



## Kentucky-American Water Company

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2300 Richmond Road • Lexington, Kentucky 40502 • (606) 269-2386 • Fax (606) 268-6327

**David Baker**  
Director – Business Development

February 10, 1999

Board of Commissioners  
Tri-Village Water District  
3700 Highway 127 North  
Owenton, Kentucky 40359

Dear Board Member:

Thank you for allowing me to speak to you and introduce Kentucky-American Water Company to you. I certainly appreciate the opportunity to get to know my fellow water professionals in Kentucky.

Please find enclosed some basic facts about KAWC and the American Water Works Company. Included also is information relating to the potential KAWC business partnerships that are available to the Tri-Village Water District. When you determine it is appropriate, a detailed outline of these partnerships can be prepared and presented to you at no cost or obligation. All information and communications are held in the strictest of confidence.

Again, thanks for the opportunity to meet you.

Sincerely,

David Baker

DKB/jad  
Enclosures

**David K. Baker**  
Director Business Development



Kentucky-American  
Water Company

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2300 Richmond Road  
Lexington, KY 40502  
(606) 268-6318  
Fax (606) 268-6327  
E-mail dbaker@kawc.com  
Toll Free: 1-800-678-6301 Ext. 318



## Kentucky-American Water Company

2300 Richmond Road • Lexington, Kentucky 40502 • (606) 269-2386 • Fax (606) 268-6327

### **Kentucky American Water Company helps communities meet their Water and Wastewater System needs:**

- Public/Private Partnerships that can be customized to meet your system's needs
- Water and Wastewater System Contract Operations
- System sale/acquisition
- Water and wastewater system management contract
- System Lease, Manage and Operate Contract

### **Advantages to a Business Partnership with KAWC:**

- Security for employees, excellent wages and benefits
- KAWC has in-house engineering, operations, finance, service staff expertise
- Ready capital for system improvements and expansions
- Customers may enjoy lower rates
- Excellent customer service
- Regulation by PSC or continued Board Control
- Long-term contracts can guarantee costs
- Assurance of Award-winning Water Quality
- Assurance of Source of Supply
- Potential infusion of cash to City
- Employees who live and work in the communities they serve
- Over 100 years of experience in Kentucky

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## Kentucky-American Water Company

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### How can Leaders learn specifics about the possibilities of a Business Partnership with Kentucky-American Water Company?

- KAWC can provide a no-cost, no-obligation review of systems
- Specific, current needs and objectives can be addressed and reviewed
- “Best-Options” will be prepared for recommendation to the Board, including:
  - a) Operations concepts
  - b) Customer rate/service impact
  - c) Financial package for the System

All discussions, plans and information exchanged are handled with strict confidence.

TRANSMIT CONFIRMATION FOR JOB 11550

notice for: BAKERDK  
call to: 1-502-484-0966, TRI-VILLAGE WD  
remote id: 5024840966  
queued at: 12:06, February 17, 1999  
sent at: 12:07, February 17, 1999  
phone line: 3  
pages: 2  
status: ok

Tri Village Water District

Attn : Carol Tudor, Manager

Carol :

The list of items below are things that I will need initially. I'll only need copies or written list of those items that are preceded by an asterick. Handwritten list is fine, whatever is easiest for you! For the remaining items, I will take notes as we talk. THANKS !!!

David Baker

- ✓1. \*System Map (if mailed already, disregard)
- ✓2. \*Rate Sheet (current and past 2 that were in effect)
- ✓3. Current # of Customers by class
- ✓4. #Public and private fire hydrants
- ✓5. List of employee job titles and wages, benefits provided
6. \*Purchase water contract with Owenton
7. \*1998 Financial Statements/Audit
8. \*1998 PSC Report, if available
9. Description the 6 bond issues
10. List of buildings, land, sq. ftg./acreage, values
11. \*List of Vehicles and backhoes, ditchwitch, etc.(year, description, book value)
12. \*For storage tanks, date of last painting, latest inspection record
13. Any pump booster stations or chemical booster stations ?
14. \*All Main break records for last 2 years
15. \*Please provide a breakdown of line 620 on PSC Report, i.e., so much for supplies, contracted labor/distribution work, etc. (an accounting journal record is fine for this, whatever is easiest. I will need to estimate how much we may have to rely on outside contractors to make repairs, installations, etc.)
16. \*DOW reports for past 3 months
17. Number of customers served in each county

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## Kentucky-American Water Company

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2300 Richmond Road • Lexington, Kentucky 40502 • (606) 269-2386 • Fax (606) 268-6327

**David K. Baker**  
*Director, Business Development*

April 27, 1999

Tri-Village Water District  
3700 Highway 127 N  
Owenton, KY 40359-9309

Dear Tri-Village Water District:

This letter will serve as a binding agreement between Kentucky-American Water Company ("KAWC") and Tri-Village Water District ("District") for the sale and purchase of assets of the District by KAWC. The District and KAWC agree to enter into a definitive Asset Purchase Agreement which will include the terms and conditions herein and other terms and conditions for the transfer of assets to KAWC reasonably acceptable to KAWC.

Within five (5) business days from the date hereof, KAWC will deposit with the District a check in the amount of \$10,000 to serve as a good faith deposit towards the purchase price of the assets of the District. In consideration therefore, the District agrees to conduct exclusive negotiations with KAWC regarding the sale of the District's assets and will proceed with due speed and in good faith to consummate the sale of its assets to KAWC and to obtain all regulatory and other approvals which may be required.

Upon closing of the purchase of assets, the \$10,000 deposit will be applied to the purchase price. The \$10,000 deposit will be forfeited to the District if KAWC fails to close the purchase of assets for reasons other than as provided in this agreement or the Asset Purchase Agreement.

Terms and conditions of the Asset Purchase agreement will include, but not limited to, all of the terms and conditions in the proposal to purchase assets of Tri-Village Water District dated April, 1999, attached hereto and incorporated herein by reference as Exhibit A, including the contingencies contained therein.

Tri-Village Water District  
3700 Highway 127 N  
Owenton, KY 40359-9309

April 27, 1999  
Page 2

The obligation of KAWC to close and consummate the purchase of assets is also contingent upon KAWC's inspection and approval of the quality and value of the assets to be purchased, that there is no change in the District's financial or other condition which would increase the purchase price referenced in Exhibit A, that the District indemnify and hold KAWC harmless from any loans, grants or other obligations of the District to any creditor or governmental agency, that all assets to be purchased by KAWC be free from all liens, claims, or other liabilities (and will warrant the title to such assets generally) and the results of such other reasonable due diligence which KAWC may conduct.

If this agreement is acceptable, please sign below on behalf of the District.  
Thank you.

Sincerely,



David K. Baker  
Director, Business Development

DKB:ld

Attachments

Agreed this \_\_\_\_ day of April 1999

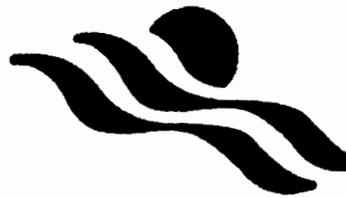
Tri-Village Water District

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

*U/Most H*



# Kentucky-American Water Company

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## **Proposal to Purchase the Assets of Tri-Village Water District**

**April, 1999**



## PROPOSAL FOR TRI-VILLAGE WATER DISTRICT

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### Summary of Proposal Contents:

1. Background Information about Kentucky-American Water Company
2. Acquisition outline – structure
3. Purchase price calculations
4. Employee Issues
5. Customer Rates
6. Customer Service
7. Future System Expansion
8. Purchased Water
9. Board Involvement
10. Corporate Citizenship
11. Water Quality
12. Purchase Contingencies



**PROPOSAL FOR TRI-VILLAGE WATER DISTRICT**

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**1. Background Information – Kentucky American Water Company**

Incorporated in Kentucky in 1882 under the name of Lexington Hydraulic and Manufacturing Corporation, the company's name was changed to Lexington Water Company in 1922 and to Kentucky-American Water Company in 1973. KAWC is a regional water supplier which withdraws, treats and distributes water in Fayette, Scott, Clark, Bourbon, Harrison, Jessamine and Woodford Counties. In addition, KAWC is a bulk supplier to the Cities of Sadieville, North Middletown, Midway, Jessamine South Elkhorn Water District and Spears Water Company. KAWC is Kentucky's largest investor-owned water utility. Traded on the NYSE, AWW is the nations leading investor owned water utility.

**Revenues:** KAWC – 1998 annual revenues: \$36.9 million  
 American Water Works, Inc.: \$1 Billion

**Taxes Paid:** Federal, State, General Taxes: \$6,141,811  
 Property Taxes: \$1,089,228

**Number of Employees:** KAWC: 155  
 AWW: 4000 +

**Statistics:** 93,391 Customers served  
 1364 miles of main  
 over 157,000 water quality tests run annually  
 over 16 million gallons of storage



## PROPOSAL FOR TRI-VILLAGE WATER DISTRICT

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### **KAWC**

#### **Management:**

Roy W. Mundy, II, President  
Coleman Bush, Vice-President and Treasurer  
Nick Rowe, Vice-President – Operations  
Herb Miller, Secretary – Corporate Counsel  
Edward J. Grubb – Comptroller  
David Baker – Director – Business Development  
Barbara Brown – Director – Communications  
Donna Braxton – Director - Loss Control  
Linda Bridwell – Director – Engineering  
Larry Burns – Director – Customer Service  
Phil McConathy – Director – Employee Relations  
Jan Routt – Director – Water Quality  
David Whitehouse – Director – Government Relations



**PROPOSAL FOR TRI-VILLAGE WATER DISTRICT**

**2. Proposed Acquisition Structure**

This proposal is subject to the approval of the Tri-Village board and all legal requirements therein, the approval of the Public Service Commission, the approval of the KAWC Board of Directors and all appropriate due diligence, and all other contingencies listed in this proposal. This proposal is structured as an acquisition of the Assets of the Tri-Village Water district by KAWC. The district will be dissolved according to law. KAWC will pay a purchase price to Tri-Village to purchase all long term assets of the District; the District will use that purchase price, along with a portion of its disposable current assets to pay off the debt and settle the accounts of the of the district.

**3. Purchase price Calculation/Cash distribution to Close out Tri-Village Accounts (to be adjusted to date of closing):**

**Cash Purchase Price: \$1,659,233**

**Cash Distribution to Close out Tri-Village Accounts:  
 (to be adjusted to date of closing)**

Debt Obligations:	Long Term Debt	\$1,510,500
	Wheatly Project	\$ 225,500
	Current Liabilities	\$ 38,275
	Current Asset	
	Disposal:	<u>\$( 115,042)</u>
<b>Purchase Price:</b>		<b><u>\$1,659,233</u></b>



## PROPOSAL FOR TRI-VILLAGE WATER DISTRICT

### 4. Employment Issues:

Current Employees of Tri-Village Water District will be offered employment with KAWC at Tri-Village's rates of pay currently in effect. Employees will be offered the KAWC employment benefit package as outlined in appendix A including health insurance, term life insurance, paid vacations, 401k, company funded pension plan, 11 paid holidays, educational assistance. KAWC will keep the office and maintenance facilities at Tri-Village for the foreseeable future with the structure of the work changed to reflect the KAWC structure.

### 5. Customer Rates:

This proposal assumes that Tri-Village will have implemented the 30% proposed rate increase for all customers as of the time of closing of the acquisition. Upon closing, the customers of Tri-Village will receive an immediate 10% rate decrease from the TV rate tariff. In addition, KAWC will make application to the public service commission for application of the KAWC rate tariff under the concept of Single Tariff Pricing. These rate cuts are demonstrated as follows:

(Examples based upon avg. customer monthly consumption of 4700 gallons)

Tri-Village Monthly Bill following 30% increase:	\$	34.09/mo.
Less: 10% immediate KAWC Rate Cut:	\$	( 3.41/mo.)
<b>Avg. monthly bill after rate cut:</b>	<b>\$</b>	<b>30.68/month</b>

**If Single Tariff Pricing approved by PSC, at KAWC rates: \$ 16.57/month**



## PROPOSAL FOR TRI-VILLAGE WATER DISTRICT

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### **6. Customer Service**

Tri-Village customers will continue to receive the same high level of service. Customers will receive high quality phone and field service during normal business hours, plus the option of using the Interactive Voice Response system, via a toll free number, that allows them access to billing and usage information on their accounts, 24 hours per day, 7 days per week. The office at Tri-Village will remain open for the foreseeable future to deal with in-person inquiries. Customer bills will be produced and mailed once per month, following monthly meter readings, and include a return envelope. Customers also have the option to pay by automated bank draft.

### **7. Future System Expansion:**

This proposal includes the financial data provided for the Wheatly project and assumes that project will be underway or completed at the time of closing, and depending on the time factor, can be adjusted to include the New Columbus Project. KAWC will provide water service to new customers based upon the existing KAWC tariff. This tariff allows for KAWC to extend mains into areas in which the total of revenues to be received from the new customers for the first 3 years equals or exceeds the amount of expense for the main extension.

### **8. Purchased Water:**

KAWC will assume the Purchase water contract that is currently in effect between Tri-Village Water District and the City of Owenton. This proposal is contingent upon verification and approval of said contract and upon Tri-Village's implementation of any rate increases called for by Owenton and approved by PSC.



## PROPOSAL FOR TRI-VILLAGE WATER DISTRICT

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### **9. Board Involvement:**

The Board of Commissioners will be invited to assist KAWC during the transition period, up to 6 months after closing. Any board member who commits to assisting in this period will be compensated at their present annual rate (prorated to a monthly amount) by KAWC. Following the transition period, the Board may select one representative to serve as the Owen County representative to the KAWC Consumer Advisory Council. The Tri-Village Water District will legally dissolve itself following the satisfaction of all appropriate legal requirements.

### **10. Corporate Citizenship:**

KAWC is a responsible corporate citizen committed to strong community involvement. KAWC uses local vendors and services whenever products and services can be purchased at comparable prices. KAWC employees reside and are actively involved in the communities they serve.

### **11. Water Quality:**

KAWC is a recognized leader in the water utility industry and is a member of the EPA's partnership for Safe Drinking Water, receiving 2 director's Awards in 1998 for completion of the Phase II self assessment requirements. We utilize state of the art laboratory equipment, employing our own Chemists and Biologists to monitor water quality at every stage, insuring compliance with state and federal standards.

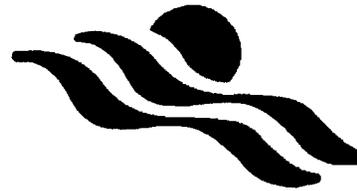


## PROPOSAL FOR TRI-VILLAGE WATER DISTRICT

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### 12. KAWC Contingencies relating to Purchase of Tri-Village Water District:

- Verification of Financial and water sales information
- Updating this proposal to time of closing to reflect changes in TV financial position
- Public Service Commission Approval
- Approval by KAWC's Board of Directors
- This proposal assumes that KAWC will not be responsible for repayment of any grant monies or other contributed capital and liabilities and transfer of assets and rights to future revenue streams must be unencumbered
- All other appropriate due diligence regarding the quality of assets to be purchased, business and legal risks, accuracy and approval of financial condition, purchase water agreement, etc.
- No material changes in the financial condition and in the assets to be purchased or obligations to be incurred without KAWC approval
- Recommendation and support for the KAWC asset purchase agreement, and all legal, regulatory and other requirements necessary to effect this transaction.



# Kentucky-American Water Company

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**April, 1999**



## Kentucky-American Water Company

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2300 Richmond Road • Lexington, Kentucky 40502 • (606) 269-2386 • Fax (606) 268-6327

**Roy W. Mundy, II**  
**President**

April 8, 1999

Tri-Village Water District  
Board of Commissioners  
3700 Hwy. 127 North  
Owenton, Kentucky 40359

Dear Board of Commissioners:

Many thanks to you and your Manager, Carol Tudor for the fine relationship that has been afforded Kentucky-American Water Company since we first had the opportunity to meet with you in February, 1999. We certainly appreciate the information that has been shared with KAWC as we formulated this proposal. We recognize and appreciate the professional commitment that you and Ms. Tudor have made to provide excellent service to your customers.

We are most pleased to present to you the enclosed proposal. We truly believe that a business partnership between Tri-Village Water District and KAWC presents many advantages to your customers. These advantages include lower rates, top quality service, and the resources of the nation's leading water utility, American Water Works Co., Inc. These resources include our in-house engineering, financial, service and technical staff that are onboard in Kentucky to serve your customers. KAWC also will offer employment to all current Tri-Village employees.

We understand the hard work and commitment that the Board has given to the Tri-Village customers. Kentucky-American Water Company certainly will honor and continue that commitment to excellence – we stake our reputation on it.

**Tri-Village Proposal Letter**  
**April 8, 1999**  
**Page 2**

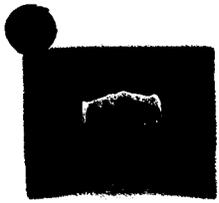
We look forward to bringing this important and beneficial transaction to a closing and will facilitate this process with the Board of Tri-Village Water District. Thank you again for consideration and assistance.

Sincerely,



Roy W. Mundy, II  
President

C: Hon. Billy O'Banion

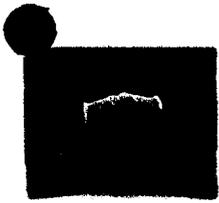


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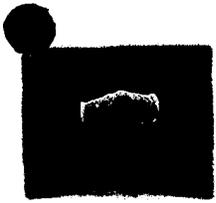
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**PROPOSAL FOR TRI-VILLAGE WATER DISTRICT**

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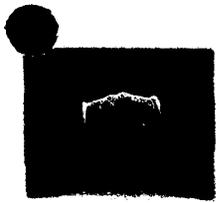
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**PROPOSAL FOR TRI-VILLAGE WATER DISTRICT**

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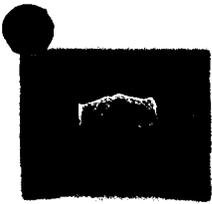
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**PROPOSAL FOR TRI-VILLAGE WATER DISTRICT**

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### **12. KAWC Contingencies relating to Purchase of Tri-Village Water District:**

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- Recommendation and support for the KAWC asset purchase agreement, and all legal, regulatory and other requirements necessary to effect this transaction.

**ASSOCIATE BENEFITS**

*Kentucky-American Water Company  
 offers many benefits to its full-time associate. . . .*

**Holidays**

Associates of the Company receive eleven paid holidays each year, beginning after 90 days of continuous service. The eleven holidays are:

New Year's Day	Thanksgiving Day
Good Friday	Friday after Thanksgiving
Memorial Day	Christmas Eve
Fourth of July	Christmas Day
Labor Day	Personal Floating Days*
	(*refer to Union Contract)

**Vacation**

Vacation benefits begin when you have been with Kentucky-American Water Company for one year of continuous service. The vacation period is the calendar year beginning January 1 and ending on December 31. You are entitled to the following weeks of vacation upon completion of the corresponding year's service:

1 WEEK VACATION	1 YEAR OF SERVICE
2 WEEKS VACATION	2 OR MORE YEARS OF SERVICE
3 WEEKS VACATION	8 OR MORE YEARS OF SERVICE
4 WEEKS VACATION	15 OR MORE YEARS OF SERVICE
5 WEEKS VACATION	25 OR MORE YEARS OF SERVICE

Vacations are scheduled according to Company seniority.

**Death in the Family**

When death occurs in the immediate family of an associate and in a locality where it is reasonably possible for the associate to attend the funeral, the Company shall grant said associate up to three (3) consecutive scheduled working days at straight time for the purpose of making necessary arrangements and attending the funeral. The associate shall report to work no later than the second scheduled work day following the funeral. The Company should be advised when the associate plans to return to work. Within the meaning of this section, immediate family includes husband and wife, children, mother or father, brother, sister and immediate mother-in-law or father-in-law, stepfather or stepmother only. The Company shall grant two (2) scheduled work days with pay at straight time for the purpose of attending the funeral of a grandchild, grandmother and grandfather and one (1) scheduled work day with pay (providing the funeral occurs on a scheduled work day) at straight time for the purpose of attending the funeral of an immediate brother-in-law, sister-in-law, grandmother and grandfather of spouse.

## Sick Leave

The Company provides a sick leave program wherein each associate who has completed six months of continuous service will be eligible for compensation after the first day of illness. An associate who is unable to perform his regular duties as a consequence of illness or accident shall be paid as follows during such disability:

LENGTH OF SERVICE	MAXIMUM NUMBER OF WEEKS IN ANY DISABILITY YEAR IN WHICH PAYMENT WILL BE MADE BY THE COMPANY
AT LEAST SIX MONTHS BUT LESS THAN ONE YEAR	ONE WEEK
OVER ONE YEAR	ONE WEEK FOR EACH COMPLETED YEAR OF SERVICE WITH A MINIMUM OF TWO WEEKS AND A MAXIMUM OF TWENTY-SIX WEEKS

An associate will be required to furnish a statement from his physician or the Company may select a medical doctor to examine the associate stating that the associate was ill and unable to perform his regular duties during such absence. Only a doctor's form provided by the Company will be accepted.

An associate shall not be paid for the first day's sick leave unless he has not been absent on sick leave during the previous six months or unless he is hospitalized. The six month period will be reduced to five months for associates with five years of continuous service and be reduced one additional month for each additional year of continuous service until there is no waiting period.

Consult your Union contract for additional details concerning sick leave, including compensation awarded to associates required to leave work due to their illness or injury. For additional details concerning "Disability Year" consult your Union contract or the Accounting Department.

## Leave of Absence for Sickness or Accident Disability

Associates will be granted leaves of absence for sickness or accident disability for the maximum periods as follows:

LENGTH OF SERVICE	MAXIMUM PERIOD OF LEAVE OF ABSENCE
UP TO SIX MONTHS	TWO WEEKS
SIX MONTHS BUT LESS THAN TWO YEARS	TWENTY-EIGHT WEEKS
TWO YEARS BUT LESS THAN FIVE YEARS	ONE YEAR
FIVE YEARS BUT LESS THAN TEN YEARS	TWO YEARS

## **Continuity of Income to a Disabled Associate**

Because the Company realizes that delay sometimes occurs in the determination of benefits payable under the Worker's Compensation Law, the Company will pay a disabled associate's normal weekly wages in full for the period indicated under Sick Leave. All the associate need do is to agree that any benefits currently or subsequently received from the Worker's Compensation carrier (other than reimbursement of expenses) with respect to said period of disability, shall be assigned to the Company. The payments assigned from the compensation carrier to the Company include only weekly benefits for temporary disability.

## **Group Insurance**

All full-time associates can participate in one of two liberal insurance plans, beginning on the first day of the month following 30 days of continuous service.

**COMPREHENSIVE MEDICAL PLAN** that pays most covered medical expenses at 80 percent of reasonable and customary rates, after the deductible, up to an annual out-of-pocket limit of \$1,000.00 Under this plan, you make contributions for dependent and associate coverage. (Please refer to the Comprehensive Medical Plan in the insurance booklet for complete provisions).

**MANAGED CHOICE PLAN** is coordinated by a primary care physician (PCP). Most covered medical expenses are covered at 100 percent of reasonable and customary rates in the In-Network services. Out-of-Network services can be provided at a reduced coverage of 70 percent of reasonable and customary rates after the deductible is met. (Please refer to Managed Choice Plan in the insurance booklet for complete provisions.)

Information on all Plans are provided.

Upon selection of the group plan you are desiring (annually associates are allowed to choose which plan they want for the upcoming calendar year) the appropriate group plan booklet will be provided. Be sure to read these booklets very closely and if you have any questions, feel free to ask your supervisor about any specific details.

## **Pension Plan (Retirement)**

Realizing the necessity of providing now, during your productive years, for the time when you will reach retirement, the Company has established and maintains a liberal pension plan. This plan covers both early and normal retirement, as well as disability retirement. After five years of continuous service, you have vested rights and will receive retirement benefits even if you leave the Company. For full information, consult "Your Pension Plan" booklet. Copies of this booklet may be borrowed from the Director Human Resources. You may also consult your supervisor concerning pension benefits.

## **Savings Bonds**

The Company encourages associates to participate in the U.S. Savings Bonds payroll deduction plan. Depending upon how much you decide to have deducted from each paycheck, you may receive any number of savings bonds per year. Consult the Accounting Supervisor or your immediate Supervisor for details.

## **Savings Account Deduction Plan**

The Company provides the opportunity for associates to participate in a savings account deduction plan. This plan is similar to a Christmas Club savings account, and associates may join only during the first week of November. Consult the Accounting Supervisor or your immediate Supervisor for details.

## **401(k) Savings Plan**

The Company allows all associates who have at least six (6) months of service to contribute to the 401(k) Savings Plan on a Pre-Tax Basis. The Company will contribute 50 percent (50%) of the first four percent (4%) contributed starting January 1, 1998. Please refer to the Summary Plan Description Booklet for full details of the Plan.

## **Credit Union**

The Company is a member of the Members Heritage Federal Credit Union. Information on all benefits provided by the Credit Union are included in the associate manual.

## **Central Kentucky Blood Center Program**

Kentucky-American Water Company participates in the Central Kentucky Blood Center drives twice per year. A mobile unit will be stationed at our office complex and associates desirous of donating can schedule a convenient time to give blood during working hours.

## **Educational Assistance Plan**

An educational assistance program was initiated in 1984 (revised in 1991) to assist associates who wish to continue their education on a voluntary basis, during off-duty hours. All regular associates who have been continuously employed for at least six months are eligible. If you have any questions, see your supervisor.

## **Fishing Privileges**

Kentucky-American Water Company associates and their immediate families are provided free fishing privileges at No. 4 Reservoir. You are required to abide by the rules and regulations set forth by the Lake Ellerslie Fishing Club. A Kentucky State Fishing License is required for anyone 16 years or older. See attached memo.



# Owen County Fiscal Court

P. O. Box 465  
Owenton, KY 40359  
502-484-3405

## MAGISTRATES

DISTRICT 1  
Gary Minch, DVM

DISTRICT 2  
Bobby Gaines

DISTRICT 3  
Eugene "Bugs" Vannarsdall

DISTRICT 4  
Noel True

OWEN CO. JUDGE EXECUTIVE  
"Billy" P. O'Banion

July 2, 1999

Mr. David Baker  
Kentucky-American Water  
2300 Richmond Road  
Lexington, Ky 40502

Dear David,

Last Tuesday, Tri-Village Water began contract negotiations with Kentucky-American Water of Lexington. Towards the end of the meeting, the members of KAWC asked me to set up a meeting with the members of the Owenton Water Board to discuss your upcoming projects dealing with water quality issues. After talking with Mayor Ballard and Chairman Bill Gill, I have set the meeting for Monday, July 12<sup>th</sup> at 1:30 p.m. at the Senior Citizens Building. Also, Roy Mundy, who is the President and CEO of KAWC will be speaking at the Rotary Club meeting that day and will be in attendance at this meeting as well.

I would appreciate your attendance at this meeting. Please contact Pam in my office to let us know if you can attend.

Sincerely,

Billy P. O'Banion  
Owen Co. Judge/Executive

7/12/99

Charles

Ray Murphy

Rich

Dave

Mary Ballard

Bill Gill

Chuck Gill

Overton Board

B. O'Garra

Robert England

Nick Lane

Kean Kinn

- Possible new intake structure - now the intake is completely coming from the reservoir - DOW agrees that they upgrade the dam 540-580 gpm at the intake - line and pumps need to be replaced.
- plant capacity is 1000 gpm - only operating 8 hours per day } # 680,000 To move the
- Dan is expecting ~~to~~ improvement to the Dam } intake / etc.

2002 THM's HAA's  
→ new regs which become

- July 1st ban on Elmer Davis Lake as a primary source?

→ Bill - asked for the top foot of water - the 20 year plan was back up the 53 drought -

- plant is close to the Elmer Davis lake

→ needs the political pieces to get this permitted

- Cost of Chloramines - commercial to bring ammonia and chlorine to clear well to form chloramines

- Main pipe in front of sewer-way in Town needs to be replaced

With Supply line Plan  
lot of projects



2300 Richmond Road Lexington, Kentucky 40502

From the office of David K. Baker  
Director Business Development  
(606) 268-6318

TELECOPY TRANSMITTAL SHEET

FAX NUMBER (606) 335-3318

DATE: 9/28/99

COMPANY: Tm Village

HAND TO: Carol Tucker

FROM: David Baker

Number of pages, including cover: 6

If you have any problems with receiving, please call:

Phone: (606) 268-6318

PLEASE DELIVER TO THE ABOVE NAMED PERSON IMMEDIATELY

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Message:

Pls call w/ questions! Thanks!

D.B.

(Hello Annie 😊)

\*\*\*\*\* -COMM. JOURNAL- \*\*\*\*\* DATE SEP-28-1999 \*\*\*\*\* TIME 11:21 \*\*\* P.01

MODE = MEMORY TRANSMISSION

START=SEP-28 11:17

END=SEP-28 11:21

FILE NO. = 170

NO.	COM	ABBR/NTWK	STATION NAME/ TELEPHONE NO.	PAGES	PRG.NO.	PROGRAM NAME
001	OK		915024840966--8	006/006		

-KAWC

\*\*\*\*\* - \*\*\*\*\* - \*\*\*\*\*



# Kentucky-American Water Company

2300 Richmond Road

Lexington, Kentucky 40502

From the office of David K. Baker  
Director Business Development  
(606) 268-6318

### TELECOPY TRANSMITTAL SHEET

FAX NUMBER (606) 335-3318

DATE: 9/28/99

COMPANY: Tu Valley

HAND TO: Carol Tudor

FROM: David Baker

Number of pages, including cover: 6

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Phone: (606) 268-6318

### PLEASE DELIVER TO THE ABOVE NAMED PERSON IMMEDIATELY

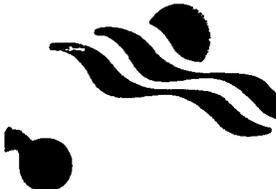
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Message:

Pls call w/ questions! Thanks!

D.B.

(Hello, Angie 😊)



# Kentucky-American Water Company

2300 Richmond Road • Lexington, Kentucky 40502 • (606) 269-2386 • Fax (606) 268-6327

Herbert A. Miller, Jr.  
Corporate Counsel  
(606) 268-6339

**CONFIDENTIAL**

October 7, 1999

Hon. Charles E. Carter  
Owen County Attorney  
Courthouse, Madison & Seminary Streets  
Owenton, KY 40359

Re: Tri-Village Water District

Dear Charlie:

Since we last met, there have been a number of conversations regarding the asset sale of Tri-Village Water District. As a result, I have amended the previous draft and have underlined the material changes from before.

Section 3(E) on page 3 has been changed to reflect the voluntary reporting Tri-Village has been making to the DOW under the state "guidelines." Section 3(L) on page 4 was added to clarify that Tri-Village rates at the closing would be adequate.

With the concept of single-tariff pricing being not applicable at this time, I have changed the language in Section 5 on page 5 to show that Tri-Village will have its own rate structure.

Section 6 on page 6 addresses the desire by Tri-Village employees to be distinct from other Kentucky-American employees in terms of initial reporting, supervision and responsibilities.

Lastly, Section 15(l) on page 10 makes it clear that water quality is an important concern of both parties. As you know, we have discussed alternatives to water quality treatment. As an unsuccessful resolution to this matter with Owenton carries potential cost and liability issues, we need to make sure this is adequately resolved from Kentucky-American's perspective.

If we can get the appraisal from Rural Development in and fully address the water quality issues, we will be ready to move forward. Please call me at 606-268-6339 if you have any questions.

Yours very truly,



Herbert A. Miller, Jr.

c: Hon. William P. O'Banion, w/enc.  
Charles Noel, w/enc.  
David Baker, w/enc.



# Kentucky-American Water Company

2300 Richmond Road

Lexington, Kentucky 40502

From the office of David K. Baker  
Director Business Development  
(606) 268-6318

### TELECOPY TRANSMITTAL SHEET

FAX NUMBER (606) 335-3318

DATE: 10/18/99

COMPANY: \_\_\_\_\_

\* HAND TO: Judge O'Bronn, Mr. Bill Galt, Christie Nod, Carol Tudor

FROM: David Baker

Number of pages, including cover: 4

If you have any problems with receiving, please call:

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Message:

This press release was forwarded to Patty Clark today

\* Sent to all parties



# Kentucky-American Water Company

2300 Richmond Road • Lexington, Kentucky 40502 • (606) 268-6332 • Fax (606) 268-6327

## NEWS

### ***For Immediate Release***

Monday October 18, 1999

**Contact: Barbara K. Brown**  
**Director - Communications**  
**Phone: 268-6332**

## **Kentucky-American Water Company Acquires Tri-Village Water District**

*Lexington, KY (10/18/99)* — Kentucky-American Water Company has entered into an agreement to purchase the water system assets of Tri-Village Water District, a system which serves 1,500 customers in portions of Owen, Grant, and Gallatin counties. The agreement will take up to several months to finalize due to contractual issues, including approval from the Public Service Commission, Tri-Village Water District Board, and Kentucky-American Water Company Board of Directors. The total acquisition value is \$1,659,233.

Customers of Tri-Village Water District will experience a seamless changeover when the final contract is approved and executed. Customers currently served by Tri-Village Water District will become Kentucky-American Water Company customers, billed through Kentucky-American Water Company. The local Tri-Village Water District office will remain open and staffed by existing employees. The customers of Tri-Village Water District will continue to pay the same amount for their water service, and those rates will not be included in the rates paid by other Kentucky-American Water Company system customers.

-more-

KAWC News Release  
October 18, 1999  
Page 2

Tri-Village Water District customers receive their water from the City of Owenton. Kentucky-American Water Company is looking forward to working with the Owenton Water Department to provide excellent water quality to all current customers of Tri-Village Water District. "We look forward to working with Kentucky-American and Tri-Village during the transition," said Bill Gill, Chairman of the Owenton Water and Sewer Board.

The asset purchase agreement includes details proposing extended service to approximately 350 customers in southeast Owen County in anticipation of the New Columbus Project. Preliminary engineering reports indicate that the project will take 18 months to complete once under construction. The addition of the 350 future customers is also subject to Public Service Commission approval, as both Tri-Village Water District and Kentucky-American Water Company are regulated by the state's Public Service Commission.

Quoting Billy O'Banion, Owen County Judge Executive, "Partnering with Kentucky-American Water Company is a positive move by the board of Tri-Village Water District. We recognize the benefits of joining with a leader in the area of water quality. I'm looking forward to working with Kentucky-American to ensure the highest quality water service at a reasonable cost for the customers of Tri-Village Water District, and moving forward with the continued expansion of new waterlines to unserved portions of the county."

Kentucky-American Water Company President Roy Mundy states, "The purchase of the Tri-Village is an example of a growing trend throughout the United States. Water utilities, particularly the small utilities, are experiencing the pressures of increased regulations on water quality and constraints on

KAWC News Release  
October 18, 1999  
Page 2

maintaining and improving existing infrastructure in older water systems. The customers of Tri-Village Water District will not be disappointed in their choice of water service. Kentucky-American Water Company takes the responsibility of providing water service very seriously and looks forward to serving the customers of Tri-Village Water District.”

Customers of Tri-Village Water District will have several opportunities to get to know Kentucky-American Water Company and learn more about current and future water service plans. Direct mailings to customers and public meetings will be part of the partnership in the near future.

Kentucky-American Water Company, a subsidiary of American Water Works Company, Inc., serves approximately 280,000 people in the Lexington-Fayette Urban County area and parts of Scott, Bourbon, Jessamine, Woodford, Clark, and Harrison counties.

- end -

APPS/COMREL/RELEASES/TRI-VILLAGE ACQUISITION

TRANSMISSION VERIFICATION REPORT

TIME : 10/18/1999 15:42  
NAME : DIST DEPT KY AMER WT  
FAX : 6062686374  
TEL : 6062686364

DATE, TIME	10/18 15:40
FAX NO./NAME	915024840966432
DURATION	00:02:37
PAGE(S)	05
RESULT	OK
MODE	STANDARD

Number of pages, including cover: 4

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Message:

This press release was forwarded to Patty Clark today

*✓ Sent to all parties*

E-4) NO FACSIMILE CONNECTION  
E-2) BUSY

PERSON FOR ERROR  
E-1) HANG UP OR LINE FAIL  
E-3) NO ANSWER

FILE MODE      OPTION      ADDRESS (GROUP)      RESULT      PAGE      3RD MEMORY TX  
9-150224842661---800      OK      P. 4/4

TTI INSIDE COMMERCIAL  
\* \* \* COMMUNICATION RESULT REPORT ( OCT.19.1999 7:00AM ) \* \* \*  
P. 1

(letter posted on Tri-Village, Owen County JE, or Owenton Mayoral Letterhead, whichever you feel is appropriate,)

October 19, 1999

To:           Owenton City Council Members  
              Owenton Water and Sewer Board Members  
              Tri-Village Water Board Members

From:        Mayor K.F. Ballard, Jr.  
              Billy O'Banion, County Judge Executive  
              Bill Gill, Chairman, Owenton Water and Sewer Board  
              Charlie Noel, Chairman, Tri-Village Water District

RE:           Water Quality and Business Partnership Roundtable Meeting  
              Thursday, November 11, 1999, 7 PM (Senior Citizens Center?)

Thanks to all of you for your cooperation and assistance as we have worked together to enhance water quality and service to the customers of Tri-Village Water District and Owenton Water.

You are invited to attend the above captioned meeting/roundtable discussion. At this meeting, Kentucky-American Water Company, who is under contract to purchase the assets of Tri-Village, will present information about water quality and summarize the recent discussions between the 3 entities. Presented also will be several informal proposals for business partnerships between Kentucky-American and Owenton Water.

Thanks for your cooperation. We look forward to seeing you on November 11, 1999.

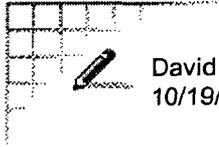
Sincerely,

Mayor K.F. Ballard, Jr.

Hon. Billy O'Banion

Bill Gill

Charile Noel



David Baker  
10/19/99 08:29 AM

To: judgeexec@dcr.net  
cc: Lisa Helton/KAWC/AWWSC@AWW

Subject: Joint Meeting Invitation Letter

Judge O'Banion:

Please find attached the letter. Please make any changes you feel are appropriate. Call me or Lisa Helton if you have trouble accessing the document. Lisa's number is x314.

Thanks.

DB



Nov1199Jointmeetin

Fairway Golf Course  
4940 Hwy 227 N  
Wheatley, Kentucky 40359  
502-463-2338

Gilbert England

October 24, 1999

David Baker  
Kentucky-American Water Company  
2300 Richmond Road  
Lexington, KY 40502

Dear David,

Just wanted to drop you a note thanking you and Kentucky-American for the afternoon at Keeneland last Wednesday. I really enjoyed the food and fellowship with friends at the track even though I could not pick a winner.

I also wanted to thank you and Kevin for your interest in the wholesale water purchase from Carroll County Water. Hopefully we can get the details worked out soon to the benefit of all parties.

Working with you and Kentucky-American on the sale of Tri-Village has been a great experience for me and I compliment you on the way the entire process has been handled. I am confident that the customers of Tri-Village will be pleased with the service of Kentucky-American and that the change will have a positive effect on Owen County for years to come.

Sincerely,

  
Gilbert England

MODE = MEMORY TRANSMISSION START=OCT-27 10:42 END=OCT-27 10:44

FILE NO. = 187

NO.	COM	ABBR/NTWK	STATION NAME/ TELEPHONE NO.	PAGES	PRG.NO.	PROGRAM NAME
001	OK		915024841004--8	003/003		

-KAWC

\*\*\*\*\* - \*\*\*\*\* - \*\*\*\*\*



2300 Richmond Road Lexington, Kentucky 40502

From the office of David K. Baker  
Director Business Development  
(606) 268-6318

TELECOPY TRANSMITTAL SHEET

FAX NUMBER (606) 335-3318

DATE: October 27, 1999

COMPANY: \_\_\_\_\_

HAND TO: Honorable Billy O'Banion

FROM: David Baker

Number of pages, including cover: 3

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Message:

This is the "Question & Answer" sheet that will be sent out in the bills and also released to Patty Clark.



# Kentucky-American Water Company

2300 Richmond Road

Lexington, Kentucky 40502

From the office of David K. Baker  
Director Business Development  
(606) 268-6318

## TELECOPY TRANSMITTAL SHEET

FAX NUMBER (606) 335-3318

DATE: October 27, 1999

COMPANY: \_\_\_\_\_

HAND TO: Honorable Billy O'Banion

FROM: David Baker

Number of pages, including cover: 3

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Message:

This is the "Question & Answer" sheet that will be sent out in the bills and also released to Patty Clark.

## Tri-Village and Kentucky-American Water Company answer questions

**Who is Kentucky-American Water Company?** KAWC is an investor-owned water utility company serving 280,000 people in Central Kentucky. KAWC is regulated by the Public Service Commission, just as Tri-Village is regulated by the PSC. KAWC employs over 150 associates who are experts in water quality, engineering, water production and distribution, customer service and finance and has been in business in Kentucky for over 100 years.

**Will my water rates go up?** KAWC will adopt the same rate tariff that is already in place at Tri-Village. Rates may go up in subsequent years due to system expansions, cost increases, etc., but in all cases the Public Service Commission must authorize rate increases.

**Will I be still be able to pay my bill or make inquiries at the Owenton office of Tri-Village?** Yes – the office will remain in its present location and will be staffed by the same employees. Customers will still be able to phone or stop by for service. Additionally, customers will be able to choose automatic bank draft to pay their bills.

**Will the billing procedures change?** The customer bills will look a bit different but bills will be mailed each month as they are now at Tri-Village.

**When will Kentucky-American take ownership?** Certain regulatory approvals must take place before the ownership is transferred. It is anticipated that this transfer will take place within 12 months at the latest.

**What will happen to the current Tri-Village employees?** The current employees will all be offered employment by Kentucky-American at the Tri-Village location.

**Will I experience changes in my service?** Kentucky-American is dedicated to continuing to provide the same high level of service that Tri-Village customers have experienced. Kentucky-American is a national water industry leader in water production and distribution and employs the latest technology to better serve its customers. No changes in current services are anticipated.

**What about water quality – we currently receive notices in the mail about this issue?** Tri-Village, Kentucky-American and Owenton Water (the supplier for Tri-Village) have held recent meetings to discuss their common goal of providing the best water quality possible. Changes in water production techniques are currently being assessed to address this issue.

**How can Kentucky-American provide better water quality?** Kentucky-American employs 5 full time chemists/biologists and operates 2 certified laboratories in Kentucky. Kentucky-American is nationally recognized for excellence in water treatment and is an EPA award recipient for its efforts to improve water quality through the Partnership for Safe Water. American Water's national laboratory is recognized by the EPA as a leading source of water quality solutions and technical innovations within the water industry.

**Will Kentucky-American be able to expand the water lines to our neighbors in Owen County that don't have water?** Just like Tri-Village, Kentucky-American's ability to invest in additional service lines is decided by the Public Service Commission regulation. Kentucky-American, however, does not have to wait on the availability of federal grants and loans so qualified projects can be financed immediately.

**As a large company, will Kentucky-American be a responsible member of our community?** Kentucky-American associates make an active contribution to the communities in which they live and work. Kentucky-American fosters strong community ties by participating in civic and charitable organizations. Investing in the community is a long-term goal of Kentucky-American.



# Kentucky-American Water Company

2300 Richmond Road

Lexington, Kentucky 40502

From the office of David K. Baker  
Director Business Development  
(606) 268-6318

## TELECOPY TRANSMITTAL SHEET

FAX NUMBER (606) 335-3318

DATE: 10/13/99

COMPANY: Favorow G.C.

HAND TO: Robert England

FROM: David Baker

Number of pages, including cover: 4

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Message:

pls call me or Kevin Kennan\* w/ questions

Thanks

*\**

1-800 678 6301

X 352

D.S.  
X 318

**Kentucky – American Water Company**  
**Engineering Division**

---

# **WATER SUPPLY AVAILABILITY & ANALYSIS**

---

**Fairview Golf Course & Country Club**  
**Wheatley, Kentucky**

Administration Staff

**Gilbert England, Manager**

## **WATER SUPPLY AVAILABILITY**

### **Fairview Golf Course & Country Club**

---

#### **Purpose**

The purpose of this informal document is to provide the management of Fairview Golf & Country Club preliminary hydro-geologic and geologic information, which can be used to interpret the availability of water sources in the area. In addition, possible alternative options for providing a reserve water supply to recharge one existing and one proposed lake located at Fairview GC which are utilized for watering and maintenance of greens and fairways.

#### **Geologic Characteristics**

According to the United States Geological Survey (USGS) hydrologic investigation map no. HA-23, the underlying rock composition in the Wheatley area consists of a thin veneer of alluvium deposits, consisting of silty clay overlying limestone and shale bedrock. The bedrock consists of the Ordovician Eden and Maysville Formations. Eden Formation rock thickness are estimated to range between 100 to 180 feet thick. Maysville Formation rock thickness may range from 75 to 125 feet in certain areas. The lithologic characteristics of the underlying bedrock units consist of lumpy bluish-gray calcareous shale with thin evenly bedded argillaceous limestone. The limestone can be found in most places while some rock outcrops may be primarily shale along ridges. The Eden Formation is characterized by broken or fractured limestone rubble interbedded as alternating layers.

#### **Hydrologic Characteristics**

Groundwater availability in the shale and limestone bedrock aquifers is dictated by the presence of fractures within the bedrock. The absence of fractures will obviously minimize the availability of groundwater production. Based on USGS hydrologic map information developed in 1960, well production data from potable water supply wells drilled in the bedrock formations indicate minimum production capability. Yield capacities of 500 gallons per day (gpd) were recorded which is barely enough to sustain daily household consumption by today's standards. Depths of well penetration varied from 85 to 100 feet. Wells located nearer the Kentucky River and Eagle Creek indicated similar production. In nearby New Liberty there was a spring fed well yield of 0.5 to 1.5 gallons per minute (gpm).

Alternatively, the USGS maps indicate the possibility of tapping sand and gravel alluvium deposits along discontinuous sections of Eagle Creek. Extensive test drilling may be needed to locate suitable sand and gravel deposits. Given the distance of

**Kentucky – American Water Company**  
**Engineering Division**

---

approximately two miles from the golf course, the cost to perform the test drilling and to construct raw water main from Eagle Creek to the golf course may be cost prohibitive.

RECOMMENDATIONS

The lack of suitable groundwater supplies in close proximity to the golf course prohibits the use of groundwater as an irrigation water supply. Therefore, we propose the tapping of the regional water system as an emergency backup water supply for irrigation water. Alternatively, a cost estimate to perform test drilling, land acquisition, and raw water main can be provided, however, the cost feasibility seems to be too low based on our experience.

WED 09:45 TRI VILLAGE H20

5024840966

FAX TRANSMITTAL # of Pages 3  
 FROM: Carol  
Ky Am TRI-VILLAGE WATER  
 PHONE: (502) 484-5774  
 FAX # (502) 484-0905  
 COMMENTS: This is the description on the  
Wheatley Tank Site.

and is subject to easements and restrictions of record.  
 1/2 interest in the above described property was  
 conveyed to grantee herein by deed of 12/1/53  
 + recorded on the 21<sup>st</sup> day of April, 1941, Vol. 253  
 to same recorded in 2<sup>nd</sup> and 3<sup>rd</sup> Books No. 80. Page 283  
 And the other 1/2 interest in the above described  
 property was conveyed to grantee herein by deed  
 of 12/1/53, a copy of which is on file in the office of  
 1946. Said to same recorded in 2<sup>nd</sup> and 3<sup>rd</sup> Books No. 80  
 Page 299, see of records of the Owen County Courthouse  
 office

TO HAVE AND TO HOLD the same unto the party of the second part,  
 its successors and assigns, forever.

AND the parties of the first part do hereby release and relinquish  
 unto the party of the second part, its successors and assigns, all their right,  
 title and interest in and to the above described property including dower  
 and homestead exemptions and all other exemptions allowed by law, and do  
 hereby covenant to and with said party of the second part, its successors  
 and assigns, that they are lawfully seized in fee simple of said property and  
 have good right to sell and convey the same as herein above, that the title

said property is clear, perfect and unencumbered and they will WARRANT GENERALLY the said title.

IN TESTIMONY WHEREOF, the parties of the first part have hereunto set their hands this the day and year first above written.



*Robert Dowd*  
ROBERT DOWD

*Cora Lena Dowd*  
CORA LENA DOWD

STATE OF KENTUCKY )  
COUNTY OF OWEN )

*Harold Hughes*

I, the undersigned, a Notary Public in and for the State of Kentucky and County aforesaid, do hereby certify that the foregoing deed of conveyance from Robert Dowd and Cora Lena Dowd, his wife, to THE TRI-VILLAGE WATER DISTRICT was produced to me this day in said County and was acknowledged by the said Robert Dowd and Cora Lena Dowd, to be their free act and deed.

WITNESS my hand and notarial seal this the 6 day of Sept, 1960.

*Harold Hughes, Clerk of the County Court*  
*W. M. Kendall, Deputy*  
NOTARY PUBLIC, OWEN COUNTY, KENTUCKY

MY COMMISSION EXPIRES:

State of Kentucky, }  
County of Owen, }

Scl.

I, Harold Hughes, Clerk of the County Court for the County of Owen, do hereby certify that the foregoing Deed was this day 29th of September, 1960, given in my hand, at Tri Village, Kentucky, and recorded in my office at Tri Village, Kentucky, at 11:00 o'clock AM of the day and year first above written.

*Harold Hughes*, Clerk

By *W. M. Kendall*, Deputy

NOV-23-99 WED 09:49 TRI VILLAGE H20

5024840966

1960, by and between ROBERT DOWD and CORA LENA DOWD, his wife, parties of the first part, and the TRI-VILLAGE WATER DISTRICT, party of the second part, all of said parties being of OWEN COUNTY, KENTUCKY.

WITNESSETH THAT: For and in consideration of the sum of One (\$1.00) Dollar, cash in hand paid, and other good and valuable considerations, the receipt of all of which is hereby acknowledged, the parties of the First Part have bargained and sold and do hereby grant and convey unto the party of the second part, its successors and assigns forever, all the following property together with all improvements thereon located in Owen County, and described as follows, to-wit:

BEGINNING at the corner of the South Right-of-Way line of U. S. 227 and the East Right-of-Way line of KY 325 (Perry Park Road); thence with J. C. Ball (2) two calls as follows: S 52 deg. 54 min. E. 97.0 ft., and N 74 deg. 06 min. E. 150.0 ft.; thence with the South Right-of-Way line of U. S. 227 (2) two calls as follows: S 89 deg. 26 min. W 180.0 ft., N 79 deg. 04 min. W 50.0 ft. to the point of beginning and containing approximately 0.11 Acre, more or less.

Being the same property conveyed to the grantors by ~~Robert Dowd~~ <sup>apertise possession and</sup> ~~dated 1950 and~~ <sup>dated 1950 and</sup> ~~and recorded in Deed Book \_\_\_\_\_ Page \_\_\_\_\_ in the Owen County Clerk's~~ <sup>Office</sup> ~~Office~~

This deed is subject to easements and restrictions of record.  $\frac{1}{2}$  interest in the above described property was conveyed to grantors herein by ~~Robert Dowd~~ <sup>Robert Dowd</sup> & his heirs on the 24<sup>th</sup> day of April, 1941, said to same recorded in Deed Book No. 80, Page 383, and the other  $\frac{1}{2}$  interest in the above described property was conveyed to grantors herein by ~~Robert Dowd~~ <sup>Robert Dowd</sup>, a single person on the 23<sup>rd</sup> day of December, 1946, said to same recorded in Deed Book No. 80, Page 299, all of records of the Owen County Clerk's Office.

TO HAVE AND TO HOLD the same unto the party of the second part, its successors and assigns, forever.

AND the parties of the first part do hereby release and relinquish unto the party of the second part, its successors and assigns, all their right, title and interest in and to the above described property including dower and homestead exemptions and all other exemptions allowed by law, and do hereby covenant to and with said party of the second part, its successors and assigns, that they are lawfully seized in fee simple of said property and have good right to sell and convey the same as herein done, that the title



"Billy P. O'Banion" <JudgeExec@dcr.net> on 11/08/99 03:48:28 PM

To: David Baker/KAWC/AWWSC  
cc:

Subject: Re: Sale of Dowd Tank Site - Tri-Village Water District

---

Thanks for the information. I do believe the person who is interested in buying would do so after the tank is taken out of commission and removed. I will probably refer him to legal counsel once this process has gone along a little farther. This is not something that has to be done before the closing. I will confirm my previous statement. Looking forward to seeing you on Thursday. We just sent out reminders for the meeting.

Judge O'Banion

-----Original Message-----

From: dbaker@kawc.com <dbaker@kawc.com>  
To: judgeexec@dcr.net <judgeexec@dcr.net>  
Cc: hmiller@kawc.com <hmiller@kawc.com>  
Date: Monday, November 08, 1999 3:14 PM  
Subject: Sale of Dowd Tank Site - Tri-Village Water District

>  
>  
>  
>  
>

>Dear Judge O'Banion:

>

>Thanks for your continued support as we move this process forward.

>Pursuant to your question concerning the sale of the Dowd Tank Site, Herb

>Miller reviewed the deed and we suggest the following points be considered  
>prior to the sale:

>

>1. We suggest that perhaps Charlie Carter can draw up a sales contract  
>and Herb Miller can review it prior to its execution.

>

>2. We suggest that some means of insuring that the land is sold at Fair  
>Market Value is followed. We will reduce the purchase price of TV  
>acquisition by that same amount.

>

>3. If the tank is sold with the property, then a means of indemnifying  
>TV/KAWC from claims for safety hazards, environmental issues, lead based  
>paint on the tank, etc. need to be included in the contract. Also, the  
>tank's use for any purpose should be specifically be prohibited (with the  
>possible exception of scrap material).

>

>4. Responsibility for (and a time limit) dismantling the tank should be  
>included if it is to be included with the land for the buyer in the  
>contract.

>

>Thanks again. I mentioned these items to Carol Tudor, and I assume you  
>will share this with Charlie Noel. I will give a hard copy of this to  
>Carol (to share with the Board members) tomorrow when she attends the AWWA

>teleconference at KAWC. Take care! See you Thursday night at 7PM at  
>Owenton.  
>  
>D Baker  
>  
>

Rec'd 12/10/99

Proposal

**MILLS FENCE CO. INC.**

5626 Montgomery Road  
CINCINNATI, OHIO 45212  
Phone (513) 631-0333  
Fax (513) 631-2703

13200 Walton Verona Road  
WALTON, KENTUCKY 41094  
Phone (606) 485-6655  
Fax (606) 485-6659

Attn: Carol Tudo

PROPOSAL SUBMITTED TO <b>Tri-Village Water District</b>	PHONE <b>502-484-5774</b>	DATE <b>November 23, 1999</b>
STREET <b>3700 Hwy. 127 North</b>	JOB NAME	
CITY, STATE AND ZIP CODE <b>Owenton, Ky. 40359</b>	JOB LOCATION <b>Hwy. 22 East Owenton, Ky.</b>	JOB PHONE

We hereby submit specifications and estimates for:

Furnish and install 135 lineal feet of 2" mesh x 9 gauge x 6' high galvanized chain link fence plus three strands of barb wire at top. Furnish and install two 3 1/2' wide x 6' high walk gates plus three strands of barb wire. Furnish and install one double drive gate 10' wide x 6' high plus three strands of barb wire. Gate post to be 3" O.D. Sch-40. Terminal post to be 2 1/2" O.D. Schedule 40: Line post to be 2" O.D. Sch-40. Top rail to be 1 5/8" O.D. SS-20.

Mills Fence Company to clear out old fence line and remove debris. Tie old fence back to corner post.

*Rec'd from Carl T.  
12/10/99*

*Permission sought*

*Said OK*

Note: If jack hammer is required due

We Propose hereby to furnish material and labor for  
**Two Thousand Two Hundred & Eighty**

is, for the sum of  
**2,280.00**

*DKB*

Payment Due Upon Completion. Accounts not paid within 30 days per month (18% per month)

- Mills Fence to:  Permit  Survey  Stake Fence Line  Clear Fence Line  Dispose of Debris  
Customer to:  Permit  Survey  Stake Fence Line  Clear Fence Line  Dispose of Debris

We will assume no responsibility for underground utilities, property lines, drain tiles, tree roots, vegetation, etc.

For underground utilities to be marked, call KY # 1-800-752-6007 OH & IN # 1-800-362-2764

**SOME FACTS ABOUT WOOD FENCE:**

THE NATURE OF WOOD IS TO DEVELOP SMALL CRACKS AND WARPING DURING THE DRYING PROCESS. RUST MAY ALSO APPEAR ON GATE HARDWARE. GATES SHOULD BE IN A LATCHED POSITION WHEN NOT IN USE.

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workmen's Compensation Insurance.

Authorized Signature

*Reed Tyler*  
Reed Tyler

Note: This proposal may be withdrawn by us if not accepted within **30** days.

Acceptance of Proposal - The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Signature \_\_\_\_\_

Date of Acceptance: \_\_\_\_\_

Signature \_\_\_\_\_

**David Baker**  
**Director – Business Development**

January 31, 2000

Mr. Paul Wright  
525 O'Banion Lane  
Owenton, Kentucky 40359

Dear Mr. Wright:

Thanks for sending to Mr. Roy Mundy, President of KAWC, your petition requesting water services. Mr. Mundy asked that I respond to your request and fill you in on our plans. We truly appreciate your request for service.

As you know, the board of Tri-Village Water District has signed a contract to sell the Tri-Village system to KAWC. KAWC will not actually take ownership of Tri-Village until later in 2000. At that time, we will be able to look at ways to bring as much expansion to the system as possible. However, those decisions will be made, as they are now, under the guidelines of the Kentucky Public Service Commission and the established tariff for new lines. Until we take ownership, we are unable to give you any definitive response to your request. Therefore, I have forwarded your request to the Tri-Village Board of Commissioners and Manager. I will discuss your particular situation with them in anticipation of our official takeover later this year.

Feel free to call me if I can be of service to you in the meantime, toll-free, at 1-800-678-6301, ext. 318. Thanks again for your interest in KAWC.

Sincerely,

David Baker

C: Hon. Billy O'Banion  
Mr. Charlie Noel, Chairman  
Ms. Carol Tudor, Manager  
Mr. Roy W. Mundy, II, President

MODE = MEMORY TRANSMISSION START=FEB-15 08:38 END=FEB-15 08:42

FILE NO. = 065

NO.	COM	ABBR/NTWK	STATION NAME/ TELEPHONE NO.	PAGES	PRG. NO.	PROGRAM NAME
001	OK		915024841004--8	009/009		
					-KAWC	-

\*\*\*\*\* - \*\*\*\*\* - \*\*\*\*\*



2300 Richmond Road Lexington, Kentucky 40502

From the office of David K. Baker  
Director Business Development  
(606) 268-6318

TELECOPY TRANSMITTAL SHEET  
FAX NUMBER (606) 335-3318

DATE: 2/15/00

COMPANY: Two Village / Owen County

HAND TO: Harry Billy O'Bannon and Carol Tudor (sent Repaired)

FROM: David Baker

Number of pages, including cover: \_\_\_\_\_

If you have any problems with receiving, please call:  
Phone: (606) 268-6318

PLEASE DELIVER TO THE ABOVE NAMED PERSON IMMEDIATELY

The information contained in this transmission is privileged, confidential and intended only for the use of the individual or entity named above. If you receive this communication in error, please notify Kentucky-American Water Company immediately by telephone, collect and return the original message to us at the address shown via the U.S. Postal Service. You will be reimbursed for the required postage. Thank you.

Message:

2 items attached - ① Rate analysis and ② press release - pls call w/ questions. Carol - let me know when the banks special meeting will be and I will try to come. Carol - pls. review the analysis and call me.

*Handwritten signature and initials*

\* \* \* FILE RESERVE REPORT ( FEB.15.2000 8:53AM ) \* \* \*

TTI INSIDE COMMERCIAL

THIS FILE WAS NOT STORED DUE TO MEMORY OVERFLOW.

FILE	MODE	OPTION	ADDRESS (GROUP)	PAGE
244	MEMORY TX		9-15024841004---800	P. 4



# Kentucky-American Water Company

2300 Richmond Road

Lexington, Kentucky 40502

From the office of David K. Baker  
 Director Business Development  
 (606) 268-6318

TELECOPY TRANSMITTAL SHEET

FAX NUMBER (606) 335-3318

DATE: 2/15/00

COMPANY: Tim Village / Owen County

HAND TO: Howe Billy O'Banion and Carol Tudor (sent Report)

FROM: David Baker

Number of pages, including cover: \_\_\_\_\_

If you have any problems with receiving, please call:



## Kentucky-American Water Company

2300 Richmond Road • Lexington, Kentucky 40502 • (606) 269-2386 • Fax (606) 268-6327

**David Baker**  
Director – Business Development

February 14, 2000

To: Tri-Village Water District Board of Commissioners

From: David Baker *DBaker*

RE: Capital Improvement Project Rates – Carroll and Gallatin Counties

Thanks for your hospitality at the Board meeting last week at Tri-Village. As discussed, Kentucky-American is most interested in establishing business relationships with outside water suppliers as long as those new contracts will not be injurious to Owenton's objectives. Please find enclosed 3 spreadsheets that approximate the amount of revenue increase/purchase water cost decrease that will be needed to support the capital expenditure needed, one for Carroll for the Wheatley area and 2 for Gallatin for Sparta and Glencoe.

I asked Kevin Kennoy to revisit his engineering estimates for these 3 projects to provide us with a best and worst case scenario on the capital needed. For the Wheatley project, that range is shown with the appropriate rate you will need from Carroll County. The range for Carroll for the Wheatley project will be from \$1.06 to 1.46 per 1000 gallons. For the Glencoe Project, we used the same minimal estimate that Kevin had originally provided – that price is \$1.95 per 1000 gallons. For Sparta, it appears that the capital costs are simply too high for Tri-Village to support. Of course, any contribution that these districts make toward these capital expenditures will serve, in effect, to raise their wholesale price to Tri-Village. These ranges of rates represent the breakeven rate that will allow Tri-Village to support the additional investment with the cost savings when compared to Owenton's wholesale rate of \$2.15/1000 gallons

I spoke with Carol Tudor today and suggested that she may want to ask Carryn Lee to do a similar analysis. I know that Jim Smith will be (or has already) contacted Carryn to obtain her decision concerning Carroll's wholesale rate. While I am confident in the methodology used to obtain these figures, I ask that

you rely upon Carryn's guidance and your usual rate making procedures and use the attached as a means of comparison only. These figures are geared toward the regulated, investor-owned utility model and may be somewhat different when compared to a not-for-profit. I ask that you not release the attached information to any party outside the Tri-Village Board.

I am available to meet with the board again as needed to discuss these items. Thanks again for your hard work and cooperation as we move toward closing.

Cc: Hon. Billy O'Banion  
Carol Tudor  
Herb Miller  
Kevin Kennoy

**Revenue Requirement on Capital Investment  
 Connection to Gallatin County for Glencoe**

**Tri-Village Water District**

		(example)
Amount of Investment	23,400	Gross-Up
		1,000
Depreciation Rate	1.18%	83
		917
Federal Tax Rate	35.00%	321
State Tax Rate	8.25%	404
UOI Required	1,942	596
Uoi Deficiency	1,738	1.67785

**Capital Structure**

Debt	60.00%	6.50%	3.90%
Equity	40.00%	11.00%	4.40%
			8.30%

**Revenue Requirement Calculation**

	Present Rates	Adj	Adj Rates
Revenues	0	2,916	2,916
Depreciation	276		276
SIT	(98)	241	143
FIT	(382)	936	554
UOI	204	1,739	1,943
Interest	913		913

**Examples of Levels of Investment**

**Assumptions:**

- 1 4200 gallons per customer per month
- 2 288 customers in the Glencoe
- 3 Depreciation blended rate of 1.18%
- 4 Cost factors/UOI Deficiency Markup included Federal, State Taxes and Depreciation
- 5 11% target rate of return on investment
- 6 60% financed by debt, 40% equity, borrowing rate at 6.5%
- 7 Per 1000 gallon charge determined by dividing the increased revenue needed to support the investment by the # of 1000 gallons purchased to find the break even
- 8 all revenue requirement figures are annual
- 9 Owenton rate = \$2.15
- 10 Each party assumes all costs to the metering point; Gallatin pays for meter installation.

Investment Level	Revenue Requirement	1000 gal. purchased	Per 1000 gal. Savings needed	Final Price per 1000
	2,916			
	(Revenue factor)			
\$ 23,400	\$ 2,916	1,739	1.67785	

**Revenue Requirement on Capital Investment**

**Connection to Carroll County**

**Tri-Village Water District**

		(example)
Amount of Investment	70,000	Gross-Up 1,000
Depreciation Rate	1.18%	83 917
Federal Tax Rate	35.00%	321
State Tax Rate	8.25%	404
UOI Required	5,810	596
Uoi Deficiency	5,201	1.67785

**Capital Structure**

Debt	60.00%	6.50%	3.90%
Equity	40.00%	11.00%	4.40%
			8.30%

**Revenue Requirement Calculation**

	Present Rate	Adj	Adj Rates
Revenues	0	8,727	8,727
Depreciation	826		826
SIT	(293)	720	427
FIT	(1,142)	2,802	1,660
UOI	609	5,205	5,814
Interest	2,730		2,730

**Examples of Levels of Investment**

**Assumptions:**

- 1 4200 gallons per customer per month
- 2 250 customers in the Wheatley Area from the pump station out to Wheatley
- 3 Depreciation blended rate of 1.18%
- 4 Cost factors/UOI Deficiency Markup included Federal, State Taxes and Depreciation
- 5 11% target rate of return on investment
- 6 60% financed by debt, 40% equity, borrowing rate at 6.5%
- 7 Per 1000 gallon charge determined by dividing the increased revenue needed to support the investment by the # of 1000 gallons purchased to find the break even
- 8 all revenue requirement figures are annual
- 9 Owenton rate = \$2.15
- 10 Each party assumes all costs to the metering point; Carroll point pays for meter installation.

Investment Level	Revenue Requirement	1000 gal purchased	Per 1000 gal savings needed	Final Price per 1000
	0.12466 (revenue factor)			
\$ 70,000	\$ 8,727	2800	\$ 0.31	\$ 1.46
\$ 80,000	\$ 9,973	3200	\$ 0.31	\$ 1.36
\$ 90,000	\$ 11,219	3600	\$ 0.31	\$ 1.26
\$ 100,000	\$ 12,466	4000	\$ 0.31	\$ 1.16
\$ 110,000	\$ 13,713	4400	\$ 0.31	\$ 1.06

**Revenue Requirement on Capital Investment**

**Connection to Gallatin County for Sparta**

**Tri-Village Water District**

(example)

Amount of Investment	95,000	Gross-Up
		1,000
Depreciation Rate	1.18%	83
		917
Federal Tax Rate	35.00%	321
State Tax Rate	8.25%	404
UOI Required	7,885	596
Uoi Deficiency	7,058	1.67785

**Capital Structure**

Debt	60.00%	6.50%	3.90%
Equity	40.00%	11.00%	4.40%
			8.30%

**Revenue Requirement Calculation**

	Present Rate	Adj	Adj Rates
Revenues	0	11,842	11,842
Depreciation	1,121		1,121
SIT	(398)	977	579
FIT	(1,550)	3,803	2,253
UOI	827	7,062	7,889
Interest	3,705		3,705

**Examples of Levels of Investment**

**Assumptions:**

- 1 4200 gallons per customer per month
- 2 66 customers in Sparta
- 3 Depreciation blended rate of 1.18%
- 4 Cost factors/UOI Deficiency Markup included Federal, State Taxes and Depreciation
- 5 11% target rate of return on investment
- 6 60% financed by debt, 40% equity, borrowing rate at 6.5%
- 7 Per 1000 gallon charge determined by dividing the increased revenue needed to support the investment by the # of 1000 gallons purchased to find the break even
- 8 all revenue requirement figures are annual
- 9 Owenton rate = \$2.15
- 10 Each party assumes all costs to the metering point; Gallatin point pays for meter installation.

Investment Level	Revenue Requirement	1000 gal purchased	Per 1000 gal savings-loaded	Final Price per 1000
	0.0466			
	(revenue factor)			
\$ 95,000	\$ 11,842	\$ 3826	\$ 3.56	\$ 6.49

# Tri-Village Water District

3700 Highway 127N

Owenton, KY 40359-9309

Phone 502-484-5774

1-800-443-9069 FAX 502-484-0966

FAX TRANSMITTAL # of Pages 9  
 TO: DAVID BAKER FROM: CARDI  
 CO: Ky. American TRI-VILLAGE WATER  
 DEPT. \_\_\_\_\_ PHONE (502) 484-5774  
 FAX # 406-678-6337 FAX # (502) 484-0966  
 COMMENTS for your information



CONSOLIDATED TECHNOLOGIES, INC.

ENGINEERS IN WATER AND EARTH SCIENCES

FAX TRANSMITTAL

FAX 423/267-0603 401 CHESTNUT STREET, SUITE 220 CHATTANOOGA, TN 37402 PHONE 423/267-7813

TO Carol Tudor, Manager  
Tri Village Water District

FROM John King

DATE 3-23-2000

CTI PROJECT NO. P0632

FAX NUMBER 502 484 0966

NO. OF PAGES TO FOLLOW 7

MESSAGE

Cover letter, scope of services, and compensation  
sections for proposal to inspect tanks.

Complete proposal will be in the mail today.

THANKS

CONFIDENTIALITY NOTE: The information contained in this facsimile message is legally privileged and confidential information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copy of this facsimile is strictly prohibited. If you have received this facsimile in error, please immediately notify us by telephone and return the original message to us at the address below via the United States Postal Service.

- File
- Return to Sender

MAR-23-00 THU 15:14 TRI VILLAGE H2O  
 MAR-23-2000 09:16 CONSOLIDATED TECH

5024840966  
 2010000 P.03

**CTI** CONSOLIDATED TECHNOLOGIES, INC.  
 ENGINEERS IN WATER AND EARTH SCIENCES

March 22, 2000

Carol Tudor, Manager  
 Tri-Village Water District  
 3700 Highway 127 North  
 Owenton KY 40359

Subject: Proposal for Engineering Services  
 Water Tank Inspections  
 CTI Proposal No. P0032

Dear Carol:

In response to your request, we are submitting a proposal to provide engineering services for Tri Village Water District in connection with inspection of six water tanks. Inspections will be in accordance with AWWA standards and OSHA regulations. Attached is our proposal which includes a scope of services, description of compensation, references, and qualifications. We encourage you to contact these references for information on our past performance.

We propose to provide the basic services described in the attached scope for the following fees:

<u>Number of Tanks Inspected</u>	<u>Unit Prices</u>
Dry interior and exterior	
1 to 6 tanks	\$ 2,400 per tank
Wet interior and dry exterior	
1 tank	\$ 2,850 per tank
2 tanks	\$ 2,100 per tank
3 tanks	\$ 1,800 per tank
4 to 6 tanks	\$ 1,500 per tank

Additional services, including cleaning to wash out or remove residue, are outlined in the Scope of Services and Compensation sections.

The timing of our proposed inspections will be based on the type of inspections selected by Tri Village Water District. For dry interior inspections, inspection times are dependent on when the tanks can be taken out of service. Interior wet (diver) inspections can be performed continuously.

Based on our previous experience, wet inspections are more economical when several inspections are performed, and they tend to cause fewer disruptions to the continuous operation of distribution systems. These savings result from the cost of water removal, disinfection costs, and mobilization costs associated with making multiple trips to the utility.

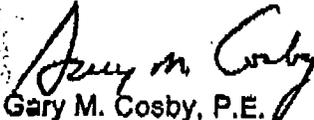
If this proposal is acceptable to you, please let us know the selected type of inspection for each tank and we will submit an engineering agreement for execution. Receipt of a signed agreement will constitute our authorization to proceed with the work.

AN EMPLOYEE-OWNED COMPANY

Carol Tudor, Manager  
March 22, 2000  
Page 2

We appreciate the opportunity to submit this proposal and look forward to working with you on this project. If you have any questions or desire any changes in the proposed scope of services, please do not hesitate to call.

Sincerely,

  
Gary M. Cosby, P.E.  
President

  
John L. King, P.E.  
Project Manager

Attachment

## SCOPE OF SERVICES

### SERVICES OF CTI

CTI will provide the following services for interior and exterior inspections of up to six potable water storage tanks. (Inspections will be either interior wet or dry inspections as identified by the Client).

1. Perform interior dry inspections and enlist U.S. Underwater Services, Inc., to perform underwater inspections. Each inspection will consist of visually observing both the interior and exterior tank surfaces, foundations, and appurtenances to identify any observable structural defects of the tank or foundation, failing weld seams, pitting, loss of metal, or other corrosion, and to determine the condition of the paint system, including prime and finish coats.
  - a. Measure coating thickness; determine number of layers of coating; and test coating adhesion (in accordance with ASTM D-3359).
  - b. Measure pit depths in representative areas.
2. Furnish one professionally prepared inspection report with color photographs for each tank. Reports for tanks inspected by divers will be prepared by U.S. Underwater Services, Inc. U.S. Underwater Services shall also provide a VHS video of immersed areas. Reports on dry inspections will be prepared by CTI. Reports will outline the overall condition of each tank; identify any specific structural, sanitary, coating, and/or safety problems found in the field; outline recommendations required to correct any problem identified; and recommend schedule for the replacement of the existing paint system and/or other modifications. Report will also contain the Engineer's opinion of probable costs for future repainting and/or modifications. The reports will consider the latest requirements of the American Water Works Association (AWWA), Society for Protective Coatings (SSPC), and the Occupational Safety and Health Act (OSHA).
3. Provide engineer or other representative to perform, assist with, and/or monitor inspections.
4. Collect pre- and post-entry water samples from diver-inspected tanks and furnish to CLIENT. Add disinfectant if required.
5. Provide commercially certified ASNT inspector divers using full surface supplied air and full voice communications per OSHA 29CFR. All divers and equipment entering tanks will be disinfected in accordance with AWWA C652.

**RESPONSIBILITY OF CLIENT**

The CLIENT will be responsible to:

1. Provide all criteria and full information as to its requirements for the project.
2. Upon identification by CTI and approval by the CLIENT of the necessity and scope of information required, furnish CTI with data, reports, surveys, and other materials and information required for this project, except those included in CTI's scope of services.
3. Provide access to the project site and make all provisions for CTI to enter upon public and private lands as required for CTI to perform its services under this Agreement.
4. Examine all studies, reports, sketches, opinions of the construction costs, specifications, drawings, proposals, and other documents presented by CTI to the CLIENT, and render in writing the CLIENT's decisions pertaining thereto within a reasonable time so as not to delay the services of CTI.
5. Give prompt written notice to CTI whenever the CLIENT observes or otherwise becomes aware of any defect in the project.
6. Furnish to CTI, prior to execution of this Agreement, a copy of any design and construction standards the CLIENT shall require CTI to follow in performing its services under this Agreement.
7. Furnish to CTI a copy of site safety and health plans and hazard communication (MSDS) information as required by OSHA regulations.
8. Drain each tank, wash out residue, and provide safe interior access for the Engineer's inspection personnel for interior dry inspections. Provide 40-foot extension ladder for accessing structural support system (Sparta and Glencoe Tanks).
9. Furnish one person to remain at the tank as an attendant during dry inspections for safety purposes. (Not required if CTI cleans tank[s].)
10. Disinfect and place the tank back into service (dry interior inspections only). Provide disinfectant if CTI performs disinfection.
11. Provide containers for pre- and post-entry water sample collection. Analyze samples and provide Engineer with results. Furnish disinfectant for increasing chlorine residual, if required.
12. Provide means and methods for isolating tanks from service (lock-out/tag-out) when divers are in the water or provide communication to ensure that flows from tank are not above normal usage rates (e.g., flushing fire hydrants or local line break repairs).
13. For underwater inspections, ensure that water levels are within two to four feet of overflow elevations in order to allow diver access to roof areas and diver entry to the tank.

P0032trivillage

2

MAR-23-2000 09:18

CONSOLIDATED TECH

2670603

P. 06/00

**ADDITIONAL SERVICES BY CTI**

The following services are not included in the above scope of services but are available to the CLIENT from CTI as additional services subject to additional compensation:

1. Cleanings to remove sediment prior to dry interior inspections (unit cost per tank).
2. Disinfection of tanks after dry interior inspections.
3. Underwater cleaning of diver-inspected interiors to remove sediment (unit cost per tank).
4. Dechlorination of waters discharged from tanks (unit cost per tank).
5. Collection of interior and exterior coating samples and laboratory testing for total lead content. Results will be included in the report (unit cost per tank).
6. Additional copies of reports (unit cost per report).
7. Ultrasonic metal thickness readings in heavily pitted areas or areas demonstrating metal loss or heavy corrosion (cost plus per tank).
8. Furnishing ladder and attendant during dry interior and exterior inspections (cost plus).
9. Delaying consecutive underwater inspections once inspections begin (cost plus).

P0032trivillage

3

**COMPENSATION**

For the services provided by CTI as outlined in the Scope of Services, CTI shall be paid the following lump sum fees:

**A. Services of CTI**

Service	Fee Basis	Fee
<b>Inspection of Tank Exterior Plus:</b>		
Dry Interior (1 to 6 Tanks)	Per Tank	\$2,400
Wet Interior (1 Tank)	Per Tank	\$2,850
Wet Interior (2 Tanks)	Per Tank	\$2,100
Wet Interior (3 Tanks)	Per Tank	\$1,800
Wet Interior (4 to 6 Tanks)	Per Tank	\$1,500

**B. Additional Services by CTI**

1. Washout to remove residue prior to dry interior inspection: \$1,800 per tank.
2. Disinfection of tank after dry inspection: \$600 per tank.
3. Provide underwater cleaning to remove residue: \$1,100 per tank.  
 (Includes up to 3 inches of silt/sediment. An additional \$500.00 will be charged for each additional 3 inches removed per tank).
4. Dechlorinate waters discharged from tanks during underwater cleaning: \$250 per tank.
5. Collect and analyze interior and exterior coating samples: \$75.00 per tank.
6. Provide additional copies of reports and videos: \$150.00 per report.

For other additional services provided by CTI as outlined in the Scope of Services, CTI will be paid an amount equal to salary costs plus 110 percent of salary costs plus 110 percent of direct non-salary expenses. Services will be performed after recommendation by CTI and upon authorization by the CLIENT. The total fee will not exceed the following amounts without the prior written authorization of the CLIENT.

1. Ultrasonic Thickness Measurements: Not to exceed \$300.00 per tank.
2. Furnish attendant for safety purposes: Not to exceed \$1,000.00 per tank.
3. Delays of consecutive underwater inspections: Not to exceed \$800.00 per day.

MAR-23-00 THU 15:18 TRI VILLAGE H20

MAR-23-2000 09:20

CONSOLIDATED TECH

2670603 P.08/18

Salary costs shall include the salaries and wages paid to all CTI personnel engaged directly on the project, plus the cost of customary and statutory benefits and payroll taxes. Direct non-salary expenses shall include subcontracts, travel and subsistence, computer and CADD service charges, communications, field supplies and equipment rental, reproduction, and other project-related expenses.

Direct non-salary expenses shall include subcontracts, travel and subsistence, computer and CADD service charges, communications, field supplies and equipment rental, reproduction, and other project-related expenses.

Invoices will be submitted by CTI monthly. For lump sum services, the invoice amount will be based upon the percentage of work completed during the period. For cost-plus or hourly rate services, the invoice amount will be based upon the time and expenses chargeable to the project during the period.

Payments for invoices submitted by CTI are due and payable upon receipt. Payments due CTI under this Agreement are subject to a service charge of 1-1/2 percent per month on all balances not paid within twenty-five (25) days after the date of receipt of invoice.

# Tri-Village Water District

3700 Highway 127N

Owenton, KY 40359-9309

Phone 502-484-5774

1-800-443-9069 FAX 502-484-0966

*Just - Pls cc to Jan Routh* *pmH*  
*4-3-00*

April 3, 2000

David Baker  
Kentucky Am.

Dear David:

Please find attached a letter mailed to Consolidated Technologies, Inc. today concerning the inspection and cleaning of the Long Ridge, Brombley, Glencoe and Sparta Water Towers. Please also let Jan see this and as soon as the inspection is scheduled I will advise.

Sincerely,

*Carol J. Tudor*  
Carol Tudor, Manager  
Tri-Village Water District

Mr. John L. King, P.E.  
Project Manager  
Consolidated Technologies, Inc.  
401 Chestnut Street, Suite 220  
Chattanooga, Tn. 37402-4926

Dear Mr. King:

After a review of CTI proposal No. P0032 dated March 22, 2000 we are requesting that you schedule us for wet inspections of the Long Ridge, Brombley, Glencoe and Sparta water towers and also cleaning of the ones that need it. I also request that you contact me two or three days in advance so I can be in contact with the water commissioners for their approval of work to be done after the inspections.

Sincerely,

*Carol F. Tudor*

Carol F. Tudor, Manager  
Tri-Village Water District

**Tri-Village Water District**  
3700 Highway 127N  
Owenton, KY 40359-9309  
Phone 502-484-5774  
1-800-443-9069 FAX 502-484-0966

**FAX TRANSMITTAL** # of Pages 3  
TO: David Bates FROM: Carol  
CO: \_\_\_\_\_ **TRIVILLAGE WATER**  
DEPT. \_\_\_\_\_ **PHONE (502) 484-5774**  
FAX # 1-606-268-6327 FAX # (502) 484-0966  
COMMENTS Per attachment



## Kentucky-American Water Company

2300 Richmond Road • Lexington, Kentucky 40502 • (606) 269-2386 • Fax (606) 268-6327

**David Baker**  
**Director – Business Development**

April 6, 2000

Hon. Billy O'Banion  
P.O. Box 465  
Owenton, KY 40359

Judge O'Banion,

Please accept my most sincere thanks for all of the hard work, support and friendship that you and the Tri-Village Board have extended to Kentucky-American as we have all worked toward the closing of the acquisition. In particular, I want to thank you for all of the effort and time that you have spent with me over the past few weeks as we have analyzed the current water quality situation with Owenton and the continued steps necessary to bring the quality to levels which will eliminate the need for continued public notices on THM's.

As we discussed today, Bill Gill told me yesterday that he has sent in the letter to the state seeking permission to move the point of chlorination. Jan Routt hopes that this move will reduce the THM's to the point where the 4-quarter average will drop to the point where the notices can cease and the quality of the water produced will meet or exceed KAWC and Industry Standards. Hopefully a positive answer will be forthcoming from the Division of Water. This move, when combined with Tri-Village's plan to purchase a portion of its water from additional sources, should provide relief to the water quality problem.

Kentucky-American remains as optimistic as ever about the closing of the acquisition of Tri-Village. We are confident that we will assist Tri-Village and Owenton in overcoming this hurdle. However, due to the longer than anticipated time that has evolved in correcting the this water quality situation, it appears that our closing of the acquisition will be very late in 2000 or early 2001, in order to provide ample time for this averaging improvement. Therefore, we have elected to postpone our presentation of the Tri-Village Acquisition to KAWC Board until the next board meeting in July 2000. I share this with you as a requirement of our contractual agreement; in no way does this postponement indicate that our confidence in this contract nor our board's anticipated support have in any way diminished. Rather, we felt it best to present this contract to the board when we are closer to the solution of the W.Q. problem.

I will be sharing this information with the Tri-Village Board at the April 12th meeting and wanted you to be aware of the progress we have made and our plans to bring the acquisition to closing. Thank you again for your continued support and the tremendous amount of hard work that you, Charlie and the entire board have put forth.

Sincerely,

A handwritten signature in cursive script that reads "David Baker".

David Baker

Cc: Charlie Carter, County Attorney  
Charlie Noel  
Olene Dunaway  
Gilbert England  
Sidney Gullion  
Joe Peters  
Carol Tudor  
Roy Mundy  
Herb Miller ✓  
Nick Rowe  
Coleman Bush  
Ed Grubb

**Tri-Village Water District**  
3700 Highway 127N  
Owenton, KY 40359-9309  
Phone 502-484-5774  
1-800-443-9069 FAX 502-484-0966

4/14/00  
Jan -  
For your records -

D. Baker

FAX TRANSMITTAL # of Pages 3  
TO: DAVID BAKER FROM: CAROL TUDOR  
CO: Ky. Ad. TRI-VILLAGE WATER  
DEPT: Bus. Dev. PHONE (502) 484-5774  
FAX # 1-800-678-6231 FAX # (502) 484-0966  
COMMENTS: Per Request

JAMES E. BICKFORD  
SECRETARY



PAUL E. PATTON  
GOVERNOR

COMMONWEALTH OF KENTUCKY  
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION  
FRANKFORT OFFICE PARK  
14 REILLY RD  
FRANKFORT KY 40601

April 5, 2000

Carol Cox  
Tri-Village Water District  
Box 322  
Owenton KY 40359

RE: PWSID 0940430  
Lead and Copper Notice of Violation

Dear Ms. Cox:

In the past three years U.S. EPA has required the Kentucky Drinking Water Branch to perform extensive research of lead and copper monitoring and reporting performed by all Kentucky Public Water Systems. After reviewing your files your system was found to be in violation for failure to conduct monitoring and reporting in a required period. (See enclosed Notice of Violation).

Your system was to begin initial monitoring July 1, 1993. Monitoring was not begun until April 1994, at which time your system achieved compliance. Your system remains in compliance. However, public notification for the missed period is required.

If you have any questions regarding this matter, please contact Ann Workman at 502/564-2225, extension 528.

Sincerely,

*Vicki L. Ray*  
Vicki L. Ray, Manager  
Drinking Water Branch  
Division of Water

VLR:ASW

C: Florence Regional Office  
Pb/Cu & Facility Files



**COMMONWEALTH OF KENTUCKY  
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION  
DIVISION OF WATER  
14 Rellly Road  
Frankfort, KY 40601**

Responsible Party:  
Carol Cox  
Tri-Village Water District  
Box 322  
Owenton KY 40359

PWS ID 0940430  
Owen County

Date of Violation(s):  
July 1, 1993 - December 31, 1993

**This is to advise you that, as specified below, you are in violation of the provisions of KRS Chapter 224, and 401 KAR 8:300, Section 9.**

A description of the violation(s) follows:

Failure to submit forty (40) analytical results for lead and copper during the compliance period July 1, 1993 - December 31, 1993.

Remedial measures required include, but are not limited to:

System in compliance. No remedial measures. Public Notification is required.

Violation of the above cited statutes and regulation is subject to penalties of up to \$25,000 per day. Compliance with the remedial measures deadlines does not provide exemption from liability for violations during the period of remediation. Any person who knowingly violates the statutes may be subject to criminal prosecution. To discuss this Notice of Violation, please contact the undersigned at: (502) 564-2225, extension 528.

Issued by: Ann S. Workman  
Ann S. Workman

4/6/2000  
Date

Vicki L. Ray  
Vicki L. Ray

4/6/2000  
Date

Name of Person to whom copy was delivered: Carol Cox

How delivered:

Certified Mail

Personal Service



## Kentucky-American Water Company

2300 Richmond Road • Lexington, Kentucky 40502 • (859) 269-2386 • Fax (859) 268-6327

David Baker  
Director – Business Development

COPY

July 26, 2000

Board of Commissioners  
Tri-Village Water District  
Owenton, Kentucky 40359

Attn: Mr. Gilbert England

Dear Gilbert:

Thanks to you and the Tri-Village Board for your continued support of KAWC as we move forward in the process of closing the acquisition of Tri-Village Water District. Per our conversation, please find enclosed a suggested, draft agreement for the proposed purchase of water from Carroll County Water District.

As we discussed, this draft is provided to be used as a tool to help expedite the process at hand. Once your board and Carroll County have reviewed it, I will need to review the agreement with KAWC counsel, Herb Miller, under the terms of our Acquisition Agreement. Please note that this agreement is presented in draft format and it must be reviewed by Tri-Village's legal counsel prior to execution. Kentucky-American does not endorse this agreement nor are we acting on behalf of Tri-Village Water District in assisting with this process.

Thanks again. I look forward to seeing everyone at the board meeting next week.

Sincerely,

David Baker

C: Charlie Noel, Chairman  
Tri-Village Board of Commissioners  
Carol Tudor  
Herb Miller, Esq.

WATER PURCHASE AGREEMENT **DRAFT**

This Contract, made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2000, by and between the Carroll County Water District, a special district formed pursuant to KRS Chapter 74, acting by and through its duly authorized officer and Chairman of its Board of Commissioners, (NAME), party of the first part, Seller, and the Tri-Village Water District, a special district formed pursuant to KRS Chapter 74, acting by and through its duly authorized officer and Chairman of its Board of Commissioners, Charles F. Noel, party of the second part, Buyer.

WITNESSETH:

Whereas, the parties hereto are each special districts formed under KRS Chapter 74 for the purposes of constructing and operating water supply distribution systems serving water users within their respective areas of jurisdiction, and

Whereas, Buyer requires additional supplies of potable treated water in order to adequately fulfill its obligations to its users in the Wheatley area and has requested that same be supplied to it by Sellers, and

Whereas, Seller owns and operates a water supply distribution system capable of serving its present customers and the estimated number of Buyer's users to be served by the gallonage proposed to be sold to Buyer hereunder, and

Whereas, Seller deems it in the best interests of itself and its users that it profitably dispose of its excess capacity as herein proposed, and

Whereas, both parties hereto have approved the sale and purchase of water in accordance with the terms and conditions contained herein by Resolutions duly adopted by their respective commissioners.

Now Therefore, for and in consideration of the foregoing premises and the mutual agreements and undertakings hereinafter set forth, the parties promise and agree as follows:

1. Seller agrees to furnish and supply to Buyer, at the point of delivery hereinafter specified, during the term of this agreement or any renewal or extension thereof, potable treated water meeting applicable state and federal purity and quality standards in such quantity as may be required by the Purchaser not to exceed 1.5 million gallons per month.
2. Said water will be furnished at a reasonably constant pressure calculated at 30 or greater PSI from (insert the size of the main and a description of the location of the master meter). If a greater pressure than that normally

## DRAFT

available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. Seller agrees to furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but no more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the 3 months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on first working day of month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

4. Seller agrees to furnish the Purchaser not later than the fifteenth day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

5. Purchaser agrees to pay the Seller, not later than the tenth day of each month, for water delivered in accordance with the following schedule of rates:

(Insert price per thousand gallons)

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

A. (Term of Contract) That this contract shall extend for a term of 20 years from the date of initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter shall be extended or renewed for successive one year terms, unless terminated by either party upon one year's written notice delivered, except where the Seller is unable to comply with its obligations under Sections 1 and 2 or any breach of representations in this contract in which case Purchaser may terminate this contract upon 30 days' written notice.

## DRAFT

B. (Delivery of Water) That 30 days prior to the estimated date of initial delivery of water, the Purchaser will notify the Seller in writing the date for initial delivery of water.

C. Purchaser shall have the right, at all reasonable times, to conduct such testing of Seller's water quality at such locations in Seller's system as is reasonable.

D. (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 the quality and quantities of water required by the Purchaser. Temporary or Partial failure 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.

E. (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 the Term of this Contract, or at any other time upon mutual agreement of the parties provided that Purchaser shall be provided with 180 days' notice prior to any modification of rates.

In the event that compliance with action by regulatory or governmental authority causes Seller to increase its rate to its customers in order to meet resulting increased costs, the rates charged to Purchaser shall be subject to increase based upon Seller's cost of service study approved by the Public Service Commission.

Provisions of this contract may be modified or altered by mutual written agreement.

F. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State, including the Kentucky Public Service Commission, and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

The parties' respective rights and duties hereunder are contingent upon all necessary approvals from the Kentucky Public Service Commission, or its successor agency.

**DRAFT**

G. This Contract shall be binding on the successors and assigns of the parties hereto.

H. Seller represents that it is not subject to, nor has been subject to in the past five (5) years, any local, state or federal regulatory notices, actions, or other enforcement pertaining to Seller's potable water system.

I. Seller represents that it has the sufficient treatment, pumping, storage, and all other system capacity to serve Purchaser in accordance with the terms of this contract.

In witness whereof, the parties have hereunto affixed their signatures.

SELLER

Carroll County Water District

BY: \_\_\_\_\_  
(NAME), Chairman

BUYER

Tri-Village Water District

BY: \_\_\_\_\_  
Charles F. Noel, Chairman

**DRAFT**

CARROLL COUNTY WATER DISTRICT

RESOLUTION

A Resolution related to contracting for the Sale of Water to Tri-Village Water District, approving same and authorizing the Chairman of the Board of Commissioners to execute and deliver a contract evidencing same.

Be it resolved by the Commissioners of the Carroll County Water District, as follows:

That (NAME), Chairman of the Board of Commissioners and is hereby authorized, empowered and directed to execute and deliver, on behalf of the District, thereby binding the District to, a contract for the sale of water to the Tri-Village Water District at the rate of (INSERT RATE) per thousand gallons, to a point of delivery at (INSERT LOCATION) Kentucky, for a term of 20 years with automatic one-year extensions terminable by either party upon one year's prior notice, and containing other customary and prudent terms and provisions, which contract is hereby approved.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

\_\_\_\_\_  
Chairman, Board of Commissioners of  
Carroll County Water District

A True Copy: ATTEST

\_\_\_\_\_  
Secretary, Carroll County Water District

TRI-VILLAGE WATER DISTRICT

RESOLUTION

A Resolution related to contracting for the Sale of Water to Tri-Village Water District, approving same and authorizing the Chairman of the Board of Commissioners to execute and deliver a contract evidencing same.

Be it resolved by the Commissioners of the Tri-Village Water District, as follows:

That Charles Noel, Chairman of the Board of Commissioners and is hereby authorized, empowered and directed to execute and deliver, on behalf of the District, thereby binding the District to, a contract for the sale of water to the Tri-Village Water District at the rate of (INSERT RATE)per thousand gallons, to a point of delivery at (INSERT LOCATION), Kentucky, for a term of 20 years with automatic one-year extensions terminable by either party upon one year's prior notice, and containing other customary and prudent terms and provisions, which contract is hereby approved.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

\_\_\_\_\_  
Chairman, Board of Commissioners of  
Tri-Village Water District

A True Copy: ATTEST

\_\_\_\_\_  
Secretary, Tri-Village Water District

JAN  
ROUTT

08/09/2000 05:38 PM



To: Julie.Roney@mail.state.ky.us, Vicki.Ray@mail.state.ky.us, Bill Gill@AOL.com  
cc: David Baker/KAWC/AWWSC@AWW, Roy Mundy/KAWC/AWWSC@AWW, Nick Rowe/KAWC/AWWSC@AWW, Herb Miller/KAWC/AWWSC@AWW

Subject: Owenton/TriVillage

Julie,



Here are our data sheets showing sampling through July 12. Owenton micro, etc.data thru 071



Owenton TriVillage TOC & DBP 0

Also, I have added in the Giardia & Crypto results from our May 10 source water sampling. These were tested using the IFA(ICR) method and showed no Crypto in any of the three waters tested and moderate/normal levels of Giardia--90 cysts/100L in Ky R Pool 2, 50 cysts/100L in Severn Creek and 43 cysts/100L in Thomas Lake (within levels which can be adequately disinfected and removed by facilities meeting the current Surface Water Treatment Rule treatment technique requirements).

Microbiological and related data show that bacteria are remaining at good levels within the plant system. TOC removal and settled turbidies remain good as well.

I have noted in June and July Operations reports that filtered turbidities have been gradually increasing from 0.1 to 0.3 from late June through July (one reading >0.5 in July). Backwash frequencies and washwater volumes do not appear to have increased proportionately. I have discussed with Marshall that they may need to increase filter backwash rates to increase bed expansion...and duration to... in order get better washes in the warmer waters. Increased backwash frequency may be desirable as well. Another measure that might help would be trying the cationic polymer in pretreatment again...however, but I'd try increasing the rate, duration and frequency of backwashes first.

It does not seem that this is a coagulation phenomenon problem because settled turbidies and TOC removals remain excellent. Another option to further assess the filter performance might be for Owenton to get Nick Pizzi of EE&T in to do a filter evaluation..oring, assessing the backwash media expansion, etc. Reviewing records from 1999 I see that there was a similar increase in filtered turbidity in June and July last year.

We are continuing to assess data produced so far and look forward to the THM results for this quarter.

As we have discussed I will send you a draft manuscript of the WQTC paper describing these efforts, hopefully within a week.

As, always, thanks to everyone for their continued work and assistance.

Jan



David Baker  
01/24/2001 01:00 PM

To: judgeexec@dcr.net  
cc: gilbyrd@aol.com, tvwdcarol@dcr.net

Subject: Hello Judge OBanion

(Carol - will you please make a copy of this for Charlie? Thanks)

The conference call yesterday with Gilbert, Charlie, Carol and David resulted in the following:

Although Carol will need to finalized this number, the remaining funds from the Wheatley project are approx. \$65,000

The new connection to Carroll County will cost approx. \$70,000 plus \$19,000 for engineering. Our understanding is that the engineering cannot be paid from RD funds as it wasn't bid.

The Monterey Project will cost approx. \$50,000 and construction should start around Feb. 10, 2001

We all agreed that a direct decision needs to come from RD to the TV Board regarding use of the \$65,000. All agreed that the funds need to be used on the project that can be completed quickest in order for RD to be able to close out the project, in light of the KAWC/TV closing that is pending.

All Agreed that at the Feb. 15, 2001 Board meeting, a motion will be introduced to direct the RD funds, and to appropriate funds from the operating budget surplus (standing at approx. \$110,000 at this time) to the specific projects and establish a specific timeline for their completion.

To accomplish the timeline planning, it was agreed that a meeting with RD needs to take place asap, hopefully next week. Following a call to CJE OBanion on 1/25, David will call all to discuss the best approach in setting up this meeting and dates will be discussed. Hopefully this meeting will be held prior to the 2/15 board meeting.

From the desk of

**David K. Baker**  
Director - Business Development  
Ph. (859) 268-6318

wholly need  
70K + 18.8 million

→ 40,000 whols left

- 24500

65000 remaining minimum

Monthly Costs - \$50,000 already bid

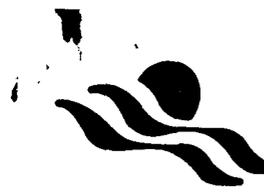
Feb 1<sup>st</sup> 10 days to start construction

(Conversation - Conf. Call 1/24/01 - Charlie, Robert, Carol, David)

Edward



Kentucky-American Water Company



## Kentucky-American Water Company

---

2300 Richmond Road • Lexington, Kentucky 40502 • (606) 269-2386 • Fax (606) 268-6327

**David Baker**  
Director – Business Development

January 31, 2000

Mr. Paul Wright  
525 O'Banion Lane  
Owenton, Kentucky 40359

Dear Mr. Wright:

Thanks for sending to Mr. Roy Mundy, President of KAWC, your petition requesting water services. Mr. Mundy asked that I respond to your request and fill you in on our plans. We truly appreciate your request for service.

As you know, the board of Tri-Village Water District has signed a contract to sell the Tri-Village system to KAWC. KAWC will not actually take ownership of Tri-Village until later in 2000. At that time, we will be able to look at ways to bring as much expansion to the system as possible. However, those decisions will be made, as they are now, under the guidelines of the Kentucky Public Service Commission and the established tariff for new lines. Until we take ownership, we are unable to give you any definitive response to your request. Therefore, I have forwarded your request to the Tri-Village Board of Commissioners and Manager. I will discuss your particular situation with them in anticipation of our official takeover later this year.

Feel free to call me if I can be of service to you in the meantime, toll-free, at 1-800-678-6301, ext. 318. Thanks again for your interest in KAWC.

Sincerely,



David Baker

C: Hon. Billy O'Banion  
Mr. Charlie Noel, Chairman  
Ms. Carol Tudor, Manager  
Mr. Roy W. Mundy, II, President

09-20-1999

To Roy Mundy  
President Kentucky American Water Co.

# Water Petition

We the residents of O'Banion Lane listed below  
hereby request water service to our homes. Owen Co.

**Here is a list of the residents below:**

PLEASE PRINT YOUR FULL NAME AND ADDRESS WITH A PHONE NUMBER  
THEN SIGN YOUR NAME BELOW

- 99 1. Paul & Kim Wright 525 484-0669 Paul Wright
- 99 2. Freddy + Rosemary BISHOP 1105 484-2610
- 99 3. DAVID & SUSAN VOSCHANG 905 484-0884 D. Voschang  
Marie M. Connell
- 99 4. MARY BAIEM Connell 865
- 99 5. Steve Small 815 484 3100  
484 5510
- 99 6. Katherine Chandler 675 Katherine Chandler
- 99 7. ~~John Chandler~~
- 99 8. ~~John Chandler~~ cc 4105 220  
~~Mary Chandler~~ cc 5175 O Banion Lane
- 99 9. Carl AND Elizabeth H MOORE 215 O'Banion LANE  
Carl and Elabith Moore 502 484-5077
- 99 10. GLEN DUNAWAY 3190 Hwy 22E 484-3180 Glen Dunaway
- 99 11. LEE Hutchins Lee Ettington 995 484-0021 Lee Hutchins
- 99 12. Darrell L. Penn 965 O'Banion Ln 484 5148

From Paul Wright  
525 O'Banion Lane  
Owenton, Ky. 40359

(From Fred 1/4/99)



# Kentucky-American Water Company

2300 Richmond Road

Lexington, Kentucky 40502

From the office of David K. Baker  
Director Business Development  
(606) 268-6318

## TELECOPY TRANSMITTAL SHEET

FAX NUMBER (606) 335-3318

DATE: 1/4/00

COMPANY: To: Billy D. Cannon CJE, Ard Tubar, Charlee Noak

HAND TO: \_\_\_\_\_

FROM: David Baker

Number of pages, including cover: 6

If you have any problems with receiving, please call:  
Phone: (606) 268-6318

### PLEASE DELIVER TO THE ABOVE NAMED PERSON IMMEDIATELY

The information contained in this transmission is privileged, confidential and intended only for the use of the individual or entity named above. If you receive this communication in error, please notify Kentucky-American Water Company immediately by telephone, collect and return the original message to us at the address shown via the U.S. Postal Service. You will be reimbursed for the required postage. Thank you.

Message:

Please note that we received the letter / petition. This should be reviewed at the TV Board meeting and then we (Ray) will send a letter back to ~~the~~ Mr. Knight. Also find attached the signed Acquisition Agreement

**David Baker**  
**Director – Business Development**

February 15, 2001

Mr. Charlie Noel, Chairman  
Commissioners of Tri-Village Water District  
Owenton, Kentucky 40359

Dear Charlie:

Thank you for your association over the past 2 years. It has been a pleasure working with you, the Commissioners and the Employees of Tri-Village Water District. I have been made to feel a part of the "Tri-Village Family" and I will always appreciate this and will miss you all upon my relocation to Illinois next week.

I wanted to provide you with KAWC's assurance that our closing process is underway. Title search is being made on the real estate assets and the filing is being prepared. Tri-Village will, however, need to locate an attorney immediately to represent it in these proceedings.

We are directing our immediate attention to the expansion projects at hand – New Columbus, Leaning Oak and Peaks Mill. The Georgetown Utility Board meets on February 20 and will vote on the wheeling of the KAWC water and the wheeling charge for the Leaning Oak project. Linda Bridwell, our Director of Engineering, is issuing RFP's for the engineering design work for these projects within the next 2 to 3 weeks. These projects will be coordinated with regard to the timing of the KAWC Board of Director's meetings (Board approval will be required for these Investment Projects) and the approval by PSC/closing of the acquisition. Linda will be able to keep you informed of this process until my replacement is secured and can be reached at extension 373.

I will be very involved in the closing process from Illinois. I encourage you to call me at any time at 217-373-3243, or contact Lisa Helton at KAWC and she will assist you.

Thanks again for your association, your confidence in KAWC, and your friendship.

Sincerely,

David Baker

DKB/lmh

C: Hon. Billy O'Banion  
Carol Tudor  
Roy W. Mundy  
Nick Rowe  
Herb Miller  
Linda Bridwell  
Lisa Helton

*file - Tri-Village*

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S T O L L | K E E N O N | & | P A R K | L L P

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201 EAST MAIN STREET | SUITE 1000 | LEXINGTON, KENTUCKY 40507-1380  
(859) 231-3000 PHONE | (859) 253-1093 FAX | WWW.SKP.COM

LINDSEY W. INGRAM, JR.  
859-231-3033  
ingramjr@skp.com

May 8, 2001

Bruce F. Clark, Esq.  
Stites & Harbison  
421 West Main Street  
Frankfort, Kentucky 40601

RE: Case No. 2001-094  
Application of Kentucky-American Water Company  
and Tri-Village Water District

Dear Bruce:

I have finally been able to acquire a description of the benefits Kentucky-American Water Company makes available to Union Associates and to Non-Union Associates. I enclose a summary description of those benefits consisting of three pages for each group.

It is my understanding that these benefits are effective July 1, 2001 and, like all other employee benefits, can and will change from time to time.

Very truly yours,

STOLL, KEENON & PARK, LLP

By *Lindsey*  
Lindsey Ingram, Jr.

/s/  
Enc.  
312\C:\work\lwi\kawc\tri-Village\014clark.doc

Bruce F. Clark, Esq.  
May 8, 2001  
Page 2

bcc w/encs.: Roy W. Mundy II  
Nick Rowe  
Herbert A. Miller, Jr., Esq.  
Linda Bridwell  
Michael A. Miller  
Jim Hamilton  
Phil McConathy

**Kentucky American Water Company**

**Benefits provided to Non-Union Associates**

**Effective July 1, 2001**

**Group Medical and Dental Insurance**

**Managed Choice Plan** - is coordinated by a Primary Care Physician (PCP). Most covered medical expenses are covered at 100% of reasonable and customary rates in the In-Network services. Out-of-Network services can be provided at a reduced coverage of 70 percent of reasonable and customary rates after the deductible is met

**HMO Plan** - Where available this plan will be offered. You must choose a primary Care Physician (PCP). There is no annual deductible, no annual out-of-pocket maximum, and no office visit charge. Preventive care visits require \$15.00 co-payment per visit. Emergency care requires a \$35.00 co-payment and if admitted to the hospital co-payment is waived. Each hospitalization requires a \$100.00 co-payment.

**Out-of Area Comprehensive coverage** requires a \$150.00 single annual deductible, \$300.00 family annual deductible, annual Out-of-Pocket maximum is \$1000.00 single, \$3000.00 family, hospitalization you pay 20%, Preventative care you pay 20%, and Emergency care you pay 20%. **Comprehensive Coverage is only provided to associates who live outside the network area.**

**Medical Plan Associate Monthly Contribution Rates**

	<b>Single</b>	<b>Family</b>
<b>Managed Choice</b>	<b>\$10.00</b>	<b>\$35.00</b>
<b>HMO &amp; USHC Dental PPO</b>	<b>\$10.00</b>	<b>\$35.00</b>
<b>Out-of-Area Comprehensive Aetna USHC Dental PPO</b>	<b>\$10.00</b>	<b>\$35.00</b>
<b>Aetna USHC Dental PPO</b>	<b>(\$95.00)</b>	<b>(\$91.50)</b>
<b>Medical and Dental Opt-Out Option</b>	<b>(\$100.00)</b>	<b>(\$100.00)</b>

**Pension Plan (retirement)**

After five (5) years of continuous service, you have vested rights and will receive retirement benefits even if you leave the company. Pension is based on 1.6% of your last five years final averaged annual earnings.

**Medical Plan Opt Out Option - \$100.00 credit per month for actively opting out of coverage**

**Page 2**

**Non-Union Associates Benefits**

**Employee Stock Ownership Plan (ESOP)**

- A. 0.5% granted with no associate contribution required**
- B. 100% match in company stock after-tax contributions up to 2% of eligible compensation**
- C. Immediately vested and tax-deferred contributions**
- D. Now available to acquired non-union associates**

**Basic Life Insurance, Accidental Death and Dismemberment (ADD) Insurance and Travel Accident Insurance**

- a. Basic Life insurance - 1.5 times base pay up to \$200,000**
- b. ADD - 1.5 times base pay up to \$200,000 for specific accidental injuries or death due to an accident**
- c. Travel Accident Insurance – Benefit equal to between \$400,000 and \$500,000**

**Voluntary Term Life Insurance – 1,2 or 3 times base pay up to a maximum of \$1,000,000.00 for associate.**

**Spouse coverage up to \$20,000. Dependent Child up to \$10,000.00.**

**Disability Insurance – Company-Paid coverage**

- a. No enrollment needed**
- b. 2 weeks of sick leave at full pay per completed year**
- c. 75% of base pay for the next 24 weeks**
- d. 60% LTD of base pay for period of total and permanent disability**

**Employee Assistance Plan (EAP)**

- a. Free and confidential services through Carebridge**
- b. Includes child and elder care referrals**

**Educational Assistance Program**

- a. Immediate eligibility for this benefit**
- b. Applies only to approved courses enrolled in after date of hire (associate only)**

**Page 3**

**Non-Union Associate Benefits**

**Dental Plan**

<b>Annual deductible</b>	<b>\$50 individual, \$100.00 family</b>
<b>Annual Maximum Benefit</b>	<b>\$1000.00 per individual</b>
<b>Preventative Care</b>	<b>You pay 0%, subject to reasonable and customary charges</b>
<b>Restorative and Major Care</b>	<b>You pay 20%, after deductible</b>
<b>Orthodontia Benefits</b>	<b>You pay 50%, after deductible</b>
<b>Separate Lifetime Maximum Benefit for Orthodontia</b>	<b>\$1500.00</b>

**Flexible Spending Accounts**

- A. Health Care FSA**  
**Pre-tax dollars to pay for eligible expenses not covered by medical or dental plan**
- B. Contribute between \$60.00 and \$1250.00**

**Dependent Care FSA**

- A. Pre-tax dollars to pay for eligible dependent day care expenses so you can work**
- B. Contribute between \$120.00 and \$2500.00 (\$1250.00 if married and filing separately)**

**Prescription Drug Benefits**

**Retail benefit through Aetna USHC**

- A. 30 day supply**
- B. 10% coinsurance for generic drugs**
- C. 20% coinsurance for brand name**

**Mail-Order Benefit Through ExpressScripts**

- A. 90 day supply**
- B. \$5.00 copay for generic drugs**
- C. \$15.00 copay for brand name drugs**

**Kentucky American Water Company**

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**Effective July 1, 2001**

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**HMO Plan** - Where available this plan will be offered. You must choose a primary Care Physician (PCP). There is no annual deductible, no annual out-of-pocket maximum, and no office visit charge. Preventive care visits require \$15.00 co-payment per visit. Emergency care requires a \$35.00 co-payment and if admitted to the hospital co-payment is waived. Each hospitalization requires a \$100.00 co-payment.

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**Spouse coverage up to \$20,000. Dependent Child up to \$10,000.00.**

**Disability Insurance – Company-Paid coverage**

- a. **No enrollment needed**
- b. **1 week of sick leave at full pay per completed year or service up to 26 week maximum**
- c. **\$250.00 per week, after full sick leave pay is exhausted, up to 52 weeks of disability**

**Employee Assistance Plan (EAP)**

- a. **Free and confidential services through Carebridge**
- b. **Includes child and elder care referrals**

**Educational Assistance Program**

- a. **Immediate eligibility for this benefit**
- b. **Applies only to approved courses enrolled in after date of hire (associate only)**

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Linda Bridwell

▲ 05/24/2001 10:27 AM

To: judgeexec@cinternet.net, judgeexec@dcr.net  
cc: Lisa Helton/KAWC/AWWSC@AWW, Roy Mundy, Nick Rowe, David Baker

Subject: Water line extensions

Dear Judge Link and Judge O'Bannion,

I just wanted to touch base with both of you to let you know about the status of the work. With David gone, I am afraid we are not communicating as often as we should.

First, we are finalizing the New Columbus Request for Proposal. I expect it to go out to engineering firms within a couple of weeks, and I hope to have someone ready to start design before the ink is dry on the Order closing the Tri-Village acquisition. The engineering work will include the Leaning Oak project, even though the two may be separated in construction. I received a formal notification from Georgetown that we could purchase water from them with a mark-up of \$0.70 per thousand gallons over our rate we sell to them at \$1.966 per thousand gallons. This gives us a lot of flexibility in service on the southeastern corner of Owen County and into Grant County.

I have instructed our engineers working in Scott County (CDP) to have the main along US 25 ready for construction this summer. The main is laid out and they are finalizing easements. Judge Lusby usually likes to have a public meeting and get as many of the easements signed at once as possible, but luckily there are only going to be five on this project. This will take our water right up to the end of the Corinth water area on US 25 by the Fall of 2001.

Judge O'Bannion, I have honestly not done anything with the extension of the Peaks Mill area until we get New Columbus up and running. I am excited about the potential for additional extensions in the area and thought I would wait to follow up after the acquisition was finalized.

I have a new engineer on board (Derek Churchill), who I hired from Quest Engineers. He will start working on main extensions in the Corinth area. Additionally, I have two more engineers that will start in June, which will help us keep things moving.

Please let me know if you have any questions.

Sincerely,  
Linda Bridwell