

WHOLESALE WATER SUPPLY CONTRACT

THIS WHOLESALE WATER SUPPLY CONTRACT ("*Contract*") is executed on the date last written herein, effective, however, on the Effective Date between Central Texas Water Supply Corporation ("*CTWSC*"), a Texas water supply corporation, and Kempner Water Supply Corporation ("*KWSC*"), a Texas water supply corporation. CTWSC and KWSC are collectively referred to as the "Parties".

PREAMBLE AND WITNESSETH

WHEREAS, CTWSC is a Texas non-profit corporation, organized and established under Chapter 67, Texas Water Code (formerly Article 1434a, R.C.S. of Texas 1924, as amended). CTWSC was created to purchase, own, hold, lease, and otherwise acquire sources of a raw water supply; to build, operate, and maintain facilities for the diversion, treatment and transportation of water; to sell potable water to local governments, water supply corporations, and other persons in the State of Texas; and to own, hold or become assignee of substantial amounts of raw water stored in Stillhouse Hollow Reservoir, Bell County, Texas; and

WHEREAS, KWSC is a Texas non-profit corporation, organized and established under Chapter 67, Texas Water Code (formerly Article 1434a, R.C.S. of Texas 1924, as amended), and KWSC independently owns and operates its potable water storage, transmission, and distribution system in order to provide potable water to its customers; and

WHEREAS, KWSC has contracted with the Brazos River Authority ("*BRA*") to reserve raw water in Stillhouse Hollow Reservoir ("*Stillhouse*") in order to have a water supply for these purposes. In addition, CTWSC contracted with BRA for reservation of an additional 1,750 acre feet of raw water in Stillhouse exclusively for the benefit of KWSC; and

WHEREAS, the Parties entered into a Water Sale and Purchase Agreement dated July 22, 1985 whereby KWSC contracted with CTWSC for CTWSC to divert, treat and transport water from Stillhouse and deliver it to KWSC; and

WHEREAS, in order for CTWSC to obtain the necessary financing to construct improvements to its system for the benefit of KWSC and its customers, CTWSC sought funding through grants and loans from Farmer's Home Administration, now the U.S. Department of Agriculture - Rural Development ("*USDA*"). USDA required the Parties to pledge the 1985 Water Sale and Purchase Agreement as security for the loan to CTWSC; and

WHEREAS, the 1985 Water Sale and Purchase Agreement has been amended and modified three (3) times as follows: (a) Final Judgment entered on July 12, 1989 in Cause No. 116,914-C in the 169th District Court of Bell County, Texas; (b) Amendment No. 1 to the Water Sale and Purchase Agreement dated December 19, 1989; and (c) Compromise Settlement Agreement dated September 12, 1994 in settlement of Cause No. 12,088 in the 27th District Court of Lampasas County; and

WHEREAS, the Parties agree that the prior agreements between the Parties need to be amended, modified and completely replaced with this new Contract, subject to approval or consent as may be necessary from USDA; and

WHEREAS, the provisions of this Contract are similar in intent and concept to the provisions of the existing agreements and reaffirm the unconditional obligations of such Parties with respect to the USDA loans; and

WHEREAS, subject to the provisions set out herein, CTWSC desires to withdraw, treat and transmit treated water to KWSC and KWSC desires to receive treated water from CTWSC in accordance with the terms of this Contract; and

WHEREAS, USDA expressly refused to approve the terms of the Wholesale Water Supply Contract executed by the Parties on May 16, 2000, and expressly refused to approve the terms of the Settlement Agreement and Contemporaneous Water Supply Contract which related to the provision of water service.

WHEREAS, disputes have arisen between CTWSC and KWSC, resulting in litigation brought by KWSC in Cause No. 15,419, *Kempner Water Supply Corporation vs. Central Texas Water Supply Corporation*, 27th Judicial District Court of Lampasas County, Texas, said lawsuit having been transferred to Bell County and now referred to as Cause No. 207,477 C, *Kempner Water Supply Corporation vs. Central Texas Water Supply Corporation*, 169th Judicial District Court of Bell County, Texas (the "*Current Litigation*").

WHEREAS, CTWSC and KWSC have determined that it is in their mutual and best interests, and in the best interests of their respective members and customers, to settle and resolve the claims and counterclaims between them that have been asserted and which might have been asserted in the Current Litigation. As part of the settlement of the Current Litigation, the Parties have agreed to enter into this Contract.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions set forth in the Settlement Agreement of even date herewith between these Parties in the Current Litigation, as supplemented by the terms and conditions hereafter set forth, CTWSC and KWSC agree and contract as follows:

ARTICLE I

Section 1.01. Definitions. The following terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

"*Board*" means the governing body of CTWSC or KWSC, according to the context in which the term is used.

"*BRA*" means the Brazos River Authority in Waco, Texas.

"*Doc Curb's Place*" means that portion of the CTWSC transmission system located approximately 7,600 feet west from the System Junction at the point where the twenty-four (24) inch pipe ends and the thirty (30) inch pipeline begins on Chaparral Road across from Doc Curb's driveway as illustrated on the System Map defined herein and attached hereto as Exhibit "A" and incorporated by this reference herein for all purposes.

The "*Effective Date*" of this Contract shall be the first day of the first full calendar month following the date this Contract has been approved by USDA in writing. This Contract, even though it is fully executed by both Parties, does not become binding on either party until USDA has approved this

Contract and advised the Parties in writing of such approval, and this Contract shall not be effective until the first day of the first full calendar month following the date of receipt of written approval of this Contract by USDA.

“Energy Costs” means the amounts paid by CTWSC for electrical energy required to operate the Existing System only. Energy costs are limited to those energy costs associated with the withdrawal of water from Stillhouse, operating the existing Water Treatment Plant, and pumping water from the existing Water Treatment Plant at its current capacity via the high service pumps, same being included in the cost KWSC pays per 1,000 gallons of water per Section 2.03 Payment of Treated Water Cost. Energy Costs shall not include energy expenses for any New Facilities.

“Existing System” shall mean and include the existing water intake structure, the Water Treatment Plant at its current capacity, the existing storage facilities, pump stations and transmission mains, lighting, and all other facilities currently operated by CTWSC. The Existing System, as constituted in 1999, is described in detail in the Roming Report and is further illustrated in the System Map. The Existing System also includes: (i) improvements made since the date of the Roming Report and prior to the date of this Agreement, and (ii) those facilities to be built that are described as Item No. 3, Item No. 4, Item No. 5, Item No. 6, and Item No. 7 in Steven D. Kallman’s October 6, 2004 Project Cost Estimate. The term “Existing System” shall not include: (i) any of the facilities that are transferred to KWSC pursuant to that certain “Agreement for Sale and Conveyance of a Segment of Water System Between and Including State Highway 195 Pump Station Site and Ivy Mountain Tank Site” (“Sales Agreement”) of even date herewith, (ii) New Facilities, nor (iii) those facilities to be built that are described as Item No. 1 and Item No. 2 in Steven D. Kallman’s October 6, 2004 Project Cost Estimate.

“FPS” means feet per second.

“GPM” means gallons per minute.

“High Service Pump Station Capacity” means the maximum continuous amount of water measured in gallons per minute which can be pumped directly from the high service pump station located at the existing water treatment plant to the appropriate receiving tanks (including the existing 2.0 million gallon tank and proposed 0.2 million gallon tank at the State Highway 195 Pump Stations) when the plant clearwell is at its lowest safe operating level and the receiving tanks are near full and the largest high service pump is out of service.

“MGD” means million gallons of water over a daily period of twenty-four (24) hours.

“New Facilities” means any new facilities constructed by CTWSC after the date of this Contract including, but not limited to, any new intake structure, new storage facilities, new pump stations, new transmission mains, a new plant or expansions at the location of the current Water Treatment Plant, a new treatment plant at another location, and improvements constructed after the date of this Contract that are identified as Item No. 1 and Item No. 2 on Steven D. Kallman’s October 6, 2004 Project Cost Estimate. The term “New Facilities” shall not include the facilities described as Item No. 3, Item No. 4, Item No. 5, Item No. 6, and Item No. 7 in the October 6, 2004 Project Cost Estimate prepared by Steven D. Kallman.

“Operation and Maintenance Expenses” or *“O&M Expenses”* means, during CTWSC’s fiscal year, all direct costs and expenses incurred by CTWSC for general overhead expenses relating to the Existing System, specifically including reasonable amounts for: the total annual cost of salaries; all transportation costs; all office expenses; telephone charges; insurance premiums; all taxes; dues; equipment rentals; consumable and operating supplies except chemicals; accounting and legal fees; engineering fees; conferences, education and certification of employees, managers and Board members;

non-capital repairs to the Existing System; maintenance supplies and equipment; independent contractor fees for non-capital repairs; SEP Retirement Account payments; TCEQ/EPA Monitoring Requirements and costs; and solid waste management expenses. Notwithstanding the foregoing, the following costs and expenses are specifically excluded from Operation and Maintenance Expenses, and may not be included within Operation and Maintenance Expenses charged to KWSC under Section 2.05, below: (i) all Operation and Maintenance Costs of the New Facilities; (ii) all Energy Costs (provided for in Section 2.03 below); (iii) all consulting fees and expenses relating to providing service to new customers or increasing service to current customers, which shall be paid for by entity requesting service; and (iv) all costs and expenses (including, without limitation, engineering fees, legal fees, accounting costs and other consulting fees) relating to a dispute between the Parties whenever such dispute shall occur, including the Current Litigation, and/or performance of covenants under agreements between the Parties that are executed concurrently herewith; (v) capital improvements; and (vi) monies paid from the Capital Investment Account described in Section 2.04, below. A specific Capital Policy mutually agreed to by the Parties, which includes a definition of "repair" vs. "capital improvement" intended to clarify when a repair constitutes a capital improvement, as opposed to a non-capital repair in accordance with accepted principles and policies of the American Water Works Association and, with the help of the accountants and engineers of the Parties, will be adopted and implemented by the CTWSC Board. The CTWSC Board will work in good faith to adopt the Capital Policy within twelve (12) months following the execution of this Contract, to clearly delineate between O&M Expenses and capital improvements to the system, so that only proper O&M Expense allocations will be made.

"Point of Delivery" means the point designated in this Contract or by subsequent agreement designating where water will be delivered by CTWSC to KWSC. At this time, Point of Delivery is the metered outlet at the Ivy Mountain Tank Site. If the Parties close under the Sales Agreement, the Point of Delivery will be changed to a metered inlet to be constructed on the State Highway 195 Pump Station Site in a location mutually agreed upon by CTWSC and KWSC as provided in Item No. 7 of Steven D. Kallman's Project Cost Estimate dated October 6, 2004. The Point of Delivery shall not be moved to the State Highway 195 Pump Station Site prior to closing under the Sales Agreement; if closing under the Sales Agreement occurs, CTWSC shall change the Point of Delivery to the State Highway 195 Pump Station Site once improvements to serve West Bell have been constructed as contemplated in Steven D. Kallman's Project Cost Estimate and the Sales Agreement. When treated water is deliverable to KWSC at the State Highway 195 Pump Station Site, water will be delivered by CTWSC to KWSC through the CTWSC meter and then into KWSC's System through an air gap into the 2.0 million gallon storage tank.

"Raw Water Intake System Capacity" means the amount of raw water which can be pumped into the water treatment units when the lake is at the lowest level below which the pumps break suction and with the largest single pump out of service.

"Raw Water Intake System" means the intake suction piping, intake pumps including all electrical and controls and piping from the intake pumping facilities to the water treatment units.

"Roming Report" means an engineering report dated February 1999 prepared by Roming, Parker & Kasberg, L.L.P., consulting engineers in Temple, Texas entitled *The Evaluation and Analysis of Central Texas Water Supply Corporation Facilities*. The Roming Report describes the Existing System as constituted in 1999.

"Stillhouse" means Stillhouse Hollow Reservoir.

"System Junction" means the junction where the twenty-four (24) inch pipe leaving the Water Treatment Plant splits west to a twenty-four (24) inch pipe and east to a sixteen (16) inch pipe as shown on the Roming Report map dated February 23, 1999 as "24" x 24" x 16" Junction."

"System Map" means the map attached hereto as Exhibit "A" and incorporated herein by reference for all purposes.

"TCEQ" means the Texas Commission on Environmental Quality or any successor entity thereto.

"Water Treatment Plant" means those existing facilities required to receive raw water, treat it, and deliver the treated water into the plant clearwell, including all vessels, mixing equipment, filters and chlorination equipment associated therewith.

"Water Treatment Plant Capacity" means the continuous twenty-four (24) hour per day potable water production capacity of the current water treatment units. The current Water Treatment Plant capacity is rated to be 14.35 MGD of treated water.

Section 1.02. Construction. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Contract and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity of this Contract.

ARTICLE II

Sale and Purchase of Treated Water; Operating Requirements

Section 2.01. Water Conveyance

A. Water Treatment Plant Capacity; Water Treatment and Delivery. The Parties agree that the current rated Water Treatment Plant Capacity is 14.35 MGD of treated water, as determined in the Roming Report. CTWSC hereby contracts and agrees to divert, treat, and deliver treated water to KWSC at its Point of Delivery in quantities required from time-to-time by KWSC up to a maximum of 7.68 MGD. CTWSC shall deliver up to 7,000 gpm of water to KWSC's Point of Delivery, and such water shall be transmitted, subject to the provisions of this paragraph, through the CTWSC System at a velocity not to exceed 6.0 FPS. Until the 18-inch transmission line which will run parallel to the 24-inch transmission line existing between the Water Treatment Plant and System Junction ("18-inch line") is completed and installed, the parties agree that water may be transmitted through the segment of the system between the high service pumps at the Water Treatment Plant and the System Junction at a velocity of seven and one tenth (7.1) FPS.

KWSC shall assign or cause to be assigned to CTWSC raw water reserves in Stillhouse in quantities it desires and requires to be treated by CTWSC. Unless the Water Treatment Plant capacity is increased and rated above 14.35 MGD due to future capital improvements or changes of law or applicable regulations, CTWSC agrees that it will not enter into water sale contracts which, in the aggregate and combined with KWSC's rights to 7.68 MGD of treated water, commit CTWSC to sell and/or deliver more than a maximum daily usage rate of 14.35 MGD of treated water from the Water Treatment Plant. If the Water Treatment Plant Capacity is increased and re-rated to more than 14.35 MGD for any reason, CTWSC agrees that it will not enter into water sale contracts which, in the aggregate and combined with KWSC's rights to 7.68 MGD of treated water from the Water Treatment Plant, commit CTWSC to sell and/or deliver more than the maximum daily usage rate of the then-rated capacity of the Water Treatment Plant. CTWSC shall use its best efforts to maintain the rated Water Treatment Plant Capacity at or above 14.35 MGD. If governmental regulations, or action by a governmental agency with authority to change

capacity, results in a reduction or re-rating of Water Treatment Plant Capacity below 14.35 MGD without any fault or procurement by CTWSC, then KWSC and all other members of CTWSC will bear a pro rata reduction in treated water from the then-established Water Treatment Plant Capacity as so reduced by such governmental regulations or action; in the event of such a reduction, then (i) CTWSC will use its best efforts to bring the rated Water Treatment Plant Capacity back to 14.35 MGD as expeditiously as reasonably possible, and (ii) any future increase in the Water Treatment Plant's Capacity shall entitle KWSC and all other members of CTWSC to a proportionate increase in treated water from the then-increased and re-rated Water Treatment Plant Capacity, but not more than 7.68 MGD. Notwithstanding any provision contained herein to the contrary, in no event shall KWSC be required to deliver more raw water to CTWSC than it desires, from time-to-time, to be treated by CTWSC. CTWSC's obligation to provide treated water to KWSC is conditioned upon KWSC assigning or causing to be assigned to CTWSC rights to withdraw raw water from Stillhouse in quantities equal to or exceeding the quantity of treated water that KWSC desires to purchase under this Contract. CTWSC shall not have any obligation to provide treated water to KWSC in quantities which exceed the amount of raw water in Stillhouse which KWSC has assigned or caused to be assigned to CTWSC.

Notwithstanding the provisions of this Section 2.01(A) to the contrary, KWSC may from time to time permanently reduce in whole or in part the quantity of water it requires CTWSC to divert, treat, and deliver at its Point of Delivery from the current maximum amount of 7.68 MGD to a lesser quantity, provided that (i) KWSC provides CTWSC with written notice of the desired permanent reduction ("*Capacity Relinquishment*") two years in advance of the effective date of reduction and KWSC continues to pay the obligations to CTWSC as set out in Sections 2.12(c) and 2.12(d). Effective on the second anniversary date of CTWSC's receipt of written notice from KWSC: (a) KWSC's rights to diversion, treatment, and delivery of 7.68 MGD of water shall be reduced by the Capacity Relinquishment, (b) the amount of water in the Capacity Relinquishment shall become available for CTWSC to sell to third parties and CTWSC may enter into water sales contracts with third parties with respect to the Capacity Relinquishment by KWSC, and (c) KWSC's minimum share of O&M Expenses shall be proportionately reduced as provided in Section 2.05, below. Once relinquished, KWSC has no right to demand capacity be returned to it.

B. Improvements. In regard to CTWSC facilities west of the System Junction, the Parties agree that new customers may be added by CTWSC to the CTWSC facilities from the System Junction west to the Point of Delivery (if such Point of Delivery is located on the State Highway 195 Pump Station Site), or if such Point of Delivery has not been moved from its location at the Ivy Mountain Tank Site, then from the System Junction west to the eastern boundary of the State Highway 195 Pump Station Site; provided, however, that the addition of such customers by CTWSC cannot create a transmission demand (based upon a maximum daily usage rate) that would exceed the Water Treatment Plant Capacity as then rated, or diminish the water delivery available to KWSC under Section 2.01(A), above. CTWSC agrees and represents that it will consider the criteria/considerations described in Section IV.H of the Roming Report prior to adding new customers. After the construction of the 18-Inch Line, the Parties agree that to achieve optimal power and maintenance costs, supply line velocities shall not exceed an average of 6.0 FPS. However, if, after the construction of the 18-Inch Line, CTWSC desires to transport water between the Water Treatment Plant and System Junction at a velocity exceeding an average of 6.0 FPS, CTWSC will advise KWSC of its intent to do so and CTWSC will pay the additional power and maintenance costs incurred above the costs of transporting water at an average of 6.0 FPS, and such additional costs shall not be part of the Operation and Maintenance Expenses and Energy Costs charged to KWSC. Under any circumstance, if KWSC requests any modification or improvement to the CTWSC system, and if CTWSC agrees to such modification or improvement, then KWSC will pay all costs associated with such modification and/or improvement including, without limitation, all capital improvement costs, all increased Operation and Maintenance Expenses and increased Energy Costs associated with increased capacity. For each improvement to the Existing System, CTWSC shall cause to be prepared as-built

drawings and engineering reports providing (at a minimum) a narrative description of the improvements. This report shall be kept on file at the CTWSC administrative offices. CTWSC shall also prepare and provide, for New Facilities, a report including as-built drawings and engineering reports providing (at a minimum) a narrative description of the New Facilities. The report covering New Facilities shall be kept on file at the CTWSC administrative offices, and shall be available for inspection by KWSC during normal business hours.

Section 2.02. Payment for Stored Water. KWSC shall be responsible for all fees and payments required by BRA to secure and hold its stored raw water in Stillhouse.

Section 2.03. Payment of Treated Water Cost. KWSC agrees to pay to CTWSC, on a monthly basis, the actual cost per thousand gallons of treated water it receives at the Point of Delivery, being the cost to produce, treat, and deliver said water to the Point of Delivery. The cost of treated water shall be based upon the actual calculated costs for chemicals and Energy Costs, including energy costs associated with pumping raw water, energy costs incurred in running equipment in the Water Treatment Plant, and energy costs incurred in pumping treated water to the Point of Delivery. Payment will be based on the metered usage of treated water by KWSC at the Point of Delivery. The production costs charged to KWSC will be prorated based on the annual number of gallons of treated water received by KWSC as a percentage of the total number of gallons of treated water received by all of CTWSC's customers. Payment of production costs will be based upon actual costs billed monthly and then the actual production cost attributable to KWSC will be verified and corrected or revised, as necessary at the end of the fiscal year of CTWSC. KWSC will receive either a refund or a bill as a result of any such correction. Each refund or bill will be itemized and will contain such explanatory notes and backup invoices, receipts and documentation as may be required in order to support the annual correction.

Section 2.04. Contribution to Capital Investment Account by KWSC: Maintenance and Use of Capital Investment Account by CTWSC. For purposes of this Section, the term "*Capital Investment Account Balance*" equals the sum of: (i) the average cash balance of the Capital Investment Account maintained by CTWSC during the month, plus (ii) the amount of accounts receivable for capital investment contributions due to CTWSC from its other members and/or customers, measured as of 5:00 p.m. on the last business day of the month. During those months and only those months in which the Capital Investment Account Balance for the immediately preceding month is less than \$2,500,000.00 ("*Contribution Months*"), KWSC shall pay to CTWSC, as a contribution into a Capital Investment Account, a monthly payment based on the number of gallons of water treated by CTWSC and delivered to KWSC in the previous calendar month. Such monthly payment during Contribution Months shall be computed according to the schedule set forth on Exhibit "B" attached hereto and incorporated by this reference herein for all purposes. The rate of contribution into the Capital Investment Account (initially set at 8.0000-cents per thousand gallons of treated water) shall be adjusted by 6% at the expiration of each period of 36 Contribution Months as provided in the schedule below. It is agreed and understood that in the event the Capital Investment Account Balance for a month shall exceed \$2,500,000.00 as calculated in the first sentence of this Section 2.04, such month shall not be counted as a Contribution Month, and the number of accumulated Contribution Months shall not increase again unless and until the Capital Investment Account Balance for the immediately preceding month is less than \$2,500,000.00. The schedule for KWSC's payment of contributions into the Capital Investment Account is set forth on Exhibit "B" attached to this Contract. All other members and/or customers of CTWSC shall be required to contribute an amount to the Capital Investment Account according to the same formula applicable to KWSC under this Section 2.04 and as set forth on Exhibit "B" to this Contract. Funds contributed to the Capital Investment Account by KWSC and by members and customers of CTWSC shall be accumulated in the Capital Investment Account to pay for capital improvements, as the Board may, in its discretion, from time-to-time deem necessary pursuant to its Capital Policy. The Parties also agree and acknowledge that CTWSC may also use the Capital Investment Account to (i) acquire leases, licenses, easements,

rights-of-way, and interests in fee simple to extend rights in the Water Treatment Plant site from the Corps of Engineers, Department of U.S. Army from May 10, 2029 to the expiration of the Term of this Contract, (b) acquire leases, licenses, easements, rights-of-way, and interests in fee simple to extend rights in pipeline easements from the Fort Hood Military Reservation from January 22, 2035 to the expiration of the Term of this Contract, and (c) obtain renewals and extensions of contracts with BRA. In considering expenditures for capital improvements, CTWSC agrees to keep facilities in good condition to deliver contractual quantities to the respective points of delivery. All members of CTWSC, including KWSC, will begin funding the Capital Investment Account beginning on the first day of the second month following the Effective Date of this Contract. Payments from the Capital Investment Account will be made only with prior approval of specific item(s) by the Board of CTWSC given after due notice and action by the Board at a regular meeting on items regarding the expenditure of these funds. Other than the contribution to the Capital Investment Account described herein, KWSC will only be responsible to pay for the cost of capital improvements that it requests and that are agreed to by the Board. In the event that there is an emergency which requires a capital improvement and the funds in the Capital Investment Account are insufficient, the Board of CTWSC may, subject to the approval of USDA, authorize a loan to pay for the emergency improvements and use future funds from the Capital Investment Account to reimburse such loan.

Section 2.05 Operation and Maintenance Expenses. KWSC will also pay monthly to CTWSC a percentage of the actual Operation and Maintenance Expenses (O&M) for the Existing System for the previous calendar month, pursuant to the separate cost accounting for Existing System components maintained by CTWSC. O&M is defined specifically in the definition section of this Contract. The percentage of O&M to be paid by KWSC shall be calculated by dividing the volume of treated water delivered to KWSC by the total volume of treated water delivered to all customers of CTWSC and multiplying by 100; PROVIDED, HOWEVER, that in the event the foregoing calculation results in a percentage of O&M to be paid by KWSC that is less than 42%, then KWSC shall pay exactly 42% of O&M costs of the Existing System subject to adjustment upon Capacity Relinquishment (this shall be known as KWSC's "Minimum O&M Cost") during those months in which KWSC has rights to treated water under Section 2.01(A), above, up to a maximum of 7.68 MGD. During those months in which KWSC has rights to treated water under said Section 2.01(A) in quantities less than 7.68 MGD by reason of Capacity Relinquishment, the Minimum O&M Cost will be reduced by the same percentage as the Capacity Relinquishment reduced the quantity of treated water that KWSC would be entitled to receive under this Contract. For example, if KWSC makes a Capacity Relinquishment of 10% of the treated water it is entitled to receive under this Contract (from 7.68 MGD to 6.912 MGD) the Minimum O&M Cost will also be reduced by 10%. Under this example, the Minimum O&M Cost would be reduced from 42% to 37.8% of O&M Costs of the Existing System. CTWSC shall prepare and submit a report to KWSC at the end of each calendar quarter detailing the O&M expenses and energy costs and specifying the method of calculation for the previous quarter. At the end of each fiscal year, CTWSC will compare the O&M expenses billed to its customers to the actual O&M expenses incurred by it in the previous twelve (12) calendar months, and KWSC will receive either a refund or a bill as a result of any adjustment for the previous year. Each refund or bill will be itemized and will contain explanatory notes and back up invoices, receipts, and documentation as may be required to support the necessary adjustments. CTWSC will bill KWSC monthly for the actual O&M expenses for the previous month.

Section 2.06. Application of Definitions. With respect to any questions that hereafter arise that relate to this Contract, the Existing System, the existing Water Treatment Plant, and/or the ability of the system to deliver any particular quantity of water, both Parties agree that the definitions from Article I, Section 1.01 of this Contract will control the discussions of the Parties. Such definitions shall be likewise used by engineers and consultants in interpreting this Contract and the ability of the system to deliver treated water.

Section 2.07. Point of Delivery. KWSC agrees to take treated water at the Point of Delivery described in Section 1.01, above. The Point of Delivery may change by mutual written agreement of the Parties. The Parties recognize that at the time of execution of this Contract, the Point of Delivery is the metered outlet from the Ivy Mountain Tank Site, and such place may continue until such time that there has been a closing under the Sales Agreement and CTWSC has moved the meter from the Ivy Mountain Tank Site to the State Highway 195 Pump Station Site at its cost and expense as contemplated in Steven D. Kallman's report and by other agreements between the Parties executed concurrently herewith. During the interim period between the date of this Contract and the date that the meter and Point of Delivery is moved to the State Highway 195 Pump Station Site from the Ivy Mountain Tank Site, the Parties agree to cooperate in developing procedures and protocols to ensure that (i) the water delivered by CTWSC to West Bell from the State Highway 195 Pump Station Site is metered, and (ii) sufficient water is delivered by CTWSC to KWSC onto the State Highway 195 Pump Station Site to serve KWSC and its customers over and above what is necessary to provide to the State Highway 195 Pump Station Site for the benefit of West Bell. In developing and implementing such procedures and protocols, the Parties will cooperate with each other in equitably determining the quantity of treated water delivered by CTWSC to KWSC, and in establishing equitable procedures and protocols for reaching fair conclusions. CTWSC will maintain ownership of the connection (being any device, including welded pipe connections, water installations, valves, meters, meter vaults, or similar devices) between its system and the water system of KWSC.

Section 2.08. Other Contracts: Members. KWSC is a member of CTWSC, having the same representation on the Board as all other members of CTWSC have, and it is known and accepted between the Parties hereto that CTWSC has the same general obligations toward all its member customers that it has to KWSC, and that CTWSC cannot discriminate against its other member customers and in favor of KWSC nor against KWSC and in favor of its other member customers. Although the amounts of treated water purchased by member customers will necessarily vary depending on their respective contract rights, their size, and the needs of their respective customers, the Parties agree that every effort will be made on the part of both Parties to this Contract to respect all member customers and to be equally concerned with the contract rights, welfare and needs of each of them. If any issue or dispute arises between the Parties whereby either party feels that there is discriminatory action being taken or contemplated, the Parties agree to jointly submit the matter to an independent Professional Engineer mutually agreed to by them and to seek such professional input and opinions as the engineer may render, sharing the cost thereof equally, prior to instituting any legal action.

Section 2.09. Quality.

A. The water delivered by CTWSC and received by KWSC shall be treated water of a quality sufficient to meet the requirements for potable water established by the TCEQ and the United States Environmental Protection Agency. KWSC has satisfied itself that such water will be suitable for its needs.

B. CTWSC shall not be responsible for maintaining any particular amount of chlorine residual at any point in KWSC's system, so long as the treated water meets chlorine residual standards of the TCEQ at the Point of Delivery.

C. CTWSC shall periodically collect samples of treated water delivered to KWSC and other customers and cause same to be analyzed consistent with guidelines established by the TCEQ using the then-current edition of Standard Methods for Examination of Water and Wastewater as published by the American Water Works Association ("AWWA") and others.

Section 2.10. Metering Equipment. CTWSC will furnish, install, operate, and maintain at its expense the necessary equipment and devices (including a meter house or pit) of standard type required for measuring the quantity of water delivered under this Contract from the system to KWSC's Point of Delivery. Such meters and other equipment so installed shall be the property of CTWSC. CTWSC shall inspect, calibrate, and adjust its meters at least annually as necessary to maintain accurate measurements of the quantity of treated water being delivered. KWSC shall have access to the metering equipment at all reasonable times for inspection and examination, but the reading, calibration, and adjustment thereof shall be done only by employees or agents of CTWSC. If requested, a KWSC employee may witness such reading, calibration, and adjustment of meters. Any measuring device that fails to function or which functions incorrectly shall promptly be adjusted, repaired or replaced at CTWSC's expense with a like device having the required accuracy. A meter registering not more than two percent (2%) above or below the test results shall be deemed to be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for one-half (1/2) the period elapsed since the next preceding meter test, but in no event to exceed six (6) months, 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 CTWSC and KWSC shall agree upon a different amount. All readings of meters will be entered upon proper books of record maintained by CTWSC. KWSC may have access to said record books during normal business hours. At its option, KWSC may install the necessary equipment to allow KWSC to remotely read the CTWSC meter(s), and KWSC shall have the right of periodic access (at reasonable times and upon prior notice to CTWSC) to such equipment for the purpose of maintenance, calibration, repair, and replacement thereof.

Section 2.11. Water Shortage. CTWSC shall use its best efforts to maintain its facilities in sufficient condition, repair, and status to provide KWSC with treated water in the amounts called for in this Contract. However, notwithstanding such best efforts, in the event of an extended shortage of water, or if the supply of raw water available to CTWSC is otherwise diminished over an extended period of time, the supply of treated water delivered by CTWSC to its customers shall be reduced on a pro rata basis among all customers of CTWSC, including KWSC, based upon the respective percentages of treated water purchased by each customer from CTWSC in the prior year. Any reduction of treated water shall be in accordance with the Drought Contingency Policy and Drought Contingency Plan of CTWSC. KWSC shall also be subject to the enforcement provisions of CTWSC's Drought Contingency Plan as are all other members of CTWSC.

Section 2.12. Initial Rate and Rate Revision. As of the date of the execution of this Contract, the Initial Rates/Cost to KWSC for treated water to be supplied under this Contract is calculated as follows:

- a. The cost to treat water attributable to Energy Costs and chemicals shall be billed, subject to Section 2.03, at the initial rate of \$0.3237 per thousand gallons of treated water, being the same rate per thousand gallons of treated water charged by CTWSC during the month of April 2005, subject to annual adjustment as provided in Section 2.03 above, plus
- b. The monthly contribution to the Capital Investment Account, if required to be paid by KWSC in such month, as provided in Section 2.04, plus
- c. A fixed monthly cash payment of \$939.00 through July 2018, plus
- d. A fixed monthly cash payment of \$22,324.00 through August 2024; provided, however, that in the event the Parties close under the Sales Agreement, KWSC shall not thereafter be further

required to pay and CTWSC shall not thereafter have the right to further charge KWSC for this monthly cash payment; plus

e. A monthly charge for O&M Expense, pursuant to Section 2.05. The initial estimated monthly charge for O&M Expense is \$0.6763 per thousand gallons of treated water, being the same rate per thousand gallons of treated water charged by CTWSC during the month of April 2005. The monthly charge shall be adjusted as provided in Section 2.05.

Using charges made in April 2005, the initial rate for Energy Costs, chemicals and O&M is \$1.00 per 1,000 gallons of treated water (being the sum of charges set forth in Sections 2.12(a) and 2.12(e), above). The rates charged KWSC for treated water costs and/or operation and maintenance expenses may be increased or decreased to reflect actual changes in such costs in accordance with the provisions of this Contract. In the event a closing occurs pursuant to the terms of the Sales Agreement and the Point of Delivery is changed pursuant to Section 2.07, above, from and after the date of transfer of facilities to KWSC, O&M and energy costs for the facilities transferred to KWSC will be borne by KWSC and the O&M and energy costs for the facilities transferred to KWSC will not be included in the computation of O&M and energy charges made by CTWSC to KWSC after the transfer of the facilities.

ARTICLE III **Special Conditions**

Section 3.01. Operation and Maintenance of the System. CTWSC will continuously operate and maintain the system in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense. CTWSC recognizes its right and duty to operate the system in the most prudent and economical manner for the benefit of its members and customers. All members of CTWSC may have reasonable access to all records of CTWSC during normal business hours.

Section 3.02. Title to Water; Risk of Loss. Title to all water supplied to KWSC shall be in CTWSC up to the Point of Delivery at which point title shall pass to KWSC. Risk of loss of water on CTWSC side of the Delivery Point lies with CTWSC, and risk of loss on the KWSC side of the Point of Delivery lies with KWSC. KWSC, however, shall only be billed for water that passes through the meter at the Point of Delivery.

Section 3.03. Insurance. CTWSC agrees to carry and arrange for fire, casualty, public liability, and/or other insurance, including any self-insurance, on the System up to the Point of Delivery for purposes and in amounts which, as determined by the Board, ordinarily would be carried by a privately owned utility company owning and operating such facilities. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment, to minimize the interruption of the services of such facilities. Premiums for such insurance that relate directly to the System or, under generally accepted cost accounting practices are allocable to the System, shall constitute an Operation and Maintenance Expense.

Section 3.04 Conveyance of Raw Water Capacity in Stillhouse to KWSC. Subject to BRA approval, CTWSC agrees to convey to KWSC the 1,750 acre feet of raw water in Stillhouse that CTWSC holds for the exclusive benefit of KWSC. KWSC agrees to pay all costs charged by the Brazos River Authority, if any, related to any conveyance of raw water to or from KWSC under this Contract.

ARTICLE IV
Miscellaneous

Section 4.01. Force Majeure. If, by reason of Force Majeure, KWSC or CTWSC shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of KWSC to make the payments required under this Contract, then if such party shall give notice and full particulars of such Force Majeure in writing to the other party, as appropriate, within a reasonable time after occurrence of the event or cause relied on, the obligation of the KWSC or CTWSC giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and KWSC or CTWSC shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "*Force Majeure*" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, partial or entire failure of water supply, or on account of any other causes not reasonable within the control of the party claiming such inability.

Section 4.02. Conservation. CTWSC and KWSC agree to provide to the maximum extent practicable for the conservation of water, and each agrees that it will operate and maintain its facilities in a reasonable manner that will prevent waste of water. KWSC further agrees to implement water conservation and drought management plans as required by state regulations.

Section 4.03. Term of Contract. This Contract shall be effective on and from the Effective Date of this Agreement, and shall continue in force and effect until July 22, 2084 ("*Term*") subject to the provisions and limitations of this Section 4.03. The Parties acknowledge that the term of contracts by and under which CTWSC and KWSC (and/or KWSC's customer, the City of Lampasas) have acquired raw water rights from BRA may expire on dates that are different than the July 22, 2084 expiration date of this Contract. In the event existing agreements with BRA expire or are terminated and KWSC (and/or KWSC's customer, the City of Lampasas) cannot acquire from BRA and convey to CTWSC raw water rights sufficient to enable CTWSC to meet its obligation to divert, treat, and deliver to KWSC treated water up to a maximum of 7.68 MGD, CTWSC's obligation thereafter shall be only to treat and deliver so much water as KWSC (and/or KWSC's customer, the City of Lampasas) can obtain from BRA and convey to CTWSC for treatment. The Parties also agree and acknowledge that the CTWSC Water Treatment Plant is located on property leased from the Corps of Engineers, Department of U.S. Army ("Water Treatment Plant Lease"), and that the May 10, 2029 expiration of the term of the Water Treatment Plant Lease expires many years prior to the July 22, 2084 expiration date of this Contract. Further, the Parties agree and acknowledge that a portion of the water line that extends to KWSC and to the City of Lampasas is situated on a 50-year Easement for Right of Way Water Pipeline on the Fort Hood Military Reservation that expires on January 22, 2035, or on such earlier date that the U.S. Army may determine, in its sole discretion, to terminate the easement. The Parties will use best efforts to cooperate with each other to the fullest reasonable extent possible to obtain renewals and extensions of leases, easements, and rights-of-way as necessary, and contracts with BRA, with terms and title interests in each case to be coextensive with the July 22, 2084 expiration date of the Term of this Contract. If, despite such best efforts and cooperation, the Corps of Engineers Lease or the Fort Hood Easement is not renewed or extended to July 22, 2084 or same are extended but not until July 22, 2084, then this Contract may be terminated due to impossibility of performance effective upon the earliest expiration date of such lease or easement (as extended). Upon expiration of the Term of this Contract, the obligation of the Parties to one another shall thereupon and immediately cease.

rules, orders, and regulations of any local, state, or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum having jurisdiction. The rights and obligations of KWSC and CTWSC under this Contract are also subject to written concurrence and approval of this Contract by USDA; accordingly, this Contract shall not become effective until the Effective Date.

Section 4.08. Venue. All amounts due under this Contract, including, but not limited to, payments due under this Contract, shall be paid and be due in Bell County, Texas, which is the County in which the principal administrative offices of CTWSC are located. It is specifically agreed among the Parties to this Contract that Bell County, Texas, is the place of performance of this Contract.

Section 4.09. Assignment. CTWSC's rights (but not its obligations) under this Contract are assignable to the USDA, the Texas Water Development Board, to other governmental agencies, and to third party lenders as security for loans made or to be made or insured by them to CTWSC after the Effective Date. KWSC shall have the right to assign its rights under this Contract as security for loans made to it by the Texas Water Development Board, by USDA, or by a third party lender. Otherwise, neither CTWSC nor KWSC may assign any interest it may have under this Contract without the prior written consent of the other party. KWSC will provide written notice to CTWSC of any assignment to the Texas Water Development Board within five (5) days following such assignment.

Section 4.10. Entire Agreement. This Contract between the Parties constitute the entire agreement among the Parties with respect to the sale of treated water by CTWSC to KWSC.

Section 4.11. Applicable Law. This Contract shall be governed by and construed in accordance with the laws of the State of Texas, and the obligations, rights, and remedies of the Parties hereunder shall be determined in accordance with such laws without reference to the laws of any other state or jurisdiction, except for applicable federal laws, rules, and regulations. This Contract is performable in Bell County, Texas.

Section 4.12. Counterparts. This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 4.13. Other Agreements. Contemporaneously herewith, the Parties have executed a Settlement Agreement with respect to the Current Litigation and the Sales Agreement (collectively, the "*Concurrent Agreements*"). In the event of any conflict between the language of this Contract and the Concurrent Agreements, the language of this Contract will control with respect to the supply of treated water. The Parties agree that the 1985 Water Sale and Purchase Agreement and all amendments and modifications thereto (including any judgment relating to the 1985 Agreement) shall govern the contractual relationship of the Parties with respect to the sale and purchase and water until (i) same shall be superseded and replaced by this Wholesale Water Supply Contract from and after the Effective Date, or (ii) a court of competent jurisdiction orders otherwise.

Section 4.14. Subject to Pre-Existing Loans: Right to Pledge this Contract to USDA. This Contract is subject to all pre-existing loan agreements, promissory notes and security agreements executed by CTWSC in favor of USDA relating to the CTWSC system. This Contract may be pledged to USDA as part of the security for loans payable by CTWSC to USDA.

Signed this the 27 day of October, 2005, effective, however, on the Effective Date.

CENTRAL TEXAS WATER SUPPLY CORPORATION

By: Maurice W. McKeese
President

Attest: [Signature]
Secretary

KEMPNER WATER SUPPLY CORPORATION

By: [Signature]
President

Attest: [Signature]
Secretary

Approved this _____ day of _____, 2005.

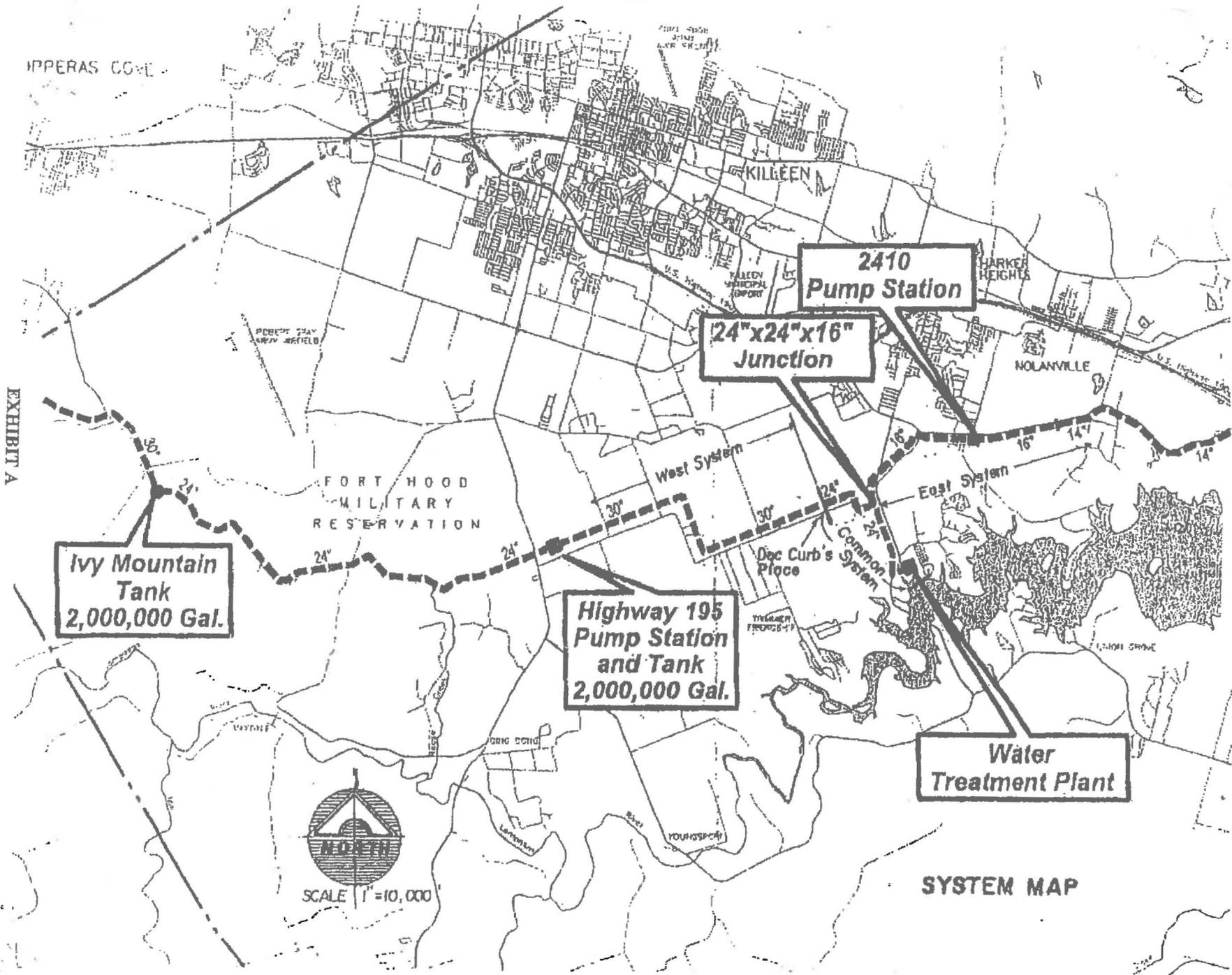
UNITED STATES OF AMERICA

By: _____
Name: _____
Title: _____
Date: _____

Rural Development, acting on behalf of the Rural Utilities Service, State of Texas, United States Department of Agriculture

INDEX TO EXHIBITS

- A. System Map
- B. Schedule for Computing Contribution to Capital Investment Account by KWSC



IPPERAS COME

KILLEEN

**2410
Pump Station**

**24"x24"x16"
Junction**

HARKER HEIGHTS

NOLANVILLE

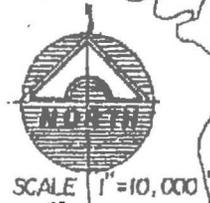
EXHIBIT A

FORT HOOD
MILITARY
RESERVATION

**Ivy Mountain
Tank
2,000,000 Gal.**

**Highway 195
Pump Station
and Tank
2,000,000 Gal.**

**Water
Treatment Plant**



SYSTEM MAP

EXHIBIT "B"

Schedule for Computing Contribution to Capital Investment Account by KWSC

Pursuant to the provisions of Section 2.04 of the attached Contract between CTWSC and KWSC, KWSC shall pay to CTWSC contributions to Capital Investment Account during Contribution Months as follows:

- (a) During the first through 36th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 8.0000-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (b) During the 37th through 72nd Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 8.4800-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (c) During the 73rd through 108th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 8.9888-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (d) During the 109th through 144th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 9.5281-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (e) During the 145th through 180th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 10.0998-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (f) During the 181st through 216th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 10.7058-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (g) During the 217th through 252nd Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 11.3482-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (h) During the 253rd through 288th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 12.0290-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;

- (i) During the 289th through 324th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 12.7508-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (j) During the 325th through 360th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 13.5158-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (k) During the 361st through 396th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 14.3268-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (l) During the 397th through 432nd Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 15.1864-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (m) During the 433rd through 468th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 16.0976-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (n) During the 469th through 504th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 17.0634-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (o) During the 505th through 540th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 18.0872-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (p) During the 541st through 576th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 19.1725-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (q) During the 577th through 612th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 20.3228-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (r) During the 613th through 648th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 21.5422-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;

- (s) During the 649th through 684th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 22.8347-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (t) During the 685th through 720th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 24.2048-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (u) During the 721st through 756th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 25.6571-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (v) During the 757th through 792nd Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 27.1965-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (w) During the 793rd through 828th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 28.8283-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (x) During the 829th through 864th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 30.5580-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (y) During the 865th through 900th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 32.3915-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month;
- (z) During the 901st through 936th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 34.3350-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month; and
- (aa) During the 937th through 950th Contribution Months, inclusive, KWSC shall pay to CTWSC as a contribution into the Capital Investment Account the monthly sum of 36.3951-cents per thousand gallons of treated water delivered to KWSC by CTWSC during such month.