

EXHIBIT A

**WATER PURCHASE CONTRACT
DATED MARCH 26, 1987**

STATE OF SOUTH CAROLINA
COUNTY OF OCONEE

WATER PURCHASE CONTRACT

Pursuant to Section 15-48-10 of the Code of Laws of South Carolina (1976), as amended, please take notice that this Contract contains a provision for the submission of any controversy arising hereunder to arbitration.

THIS CONTRACT for the sale and purchase of water is entered into as of the 26th day of March, 1987, by and between the Seneca Light and Water Plant, hereinafter called "the Seneca L & W Plant" and Pioneer Rural Water District, hereinafter called "Pioneer".

WITNESSETH:

WHEREAS, Pioneer is a Rural Water System located in Oconee and Anderson Counties, South Carolina and desires a source of supply from the Seneca L & W Plant for its water system.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter contained and other valuable considerations, the parties hereto for themselves, their successors and assigns, have mutually agreed and do agree with each other as follows:

THIS CONTRACT IS SUBJECT TO THE "UNIFORM ARBITRATION ACT", SECTION 15-48-10, ET SEQ., 1976, IS. C. CODE AS AMENDED.

1. The City agrees that it will deliver to Pioneer water which Pioneer hereby agrees to use and pay for at the time and place and in accordance with the terms and conditions hereinafter set forth, and this contract shall continue in force for the term of three (3) years from the date or day on which the delivering of water hereunder is and shall be actually begun, and therefore it shall continue in force from year to year, provided that the parties hereto, or either of them, can terminate the same at the end of the original term of three (3) years, or at the end of any year thereafter, by giving at least ninety (90) days previous notice of such termination in writing. The Seneca L & W Plant reserves the right and Pioneer grants to the Seneca L & W Plant the right after reasonable notice to discontinue, suspend or withdraw the furnishing of any water hereunder for violation by Pioneer of any of the terms or conditions of this agreement or for the violation of any of the Seneca L & W Plant's Water Service regulations which are incorporated as a part of this Contract and which have not been corrected after a reasonable time to do so. For the purpose of this agreement thirty (30) days shall be considered "reasonable".

2. The water to be delivered hereunder shall be supplied from the Seneca L & W Plant waterworks system, and shall be delivered, except as hereinafter provided for, twenty-four (24) hours every day of the week. Said water shall be delivered to Pioneer at a delivery point located in the vicinity of Coneross Creek and S-37-59. The Seneca L & W Plant shall be capable of supplying at this delivery point through appropriate lineworks, metering vault, and related appurtenances a flow rate of seven hundred fifty (750) gallons per minute with an available pressure not less than one

hundred thirty eight (138) pounds per square inch to Pioneer Water Distribution System at the metering point. The quality of water supplied by the Seneca L & W Plant to Pioneer shall be within the regulatory limits as established by the South Carolina Department of Health and Environmental Control at a minimum and of a chemical nature deemed appropriate by the Seneca L & W Plant.

3. The maximum amount of water which the Seneca L & W Plant shall be required to deliver is seven hundred fifty (750) gallons per minute. Any individual water customer added after the execution of this contract with a demand of one hundred (100) gallons per minute or greater must be approved by the Seneca L & W Plant. Pioneer agrees not to receive or use water from the Seneca L & W Plant in excess of the quantity specified above without prior written consent of the Seneca L & W Plant. The Seneca L & W Plant reserves the right to limit the quantity of water delivered to Pioneer as set forth herein.

4. Sale, delivery, and use of water hereunder shall in all respects be subject to and in accordance with all the terms and conditions of the Seneca L & W Plant Water Rate Schedule for "Out-of-Town" customers on file in City Hall, Seneca, South Carolina, and it is hereby incorporated by reference and made a part hereof, as though fully set forth herein. Said rate is subject to change, revision, alteration or substitution either in whole or in part upon approval of City Council or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part hereof as though fully written herein and shall nullify any prior provision in conflict herewith.

In the event a single increase of twenty (20%) percent or greater shall be accepted by Seneca L & W, Seneca L & W agrees to give not less than ninety (90) days prior written notice to Pioneer of the intention to increase, together with appropriate supporting information as to the basis for such an increase.

5. Pioneer agrees to purchase from the L & W Plant a minimum of four million (4,000,000) gallons monthly. If, in the event Pioneer does not use the minimum of four million (4,000,000) gallons monthly, the Seneca L & W Plant will bill Pioneer for the amount used. If at the end of the first year Pioneer has not used a total of forty-eight million gallons of water, Pioneer will pay the Seneca L & W Plant the difference between the cost for the forty-eight million gallons of water and the amount paid to the Seneca Light and Water Plant during the past contractual year. At the end of the first contractual year, the monthly minimum shall be four million gallons (4,000,000), except when the Seneca L & W Plant fails to provide the minimum. For the purpose of this paragraph, contractual year shall start when a permit to operate Phase I of this project is issued by DHEC and water is supplied.

6. Bills shall be rendered each month by the Seneca L & W Plant to Pioneer for the water delivered during the preceding month, and all such shall be payable at City Hall, North First Street, Seneca, South Carolina, within twenty (20) days after the date of each monthly billing as required by Farmers Home Administration agreement with Pioneer.

7. Pioneer agrees to install a water line from the existing Seneca L & W Plant system located at the intersection of S-37-59 and S-37-89 to

the intersection of S-37-39 (Ralph's Store) immediately. The Seneca L & W Plant agrees to pay up to seventy-five percent (75%) or \$17,500 whichever is greater, and to supply a six-inch turbine meter with strainer as its share of the metering installation cost. Pioneer agrees to pay the remaining cost of the meter installation. In addition, Pioneer agrees to design the metering installation at no cost to the Seneca L & W Plant. Final Design Drawing shall be approved by the Seneca L & W Plant. Pioneer hereby grants, conveys and sets over to Seneca L & W ownership of the metering installation, water lines, valve and related appurtenances from the location of the meter installation installed by Pioneer to the existing Seneca L & W Plant water system. The Seneca L & W Plant agrees to operate and maintain the above referenced equipment, metering, installation, and water lines upon the issuance of an operational permit by DHEC. In the event this Water Purchase Agreement is terminated by Pioneer or not continued in force for a reasonable number of years, Pioneer agrees to pay the Seneca L & W Plant monies equal to cost of the metering installation incurred by the Seneca L & W Plant as described above. Payment to the Seneca L & W Plant for the purpose of this paragraph shall be made within ninety (90) days after the termination of this Water Purchase Agreement. For the purpose of this paragraph, six (6) years shall be considered "reasonable".

8. Pioneer agrees to complete Phase II of this project as described in the January letter to Mr. Raymond Fendley by January 1, 1988.

9. It is expressly understood and agreed that the water to be delivered hereunder is not delivered for fire protection purposes, and that if said water or any portion of same is used by Pioneer for such purposes,

such use shall be at Pioneer's risk. It is expressly understood and agreed that the Seneca L & W Plant shall not be liable for any loss or damage by fire, whether such loss or damage is occasioned from the failure of the Seneca L & W Plant to supply water hereunder.

10. Pioneer will be required to furnish and install suitable double check valves on its service line at a point acceptable to the Seneca L & W Plant. Pioneer shall be responsible for constructing and maintaining a housing pit with natural drain to house the double check valve. Said housing or pit and double check valve shall be in accordance with Seneca L & W Plant and done in conformity with Paragraph 7 as to the remaining of the 25% in so far as possible and the South Carolina Department of Health and Environmental Control specifications. Seneca L & Water Plant will be required to test the double check valve after installation and as often thereafter as required by the South Carolina Department of Health and Environmental Control. The testing and any required maintenance shall be accomplished by a technician certified by the South Carolina Department of Health and Environmental Control. Test reports shall be filed with the Seneca L & W Plant.

11. The Seneca L & W Plant agrees to provide a regular water service and Pioneer agrees to regularly receive and use same, but in case either party shall be wholly or partially prevented from delivering or using water hereunder, or in case the service shall be interrupted, or suspended or fail by reason of strike, fire, flood, drought, low water, accident or any cause beyond its control, then and in such event neither party shall be liable to

the other during such period of failure or suspension provided the party suffering such interruption or suspension or failure shall be prompt and diligent in removing and overcoming such cause or causes.

12. The Seneca L & W Plant reserves the right and Pioneer hereby grants to the Seneca L & W Plant the right to discontinue, suspend and withdraw the furnishing of any water hereunder during a fire in the City of Seneca, or in the vicinity thereof served by its water works system, or during the time or times that the Fire Department of the City of Seneca may be using water to extinguish a fire or fires, or for the prevention of a fire or fire, it being understood and agreed that the demands of the Fire Department of the City of Seneca shall be paramount to the requirements of Pioneer and that Pioneer shall hold and save the City harmless from any and all loss or damage sustained from the interruption, suspension or withdrawal of the furnishing of water during the time or times herein specified.

13. Bills rendered Pioneer under the agreement are due and payable on the date of the bill at city Hall. Bills are past due and delinquent twenty (20) days after the date of the bill. In addition, all bills not paid within twenty (20) days after the date of the bill shall be subject to a five percent (5%) late payment charge on the unpaid amount. If the bill has not been paid within twenty (20) days from the date the bill was issued, then the Seneca L & W Plant may, at its option, terminate this contract, or without termination or in anywise cancelling this contract, suspend the furnishing or supplying of water hereunder until payment of all money due it under the terms hereof shall have been made. This option may be exercised by the City as

often as any such default shall occur, and delay or omission on the part of the City to exercise such option whenever such default on the part of Pioneer shall occur.

14. No claim or demand which Pioneer may have against the Seneca L & W Plant shall be set off or counterclaimed against the payment of any sum of money due hereunder, and all such sums shall be paid as herein provided, regardless of such claim or demand.

15. The obligations of the Seneca L & W Plant in regard to supplying water hereunder are dependent upon its securing and retaining all necessary raw water rights-of-way, privileges, and permits for the delivery of such water and the Seneca L & W Plant shall not be liable to Pioneer for its failure to deliver such water in the event it is delayed in or prevented from furnishing the water by its failure to secure and retain such rights-of-way, privileges, and permits.

16. The delivery of water as set out in Paragraph 2 shall be dependent upon both parties fulfilling their respective duties and obligations as set forth in this Water Purchase Contract.

17. This Contract shall not be transferable, assignable, or otherwise by either of the parties to this agreement without the total consent and agreement of the other party.

IN WITNESS WHEREOF, on the day and year first above written, the parties hereto have caused this instrument to be executed and sealed by their duly authorized officials in duplicate, each of which is deemed an original.

(Seal)

ATTEST:

SENECA LIGHT AND WATER PLANT

Barbara J. Whitney
Barbara J. B. Whitney
City Clerk Treasurer

By: E. H. Lowery
E. H. Lowery
Mayor

WITNESS:

Ken Holliday
John J. Ballinger

(Seal)

ATTEST:

PIONEER RURAL WATER DISTRICT

John J. Ballinger
Name: John J. Ballinger
Title: Director of Activities

By: Raymond D. Haggerty
Name: Raymond D. Haggerty
Title: Chair of Bd

WITNESS:

Janis J. Wilbanks
Thomas R. Williams


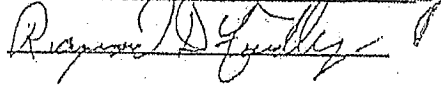
March 26, 1987

the intersection of S-37-39 (Ralph's Store) immediately. Pioneer agrees to pay twenty-five percent (25%) of the cost of the meter installation.

The Seneca L & W Plant agrees to operate and maintain the above referenced equipment, metering, installation, and water lines upon the issuance of an operational permit by DHEC. In the event this Water Purchase Agreement is terminated by Pioneer or not continued in force for a reasonable number of years, Pioneer agrees to pay the Seneca L & W Plant monies equal to cost of the metering installation incurred by the Seneca L & W Plant as described above. Payment to the Seneca L & W Plant for the purpose of this paragraph shall be made within ninety (90) days after the termination of this Water Purchase Agreement. For the purpose of this paragraph, six (6) years shall be considered "reasonable".

8. Pioneer agrees to complete Phase II of this project as described in the January letter to Mr. Raymond Fendley by January 1, 1988.

9. It is expressly understood and agreed that the water to be delivered hereunder is not delivered for fire protection purposes, and that if said water or any portion of same is used by Pioneer for such purposes,

Changes approved by Mayor E. H. Lowery 
Raymond D. Fendley 

ADDENDUM

This agreement made and entered into June 5, 1987 between the Seneca Light and Water Plant and Pioneer Rural Water District in modification of and by way of addendum to original agreement dated March 26, 1987.

The parties agree to modification and amendment to the original agreement dated March 26, 1987 by addition of the following:

1. 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.

2. That the construction of the water supply distribution system by the Purchaser is being financed by a loan made 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.

3. That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

4. This contract is a pledge to the United States of America (Farmers Home Administration) as a grant of the security for a loan.

The parties mutually ratify and confirm all the provisions of the original agreement dated March 26, 1987 and agree that same, as amended hereby, shall constitute together their entire agreement.

IN WITNESS WHEREOF, on the day and year first above written, the parties hereto have caused this instrument to be executed and sealed by their duly authorized officials in duplicate, each of which is deemed an original.

(Seal)

ATTEST:

Walter R. Smith

Walter R. Smith
City Clerk Treasurer

SENECA LIGHT AND WATER PLANT

By: E. H. Lowery

E. H. Lowery
Mayor

WITNESS:

H. J. Bellamy
Walter R. Smith

(Seal)

ATTEST:

Walter R. Smith
Name: Walter R. Smith
Title: Clerk Treasurer

Pioneer Rural Water District

By: Raymond D. Fendley
Name: Raymond D. Fendley
Title: Chair of Bd

WITNESS:

H. J. Bellamy
Walter R. Smith

Date: 6-5-87

