

"EXHIBIT"

THIS CONTRACT entered into as of this 21 day of February, 1965, by and between the CITY UTILITY COMMISSION OF THE CITY OF OWENSBORO, KENTUCKY, of 115 East Fourth Street, Owensboro, Kentucky, hereinafter called "COMMISSION", and SOUTH-EAST DAVIESS COUNTY WATER DISTRICT, of Daviess County, Kentucky, a District organized under the provisions of KRS, Chapter 74, by Order of the Daviess County, Kentucky Court dated the 29th day of July, 1964, hereinafter called "DISTRICT",

WITNESSETH

WHEREAS, the COMMISSION is authorized by the Statutes of Kentucky and by the Ordinances of the City of Owensboro, Kentucky, to operate the municipal water system of the City of Owensboro; and,

WHEREAS, the said DISTRICT is organized under the Laws of Kentucky and the Orders of the Daviess County Court to operate a water district in Daviess County, Kentucky, for the purpose of supplying water within said DISTRICT; and,

WHEREAS, the parties hereto have agreed upon the terms and conditions which the COMMISSION shall sell and the DISTRICT shall purchase water to be distributed by the DISTRICT to its customers,

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, it is covenanted and agreed between the parties hereto as follows:

(1) COMMISSION agrees to sell, and DISTRICT agrees to purchase all of DISTRICT'S requirements for water for supplying all of DISTRICT'S Customers for the term of this contract, said water to be of the same quality as that supplied by COMMISSION from the Owensboro Waterworks

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By [Signature]
PUBLIC SERVICE COMMISSION MANAGER

System to COMMISSION'S customers within the City of Owensboro, Kentucky.

(2) COMMISSION shall furnish such water to DISTRICT at the rate of 27¢ per 1,000 gallons, provided however, that this rate shall be subject to the provisions of Paragraph (9) hereof.

(3) DISTRICT covenants to pay for all water purchased under this contract within 10 days after the COMMISSION mails DISTRICT'S bill. If DISTRICT fails to pay any bill within 30 days from the due date thereof, COMMISSION shall have the right, without demand or further notice, to terminate the delivery of water to DISTRICT until such default is cured.

(4) COMMISSION shall deliver the water to DISTRICT'S line at a point in the vicinity of the intersection of Grimes and Wing Avenues (24" watermain) in the City of Owensboro, Kentucky. COMMISSION shall likewise deliver water to DISTRICT'S line at such other points in COMMISSION'S system as is mutually convenient to the parties. The water shall be delivered at COMMISSION'S system pressure.

(5) COMMISSION shall own, operate, and maintain the water metering devices at the point of delivery. The COMMISSION shall make such tests and inspection of the meters as may be necessary to maintain them at the highest practical commercial standard of accuracy, with tests performed at intervals of not more than 12 months, and COMMISSION shall advise DISTRICT promptly of the results of all such tests. COMMISSION shall give DISTRICT notice of and the opportunity to have representatives present at any such tests or inspections. COMMISSION will make additional

tests of said meters at the request of DISTRICT and in the presence of DISTRICT'S representatives.

If such periodic or additional tests show that the metering is accurate within 3% slow or fast, no correction shall be made in the billing to the DISTRICT. If any such tests show that metering is inaccurate by more than 3% slow or fast, correction shall be made in the billing to DISTRICT for the period during which the parties agree that the inaccuracy existed, and if no such agreement is reached, then it shall be assumed that the error developed progressively from the date of the last metering test and appropriate adjustment shall be made.

(6) DISTRICT covenants that it will install in a good and workmanlike manner its entire system; that it will establish reasonable rules and regulations governing the installation of the water systems of its customers; and that all materials and workmanship in all of the said systems shall be equal to the minimum recommendations of the American Waterworks Association.

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DISTRICT further covenants to maintain and operate its said system in accordance with the rules and regulations of the Public Health authorities of the Commonwealth of Kentucky and of Daviess County, Kentucky, and if DISTRICT should fail so to maintain and operate its system, COMMISSION shall have the right to terminate service during any such period of default by DISTRICT.

(7) This contract shall continue in full force and effect for a period of 40 years from the date of the initial bond issue financing the original construction of facilities within the DISTRICT, provided however, that DISTRICT may, at its option, terminate this contract upon two years written

notice to COMMISSION, and provided further that DISTRICT shall, upon such termination, pay to COMMISSION a sum equal to the billing from COMMISSION to DISTRICT for water furnished DISTRICT during the 12 months preceding the date of the termination of the contract, i. e. the date upon which COMMISSION ceases to furnish water to DISTRICT.

(8) The rates for water furnished under this contract shall be subject to adjustment after the first 5 years of this contract, at such times as the rates for water supplied by COMMISSION to customers other than DISTRICT are adjusted, the adjustments of the rates to the DISTRICT upward or downward to be made so that the percentage of gross dollar increases or decreases in the sales of water to the DISTRICT shall be the same as the percentage of gross dollar increases or decreases in sales of water to all other customers; thus, if a rate adjustment would result in a 5% decrease in the gross receipts from the sale of water to all of COMMISSION'S customers except DISTRICT for the period of one year immediately prior to the effective date of the rate decrease, then the rates charged to DISTRICT shall likewise be reduced in such manner as would result in a 5% decrease in the gross receipts of COMMISSION'S sales of water to DISTRICT, based upon the sales made in the preceding year.

(9) Black & Veatch, Consulting Engineers of Kansas City, Missouri, are now making a study of water rates and the cost of service for the Owensboro Waterworks System. The rates quoted in Paragraph (2) hereof shall be the maximum rates charged during the first 5 years of this contract, and if the said Black & Veatch study should reveal that lower rates are feasible during the said first 5 years of this contract, the rates quoted in Paragraph (2) shall be reduced accordingly, such reduction to be retroactive to the beginning of this contract.

(10) This contract contains the entire agreement between the parties hereto, and there are no covenants, representations, warranties, or other terms or conditions affecting the construction, performance, or effectiveness of this contract except as stated herein.

(11) This contract shall extend to and bind the parties hereto and their respective successors and assigns; provided, however, that neither party hereto shall assign this contract without the written consent of the other party hereto, and furthermore, provided, however, that if the construction contract for the DISTRICT'S facilities is not awarded within 12 months from the date of this contract, then this contract shall become null and void.

(12) COMMISSION shall not be liable for any loss or damage occasioned by non-delivery of water under this contract caused by acts of God, fire, flood, explosion, strike, labor disturbance, civil or military authority, insurrection, or riot, acts of the elements, failure of equipment, or for any cause whether similar or dissimilar which is beyond COMMISSION'S reasonable control. COMMISSION will assert every effort to assure continuity of supply of water to the DISTRICT and to remove any of the said causes for non-delivery of water with diligence.

(13) All notices under this agreement shall be writing and may be delivered in person to the General Manager of Owensboro Municipal Utilities, for COMMISSION, or to the Chairman of the Commissioners of the Southeast Daviess County Water District, or sent by mail to either party herein at the respective addresses first herein stated.

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GENERAL MANAGER

IN TESTIMONY WHEREOF the parties hereto have
executed this instrument as of the date first herein written.

CITY UTILITY COMMISSION OF THE
CITY OF OWENSBORO, KENTUCKY

By Ralph L. Wible
Ralph L. Wible, Chairman

ATTEST:

John A. Medley
John A. Medley, Secretary

SOUTHEAST DAVIESS COUNTY
WATER DISTRICT

By John E. ...
Commissioner

By O. D. ...
Commissioner

By ...
Commissioner
PUBLIC SERVICE COMMISSION
OF KENTUCKY

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The rates to be charged for services rendered under this contract
are hereby approved pursuant to KRS 96.535 and an Ordinance of the City
of Owensboro, Kentucky, dated the 19th day of _____, 1964.

Dated this _____ day of _____, 1965.

CITY OF OWENSBORO, KENTUCKY

ATTEST:

By Dugan Best
Dugan Best, Mayor

Adelle Shelton
Adelle Shelton, City Clerk