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PUBLIC SERVICE COMMISSION

WATER SALE AGREEMENT

THIS AGREEMENT, this day made and entered into by and between the City of Murray, a city and municipality of the third class duly organized and existing under the statutes of the Commonwealth of Kentucky, and hereinafter referred to as the CITY; and Murray No. 2 Water District, an independent Water District and agency authorized, organized and now existing as provided by Chapter 74 of the Kentucky Revised Statutes, here acting by and through their duly appointed, qualified and acting Commissioners, said agency being hereinafter referred to as the WATER DISTRICT; wherein it is agreed as follows, to-wit:

WITNESSETH:

That WHEREAS, the CITY now owns, operates and maintains a water system which provides water service for domestic and commercial use, as well as fire protection, for residents and property owners of the City of Murray; and that the present and anticipated future capacity of said water system is and will continue to be sufficient to furnish, in addition, similar needs of water service for residents and customers of the WATER DISTRICT; and,

WHEREAS, the WATER DISTRICT has secured certain loans from the Federal Government to finance the construction of a waterworks and water distribution system to residents and other prospective customers of a portion of the WATER DISTRICT, the location of such portion of said WATER DISTRICT and its prospective customers being shown generally by the legal description of the WATER DISTRICT which is on file in the office of the Clerk of the Calloway County Court, same being attached hereto and identified as Appendix "A"; and,

WHEREAS, it is the desire of the WATER DISTRICT to purchase from the CITY their present and future supply of pure and potable water upon the terms, rates and conditions as hereinafter set forth;

NOW, THEREFORE, the parties to this instrument have agreed and do hereby agree as follows:

1. The WATER DISTRICT agrees to install, wholly financed from the funds of the WATER DISTRICT, the water mains and other water distribution facilities, through and along such roads, streets and public ways in the

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BY: *[Signature]*

WATER DISTRICT as they feel to be advisable, the size and length of such mains and pipes to be substantially in accordance with plans and specifications attached hereto and identified as Appendix "B"; which plans and specifications have heretofore been examined by the CITY and its Water Superintendent and found to be acceptable for the purposes of this agreement.

2. The WATER DISTRICT agrees to install, wholly financed from their own funds, service pipes, water vaults and meters for each separate customer in the WATER DISTRICT in accordance with standard practices and standard materials for such installations. Except as noted in the following paragraph, no service pipe will be installed for a consumer unless his property abuts on a street or roadway along which the WATER DISTRICT has installed a water main. Consumers whose property abuts on the opposite side of the street or roadway from that along which the water main is installed shall receive service from a connection to be extended perpendicularly across the roadway from the water main to the consumer's property line, at which point the meter vault and meter will be installed.

A private individual service may be extended to a resident or business which does not abut a water main, or to a street or roadway within the WATER DISTRICT, only with the written approval of the consulting engineer of the WATER DISTRICT or the Chairman of the Board of Commissioners of the WATER DISTRICT and the Superintendent of the water system for the CITY.

3. The CITY agrees to extend the necessary water mains from the end of its existing mains on Kentucky State Highway No. 121 south of the City of Murray, Kentucky, to a point agreed upon between the CITY and the WATER DISTRICT and as shown by plans and specifications above referred to, this being the service connection point to be established to serve the WATER DISTRICT.

4. The WATER DISTRICT agrees to install the necessary meters and meter vault to accurately measure the water furnished by the CITY to the distribution system owned and to be operated by the WATER DISTRICT; this metering device to be installed at the service connection mentioned in Paragraph 3 above.

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5. If during the period of this contract, further extension of water mains or new water mains are desired to be installed by the WATER DISTRICT within or without the present limits of the WATER DISTRICT, such extensions will be installed in the same manner and under the same conditions as set out in Paragraphs one and two of this agreement.

6. The WATER DISTRICT agrees, during the period of this agreement, to maintain all of its mains, pipes, services and facilities in as good condition as possible, and to keep the same in at least as comparable condition of repair and operation as is presently accomplished by the CITY in the operation and functioning of its own plant and equipment.

7. The WATER DISTRICT, through its Board of Commissioners, and upon request of the CITY acting by and through its Water System Superintendent, will provide and supply to the CITY a complete and detailed map of their water distribution facilities showing the length, size and location of all water main fittings, and gate valves and other facilities.

8. All things to be done or agreed to be done by the WATER DISTRICT in any specified section of its District must be completed before the CITY will start to supply water to the WATER DISTRICT'S distribution system for regular service.

9. The CITY agrees to furnish a supply of pure and potable water to the WATER DISTRICT through the meters and service connection described in Paragraph 4, at rates and time of payment to be established and/or from time to time changed by agreement; provided, however, that such rates and time of payment shall never be more unfavorable for the WATER DISTRICT than those fixed for comparable county customers of the CITY for such water. If, at any time during the term of this agreement, the WATER DISTRICT shall fail or refuse to pay the water rent as herein set forth or as may be hereafter changed by agreement, or to comply with any other provisions of this agreement, within ten (10) days after the same shall be due or after notice of such breach, the CITY at its option may refuse to furnish any further supply of water to the WATER DISTRICT until all back rents or bills are paid, together with any and all costs or expense which the CITY shall necessarily incur in turning off and/or turning on said water supply, or until such breach is remedied. OCT 07 1994

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SECTION 9 (1)

BY: _____

10. If, at any time during the period of this agreement, the CITY may consider that it is unable to furnish water to consumers in the WATER DISTRICT due to an emergency or unusual water demand in the City of Murray, it may discontinue service during such temporary period. The CITY does, however, agree that in such event or events that it will re-establish water service to the WATER DISTRICT as quickly as possible within the limits of its legal and physical abilities.

11. The following rate schedule shall be in effect for water furnished by the CITY to the WATER DISTRICT, subject only to the provision for change by agreement in such rates as above provided:

- (a) For the first 300,000 gallons per month minimum @ \$.26 per thousand gallons (\$78.00);
- (b) All water in excess of 300,000 gallons per month @ \$.21 per thousand gallons.

The WATER DISTRICT agrees that during the terms of this contract, or any extension or renewal thereof, that it will not sell water to any of its customers at a rate which is lower than that being then charged by the CITY to comparable customers from its own system.

12. The CITY will make available to the WATER DISTRICT pure and potable water in such quantity and at such pressure as it may have in its main at the service connection at the time of use, it being anticipated that under normal operating conditions a flow of at least 500 gallons per minute will be available at the service connection.

13. Should the whole or any part of the WATER DISTRICT be annexed to and become a part of the City of Murray, Kentucky, all such water mains, equipment and facilities of the WATER DISTRICT in the area so annexed shall thereby become the property of the City of Murray if, but only if:

(a) If the whole of the WATER DISTRICT is annexed to the City of Murray, there is a valid and binding assumption by the CITY of all outstanding debts of the WATER DISTRICT, including all of its outstanding revenue bonds;

(b) If only a portion or part of the WATER DISTRICT is annexed, there is a valid and binding assumption by the CITY of that percentage of the outstanding debts of the WATER DISTRICT, including its outstanding and

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and unpaid revenue bonds, which is the same percentage as the average of the gross revenues for the preceding year from the water customers of the WATER DISTRICT in that part of the WATER DISTRICT which is annexed bears to the total gross of the entire WATER DISTRICT for the same period of time; with the CITY to install, at its own expense, any facilities which may be necessary in order for the WATER DISTRICT to serve its remaining area and its remaining customers upon terms and conditions not less favorable than those which prevailed prior to such partial annexation.

14. The CITY recognizes and understands that the water mains, installations and facilities of the WATER DISTRICT will necessarily be financed by the WATER DISTRICT through a system of loans from an agency of the Federal Government and which will be payable solely from the revenues of its water operations. In order to give proper assurance to the Federal Government and holders of any and all such revenue bonds concerning the furnishing of water under this agreement, the CITY agrees that it will continue to supply pure and potable water to the WATER DISTRICT under the terms and provisions as stated herein for so long as any such loan or bond issue may remain outstanding and unpaid, subject only to temporary discontinuance by reason of the existence of an emergency or of a temporary unusual water demand in the City of Murray as stated above.

IN WITNESS WHEREOF, the parties to this agreement have hereunto set their hands by virtue of authority granted by the Common Council of the City of Murray, and by Resolution of the Board of Water Commissioners of Murray No. 2 Water District; on this _____ day of November, 1967.

CITY OF MURRAY

By Walter Ellis
Mayor

ATTEST:

Stanford Andrews
Clerk of the City of Murray

MURRAY NO. 2 WATER DISTRICT
BOARD OF COMMISSIONERS

By John T. Lassiter
Chairman

By [Signature]
Secretary

By [Signature]
Treasurer

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LAW OFFICES
JAMES M. LASSITER
PROFESSIONAL BUILDING
MURRAY, KENTUCKY