

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 26 day of May, 1977, by and between the City of Scottsville, Kentucky, City-County Building, Scottsville, Kentucky 42164, a fourth class city of the Commonwealth of Kentucky per KRS 81.010(4), hereinafter referred to as the seller, and the Allen County Water District, Route 4, Scottsville, Allen County, Kentucky 42164, hereinafter referred to as the purchaser.

WITNESSETH, that whereas the purchaser is organized and established under the provisions of chapter 74 of the Kentucky Revised Statutes 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, potable water, and

Whereas, the seller owns and operates a water supply distribution system, which includes as a source of water a water purchase contract with the City of Glasgow, Kentucky, dated March 12, 1974, and running for a term of forty years from the date of said contract's commencement, 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 a resolution duly enacted on the 24th day of February, 1976, by the Common Council of Scottsville, the sale of water to the purchaser in accordance with the provisions of the said resolution was approved and the execution of this contract carrying out the said resolution by the Mayor of the City of Scottsville and attested by the City Clerk was duly authorized, and

Whereas, by a duly enacted resolution of the governing body of the purchaser, enacted on the 21st day of November, 1975, 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 Chairman of the Allen County Water District and attested by the Secretary was duly authorized;

Now therefore, the premises considered, and for other good and adequate consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, and in further consideration of the mutual agreements, covenants and undertakings hereinafter set forth, the seller and purchaser hereby agree as follows:

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 Division of Sanitary Engineering, Department of Natural Resources and Environmental Protection in such quantity as may be required by the purchaser not to exceed ten million gallons per month.

2. (Point of Delivery and Pressure) That water will be furnished from an existing twelve-inch water main at various points located along old U. S. Highway 31-E between the Barren River Reservoir and Scottsville, Kentucky. The seller's contract with the City of Glasgow, provides for Glasgow's furnishing seller with water at a pressure of ninety pounds per square inch at Glasgow's point of delivery to seller at the Barren River Reservoir. If a greater pressure than that normally available at the point of delivery as generated by the aforesaid delivery by Glasgow to seller is required by the purchaser, the cost of providing such greater pressure shall be borne by the purchaser.

3. (Billing Procedure) To furnish the purchaser at the above address not later than the first day of each month

with an itemized statement of the amount of water furnished the purchaser during the preceding month.

B. The purchaser agrees as follows:

1. (Metering Equipment) To furnish, install, operate and maintain at its own expense 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 seller but not more frequently than once every twelve months. A meter registering not more than two 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 six months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter 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 or about the 25th day of each month. Appropriate officials of the purchaser and seller at all reasonable times shall have access to the meters for the purpose of verifying the readings.

2. (Rates and Terms) To pay the seller, not later than the 10th day of each month, for water delivered in accordance with this contract, to the District's users individually metered at various points along and directly from an existing twelve-inch water main, and to other District users served from the presently proposed lines running from the City's twelve-inch main to Bailey's Point, the sum of seventy cents per one thousand gallons of water.

3. (Connection Fee) To pay as an agreed connection fee:

a. A one-time fee of \$50.00 for connecting the District's master meter to the Scottsville

twelve-inch water main for the purpose of serving the Bailey Point line.

- b. An annual connection fee on each District user individually metered and served from the City's twelve (12") inch water main, the District will pay the City annual for a period of 40 years a connection fee of \$48.00 per year for each user so served during the year. Payment of this obligation will be made at the rate of \$4.00 per month for each individually metered user actively receiving water service during the month. The 40 year period will begin on the date of initial delivery of water to the District as shown on the first bill submitted by the seller to the purchaser.

4. (New Service Areas) As new service areas are added by the District, connection fees and water rates for the new area will be negotiated in a manner beneficial to each party.

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 fifty years from the date of the initial delivery of any water 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 thirty 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 the rate of \$0.70 per 1,000.00 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 if otherwise diminished over an extended period of time, the supply of water to purchaser's customers shall be reduced or diminished in the same ratio or proportion as the supply to seller's consumers is reduced or diminished. The parties herein understand and agree that one of the seller's primary sources of water is being furnished to seller pursuant to a contract with the City of Glasgow, Kentucky, dated March 12, 1974, running for a term of forty years commencing with the initial delivery and billing pursuant to said contract and that rescission, cancellation or termination of this contract would seriously impair or incapacitate the seller from performing the terms of this contract.

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 the first two years of seller's contract with the City of Glasgow hereinabove referred to and every two years thereafter. 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. 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. (Line Losses) It is further understood and agreed that the seller and purchaser will share the cost of unaccounted for water along the seller's twelve-inch transmission main based upon the percentages used by each party to this contract of the total amount metered from Glasgow's water works for any month up to fifteen percent of said total amount. Seller shall bear any line losses in excess of fifteen percent.

8. (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.

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9. (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.

10. (Pledge) This contract is hereby pledged to the United States of America acting through the Farmers Home Administration as part of the security for a loan for the United States of America.

Seller:

City of Scottsville, Kentucky

BY:

Reaves Jackson
Reaves Jackson, Mayor.

Attest:

Edith Parrish
City Clerk

Purchaser:

Allen County Water District

BY: O. T. Yates, Jr.
O. T. Yates, Jr., Chairman

Attest:

David H. Reed
Secretary

This contract is approved on behalf of the Farmers Home Administration this 9 day of June, 1977.

BY: John I. Harmon
for State Director, Kentucky
Farmers Home Administration

PUBLIC SERVICE COMMISSION
OF KENTUCKY

SEP 1977

RECEIVED SEP 5 1977
BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER