

PRELIMINARY WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 20th day of March, 2000, between the PENDLETON COUNTY WATER DISTRICT (PCWD), P.O. Box 232, Route 5, Highway 330, Box 14, Falmouth, KY 41040 hereinafter referred to as the "Seller" and the CITY OF BUTLER, P.O. Box 229, Butler, KY 41006, hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of the State of Kentucky as a municipality, and operating a water supply distribution system serving water users within the City of Butler area, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a planned increase in capacity 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, and

Whereas, by Resolution of the Pendleton Co. Water District Board enacted on the 28th day of October, 1999, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Purchase Contract was approved, and the execution of this contract carrying out the said resolution by the PCWD Board, and attested by the Secretary, was duly authorized, and

Whereas, by approval of the City Council of the Purchaser, enacted on the 1st day of November, 1999, the purchase of water from the Seller in accordance with the terms set

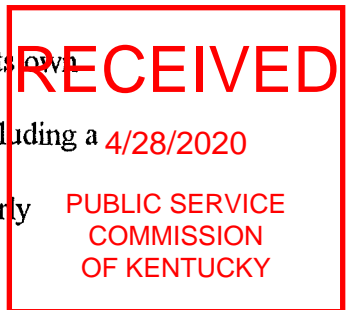


forth in the said contract was approved, and the execution of this contract by the PCWD Board, and attested by the Secretary was duly authorized:

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 Kentucky Division of Water in such quantities as may be required by the Purchaser not to exceed 125,000 per day, barring unforeseen emergencies.
2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at 20 PSI + or - 5 PSI from a new 6" main supply to a 3" master meter at a point located in the vicinity of the existing City of Butler storage tank. 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. (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 whenever requested by the Purchaser but not more frequently than 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 Seller shall test the accuracy of the meter no less than every twenty-four (24) months.

The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the 12 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 or about the time the Purchaser conducts its monthly readings. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 25th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.
5. (Delivery of Water) That sixty (60) days prior to the estimated date of completion of construction of the Sellers water supply distribution system, the Seller will notify the Purchaser in writing the date for the initial delivery of water.



B. The Purchaser Agrees: Minimum Bill of 55,000 GPD

1. (Rates and Payment Date) To pay the Seller, not later than the 10th day of each month, for water delivered in accordance with the following schedule of rates:
 - a. Billing schedule will be determined by the preliminary municipal wholesale water rate of \$2.20 per 1,000 gallon as shown in the engineering report calculation dated March 16, 2000.
 - b. The bill will be considered overdue if not paid by the 15th day of each month. After which the bill is subject to a 10% penalty.
2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of N/A Dollars which shall cover any and all costs of the Seller for installation of the metering equipment and attributes.

Note: In reference to #2 Connection Fee, all fees to be paid by joint Grant Funding in project by Purchaser and Seller.

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.

RECEIVED

4/28/2020

PUBLIC SERVICE
COMMISSION
OF KENTUCKY

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 delivery 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.

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 two 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 State 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 six (6) counterparts, each of which shall constitute an original.

Seller: PENDLETON CO. WATER DIST.

BY: Louis McClanahan

Louis McClanahan Date: 3-20-00

Title: Treasurer

ATTEST:

H. T. Ammerman

H.T. Ammerman Date: 3-20-00

Secretary

Purchaser: CITY OF BUTLER, KENTUCKY

x BY: Delbert Reid

Delbert Reid Date: 3-20-00

Title: Mayor

ATTEST:

Donna M. Kendall

City Clerk Date: 3-20-00

RECEIVED

4/28/2020

PUBLIC SERVICE
COMMISSION
OF KENTUCKY