

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 16th day of October

~~XX~~ 2002 between the (CITY OF) PRINCETON WATER & WASTE WATER COMMISSION

101 E. Market Street, Princeton, Kentucky 42445
(Address)

hereinafter referred to as the "Seller" and the CALDWELL COUNTY WATER DISTRICT

118 W. Main, Princeton, Kentucky 42445
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 74 of the Code of 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 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 Resolution No. 117 enacted on the 11th day of October, ~~XX~~ 2002 by the Seller, 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 Commission Princeton Water & Waste Water, and attested by the Secretary, was duly authorized, and

Whereas, by resolution of the Caldwell County Water District of the Purchaser, enacted on the 15th day of October, ~~XX~~ 2002, 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 Caldwell County Water District, 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 Commonwealth of Kentucky Pure Water Drinking Standards

in such quantity as may be required by the Purchaser not to exceed 12 million gallons per month

**PUBLIC SERVICE COMMISSION
OF KENTUCKY
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NOV 7 2002

**PURSUANT TO 607 KAR 5:011
SECTION 9 (1)**

BY Charles W. Dow
EXECUTIVE DIRECTOR

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U. S. Department of Agriculture, Clearance Officer, STOP 7602, 1400 Independence Avenue, S.W., Washington, D.C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at normal pressure from an existing see attachment # 1 inch main supply at a point located and other meters which may be installed during the term of this Contract. If a 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. ^{Purchaser is} (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~~ ^{Seller} 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 six (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 or about the 4th day of each 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 10th 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. \$ N/A for the first _____ gallons, which amount shall also be the minimum rate per month.
- b. \$ N/A cents per 1000 gallons for water in excess of _____ gallons but less than _____ gallons.
100 cu. ft.
- c. \$ 1.43 cents per ~~1000 gallons for water in excess of~~ _____ gallons.

2. There will be a 5.5 (five and one-half) million gallon minimum per month for billing purposes. The monthly minimum will be reviewed annually and adjusted based on historical usage over the annual period to 80% of the average monthly consumption. The average monthly consumption for the setting of the monthly minimum will be adjusted by any major deviations caused by main breaks, major leaks, requirement for excessive flushing, etc. Purchaser must document such major deviations on a timely basis. The parties agree that the annual review of the monthly minimum shall take place in October of each year during the term of this Agreement.

3. Purchaser acknowledges that Seller has committed a substantial amount of resources to ensure that Seller is able to supply Purchaser with up to 12 million gallons per month. For and in consideration of this commitment on the part of Seller, Purchaser agrees that Seller shall be its exclusive source of water up to the amount of 12 million gallons per month. Provided, however, that there is exempted from this requirement relatively small quantities of water purchased from adjoining sources to serve areas of the County which are not economically feasible to be served by water from Seller.

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 sum of construction cost dollars which shall cover any and all costs of the Seller for installation of the metering equipment and shall furnish, install, calibrate and maintain master meters

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 45 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 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. This applies to new construction projects.

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 \$ 1.92/1,000 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 ~~at such times and in proportion to modification by the Seller for its resident customers~~ water delivered are subject to modification ~~at the end of every xxxxxxxxxxxxxxxxx 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. 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 Rural Development 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.

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. This is a modification and renewal of all existing water purchase contracts between Princeton Water & Waste Water Commission and Caldwell County Water District.

10. The effective date of water delivered under the terms of this Agreement shall be November 1, 2002, until that time the parties agree that water will be provided under the existing contract.

11. In the event Purchaser has a requirement for water in excess of the maximum of 12 million gallons, then the parties agree to negotiate the price for such water in good faith prior to any request for Public Service Commission intervention.

12. The parties agree that Purchaser and Seller will jointly petition the Public Service Commission to discontinue a pending review of Seller ~~effective October, 2002.~~

13. In the event Seller modifies the schedule of rates to be paid by Purchaser as permitted under Paragraph 5 above and Purchaser believes that such modification is not based on a demonstrable increase in Seller's costs of performance hereunder, Purchaser agrees that it will communicate with Seller in an effort to ~~concerning~~ the rate modification prior to initiating or filing any request for ~~Public Service Commission intervention.~~

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NOV 9 7 2002
PURSUANT TO 809 KAR 5.019
SECTION 9 (Service
BY Charles L. Durr
EXECUTIVE DIRECTOR

*** SEE NEXT PAGE FOR ADDITIONAL PROVISIONS ***

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in two (2) counterparts, each of which shall constitute an original.

Seller:

(CITY OF) PRINCETON WATER AND WASTE WATER

By Virginia G. Rousten

Title Superintendent

Attest:

Alvia Butts

Secretary

Purchaser:

CALDWELL COUNTY WATER DISTRICT

By Gary Fuller

Title Board Chairman

Attest:

Patricia B. Fralich

Secretary

This contract is approved on behalf of Rural Development this _____ day of _____, 19____.

By _____

Title _____

14. Purchaser shall immediately notify Seller of any main breaks.
15. Purchaser shall provide Seller with seven (7) days advance notice of all planned flushing operations, which notice shall include the date of the scheduled flushing operation and the estimated number of gallons to be flushed from the system.

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NOV 9 7 2002

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

BY Thomas W. [Signature] U.S. PHONE 1-800-497-555-806
EXECUTIVE DIRECTOR

WATER PURCHASE CONTRACT
ATTACHMENT NO. 1

1. 8" main supply located at Corporate Limit, U.S. Highway 62 West of Princeton, Caldwell County, Kentucky
2. 8" main supply located at Corporate Limit, Kentucky Highway 91 North of Princeton, Caldwell County, Kentucky
3. 10" main supply located at McLin Street and Old Hopkinsville Railroad of Princeton, Caldwell County, Kentucky
4. 16" main supply located at Kentucky Highway 293 South, Kentucky Highway 903 South of Princeton, Caldwell County, Kentucky
5. 8" main supply located at Kentucky Highway 293 North, Nichols Road North of Princeton, Caldwell County, Kentucky
6. 16" main supply located off Highway 293 South on Joe Jones Road of Princeton, Caldwell County, Kentucky
7. 6" main located at Sandra Drive in Northwest section of Princeton, Caldwell County, Kentucky ~~2" meter (3800 CF \$66.15)~~ ^{delete} _✓ no set rate min. 1.43/100 CF
8. 3" main at Old Wilson Warehouse Road past Bethany Church Road Northwest of Princeton, Caldwell County, Kentucky ~~1-1/2" meter (2000 CF \$38.43)~~ ^{delete} _✓ no set rate min. 1.43/100 CF

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

BY Charles L. Egan
EXECUTIVE DIRECTOR