

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 6th day of January, 1993, between the City of Williamstown, Kentucky, 400 North Main Street, Williamstown, Kentucky, 41097, hereinafter referred to as the "Seller" and the Corinth Water District, U.S. 25, P.O. Box 218, Corinth, Kentucky, 41010, hereinafter referred to as the "Purchaser".

WITNESSETH:

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WHEREAS, by Water Purchase Contract dated August 30, 1983 the City of Williamstown, Kentucky, and the Corinth Water District entered into a contract for the sale and purchase of water, and;

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WHEREAS, those parties desire to mutually release other from that Water Purchase Contract, render null and void that Water Purchase Contract and replace it with the following Water Purchase Contract, and;

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

BY: John C. Neal
FOR THE PUBLIC SERVICE COMMISSION

WHEREAS, the Purchaser is organized and established under the provisions of KRS 74.010 et seq. 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 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 Municipal Order No. 61 enacted on the 7th day of December, 1992, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Municipal Order was approved, and the execution of this contract carrying out the said Municipal Order by the Mayor of the City of Williamstown and attested by the Clerk was duly authorized, and

WHEREAS, by Resolution of the Board of Commissioners of the Purchaser, enacted on the 6th day of January, 1993, the purchaser 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, and attested by the Secretary was duly authorized;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth, it is mutually agreed between the Seller and the Purchaser that all covenants in

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the Water Purchase Contract dated August 30, 1983 are hereby rescinded, the same Water Purchase Contract is fully released to all obligations between the parties and is replaced by the following:

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A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at both points 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 Kentucky Natural Resources and Environmental Protection Cabinet in such quantity as may be required by the Purchaser not to exceed 5,000,000 gallons per month nor more than 240,000 gallons during any twenty-four (24) hour period.

2. (Points of delivery and Pressure) Water will be furnished at a reasonably constant pressure of forty eight pounds per square inch (48 psi) at a peak flow not to exceed two hundred gallons per minute (200 gpm) from an existing eight inch (8") water main previously constructed by Seller from its existing eight inch (8") water supply main to a point adjacent to and west of U.S. Highway 25 approximately five hundred fifty feet (550') south of the Heekin Road, the point of delivery. In addition, water will be furnished at a reasonably constant pressure of forty eight pounds per square inch (48 psi) AT A PEAK FLOW NOT TO EXCEED two hundred gallons per minute (200 gpm) from an eight inch (8") water main to be constructed by Seller from the end of the Grant County Farm Equipment, Inc., property (approx) 1750 feet east on Ky. 36 to the new point of delivery. If a greater pressure than that normally available at the point of delivery is required by Purchaser, the cost of providing such greater pressure shall be borne by Purchaser. Emergency failures of pressure or supply due to water line breaks, power failure, flood, fire, use of water to fight fires, earthquake or other catastrophe shall excuse Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering equipment) To furnish and install at the Purchaser's expense, at the second point of delivery, and to operate and maintain at its own expense, at both points 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 once every twelve (12) months. A meter registering not more than one and one-half percent (1½%) 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. Should the metering equipment be found to be accurate within the definition set out above upon any calibration test requested by Purchaser, the entire cost of such calibration test shall be borne by Purchaser. The metering equipment shall be read on or about the fifteenth (15th) 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 address shown above, on or about the first (1st) day of each month, with an itemized statement of the amounts furnished by Seller to Purchaser during the preceeding reading period.

B. The Purchaser Agrees:

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1. (Rates and Payment Date) To pay to the Seller later than the tenth (10th) day of the month in which statement is forwarded to Purchaser, for water delivered to Purchaser in accordance with the following schedule of

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(a) One dollar and fifty-three cents (\$1.53) per one thousand (1000) gallons until July 1, 1993.

(b) One dollar and eighty-five cents (\$1.85) per one thousand (1,000) gallons, effective July 1, 1993.

(c) Purchaser agrees to pay for no less than two million gallons per month (two million gpm) effective upon connection to the second point of delivery as identified above.

2. (Connection Fee) To pay to Seller as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, a sum equal to all costs, fees, and expenses, including but not limited to, cost of labor, materials, meters, valves, accessories, supplies, engineering, incurred by Seller in constructing at the second point of delivery an appropriate meter house or pit and in installing therein an appropriate meter, valves, by-pass, etc. all in accordance with good engineering practices, provided however, that the total of such charges shall not exceed TWENTY THOUSAND DOLLARS (\$20,000.00) if Purchaser has notified Seller to proceed with construction of such meter pit and appurtenances before January 1, 1993, if such notice be given after that date no limitation shall apply but the total actual cost shall be paid.

This connection fee shall be paid by Purchaser to Seller on or before the time of the making by Purchaser of the first customer tap for its customer or permitting others to make such tap.

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 twenty-five (25) years from the effective date of this contract and thereafter may be renewed or extended only by a written agreement executed by both Seller and Purchaser upon such terms and conditions as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) Not less than thirty (30) days prior to the estimated date of need of delivery of water to the second point of delivery the Purchaser will notify the Seller in writing of the date for initial delivery of water.

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3. (Exclusive Purchaser Contract, Exceptions)

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(a) Purchaser presently contemplates, as shown by the tentative plans now on file in Purchaser's office, construction of a six inch (6") water main and distribution line south from the second point of delivery to any point including the Harrison County line. Should Purchaser at any time during the life of this contract, elect to build and/or install or serve a water distribution system in any area not contiguous to the area served by the water lines described above, then the Purchaser shall be required to purchase water from the Seller herein for supplying such non-contiguous area, provided the Seller is able to supply such water.

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

(b) The Seller will sell to Purchaser and Purchaser will purchase from Seller all of Purchaser's water requirements during the term of this contract not exceeding FIVE MILLION (5,000,000) gallons per month, provided however, should Purchaser's requirements exceed FIVE MILLION (5,000,000) gallons per month and Seller is not able or does not desire to furnish such additional requirements, Seller shall not be required to furnish such additional amounts and Purchaser may purchase from other sources or provide from its own sources, that part of its water requirements in excess of FIVE MILLION (5,000,000) gallons which Seller is unable or does not desire to furnish. Purchaser shall notify Seller not more than forty-eight (48) months nor less than six (6) months prior to the time Purchaser anticipates Purchaser's requirements will exceed FIVE MILLION (5,000,000) gallons per month by written notice setting forth its anticipated requirements for a period of the subsequent ten (10) years showing average monthly requirements for each year. Seller shall within ninety-one (91) days of receipt of such notice, notify Purchaser in writing, of the amount of water it is willing to furnish to Purchaser in any one month during such ten (10) year period.

4. (Failure to Deliver) 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 the quantities of water required by Purchaser, subject to the limitations provided herein. Temporary or partial failures to deliver water will 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, then its full obligation hereunder shall be reduced in the same proportion and the supply to all the city's other customers is reduced until such time as it can, with reasonable diligence, fully supply the quantities of water anticipated by this contract. In the event, for any reason, Seller cannot fully supply the needs of all its customers including the obligations under this contract, the Purchaser agrees to adopt and enforce water conservation practices and rules for itself and its customers equal to those adopted and enforced by Seller. In the event Purchaser shall fail to impose and enforce such restrictions, Seller may reduce the amount of water supplied under this contract to insure performance under this contract. That all users supplied directly or indirectly by Seller shall bear the burden of water shortages equally.

5. (Modification of Contract) The provisions of this contract pertaining to the schedule of rates to be paid by Purchaser to Seller for water delivered to Purchaser (Paragraphs B1 (a), (b) are subject to modification, as herein provided, from time to time, but not more frequently than once in any twelve (12) month period. No increases or decrease shall be made in the rate then charged by Seller to Purchaser unless the Seller shall have given Purchaser a notice of the proposed increase or decrease a minimum of four (4) months prior to the effective date of such increase or decrease; nor shall such rate change increase the then current rate by more than ten percent (10%). Purchaser shall pay to Seller a fee or charge or charges for each one thousand (1,000) gallons of water delivered to Purchaser at each metering point at the rate set out in Paragraph B1 (a), (b) hereof or at such rate as may be fixed by the Seller from time to time but not exceeding the limitations set out in the preceding sentences of this paragraph. Any other provisions of this contract may be altered, amended or stricken only by the express written agreement executed by each of the parties hereto or their respective successors or assignees.

6. (Seller Not Limited as to Future Customers) Seller may, without limitation, sell potable water in any amounts to any present or future customers it may elect without prior or subsequent approval of Purchaser.

7. (Regulatory Agencies) 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 licenses as may be required to comply therewith, without cost to Seller.

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BY: Jordan C. Steel
FOR THE PUBLIC SERVICE COMMISSION

8. (No Interest in System) Purchaser shall not have any interest of any kind or nature in Seller's water supply, filtration system or distribution system at any time; Seller shall not have any interest of any kind or nature in Purchaser's water system.

9. (Maintenance of Purity and Pressure) Purchaser shall have the sole responsibility to maintain the purity and pressure of water from the point of delivery to all points within the system.

10. (Contract not to be Construed as a Whole) If any section, paragraph, or clause of this Contract be held by a proper Court to be invalid, such invalidity shall not affect the remaining sections, paragraphs, or clauses, it being expressly declared that the remainder of such Contract would have been entered into despite such invalidity.

11. (Successor to Purchaser) 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.

12. (Successor to Seller) This contract shall be assignable by the Seller and any successor to the Seller or of the ownership or operation of its water treatment and distribution system, as the result of legal process, or voluntary assignment shall succeed to the rights of the Seller hereunder.

13. (Boundaries of Purchaser) The Seller and the Purchaser agree that the northern boundary of the Purchaser shall be determined by a line described as follows:

A line determined by a point located six hundred feet due south (on a bearing of 180° true) of the intersection of the center line of Heekin Road with the intersection of the center line of U.S. Highway #25 and from such point extended west (on a bearing of 270° true) to a point in the Grant/Owen County line; and from such point extended east (on a bearing of 90° true) to a point in the Grant/Pendleton line.

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14. (Limitation on Service Area) Seller shall not at any time during the life of this contract extend any water distribution lines into the area south of the line fixed by the terms of Paragraph 13 hereof except that Seller may without limitation serve all or any part of the lands now owned by Harry Marksberry and Alda Marksberry, a part of which lie on the south of the line described in Paragraph 13 hereof. Purchaser shall not at any time during the life of this contract extend any water distribution line into the area north of the line fixed by the terms of Paragraph 13 hereof.

15. (Failure of Purchaser to Pay for Water Supplied)
Should Purchaser fail to pay any statement in full for water delivered in accordance with this Contract, on or before its due date and if the same remains unpaid for a period of sixty (60) days then the Purchaser shall pay in addition to the amount of such statement a late payment penalty of two percent (2%) of the amount of such statement not to exceed TWO HUNDRED FIFTY DOLLARS (\$250.00) together with interest at an interest rate per annum equal to the prime rate that is being charged by the largest bank in Grant County at that time on the amount of the statement from its due date until paid. Should any charges be due from Purchaser to Seller remain unpaid for a period of more than one hundred eighty-three (183) days, the Seller, at its exclusive option, may reduce or withhold delivery under this contract until all unpaid charges, with penalty and interest, have been fully paid.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in duplicate counterparts, each of which shall constitute an original.

SELLER:

CITY OF WILLIAMSTOWN

BY: Anna F. Simpson

TITLE: MAYOR

ATTEST:

William A. Ladd
CLERK

PURCHASER:

Cornith Water District

BY: Gene Herry

TITLE: Chairperson

ATTEST:

Winford Colson

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BY: Jordan C. Paul
FOR THE PUBLIC SERVICE COMMISSION