER has agreed to extend said WATER PURCHASE CONTRACT AS AMENDED

Except as specifically modified by this instrument, all terms, conditions, and provisions contained in the original Contract and Amendments Numbered 1, 2, 3, 4, 5, and 6 shall remain in full legal force and effect, and the parties are legally bound thereto.

IN WITNESS WHEREOF, the parties hereto have executed this Extension of Water Purchase Contract as Amended on this 27th day of September, 2016.

SELLER: CITY OF JACKSON, KENTUCKY

BY: Rose Wolfe
ROSE WOLFE, Mayor

Attested by:

Angie Combs
ANGIE COMBS, City Clerk

BUYER: BREATHITT COUNTY WATER DISTRICT

BY: Bobby Thorpe
BOBBY THORPE, Chairman

Attested by:

Mary Lois Stevens
MARY LOIS STEVENS, County Clerk

STATE OF KENTUCKY
COUNTY OF BREATHTITT

I, Angela Beth Combs, a Notary Public for the State of Kentucky at Large, certify that the foregoing EXTENSION OF WATER PURCHASE CONTRACT AS AMENDED, was produced before me in said County and State, and signed, acknowledged and delivered by BOBBY THORPE, Chairman of BREATHTITT COUNTY WATER DISTRICT, for and on behalf of said BREATHTITT COUNTY WATER DISTRICT by him as Chairman, and attested by MARY LOIS STEVENS, as County Clerk.

Given under my hand this 27th day of September, 2016.

Angela Beth Combs
NOTARY PUBLIC

My commission expires: 10-26-16

USDA APPROVAL

This Extension of Water Purchase Contract as Amended is approved on behalf of United States Department of Agriculture, Rural Development this _____ day of _____, 2016.

By: _____
Name _____
Its _____