

SECOND ADDENDUM TO WATER PURCHASE AGREEMENT

THIS SECOND ADDENDUM, made and entered into this 30TH day of JUNE, 1997, by and between, **LEBANON WATER WORKS COMPANY, INC.**, hereinafter referred to as the "Company"; and the **MARION COUNTY WATER DISTRICT**, hereinafter referred to as the "District";

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WITNESSETH:

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)

THAT WHEREAS, the parties have, by written agreement with ^{an effective date} BY *Stephen O. Bue*
SECRETARY OF THE COMMISSION

of December 23, 1988, entered into an understanding pursuant to which the Company contracts and is obligated to furnish to the District certain quantities of treated water for which the District is obligated to pay in accordance with the Company's prevailing rate schedule, and which treated water the District will then, in turn, make available for sale to its customers throughout Marion County, Kentucky, and

WHEREAS, that December 23, 1988 agreement has heretofore been filed and docketed with the Public Service Commission for the Commonwealth of Kentucky as a part of that Commission's Administrative Case No. 351. At the time of the filing of such agreement with the Public Service Commission, the water rate schedule then in effect, and pursuant to which the Company and the District operated, was set forth in Ordinance No. 91-8 of the City of Lebanon, Kentucky, and that subject ordinance has governed the charges and rates levied by the Company to the District at all times from and after 1991, to and including the date of this Addendum; and

WHEREAS, by Addendum entered into between these parties with an effective date of March 13, 1995, certain terms of the original agreement between the parties which relate to the term of that original contract, and the "minimum quantity" clause set forth in that original agreement, were modified and extended, with that Addendum having been approved and deemed effective by the Public Service Commission on April 21, 1996, and

WHEREAS, the Company is in the process of undertaking a significant project whereby it will expand its existing systems, with one of the primary components of such plan being the location and installation of a new 20 inch transmission line from the Company's treatment plant near Calvary, Kentucky to the City of Lebanon, Kentucky, which transmission line, when completed, will enhance the Company's ability to serve all of its customers, including the District, and

WHEREAS, the District has been kept fully apprised of the nature and extent of this proposed construction project, and the costs thereof, as well as the projected revenues which the Company will be required to generate upon completion of that project in order to maintain its systems and to service the debt incurred by reason of this project, and

WHEREAS, the parties hereto have previously agreed that, upon completion of the Company's project, its rates for water service, including those rates to be charged by the Company to the District from and after the date of issuance of the revenue bonds which provide, in part, the financial means by which this project is to be accomplished, should be those set forth in attached Ordinance No. 96-16 of the City of Lebanon, Kentucky, effective

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Lebanon, Kentucky, that Ordinance having been adopted effective January 22, 1997, and such Ordinance governing, in prospective fashion, the Company's future charges to its customer base including (with PSC approval) of the District which is the Company's only public utility customer. At the time of presentation to the City Council of the City of Lebanon, Kentucky of that proposed Ordinance which has now become Ordinance No. 96-16, the District advised the City of Lebanon of its concurrence with the prospective revised rate schedule set forth in that Ordinance, and subject to the ultimate approval thereof (as to the District) by the Public Service Commission, and

WHEREAS the District deems the Company's completion of its current expansion and construction project to be consistent with the future and further needs of the District; and the parties are thus desirous, by means of this Second Addendum, of setting forth their understanding with respect to the aforesaid prospective modifications in the water rate schedule applicable to service provided by the Company to the District,

NOW THEREFORE, in consideration of the premises, including the original covenants, privileges, and conditions set forth in the original December 23, 1988 agreement entered into between these parties, as amended, and in further consideration of the continuing and enhanced performance of that agreement on the part of each of the parties, it is understood and agreed that the original written agreement, as previously modified, shall once again hereby be modified further only to the following extent:

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PURSUANT TO 807 KAR 5:011,
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BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

1. Consistent with the terms of Ordinance No. 96-16 of the City of Lebanon, Kentucky, the District intends, subject to approval of the Public Service Commission for the Commonwealth of Kentucky, to be bound by the terms of the uniform minimum water rate schedule set forth in the aforesaid Ordinance, with the effective date of that new water rate schedule to be fixed as of the date of issuance by the City of Lebanon of certain series 1997 water works revenue bonds, such issuance date currently being anticipated in December of 1997.

2. Except to the extent that this Second Addendum modifies the December 23, 1988 written agreement entered into between these parties, as previously amended, then that prior agreement, as amended, is hereby ratified and shall remain in full force and effect throughout the term provided, and as that may be subsequently modified by agreement between these parties.

3. It is understood and agreed between the parties hereto that this contract, after execution upon behalf of each of the parties, shall be filed with the Public Service Commission for the Commonwealth of Kentucky, not less than thirty (30) days prior to its effective date. Accordingly, it is understood that the actual effective date hereof shall be not less than thirty (30) days after notification of the execution of same is afforded the Public Service Commission and then only in the event that said Commission does not reject or call into question any part of such Contract.

4. The parties agree that they will, at or about the time of submission of this Contract to the Public Service Commission for its approval, notify the general public, by means of appropriate Legal Notice, of the intentions of the parties as set forth hereon.

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IN WITNESS WHEREOF, the parties hereunto, acting under the authority of their respective governing bodies, have caused this Addendum to be executed in counterparts, each of which will constitute originals, as of the respective dates set forth hereupon.

LEBANON WATER WORKS COMPANY, INC.

BY Dr. Joseph W. Green
Dr. Joseph W. Green, President
Date: June 30, 1997

ATTEST:
William D. Thompson
Secretary

MARION COUNTY WATER DISTRICT

BY Barbara R. May
Title: Chairman

ATTEST:
J. B. Peterson
Secretary

Prepared By:

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Lebanon, Kentucky 40033
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By Robert Spragens, Jr.
ROBERT SPRAGENS, JR.

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ORDINANCE NO. 96- 16

AN ORDINANCE FURTHER AMENDING AN ORDINANCE ORIGINALLY ADOPTED ON APRIL 10, 1972, AND AS SUBSEQUENTLY AMENDED BY ORDINANCE NO. 80-1, ORDINANCE NO. 84-7, ORDINANCE NO. 87-12, AND ORDINANCE NO. 91-8, IN ORDER TO AMEND AND ESTABLISH THE RATE SCHEDULE TO BE CHARGED FOR THE USE OF AND SERVICE PROVIDED BY THE MUNICIPAL WATER WORKS SYSTEM.

BE IT ORDAINED BY THE CITY COUNCIL OF
THE CITY OF LEBANON, KENTUCKY:

SECTION I

That Item II on of an Ordinance adopted April 10, 1972, as amended by Ordinance No. 80-1, and as further amended by Ordinance No. 84-7, Ordinance No. 87-12, and Ordinance 91-8, be and the same is further amended to read as follows:

"Section One. That all persons who use the waterworks facilities of the City of Lebanon, Kentucky, within the City limits shall be charged and shall pay the following rates for water:

Uniform Minimum Water Rate Schedule

Meter Charge *: \$5.75 per month
O&M Charge **: ~~\$1.283~~ \$1.55 per 100 cubic feet

* Minimum bill per water meter regardless of the amount of water used each month.

** Rate for all water used over zero (0) cubic feet each month.

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All users ~~who~~ whose service is provided through a meter located outside the municipal limits of the City of Lebanon shall pay 110% of the applicable charge provided for under the uniform minimum water rate schedule set out above. Provided, however, this shall not apply to the Marion County Water District, which shall pay those charges set forth in the uniform minimum water rate schedule.

SECTION II

Except to the extent that prior Ordinances fixing charges for services rendered by or product made available through the Lebanon Water Works Company, Inc., are specifically amended hereby, then such prior Ordinances shall not be deemed to have been superseded by the provisions hereof.

SECTION III

This Ordinance shall be effective with respect to that first billing period beginning after ~~December 1, 1991, and for which billing is made on or after January 1, 1992~~ the date of issuance by the City of Lebanon of certain Series 1997 Water Works Revenue

Bonds.

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SECTION IV

All Ordinances or parts of Ordinances in conflict herewith are expressly repealed, but only to the extent of such conflict.

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SECTION V

If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any Court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions hereof.

SECTION VI

This Ordinance shall become effective upon its second reading, passage and publication.

CITY OF LEBANON, KENTUCKY

By Katherine M. Blandford
KATHERINE M. BLANDFORD, Mayor

ATTEST:

By Joyce A. Ford
JOYCE A. FORD, City Clerk

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First reading given December 09, 1996.

Second reading given January 13, 1996.

Published in The Lebanon Enterprise on January 22, 1997.

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SECRETARY OF THE COMMISSION

Joyce A. Ford
JOYCE A. FORD, City Clerk