

WHEREAS, the cities of Eminence, New Castle and Campbellsburg, Kentucky, and Henry County Water District No. 2 for the varying and particular reasons hereinafter set out, are each seriously and critically short of an adequate and continuing supply of potable water, with the particular facts as to each being that:

1. The City of Eminence presently is supplied with water by two man-made lakes, one of which has been in service for a period of _____ years and the other of which has been in service for _____ years. Both lakes have a limited drainage area, are subject to silting, and are inadequate to meet present water demands and maintain reasonable and safe water reserves. For years, as an emergency measure, a water pump has been installed in a small stream near the lakes for the purpose of diverting water into the lakes but this stream is not protected from pollution and such practice impairs the purity of the water produced. In summer periods the water produced by the existing supply is not palatable regardless of the chemicals applied and such condition is common to reservoirs. During recent years the growth of the City both as to residences and industry have far exceeded expectations and the anticipated water needs. The further industrial growth of the City is directly dependent upon an expanded and adequate supply of potable water. The existing situation is critical to the extent that some form of water rationing may be required within the near future unless an expanded supply of water is provided.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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NOV 11 1994

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

BY: Arthur E. Neal
FOR THE PUBLIC SERVICE COMMISSION

Exhibit "A"

2. The City of New Castle presently supplies its water needs under contract with the City of Eminence further burdening the Eminence condition and making all Eminence supply problems pertinent to New Castle. This contract will expire on or about _____ and New Castle will be left without any water supply unless such a supply is now provided for.

3. The City of Campbellshurg has as its supply a man-made lake which has been in service for _____ years. has silted, and produces, in summer, a water of bad taste. Agricultural practices carried on adjacent to the lake, over which the City has no effective control, impairs the purity of the supply. The lake is inadequate for present demands and the maintenance of safe and reasonable water reserves. The economic and industrial growth of the City is directly dependent upon an expanded supply of potable water.

4. Henry County Water District No. 2 comprises the rural area in the western section of Henry County adjacent to the three cities mentioned. The existing sources of water within the rural area are from lakes, wells and cisterns, many of which are inadequate and would not meet minimum Department of Health standards. During periods of drought water must be trucked to many of the rural residences and much of this water comes from the existing Eminence and Campbellshurg systems thus imposing further demands on those inadequate supplies. It would now appear that the City of Eminence will not have sufficient water during the summer of 1967, or thereafter, to meet this added burden: and,

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

-2-

NOV 11 1994

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

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FOR THE PUBLIC SERVICE COMMISSION

WHEREAS, the three cities and the District propose to cooperate in working out their respective water problems, each for its own benefit and without the purpose of conferring any franchise or privilege to or upon the other; and,

WHEREAS, Henry County Water District No. 2 has received a commitment of a Federal loan of \$1,850,000.00 and will use approximately \$80,000.00 of its own funds to construct a water supply and distribution system with said supply system consisting of wells at the Ohio River in Trimble County which will be adequate to supply all anticipated needs of the three cities and the District; and

WHEREAS, the volume of water consumed by the District alone would be insufficient to render feasible the long supply line to the River but with the added consumption of the cities the project is at once feasible; and,

WHEREAS, each of the cities mentioned has its own bonded indebtedness incurred for the construction of its existing water systems (and in the cases of Eminence and New Castle sewer systems) and none by reason of the ordinances enacted pertaining thereto can divert water revenues to the impairment of the bonded indebtedness and none can incur indebtedness exceeding that authorized by the Constitution of the Commonwealth of Kentucky; and,

WHEREAS, each of the municipal corporations mentioned herein have authorized by duly enacted resolutions the execution of a contract providing for an expanded and adequate supply of potable water and the payment therefor.

NOV 11 1994

PURSUANT TO 807 KAR 5.011,
SECTION 8(1)

BY: *Justin L. Bell*
POSTER

NOW THEREFORE, this contract made and entered into this 12th day of September, 1967, by and between City of Eminence, party of the first part; City of New Castle, party of the second part; City of Campbellsburg, party of the third part, (each hereinafter referred to individually as "City") and Henry County Water District No. 2, party of the fourth part, (hereinafter referred to as "District"),

WITNESSETH: that for and in consideration of the premises and the covenants herein contained each City contracts and agrees that for a term of forty years, commencing as hereinafter stated, it will:

1. Secure its entire consumption, except as hereinafter stated, of water required by all of its residents and water customers from the District. There is expressly excepted, however, from this obligation such water as may be used for industrial purposes or by the City for fire hydrants, public buildings, or similar governmental consumption and with the further provision that each of the cities may supplement its own water to that furnished by the District, provided, however, in this latter contingency the minimum annual consumption from the District in the case of the respective cities shall aggregate:

In the case of Eminence, 40,000,000 gallons of water per year.

In the case of New Castle, 18,000,000 gallons of water per year.

In the case of Campbellsburg, 10,000,000 gallons of water per year.

The above gallonages are referred to hereafter as the "minimum annual consumption".

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 11 1967

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: *John C. Neal*
FOR THE PUBLIC SERVICE COMMISSION

2. Pay the District 50¢ per 1000 gallons of water delivered to the mains of the City and consumed by its residents and customers with said sum to be paid monthly as water is used and as hereinafter set out. Each City shall bill its customers at such rate as it deems appropriate, but in no event at a rate insufficient to finance and service its bonded indebtedness attributable to its water and sewer system, the cost of maintenance and operation of said system or systems, and all obligations provided by the ordinances relevant thereto, plus the cost of water as herein specified, and shall collect said bills, retain any profit it might derive, and pay the District only as the wholesaler of the water it delivers and the City's customers consume.

3. Maintain existing municipal water supply systems and make their water available to the District during periods of break down, emergency, or as otherwise requested by the District, provided, however, that the City's own consumption and needs shall have priority and only surplus water over and above those municipal needs may be demanded by the District. Any water furnished the District by the City shall be paid for at the rate of 50¢ per 1000 gallons of water consumed with said payment being paid monthly or credited to the City's account with the District as the District may elect.

During the term hereof the District shall:

1. Deliver to the City water mains at the master meter and the location hereinafter mentioned, and at sufficient pressure to elevate water to the height of the existing water towers of the respective cities,

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

-5-

NOV 11 1994

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Jordan C. Nash
FOR THE PUBLIC SERVICE COMMISSION

such potable water as the City and its customers may require subject, however, to the following conditions:

(a) The District shall not be obligated to furnish water in volumes in excess of twice the minimum annual consumption required of the respective City hereunder.

(b) The water shall be delivered during twenty-two hours of each day and at volumes not to exceed:

In the case of Eminence, 250 gallons per minute.

In the case of New Castle, 115 gallons per minute.

In the case of Campbellsburg, 60 gallons per minute.

Each City shall maintain its own adequate storage to provide for its annual consumption, either current or future, at the foregoing delivery rate.

(c) The District shall not be liable for interruption of service by break down or other unavoidable cause and the City shall maintain its own supply system for service during any such interruption.

2. To determine water consumption and the amount due, the District shall install and maintain at each City a master meter which shall be freely inspected and examined both by the District and the City. The District shall by the 5th day of each month render a statement to the City for water passing through the master meter during the preceeding calendar month and the City shall pay said statement to the District within ten days after rendition thereof.

It is further understood and agreed that:

1. The City shall pay for water consumed by its customers

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

-6-

NOV 11 1994

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

solely from water revenues and no tax revenues or receipts are to be used for the payment of such consumption.

2. Along with water consumed by its customers the City shall have the right to purchase and to pay for such water, within the limits herein specified, as it may require for its fire hydrants, public buildings, other governmental functions, and industrial purposes and all of said consumption, if used, shall be credited against the minimum annual consumption required of the City and its customers. All water delivered under the terms and provisions of this Contract is to be paid for at the wholesale rate to the District of 50¢ per 1000 gallons and to be payable as herein provided.

3. The points of connection to the mains of the cities, the size of the mains at said point, and the site of the master meter are:

In the case of Eminence a ten-inch main of the District shall connect to the four-inch main of the City at the corner of the Jackson Road at or near the Colston farm, at which point the master meter shall be situated, and a 8-inch main of District shall extend from said point and connect to the ^{eight}~~six~~-inch main of the City on the property of J. B. Cobb or Johnson

In the case of New Castle a six-inch main of the District shall connect to the six-inch main of the City at or near the northwest corner of Spring and Cedar Streets, at which point the master meter shall be situated.

The main of the District referred to extends from a ten-inch main on the Sulphur Road to the point of connection and the City shall have

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 11 1994

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: James P. Park
FOR THE PUBLIC SERVICE COMMISSION

the right to increase the size of the District's connecting main from six-inches to either eight or ten-inches by paying all expense of the main over and above the cost of the stated six-inch main, provided the City notifies the District in writing to increase the size of the main prior to the time that the contractor is ready to initially lay the line.

In the case of Campbellsburg a six -inch main of the District shall connect to the six -inch main of the City at or near the intersection of U. S. Highway No. 421 and College Court at which point the master meter shall be situated.

4. The District shall pay the cost of "T's" at master meter and/or District-City connecting points.

5. If easements are required by the District to reach the stated points of District-City connection, the City shall assist the District in securing same.

6. Should the master meter at any time be found to be defective or out of order so that an accurate monthly statement cannot be submitted by the District a monthly statement equal to and computed upon 1/12 of the then next preceeding twelve month period shall be due and payable in lieu of a metered bill. Should such a condition occur within the first twelve months of the initial operation of the system the consumption shall be projected mathematically to a twelve month period and the result divided by twelve to determine the bill.

7. The term of this Contract shall commence with the first delivery of water to the mains of the City.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

-8-

NOV 11 1994

PURSUANT TO 807 KAR 5011,
SECTION 9 (1)

BY: Jordan C. Peck
FOR THE PUBLIC SERVICE COMMISSION

8. It is recognized that this Contract is contingent upon the approval of same by Farmers Home Administration of the United States Government, through whom the District proposes to finance the system, and further contingent upon the District's being able to finalize its present financing and construction plans and of the actual construction of the supply and distribution within a reasonable time hereof.

9. Inasmuch as the water revenues derived by the City are the funds securing the payment of the District's account for service, the City shall bill its customers monthly and shall make a good faith effort to keep its accounts current. In the event of default of payment by the City the District shall be subrogated to the rights of the City in the collection of all water bills, and, in all events, shall have the right to require the City to set a retail water rate for the sale of water sufficient to pay all obligations pertaining to the sale and use of water, whether those obligations be imposed by the provisions of ordinance, this Contract, or otherwise.

10. The District and each of the Cities shall each be obligated to maintain their respective systems and facilities in accordance with Department of Health regulations and directives.

11. In view of the fact that this Contract shall be operative over the term of years herein specified and the cost of purifying and/or softening water and delivering same could for unforeseen causes drastically increase, the District shall have the right at any time during the term hereof to petition the Public Service Commission of Kentucky, or its successor, and upon proof of such condition, and a sufficient showing that it cannot

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

-9-

NOV 11 1994

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: *Quinton C. Shelton*
FOR THE PUBLIC SERVICE COMMISSION

financially and feasibly deliver water at the wholesale rate herein provided, secure an increase in said wholesale rate to such amount as said Public Service Commission of Kentucky should then find fit, proper and financially feasible.

12. The District will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish each city with quantities of water required by each city. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. If there is an extended shortage of water, or the supply of water available to the District is otherwise diminished over an extended period of time, the supply of water to each city's consumers shall be reduced or diminished in the same ratio or proportion as the as the supply to District consumers is reduced or diminished.

13. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake, other catastrophe, or reasons beyond the District's control shall excuse the District from supplying the required amount of water for such reasonable period of time as may be necessary to restore service.

14. Any successor of each City and District, whether the result of legal process, assignment or otherwise, shall succeed to the rights of such City or District hereunder.

15. If any section, clause, or provision of this Contract shall be held invalid, such holding of invalidity shall not affect the validity of any remaining section, clause, paragraph, portion or provision hereof.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 11 1994

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

BY: Justin C. Neal
FOR THE DISTRICT

IN TESTIMONY WHEREOF, witness the act of the Cities and District on the date above set out.

City of Eminence

BY: [Signature]
Mayor

Attest:

[Signature]
City Clerk

City of New Castle

BY: [Signature]
Mayor

Attest:

[Signature]
City Clerk

City of Campbellsburg

BY: [Signature]
Mayor

Attest:

[Signature]
City Clerk

Henry County Water District No. 2

BY: [Signature]
Chairman
Board of Water District Commissioners

Attest:

[Signature]
Secretary

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OF KENTUCKY
EFFECTIVE

NOV 11 1994

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SECTION 9 (1)

BY: [Signature]
FOR THE PUBLIC SERVICE COMMISSION

This Contract is approved this _____ day of _____

1967.

Farmers Home Administration
United States Government

BY: _____
State Administrator

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NOV 11 1964

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY: *Arthur C. Bell*