

EXHIBIT B

**WATER PURCHASE CONTRACT
DATED JULY 1, 1993**

COMMISSION OF PUBLIC WORKS
P.O. BOX 399
WESTMINSTER, S.C. 29693

MAY 20 2004

WATER PURCHASE CONTRACT

File - Contract Book

This contract for the sale and purchase of water is entered into as of the first day of July, 1993, between the Commission of Public Works, City of Westminster, Westminster, South Carolina, hereinafter referred to as the "Seller" and the Pioneer Rural Water District of Oconee and Anderson Counties, 5500 West Oak Highway, Westminster, South Carolina, hereinafter referred to as the "Purchaser".

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of S 6-13-210 to 6-13-290 of the Code of Laws of S.C. of 1965 for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish 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, currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, to provide this service the Purchaser will provide to the Seller all necessary data of future water needs to assist the Seller in planning for future needs, and

Whereas, by signature of the Chairman of Westminster Commission of Public Works enacted on the twenty second day of September, 1993, by the Seller, the sale of water to the Purchaser in accordance with the provisions. Duly authorized by majority vote of Commissioners of Public Works to be filed in Commission Minutes.

Whereas, by resolution of the Board of Directors of the Purchaser, enacted on the twenty second day of September, 1993, the purchase of water from the Seller in accordance with the terms set forth in the said resolution was approved, and the execution of this contract by the Chairman, and attested by the Administrative Manager was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements herein set forth,

A. The Seller Agrees:

A1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the South Carolina Department of Health and Environmental Control in such quantity as may be required by the Purchaser.

A2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure from an existing ten inch (10") water main provided by the Seller extending from the city limits of Westminster to a point located 4.5 miles southeast of the city limits of the City of Westminster at the fire tower on road CE 17, corner of Hwy 24 near Oakway, South Carolina. The Seller will permit the Purchaser to tap onto said water main and to furnish water to rural customers along said line, provided however, that industrial use of water along said line shall be reserved by the Commission of Public Works, City of Westminster and the furnishing of such water from the said water main to said user shall be the sole and separate reservation herein made. Industrial will be defined as non-residential customers requiring a tap two inches (2") or larger.

The Commission of Public Works, City of Westminster will service, maintain, or replace when necessary fire hydrants along said water main at an annual fee of \$525.00.

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.

A3. (METERING EQUIPMENT) To furnish, install, operate, and maintain equipment, including a meter 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 (12) months. A meter registering not more than (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 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 prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on the fifteenth (15) day of each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its reading.

A4. (Billing Procedure) To furnish the Purchaser at the above address not later than the twentieth (20) day of each month, with an itemized statement of the water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

B1. (Rates) To pay the Seller for water delivered in accordance with the following schedule of rates:

First 3500 gallons	\$7.95
Next 47,000 gallons	\$1.26/thousand gallons
Next 200,000 gallons	\$1.05/thousand gallons
Next 250,000 gallons	\$.98/thousand gallons
Next 500,000 gallons	\$.89/thousand gallons
All over	\$.81/thousand gallons

1.32 1,000,000 1.34/1000
Base Fee \$350.00/mo

Minimum Monthly Use Required 16,000,000 gallons

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

C1. (Term of Contract) That this contract shall extend for a term of twelve (12) years from July 1, 1993 through June 30, 2005, and thereafter 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 twelve (12) years, or at the end of any year thereafter, by giving at least 120 days previous notice of such termination in writing.

C2. (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 the Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to the Seller's consumers is reduced or diminished. In the event that it becomes necessary to modify or replace the pump station supplying the water to Pioneer Water District an amortized cost will be passed on to the Purchaser to begin upon completion of said change.

C3. (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 one (1) year period. Annual rates will be calculated by averaging all costs in delivering water to the "Purchaser" and adding (12) twelve percent. The minimum monthly purchase will be 16,000,000 gallons. Other provisions of this contract may be modified or altered by mutual agreement.

C4. (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 herewith.

C5. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser 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 undertaking of the Purchaser are conditioned upon the approval, in writing of the State Director of the Farmers Home Administration.

C6. (Successor to the Purchaser) That in the event of any occurrence 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 witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in four counterparts, each of which shall constitute an original.

SELLER: Commission of Public Works
City of Westminster

R. Buck Marshall
CPW Chairman

ATTEST: Mary L. Waldman
Secretary

PURCHASER: Pioneer Water District

Robert J. Stevenson
Robert J. Stevenson, Chairman

ATTEST: Gwen M. McCall
Gwen M. McCall, Administrative Mgr.

This contract is approved on behalf of the Farmers Home Administration this _____ date of _____, 1993

By _____

Title _____