

**WATER PURCHASE CONTRACT**

This contract for the sale and purchase of water is entered into as of the 21<sup>st</sup> day of March, 2013, between the **HARLAN MUNICIPAL WATER WORKS**, P.O. Box 1151, Harlan, Kentucky 40831, hereinafter referred to as the "Seller" and the **CAWOOD WATER DISTRICT**, P.O. Box 429, Cawood, Kentucky 40815, hereinafter referred to as the "Purchaser".

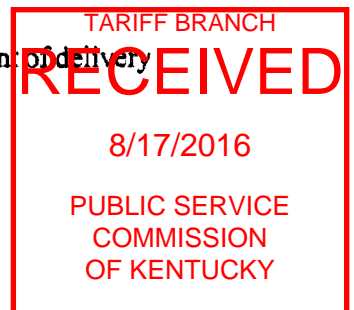
**WITNESSETH:**

That for and in consideration of the mutual covenants and promises hereinafter stated, the Purchaser and Seller do hereby agree as follows:

Whereas, the Purchaser is organized and established under the provisions of K.R.S. Chapter 74, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water for emergency purposes that may arise. The purchaser agrees to pay all costs associated with the construction and installation of the interconnection as designed and approved by the Seller.

**The Seller Agrees:**

1. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated between 95 psi-100 psi from an existing twelve inch (12") main supply at a point located between the CSX Railroad and Martins Fork of the Cumberland River southeast of KY Hwy. 72 at Dressen. 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.

**The Seller Agrees:**

2. (Billing Procedure) To furnish the Purchaser at the above address not later than the 1<sup>st</sup> day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding billing period. Purchaser shall pay said bill by the 15<sup>th</sup> day of each month.

**The Purchaser Agrees:**

3. The Purchaser will notify the Seller when the system is being switched over to Seller for emergency reasons and when switched back over to the Purchaser after repairs.

4. That the Purchaser will work diligently to make the necessary repairs in order to remove themselves from the emergency situation and regain self-sufficiency.

5. That the Purchaser at its own expense will install and maintain the meter at the point of delivery, its backflow preventer, its accuracy, vault, pump station, valves, as well as all the systems appurtenances, including standard operating and exercising practices. The Purchaser agrees to have the meter tested for accuracy at least once per year and calibrated as needed. The meter registering not more than two percent (2%) above or below true test accuracy will be deemed as accurate.

6. The previous readings of the master meter disclosed by test to have been inaccurate shall be corrected for the past three (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 a monthly basis. An official of the Seller at all times shall have access to the meter for the purpose of verifying its readings.

7. That the Seller will have access into the meter vault for purposes of reading the meter at any time.

8. That during catastrophic, or any situation where supply is limited and rationing required, the Seller would distribute proportionately to customers of the Seller as it sees fit.

9. In a case of main line failure or otherwise large loss of water exceeding the agreed daily amount or rate per minute occurs in the Purchaser system that is being supplied by the Seller and no one maintaining the Purchaser system could be reached after reasonable time and effort, the Seller would have the right to cut off the water at the interconnection source point until the Purchaser's system repairs are made.

10. The Seller promises to have a safe water supply at the source point with adequate chlorine residual. If there be a need to boost the chlorine residual within the Purchaser system, it would be the responsibility of the Purchaser to do so.

11. That the amount furnished by the Seller will be up to a maximum of 100,000 gallons per day and at a maximum rate of 150 gallons per minute.

12. The Seller will charge its prevailing water rate.



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

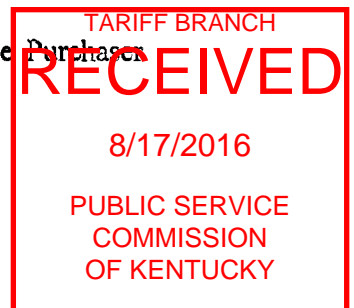
13. (Term of Contract) That this contract shall extend for a term of 3 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

14. (Delivery of Water) That approximately 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing of the date for the initial delivery of water.

15. (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 of water required by the Purchaser and gallonage defined within this contract. 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 Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be restored or made available as quickly as possible and distributed as the Seller sees fit.

16. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

17. (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 of the Purchaser



hereunder.

18. (Miscellaneous) That the Purchaser will, at all times, operate and maintain its system in an efficient manner and will take such actions as may be necessary to minimize the amount of water purchased from the Seller and not exceed the agreed gpd nor the gpm rate. The Purchaser will always notify and receive approval from the Seller prior to taking water from the Seller's system and will coordinate with the Seller each time when it ceases taking water from the Seller's system.

**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.



Seller:

HARLAN MUNICIPAL WATER WORKS

By [Signature]

Title Chairman

Date 3-21-13

Attest:

[Signature]  
Secretary

Purchaser:

CAWOOD WATER DISTRICT

By [Signature]

Title Chairman

Date 3-12-2013

Attest:

[Signature]  
Secretary

