

WATER PURCHASE CONTRACT

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P.S.C.  
RATES & RESEARCH DIV.

This contract for the sale and purchase of water is entered into as of the 21st day of April,  
19 92, between the City of Russell Springs

(Address)

hereinafter referred to as the "Seller" and the Adair County Water District  
Columbia, Kentucky

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(Address)

hereinafter referred to as the "Purchaser",

PUBLIC SERVICE  
COMMISSION

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of KRS of the  
Code of \_\_\_\_\_, 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 motion duly passed by the City Council of Russell Springs on the 10th  
No. \_\_\_\_\_ enacted on the \_\_\_\_\_ day  
of March, 19 92, by the Seller, the sale of water to the Purchaser in accordance  
with the provisions of the said motion was approved, and the execution of this contract  
carrying out the said Water Purchase Contract by the Mayor,  
and attested by the Secretary, was duly authorized, and

Whereas, by acceptance of the Water Purchase Contract  
of the Purchaser, enacted on the 21st day of April, 19 92,  
the purchase of water from the Seller in accordance with the terms set forth in the said Water Purchase Contract  
was approved, and the execution of this contract by the Chairman of Adair County Water District, and  
attested by the Secretary was duly authorized;

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OF KENTUCKY  
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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  
in such quantity as may be required by the Purchaser not to exceed 9,000,000 gallons per month.

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SECTION 9 (1)  
BY: Jordan C. Neal  
FOR THE PUBLIC SERVICE COMMISSION



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 10 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 a

flat charge of \$ 100.00 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 water delivered are subject to modification at the end of every 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.

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 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.

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. Upon approval of this contract by all parties, any previous water purchase contracts shall be null and void.

10. The purchaser hereby pledges this contract to Farmers Home Administration as additional security for the loan.

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BY: Jordan C. Neel  
FOR THE PUBLIC SERVICE COMMISSION

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in three (3) counterparts, each of which shall constitute an original.

Seller:

City of Russell Springs, Kentucky

By Kushbert Paschman

Title Mayor

Attest:

Bill J. Wheat  
Secretary

Purchaser:

Adair County Water District

By Robert R. Moss

Title Chairman

Attest:

Bill Moss  
Secretary

This contract is approved on behalf of the Farmers Home Administration this 24<sup>th</sup> day of April, 19 92.

By James A. Leth

Title Community & Business Program Specialist

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