

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 4th day of March,
19 92, between the City of Flemingsburg
Flemingsburg, Ky. 41041

(Address)

hereinafter referred to as the "Seller" and the Fleming County Water Assoc., Inc.
P. O. Box 327, Flemingsburg, Ky. 41041

(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of KRS 273 of the
Code of Ky. Revised Statutes, for the purpose of constructing and operating a water supply distribution
system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish
this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution 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 as shown
in the plans of the system now on file in the office of the Purchaser, and

Whereas, by Resolution No. 3-1-92 enacted on the 2nd day
of March, 19 92, by the Seller, the sale of water to the Purchaser in accordance
with the provisions of the said Resolution was approved, and the execution of this contract

carrying out the said Resolution by the Mayor, Louie K. Flanery
and attested by the Secretary, was duly authorized, and

Whereas, by Resolution of the Board of Directors
of the Purchaser, enacted on the _____ day of _____, 19 92

the purchase of water from the Seller in accordance with the terms set forth in the said Resolution
was approved, and the execution of this contract by the President, J. E. Smith, Jr. 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 Department of Natural Resources
PUBLIC SERVICE COMMISSION
OF KENTUCKY
in such quantity as may be required by the Purchaser not to exceed 7,500,000 gallons per month.
EFFECTIVE

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SECTION 9 (1)

BY: Jordan C. Neal PUBLIC SERVICE
FOR THE PUBLIC SERVICE COMMISSION COMMISSION

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 -40- 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.

2. (Delivery of Water) That -- 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 the date for the initial delivery of water.

3. ~~That the Seller shall be responsible for the design, purchase, and installation of the water supply equipment to be used in the water supply distribution system. The Seller shall also be responsible for the design, purchase, and installation of the water supply equipment to be used in the water supply distribution system.~~

~~That the Seller shall be responsible for the design, purchase, and installation of the water supply equipment to be used in the water supply distribution system.~~

4. (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 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, 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.

5. (Modification of Contract) ~~That the Seller shall be responsible for the design, purchase, and installation of the water supply equipment to be used in the water supply distribution system.~~
(SEE BELOW)

~~That the Seller shall be responsible for the design, purchase, and installation of the water supply equipment to be used in the water supply distribution system.~~

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable 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. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (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.

5. (Modification of Contact) This Water Purchase Contract shall be subject to modification, including the applicable rate schedule, as may be reasonably required. In the event that the City increases water rates charged to its customers, then the rates which apply to the Water Purchase Contract shall be automatically increased by the same percentage as the overall average percent increase charged to the City's other customers. Other provisions of this Water Supply Contract may be modified by mutual agreement of the parties.

9. (Effective Date) The effective date for the performance of the obligations hereby assumed by the parties shall commence upon receipt of the Seller's written notification to the Purchaser notifying the Purchaser that the Seller's water supply system developed in cooperation and agreement with the City of Maysville, Kentucky has been certified by the Seller's engineering consultant to be fully tested, decontaminated and ready for the delivery of water to the Seller.

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BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in -2- counterparts, each of which shall constitute an original.

Seller:

By

Louie K. Flanery

Title

Mayor

Attest:

W. D. Water
~~XXXXXXXX~~ ~~XXXXXX~~
CITY ATTORNEY

Purchaser:

By

J. E. Smith, Jr.

Title

President

Attest:

Warne Craft
Secretary

This contract is approved on behalf of the Farmers Home Administration this 12th day of March, 19 92.

By

Title

Robert W. Little
Chief Community & Business Programs

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SECTION 9 (1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY
CITY OF FLEMINGSBURG, KENTUCKY
RESOLUTION NO. 3-1-92

WHEREAS, the Fleming County Water Association, Inc. has requested from the City of Flemingsburg, Kentucky a contractual commitment by the City of Flemingsburg to provide to the Fleming County Water Association, Inc. treated water under the terms and conditions set forth in the attached proposed Water Purchase Contract, and

WHEREAS, the City Council of the City of Flemingsburg, Kentucky at its regular monthly meeting on Monday, March 2, 1992 was sufficiently informed and advised of said matter by its engineering consultant, City Attorney and Utilities Superintendent as well by representatives of the Fleming County Water Association, Inc., and

WHEREAS, following a discussion of said matter the City Council of the City of Flemingsburg, Kentucky unaminuosly approved the request of the Fleming County Water Association, Inc. as set forth in said proposed Water Purchase Contract,

WHEREFORE BE IT RESOLVED BY THE CITY OF FLEMINGSBURG KENTUCKY; in accordance with the aforesaid action by the City Council of the City of Flemingsburg, Kentucky the Mayor of the City of Flemingsburg, Kentucky is authorized to enter into on behalf of the City of Flemingsburg, Kentucky the Water Supply Contract as proposed.

Dated this 2nd day of March, 1992 at Flemingsburg, Kentucky.

CITY OF FLEMINGSBURG, KENTUCKY

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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By: *Louie K. Flanery*
Louie K. Flanery, Mayor

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BY: *Jordan C. Paul*
FOR THE PUBLIC SERVICE COMMISSION

Attested:

By: *W. Todd Walton, II*
W. Todd Walton, II,
City Attorney

"RESOLVED: That the Fleming County Water Assoc., Inc., enter into a new Forty (40) year Water Purchase Contract with the City of Flemingsburg, Flemingsburg, Kentucky, 41041, effective March 4, 1992, which contract provides for the "City" to furnish a minimum of five (5) million gallons of water per month to the "Association" with a maximum obligation of seven million five hundred thousand (7,500,000) gallons per month at a rate of \$1.45 per thousand under the regular and reasonable terms as required by the FmHA Water Purchase Contract;

And further that, the "Association" agrees to pledge such contract as additional security to FmHA for their loans;

And the President, J. E. Smith, Jr., and Secretary, Wayne Craft, are hereby authorized to execute said contract in behalf of the Fleming County Water Association, Inc."

I hereby certify that this Resolution was passed unanimously by the Fleming County Water Assoc., Inc. Board of Directors at a regular meeting thereof on March 4, 1992.

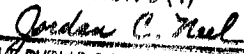
Dated: March 4, 1992



WAYNE CRAFT
SECRETARY

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)
BY: 
FOR THE PUBLIC SERVICE COMMISSION