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PUBLIC SERVICE COMMISSION

WATER PURCHASE AGREEMENT

THIS WATER PURCHASE AGREEMENT, is made and entered into as of January 2, 1999, by and between the Campbellsville Municipal Water and Sewer Systems, hereinafter referred to as the "COMPANY"; and the MARION COUNTY WATER DISTRICT, hereinafter referred to as the "DISTRICT".

WITNESSETH:

The parties hereby enter into a written Agreement whereby the COMPANY furnishes to the DISTRICT certain quantities of treated water which the DISTRICT then, in turn, makes available for sale to its customers.

NOW, THEREFORE, in consideration of the mutual terms and conditions hereinafter set forth, the parties do hereby agree as follows:

1. TERM:

That the term of the Agreement shall extend for a period of forty (40) years from and after the effective date, which is 1-2-99, unless otherwise extended or modified by written agreement between the parties.

2. QUALITY OF WATER:

The COMPANY shall furnish the DISTRICT at the points of delivery hereinafter specified, during the terms of this Agreement or any renewal or extension thereof,

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potable, treated water meeting applicable purity standards of all appropriate state and federal regulatory agencies. The water shall also be of this same type and quality furnished to the COMPANY'S other water customers.

3. QUANTITY OF WATER:

The COMPANY shall furnish to the DISTRICT such quantities of water as the DISTRICT may require in order to provide to its customers, not to exceed, however 5,000,000 gallons per month. This amount shall be designated the "Guaranteed Amount". If and when the future needs of the DISTRICT exceed this Guaranteed Amount, then the COMPANY also agrees to supply that Excess Demand ("Excess Demand"), to the extent water is available and it is able to do so. The DISTRICT shall pay a minimum bill of \$54.00 (fifty-four dollars) and include 0 gallons. The minimum bill will be based on size and number of meters.

Under no circumstances shall the DISTRICT increase its rate of use; such that, the COMPANY'S service to its' customer is below applicable state and federal regulations.

4. DELIVERY POINTS:

There are presently three (3) points of delivery:

- (1) Big Johns (Hwy 208)

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- (2) St. Matthews Cemetery Road (Junction of Finley Ridge and St. Matthews Cemetery Road)
- (3) Hwy 527 on Scotts Ridge (Marion and Taylor County Line)

The COMPANY shall not be held responsible for emergency failure of pressures and flow at any point of delivery due to main leaks, power failures, flood, fire and use of water to fight fire, an act of God, or other causes beyond the control of the COMPANY.

5. MASTER METER TESTING

The COMPANY shall furnish, operate and maintain at its own expense at each existing 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 DISTRICT at each location, and to calibrate such meter equipment, whenever requested by the DISTRICT, but not more frequently than one every twelve (12) months.

If additional metering points are requested by the DISTRICT then, that cost of installing the master meter vault and equipment will be born by the DISTRICT.

The COMPANY will operate and maintain at its own expense each additional metering point thereafter.

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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 six (6) months previous to said test in accordance with the percentage of inaccuracy found by such test. 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 the COMPANY and the DISTRICT shall agree upon a different amount.

6. BACKFLOW AND CROSS CONNECTION:

That the DISTRICT will install at its' own expense an approved backflow assembly. Backflow devices must be tested annually and a copy of the test results submitted to Campbellsville Municipal Water and Sewer System. However, if the DISTRICT has a cross connection program and is enforcing the said program, then the DISTRICT can furnish a copy of the cross connection accordance to Campbellsville Municipal Water and Sewer System in lieu of installing backflow devices.

7. BILLING PROCEDURE:

The meter equipment shall be read by the COMPANY on or about the 18 day of each month. The COMPANY shall furnish the Treasurer of the DISTRICT at Lebanon, Kentucky not later than the 22 day of each month with an itemized statement of the cost and amount of water furnished to the

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DISTRICT during the preceding month. The DISTRICT shall pay those charges to the COMPANY, not later than the 30 day of each month. The bill shall be calculated according to the COMPANY'S prevailing wholesale rate schedule, which is \$1.56 per 1,000 gallons. It is understood and agreed by the parties that the COMPANY'S obligation to furnish treated water to the DISTRICT is contingent upon the DISTRICT'S timely payment of those monthly charges calculated under the prevailing wholesale rate schedule. In the event of a dispute over those sums due to the COMPANY by the DISTRICT, then the DISTRICT will continue to pay on a monthly basis in accordance with the COMPANY'S monthly billing statement until such time as resolution of such dispute provides otherwise.

8. RATE MODIFICATION:

It is understood and agreed that the COMPANY may hereafter modify its rate schedule by increasing or decreasing the rates charged its customers, including the wholesale rate to the DISTRICT may be subject to adjustment on an annual basis. Such rate modification shall be reasonably related to any demonstrated changes in the COMPANY'S cost of operation of its business, and any rate change shall be made with the approval of the governing legislative body of the City of Campbellsville. Any increase in cost of operation may include increases in capitalization of the COMPANY'S system if such increased capitalization is

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necessary to permit the COMPANY to carry out its service obligations within its service area.

9. **ADVANCE NOTICE:**

The COMPANY shall give the DISTRICT written notice at least thirty (30) days before making application to the governing body of the City of Campbellsville of its intent to apply for rate modification.

10. **COOPERATION:**

The regulations and limitations which the COMPANY may impose upon other regular customers with respect to the use of its water will be applicable to the DISTRICT, and the DISTRICT will cooperate with the COMPANY in the enforcement of same. In addition, the DISTRICT will use all reasonable efforts to cooperate with the COMPANY during water shortage situations.

11. **RATES FOR WHOLESALE METERS FOR WATER DISTRICTS**

UNDER CONTRACT

2"	\$18.00
4"	\$30.00
6"	\$42.00
8"	\$62.00
10"	\$85.00

IN WITNESS WHEREOF, the parties hereto, acting under the authority of their respective governing bodies, have caused this Agreement to be duly executed.

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BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

DATE: _____

Campbellsville Municipal Water
And Sewer Systems

ATTEST:

Richard Jelen

Secretary

by: Elmer Reed

DATE: 12.3.98

Marion County Water District

ATTEST:

J.B. Peterson

J.B. Peterson

Secretary Treasurer

by: Barbara R. May

Barbara May

Madam Chairman

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SECTION 9(1)

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