

WATER PURCHASE CONTRACT

This CONTRACT for the sale and purchase of water is entered into as of the 6 of September, 1988, between the City of Bardstown, Kentucky, hereinafter referred to as the "Seller" and the City of New Haven, Kentucky, hereinafter referred to as the "Purchaser".

W I T N E S S E T H:

WHEREAS, the Purchaser and Seller are organized and established under the provisions of the KRS Code of Statutes, State of Kentucky, and are operating parallel water treatment and distribution systems serving water users within their respective areas, and

WHEREAS, the Purchaser in the interest of its overall economy desires a new source of treated water, and

WHEREAS, the Seller owns and operates a water treatment 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, and

WHEREAS, the Council authorized the Mayor to execute this Contract by Resolution approved at the City Council Meeting held on the 9 day of August, 1988, and

WHEREAS, by Ordinance enacted by the Purchaser on the 5th day of September, 1988, the purchase of water from the Seller in accordance with the terms set forth in the said Ordinance was approved, and the execution of this contract carrying out the said Ordinance by the Mayor, and attested by the City Clerk was duly authorized.

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

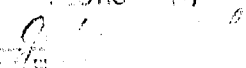
A. The Seller Agrees:

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 Bureau of Natural Resources and Environmental Protection or other appropriate governmental authority in such quantity as may be required by the Purchaser not to exceed 4,500,000 gallons per month.

PUBLIC SERVICE COMMISSION
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SEP 22 1988

PURSUANT TO 807 KAR 5.011,
SECTION 2(1)

BY: 
FOR THE

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure not less than 30 lbs. per sq. in. from an existing eight (8) inch main supply at a point located near Culvertown near the intersection of US 31E and KY 247. 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. The Seller shall not be responsible to provide for a rate of flow in excess of 125 gallons per minute, but Seller may increase the rate of flow on a temporary basis from time to time if it determines that such increase is feasible.

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 shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the twelve (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 the tenth (10th). An appropriate official of the PUBLIC SERVICE COMMISSION OF KENTUCKY shall have access to the meter for the purpose of verifying its readings.

4. (Billing Procedures) To furnish the Purchaser at the above address not later than the fifth (5th) day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

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PURSUANT TO
BY: [Signature]
FOR THE

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the fifteenth (15th) day of each month, for water delivered in accordance with the following schedule of rates:

a. \$800.00 for the first 1,000,000 gallons which amount shall also be the minimum rate per month.

b. \$0.80 cents per 1,000 gallons for water in excess of 1,000,000 gallons but less than 4,500,000 gallons.

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 \$6,000 which shall cover any and all costs of the Seller for installation of the metering equipment and required treatment plant modifications to provide the quantities of water specified by this agreement.

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 fifty (50) 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, shall be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That thirty (30) days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing of the date for the initial delivery of water. The Purchaser warrants that it has analyzed the hydraulic consequences of the merging of the two systems and holds harmless the Seller from any and all liability resulting from the introduction of the Seller's hydraulic system onto that of the Purchaser.

3. (Water for Testing) When requested by the Purchaser, the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$200.00 which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such actions as

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SEP 22 1994

PURSUANT TO 807 KAR 5011.

BY:

may be necessary to furnish the Purchaser with quantities of water required by the Purchaser, not to exceed the maximum amount set out above. 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 resulting in the Seller not having sufficient water supply for both its residents and those distribution systems outside its corporate limits, preference shall be given by the Seller, first to those persons residing within its corporate limits which shall be held by competent authority to prevent the Seller from supplying the full requirements of the Purchaser, and that the Seller's obligations to furnish filtered water to the Purchaser as herein provided shall be altered and/or diminished according to the extent that water supply is then available. The curtailment policy of the Seller, notwithstanding the above, shall be to diminish the supply of water on a pro rata basis. It is hereby agreed that such curtailment shall not otherwise affect the terms and conditions of this contract.

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SEP 22 1994

5. (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 five (5) year period. Any increase or decrease in rates shall be based on demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system except such capitalization as is necessary for the storage, production or filtration of water, but not based on any capitalization of the Seller in extending the Seller's own distribution lines. It is agreed however that the rate modification provision shall not take effect until such time as the first amendment or modification has been adopted so as to permit the Seller to coordinate the application of a rate modification to other wholesale contract customers.

PURSUANT TO 207 KAR 5011,
SECTION 10)
BY: _____
FOR THE _____

6. (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.

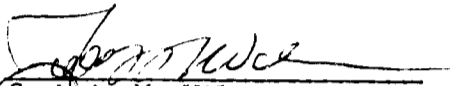
7. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any

successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the right of the Purchaser hereunder.

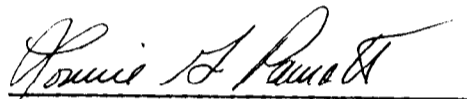
IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in duplicate, each of which shall constitute an original.

SELLER

CITY OF BARDSTOWN

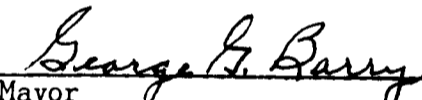

Guthrie M. Wilson
Mayor

ATTEST:

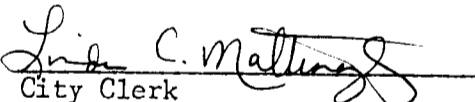

Lonnie G. Parrott
City Clerk

PURCHASER

CITY OF NEW HAVEN


Mayor

ATTEST:


Linda C. Mattingly
City Clerk

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PURSUANT TO 807 KAR 5.011,
SECTION 3 (1)

BY: 
FOR THE PURCHASER