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P.S.C.
RATES & RESEARCH DIV.

WATER PURCHASE CONTRACT

PUBLIC SERVICE
COMMISSION

This contract for the sale and purchase of water is entered into as of the 11 day of June, 1982, between the City of Columbia and Columbia Utilities Commission, Campbellville Street (Municipal Building), Columbia, Adair County, Kentucky 42728, hereinafter referred to as the "Seller" and the Adair County Water District, by its Chairman, H. W. Roach, 101 Reed Street, Columbia, Adair County, Kentucky 42728, hereinafter referred to as the "Purchaser".

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OF KENTUCKY
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W I T N E S S E T H :

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

WHEREAS, the Purchaser is organized and established under the provisions of K.R.S. 74.020 of the Code of Kentucky and by Charter, for the purpose of construction 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

BY: *[Signature]*
[Illegible text]

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 minutes enacted on the 11 day of June, 1982, by the Seller, the sale of water to the

Purchaser in accordance with the provisions of the said minutes and this contract was approved, and the execution of this contract carrying out the said agreement by the Seller, and attested by the Secretary, was duly authorized, and

WHEREAS, by minutes and orders of the Adair County Water District of the Purchaser, enacted on the 11 day of June, 1982, the purchase of water from the Seller in accordance with the terms set forth in the said minutes was approved, and the execution of this contract by the Chairman, and attested by the Secretary was duly authorized;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth:

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A. The Seller Agrees:

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)
BY: James A. Meel
FOR THE PUBLIC SERVICE COMMISSION

I

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 Department of Health, Commonwealth of Kentucky in such quantity as may be required by the Purchaser not to exceed NINE MILLION (9,000,000) gallons per month. It is further agreed that should leaks develop in the Purchasers lines, the Seller reserves the right to cut-off the water supply until said leaks are located and repaired when it appears that an excess of TWO HUNDRED THOUSAND (200,000) gallons per day is occurring due to said

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leak or leaks.

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Judith L. White
FOR THE PUBLIC SERVICE COMMISSION

II

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.

III

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 but not more frequently than one 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 twelve (12) 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 first 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.

IV

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.

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B. The Purchaser Agrees:

PURSUANT TO 807 KAR 5011,
SECTION 8 (1)

I

To pay the Seller, not later than the tenth day of each month, for water delivered in accordance with the following schedule of rates:

BY: *[Signature]*
FOR THE PUBLIC SERVICE COMMISSION

The price for the water herein furnished under this contract in units of ONE THOUSAND (1,000) gallons each will be at the rate of EIGHTY-FIVE CENTS (\$.85) per unit. This contract may be subject to review in one (1) year from the date of this agreement.

C. It is Further Mutually Agreed Between the Seller and the Purchaser as follows:

I

That this contract shall extend for a term of forty

(40) 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.

II

That thirty (30) 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.

III

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 fee for the water actually used which will be paid by the contractor or, on his failure to pay, by the Purchaser.

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VI

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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

PURSUANT TO 807 KAR 5011.
SECTION 9(1)

BY: *[Signature]*
FOR THE PUBLIC SERVICE COMMISSION

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 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.

V

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 one (1) 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.

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VI

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SECTION 9(1)

That this contract is subject to such 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.

BY: *Jordan C. [Signature]*
FOR THE PUBLIC SERVICE COMMISSION
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VII

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 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.

VIII

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.

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IX

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 from the United States of America.

PURSUANT TO 807 KAR 5011,
SECTION 9 (1)
BY [Signature]
FOR THE PUBLIC SERVICE COMMISSION

X

That this contract every year will be reviewed by the parties concerning the quantity of water and the price, and if there is a suggested increase same will be negotiated as this contract has, to arbitration, if necessary.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this

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contract to be duly executed.

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Sellers:

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Justin C. Neal
FOR THE PUBLIC SERVICE COMMISSION

CITY OF COLUMBIA

By:

W J Flowers Jr
Woodruff J. Flowers, Jr.
Mayor

Attest:

Frances C. Pickard
Frances C. Pickard
City Clerk

COLUMBIA UTILITIES COMMISSION

By:

John D. Lowe, III
John D. Lowe, III

Attest:

Larry Walker
Larry Walker
Secretary

Purchaser:

ADAIR COUNTY WATER DISTRICT

By:

H. W. Roach
Chairman

PUBLIC SERVICE COMMISSION
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Attest:

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William R. Meibum
Secretary

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

This contract is approved on behalf of the Farmers
Home Administration, this the 16th day of ^{August} ~~June~~, 1982.

By:

Robert W Letton

Title:

Community Programs Specialist