

WATER PURCHASE AGREEMENT

This Contract, made and entered into this 10 day of October, 2000, by and between the Gallatin County Water District, a special district formed pursuant to KRS Chapter 74, acting by and through its duly authorized officer and Chairman of its Board of Commissioners, Denny French, party of the first part, Seller, and the Tri-Village Water District, a special district formed pursuant to KRS Chapter 74, acting by and through its duly authorized officer and Chairman of its Board of Commissioners, Charles F. Noel, party of the second part, Buyer.

WITNESSETH:

Whereas, the parties hereto are each special districts formed under KRS Chapter 74 for the purposes of constructing and operating water supply distribution systems serving water users within their respective areas of jurisdiction, and

Whereas, Buyer requires additional supplies of potable treated water in order to adequately fulfill its obligations to its users in the City of Glencoe and has requested that same be supplied to it by Sellers, and

Whereas, Seller owns and operates a water supply distribution system capable of serving its present customers and the estimated number of Buyer's users to be served by the gallonage proposed to be sold to Buyer hereunder (currently being 266), and

Whereas, Seller deems it in the best interests of itself and its users that it profitably dispose of its excess capacity as herein proposed, and

Whereas, both parties hereto have approved the sale and purchase of water in accordance with the terms and conditions contained herein by Resolutions duly adopted by their respective commissioners.

Now Therefore, for and in consideration of the foregoing premises and the mutual agreements and undertakings hereinafter set forth, the parties promise and agrees as follows:

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JAN 01 2001

1. Seller agrees to furnish and supply to Buyer, at the point of delivery hereinafter specified, during the term of this agreement or any renewal or extension thereof, potable treated water meeting applicable state and federal purity and quality standards in such quantity as may be required by the Purchaser not to exceed 1.5 million gallons per month.

PURSUANT TO 807 KAR 5.011,  
SECTION 9 (1)  
BY: STEPHEN B. BUNN  
SECRETARY OF THE COMMISSION

2. Said water will be furnished at a reasonably constant pressure calculated at 30 or greater PSI from a 6 inch main supply at a point located at west side of U.S. Hwy. 127, just south of Clarence Sullivan property at city limits of Glencoe, Kentucky. 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.

3. Seller agrees 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 no 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 First Working day of 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. Seller agrees to furnish the Purchaser not later than the fifteenth day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

5. Purchaser agrees to pay the Seller, not later than the tenth day of each month, for water delivered in accordance with the following schedule of rates:

One Dollar and forty cents (\$1.40) per thousand gallons, unless and until modified by mutual agreement of the parties or by order of the Public Service Commission or any successor agency thereof.

6. Purchaser agrees to pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser in a sum equal to one-half (1/2) the cost of installation and acquisition of the metering equipment, not to exceed the sum of \$2,000.00.

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

A. (Term of Contract) That this contract shall extend for a term of 20 years from the date of initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter shall be extended or renewed for successive one year terms, unless terminated by either party upon written notice delivered not less than 120 days next preceding the expiration of the term of the contract or any extension or renewal thereof. Upon breach of this

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JAN 01 2001  
PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)  
BY: *Stephan D. Bell*  
SECRETARY OF THE COMMISSION

contract by failure to perform, misrepresentation or other cause, the non-breaching party may terminate this contract upon thirty (30) days prior written notice to the breaching party, unless the breaching party wholly cures its breach within that 30 day notice period.

B. (Delivery of Water) That 30 days prior to the estimated date of initial delivery of water, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

C. Purchaser shall have the right, at all reasonable times, to conduct testing of Seller's water quality at the master meter.

D. (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 and quality of water required by the Purchaser. Temporary or Partial failure 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.

E. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at any time upon mutual agreement of the parties, or upon application to and approval of the Public Service Commission, or any agency successor thereto. No rate increase shall become effective prior to the date 180 days subsequent to the date Seller gives notice to Purchaser of its intent to raise the rate charged to Purchaser.

In the event that compliance with action by regulatory authority causes Seller to increase its rate to its customers in order to meet resulting increased costs, the rates charged to Purchaser shall be subject to increase in the same percentage as that borne by Seller's other users, the Seller's rate structure being based solely upon quantity of use. In the event that rate classifications are subsequently developed by Seller, Purchaser shall be given the wholesale rate or its equivalent.

Provisions of this contract may be modified or altered by mutual agreement.

F. (Regulatory Agencies) That this contract is subject to such regulations, or laws as may be applicable to similar agreements in this State including those promulgated, implemented and enforced by the Public Service Commission and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JAN 01 2001

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

BY: Stephan D. Bee  
SECRETARY OF THE COMMISSION

The parties' respective rights and duties hereunder are contingent upon all necessary approvals from the Kentucky Public Service Commission, or its successor agency.

G. (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 and duties of the Purchaser hereunder.

H. This Contract shall be binding on the successors and assigns of the parties hereto.

I. Seller represents that it is not subject to, any local, state or federal regulatory notices, actions, or other enforcement pertaining to Seller's potable water system.

J. Seller represents that it has the sufficient treatment, pumping, storage, and all other system capacity to serve Purchaser in accordance with the terms of this contract. Provided, however, the parties know and understand that seller does not have capacity to, and will not, provide sufficient water quantity for fire protection purposes.

In witness whereof, the parties have hereunto affixed their signatures.

SELLER

Gallatin County Water District

BY: 

Denny French, Chairman

BUYER

Tri-Village Water District


BY: 

Charles F. Noel, Chairman

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JAN 01 2001

PURSUANT TO 807 KAR 5011,  
SECTION 3 (1)

BY:   
SECRETARY OF THE COMMISSION

COMMONWEALTH OF KENTUCKY)  
COUNTY OF Gallatin )

Signed and acknowledged before me by Denny French and Charles F. Noel on  
this the 10<sup>th</sup> day of October, 2000.

My commission expires: 8-4-2001

Cindy J. Lyons  
Notary Public, State at Large, Ky.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

JAN 01 2001

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

BY: Stephan D. Bell  
SECRETARY OF THE COMMISSION

---