

COPY

- CONTRACT FOR WATER SERVICE -

This CONTRACT FOR WATER SERVICE, made and entered into as of this 7 day of Feb, 1967 by and between the WEST McCracken County Water District, a Water District created under and existing by virtue of, the provisions of Chapter 74 of the Kentucky Revised Statutes, situated in McCracken County, Kentucky (hereinafter sometimes referred to as the "District"), and the CITY OF PADUCAH, KENTUCKY, a municipal corporation of the Second Class, situated in McCracken County, Kentucky, acting by and through its Board of Commissioners as its duly authorized governing body (hereinafter sometimes referred to as the "City");

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W I T N E S S E T H:

PURSUANT TO 807 KAR 5011,
SECTION 2 (1)

(A) The West McCracken County Water District is a duly organized, created, and presently existing de jure Water District under the provisions of Chapter 74 of the Kentucky Revised Statutes. The District was created by virtue of an Order entered by the County Court of McCracken County, Kentucky, on October 30, 1962. As created, and as the District presently exists, said West McCracken County Water District embraces a substantial area of McCracken County in close proximity to the City of Paducah, Kentucky.

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(B) The City of Paducah, Kentucky, is a municipal corporation of the Second Class, situated in McCracken County, Kentucky. The City is located in close proximity to the boundaries of the West McCracken County Water District, but is not included within the corporate limits of said District. The City of Paducah, Kentucky, has long owned and operated the Paducah Water Works, its municipal waterworks and water distribution system, which renders water service to retail

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customers both within the corporate limits of said City of Paducah, Kentucky, and outside said corporate limits in accordance with the provisions of Section 96.150 of the Kentucky Revised Statutes.

(C) The West McCracken County Water District, McCracken County, Kentucky, has entered into a Loan Agreement with the United States of America, acting through the agency of the Housing and Home Finance Agency of the United States. Said Loan Agreement is identified by governmental agencies as Project No. PFL-Ky-170; Contract No. H-302-2928. Pursuant to said Loan Agreement, said West McCracken County Water District has agreed to issue, and said Housing and Home Finance Agency of the United States has agreed to purchase, a certain principal amount of said District's "Waterworks System Revenue Bonds," dated October 1, 1965, for the purpose of providing funds to defray the costs of constructing a new water distribution system to serve the territory encompassed by West McCracken County Water District. It is provided as a Special Condition to said Loan Agreement No. PFL-Ky-170, that West McCracken County Water District enter into a valid contract with the City of Paducah, Kentucky, for the purchase of a supply of potable water sufficient to meet the present and future needs of said District for a period of not less than forty (40) years, which is the term of said bond issue. The West McCracken County Water District and the City of Paducah, Kentucky, have entered into negotiations regarding the feasibility of the District obtaining its water supply from the City of Paducah, Kentucky, and based upon said negotiations and studies it has been ascertained and agreed by and between the parties that the City of Paducah, Kentucky, will be able to serve the District pursuant to contract with a pure and adequate supply of treated, potable water in quantity adequate for the needs of the District at a reasonable rate.

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NOW, THEREFORE, IN CONSIDERATION OF ALL OF THE FOREGOING AND THE VARIOUS REPRESENTATIONS, COVENANTS, AND UNDERTAKINGS HEREINABOVE AND HEREINAFTER CONTAINED, THE PARTIES HEREBY SPECIFICALLY AGREE AND COVENANT EACH WITH THE OTHER, AS FOLLOWS:

Section 1. The West McCracken County Water District, McCracken County, Kentucky, hereby agrees to purchase an unlimited volume of pure, treated, potable water in accordance with the terms of this CONTRACT FOR WATER SERVICE from the City of Paducah, Kentucky, and said City of Paducah, Kentucky, agrees to sell an unlimited volume of pure, treated, potable water to the West McCracken County Water District, McCracken County, Kentucky, at a water rate or charge to be paid by the Water District of \$0.28 per thousand gallons. In the event the demand of the District exceeds 1.2 million gallons per day, it is hereby agreed by the parties hereto that the District may, in writing, delivered to the City not more than ninety (90) days after the end of the first calendar month in which the demand exceeded an average of 1.2 million gallons per day, notify the City that it has elected to cancel this contract, but said cancellation of the contract shall not be effective until the District has paid to the City, for expense already incurred by the City in order to perform this contract, the maximum sum of \$43,444.43, less amortization of said sum at the rate of seven cents (7¢) per 1,000 gallons for water previously sold to the District under this contract and plus interest at the rate of five per cent (5%) per annum on the unamortized balance of said sum, computed semiannually, or has paid to the City, in cash, the balance due, in lieu of purchasing water. In the event that this contract is cancelled as provided in this section, the City will continue to furnish water under this contract until the District has established its source of supply. However, in this event, the City will continue to be obligated to furnish more than 2 million gallons per day.

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BY: Andrea C. Neal
FOR THE PUBLIC SERVICE COMMISSION

It is understood that the West McCracken County Water District will operate its own municipal water distribution system and will serve its own retail water consumers. No tapping fees will be exacted from any customers served by the West McCracken County Water District's municipal water distribution system for the benefit of the City of Paducah, Kentucky, and Water District's water customers shall be customers of the District only and not the City, the District itself being the customer of the City.

Section 2. It is hereby specifically agreed and covenanted between the parties that the water rate to be paid to the City by the District, as set forth in Section 1 hereof, shall not be increased or decreased except in accordance with the rules and policies set forth in this Section. In that connection, it is agreed that in the event the City increases or decreases its basic rate as charged to direct water consumers within the City of Paducah, Kentucky, the water rate charged to the Water District shall be proportionately increased or decreased in accordance with the formula devised by Alvord, Burdick & Howson, Consulting Engineers, as set forth in a written statement of rate policy submitted by said firm to H. B. Gibbons, Director of the Paducah Water Works, under date of November 20, 1962.

Section 3. It is agreed that the amount of water purchased by the West McCracken County Water District from the City in any one month, shall be determined, as follows:

The District will install, at its expense and under the supervision of the City, a master meter to meter and measure treated water entering the distribution system of the West McCracken County Water District. Said meter is to be situated in the vicinity of the intersection of Cold Springs Road and Old Cairo Road, in McCracken County, Kentucky. Said master meter shall be of such type as may be approved

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BY: Arden C. Neal
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by the City of Paducah, Kentucky, and shall be connected to the water facilities of the City of Paducah at said location, as aforesaid, under the supervision and inspection of the officials of both the City and the District. The City of Paducah, Kentucky, shall have the right, upon giving notice to the Water District, to test and repair said meter at the expense of the District at such time or times as the City shall deem necessary, and both parties shall have access to said meter at any and all reasonable times for inspection and reading purposes. It is agreed by and between the parties that the amount of water consumed monthly by the District, and to be paid for by the District, shall be deemed to be that amount registered by the master meter, described as aforesaid.

Section 4. It is understood and agreed that the West McCracken County Water District will install a booster pumping station near the master meter connection through which it will maintain required pressure for its proposed water distribution system. The City of Paducah, Kentucky, will not undertake to provide pressure for any part of the water distribution system of West McCracken County Water District. However, the City will undertake to provide adequate pressure at the master meter to assure that the District will be provided with adequate supply of treated water at all times, subject to the provisions of Sections 1 and 5 of this Contract.

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Section 5. If at any time during the term of this CONTRACT FOR WATER SERVICE, the City of Paducah is unable to furnish water to the District because of an emergency situation or an unforeseen and unusual water demand within the City of Paducah, or on account of water system breakdowns, strikes, civil disorder, or other causes beyond its control, the City may discontinue service during said temporary period. The City does, however, agree that in such event it will re-establish water service to the District as quickly as possible within the limits of its legal and physical abilities.

Section 6. It is agreed and understood that the West McCracken County Water District will not at any time sell treated water to any consumer at a rate lower than that rate paid by similar customers to the City of Paducah within the corporate limits of the City.

Section 7. The City shall at all reasonable times have the right to inspect and examine the plans and specifications for, and the completed water distribution system of, the West McCracken County Water District. It is agreed that during the term of this CONTRACT FOR WATER SERVICE the District shall satisfy its entire water needs from the City, and that said District will not operate any waterworks system in competition with the City, nor seek to satisfy any part of its water needs from any other source or party. No connection will be made between any facilities of the District and any well or other source of water supply, and there shall be no "cross connections" of any kind in connection with said water distribution system of the District. The District agrees to indemnify and hold harmless the City of Paducah, Kentucky, on account of any and all expenses, losses, damages, or claims for damages incident to the construction, installation, maintenance and operation of its water distribution system.

Section 8. Charges for water furnished under this Contract shall be payable monthly, and within fifteen (15) days of the rendering of a statement from the City of Paducah to West McCracken County Water District. Bills will be rendered and charges paid in accordance with rules and regulations now in effect or which may be adopted and revised by the City of Paducah, Kentucky, governing the payment of charges by consumers of water.

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Section 9. The City of Paducah, Kentucky, recognizes and understands, as specifically mentioned aforesaid, that the water distribution system to be constructed by West McCracken County Water District

PURSUANT TO 207 KAR 50.11
SECTION 9 (1)

By: [Signature]

will be financed by the District by the issuance of Waterworks System Revenue Bonds, which bonds will be amortized solely from the income and revenues of the water distribution system of the District. In order to give proper assurance to the United States of America and to the holders of any and all of such Revenue Bonds, concerning the furnishing of water service under this Contract, the City of Paducah agrees that it will continue to supply water to West McCracken County Water District from the same source and of the same purity and potability as furnished to its customers within the City of Paducah, Kentucky, under the terms and provisions as herein stated for a period of forty (40) years from the date when said District's proposed issue of "Waterworks System Revenue Bonds" is actually sold and delivered, subject only to temporary discontinuance by reason of the existence of an emergency or of a temporary unusual water demand within the City of Paducah, Kentucky, as hereinabove more particularly stated, or unless this Contract is cancelled as provided in Section 1 hereof.

Section 10. West McCracken County Water District agrees to submit a complete copy of all plans and specifications for the construction of its water distribution system and any extensions thereto to the City of Paducah for their review and approval. Upon completion of the water distribution system or any extensions thereto, the West McCracken County Water District will provide the City of Paducah one copy of "plans as built" and a copy of their Engineer's certification that construction has been accomplished in accordance with plans and specifications approved by the Kentucky Department of Health. Failure of the District to comply with the provisions of this paragraph shall be considered a breach of this contract.

Section 11. This CONTRACT FOR WATER SERVICE shall be binding upon, and shall inure to the benefit of, all of the parties hereto and

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SECTION 2(1)

Dr. Arthur C. Neal
PUBLIC SERVICE COMMISSION

successors in interest, grantees, assignees, heirs, and assigns, and all parties taking any interest from said parties. If any section, clause, or provision of this Contract shall be held invalid, such holding of invalidity shall not affect the validity of any remaining section, clause, paragraph, portion or provision of this Contract.

IN WITNESS WHEREOF, the parties hereto have hereunto caused their names to be affixed as heretofore duly authorized.

CITY OF PADUCAH, KENTUCKY

(SEAL)

By Thomas W. Wilson
Mayor

ATTEST:

Sarah Therman
City Clerk

WEST McCracken COUNTY WATER DISTRICT

(SEAL)

By Arthur Curtis
ARTHUR CURTIS
Chairman

ATTEST:

James Allen
JAMES ALLEN
Secretary

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PURSUANT TO 807 KAR 5.011,
SECTION 5(1)

BY: Robert H. Heston
FOR THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF McCRACKEN)

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that on this day the foregoing CONTRACT FOR WATER SERVICE was produced before me in my said County and State by Arthur Curtis, as Chairman, and James Allen, as Secretary, of the WEST McCRACKEN COUNTY WATER DISTRICT, a Water District situated in McCracken County, Kentucky, a party thereto, being both personally known to me and personally known by me to be such officers and to be the same persons who executed as such officers, respectively, the within and foregoing instrument of writing, and such persons duly acknowledged the execution of the same to be their voluntary act and deed as such officers of said West McCracken County Water District and the official act and deed of said West McCracken County Water District by and through them as its duly authorized officers.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal, this 10 day of Feb., 1967. My commission expires Feb. 14, 1968.

(SEAL)

Louise McKinney
Notary Public
McCracken County, Kentucky

* * * * *

COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF McCRACKEN)

I, the undersigned, a Notary Public in and for the State and County aforesaid, do hereby certify that on this day the foregoing CONTRACT FOR WATER SERVICE was produced before me in my said County and State by Thomas W. Wilson, as Mayor, and Sarah Thurman, as City Clerk, of the CITY OF PADUCAH, KENTUCKY, a party thereto, being both personally known to me and personally known by me to be such officers and to be the same persons who executed as such officers the within and foregoing instrument of writing, and such persons duly acknowledged the execution of the same to be their voluntary act and deed as such officers of said City of Paducah, Kentucky, and the official act and deed of said City of Paducah, Kentucky, by and through them as its duly authorized officers.

IN WITNESS WHEREOF, I have hereunto set my hand and Notarial Seal, this 10 day of Feb., 1967. My commission expires Feb. 14, 1968.

(SEAL)

Louise McKinney
Notary Public
McCracken County, Kentucky

* * * * *

The foregoing CONTRACT FOR WATER SERVICE was prepared by SPENCER E. HARPER, JR., ESQ., Attorney at Law, of Grafton, Ferguson, Fleischer & HARPER, JR. 310 West Liberty Street, Louisville, Kentucky.

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PURSUANT TO 207 KAR 5.011,
REPEALED (1)

Spencer E. Harper, Jr.
Attorney at Law

Spencer E. Harper, Jr.
SPENCER E. HARPER, JR.
Attorney at Law