

Water Supply Agreement

Professional
Engineers, Inc.
DEC 27 2010

CAS
JG

THIS AGREEMENT made and entered into on this 18th day of January, ~~2010~~ ²⁰¹¹, by and between the Electric and Water Plant Board of the City of Frankfort, Kentucky, whose address is 317 West Second Street, P.O. Box 308, Frankfort, Kentucky 40602, having the powers granted by KRS 96.171 *et seq.*, ("Board"), and the Farmdale Water District, whose address is 100 Highwood Drive, Frankfort, Kentucky 40601, a water district created and existing under the laws of the state of Kentucky ("District");

WHEREAS: The District currently purchases water on a wholesale basis from the Board and has four existing points of delivery located at Tamworth Lane, Moss Lane, Twilight Trail #1, and Twilight Trail #2.

WHEREAS, The District desires to abandon the two existing points of delivery on Twilight Trail and obtain a new point of delivery on Evergreen Road (SR 1665) at Interstate 64;

WHEREAS, The District desires to maintain the two existing points of delivery located on Tamworth Lane and Moss Lane;

WHEREAS, the Board desires to continue to be the District's sole and exclusive supplier of water for an additional forty-two (42) years;

WHEREAS, this Water Supply Agreement supersedes and replaces any other agreements for the purchase of water between the parties;

WITNESSETH: That the parties hereto in consideration of the mutual duties and obligations herein created, have, and do agree as follows:

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN TARIFF BRANCH
<i>Brent Kirtley</i>
EFFECTIVE 2/23/2011 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

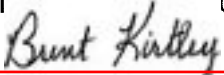
1. **Quality:** During the term of this agreement and any renewal or extension thereof, the Board will furnish to the District at the points of delivery hereinafter specified, treated, potable water that complies with all applicable Kentucky Division of Water and U.S. Environmental Protection Agency standards for water quality.

2. **Points of Delivery, Flow Rates, Minimum Quantities, and Pressure:** The Board will provide water to the District at the following points of delivery:
 - A. New metering point at Evergreen Road and I-64. The Board will install, at the District's expense, metering equipment inside the District's pump station; the Board shall have access to the pump station for proper maintenance or testing of the metering equipment; the maximum flow rate shall be 1,200 gallons per minute; the minimum consumption shall be 14,600,000 gallons per month computed on an annual basis.

 - B. Existing metering point at Tamworth Lane; the maximum flow rate shall be 400 gallons per minute; the minimum consumption shall be 3,700,000 gallons per month computed on an annual basis.

 - C. Existing metering point at Moss Lane; the maximum flow rate shall be 400 gallons per minute; the minimum consumption shall be 70,000 gallons per month computed on an annual basis.

The parties, in writing, may agree to one or more additional points of delivery, subject to the force majeure events described herein. Adequate pressure normally provided from the Board's existing facilities will be supplied to the

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 2/23/2011 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

points of delivery. If a greater pressure than is normally available at the points of delivery is required by the District, the cost of providing such greater pressure shall be the responsibility of the District. Notwithstanding the foregoing, the Board under this Agreement assumes no obligation whatsoever to furnish satisfactory quantity or pressure for any particular service such as irrigation, fire protection, industrial, or commercial use.

3. Term of Agreement and Effective Date: This Agreement will take effect on the Effective Date and will continue for a term of forty-two (42) years thereafter. The Parties acknowledge that this Agreement will require submission to the Kentucky Public Service Commission ("PSC") for approval. The Board shall file an executed copy of this Agreement with the PSC. The District pledges its assistance to help expedite the PSC review process. The Effective Date of this Agreement shall be the date the Agreement is deemed to be "filed" by the PSC. The Board shall give written notice of the Effective Date to the District.

4. Metering Equipment and Flow Measurement: The Board will own, operate and maintain the metering equipment located at all points of delivery. The Board shall make annual tests and inspections of the master meters; and additional testing may be performed by the Board at its sole discretion at any time. The Board will provide a twenty-four (24) hour notice to the District prior to conducting any meter test, allow District personnel to witness the test, and submit test results to the appropriate official or agent designated by the District upon request. A meter registering within the acceptable limits as

PUBLIC SERVICE COMMISSION
JEFF R. DEBOUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
EFFECTIVE 2/23/2011
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

defined by American Water Works Association (AWWA) standards shall be deemed to be accurate. A reading of the meter determined by the test results to be inaccurate (registering outside of acceptable limits of AWWA standards based upon type of meter) shall cause billings for at least one (1) month, and up to three (3) months, previous to such test to be adjusted by the percentage of inaccuracy found by such test. If any meter should fail to register usage for any regular billing period, the amount of water furnished during such billing period shall be determined based on historical consumption.

5. **Billing and Payment:** The District shall at all times pay the rates and charges for water that exist at the time of delivery under the existing published rates, rules and regulations of the Board.

The District and the Board acknowledge the Board's wholesale water rate is determined by the Board's rate-making methodology, and agree that the Board's rate making methodology is a reasonable basis for the rate adjustments under the Water Supply Agreement. That methodology requires that the wholesale rate be determined by considering the following components including but not limited to:

- A. Operation and maintenance expenses
- B. Depreciation expenses
- C. Debt service and coverage on debt service

6. **Force Majeure:** Emergency failures due to main supply line breaks, power failure, flood, fire, act of God, war, riot, earthquake, explosion, or other catastrophic events shall excuse the Board from its performance under this

KENTUCKY PUBLIC SERVICE COMMISSION
JENNIFER D. ROSEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<i>Brent Kirtley</i>
EFFECTIVE 2/23/2011 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

Agreement for such reasonable period of time as may be necessary to restore service.

7. **Future Growth:** The District agrees to utilize water purchased from the Board as the sole source of supply for any future growth or increase in water sales by the District, which shall include both new customers and increased sales to existing customers.

8. **Proportionate Reduction:** In the event any occurrence, condition, or circumstance leads the Board to request voluntary curtailment of water consumption or to impose mandatory curtailment of water consumption with respect to the Board's own water users, the District will make the same request for voluntary curtailment of consumption or will impose the same mandatory curtailment of water consumption, upon its water users, to the end that District water users will be treated alike with respect to curtailment of water consumption, and the District will cooperate fully in taking the same character of enforcement action as the Board takes with respect to any such request or mandate.

9. **Assignment:** This Agreement shall be binding on all successors and assigns of the Parties but shall not be assigned by either Party without the written consent of the other.

10. **Waivers:** The failure of any Party at any time to enforce any provision of this Agreement, to exercise its rights under any provision, or to require certain performance of any provision shall in no way be construed as a waiver of such

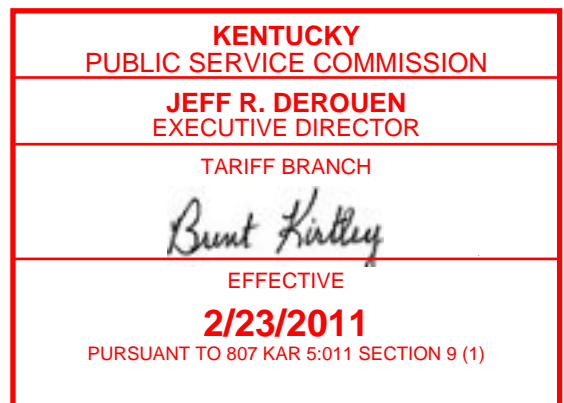
KEVIN K
PUBLIC SERVICE COMMISSION
JEFF R. DEBOUEN
EXECUTIVE DIRECTOR
TARIFF BRANCH
Brent Kirtley
EFFECTIVE
2/23/2011
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

provision nor in any way affect the validity of this Agreement or the right of the Party thereafter to enforce each and every provision.

11. Authority to Execute Agreement: The Board possesses full authority to enter into this Agreement as indicated by the Board's minutes attached hereto as Exhibit A. The District possesses full authority to enter into this Agreement as indicated by the District's minutes attached hereto as Exhibit B.

12. Entire Agreement: This Agreement constitutes the entire understanding and agreement between the Parties and supersedes all other understandings and agreements between the Parties with respect to the subject matter of this Agreement. There are no understandings, representations or warranties of any kind, expressed or implied, not expressly set forth in this Agreement. No modifications or amendment of this Agreement shall be effective unless in writing and executed on behalf of both Parties.

13. Termination of Prior Agreements: Any and all prior Agreements between the Board and the District relating to the supply of water and all other matters relating thereto will automatically be terminated on the effective date of this Agreement; provided, however, that such prior Agreements will immediately and automatically be revived and considered to be in full force and effect if the PSC does not approve this Agreement.

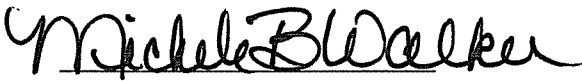


IN TESTIMONY WHEREOF, the parties hereto have caused this Agreement to be executed by its duly authorized officers, on this date and year first above written.

Electric and Water Plant Board
of the City of Frankfort,
Kentucky

By: 
Board Chair

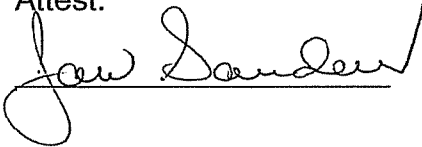
Attest:

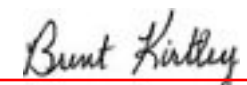


Farmdale Water District

By: 
Board Chair

Attest:



KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH 
EFFECTIVE 2/23/2011 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)