

MARCH 19, 1981

OK

USDA-FHA  
Form FIA 442-30  
(Rev. 4-19-72)

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 19th day of March,  
19 81, between the Prestonsburg City's Utilities Commission **RECEIVED**

P. O. Box 468, Prestonsburg, Kentucky 41653 **OCT 27 1994**  
(Address)

hereinafter referred to as the "Seller" and the Sandy Valley Water District **P.S.C. RATES & RESEARCH DIV.**

P. O. Box 248, Betsy Layne, Kentucky 41605 **RECEIVED**  
(Address)

hereinafter referred to as the "Purchaser", **OCT 26 1994**

WITNESSETH:

**PUBLIC SERVICE COMMISSION**

Whereas, the Purchaser is organized and established under the provisions of KRS 273 of the  
Code of Kentucky, 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. \_\_\_\_\_ enacted on the 19th day  
of March, 19 81, 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 Prestonsburg City's Utilities Commission  
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 \_\_\_\_\_,

the purchase of water from the Seller in accordance with the terms set forth in the said Contract **PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE**, and  
was approved, and the execution of this contract by the Chairman, and  
attested by the Secretary was duly authorized;

**NOV 25 1994**

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)

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 \_\_\_\_\_  
BY Phillip Tanner  
DIRECTOR, RATES & RESEARCH DIV.  
Kentucky Health Department

in such quantity as may be required by the Purchaser ~~not to exceed~~ a minimum of 3,000,000 gallons per month. The upper limit  
of 3,000,000 gallons per month may subsequently be increased by agreement  
between the parties.

FHA 442-30 (Rev. 4-19-72)

**COPY**



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 30 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. Seller's water supply distribution system, the Seller will notify the Purchaser in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a

\$1.35 Per Thousand  
flat charge of \$ ~~Gallons~~ which will be paid by the contractor or, on his failure to pay, by the Purchaser.

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 provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every 1 year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement. Or at anytime rates are increased to the citizens within the corporate limits of the City of Prestonsburg. *FOR DECREASED (R.H.M.) (E.H.H.)*

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to 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~~ Seller 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.

9. In the event chlorination of water referred to in this agreement should be required beyond the metering equipment provided in paragraph A.3 such treatment shall be the responsibility of purchaser.

PUBLIC SERVICE COMMISSION  
OF KENTUCKY  
EFFECTIVE

NOV 25 1994

PURSUANT TO 807 KAR 5:011,  
SECTION 9 (1)

BY: Phyllis Lammie  
DIRECTOR, RATES & RESEARCH DIV.

COPY

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in five (5) counterparts, each of which shall constitute an original.

Seller:

Prestonsburg City's Utilities Commission

By C. J. McVally  
Title Chairman

Attest:

Phillips D. ...  
Secretary  
Bill H. Howard, Sr.

Purchaser:

Sandy Valley Water District

By R. H. Myers, O.D.  
Title Chairman

Attest:

E. J. ...  
Secretary

This contract is approved on behalf of the Farmers Home Administration this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_.

By [Signature]  
Title \_\_\_\_\_

COPY

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