

ORDINANCE NO. 73-2009

AN ORDINANCE CREATING ARTICLE XIV OF CHAPTER 16 OF THE CODE OF ORDINANCES TO ESTABLISH A SYSTEM OF WATER QUALITY MANAGEMENT FEES; DEFINING TERMS RELATING TO THE WATER QUALITY MANAGEMENT FEES; IMPOSING A WATER QUALITY MANAGEMENT FEE ON EVERY PARCEL OF LAND IN FAYETTE COUNTY EXCEPT UNDEVELOPED PARCELS, RAILROAD TRACKS, STATE AND FEDERAL ROADS, URBAN COUNTY GOVERNMENT STREETS AND ROADS, AND PRIVATE STREETS USED EXCLUSIVELY FOR ACCESS TO SINGLE-FAMILY RESIDENTIAL PROPERTIES; PROVIDING THAT "CLASS A PROPERTIES: SINGLE FAMILY AND FARM PROPERTIES" SHALL PAY \$4.32 PER MONTH FOR EACH PARCEL AND THAT THE CHARGE FOR "CLASS B PROPERTIES: ALL OTHER PARCELS" SHALL BE BASED ON THE AMOUNT OF IMPERVIOUS SURFACE, EXPRESSED IN EQUIVALENT RESIDENTIAL UNITS (ERUs), DETERMINED TO BE 2,500 SQUARE FEET OF IMPERVIOUS SURFACE, MULTIPLIED BY \$4.32 PER MONTH BUT IN NO EVENT SHALL ANY PARCEL PAY LESS THAN \$4.32 PER MONTH; PROVIDING THAT WATER QUALITY MANAGEMENT FEES SHALL BE ADJUSTED ANNUALLY EACH FISCAL YEAR BEGINNING JULY 1, 2011, IN ACCORDANCE WITH THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS; PROVIDING FOR MONTHLY BILLING AND PROVIDING THAT THE OWNER, TENANT, OR PERSON RESPONSIBLE FOR PAYMENT OF WATER SERVICE AND /OR SEWER SERVICE CHARGES IS ALSO RESPONSIBLE FOR PAYMENT OF THE WATER QUALITY MANAGEMENT FEES; PROVIDING FOR ALLOCATION OF FEES AMONG MULTIPLE OCCUPANTS FOR SHOPPING CENTERS, APARTMENTS, CONDOMINIUMS, ETC., WITH THE OWNER REMAINING FULLY RESPONSIBLE FOR PAYMENT OF ALL WATER QUALITY MANAGEMENT FEES; PROVIDING FOR COLLECTION OF FEES, INCLUDING ESTABLISHING A PENALTY OF TEN PERCENT (10%) AND INTEREST OF ONE PERCENT (1%) PER CALENDAR MONTH ON BILLS REMAINING UNPAID FOR MORE THAN THIRTY (30) DAYS, AND AUTHORIZING AND DIRECTING THE DEPARTMENT OF LAW TO INSTITUTE LEGAL PROCEEDING FOR COLLECTION OF FEES; ESTABLISHING A THIRTY PERCENT (30%) DISCOUNT PROGRAM FOR QUALIFYING SENIOR CITIZENS AND DISABLED CITIZENS; TO ESTABLISH A GRANT PROGRAM PROVIDING FOR QUALIFYING CUSTOMERS TO RECEIVE A FIFTY PERCENT (50%) ADJUSTMENT TO THEIR BILL FOR WATER QUALITY MANAGEMENT FEES; PROVIDING THAT ALL MONIES COLLECTED THROUGH WATER QUALITY MANAGEMENT FEES SHALL BE SEPARATELY IDENTIFIED AND ACCOUNTED FOR AND ALL EXPENSES RELATING TO THE URBAN COUNTY GOVERNMENT'S STORMWATER PROGRAM SHALL BE SEPARATELY IDENTIFIED AND ADMINISTERED; PROVIDING AN APPEAL PROCESS FOR PERSONS WHO CONSIDER THAT FEES APPLIED ARE INACCURATE; ESTABLISHING A WATER QUALITY FEES BOARD TO REVIEW DENIALS OF REQUESTS FOR ADJUSTMENT OF SANITARY SEWER USER FEES AND DECISIONS ON APPLICATIONS FOR ADJUSTMENT TO WATER QUALITY MANAGEMENT FEES, PROVIDING THAT THE BOARD SHALL BE COMPOSED OF FIVE (5) CITIZENS APPOINTED BY THE MAYOR AND AN EX OFFICIO MEMBER FROM THE DEPARTMENT OF LAW, AND PROVIDING THAT NO TWO CITIZEN MEMBERS MAY RESIDE IN THE SAME COUNCIL DISTRICT; PROVIDING THAT A FORMAL REVIEW AND AUDIT OF THE WATER QUALITY MANAGEMENT FEES SHALL BE PERFORMED ON OR BEFORE JANUARY 31, 2013 AND EVERY FIVE (5) YEARS THEREAFTER AND PROVIDING THAT AT LEAST ONE PUBLIC HEARING SHALL BE HELD EVERY TIME THE REVIEW AND AUDIT IS PERFORMED; ESTABLISHING A STORMWATER QUALITY PROJECTS INCENTIVE GRANT PROGRAM TO PROVIDE COST-SHARING ASSISTANCE FOR ELIGIBLE PROJECTS THAT WILL IMPROVE WATER QUALITY TO BE FUNDED ANNUALLY IN AN AMOUNT NOT LESS THAN TEN PERCENT (10%) OF THE TOTAL REVENUE GENERATED BY THE FEES; PROVIDING THAT THE FEES WILL NOT BE IMPLEMENTED BEFORE JANUARY 1, 2010; AND REPEALING SECTION 16-63(c) RELATING TO THE SANITARY SEWER USER FEE APPEALS BOARD.

WHEREAS, the Urban County Government is authorized by statutory authority including, without limitation, KRS 67A.060, KRS 67.080, KRS 67.083 and KRS 82.082 to operate a stormwater drainage system to collect and convey stormwater which may be referred to as the MS4 or "municipal separate storm sewer system"; and

WHEREAS, the mission of the stormwater management program of the Urban County Government is to safely and efficiently manage stormwater runoff, enhance public health and safety, enhance public education of stormwater management issues, protect lives and property, facilitate mobility and enable access, complement and support other programs/objectives, minimize the discharge of pollutants in stormwater in compliance with applicable federal and state laws, and enhance the natural resources of the community; and

WHEREAS, the Urban County Government, the United States Environmental Protection Agency, and the Commonwealth of Kentucky have entered into a Consent Decree in a case styled *United States, et al. v. Lexington-Fayette Urban County Government*, United States District Court for the Eastern District of Kentucky, Case No. 5:06-CV-00386, wherein the Urban County Government is required to impose a stormwater management fee to fund the stormwater management program described therein; and

WHEREAS, KRS 91A.510 *et seq.* authorizes local governments to impose a fee or charge on users of a public service not also available from a non-governmental provider; and

WHEREAS, it is the desire of the Urban County Council to adopt and implement a schedule of fees sufficient to fund the stormwater management program.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 - That Article XIV of Chapter 16 of the Code of Ordinances of the Lexington-Fayette Urban County Government be, and hereby is, created and enacted to read as follows:

ARTICLE XIV. WATER QUALITY MANAGEMENT FEES

Sec. 16-401. Establishment.

A system and structure of water quality management fees to be applied to all developed parcels of land within Fayette County is hereby established in accordance with the provisions of this chapter.

Sec. 16-402. Definitions.

- (1) *Developed* means the condition of real property altered from its natural state by the addition to or construction on such property of impervious ground cover or other manmade physical improvements so that the hydrology of the property or a portion thereof is affected.
- (2) *Stormwater Management Program* means the plan for managing storm drainage and surface water runoff facilities and features within the water quality management area and the drainage basins therein.
- (3) *Water Quality Management Area* includes all developed parcels within Fayette County.
- (4) *Water quality management fee* means the fee levied by the urban county government upon all developed parcels within the boundaries of the water quality management area as authorized by this chapter.
- (5) *Equivalent Residential Unit (ERU)* means the measure of impervious ground cover for a typical single-family residential property used in assessing the water quality management fees for each parcel of property and which has been determined to be 2,500 square feet.
- (6) *Impervious Surface* means those hard surface areas either which prevent or retard the entry of water into the soil in the manner that such water entered the soil under natural conditions pre-existent to

development, or which cause water to run off the surface in greater quantities or at an increased rate of flow than that present under natural conditions pre-existent to development, including, without limitation, such surfaces as roof tops, asphalt, concrete, pavers, aggregate, paving, driveways and parking lots, private streets, walkways, patio areas, storage areas or other surfaces which similarly affect the natural infiltration or runoff patterns existing prior to development.

(7) *Non-Single Family Residential Properties or Parcels* means properties or parcels which contain more than one residential structure or one residential structure with more than two residential dwelling units and institutional, commercial or industrial properties.

(8) *Residence* means a building or structure or portion thereof, designed for and used to provide a place of abode for human beings. The term *Residence* includes the term *Residential* and *Residential Unit* as referring to the type of or intended use of building or structure.

(9) *Single Family Residential Property or Parcel* means any property or parcel which contains one residential structure with one or two residential dwelling units.

(10) *Stormwater Drainage System* means a conveyance or system of conveyances, including, but not limited to, roads with drainage systems, urban county streets, inlets, curbs, gutters, ditches, basins, man-made channels or storm drains which are: (i) owned or operated by the urban county government; and (ii) designed or used for collecting or conveying stormwater.

(11) *Stormwater* means stormwater runoff, snow melt runoff, and surface runoff and drainage.

(12) *Undeveloped* means the condition of real property unaltered by construction or addition to such property by man of impervious ground cover or physical manmade improvements of any kind which change the hydrology of the property from its natural state.

(13) *Farm property* means any parcel occupied exclusively for "agricultural use" as defined in Article 1-11 of the Zoning Ordinance.

(14) *Parcel or lot* means a legally created and definable piece of real estate resulting from subdivision of a large area or from conveyance by deed or land sales contract.

Sec. 16-403. Water quality management fee.

(1) A water quality management fee is imposed on every parcel of land within the water quality management area except the following:

- (a) undeveloped parcels;
- (b) railroad tracks;
- (c) state and federal roads;
- (d) urban county government streets and roads.

(e) private streets which are used exclusively for access to single-family residential parcels.

(2) The following charges are hereby established and imposed for all parcels within the water quality management area, excluding exempted properties:

(a) Class A properties: single family residential or farm properties. The single family residential rate shall be \$4.32 per month for each parcel and the farm property rate shall be \$4.32 per month for each parcel. This flat rate fee is based on each single-family residential parcel or farm property being equal to one ERU. The urban county government shall determine the number of single family residential parcels and farm properties in the water quality management area.

(b) Class B: all other parcels: The charge for all other parcels within the water quality management area shall be based upon the number of square feet of measured impervious surface, as determined by the urban county government through aerial photography and surface feature evaluation processes, expressed in whole ERUs by rounding to the nearest ERU (determined to be 2,500 square feet of impervious surface). The charge for Class B properties shall be computed by multiplying the number of ERUs for a given parcel by the unit rate established by the urban county government of \$4.32 per ERU per month but in no event shall any such parcel pay less than \$4.32 per month.

(c) All rates and fees set forth in this section shall be adjustable each July 1 beginning on July 1, 2011, by an amount based upon the Consumer Price Index for All Urban Consumers, the U.S. City Average ("CPI-u") published monthly by the Bureau of Labor Statistics. These rates shall be adjusted up if so indicated by a factor determined by averaging the monthly CPI-u published for the 12-month period ending, and including, April of the year before the July 1 adjustment.

Sec. 16-404. Billing and Collection.

(1) Water quality management fees shall be billed and made payable monthly.

(2) The owner(s), tenant(s), or person(s) responsible for the payment of water service charges and/or sewer service charges shall also be responsible for the payment of water quality management fees for the same parcel(s) except for multiple occupancy such as shopping centers, apartments, condominiums, etc., in which cases the urban county government may either allocate the water quality management fees among the occupants of the parcel or may deem that a single billing to the parcel's owner(s), agent, or association is appropriate. In either case, the billed party shall be responsible for payment of water quality management fees. In all situations, the owners of properties subject to water quality management fees shall be fully responsible for payment of said charges regardless of any other parties herein above identified as also being responsible for payment of water quality management fees.

(3) Bills for water quality management service shall be due when rendered; and the face amount, without penalty or interest, shall be paid on the due date.

(4) All unpaid water quality management bills are subject to a penalty and interest charge to be computed in the following manner:

(a) Any water quality management bill or a portion of any unpaid water quality management bill remaining unpaid for more than thirty (30) days from the date of billing shall be assessed a penalty of ten percent (10%) of the unpaid balance.

(b) In addition to the penalty provided in subsection (4)(a) of this section, any water quality management bill or a portion of any water quality management bill remaining unpaid for more than thirty (30) days from the date of billing shall be assessed an interest charge of one (1) percent per calendar month or portion of a calendar month against the unpaid balance of such bill.

(5) The department of law is authorized and directed to institute legal proceedings in the name of the urban county government in any court having jurisdiction over such matter for the collection of delinquent water quality management fees, and to take any actions necessary in such proceedings to protect the interests of the urban county government.

Sec. 16-405. Adjustment of charges.

Any user subject to the water quality management fee who is the legal title/leaseholder/renter of the benefited property who is age 65 or older, or who is receiving social security disability benefits, and whose annual household income (as defined in section 16-405.1(a)(2) below) is \$25,000 or less, said amount of income to be adjusted annually in accordance with

the Social Security Administration's cost of living adjustment, can apply for a discount. Upon acceptance for the discount, said user's bill shall be decreased by thirty (30) percent of the billing amount.

Sec. 16-405.1 Grant Program.

(a) As used in this section only, the following terms shall have the meanings given:

(1) *Assets test* means that any person having assets in excess of either:

(i) Five thousand dollars (\$5,000.00) in liquid assets such as bank accounts, savings, certificates of deposits, stocks, bonds, etc.; or

(ii) Five thousand dollars (\$5,000.00) in equity in assessed value of nonhomestead property;

shall be ineligible to participate in the program, notwithstanding that he meets the income level qualifications set forth in this section. However, motor vehicles for personal use, household furnishings and the benefited property itself, as well as buildings located thereon which are occupied by the person seeking to qualify as a home for himself and his family, shall not be included in computing assets.

(2) *Income* means total cash receipts to the residential water quality management fee customer and any co-habitant after taxes from all sources. These sources include money, wages and salaries after any deductions required by law, but not including food or rent in lieu of wages. They include receipts from self-employment or from one's own farm or business after deductions for business or farm expenses. They include regular payments from public assistance, social security, unemployment and worker's compensation, strike benefits from union funds, veteran's benefits, training stipends, alimony and military family allotments or other regular support from an absent family member or someone not living in the household; government employee pensions, private pensions and regular insurance or annuity payments; and income from dividends, interest, rents, royalties or income from estates and trusts. For eligibility purposes, income does not refer to the following money receipts: any assets drawn down as withdrawals from a bank, sale of property, house or car, tax refunds,

gifts, one-time insurance payments or compensation for injury; also to be disregarded is noncash income, such as the bonus value of food and fuel produced and consumed on farms and the imputed value of rent from owner-occupied farm or nonfarm housing.

(3) *Program* means the grant program established in this section.

(4) *Qualified customer* means a residential water quality management fee customer who meets the assets test and has an annual income equal to or less than one hundred twenty-five (125) percent of the poverty income levels set forth in the poverty guidelines chart established by the Community Services Administration, annually published in the Federal Register, in effect at the time of application. However, income itself shall be measured by the definition contained in subsection (a)(2) of this section.

(b) Qualified customers may receive up to a fifty (50) percent grant for the cost of their water quality management fees, decreasing their obligation to fifty (50) percent of the total charges on the bill. All payments of water quality management fee grants by the urban county government are subject to an annual appropriation by the urban county council of the funds to make such payments, and neither the establishment of this program nor participation in the program shall constitute a contract between the urban county government and any qualified property owner for other than the fiscal year for which funds are appropriated to make payments. In the event funds are not appropriated for any given fiscal year, customers will be required to pay the full cost for that year.

(c) Qualified customers who participate in this program shall not be eligible to receive the discount allowed in Section 16-405.

(d) The administration of this program shall be under the direct supervision of the mayor of the urban county government. The mayor may prescribe such regulations and procedures, consistent with the provisions of this section, as he deems necessary or appropriate to carry out the intentions stated herein. The commissioners of the departments of finance, environmental quality and social services shall be responsible for administration of aspects of the program at the direction of the mayor.

Sec. 16-406. Stormwater Revenues; Expenses.

All monies collected through water quality management fees authorized herein shall be separately

identified and accounted for in the urban county government's financial records, and all expenses related to the urban county government's stormwater program overseeing drainage, flood control, and water quality, including any administrative costs related thereto shall be separately identified and administered according to generally accepted principles of governmental accounting.

Sec. 16-407. Adjustment of Charges; Appeals.

(1) Any owner who considers that water quality management fees applied to the owner's parcel are inaccurate or otherwise disagrees with the determination may apply to the director of the division of water quality for a rate review, stating in writing the grounds for the adjustment. The director or his designee will review the case and report findings to the commissioner of environmental quality. The commissioner shall consider the complaint and staff recommendations and determine whether an adjustment is necessary to provide for reasonable and equitable application of the water quality management fee.

(2) Appeals of decisions made by the commissioner may be brought before the Water Quality Fees Appeals Board created pursuant to section 16-408.

Sec. 16-408. Water Quality Fees Board.

(1) There is established a Water Quality Fees Board to review:

(a) Denials by the director of revenue and commissioner of finance in cases where sanitary sewer users have submitted written requests for adjustments to their bills for the sanitary sewer user fee pursuant to section 16-59.

(b) Decisions made by the director of water quality and commissioner of environmental quality on applications for adjustments to water quality management fees as provided in section 16-407(1).

(c) Recommendations of the Director of Water Quality pursuant to section 16-410.

(2) The board shall meet quarterly and shall be composed of five (5) citizens appointed by the mayor and one (1) ex officio member from the department of law. No two citizen members may reside in the same urban county council districts. The terms of board members shall be four (4) years, which terms shall be staggered so that at least half the membership of the board is eligible for appointment every two (2) years.

(3) When considering an appeal of a decision pursuant to section 16-59 or section 16-407(1), the board shall review

applicants' written requests for adjustment, the written responses from the commissioner of finance or commissioner of environmental quality, and any other relevant documents. The board's decision as to the appropriate adjustment shall be final.

(4) When considering the recommendation of the Director of Water Quality pursuant to section 16-410, the board shall review the application, supporting information, and the director's recommendation to determine if the project proposed for inclusion in the Water Quality Incentive Grant Program meets the criteria contained in section 16-410(2).

Sec. 16-409. Review; Audit; Public Hearing

A formal review and audit of the water quality management fees established in this chapter shall be performed on or before January 31, 2013 and every five (5) years thereafter and the audit report shall be sent to the urban county council. At least one public hearing shall be held by the council related to the water quality management fees every time the review and audit required by this section is performed.

Sec. 16-410. Stormwater Quality Projects Incentive Grant Program.

(1) There is established a Stormwater Quality Projects Incentive Grant Program ("Program") to provide funding where urban county monetary participation is justified for the following:

(a) Cost-sharing assistance for stormwater projects/programs on residential and commercial /industrial properties with existing stormwater concerns; and

(b) Grants for community-based stormwater projects.

(2) Projects that may qualify for participation in the Program include, but are not limited to:

(a) projects to reduce stormwater runoff from the property;

(b) projects to improve water quality; and

(c) projects to provide public or private education related to stormwater quality.

(3) In determining whether a project/program qualifies for participation in the Program by justifying monetary participation by the urban county government, the following factors may be considered:

(a) the extent to which the project/program reduces stormwater runoff from the property or improves water quality in an amount in excess applicable urban county government standards;

(b) the applicant's record of compliance with the provisions of chapter 16 of the code of ordinances.

(4) To participate in the Program an application and information supporting the project/program must be submitted as provided for in a form provided by the Division of Water Quality.

(5) Eligible applicants may include, but are not limited to, property owners, neighborhood associations, and conservation organizations.

(6) Applications for participation in the Program shall be reviewed by the Division of Water Quality. If additional information is required the applicant will be notified. The Director of Water Quality shall make a recommendation for approval or denial of the application. The recommendation shall be presented to the Water Quality Fees Board which shall review the application and recommendation pursuant to section 16-408(4).

(7) All grants under this section are subject to the limitations of funding each fiscal year.

(8) The program shall be funded annually at a minimum of ten (10) percent of the total revenue generated by the water quality management fee and shall be reviewed as part of the audit provided for in section 16-409.

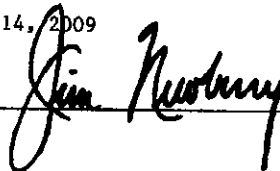
Section 2 - That the Water Quality Management Fees authorized in section 1 shall not be implemented before January 1, 2010.

Section 3 - That subsection 16-63(c) of the Code of Ordinances be and the same is hereby repealed.


Section 4 - That this Ordinance shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL: May 14, 2009

MAYOR



ATTEST:


CLERK OF URBAN COUNTY COUNCIL

PUBLISHED: May 21, 2009-1t

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07/07/2009

Resolution

504-2009

RESOLUTION NO. 504 -2009

A RESOLUTION AUTHORIZING AND DIRECTING THE MAYOR, ON BEHALF OF THE URBAN COUNTY GOVERNMENT, TO EXECUTE AN AGREEMENT WITH KENTUCKY-AMERICAN WATER COMPANY FOR THE BILLING, ACCOUNTING AND COLLECTING OF THE WATER QUALITY MANAGEMENT FEE, AT A COST NOT TO EXCEED 36.23¢ PER MONTH, FOR EACH ACCOUNT BILLED, TO BE ADJUSTED BY THE CPI-U ON JULY 1, 2011.

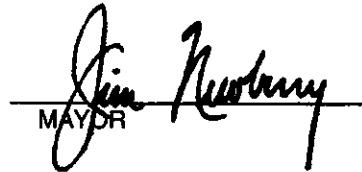
BE IT RESOLVED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 - That the Mayor, on behalf of the Lexington-Fayette Urban County Government, be and hereby is authorized and directed to execute the Agreement, which is attached hereto and incorporated herein by reference, with Kentucky-American Water Company for the billing, accounting and collecting of the Water Quality Management Fee.

Section 2 - That an amount, not to exceed the sum of 36.23¢ per month, per account, to be adjusted by the CPI-U on July 1, 2011, be and hereby is approved for payment to Kentucky-American Water Company, from account #4051-202604-71299 pursuant to the terms of the Agreement.

Section 3 - That this Resolution shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL: July 7, 2009


MAYOR

ATTEST:


CLERK OF URBAN COUNTY COUNCIL

PUBLISHED: July 13, 2009-1t

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ADMINISTRATIVE REVIEW FORM

Request for Council Action

For Instructions, See Reverse

444-09W

I. DIRECTORS AND / OR COMMISSIONERS

Summary of Action Requested: Approval is requested for the contract with KY American Water Co. for Water Quality Fee Billing Services.

Budgetary Implications: Yes No Advance Document Review: Law Risk Mgmt
If 'Yes', provide the following information. Prepare and attach B-102 if necessary

FUNDING	ACCOUNT NUMBER	THIS FY IMPACT	ANNUAL IMPACT
<input checked="" type="checkbox"/> Fully budgeted	4051-202604-0001-71299	\$ 217,380	\$434,760
<input type="checkbox"/> Partially budgeted		\$	\$
<input type="checkbox"/> Not budgeted		\$	\$

Director's Signature _____ Date _____
 Commissioner's Signature William O'Neil Date 6/29/2009

II. LOGGED IN SENIOR ADVISOR OF MANAGEMENT

Received By Jer Books Date 8/29/09

III. ADMINISTRATIVE SERVICES REVIEW

Review By	Initials / Date	Approve	Disapprove	Comments
Department of Law	<u>DJS, 6/29</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Division of Budgeting	<u>DM, 6/29</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Schedule No. _____	B-102 No. _____	Acct. No. <u>4051 202604 0001 71299</u>		
Fiscal Year <u>2010</u>	Annual Impact \$ <u>217,380</u>	Current Balance \$ <u>400,000</u>		
Division of Human Resources	_____	<input type="checkbox"/>	<input type="checkbox"/>	_____
Division of Community Development	_____	<input type="checkbox"/>	<input type="checkbox"/>	_____
Department of Finance	_____	<input type="checkbox"/>	<input type="checkbox"/>	_____

IV. POST REVIEW ACTION TAKEN

Forward to SAM Hold / Return to Commissioner or Director

V. SENIOR ADVISOR OF MANAGEMENT'S REVIEW

New Business Item Approve Disapprove Hold Until (Date) _____
 Mayor's Report Item Approve Disapprove Hold Until (Date) _____
 Senior Advisor of Management Jer Books Date 6-29-09

VI. WORK SESSION ACTION TAKEN

To Meeting Docket (Send to Law Dept) Receive as Information Only
 Refer to: _____ To Council _____ Committee
 Other: _____ Council Administrator Rebecca P. Farnsworth Date 6-30-09



Lexington-Fayette Urban County Government
DEPARTMENT OF FINANCE & ADMINISTRATION

Jim Newberry
Mayor

William O'Mara
Acting Commissioner

MEMORANDUM

TO: Mayor Jim Newberry
Councilmembers

FROM: Bill O'Mara, Acting Commissioner
Department of Finance *WTO*

DATE: June 29, 2009

SUBJECT: Water Quality Management Fee Billing

Attached is a contract with Kentucky American Water Company (KAWC) for Water Quality Management Fee Billing Services to begin January 1, 2010 in support of the new program. The contract is similar to the existing contract with KAWC for Landfill User Fee Billing Services and has been reviewed by the Division of Revenue and the Department of law.

Council approval is requested so necessary programming may be completed before implementation of the program.

If you have any questions or need additional information, please contact me.

cc: Cheryl Taylor, Commissioner of Environmental Quality
Charles Martin, Director of Water and Air Quality

AGREEMENT

THIS AGREEMENT, made and entered into on the 7th day of July, 2009, by and between the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Kentucky 40507 ("Government"), and **KENTUCKY-AMERICAN WATER COMPANY**, with offices located at 2300 Richmond Road, Lexington, Kentucky 40502 ("Water Company").

RECITALS:

WHEREAS, the Government has created a stormwater and water quality management program pursuant to Ordinance No. 73-2009 to safely and efficiently manage stormwater runoff and accomplish related objectives for the residents of Fayette County, Kentucky; and

WHEREAS, the Government has established charges, known as water quality management fees (hereinafter "water quality fees") that are imposed, with limited exception, on every parcel of land within the water quality management area of Fayette County, and that are to be implemented on January 1, 2010; and

WHEREAS, the water quality fees are charged to the owner(s), tenant(s), or person(s) responsible for the payment of water service charges and/or sewer service charges, or as otherwise designated by the Government (hereinafter "customers"); and

WHEREAS, the Government bills customers so served on a periodic basis with such charges being based upon the classification of the property and the payment of a flat fee, or a fee based upon the measurement of the square footage of impervious surface area multiplied by a unit rate; and

WHEREAS, the Water Company is engaged in the business of providing water service to substantially the same area and customers as are served by the Government; and

WHEREAS, the Government and the Water Company also have agreements related to the collection of disposal fees and sewer user fees.

WHEREAS, the Government and the Water Company acknowledge and understand that certain customers do not receive water service from the Water Company (the "Non-mutual Accounts"); and

WHEREAS, the Government has requested the Water Company to perform billing, accounting, and collecting for water quality fees for all of the customers of the Government regardless of whether the customer receives water service from the Water Company, and the Water Company is agreeable to such request; and

WHEREAS, the Government agrees to furnish the Water Company with sufficient data related to the water quality fees that is necessary to perform billing, accounting and collecting services; and

WHEREAS, the Water Company agrees to provide the Government on-line, read only access to the Water Company's data so that the Government can access sufficient data regarding the water quality fees; and

WHEREAS, the Government agrees to provide any changes to the water quality fees to the Water Company in the form of a computer file which the Water Company will use to update its customer records.

NOW, THEREFORE, in consideration of the Recitals which are a material part of this Agreement, the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, it is agreed by and between the parties as follows:

A. **BILLING, ACCOUNTING AND COLLECTING**

1. The Government and the Water Company shall jointly designate and cause to be identified on the Water Company's computer records, each customer of the Government who should be billed for the water quality fees, which shall include both water service customers of the

Water Company and the Non-Mutual Accounts (hereinafter collectively referred to as the "Accounts"). The Water Company shall bill all such Accounts for the water quality fees on behalf of the Government. Accounts will be billed by the Water Company at a rate based on information regarding the water quality fees at the billing address, and are computed for each monthly billing at a monthly rate or a daily rate, if applicable, based on the data updates provided by the Government pursuant to paragraph 8. Such daily rate will be determined using the same method as is used by the Water Company to pro rate water bills.

2. The Government shall, prior to the commencement of billing, accounting and collecting services by the Water Company pursuant hereto, furnish the Water Company with the ordinance(s) establishing the rate or rates to be charged for water quality fees. The Government will notify the Water Company of any revisions of such rates which will be accommodated and back billed if necessary. In no event shall the period between notice of the rate change and implementation for billing purposes be more than sixty (60) days.

3. All of the Accounts (water quality fees) billed by the Water Company pursuant to this Agreement shall be billed on a cycle which is the same as the Water Company uses for the billing of its water service customers.

4. For all Accounts, the Water Company agrees to observe the same diligence, policies and procedures in the billing, accounting and collecting of the water quality fees as it uses in administering the billing, accounting and collecting of its water service accounts, including but not limited to, establishment of payment plans and the preparation and mailing of delinquent notices. The Water Company reserves the right to change its billing procedures, including the billing frequency, with at least a ninety (90) day notice of execution to the Government.

5. Except as required by the ordinance(s) and/or as mutually agreed to by the parties, the Water Company and the Government will take whatever action is necessary to have the

payment of the water quality fees and the liability for them placed in the same person/name as is the water service for such account. An example of this requirement would be in the case of rental property, where the tenant is billed instead of the landlord. For all Non-Mutual Accounts, the parties will take the necessary action to have the payment of the water quality fees and the liability for them placed upon the owner of the property, as determined by reference to the current tax assessment roll in the office of the property valuation administrator, or the owner's designated agent, unless otherwise required by the ordinance or agreed to by the parties.

6. The Water Company shall (i) calculate the applicable water quality fees for each of the Government's customers identified pursuant to paragraph 1; (ii) print a water bill including the water quality fees therefore, and (iii) deposit such bill in the United States mail. If it does not interfere with the Water Company's requirement for messages and within space limitations, the Water Company shall include on the invoice a message upon the Government's request, and include an informational insert one time per year. The cost of the insert and handling costs will be at the Government's expense and must be designed to meet the weight, dimension and fold requirements of the Water Company.

7. All of the Government's water quality fees, plus any and all applicable federal, state or local sales, use or other tax, which are currently in effect or which may be imposed during the term of this Agreement, paid by its customers, will be collected and receipted by the Water Company and the Water Company shall separately transmit to the Government, on a daily basis, the collected balance from the preceding business day. The Government shall be solely responsible for filing any necessary and related tax forms and remitting amounts due to the appropriate taxing entities, subject to any errors in calculation, collection, or transmission by the Water Company. Any returned check fees or other fees which may be imposed by the Water Company during the term of this Agreement which are charged to and collected from customers

shall be retained by the Water Company. As of the date of this Agreement, the Government has determined that the water quality fees are not subject to any taxes. Should that condition change, when it is practical to do so, the Government will notify the Water Company in writing at least ninety (90) days prior to the effective date of the change. The Government shall pay the Water Company's additional reasonable expenses to accommodate such change.

8. The Water Company shall maintain accounts receivable data for the Government's customers charged a water quality fee. The Water Company shall provide the Government with regular ongoing on-line, read only access to the Water Company data for its Fayette County customers for the purpose of accessing individual water quality fee billing and payment information by any one of the following, or similar data or information: name, service location, Water Company identification number (currently premises number)(hereinafter "i.d. number(s)"). Such access shall be provided for any billing address for property located within Fayette County. The Government shall provide a weekly data file listing the i.d. numbers and corresponding changes related to the customers. The Water Company shall, without delay, load this file onto its database to update the customer information on the Accounts. On request by the Government, the Water Company shall run queries related to water quality fees on the Water Company computer which will be transmitted to the Government and may be subject to additional fees. The Water Company will prepare a monthly revenue summary report for the water quality fees and appropriate taxes. A Contract Billing Transaction Report shall include the beginning balances, adjustments, payments, billings, write-offs, and ending balances. An aging listing for each account over thirty (30) days and over ninety (90) days shall also be provided monthly. These reports will be available for review through Online Account Manager. The Water Company shall furnish a report each month which identifies both the creation of all new water accounts established by the Water Company for the preceding month and all of the water accounts that

have been inactivated or removed from service by the Water Company for the preceding month. The Water Company shall also provide a business analysis explaining the billing variances when compared with the previous month's or previous year's figures using any one or both of the following in this order: 5% difference in the number of bills issued; 4% difference in the amount of billed water quality fee revenue.

9. The Water Company shall provide a semi-annual reconciliation beginning July 31, 2010, said report to be delivered to the Government by the seventh (7th) day of the month following the last month to which such reports relate. The Water Company shall include a master file of all of the Accounts (including both Fayette County water accounts and Non-Mutual Accounts), listing water i.d. number, address, name, and number of Accounts.

10. The Government shall have the right, at its request, to perform an audit on site by qualified personnel agreed on by both parties of any records required to determine the accuracy of billing services, accounting, and monthly reports as provided pursuant to this Agreement. The Water Company and the Government shall each be responsible for their own costs incurred for equipment housed in their respective offices. The Water Company and the Government shall each designate one individual located at their respective Lexington offices whose primary duties shall be to act as liaison to assist in the implementation of the terms of this Agreement by assisting with the transmission of information required by the Agreement, by overseeing the monthly reports and providing an analysis and explanation of any billing variances, by responding to questions or requests for information from the public, and by informing eligible customers of the assistance program established by the Government pursuant to ordinance.

12. For purposes of this Agreement, the water service, sanitary sewer service charges, water quality fees, and disposal fees shall be considered one unified bill which must be paid in full or which must be the subject of a suitable payment plan in order to prevent termination of water

service or collection efforts. Any payment received by the Water Company which is not adequate to pay the bill in full or any payment according to a payment plan shall be applied first to the water service portion of the bill. After application of the payment to the water service portion of the bill, any remaining amounts will be applied first to the water quality fees portion of the bill, then to the disposal fees portion of the bill, and then to the sewer user fee. This provision is intended by the parties to supersede any existing requirement that they have by separate Agreement to apply the payment in any other manner.

13. With respect to the Non-Mutual Accounts, any and all payment shall be applied to the water quality fees. The Water Company shall timely notify the Government upon the payment delinquency of any of these types of accounts when such Accounts remain unpaid for a period exceeding sixty (60) days, and shall provide the Government with sufficient information pertaining to these types of Accounts in order for the Government to perform collection on the Accounts. The Water Company shall otherwise continue to bill the customers for any additional water quality fees on an ongoing basis unless otherwise notified by the Government.

14. This Agreement shall be for an initial term commencing on August 1, 2009 and terminating on October 1, 2011, subject to sufficient funds being appropriated in each fiscal year (commencing each July 1) by the Government. The parties understand and agree that pursuant to Ordinance No. 73-2009, the actual implementation of the water quality fees shall commence on January 1, 2010. At the end of the initial term, this Agreement shall automatically renew for successive twelve month periods, upon the same terms and conditions, subject to the provisions of paragraph 15, and subject to sufficient funds being appropriated in the applicable fiscal year by the Government, unless either party provides written notice no later than ninety (90) days prior to the expiration of the then current term. Any party proposing a renewal with different terms and conditions shall submit a written proposal containing such terms and conditions to the other party

no later than ninety (90) days prior to the expiration of the then current twelve (12) month term of the agreement. Either party to this Agreement may terminate the agreement for any reason upon ninety (90) days written notice to the other party at the addresses first above written.

15. The Water Company will issue a bill to the Government within fourteen (14) days after the close of each month, said bill including calculations supporting the invoice amount based on a charge of 36.23 cents (\$.3623) for each Account billed that month. The bill will be payable within fourteen (14) days of issuance. Requests for payment should be accompanied by a summary of the number of accounts billed. Said charges shall be adjustable each July 1 beginning on July 1, 2011, by an amount based upon the Consumer Price Index for All Urban Consumers, the U.S. City Average ("CPI-u") published monthly by the Bureau of Labor Statistics. The amount to be charged per bill shall be adjusted up by a factor determined by averaging the monthly CPI-u published for the 12-month period ending, and including, April of the year before the July 1 adjustment. Upon termination of the Agreement by either party as set forth in paragraph 11 herein, the Water Company shall be compensated only for the services provided to the effective date of the termination.

B. MISCELLANEOUS PROVISIONS

16. This Agreement shall be construed to be applicable to only the parties hereto and shall not confer any rights, privileges, or obligation on any third party, including customers of the Water Company and/or the Government.

17. The cost of the communication line(s) will be borne equally by both parties.

18. The Water Company shall incur no liability pursuant to this Agreement except to the extent of its own negligence or other improper conduct. The Water Company agrees to indemnify, hold harmless and defend the Government, its elected and appointed officials, board members, employees, agents and successors in interest from and against all liabilities, claims,

damages, penalties, causes of action, costs and expenses, including reasonable attorney fees, imposed upon or incurred by or asserted against the Government by reason of the intentional or negligent acts, or other improper conduct on the part of the Water Company, its contractors, agents, employees, directors, or officers.

To the extent allowable by law, the Government agrees to defend, indemnify and hold harmless the Water Company, its employees, directors, officers, agents and successors in interest from and against all liabilities, claims, damages, penalties, causes of action, costs and expenses, including reasonable attorney fees, imposed upon or incurred by or asserted against the Water Company by reason of the intentional or negligent acts, or other improper conduct on the part of the Government, its contractors, agents or employees. However, in no event shall this be deemed a waiver of any third party defense, including but not limited to sovereign immunity, which may be available to the Government.

19. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors.

20. This Agreement has been entered into and shall be construed in accordance with the laws of the Commonwealth of Kentucky.

21. Following execution by both parties, the Water Company will file the agreement with the Kentucky Public Service Commission. It is agreed and understood by the parties hereto that the provisions of this Agreement shall not become effective on August 1, 2009, unless it is filed with the Commission.

22. This Agreement is the entire agreement between the parties and may not be amended, modified or revised except by a written instrument signed by each of the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates hereinafter set forth, but to be effective as of August 1, 2009.

LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT

BY:

Jim Newberry
JIM NEWBERRY, MAYOR

ATTEST:

Susan Lamb
CLERK OF URBAN COUNTY COUNCIL

KENTUCKY-AMERICAN WATER COMPANY

BY:

Keith Cartier
KEITH CARTIER
VICE-PRESIDENT

WITNESSED BY:

00216847



2300 Richmond Road P 859-268-6324
Lexington, KY 40502 F 859-268-8327
www.amwater.com

February 25, 2010

Bill O'Mara
Commissioner, Finance & Administration
LFUCG Division of Revenue
200 E. Main Street
Lexington, KY 40507

Bill,

Please accept my sincere apology for KAW not delivering on its commitment to hold those February bills that went out prior to the corrections being made. I have discussed the issue with a number of individuals involved in the billing process within the various functions of American Water to ensure that any commitments made are delivered.

My expectations are aligned with yours – that we work together to address billing issues that may surface from time to time, and that Kentucky American Water will deliver on commitments. I am extremely disappointed that we did not meet expectations for this issue.

Kentucky American Water understands the importance of working through these initial process issues as the water quality management fee enters its second billing month. Should there be any issue of similar importance, please feel free to contact me directly so that I may ensure appropriate urgency is maintained throughout the process.

Sincerely,

Keith Cartier

cc: Nick Rowe
Emily Ashworth





STOLL · KEENON · OGDEN
PLLC

300 WEST VINE STREET
SUITE 2100
LEXINGTON, KY 40507-1801
MAIN: (859) 231-3000
FAX: (859) 253-1093
www.skofirm.com

LINDSEY W. INGRAM III
DIRECT DIAL: (859) 231-3982
DIRECT FAX: (859) 246-3672
L.Ingram@skofirm.com

January 4, 2011

VIA ELECTRONIC MAIL

Bill O'Mara
Director, Division of Revenue
LFUCG
200 East Main Street
Lexington, Kentucky 40507

Re: Kentucky American Water/LFUCG Billing Contracts

Dear Bill:

As you aware, this firm's client, Kentucky American Water ("KAW"), provides billing and collection services to the Lexington-Fayette Urban County Government ("LFUCG") for: LFUCG sewer fees, LFUCG solid waste disposal fees (sometimes referred to as "landfill" fees), and water quality management fees (sometimes referred to as "stormwater" fees). Those services are provided pursuant to three different contracts: (i) the October 4, 2007 sewer fees contract ("Sewer Contract"); (ii) the October 4, 2007 solid waste disposal fees contract ("Disposal Contract"); and (iii) the July 7, 2009 water quality fees contract ("Water Quality Contract").

When the Sewer Contract and Disposal Contract were finalized on October 4, 2007, KAW and the LFUCG agreed that when KAW receives a payment from a customer that is inadequate to pay the total bill for KAW water service, LFUCG sewer service and LFUCG disposal fees, the inadequate total would first be applied to the KAW water service portion of the bill until paid in full, then any remaining money would be applied to the LFUCG disposal fees portion of the bill until paid in full, and, lastly, any remaining money would be applied to the LFUCG sewer service portion of the bill. (See Section 11 of the Disposal Contract and Section 15 of the Sewer Contract).

When the Water Quality Contract was finalized on July 7, 2009, KAW and LFUCG again addressed the priority in which inadequate payments would be applied. Section 12 of the Water Quality Contract states that if a payment is inadequate to pay the total bill for KAW water service, LFUCG sewer service, LFUCG disposal fees and LFUCG water quality fees, that inadequate amount would first be applied to the KAW water service portion of the bill until paid in full, then any remaining money would be applied to LFUCG water quality fees portion of the

LEXINGTON • LOUISVILLE • FRANKFORT • HENDERSON

bill until paid in full. Any remaining money after that would then be applied to the LFUCG disposal fees portion of the bill until paid in full, and, lastly, any remaining money would then be applied to the LFUCG sewer service portion of the bill. Finally, Section 12 of the Water Quality Contract states that the payment application priority set forth therein "supersede(s) any existing requirement . . . to apply payment in any other manner."

In February 2010, KAW filed a general rate case at the Kentucky Public Service Commission ("PSC").¹ The LFUCG intervened and fully participated as a party to that proceeding. In discovery in that case, the PSC Staff became interested in the priority in which inadequate payments were being applied. Ultimately, the PSC issued its order in the case on December 14, 2010. At pages 81-84 of that order, the PSC expressed serious concern with the payment application priority because the contractual priority can lead to a situation in which water and sewer service are terminated for an individual's failure to pay disposal or water quality fees. Based on that concern and a discussion of relevant Kentucky statutory and regulatory authority, the PSC found that "Kentucky-American should cease this practice immediately and should instead apply any monies collected for LFUCG first to LFUCG sanitary sewer charges and then to disposal and water quality management fees."² The PSC's decision on this point stems from its conclusion that KAW may not terminate water and/or sewer service for a failure to pay water quality or disposal fees.

On December 16, 2010, two days after the PSC issued its order, I contacted Dave Barberie, LFUCG's counsel in the rate case, and asked for a meeting to discuss the payment application priority issue. We agreed to meet on December 17, 2010. Dave and I attended and we were joined by Gerald Reynolds (American Water internal counsel) and LFUCG counsel Ed Gardner. Jerry and I explained to Ed and Dave that, in light of the PSC's directive regarding payment application priority, KAW would have to immediately change how inadequate payments are applied and that KAW can no longer terminate water/sewer service for a failure pay disposal and water quality management fees. Ed and Dave agreed with that conclusion and when we discussed our preference for written documentation on the issue, they suggested a letter to you in which we agree to the application of a new payment priority.

By this letter, we seek to amend Section 15 of the Sewer Contract, Section 11 of the Disposal Contract and Section 12 of the Water Quality Contract to reflect that, as of December 14, 2010, KAW will apply payments in the following priority: the water service portion of the bill will be paid in full first; any remaining money will then be applied to the sewer service portion of the bill until paid in full; any remaining money after that will then be applied to the water quality fee portion of the bill until paid in full; and, finally, any remaining money after that will be applied to the disposal fee portion of the bill. Additionally, we seek to amend each of the three contracts to reflect that KAW will no longer terminate water/sewer service for a failure to

¹ *In the Matter of: Application of Kentucky-American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year*, Commonwealth of Kentucky, Public Service Commission, Case No. 2010-00036.

² PSC Order, page 84.

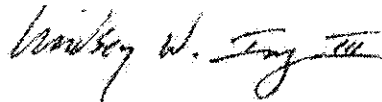
Bill O'Mara
January 4, 2011
Page 3

pay solid waste disposal fees and/or water quality fees. Of course, these amendments are required by the PSC's decision on this subject.

Assuming that LFUCG is in agreement with these required amendments, please indicate so by signing below and returning a copy to me. Of course, should you have any questions or concerns, please do not hesitate to contact me. Thank you for your attention to this matter.

Very truly yours,

Stoll Keenon Ogden PLLC



Lindsey W. Ingram III

Have seen and agreed to:

Bill O'Mara
Director, Division of Revenue
LFUCG

cc: David J. Barberie
Edward W. Gardner
Gerald A. Reynolds

010311.136290/3939346.1

03/08/2012

Resolution

111-2012

RESOLUTION NO. 111-2012

A RESOLUTION AUTHORIZING THE MAYOR, ON BEHALF OF THE URBAN COUNTY GOVERNMENT, TO EXECUTE A LETTER AGREEMENT WITH KENTUCKY-AMERICAN WATER COMPANY, EXTENDING THE TERMINATION DATES OF THE THREE SEPARATE BILLING AND COLLECTION SERVICES CONTRACTS DATED OCTOBER 4, 2007 (SEWER USER FEES), OCTOBER 4, 2007 (LANDFILL USER FEES), AND JULY 7, 2009 (WATER QUALITY MANAGEMENT FEES) TO AND INCLUDING AUGUST 31, 2012.

BE IT RESOLVED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 - That the Mayor, on behalf of the Lexington-Fayette Urban County Government, be and hereby is authorized to execute the Letter Agreement, which is attached hereto and incorporated herein by reference, with Kentucky-American Water Company, extending the termination dates of the three separate billing and collection services contracts dated October 4, 2007 (sewer user fees), October 4, 2007 (landfill user fees), and July 7, 2009 (water quality management fees) to and including August 31, 2012.

Section 2 - That this Resolution shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL: March 8, 2012

MAYOR



ATTEST:


CLERK OF URBAN COUNTY COUNCIL

PUBLISHED:

251-12 DJB:\Cases\REVENUE\12-LE0001\LEG\00337600.DOC



**Lexington-Fayette Urban County
Government**
File Summary

200 E. Main St
Lexington, KY 40507

File Number	Title	Current Status
0251-12	Resolution A Resolution authorizing the Mayor, on behalf of the Urban County Government, to execute a Letter Agreement with Ky.-American Water Co., extending the termination dates of the three separate billing and collection services contracts dated October 4, 2007 (sewer user fees), October 4, 2007 (landfill user fees), and July 7, 2009 (water quality management fees) to and including August 31, 2012. [Div. of Revenue, O'Mara] Introduced: 3/1/2012 Enactment Number: R-111-2012	Approved Controlling Body: Urban County Council



Lexington-Fayette Urban County Government
DEPARTMENT OF FINANCE & ADMINISTRATION

Jim Gray
Mayor

Jane Driskell
Commissioner

MEMORANDUM

TO: Mayor Jim Gray
Richard Moloney, CAO
Urban County Council Members

FROM: Bill O'Mara, Director Division of Revenue *William O'Mara*

DATE: March 1, 2012

SUBJECT: Kentucky American Water Company User Fee Billing & Collection Agreement Extension

Attached is the extension for the Kentucky American Water Company User Fee Billing & Collection Agreement through August 31, 2012. The extension maintains all of the current billing & collection services and fee schedules.

Please approve the agreement extension. If you have questions or need additional information, please contact me.

cc Jane Driskell, Commissioner of Finance

RECEIVED

JAN 30

L.F.U.C.G.
Department of Law

January 27, 2012

VIA HAND DELIVERY

Jane Driskell
Commissioner of Finance and Administration
Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507

Re: Billing and Collection Contracts

Dear Ms. Driskell:

I write to document the agreement Kentucky American Water ("KAW") has reached with the Lexington-Fayette Urban County Government ("LFUCG") to continue to provide billing and collection services for the LFUCG for sewer, landfill and storm water fees beyond March 31, 2012.

By way of background, KAW and the LFUCG entered into three separate contracts under which KAW has performed billing and collection services for certain services the LFUCG provides to its citizens. Specifically, by virtue of an October 4, 2007 contract between KAW and the LFUCG, the parties agreed that KAW would provide billing and collection services for sewer use fees the LFUCG charges to its citizens. Likewise, by a separate contract dated October 4, 2007, KAW has provided the same billing and collection services for landfill use fees the LFUCG charges to its citizenry. Finally, by contract dated July 7, 2009, the parties agreed that KAW would provide billing and collection services for storm water or "water quality management" fees that the LFUCG charges to its citizens.

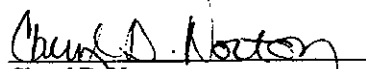
In the spring of 2011, KAW officials began to have discussions with LFUCG officials about the possibility of terminating the three contracts. In those discussions, KAW explained that, for various reasons, which included the expected sharp increases in price to the LFUCG of providing those services, it would be necessary to terminate the three contracts. During those discussions (which continued over the course of the summer of 2011), KAW consistently committed that it would not terminate the contracts in a manner that would leave the LFUCG in a compromised position. In fact, before KAW terminated the three contracts in writing by legal notices dated October 3, 2011, I wrote you on September 30, 2011 to inform you of KAW's willingness to help the LFUCG make the necessary transitions. I gave you my personal assurance that KAW would work collaboratively with the LFUCG to address any and all concerns before KAW's services under the contracts cease (the October 3, 2011 termination notices provided for a cessation date of March 31, 2012).

Recently, you and LFUCG Councilman Kevin Stinnett have informed me that the LFUCG has not been able to complete the steps necessary that would allow either the LFUCG or a third-party vendor it selects to perform the billing and collection services by March 31, 2012. Although that is both surprising and disappointing, the reasons for discontinuing these contractual relationships

continue to exist. KAW continues to believe that terminating those services will benefit the LFUCG, KAW and KAW's customers. LFUCG will gain more control over the collection of fees for landfill and storm water charges and KAW will be able to simplify its bills, both of which will benefit citizens and customers who pay their bills timely. Having said that, KAW remains firm in its commitment to help the LFUCG avoid being placed in a compromising position and it will take all reasonable steps to allow an orderly transition. Therefore, KAW is willing to continue to provide the services in question until August 31, 2012 (instead of March 31, 2012) on the same terms and conditions set forth in the above-referenced contracts. Please be advised the KAW cannot and will not provide the billing and collection services beyond August 31, 2012.

From a legal standpoint, the three contracts were terminated when KAW sent its October 3, 2011 notices providing an effective termination date of March 31, 2012. This letter documents the agreement KAW and the LFUCG have reached to amend each contract to extend the termination date of each contract to and including August 31, 2012. All other terms and conditions of the contracts shall prevail except to the extent those terms and conditions are inconsistent with the terms of this letter and/or amendments made to the contracts since they were executed. If this is acceptable to the LFUCG, please arrange for the execution called for below.

Of course, should you have any questions or concerns, please do not hesitate to contact me.


Cheryl D. Norton
President, Kentucky American Water

cc: Kevin Stinnett
Bill O'Mara

AGREED:

Lexington-Fayette Urban County Government

By:  _____

Its: Mayor _____

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Thursday, June 18, 2009 12:14 PM
To: William O'Mara
Cc: David Barberie; Bryan.Siler@amwater.com
Subject: Re: Draft Water Quality Contract

Bill,
Just wanted to confirm I have it, and we'll begin the review. Thanks.

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

"William O'Mara" <billo@fucg.com>

To <Keith.Cartier@amwater.com>, <Bryan.Siler@amwater.com>

06/18/2009 12:12 PM

CC "David Barberie" <dbarberi@fucg.com>

Subject Draft Water Quality Contract

Keith-
Here is a first draft of a water quality billing contract. It assumes an estimate of 1,000 non-mutual accounts (water quality accounts which have no water service in KAW system). I am hopeful KAW will quote one billing rate, however, if a tiered rate is desired, please specify.

Let me know if other issues need to be addressed.

Thanks-
Bill O[attachment "Working Draft - Water Quality Fees (6-18-09 Draft) (00216847) (3).DOC" deleted by Keith L Cartier/KAWC/AWWSC]

Janet Graham

From: A.Turner@amwater.com
Sent: Friday, June 26, 2009 9:45 AM
To: David Barberie; William O'Mara; Logan Askew
Cc: Bryan.Siler@amwater.com; Louise.Magee@amwater.com; Keith.Cartier@amwater.com
Subject: Stormwater Billing Contract
Attachments: Working Draft - Water Quality Fees 6-26awt.DOC

Attached is a redlined version of the draft billing contract you sent to Kentucky American, for your review.

A.W. Turner, Jr.
Southeast Regional Associate Counsel
American Water
2300 Richmond Road
Lexington, Kentucky 40502
859-268-6339 office phone
859-537-0243 cell phone
859-268-6327 fax

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Friday, July 17, 2009 8:52 AM
To: William O'Mara
Subject: Heads Up on bill submittal to PSC
Attachments: KAWC Sheet 28.2.doc; KAWC Sheet 28.1.doc

Bill,
Called the office and understand you are out of pocket today. Wanted to shoot you a preview of filing we'll make with PSC for bill revisions to accomodate water quality management fee. The attached are the referenced pages to be submitted. We can touch base Monday. Hope you have enjoyable weekend.

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: Scott Dickison [SDickison@lfucg.com]
Sent: Friday, October 23, 2009 3:40 PM
To: Bryan.Siler@amwater.com
Cc: Julie Mantrom; Charles Martin; Cheryl Taylor
Subject: Billing Question

Good afternoon,

I have a question about the billing system. I know that it is not possible to send non-integer ERU's to KAWC for billing. Would it be possible for us to submit dollar amounts with the premise number instead of ERU's with the premise number?

We're thinking that this would be in the neighborhood of 1000 records.

Also, please send me your latest versions of the premise and account files you sent me earlier this year. I'll go through those to update our information to match yours as closely as possible.

Thanks again for all of your help,

Scott Dickison, GISP
GIS Programmer/Analyst
Lexington-Fayette Urban County Government
Division of Computer Services
301 Lisle Industrial Ave
Lexington, KY 40511

p:(859)258-3414
sdickison@lfucg.com

Janet Graham

From: Bryan.Siler@amwater.com
Sent: Friday, October 23, 2009 5:27 PM
To: Scott Dickison
Cc: Julie Mantrom; Charles Martin; Cheryl Taylor; Jarold.Jackson@amwater.com
Subject: Re: Billing Question

Scott,

I will run those files and send them to you Monday. I am checking on the IT issue.

Bryan Siler
Southeast Region
bryan.siler@amwater.com
Phone: (859) 268-6350
Fax: (859) 335-3350

"Scott Dickison" <SDickison@lfucg.com>		To
10/23/2009 03:40 PM	<Bryan.Siler@amwater.com>	cc
	"Cheryl Taylor" <ctaylor4@lfucg.com>, "Julie Mantrom" <jmantrom@lfucg.com>, "Charles Martin" <chmartin@lfucg.com>	Subject
	Billing Question	

Good afternoon,

I have a question about the billing system. I know that it is not possible to send non-integer ERU's to KAWC for billing. Would it be possible for us to submit dollar amounts with the premise number instead of ERU's with the premise number? We're thinking that this would be in the neighborhood of 1000 records.

Also, please send me your latest versions of the premise and account files you sent me earlier this year. I'll go through those to update our information to match yours as closely as possible.

Thanks again for all of your help,

Scott Dickison, GISP
GIS Programmer/Analyst
Lexington-Fayette Urban County Government Division of Computer Services
301 Lisle Industrial Ave
Lexington, KY 40511

p: (859) 258-3414
sdickison@lfucg.com

Janet Graham

From: John-Mark.Hack@amwater.com
Sent: Monday, November 16, 2009 1:17 PM
To: William O'Mara; Cheryl Taylor
Subject: Follow up on storm water billing, landlords associations

Dear Cheryl and Bill,

You may recall that in our meeting of 11/5 with several council members and the landlords' representatives, it was requested that we determine if any other cities for which we provide storm water billing services might have landlords associations that could provide some insight into how they deal with the issue of fractional billing. While we do provide stormwater billing services to other communities, they are considerably smaller than Lexington and likely lack any formal association of landlords. These communities include Richmond, Indiana, Wabash, Indiana and Newburgh, Indiana. I just wanted to pass this information along. Thanks.

John-Mark Hack
Director of Governmental Affairs
Kentucky American Water Company
2300 Richmond Road
Lexington, Kentucky 40502
(859) 268-6314 - Direct
(859) 537-0737 - Mobile
(859) 268-6327 - Fax

Janet Graham

From: Cheryl Taylor [ctaylor4@lfucg.com]
Sent: Monday, November 16, 2009 1:50 PM
To: William O'Mara; John-Mark.Hack@amwater.com
Subject: RE: Follow up on storm water billing, landlords associations

Thanks John-Mark. We appreciate your follow-up and willingness to meet with the Council members and apartment owners.

From: John-Mark.Hack@amwater.com [mailto:John-Mark.Hack@amwater.com]
Sent: Monday, November 16, 2009 1:17 PM
To: Cheryl Taylor; William O'Mara
Subject: Follow up on storm water billing, landlords associations

Dear Cheryl and Bill,

You may recall that in our meeting of 11/5 with several council members and the landlords' representatives, it was requested that we determine if any other cities for which we provide storm water billing services might have landlords associations that could provide some insight into how they deal with the issue of fractional billing. While we do provide stormwater billing services to other communities, they are considerably smaller than Lexington and likely lack any formal association of landlords. These communities include Richmond, Indiana, Wabash, Indiana and Newburgh, Indiana. I just wanted to pass this information along. Thanks.

John-Mark Hack
Director of Governmental Affairs
Kentucky American Water Company
2300 Richmond Road
Lexington, Kentucky 40502
(859) 268-6314 - Direct
(859) 537-0737 - Mobile
(859) 268-6327 - Fax

Janet Graham

From: Maryann.Concilio@amwater.com
Sent: Thursday, January 07, 2010 11:01 AM
To: Julie Mantrom; Charles Martin; Cassie Felty; Mary Fister
Cc: Bryan.Siler@amwater.com; Scott.Grace@amwater.com; Trisha.Etedali@amwater.com
Subject: 1st Deposit for Quality Management Fee

Attachments: Kentucky01.xls



Kentucky01.xls (6
KB)

Hi everyone, today will be the 1st deposit for the LFUCG Management Fee in the amount of \$152.65. This amount will be added and deposited into the Landfill account for daily deposits.

I will be sending you an E-Mail daily or weekly to let you know how much has been collected and remitted to you. Please let me know how you would prefer to receive the breakdown and to whom I should send it.

Thank you and have a great day.

(See attached file: Kentucky01.xls)

Mary Ann Concilio-Sbraga
Cash Operations Analyst
American Water Shared Services Center
131 Woodcrest Rd.
Cherry Hill, NJ 08003
(856) 310-5886

We are committed to be a high-value, reliable, customer -focused service provider to support our American Water Business Partners.

"We are American Water Shared Services!"

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Thursday, February 25, 2010 11:10 AM
To: William O'Mara
Subject: LFUCG Billing Issue Follow Up
Attachments: LFUCG Bill O'Mara Letter 02.25.10.pdf

Bill,
Follow up letter based on our telephone discussion. Hard copy to follow.

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: William O'Mara [billo@lexingtonky.gov]
Sent: Thursday, February 25, 2010 11:55 AM
To: Keith.Cartier@amwater.com
Subject: RE: LFUCG Billing Issue Follow Up

Thanks Keith. I appreciate the letter and time looking into this for us.

Bill O

From: Keith.Cartier@amwater.com [mailto:Keith.Cartier@amwater.com]
Sent: Thursday, February 25, 2010 11:10 AM
To: William O'Mara
Subject: LFUCG Billing Issue Follow Up

Bill,
Follow up letter based on our telephone discussion. Hard copy to follow.

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: John-Mark.Hack@amwater.com
Sent: Monday, March 22, 2010 11:46 AM
To: Linda Gorton
Cc: A.Turner@amwater.com; Takisha.Walker@amwater.com; Council Members; William O'Mara
Subject: Re: KY American Water Billing Practices

Dear Linda:

Thanks for your note, and it was good to talk with you again on Friday afternoon. The short answer to your question is no, we don't routinely base our monthly bills on estimates. In fact, we have invested significant dollars in upgrading our meter technology to ensure the highest levels of accuracy in our meter readings. However, there are conditions under which we must (and by regulation are allowed to) estimate a customer's bill. Such conditions that would prevent us from reading a meter might include inclement weather or a customer parking on top of the meter box. When we estimate usage, we cross-check it with the next meter reading to gauge the accuracy of the estimate. If the estimate is below or above what the meter indicates usage was, then we make appropriate adjustments. I hope this response answers your question. Per our discussion on Friday, I will be contacting Mr. Ehinger directly to provide this same explanation. Please feel free to contact me anytime I can be of assistance.

And by the way, I very much enjoyed doing farm work in the Spring weather this weekend!

Take care,

JM

John-Mark Hack
 Director of Governmental Affairs
 Kentucky American Water Company
 2300 Richmond Road
 Lexington, Kentucky 40502
 (859) 268-6314 - Direct
 (859) 537-0737 - Mobile
 (859) 268-6327 - Fax

"Linda Gorton" <lgorton@lexingtonky.gov>

03/19/2010 03:48 PM

To "William O'Mara" <billo@lexingtonky.gov>, <John-Mark.Hack@amwater.com>

CC "Council Members" <CouncilMembers@lexingtonky.gov>
 Subject KY American Water Billing Practices

Bill & John-Mark,

Is it true that KAW bases its monthly water bills on estimated use, not actual use?

Thanks, enjoy Spring,

04/27/2013

Linda

From: Linda Gorton
Sent: Friday, March 19, 2010 3:31 PM
To: 'Ehinger, Mark A MAJ RES USAR USARC'
Cc: Melynda Milburn
Subject: RE: KY American Water Billing Practices

Dear Mark,

I was quite surprised to receive the information you forwarded concerning your water bill and "estimating" as a means to determine your usage. It raises concerns, as you mentioned, about how many of our citizens are unaware of this practice.

I will refer this to the government liaison for Kentucky American Water, as well as to our financial folks here at LFUCG and to the PSC. I will let you know of any responses I receive.

Spring has arrived and I hope it finds you well. Thanks for your continued service to our country.

Best regards,

Linda Gorton

Linda Gorton
Council Member At-Large
859-258-1745

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

From: Ehinger, Mark A MAJ RES USAR USARC [mailto:mark.a.ehinger@us.army.mil]
 Sent: Thursday, March 18, 2010 9:19 PM
 To: councilmembers@lfucg.com.
 Subject: KY American Water Billing Practices

Mr. & Mrs. Mark A. Ehinger
 801 Warfield Place
 Lexington, KY 40505
 (513)317-8028
 mark.a.ehinger@us.army.mil

LFUCG Council members

18 March 2010

I am writing to inform you of a practice that Kentucky American Water Company is engaging in which may be victimizing many of your constituents. I am receiving "service" from KY AM H2O at two addresses and have since June of last year. I have never used more than 600 cubic feet in any one month at one address (cumulative 2100 cubic feet over 7 months) and never more than 200 cubic feet in one month (cumulative 600 cubic feet over 7 months) at the other address. Therefore I was quite shocked to receive my bill for these two addresses for the period 13 Jan

04/27/2013

LFC_R_PSC_EX_#4(7)
 Page 47 of 133

through 11 February showing water usage of 1400 cubic feet for the first address and 1000 cubic feet for the second address (in excess of my total usage at that address over the last 7 months). This seemed to be outrageously high and when I look closely I saw that these numbers were based on an "estimate". When I went out and actually read the meter (which I thought was the job of KY AM H2O) I found that the actual usage for the first address was 100 cubic feet (1/14th of what I was billed for) and the actual usage at the second address was 300 cubic feet (less than 1/3rd of what I was billed for). When I called KY AM H2O to discuss the situation I talked to Sharon (ID #8235) who could provide me with no rationale for why my estimated bills were so ludicrously out of line with my actual usage and my previous pattern of water usage.

The more I thought about how KY AM H2O had billed me, the more concerned I became. I was in position to quickly ascertain that the bill was grossly inflated but many of their customers who are also your constituents are elderly and infirm and may not have been able to access their water meters to verify their water usage. If they also received grossly inflated bills and are on a fixed income, paying this additional unnecessary amount may have caused them financial hardship. The additional amount I was asked to pay was approximately \$150. Multiply that by the large number of customers KY AM H2O has in Fayette County and the amount KY AM H2O may have received in unwarranted pre-payments, essentially an interest free loan from their customers, may total in the hundreds of thousands of dollars. Considering that they operate as a regulated monopoly, engaging in this practice appears to me to be a serious violation of the public trust. I wanted to bring this to your attention to see if you believe this warrants further investigation. Thanks you for your time and attention in this matter.

Mark A. Ehinger

Janet Graham

From: GMcDevitt@amwater.com
Sent: Thursday, November 18, 2010 1:54 PM
To: William O'Mara; Lindsey.Ingram@skofirm.com; Angela.PlaiaTokacs@USBank.Com;
GNW.privateplacements@genworth.com; Mike.Bullock@OneAmerica.com;
vanessa.mesa@bnymellon.com; raul.dipp-solis@bnymellon.com; Mon.Szeto@genworth.com
Subject: Kentucky-American Financials
Attachments: KY_Q3_Qtrly_Report_11.15.10.pdf

*Kind Regards,
Gail*

(o) 856-346-8303
(f) 856-566-4004
(c) 609-313-6164

Work as if it was your first day. Forgive as soon as possible. Love without boundaries. Laugh without control and never stop smiling.

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Tuesday, December 14, 2010 3:30 PM
To: William O'Mara
Subject: PSC Rate Order Follow Up
Attachments: PSC Final Rate Order 12-14-10.pdf

Hi Bill. Tried the 258-3355 number and it rang into voice mail of someone else in revenue. Wanted to give you a heads up on one issue contained in today's PSC order on our rate increase request.

Beginning on page 81 of the order, and continuing to page 84, The PSC discusses the payment treatment and service termination process associated with the LFUCG billing contracts, and orders a change in prioritization of payments to water first, sanitary sewer second, and the other two items last.

We're beginning to look into what that takes to implement, but wanted to give you a call to discuss. I'll be running past our legal counsel as well, as the order obviously contradicts current contract language.

Attached as info is the order. I'll be back in touch as I learn anything, but feel free to call in the interim.

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: Ingram III, Lindsey [L.Ingram@skofirm.com]
Sent: Tuesday, January 04, 2011 1:44 PM
To: William O'Mara
Cc: Edward Gardner; David Barberie; Gerald.Reynolds@amwater.com
Subject: Kentucky American Water-LFUCG Billing Contracts
Attachments: 3939370_1 - Ltr OMara.PDF

Bill:

As explained in the attached, Dave Barberie and Ed Gardner suggested I send this to you.

Lindsey W. Ingram III
Stoll Keenon Ogden PLLC
300 W. Vine St.
Suite 2100
Lexington, KY 40507
859-231-3982 (direct dial)
859-221-0997 (cell)
859-246-3672 (direct fax)
L.ingram@skofirm.com

Janet Graham

From: David Barberie [dbarberi@lexingtonky.gov]
Sent: Tuesday, January 04, 2011 2:46 PM
To: Ingram III, Lindsey; William O'Mara
Cc: Edward Gardner; Gerald.Reynolds@amwater.com
Subject: RE: Kentucky American Water-LFUCG Billing Contracts
 Lindsey –

I suspect our only issue may be one of semantics. Although I think Revenue (Bill) is in a position to agree to how the contracts will be interpreted/enforced, he is not authorized to actually amend them, which would require Council approval. I do not think we want to have to go to Council for approval. Our thought would be to reach agreement on interpretation/enforcement for now and formally change the terms of the agreements when they come up for renewal.

This message may contain information which is confidential or privileged and should not be disseminated to the public. If you are not the intended recipient, please advise the sender immediately by reply e-mail and delete this message and any attachments without retaining a copy. Thank you.

David J. Barberie
 Attorney Senior
 Lexington-Fayette Urban County Government
 Department of Law (11th floor)
 200 East Main Street
 P.O. Box 34028
 Lexington, Kentucky 40588-4028
 Telephone: (859)258-3500
 Facsimile: (859)258-3538
dbarberi@lexingtonky.gov

From: Ingram III, Lindsey [mailto:L.Ingram@skofirm.com]
Sent: Tuesday, January 04, 2011 1:44 PM
To: William O'Mara
Cc: David Barberie; Edward Gardner; Gerald.Reynolds@amwater.com
Subject: Kentucky American Water-LFUCG Billing Contracts

Bill:

As explained in the attached, Dave Barberie and Ed Gardner suggested I send this to you.

Lindsey W. Ingram III
 Stoll Keenon Ogden PLLC
 300 W. Vine St.
 Suite 2100
 Lexington, KY 40507
 859-231-3982 (direct dial)
 859-221-0997 (cell)
 859-246-3672 (direct fax)
L.ingram@skofirm.com

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Friday, July 22, 2011 2:01 PM
To: William O'Mara; Jane C Driskell
Subject: Follow up on billing contract discussion

Jane, Bill

I wanted to drop you both a note to let you know we've been working to pull information together on the follow up items arising from our discussion. Both Cheryl and I are out of town the bulk of next week, but would expect the information to be available for the next round of discussions early the following week (the week of Aug 1). Understand next Friday's tour of the new water plant may not work. If it happens to work out, Cheryl will see you there. Otherwise, we'll continue to look for opportunities for you both.

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Thursday, September 01, 2011 9:01 AM
To: William O'Mara
Subject: Billing Discussion Follow Up Items

Bill,

Wanted to provide a quick status on follow up information from last week's discussion.

Definition of "Record" - confirming what I'd conveyed during the session, a record would be the equivalent of a meter read with all other relevant information like name, address, premise, etc. So each of those individual items are not "records". For those accounts with multiple meters - each meter would be considered a record.

Updating of information - same as now. The information is refreshed weekly for account manager.

Source of info - Confirming that account manager would be the source of the info. So there are no additional files or transfers. LFUCG would retrieve all the info that's needed from the account manager portal.

Still following up on potential billing/mailing vendors of which we may be aware, and will forward that info. Also researching clients in other states for number of shut offs, though that seems to be based on their preferences - i.e., what balance triggers action, how frequently they bill, etc.

Hope you have an enjoyable holiday weekend.

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: William O'Mara [billo@lexingtonky.gov]
Sent: Thursday, September 01, 2011 10:22 AM
To: Keith.Cartier@amwater.com
Subject: RE: Billing Discussion Follow Up Items

Keith-

Thanks for the follow up. Great news on definition of "record". Very interested in any billing service vendors which AWC may have experience with.

Thanks again and have a good weekend too.

Bill O

From: Keith.Cartier@amwater.com [mailto:Keith.Cartier@amwater.com]
Sent: Thursday, September 01, 2011 9:01 AM
To: William O'Mara
Subject: Billing Discussion Follow Up Items

Bill,

Wanted to provide a quick status on follow up information from last week's discussion.

Definition of "Record" - confirming what I'd conveyed during the session, a record would be the equivalent of a meter read with all other relevant information like name, address, premise, etc. So each of those individual items are not "records". For those accounts with multiple meters - each meter would be considered a record.

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Source of info - Confirming that account manager would be the source of the info. So there are no additional files or transfers. LFUCG would retrieve all the info that's needed from the account manager portal.

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Hope you have an enjoyable holiday weekend.

Keith Cartier
 Vice President, Operations
 Kentucky American Water
 1 859 268 6324 Office
 1 859 321 9803 Cell
 keith.cartier@amwater.com

Janet Graham

From: Linda Borkosky [linda.borkosky@therfpcompany.com]
Sent: Wednesday, September 14, 2011 1:07 PM
To: Linda Borkosky; William O'Mara
Cc: Candice Deininger
Subject: Re: User Fee business flow

Great - no need for me to summarize you capture the timeline below. I'll have some more dates/times identified by Monday.

See you Monday Candice!

Linda Borkosky
the RFP company
(859)312-7690

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

From: William O'Mara [mailto:billo@lexingtonky.gov]
Sent: Wednesday, September 14, 2011 12:18 PM
To: 'Linda Borkosky'
Cc: 'Candice Deininger'
Subject: User Fee business flow

Linda-

You are confirmed for the first three dates and times!!!!

Tuesday 9/20 8-10.00 Candice at her office

Wednesday 9/21 8-10.00 Water Quality, probably at the offices
off Leestown. Candice will fill you in on who you will be speaking with and directions to
the offices.

Tuesday 9/27 3-5.00 KAWC offices on Richmond Road.
You will be speaking with Brian Siler and can reach him at Bryan.Siler@amwater.com

We will try and have the Landfill person identified quickly also.

Great start. Let's hope we can maintain this momentum.

Bill O

Janet Graham

From: David Barberie [dbarberi@lexingtonky.gov]
Sent: Wednesday, September 21, 2011 3:34 PM
To: Ingram III, Lindsey
Cc: William O'Mara; JANET GRAHAM; Jane C Driskell; richard.bertelson@amwater.com
Subject: RE: KAW-LFUCG Billing Contracts

Sure. Sometime between 10 am and noon would be best. Let me know.

This message may contain information which is confidential or privileged and should not be disseminated to the public. If you are not the intended recipient, please advise the sender immediately by reply e-mail and delete this message and any attachments without retaining a copy. Thank you.

David J. Barberie
Attorney Senior
Lexington-Fayette Urban County Government
Department of Law (11th floor)
200 East Main Street
P.O. Box 34028
Lexington, Kentucky 40588-4028
Telephone: (859)258-3500
Facsimile: (859)258-3538
dbarberi@lexingtonky.gov

From: Ingram III, Lindsey [mailto:L.Ingram@skofirm.com]
Sent: Wednesday, September 21, 2011 3:32 PM
To: David Barberie
Cc: Richard.Bertelson@amwater.com; Janet Graham
Subject: KAW-LFUCG Billing Contracts

Dave:

Would you have 30 minutes this Friday to meet with Rick Bertelson and me about these contracts? If so, what time is good for you?

Lindsey

Janet Graham

From: Ingram III, Lindsey [L.Ingram@skofirm.com]
Sent: Wednesday, September 21, 2011 3:49 PM
To: David Barberie
Cc: William O'Mara; JANET GRAHAM; Jane C Driskell; richard.bertelson@amwater.com
Subject: RE: KAW-LFUCG Billing Contracts

Great, Rick and I will come to your place at 10:30. Thanks.

Lindsey

From: David Barberie [mailto:dbarberi@lexingtonky.gov]
Sent: Wednesday, September 21, 2011 3:34 PM
To: Ingram III, Lindsey
Cc: Richard.Bertelson@amwater.com; Janet Graham; Jane C Driskell; William O'Mara
Subject: RE: KAW-LFUCG Billing Contracts

Sure. Sometime between 10 am and noon would be best. Let me know.

This message may contain information which is confidential or privileged and should not be disseminated to the public. If you are not the intended recipient, please advise the sender immediately by reply e-mail and delete this message and any attachments without retaining a copy. Thank you.

David J. Barberie
Attorney Senior
Lexington-Fayette Urban County Government
Department of Law (11th floor)
200 East Main Street
P.O. Box 34028
Lexington, Kentucky 40588-4028
Telephone: (859)258-3500
Facsimile: (859)258-3538
dbarberi@lexingtonky.gov

From: Ingram III, Lindsey [mailto:L.Ingram@skofirm.com]
Sent: Wednesday, September 21, 2011 3:32 PM
To: David Barberie
Cc: Richard.Bertelson@amwater.com; Janet Graham
Subject: KAW-LFUCG Billing Contracts

Dave:

Would you have 30 minutes this Friday to meet with Rick Bertelson and me about these contracts? If so, what time is good for you?

Lindsey

David Barberie

From: Richard.Bertelson@amwater.com
Sent: Friday, September 23, 2011 1:04 PM
To: David Barberie
Cc: Ingram III, Lindsey
Subject: Kentucky-American Water draft notices

Attachments: LFUCG Sewer Landfill WQM Billing - Draft Termination Notices 9-23-11.pdf



LFUCG Sewer
Landfill WQM Billi..

David,

Here are the draft notices that I prepared. Please let me know if I can provide you any further information with regard to this matter. Note that the attached version of the water quality management fee notice omits a couple of typos I discovered subsequent to our meeting ("47th day of July" and reference to paragraph 19, which, as corrected, is paragraph 14).

(See attached file: LFUCG Sewer Landfill WQM Billing - Draft Termination Notices 9-23-11.pdf)

Thank you, again, for your time this morning. It was nice meeting you, and I look forward to working with you in the future.

Sincerely,

-Rick Bertelson

Richard W. Bertelson, III
Corporate Counsel
American Water
2300 Richmond Road
Lexington, KY 40502
P: (859) 268-6367
F: (859) 2686327
C: (859) 361-2855

**180 DAY NOTICE OF
BILLING, ACCOUNTING, AND COLLECTION AGREEMENT TERMINATION**

WHEREAS, the attached Billing, Accounting, and Collection Agreement (“Agreement”) was made and entered into on the 4th day of October, 2007, by and between Kentucky-American Water Company (“Water Company”), of 2300 Richmond Road, Lexington, Kentucky 40502, and Lexington-Fayette Urban County Government (“Government”), of 200 West Main Street, Lexington, Kentucky 40507, under which the Water Company provides billing, accounting, and collection for sanitary sewer service charges for the sanitary sewer customers of the Government, as well as termination of water service for reason of delinquency and reconnection of water service upon payment of all charges by a delinquent sanitary sewer customer.

WHEREAS, Paragraph 19 of the Agreement provides that, “Either party to this Agreement may terminate the agreement for any reason upon one hundred and eighty (180) days written notice to the other party at the addresses first above written.”

NOW THEREFORE, it is the desire of the Water Company to terminate the Agreement. The Government is notified that One Hundred Eighty (180) days from the date of this notice, being the 31st day of March 2012, the referenced Agreement is terminated, unless the Government, by written notice to the Water Company provided at least five (5) days in advance, notifies the Water Company of its desire to terminate the Agreement sooner than the March 31, 2012 termination date provided herein.

IN WITNESS HEREOF, the Water Company serves this 180 Day Notice of Billing, Accounting, and Collecting Agreement Termination on the Government this the 3rd day of October 2011.

Kentucky-American Water Company

By: _____

Its: _____

Date: _____

**180 DAY NOTICE OF
BILLING, ACCOUNTING, AND COLLECTION AGREEMENT TERMINATION**

WHEREAS, the attached Billing, Accounting, and Collection Agreement (“Agreement”) was made and entered into on the 4th day of October, 2007, by and between Kentucky-American Water Company (“Water Company”), of 2300 Richmond Road, Lexington, Kentucky 40502, and Lexington-Fayette Urban County Government (“Government”), of 200 West Main Street, Lexington, Kentucky 40507, under which the Water Company provides billing, accounting, and collection for solid waste disposal fees for the refuse collection customers of the Government.

WHEREAS, Paragraph 12 of the Agreement provides that, “Either party to this Agreement may terminate the agreement for any reason upon one hundred and eighty (180) days written notice to the other party at the addresses first above written.”

NOW THEREFORE, it is the desire of the Water Company to terminate the referenced Agreement. The Government is notified that One Hundred Eighty (180) days from the date of this notice, being the 31st day of March 2012, the referenced Agreement is terminated, unless the Government, by written notice to the Water Company provided at least five (5) days in advance, notifies the Water Company of its desire to terminate the Agreement sooner than the March 31, 2012 termination date provided herein.

IN WITNESS HEREOF, the Water Company serves this 180 Day Notice of Billing, Accounting, and Collecting Agreement Termination on the Government this the 3rd day of October 2011.

Kentucky-American Water Company

By: _____

Its: _____

Date: _____

**90 DAY NOTICE OF
BILLING, ACCOUNTING, AND COLLECTION AGREEMENT TERMINATION**

WHEREAS, the attached Billing, Accounting, and Collection Agreement (“Agreement”) was made and entered into on the 7th day of July, 2009, by and between Kentucky-American Water Company (“Water Company”), of 2300 Richmond Road, Lexington, Kentucky 40502, and Lexington-Fayette Urban County Government (“Government”), of 200 West Main Street, Lexington, Kentucky 40507, under which the Water Company provides billing, accounting, and collection for water quality management fees for the customers of the Government.

WHEREAS, Paragraph 14 of the Agreement provides that, “Either party to this Agreement may terminate the agreement for any reason upon ninety (90) days written notice to the other party at the addresses first above written.”

NOW THEREFORE, it is the desire of the Water Company to terminate the Agreement. The Government is notified that One Hundred Eighty (180) days from the date of this notice, being the 31st day of March 2012, the referenced Agreement is terminated, unless the Government, by written notice to the Water Company provided at least five (5) days in advance, notifies the Water Company of its desire to terminate the Agreement sooner than the March 31, 2012 termination date provided herein.

IN WITNESS HEREOF, the Water Company serves this 90 Day Notice of Billing, Accounting, and Collecting Agreement Termination on the Government this the 3rd day of October 2011.

Kentucky-American Water Company

By: _____

Its: _____

Date: _____

David Barberie

From: Richard.Bertelson@amwater.com
Sent: Monday, October 03, 2011 10:30 AM
To: David Barberie; Janet Graham
Cc: Ingram III, Lindsey
Subject: Notifications

Dear David and Janet,

I will be bringing the 180-day notices for the sewer, landfill, and water management fee billing to the LFUCG offices this afternoon. I intend to provide one copy of the notices to Mayor Gray and one copy to each of you. Let me know if you need me to provide any additional copies to anyone in LFUCG, and I will be happy to do so. Thank you.

-Rick Bertelson

Richard W. Bertelson, III
Corporate Counsel
American Water
2300 Richmond Road
Lexington, KY 40502
P: (859) 268-6367
F: (859) 268-6327
C: (859) 361-2855

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Wednesday, November 30, 2011 10:30 AM
To: William O'Mara
Cc: Bryan.Siler@amwater.com
Subject: individual requests for RFP info

Hi Bill,

Just an FYI and request. Bryan Siler has been receiving requests for various info directly from some prospective responders. Consistant with what I believe we agreed, we're referring those back to LFUCG for vetting and response. If there are aspects that LFUCG may not be able to address, then we'd provide that info back to LFUCG for dispersal to all interested parties. Initially we thought that we refer back to you, but then realized we're not that familiar with the internal LFUCG processes to know whether that would be appropriate. Is there someone else who would be more appropriate for the prospect questions?

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: William O'Mara [billo@lexingtonky.gov]
Sent: Wednesday, November 30, 2011 10:50 AM
To: Keith.Cartier@amwater.com
Cc: Bryan.Siler@amwater.com
Subject: RE: individual requests for RFP info

Keith-

Under our purchasing rules, when a RFP is open, all communications must channel through the Purchasing Division. Todd Slatin is the contact point in Purchasing. His contact info is

tskatin@lexingtonky.gov or 258-3328. If Bryan could furnish Todd any needed information, he will coordinate with prospective vendors.

Thanks-
Bill O

From: Keith.Cartier@amwater.com [mailto:Keith.Cartier@amwater.com]
Sent: Wednesday, November 30, 2011 10:30 AM
To: William O'Mara
Cc: Bryan.Siler@amwater.com
Subject: individual requests for RFP info

Hi Bill,

Just an FYI and request. Bryan Siler has been receiving requests for various info directly from some prospective responders. Consistant with what I believe we agreed, we're referring those back to LFUCG for vetting and response. If there are aspects that LFUCG may not be able to address, then we'd provide that info back to LFUCG for dispersal to all interested parties. Initially we thought that we refer back to you, but then realized we're not that familiar with the internal LFUCG processes to know whether that would be appropriate. Is there someone else who would be more appropriate for the prospect questions?

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Wednesday, November 30, 2011 10:53 AM
To: William O'Mara
Subject: RE: individual requests for RFP info

Will do and thanks for the quick response.

Keith Cartier
 Vice President, Operations
 Kentucky American Water
 1 859 268 6324 Office
 1 859 321 9803 Cell
 keith.cartier@amwater.com

"William O'Mara" <billo@lexingtonky.gov>

To <Keith.Cartier@amwater.com>

11/30/2011 10:49 AM

CC <Bryan.Siler@amwater.com>

Subject RE: individual requests for RFP info

Keith-

Under our purchasing rules, when a RFP is open, all communications must channel through the Purchasing Division. Todd Slatin is the contact point in Purchasing. His contact info is

tskatin@lexingtonky.gov or 258-3328. If Bryan could furnish Todd any needed information, he will coordinate with prospective vendors.

Thanks-
 Bill O

From: Keith.Cartier@amwater.com [mailto:Keith.Cartier@amwater.com]
Sent: Wednesday, November 30, 2011 10:30 AM
To: William O'Mara
Cc: Bryan.Siler@amwater.com
Subject: individual requests for RFP info

Hi Bill,

Just an FYI and request. Bryan Siler has been receiving requests for various info directly from some prospective responders. Consistant with what I believe we agreed, we're referring those back to LFUCG for vetting and response. If there are aspects that LFUCG may not be able to address, then we'd provide that info back to LFUCG for dispersal to all interested parties. Initially we thought that we refer back to you, but then realized we're not that familiar with the internal LFUCG processes to know whether that would be appropriate. Is there someone else who would be more appropriate for the prospect questions?

04/27/2013

LFC_R_PSC_EX_#4(7)
 Page 66 of 133

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

January 27, 2012

VIA HAND DELIVERY

Jane Driskell
Commissioner of Finance and Administration
Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507

RECEIVED

JAN 30

L.F.U.C.G.
Department of Law

Re: Billing and Collection Contracts

Dear Ms. Driskell:

I write to document the agreement Kentucky American Water ("KAW") has reached with the Lexington-Fayette Urban County Government ("LFUCG") to continue to provide billing and collection services for the LFUCG for sewer, landfill and storm water fees beyond March 31, 2012.

By way of background, KAW and the LFUCG entered into three separate contracts under which KAW has performed billing and collection services for certain services the LFUCG provides to its citizens. Specifically, by virtue of an October 4, 2007 contract between KAW and the LFUCG, the parties agreed that KAW would provide billing and collection services for sewer use fees the LFUCG charges to its citizens. Likewise, by a separate contract dated October 4, 2007, KAW has provided the same billing and collection services for landfill use fees the LFUCG charges to its citizenry. Finally, by contract dated July 7, 2009, the parties agreed that KAW would provide billing and collection services for storm water or "water quality management" fees that the LFUCG charges to its citizens.

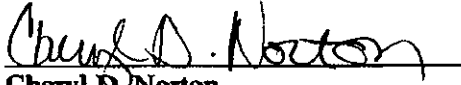
In the spring of 2011, KAW officials began to have discussions with LFUCG officials about the possibility of terminating the three contracts. In those discussions, KAW explained that, for various reasons, which included the expected sharp increases in price to the LFUCG of providing those services, it would be necessary to terminate the three contracts. During those discussions (which continued over the course of the summer of 2011), KAW consistently committed that it would not terminate the contracts in a manner that would leave the LFUCG in a compromised position. In fact, before KAW terminated the three contracts in writing by legal notices dated October 3, 2011, I wrote you on September 30, 2011 to inform you of KAW's willingness to help the LFUCG make the necessary transitions. I gave you my personal assurance that KAW would work collaboratively with the LFUCG to address any and all concerns before KAW's services under the contracts cease (the October 3, 2011 termination notices provided for a cessation date of March 31, 2012).

Recently, you and LFUCG Councilman Kevin Stinnett have informed me that the LFUCG has not been able to complete the steps necessary that would allow either the LFUCG or a third-party vendor it selects to perform the billing and collection services by March 31, 2012. Although that is both surprising and disappointing, the reasons for discontinuing these contractual relationships

continue to exist. KAW continues to believe that terminating those services will benefit the LFUCG, KAW and KAW's customers. LFUCG will gain more control over the collection of fees for landfill and storm water charges and KAW will be able to simplify its bills, both of which will benefit citizens and customers who pay their bills timely. Having said that, KAW remains firm in its commitment to help the LFUCG avoid being placed in a compromising position and it will take all reasonable steps to allow an orderly transition. Therefore, KAW is willing to continue to provide the services in question until August 31, 2012 (instead of March 31, 2012) on the same terms and conditions set forth in the above-referenced contracts. Please be advised the KAW cannot and will not provide the billing and collection services beyond August 31, 2012.

From a legal standpoint, the three contracts were terminated when KAW sent its October 3, 2011 notices providing an effective termination date of March 31, 2012. This letter documents the agreement KAW and the LFUCG have reached to amend each contract to extend the termination date of each contract to and including August 31, 2012. All other terms and conditions of the contracts shall prevail except to the extent those terms and conditions are inconsistent with the terms of this letter and/or amendments made to the contracts since they were executed. If this is acceptable to the LFUCG, please arrange for the execution called for below.

Of course, should you have any questions or concerns, please do not hesitate to contact me.


Cheryl D. Norton
President, Kentucky American Water

cc: Kevin Stinnett
Bill O'Mara

AGREED:

Lexington-Fayette Urban County Government

By: _____

Its: _____

David Barberie

From: David Barberie
Sent: Monday, January 30, 2012 8:05 AM
To: 'Ingram III, Lindsey'
Subject: RE: Billing Contracts

Thanks, Lindsey. I think that should be fine from what I am hearing.

This message may contain information which is confidential or privileged and should not be disseminated to the public. If you are not the intended recipient, please advise the sender immediately by reply e-mail and delete this message and any attachments without retaining a copy. Thank you.

David J. Barberie
Managing Attorney
Lexington-Fayette Urban County Government
Department of Law (11th floor)
200 East Main Street
P.O. Box 34028
Lexington, Kentucky 40588-4028
Telephone: (859)258-3500
Facsimile: (859)258-3538
dbarberi@lexingtonky.gov

From: Ingram III, Lindsey [mailto:L.Ingram@skofirm.com]
Sent: Friday, January 27, 2012 2:05 PM
To: David Barberie
Subject: Billing Contracts

Dave:

I am pretty certain the new termination date will be August 31, 2012.

Lindsey W. Ingram III
Stoll Keenon Ogden PLLC
300 W. Vine St.
Suite 2100
Lexington, KY 40507
859-231-3982 (direct dial)
859-221-0997 (cell)
859-246-3672 (direct fax)
L.ingram@skofirm.com

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Tuesday, January 31, 2012 12:21 PM
To: William O'Mara
Cc: Rachel.Cole@amwater.com; Bryan.Siler@amwater.com; Douglas.Brock@amwater.com
Subject: Draft Usage Data and Shut-Off Agreement

Attachments: Water Shut-Off Agreement.doc



Water Shut-Off
Agreement.doc (...)

Bill,

Attached is the usage data and shut-off agreement for your review and use with LFUCG's vendors. After they've had a chance to review, it may be beneficial for a small group of LFUCG and Kentucky American folks to get together to address questions and promote a more thorough understanding of the process. If you agree, let me know some dates/times that would work for your team, and we'll work on getting something firmed up.

(See attached file: Water Shut-Off Agreement.doc)

Thank you,

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: William O'Mara [billo@lexingtonky.gov]
Sent: Tuesday, January 31, 2012 2:11 PM
To: Keith.Cartier@amwater.com
Subject: RE: Draft Usage Data and Shut-Off Agreement

Keith-
Thanks for the draft. We will circulate for review and get back with you.

Bill O

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

From: Erin.OLeary@amwater.com [mailto:Erin.OLeary@amwater.com] On Behalf Of
Keith.Cartier@amwater.com
Sent: Tuesday, January 31, 2012 12:21 PM
To: William O'Mara
Cc: Douglas.Brock@amwater.com; Bryan.Siler@amwater.com; Rachel.Cole@amwater.com
Subject: Draft Usage Data and Shut-Off Agreement

Bill,

Attached is the usage data and shut-off agreement for your review and use with LFUCG's vendors. After they've had a chance to review, it may be beneficial for a small group of LFUCG and Kentucky American folks to get together to address questions and promote a more thorough understanding of the process. If you agree, let me know some dates/times that would work for your team, and we'll work on getting something firmed up.

(See attached file: Water Shut-Off Agreement.doc)

Thank you,

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: Susan.Lancho@amwater.com
Sent: Friday, April 27, 2012 3:19 PM
To: kathi@utiliplan.com
Cc: William O'Mara; Mark York; cdeininger@lexingtonky.gov; Ellen.Williams@amwater.com; jhoggard@utiliplan.com; marisa@utiliplan.com
Subject: Re: Meeting with KAWC

Kathi --

It was a pleasure meeting you. I appreciate the follow up and your kind note. I think we've made a great start and look forward to finalizing our communications plan.

FYI, I'll be out of the office all day and/or traveling on the following dates: May 9 and June 4 though June 6. I'm hopeful we can avoid these dates for our meetings so that I can participate, but if that is absolutely not possible we'll work through it -- no problem.

Also, please don't hesitate to call or email me in the interim if I can be of further assistance. My assistant is Ellen Williams (copied on this note), and she can be reached at 859-268-6364 if for any reason you can't reach me with an urgent question, etc.

I look forward to working with you and the team,

Susan

Susan Lancho, Manager - External and Governmental Affairs Kentucky American Water 2300 Richmond Road Lexington, KY 40502 susan.lancho@amwater.com P 859.268.6332 M 859.537.0736 F 859.268.6315

Like us on FaceBook

From: kathi@utiliplan.com
To: susan.lancho@amwater.com, billo@lexingtonky.gov, myork@lexingtonky.gov, cdeininger@lexingtonky.gov
Cc: jhoggard@utiliplan.com, marisa@utiliplan.com
Date: 04/26/2012 03:21 PM
Subject: Meeting with KAWC

This is the summary of a great meeting I had with Susan Lancho at Kentucky American Water. Susan would like to be involved as we move ahead with our communication planning so we are all in synch as far as dates and deadlines. Next week I will send out meeting invitations to hold some times. Thanks again, Susan, for all of your support.

Kathi[attachment "Summary of Meeting with Susan Lancho, KAWC.docx" deleted by Susan L Lancho/KAWC/AWWSC]

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Monday, June 11, 2012 2:07 PM
To: William O'Mara
Subject: Follow Up on Usage and Shut Off Agreement

Hi Bill,
Hope the time away proved rejuvenating. With the recess fast approaching, wanted to see about getting on your calendar, perhaps with the attorneys, to work through the LFUCG comments on the draft contract, and move that closer to completion. Would Thursday afternoon or Friday morning this week work for a joint meeting?

Keith

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: William O'Mara [billo@lexingtonky.gov]
Sent: Monday, June 11, 2012 2:38 PM
To: Keith.Cartier@amwater.com
Cc: David Barberie; Jane C Driskell
Subject: Re: Follow Up on Usage and Shut Off Agreement

Keith

Thursday afternoon works for us. How about 2:00pm? Would you be able to share anything with us before the meeting?

Bill O

Sent from my iPhone

On Jun 11, 2012, at 2:17 PM, "Keith.Cartier@amwater.com" <Keith.Cartier@amwater.com> wrote:

Hi Bill,

Hope the time away proved rejuvenating. With the recess fast approaching, wanted to see about getting on your calendar, perhaps with the attorneys, to work through the LFUCG comments on the draft contract, and move that closer to completion. Would Thursday afternoon or Friday morning this week work for a joint meeting?

Keith

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Monday, June 11, 2012 4:28 PM
To: William O'Mara
Cc: L.Ingram@skofirm.com; David Barberie; Jane C Driskell
Subject: Re: Follow Up on Usage and Shut Off Agreement

Bill,
Thursday at 2pm works well. I think it would help move the conversation along if we sent something ahead of time, but rather than send another version of the contract, we'll send something that responds to and/or addresses each of the LFUCG comments, or at least identifies it as an area where we'll need a little more conversation. We'll see if we can get that out by close of business Tuesday, or early Wednesday so you all have a chance to look through it ahead of Thursday's discussion.

Would you like us to come down your shop, or would you prefer to meet up at our office?

Keith

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

From: "William O'Mara" <billo@lexingtonky.gov>
To: <Keith.Cartier@amwater.com>
Cc: "David Barberie" <dbarberie@lexingtonky.gov>, "Jane C Driskell" <jdriskell@lexingtonky.gov>
Date: 06/11/2012 02:38 PM
Subject: Re: Follow Up on Usage and Shut Off Agreement

Keith
Thursday afternoon works for us. How about 2:00pm? Would you be able to share anything with us before the meeting?

Bill O

Sent from my iPhone

On Jun 11, 2012, at 2:17 PM, "Keith.Cartier@amwater.com" <Keith.Cartier@amwater.com> wrote:

Hi Bill,
Hope the time away proved rejuvenating. With the recess fast approaching, wanted to see about getting on your calendar, perhaps with the attorneys, to work through the LFUCG comments on the draft contract, and move that closer to completion. Would Thursday afternoon or Friday morning this week work for a joint meeting?

Keith

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: William O'Mara [billo@lexingtonky.gov]

Sent: Thursday, June 14, 2012 9:00 AM

To: Keith.Cartier@amwater.com

Cc: David Barberie; Jane C Driskell

Subject: KAW contract discussion

Keith-

We have the Finance conference room reserved for our discussions today. Did not see anything to review prior to our meeting? Did we miss an e-mail?

See you this afternoon.

Bill O

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Thursday, June 14, 2012 9:04 AM
To: William O'Mara
Cc: L.Ingram@skofirm.com; David Barberie; Jane C Driskell
Subject: Re: KAW contract discussion

Thanks Bill.

We'll shoot something over within the hour.

Keith

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

From: "William O'Mara" <billo@lexingtonky.gov>
To: <Keith.Cartier@amwater.com>
Cc: "David Barberie" <dbarberi@lexingtonky.gov>, "Jane C Driskell"
<jdriskell@lexingtonky.gov>
Date: 06/14/2012 09:00 AM
Subject: KAW contract discussion

Keith-

We have the Finance conference room reserved for our discussions today. Did not see anything to review prior to our meeting? Did we miss an e-mail?

See you this afternoon.
Bill O

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Thursday, June 14, 2012 9:46 AM
To: William O'Mara
Cc: Bryan.Siler@amwater.com; L.Ingram@skofirm.com; David Barberie; Jane C Driskell; Douglas.Brock@amwater.com
Subject: Re: KAW contract discussion
Attachments: Discussion Points - Draft Usage and Data Contract Edits.DOC



Discussion Points
- Draft Usag...

Bill,

This file contains responses and comments for each LFUCG proposed edit. Naturally, some of the items require discussion to more fully understand concerns and issues of the respective parties. Look forward to making some progress this afternoon.

(See attached file: Discussion Points - Draft Usage and Data Contract Edits.DOC)
Keith

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

From: "William O'Mara" <billo@lexingtonky.gov>
To: <Keith.Cartier@amwater.com>
Cc: "David Barberie" <dbarberi@lexingtonky.gov>, "Jane C Driskell" <jdriskell@lexingtonky.gov>
Date: 06/14/2012 09:00 AM
Subject: KAW contract discussion

Keith-

We have the Finance conference room reserved for our discussions today. Did not see anything to review prior to our meeting? Did we miss an e-mail?

See you this afternoon.
Bill O

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Thursday, June 14, 2012 4:53 PM
To: William O'Mara
Cc: Susan.Lancho@amwater.com; Charles.Boiand@amwater.com
Subject: Heads Up on Kentucky American's Bill Insert

Attachments: Bill Insert on Separating Water and Sewer Bills.pdf



Bill Insert on
Separating Wate...

Bill
Thanks for the time today. Very productive, and we're making progress.
Hot off the press, here's a copy of the insert we plan on running in July.
In reading this, I don't see anything that will raise your stress level, but did want to
give you a heads up.

(See attached file: Bill Insert on Separating Water and Sewer Bills.pdf)

Keith

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: William O'Mara [billo@lexingtonky.gov]
Sent: Thursday, June 14, 2012 5:29 PM
To: Keith.Cartier@amwater.com
Subject: RE: Heads Up on Kentucky American's Bill Insert

Thanks Keith.

Bill O

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

From: Keith.Cartier@amwater.com [mailto:Keith.Cartier@amwater.com]
Sent: Thursday, June 14, 2012 4:53 PM
To: William O'Mara
Cc: Susan.Lancho@amwater.com; Charles.Boland@amwater.com
Subject: Heads Up on Kentucky American's Bill Insert

Bill
Thanks for the time today. Very productive, and we're making progress.
Hot off the press, here's a copy of the insert we plan on running in July.
In reading this, I don't see anything that will raise your stress level, but did want to give you a heads up.

(See attached file: Bill Insert on Separating Water and Sewer Bills.pdf)

Keith

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: Susan.Lancho@amwater.com
Sent: Tuesday, June 19, 2012 8:07 AM
To: cj@groupcj.com
Cc: William O'Mara; Mark York; Sarah Arnold
Subject: Re: Bill inserts for billing transition

You are most welcome! I look forward to working with all of you.

Susan Lancho, Manager - External and Governmental Affairs Kentucky American Water 2300
Richmond Road Lexington, KY 40502 susan.lancho@amwater.com P 859.268.6332 M 859.537.0736
F 859.268.6315

Like us on FaceBook

From: Connie Miller <cj@groupcj.com>
To: "Susan.Lancho@amwater.com" <Susan.Lancho@amwater.com>
Cc: Mark York <myork@lexingtonky.gov>, Bill O'mara
<billo@lexingtonky.gov>, Sarah Arnold <sarah@groupcj.com>
Date: 06/19/2012 08:03 AM
Subject: Re: Bill inserts for billing transition

Thank you so much Susan - appreciate the help.

Connie Jo Miller
Chick-n-Charge
Group CJ
Marketing that Matters

314 Old Vine Street
Lexington, Kentucky 40507
859..231-8666 Tel
859.338.1883 CJ's Cell

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permission from the agency.

> From: "Susan.Lancho@amwater.com" <Susan.Lancho@amwater.com>
> Date: Mon, 18 Jun 2012 17:37:31 -0400
> To: Connie Miller <cj@groupcj.com>

>
> Connie --
>
> I spoke to Keith Cartier, our VP of operations, and two inserts will
> be fine. We want to help ensure a smooth transition and if two
> inserts is what you need, that is no problem!
>

>
> Susan Lancho, Manager - External and Governmental Affairs Kentucky
> American Water 2300 Richmond Road Lexington, KY 40502
> susan.lancho@amwater.com P 859.268.6332 M 859.537.0736 F
> 859.268.6315

> Like us on FaceBook
>
>
>
>

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Thursday, June 28, 2012 6:12 PM
To: William O'Mara; David Barberie
Cc: L.Ingram@skofirm.com; Douglas.Brock@amwater.com
Subject: Usage Data and Shut Off Status Update with LFUCG

Attachments: 06,28.12 LEXINGTON-#4067609-v6-Water_Usage_Data_and_Shut-Off_Agreement.DOC



06,28.12

NGTON-#4067609

Bill, David

Attached is a revised contract that incorporates all the agreed to edits and changes to date. We took a cut at language to address the issue of non-served customers toward the bottom of page 2. Please take a look and then let's confirm whether additional discussions are needed. Thanks for all your work to get to this point.

Keith

(See attached file: 06,28.12
LEXINGTON-#4067609-v6-Water_Usage_Data_and_Shut-Off_Agreement.DOC)

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Friday, July 06, 2012 5:27 PM
To: William O'Mara
Cc: L.Ingram@skofirm.com; Douglas.Brock@amwater.com
Subject: Update to Draft Contract

Bill,
We'll have a revised version of the contract to you on Monday, based on conversations of earlier today around your edits/questions. We're getting closer, though I still think some additional conversation will need to occur. I know we're all working toward the most efficient and workable process, yet as the saying goes, the devil is in the details. I have every confidence we'll be able to wrap up fairly quickly, allow your vendor to complete their work, and have the "final" contract available for the first work session following council's break. We may want to target a get together mid to late week next week if that works for you all.
Keith

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: William O'Mara [billo@lexingtonky.gov]
Sent: Friday, July 06, 2012 5:39 PM
To: Keith.Cartier@amwater.com
Cc: L.Ingram@skofirm.com; Douglas.Brock@amwater.com
Subject: Re: Update to Draft Contract

Thanks Keith. Sounds good. Talk with you next week.

Bill P

Sent from my iPhone

On Jul 6, 2012, at 5:27 PM, "Keith.Cartier@amwater.com" <Keith.Cartier@amwater.com> wrote:

>
> Bill,
> We'll have a revised version of the contract to you on Monday, based
> on conversations of earlier today around your edits/questions. We're
> getting closer, though I still think some additional conversation will need to
> occur. I know we're all working toward the most efficient and workable
> process, yet as the saying goes, the devil is in the details. I have
> every confidence we'll be able to wrap up fairly quickly, allow your
> vendor to complete their work, and have the "final" contract available
> for the first work session following council's break. We may want to
> target a get together mid to late week next week if that works for you all.
> Keith
>
>
> Keith Cartier
> Vice President, Operations
> Kentucky American Water
> 1 859 268 6324 Office
> 1 859 321 9803 Cell
> keith.cartier@amwater.com
>

Janet Graham

From: Ingram III, Lindsey [L.Ingram@skofirm.com]
Sent: Monday, July 09, 2012 2:45 PM
To: William O'Mara; David Barberie
Cc: Bryan.Siler@amwater.com; Keith.Cartier@amwater.com; Douglas.Brock@amwater.com
Subject: RE: Update to Draft Contract

Attachments: LEXINGTON-#4067609-v8-Water_Usage_Data_and_Shut-Off_Agreement.DOC



LEXINGTON-#406
'609-v8-Water_Us.

Bill/Dave:

Here is the latest version of the contract. We look forward to hearing from you about it.
Thanks.

Lindsey W. Ingram III
Stoll Keenon Ogden PLLC
300 W. Vine St.
Suite 2100
Lexington,

<<LEXINGTON-#4067609-v8-Water_Usage_Data_and_Shut-Off_Agreement.DOC>> KY
40507
859-231-3982 (direct dial)
859-221-0997 (cell)
859-246-3672 (direct fax)
L.ingram@skofirm.com

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

From: Keith.Cartier@amwater.com [mailto:Keith.Cartier@amwater.com]
Sent: Friday, July 06, 2012 5:27 PM
To: William O'Mara
Cc: Ingram III, Lindsey; Douglas.Brock@amwater.com
Subject: Update to Draft Contract

Bill,
We'll have a revised version of the contract to you on Monday, based on conversations of earlier today around your edits/questions. We're getting closer, though I still think some additional conversation will need to occur. I know we're all working toward the most efficient and workable process, yet as the saying goes, the devil is in the details. I have every confidence we'll be able to wrap up fairly quickly, allow your vendor to complete their work, and have the "final" contract available for the first work session following council's break. We may want to target a get together mid to late week next week if that works for you all.
Keith

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: David Barberie [dbarberi@lexingtonky.gov]
Sent: Thursday, July 12, 2012 8:16 AM
To: Ingram III, Lindsey
Cc: William O'Mara
Subject: RE: Update to Draft Contract

Lindsey -

I believe Bill has been working with your people on some additional language changes related to shutoffs. I have been asked to see if KAW would be willing to amend the automatic termination clause.

We would prefer that termination only be for cause as we have to have the usage records even if there end up being other issues with the contract. Another possible alternative would be to have a requirement that KAW continue to provide the records to LFUCG for payment with an understanding that that would be the only obligation until another agreement was reached regarding the other terms. Yet another alternative would be to have the shutoff agreement be a separate agreement from the agreement to provide the data usage records. This alternative seems appealing (perhaps only to me) in that I think the real issues that both parties may have with this relationship are primarily going to involve that process and how it is handled.

I apologize for not bringing this issue to your attention earlier.

This message may contain information which is confidential or privileged and should not be disseminated to the public. If you are not the intended recipient, please advise the sender immediately by reply e-mail and delete this message and any attachments without retaining a copy. Thank you.

David J. Barberie

Managing Attorney

Lexington-Fayette Urban County Government

Department of Law (11th floor)

200 East Main Street

Lexington, Kentucky 40507

Telephone: (859)258-3500

Facsimile: (859)258-3538

dbarberi@lexingtonky.gov

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

From: Ingram III, Lindsey [mailto:L.Ingram@skofirm.com]
Sent: Monday, July 09, 2012 2:45 PM
To: William O'Mara; David Barberie
Cc: Douglas.Brock@amwater.com; Keith.Cartier@amwater.com; Bryan.Siler@amwater.com
Subject: RE: Update to Draft Contract

Bill/Dave:

Here is the latest version of the contract. We look forward to hearing from you about it.
Thanks.

Lindsey W. Ingram III
Stoll Keenon Ogden PLLC
300 W. Vine St.
Suite 2100
Lexington,

<<LEXINGTON-#4067609-v8-Water_Usage_Data_and_Shut-Off_Agreement.DOC>> KY
40507

859-231-3982 (direct dial)

859-221-0997 (cell)

859-246-3672 (direct fax)

L.ingram@skofirm.com

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

From: Keith.Cartier@amwater.com [mailto:Keith.Cartier@amwater.com]

Sent: Friday, July 06, 2012 5:27 PM

To: William O'Mara

Cc: Ingram III, Lindsey; Douglas.Brock@amwater.com

Subject: Update to Draft Contract

Bill,
We'll have a revised version of the contract to you on Monday, based on conversations of earlier today around your edits/questions. We're getting closer, though I still think some additional conversation will need to occur. I know we're all working toward the most efficient and workable process, yet as the saying goes, the devil is in the details. I have every confidence we'll be able to wrap up fairly quickly, allow your vendor to complete their work, and have the "final" contract available for the first work session following council's break. We may want to target a get together mid to late week next week if that works for you all.
Keith

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: Ingram III, Lindsey [L.Ingram@skofirm.com]
Sent: Friday, July 13, 2012 5:12 PM
To: William O'Mara; David Barberie
Cc: Bryan.Siler@amwater.com; Keith.Cartier@amwater.com; Douglas.Brock@amwater.com
Subject: RE: Update to Draft Contract

Attachments: Usage Data File Layouts.doc; LEXINGTON-#4067609-v10-Water_Usage_Data_and_Shut-Off_Agreement.DOC



Usage Data File LEXINGTON-#406
Layouts.doc (6... '609-v10-Water_U.

Dave/Bill:

I have attached the latest version of the contract. I have also attached Appendix A. The contract is clean in that we have removed all of the redline that existed and in accordance with our ongoing discussions. Please review and let us know your thoughts.

On the issue of amending the termination provisions of the contract, we are more than willing to consider/discuss any language you propose. KAW understands that LFUCG wants this to provide some comfort/assurance that data will be provided even if something happens to the contract. Of the three options you suggested below, it seems like your second option (data would co <<LEXINGTON-#4067609-v10-Water_Usage_Data_and_Shut-Off_Agreement.DOC>> continue to be provided in exchange for payment until another agreement is reached) is the simplest, most efficient and would result in the least substantive change to the existing document. Thus, I would suggest LFUCG propose some language along those lines and we'll get back to you very quickly.

No apologies required for not raising the termination issue earlier. We'll deal with it and get this contract completed very soon.

Lindsey

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

From: David Barberie [mailto:dbarberi@lexingtonky.gov]
Sent: Thursday, July 12, 2012 8:16 AM
To: Ingram III, Lindsey
Cc: William O'Mara
Subject: RE: Update to Draft Contract

Lindsey -

I believe Bill has been working with your people on some additional language changes related to shutoffs. I have been asked to see if KAW would be willing to amend the automatic termination clause.

We would prefer that termination only be for cause as we have to have the usage records even if there end up being other issues with the contract. Another possible alternative would be to have a requirement that KAW continue to provide the records to LFUCG for payment with an understanding that that would be the only obligation until another agreement was reached regarding the other terms. Yet another alternative would be to have the shutoff agreement be a separate agreement from the agreement to provide the data usage records. This alternative seems appealing (perhaps only to me) in that I think the real issues that both parties may have with this relationship are primarily going to involve that process and how it is handled.

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Thank you.

David J. Barberie
Managing Attorney
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200 East Main Street
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Telephone: (859)258-3500
Facsimile: (859)258-3538
dbarberi@lexingtonky.gov

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Subject: RE: Update to Draft Contract

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300 W. Vine St.
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Lexington,
<<LEXINGTON-#4067609-v8-Water_Usage_Data_and_Shut-Off_Agreement.DOC>> KY
40507
859-231-3982 (direct dial)
859-221-0997 (cell)
859-246-3672 (direct fax)
L.ingram@skofirm.com

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

From: Keith.Cartier@amwater.com [mailto:Keith.Cartier@amwater.com]
Sent: Friday, July 06, 2012 5:27 PM
To: William O'Mara
Cc: Ingram III, Lindsey; Douglas.Brock@amwater.com
Subject: Update to Draft Contract

Bill,
We'll have a revised version of the contract to you on Monday, based on conversations of earlier today around your edits/questions. We're getting closer, though I still think some additional conversation will need to occur. I know we're all working toward the most efficient and workable process, yet as the saying goes, the devil is in the details. I have every confidence

we'll be able to wrap up fairly quickly, allow your vendor to complete their work, and have the "final" contract available for the first work session following council's break. We may want to target a get together mid to late week next week if that works for you all.
Keith

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: Bryan.Siler@amwater.com
Sent: Monday, July 23, 2012 10:23 AM
To: William O'Mara
Cc: Rachel.Cole@amwater.com; Douglas.Brock@amwater.com
Subject: LFUCG Updates Complete

Bill,

I just wanted to let you know that all of the discount premises have been reviewed and corrected as needed. We also updated the entire list of premises that receive the Landfill and Water Quality Management fees.
Thanks again for helping us get those lists.

As we continue to receive changes we will make sure they get updated right up until August 30th. We will then run the closing package on August 31st as planned.

Please let me know if you have any questions.

Bryan Siler
Field Operations Supervisor
Kentucky American Water
2300 Richmond Road
Lexington, Kentucky 40502
859-268-6350 Office
859-268-6374 Fax
bryan.siler@amwater.com

Janet Graham

From: William O'Mara [billo@lexingtonky.gov]
Sent: Monday, July 23, 2012 10:36 AM
To: Bryan.Siler@amwater.com
Cc: Rachel.Cole@amwater.com; Douglas.Brock@amwater.com
Subject: RE: LFUCG Updates Complete

Thanks Bryan, Rachel, and Doug. We appreciate your efforts.

Bill O

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

From: Bryan.Siler@amwater.com [mailto:Bryan.Siler@amwater.com]
Sent: Monday, July 23, 2012 10:23 AM
To: William O'Mara
Cc: Douglas.Brock@amwater.com; Rachel.Cole@amwater.com
Subject: LFUCG Updates Complete

Bill,

I just wanted to let you know that all of the discount premises have been reviewed and corrected as needed. We also updated the entire list of premises that receive the Landfill and Water Quality Management fees. Thanks again for helping us get those lists.

As we continue to receive changes we will make sure they get updated right up until August 30th. We will then run the closing package on August 31st as planned.

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Bryan Siler
Field Operations Supervisor
Kentucky American Water
2300 Richmond Road
Lexington, Kentucky 40502
859-268-6350 Office
859-268-6374 Fax
bryan.siler@amwater.com

Janet Graham

From: Ingram III, Lindsey [L.Ingram@skofirm.com]
Sent: Thursday, July 26, 2012 5:56 PM
To: William O'Mara; David Barberie
Cc: Bryan.Siler@amwater.com; Keith.Cartier@amwater.com; Douglas.Brock@amwater.com
Subject: RE: Billing Agreement
Attachments: LEXINGTON-#4067609-v11-Water_Usage_Data_and_Shut-Off_Agreement.DOC

Dave/Bill:

Per my discussion with Dave of earlier today, we have suggested a few additional edits to Section VI regarding termination. Dave, you will see that my suggested edits are a combination of the two options we discussed and I think we've reached a fair resolution of the issue in a way that ensures LFUCG will continue to get Water Usage Data and that KAW will not be exposed financially by continuing to provide it in the event the contract gets terminated.

KAW is fine with all other edits Dave proposed (which are still in redline in the attached) in his version of July 18. However, we do have a question – we're not sure what Dave meant with his edit in Section III, Paragraph 6. KAW is fine with the original wording of that paragraph. Is there some change that LFUCG needs? We can't tell.

I know that the plan is for you all to present this for approval in the next few weeks once it is deemed "final." KAW needs to have it approved as well. To that end, please let us know as soon as you think this is "final" and ready for you to present it so that we can seek our own internal approval. We do not expect any issues, but we want to avoid a situation where LFUCG Council approves it only to learn that KAW wants other edits. Please give us as much time as you can between deeming it "final" and presenting it to the Council so we can seek our own internal approval.

Thanks.

Lindsey W. Ingram III
 Stoll Keenon Ogden PLLC
 300 W. Vine St.
 Suite 2100
 Lexington, KY 40507
 859-231-3982 (direct dial)
 859-221-0997 (cell)
 859-246-3672 (direct fax)
L.ingram@skofirm.com

From: David Barberie [mailto:dbarberi@lexingtonky.gov]
Sent: Wednesday, July 25, 2012 3:27 PM
To: Ingram III, Lindsey
Cc: William O'Mara
Subject: Billing Agreement

Lindsey –

I will be out of the office next week and Bill wants to make sure the agreement is still moving along. Is there any feedback on our latest proposed changes yet? Thanks.

This message may contain information which is confidential or privileged and should not be disseminated to the public. If you are not the intended recipient, please advise the sender immediately by reply e-mail and delete this message and any attachments without retaining a copy. Thank you.

David J. Barberie
Managing Attorney
Lexington-Fayette Urban County Government
Department of Law (11th floor)
200 East Main Street
Lexington, Kentucky 40507
Telephone: (859)258-3500
Facsimile: (859)258-3538
dbarberi@lexingtonky.gov

Janet Graham

From: William O'Mara [billo@lexingtonky.gov]
Sent: Friday, July 27, 2012 11:37 AM
To: Bryan.Siler@amwater.com; Douglas.Brock@amwater.com
Subject: FW: Previously Unsewered Premises; June 2012 Sewer Tap-On List
Attachments: Previously Unsewered Premises.xls; JUNE 2012 TAP-ON LIST.xls

Bryan & Doug-

We appreciate your 'truing up' the KAWC list of sewer, landfill, and water quality accounts as well as customers qualifying for assistance. If you could also up date for these 'new' sewer accounts it would be great.

Thanks again for your assistance.

Bill O

From: Candice Deininger
Sent: Friday, July 27, 2012 8:57 AM
To: William O'Mara
Subject: FW: Previously Unsewered Premises; June 2012 Sewer Tap-On List

Bill – Here is the email, and attachments, I sent to Bryan yesterday - I think it's self-explanatory.

Candice J. Deininger
 Revenue Supervisor
 LFUCG Division of Revenue
 200 East Main Street
 Lexington, KY 40507
 859-258-3364
cdeining@lexingtonky.gov

From: Candice Deininger
Sent: Thursday, July 26, 2012 3:41 PM
To: Bryan.Siler@amwater.com
Cc: Rachel.Cole@amwater.com
Subject: Previously Unsewered Premises; June 2012 Sewer Tap-On List

Good afternoon, Bryan. My staff has completed a review of previously submitted LFUCG sewer tap-on lists looking specifically for those locations that had a KIA grant associated with it. These locations were located in unsewered pockets of the city; but with the assistance provided by KIA grants, they have been successfully hooked onto the sanitary sewer system.

I have attached a file containing a list of those locations that have not yet been coded for sewer. I'm also attaching a copy of June's tap-on list; any location on that list with KIA grant funding have been incorporated as part of the list I'm sending you. Kindly let me know if you have any questions. We appreciate your assistance in getting these accounts coded – thank you and have a good day!

Candice

Candice J. Deininger
 Revenue Supervisor
 LFUCG Division of Revenue
 200 East Main Street
 Lexington, KY 40507
 859-258-3364
cdeining@lexingtonky.gov

04/27/2013

Janet Graham

From: Bryan.Siler@amwater.com
Sent: Friday, July 27, 2012 11:40 AM
To: William O'Mara
Cc: Rachel.Cole@amwater.com; Douglas.Brock@amwater.com
Subject: Re: FW: Previously Unsewered Premises; June 2012 Sewer Tap-On List

Thanks Bill. This is no problem.

I spoke to our folks this morning and they were already working on these.

We will let you know when they are complete.

Bryan Siler
Field Operations Supervisor
Kentucky American Water
2300 Richmond Road
Lexington, Kentucky 40502
859-268-6350 Office
859-268-6374 Fax
bryan.siler@amwater.com

From: "William O'Mara" <billo@lexingtonky.gov>
To: <Bryan.Siler@amwater.com>, <Douglas.Brock@amwater.com>
Date: 07/27/2012 11:36 AM
Subject: FW: Previously Unsewered Premises; June 2012 Sewer Tap-On List

Bryan & Doug-
We appreciate your 'truing up' the KAWC list of sewer, landfill, and water quality accounts as well as customers qualifying for assistance. If you could also up date for these 'new' sewer accounts it would be great.

Thanks again for your assistance.

Bill O

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Candice J. Deininger
Revenue Supervisor
LFUCG Division of Revenue
200 East Main Street
Lexington, KY 40507
859-258-3364
cdeining@lexingtonky.gov

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Janet Graham

From: William O'Mara [billo@lexingtonky.gov]
Sent: Friday, June 29, 2012 2:46 PM
To: Bryan.Siler@amwater.com; L.Ingram@skofirm.com; Keith.Cartier@amwater.com;
 Douglas.Brock@amwater.com
Cc: David Barberie
Subject: FW: KAW Agreement
Attachments: Agreement with KAW (06-29 Draft)(redline) (00352708).DOC

Keith-

Attached is another pass at the agreement. I believe we are getting closer on the wording. A couple of discussion points are noted in the document. Most of the remaining issues center around shut-offs, both cost and number of shot-off orders. We don't have sufficient experience or information to make a commitment on number of orders. We would like to discuss options between 20-120/week, at least for an interim period until we obtain some experience.

Please review our return mark up with comments and we can discuss next steps. I believe David and I are in the office next week except for the 4th.

Thanks, and have a great weekend.

Bill O

From: David Barberie
Sent: Friday, June 29, 2012 10:01 AM
To: William O'Mara
Subject: KAW Agreement

Bill –

My initial comments and changes are attached. We may need to meet and/or discuss further. I did not have your note on the language change for new users we discussed so I did not attempt to address that.

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David J. Barberie
 Managing Attorney
 Lexington-Fayette Urban County Government
 Department of Law (11th floor)
 200 East Main Street
 Lexington, Kentucky 40507
 Telephone: (859)258-3500
 Facsimile: (859)258-3538
dbarberi@lexingtonky.gov

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Candice

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Revenue Supervisor
LFUCG Division of Revenue
200 East Main Street
Lexington, KY 40507
859-258-3364
cdeining@lexingtonky.gov

[attachment "Previously Unanswered Premises.xls" deleted by Bryan Siler/KAWC/AWWSC]
[attachment "JUNE 2012 TAP-ON LIST.xls" deleted by Bryan Siler/KAWC/AWWSC]

Janet Graham

From: Douglas.Brock@amwater.com
Sent: Thursday, August 02, 2012 9:02 AM
To: William O'Mara
Subject: Re: Meeting

1:30 is fine with me. Would you like to meet at your office or KAW?

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

From: "William O'Mara" [billo@lexingtonky.gov]
Sent: 08/02/2012 08:44 AM AST
To: Douglas Brock
Subject: RE: Meeting

Doug-

My schedule is open as well. Would you prefer morning say 10.00am, or afternoon, say 1.30pm?

Bill O

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

From: Douglas.Brock@amwater.com [mailto:Douglas.Brock@amwater.com]
Sent: Thursday, August 02, 2012 6:07 AM
To: William O'Mara
Subject: Meeting

Bill,

Good morning. I spoke with Keith after your conversation about us getting together so I wanted to schedule time for us to meet. Would sometime Monday work for you? I am available most of the day.

Thanks
Doug

Janet Graham

From: William O'Mara [billo@lexingtonky.gov]
Sent: Thursday, August 02, 2012 2:27 PM
To: Douglas.Brock@amwater.com
Subject: RE: Meeting

Doug-
Sorry for the delay in responding. I will come by your place on Monday at 1.30pm.

Bill O

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

From: Douglas.Brock@amwater.com [mailto:Douglas.Brock@amwater.com]
Sent: Thursday, August 02, 2012 9:02 AM
To: William O'Mara
Subject: Re: Meeting

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Thanks
Doug

Janet Graham

From: Ingram III, Lindsey [L.Ingram@skofirm.com]
Sent: Tuesday, August 28, 2012 9:01 AM
To: David Barberie
Cc: Keith.Cartier@amwater.com; William O'Mara
Subject: RE: Billing Agreement

Attachments: LEXINGTON-#4067609-v12-Water_Usage_Data_and_Shut-Off_Agreement.DOC

Dave, I just spotted one typo in version 12 and have fixed it in the attached. This is the document that will be signed.

From: Ingram III, Lindsey
Sent: Tuesday, August 28, 2012 8:58 AM
To: David Barberie (dbarberi@lexingtonky.gov)
Cc: Keith Cartier (Keith.Cartier@amwater.com); William O'Mara (billo@lexingtonky.gov)
Subject: FW: Billing Agreement

Dave:

The first attachment (note version 11) is what Bill sent back to me on July 27 at 3:53 and it shows redline but it is what he said he was going to move forward with. The second attachment (version 12) is the same document with redline accepted so it is the clean version of what should be signed. You have indicated that approval happened via second reading on 8/16 so KAW will sign version 12 today and we will get it to you today as well. Do you need more than one original? And should I have it hand-delivered to you or Bill?

Lindsey

From: William O'Mara [<mailto:billo@lexingtonky.gov>]
Sent: Friday, July 27, 2012 3:53 PM
To: Ingram III, Lindsey
Cc: David Barberie; Jacob Walbourn; Keith.Cartier@amwater.com; Douglas.Brock@amwater.com; Bryan.Siler@amwater.com
Subject: FW: Billing Agreement

Lindsey-

We are good with this as the final for presentation for approvals. I deleted David's comment in part III.6. I will carry forward to Jane and the Mayor's office next week.

If we can submit for Council agenda on Monday, August 6, it will make the August 16 Council Meeting.

Many thanks for the coordinated effort.

Bill O

From: David Barberie
Sent: Thursday, July 26, 2012 6:50 PM
To: William O'Mara; Jacob Walbourn
Subject: FW: Billing Agreement

Bill -

04/27/2013

I am ok with this if you are. The question mark on III (6) was the issue you had raised re: not shutting off certain life-support type cases. I could not remember the verbage you had used before and whatever you decide is fine with me.

From: Ingram III, Lindsey [<mailto:L.Ingram@skofirm.com>]
Sent: Thu 7/26/2012 17:56
To: David Barberie; William O'Mara
Cc: Bryan.Siler@amwater.com; Douglas.Brock@amwater.com; Keith.Cartier@amwater.com
Subject: RE: Billing Agreement

Dave/Bill:

Per my discussion with Dave of earlier today, we have suggested a few additional edits to Section VI regarding termination. Dave, you will see that my suggested edits are a combination of the two options we discussed and I think we've reached a fair resolution of the issue in a way that ensures LFUCG will continue to get Water Usage Data and that KAW will not be exposed financially by continuing to provide it in the event the contract gets terminated.

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Thanks.

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 Stoll Keenon Ogden PLLC
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 Suite 2100
 Lexington, KY 40507
 859-231-3982 (direct dial)
 859-221-0997 (cell)
 859-246-3672 (direct fax)
L.ingram@skofirm.com

From: David Barberie [<mailto:dbarberi@lexingtonky.gov>]
Sent: Wednesday, July 25, 2012 3:27 PM
To: Ingram III, Lindsey
Cc: William O'Mara

04/27/2013

Subject: Billing Agreement

Lindsey --

I will be out of the office next week and Bill wants to make sure the agreement is still moving along. Is there any feedback on our latest proposed changes yet? Thanks.

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David J. Barberie
Managing Attorney
Lexington-Fayette Urban County Government
Department of Law (11th floor)
200 East Main Street
Lexington, Kentucky 40507
Telephone: (859)258-3500
Facsimile: (859)258-3538
dbarberi@lexingtonky.gov

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Wednesday, September 14, 2011 5:52 PM
To: William O'Mara
Subject: Follow Up List - Research on Potential Vendors

Bill,

One of the follow ups from our discussion was a list of potential vendors for billing contract needs. Wanted to send along a list from some of the research we've done to supplement any you all may already have researched.



We're not endorsing any, just providing for your information and potential contact.

Also, wanted to confirm that Bryan Siler would be available to meet with Linda Borkowski.

Would also like to follow up with a meeting in the near term with you and Jane. You may not have had a chance to listen to a voice mail from earlier today. Any availability for you Monday after 2pm?

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: Charles.Boland@amwater.com
Sent: Thursday, September 20, 2012 3:36 PM
To: William O'Mara
Subject: Fw: LFUCG requests

Here you go

Charlie Boland
Major Accounts / External Affairs Specialist
Kentucky American Water Company
2300 Richmond Road
Lexington, KY 40502
Office (859) 268-6314
Internal 7-533-6314
Fax (859) 268-6315
Charles.Boland@amwater.com

For quality and value, tap water is the clear choice.

----- Forwarded by Charles E Boland/KAWC/AWWSC on 09/20/2012 03:34 PM -----

From: Rachel Cole/KAWC/AWWSC
To: Charles E Boland/KAWC/AWWSC@AWW, Susan L Lancho/KAWC/AWWSC@AWW
Cc: Bryan Siler/KAWC/AWWSC@AWW
Date: 09/20/2012 12:00 PM
Subject: Fw: LFUCG requests

Hi Charlie,

Would you please draft notification to be added to contacts and IDA stating that KAW is not shutting off for sewer balances that may be reflected on a customer's account? Customers will not be sent to collections for past due sewer balances.

Attached is the background from LFUCG:

Rachel –

I received a call yesterday from a customer, Jon Byers, for 2 new homes he is building. He received a past due notice in the mail for each of these homes when in fact the sewer charges transferred to our new billing system and I have already applied his builder credit in our new billing system. He first called me and I explained the situation to him – he was very nice and understanding but is still questioning the fact that KAWC is sending out past due and shut off notices to customers. He is also afraid he will be turned over to collections and doesn't want his credit affected. He called KAWC customer service yesterday and was told that yes he would still receive these notices and also that if the charges weren't paid they would eventually go to collections. We need this to be stopped and the correct information relayed to our customers. How can we make this happen asap? This is the second customer I have had, since the email below, that has been given the wrong information about this and none of them have been very happy...

Lynne
859.258.3363

04/27/2013

Rachel S. Cole
Kentucky American Water
Field Services Supervisor
Customer Advocacy Office
Email: rachel.cole@amwater.com
Ph: 859-268-6307
Fax: 859-335-3307

----- Forwarded by Rachel Cole/KAWC/AWWSC on 09/20/2012 11:55 AM -----

Rachel Cole/KAWC/AWWSC

To Brian T McDonough/CONSULT/AWWSC

09/20/2012 11:36 AM

cc Bryan Siler/KAWC/AWWSC@AWW, Charles E
Boland/KAWC/AWWSC@AWW, Susan L Lancho/KAWC/AWWSC@AWW,
Kari A Bettorf/CALLCTR/CORP/AWWSC@AWW

Subject LFUCG requests

Hello Brian,

We discussed several items on today's call so I thought I'd recap the items that we discussed for Bryan's benefit as well as mine...

1. Need a listing of customers that received shut off notices erroneously (for KAW and LFUCG use)
2. alerts on IDA
3. contacts on accounts to let call handlers know that KAW is not shutting off for sewer balances
4. can we also list the collection manual adjustments or transfers made?

I will ask Communications to provide the contact verbiage to you as well as IDA. I will also reach out to cash management to see if I can get an idea of the volume and dollar amount of monthly sewer NSF checks.

Please let me know if I missed anything. Thanks.

Rachel S. Cole
Kentucky American Water
Field Services Supervisor
Customer Advocacy Office
Email: rachel.cole@amwater.com
Ph: 859-268-6307
Fax: 859-335-3307

Janet Graham

From: Charles.Boland@amwater.com
Sent: Thursday, September 27, 2012 4:32 PM
To: William O'Mara
Subject: RE: FW: Open LFUCG Confirmations

He is welcome to forward it to me as well. Thanks Bill, see what I can do to shake this loose....

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Charles.Boland@amwater.com

For quality and value, tap water is the clear choice.

From: "William O'Mara" <billo@lexingtonky.gov>
To: <Charles.Boland@amwater.com>
Date: 09/27/2012 04:24 PM
Subject: RE: FW: Open LFUCG Confirmations

That is what I believe is on the confirmation. I have not seen the request. Would you like for me to have Dean Dorton send you a copy?

Thanks-
Bill O

From: Charles.Boland@amwater.com [<mailto:Charles.Boland@amwater.com>]
Sent: Thursday, September 27, 2012 4:14 PM
To: William O'Mara
Subject: Re: FW: Open LFUCG Confirmations

Is all that is needed a confirmation of the amount of franchise fee revenues to LFUCG generated by KAWC billing? For your FY 2012 audit / CAFR?

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Charles.Boland@amwater.com

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From: "William O'Mara" <billo@lexingtonky.gov>
To: <Bryan.Siler@amwater.com>, <Douglas.Brock@amwater.com>
Cc: <charles.boland@amwater.com>, "Candice Deininger" <cdeining@lexingtonky.gov>
Date: 09/27/2012 03:53 PM
Subject: FW: Open LFUCG Confirmations

Doug & Bryan-

I realize American Water is very busy with multiple projects, but I would appreciate any help you can furnish to have the confirmation mailed to KAWC from our outside auditors, Dean-Dorton-Allen-Ford completed and returned to them. Our Vice Mayor, Linda Gorton is asking each month how our yearend audit is progressing and if there are any delays. This confirmation is the only remaining one out there.

Appreciate any assistance-

Bill O

From: Phyllis A Cooper
Sent: Thursday, September 27, 2012 3:36 PM
To: William O'Mara
Subject: FW: Open Confirmations

Bill

Can someone on your staff follow up with KAWC and advise on mailing date for the confirmation?

Thanks!

Phyllis

From: Jowski, Kelly [<mailto:kjowski@ddafcpa.com>]
Sent: Thursday, September 27, 2012 3:29 PM
To: Phyllis A Cooper
Subject: Open Confirmations

Below are the confirmations we have not received back (we've sent 3rd requests). Can your staff follow up with the appropriate contact? Thank you!

Revenue:

Kentucky American Water Company
KAWC - franhcise fees

DEAN||DORTON||ALLEN||FORD
PLLC

Kelly Jowski
Specialist in Accounting & Business Compliance Services

106 W. Vine St., Ste 600
Lexington, KY 40507
ph (859) 425-7671 fax (859) 425-3671
kjowski@ddafcpa.com

IRS Circular 230 Notice: unless indicated otherwise, if this communication constitutes a covered opinion, any tax advice it contains cannot be used to avoid tax penalties.

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Janet Graham

From: Charles.Boland@amwater.com
Sent: Friday, September 28, 2012 9:25 AM
To: efritsch@ddafcpa.com
Cc: Bryan.Siler@amwater.com; William O'Mara
Subject: LFUCG Audit - Kentucky American Water Collections Confirmation
Attachments: KAWC Confirmation.pdf

Good morning Erica!

Thank you for forwarding the request for confirmation of fees collected by Kentucky American Water for the LFUCG FY 2012 audit. I wanted to be sure we are providing everything you need, and had a question.

The letter sent by LFUCG in July (attached below) requests confirmation of the amount of Kentucky American Water collections for landfill, sewage usage, and water quality fees for the period of July 1, 2011 - June 30, 2012. There was another recent email communication I saw from Kelly Jowski and Phyllis Cooper that doesn't mention these fees, but refers to franchise fees collected by Kentucky American Water.

Do you also need franchise fee collections? If so, would you please also forward the correct document to report that information on, similar to the document we received for the other fees?

We will try to get you all needed information as soon as possible, and I look forward to your clarification as to whether we also need to provide franchise fee information as well.....thanks, and have a great weekend ahead

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Janet Graham

From: Charles.Boland@amwater.com
Sent: Wednesday, October 17, 2012 3:55 PM
To: William O'Mara
Cc: Phyllis A Cooper
Subject: RE: KAWC receivable confirmation

Hi Bill and Phyllis, hope you are well.

Since Bill contacted me, we have worked with Erica Fritsch of Dean Dorton Allen and Ford, and we provided her the confirmation reports on October 10. The original request asked only for confirmation on collections during the audit period for the three LFUCG user fees. In early October Erica clarified that she also needed a confirmation of the franchise fees collected, which we also provided. DDAF has this information in hand. Last week, Erica made another request we had not seen before for a report on the aged balances, which we stopped tracking at some point last year. However, Bryan Siler has been in touch with her and I think has provided her the information she needed. I believe this information was supplemental in nature, not critical for the audit.

I'm not sure I saw the initial request, so if the information is supposed to go elsewhere in addition to DDAF, let me know and I will forward it, but I do know that Erica has it. Thanks, and let me know if you need to discuss further.....

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From: "William O'Mara" <billo@lexingtonky.gov>
To: "Phyllis A Cooper" <pcooper@lexingtonky.gov>
Cc: <charles.boland@amwater.com>
Date: 10/17/2012 02:47 PM
Subject: RE: KAWC receivable confirmation

Phyllis-

Charlie Boland was championing this at KAW. We had KAW contacting Dean Dorton directly, so I am not sure what the hold up is at this point. I have copied Charlie so you can communicate directly with him.

Bill O

From: Phyllis A Cooper

04/27/2013

Sent: Wednesday, October 17, 2012 2:17 PM

To: William O'Mara

Subject: KAWC receivable confirmation

Importance: High

The auditors have contacted/resent the receivable confirmation to KAWC several times. Can you give me a contact name to try and follow up with this? Mucho gracious,
Phyllis

Phyllis Cooper, MS, CPA

Director of Accounting, LFUCG

200 E Main Street

Lexington, KY 40507

258-3310

fax: 425-2277

<http://www.lexingtonky.gov/>

Janet Graham

From: Phyllis A Cooper [pcooper@lexingtonky.gov]
Sent: Wednesday, October 17, 2012 4:08 PM
To: Charles.Boland@amwater.com
Cc: William O'Mara
Subject: RE: KAWC receivable confirmation

Thanks so much, if there is anything else they need I'll be in touch.
Have a great day,
Phyllis

Phyllis Cooper, MS, CPA
Director of Accounting, LFUCG
200 E Main Street
Lexington, KY 40507
258-3310
fax: 425-2277
<http://www.lexingtonky.gov/>

From: Charles.Boland@amwater.com [mailto:Charles.Boland@amwater.com]
Sent: Wednesday, October 17, 2012 3:55 PM
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Cc: Phyllis A Cooper
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04/27/2013

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From: "William O'Mara" <billo@lexingtonky.gov>
To: "Phyllis A Cooper" <pcooper@lexingtonky.gov>
Cc: <charles.boland@amwater.com>
Date: 10/17/2012 02:47 PM
Subject: RE: KAWC receivable confirmation

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fax: 425-2277
<http://www.lexingtonky.gov/>

Janet Graham

From: Charles.Boland@amwater.com
Sent: Thursday, October 18, 2012 9:04 AM
To: William O'Mara
Subject: Re: KAWC receivable confirmation

Thanks Bill! We are doing fine and I hop yours as well! Will be in touch

From: "William O'Mara" [billo@lexingtonky.gov]
Sent: 10/18/2012 08:27 AM AST
To: Charles Boland
Subject: RE: KAWC receivable confirmation

Thanks for the assistance Charlie. Hope you and family are doing well.

Bill O

From: Charles.Boland@amwater.com [mailto:Charles.Boland@amwater.com]
Sent: Wednesday, October 17, 2012 3:55 PM
To: William O'Mara
Cc: Phyllis A Cooper
Subject: RE: KAWC receivable confirmation

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From: "William O'Mara" <billo@lexingtonky.gov>
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fax: 425-2277
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Janet Graham

From: Phyllis A Cooper [pcooper@lexingtonky.gov]
Sent: Thursday, October 25, 2012 4:04 PM
To: William O'Mara; Charles.Boland@amwater.com
Subject: RE: KAWC receivable confirmation

Mr. Boland,

DDAF has contacted us regarding receipt of the report sent by Bryan Siler. They are trying to verify the AR balance as of 6-30-2012. In addition, they have requested an accounts receivable aging report. Should they contact Bryan directly? Or, can you provide me with this information?

Thanks so much,

Phyllis Cooper, MS, CPA

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 200 E Main Street
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Janet Graham

From: William O'Mara [billo@lexingtonky.gov]
Sent: Thursday, October 25, 2012 5:43 PM
To: Charles.Boland@amwater.com; Phyllis A Cooper
Subject: RE: KAWC receivable confirmation

Phyllis-

If DDAR only needs totals by aging, Candice can furnish this to them. If they need an account by account aging, (which would be for approximately 115,000 customers), we need to coordinate with Brian.

Bill O

From: Phyllis A Cooper
Sent: Thursday, October 25, 2012 4:04 PM
To: 'Charles.Boland@amwater.com'; William O'Mara
Subject: RE: KAWC receivable confirmation

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Cc: Phyllis A Cooper
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 Cc: <charles.boland@amwater.com>
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04/27/2013

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Janet Graham

From: Charles.Boland@amwater.com
Sent: Friday, October 26, 2012 8:59 AM
To: William O'Mara
Cc: Bryan.Siler@amwater.com; Phyllis A Cooper
Subject: RE: KAWC receivable confirmation

Good morning, all, I believe Bryan had communicated with Erica Fritsch of DDAF about this, but am not sure of the outcome. Bryan did tell me that Candice has the ability to provide the totals by aging. Please clarify if this will suffice, or if we need to seek assistance again from Bryan. Thanks!

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From: "William O'Mara" <billo@lexingtonky.gov>
To: "Phyllis A Cooper" <pcooper@lexingtonky.gov>, <Charles.Boland@amwater.com>
Date: 10/25/2012 05:43 PM
Subject: RE: KAWC receivable confirmation

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fax: 425-2277
<http://www.lexingtonky.gov/>

Janet Graham

From: Charles.Boland@amwater.com
Sent: Friday, October 26, 2012 11:16 AM
To: Phyllis A Cooper
Cc: William O'Mara; Wales, Melanie
Subject: Re: FW: KAWC receivable confirmation

Good morning! I followed along the email train. If I understand the request correctly, it appears that DDAF needs confirmation from KAWC of the AR balance as of 6/30/12, and also of the aged AR balances by totals. I understand Candice has provided the AR balance, but that KAWC confirmation is needed of that as well.

I just spoke with Phyllis to get a game plan, and we will get back together on Monday to ensure that we get this additional confirmation in place, since Bryan and other parties are out today....thanks

Charlie Boland
Major Accounts / External Affairs Specialist
Kentucky American Water Company
2300 Richmond Road
Lexington, KY 40502
Office (859) 268-6314
Internal 7-533-6314
Fax (859) 268-6315
Charles.Boland@amwater.com

For quality and value, tap water is the clear choice.

From: "Phyllis A Cooper" <pcooper@lexingtonky.gov>
To: <Charles.Boland@amwater.com>
Cc: "Wales, Melanie" <mwales@ddafcpa.com>, "William O'Mara" <billo@lexingtonky.gov>
Date: 10/26/2012 10:55 AM
Subject: FW: KAWC receivable confirmation

Mr. Boland,
Who would the auditor contact to confirm the report is being run?
Thanks!

From: Wales, Melanie [<mailto:mwales@ddafcpa.com>]
Sent: Friday, October 26, 2012 9:54 AM
To: William O'Mara; Phyllis A Cooper
Cc: Phyllis A Cooper
Subject: RE: KAWC receivable confirmation

Travis said we can just look to see this reporting being run. Who should I get in contact with to do this?
Melanie Wales

04/27/2013

LFC_R_PSC_EX_#4(7)
Page 126 of 133

From: William O'Mara [mailto:bill_o@lexingtonky.gov]
Sent: Friday, October 26, 2012 8:21 AM
To: Wales, Melanie; Phyllis A Cooper
Cc: Phyllis A Cooper
Subject: RE: KAWC receivable confirmation

Just as a clarification, the data Candice (LFUCG) and Brian (KAWC) use for receivables reporting is the same source. KAWC furnishes us access to their reports via on-line inquiry. If DDAR would like to see/run the report we can show them. If, instead, they want something on KAWC letterhead, then Charlie will need to coordinate with Brian.

Bill O

From: Wales, Melanie [<mailto:mwales@ddafcpa.com>]
Sent: Friday, October 26, 2012 7:57 AM
To: Phyllis A Cooper
Cc: William O'Mara
Subject: RE: KAWC receivable confirmation

Phyllis we would like a confirmation of the balance directly from KAWC. We have already received from Candice a report, but we would like a third party verifying the accounts receivable balance at year end. Could you follow up with Charles Boland to let him know we still need this information? We would like a confirmation from them showing the aging of the receivable balance as well. Can they send it directly to my email once it is ready?

Thanks,
Melanie Wales

DEAN || DORTON || ALLEN || FORD
PLLC

Melanie Wales, CPA
Supervisor of Assurance Services

106 W. Vine St., Ste 600
Lexington, KY 40507
ph (859) 425-7690 fax (859) 425-3690
mwales@ddafcpa.com

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From: Phyllis A Cooper [<mailto:pcooper@lexingtonky.gov>]
Sent: Friday, October 26, 2012 7:18 AM
To: Wales, Melanie
Cc: William O'Mara
Subject: FW: KAWC receivable confirmation

Please see Bill's question below and advise.

04/27/2013

LFC_R_PSC_EX_#4(7)
Page 127 of 133

Thanks!
Phyllis

From: William O'Mara
Sent: Thursday, October 25, 2012 5:43 PM
To: Phyllis A Cooper; 'Charles.Boland@amwater.com'
Subject: RE: KAWC receivable confirmation

Phyllis-

If DDAR only needs totals by aging, Candice can furnish this to them. If they need an account by account aging, (which would be for approximately 115,000 customers), we need to coordinate with Brian.

Bill O

From: Phyllis A Cooper
Sent: Thursday, October 25, 2012 4:04 PM
To: 'Charles.Boland@amwater.com'; William O'Mara
Subject: RE: KAWC receivable confirmation

Mr. Boland,

DDAF has contacted us regarding receipt of the report sent by Bryan Siler. They are trying to verify the AR balance as of 6-30-2012. In addition, they have requested an accounts receivable aging report. Should they contact Bryan directly? Or, can you provide me with this information?

Thanks so much,

Phyllis Cooper, MS, CPA

Director of Accounting, LFUCG

200 E Main Street

Lexington, KY 40507

258-3310

fax: 425-2277

<http://www.lexingtonky.gov/>

From: Charles.Boland@amwater.com [<mailto:Charles.Boland@amwater.com>]
Sent: Wednesday, October 17, 2012 3:55 PM
To: William O'Mara
Cc: Phyllis A Cooper
Subject: RE: KAWC receivable confirmation

Hi Bill and Phyllis, hope you are well.

Since Bill contacted me, we have worked with Erica Fritsch of Dean Dorton Allen and Ford, and we provided her the confirmation reports on October 10. The original request asked only for confirmation on collections during the audit period for the three LFUCG user fees. In early October Erica clarified that she also needed a confirmation of the franchise fees collected, which we also provided. DDAF has this information in hand. Last week, Erica made another request we had not seen before for a report on the aged balances, which we stopped tracking at some point last year. However, Bryan Siler has been in touch with her and I think has provided her the information she

04/27/2013

needed. I believe this information was supplemental in nature, not critical for the audit.

I'm not sure I saw the initial request, so if the information is supposed to go elsewhere in addition to DDAF, let me know and I will forward it, but I do know that Erica has it. Thanks, and let me know if you need to discuss further.....

Charlie Boland
Major Accounts / External Affairs Specialist
Kentucky American Water Company
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Lexington, KY 40502
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Internal 7-533-6314
Fax (859) 268-6315
Charles.Boland@amwater.com

For quality and value, tap water is the clear choice.

From: "William O'Mara" <billo@lexingtonky.gov>
To: "Phyllis A Cooper" <pcooper@lexingtonky.gov>
Cc: <charles.boland@amwater.com>
Date: 10/17/2012 02:47 PM
Subject: RE: KAWC receivable confirmation

Phyllis-

Charlie Boland was championing this at KAW. We had KAW contacting Dean Dorton directly, so I am not sure what the hold up is at this point. I have copied Charlie so you can communicate directly with him.

Bill O

From: Phyllis A Cooper
Sent: Wednesday, October 17, 2012 2:17 PM
To: William O'Mara
Subject: KAWC receivable confirmation
Importance: High

The auditors have contacted/resent the receivable confirmation to KAWC several times. Can you give me a contact name to try and follow up with this? Mucho gracious,
Phyllis

Phyllis Cooper, MS, CPA
Director of Accounting, LFUCG
200 E Main Street
Lexington, KY 40507
258-3310

04/27/2013

Janet Graham

From: Charles.Boland@amwater.com
Sent: Thursday, November 15, 2012 1:59 PM
To: Phyllis A Cooper
Cc: William O'Mara
Subject: LFUCG FY 2012 Audit - Aged Balances per Kentucky American Water
Attachments: AGING STORMWATER.xlsx; AGING LANDFILL.xlsx; AGING SEWER.xlsx

Hi Phyllis, here are the reports. Sorry it took longer than I had hoped, but I'm glad they are finally here. Please let me know of any questions, and thanks!

Charlie Boland
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Fax (859) 268-6315
Charles.Boland@amwater.com

For quality and value, tap water is the clear choice.

----- Forwarded by Charles E Boland/KAWC/AWWSC on 11/15/2012 01:55 PM -----

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Wednesday, December 14, 2011 5:36 PM
To: William O'Mara
Subject: Separate Meetings

Bill,
Apologize for the confusion. I've just returned from being out of town and office since last week, and returned your call a few minutes ago, leaving message. The meeting Erin was scheduling was not in response to your voice mail; rather it was a let's check status as a group of Jane, Bill, Cheryl and Keith. So I'd suggest that meeting still occur.

As to your voice mail request, let's see about getting us together sooner. My schedule is pretty packed but we could try tomorrow (Thursday the 15th) after 6pm, or Friday the 16th at 3pm or later. If that doesn't work, we can talk about options for next week.

Again, sorry for the confusion.

Keith

Keith Cartier
Vice President, Operations
Kentucky American Water
1 859 268 6324 Office
1 859 321 9803 Cell
keith.cartier@amwater.com

Janet Graham

From: William O'Mara [billo@lexingtonky.gov]
Sent: Monday, January 09, 2012 4:38 PM
To: Keith.Cartier@amwater.com
Cc: Jane C Driskell
Subject: LFUCG update

Keith-

Our schedules seem to stay challenged connecting by phone so I thought I would send an e-mail. I wanted to give you a heads up that tomorrow's Council Worksession may have comments regarding KAWC. Our agreement for Project Management services will be on the docket for approval. This is hiring a project manager to assist in final selection and management of the transition to a new user fee billing and collection vendor. In addition, Council members have been contacted by citizens regarding the multi-year back billing for sewer user fees. Either subject may or may not be discussed.

Finally, as we discussed in December, it is urgent that LFUCG and KAWC meet to determine the contractual arrangement we will have on a go forward basis. In order to engage a new billing and collection vendor, we need to have the arrangements finalized between LFUCG and KAWC. Data, the exchange of data, services, as well as costs would all be covered in the new contract. Please let me know when we can begin this important next step.

Hope you had a good holiday season and good luck going into the freezing weather season.

Thanks-
Bill O

Janet Graham

From: Keith.Cartier@amwater.com
Sent: Monday, January 09, 2012 6:01 PM
To: William O'Mara
Subject: Re: LFUCG update

Bill,

Appreciate the update. Had returned the call as you were heading into another meeting around 4pm. Let me know if there is anything you'd like from us for Tuesday's session or whether there is value in our being there in some capacity.

I know we'd talked about the concepts and core content of the agreements back in the summer; we'll have a draft for your review shortly. We do have the meeting scheduled next Tuesday with you, me Jane and Cheryl, so we'll see where we all are by then, and whether that meeting can serve as that next step

I understand Bryan had sent to Candice a brief update earlier today as a heads up on future SAP data, noting the need for vendors to maintain a degree of flexibility on usage data information. Not changes to content necessarily, but that field lengths and such may be different in SAP than those currently in ORCOM. As the SAP design moves along, and the fields get closer to final design, we'll make sure we're keeping your folks apprised.

We'll keep working together to ensure as smooth a transition as possible.

Keith Cartier
 Vice President, Operations
 Kentucky American Water
 1 859 268 6324 Office
 1 859 321 9803 Cell
 keith.cartier@amwater.com

"William O'Mara" <billo@lexingtonky.gov>

To <Keith.Cartier@amwater.com>

01/09/2012 04:38 PM

cc "Jane C Driskell" <jdriskell@lexingtonky.gov>

Subject LFUCG update

Keith-

Our schedules seem to stay challenged connecting by phone so I thought I would send an e-mail. I wanted to give you a heads up that tomorrow's Council Worksession may have comments regarding KAWC. Our agreement for Project Management services will be on the docket for approval. This is hiring a project manager to assist in final selection and management of the transition to a new user fee billing and collection vendor. In addition, Council members have been contacted by citizens regarding the multi-year back billing for sewer user fees. Either subject may or may not be discussed.

Finally, as we discussed in December, it is urgent that LFUCG and KAWC meet to determine the contractual arrangement we will have on a go forward basis. In order to engage a new billing and collection vendor, we need to have the arrangements finalized between LFUCG and KAWC. Data, the exchange of data, services, as well as costs would all be covered in the new contract. Please let me know when we can begin this important next step.

Hope you had a good holiday season and good luck going into the freezing weather season.

Thanks-
 Bill O

04/27/2013