

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the 24th day of February 1971, between the City of Morgantown, Kentucky RESERVE COMMISSION OF KENTUCKY EFFECTIVE

Morgantown, Kentucky

(Address)

SEP 02 1994

hereinafter referred to as the "Seller" and the Butler County Water System PURSUANT TO 807 KAR 5011 SECTION 9(1)
Morgantown, Kentucky

(Address)

BY: [Signature]
FOR THE PURCHASER

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 273 of the ~~State of~~ Kentucky 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. enacted on the 22nd day of June, 19 70, 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 of the City of Morgantown and attested by the Secretary, was duly authorized, and

Whereas, by resolution of the Butler County Water System, Inc. of the Purchaser, enacted on the 24th day of February, 19 71,

the purchase of water from the Seller in accordance with the terms set forth in the said Water Purchase Contract was approved, and the execution of this contract by the President of said Water System 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 State Department of Health

in such quantity as may be required by the Purchaser not to exceed 3,000,000 gallons per month.

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 60 (sixty) 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 (thirty) 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. (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

flat charge of \$ 100.00 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 (one) 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.

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 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.

Witness my hand and seal of the Public Service Commission of Kentucky this 21st day of January, 1994.

By: [Signature] Secretary of the Public Service Commission of Kentucky

1. (Quality and Quantity) To furnish the Purchaser with water of sufficient quantity and quality to meet the requirements of the contract or any renewal or extension thereof, and to maintain the same in accordance with the standards prescribed by the State Director of the Farmers Home Administration.