

WATER PURCHASE AGREEMENT

THIS AGREEMENT is made and entered into this the 29th day of July, 2014, by and between KENTUCKY-AMERICAN WATER COMPANY, a Kentucky corporation with offices at 2300 Richmond Road, Lexington, Kentucky 40502 (“KAW”) and the CITY OF PARIS, 525 High Street, Paris, Kentucky 40361 (“Paris”).

W I T N E S S E T H:

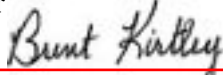
WHEREAS, KAW desires to purchase a supply of potable water from Paris in order to adequately fulfill KAW’s obligations to: KAW’s customers in the City of Millersburg; the Harrison County Water Association; and the Nicholas County Water District, and has requested Paris to provide that supply of potable water;

WHEREAS Paris owns and operates a water supply treatment, transmission and distribution system capable of meeting the potable water requirements of its own customers, the estimated number of KAW’s customers in the City of Millersburg, and KAW’s obligations to the Harrison County Water Association and the Nicholas County Water District; and

WHEREAS Paris desires to sell KAW potable water per the terms of this Agreement for use by KAW as described above.

NOW, THEREFORE, the parties hereto do hereby agree as follows:

1. From and after the 10th day of August 2014, KAW shall have the right to purchase from Paris, and Paris shall be obligated to sell to KAW, an amount of potable water not to exceed a daily average of 200,000 gallons per calendar month to meet reasonable requirements of the following KAW customers: (a) water customers in the City of Millersburg; (b) Harrison County Water Association; and (c) Nicholas County Water District. Paris acknowledges

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that it is capable of supplying KAW with an amount of potable water necessary to meet those requirements. Paris shall furnish potable water to KAW at the point of delivery hereinafter specified which shall meet all applicable state, federal and/or other regulatory standards.

2. Delivery of the water purchased by KAW and sold by Paris shall be delivered at a point along Millersburg Road (U.S. 68) approximately 845 feet south of the intersection of Millersburg Road and Old U.S. Highway 68, which is approximately 1.31 miles south of the City of Millersburg at a reasonably constant pressure under normal operating conditions. Paris shall not be responsible for the quality of water purchased by KAW past this point of actual delivery.

3. KAW agrees to install at its own expense at the point of delivery all necessary metering equipment and related required devices for the City to properly measure the quantity of water delivered to KAW. As of the date identified in Paragraph 1 above, ownership in the metering equipment shall be transferred to Paris at no cost to Paris and Paris shall operate and maintain at its own expense the metering equipment. A meter registering not more than two percent above or below the actual flow shall be deemed to be accurate. KAW shall have access to meter for monitoring volumes of water purchased. KAW agrees to construct at its own expense approximately 780 feet of 6-inch diameter line to connect Paris' existing distribution system to the distribution system serving customers in the City of Millersburg.

4. KAW shall pay for the quantity of water purchased by it and sold by Paris at the initial rate of \$2.25 per 1,000 gallons under the first 18 months of this Agreement and thereafter as may change from time to time and as set forth by Paris city ordinance and accepted by the Public Service Commission. Paris shall read the meter on or about the 20th day of each month and provide an invoice to KAW on or about the 1st day of the following month. KAW shall pay

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for the quantity of water purchased no later than the 15th day of the month. Payment may be made by check or by the transfer of electronic funds

5. KAW agrees to continue with the ongoing leak detection services and surveys project for the entire water transmission and distribution system of Paris until that project is complete at no cost to Paris. Paris shall be responsible for costs in repairing municipal facilities associated with line loss.

6. In the event any type of water curtailment practice, procedure, regulation or law is utilized by Paris or is imposed upon Paris, KAW agrees to abide by all recommendations of Paris and to use reasonable efforts to restrict use by customers in the City of Millersburg in a fashion similar to that which is utilized by Paris or imposed on Paris. Paris may only reduce the amount of water available for purchase by KAW in the same ratio or proportion as such is reduced to other Paris customers.

7. Paris shall operate and maintain its water supply system in accordance with all applicable laws, rules and regulations and will take such action as necessary to furnish KAW with the quantity of water set forth in this Agreement. Temporary or partial failures to deliver water shall be remedied with all possible dispatch.

8. In the event all or any part of the waterworks plant and facilities of Paris which are used in meeting its obligations under this Agreement are acquired by a municipal corporation or any other entity, then and in that event Paris shall be relieved of all of its obligations hereunder and, in such event, this Agreement shall be binding upon the municipality or any other entity making such acquisition.

9. This Agreement shall terminate when: (1) the connection between the northeast portion of KAW's distribution system and the southwest portion of Paris' distribution system is

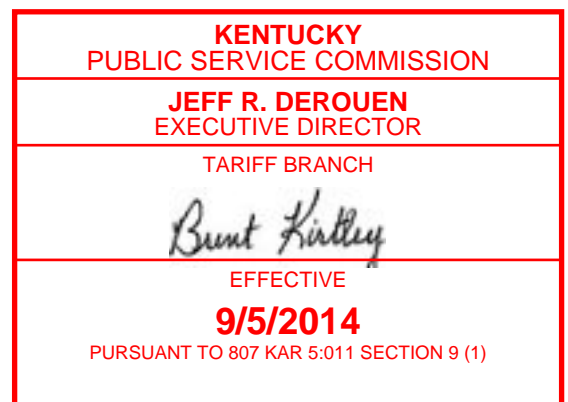
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complete and operating sufficiently such that the requirements of KAW's customers in the City of Millersburg can be met by using that connection in conjunction with the connection described in Paragraph 3 above; and (2) a binding contract between KAW and Paris has been executed and all necessary approvals have been obtained, regulatory or otherwise, the contract having the dual purposes of: (a) providing an emergency interconnection between KAW's distribution system and Paris' distribution system so that KAW can sell water to Paris in the event of a Paris emergency; and (b) KAW's use of Paris' transmission and distribution system so that potable water can be provided to KAW's customers in the City of Millersburg without the need for KAW to purchase water from Paris.

10. The Parties agree to file jointly a copy of this executed contract with the Public Service Commission of Kentucky.


11. This agreement constitutes the entire agreement of the parties and all prior conversations and writings are merged herein.

12. This Agreement shall be construed according to the laws of the Commonwealth of Kentucky.



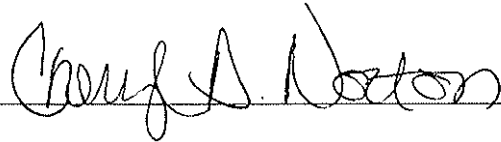
This Agreement has been executed by the parties hereto, by their appropriate authorized representatives, on this the 4th day of August, 2014.

CITY OF PARIS, KENTUCKY

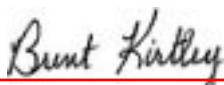
BY: 

Mayor, City of Paris

KENTUCKY-AMERICAN WATER COMPANY

BY: 

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