

CONTRACT FOR PURCHASE OF TREATED WATER

THIS CONTRACT, made and entered into this 12<sup>th</sup> day of August, 1966, by and between PULASKI COUNTY WATER DISTRICT NO. II (hereinafter sometimes referred to as "Water District" or "District"), a Water District duly organized and existing pursuant to the provisions of Chapter 74 of the Kentucky Revised Statutes, acting by and through its Commission as its duly authorized and empowered governing body, and KENTUCKY WATER SERVICE COMPANY, INC. (hereinafter sometimes referred to as "Water Company"), a Kentucky corporation, acting pursuant to authority and direction heretofore granted by its Board of Directors as its duly authorized and empowered governing body;

W I T N E S S E T H :

THAT WHEREAS, Kentucky Water Service Company, Inc., is a Kentucky corporation engaged in the acquisition, treatment, distribution, and sale of pure and potable water, and is presently serving the City of Somerset, Kentucky, and the environs thereof (but not the area encompassed by the geographic boundaries of Pulaski County Water District No. II), and said Water Company has adequate facilities and water capacity in and about the area of Somerset, Kentucky, to sell treated water on a substantial basis to said District; and

WHEREAS, Pulaski County Water District No. II was established by the Pulaski County, Kentucky, Court on November 29, 1962, for the purpose of furnishing an adequate supply of pure and potable water for domestic, culinary, agricultural, commercial, and industrial use in said District and its vicinity; and in carrying out said public purposes, said District has obtained a grant in the amount of \$289,000 from the Federal Government, to be supplemented by the proceeds from the sale of approximately \$200,000 of the District's Waterworks Revenue Bonds; and

WHEREAS, it is necessary prior to the issuance of such Bonds that the District enter into a Contract with said Water Company whereby said

Water Company will agree to furnish adequate water to said District for a period of not less than forty (40) years, and it is therefore appropriate that this Contract now be consummated.

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE PREMISES AND THE MUTUAL COVENANTS AND UNDERTAKINGS HEREIN DESCRIBED, THE PARTIES HERETO COVENANT AND AGREE, EACH WITH THE OTHER, AS FOLLOWS:

Section 1. Kentucky Water Service Company, Inc., hereby covenants and agrees to sell to Pulaski County Water District No. II a volume of pure, treated water which shall not exceed three hundred sixty thousand (360,000) gallons per day (being a pumpage of 250 gallons per minute for a 24-hour period), the price of said water to be in accordance with the following

schedule:

<u>NUMBER OF GALLONS OF WATER (OR LESS) PER MONTH</u>	<u>MONTHLY CHARGE PER 1,000 GALLONS OR LESS PER MONTH</u>
First 1,000	\$ 2.50 (minimum)
Next 1,000	.95
Next 4,000	.90
Next 19,000	.80
Next 25,000	.75
Next 25,000	.65
Next 25,000	.55
Next 100,000	.40
All Over 200,000	.35

Service will be supplied under Company's General Rules and

Regulations.

It is hereby acknowledged by Pulaski County Water District No. II that 360,000 gallons of pure and treated water per day is adequate for the present and foreseeable needs of the District. The foregoing schedule of rates for treated water furnished by Kentucky Water Service Company, Inc., is stated by the Water Company to be its approved, commercial schedule for treated water.

Section 2. District hereby covenants and agrees to cause to be constructed an adequate reception and pumping facility to receive said purchased water from Water Company. Said pumping and reception facility shall have a minimum capability of pumping treated water at the rate of two hundred and fifty (250) gallons per minute and shall be constructed in

full compliance with regulations, standards, and requirements of the Kentucky State Department of Health and any other public agencies having regulatory jurisdiction thereof. Said pumping and reception facility shall be constructed at the location noted on that certain site plan prepared by the District's Consulting Engineers, which is appended hereto as "Exhibit A," and said location is hereby expressly approved and consented to by Water Company.

Section 3. This Contract shall remain in full force and effect for a term of forty (40) years from December 5th, 1966, said expiration date being December 4th, 2006. It is acknowledged by the parties hereto that December 4th, 2006 will be the latest possible date of the final maturity of the Waterworks Revenue Bonds to be issued by the District, provided that in the event any court of competent jurisdiction shall ever hold that the duration of this Contract is illegal by reason of being in excess of twenty (20) years or any other period, then it is agreed by the parties that this Contract shall be effective for a period of twenty (20) years or for such shorter period as shall be determined to be valid by a final decision of such court, provided, however, this clause is not to be construed as indicating any doubt as to the validity or effectiveness of said forty (40) years provision or of any other provision of this Contract.

Section 4. The effectiveness of this Contract is subject to the award by the District of contracts for the construction of its waterworks distribution system after approval by the Public Service Commission of Kentucky and the effectiveness of this Contract is also subject to the approval of said Public Service Commission. The District agrees that it will receive construction bids and make award of said bids at the earliest feasible date.

Section 5. The quality of water delivered by the Water Company to the District hereunder shall meet the standards of the United States Public Health Service's Limitations for Drinking Water.

Section 6. In the event that the water needs of said District should exceed three hundred sixty thousand (360,000) gallons per day, the Water Company will endeavor to provide adequate service to the District to the extent necessary, but cannot unqualifiedly covenant to do so. As noted

aforesaid, it is acknowledged that 360,000 gallons of water per day is at this time in excess of present and foreseeable water needs of the District. Sums due and payable from the District to the Water Company for purchase of treated water on the basis aforesaid, shall be due and payable at the same time and in the same manner as other commercial accounts of Kentucky Water Service Company, Inc., in the Somerset, Kentucky, area.

Section 7. This Contract shall inure to the benefit of, and shall be binding upon the parties hereto, and their successors in interest, grantees, assignees and transferees.

Section 8. The terms of this Contract are subject to the rights of the holders of any bonds encumbering the waterworks system of the District.

Section 9. Nothing contained in this Contract is to be construed or intended by the parties as divesting the Public Service Commission of Kentucky of any of its authority, control or prerogatives in connection with either of the parties.

Section 10. If any section, paragraph or clause of this Contract shall be held invalid, the invalidity of such section, paragraph or clause shall not affect any of the remaining provisions of this Contract.

IN TESTIMONY WHEREOF, the parties have hereunto set their hands and seals as of the day and year first above written.

PULASKI COUNTY WATER DISTRICT NO. II

By Charles F. Pierce  
Charles F. Pierce  
Chairman of the Commission

(Seal)

ATTEST:

Linville Tarter  
Linville Tarter  
Secretary of the Commission

KENTUCKY WATER SERVICE COMPANY, INC.

By N. E. Graybeal  
N. E. Graybeal  
Vice President

(Seal)

ATTEST:

Cornelius W. Grafton  
Cornelius W. Grafton  
Secretary

STATE OF KENTUCKY )  
 ) SS  
COUNTY OF PULASKI)

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that on this day the foregoing Contract For Purchase of Treated Water was produced before me in my said County and State by CHARLES F. PIERCE, as Chairman of the Commission, and LINVILLE TARTER, as Secretary of the Commission, of PULASKI COUNTY WATER DISTRICT NO. II, a Water District duly organized and existing under and by virtue of the provisions of Chapter 74 of the Kentucky Revised Statutes, a party thereto, being both personally known to me and known personally by me to be such officers, and to be the same persons who executed as such officers, respectively, the within and foregoing instrument of writing, and such persons duly acknowledged the execution of the same to be their voluntary act and deed as such officers of said Pulaski County Water District No. II, and the official act and deed of said Pulaski County Water District No. II by and through them as its duly authorized officers.

WITNESS my hand and Notarial Seal this 5th day of December,

1966. My Commission expires: 5-4-69

Marie Clumbe  
Notary Public, Pulaski County, Kentucky  
Marie Clumbe - Marie C. Lane

(Seal)

STATE OF KENTUCKY )  
Marie C. Lane ) SS  
COUNTY OF \_\_\_\_\_)

I, the undersigned, a Notary Public in and for the State <sup>of Kentucky</sup> and County \_\_\_\_\_ aforesaid, do hereby certify that on this day the foregoing Contract For Purchase of Treated Water was produced before me in my said County and State by H. E. GRAYBEAL, as Vice President, and CORNELIUS W. GRAFTON, as Secretary, of KENTUCKY WATER SERVICE COMPANY, INC., a Kentucky corporation and a party thereto, being both personally known to me and known personally by me to be such officers, and to be the same persons who executed as such officers, respectively, the within and foregoing instrument of writing, and such persons duly acknowledged the execution of the same to be their voluntary act and deed as such officers of

said Kentucky Water Service Company, Inc., and the official act and deed of said Kentucky Water Service Company, Inc., by and through them as its duly authorized officers.

WITNESS my hand and Notarial Seal this 12<sup>th</sup> day of August, 1966. My Commission expires: 12-19-1967

*Rebecca Fleischer*

Notary Public in and for the State and

~~County aforesaid~~

*of Kentucky at Large*

(Seal)

THIS INSTRUMENT WAS PREPARED BY:

RUBIN & TRAUWEIN, 200 Tyler Building,  
Louisville, Kentucky 40202 - 585-2153.

By

*Joseph R. Rubin*

Joseph R. Rubin