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AMENDMENT TO WATER PURCHASE
CONTRACT OF MARCH 2, 1978

WHEREAS, by contract dated March 2, 1978, South Hopkins Water District, referred to therein as Purchaser, agreed to pay to the City of Dawson Springs, referred to therein as Seller, a portion of the costs of supplying water; and

WHEREAS, said contract provided for the construction of a water treatment plant, and payments made by the Purchaser to the Seller were for the purpose of distributing between the parties the cost of construction of said treatment plant; and

WHEREAS, circumstances existing at the time of execution of that contract of March 2, 1978, have now changed, requiring the amendment of that contract;

NOW, THEREFORE, the parties do hereby, and in consideration of the recitals hereinabove set forth, amend said contract as hereinafter set forth. The provisions of that contract not affected by this addendum shall remain in full force and effect and are hereby ratified as reaffirmed by the parties.

AMENDMENT I

Paragraph (C)(4) of said contract provides for Debt Service Payment.

Inasmuch as there was a refunding bond issue in 1989 which repaid the debt resulting from the 1979 bond issue but created a new debt and a change in the debt service payment provided for in the contract of March 2, 1978; and

Inasmuch as the parties heretofore have used a constant dollar figure for debt service cost in determining the total cost of water, and said figure henceforth shall not remain constant, but shall vary from year to year.

To provide for this change in circumstances, Paragraph (C)(4) is hereby amended to read as follows:

4. (Debt Service Payment) That the principal and interest debt service allocated to the water service cost shall

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SECTION 9(1)

BY: Jordan C. Neal
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be the actual principal and interest payment on that portion of outstanding debt attributed to the project cost of:

- a. a new water intake structure;
- b. new raw water transmission line and pumps;
- c. the new water treatment facility.

Pursuant to the contract of March 2, 1978, the purchaser constructed a 16-inch water line. The parties agree to henceforth share the expense of maintaining said waterline in proportion to their annual water usage. Should said line be required to be replaced purchaser shall bear the total cost thereof. The Purchaser shall have use of lines inside the city for its use in exchange for the Seller's use of the major transmission line. The water, therefore, will be metered at the plant to (1) the new transmission main for the Purchaser, and (2) the existing transmission mains for the Seller. The Seller shall further receive additional water from a new meter on the 16-inch line, and any other points it desires to meter. The Purchaser shall still meter water through the existing meters to the north, east and west sections of the Purchaser. Amortization shall, therefore, be based on all facilities from Lake Beshear to the two meter leaving the treatment plant.

The debt service factor to be used in the cost of water computation shall be determined by taking 88.5% of the actual debt service requirement each year. This factor represents the ratio of the total water treatment facility costs based on (a), (b) and (c) hereinabove, which is \$3,461,466.00 to the total project cost of \$3,911,000.00.

AMENDMENT II

Inasmuch as the ordinance authorizing the refunding bond issue of 1989 mandates a monthly transfer into the water treatment facility reserve account from the revenue fund in the sum of \$1,600.00, numerical paragraph (C) (5) of the contract of March 2, 1978, is hereby amended and shall henceforth read:

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5. (Reserve Fund) The Seller shall deposit \$1,600.00 per month into the existing water supply facility reserve fund. Of this deposit, 88.5% or \$1,416.00 shall be charged against the Purchaser in calculating the total cost of water until a sum of \$158,189.00 is accumulated in said fund.

This amount represents 88.5% of one and one-half times the current average annual debt service of \$119,163.00. After said amount is accumulated in said reserve fund, the Purchaser shall not be required to contribute to any monthly deposits made thereto until and unless the balance of said account goes below the figure of \$158,189.00. At such time, the parties shall contribute monthly to said account as set forth hereinabove.

This fund shall only be used for payment of costs incurred due to unusual circumstances which cannot be paid as part of the routine operation and maintenance expense of the water treatment facility. This fund shall be maintained throughout the life of the loan and shall be subject to all requirements of the lending agency. The fund may be invested and draw interest subject to the rules of the lending agency. Upon completion of all obligations to the lending agency, the fund may be liquidated with the Purchaser and Seller having a vested interest in the fund balance in a proportion equal to the average of actual usage during the three (3) years prior to liquidation.

Inasmuch as the Purchaser has a vested interest in the money contained in the reserve fund, any expenditures from said fund shall not be made without first being approved by the Purchaser, and without the Purchaser first agreeing that such expenditure shall be designated as capital outlay or current expense.

The amendments herein shall become effective and binding on the parties hereto as of its date of execution. Except as amended hereby, the parties' contract of March 2, 1978, is hereby reaffirmed.

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PURSUANT TO 807 KAR 8.011,
SECTION 8(1)
BY: James C. Neal
FOR THE PUBLIC SERVICE COMMISSION

90
1989.

EXECUTED on this the 15th day of June,

CITY OF DAWSON SPRINGS
Seller

SOUTH HOPKINS WATER DISTRICT
Purchaser

Raymond Thomason
Raymond Thomason, Mayor

Delmar B. Sneed
Delmar Sneed, Chairman

Attest: Denise K. Ridley
Denise Ridley,
City Clerk

Attest: Jim Lewis
Jim Lewis, Secretary

THIS INSTRUMENT PREPARED BY:

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SECTION 9 (1)

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