

**PURCHASE PUBLIC SERVICE CORPORATION
WASTEWATER TREATMENT PLANT AND SYSTEM AGREEMENT**

THIS AGREEMENT made and entered into this 30 day of ~~April~~^{Aug}, 2012, by and between **PURCHASE PUBLIC SERVICE CORPORATION** (hereinafter referred to as “PPSC”), with its business at Purchase Area Development District of 1002 Medical Drive, Mayfield, Kentucky 42066 and **THE ELECTRIC PLANT BOARD OF THE CITY OF MAYFIELD, KENTUCKY D/B/A MAYFIELD ELECTRIC & WATER SYSTEMS**, 301 East Broadway, Mayfield, Kentucky 42066, a public body corporate and political subdivision organized pursuant to Chapter 96 of the Kentucky Revised Statutes (hereinafter referred to as “MEWS”),

WHEREAS, PPSC owns three sewage treatment facilities in Graves County, Kentucky being Thomas Country Estates, Highland Club Estates, and Holifield Heights; and

WHEREAS, MEWS is currently operating said facilities under an Operating Agreement dated the 1st day of September, 2001; and

WHEREAS, PPSC desires to transfer ownership of the three facility treatment plants to MEWS.

NOW THEREFORE, for and in consideration of the mutual promises and covenants herein contained PPSC and MEWS agree as follows:

I. DEFINITIONS.

The following definitions will apply throughout this agreement:

- A. “**AGREEMENT DATE**” shall be the date on which this agreement is fully executed by both PPSC and MEWS;
- B. “**TRANSFER DATE**” shall be July 1, 2012 pending approval from the Kentucky Public Service Commission;

- C. “**TREATMENT FACILITES**” shall mean the three facilities now owned by PPSC and operated by MEWS and being the Thomas Country Estates, the Highland Club Estates, and the Holifield Heights located in Graves County, Kentucky. This shall include all properties, real, personal or mixed which are owned by PPSC and are used by MEWS in the operation of the three facilities referred to above and any and all contracts associated with the operation of the facilities. It shall also include all sewer pipes, lines, force mains, treatment plants, pumping and lift stations and all other real and/or personal property of PPSC used in the collection conveyance and treatment of sanitary sewage at the facilities.

II. OPERATIONS PENDING APPROVAL AND TRANSFER.

- A. Prior to the approval by the Kentucky Public Service Commission and the transfer of the **TREATMENT FACILITIES** MEWS shall continue to operate the **TREATMENT FACILITIES** pursuant to the agreement entered into on or about the 1st day of September, 2001 between PPSC and MEWS.
- B. On the **TRANSFER DATE** PPSC agrees, pursuant to a Deed and Bill of Sale to transfer and sell to MEWS the facilities described herein situated in Graves County, Kentucky, including all easements, right-of-ways, licenses, privileges, improvements and appurtenances (including sewer mains, lines, manholes, pumping stations, etc. located in public ways or in dedicated public easements) necessary to the operation of the **TREATMENT FACILITIES** and its attendant system. PPSC agrees to transfer the **TREATMENT FACILITIES** free and clear of all encumbrances, except for any easements, restrictions and stipulations of record or applicable governmental laws rules and regulations.

As of the **TRANSFER DATE** and upon execution and delivery of the deeds and Bills of Sale, MEWS shall own and operate the **TREATMENT FACILITIES**, pay all the expenses relating to the operations and otherwise bear all responsibility for the operations and maintenance of the **TREATMENT FACILITIES**. After the transfer it is anticipated that PPSC customers will be subject to the same rates that are currently on file with the Public Service Commission for the foreseeable future.

- C. Both PPSC and MEWS warrant that there are no claims known to either of them arising out of the ownership by PPSC or the operations by MEWS and further knows of no litigation which is contemplating or pending that relates to or concerns the **TREATMENT FACILITIES**.
- D. MEWS agrees to indemnify, defend and hold harmless PPSC from all claims or obligations that arise out of any event or incident related to or concerning MEWS’S ownership of the **TREATMENT FACILITIES** on or after the transfer date, including, but not limited to all taxes assessed and payable liens operating debt and expenses in claims for personal injury. Before MEWS shall have any liability under this paragraph MEWS must receive prompt and reasonable written

notice of any claim or obligation for which PPSC seeks indemnity and reimbursement. The written notice shall be of sufficient content to allow MEWS the opportunity to defend any such claims or obligations.


- E. PPSC states that there are no written or oral contracts or other obligations including but not limited to prior capacity commitments, to be assumed by MEWS, except those that may be identified in this agreement or in the application before the Public Service Commission of Kentucky. On the **TRANSFER DATE**, PPSC shall tender to MEWS all security deposits or other funds held by PPSC for the benefit of or future use by or credit to customers and MEWS shall hold said funds under the same terms for the benefit use or credit of the customers. However, PPSC represents that at the present time, it does not hold any security deposits or other funds or credits for the benefit of or future use by its customers. On the **TRANSFER DATE** PPSC agrees to tender to MEWS any and all records, documents, permits files, billing lists, customer lists related to the facilities that is not already in possession of MEWS under the Operating Agreement.
- F. On the **TRANSFER DATE** PPSC agrees to provide MEWS with any and all operating data influent and effluent of the facilities then in possession of PPSC or its agents that has not already been furnished to MEWS under the Operating Agreement.
- G. Subject to any express provisions contained in this agreement to the contrary, MEWS accepts the **TREATMENT FACILITIES** subject to any such conditions and liabilities, which are unknown to PPSC (without any independent investigation) as of the **TRANSFER DATE**. MEWS agrees that, as a part of the inducement to PPSC to enter into this agreement, PPSC shall not be liable if or in any way responsible, for any existing or future losses, liabilities (including, without limitation, strict liability), damages, injuries, expenses, costs of any settlement or judgment and claims of any and every kind whatsoever with respect to, or as a direct result of, any environmental hazard occurring on or after the **TRANSFER DATE**. MEWS expressly assumes as of the transfer date all responsibility for, and shall carry out and comply with, any and all duties, obligations and requirements, whether existing or future, of PPSC with respect to, or imposed by, any settlement, judgment, decree, or other order of any governmental authority, any other settlement, judgment or other order of any court, or any Environmental Laws, in relation to, or as a direct result of, any such environmental hazard on or after the **TRANSFER DATE**.
- H. MEWS expressly assumes, as of the **TRANSFER DATE**, all liability for, and shall indemnify PPSC and hold PPSC harmless from and against any and all liabilities, including but not limited to any liabilities asserted or rising under any Environmental Laws, suffered by, or otherwise asserted against PPSC as the result of its ownership of the **TREATMENT FACILITES** by any person or entity.

III. MISCELLANEOUS

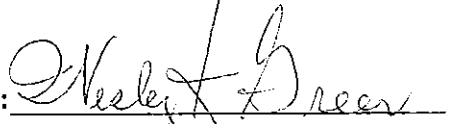
- A. All responsibilities and obligations incurred under this agreement shall be binding on the successors and assigns of PPSC and MEWS.
- B. This agreement shall be interpreted pursuant to the laws of the Commonwealth of Kentucky. The Graves Circuit Court, Graves County, Kentucky, shall have exclusive jurisdiction and venue to interpret the terms of this agreement, to settle disputes arising under this agreement, and to enforce this agreement. The parties to this agreement agree and hereby submit themselves to the jurisdiction of the Graves Circuit Court for these purposes.
- C. MEWS shall obtain any and all necessary approvals for this agreement from all applicable government authorities, except that PPSC shall petition the Public Service Commission for approval of this agreement. PPSC shall provide such assistance, as reasonably necessary, for MEWS to gain the necessary approvals from any other applicable government authorities.
- D. MEWS represents that Kevin Leonard is in charge of the daily operation of the facilities and will continue to be so after the transfer. MEWS has the technical knowledge to operate the facilities on a day-to-day basis and Kevin Leonard possesses a license to operate the wastewater treatment facilities and attends continuing education classes each year to maintain a current license.

IN WITNESS WHEREOF, PPSC and MEWS have executed this agreement as of the date first set forth above but actually on the dates set forth below.

**PURCHASE PUBLIC
SERVICE CORPORATION**

By: 
CHAIRMAN

**MAYFIELD ELECTRIC &
WATER SYSTEMS**

By: 
Chairman