

CONTRACT FOR PURCHASE  
OF  
TREATED WATER

\* \* \* \* \*

THIS CONTRACT made and entered into this 1st day of July, 1970, by and between Oak Hill Water Association, Inc., hereinafter sometimes referred to as "Water Association" or "Association", a non-profit corporation duly organized and existing pursuant to the provisions of Chapter 273 of the Kentucky Revised Statutes, acting by and through its duly authorized corporate officers, and Kentucky Water Service Company, Inc., hereinafter 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;

WITNESSETH: That whereas, Kentucky Water Service Company, Inc., is a Kentucky corporation engaged in the acquisition, treatment and 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 boundary of Oak Hill Water Association, Inc.) 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 Association; and whereas, Oak Hill Water Association, Inc., was established for the purpose of furnishing an adequate supply of pure and potable water for domestic, culinary, agricultural, commercial and industrial use in its district and the vicinity and environs thereof; and in carrying out said objectives and purposes, said Water Association will obtain proceeds from a loan of \$30,000.00 from the Farmers Home Administration, a facility of the United States Department of Agriculture, to be evidenced by a promissory note, secured by a mortgage on plant facilities and pledge of

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PURSUANT TO 807 KAR 5.011,  
SECTION 9(1)

BY: [Signature]  
FOR THE PUBLIC SERVICE COMMISSION

certain revenues to the Farmers Home Administration payable over a period of forty (40) years from the date of said loan; and whereas, it is necessary prior to the execution of the aforesaid promissory note and mortgage in the sum of \$30,000.00 to the Farmers Home Administration that the Water Association enter into a contract with said Water Company whereby said Water Company will agree to furnish adequate water to said Water Association 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 Oak Hill Water Association, Inc., a volume of pure treated water which shall not exceed Two Hundred Sixteen Thousand (216,000) Gallons per day (being a pumpage of 150 gallons per minute for a 24-hour period), the price of said water to be in accordance with the following schedule:

First	1,000 gallons used per month	\$2.50 (Minimum)
Next	1,000 gallons used per month	.95 per M gals.
Next	4,000 gallons used per month	.90 per M gals.
Next	19,000 gallons used per month	.80 per M gals.
Next	25,000 gallons used per month	.75 per M gals.
Next	25,000 gallons used per month	.65 per M gals.
Next	25,000 gallons used per month	.55 per M gals.
Next	100,000 gallons used per month	.40 per M gals.
All Over	200,000 gallons used per month	.35 per M gals.

Service will be supplied under Water Company's General Rules and Regulations, and subject to the rates and Rules and Regulations of the Public Service Commission of the State of Kentucky.

It is hereby acknowledged by Oak Hill Water Association, Inc., that 216,000 gallons of pure and treated water per day is adequate for the

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BY: *[Signature]*  
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present and foreseeable needs of the Water Association. The foregoing schedule of rates for treated water furnished by the Kentucky Water Service Company, Inc., is stated by the Water Company to be its approved, commercial schedule for treated water.

Section 2. Water Association hereby covenants and agrees to cause to be constructed an adequate reception and meter facility to receive said purchased water from Water Company. Said reception and meter facility shall be constructed in full compliance with regulations, standards and requirements of the Kentucky State Health Department and other public agencies having regulatory jurisdiction thereof. Said reception and meter facility shall be constructed at the location noted on that certain site plan prepared by the Water Association's Consulting Engineers, which is appended hereto as Exhibit "A", and which said location is hereby expressly approved and consented to by Water Company.

It is agreed that the Water Company will furnish the master meter at the point of delivery of water to the Water Association at the connection point above specified, and that the Water Company shall furnish, install, own and maintain said meter. The Water Company shall charge a minimum monthly rental for said meter according to the following schedule:

5/8 or 3/4 inch meter	\$ 2.50
1 inch meter	3.35
1-1/4 or 1-1/2 inch meter	3.85
2 inch meter	4.60
3 inch meter	7.10
4 inch meter	10.60
6 inch meter	20.10

Section 3. Temporary or partial failures 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 Water Company is otherwise diminished over an extended period of time, the supply of water to the

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BY: *[Signature]*  
FOR THE PUBLIC OFFICER

Water Association's customers shall be reduced or diminished in the same ratio or proportion as the supply to the Water Company's customers is reduced or diminished, except as otherwise provided by the Rules and Regulations of the Public Service Commission of Kentucky, where the statutes now or which might later be in effect in Kentucky.

Section 4. This contract shall remain in full force and effect for a term of forty (40) years from and after July 1, 1970, said expiration date being June 30, 2010. It is acknowledged by the parties hereto that June 30, 2010, will be the latest possible date of the final maturity of the promissory note to be executed by the Water Association to the Farmers Home Administration; except that, if by reason of a delay in executing the said promissory note and mortgage, the date of the same is later, this agreement shall automatically be amended to conform to the date of the proposed promissory note and mortgage to the Farmers Home Administration. It is further provided that in the event any court of competent jurisdiction shall ever hold 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. Upon termination of the term of this Contract, it may thereafter be renewed or extended for such term or terms as may be agreed upon between the Kentucky Water Service Company, Inc., and the Oak Hill Water Association, Inc.

Section 5. The effectiveness of this Contract is subject to the award by the Water Association of contracts for the construction of its waterworks

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BY: Justin [Signature]  
FOR THE PUBLIC SERVICE COMMISSION

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 Water Association agrees that it will receive construction bids and make award of said bids at the earliest feasible date.

Section 6. The quality of water delivered by the Water Company to the Water Association hereunder shall meet the standards of the United States Public Health Service's Limitations for Drinking Water.

Section 7. In the event that the water needs of said Water Association should exceed two hundred sixteen thousand (216,000) gallons per day, the Water Company will endeavor to provide adequate service to the Water Association to the extent necessary, but cannot unqualifiedly covenant to do so. As noted aforesaid, it is acknowledged that 216,000 gallons of water per day is at this time in excess of present and foreseeable water needs of the Water Association. Sums due and payable from the Water Association 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 the Kentucky Water Service Company, Inc., in the Somerset, Kentucky, area.

Section 8. It is a further condition of this Contract that the Oak Hill Water Association, Inc., shall not serve any customers with water who are now served by Kentucky Water Service Company, Inc., or to whom service is available by the present distribution system of Kentucky Water Service Company, Inc.

Section 9. 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 10. The terms of this Contract are subject to the rights of the holders of any notes and mortgages encumbering the water works

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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 1st day of July,

1970.

Marie C. Leese  
NOTARY PUBLIC  
My Commission Expires: May 13, 1973

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PURSUANT TO 807 KAR 5011,  
SECTION 9 (1)

BY: Judith L. Smith  
FOR THE PURPOSES OF THE ACT

RESOLUTION

\* \* \* \* \*

At a regular meeting of the Oak Hill Road Water Association at which a quorum of members were present which was held at 7:30 P. M., on April 28, 1970, the following resolution was introduced, its adoption moved by Al Harrison and seconded by Roy Becher and carried unanimously in words and figures as follows:

Whereas, it has been brought to the attention of the Oak Hill Road Water Association that it would be necessary to enter into a contract for a supply of treated water for the purpose of furnishing water to the proposed consumers of the Oak Hill Road Water Association of Pulaski County, Kentucky; and, whereas, Kentucky Water Service Company, Inc., by letter dated March 23, 1970, has proposed to furnish an adequate supply of water under said Company's General Rules and Regulations as approved by the Public Service Commission of Kentucky; and, whereas, said letter of intent of Kentucky Water Service Company, Inc., dated March 23, 1970, stipulated the rates for said service, a copy of which letter of intent is annexed hereto and made a part hereof in its entirety by reference to the same; NOW, THEREFORE, be it resolved that the President and Secretary of the Oak Hill Road Water Association be and they are hereby authorized to enter into a formal contract with Kentucky Water Service Company, Inc., for the purchase of water for the operation of the Oak Hill Road Water Association at the rates and according to the terms and conditions set forth in said letter of intent which is hereby incorporated in this resolution as follows:

Mr. W. W. Kelly, President  
Oak Hill Road Water Association  
Route #2  
Somerset, Kentucky 42501

March 23, 1970

Re: Letter of Intent

Dear Mr. Kelly:

Please be advised that the Kentucky Water Service Company, Inc., will deliver water to you at a point on Oak Hill Road, said point to be at the end of our existing distribution main. The daily maximum gallons per day will be determined later by mutual agreement.

The rates for this service will be the same as those under which the other water districts are operating and under which we have proposed to deliver water to them which are as follows:

First	1,000 gallons used per month	\$2.50 (minimum)
Next	1,000 gallons used per month	.95 per M gals.
Next	4,000 gallons used per month	.90 per M gals.
Next	19,000 gallons used per month	.80 per M gals.
Next	25,000 gallons used per month	.75 per M gals.
Next	25,000 gallons used per month	.65 per M gals.
Next	25,000 gallons used per month	.55 per M gals.
Next	100,000 gallons used per month	.40 per M gals.

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BY: Judson B. Hall  
FOR THE PUBLIC SERVICE COMMISSION

All Over 200,000 gallons used per month

.35 per M gals.

MINIMUM MONTHLY CHARGES

5/8 or 3/4 inch meter	\$ 2.50
1 inch meter	3.35
1 1/4 or 1 1/2 inch meter	3.85
2 inch meter	4.60
3 inch meter	7.10
4 inch meter	10.60
6 inch meter	20.10

Services will be supplied under Company's General Rules and Regulations as approved by Public Service Commission of Kentucky.

Yours very truly,

KENTUCKY WATER SERVICE CO., INC.

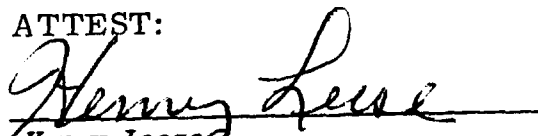
s/ L. B. Dodson  
L. B. DODSON, Vice President

LBD/mcl

Done at Somerset, Kentucky, this 26 day of April, 1970.

  
\_\_\_\_\_  
PRESIDENT W. W. Kelly

ATTEST:

  
\_\_\_\_\_  
Henry Leese  
Secretary

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BY:   
\_\_\_\_\_  
FOR THE PUBLIC SERVICE COMMISSION



VAUGHN & MELTON

CONSULTING ENGINEERS  
MIDDLESBORO, KENTUCKY  
GREENEVILLE, TENNESSEE

PROJECT NO. 6822

CALC. BY J.L.M.

DATE 4-30-70

CK'D BY

DATE

SUBJECT: PROPOSED MASTER METER SITE

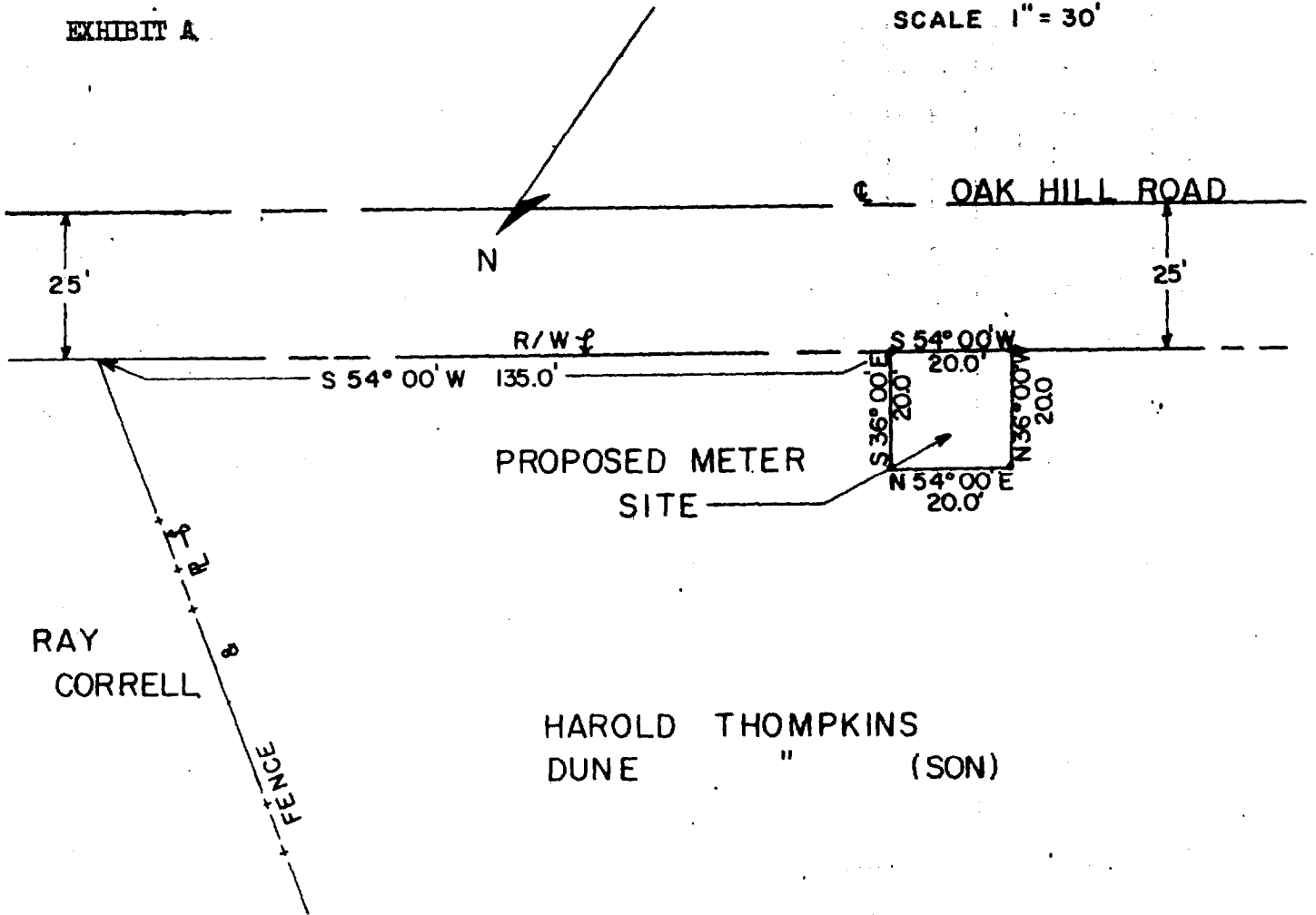
STATION 11+40

OAK HILL WATER ASSOCIATION

SHEET NO. 1 OF 1

EXHIBIT A

SCALE 1" = 30'



DESCRIPTION

Beginning at a point in the north right of way line of the Oak Hill Road, said point being S 54° 00' W 135.00 feet along the north right of way line of Oak Hill Road from the Ray Correll line fence; thence with the north right of way line of Oak Hill Road S 54° 00' W 20.0 feet; thence, N 36° 00' W 20.0 feet; thence, N 54° 00' E 20.0 feet; thence, S 36° 00' E 20.0 feet to the beginning containing 400 square feet.

*John L. McMichael*

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BY: *Jordan C. Deal*  
FOR THE PUBLIC SERVICE COMMISSION

acknowledge, and deliver, for the sale of water by the Kentucky Water Service Company, Inc., to such other Water Districts or Water Associations and on such terms and conditions as he deems desirable on and after this date, to-wit: May 22, 1969 (date of this meeting).

**BE IT FURTHER RESOLVED:**

That Ben D. Smith, Secretary of the Kentucky Water Service Company, Inc., be and he is authorized to attest said contract or contracts as said Secretary as Mr. Graybeal may negotiate and execute in behalf of the Kentucky Water Service Company, Inc. "

I, BEN D. SMITH, being the Secretary of the Kentucky Water Service Company, Inc., do further certify that at a Special Meeting of the Board of Directors of Kentucky Water Service Company, Inc., held on August 21, 1969, at the office of Wood Hannah, 110 East Market Street, Louisville, Kentucky, the following portion of the minutes and resolution were duly adopted by unanimous vote of the directors, said minutes and resolution referred to being as follows:

Mr. Hopkin then offered a Resolution which the Secretary read, being as follows, to-wit:

**RESOLUTION**

WHEREAS, by reason of the death of Mr. M. E. Graybeal, there is now a vacancy in the office of Vice President and the position of General Manager of the Kentucky Water Service Company, Inc.,

**BE IT RESOLVED:**

That Lawrence B. Dodson is now elected to succeed the late M. E. Graybeal to the office of Vice President and he is also now appointed to the position of General Manager of the Kentucky Water Service Company, Inc., with the authority heretofore granted and given to the late M. E. Graybeal, or as may be hereinafter granted to the said Lawrence B. Dodson at the same compensation and in fact under all general conditions contained in Mr. Graybeal's employment, effective immediately, but with salary for his compensation commencing October 1, 1969, however, Mr. Graybeal's salary shall be paid to Mrs. Graybeal through September 30, 1969.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of the Company at Somerset, Kentucky, on this \_\_\_\_\_ day of July, 1970.

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PURSUANT TO 807 KAR 5.011,  
SECTION 9 (1)

BY: *James B. Smith*  
FOR THE PUBLIC SERVICE COMMISSION

(S E A L)

Ben D. Smith, Secretary, Ky. Water  
Service Company, Inc.

**CERTIFIED COPY OF A PORTION  
OF THE MINUTES OF A SPECIAL MEETING  
OF THE BOARD OF DIRECTORS  
OF  
KENTUCKY WATER SERVICE COMPANY, INC.**

.....

**STATE OF KENTUCKY  
COUNTY OF PULASKI**

I, **BEN D. SMITH**, being the Secretary of the Kentucky Water Service Company, Inc., do hereby certify that at a Special Meeting of the Board of Directors of Kentucky Water Service Company, Inc., held on May 22, 1969, at the office of Wood Hannah, 110 East Market Street, Louisville, Kentucky, the following portion of the minutes and resolution were duly adopted by unanimous vote of the directors, said minutes and resolution referred to being as follows:

"Mr. Smith.....presented, read and moved the adoption of a Resolution as follows, to-wit:

**RESOLUTION**

**THAT WHEREAS**, the Kentucky Water Service Company, Inc., through and by M. E. Graybeal, its Vice President and General Manager, pursuant to this general authority has negotiated various contracts to sell water of the Kentucky Water Service Company, Inc., at Somerset, Kentucky, to Water Districts and Water Associations in the vicinity of Somerset, Pulaski County, Kentucky, all of which have been ratified and approved by the Board of Directors of the Kentucky Water Service Company, Inc., and

**WHEREAS**, other Water District or Water Associations are being organized in the vicinity of Somerset, Kentucky, the officers of which have been negotiating with Mr. Graybeal for the purchase of water; and

**WHEREAS** all the said contracts to sell water to said Water Districts or Water Associations provide the same sale prices and practically the same terms and conditions, and therefore it should not be necessary to have a special meeting of the Board of Directors to authorize, ratify, or approve such similar contracts entered into in the future;

**NOW THEREFORE, BE IT RESOLVED:**

That M. E. Graybeal, Vice President and General Manager of the Kentucky Water Service Company, Inc., be and he is hereby authorized to negotiate, enter into, execute

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PURSUANT TO 807 KAR 5.011.  
SECTION 9 (1)  
BY: Jordan C. Pool  
FOR THE PUBLIC SERVICE COMMISSION