

INTERCONNECT AGREEMENT

This Agreement entered into this 10th day of March, 2011, by and between the Webster County Water District (hereinafter "WCWD") and the Union County Water District (hereinafter "UCWD").

WITNESSETH:

WHEREAS, the WCWD represents and warrants that it is a Water District utility, properly established by the Webster County Fiscal Court and applicable Kentucky Revised Statutes with a mailing address of Post Office Box 320, Dixon, Kentucky 42409; and

WHEREAS, the UCWD represents and warrants that it is a water district utility properly established by the Union County Fiscal Court operating under applicable Kentucky Revised Statutes; and

WHEREAS; the parties have/will establish an interconnect of the water district systems near Highway 270 from Hearin Bordley Road to Kentucky Highway 141

WHEREAS, the parties are desirous of purchasing surplus water from the other party to serve the emergency needs of its customers;

WHEREAS, the WCWD by Resolution No. 11-2 adopted 3/10/11 approved by this Agreement and the UCWD approved this Agreement by Resolution No. 03/10 adopted 3-15-11;

AND WHEREAS, now therefore, for and consideration of the mutual covenants, agreements and conditions contained herein, the Parties agree as follows:

1. TERM OF THIS AGREEMENT:

The term of this Agreement shall be as follows:

- a. Term of this Agreement shall be for an indefinite term and shall commence on the date of execution of this agreement.
- b. This Agreement may be terminated by either party by providing six (6) months written notice to the address listed above prior to the anniversary of the date of this Agreement and each such anniversary thereafter.

2. WATER PURCHASE COMMITMENT:

Subject to all the terms and conditions hereafter set forth both the WCWD and the UCWD agrees to sell and purchase from each party water on an emergency basis.



The use of this interconnect shall be for emergency use only and must be authorized by the Superintendent of both the WCWD and UCWD. Both parties shall have access to the locked master meter vault at all times. Representatives of both water districts must be present for the master meter to be turned on.

3. RATES:

Both Parties agree to pay for all the water that it acquires from the other Party in accordance with this Agreement at the regular rate of \$2.70 per thousand gallons.

Notwithstanding the above referenced rate provision, each Party shall be entitled to repay the above referenced purchase of water by supply of in kind water services to the other Party. This amount shall be computed on a monthly basis on the first Monday on each ending month. Whichever Party has acquired excess water shall provide payment at that time.

4. OWNERSHIP:

The parties acknowledge that WCWD shall own the vault and meter. They shall each be responsible for the cost and maintenance of the equipment up to their side of the county line.

5. PAYMENT:

Once the interconnect is opened up to transfer water between the districts, the meter will be read daily but billing will only be on a regular monthly schedule.

On the first Monday of each month at 9 a.m., a representative of both Parties shall jointly read the meter. Thereafter the Party owing the other shall provide in-kind water or payment within thirty (30) days.

6. SYSTEM MAINTENANCE:

In the event that the other Party determines that it is necessary or advisable for reason of emergency, routine operation, maintenance, repair or replacement of any part of their facilities, the other Party shall have the right and option to restrict water delivery to the other Party. The applicable Party shall use its best efforts to coordinate any scheduled interruption of the delivery of water to the other Party in order that the other available sources of water to the Party



will be adequate to meet the needs during such period of maintenance, repair or replacement of any part of their facilities.

7. INDEMNIFICATION:

The Water District supplying the water at any given time will be responsible for maintaining the quality of the water being transmitted in accordance with PSC and the Kentucky Division of Water guidelines.

The Parties hereby agree to indemnify, release and forever discharge each Party and waive any right of or claim for damages of any kind or nature whatsoever under this Agreement arising out of or resulting from force majeure, water quality, inadequate or excessive pressure or restriction, interruption or stoppage of the flow of water for any reason whatsoever, including, but not limited to, negligence. The term "Force of Majeure" as used in the Agreement shall mean emergency conditions reasonably beyond the control of the Parties including, without limitation, the following: strikes, lockouts or other industrial disturbances; acts of public enemies; order of any kind of the government of the United States, or any state or military authority, or any of their departments, agencies or officials; acts of terrorism; fires; floods; pollution; earthquakes; tornadoes; storms; other actions of God; breach of contract by any vendor, contractor, subcontractor, laborer or materialman; unforeseen failure of, or damage to equipment or facilities; or any other similar cause or event not reasonably within the control of the Parties.

8. INVALIDITY:

The Parties agree that in the event any term or provision of the Agreement shall be held to be invalid, illegal or unenforceable, all other terms and provisions of this Agreement shall remain in full force and effect, and this Agreement shall be construed as if not containing the particular provision or provisions held to be invalid.

9. AMENDMENTS:

Except as otherwise provided herein, the Parties shall not amend, modify or waive any provision of this Agreement without written consent of both Parties hereto. This amendment may not be orally modified or amended.

10. ENTIRE AGREEMENT:

Except as otherwise provided herein, this Agreement embodies the entire Agreement and understanding of the Parties hereto relating to the subject matter thereof and supersedes all prior agreements, understandings, representations and discussions.



11. CHOICE OF LAW:

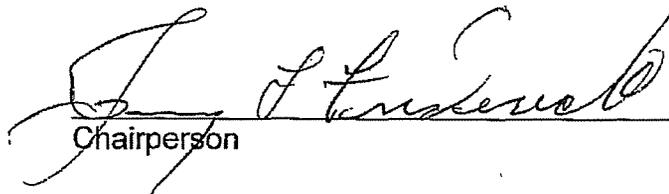
This Agreement shall be construed and interpreted in accordance with the laws of the Commonwealth of Kentucky.

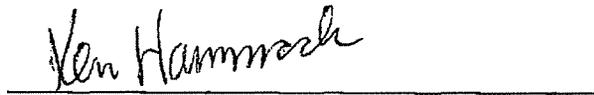
12. NO AGENCY OR PARTNERSHIP:

Nothing contained in this Agreement shall be construed as to render the Parties hereto joint ventures, partners or agents of each other, and neither Party shall be liable for any debts, obligations, acts, omissions, representations, or contracts of the other as a result of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement.

BOARD OF COMMISSIONERS
WEBSTER COUNTY WATER DISTRICT


Chairperson


Secretary

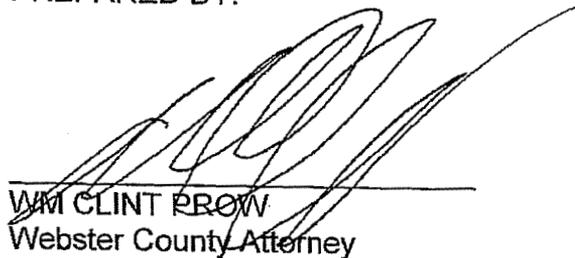
BOARD OF COMMISSIONERS
UNION COUNTY WATER DISTRICT


Chairperson


Secretary



PREPARED BY:



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(270) 639-7010

TARIFF BRANCH
RECEIVED
3/29/2011
PUBLIC SERVICE
COMMISSION
OF KENTUCKY