

## WATER PURCHASE CONTRACT

THIS CONTRACT, made and entered into this 20<sup>th</sup> day of ~~July~~ <sup>June</sup>, 2025, by and between the CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT, a municipal corporation organized as a water district under Chapter 74 of the Kentucky Revised Statutes, a party of the first party, hereinafter referred to as the "Seller", and THE CITY OF SALEM, KENTUCKY, a City of the Home Rule Class, organized and existing under the laws of the State of Kentucky, with offices at 111 Court Street, Salem, Kentucky 42078, party of the second part, hereinafter referred to as the "Purchaser",

### WITNESSETH:

WHEREAS, the Seller is a water district organized under KRS Chapter 74; and .

WHEREAS, the Purchaser is a municipality of the Home Rule Class in need of a source of water to serve the citizens and residents of its service area, and, and

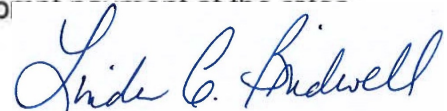
WHEREAS, the Seller is willing to sell the Purchaser a sufficient supply of available water which is reasonably expected to be available to Seller after providing for the anticipated water service obligations of the Seller to its own residents, and

WHEREAS, the governing bodies of the Purchaser and of the Seller have duly authorized the execution of this Contract,

NOW, THEREFORE, in consideration of the premises, of the mutual covenants and agreements herein contained, of the pro

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Executive Director



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as herein agreed to and set out, and of the prompt delivery of the water supply as herein agreed to and set out, the parties hereto have agreed as follows:

1. The Seller agrees to sell and deliver to the Purchaser, and the Purchaser agrees to purchase and receive from the Seller, a minimum of Ten Million Two Hundred Thousand (10,200,000) gallons per year with no set maximum for whatever purposes desired by the Purchaser and for such others as the Purchaser may contract with for the furnishing of water, subject to the terms and conditions set out herein.
2. This Contract shall become effective upon ratification by the parties and shall continue for a period of 20 years certain thereafter.
3. This Contract is also subject to the approval of the Kentucky Public Service Commission.
4. The quality of water delivered by the Seller to the Purchaser hereunder shall meet the standards of the United States Environmental Protection Agency/Kentucky Division of Water regulations for drinking water.
5. The Seller shall maintain water pressure sufficient to Purchaser at the Connection Point at all times, except in cases of unavoidable casualty, acts of God, strikes, or other instances beyond the reasonable control of the Seller.
7. The Seller shall use reasonable diligence and care to provide a regular and uninterrupted supply of water to the Purchaser and to avoid any shortage or interruption of service thereof. The minimum amount which the Seller must furnish during any month shall be not less than a total of Eight Hundred Fifty Thousand (850,000) gallons. The minimum

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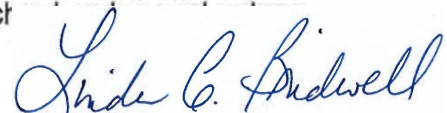
must furnish during any 24 hour period shall be an amount not less than a total of Twenty-eight thousand (28,000) gallons of water for such 24 hour period or not to be less than a rate of Twenty (20) gallons per minute during any 24 hour period. The Seller shall not be liable for any failure, interruption, or shortage of water or any loss or damage resulting therefrom, occasioned in whole or in part by any cause beyond the reasonable control of the Seller.

8. 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. 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 reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

9. If the Seller fails to provide to the Purchaser the quantity of water as stated in this contract or fails to comply with state standards concerning the quality of the water provided, the Seller agrees to pay to the Purchaser, the difference in the cost of purchasing water from the Seller and from the Seller and from a third party and exceeding the Purchaser's reasonable ability to make.

10. A master meter or meters (the "Master Meter") shall be furnished and installed at the expense of the Seller and shall be located within the boundaries of the Purchaser at the Connection Point. Such Master Meter shall be equipped (also at the expense of the Seller) with a c

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which shall be located at a reasonable place or places at or near the Connection Point, as shall be mutually agreed upon by the parties. Such Master Meter and check valve(s) shall measure the quantity of water furnished by the Seller and used by the Purchaser, on a monthly basis, and will determine the monthly amounts to be paid by the Purchaser to the Seller for such water, subject to all applicable conditions and limitations specified herein.

11. The Master Meter shall be checked by both the Seller and the Purchaser through their authorized agent(s) or employee(s), and said Master Meter shall be maintained and tested according to any applicable rules and regulations of the Public Service Commission of Kentucky, and if found to be inaccurate, shall be corrected as soon as practicable (and adjustments based on such meter testings shall be made in previous payments to conform to the results of such tests).

12. The Master Meter shall measure the water furnished by the Seller and used by the Purchaser on a daily basis, and will determine the monthly amounts to be paid by the Purchaser to the Seller for such water. Said Master Meter shall be read periodically, at least once each ten days, by an officially designated employee of the Seller and such Master Meter shall be accessible at all reasonable times to an officially designated employee of the Purchaser for the purpose of reading and checking same. The official readings, which will determine the basis of the charges rendered to the Purchaser, will be the readings made by the Seller.





13. The Seller agrees that at its own expense, it will procure, furnish, install, operate, and maintain the necessary facilities, right-of-ways, and easements required to furnish the water service necessary to service the Connection Point.

14. The Purchaser agrees to pay for the water so sold and delivered to the Connection Point, at the rate of \$3.34 per 1,000 gallons; provided however, that upon the expiration of such initial two-year period and in any year thereafter for the extent of this Contract, such rate may be adjusted for the extent of this Contract, such rate may be adjusted by the Seller upon 90 days' notice from the Seller to the Purchaser, as follows:

Upon written request of either party, made at least ninety (90) days in advance of the proposed effective date of such adjustment, which requests shall not be made more frequently than once a year, such rates shall be adjusted based on any increase or decrease in the costs borne by the Seller since the beginning of the initial effective period of such rates, or since the last adjustment in rates between the parties, whichever is later, the costs increases so taken into account being the costs of producing and delivering water to the Master Meter of the Purchaser, such costs to be determined based upon the certified audit of the records of the Seller by a certified public accountant, a copy of which audit shall be furnished to the Purchaser. Any adjustment in rates shall be subject to review and final approval by the Public Service Commission of Kentucky. Such costs per 1,000 gallons of producing water shall be based on the total number of gallon



of water produced by the Seller, regardless of the amount of water sold by the Seller to the Purchaser.

As set out above, any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs or performance hereunder, but such costs shall not include increased capitalization (being defined as "increased valuation without capital expenditure") of the Seller's system. All provisions of this contract may be modified or altered by mutual agreement.

Payment to Seller shall be made monthly for the water consumed by Purchaser for the prior month. On a semi-annual basis, the Seller shall determine if Purchaser has met half of its minimum purchase requirement. Should Purchaser fail to meet that requirement, then Seller shall invoice Purchaser the difference between one-half of the minimum water to be purchased and water purchased to date. This calculation shall be performed and the amount due on January 1<sup>st</sup> and July 1<sup>st</sup> of each year. The first initial payment shall not be due until this contract has been in force for a minimum of six months.

15. The Purchaser agrees to maintain and repair, and keep all of its mains, pipes, services, and facilities in reasonably good condition to enable it to continue purchasing water from the Seller.

16. The Purchaser assumes all responsibility for its own billing and for maintenance of its own system, the responsibility of the Seller being solely to deliver water to the Purchaser at the Connection Point. The Purchaser will assume the burden and cost of distribution of the water

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point of the Master Meter, including the cost of all electric power, insurance, pumping, storage, and related expense. If any booster pumping station is required by the Purchaser in order to effect the distribution of water purchased from the Seller from the point of the Master Meter to the customers of the Purchaser, the entire cost of such booster pumping station will be borne by the Purchaser, provided, however, that is and to the extent that any such booster pumping station shall be required in order to enable the Seller to deliver water at the Connection Point, the cost thereof will be borne by the Seller.

17. 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, jurisdiction, control, and prerogatives in connection with either of the parties.

18. That in the event of any occurrence rendering the Purchaser incapable of performing under this Contract, any successor of the Purchaser, whether the successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

~~19. When the Purchaser expands its sewage treatment to residences served their water by Seller, Seller agrees to cooperate in a reasonable manner with Purchaser in providing such sewer service and assist the Purchaser in billing those residences for such sewer service.~~

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

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**IN WITNESS WHEREOF**, the Seller, by resolution duly adopted by its Board of Commissioners, authorizing its Chairman and its Secretary, and the Purchaser, by Ordinance duly enacted by its City Council, authorizing its Mayor and its City Clerk to affix their respective signatures, together with the seals of said respective parties, have hereunto executed this Contract, as of the date first hereinabove written.

(Seal of District)

CRITTENDEN-LIVINGSTON COUNTY  
WATER DISTRICT


  
T.L. MADDUX, CHAIRMAN

ATTEST:

  
SECRETARY

(Seal of City )

CITY OF SALEM, KENTUCKY

  
MAYOR GARY DAMRON

ATTEST:

  
PAIGE TAYLOR, CITY CLERK

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