

RECEIVED  
8 OCT 81  
SEP 14 1994

WATER PURCHASE CONTRACT

P.S.C.  
RATES & RESEARCH DIV.

This contract for the sale and purchase of water is entered into as of the 8 day of October,  
19 81, between the City of Irvine, Kentucky, a Municipal Corporation, a City,  
of the Fourth Class, Irvine, Estill County, Kentucky  
(Address)

RECEIVED  
FEB 03 1988

hereinafter referred to as the "Seller" and the Estill County Water District No. 1, a  
Corporation organized as a Water District under Kentucky Revised  
Statutes, Chapter 74, Irvine, (Address) Kentucky 40336  
hereinafter referred to as the "Purchaser",

DIVISION OF UTILITY  
ENGINEERING & SERVICES

RECEIVED

WITNESSETH:

SEP 14 1994  
PUBLIC SERVICE  
COMMISSION

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 10-8-81-1 No. \_\_\_\_\_ enacted on the 8 day  
of October, 19 81, by the Seller, the sale of water to the Purchaser in accordance

with the provisions of the said Water Purchase Contract was approved, and the execution of this contract  
No. 10-8-81-1  
carrying out the said Resolution/ by the Mayor of the City of Irvine, Ky.,  
and attested by the Secretary, was duly authorized, and

Whereas, by Resolution of the Board of Water Commissioners  
of the Purchaser, enacted on the 8 day of October, 19 81,

the purchase of water from the Seller in accordance with the terms set forth in the said Water Purchase Contract  
OF KENTUCKY  
was approved, and the execution of this contract by the Chairman of the Water District, and  
attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth, OCT 06 1994

A. The Seller Agrees:

PURSUANT TO 607 KAR 5.011,  
SECTION 10  
BY: \_\_\_\_\_

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 Kentucky  
Department of Natural Resources and Environmental Protection

in such quantity as may be required by the Purchaser not to exceed 9,000,000 gallons per month, until the initial  
delivery of water from the new water treatment plant, at that time the  
quantity delivered will be increased and will not exceed 15,000,000 gallons  
per month.

U. S. GOVERNMENT PRINTING OFFICE: 1975-688-051

FHA 442-30 (Rev. 4-19-72)

(Delivery and Pressure) that water will be furnished at a reasonably constant pressure calculated at a minimum of 30/ p.s.i. from an existing 12 inch main and /inch main supply at a point located near the Water District limits on Ky. Highway No. 89 inside the boundaries of the Seller and at a proposed point located near the junction of Ky. Highway.\*

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.

\*No. 1705 and No. 794, respectively.

3. (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 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 3 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 once a 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 3rd 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; subject to a 5% penalty for late payment of any monthly bill.

a. \$ for the first gallons, which amount shall also be the minimum rate per month.

\$0.85 per 1,000 gallons per month, effective as to meter reading made next after Feb. 1, 1982; which rate shall be increased to \$1.16 per less than gallons.

1,000 gallons per month effective as applied to the meter reading made next after Nov. 1, 1982, or upon the initial delivery of water from the new water treatment plant whichever is later.

b. The Purchaser shall pay its proportionate share of the annual principal, interest, and reserve based upon its allocated portion of the treatment plant capacity. The monthly debt service and reserve payment for the Purchaser is \$3,251.00. Purchaser shall also make a monthly payment for the cost of producing and delivering water to the point(s) of connection based upon the metered usage times the operation and maintenance cost of \$ 0.63 per 1,000 gallons. The rate will be adjusted biannually upon the determination of the adjusted operation and maintenance rate based upon the Seller's current cost at the time of adjustment for producing and delivering the water to the point of connection.

c. The Seller shall be responsible for operating and maintaining the water treatment plant in the most economical manner feasible, and the Purchaser shall have the right to question specific items in the audit. (Cont. p.4)

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system expenses of the seller of the Purchaser, the sum of the necessary dollars which shall cover any and all costs of the Seller for installation of the metering equipment and any other expenses of the seller for making the connection.

PUBLIC SERVICE COMMISSION OF KENTUCKY  
OCT 06 1994  
PURSUANT TO 807 KAR 5011  
SECTION 701  
BY: [Signature]

C. It is further mutually agreed between the Seller and the Purchaser as follows:

or until April 3, 2025

1. (Term of Contract) That this contract shall extend for a term of 43 yrs/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 \$0.85 per 1,000 gallons after Feb. 1, 1982 until the initial delivery of water or Nov. 1, 1982 whichever is later, at that time \$1.16 per 1,000 gallons, flat charge of \$ \_\_\_\_\_ 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 starting with initial delivery of water the Purchaser for water delivered are subject to modification at the end of every 2 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. 90 day written notice of contract modification by either party.

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. This Water Purchase Contract is in full force and effect and all former contracts and amendments to these contracts are hereby REPEALED AND RESCINDED in their entirety.

10. This Water Purchase Contract is hereby pledged to the United States of America acting through the Farmers Home Administration as part of the security for a loan or loans to the City of Irvine, Ky., and the Estill County Water District No. 1.

11. This contract shall not be transferred or assigned by either party, without the written consent of the other, unless required by law. In such event, this agreement shall inure to and be binding on both parties, their successors and assigns.

12. If any section, paragraph or clause of this contract shall be held invalid, the invalidity of such section, paragraph or clause shall not affect any of the remaining provisions of this contract.

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

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

BY: Judith C. Neal  
FOR THE PUBLIC SERVICE COMMISSION

The parties herein, by their authority or their respective governing bodies, have caused this contract to be duly executed in 5 counterparts, each of which shall constitute an original.

Seller:

City of Irvine, Kentucky  
By Hugh Hamilton  
Hugh Hamilton  
Title MAYOR

Attest:

Emilee P. Witt  
City Clerk ~~Secretary~~

Purchaser:

Estill County Water District No. 1  
By Archie McIntosh  
Archie McIntosh  
Title Chairman

Attest:

Claude D. Rose  
Secretary

This contract is approved on behalf of the Farmers Home Administration this 9<sup>th</sup> day of October, 19 81.

By David R. King  
Title Community Program Specialist

c. (Continued from p. 2) The operation and maintenance costs chargeable to the treatment plant shall include: labor, chemicals, electricity, other applicable utility costs, repairs and maintenance, and a portion of the general and administrative expenses.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

OCT 06 1984

FURSUANT TO 807 KAR 5.011,  
SECTION 2(1)

BY Charles C. Neal  
FOR THE PUBLIC SERVICE COMMISSION