

Wholesale User Agreement

(Form as approved by Public Service Commission, Filing No. T 63-0290, April 11, 2002.
PSC Case No. 2001-211)

1. **Applicability:** Any customer who qualifies as a Wholesale Customer based on the approved tariff and rules and regulations of the Hardin County Water District No. 1 ("District") shall qualify as a Wholesale Customer and will be eligible for a reduced water rate.
2. **Term:** Any qualifying Wholesale Customer may continue to purchase water from the District but may be limited in volume or flow rate as agreed to herein. If a Wholesale Customer reaches the agreed upon volume or flow rate, the District shall reserve the right to limit flows into the customers system in an amount that will reduce the volume to the agreed upon amount.
3. **Metering and Service Connections:** All new metering points, interconnects or pump stations shall comply in materials and construction standards to those adopted by the District and the Kentucky Division of Water and PSC. All metering equipment, vaults, valves, piping and backflow devices shall be specified by the District and shall become the property of the District who shall maintain and replace said equipment. The customer shall be responsible to pay for all costs to connect to the District's system including all infrastructure, equipment, engineering and permit costs. Prior to beginning construction, engineering plans prepared by a Professional Engineer shall be submitted to the District for review and approval. The customer will also be responsible for obtaining other permits as required from other local, state or federal agencies.
4. **Meter Testing and Accuracy:** The District shall be responsible to test and maintain any meters in accordance with PSC regulations and standards. If a meter is found to be inaccurate, the District shall bill or credit the customers account based on the difference between the inaccurate reading(s) and the averaged monthly amount for three accurate readings, or a prior year actual amount. The customer will have the right to be present during any meter test or field maintenance. In the event a large billing error has occurred due to an inaccurate meter, the customer shall have the option to re-pay the amount owed for a period of up to six (6) months after being notified of the additional amount owed.
5. **Billing Procedures:** All approved customer billing policies of the District and those listed in the District's approved tariff shall apply to the wholesale customer with the exception of a service discontinuance by the District for non-payment by the customer or violation of any other rules. If a qualifying event or action occurs which the District believes should result in service interruption, the District shall notify the customer in writing no less than 30 days before the cut-off date. The customer shall have 30 days to respond to the notice providing any reasons why the interruption should not occur. The response from the customer shall be presented to the District's Board of Commissioners who shall make a final decision on whether to proceed with the interruption, or take other action. Should the Board decide to proceed with service interruption, the cut-off date shall be no less than 15 days after the Board's decision and said date shall be given to the customer.
6. **Rates and Charges:** The District shall charge the customer all rates and charges as approved by the PSC and included in the District's tariff. All changes to rates shall be

based on a cost of service analysis and shall be approved by the PSC prior to implementation. Prior notice of rate changes shall follow PSC regulations and wholesale customers will be provided full rights prescribed by the PSC to object or intervene in any rate filing.

7. **System Development Charges:** The wholesale customer is advised that the District's Board of Commissioners by resolution 2000-03 dated June 1, 2000, has formally supported the use of System Development Charges (SDC's) as a method to recover capital costs for system expansion from new customers or existing customers increasing their service demand or size. While the District has not formally submitted a request and method to the PSC to begin charging SDC's, all wholesale customers are advised that a future increase in demand or requested guaranteed volume may require payment of future SDC's before the District will agree to increase capacity or volume above the amount or rate specified herein.
8. **Water Quality:** Water provided by the District shall meet all state and federal standards for water quality. The customer may request Monthly Operating Reports or any other test results which the District will provide within 15 days after a request is presented. The wholesale customer is also entitled to advance water quality data required for Consumer Confidence Reports as required under the Kentucky Natural Resources and Environmental Protection Cabinet - Division of Water, 401 KAR 8:075. The wholesale customer agrees that any new connections will require a back-flow prevention device, as specified by the District, and will be paid for by the customer.
9. **Release of Liability:** As a wholesale customer, the wholesale customers agrees to release and discharge the District from all claims or liability related to water quality or interruption of service and the customer agrees that it shall maintain its own testing, sampling, system flushing and system maintenance as required by state laws and regulations applying to public water systems. This waiver shall not be construed to release either party from any claim brought against either by a third party or to waive other legal rights or remedies allowed by state or federal laws.
10. **Volume and Quantity:** The Wholesale Customer agrees to limit their demand from the District to the following amounts which are measured by flow rate (gallons per minute) and maximum day in a calendar year. Except for the City of Vine Grove and the Meade County Water District who had previous contracts specifying a set quantity, future wholesale customers, or existing customers requesting additional taps or connecting points, may be denied a tap or limited to a specified volume by the District. The only reason the District may deny a future connection is when the District has completed a hydraulic analysis of its system capacity by a Professional Engineer, and has found that;
 - a. The District's existing customers will be harmed by a decrease of service levels at or below those required by the PSC or Division of Water, or
 - b. The District's system capacity is not able to meet the additional demand placed on the system by the new connection without an additional and significant capital expense and investment which is deemed excessive or burdensome by the District's Board of Commissioners

The amounts agreed to be provided by the District under the terms of this agreement are;

- c. 0 Gallons per minute which amount will be determined by the District when observing the total flow rate at one or multiple connection points at any given time. The actual flow rate must continue for at least fifteen (15) minutes before that rate will qualify to be limited to this amount or rate.
- d. 0 Maximum day gallons in a calendar year. This amount will be determined from the customers daily records which they agree to provide to the District if requested. The calculation of a maximum day amount will be determined by taking the sum of 70 percent of the highest day, plus 15 percent of the amounts delivered on the day prior to and after the maximum day of the year. If daily records are not available, the District and the customer agree to use coincidental demand factors or the District's own system demand characteristics and apply those to the customers monthly water use to estimate the maximum day demand.
- e. Certain temporary maintenance or hydraulic conditions may cause the District to decrease or increase the above committed volumes. These may include required and scheduled maintenance of District facilities, unscheduled equipment breakdowns or flows available on off-peaks periods or times of the year which may provide additional flows to the customer. The District will make every effort to give all wholesale customers as much advance notice as possible of when flows may be reduced or interrupted so they may be prepared. The District will also attempt to plan scheduled maintenance during off season and off peak periods to minimize down time impacts to wholesale customers. Special conditions which apply to this specific agreement are provided for below;
- i. *Water would be delivered at either the District's Longview Tank location or the customer's Franklin Crossroad's vault on Highway 86. As the customer is not currently purchasing water from the District, there is not a volume commitment offered with this agreement. The customer will be able to purchase water after a seven day advance or sooner if an emergency caused by a catastrophic event, equipment failure or water contamination and the volume delivered will be limited to what the District hydraulically is able to commit at that time given the prior commitments to its other wholesale customers as well as the capacity demands of its own retail customers.*
- f. If the customer demand in a year reaches or exceeds the agreed maximum day demand, the District and the customer agree to meet to determine if the customer will be able to limit future demand, locate a different or additional supplier or to cooperate with the District in financing or expanding its capacity.
- g. The District reserves the right to divide the total quantity disproportionately between two connection points or taps based on the available flow at any given point. The pressure delivered to a connection point shall meet levels regulated by the PSC and Division of Water and shall be measured as static against a closed valve.

JAN 03 2006

PURSUANT TO 807 KAR 5.011
SECTION 9 (1)

BY Chambers L. D. Dorn
EXECUTIVE DIRECTOR

h. During a water shortage or drought, the District may reduce deliveries or flow rate to the Wholesale Customer in an amount as directed by regulatory agencies having authority to require said reduction, or the amount may be reduced by an amount or method as prescribed in the District's Water Shortage Response Plan which has been approved by the PSC or Division of Water. The District agrees to provide a reasonable notice of any reduction required to the Wholesale Customer.

11. **Execution and Signatures:** The following representative(s) of the Wholesale Customer have been authorized to sign and execute this agreement and have read and agreed to its terms and conditions. A formal approval by the customer's governing body is required and the date of said approval shall be written below. This agreement is not valid until it has been reviewed and agreed to by the District's Board of Commissioners who will direct its representatives to sign and execute the agreement only after approval first by the customer and then by the District;

Hardin County Water District No. 2 (PWSID No. 0470175)

Michael Wheel
Signature of Authorized Representative

10/29/03
Date

Bruce DeWitt
Attest Signature of Authorized Representative

10-29-03
Date

OCTOBER 14, 2003
Date of Approval action by Board of Commissioners, Hardin County Water District No. 2

Hardin County Water District No. 1;

Loretta Lottie
Signature of Authorized Representative

November 3, 2003
Date

Edward L. St...
Attest Signature of Authorized Representative

11-4-03
Date

OCTOBER 30, 2003
Date of Approval action by District's Board of Commissioners

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 03 2004

PURSUANT TO KYR KAR 501
SECTION 9(1)

BY Charles L. St...
EXECUTIVE DIRECTOR