WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the _____ day of _____, 1998 between Utilities of Kentucky/Aqua/KWS Inc., Bell County, Middlesboro, Kentucky hereinafter referred to as the "Seller" and the Pineville Utility Commission, Bell County, Pineville, Kentucky, hereinafter referred to as the "Purchaser".

WITNESSETH:

Whereas, the Purchaser is organized and established for the purpose of operating a water supply system serving water users within its area, and

Whereas, the Seller owns and operates a water supply system with a capacity currently capable of serving the limited area of water users to be served by the Purchaser. The Seller shall not be liable for failure to supply water when the circumstances are beyond seller's control. and

Whereas, this agreement shall be limited to five (5) years, and shall be terminated upon a written thirty (30) day notice when the Purchaser has a water plant capable of supplying the required water before the five (5) year period has passed, or a Ninety (90) day written notice from the Seller, if circumstances change as to water supply or distribution requirements, or failure of the Purchaser to repair leaks, or flow rates in excess of contract amount, and

Whereas, the Seller agrees to provide a maximum of 200,000 gallons of potable water per day, at a rate of $2.00 per thousand, plus the Fern Lake Surcharge, School and State taxes, any usage over the maximum 200,000 gallons per day shall have a penalty charge of 0.10 cents per thousand, and

Whereas, the Purchaser agrees to, pay the cost of installing the master meter pit, meter (to be approved by Seller) with strainer and backflow preventer (to be approved by Seller) along with isolation valves and provide start-up and annual test results of the backflow unit, and meter, the meter accuracy shall be 1.5 per-cent or lower, any meter test that is higher than two (2) percent shall be calculated and the water used since the last test shall be paid for by the Purchaser, and

Whereas, the Purchaser shall lay all lines, obtain any permits needed to connect to the Sellers water line, the above materials shall remain the property of the Purchaser, and

Whereas, the Seller shall obtain and Public Service Commission approvals, and

Whereas, both utilities shall have access by lock and key, for monitoring the daily use of water and shall coordinate the monthly reading of the meter for billing, the water bill shall be mailed by the first (1) working day of each month and due by the Fifteenth (15) of the month. Per the Sellers Public Service Commission tariff a ten (10) percent penalty shall be added to late payments. EXHIBT 1, is a copy of the billing invoice and is made a part of this contract, and
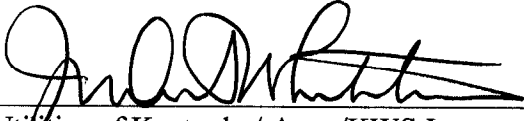
Whereas, the supply from the Sellers system shall in the area of Southern Monuments on U. S. Highway 25E North, with a pressure of 70 P. S. I. and a maximum flow rate of 140 gallons/minute

In Witness whereof, the parties hereto, acting under authority of their respective governing bodies have caused this contract to be duly executed in two (2) counterparts, each of which shall constitute an original, with one (1.0) copy provided to each party.

_____
John Rowland, Chairman Pineville Utilities Commission

_____11-30-98_____
Date

_____
Utilities of Kentucky/ Aqua/KWS Inc.
J. David Whitehouse, E.V.P.

_____11/24/98_____
Date

U.S. Utilities
Middlesboro Kentucky Operation
Pineville, KY Utility Commission Readings & Billings Sheet
for the Month of December 1998

Day of the month End of last Month ——	BIG DIAL In hundreds Reading Today	Daily Usage	LITTLE DIAL In tens Reading Today	Daily Usage	Daily Total	Usage up to 200K	Usage over 200K	Cumulative Usage up to 200K	Cumulative Usage over 200K	Cumulative Usage for the Mo.	<Charges for the Day-> $2.00 per K for up to 200K	$2.10 per K for over 200K	Cumulative Charges for up to 200K	Cumulative Charges for over 200K	TOTAL CUMULATIVE CHARGES
	0		0												
1	0	<—Enter	0	<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
2	0	<—Enter	0	<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
3		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
4		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
5		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
6		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
7		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
8		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
9		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
10		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
11		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
12		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
13		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
14		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
15		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
16		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
17		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
18		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
19		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
20		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
21		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
22		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
23		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
24		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
25		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
26		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
27		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
28		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
29		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
30		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
31		<—Enter #		<—Enter	0	0	0	0	0	0	$0.00	$0.00	$0.00	$0.00	$0.00
		0						0							

Fern Lake Surcharge rate = ——>   0.4220 $0.00
Subtotal of charges - water and Fern Lake——> $0.00
Bell County School Tax rate =——>   3.00% $0.00
Subtotal - water, Fern Lake & School tax ——> $0.00
Kentucky State Sales Tax rate =——>   0.00% $0.00
TOTAL AMOUNT DUE ————————> $0.00