

## WATER PURCHASE AGREEMENT

This WATER PURCHASE AGREEMENT made and entered into this 3 day of May, 2005, by and between the LAKE VILLAGE WATER ASSOCIATION, INC., a non-stock, non-profit Kentucky corporation, P.O. Box 303, Burgin, Kentucky 40310, hereinafter referred to as Seller; and THE CITY OF BURGIN, KENTUCKY, a municipal corporation of the sixth class, City Hall, Burgin, Kentucky 40310, hereinafter referred to as Purchaser;

### WITNESSETH:

WHEREAS Seller owns and operates a transmission system for the delivery and sale of potable water in Boyle and Mercer Counties, Kentucky; and,

WHEREAS Purchaser owns and operates a transmission system for the delivery and sale of potable water to the citizens of the City of Burgin, Mercer County, Kentucky; and,

WHEREAS Purchaser's primary supply of potable water is purchased from the City of Harrodsburg; and,

WHEREAS Purchaser desires to secure an emergency source of supply for potable water through a connection to the transmission system of Seller and an agreement for the purchase of water from Seller,

NOW THEREFORE, for and in consideration of the terms and conditions hereinafter set forth, it is agreed by and between the parties hereto as follows:

1. That Seller shall furnish to Purchaser at the point of delivery as hereinafter designated, during the term of this agreement and any extensions or renewals thereof, potable treated water meeting purity standards equal to the quality of the water when delivered to Seller by its suppliers and in such quantities as Purchaser shall require, not to exceed 5 million gallons per month.

2. That Seller shall furnish said water at a reasonably constant pressure, which shall be not less than the minimum mandated by the Public Service Commission, from Seller's existing 6 inch line located on Daniel Drive, Burgin, Mercer County, Kentucky.

3. That, in the event Purchaser shall require a greater pressure than normally available at the point of delivery or in the event the existing pressure at the point of delivery shall be greater than allowable for proper operation of either system, all costs of providing such greater or lesser pressure shall be borne by the Purchaser.

4. That emergency failures of pressure or supply due to main supply breaks, power failure, flood, fire or use of water to fight fire, earthquake or other similar catastrophes shall relieve Seller from this provision for such time as is reasonably necessary to restore service.

5. That Purchaser shall construct and provide at its sole cost and expense all labor, lines, meters (including the hereinafter described master meter), meter vaults, pressure reducing valves, and other structures or appurtenances necessary to allow the delivery of said water from the delivery point to Purchaser's facilities.

6. That said water shall be provided to Purchaser through a master meter reasonably designed to accurately measure the quantity of water passing through the meter at all volumes.

7. That Seller will test and calibrate said master meter whenever requested by Purchaser but not more frequently than once every 12 months. Test results with a variance of no more than 2% plus or minus shall be deemed accurate. Test results with a variance of greater than 2% will be considered inaccurate and bills issued for 3 months prior to the test shall be adjusted to reflect the percentage error. In the event the meter shall fail to register for any period, the amount of water furnished during that period shall be

deemed to be the same as the amount of water furnished for the corresponding period immediately preceding the failure.

8. That the master meter shall be read on the 15th day of each month. Purchaser shall have the right to be present at each such reading.

9. That Seller shall provide to Purchaser on or before the 1st day of the following month an itemized statement of the amount of water furnished during the preceding month.

10. That Purchaser shall pay for the water furnished not later than the 15th day of the month following the reading. Failure to pay on or before said date shall result in Seller taking all such action as is permitted under the terms of its tariff then in effect.

11. That Purchaser shall pay Seller a flat rate of \$1.85 per one thousand (1,000) gallons for all water purchased with a monthly minimum bill of \$20.00 or 10,000 gallons. In addition, Purchaser shall pay all taxes or other levies imposed upon the sale of said water.

12. That, in the event the rate or rates charged to Seller shall be increased by its supplier or suppliers, the rate charged by Seller to Purchaser shall be increase in an amount equal to the percentage increase incurred by Seller.

13. That, in the event Seller's system-wide usage exceeds its maximum allowable amount and incurs a penalty or surcharge as a result, the price paid by Purchaser shall be increased to reflect the percentage increase in the cost to Seller due to the excess usage.

14. That, in the event the supply of water available to Seller shall be reduced or diminished for whatever reason, the supply of water to Purchaser under this Agreement may be partially or wholly terminated, in the sole discretion of Seller, and Purchaser shall rely solely on its existing supplier and Seller

shall have no liability to Purchaser, or anyone claiming through Purchaser, for any loss or damage that result, either directly or indirectly, from any interruption of or decrease in service.

15. That this Agreement shall extend for a period of 10 years from the date hereof and may thereafter be renewed or extended for such term as may be agreed to by the parties hereto.

16. That this Agreement shall automatically renew for an additional 10 year term unless a notice of termination is sent in writing by either party hereto to the other not less than 90 days prior to the expiration of the then existing term.

17. That this Agreement is subject to such rules, regulations or laws of any regulatory agency, including the Public Service Commission, as may be applicable to similar agreements in this Commonwealth and the Seller and Purchaser shall collaborate in obtaining such permits, certificates, and authorizations as may be required to effect this Agreement.

18. That this Agreement shall be binding upon the parties hereto, their respective successors and assigns.

19. That this writing contains the entire agreement between the parties and shall not be altered or amended except in writing executed as done herein.

WITNESSETH the signatures of the parties hereto, pursuant to authority granted as required by law.

**SELLER:**

**LAKE VILLAGE WATER  
ASSOCIATION, INC.**

BY: Mike Royalty  
authorized officer  
dan.work\vwaw\waterpurchasesagree.burg.in

**PURCHASER:**

**THE CITY OF BURGIN, KENTUCKY,**  
a municipal corporation of the sixth class

BY: John W Brown  
**HON. JOHN D. BROWN, Mayor**