

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 27 day of May, 2008, between the BRACKEN COUNTY WATER DISTRICT, P.O. Box 201, 103 Woodward Avenue, Brooksville, Kentucky 41004-0401, hereinafter referred to as the "Seller" and the EAST PENDLETON WATER DISTRICT, 601 Woodson, Falmouth, Kentucky 41040, hereinafter referred to as the "Purchaser,"

WITNESSETH:

Whereas the Purchaser is organized and established under the provisions of Chapter 74 of the Kentucky Revised Statutes 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, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by Resolution enacted on the 25 day of February, 2007, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Resolution was approved, and the execution of this contract carrying out the said Resolution by the Chairman, and attested by the Secretary, was duly authorized, and

Whereas, by Resolution of the Commissioners of the Purchaser, enacted on the _____ day of _____, 2008, the purchase of water from the Seller in accordance with the terms set forth in said Resolution was approved, and the execution of this contract by the Chairman, and attested by the Secretary was authorized;

NOW THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. Quality and Quantity. To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Commonwealth of Kentucky in an amount not to exceed one percent (1%) of Seller's portion of Augusta Regional Water Treatment Plant allocation. (Said one percent (1%) allocation is currently 315,000 gallons per month.)



2. Point of Delivery. That water will be furnished at a reasonably constant pressure, in conformance with regulations and requirements of the Division of Water, from an existing six (6) inch main supply at a point located at the intersection of Milford Road and McKinneysburg Road. 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.

3. Billing Procedure. To furnish the Purchaser at the above address, not later than the last day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month. The metering equipment shall be read on or about the 20th of each month.

B. The Purchaser Agrees:

1. Rates and Payment Dates. To pay the Seller, not later than the 15th day of each month, for water delivered at the rate of \$2.72 per 1,000 gallons. This amount may be adjusted annually in conformance with KRS 278.030(1).

2. Metering Equipment. To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate.

The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the two (2) 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.

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

1. Term of Contract. That this contract shall extend for a term



of 20 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. Notwithstanding the foregoing, should the Purchaser become able to supply the water required to service this area, it may terminate this Contract by giving Seller twelve (12) months notice of intent to terminate.

2. 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. Temporary or partial failures to deliver water shall be remedied with all possible dispatch.

3. Modification of Contract. That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every one year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

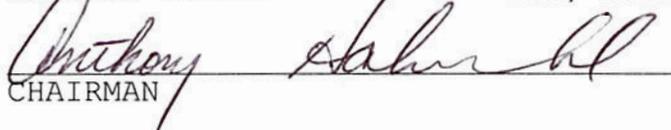
4. Regulatory Agencies. That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this Commonwealth and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

5. 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.

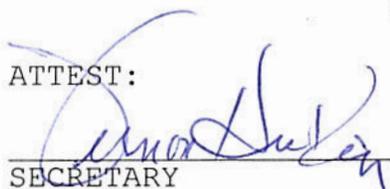
IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in four counterparts, each of which shall constitute an original.

BRACKEN COUNTY WATER DISTRICT, SELLER

By:


CHAIRMAN

ATTEST:


SECRETARY



PENDLETON COUNTY WATER DISTRICT, PURCHASER

By: Leslie Herbst
CHAIRMAN

ATTEST:

Kaple Newman
SECRETARY

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