

**FOURTH SUPPLEMENTAL AGREEMENT**

This Fourth Supplemental Agreement (the "Agreement") is made and entered into on this the 28<sup>th</sup> day of April, 2008, by and between the CITY OF LEITCHFIELD (the "City), through its UTILITIES COMMISSION, a municipal corporation of the fourth class of the Commonwealth of Kentucky, and the GRAYSON COUNTY WATER DISTRICT (the "District"), a municipal corporation pursuant to KRS Chapter 74, of Leitchfield, Grayson County, Kentucky.


WITNESSETH:

WHEREFORE, the City and the District are parties to a Water Purchase Contract dated August 21, 1972; a Water Purchase Contract Addendum and Amendment dated January 11, 1974; a Contract dated April 11, 1978; an Agreed Judgment, Grayson Circuit Court, Civil Action No. 82-CI-120, entered August 15, 1983; an Agreement dated February 26, 1985; a Supplemental Agreement dated August 4, 1988; an Addendum dated July 20, 1989; a Second Supplemental Agreement dated June 9, 1994; and a Third Supplemental Agreement dated February 9, 1995 (collectively, the "Water Purchase Contract");

WHEREFORE, the District purchases water from the City at a wholesale rate determined in accordance with the provisions of the Water Purchase Contract;

WHEREFORE, pursuant the Kentucky Supreme Court's decision in *Simpson County Water District v. City of Franklin*, 872 S.W.2d 460 (Ky. 1994), the parties are subject to the exclusive jurisdiction of the Kentucky Public Service Commission in matters regarding rates and service regulation;

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By   
Executive Director

WHEREFORE, a dispute has arisen between the City and the District regarding the proper procedure to be followed to implement changes to the wholesale rate and the proper role of the Kentucky Public Service Commission in connection therewith (the "Dispute");


WHEREFORE, the City and the District wish to avoid the expense, inconvenience and uncertainty of litigation and, without any admission of liability by either party, have reached an agreement to settle the Dispute on the terms set forth in this Agreement;

NOW THEREFORE, in consideration of the foregoing and the mutual promises contained in this Agreement, the City and the District agree as follows:

1. The City shall pay to the District the sum of \$10,076.06 within fourteen (14) days of the date of this Agreement.

2. Upon the District's receipt of the payment set out in paragraph 1 of this Agreement, the City and the District shall each fully and finally release any and all claims, demands, causes of action, obligations, suits, contracts, damages, losses, expenses (including reasonable attorneys' fees) and liability of every kind (collectively, "Claims"), whether known or unknown, foreseen or unforeseen, that each of them had, has or may have in the future against the other arising out of or relating to the change in the wholesale rate from \$1.274 to \$1.439 in 2004 and the change in the wholesale rate from \$1.439 to \$1.820 in 2006. This release is limited to the Claims described in the preceding sentence and does not apply to any other Claims that either party may have against the other as of the date of this Agreement or that may arise in the future.

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3. As a result of this compromise, the parties agree there is no further need for the Kentucky Public Service Commission or its staff to have any involvement in the Dispute. Promptly after the date of this Agreement, counsel for the District shall so advise the Public Service Commission by letter, with a copy sent to counsel for the City.

4. Within fifteen (15) business days after approval of any future change to the wholesale rate by both the City and the District, the City shall send a letter to the Kentucky Public Service Commission, with a copy sent to the attention of the Manager of the District, providing notice of the changed wholesale rate.

5. The City shall read each of the District's meters on the date on which any future change to the wholesale rate takes effect, and the City shall bill the District at the previously effective wholesale rate for water actually purchased prior to those meter readings and shall bill the District at the changed wholesale rate for water actually purchased following those meter readings. The City shall not bill the District on an estimated basis for the billing cycle during which the changed wholesale rate takes effect. In the event the City fails to read the District's meters on the applicable effective date, the City shall bill the District at the previously effective wholesale rate for the entire billing cycle during which the changed wholesale rate took effect and shall not charge the District the changed wholesale rate until the following billing cycle.

6. This Agreement is a compromise, reached solely to avoid the expense and of uncertainty of litigation. Neither the fact nor the terms of this Agreement and compromise constitutes a waiver by either party of any argument or position regarding the proper procedure for implementing changed wholesale rates or the proper role of the

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Kentucky Public Service Commission in connection therewith, and all such arguments and positions are expressly reserved.

7. Each and every provision of the Water Purchase Contract is ratified, reiterated and reaffirmed except to the extent specifically modified by this Fourth Supplemental Agreement.

CITY OF LEITCHFIELD,  
UTILITIES COMMISSION

By: Robert T. Crawford  
Chairman

ATTEST:

Chris Emery  
Secretary

GRAYSON COUNTY WATER DISTRICT

By: John R. Jones  
Chairman

ATTEST:

Maude Sharp  
Secretary

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By: Jeff Oberon  
Executive Director