

Water Supply Agreement

THIS AGREEMENT made and entered into on this 19th day of April, 2011, by and between the Electric and Water Plant Board of the City of Frankfort, Kentucky, whose address is 317 West Second Street, P.O. Box 308, Frankfort, Kentucky 40602, having the powers granted by KRS 96.171 *et seq.*, ("Board"), and the Northeast Woodford Water District, whose address is 225 A South Main Street, Versailles, Kentucky 40383, a water district created and existing under the laws of the state of Kentucky ("District");

WHEREAS: The City of Versailles, Kentucky is currently the District's sole supplier of water.

WHEREAS, The District desires to obtain a supplementary source of supply of water;

WHEREAS, the Board operates a water supply system along US 421 with the additional capacity to serve as the District's supplementary source of supply;

WITNESSETH: That the parties hereto in consideration of the mutual duties and obligations herein created, have, and do agree as follows:

- 1. Quality:** During the term of this agreement and any renewal or extension thereof, the Board will furnish to the District at the point of delivery hereinafter specified, treated, potable water that complies with all applicable Kentucky Division of Water and U.S. Environmental Protection Agency standards for water quality.



2. Points of Delivery, Flow Rates, Minimum Quantities, and Pressure: The Board will provide water to the District at the following point of delivery:

New metering point at the intersection of Woodlake Road and I-64. The Board will install, at the District's expense, metering equipment inside the District's pump station; the Board shall have access to the pump station for proper maintenance or testing of the metering equipment; the maximum flow rate shall be 400 gallons per minute; the minimum consumption shall be 3,000,000 gallons per month computed on an annual basis beginning when all facilities are operational. The District will pay the Board forty-one thousand, eight hundred and sixty dollars **(\$41,860.00)** to aid in construction of the Board's proposed facilities along Woodlake Road from US 421 to I-64. In addition, upon presentation of a work order, the District shall pay the actual charges for metering, telemetry, and a tap fee (estimated at **\$3,800**, **\$20,000**, and **\$1,300** respectively).

The parties, in writing, may agree to one or more additional points of delivery, subject to the force majeure events described herein. Adequate pressure normally provided from the Board's existing facilities will be supplied to the point of delivery. If a greater pressure than is normally available at the points of delivery is required by the District, the cost of providing such greater pressure shall be the responsibility of the District. Notwithstanding the foregoing, the Board under this Agreement assumes no obligation



whatsoever to furnish satisfactory quantity or pressure for any particular service such as irrigation, fire protection, industrial, or commercial use.

3. **Term of Agreement and Effective Date:** This Agreement will take effect on the Effective Date and will continue for a term of forty-two (42) years thereafter. The Parties acknowledge that this Agreement will require submission to the Kentucky Public Service Commission ("PSC") for approval. The Board shall file an executed copy of this Agreement with the PSC. The District pledges its assistance to help expedite the PSC review process. The Effective Date of this Agreement shall be the date the Agreement is deemed to be "filed" by the PSC. The Board shall give written notice of the Effective Date to the District.

4. **Metering Equipment and Flow Measurement:** The Board will own, operate and maintain the metering equipment located at the point of delivery. The Board shall make annual tests and inspections of the master meter; and additional testing may be performed by the Board at its sole discretion at any time. The Board will provide a twenty-four (24) hour notice to the District prior to conducting any meter test, allow District personnel to witness the test, and submit test results to the appropriate official or agent designated by the District upon request. A meter registering within the acceptable limits as defined by American Water Works Association (AWWA) standards shall be deemed to be accurate. A reading of the meter determined by the test results to be inaccurate (registering outside of acceptable limits of AWWA standards based upon type of meter) shall cause billings for at least one (1) month, and



up to three (3) months, previous to such test to be adjusted by the percentage of inaccuracy found by such test. If any meter should fail to register usage for any regular billing period, the amount of water furnished during such billing period shall be determined based on historical consumption for three (3) consecutive billing periods.

5. **Billing and Payment:** The District shall at all times pay the rates and charges for water that exist at the time of delivery under the existing published rates, rules and regulations of the Board.

The District and the Board acknowledge the Board's wholesale water rate is determined by the Board's rate-making methodology, and agree that the Board's rate making methodology is a reasonable basis for the rate adjustments under the Water Supply Agreement. That methodology requires that the wholesale rate be determined by considering the following components including but not limited to:

- A. Operation and maintenance expenses
- B. Depreciation expenses
- C. Debt service and coverage on debt service

The initial rate under this contract is established by the Board's most recent tariff establishing rates for the wholesale non-water producer (i.e. water district) class currently on file with the Commission. Thereafter, the rates established shall be submitted to and approved by the Commission.

6. **Force Majeure:** Emergency failures due to main supply line breaks, power failure, flood, fire, act of God, war, riot, earthquake, explosion, or other



catastrophic events shall excuse the Board from its performance under this Agreement for such reasonable period of time as may be necessary to restore service.

7. **Proportionate Reduction:** In the event any occurrence, condition, or circumstance leads the Board to request voluntary curtailment of water consumption or to impose mandatory curtailment of water consumption with respect to the Board's own water users, the District will make the same request for voluntary curtailment of consumption or will impose the same mandatory curtailment of water consumption, upon its water users, to the end that District water users will be treated alike with respect to curtailment of water consumption, and the District will cooperate fully in taking the same character of enforcement action as the Board takes with respect to any such request or mandate.
8. **Assignment:** This Agreement shall be binding on all successors and assigns of the Parties but shall not be assigned by either Party without the written consent of the other.
9. **Waivers:** The failure of any Party at any time to enforce any provision of this Agreement, to exercise its rights under any provision, or to require a certain performance of any provision shall in no way be construed a waiver of such provision nor in any way affect the validity of this Agreement or the right of the Party thereafter to enforce each and every provision.
10. **Authority to Execute Agreement:** The Board possesses full authority to enter into this Agreement as indicated by the Board's minutes attached hereto



as Exhibit A. The District possesses full authority to enter into this Agreement as indicated by the District's minutes attached hereto as Exhibit B.

11. Entire Agreement: This Agreement constitutes the entire understanding and agreement between the Parties and supersedes all other understandings and agreements between the Parties with respect to the subject matter of this Agreement. There are no understandings, representations or warranties of any kind, expressed or implied, not expressly set forth in this Agreement. No modifications or amendment of this Agreement shall be effective unless in writing and executed on behalf of both Parties.



IN TESTIMONY WHEREOF, the parties hereto have caused this Agreement to be executed by its duly authorized officers, on this date and year first above written.

Electric and Water Plant Board
of the City of Frankfort,
Kentucky

By: Ann Wingrove
Board Chair
Ann Wingrove

Attest:

Bennie R. Moffitt

Northeast Woodford
Water District

By: John S. Davis
Board Chair

Attest:

Don L. Baly

