WATER PURCHASE CONTRACT

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This contract for the sale and purchase of water is entered into as of the 19th day	of <u>March</u> ,
19 81, between the Prestonsburg City's Utilities Commission	n RECEIVED.
P. O. Box 468, Prestonsburg, Kentucky 41653	OCT 2 7 1994
(Address)	
nereinafter referred to as the "Seller" and the <u>Sandy Valley Water Distri</u> c	
P. O. Box 248, Betsy Layne, Kentucky 41605	RECEIVED,
(Address) nereinafter referred to as the "Purchaser",	OCT 26 1994
WITNESSETH:	PUBLIC SERVICE COMMISSION
Whereas, the Purchaser is organized and established under the provisions ofKRS_27.	3of the
Code of Kentucky , for the purpose of constructing and opera	ating a water supply distribution
ystem serving water users within the area described in plans now on file in the office of 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 resent customers of the Seller's system and the estimated number of water users to be served a the plans of the system now on file in the office of the Purchaser, and	currently capable of serving the by the said Purchaser as shown
Whereas, by Resolution No. enacted on the 19th	0 day
f <u>March</u> , 19 <u>81</u> , by the Seller, the sale of water	to the Durchassis and the
arrying out the said <u>Resolution</u> by the <u>Prestonsburg Cit</u> and attested by the Secretary, was duly authorized, and	ty's Utilities Commiss
Whereas, by <u>Resolution</u> of the <u>Board of Director</u>	20
f the Purchaser, enacted on theday of	, 19,
the purchase of water from the Seller in accordance with the terms set forth in the said <u>Cont</u>	PUBLIC SERVICE COMMISSION OF KENTUCKY
was approved, and the execution of this contract by the <u>Chairman</u> Ittested by the Secretary was duly authorized;	EFFECTIVE , and
Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set f	NOV 2 5 1994
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 hereinaft	ter specifical daying the term of
nis contract or any renewal or extension thereof, potable treated water meeting applicable purit	DIRECTOR PRATES & RESEARCH DIV.
Kentucky Health Department	
n such quantity as may be required by the Purchasel required by the Purchasel required by the Purchasel required by the Purchasel required 2,000,000 gallons people of 3,000,000 gallons per month may subsequently be incontinuous the parties.	er month. The upper limit creased by agreement FHA 442-30 (Rev. 4-19-72)
•	(1200 (1001, 125-12)



. 2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated
at 40 P.S.I. from an Xex is fing seek in the constructed at a point located
near the Mouth of Mare Creek, Floyd Co., Ky., & Blackburn's Greenhouse If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.
3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate
shall be corrected for the Three (3) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller
and Purchaser shall agree upon a different amount. The metering equipment shall be read more than appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.
4. (Billing Procedure) To furnish the Purchaser at the above address not later than the <u>10th</u> day of each menth, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.
B. The Purchaser Agrees:
1. (Rates and Payment Date) To pay the Seller, not later than the 20th day of each month, for water delivered in accordance with the following schedule of rates:
a. \$4,141.75 for the first 3,000,000 gallons, which amount shall also be the minimum rate per month.
PUBLIC SERVICE COMMISSION DESCRIPTION OF THE PUBLIC SERVICE COMMISSION OF THE PUBLIC SERVICE COMMISSION OF THE PUBLIC SERVICE COMMISSION
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c. \$ 1.35 cents per 1000 gallons for water in excess of 3,000,000 gallons.
1-A If booster pumps shall be required by purchaser to increase TO 80Z KAR 5011, P.S.I. for its system, said pumps shall be furnished by pirchaser but shall, in no event, exceed 100 gallons per minute capacity them.
1-B The purchaser agrees to purchase a minimum of 3,000,000 gallons of water per month at Prestonsburg City's Utilities Commission outside Corporation water rates, for a period of forty (40) years.
1-C No water for fire protection is guaranteed under this contract.
1-D In the event of a future rate change, the buyer will be notified in writing, by Seller, ninety days before putting new rate into effect.
1-E All subsequent rate changes will be of the same percentage of change as applied to all the customers in the city limits of Prestonsburg.
2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system
of the Purchaser, the sum of N/A dollars which shall cover any and all costs of the Seller for installation
of the metering equipment and Booster Pump & Meter equipment to be supplied by Prestonsburg City's Utilities Commission, not to exceed 6" water meter and 100 gallon a minute booster pump.

C. It is further mutually agreed between the Seller and the Purchaser as follows:

	1.	(Term of	Contract)	That this	contract sh	all extend	for a term	of <u>40</u>	years from	the date of	the initial
deliver	y of	any water	as shown	by the fir	st bill sub	nitted by t	he Seller i	to the Purchase	r and, thereaf	lter may be r	renewed or
extende	d for	r such term	, or terms,	, as may be	e agreed up	on by the S	eller and I	ourchaser.			

2. (Delivery of Water) That ___30 _days prior to the estimated date of completion of construction of the Three may be a marked and the contract a xxxxxxxxSeller's water supply distribution system, the Seller will notify

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 ______ 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 with the corporate limits of the City of Prestonsburg.

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 known 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.
- (Successor to the Purchaser) That in the event of any occurence 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.
- 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.

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NOV 25 1994

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

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

	Seller:
	Prestonsburg City's Utilities Commiss
	By Cf m Wally
Attest:	Title Chairman
Mully Ilm	
Bill H. Hound Sugar	Purchaser:
	Sandy Valley Water District
	By A Nyers o.D.
Attest Control of the Attest o	Title Chairman
Secretary / m	
This contract is approved on behalf of the Farmers Home Admi	nistration this day of,
19	•
	By Bally
•	Title



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NOV 25 1994

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

DIRECTOR PRATES & RESEARCH DU