

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

Witness: Linda C. Bridwell

1. Reference the Kentucky-American Water Company (“Kentucky American Water” or the “Company”) application generally. Provide all tables and exhibits referenced in or supporting the application and testimony in their native electronic format (i.e. Microsoft Word, Microsoft Excel), with data including formulae in all cells and rows fully intact and fully accessible.
 - a. Provide all relevant and supporting worksheets in electronic format with data including formulae in all cells and rows fully intact and fully accessible.

Response:

Please refer to the response provided for Item 3 of the Commission Staff’s first request for information. The Excel files for the work papers were provided to all parties on CD also in response to the same request referenced above.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

Witness: **Linda C. Bridwell**

2. Reference the Kentucky American Water application generally. Provide the average dollar amount that the Kentucky American Water bill is currently for each rate class, and the average dollar amount should the proposed rates go into effect.

Response:

Please refer to the customer notification provided as Exhibit 7 to the Application, pages 2 and 3 of 3.

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

Witness: **Linda C. Bridwell**

3. Reference the Kentucky American Water application generally. Provide all invoices from outside experts, consultants, and legal counsel related to the current rate case, as well as the total amount expended thus far. Provide this information on an ongoing basis.

Response:

Please see the attachment for a summary of the total rate case expense through February 29, 2016 and all invoices.

Kentucky-American Water Company
Summary of Expense
January 1, 2015 - February 29, 2016

WBS	Description	Total
B12-01-0031	Revenue Requirement	\$201,720
B12-01-0032	Legal	135,216
B12-01-0034	Cost of Service Study	1,071
B12-01-0035	Depreciation Study	34,193
B12-01-0037	Data Requests - PSC	13,303
B12-01-0040	Other Costs	32,324
	Total	\$417,828

KY American Water Company
Attn: Accounts Payable Department
American Shared Services Center
P.O. Box 5610
Cherry Hill, NJ 08034

**GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC**

Send check payments to:
Gannett Fleming Companies
P.O. Box 529160
Philadelphia, PA 19182-9160

P.O. BOX 67100
HARRISBURG, PA 17106-7100
(717) 763-7211

Send ACH/EFT payments to:
ABA: 031312738
Acct No: 5003165665
Acct Name: Gannett Fleming Companies

Federal EIN: 48-4413705



Invoice: 059876*1502068

Invoice Period: January 24, 2015 through February 20, 2015

Non-PO Vendor No. 122240 - Depreciation Study for Kentucky American Water Company - Contact: Linda C. Bridwell, P.E.,
Director - Engineering, Email Address: Linda.Bridwell@amwater.com

Summary of Current Charges

Phase 000	- DEPRECIATION STUDY	\$	1,450.00
	Total Charges		<u>\$ 1,450.00</u>
	Total Due This Invoice		\$1,450.00

Project Manager: John J. Spanos

INVOICE

Project: 059876

KAW_R_AGDR1 NUM003032416

KY American Water Company
Attn: Accounts Payable Department
American Shared Services Center
P.O. Box 5610
Cherry Hill, NJ 08034

**GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC**

Send check payments to:
Gannett Fleming Companies
P.O. Box 529160
Philadelphia, PA 19182-9160

P.O. BOX 67100
HARRISBURG, PA 17106-7100
(717) 763-7211

Send ACH/EFT payments to:
ABA: 031312738
Acct No: 5003165665
Acct Name: Gannett Fleming Companies

Federal EIN: 48-4413705



Invoice: 059876*1503046

Invoice Period: February 21, 2015 through April 3, 2015

Non-PO Vendor No. 122240 - Depreciation Study for Kentucky American Water Company - Contact: Linda C. Bridwell, P.E.,
Director - Engineering, Email Address: Linda.Bridwell@amwater.com

Summary of Current Charges

Phase 000	- DEPRECIATION STUDY	\$	4,305.00
	Total Charges		<u>\$ 4,305.00</u>
	Total Due This Invoice		\$4,305.00

Project Manager: John J. Spanos

INVOICE

Project: 059876

KAW_R_AGDR1_NUM003032416

KY American Water Company
Attn: Accounts Payable Department
American Shared Services Center
P.O. Box 5610
Cherry Hill, NJ 08034

**GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC**

Send check payments to:
Gannett Fleming Companies
P.O. Box 529160
Philadelphia, PA 19182-9160

P.O. BOX 87100
HARRISBURG, PA 17106-7100
(717) 763-7211

Send ACH/EFT payments to:
ABA: 031312738
Acct No: 5003165665
Acct Name: Gannett Fleming Companies

Federal EIN: 48-4413706



Invoice: 059876*1504039

Invoice Period: April 4, 2015 through May 1, 2015

Non-PO Vendor No. 122240 - Depreciation Study for Kentucky American Water Company - Contact: Linda C. Bridwell, P.E.,
Director - Engineering, Email Address: Linda.Bridwell@amwater.com

Summary of Current Charges

Phase 000	- DEPRECIATION STUDY	\$	6,585.00
	Total Charges		<u>\$ 6,585.00</u>
	Total Due This Invoice		\$6,585.00

Project Manager: John J. Spanos

INVOICE

Project: 059876

KAW_R_AGDR1_NUM0032032416

KY American Water Company
Attn: Accounts Payable Department
American Shared Services Center
P.O. Box 5610
Cherry Hill, NJ 08034

**GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC**

Send check payments to:
Gannett Fleming Companies
P.O. Box 529160
Philadelphia, PA 19182-9160

P.O. BOX 67100
HARRISBURG, PA 17106-7100
(717) 763-7211

Send ACH/EFT payments to:
ABA: 031312738
Acct No: 5003165665
Acct Name: Gannett Fleming Companies

Federal EIN: 48-4413706



Invoice: 059876*1505025

Invoice Period: May 2, 2015 through May 29, 2015

Vendor No. 122240 - Depreciation Study for Kentucky American Water Company - Contact: Linda C. Bridwell, P.E., Rates & Regulation Manager
KY & TN, Email Address: Linda.Bridwell@amwater.com

Summary of Current Charges

Phase 000	- DEPRECIATION STUDY	\$	3,115.00
	Total Charges		<u>\$ 3,115.00</u>
	Total Due This Invoice		\$3,115.00

Project Manager: John J. Spanos

INVOICE

Project: 059876

KAW_R_AGDR1_NUM0030032416

Page 7 of 24

KY American Water Company
Attn: Accounts Payable Department
American Shared Services Center
P.O. Box 5610
Cherry Hill, NJ 08034

**GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC**

Send check payments to:
Gannett Fleming Companies
P.O. Box 529160
Philadelphia, PA 19182-9160

P.O. BOX 87100
HARRISBURG, PA 17106-7100
(717) 763-7211

Send ACH/EFT payments to:
ABA: 031312738
Acct No: 5003165665
Acct Name: Gannett Fleming Companies

Federal EIN: 48-4413705



Invoice: 059876*1506033

Invoice Period: May 30, 2015 through June 26, 2015

Vendor No. 122240 Depreciation Study for Kentucky American Water Company - Contact: Linda C. Bridwell, P.E., Rates & Regulation
Manager KY & TN, Email Address: Linda.Bridwell@amwater.com

Summary of Current Charges

Phase 000	- DEPRECIATION STUDY	\$ 10,704.58
	Total Charges	<u>\$ 10,704.58</u>
	Total Due This Invoice	\$10,704.58

Project Manager: John J. Spanos

KY American Water Company
Attn: Accounts Payable Department
American Shared Services Center
P.O. Box 5610
Cherry Hill, NJ 08034

**GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC**

Send check payments to:
Gannett Fleming Companies
P.O. Box 829160
Philadelphia, PA 19182-9160

P.O. BOX 67100
HARRISBURG, PA 17106-7100
(717) 769-7211

Send ACH/EFT payments to:
ABA: 031312738
Acct No: 6003165655
Acct Name: Gannett Fleming Companies

Federal EIN: 46-4413705



Invoice: 059876*1145

Invoice Period: August 22, 2015 through October 2, 2015

Vendor No. 122240 Depreciation Study for Kentucky American Water Company Contact: Linda C. Bridwell, P.E., Rates & Regulation
Manager KY & TN, Email Address: Linda.Bridwell@amwater.com

Summary of Current Charges

Phase 000	- DEPRECIATION STUDY	\$	1,435.00
	Total Charges		<u>\$ 1,435.00</u>
	Total Due This Invoice		\$1,435.00

Good afternoon.....

Please see attached invoice for services rendered August 22 thru October 2, 2015, related to the Depreciation Study for Kentucky American Water Company, noting that our American contact for this project is Linda Bridwell, whose email address is contained within the description of the invoice...and is: Linda.Bridwell@amwater.com.

Please note that our firm is Vendor No. 122240.

Project Manager: John J. Spanos

KY American Water Company
Attn: Accounts Payable Department
American Shared Services Center
P.O. Box 5610
Cherry Hill, NJ 08034

**GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC**

Send check payments to:
Gannett Fleming Companies
P.O. Box 829160
Philadelphia, PA 19182-9160

P.O. BOX 67100
HARRISBURG, PA 17106-7100
(717) 769-7211

Send ACH/EFT payments to:
ABA: 031312738
Acct No: 6003185655
Acct Name: Gannett Fleming Companies

Federal EIN: 46-4413705



Invoice: 060098*1156

Invoice Period: August 22, 2015 through October 2, 2015

Vendor No. 122240 - Cost of Service Allocation and Rate Design Studies for Kentucky American Water Company, Contact: Linda C. Bridwell, P.E., Rates & Regulation Manager KY & TN, Email Address: Linda.Bridwell@amwater.com

Summary of Current Charges

Phase 000	- COST ALLOC & RATE DESIGN	\$	1,010.00
	Total Charges		<u>\$ 1,010.00</u>
	Total Due This Invoice		\$1,010.00

Project Manager: Paul R. Herbert

Gannett Fleming Valuation and Rate Consultants, LLC

KY American Water Company
Attn: Accounts Payable Department
P.O. Box 5610
Cherry Hill, NJ 08034-5610

ACH/EFT Payment Information:
ABA: 031312738
Account No.: 5003165655
Account Name: Gannett Fleming Companies

Check Payment Information:
Gannett Fleming Companies
PO Box 829160
Philadelphia, PA 19182-9160

Project: 059876

Invoice No: 059876*1201
Invoice Date: November 18, 2015

Federal EIN: 46-4413705

Send Remit Info: AccountsReceivable@gfnet.com

Invoice Period: October 3, 2015 through October 30, 2015

Vendor No. 122240 Depreciation Study for Kentucky American Water Company Contact: Linda C. Bridwell, P.E., Rates & Regulation Manager
KY & TN, Email Address: Linda.Bridwell@amwater.com

Summary of Current Charges

Phase 000	- DEPRECIATION STUDY	\$	5,595.00
	Total Charges		<u>\$ 5,595.00</u>
	Total Due This Invoice		\$5,595.00

Project Manager: John J. Spanos

jspanos@gfnet.com

717-763-7211

4 0049/MAR 23, 2015 13:21

STOLL · KEENON · OGDEN
PLLC
300 West Vine Street
Suite 2100
Lexington, Kentucky 40507-1801
(859) 231-3000
Tax Id # 61-0421389
March 19, 2015

Kentucky-American Water Company
American Water Works Service Company, Inc.
Legal Department
c/o Shared Services Center - Accounts Payable
Center
P.O. Box 5610
Cherry Hill, NJ 08034

INVOICE NO.: 806886
SKO File No.: 10311/151238

Please Remit This Page With Payment To:

STOLL · KEENON · OGDEN
PLLC
P.O. Box 11969
Lexington, Kentucky 40579-1969

Re: 2015 Water Rate Case

Our Reference: 010311/151238/LWI/2404

Fees rendered this bill	\$ 4,631.00
Disbursements	\$ 4.60
Total Current Charges This Matter	\$ 4,635.60

*PLEASE INDICATE INVOICE NUMBER 806886 ON PAYMENT

4 0020/MAY 26, 2015 11:44

STOLL · KEENON · OGDEN
PLLC
300 West Vine Street
Suite 2100
Lexington, Kentucky 40507-1801
(859) 231-3000
Tax Id # 61-0421389
May 18, 2015

Kentucky-American Water Company
American Water Works Service Company, Inc.
Legal Department
c/o Shared Services Center - Accounts Payable
Center
P.O. Box 5610
Cherry Hill, NJ 08034

INVOICE NO.: 812797
SKO File No.: 10311/151238

Please Remit This Page With Payment To:
STOLL · KEENON · OGDEN
PLLC
P.O. Box 11969
Lexington, Kentucky 40579-1969

Re: 2015 Water Rate Case

Our Reference: 010311/151238/LWI/2404

Fees rendered this bill \$ 4,154.00

Total Current Charges This Matter \$ 4,154.00

*PLEASE INDICATE INVOICE NUMBER 812797 ON PAYMENT

STOLL · KEENON · OGDEN
 PLLC
 300 West Vine Street
 Suite 2100
 Lexington, Kentucky 40507-1801
 (859) 231-3000
 Tax Id # 61-0421389
 June 23, 2015

Kentucky-American Water Company
 American Water Works Service Company, Inc.
 Legal Department
 c/o Shared Services Center - Accounts Payable
 Center
 P.O. Box 5610
 Cherry Hill, NJ 08034

INVOICE NO.: 814949
 SKO File No.: 10311/151238

Please Remit This Page With Payment To:
STOLL · KEENON · OGDEN
 PLLC
 P.O. Box 11969
 Lexington, Kentucky 40579-1969

Re: 2015 Water Rate Case

Our Reference: 010311/151238/LWI/2404

Fees rendered this bill	\$ 8,366.50
Disbursements	\$ 0.20
Total Current Charges This Matter	\$ 8,366.70
Balance as of 05/18/15	\$4,154.00
Less credits (payments, adjustments)	\$0.00
Balance due on prior billings	\$4,154.00
Total Amount Due This Matter	\$12,520.70

*PLEASE INDICATE INVOICE NUMBER 814949 ON PAYMENT

4 0011/JUL 20, 2015 11:38

STOLL · KEENON · OGDEN

PLLC

300 West Vine Street

Suite 2100

Lexington, Kentucky 40507-1801

(859) 231-3000

Tax Id # 61-0421389

July 15, 2015

Kentucky-American Water Company
 American Water Works Service Company, Inc.
 Legal Department
 c/o Shared Services Center - Accounts Payable
 Center
 P.O. Box 5610
 Cherry Hill, NJ 08034

INVOICE NO.: 816271
 SKO File No.: 10311/151238

Please Remit This Page With Payment To:

STOLL · KEENON · OGDEN

PLLC

P.O. Box 11969

Lexington, Kentucky 40579-1969

Re: 2015 Water Rate Case

Our Reference: 010311/151238/LWI/2404

Fees rendered this bill	\$ 7,956.50
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Disbursements	\$ 14.01
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Total Current Charges This Matter	\$ 7,970.51
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Balance as of 06/23/15	\$12,520.70
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Less credits (payments, adjustments)	\$-4,154.00
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Balance due on prior billings	\$8,366.70
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Total Amount Due This Matter	\$16,337.21
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*PLEASE INDICATE INVOICE NUMBER 816271 ON PAYMENT

0012/SEP 17, 2015 12:25

STOLL · KEENON · OGDEN

PLLC

300 West Vine Street

Suite 2100

Lexington, Kentucky 40507-1801

(859) 231-3000

Tax Id # 61-0421389

September 9, 2015

Kentucky-American Water Company
American Water Works Service Company, Inc.
Legal Department
c/o Shared Services Center - Accounts Payable
Center
P.O. Box 5610
Cherry Hill, NJ 08034

INVOICE NO.: 819473
SKO File No.: 10311/151238

Please Remit This Page With Payment To:

STOLL · KEENON · OGDEN

PLLC

P.O. Box 11969

Lexington, Kentucky 40579-1969

Re: 2015 Water Rate Case

Workbasket number: AA03SEC03

Our Reference: 010311/151238/LWI/2404

Fees rendered this bill	\$ 2,747.50
Disbursements	\$ 2,928.80
Total Current Charges This Matter	\$ 5,676.30

*PLEASE INDICATE INVOICE NUMBER 819473 ON PAYMENT

STOLL · KEENON · OGDEN
 PLLC
 300 West Vine Street
 Suite 2100
 Lexington, Kentucky 40507-1801
 (859) 231-3000
 Tax Id # 61-0421389
 October 19, 2015

Kentucky-American Water Company
 American Water Works Service Company, Inc.
 Legal Department
 c/o Shared Services Center - Accounts Payable
 Center
 P.O. Box 5610
 Cherry Hill, NJ 08034

INVOICE NO.: 821734
 SKO File No.: 10311/151238

Please Remit This Page With Payment To:
STOLL · KEENON · OGDEN
 PLLC
 P.O. Box 11969
 Lexington, Kentucky 40579-1969

Re: 2015 Water Rate Case

Workbasket number: AA03SEC03
 Our Reference: 010311/151238/LWI/2404

Fees rendered this bill	\$ 6,337.00
Total Current Charges This Matter	\$ 6,337.00
Balance as of 09/09/15	\$5,676.30
Less credits (payments, adjustments)	\$0.00
Balance due on prior billings	\$5,676.30
Total Amount Due This Matter	\$12,013.30

*PLEASE INDICATE INVOICE NUMBER 821734 ON PAYMENT

STOLL · KEENON · OGDEN
 PLLC
 300 West Vine Street
 Suite 2100
 Lexington, Kentucky 40507-1801
 (859) 231-3000
 Tax Id # 61-0421389

October 19, 2015

Kentucky-American Water Company
 American Water Works Service Company, Inc.
 Legal Department
 c/o Shared Services Center - Accounts Payable
 Center
 P.O. Box 5610
 Cherry Hill, NJ 08034

INVOICE NO.: 821734
 SKO File No.: 10311/151238

Workbasket number: AA03SEC03

MATTER NAME: 2015 Water Rate Case

TOTAL FEES FOR PROFESSIONAL SERVICES PER ATTACHED 6,337.00

TOTAL CHARGES FOR EXPENSES AND OTHER SERVICES
 PER ATTACHED 0.00

INVOICE TOTAL \$ 6,337.00

BALANCE DUE from previous statements:

Bill Date	Invoice	Outstanding Amount
09/09/15	819473	5,676.30

Total Balance Due on Previous Statements: \$ 5,676.30

TOTAL BALANCE DUE \$12,013.30

*PLEASE INDICATE INVOICE NUMBER 821734 ON PAYMENT

STOLL · KEENON · OGDEN

PLLC

300 West Vine Street

Suite 2100

Lexington, Kentucky 40507-1801

(859) 231-3000

Tax Id # 61-0421389

November 5, 2015

Kentucky-American Water Company
 American Water Works Service Company, Inc.
 Legal Department

c/o Shared Services Center - Accounts Payable
 Center

P.O. Box 5610
 Cherry Hill, NJ 08034

INVOICE NO.: 822730
 SKO File No.: 10311/151238

Please Remit This Page With Payment To:

STOLL · KEENON · OGDEN

PLLC

P.O. Box 11969

Lexington, Kentucky 40579-1969

Re: 2015 Water Rate Case

Workbasket number: AA03SEC03

Our Reference: 010311/151238/LWI/2404

Fees rendered this bill	\$ 11,989.00
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Disbursements	\$ 8,093.64
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Total Current Charges This Matter	\$ 20,082.64
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Balance as of 10/19/15	\$12,013.30
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Less credits (payments, adjustments)	\$-5,676.30
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Balance due on prior billings	\$6,337.00
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Total Amount Due This Matter	\$26,419.64
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*PLEASE INDICATE INVOICE NUMBER 822730 ON PAYMENT

STOLL · KEENON · OGDEN

PLLC

300 West Vine Street**Suite 2100****Lexington, Kentucky 40507-1801****(859) 231-3000****Tax Id # 61-0421389**

December 29, 2015

Kentucky-American Water Company
 American Water Works Service Company, Inc.
 Legal Department

c/o Shared Services Center - Accounts Payable
 Center
 P.O. Box 5610
 Cherry Hill, NJ 08034

INVOICE NO.: 826013
 SKO File No.: 10311/151238

Please Remit This Page With Payment To:

STOLL · KEENON · OGDEN

PLLC

P.O. Box 11969**Lexington, Kentucky 40579-1969**

Re: 2015 Water Rate Case

Workbasket number: AA03SEC03

Our Reference: 010311/151238/LWI/2404

Fees rendered this bill	\$ 6,363.50
Disbursements	\$ 12.50
Total Current Charges This Matter	\$ 6,376.00

*PLEASE INDICATE INVOICE NUMBER 826013 ON PAYMENT

STOLL · KEENON · OGDEN

PLLC

300 West Vine Street

Suite 2100

Lexington, Kentucky 40507-1801

(859) 231-3000

Tax Id # 61-0421389

February 18, 2016

Kentucky-American Water Company
American Water Works Service Company, Inc.
Legal Department
c/o Shared Services Center - Accounts Payable
Center
P.O. Box 5610
Cherry Hill, NJ 08034

INVOICE NO.: 828729
SKO File No.: 10311/151238

Please Remit This Page With Payment To:

STOLL · KEENON · OGDEN

PLLC

P.O. Box 11969

Lexington, Kentucky 40579-1969

Re: 2015 Water Rate Case

Workbasket number: AA03SEC03

Our Reference: 010311/151238/LWI/2404

Fees rendered this bill	\$ 63,532.00
Disbursements	\$ 1,588.67
Total Current Charges This Matter	\$ 65,120.67

*PLEASE INDICATE INVOICE NUMBER 828729 ON PAYMENT



PO Box 632940
 San Diego, CA 92163
 EIN# 82-0468547
 (619) 269-7415

Invoice

Date	Invoice #
2/15/2016	204473

Bill To
 A/P Dept. - Patricia A. Lee
 c/o American Water Shared Services Center
 KYAW / Patricia.A.Lee@amwater.com
 PO Box 5610
 Cherry Hill, NJ 08034

Project		
AW15234 KY Regulatory Mailing		
P.O. Number	Terms	Rep
AW15234	Net 30	DT

Description	Rate	Amount
KY Regulatory Mailing		
Design and/or Layout	125.00	125.00
Job Coordination	775.00	775.00
Total		\$900.00

Thank you for your business.

Lindsey Ingram III
 Stoll Keenon Ogden on behalf of
 American Water
 300 W. Vine St.
 Suite 2100
 LEXINGTON, KY 40507

Towers Watson
 1500 Market Street
 Centre Square East
 Philadelphia, PA 19102-4790
 United States
 Tel No: 215.246.6000
 Fax No: 215.246.6251

October 29, 2015

Customer No: 604590

Invoice No: 150140343013

Kentucky American Water Rate Case Support	Amount
Fees for Services Rendered	8,058.04
Total	USD 8,058.04
<i>Total due after November 28, 2015 due to late charges</i>	<i>USD 8,138.62</i>

- Prepare data request and review data provided
- Develop Small Utility Peer Group (to be used for multiple states)
- Analyze pay practices for Small and Large Utility Peer Groups (to be used for multiple states)
- Project management and client communications

Please remit payment to:

Payment Reference: 150140343013
 Payee/Beneficiary name: Towers Watson Delaware Inc./ Tax ID # 53-0181291
 Preferred payment method: EDI, ACH/EFT (using CTX or CCD+), or wire transfer
 Address for submitting electronic payment details: GFO.CashApplication.NA@towerswatson.com
 Bank name: JPMorgan Chase
 Account number: 600039262
 Transit or ABA #: 021000021
 SWIFT CODE: CHASUS33
 Lockbox address for paper checks: Towers Watson Delaware Inc/Lockbox 28025/28025 Network Place/Chicago,IL 60673-1280

Invoices are due upon receipt. Please direct any questions concerning this invoice to your Towers Watson Consultant



Lindsey Ingram III
 Stoll Keenon Ogden
 American Water
 300 W. Vine St.
 Suite 2100
 LEXINGTON, KY 40507

Towers Watson
 1500 Market Street
 Centre Square East
 Philadelphia, PA 19102-4790
 United States
 Tel No: 215.246.6000
 Fax No: 215.246.6251

February 16, 2016

Customer No: 604590

Invoice No: 150140382681

Kentucky American Water Rate Case Support	Amount
Fees for Services Rendered	43,964.14
Total	USD 43,964.14
<i>Total due after March 17, 2016 due to late charges</i>	<i>USD 44,403.78</i>

- Completion of Kentucky American Water rate case and testimony

Please remit payment to:

Payment Reference: 150140382681
 Payee/Beneficiary name: Towers Watson Delaware Inc./ Tax ID # 53-0181291
 Preferred payment method: EDI, ACH/EFT (using CTX or CCD+), or wire transfer
 Address for submitting electronic payment details: GFO.CashApplication.NA@willistowerswatson.com
 Bank name: JPMorgan Chase
 Account number: 600039262
 Transit or ABA #: 021000021
 SWIFT CODE: CHASUS33
 Lockbox address for paper checks: Towers Watson Delaware Inc/Lockbox 28025/28025 Network Place/Chicago,IL 60673-1280

Invoices are due upon receipt. Please direct any questions concerning this invoice to your Willis Towers Watson consultant

Lindsey Ingram III
 Stoll Keenon Ogden on behalf of
 American Water
 300 W. Vine St.
 Suite 2100
 LEXINGTON, KY 40507

Towers Watson
 1500 Market Street
 Centre Square East
 Philadelphia, PA 19102-4790
 United States
 Tel No: 215.246.6000
 Fax No: 215.246.6251

November 30, 2015

Customer No: 604590

Invoice No: 150140345058

Kentucky American Water Rate Case Support

Amount

Fees for Services Rendered

3,477.23

Total

USD 3,477.23

Total due after December 30, 2015 due to late charges

USD 3,512.00

- Continued work on Kentucky rate case
- Project management and client communications

Please remit payment to:

Payment Reference: 150140345058

Payee/Beneficiary name: Towers Watson Delaware Inc./ Tax ID # 53-0181291

Preferred payment method: EDI, ACH/EFT (using CTX or CCD+), or wire transfer

Address for submitting electronic payment details: GFO.CashApplication.NA@towerswatson.com

Bank name: JPMorgan Chase

Account number: 600039262

Transit or ABA #: 021000021

SWIFT CODE: CHASUS33

Lockbox address for paper checks: Towers Watson Delaware Inc/Lockbox 28025/28025 Network Place/Chicago,IL 60673-1280

Invoices are due upon receipt. Please direct any questions concerning this invoice to your Towers Watson Consultant

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

Witness: **Nick O. Rowe**

- 4.** Reference the Kentucky American Water application generally. Provide full copies of the Board of Directors ("BOD") meeting minutes for every BOD meeting that has taken place from 11/1/2013 up until the present time where rates were discussed.

Response:

See attached.

*Minutes of Regular Meeting of the Board of Directors (the "Board")
of Kentucky-American Water Company (the "Company")
Held at the Corporate Offices – Lexington, Kentucky
At 3:30 p.m. on Wednesday, November 13, 2013*

Present: Cheryl D. Norton
Wayne M. Martin
Patricia A. Freibert
William G. Sisson (via telephone)
Martin D. Kerckhoff (via telephone)
Nick O. Rowe
Mark P. Shaeffer (via telephone)

Also present: Cristy Wheeler (via telephone)
Susan Lancho
Gina Money
Staci Olsen (via telephone)
Brent O'Neill
Keith Cartier

Having a majority and quorum of the Board necessary for the transaction of business, Ms. Norton as Chairman called the meeting to order.

Ms. Wheeler as Secretary presented the minutes of the meeting of the Board held on August 15, 2013, and after discussion and on a motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the meeting of the Company's Board held August 15, 2013, be and the same hereby are approved in the form as presented to the Board.

Ms. Norton discussed the Company's current legislative initiatives and recent meetings and events. Company personnel had a meeting with members of the Kentucky Chamber of Commerce to discuss public-private partnerships and infrastructure issues. Also discussed was the Rate Case Order that was received on October 25 granting \$6.9M revenue with a 9.7 ROE, with recovery of all Business Transformation costs and FIN 48. The Commission denied declining use and our surcharge and pass through recovery mechanisms, and decreased cash working capital. The PSC denied intervenors' requests for imputation of sewer billing revenue losses, and a surcharge for Northern Connection customers. The Order also set forth a new requirement to file a notice of intent to acquire a municipal system to review effect on existing ratepayers.

Mr. Cartier presented the Board with the Quarterly Operations Report. The Company's chief union steward and operations manager participated in a Labor Management

Knowledge Share session in St. Louis. The team was asked to participate to share how they have built a good working relationship between the bargaining unit and the Company. Also discussed were the new Company policies related to Drug & Alcohol testing and Cellular Phone use.

Mr. O'Neill discussed updates to multiple capital projects. He provided updates on the Northern Division Connection project, The Leestown Road Main Relocation project, the Jacobson Reservoir Pump Station project, the Richmond Road Filter Building project and the KY 341 Interconnect project.

Ms. Lancho discussed multiple Community Outreach activities in which the Company participated during the third quarter. The primary Community Outreach activity was the WaterFest open house held at the Company's Richmond Road location in Lexington.

Ms. Money discussed the financial report presented to the Board in relation to the Company's third quarter financial status. Sept YTD before Tax variance was unfavorable to plan by \$2.2M and Net Income was unfavorable to plan by \$1.3M.

Ms. Money then asked the Board to consider the declaration of dividends on the Preference and Common Stock of the Company. The Board considered the earnings of the Company, the earned surplus of the Company available for dividends and the cash position of the Company. After discussion, and upon motions duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.1175 per share of the 8.47% Preference Stock of the Company, being the regular quarterly dividend for the period ending November 30, 2013, is payable on December 2, 2013, to stockholders of record at the close of business on November 11, 2013.

RESOLVED, that out of the earned surplus of the Company, a dividend of \$2.33 per share on the Common Stock of this Company be, and hereby is, declared payable on December 27, 2013 to stockholders of record at the close of business on December 6, 2013.

Ms. Money then made reference to the funding of the cost of post-retirement welfare plan benefits for active and retired employees of the Company. It was then suggested that the Board authorize the payment of the Company's allocated share of the cost of the post-retirement welfare plan benefits for calendar year 2013 to the Voluntary Employee Beneficiary Association Trust established by American Water Works Company, Inc. for the payment of these benefits. After discussion, and upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that this Company be, and hereby is, authorized to pay to the voluntary employee beneficiary association trusts established by American Water Works Company, Inc. for the payment of health and life

insurance plan benefits the sum of \$786,845, its allocated share of the cost of these benefits for calendar year 2013; and

RESOLVED FURTHER, that the proper officers of the Company be, and each of them hereby is, authorized and directed to take all actions as any one of such officers may deem necessary or desirable to effectuate the full intent and purpose of the foregoing resolution.

Ms. Money also made reference to the Pension Plan for Employees of American Water Works Company, Inc. and its Designated Subsidiaries (the "Pension Plan"). It was suggested that the Board authorize the payment by the Company of its allocated share of the contribution to the trust established by American Water Works Company, Inc. for the payment of pension benefits under the Pension Plan. After discussion, and upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that a contribution to the Pension Plan for Plan Year 2013 is required, and the Company's contribution is hereby fixed at \$1,149,280.

RESOLVED FURTHER, that the proper officers of the Company be, and each of them hereby is, authorized and directed to take all actions as any one of such officers may deem necessary or desirable to effectuate the full intent and purpose of the foregoing resolution.

Ms. Money next reviewed the Company's anticipated funding requirements for construction and other corporate purposes. She requested the Board approve a short-term borrowing amount of no more than \$40,000,000 for calendar year 2014. After discussion, and upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, effective January 1, 2014, that the President or any Vice President or the Treasurer or the Assistant Treasurer of this Company be and hereby is authorized and empowered in the name and on behalf of this Company to borrow from time to time, short-term debt, until December 31, 2014, from American Water Capital Corp. or from a bank or banks, sums, excluding lease obligations, which in the aggregate will not exceed \$40,000,000 outstanding at any one time, such loans to mature at such times and to bear interest at such rates as may be approved by the officer making the loans; and as evidence of such loans to make, execute and deliver one or more notes or other written obligations of this Company which shall be sufficiently executed by this Company if signed in its name by its President or one of its Vice Presidents or its Treasurer or its Assistant Treasurer; and

FURTHER RESOLVED, that the proper officers of the Company be, and hereby are, authorized to take any and all actions as they may deem

necessary and desirable to consummate the transaction contemplated herein and to carry out the intent and purpose of the foregoing resolution.

Ms. Wheeler then indicated that the annual meeting of the shareholders of this Company is to be held on Friday, May 24, 2014 and that the Board may fix in advance a date not less than ten (10) days prior to the date of the meeting, as the record date for the determination of shareholders entitled to notice of and to vote at the meeting, all in accordance with the by-laws of this Company. She recommended that the Board fix the close of business on Friday, May 3, 2014 as the record date. After discussion, and upon motion duly made and seconded, the following resolutions were unanimously adopted:

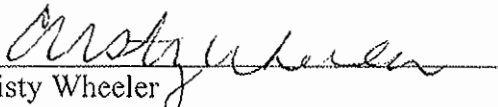
RESOLVED, that the close of business on Friday, May 2, 2014, be and hereby is fixed as the record date for the determination of the shareholders entitled to notice of and to vote at the annual meeting of the Shareholders of this Company to be held on Friday, May 23, 2014, at 2:00 p.m. at the office of the Company in Lexington, Kentucky; and

RESOLVED FURTHER, that the Secretary of this Company is authorized and directed to issue notice of the annual meeting of the shareholders of this Company, and that such notice be mailed with reasonable promptness and in any event not later than ten (10), nor more than fifty (50) days, before the date of such annual meeting at such address as appears on the books of the Company.

Ms. Wheeler then recommended the 2014 Board of Directors' meetings be set. The suggested dates are February 11, 2014, May 13, 2014, August 12, 2014 and November 11, 2014. After discussion, and upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that February 11, 2014, May 13, 2014, August 12, 2014 and November 11, 2014 are hereby approved as Board of Directors meeting dates for 2014.

After a general discussion of the Company and upon motion duly made, seconded and unanimously adopted, the meeting adjourned.


Cristy Wheeler

Secretary

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: **Linda C. Bridwell**

5. Reference the Kentucky American Water application generally. Provide copies of any and all documents, agendas, meeting notices, and/or annual reports relating to or distributed at any and all meetings with customers between 11/1/2013 and the present time, which address or otherwise discuss the need for a rate adjustment.

Response:

Please see attached.



Customer Appreciation Breakfast and Informational Session Thursday, February 25, 2016

AGENDA

- Welcome: Ellen Williams- Major Accounts/External Affairs Specialist

- Greetings & Remarks: Nick Rowe- President

- Greetings & Remarks: Kevin Rogers- Vice President of Operations

- Customer Service Updates: Charlie Boland- Operations Supervisor, Customer Advocacy

- Capital Improvements: Brent O'Neill- Director of Engineering

- 2016 Rate Case Filing: Linda Bridwell- Manager, Rates and Regulation

- Questions



Kentucky American Water Rate Case 2016

- **Filed January 29, 2016**
- **Rates suspended until August 29, 2016**
- **Proposed Increase \$13.5 million**
- **Overall increase 15.23%**
- **Last rate increase effective July 27, 2013 (37 months)**
- **Drivers:**
 - 30% based on declining usage per customer
 - 66% based on capital improvements and capital structure
 - 4% based on expenses and taxes

**As a valued Kentucky American Water customer,
please join us for a**

Customer Appreciation Breakfast and Informational Session

**Kentucky American Water
2300 Richmond Road, Lexington, KY 40502
Thursday, February 25, 2016
8:00 a.m. – 10:00 a.m.**

The session will include updates on our latest infrastructure improvement projects, the proposed rate adjustment and rate-making process and customer billing improvements, as well as remarks from our president Nick Rowe and our vice president of operations Kevin Rogers.

Please RSVP by February 18, 2016

Ellen Williams at (859) 268-6364 or ellen.williams@amwater.com

Upon entering our campus, please proceed through the main gate and take a right at the first stop sign. Proceed up the hill and veer to the right towards the building, parking in any available space. Someone will greet you at the glass double doors.



**KENTUCKY
AMERICAN WATER**

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION**

Witness: Linda C. Bridwell

- 6.** Reference the Kentucky American Water application generally. Provide copies of any and all documents, correspondences, newsletters, and/or annual reports mailed or provided electronically to Kentucky American Water's customers from 11/1/2013 up to the present time, which address or otherwise discuss the need for a rate adjustment.

Response:

Please see attached.



Kentucky American Water/AWWSC

12/18/2015 01:37 PM

Please respond to
kentuckyamericanwater@amwater.com

To kentuckyamericanwater@amwater.com
cc
bcc Ellen U
Williams/KAWC/AWWSC@AWW,
rejeana_thompson@aichiforge.com,
Subject Kentucky American Water-Major
Accounts Update December 2015

December 2015 Update

All,

Good afternoon! I hope this email finds you well and ready for the holidays! I wanted to send along some various bits of information that may be of interest to you. It's been a rather busy fall here at Kentucky American Water so I wanted to make sure you all were up-to-date on everything.

Leadership Changes at Kentucky American Water

As some of you may know, we have recently had a few leadership changes here at Kentucky American Water. We welcomed back Nick Rowe as president of Kentucky American Water in November. Nick previously served as president of Kentucky American Water from 2004 to 2011, when he was named senior vice president of American Water's Central Division, which at that time included seven states and was based in St. Louis. This fall, American Water reorganized its territories, which included regrouping its Central Division into four states – Kentucky, Michigan, Tennessee and Indiana – which enabled Rowe to serve in dual roles as Kentucky American Water president and Central Division senior vice president from the Lexington, Ky., office. He succeeds Cheryl Norton, who was promoted to president of Missouri American Water, a much larger operation than Kentucky American Water. Like Nick's new role, the promotion to the Missouri operation allows Cheryl to return home and be closer to extended family.

Nick is involved with various regulatory agencies, civic organizations and professional associations and has served on the executive board of the Kentucky Chamber of Commerce and as past chair of Commerce Lexington. He also has held board positions with the Lexington Industrial Foundation, the Central Bank Advisory Board and the United Way.

We have also recently welcomed our new vice president of operations, Kevin Rogers. Kevin most recently served as director of operations for Tennessee American Water in Chattanooga. Kevin joined American Water in 2009 as finance manager for Tennessee American Water and was promoted to manager of operations four years later. In his operations role he was responsible for water quality, field operations, production and maintenance functional areas and directing cost-effective, high quality customer service and operational integrity.

Kevin has served as treasurer for the Southeastern U.S. Chapter of the National Association of Water Companies and as a board member for the Tennessee Valley Water Alliance, the Chattanooga Room in the Inn and the Signal Centers of Chattanooga. He has also been active with the United Way of Bradley County Budget Allocation Panel.

We are excited to have Nick and Kevin in the Bluegrass state and I know they both look forward

to connecting with you all in the coming year!

Collective Billing

Good news! We now have the ability to offer you the option to group up to 20 of your accounts into one collective bill. If you have between 5-20 accounts that are all geographically located together and read at the same time, we can create one master bill to make it easier to manage. If you're interested in this option, please call 800-678-6301 with your account numbers ready and they should be able to take care of that for you. If you have any issues at all, please contact me!

Be Prepared Ahead of Time - Cold Weather Tips

As we are beginning to finally see some winter weather around here, I wanted to pass along a few cold weather water tips:

- Search for un-insulated pipes, especially in unheated areas. Check attics, crawl spaces, and outside walls. Consider wrapping pipes with insulation sleeves. Another option is electric heating tape, but follow instructions carefully to avoid a fire hazard.
- Seal cracks and holes in outside walls and foundations with caulking to keep cold air away from pipes, especially where cable TV or phone lines enter the structure.
- When below-freezing temperatures are forecast, keep a slow trickle of water flowing through faucets that are supplied by pipes running through an unheated or unprotected space. A steady stream of water about the size of a pencil lead can keep water from freezing.
- Keep cabinet doors open to allow warm air to circulate around pipes. If heat is provided by a hot-water radiator, bleed the valves by opening them slightly. Close them when water appears.
- Make certain that the water to outside faucets is shut off inside the structure (via a turnoff valve), and that the lines are drained. Don't forget to disconnect and drain hoses.
- Drain and shut off entirely the water to any unoccupied residence or structure. A loss of power during a winter storm could cause pipes to freeze. If you intend to leave a property entirely without heat, have the water turned off at the water main, and drain all water from pipes and fixtures to prevent the possibility of damage.
- Set the thermostat no lower than 55 degrees if you're going out of town. Although you may be able to get away with a lower temperature, this setting is considered to be safe for pipes.
- Consider wrapping your water heater in an insulation blanket. While not really at danger for freezing, this can lower your heating bills.

Rates Information

You may have seen that we recently submitted a notice of intent to file for a rate increase in 2016 with the Public Service Commission. That intent was withdrawn shortly thereafter. I do not have any further information to share with you all at this time regarding a future filing, but I will update you all as I know more. I do want to remind you, however, that the average time between a filing and when rates are implemented is around 7-10 months, so it is unlikely to

have a significant impact on your 2016 budgets. I will keep you posted as I learn more.

Miscellaneous

- We are continuing construction on our new filter building at our Richmond Road property. The anticipated date of completion of the building is April 2016. Stay tuned for information about a ribbon-cutting event, and possibly a sneak peek for our key accounts, such as you all!
- If you are currently paying a monthly fee for fire service and you find that you have incurred a charge relating to annual testing, you may contact our office at 859-269-2386 option 6 with your test results (usually a copy of an invoice) and we will adjust it off of your bill.
- We would love to connect with you on social media! Like us on Facebook and follow us on Twitter! Also, if you have any feedback about what information would be helpful to see on our page, please pass it along.

This year has been a wild one for me personally so I'm looking forward to a much calmer 2016! I am excited to continue my efforts to meet with each of you personally and hear what I can do to be a helpful resource for you. Please contact me anytime should you need help with anything. Wishing you all a safe and happy holiday season!

Ellen Williams
Major Accounts/External Affairs Specialist
Kentucky American Water
2300 Richmond Road
Lexington, KY 40502

P: (859) 268.6364 M: (859) 490.9380 ellen.williams@amwater.com

Kentucky American Water is a proud recipient of the "2015 Best Places to Work in Kentucky" Award.

PRESS RELEASE



KENTUCKY
AMERICAN WATER



January 29, 2016

Susan Lancho
External Affairs Manager
859.268.6332
susan.lancho@amwater.com

Kentucky American Water Requests Rate Increase

Nearly \$79 million of capital investment in local infrastructure drives request

Lexington, Ky. (Jan. 29, 2016) -- Kentucky American Water filed an application with the Kentucky Public Service Commission today to adjust the rates its customers pay for water service. The utility's last request for a water rate increase was in December 2012.

Kentucky American Water's investment in water system improvements of approximately \$79 million is the primary driver behind the rate request. Among these improvements is a \$15 million filtration building currently under construction at the utility's Richmond Road Station water treatment plant in Lexington. The building replaces the current filtration structure built in 1924. The Kentucky PSC approved in December 2014 the construction of the new facility, which is scheduled to be completed and placed into operation this year.

Additional water system capital improvements covered in this case include the replacement of aging water mains and the replacement of aged, less-efficient pumps. These improvements help to enhance service quality and reliability, environmental performance and fire protection.

Rates will not change until the Kentucky PSC completes a comprehensive review of the request and then makes a determination. This thorough, transparent process lasts several months, allows for public comment and includes public hearings.

"Since our last rate case, Kentucky American Water has continued to implement efficiencies and best practices throughout the business to reduce our operations and maintenance expenses," said Kentucky American Water President Nick Rowe. "This has enabled us to keep our operating expenses virtually flat since

- more -

KENTUCKY AMERICAN WATER REQUESTS INCREASE IN WATER RATES

2012. We have done so while also remaining focused on providing quality service for our customers and making appropriate system improvements.”

The need to upgrade water systems is a national challenge. The American Society of Civil Engineers says that an estimated \$1 trillion in capital spending will be needed across the nation over the next few decades to replace thousands of miles of pipe, upgrade treatment plants and comply with stricter water quality standards.

Kentucky American Water’s rates are based on the cost of providing water service as reviewed and approved by the PSC. The company is requesting through today’s filing a general increase in revenue of about \$13.5 million per year. If approved, the rate request would result in the water bill of the average residential customer using 4,130 gallons per month to increase from \$34.38 to \$40.38, which means water service would cost on average about a \$1.30 per day.

“The communities we serve in portions of 11 counties rely on us to provide reliable, quality water service to support their local economies and to provide a high quality of life for residents,” Rowe said. “The investments we make in our systems help ensure that we are able to fulfill that commitment to the health and prosperity of our customers and communities. We also understand the importance of keeping rates as low as possible for our customers, and therefore the operational efficiencies we continue to seek out and implement are helping us do just that.”

Kentucky American Water, a subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately half a million people. The company was recognized as a Best Place to Work in Kentucky in 2014, 2015 and 2016. For more information, visit www.kentuckyamwater.com.

Founded in 1886, American Water is the largest and most geographically diverse publicly traded U.S. water and wastewater utility company. With headquarters in Voorhees, N.J., the company employs 6,800 dedicated professionals who provide regulated and market-based drinking water, wastewater and other related services to an estimated 15 million people in 47 states and Ontario, Canada. More information can be found at www.amwater.com.

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NOTICE

Kentucky-American Water Company ("Kentucky American Water") expects to file on January 29, 2016 an application with the Kentucky Public Service Commission to increase the water service revenues by approximately 15.2%. The proposed annual revenue increases by customer classification are: Residential - \$8,324,451 (17.5%); Commercial - \$2,756,667 (13.0%); Industrial - \$557,063 (21.9%); Other Public Authority - \$1,047,117 (17.7%); Sales for Resale - \$111,947 (6.3%); Private Fire Service and Hydrants - \$80,739 (3.0%); Public Fire Hydrants - \$575,462 (15.4%). The proposed effective date of the rates is for service rendered on and after February 28, 2016. Kentucky American Water has requested the proposed rates be implemented to all customer classifications as shown below:

Proposed Rate Increase (Effective for service rendered on and after February 28, 2016):Monthly Service Charge by Meter Size(applicable to all

<u>customer classifications)</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
5/8"	\$12.49	\$14.85	\$2.36	19% Increase
3/4"	18.74	22.30	3.56	19% Increase
1"	31.23	37.10	5.87	19% Increase
1-1/2"	62.45	74.30	11.85	19% Increase
2"	99.92	118.80	18.88	19% Increase
3"	187.35	222.80	35.45	19% Increase
4"	312.25	371.30	59.05	19% Increase
6"	624.50	742.50	118.00	19% Increase
8"	999.20	1,188.00	188.80	19% Increase

<u>Consumption Charges:</u>	<u>Current Rate</u>		<u>Proposed Rate</u>		<u>\$ Change</u>		<u>% Change</u>
	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	
Residential	\$5.30040	\$0.5300	\$6.1820	\$0.6182	\$0.88	\$0.088	17% Increase
Commercial	4.82800	0.4828	5.3840	0.5384	0.56	0.056	12% Increase
Industrial	3.89470	0.3895	4.7550	0.4755	0.86	0.086	22% Increase
Other Public Authority	4.24520	0.4245	4.9900	0.4990	0.74	0.0745	18% Increase
Sales for Resale	4.20930	0.4209	4.4510	0.4451	0.24	0.024	6% Increase

Fire Protection:

<u>Private Fire Line Size</u>	<u>Current Rate Per Month</u>	<u>Proposed Rate Per Month</u>	<u>\$ Change</u>	<u>% Change</u>
2"	\$8.92	\$9.37	\$0.45	5% Increase
4"	35.90	37.70	1.80	5% Increase
6"	80.74	84.78	4.04	5% Increase
8"	143.54	150.72	7.18	5% Increase
10"	224.34	235.56	11.22	5% Increase
12"	323.50	339.68	16.18	5% Increase
14"	439.89	461.88	21.99	5% Increase
16"	574.42	603.14	28.72	5% Increase
Private Fire Hydrant	79.77	79.77	0.00	0% Increase
Public Fire Hydrant	41.60	48.00	6.40	15% Increase

Average Monthly Bills:

	<u>Average Monthly Usage</u>	<u>Current Average Bill</u>	<u>Proposed Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Residential	4,130 gallons	\$34.38	\$40.38	\$6.00	17% Increase
Commercial	34,593 gallons	\$179.51	\$201.10	\$21.59	12% Increase

	<u>Average Monthly Usage</u>	<u>Current Average Bill</u>	<u>Proposed Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Industrial	1,981,715 gallons	\$7,818.05	\$9,541.85	\$1,723.80	22% Increase
Other Public Authority	195,885 gallons	\$931.49	\$1,096.27	\$164.78	18% Increase
Sales for Resale	2,402,950 gallons	\$10,214.66	\$10,814.33	\$599.67	6% Increase
Private Fire Hydrant	N/A	\$79.77	\$79.77	\$0.00	0% Increase
Public Fire Hydrant	N/A	\$41.60	\$48.00	\$6.40	15% Increase
Private Fire Line	N/A	\$78.66	\$82.59	\$3.94	5% Increase

Tap Fees:Meter Size(applicable to allcustomer classifications)

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
5/8"	\$1,078.00	\$1,280.00	\$202.00	19% Increase
1"	1,576.00	2,201.00	625.00	39% Increase
2"	3,563.00	4,238.00	675.00	19% Increase

Kentucky American Water has also proposed additions to its tariff to include a Qualified Infrastructure Program surcharge that would be applied to Residential, Commercial, Industrial, Other Public Authority, Sales for Resale, and Private Fire Service classifications for infrastructure replacement investments. This surcharge would be calculated annually based on actual replacement costs, and applied to each customer's monthly bill. The surcharge would then be updated annually until the next rate case, at which time the investment costs would be incorporated into rates and the surcharge reset at zero.

Kentucky American Water has also proposed revisions to eliminate portions of its tariff that were charges and terms for former Tri-Village Water District and Elk Lake Shores Subdivision customers. These charges and terms have not been utilized in recent years because all customers are subject to the charges and terms applicable to all water customers as set forth in the tariff.

This application may be examined at the offices of Kentucky American Water located at 2300 Richmond Road in Lexington, Kentucky.

This application may also be examined at the offices of the Public Service Commission located at 211 Sower Boulevard in Frankfort, Kentucky, Monday – Friday from 8:00 am – 4:30 pm or on the Commission's website at <http://psc.ky.gov>.

Comments regarding this application may be submitted by mail to the Public Service Commission, Post Office Box 615, Frankfort KY 40602; or through its website at <http://psc.ky.gov>.

The rates contained in this notice are the rates proposed by Kentucky American Water but the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Any person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, which establishes the grounds for the request including the status and interest of the party.

If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the providing of this notice, the Public Service Commission may take final action on the application.

FROM THE TAP

January 2016



Change in Water Rates Requested

Investments in local water infrastructure drive need for first request in three years.

Kentucky American Water has filed with its regulator, the Kentucky Public Service Commission (PSC), a request for an increase in water rates. The details of the filing are enclosed in this mailing.

Who establishes the rates customers pay?

As a regulated, investor-owned utility, Kentucky American Water may only change its rates after completing a formal, legal rate request process through the Kentucky PSC, and only if the PSC approves any change. This process involves submitting thousands of pages of written testimony that communicates why the change in rates is needed, as well as responding to requests from the PSC, the Office of the Attorney General and other parties for additional information about the request. The process may also include public comment sessions and public hearings. Rate cases typically take about seven to eight months from the date of filing, but may take longer. This process is open and transparent, and allows opportunities for customer input.

Why is a rate increase needed?

It has been almost three years since Kentucky American Water requested an increase in rates from the PSC. Unlike many other businesses, we cannot make incremental adjustments throughout the year in response to changes in our costs for materials and supplies, for example.

Since our last request in late 2012, the company has continued to make necessary upgrades to its system of approximately 2,000 miles of pipe as well as other improvements, such as construction of a new filtration building at our Richmond Road water treatment plant.



While many drinking water systems face serious infrastructure issues, Kentucky American Water is committed to making ongoing upgrades so that we can stay ahead of the curve on water utility infrastructure needs rather than lag behind. We have invested nearly \$79 million in capital improvements in the last three years alone, and a significant portion of the rate increase we are requesting pertains to such investments.

What is the company doing to manage the rates customers pay?

While ongoing investment in water utilities is essential in order to maintain quality service and meet drinking water regulations, Kentucky American Water is committed to maintaining good value for its customers. We continue to focus on ways to contain costs as much as possible, such as reducing energy usage, streamlining processes and using new technologies to make our operations more efficient and effective.



The Value of Drinking Water Service

We understand the value that tap water service brings to the communities we serve, not only for public health but also for fire protection and economic development. We are committed to retaining a good value for our customers by providing dependable, quality water service for a reasonable price. In addition, we continue to contribute shareholder dollars to programs that assist customers who are facing financial challenges, such as the H₂O Help to Others Program coordinated for Kentucky American Water by Dollar Energy Fund.

Through ongoing investment and continued focus on operational efficiency, we will continue to strive for providing quality water service for less than a penny a gallon.



**KENTUCKY
AMERICAN WATER**

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Kentucky American Water/AWWSC

01/29/2016 10:18 AM

Please respond to kentuckyamericanwater@amwater.com
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To kentuckyamericanwater@amwater.com
 cc
 bcc Ellen U Williams/KAWC/AWWSC@AWW, Susan L
 Subject Kentucky American Water Requests Rate Increase

All,

Good morning! As promised, I want to provide you with pertinent updates regarding your water service. You may hear today that Kentucky American Water has filed an application with the Kentucky Public Service Commission (PSC) to adjust the rates our customers pay for water service. As one of our major water service accounts, I wanted to give you direct email notification and provide basic details of the proposed rate adjustment, in addition to the notification that will be sent via regular mail. We value the opportunity to serve you and know that you need to be aware of potential impacts to your organization's annual fiscal planning. Attached you will find three documents: a news release, a supplemental "From The Tap" document describing the rate review process and estimated time frame and a customer notification piece outlining the proposed new rate structure Kentucky American Water has filed with the PSC.

In short, we have proposed a new rate structure that will be reviewed extensively by the Kentucky PSC and a variety of other governmental agencies or interested parties. Specific dollars and percentages are included in the attached documents. The review process typically takes approximately seven to ten months to complete, including any public hearings that may be scheduled. The ultimate decision on the amount of any rate increase granted rests with the Kentucky PSC. Assuming the process follows the usual time-frame, a decision regarding the amount of any new rate increase will occur later in 2016. Rates will not change until the Kentucky PSC completes a comprehensive review of the request and then makes a determination.

It has been a little over three years since Kentucky American Water last filed for a rate increase. Our investment in water system improvements of approximately \$79 million since the last filing is the primary driver behind this rate request. Among these improvements is a \$15 million filtration building currently under construction at our Richmond Road Station water treatment plant here in Lexington. The building replaces the current filtration structure built in 1924. The Kentucky PSC approved in December 2014 the construction of the new facility, which is scheduled to be completed and placed into operation this year. Additional water system capital improvements covered in this case include the replacement of aging water mains and the replacement of aged, less-efficient pumps. These improvements help to enhance service quality and reliability, environmental performance and fire protection. These necessary investments are in keeping with the company's core mission to provide water service now and in the future that is worthy of your trust.

Kentucky American Water is grateful to be your water provider. While potential rate increases are never the most popular topic of the day, my commitment is to keep you informed about all important circumstances that could affect you as a major water user. Should you desire to discuss the proposed new rate structure further, please feel free to contact me.

Thank you!



012916 Kentucky American Water Files Rate Case.pdf FromTheTap-Jan2016.pdf Customer_Notice January 29.pdf

Ellen Williams

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Kentucky American Water is a proud recipient of the "2015 Best Places to Work in Kentucky" Award.

PRESS RELEASE



KENTUCKY
AMERICAN WATER



January 29, 2016

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Kentucky American Water Requests Rate Increase

Nearly \$79 million of capital investment in local infrastructure drives request

Lexington, Ky. (Jan. 29, 2016) -- Kentucky American Water filed an application with the Kentucky Public Service Commission today to adjust the rates its customers pay for water service. The utility's last request for a water rate increase was in December 2012.

Kentucky American Water's investment in water system improvements of approximately \$79 million is the primary driver behind the rate request. Among these improvements is a \$15 million filtration building currently under construction at the utility's Richmond Road Station water treatment plant in Lexington. The building replaces the current filtration structure built in 1924. The Kentucky PSC approved in December 2014 the construction of the new facility, which is scheduled to be completed and placed into operation this year.

Additional water system capital improvements covered in this case include the replacement of aging water mains and the replacement of aged, less-efficient pumps. These improvements help to enhance service quality and reliability, environmental performance and fire protection.

Rates will not change until the Kentucky PSC completes a comprehensive review of the request and then makes a determination. This thorough, transparent process lasts several months, allows for public comment and includes public hearings.

"Since our last rate case, Kentucky American Water has continued to implement efficiencies and best practices throughout the business to reduce our operations and maintenance expenses," said Kentucky American Water President Nick Rowe. "This has enabled us to keep our operating expenses virtually flat since

- more -

KENTUCKY AMERICAN WATER REQUESTS INCREASE IN WATER RATES

2012. We have done so while also remaining focused on providing quality service for our customers and making appropriate system improvements.”

The need to upgrade water systems is a national challenge. The American Society of Civil Engineers says that an estimated \$1 trillion in capital spending will be needed across the nation over the next few decades to replace thousands of miles of pipe, upgrade treatment plants and comply with stricter water quality standards.

Kentucky American Water’s rates are based on the cost of providing water service as reviewed and approved by the PSC. The company is requesting through today’s filing a general increase in revenue of about \$13.5 million per year. If approved, the rate request would result in the water bill of the average residential customer using 4,130 gallons per month to increase from \$34.38 to \$40.38, which means water service would cost on average about a \$1.30 per day.

“The communities we serve in portions of 11 counties rely on us to provide reliable, quality water service to support their local economies and to provide a high quality of life for residents,” Rowe said. “The investments we make in our systems help ensure that we are able to fulfill that commitment to the health and prosperity of our customers and communities. We also understand the importance of keeping rates as low as possible for our customers, and therefore the operational efficiencies we continue to seek out and implement are helping us do just that.”

Kentucky American Water, a subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately half a million people. The company was recognized as a Best Place to Work in Kentucky in 2014, 2015 and 2016. For more information, visit www.kentuckyamwater.com.

Founded in 1886, American Water is the largest and most geographically diverse publicly traded U.S. water and wastewater utility company. With headquarters in Voorhees, N.J., the company employs 6,800 dedicated professionals who provide regulated and market-based drinking water, wastewater and other related services to an estimated 15 million people in 47 states and Ontario, Canada. More information can be found at www.amwater.com.

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FROM THE TAP

January 2016



Change in Water Rates Requested

Investments in local water infrastructure drive need for first request in three years.

Kentucky American Water has filed with its regulator, the Kentucky Public Service Commission (PSC), a request for an increase in water rates. The details of the filing are enclosed in this mailing.

Who establishes the rates customers pay?

As a regulated, investor-owned utility, Kentucky American Water may only change its rates after completing a formal, legal rate request process through the Kentucky PSC, and only if the PSC approves any change. This process involves submitting thousands of pages of written testimony that communicates why the change in rates is needed, as well as responding to requests from the PSC, the Office of the Attorney General and other parties for additional information about the request. The process may also include public comment sessions and public hearings. Rate cases typically take about seven to eight months from the date of filing, but may take longer. This process is open and transparent, and allows opportunities for customer input.

Why is a rate increase needed?

It has been almost three years since Kentucky American Water requested an increase in rates from the PSC. Unlike many other businesses, we cannot make incremental adjustments throughout the year in response to changes in our costs for materials and supplies, for example.

Since our last request in late 2012, the company has continued to make necessary upgrades to its system of approximately 2,000 miles of pipe as well as other improvements, such as construction of a new filtration building at our Richmond Road water treatment plant.



While many drinking water systems face serious infrastructure issues, Kentucky American Water is committed to making ongoing upgrades so that we can stay ahead of the curve on water utility infrastructure needs rather than lag behind. We have invested nearly \$79 million in capital improvements in the last three years alone, and a significant portion of the rate increase we are requesting pertains to such investments.

What is the company doing to manage the rates customers pay?

While ongoing investment in water utilities is essential in order to maintain quality service and meet drinking water regulations, Kentucky American Water is committed to maintaining good value for its customers. We continue to focus on ways to contain costs as much as possible, such as reducing energy usage, streamlining processes and using new technologies to make our operations more efficient and effective.

The Value of Drinking Water Service

We understand the value that tap water service brings to the communities we serve, not only for public health but also for fire protection and economic development. We are committed to retaining a good value for our customers by providing dependable, quality water service for a reasonable price. In addition, we continue to contribute shareholder dollars to programs that assist customers who are facing financial challenges, such as the H₂O Help to Others Program coordinated for Kentucky American Water by Dollar Energy Fund.

Through ongoing investment and continued focus on operational efficiency, we will continue to strive for providing quality water service for less than a penny a gallon.

KENTUCKY
AMERICAN WATER

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NOTICE

Kentucky-American Water Company ("Kentucky American Water") expects to file on January 29, 2016 an application with the Kentucky Public Service Commission to increase the water service revenues by approximately 15.2%. The proposed annual revenue increases by customer classification are: Residential - \$8,324,451 (17.5%); Commercial - \$2,756,667 (13.0%); Industrial - \$557,063 (21.9%); Other Public Authority - \$1,047,117 (17.7%); Sales for Resale - \$111,947 (6.3%); Private Fire Service and Hydrants - \$80,739 (3.0%); Public Fire Hydrants - \$575,462 (15.4%). The proposed effective date of the rates is for service rendered on and after February 28, 2016. Kentucky American Water has requested the proposed rates be implemented to all customer classifications as shown below:

Proposed Rate Increase (Effective for service rendered on and after February 28, 2016):**Monthly Service Charge by Meter Size****(applicable to all**

<u>customer classifications</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
5/8"	\$12.49	\$14.85	\$2.36	19% Increase
3/4"	18.74	22.30	3.56	19% Increase
1"	31.23	37.10	5.87	19% Increase
1-1/2"	62.45	74.30	11.85	19% Increase
2"	99.92	118.80	18.88	19% Increase
3"	187.35	222.80	35.45	19% Increase
4"	312.25	371.30	59.05	19% Increase
6"	624.50	742.50	118.00	19% Increase
8"	999.20	1,188.00	188.80	19% Increase

Consumption Charges:

	<u>Current Rate</u>		<u>Proposed Rate</u>		<u>\$ Change</u>		<u>% Change</u>
	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	<u>Per 1000 Gallons</u>	<u>Per 100 Gallons</u>	
Residential	\$5.30040	\$0.5300	\$6.1820	\$0.6182	\$0.88	\$0.088	17% Increase
Commercial	4.82800	0.4828	5.3840	0.5384	0.56	0.056	12% Increase
Industrial	3.89470	0.3895	4.7550	0.4755	0.86	0.086	22% Increase
Other Public Authority	4.24520	0.4245	4.9900	0.4990	0.74	0.0745	18% Increase
Sales for Resale	4.20930	0.4209	4.4510	0.4451	0.24	0.024	6% Increase

Fire Protection:

<u>Private Fire Line Size</u>	<u>Current Rate Per Month</u>	<u>Proposed Rate Per Month</u>	<u>\$ Change</u>	<u>% Change</u>
2"	\$8.92	\$9.37	\$0.45	5% Increase
4"	35.90	37.70	1.80	5% Increase
6"	80.74	84.78	4.04	5% Increase
8"	143.54	150.72	7.18	5% Increase
10"	224.34	235.56	11.22	5% Increase
12"	323.50	339.68	16.18	5% Increase
14"	439.89	461.88	21.99	5% Increase
16"	574.42	603.14	28.72	5% Increase
Private Fire Hydrant	79.77	79.77	0.00	0% Increase
Public Fire Hydrant	41.60	48.00	6.40	15% Increase

Average Monthly Bills:

	<u>Average Monthly Usage</u>	<u>Current Average Bill</u>	<u>Proposed Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Residential	4,130 gallons	\$34.38	\$40.38	\$6.00	17% Increase
Commercial	34,593 gallons	\$179.51	\$201.10	\$21.59	12% Increase

	<u>Average Monthly Usage</u>	<u>Current Average Bill</u>	<u>Proposed Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Industrial	1,981,715 gallons	\$7,818.05	\$9,541.85	\$1,723.80	22% Increase
Other Public Authority	195,885 gallons	\$931.49	\$1,096.27	\$164.78	18% Increase
Sales for Resale	2,402,950 gallons	\$10,214.66	\$10,814.33	\$599.67	6% Increase
Private Fire Hydrant	N/A	\$79.77	\$79.77	\$0.00	0% Increase
Public Fire Hydrant	N/A	\$41.60	\$48.00	\$6.40	15% Increase
Private Fire Line	N/A	\$78.66	\$82.59	\$3.94	5% Increase

Tap Fees:Meter Size(applicable to allcustomer classifications)

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
5/8"	\$1,078.00	\$1,280.00	\$202.00	19% Increase
1"	1,576.00	2,201.00	625.00	39% Increase
2"	3,563.00	4,238.00	675.00	19% Increase

Kentucky American Water has also proposed additions to its tariff to include a Qualified Infrastructure Program surcharge that would be applied to Residential, Commercial, Industrial, Other Public Authority, Sales for Resale, and Private Fire Service classifications for infrastructure replacement investments. This surcharge would be calculated annually based on actual replacement costs, and applied to each customer's monthly bill. The surcharge would then be updated annually until the next rate case, at which time the investment costs would be incorporated into rates and the surcharge reset at zero.

Kentucky American Water has also proposed revisions to eliminate portions of its tariff that were charges and terms for former Tri-Village Water District and Elk Lake Shores Subdivision customers. These charges and terms have not been utilized in recent years because all customers are subject to the charges and terms applicable to all water customers as set forth in the tariff.

This application may be examined at the offices of Kentucky American Water located at 2300 Richmond Road in Lexington, Kentucky.

This application may also be examined at the offices of the Public Service Commission located at 211 Sower Boulevard in Frankfort, Kentucky, Monday – Friday from 8:00 am – 4:30 pm or on the Commission's website at <http://psc.ky.gov>.

Comments regarding this application may be submitted by mail to the Public Service Commission, Post Office Box 615, Frankfort KY 40602; or through its website at <http://psc.ky.gov>.

The rates contained in this notice are the rates proposed by Kentucky American Water but the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Any person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, which establishes the grounds for the request including the status and interest of the party.

If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the providing of this notice, the Public Service Commission may take final action on the application.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: **Linda C. Bridwell/Robert Mustich**

7. Reference the Kentucky American Water application generally. Has Kentucky American Water conducted a study to compare the Company's salary, benefits, and raises per employee with the standard salary, benefits, and raises by the workforce in the counties that it services? If so, provide copies of all such studies. If not, explain why a study has not been performed.

Response:

No, Kentucky American has not performed such a study because Kentucky American Water is the only investor-owned water utility in the counties it serves, which means it is a unique industry in the counties that it serves. The direct testimony of Robert Mustich demonstrates that Kentucky American Water's compensation is both competitive and reasonable. In addition, American Water has periodically undertaken benchmarking of its compensation. See the Company's response to PSC 1-16.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: **Donald J. Petry**

- 8.** Reference the Kentucky American Water application generally. Provide copies of any salary surveys/studies or analysis of prevailing wage and salary amounts or any other documents utilized in the process of determining the amount of compensation for wage and salaried employees.

Response:

Please refer to the response to Item 16 of the Public Service Commission Staff's First Request for Information.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness:

9. Reference the Kentucky American Water application generally to answer the following:
- a. Provide a list of each Kentucky American Water salaried employee's job title with salary, overtime if any, percent pay increase for each of the past five years, and also include all benefits, bonuses, awards, etc.
 - b. Provide a list of each Kentucky American Water hourly employee's job title with salary, overtime if any, percent pay increase for each of the past five years, and also include all benefits, bonuses, awards, etc.
 - c. Provide a list of each Kentucky American Water BOD's job title with salary, overtime if any, percent pay increase for each of the past five years, and also include all benefits, bonuses, awards, etc.
 - d. Provide a list of each Kentucky American Water officer's job title with salary, overtime if any, percent pay increase for each of the past five years, and also include all benefits, bonuses, awards, etc.

Response:

- a-d. Please see attached. The attachment is confidential and subject to a petition for confidential treatment.

Kentucky American Water Company
 2011 Labor & Benefits

Employee #	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Total Wages	Increase				FICA	FUTA	SUTA	Group Insurance	Total Benefits
								%	401k	DCP	VEBA					
		\$163,962		\$54,725			\$218,687	3.50%	\$3,642	\$0	\$0	\$10,360	\$55	\$112	\$15,519	\$29,688
		57,160		7,930			65,090	5.00%	1,047	0	0	4,765	56	112	11,741	17,721
		85,500					85,500	0.00%	0	4,489	0	8,225	56	112	11,684	24,567
		77,502		7,665			85,167	1.50%	1,938	0	0	6,462	56	112	5,772	14,340
		94,908		17,186			112,093	3.00%	2,360	0	0	8,125	56	112	16,140	26,793
		62,087		4,080			66,166	1.90%	1,433	0	0	4,872	56	112	5,772	12,245
		81,387		9,187			90,574	1.25%	2,022	0	0	6,708	56	112	16,140	25,038
		52,763		9,988			62,752	1.90%	1,319	0	0	4,822	56	112	3,552	9,861
		76,847		8,234			85,081	2.00%	1,909	0	0	6,208	56	112	16,140	24,425
		67,395	6,072				73,467	1.50%	1,678	0	0	5,352	56	112	16,140	23,338
		31,106					31,106	4.00%	768	0	0	2,337	42	112	3,903	7,161
		71,061		34,288			105,349	4.00%	1,257	0	0	8,048	56	112	3,552	13,025
		85,379		8,432			93,811	1.25%	2,135	0	0	7,010	56	112	26,004	35,316
		109,625		29,723			139,348	2.80%	2,499	0	0	8,528	56	112	13,272	24,467
		74,400		9,345			83,746	2.80%	1,848	0	0	6,330	56	112	5,772	14,118
		61,125		5,877			67,003	4.00%	1,528	0	0	5,140	56	112	0	6,837
		75,258		7,336			82,594	1.90%	1,869	0	0	5,896	56	112	16,140	24,073
		76,194		5,908			82,102	2.50%	1,427	0	0	6,307	56	112	576	8,477
		46,922		8,524			55,446	2.80%	1,158	0	0	4,024	56	112	11,174	16,524
		20,849		3,222			24,071	2.80%	521	0	0	1,824	56	112	1,998	4,511
		73,621		8,004			81,625	1.90%	1,357	0	0	6,032	56	112	16,140	23,697
		56,887		2,743			59,630	2.80%	1,410	0	0	4,482	56	112	5,772	11,832
		147,518		37,310		404	185,232	2.80%	3,263	0	0	9,341	56	43	16,140	28,843
		33,829		18,782			52,611	4.00%	2,025	1,672	0	3,736	56	112	5,587	13,187
		74,614		10,200			84,814	3.75%	3,373	3,891	0	6,317	56	112	16,140	29,888
		77,011		7,879			84,890	3.50%	3,376	4,017	0	6,433	56	112	5,772	19,766
		66,862		6,475			73,337	2.80%	0	3,494	0	5,533	56	112	5,772	14,968
		119,384		26,710			146,095	2.80%	5,844	6,268	0	8,696	56	112	16,140	37,115
		125,920		24,401			150,320	2.80%	4,835	6,585	0	8,764	56	112	12,684	33,035
		62,882		7,800			70,682	3.20%	2,807	3,275	0	5,390	56	112	5,772	17,413
		57,550	2,886		1,576		62,012	4.00%	0	3,012	0	4,571	56	112	12,684	20,435
		76,408					76,408	3.00%	3,044	3,996	0	5,721	56	112	10,553	23,482
		99,380		15,840			115,220	3.00%	1,673	5,191	0	8,246	56	112	16,140	31,419
		6,820					6,820	2.80%	273	358	0	506	53	96	1,242	2,528
		8,307					8,307	0.00%	291	436	0	605	42	112	2,060	3,546
Total Salaried		\$2,558,421	\$8,958	\$397,795	\$1,576	\$404	\$2,967,154		\$65,927	\$46,682	\$0	\$205,716	\$1,928	\$3,835	\$349,588	\$673,677
		\$49,247	\$7,544				\$56,791	2.50%	\$1,231	\$0	\$0	\$4,128	\$56	\$112	\$14,712	\$20,238
		49,055	16,049				65,104	2.50%	1,226	0	0	4,762	56	112	14,712	20,868
		49,182					49,182	3.10%	189	0	0	3,685	56	112	5,772	9,814
		47,036	9,232				56,268	2.50%	0	0	0	4,087	56	112	28,032	32,287
		66,521	1,601				68,122	2.00%	1,663	0	0	4,993	56	112	16,140	22,964
		48,466	4,968				53,434	2.50%	377	0	0	3,866	56	112	14,712	19,124
		49,514	22,684				72,198	2.50%	742	0	0	5,284	56	112	14,712	20,906
		50,045	2,693				52,738	2.50%	751	0	0	3,819	56	112	14,712	19,450
		20,538					20,538	2.50%	384	0	0	1,483	56	112	7,922	9,956
		49,928	28,534				78,462	2.50%	0	0	0	5,784	56	112	14,712	20,664
		50,945	10,780				61,726	2.50%	261	0	0	4,458	56	112	14,712	19,599

Kentucky American Water Company
2011 Labor & Benefits

Employee #	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Total Wages	Increase			DCP	VEBA	FICA	FUTA	SUTA	Group Insurance	Total Benefits
								%	401k								
		49,246	2,394				51,640	2.50%	1,090	0	0	3,732	56	112	28,032	33,022	
		49,355	8,767				58,122	2.50%	0	0	0	4,331	56	112	7,922	12,421	
		49,230	3,614				52,844	2.50%	739	0	0	3,958	56	112	5,772	10,636	
		49,230	674				49,905	2.50%	0	0	0	3,597	56	112	14,712	18,477	
		53,189	12,947				66,135	2.50%	1,352	0	0	4,851	56	112	14,712	21,084	
		53,181	35,853				89,033	2.50%	925	0	0	6,594	56	112	14,712	22,399	
		54,850	4,821				59,671	3.50%	1,359	0	0	4,495	56	112	5,772	11,793	
		55,803	2,201				58,004	3.25%	1,388	0	0	4,317	56	112	12,684	18,556	
		53,284	5,011				58,295	2.50%	1,080	0	0	4,376	56	112	5,772	11,396	
		49,230	4,289				53,520	2.50%	1,231	0	0	3,874	56	112	14,712	19,985	
		45,280	11,093				56,373	3.75%	1,120	0	0	4,052	56	112	12,684	18,024	
		49,294	6,265				55,559	2.50%	1,230	0	0	4,030	56	112	14,712	20,140	
		53,731	11,337				65,068	3.75%	1,343	0	0	4,785	56	112	13,603	19,900	
		50,204	5,031				55,234	2.50%	1,254	0	0	4,007	56	112	14,712	20,142	
		17,556	1,227				18,783	3.75%	260	0	0	1,409	56	112	2,442	4,279	
		56,119	139				56,258	2.60%	1,381	0	0	3,905	56	112	16,140	21,594	
		66,536	2,767	3,512			72,815	1.50%	0	0	0	5,389	56	112	15,811	21,368	
		49,461	693				50,154	2.50%	1,237	0	0	3,619	56	112	28,032	33,055	
		47,933	11,018				58,952	2.50%	1,072	0	0	4,486	56	112	648	6,374	
		40,438	3,587				44,025	2.80%	0	0	0	3,129	56	112	16,140	19,437	
		49,600	533				50,133	2.50%	304	0	0	3,619	56	112	14,712	18,803	
		50,496	13,572		1,608		65,676	0.00%	600	0	0	4,678	56	112	13,272	18,719	
		55,329	2,135				57,464	1.90%	0	0	0	4,321	56	112	5,772	10,261	
		47,154	3,300				50,454	2.50%	0	0	0	3,637	56	112	14,712	18,518	
		28,663	282		839		29,784	3.15%	616	0	0	2,195	56	112	5,854	8,834	
		49,230	940				50,170	2.50%	1,231	0	0	3,622	56	112	14,712	19,733	
		5,273					5,273	2.50%	132	0	0	379	40	74	3,234	3,859	
		5,879					5,879	2.50%	147	0	0	416	44	82	2,829	3,518	
		45,221					45,221	1.00%	452	0	0	3,283	56	112	12,684	16,587	
		48,853	21,104				69,957	2.50%	489	0	0	5,135	56	112	14,712	20,504	
		43,856	15,342				59,198	2.80%	1,096	0	0	4,268	56	112	12,684	18,216	
		50,237	3,793				54,029	2.50%	1,256	0	0	3,915	56	112	14,712	20,051	
		46,672	8,219				54,891	2.50%	1,167	0	0	3,977	56	112	14,712	20,024	
		51,962	2,733				54,695	0.00%	2,119	2,758	292	4,102	56	112	5,772	15,210	
		49,775	11,461				61,236	2.50%	0	0	0	4,664	56	112	648	5,480	
		44,787	2,040				46,827	2.50%	0	0	0	3,496	56	112	5,772	9,436	
		48,954	424				49,377	3.25%	1,227	0	0	3,551	56	112	16,140	21,087	
		45,722	4,925				50,647	2.50%	0	0	0	3,653	56	112	14,712	18,533	
		50,057	5,920				55,977	2.50%	540	0	0	4,061	56	112	14,712	19,481	
		45,520	1,778				47,298	2.50%	1,138	0	0	3,397	56	112	14,712	19,415	
		51,645	12,952				64,598	2.50%	287	0	0	4,721	56	112	14,712	19,888	
		48,327	12,524				60,851	2.50%	1,208	0	0	4,433	56	112	14,712	20,521	
		15,602	1,870				17,472	2.86%	390	0	0	1,275	56	112	4,345	6,178	
		35,266	1,017				36,284	3.20%	882	0	0	2,535	56	112	16,140	19,725	
		5,887					5,887	2.80%	0	0	0	448	47	83	222	800	
		42,812	10,529				53,341	2.70%	820	0	0	3,842	56	112	16,140	20,970	
		20,519					20,519	2.50%	0	203	0	1,561	56	112	2,263	4,195	
		44,665	9,931				54,596	2.50%	0	2,345	0	3,954	56	112	14,712	21,179	

Kentucky American Water Company
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Employee #	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Total Wages	Increase					FICA	FUTA	SUTA	Group Insurance	Total Benefits
								%	401k	DCP	VEBA						
		47,448	2,819				50,267	2.50%	1,898	2,491	0	3,623	56	112	14,712	22,892	
		45,725	1,840				47,565	2.50%	0	2,401	0	3,425	56	112	14,146	20,140	
		47,035	5,705				52,740	2.50%	1,873	2,459	0	3,948	56	112	5,772	14,220	
		43,441					43,441	3.50%	217	0	0	2,893	56	112	16,140	19,419	
		44,224	9,166				53,390	2.50%	0	2,346	0	3,862	56	112	14,712	21,087	
		3,061					3,061	2.50%	122	161	0	234	24	43	888	1,473	
		50,161	20,762				70,924	2.50%	2,079	2,729	0	5,205	56	112	14,712	24,894	
		52,006	7,938				59,945	0.00%	2,152	2,720	0	4,357	56	112	15,371	24,768	
		42,200	2,387				44,587	2.50%	0	2,216	0	3,189	56	112	14,712	20,284	
		47,355	6,478				53,833	2.50%	0	2,482	0	3,896	56	112	14,712	21,257	
		57,117	7,284		1,648		66,049	3.75%	2,576	2,999	0	4,802	56	112	16,140	26,684	
		44,990	7,662				52,652	3.20%	1,125	0	0	3,845	56	112	16,140	21,278	
		43,620	4,902				48,522	2.80%	0	0	0	3,503	56	112	14,375	18,046	
		40,274	9,909				50,183	2.80%	0	0	0	3,639	56	112	13,746	17,553	
		44,630	7,312				51,942	3.00%	1,132	0	0	3,910	56	112	5,772	10,982	
		34,453	1,292				35,745	3.75%	861	0	0	2,520	56	112	14,375	17,925	
		45,141	9,254				54,395	3.20%	1,153	0	0	3,925	56	112	16,140	21,386	
		44,948	4,613				49,561	2.50%	0	2,344	500	3,582	56	112	14,712	21,306	
		46,831	4,218				51,049	2.50%	0	2,459	500	3,683	56	112	14,712	21,522	
		46,972	3,826				50,798	2.50%	1,879	2,466	500	3,611	56	112	14,712	23,336	
		46,111	7,112				53,223	2.50%	1,045	2,421	500	3,849	56	112	14,712	22,694	
		46,996	9,095				56,091	2.50%	1,886	2,475	500	4,014	56	112	5,772	14,816	
		50,189	13,631				63,820	2.50%	2,034	2,669	500	4,748	56	112	9,211	19,329	
		46,630	4,865				51,495	2.50%	1,865	2,447	500	3,852	56	112	5,772	14,604	
		46,620	3,514				50,133	2.50%	0	2,448	500	3,613	56	112	14,712	21,440	
		44,726	737				45,464	2.50%	0	2,348	500	3,255	56	112	14,712	20,984	
		49,694	213				49,907	3.00%	1,729	2,583	0	3,482	56	112	13,713	21,675	
		40,331	1,586				41,917	2.80%	1,457	2,102	0	2,852	56	112	16,140	22,719	
		53,888	17,313				71,201	2.50%	2,230	2,927	500	5,361	56	112	5,772	16,957	
		47,430	11,755				59,185	2.50%	1,422	2,489	500	4,440	56	112	5,772	14,792	
		47,677	12,688				60,365	2.50%	1,892	2,484	500	4,396	56	112	14,712	24,152	
		5,348					5,348	0.00%	0	281	0	381	40	75	1,862	2,639	
		53,695	10,269				63,964	0.00%	2,393	2,867	292	4,685	56	112	15,371	25,776	
		3,422					3,422	0.00%	137	180	0	263	21	48	0	648	
		46,852	8,850		104		55,806	2.50%	939	2,464	500	4,047	56	112	14,712	22,831	
		45,202	7,151				52,353	2.50%	452	2,373	500	3,783	56	112	14,712	21,989	
		50,179	7,554		1,602		59,335	3.20%	2,309	2,634	0	4,302	56	112	16,140	25,554	
		45,766	4,116				49,883	2.50%	458	2,403	500	3,593	56	112	14,712	21,834	
		41,713	2,496				44,210	2.80%	1,311	2,164	0	3,142	56	112	16,140	22,925	
		37,670	1,032				38,702	2.80%	1,528	1,951	0	2,751	56	112	12,684	19,082	
		35,028	3,835				38,863	3.75%	656	1,813	0	2,734	56	112	16,140	21,510	
		29,258	1,318				30,577	3.63%	0	1,510	0	2,001	56	112	15,519	19,198	
		35,045	2,751				37,796	3.75%	851	1,814	0	2,656	56	112	16,140	21,629	
		50,045	9,440				59,485	2.50%	2,002	2,627	500	4,330	56	112	14,712	24,340	
		51,118	7,033				58,151	2.50%	2,022	2,754	500	4,362	56	112	5,772	15,577	
		24,952	5,264				30,216	2.70%	0	1,301	0	2,175	56	112	9,312	12,956	
		49,180	5,143		787		55,109	2.80%	0	2,701	0	4,038	56	112	12,684	19,591	
		45,568	5,878				51,446	2.50%	0	2,392	500	3,713	56	112	14,712	21,485	

Kentucky American Water Company
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Employee #	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Total Wages	Increase			FICA	FUTA	SUTA	Group Insurance	Total Benefits	
								%	401k	DCP						VEBA
		44,157	10,877				55,035	3.20%	0	2,364	0	4,061	56	112	12,684	19,277
		45,387	5,248				50,635	2.50%	0	2,383	500	3,651	56	112	14,712	21,414
		34,654	2,241				36,895	3.75%	0	1,804	0	2,739	56	112	5,772	10,482
		49,036	5,039		818		54,894	2.50%	0	2,619	0	4,121	56	112	5,772	12,680
		45,258	5,742				51,001	2.50%	1,810	2,376	500	3,679	56	112	14,712	23,245
		31,967	3,742		799		36,508	2.80%	1,186	1,360	0	2,749	56	112	3,330	8,794
		45,319	7,307				52,626	2.50%	1,526	2,364	500	3,803	56	112	14,712	23,072
		48,224	3,002		764		51,990	0.00%	0	2,608	0	3,742	56	112	15,887	22,405
		45,772					45,772	0.00%	1,819	2,387	0	3,420	56	112	5,772	13,566
		44,730	6,261				50,990	2.50%	1,659	2,355	42	3,806	56	112	5,772	13,801
		52,998	115				53,113	0.00%	0	2,783	0	4,074	56	112	0	7,025
		44,292	14,356				58,648	2.50%	0	2,325	0	4,316	56	112	11,317	18,127
		29,579					29,579	0.00%	234	1,537	0	2,116	56	112	9,932	13,987
		5,072	357				5,429	0.00%	0	266	0	415	38	76	0	795
		27,147	6,219				33,365	2.50%	0	1,425	0	2,433	56	112	7,356	11,382
		4,776	432				5,208	0.00%	0	251	0	399	31	73	222	976
		16,705	3,775				20,480	2.50%	0	877	0	1,507	42	112	3,395	5,933
		15,732	4,226				19,958	0.00%	0	869	0	1,477	42	112	3,415	5,915
		12,000	4,380				16,380	0.00%	0	630	0	1,207	42	112	3,104	5,095
		6,825	39				6,864	0.00%	0	358	0	525	41	96	0	1,021
		5,762	597				6,359	0.00%	0	302	0	486	38	89	0	916
		2,400	270				2,670	0.00%	0	126	0	204	16	37	0	384
Total Hourly		\$5,351,347	\$751,370	\$3,512	\$8,969	\$0	\$6,115,198		\$96,904	\$131,566	\$11,126	\$445,824	\$6,945	\$13,993	\$1,457,787	\$2,164,146

Kentucky American Water Company
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Employee	Job Title	Increase											Group Insurance	Total Benefits	
		Regular	Overtime	AIP	Bonus	Total Wages	%	401k	DCP	VEBA	FICA	FUTA			SUTA
		\$174,109	\$0	\$73,950	\$0	\$248,059	2.50%	\$3,494	\$0	\$0	\$11,430	\$42	\$126	\$15,442	\$30,534
		96,654	0	23,400	0	120,054	1.50%	0	2,916	0	8,557	42	126	6,978	18,620
		27,230	0	0	0	27,230	0.00%	681	0	0	2,031	42	126	4,445	7,324
		98,764	0	21,242	0	120,005	6.00%	2,469	0	0	8,514	42	126	15,342	26,492
		62,676	0	3,387	0	66,064	2.30%	1,472	0	0	4,964	42	126	5,529	12,133
		82,442	0	16,177	0	98,620	2.50%	2,061	0	0	7,351	42	126	15,304	24,884
		0	0	5,141	0	5,141	0.00%	0	0	0	393	0	0	0	393
		76,351	0	0	0	76,351	0.00%	1,909	0	0	5,645	42	126	15,290	23,012
		68,391	0	2,717	0	71,108	2.50%	1,710	0	0	5,235	42	126	15,274	22,387
		0	0	13,098	0	13,098	0.00%	0	0	0	1,002	0	0	0	1,002
		0	0	13,808	0	13,808	0.00%	0	0	0	1,056	0	0	0	1,056
		86,037	0	12,807	0	98,844	1.00%	2,151	0	0	7,398	42	126	18,219	27,936
		12,591	0	0	0	12,591	0.00%	315	0	0	894	42	126	1,433	2,810
		75,038	0	11,085	0	86,123	2.00%	1,876	0	0	6,536	42	126	5,556	14,136
		63,479	0	9,169	0	72,648	5.00%	1,587	0	0	5,572	42	126	144	7,471
		78,587	0	14,204	0	92,791	0.00%	1,965	0	0	6,667	42	126	15,298	24,098
		39,521	0	6,812	0	46,334	1.00%	988	0	0	3,561	42	126	304	5,021
		41,408	0	9,764	0	51,172	1.50%	411	0	0	3,852	42	126	4,652	9,083
		18,434	0	0	0	18,434	0.00%	103	0	0	1,404	42	126	414	2,090
		151,814	0	59,007	0	210,821	3.10%	2,797	0	0	10,741	42	126	15,426	29,133
		55,816	4,876	0	0	60,692	2.50%	2,428	3,068	0	4,381	42	126	15,248	25,293
		48,260	3,595	0	0	51,855	0.00%	0	2,585	0	3,751	42	126	13,833	20,338
		61,646	5,219	0	0	66,864	4.00%	2,675	3,436	0	4,885	42	126	15,265	26,429
		82,866	0	15,200	0	98,066	10.00%	3,923	4,350	0	7,366	42	126	15,311	31,118
		82,869	0	23,085	0	105,954	3.00%	4,142	4,351	0	8,083	42	126	5,574	22,317
		69,633	0	13,312	0	82,945	6.00%	0	3,656	0	6,270	42	126	5,545	15,638
		303	0	0	0	303	0.00%	0	0	0	305	24	4	0	333
		64,628	0	23,877	0	88,505	0.00%	2,241	1,712	0	6,740	42	126	4,071	14,931
		67,192	0	10,547	0	77,740	2.50%	3,110	3,528	0	5,904	42	126	5,539	18,248
		66,453	0	10,400	0	76,853	2.90%	0	3,489	0	5,740	42	126	12,030	21,426
		119,095	0	46,560	0	165,655	3.00%	6,626	6,253	0	9,195	42	126	15,384	37,626
		42,404	0	21,506	0	63,911	3.00%	608	2,226	0	4,787	42	126	6,397	14,186
		43,850	0	0	0	43,850	0.00%	1,754	2,302	0	3,230	42	126	11,183	18,637
		45,252	0	0	0	45,252	0.00%	1,810	2,376	0	3,381	42	126	5,501	13,237
		44,340	950	0	0	45,290	2.50%	471	2,343	0	3,218	42	126	15,221	21,421
		33,535	0	4,423	0	37,958	2.50%	1,518	1,761	0	2,785	42	126	7,729	13,961
		33,673	0	0	0	33,673	0.00%	921	1,768	0	2,513	42	126	5,524	10,894
		28,776	0	0	0	28,776	0.00%	942	1,511	0	2,178	0	168	1,801	6,599
Total Salaried		\$2,244,120	\$14,640	\$464,678	\$0	\$2,723,438		\$59,157	\$53,629	\$0	\$187,514	\$1,410	\$4,330	\$316,209	\$622,248
		\$34,805	\$1,831	\$0	\$0	\$36,636	2.50%	\$822	\$0	\$0	\$2,659	\$42	\$126	\$9,478	\$13,127
		50,258	18,146	0	0	68,404	2.50%	1,481	0	0	5,022	42	126	13,836	20,506
		50,166	448	0	0	50,614	2.50%	0	0	0	3,800	42	126	5,502	9,470
		47,822	11,973	0	0	59,794	2.50%	0	0	0	4,364	42	126	19,981	24,513
		67,134	4,802	0	0	71,937	1.67%	1,702	0	0	5,290	42	126	15,271	22,431

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Employee	Job Title	Regular	Overtime	AIP	Bonus	Total Wages	Increase		401k	DCP	VEBA	FICA	FUTA	SUTA	Group Insurance	Total Benefits
							%									
		50,258	1,924	0	0	52,182	2.50%	638	0	0	3,777	42	126	13,836	18,419	
		45,432	0	0	0	45,432	2.50%	1,136	0	0	3,327	42	126	8,821	13,452	
		50,461	19,060	0	0	69,521	2.50%	882	0	0	5,105	42	126	13,836	19,991	
		17,887	0	0	0	17,887	0.00%	265	0	0	1,297	42	126	4,769	6,499	
		50,451	25,210	0	0	75,661	2.50%	1,069	0	0	5,577	42	126	13,836	20,650	
		51,898	10,975	0	0	62,872	2.50%	0	0	0	4,553	42	126	13,837	18,558	
		43,135	508	0	0	43,643	2.50%	1,086	0	0	3,158	42	126	17,958	22,369	
		51,078	6,619	0	0	57,698	2.50%	0	0	0	4,203	42	126	13,837	18,208	
		50,451	1,451	0	0	51,903	2.50%	764	0	0	3,889	42	126	5,436	10,257	
		50,451	420	0	0	50,871	2.50%	0	0	0	3,679	42	126	13,836	17,683	
		53,896	14,269	0	0	68,165	2.50%	1,578	0	0	5,019	42	126	13,839	20,604	
		54,021	27,053	0	0	81,073	2.50%	1,367	0	0	5,992	42	126	13,839	21,366	
		55,610	6,887	0	0	62,497	3.00%	1,468	0	0	4,749	42	126	5,513	11,898	
		56,793	4,527	0	0	61,320	2.85%	1,467	0	0	4,592	42	126	12,008	18,235	
		54,298	7,230	0	0	61,528	2.50%	1,186	0	0	4,649	42	126	5,439	11,442	
		50,451	3,485	0	0	53,937	2.50%	1,307	0	0	3,943	42	126	13,836	19,254	
		45,951	7,914	0	0	53,865	3.00%	1,237	0	0	3,967	42	126	11,985	17,356	
		50,466	6,630	0	0	57,096	2.50%	1,360	0	0	4,051	42	126	13,836	19,414	
		54,893	10,381	0	0	65,273	3.00%	1,514	0	0	4,805	42	126	12,544	19,031	
		38,672	1,233	0	0	39,905	2.50%	967	0	0	2,916	42	126	10,625	14,675	
		56,245	2,013	0	0	58,258	2.36%	1,435	0	0	4,039	42	126	15,247	20,889	
		51,286	6,906	0	0	58,192	2.50%	0	0	0	4,244	42	126	13,837	18,249	
		50,789	1,869	0	0	52,658	2.50%	1,303	0	0	3,817	42	126	19,984	25,272	
		48,823	11,729	0	0	60,552	2.50%	0	0	0	4,440	42	126	13,833	18,442	
		41,438	1,035	0	0	42,473	2.50%	0	0	0	3,038	42	126	15,215	18,421	
		1,581	0	0	0	1,581	0.00%	0	0	0	(500)	8	22	1,060	590	
		52,312	21,070	0	0	73,382	2.50%	1,281	0	0	5,190	42	126	12,821	19,460	
		56,397	2,065	0	0	58,463	2.50%	0	0	0	4,426	42	126	5,516	10,110	
		49,192	1,938	0	0	51,130	2.50%	0	0	0	3,696	42	126	13,833	17,697	
		9,281	18	0	0	9,299	0.00%	232	0	0	672	42	126	2,649	3,721	
		12,175	0	0	0	12,175	0.00%	122	0	0	886	42	126	3,198	4,374	
		50,451	19,765	0	0	70,216	2.50%	313	0	0	5,164	42	126	13,836	19,481	
		44,844	8,393	0	0	53,237	2.84%	1,201	0	0	3,893	42	126	11,982	17,244	
		51,286	369	0	0	51,655	2.50%	1,250	0	0	3,639	42	126	13,837	18,894	
		49,859	3,738	0	10,688	64,285	2.50%	1,305	0	0	4,703	42	126	13,836	20,012	
		55,872	3,354	0	0	59,225	2.05%	2,369	3,071	0	4,457	42	126	5,514	15,580	
		50,276	13,156	0	0	63,431	2.50%	576	0	0	4,834	42	126	659	6,238	
		46,765	2,363	0	0	49,128	2.50%	323	0	0	3,675	42	126	5,431	9,596	
		49,996	1,698	0	0	51,693	2.75%	1,274	0	0	3,733	42	126	15,234	20,409	
		47,911	4,405	0	0	52,316	2.50%	0	0	0	3,787	42	126	13,832	17,787	
		51,298	1,021	0	0	52,320	2.50%	295	0	0	3,811	42	126	13,837	18,110	
		41,520	3,209	0	0	44,729	2.50%	1,055	0	0	3,207	42	126	13,831	18,260	
		54,084	11,188	0	0	65,272	2.50%	586	0	0	4,779	42	126	13,839	19,372	
		49,409	14,997	0	0	64,406	2.50%	1,438	0	0	4,711	42	126	13,835	20,152	
		36,137	933	0	0	37,070	3.20%	885	0	0	2,549	42	126	15,204	18,805	

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Employee	Job Title	Increase										Group Insurance	Total Benefits		
		Regular	Overtime	AIP	Bonus	Total Wages	%	401k	DCP	VEBA	FICA			FUTA	SUTA
		43,550	8,525	0	0	52,075	2.75%	417	0	0	3,751	42	126	15,220	19,555
		18,068	0	0	0	18,068	2.50%	0	889	0	1,235	42	126	12,050	14,342
		27,204	3,157	0	0	30,361	2.50%	0	1,211	0	2,198	42	126	8,483	12,060
		47,932	3,432	0	0	51,365	2.50%	1,493	2,601	0	3,714	42	126	13,833	21,810
		48,061	2,911	0	0	50,972	2.50%	1,968	2,583	0	3,823	42	126	5,433	13,976
		44,483	0	0	0	44,483	3.10%	223	0	0	3,169	42	126	15,222	18,782
		45,789	5,472	0	0	51,261	2.50%	0	2,560	0	3,705	42	126	13,831	20,264
		47,306	9,844	0	0	57,150	2.50%	1,313	2,586	0	4,181	42	126	13,302	21,550
		45,774	3,035	0	0	48,808	2.50%	0	2,498	0	3,518	42	126	13,831	20,015
		47,604	5,113	0	0	52,717	2.00%	1,249	0	0	3,857	42	126	15,228	20,503
		44,593	2,405	0	0	46,999	2.90%	0	0	0	3,367	42	126	15,222	18,757
		44,982	3,916	0	0	48,897	2.00%	1,163	0	0	3,680	42	126	5,489	10,500
		35,336	775	0	0	36,112	3.30%	889	0	0	2,691	42	126	5,818	9,567
		45,043	7,188	0	0	52,231	2.50%	1,231	0	0	3,764	42	126	15,222	20,385
		45,730	4,306	0	0	50,037	2.50%	0	2,539	292	3,620	42	126	13,831	20,450
		38,204	0	0	0	38,204	2.50%	0	1,957	292	2,715	42	126	13,294	18,426
		48,158	2,323	0	0	50,481	2.50%	1,986	2,607	292	3,647	42	126	13,833	22,532
		49,524	10,808	0	0	60,333	2.50%	0	2,905	292	4,399	42	126	13,835	21,599
		48,158	8,852	0	0	57,010	2.50%	2,195	2,767	292	3,955	42	126	13,833	23,210
		51,498	9,439	0	0	60,936	2.50%	2,233	2,769	292	4,605	42	126	5,436	15,504
		48,260	9,984	0	0	58,243	2.50%	2,173	2,822	292	4,372	42	126	5,433	15,260
		49,452	9,809	0	0	59,262	2.50%	0	2,946	292	4,317	42	126	13,831	21,555
		44,913	1,218	0	0	46,130	0.00%	0	2,407	292	3,313	42	126	13,831	20,011
		50,615	5,201	0	0	55,816	3.75%	1,975	2,797	0	3,923	42	126	15,235	24,099
		40,469	571	0	0	41,040	2.25%	1,452	2,139	0	2,905	42	126	15,214	21,877
		55,019	11,563	0	0	66,582	0.00%	1,472	2,996	292	5,010	42	126	5,439	15,378
		49,021	10,853	0	0	59,873	2.50%	1,689	2,861	292	4,497	42	126	5,433	14,940
		48,275	15,387	0	0	63,662	2.50%	2,194	2,759	292	4,654	42	126	13,833	23,900
		55,536	16,863	0	0	72,399	3.50%	2,896	3,393	0	5,361	42	126	15,246	27,063
		44,277	481	0	0	44,759	0.00%	1,790	2,336	0	3,435	42	126	101	7,830
		48,486	7,016	0	0	55,501	2.50%	1,070	2,694	292	4,031	42	126	13,833	22,087
		47,023	4,869	0	0	51,892	2.50%	511	2,551	292	3,755	42	126	13,831	21,107
		50,930	6,907	0	0	57,837	2.51%	2,314	2,835	0	4,192	42	126	15,237	24,745
		47,162	2,490	0	0	49,652	2.50%	505	2,548	292	3,582	42	126	13,831	20,926
		41,264	572	0	0	41,836	2.00%	1,287	2,177	0	2,989	42	126	15,216	21,838
		38,031	1,404	0	0	39,435	3.00%	1,562	2,047	0	2,835	42	126	11,968	18,579
		5,808	0	0	0	5,808	0.00%	183	320	0	439	0	60	1,776	2,778
		35,327	3,521	0	0	38,847	3.00%	493	1,942	0	2,684	42	126	15,202	20,490
		35,327	406	0	0	35,732	3.00%	1,100	1,859	0	2,414	42	126	15,202	20,743
		51,286	9,820	0	0	61,106	2.50%	2,188	2,790	292	4,461	42	126	13,837	23,735
		53,876	4,336	0	0	58,212	2.50%	2,298	2,945	292	4,370	42	126	5,434	15,506
		50,661	8,067	0	0	58,728	2.90%	0	2,960	0	4,319	42	126	11,994	19,441
		46,693	4,336	0	0	51,029	2.50%	0	2,560	292	3,688	42	126	13,831	20,538
		44,671	5,661	0	0	50,332	2.00%	0	2,459	0	3,705	42	126	11,981	18,313
		46,792	4,611	0	0	51,403	2.50%	0	2,584	292	3,740	42	126	13,831	20,614

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Employee	Job Title	Regular	Overtime	AIP	Bonus	Total Wages	Increase										Total Benefits
							%	401k	DCP	VEBA	FICA	FUTA	SUTA	Group Insurance			
		34,869	908	0	0	35,778	2.75%	0	1,875	0	2,677	42	126	5,470	10,190		
		17,070	425	0	0	17,495	1.50%	0	881	0	1,313	42	126	1,865	4,227		
		48,845	11,802	0	0	60,647	2.50%	2,250	2,931	292	4,423	42	126	13,831	23,894		
		45,911	8,086	0	0	53,997	2.50%	2,029	2,659	292	3,915	42	126	13,831	22,893		
		48,932	10,838	0	0	59,770	2.45%	0	3,031	0	4,344	42	126	15,231	22,775		
		46,731	3,604	0	0	50,335	2.50%	1,895	2,487	250	3,767	42	126	5,431	13,997		
		23,277	0	0	0	23,277	2.25%	0	1,189	0	1,686	42	126	6,397	9,440		
		51,286	15,243	0	0	66,529	2.50%	0	2,773	0	4,875	42	126	13,837	21,653		
		45,997	23,847	0	0	69,843	2.50%	0	2,952	0	5,127	42	126	13,831	22,078		
		46,226	8,986	0	0	55,212	2.50%	0	2,703	0	4,008	42	126	13,831	20,710		
		49,896	12,249	0	0	62,145	2.50%	0	2,993	0	4,596	42	126	11,991	19,748		
		41,640	10,380	0	0	52,020	0.00%	0	2,374	0	3,745	42	126	15,215	21,501		
		52,033	3,852	0	0	55,885	2.50%	0	2,820	0	4,198	42	126	5,439	12,625		
		49,740	13,640	0	0	63,381	2.50%	0	2,874	0	4,542	42	126	13,835	21,419		
		40,640	12,660	0	0	53,300	0.00%	0	2,392	0	3,986	42	126	5,500	12,047		
		21,120	1,980	0	0	23,100	0.00%	665	1,213	0	1,737	0	168	1,919	5,701		
		19,869	2,790	0	0	22,658	0.00%	0	1,188	0	1,730	5	163	252	3,338		
		13,252	2,242	0	0	15,494	2.50%	487	720	0	1,154	0	168	2,024	4,553		
		1,794	656	0	0	2,451	2.50%	0	129	0	188	0	49	0	365		
Total Hourly		\$5,031,262	\$711,842	\$0	\$10,688	\$5,753,792		\$93,374	\$136,455	\$6,376	\$419,865	\$4,550	\$14,237	\$1,272,009	\$1,946,866		

Kentucky American Water Company
 2013 Labor & Benefits

Employee	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Total	Increase		DCP	VEBA	FICA	FUTA	SUTA	Group Insurance	Total Benefits
								%	401k							
		\$177,938		\$70,571		\$1,835	\$250,344	2.75%	\$3,760	\$0	\$0	\$9,169	\$0	\$172	\$15,865	\$28,966
		102,389		23,267		0	125,656	3.00%	2,560	0	0	8,839	0	172	15,632	27,203
		63,979		3,623		0	67,602	2.02%	1,599	0	0	5,071	0	172	5,727	12,570
		83,869		9,535		0	93,403	1.50%	2,097	0	0	6,940	0	172	15,538	24,746
		77,685		9,163		0	86,848	2.25%	1,942	0	0	6,424	0	172	15,506	24,044
		70,370		10,318		0	80,688	3.00%	1,759	0	0	5,901	0	172	15,469	23,301
		87,725		12,935		0	100,660	2.25%	2,193	0	0	7,551	0	172	12,317	22,233
		76,531		9,422		0	85,954	2.00%	1,913	0	0	6,524	0	172	5,792	14,401
		66,413		8,023		0	74,436	4.50%	1,660	0	0	5,710	0	172	351	7,893
		81,331	87	9,600		0	91,018	2.25%	1,257	0	0	6,559	0	172	15,524	23,513
				3,823		0	3,823	0.00%	0	0	0	292	23	54	0	369
		155,594		53,232		1,827	210,652	3.00%	3,137	0	0	8,610	0	172	15,827	27,746
		58,026	8,043	0		0	66,069	2.75%	2,643	3,046	0	4,783	0	172	15,405	26,049
		51,424	12,866	0		0	64,290	0.00%	0	2,700	0	4,685	0	172	14,868	22,425
		66,456	8,092	0		0	74,548	2.91%	2,982	3,489	0	5,472	0	172	15,448	27,564
		90,709		19,140		0	109,849	4.00%	4,394	4,762	0	8,223	0	172	15,572	33,123
		6,418		0		0	6,418	0.00%	128	168	0	488	0	128	225	1,138
		71,914		8,467		0	80,380	2.50%	0	3,775	0	6,074	0	172	5,767	15,789
		69,003		8,108		0	77,111	2.75%	2,979	3,623	0	5,835	0	172	5,753	18,361
		68,173		7,024		0	75,197	2.50%	0	3,579	0	5,601	0	172	12,217	21,569
		122,680		38,372		0	161,052	3.00%	6,442	6,441	0	9,354	0	172	14,934	37,344
		62,623		4,200		0	66,823	2.50%	50,276	3,288	0	4,928	0	172	15,428	74,092
		51,701	93	0		0	51,794	3.00%	2,072	2,714	0	3,902	0	172	5,665	14,525
		45,884	745	0		0	46,629	3.50%	466	2,409	0	3,290	0	172	15,343	21,681
		46,905		1,990		0	48,895	4.00%	1,711	2,462	0	3,545	0	172	13,606	21,497
		69,584		4,349		0	73,933	3.00%	2,957	3,653	0	5,591	0	172	5,756	18,130
		46,157		0		0	46,157	0.00%	404	2,423	0	3,466	19	153	4,605	11,070
		58,459		0		0	58,459	0.00%	2,092	3,069	0	4,339	42	130	10,052	19,725
		60,284		0		0	60,284	0.00%	2,046	3,069	0	4,628	42	130	234	10,149
Total Salaried		\$2,090,223	\$29,926	\$315,161	\$0	\$3,662	\$2,438,971		\$105,470	\$54,671	\$0	\$161,796	\$126	\$4,728	\$304,424	\$631,215
		\$51,700	\$21,278	\$0		\$0	\$72,978	2.50%	\$1,541	\$0	\$0	\$5,356	\$0	\$172	\$13,713	\$20,783
		51,533	36	0		0	51,569	2.76%	1,192	0	0	3,874	0	172	5,663	10,901
		9,299	194	0		0	9,493	2.50%	0	0	0	685	0	172	2,530	3,388
		68,432	1,783	0		0	70,215	2.01%	1,746	0	0	5,158	0	172	15,459	22,535
		51,502	5,317	0		0	56,819	2.50%	1,047	0	0	4,117	0	172	13,713	19,049
		63,371		0	500	0	63,871	2.51%	1,584	0	0	4,670	0	172	12,193	18,619
		51,700	20,473	0		0	72,173	2.50%	878	0	0	5,269	0	172	13,713	20,033
		51,700	32,656	0		0	84,356	2.50%	1,084	0	0	6,227	0	172	13,713	21,196
		53,024	12,070	0		0	65,094	2.50%	0	0	0	4,700	0	172	13,715	18,588
		52,556	11,545	0		0	64,100	2.50%	0	0	0	4,678	0	172	13,715	18,565
		51,737	5,033	0		0	56,770	2.50%	797	0	0	4,258	0	172	5,440	10,668
		51,700	1,516	0		0	53,216	2.50%	0	0	0	3,845	0	172	13,713	17,730
		55,618	16,369	0		0	71,986	2.50%	1,519	0	0	5,295	0	172	13,719	20,705
		55,828	29,698	0		0	85,525	2.50%	457	0	0	6,317	0	172	13,719	20,666

Kentucky American Water Company
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Employee	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Increase			DCP	VEBA	FICA	FUTA	SUTA	Group Insurance	Total Benefits
							Total	%	401k							
		57,034	9,129	0	0	0	66,163	2.41%	1,552	0	0	5,031	0	172	5,692	12,447
		58,214	4,316	0	0	0	62,530	2.51%	1,498	0	0	4,667	0	172	12,165	18,503
		55,403	9,865	0	0	0	65,268	2.50%	1,177	0	0	4,918	0	172	5,446	11,713
		48,728	5,816	0	0	0	54,543	2.50%	1,262	0	0	3,952	2	170	13,713	19,099
		47,934	8,622	0	0	0	56,555	5.00%	1,296	0	0	4,123	0	172	12,113	17,704
		51,700	6,889	0	0	0	58,589	2.50%	1,343	0	0	4,231	0	172	13,713	19,459
		56,317	9,493	0	0	0	65,810	1.99%	1,563	0	0	4,843	0	172	12,684	19,262
		57,211	682	0	0	0	57,893	1.51%	1,444	0	0	4,019	0	172	15,401	21,037
		52,556	12,731	0	0	0	65,287	2.50%	0	0	0	4,770	0	172	13,712	18,654
		51,700	559	0	0	0	52,259	2.50%	1,299	0	0	3,772	0	172	13,713	18,956
		50,080	13,299	0	0	0	63,379	2.50%	215	0	0	4,630	0	172	13,707	18,725
		42,501	2,405	0	0	0	44,906	2.75%	0	0	0	3,252	0	172	12,674	16,098
		56,059	25,789	0	0	0	81,848	2.50%	637	0	0	5,917	0	172	13,719	20,445
		58,146	2,920	0	0	0	61,066	2.75%	0	0	0	4,617	0	172	5,696	10,485
		49,854	3,816	0	0	0	53,670	2.50%	0	0	0	3,875	0	172	13,707	17,755
		51,720	31,155	0	0	0	82,875	2.50%	0	0	0	5,924	0	172	13,713	19,810
		45,772	10,820	0	0	0	56,592	2.45%	1,244	0	0	4,148	0	172	12,104	17,668
		52,556	510	0	0	0	53,066	2.50%	1,314	0	0	3,834	0	172	13,715	19,036
		51,898	9,129	0	0	0	61,028	2.50%	1,366	0	0	4,438	0	172	13,710	19,686
		57,323	11,018	0	0	0	68,341	2.74%	2,734	3,010	0	5,149	0	172	5,851	16,916
		52,178	14,289	0	0	0	66,467	2.50%	1,078	0	0	5,079	0	172	450	6,778
		48,044	2,893	0	0	0	50,937	2.50%	0	0	0	3,807	0	172	5,428	9,407
		51,387	709	0	0	0	52,096	2.77%	1,285	0	0	3,771	0	172	15,371	20,599
		51,700	4,551	0	0	0	56,251	2.50%	648	0	0	4,074	0	172	13,713	18,608
		52,556	5,012	0	0	0	57,568	2.50%	1,250	0	0	4,186	0	172	13,715	19,324
		26,127	2,300	0	0	0	28,427	2.50%	658	0	0	1,548	1	171	10,541	12,919
		55,841	11,041	0	0	0	66,882	2.50%	688	0	0	4,886	0	172	13,719	19,466
		51,697	11,316	0	0	0	63,013	2.50%	1,465	0	0	4,589	0	172	13,709	19,935
		37,275	2,876	0	0	0	40,151	3.03%	986	0	0	2,846	1	171	15,300	19,304
		44,637	10,085	0	0	0	54,722	2.47%	207	0	0	3,952	0	172	15,337	19,668
		49,546	4,686	0	0	0	54,232	2.50%	0	2,601	0	3,917	0	172	13,707	20,398
		48,521	4,086	0	0	0	52,606	2.50%	1,423	2,547	0	3,805	0	172	13,519	21,466
		45,747	65	0	0	0	45,812	2.74%	229	0	0	3,270	3	169	15,344	19,015
		47,674	5,789	0	0	0	53,463	2.50%	2,008	2,503	0	3,865	0	172	13,697	22,245
		45,111	5,646	0	0	0	50,757	2.50%	1,187	2,368	0	3,665	12	160	11,072	18,464
		44,423	5,659	0	0	0	50,082	2.50%	0	2,332	0	3,601	0	172	13,701	19,806
		51,814	9,216	0	0	0	61,030	2.99%	1,348	0	0	4,492	0	172	15,367	21,380
		47,488	3,323	0	0	0	50,811	3.01%	572	0	0	3,659	0	172	15,351	19,755
		46,614	10,571	0	0	0	57,185	2.80%	1,229	0	0	4,313	0	172	5,632	11,346
		36,234	1,956	0	0	0	38,190	2.28%	933	0	0	2,790	7	166	9,152	13,047
		47,144	13,709	0	0	0	60,852	3.00%	1,250	0	0	4,422	0	172	15,344	21,189
		34,806	2,173	0	0	0	36,980	2.50%	744	1,827	393	2,597	0	172	11,068	16,801
		92		0	0	0	92	2.50%	0	5	8	0	0	1	536	550
		48,795	7,019	0	0	0	55,814	2.50%	2,233	2,562	489	4,039	0	172	13,707	23,202
		51,701	18,067	0	0	0	69,768	2.50%	0	2,714	489	5,106	0	172	13,713	22,194

Kentucky American Water Company
2013 Labor & Benefits

Employee	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Total	Increase		401k	DCP	VEBA	FICA	FUTA	SUTA	Group Insurance	Total Benefits
								%									
		49,367	7,013	0	0	0	56,380	2.50%	2,255	2,592	489	3,892	0	172	13,707	23,108	
		50,393	11,497	0	0	0	61,889	2.50%	1,586	2,637	470	4,665	0	172	5,231	14,761	
		48,290	5,237	0	0	0	53,527	2.50%	2,141	2,535	489	4,005	0	172	5,434	14,776	
		49,811	10,972	0	0	0	60,783	2.50%	0	2,615	489	4,266	0	172	13,707	21,249	
		47,164	1,114	0	0	0	48,278	2.50%	0	2,476	489	3,461	0	172	13,701	20,300	
		41,371	1,307	0	0	0	42,678	2.00%	1,486	2,161	0	2,931	0	172	15,367	22,118	
		41,693	2,612	0	0	0	44,305	2.54%	1,551	2,189	0	3,000	8	164	15,321	22,233	
		56,701	24,096	0	0	0	80,797	0.00%	0	2,976	8	6,102	0	172	5,679	14,937	
		50,547	9,775	0	0	0	60,322	2.50%	1,810	2,654	489	4,525	0	172	5,434	15,083	
		49,653	10,266	0	0	0	59,919	2.50%	2,397	2,607	489	4,352	0	172	13,707	23,724	
		58,195	24,056	0	0	0	82,251	2.75%	3,290	3,055	0	6,097	0	172	15,406	28,020	
		45,303	972	0	0	0	46,275	2.76%	1,851	2,379	0	3,564	0	172	244	8,209	
		49,641	10,472	0	0	0	60,113	2.50%	1,589	2,606	489	4,379	0	172	13,707	22,943	
		49,540	10,157	0	0	0	59,697	2.50%	1,068	2,601	489	4,338	0	172	13,701	22,369	
		52,977	7,130	0	0	0	60,107	2.99%	2,404	2,781	0	4,365	0	172	15,378	25,100	
		897	0	0	0	0	897	2.50%	9	47	0	66	0	18	192	331	
		42,697	2,470	0	0	0	45,167	1.98%	1,355	2,242	0	3,231	4	168	15,327	22,327	
		39,029	1,745	0	0	0	40,774	2.50%	1,427	2,049	0	2,925	4	168	12,068	18,641	
		51,433	0	0	0	0	51,433	2.77%	1,543	2,700	0	3,715	0	172	15,371	23,501	
		36,320	6,281	0	0	0	42,601	2.75%	378	1,907	0	2,963	7	165	15,294	20,714	
		36,208	234	0	0	0	36,442	2.34%	1,051	1,901	0	2,605	10	162	12,770	18,499	
		52,556	10,667	0	0	0	63,222	2.50%	2,529	2,759	489	4,610	0	172	13,715	24,275	
		55,878	9,370	0	0	0	65,248	2.50%	2,610	2,895	489	4,902	0	172	5,436	16,504	
		53,623	9,404	0	0	0	63,026	3.00%	0	2,815	0	4,655	0	172	12,141	19,783	
		49,039	6,493	0	0	0	55,532	2.50%	855	2,575	489	4,016	0	172	13,701	21,808	
		16,591	1,869	0	0	0	18,460	2.77%	0	846	0	1,357	0	172	4,156	6,531	
		47,899	6,212	0	0	0	54,112	2.50%	0	2,515	489	3,920	0	172	13,705	20,801	
		14,262	678	0	0	0	14,940	0.00%	0	749	0	1,119	8	165	2,227	4,267	
		49,665	12,623	0	0	0	62,289	2.50%	2,492	2,607	489	4,533	0	172	13,701	23,994	
		47,907	5,725	0	0	0	53,631	2.50%	2,145	2,515	489	3,871	0	172	13,701	22,893	
		52,262	16,700	0	0	0	68,963	3.01%	0	2,693	0	4,954	0	172	15,372	23,190	
		48,938	6,702	0	0	0	55,640	2.50%	2,226	2,569	489	4,027	0	172	13,513	22,996	
		33,666	3,710	0	0	0	37,376	2.50%	0	1,767	0	2,654	0	172	9,498	14,091	
		47,103	29,183	0	0	0	76,286	2.50%	0	2,473	0	5,605	0	172	13,701	21,950	
		47,096	7,467	0	0	0	54,564	2.50%	1,835	2,473	0	3,942	0	172	13,701	22,123	
		52,770	22,626	0	0	0	75,396	3.01%	2,024	2,770	0	5,598	0	172	12,132	22,697	
		42,480	7,234	0	0	0	49,714	2.75%	0	2,230	0	3,567	1	171	15,326	21,296	
		42,568	3,880	0	0	0	46,448	2.50%	0	2,131	0	3,376	0	143	4,299	9,950	
		52,935	18,944	0	0	0	71,879	2.50%	1,050	2,749	0	5,280	0	172	13,711	22,962	
		42,316	12,638	0	0	0	54,954	2.75%	0	2,222	0	3,971	0	172	15,122	21,487	
		49,452	4,643	0	0	0	54,094	4.00%	2,144	2,525	0	4,045	0	172	5,894	14,781	
		23,308	2,903	0	0	0	26,210	2.82%	0	1,132	0	2,010	0	172	125	3,438	
		47,496	7,569	0	0	0	55,065	2.50%	2,203	2,494	0	3,981	0	172	13,690	22,539	
		46,750	9,898	0	0	0	56,648	2.50%	1,702	2,454	0	4,253	0	172	4,834	13,415	
		25,433	4,503	0	0	0	29,936	2.50%	520	1,288	0	2,159	42	130	6,653	10,792	

Kentucky American Water Company
2013 Labor & Benefits

Employee	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Total	Increase	401k	DCP	VEBA	FICA	FUTA	SUTA	Group Insurance	Total Benefits
								%								
		29,358	4,408	0		0	33,766	2.50%	0	1,504	0	2,540	42	130	2,603	6,819
		25,624	5,774	0		0	31,398	2.50%	0	1,345	0	2,366	42	130	2,142	6,026
		10,804	343	0		0	11,147	2.50%	446	452	0	839	42	130	828	2,737
		10,571	1,507	0		0	12,078	2.50%	0	441	0	919	42	130	329	1,860
Total Hourly		\$4,955,135	\$875,047	\$0	\$500	\$0	\$5,830,682		\$107,182	\$130,165	\$9,192	\$425,353	\$279	\$17,965	\$1,192,566	\$1,882,703

Kentucky American Water Company
2014 Labor & Benefits

Employee	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Increase					Group			Total Benefits	
							Total	%	401k	DCP	VEBA	FICA	FUTA	SUTA		Insurance
		\$182,486		\$32,620		\$5,110	\$220,216	2.50%	\$4,562	\$0	\$0	\$5,731	\$42	\$134	\$15,591	\$26,060
		58,208		0		0	58,208	0.00%	907	0	0	4,279	0	(21)	8,261	13,426
		105,261		9,586		0	114,847	2.75%	2,632	0	0	8,647	42	134	15,359	26,814
		64,777		1,639		0	66,416	1.50%	1,619	0	0	4,993	42	134	5,625	12,414
		85,157		4,292		0	89,449	1.50%	2,129	0	0	6,653	42	134	15,255	24,214
		79,283		4,372		0	83,655	2.00%	1,982	0	0	6,208	42	134	15,224	23,591
		72,861		4,464		0	77,324	3.69%	1,822	0	0	5,741	42	134	15,191	22,930
		90,222		6,172	500	0	96,895	2.00%	2,256	0	0	7,291	42	134	12,122	21,844
		77,917		4,075		0	81,992	1.75%	1,948	0	0	6,235	42	134	5,694	14,053
		70,424		4,225	500	0	75,149	6.50%	1,211	0	0	5,767	42	134	382	7,537
		83,534		5,235		0	88,770	2.75%	162	0	0	6,404	42	134	15,247	21,988
		159,973		39,112		1,472	200,557	2.75%	3,535	0	0	8,789	42	134	12,470	24,970
		60,539	7,563	0		0	68,102	2.74%	2,724	3,178	0	4,982	42	134	15,125	26,186
		54,131	11,923	0		0	66,054	3.41%	0	2,842	0	4,824	42	134	15,091	22,933
		68,686	3,177	0		0	71,863	2.99%	2,875	3,606	0	5,272	42	134	15,167	27,096
		93,632		9,610		0	103,242	3.00%	4,130	4,916	0	7,750	42	134	15,299	32,271
		45,201		0		0	45,201	0.00%	0	1,898	0	2,730	42	156	2,803	7,629
		74,339		4,790		0	79,129	3.50%	2,941	3,903	0	6,002	42	134	5,674	18,697
		36,143		3,771		0	39,914	2.75%	0	1,897	0	2,991	42	156	6,247	11,333
		83,031		18,032		0	101,064	3.25%	4,019	4,329	0	7,619	71	341	8,053	24,432
		65,928		4,157		0	70,085	4.00%	2,803	3,461	0	5,208	42	134	15,153	26,802
		54,180		0		0	54,180	3.00%	2,167	2,845	0	4,104	42	134	5,575	14,867
		23,201	1,288	0		0	24,490	3.97%	245	1,218	0	1,765	42	134	6,583	9,987
		72,534		4,904		0	77,438	4.60%	3,097	3,808	0	5,873	42	134	5,665	18,619
		51,267		1,252		0	52,520	3.30%	556	2,692	0	3,962	42	134	5,542	12,929
		43,437		3,616		0	47,054	2.75%	1,642	1,965	0	3,049	42	156	6,948	13,802
		97,010		7,980		0	104,990	2.75%	4,200	5,093	0	8,108	42	134	510	18,087
		41,349		0		0	41,349	0.00%	1,279	2,171	0	3,106	42	134	4,026	10,758
		10,461		0		0	10,461	0.00%	314	549	0	796	42	156	325	2,181
		\$2,105,173	\$23,951	\$173,906	\$1,000	\$6,582	\$2,310,612		\$57,757	\$50,371	\$0	\$154,877	\$1,205	\$4,033	\$270,205	\$538,448

		\$0	\$0	\$0		\$0	\$0	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		52,988	19,649	0		0	72,637	2.84%	1,324	0	0	5,348	42	134	13,623	20,471
		53,054	456	0		0	53,510	3.01%	1,326	0	0	4,025	42	134	5,563	11,091
			64	0		0	64	0.00%	0	0	0	5	0	1	0	6
		69,800	2,702	0		0	72,502	2.00%	1,745	0	0	5,387	42	134	12,093	19,401
		52,175	7,896	0		0	60,071	2.84%	1,043	0	0	4,384	42	134	13,623	19,226
		65,699	1,626	0		0	67,325	4.01%	1,642	0	0	4,928	42	134	11,993	18,741
		52,988	14,958	0		0	67,945	2.84%	794	0	0	4,940	42	134	13,623	19,534
		53,000	43,394	0		0	96,394	2.84%	794	0	0	7,199	42	134	13,623	21,792
		54,309	17,293	0		0	71,602	2.84%	75	0	0	5,231	42	134	13,625	19,107
		53,880	15,676	0		0	69,556	2.84%	0	0	0	5,113	42	134	13,625	18,914
		52,988	6,287	0		0	59,275	2.84%	794	0	0	4,457	42	134	5,412	10,840
		51,972	4,039	0		0	56,011	2.84%	0	0	0	4,076	42	134	13,623	17,875
		57,253	16,410	0		0	73,663	2.84%	1,416	0	0	5,445	42	134	13,629	20,667
		57,247	30,253	0		0	87,500	2.84%	0	0	0	6,486	42	134	13,629	20,292

Kentucky American Water Company
2014 Labor & Benefits

Employee	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Increase					Group				Total Benefits
							Total	%	401k	DCP	VEBA	FICA	FUTA	SUTA	Insurance	
		58,562	6,503	0		0	65,065	2.76%	1,464	0	0	4,981	42	134	5,592	12,213
		59,763	6,184	0		0	65,948	2.74%	1,494	0	0	4,963	42	134	11,963	18,596
		56,592	10,857	0		0	67,450	2.84%	1,120	0	0	5,103	42	134	5,419	11,819
		52,988	24,622	0		0	77,610	2.84%	1,324	0	0	5,761	42	134	13,623	20,884
		49,179	8,395	0		0	57,574	1.98%	1,229	0	0	4,217	42	134	11,907	17,530
		52,988	9,029	0		0	62,016	2.84%	1,324	0	0	4,482	42	134	13,623	19,605
		57,552	18,960	0		0	76,512	2.10%	1,439	0	0	5,667	42	135	12,477	19,759
		48,790	458	0		0	49,249	1.23%	1,220	0	0	3,437	42	134	12,789	17,622
		53,883	13,143	0		0	67,026	2.84%	0	0	0	4,946	42	134	13,625	18,747
		53,187	1,595	0		0	54,782	2.84%	1,329	0	0	3,982	42	135	13,623	19,110
		51,197	13,800	0		0	64,998	2.84%	256	0	0	4,691	42	134	13,616	18,740
		43,464	1,633	0		0	45,097	2.19%	0	0	0	3,284	42	134	12,405	15,865
		57,284	28,137	0		0	85,421	2.84%	1,417	0	0	6,132	42	134	13,629	21,355
		59,402	2,914	0		0	62,316	2.50%	0	0	0	4,726	42	134	5,596	10,498
		50,590	1,128	0		0	51,718	2.84%	0	0	0	3,743	42	134	13,616	17,536
			0	0		0	0	0.00%	0	0	0	0	0	0	0	0
		52,452	40,504	0	250	0	93,206	2.84%	0	0	0	6,734	42	134	13,621	20,532
		47,021	12,544	0		0	59,565	2.62%	1,176	0	0	4,379	42	134	11,895	17,626
		53,232	40	0		0	53,271	2.84%	1,330	0	0	3,919	42	134	10,626	16,051
		53,000	13,891	0		0	66,891	2.84%	1,324	0	0	4,905	42	134	13,623	20,028
		59,674	10,296	0		0	69,970	3.50%	2,799	3,133	0	5,273	42	134	5,953	17,334
		12,480	429	0		0	12,909	0.00%	312	0	0	943	42	156	3,480	4,932
		53,506	11,279	0		0	64,785	2.84%	796	0	0	4,979	42	134	414	6,365
		48,347	3,099	0		0	51,446	2.84%	0	0	0	3,853	42	134	5,398	9,427
		52,797	1,281	0		0	54,078	2.74%	1,320	0	0	3,920	42	135	15,084	20,501
		53,012	6,875	0		0	59,886	2.84%	1,324	0	0	4,509	42	134	4,912	10,922
		53,883	8,112	0		0	61,994	2.84%	1,346	0	0	4,554	42	134	13,625	19,701
		53,012	6,744	0		0	59,756	2.84%	1,324	0	0	4,360	42	134	13,621	19,481
		57,465	8,721	0		0	66,187	2.84%	1,423	0	0	4,875	42	134	13,629	20,103
		52,522	10,533	0	250	0	63,304	2.84%	1,312	0	0	4,628	42	134	13,619	19,736
		38,366	1,851	0	500	0	40,717	3.00%	959	0	0	2,906	42	134	15,009	19,050
		45,798	13,059	0		0	58,857	2.64%	458	0	0	4,273	42	134	15,049	19,956
			4	0		0	4	0.00%	0	0	0	0	0	0	0	0
		50,617	6,598	0	250	0	57,465	2.84%	1,643	2,657	0	4,182	42	134	13,616	22,275
		50,695	7,042	0	250	0	57,986	2.84%	2,027	2,661	0	4,235	42	134	13,615	22,715
		47,086	496	0		0	47,582	2.98%	236	0	0	3,433	42	134	15,056	18,900
		48,219	7,459	0		0	55,677	2.84%	223	2,532	0	4,057	42	134	13,608	20,597
		24,878		0		0	24,878	2.84%	995	1,306	0	1,758	42	155	8,386	12,643
		2,391	12	0		0	2,403	2.84%	0	126	0	184	14	34	1	358
		54,238	5,326	0		0	59,564	2.78%	1,356	0	0	4,433	42	134	15,092	21,057
		50,934	13,863	0		0	64,798	2.75%	1,273	0	0	4,758	42	134	15,074	21,282
		10,667	2,017	0		0	12,684	0.00%	267	0	0	957	42	134	1,205	2,605
		37,189	1,796	0	500	0	39,485	2.74%	930	0	0	2,862	42	134	11,880	15,848
		54,854	7,688	0		0	62,542	0.00%	1,356	0	0	4,625	42	134	12,646	18,803
		48,470	2,810	0		0	51,280	2.84%	718	2,545	500	3,709	42	134	13,608	21,256
		50,142	10,995	0		0	61,137	2.84%	2,004	2,631	500	4,465	42	134	13,616	23,393

Kentucky American Water Company
2014 Labor & Benefits

Employee	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Increase		401k	DCP	VEBA	FICA	FUTA	SUTA	Group	
							Total	%							Insurance	Total Benefits
		52,785	22,765	0		0	75,550	2.84%	0	2,771	500	5,532	42	134	13,623	22,602
		50,291	12,497	0		0	62,787	2.84%	2,011	2,640	500	4,402	42	134	13,616	23,345
			8	0		0	8	0.00%	0	0	0	1	0	0	0	1
		51,106	7,438	0	250	0	58,794	2.84%	2,043	2,682	500	4,415	42	134	5,408	15,225
		52,053	9,376	0		0	61,429	2.84%	0	2,732	500	4,486	42	134	13,616	21,511
		47,819	726	0		0	48,545	0.00%	369	2,511	269	3,499	42	134	13,831	20,655
		6,626	0	0		0	6,626	0.00%	232	348	0	436	34	108	3,486	4,644
		42,820	6,181	0		0	49,001	2.98%	1,715	2,248	0	3,364	42	135	15,032	22,536
		58,200	13,315	0		0	71,515	2.01%	0	3,055	0	5,308	42	134	10,942	19,482
		51,924	9,275	0	250	0	61,448	2.84%	1,557	2,725	500	4,618	42	134	5,406	14,982
		50,436	19,943	0	250	0	70,628	2.84%	2,016	2,750	500	5,189	42	134	13,615	24,247
		62,109	15,307	0		0	77,416	2.84%	3,097	3,261	0	5,732	42	134	15,125	27,390
		47,380	523	0		0	47,903	2.50%	1,916	2,488	0	3,702	42	134	261	8,543
		50,934	13,035	0		0	63,970	2.84%	1,527	2,673	500	4,680	42	134	13,616	23,173
		48,152	9,608	0		0	57,759	2.84%	656	2,528	500	4,207	42	134	13,608	21,676
		54,092	8,787	0		0	62,879	2.74%	2,515	2,840	0	4,581	42	134	15,092	25,204
			36	0		0	36	0.00%	0	0	0	3	0	1	0	4
		43,360	9,636	0		0	52,996	1.99%	1,590	2,276	0	3,774	42	134	15,036	22,853
		39,970	1,273	0		0	41,243	2.38%	1,444	2,098	0	2,961	42	134	11,859	18,538
		7,296	137	0		0	7,433	2.24%	297	383	0	566	42	123	851	2,262
		22,681	373	0		0	23,055	0.00%	578	992	0	1,411	42	156	6,386	9,565
		3,846	1,591	0		0	5,438	2.84%	175	202	0	396	31	89	1,050	1,944
		37,696	11,150	0		0	48,847	3.41%	337	1,979	0	3,460	42	134	15,004	20,957
		37,424	108	0		0	37,533	3.14%	144	1,965	0	2,671	42	134	12,373	17,328
		32,004	7,740	0		0	39,745	2.84%	1,280	1,680	297	2,917	42	156	8,087	14,458
		53,799	5,300	0		0	59,099	2.84%	2,147	2,820	500	4,310	42	134	13,412	23,365
		56,903	4,897	0		0	61,800	2.74%	0	2,987	0	4,591	42	134	11,946	19,701
		47,484	3,568	0	250	0	51,302	2.84%	1,424	2,595	500	3,778	42	134	9,368	17,841
			0	0		0	0	0.00%	0	0	0	0	0	0	0	0
		50,881	10,401	0		0	61,282	2.84%	176	2,670	500	4,474	42	134	13,616	21,614
			0	0		0	0	0.00%	0	0	0	0	0	0	0	0
		51,398	11,042	0		0	62,440	2.84%	2,054	2,799	500	4,562	42	134	13,615	23,707
		50,025	11,406	0		0	61,430	2.84%	1,999	2,625	500	4,484	42	134	13,608	23,394
		55,955	10,566	0		0	66,521	2.74%	0	2,938	0	4,893	42	134	15,097	23,104
		49,087	10,319	0		0	59,406	2.84%	1,962	2,576	500	4,330	42	134	13,608	23,152
		47,228	4,240	0		0	51,468	2.84%	0	2,479	0	3,698	42	134	13,100	19,454
		50,307	45,311	0		0	95,618	2.84%	0	2,641	0	7,101	42	134	13,608	23,526
		47,391	5,023	0		0	52,414	2.84%	1,895	2,487	0	3,795	42	134	13,608	21,961
		55,864	22,077	0		0	77,941	2.74%	2,959	2,933	0	5,831	42	134	11,938	23,836
		43,641	11,464	0		0	55,105	2.73%	0	2,291	0	3,984	42	134	15,036	21,488
			0	0		0	0	0.00%	0	0	0	0	0	0	0	0
		53,080	16,084	0		0	69,163	2.84%	1,576	2,760	0	4,948	42	134	13,621	23,081
		43,713	13,093	0		0	56,806	3.02%	0	2,295	0	4,114	42	134	15,038	21,624
		53,501	10,562	0		0	64,063	3.97%	2,563	2,809	0	4,675	42	134	14,854	25,076
			0	0		0	0	0.00%	0	0	0	0	0	0	0	0
		33,678	3,820	0		0	37,498	2.84%	1,499	1,768	0	2,654	42	134	10,460	16,557

Kentucky American Water Company
 2014 Labor & Benefits

Employee	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Total	Increase		401k	DCP	VEBA	FICA	FUTA	SUTA	Group	
								%								Insurance	Total Benefits
		48,166	11,484	0		0	59,650	2.84%	2,174	2,528	0	4,450	42	134	5,387	14,714	
		48,505	13,656	0		0	62,160	2.84%	1,454	2,545	0	4,541	42	134	13,597	22,313	
		49,781	9,265	0		0	59,046	2.84%	0	2,613	0	4,434	42	134	5,387	12,610	
		49,004	15,982	0		0	64,986	2.84%	0	2,572	0	4,889	42	134	5,387	13,023	
		57,795	19,983	0		0	77,778	2.84%	2,281	2,996	0	5,736	42	134	13,620	24,810	
		58,441	9,704	0	250	0	68,395	2.84%	0	3,031	0	5,150	42	134	5,410	13,767	
		31,609	4,905	0		0	36,515	2.84%	0	1,655	0	2,695	42	134	6,502	11,029	
		5,240	3,475	0		0	8,715	0.00%	140	275	0	667	42	141	0	1,265	
		4,556	2,060	0		0	6,616	0.00%	144	239	0	506	40	107	0	1,037	
			4	0		0	4	0.00%	0	0	0	0	0	0	0	0	
Total Hourly		\$4,997,749	\$1,013,940	\$0	\$3,250	\$0	\$6,014,939		\$106,744	\$130,346	\$8,566	\$441,404	\$4,405	\$14,127	\$1,165,900	\$1,871,491	

Kentucky American Water Company
2015 Labor & Benefits

Employee	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Total	Increase		401k	DCP	VEBA	FICA	FUTA	SUTA	Group	
								%								Insurance	Total Benefits
		\$173,947	\$0	\$58,358	\$0	\$4,705	\$237,011	3.00%	\$4,167	\$0	\$0	\$5,507	\$83	\$186	\$14,377	\$24,320	
		90,400		11,128		0	101,528	2.00%	240	0	0	7,475	42	159	12,646	20,563	
		107,546		15,886		0	123,432	2.00%	2,689	0	0	9,111	42	159	15,364	27,366	
		64,962		3,262		0	68,224	2.00%	1,624	0	0	5,116	42	159	5,630	12,571	
		45,260		7,260		0	52,520	1.00%	1,132	0	0	3,933	42	159	8,005	13,271	
		42,648		0		0	42,648	0.00%	1,066	0	0	3,186	42	159	6,942	11,396	
		40,128		6,371		0	46,499	0.00%	1,003	0	0	6,032	42	159	5,441	12,678	
		75,050		6,611		0	81,661	2.80%	1,876	0	0	5,968	42	159	15,194	23,240	
		98,925		15,829		0	114,754	0.00%	2,473	0	0	8,637	42	159	12,163	23,475	
		79,429		7,823		0	87,252	2.00%	1,986	0	0	6,648	42	159	5,700	14,536	
		73,347		7,500		0	80,847	3.50%	0	0	0	6,204	42	159	400	6,806	
		85,349		8,405		0	93,754	2.00%	1,649	0	0	6,793	42	159	15,247	23,891	
		146,386		32,193		1,362	179,942	2.00%	3,391	0	0	9,792	42	159	10,281	23,666	
		65,978		0		0	65,978	0.00%	2,639	3,464	0	4,818	42	159	15,144	26,267	
		58,167	9,769	0		0	67,936	3.30%	403	3,054	0	5,041	42	159	15,104	23,803	
		72,807		0		0	72,807	0.00%	2,886	3,823	0	5,346	42	159	15,181	27,437	
		90,707		16,968		0	107,675	2.80%	4,300	4,753	0	8,069	52	208	14,384	31,766	
		81,776		9,485		0	91,261	4.50%	3,650	4,293	0	6,849	42	160	9,874	24,868	
		75,005		7,118		0	82,122	0.00%	3,169	3,938	0	5,910	25	113	15,193	28,347	
		16,118		0		0	16,118	0.00%	645	846	0	227	42	159	1,790	3,709	
		61,017		0		0	61,017	0.00%	2,339	3,204	0	4,513	42	159	5,620	15,878	
		32,888		0		0	32,888	0.00%	732	1,727	0	2,254	42	159	7,186	12,099	
		75,246		7,328		0	82,574	3.50%	3,303	3,950	0	6,265	42	159	5,678	19,398	
		53,246		2,583		0	55,829	4.00%	1,489	2,796	0	4,066	42	159	14,803	23,354	
		99,710		14,642		0	114,352	2.80%	4,574	5,235	0	8,564	42	159	14,902	33,477	
		51,155		2,130		0	53,285	3.00%	2,073	2,686	0	3,997	42	159	5,538	14,494	
		67,995		0		0	67,995	0.00%	2,720	3,570	0	5,126	42	159	5,625	17,241	
		56,227		0		0	56,227	0.00%	2,197	2,952	0	4,250	42	159	3,888	13,488	
Total Salaried		\$2,081,420	\$9,769	\$240,880	\$0	\$6,068	\$2,338,137		\$60,414	\$50,288	\$0	\$159,699	\$1,210	\$4,491	\$277,300	\$553,402	
		\$54,287	\$22,531	\$0	\$0	\$0	\$76,818	2.25%	\$1,357	\$0	\$0	\$5,585	\$42	\$144	\$13,625	\$20,753	
		55,046		0		0	55,046	3.97%	1,376	0	0	4,147	42	159	5,573	11,297	
		71,189	3,058	0		0	74,247	1.99%	1,780	0	0	5,535	42	159	12,018	19,534	
		54,079	6,093	0		0	60,171	2.25%	1,082	0	0	4,641	42	160	6,341	12,266	
		67,570	1,935	0	500	0	70,005	2.51%	1,689	0	0	5,141	42	159	11,997	19,029	
		54,287	3,859	0		0	58,146	2.25%	814	0	0	4,214	42	159	13,625	18,855	
		51,008	35,040	0		0	86,049	2.25%	850	0	0	6,521	42	159	13,101	20,674	
		55,650	8,217	0		0	63,867	2.25%	366	0	0	4,598	42	159	13,627	18,792	
		55,205	14,726	0		0	69,931	2.25%	0	0	0	5,173	42	159	13,627	19,001	
		54,287	4,303	0		0	58,589	2.25%	814	0	0	4,410	42	159	5,417	10,842	
		54,287	1,858	0		0	56,145	2.25%	0	0	0	4,094	42	159	13,625	17,921	
		41,039	10,595	0		0	51,634	2.25%	1,026	0	0	3,815	42	159	9,479	14,522	
		18,754	6,554	0		0	25,308	2.25%	0	0	0	1,439	42	159	3,033	4,674	
		60,734	7,311	0		0	68,045	3.99%	1,518	0	0	5,214	42	159	5,601	12,535	
		61,429	2,219	0		0	63,648	2.80%	1,357	0	0	4,778	42	159	11,966	18,302	
		57,981	23,693	0		0	81,674	2.25%	1,160	0	0	6,260	42	159	5,425	13,047	

Kentucky American Water Company
2015 Labor & Benefits

Employee	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Total	Increase		401k	DCP	VEBA	FICA	FUTA	SUTA	Group	
								%								Insurance	Total Benefits
		54,287	32,895	0	0	0	87,182	2.25%	1,357	0	0	6,502	42	159	13,625	21,686	
		50,536	9,075	0	0	0	59,611	2.99%	1,263	0	0	4,375	42	159	11,909	17,749	
		54,747	9,223	0	0	0	63,971	2.25%	1,368	0	0	4,680	42	159	13,626	19,875	
		58,405	12,904	0	0	0	71,309	1.99%	1,460	0	0	5,270	42	159	12,479	19,410	
		59,363	1,167	0	0	0	60,530	2.79%	1,484	0	0	4,236	42	159	15,111	21,032	
		57,606	24,025	0	0	0	81,631	2.25%	0	0	0	6,081	42	159	13,632	19,914	
		19,828	98	0	0	0	19,926	2.25%	496	0	0	1,455	42	159	4,866	7,018	
		52,721	14,761	0	0	0	67,482	2.25%	264	0	0	4,889	42	159	13,619	18,972	
		44,467	2,383	0	0	0	46,850	2.00%	0	0	0	3,420	42	159	12,403	16,025	
		57,796	30,821	0	0	0	88,617	2.25%	1,445	0	0	6,576	42	159	13,632	21,854	
		61,018	3,407	0	0	0	64,424	2.79%	177	0	0	4,893	42	159	5,604	10,876	
		50,764	1,218	0	0	0	51,982	2.25%	0	0	0	3,771	42	159	13,619	17,591	
		54,079	22,676	0	0	0	76,754	2.25%	0	0	0	5,482	42	160	13,625	19,309	
		48,244	13,824	0	0	0	62,068	2.59%	1,206	0	0	4,576	42	159	11,896	17,879	
		55,840	278	0	0	0	56,118	2.25%	1,396	0	0	4,226	42	159	5,419	11,242	
		54,287	11,057	0	0	0	65,344	2.25%	1,357	0	0	4,843	42	159	13,625	20,026	
		61,405	5,700	0	0	0	67,105	3.21%	2,684	3,224	0	5,059	42	159	5,965	17,133	
		55,456	1,750	0	0	0	57,206	3.31%	1,386	0	0	4,201	42	159	15,090	20,879	
		54,611	13,618	0	0	0	68,229	2.25%	0	0	0	5,325	42	159	424	5,951	
		49,876	3,130	0	0	0	53,006	2.25%	0	0	0	3,976	42	159	5,404	9,582	
		54,259	1,157	0	0	0	55,417	2.78%	1,356	0	0	4,045	42	159	15,083	20,686	
		54,287	7,951	0	0	0	62,238	2.25%	1,357	0	0	4,689	42	159	5,417	11,664	
		43,084		0	0	0	43,084	2.25%	364	0	0	3,092	42	159	13,627	17,285	
		52,662	9,768	0	0	0	62,430	2.25%	1,317	0	0	4,575	42	160	13,625	19,718	
		58,441	10,711	0	0	0	69,152	2.25%	1,461	0	0	5,110	42	159	13,633	20,405	
		54,797	20,657	0	0	0	75,453	2.25%	1,370	0	0	5,562	42	159	13,858	20,992	
		39,458	990	0	0	0	40,448	2.80%	986	0	0	2,886	42	159	15,006	19,080	
		47,064	9,727	0	0	0	56,791	2.80%	471	0	0	4,116	42	159	15,047	19,835	
		53,651	7,098	0	0	0	60,749	2.25%	2,146	2,817	0	4,457	42	159	13,621	23,241	
		50,991	6,099	0	0	0	57,090	2.25%	801	2,677	0	4,297	42	159	5,632	13,609	
		48,427	492	0	0	0	48,919	2.81%	317	0	0	3,513	42	159	15,054	19,085	
		49,193	2,640	0	0	0	51,832	2.25%	1,892	2,583	0	3,837	42	159	13,612	22,125	
		31,298		0	0	0	31,298	0.00%	1,040	1,643	0	2,149	42	159	2,645	7,678	
		55,637	5,554	0	0	0	61,191	2.02%	1,391	0	0	4,550	42	159	15,090	21,232	
		52,355	12,399	0	0	0	64,754	2.80%	1,309	0	0	4,763	42	159	15,075	21,348	
		37,992	412	0	0	0	38,403	2.50%	950	0	0	2,776	42	159	12,008	15,936	
		55,960	7,558	0	0	0	63,519	2.02%	1,399	0	0	4,704	42	159	12,594	18,898	
		49,397	14,588	0	0	0	63,985	2.25%	304	2,593	500	4,757	42	159	13,612	21,968	
		51,845	9,625	0	0	0	61,470	2.25%	1,034	2,722	500	4,498	42	159	13,619	22,573	
		53,792	22,432	0	0	0	76,224	2.25%	0	2,824	500	5,625	42	159	13,625	22,775	
		53,434	7,015	0	0	0	60,449	2.25%	2,137	2,805	500	4,409	42	159	7,194	17,247	
		55,205	24,981	0	0	0	80,186	2.25%	2,208	2,898	500	6,075	42	159	5,419	17,302	
		51,962	7,912	0	0	0	59,874	2.25%	0	2,728	500	4,456	42	159	13,619	21,504	
		48,187	397	0	0	0	48,585	1.00%	1,944	2,530	0	3,651	42	159	15,052	23,378	
		2,110	901	0	0	0	3,011	2.25%	0	111	29	230	18	48	0	436	
		43,837	4,730	0	0	0	48,567	1.97%	1,700	2,301	0	3,332	42	159	15,030	22,564	

Kentucky American Water Company
2015 Labor & Benefits

Employee	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Total	Increase				Group			Total Benefits	
								%	401k	DCP	VEBA	FICA	FUTA	SUTA		Insurance
		59,422	10,195	0	0	0	69,618	2.77%	0	3,120	0	5,168	42	159	15,106	23,595
		53,156	10,557	0	0	0	63,713	2.25%	1,595	2,791	496	4,713	42	159	13,396	23,192
		52,939	11,071	0	0	0	64,011	2.25%	2,118	2,779	500	4,690	42	159	13,619	23,907
		62,648	14,286	0	0	0	76,934	2.06%	3,077	3,289	0	5,702	42	159	15,128	27,398
		51,016	346	0	0	0	51,362	1.48%	2,054	2,678	0	3,971	42	159	283	9,187
		52,868	15,587	0	0	0	68,456	2.25%	1,555	2,775	500	5,032	42	159	13,619	23,681
		51,737	11,867	0	0	0	63,604	2.25%	975	2,716	500	4,665	42	159	13,617	22,674
		55,630	8,823	0	0	0	64,454	2.55%	2,578	2,921	0	4,735	42	159	15,090	25,525
		44,595	13,337	0	0	0	57,931	2.00%	1,738	2,341	0	3,889	42	159	15,031	23,201
		41,028	2,241	0	0	0	43,268	2.69%	1,514	2,154	0	3,080	42	159	11,858	18,808
		47,792	172	0	0	0	47,964	1.01%	1,918	2,509	0	3,631	42	159	5,534	13,794
		29,838		0	0	0	29,838	0.00%	1,193	1,567	0	2,153	42	159	8,666	13,780
		51,467	12,809	0	0	0	64,276	2.25%	1,969	2,701	365	4,642	42	159	13,702	23,581
		24,933	27	0	0	0	24,960	3.25%	0	1,309	0	1,626	42	159	15,002	18,139
		38,264	2,854	0	0	0	41,118	2.49%	115	2,009	0	2,926	42	159	12,372	17,624
		55,802	6,930	0	0	0	62,732	2.25%	2,232	2,930	500	4,593	42	159	13,627	24,082
		21,438	1,284	0	0	0	22,722	1.97%	0	1,125	0	1,667	42	159	4,497	7,491
		52,423	6,749	0	0	0	59,172	2.25%	1,635	2,752	500	4,707	42	159	5,408	15,204
		43,805	7,647	0	0	0	51,453	2.25%	1,313	2,298	423	3,467	42	154	11,524	19,222
		52,421	9,991	0	0	0	62,412	2.25%	2,096	2,751	500	4,567	42	159	13,619	23,734
		50,668	4,792	0	0	0	55,460	2.25%	2,027	2,660	500	4,035	42	159	13,614	23,038
		57,943	13,747	0	0	0	71,690	3.80%	0	3,042	0	5,291	42	159	15,099	23,633
		50,285	11,587	0	0	0	61,873	2.25%	2,010	2,638	504	4,526	42	159	13,612	23,491
		23,576	4,148	0	0	0	27,724	2.25%	0	1,238	80	2,240	42	159	2,547	6,306
		51,267	45,752	0	0	0	97,020	2.25%	325	2,691	365	7,215	42	159	13,612	24,410
		51,767	12,261	0	0	0	64,029	2.25%	2,070	2,717	365	4,796	42	159	13,614	23,764
		58,147	18,865	0	0	0	77,012	3.98%	2,935	3,053	0	5,739	42	159	11,943	23,872
		44,853	8,084	0	0	0	52,937	2.79%	0	2,355	0	3,819	42	155	15,034	21,405
		54,714	17,802	0	0	0	72,516	2.25%	1,641	2,872	365	5,365	42	159	13,625	24,071
		44,967	10,489	0	0	0	55,456	2.79%	0	2,361	0	4,012	42	159	15,035	21,609
		55,864	10,414	0	0	0	66,278	4.55%	2,651	2,933	0	4,878	42	159	15,092	25,755
		54,457	20,364	0	0	0	74,821	2.25%	2,993	2,859	365	5,517	42	159	13,610	25,546
		50,264	9,834	0	0	0	60,097	2.25%	2,009	2,637	365	4,519	42	159	5,379	15,110
		50,093	11,359	0	0	0	61,452	2.25%	1,532	2,628	365	4,505	42	159	13,598	22,830
		50,358	8,950	0	0	0	59,309	2.25%	1,629	2,642	365	4,458	42	159	5,390	14,686
		50,262	11,712	0	0	0	61,974	2.25%	0	2,637	365	4,663	42	159	5,390	13,256
		59,126	26,326	0	0	0	85,453	2.25%	2,365	3,104	365	6,331	42	159	13,620	25,986
		59,545	13,519	0	0	0	73,064	2.25%	2,279	3,126	365	5,382	42	159	13,711	25,065
		58,269	19,426	0	0	0	77,694	2.25%	1,192	3,059	365	5,753	42	159	13,618	24,189
		50,298	17,307	0	0	0	67,605	2.25%	1,989	2,629	365	4,971	42	159	13,224	23,379
		48,981	17,393	0	0	0	66,374	2.25%	1,937	2,570	365	5,077	42	159	387	10,537
		13,239	7,180	0	0	0	20,419	2.25%	0	285	37	1,515	42	159	3,017	5,056
		38,000	741	0	0	0	38,741	0.00%	402	1,995	0	2,901	42	159	4,438	9,938
		26,875	6,449	0	0	0	33,325	2.25%	861	1,404	77	2,467	42	159	5,310	10,321
		20,500	4,046	0	0	0	24,546	0.00%	878	1,076	0	1,692	42	159	4,592	8,439
		22,500	70	0	0	0	22,570	0.00%	0	1,181	0	1,710	42	159	1,248	4,341

Kentucky American Water Company
 2015 Labor & Benefits

Employee	Job Title	Regular	Overtime	AIP	Bonus	Stock Div	Total	Increase	401k	DCP	VEBA	FICA	FUTA	SUTA	Group	Total Benefits
								%							Insurance	
		10,673	3,763	0		0	14,436	2.25%	293	560	77	1,075	42	159	1,862	4,069
		10,686	2,232	0		0	12,918	2.25%	0	561	77	988	42	159	21	1,848
		8,985	2,729	0		0	11,714	2.25%	0	472	77	896	42	159	13	1,659
		11,026	4,315	0		0	15,341	2.25%	290	579	77	1,172	42	159	107	2,426
		10,555	5,324	0		0	15,879	2.25%	322	554	77	1,203	42	159	735	3,093
		9,558	3,235	0		0	12,793	2.25%	0	502	77	967	42	159	735	2,482
		2,000		0		0	2,000	0.00%	0	105	0	153	12	32	0	302
		3,090	19	0		0	3,109	0.00%	0	162	29	238	19	50	0	498
Total Hourly		\$5,378,105	\$1,062,809	\$0	\$500	\$0	\$6,441,414		\$126,097	\$149,858	\$13,751	\$475,250	\$4,797	\$18,116	\$1,174,970	\$1,962,839

**Kentucky American Water Company
Director Compensation**

Year	Job Title	Co	Salary	AiP	Stock Div	Total	Increase					Group Insurance	Total Benefits	
							%	401k	DCP	FICA	FUTA			SUTA
2011		KY	\$163,962	\$163,962	\$0	\$327,923	3.50%	\$3,642	\$0	\$10,360	\$55	\$112	\$15,519	\$29,688
2011														0
2011														0
2011														0
2011			0	0	0	0	0.00%							0
2011		AWWSC	24,347	12,633	140	37,120	3.42%	489		1,349	5	3	1,436	3,281
2011		AWWSC	5,742	2,245	0	7,987	4.00%	195	301	320	2	8	506	1,330
2011 Total			<u>\$194,051</u>	<u>\$178,839</u>	<u>\$140</u>	<u>\$373,029</u>		<u>\$4,325</u>	<u>\$301</u>	<u>\$12,029</u>	<u>\$61</u>	<u>\$123</u>	<u>\$17,461</u>	<u>\$34,300</u>
2012		KY	\$174,109	\$73,950	\$0	\$248,059	2.50%	\$3,494	\$0	\$11,430	\$42	\$126	\$15,442	\$30,534
2012														0
2012														0
2012														0
2012		AWWSC	15,851	8,121	272	24,244	2.50%	194		840			1,004	2,037
2012		AWWSC	25,188	14,881	909	40,978	1.79%	472		1,852	601	27	1,373	4,325
2012		AWWSC	11,346	2,858	0	14,203	0.00%	218		844	4	6	1,446	2,519
2012 Total			<u>\$226,494</u>	<u>\$99,809</u>	<u>\$1,181</u>	<u>\$327,483</u>		<u>\$4,378</u>	<u>\$0</u>	<u>\$14,965</u>	<u>\$647</u>	<u>\$160</u>	<u>\$19,266</u>	<u>\$39,416</u>
2013		KY	\$177,938	\$70,571	\$1,835	\$250,344	2.75%	\$3,760	\$0	\$9,169	\$0	\$172	\$15,865	\$28,966
2013														0
2013														0
2013														0
2013		AWWSC	15,941	8,086	566	24,592	0.00%	261		410		5	1,036	1,711
2013		AWWSC	25,694	15,401	2,051	43,146	1.75%	426		160		34	1,423	2,043
2013		AWWSC	11,669	3,063	0	14,733	3.70%	280		719		7	1,476	2,482
2013 Total			<u>\$231,241</u>	<u>\$97,122</u>	<u>\$4,452</u>	<u>\$332,816</u>		<u>\$4,726</u>	<u>\$0</u>	<u>\$10,458</u>	<u>\$0</u>	<u>\$218</u>	<u>\$19,800</u>	<u>\$35,202</u>
2014		KY	\$182,486	\$32,620	\$5,110	\$220,216	2.50%	\$4,562	\$0	\$5,731	\$42	\$134	\$15,591	\$26,060
2014														0
2014														0
2014														0
2014		AWWSC	18,280	6,518	919	25,717	1.00%	441		397	3	2	1,133	1,976
2014		AWWSC	27,381	13,127	1,894	42,401	2.59%	441		634	4	31	1,458	2,569
2014		AWWSC	9,937	1,946	1	11,884	2.75%	216		667	4	50	1,206	2,143
2014 Total			<u>\$238,084</u>	<u>\$54,211</u>	<u>\$7,923</u>	<u>\$300,218</u>		<u>\$5,661</u>	<u>\$0</u>	<u>\$7,429</u>	<u>\$53</u>	<u>\$219</u>	<u>\$19,387</u>	<u>\$32,748</u>
2015		AWWSC	\$38,322	\$17,857	\$2,445	\$58,625	2.52%	\$526	\$0	\$746	\$4	\$91	\$1,989	\$3,356
2015														0
2015														0
2015														0
2015		AWWSC	60,155	6,502	0	66,657	2.00%	180	3,157	4,493	21	468	7,837	16,156
2015		KY	19,828	0	0	19,828	0.00%	645	846	227	42	159	1,790	3,709
2015		AWWSC	78,967	15,461	0	94,428	2.80%	1,680		4,248	22	526	8,533	15,010
2015 Total			<u>\$197,272</u>	<u>\$39,820</u>	<u>\$2,445</u>	<u>\$239,538</u>		<u>\$3,031</u>	<u>\$4,003</u>	<u>\$9,714</u>	<u>\$89</u>	<u>\$1,245</u>	<u>\$20,149</u>	<u>\$38,230</u>

Kentucky American Water Company
Officer Compensation

Year	Title	Co	Salary	Bonus	AiP	Stock Div	Total	Increase		401k	DCP	FICA	FUTA	SUTA	Group Insurance	Total Benefits
								%								
2011		KY	\$163,962	\$0	\$163,962	\$0	\$327,923	3.50%	\$3,642	\$0	\$10,360	\$55	\$112	\$15,519	\$29,688	
2011		AWWSC	7,767	0	3,166	0	10,933	2.80%	192		421	2	30	452	1,096	
2011		AWWSC	3,006	56	869	0	3,931	3.48%	75		180	1	15	248	519	
2011		KY	76,847	0	8,234	0	85,081	2.00%	1,909	0	6,208	56	112	16,140	24,425	
2011		AWWSC	274	0	69	1	344	2.37%	7		17	0	1	28	53	
2011		KY	147,518	0	37,310	404	185,232	2.80%	3,263	0	9,341	56	43	16,140	28,843	
2011		AWWSC	10,406	0	3,194	0	13,600	2.80%	249		816	5	6	1,517	2,593	
2011		AWWSC	4,573	0	1,328	0	5,900	10.23%	236	240	292	2	26	0	796	
2011		AWWSC	0	0	0	0	0	2.80%	0	0	0	0	0	0	0	
2011		AWWSC	0	0	0	0	0	0.00%	0	0	0	0	0	0	0	
2011 Total			\$414,352	\$56	\$218,130	\$404	\$632,943		\$9,572	\$240	\$27,635	\$177	\$345	\$50,043	\$88,012	
2012		KY	\$174,109	\$0	\$73,950	\$0	\$248,059	2.50%	\$3,494	\$0	\$11,430	\$42	\$126	\$15,442	\$30,534	
2012		AWWSC	5,708	0	1,719	0	7,427	3.02%	132		350	1	30	557	1,070	
2012		AWWSC	7,882	0	3,255	138	11,275	3.00%	197		557	1	30	436	1,222	
2012		AWWSC	5,680	0	0	0	5,680	3.00%	142		421	3	5	1,073	1,643	
2012		AWWSC	18,252	0	7,462	0	25,714	3.00%	1,016	958	1,615	8	26	2,004	5,626	
2012		KY	151,814	0	59,007	0	210,821	3.10%	2,797	0	10,741	42	126	15,426	29,133	
2012		AWWSC	11,346	0	2,858	0	14,203	0.00%	218		844	4	6	1,446	2,519	
2012		AWWSC	4,903	0	1,463	0	6,366	3.68%	255	257	312	1	26	13	865	
2012		AWWSC	91,909	0	21,506	0	113,416	3.00%		4,936	8,568	83	421	14,254	28,262	
2012		AWWSC	6,687	0	1,658	0	8,345	2.00%	272	351	363	1	30	206	1,224	
2012 Total			\$478,288	\$0	\$172,878	\$138	\$651,304		\$8,523	\$6,503	\$35,200	\$187	\$828	\$50,858	\$102,098	
2013		KY	\$177,938	\$0	\$70,571	\$1,835	\$250,344	2.75%	\$3,760	\$0	\$9,169	\$0	\$172	\$15,865	\$28,966	
2013		AWWSC	5,831	0	2,020	68	7,918	2.69%	146		300		36	572	1,053	
2013		AWWSC	26,212	0	7,174	0	33,385	3.00%	324	1,376	1,209		16	2,880	5,806	
2013		KY	155,594	0	53,232	1,827	210,652	3.00%	3,137	0	8,610		172	15,827	27,746	
2013		AWWSC	11,669	0	3,063	0	14,733	3.70%	280		719		7	1,476	2,482	
2013		AWWSC	5,139	0	1,530	0	6,669	3.45%	247	270	335		36	570	1,457	
2013		AWWSC	4,837	0	1,538	53	6,428	2.63%	250	254	271		36	28	840	
2013		AWWSC	90,394	0	17,892	0	108,287	3.00%	478	5,238	6,970		367	14,979	28,033	
2013		AWWSC	6,792	0	1,652	0	8,443	1.44%	281	357	363		36	226	1,263	
2013		AWWSC	0	0	0	0	0	4.00%	0	0	0	0	0	0	0	
2013 Total			\$484,405	\$0	\$158,672	\$3,783	\$646,859		\$8,902	\$7,495	\$27,948	\$0	\$878	\$52,423	\$97,646	
2014		KY	\$182,486	\$0	\$32,620	\$5,110	\$220,216	2.50%	\$4,562	\$0	\$5,731	\$42	\$134	\$15,591	\$26,060	
2014		AWWSC	30,379	0	7,174	0	37,552	3.00%	1,223	1,589	1,235	2	18	2,264	6,330	
2014		KY	159,973	0	39,112	1,472	200,557	2.75%	3,535	0	8,789	42	134	12,470	24,970	
2014		AWWSC	9,937	0	3,063	0	13,000	2.75%	216		667	4	50	1,206	2,143	
2014		AWWSC	3,866	0	647	0	4,514	3.74%	190	203	284	1	21	487	1,185	
2014		AWWSC	6,838	704	139	6	7,687	2.00%	316	358	304	2	34	581	1,594	
2014		AWWSC	3,129	0	609	0	3,738	2.75%	123	164	266	2	33	45	632	
2014		AWWSC	58,308	0	17,892	0	76,201	2.00%	2,346	3,383	4,849	42	587	9,320	20,527	
2014		AWWSC	7,557	0	1,652	0	9,209	2.00%	291	397	309	2	34	232	1,264	

**Kentucky American Water Company
Officer Compensation**

Year	Title	Co	Salary	Bonus	AiP	Stock Div	Total	Increase %	Group						Total Benefits
									401k	DCP	FICA	FUTA	SUTA	Insurance	
2014		AWWSC	0	0	0	0	0	3.98%	0	0	0	0	0	0	0
2014	Total		\$462,474	\$704	\$102,909	\$6,588	\$572,674		\$12,802	\$6,093	\$22,434	\$137	\$1,045	\$42,194	\$84,706
2015		AWWSC	\$38,322	\$0	\$15,401	\$2,051	\$55,775	2.52%	\$526	\$0	\$746	\$4	\$91	\$1,989	\$3,356
2015		AWWSC	34,783	0	7,174	0	41,956	3.50%	1,439	1,825	1,309	6	58	1,367	6,005
2015		AWWSC	4,585	0	647	0	5,232	5.00%	229	241	337	2	30	541	1,380
2015		AWWSC	7,330	0	139	6	7,476	3.01%	332	385	338	2	29	583	1,668
2015		AWWSC	3,394	0	609	0	4,004	3.25%	135	178	285	1	26	48	673
2015		AWWSC	56,207	0	17,892	0	74,099	2.00%	180	3,157	4,493	21	468	7,837	16,156
2015		KY	16,118	0	0	0	16,118	0.00%	645	846	227	42	159	1,790	3,709
2015		AWWSC	8,095	0	1,652	0	9,747	2.80%	292	425	338	2	29	233	1,318
2015		AWWSC	0	0	0	0	0	3.02%	0	0	0	0	0	0	0
2015	Total		\$168,835	\$0	\$43,515	\$2,057	\$214,407		\$3,778	\$7,057	\$8,074	\$79	\$890	\$14,387	\$34,265

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: **Linda C. Bridwell**

- 10.** Reference the Kentucky American Water application generally. Provide copies of all studies that Kentucky American Water has conducted addressing the impact that the proposed rate design will have on the elderly, low income, fixed income and home bound segments of its ratepayer base. Provide detailed information for each specified group.

Response:

There are no studies.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: **Donald J. Petry**

- 11.** Reference the Kentucky American Water application generally. Provide the general wage and salary increases that have been given, or will be given, to all Kentucky American Water employees for each year between 2012 - 2017.

Response:

Please see the Company's response to Item 17 of the Commission Staff's First Request for Information.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: **Kevin N. Rogers**

- 12.** Reference the Kentucky American Water application generally. Provide the policies and procedures that Kentucky American Water relies upon when making the determination as to providing a wage and/or salary increase to an employee.

Response:

Please see the attached. The attachment contains confidential information and is subject to a petition for confidential treatment.

**ATTACHMENT TO KAW_R_AGDR1_NUM012_032416
FILED UNDER SEAL PURSUANT TO PETITION FOR
CONFIDENTIAL TREATMENT FILED ON MARCH 24, 2016**

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: **Kevin N. Rogers**

- 13.** Reference the Kentucky American Water application generally. Provide a detailed list of each and every raise or bonus that an employee may be entitled to, and whether or not a performance evaluation is the basis for each.

Response:

Merit increase – Granted once a year. Performance is a basis for the amount of merit granted.

APP – Granted once a year. Performance is basis for amount granted. Other factors that influence APP awards are job level and business performance.

LTIP- Granted once a year. Performance is basis for amount granted. Other factors that influence LTIP awards are job level and business performance.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: **Donald J. Petry**

- 14.** Reference the Kentucky American Water application generally. Provide a detailed description of the benefits package that Kentucky American Water offers its employees. Include all benefits including but not limited to health, dental, vision, disability, and life insurance plans, and include all dollar amounts paid by the employee and the employer contribution of the same. Include all relevant premiums, co-pays, deductibles, etc. Also, include 401k benefits, sick time, vacation time, overtime, etc.

Response:

Please see the attached benefit plans for union and non-union employees. Please see the Company's response to Item 24 and Item 25 of the Commission Staff's First Request for Information for the group insurance, pension and post-retirement welfare plans.

Benefit	When You Are Eligible	What You Receive	Monthly Cost To Employee
<p>Wellness and Discount Programs</p> <p>Administered by Alere</p>	<p>1st of following month after one full month of service completed</p>	<p><u>Healthy Solutions Wellness Program</u> The Healthy Solutions Wellness Program offers 24/7 on-line access to wellness information and health challenges. You can earn wellness credits that translate into cash incentives. Nutrition program and fitness center discounts are also available. For more information visit www.AWHealthySolutions.com.</p> <p><u>Horizon Discount Programs</u></p> <ul style="list-style-type: none"> • Discounts on chiropractic, acupuncture, and massage therapy are available through Horizon's Alternative Therapies Program. • Discounts are available on eye exams, contact lenses, eyeglasses and laser vision correction at participating SmartEyes provider locations that include LensCrafters, Sears Optical, JCPenney Optical, Target Optical and Pearle Vision; as well as through Davis Vision participating providers. • Discounts are available for a variety of health and wellness products, vitamins, gym memberships, nutrition, and much more. <p>To use the Horizon Discount Programs, present your Horizon BCBS ID card at select businesses or mention that you are a Horizon BCBSNJ member when calling each business. For more information and a complete list of current discount programs and products visit www.horizonblue.com/nationalaccounts.</p>	<p>The Healthy Solutions Wellness Program is available to you, at no cost, even if you opt out of medical.</p> <p>Horizon's Discount Programs are included in the medical plans.</p>
<p>Flexible Spending Accounts (Pre-Tax Savings Accounts)</p> <p>Administered by Horizon BCBSNJ</p>	<p>1st of following month after one full month of service completed</p>	<p>Health Care Savings Account: Set aside to pay for health services not covered by health plan for you and your dependents (as defined by the IRS) such as:</p> <ul style="list-style-type: none"> - Deductibles - Coinsurance - Hearing Aids - Lasik Eye Surgery - Glasses - Orthodontia <p>Note: Over-the-counter drugs are not eligible for reimbursement without a prescription.</p> <p>Annual amount that may be contributed:</p> <ul style="list-style-type: none"> - Minimum: \$120; Maximum: \$2,550 <p style="text-align: center;">Use it or lose it</p> <p>Dependent Care Flexible Spending Account: Set aside to pay for dependent care expenses for working parent such as:</p> <ul style="list-style-type: none"> - Wages paid to babysitter or companion (expenses not covered if care is provided by someone claimed as a dependent) - Nursery school/day care center costs - Elder care costs - Wages paid to a housekeeper for providing care for an eligible dependent (dependent child under 13) or any dependent who is physically or mentally incapable of self care - Annual amount that may be contributed is \$5,000 (\$2,500 if married and file separately) <p style="text-align: center;">Use it or lose it</p>	<p>Voluntary Contribution</p>

Benefit	When You Are Eligible	What You Receive	Monthly Cost To Employee
Group Term Life Insurance Administered by MetLife	1 st of following month after one full month of service completed	Basic life insurance equal to 1 1/2 times your base salary rounded up to next highest \$1,000 (Maximum Benefit is \$200,000) Accident Death & Dismemberment: equal to 1 1/2 times your base salary rounded up to next highest \$1,000 (Maximum Benefit is \$200,000)	None
Travel Accident Insurance	Immediately	Travel Accident Insurance while on company business: - 10x base pay - Maximum Benefit: \$400,000	None
Voluntary Term Life Insurance (VL) Administered by MetLife	1 st of following month after one full month of service completed	Voluntary Life Insurance is in addition to the company-paid Basic Life Insurance. You may purchase up to the lesser of either \$300,000 or 3 times your salary in coverage without having to provide evidence of good health, provided you enroll on a timely basis. Your choices are: - VL of 1 x base pay - VL of 2 x base pay - VL of 3 x base pay	Monthly Contribution based on age.
Voluntary Dependent Term Life (VDL) Insurance Administered by MetLife	1 st of following month after one full month of service completed	VDL covers eligible dependents. You will be the beneficiary of the Dependent Term Life coverage you elect. The plan offers \$20,000 coverage for spouse or same-sex/domestic partner; and \$10,000 coverage for each dependent child.	Voluntary Contribution \$5.26/mo. for spouse or same sex/domestic partner \$1.26/mo. for all children
Employee Assistance Plan (EAP) Administered by Carebridge	1 st of following month after one full month of service completed	Provides employee and each eligible dependent with up to six sessions per issue, per calendar year, for evaluation, short-term counseling and/or referral for behavioral health care issues at no cost, as well as legal, elder care and child care referral assistance.	None
Short Term Disability Administered by Metlife	1 st of following month after one full month of service completed	- You are eligible for 2 weeks of sick leave at full pay each year. If you are still disabled after 2 weeks, you will receive 75% of your base pay for an additional 50 weeks through the STD benefit. - Offsets for other income benefits (e.g.: social security disability) apply.	None
Long Term Disability Administered by Metlife	Qualifying Period: 52 weeks	- Provides 60% of base monthly income (not to exceed \$15,000) replacement if employee becomes disabled due to illness or accident - Offsets for other income benefits (e.g.: social security disability, income from any employer or any employment & disability, retirement, pension or annuity benefits from any group insurance or pension plan (including American Water), membership or association with any group association, union or other organization.	None

Benefit	When You Are Eligible	What You Receive	Monthly Cost To Employee
401(k) Record Keeper/ Trustee – Merrill Lynch	Employees are eligible to participate as soon as possible after date of hire.	<ul style="list-style-type: none"> - A retirement and savings plan that allows you to save on a pre-tax basis. - Company matches 100% for every dollar you contribute during each pay period up to the first 3% of your eligible pay, and a 50% matching contribution on the next 2% of your eligible pay you contribute during each pay period. - Company matching contributions vest immediately. - Company matching contributions will be invested in the same funds as you direct your employee contributions. - You may contribute up to 50% of your eligible compensation not exceeding IRS limits. - If you are age 50 or older, you will be able to make an additional “catch-up” contribution of \$6,000 to the plan in 2016. This means that if you are age 50 or older in 2016, you may be able to contribute up to \$24,000 (the \$18,000 IRS limit plus the \$6,000 catch-up contribution) to the Plan on a pre-tax basis in 2016. Matching contributions are not made on catch-up contributions. You may elect a pre-tax “catch-up” deferral rate of 1-50% of your eligible compensation up to the \$6,000 limit. - For your contribution to be classified as “catch-up” contributions, you must have either a contribution equal to the plan maximum limit of 50% or actual pre-tax contributions of \$18,000 for 2016. At the end of the year, if your pre-tax contributions do not meet these requirements, the “catch-up” contributions (to the extent necessary) will automatically be re-characterized as regular pre-tax contributions in the Plan. If contributions are reclassified, they are not subject to receive a company match. 	Voluntary Contribution up to 50% of your eligible compensation not to exceed IRS limit of \$18,000 in 2016 Catch Up Contributions Voluntary contribution up to \$6,000 in 2016

Benefits	When You Are Eligible	What You Receive	Monthly Cost To Employee
Defined Contribution Account (This is part of the 401(k) Plan) Record Keeper/Trustee – Merrill Lynch	Immediately	American Water will also contribute 5.25% of your base pay into your account following each pay period. As part of the 401(k) plan, you manage the investment options of your account. You will be able to select the investment option that best meets your investment goals. These contributions will be made as a separate segment within your 401(k) Savings Plan. <ul style="list-style-type: none"> - You are fully vested in your account balance after one year of service. - Different provisions apply to this segment of your 401(k) Plan (i.e. no loans/hardships). 	Contribution not to exceed IRS limit of \$13,912.50 in 2016
Employee Stock Purchase Plan (ESPP) Recordkeeper – E*TRADE	Employees are eligible to participate as soon as possible after date of hire.	<ul style="list-style-type: none"> - Ability to purchase shares of American Water Common Stock at a 10% discount off the New York Stock Exchange price. - You can contribute up to 10% of your base wages during each pay period on an after-tax basis via payroll deduction. - Enrollment is quarterly. - Vesting is immediate. - Shares are purchased quarterly. - The discount on the purchase price of the shares is taxable at the time of purchase through payroll. - Six-month holding period required before shares can be sold or transferred from your E*TRADE ESPP account. - Quarterly dividends are paid in cash to your E*TRADE brokerage account. 	<ul style="list-style-type: none"> - Voluntary contributions up to 10% of your eligible compensation not to exceed \$25,000 per year. For additional information, refer to your ESPP Brochure, ESPP Prospectus and New Hire Guide.
Vacation	Based on policy.		None
Holidays	Based on policy.		None
Educational Assistance	Employees may take advantage of this benefit for eligible courses in which they complete after their date of hire.	<ul style="list-style-type: none"> - Financial Assistance of 100% for tuition, registration and required fees. - Books, equipment, travel, parking, late registration and insurance are the responsibility of the employee (Graduate level course work may be taxable income). Limits include: <ul style="list-style-type: none"> - \$5,250.00 per year - Proof of grade of C or better (Undergraduate), B or better (Graduate) must be submitted at the completion of each course. For more information contact your HR representative. 	None

These sheets provide a brief description of your benefits under each plan. Should there be a conflict between the benefits described on these sheets and those described in the legal plan documents, the terms of the legal documents will be used to determine coverage and benefits.

American Water reserves the right to amend or otherwise change the benefits contained in the Summary Plan Description.

Revised: Nov. 2015

Benefit	When You Are Eligible	What You Receive	Monthly Cost To Employee				
Dental & Vision Plan Only	You have the opportunity not to elect medical for you and your dependents. Same as Medical Plan	Dental PPO & EyeMed Vision Plans	<table border="0"> <tr> <td>Single</td> <td>\$5.22</td> </tr> <tr> <td>Family</td> <td>\$13.61</td> </tr> </table>	Single	\$5.22	Family	\$13.61
Single	\$5.22						
Family	\$13.61						
Wellness and Discount Programs Administered by Alere	Same as Medical Plan	<p><u>Healthy Solutions Wellness Program</u> The Healthy Solutions Wellness Program offers 24/7 on-line access to wellness information and health challenges. You can earn wellness credits that translate into cash incentives. Nutrition program and fitness center discounts are also available. For more information visit www.AWHealthySolutions.com.</p> <p><u>Horizon Discount Programs</u></p> <ul style="list-style-type: none"> • Discounts on chiropractic, acupuncture, and massage therapy are available through Horizon's Alternative Therapies Program. • Discounts are available on eye exams, contact lenses, eyeglasses and laser vision correction at participating SmartEyes provider locations that include LensCrafters, Sears Optical, JCPenney Optical, Target Optical and Pearle Vision; as well as through Davis Vision participating providers. • Discounts are available for a variety of health and wellness products, vitamins, gym memberships, nutrition, and much more. <p>To use the Horizon Discount Programs, present your Horizon BCBS ID card at select businesses or mention that you are a Horizon BCBSNJ member when calling each business. For more information and a complete list of current discount programs and products visit www.horizonblue.com/nationalaccounts.</p>	<p>The Healthy Solutions Wellness Program is available to you, at no cost, even if you opt out of medical.</p> <p>Horizon's Discount Programs are included in the medical plans.</p>				
Flexible Spending Accounts (Pre-Tax Savings Accounts) Administered by Horizon BCBSNJ	Same as Medical Plan	<p>Health Care Savings Account: Set aside to pay for health services not covered by health plan for you and your dependents (as defined by the IRS) such as:</p> <ul style="list-style-type: none"> - Deductibles - Coinsurance - Hearing Aids - Lasik Eye Surgery - Glasses - Orthodontia <p>Note: Over-the-counter drugs are not eligible for reimbursement without a prescription.</p> <p>Annual amount that may be contributed: Minimum: \$120; Maximum: \$2,550</p> <p style="text-align: center;">Use it or lose it</p> <p>Dependent Care Flexible Spending Account: Set aside to pay for dependent care expenses for working parent such as:</p> <ul style="list-style-type: none"> - Wages paid to babysitter or companion (expenses not covered if care is provided by someone claimed as a dependent) - Nursery school/day care center costs - Elder care costs - Wages paid to a housekeeper for providing care for an eligible dependent (dependent child under 13) or any dependent who is physically or mentally incapable of self care - Annual amount that may be contributed is \$5,000 (\$2,500 if married and file separately) <p style="text-align: center;">Use it or lose it</p>	Voluntary Contribution				

Benefit	When You Are Eligible	What You Receive	Monthly Cost To Employee
Group Term Life Insurance Administered by MetLife	1 st of following month after one full month of service completed	Basic life insurance equal to 1.25 times your base salary rounded up to next highest \$1,000 (Maximum Benefit is \$200,000) Accident Death & Dismemberment: Provides a benefit up to \$10,000.	None
Travel Accident Insurance	Immediately	Travel Accident Insurance while on company business: - 10x base pay - Maximum Benefit: \$400,000	None
Voluntary Term Life Insurance (VL) Administered by MetLife	1 st of following month after one full month of service completed	Voluntary Life Insurance is in addition to the company-paid Basic Life Insurance. You may purchase up to the lesser of either \$300,000 or 3 times your salary in coverage without having to provide evidence of good health, provided you enroll on a timely basis. Your choices are: - VL of 1 x base pay - VL of 2 x base pay - VL of 3 x base pay	Monthly Contribution based on age.
Voluntary Dependent Term Life Insurance (VDL) Administered by MetLife	1 st of following month after one full month of service completed	VDL covers eligible dependents. You will be the beneficiary of the Dependent Term Life coverage you elect. The plan offers \$20,000 coverage for spouse or same-sex/domestic partner; and \$10,000 coverage for each dependent child.	Voluntary Contribution \$5.26/mo. for spouse or same sex/domestic partner \$1.26/mo. for all children
Employee Assistance Plan (EAP) Administered by Carebridge	1 st of following month after one full month of service completed	Provides employee and each eligible dependent with up to six sessions per issue, per calendar year, for evaluation, short-term counseling and/or referral for behavioral health care issues at no cost, as well as legal, elder care and child care referral assistance.	None
Short Term Disability (STD) Administered by MetLife	1 st of following month after one full month of service completed	STD Benefit will be 70% of your base pay each week for 52 weeks (unless superseded by state law). Offsets for other income benefits (e.g.: social security disability) apply. *This STD benefit does not apply to St. Louis, MO UWUA Local 335.	None

Benefit	When You Are Eligible	What You Receive	Monthly Cost To Employee
401(k) Record Keeper/ Trustee – Merrill Lynch	Employees are eligible to participate as soon as possible after date of hire.	<ul style="list-style-type: none"> - A retirement and savings plan that allows you to save on a pre-tax basis. - Company matches 100% for every dollar you contribute during each pay period up to the first 3% of your eligible pay, and a 50% matching contribution on the next 2% of your eligible pay that you contribute during each pay period. - Company matching contributions vest immediately. - Company matching contributions will be invested in the same funds as you direct your employee contributions. - You may contribute up to 50% of your eligible compensation not exceeding IRS limits. - If you are age 50 or older, you will be able to make an additional “catch-up” contribution of \$6,000 to the plan in 2016. This means that if you are age 50 or older in 2016, you may be able to contribute up to \$24,000 (the \$18,000 IRS limit plus the \$6,000 catch-up contribution) to the Plan on a pre-tax basis in 2016. Matching contributions are not made on catch-up contributions. You may elect a pre-tax “catch-up” deferral rate of 1-50% of your eligible compensation up to the \$6,000 limit. - For your contribution to be classified as “catch-up” contributions, you must have either a contribution equal to the plan maximum limit of 50% or actual pre-tax contributions of \$18,000 for 2016. At the end of the year, if your pre-tax contributions do not meet these requirements, the “catch-up” contributions (to the extent necessary) will automatically be re-characterized as regular pre-tax contributions in the Plan. If contributions are reclassified, they are not subject to receive a company match. 	Voluntary Contribution up to 50% of your eligible compensation not to exceed IRS limit of \$18,000 in 2016 Catch Up Contributions Voluntary contribution up to \$6,000 in 2016

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Vacation	As stated in Union contract.		None
Holidays	As stated in Union contract.		None
Educational Assistance	Employees may take advantage of this benefit for eligible courses in which they complete after their date of hire.	<ul style="list-style-type: none"> - Financial Assistance of 100% for tuition, registration and required fees. - Books, equipment, travel, parking, late registration and insurance are the responsibility of the employee (Graduate level course work may be taxable income). Limits include: <ul style="list-style-type: none"> - \$5,250.00 per year - Proof of grade of C or better (Undergraduate), B or better (Graduate), must be submitted at the completion of each course. For more information contact your HR representative. 	None

These sheets provide a brief description of your benefits under each plan. Should there be a conflict between the benefits described on these sheets and those described in the legal plan documents, the terms of the legal documents will be used to determine coverage and benefits.

American Water reserves the right to amend or otherwise change the benefits contained in the Summary Plan Description at any time for any reason or, if applicable, subject to collective bargaining agreements.

This Benefits at a Glance does not apply to: Alton Call Center, Pensacola Call Center, Hawaii, and Elizabethtown Locals 68.

Revised: 2015

**SAVINGS PLAN FOR EMPLOYEES OF
AMERICAN WATER WORKS COMPANY, INC.
AND ITS DESIGNATED SUBSIDIARIES**

(As Amended and Restated Effective as of January 1, 2011)

**SAVINGS PLAN FOR EMPLOYEES OF
AMERICAN WATER WORKS COMPANY, INC.
AND ITS DESIGNATED SUBSIDIARIES**

(As Amended and Restated Effective January 1, 2011)

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**SAVINGS PLAN FOR EMPLOYEES OF
AMERICAN WATER WORKS COMPANY, INC.
AND ITS DESIGNATED SUBSIDIARIES**

(As Amended and Restated Effective January 1, 2011)

This is the Savings Plan for Employees of American Water Works Company, Inc. and its Designated Subsidiaries ("Plan"), amended and restated effective January 1, 2011, except as otherwise provided, covering the eligible employees of American Water Works and such of its affiliated entities as have adopted the Plan for their eligible employees. The rights and obligations under the Plan with respect to an employee who terminated employment before the applicable effective date of this amendment and restatement shall be governed by the terms of the Plan as in effect on the date of his termination of employment.

**ARTICLE I.
DEFINITIONS**

The following words and phrases as used herein have the following meanings unless a different meaning is plainly required by the context:

1.1. "Account" means a Participant's account in the Fund, including the following sub-accounts:

(a) "Basic 401(k) Contribution Account" to which a Participant's Basic 401(k) Contributions and any pre-tax elective deferrals transferred to the Plan from the AWM Plan, the AWS Plan, and the AWE Plan are allocated, together with any income, gains and losses credited thereto.

(b) "Matching Contribution Account" to which Matching Contributions are allocated, together with any income, gains and losses credited thereto;

(c) "Qualified Matching Contribution Account" to which Qualified Matching Contributions, if any, are allocated, together with any income, gains and losses credited thereto;

(d) "Qualified Nonelective Contribution Account" to which Qualified Nonelective Contributions, if any, are allocated, together with any income, gains and losses credited thereto;

(e) "Rollover Contribution Account" means a Participant's rollover contribution made to his Rollover Contribution Account pursuant to Section 3.1(b), as well as rollover contributions transferred from the AWM Plan, the AWE Plan, the AWS Plan, and the Employee's Investment Plan of American Water Works Company, Inc. and Its Designated Subsidiaries.

(f) "Catch-Up Contribution Account" to which a Participant's Catch-Up Contributions are allocated, together with any income, gains and losses credited thereto;

(g) “Prior EIP Account” to which a Participant’s account balance consisting of company contributions and earnings on participant contributions under the Employee’s Investment Plan of American Water Works Company, Inc. and Its Designated Subsidiaries as of July 12, 2005, is allocated, together with any income, gains and losses credited thereto; and

(h) “Defined Contribution Account” to which a Participant’s Defined Contributions, if any, are allocated, adjusted for any income, gains and losses credited thereto.

(i) “Profit Sharing Contribution Account” to which a Participant’s Profit Sharing Contributions, if any, are allocated, adjusted for any income, gains and losses credited thereto.

(j) “AWE Plan Account” to which a Participant’s account balance consisting of amounts attributable to company matching, profit sharing and prevailing wage contributions under the AWE Plan prior to its merger with and into the Plan that were transferred to the Plan from the AWE Plan as a result of the merger of the AWE Plan with and into the Plan are allocated, together with any income, gains and losses thereto.

(k) “AWS Plan Account” to which a Participant’s account balance consisting of amounts attributable to company matching, profit sharing and prevailing wage contributions under the AWS Plan prior to its merger with and into the Plan that were transferred to the Plan from the AWS Plan as a result of the merger of the AWS Plan with and into the Plan are allocated, together with any income, gains and losses thereto.

(l) “AWS Plan After-Tax Account” to which a Participant’s account balance consisting of amounts attributable to frozen after-tax contributions maintained under the AWS Plan prior to its merger with and into the Plan that were transferred to the Plan from the AWS Plan as a result of the merger of the AWS Plan with and into the Plan are allocated, together with any income, gains and losses thereto.

(m) “U-Liner Transfer Account” to which a Participant’s account balance consisting of amounts attributable to assets transferred to the AWS Plan from the money purchase pension plan maintained by U-Liner Mid-America, Inc. prior to the merger of the AWS Plan with and into the Plan that were transferred to the Plan from the AWS Plan as a result of the merger of the AWS Plan with and into the Plan are allocated, together with any income, gains and losses thereto.

(n) “AWM Safe Harbor Match Account” to which a Participant’s account balance consisting of amounts attributable to safe harbor matching contributions under the AWM Plan prior to its merger with and into the Plan that were transferred to the Plan from the AWM Plan as a result of the merger of the AWM Plan with and into the Plan are allocated, together with any income, gain and losses thereto.

1.2. “Account Balance” means, for the purpose of Article XI relating to the provisions that will take effect if the Plan is a Top-Heavy Plan, the sum of:

(a) the balance, as of the Determination Date, standing to the credit of a Participant (or Beneficiary) in his Account, except for amounts maintained in a Rollover Contribution

Account attributable to Rollover Contributions made after 1983 that are treated as “unrelated” under section 416 of the Code and the regulations thereunder;

(b) contributions due as of the Determination Date and, in the first Plan Year, the amount of any contributions made after the Determination Date that are allocated as of a date in such first Plan Year; and

(c) the aggregate distributions made with respect to such Participant (or Beneficiary) under the Plan during the one-year period ending on the Determination Date. If a distribution is made in the form of an annuity contract, the amount of such distribution shall be equal to the actuarial value of the contract, determined on the date of distribution. Distributions (including the cash value of life insurance policies) of a Participant’s Account due to death shall be treated as distributions for purposes of this Section.

The term “Account Balance” shall not include any amount held or distributed on behalf of any Participant who is a Former Key Employee, or who has not performed services for the Employer at any time during the one-year period ending on the Determination Date.

Section 1.2(c) shall apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than severance from employment, death or disability, Section 1.2 shall be applied by substituting “five-year period” for “one-year period”.

1.3. “Aggregation Group” means:

- (a) a Required Aggregation Group, or
- (b) a Permissive Aggregation Group.

1.4. “Annual Addition” means the sum credited to the Participant under each Defined Contribution Plan for any Limitation Year, of:

- (a) Employer contributions,
- (b) Employee contributions (other than Rollover Contributions), and
- (c) forfeitures.

The term “Annual Addition” shall also include the amount allocated to a separate account of the Participant to provide post-retirement medical benefits (a) under a Defined Benefit Plan, as described in section 415(l)(1) of the Code, and (b) with respect to a Participant who is, or was, a Key Employee for any Plan Year, under a welfare benefit fund, as described in section 419A(d)(2) of the Code.

1.5. “AWE Subsidiary” means each of the following companies, which is a subsidiary of American Water Enterprises, Inc., AAET, L.P., EA2 Systems L.C., American Water Operations and Maintenance, Inc., and American Water Services CDM, Inc. Although

Environmental Management Corporation is also a subsidiary of American Water Enterprises, Inc., it is not included in this definition of AWE Subsidiary.

1.6. “AWE Plan” means the American Water Enterprises, Inc. 401(k) Profit Sharing Plan, which was merged with and into the Plan effective as of January 1, 2011.

1.7 “AWM Plan” means the Applied Water Management, Inc. Retirement Savings Plan, which was merged into the Plan effective as of November 13, 2008.

1.8. “AWS Plan” means the AWS 401(k) Plan, which was merged with and into the Plan effective as of January 1, 2011.

1.9. “Beneficiary” means:

(a) the Participant’s spouse;

(b) the person, persons or trust designated by the Participant, with the consent of the Participant’s spouse if the Participant is married, as direct or contingent beneficiary in a manner prescribed by the Committee; or

(c) if the Participant has no spouse and has failed to make an effective beneficiary designation, the Participant’s estate.

A married Participant may designate a Beneficiary other than his spouse, provided that such spouse consents to such designation in writing in a manner prescribed by the Committee. The spouse’s consent must be witnessed by a notary public or Plan representative and must acknowledge the effect of such beneficiary designation. Such consent shall not be required if the Participant establishes to the satisfaction of the Committee that the consent cannot be obtained because the spouse cannot be located or because of such other circumstances as the Secretary of the Treasury may prescribe by regulations. A subsequent spouse of a Participant shall not be bound by a consent executed by any previous spouse of the Participant.

1.10. “Board of Directors” means the Board of Directors of the Sponsor.

1.11. “Break In Service” means each 12 month period included in a period of severance during which an Employee fails to perform one Hour of Service. An individual who is absent from work for maternity or paternity reasons shall not incur a Break In Service for the 12 consecutive month period beginning on the first anniversary of the first day of such absence. For purposes of this section, an absence from work for maternity or paternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of a birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement.

1.12. “Catch-Up Contributions” means a pre-tax contribution made to the Plan by a Participating Employer in accordance with and subject to the limitations of section 414(v) of the Code at the election of a Participant who has attained age 50 before the close of the Plan Year. Such Catch-Up Contributions shall not be taken into account for purposes of the provisions of

the Plan implementing the required limitations of sections 402(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the requirements of sections 401(k)(3), 401(k)(11), 401(k)(12), 410(b) or 416 of the Code by reason of the making of such Catch-Up Contributions.

1.13. “Code” means the Internal Revenue Code of 1986, as amended.

1.14. “Committee” means the Retirement/Benefits Committee of American Water Works Company, Inc. and Its Designated Subsidiaries appointed to administer the Plan.

1.15. “Company” means American Water Works Company, Inc.

1.16. “Compensation.”

(a) General Rule. Compensation means, except as otherwise provided in this Section 1.16, all amounts of regular cash compensation that are treated as wages for Federal income tax withholding under section 3401(a) of the Code (determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed) for the Plan Year, plus amounts that would be paid to the Employee during the year but for the Employee’s election under a cash or deferred arrangement described in section 401(k) of the Code, a cafeteria plan described in section 125 of the Code, a simplified employee pension described in section 402(h) of the Code or an annuity program described in section 403(b) of the Code. Notwithstanding the preceding sentence, Compensation shall not include contributions by the Employer to this or any other plan or plans for the benefit of its employees, except as otherwise expressly provided in this Section 1.16, or amounts identified by the Employer as expense allowances or reimbursements regardless of whether such amounts are treated as wages under the Code.

(b) Deferral Compensation.

(i) Except as specified in paragraphs (ii) and (iii) below, for the purpose of determining Participants’ Basic 401(k) Contributions, Catch-Up Contributions and Matching Contributions, the term “Deferral Compensation” shall mean base salary or hourly wages plus overtime, shift differentials and annual incentive plan awards, but shall not include other types of bonuses, commissions, severance pay, employer contributions to this or any other employee benefit plans and other forms of special compensation or expense allowances, plus amounts that would be paid to the Employee during the Plan Year but for the Employee’s election under a cash or deferred arrangement described in section 401(k) of the Code, a cafeteria plan described in section 125 of the Code, a simplified employee pension described in section 402(h) of the Code, an annuity program described in section 403(b) of the Code or a simple retirement account described in section 408(p)(2)(A)(i) of the Code.

(ii) Notwithstanding the above definition of Deferral Compensation, for the purpose of determining Basic 401(k) Contributions, Catch-Up Contributions and Matching Contributions for union Employees of American Water Enterprises, Inc., AWE Subsidiaries, and Environmental Management Corporation, the term “Deferral Compensation” shall mean wages, tips and other compensation as reported on Form W-2, plus compensation that is not currently includible in the Participant’s gross income by

reason of such Participant's Basic 401(k) Contributions and Catch-Up Contributions to this Plan or salary deferrals to any other plan or arrangement described under sections 125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 414(h), 403(b) or 457(b), and Deferral Compensation shall not include bonuses, reimbursements or other expense allowances, fringe benefits (cash or non-cash), moving expenses, deferred compensation (other than to this Plan) and welfare benefits.

(iii) Notwithstanding the above definition of Deferral Compensation, "Deferral Compensation" shall mean the Participant's wages within the meaning of section 3401(a) of the Code and all other payments of compensation which the Employer is required to report on Form W-2, for the purpose of determining Basic 401(k) Contributions and Catch-Up Contributions for the following union Employees of New Jersey-American Water Company:

(A) Local 423 employees hired before April 1, 2006 who participated in the Elizabethtown Water Company Savings and Investment Plan as of June 1, 2006, and

(B) Local 68 employees hired before May 1, 2006 who participated in the Elizabethtown Water Company Savings and Investment Plan as of June 1, 2006.

(iv) For purposes of allocating Profit Sharing Contributions for non-union Employees of American Water Enterprises, Inc., AWE Subsidiaries, and Environmental Management Corporation, the definition of Deferral Compensation shall mean the definition Deferral Compensation provided in Section 1.16(b)(i) modified to exclude annual incentive plan awards.

(v) Effective for Plan Years beginning after December 31, 2007, Deferral Compensation shall not include any amounts that are excluded from the definition of compensation set forth in section 415(c)(3) of the Code.

(c) Limitations on Annual Additions. For purposes of the limitations on Annual Additions to Participants' Accounts, the minimum contribution requirement if the Plan should become a Top-Heavy Plan, defining the term "Highly Compensated Employee" and defining the term "Key Employee," Compensation shall include all amounts that are treated as wages for Federal income tax withholding under section 3401(a) of the Code (determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed) and actually paid to the Participant during the Limitation Year plus amounts that would be paid to the Employee during the year but for the Employee's election under a cash or deferred arrangement described in section 401(k) of the Code, a cafeteria plan described in section 125 of the Code, a simplified employee pension described in section 402(h) of the Code, a qualified transportation fringe benefit program under section 132(f) of the Code, or an annuity program described in section 403(b) of the Code. Effective January 1, 2008, Compensation shall include regular pay as described in Treasury Regulation section 1.415(c)-(2)(e)(3) if paid by the end of the Limitation Year that includes the Employee's termination of employment, or if later, 2½ months after the Employee's termination of employment ("the

Post-Termination Period”). Any payments not described in the foregoing sentence shall not be considered Compensation if paid after termination of employment, even if they are paid within the Post Termination Period.

(d) Maximum Annual Dollar Limit. The annual Compensation of each Employee taken into account for any purpose under the Plan, other than those described below in this subsection, shall not exceed the annual compensation limit under section 401(a)(17) of the Code (\$245,000 for 2011), adjusted for cost-of-living under section 401(a)(17)(B) of the Code. Annual Compensation means Compensation during the Plan Year (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual Compensation for the determination period that begins with or within such calendar year. This subsection shall not apply for purposes of determining which individuals are Key Employees or for purposes of the limitations on Annual Additions to Accounts under section 415 of the Code. Effective January 1, 2008, this Section 1.16(d) shall also apply to Section 4.4.

(e) Computation Period means a 12 consecutive month period commencing on the Employee’s Employment Commencement Date and each anniversary thereof or, if applicable in accordance with Article II, Section 2.4, the date the Employee first performs an Hour of Service subsequent to the date he incurs a Break In Service and each anniversary thereof.

(f) Military Differential Wage Payments. Effective January 1, 2009, Compensation shall include the amount of any military differential wage payments made by the Employer to a Participant in accordance with section 3401(h) and section 414(u)(12) of the Code.

1.17. “Covered Employment Classification” means the class or classes of Employees eligible to participate in this Plan. The Covered Employment Classification shall be limited to Employees on the active employment rolls of the Employer on or after the Effective Date. The Covered Employment Classification shall exclude (except as otherwise provided in an applicable collective bargaining agreement) temporary and summer co-op program Employees; provided, however, such exclusion shall not apply with respect to any temporary or summer co-op program Employee who completes one thousand (1,000) Hours of Service during an Eligibility Computation Period. For purposes of this Section 1.17, an “Eligibility Computation Period” shall be any twelve consecutive month period measured from the date the Employee first completes an Hour of Service or any anniversary thereof. A temporary or summer co-op program Employee shall become a Participant as of the first payroll period beginning on or after the later of January 1, 2012 or the next January 1 or July 1 after the first Eligibility Computation Period during which he completes one thousand (1,000) Hours of Service, provided that he is an Employee on that January or July entry date. If such individual is not an Employee on the applicable January or July entry date, but the individual later completes an Hour of Service as an Employee, he shall become a Participant as of the date he completes that Hour of Service.

1.18. “Defined Benefit Plan” means any employee pension plan maintained by the Employer that is a qualified plan under section 401(a) of the Code and is not a Defined Contribution Plan.

1.19. “Defined Contribution Plan” means an employee pension plan maintained by the Employer that is a qualified plan under section 401(a) of the Code and provides for an individual

account for each participant and for benefits based solely on the amount contributed to the participant's account, and any income, expenses, gains, and losses, and any forfeitures from accounts of other participants that may be allocated to such participant's account.

1.20. "Defined Contribution" means a contribution made to the Plan pursuant to Section 3.3 by the Employer and allocated to a Participant's Defined Contribution Account.

1.21. Determination Date means:

(a) if the Plan is not included in an Aggregation Group, the last day of the preceding Plan Year; or

(b) if the Plan is included in an Aggregation Group, the Determination Date as determined under the preceding subsection that falls within the same calendar year as the determination date of each other plan included in such Aggregation Group.

1.22. "Effective Date" of the Plan means August 1, 1993. The effective date of this amendment and restatement of the Plan is January 1, 2011, except as otherwise specifically stated herein.

1.23. "Elective Deferral Contribution" means a pre-tax contribution made to the Plan by the Employer at the election of the Participant, in lieu of receipt of current compensation.

1.24. "Employee" means:

(a) an individual who is actively employed by the Employer and whose earnings are reported on a Form W-2;

(b) an individual who is not employed by the Employer but is a leased employee within the meaning of section 414(n)(2) of the Code; provided that, if the total number of leased employees constitutes 20% or less of the Employer's nonhighly compensated work force, within the meaning of section 414(n)(5)(C)(ii) of the Code, the term "Employee" shall not include those leased employees covered by a "safe harbor" plan described in section 414(n)(5)(B) of the Code; and

(c) when required for purposes of crediting Hours of Service, a former Employee.

1.25. "Employer and Participating Employer" means:

(a) Employer means the Company and any other employer included with the Company in a controlled group of corporations or trades or businesses within the meaning of section 414(b) or section (c) of the Code, or an affiliated service group within the meaning of section 414(m) of the Code, and any other entity required to be aggregated with the Company pursuant to regulations under section 414(o) of the Code, provided that any such employer shall be included within the term "Employer" only while a member of such a group including the Company.

(b) Participating Employer means American Water Works Company, Inc. and its Designated Subsidiaries. A subsidiary, for this purpose, is any corporation, association or business trust, 50% or more of whose voting stock (not including shares having voting power only upon the happening of an event of default) is or was owned, directly or indirectly, by American Water Works Company, Inc., or by any corporation which was a constituent in a merger, consolidation, liquidation, transfer of substantially all of its assets in exchange for stock, or similar combination of corporations with or into the Company. A “Designated Subsidiary” is any subsidiary named from time to time by the Board of Directors as such under this Plan, or any subsidiary which, prior to September 15, 1977, was a Designated Subsidiary under the Pension Plan (as defined therein). A subsidiary’s status as a Designated Subsidiary may be changed by the Board of Directors from time to time. The current Designated Subsidiaries are listed in Exhibit A.

1.26. “Employment Commencement Date” means the date on which the Employee first performs an Hour of Service.

1.27. “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

1.28. “Excess Aggregate Contributions” means that amount of Matching Contributions made on behalf of a Participant for a Plan Year that exceeds the limitation on Matching Contributions set forth in section 401(m) of the Code.

1.29. “Excess Contributions” means that amount of a Participant’s Elective Deferral Contribution for a Plan Year that exceeds the limitation on Basic 401(k) Contributions set forth in section 401(k) of the Code.

1.30. “Excess Elective Deferrals” means that amount of a Participant’s “elective deferrals,” as defined in section 402(g)(3) of the Code, for his taxable year, including his Basic 401(k) Contributions under the Plan that exceed the dollar limitation on “elective deferrals” under section 402(g) of the Code (\$16,500 for 2011, excluding catch-up contributions), adjusted for cost-of-living under section 402(g)(4) of the Code.

1.31. “Five-Percent Owner” means any Employee who owns (or is considered as owning within the meaning of section 318 of the Code) more than 5% of the outstanding stock of the Employer or stock possessing more than 5% of the total combined voting power of all stock of the Employer or, if the Employer is not a corporation, any person who owns more than 5% of the capital or profits interest in the Employer. For purposes of this Section, section 318(a)(2)(C) of the Code shall be applied by substituting “5%” for “50%” each time it appears therein.

1.32. “Former Key Employee” means an Employee or former Employee who is a Non-Key Employee with respect to the Plan for the Plan Year if such individual was a Key Employee with respect to the Plan for any prior Plan Year.

1.33. “Fund” means the assets and all income, gains and losses thereon held by the Trustee under the trust agreement for the exclusive benefit of Participants and their Beneficiaries.

1.34. “Highly Compensated Employee” means any Employee who:

(a) was a Five-Percent Owner at anytime during the year or the preceding year; or

(b) for the preceding year:

(i) had Compensation from the Employer in excess of the dollar amount specified in section 414(q)(1)(B) of the Code as in effect for the preceding year (\$110,000 for 2010 and 2011), adjusted for cost-of-living under section 414(q) of the Code, and

(ii) if the Employer elects, was in the “top-paid group” (within the meaning of section 414(q) of the Code) for such preceding year.

1.35. “Hour of Service” means:

(a) each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer;

(b) each hour for which an Employee is paid, or entitled to payment, with respect to a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff or jury duty; provided that an Employee shall be credited with no more than 501 Hours of Service on account of any single continuous period during which he performs no duties;

(c) each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer;

(d) solely for the purpose of determining whether a Break-in-Service has occurred, if an Employee is absent from employment for any period by reason of the:

(i) pregnancy of the Employee,

(ii) birth of a child of the Employee,

(iii) placement of a child with the Employee in connection with the adoption of such child by the Employee, or

(iv) provision of care for such child for a period beginning immediately following such birth or placement,

each hour which normally would have been credited to such Employee but for such absence, or if the Plan is unable to determine such hours, eight hours for each day of such absence; provided that an individual shall be credited with no more than 501 Hours of Service on account of any single period of absence described in this Section 1.35(d); and

(e) each hour not described above during which an Employee is absent with leave or at the direction of the Employer in accordance with the Employer’s standard personnel practices

for any reason other than maternity or paternity leave described in Section 1.35(d), provided the Employee returns to employment with the Employer when the leave expires.

Hours of Service shall be credited to the Employee for the applicable Computation Period or Periods in which the duties are performed, for which the payment is made, or to which the award, agreement or leave pertains, except that in the case of hours credited under Section 1.35(d), relating to maternity or paternity leave, such hours shall be credited in the year in which the absence from work begins if necessary to avoid a Break-in-Service in that year, or in any other case, in the following year. Hours of Service under this Section 1.35 shall be calculated and credited under the provisions of 29 CFR§2530.200b-2 issued by the United States Department of Labor, which regulations are incorporated herein by reference.

1.36. “Investment Funds” mean the funds that are maintained under the Trust, as may be amended from time to time. The Committee may add, delete or change the types of Investment Funds from time to time or at any time.

1.37. “Key Employee” means any Employee or former Employee (whether living or deceased) who at any time during the Plan Year that includes the Determination Date was an officer of the Employer having annual compensation greater than the dollar amount specified in section 416(i)(1) of the Code as in effect for the Plan Year (\$160,000 for 2011), adjusted for cost-of-living under section 416(i)(1) of the Code, a Five-Percent Owner of the Employer, or a one-percent owner of the Employer having annual compensation of more than \$150,000. For this purpose, annual compensation means compensation within the meaning of section 415(c)(3) of the Code. The determination of who is a Key Employee will be made in accordance with section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

For purposes of determining ownership of the Employer under this Section, the employer aggregation rules of sections 414(b), 414(c) and 414(m) of the Code shall not apply.

1.38. “Limitation Year” means the Plan Year.

1.39. “Matching Contribution” means a contribution made to the Plan pursuant to Section 3.2 by the Employer and allocated to a Participant’s Matching Contribution Account.

1.40. “Non-Highly Compensated Employee” means an Employee who is not a Highly Compensated Employee.

1.41. “Non-Key Employee” means any Participant in the Plan (including a Beneficiary of such Participant) who is not a Key Employee with respect to the Plan for the Plan Year.

1.42. “Normal Retirement Date” means the date a Participant reaches age 65.

1.43. “Participant” means an Employee who has met the eligibility requirements of Article II and who has elected to participate in the Plan. An individual who qualifies as a Participant, and elects to participate, shall continue to be a Participant until all benefits due him under the Plan have been paid.

1.44. "Permissive Aggregation Group" means:

(a) each Defined Benefit Plan or Defined Contribution Plan of the Employer included in a Required Aggregation Group; and

(b) any other Defined Benefit Plan or Defined Contribution Plan of the Employer if the group of plans consisting of such plan and the plan or plans included in the Required Aggregation Group, when considered as a single plan, meets the requirements of sections 401(a)(4) and 410 of the Code.

1.45. "Plan" means the Savings Plan for Employees of American Water Works Company, Inc. and its Designated Subsidiaries, a profit sharing plan that includes a qualified cash or deferred arrangement as defined in section 401(k) of the Code, as set forth in this document and in the related trust agreement pursuant to which the Trust is maintained.

1.46. "Plan Year" means the 12-month period ending each December 31.

1.47. "Profit Sharing Contribution" means a contribution made to the Plan pursuant to Section 3.4 by the Employer and allocated to a Participant's Profit Sharing Contribution Account.

1.48. "Qualified Matching Contribution" means a Matching Contribution made to the Plan pursuant to Section 3.5 by the Employer and allocated to a Participant's Qualified Matching Contribution Account that:

(a) is 100% vested and nonforfeitable when made; and

(b) is subject to the distribution restrictions of section 401(k)(2) of the Code.

1.49. "Qualified Nonelective Contribution" means any contribution (other than a Matching Contribution) made to the Plan pursuant to Section 3.6 by the Employer and allocated to a Participant's Qualified Nonelective Contribution Account that:

(a) the Participant may not elect to receive in cash until distributed from the Plan;

(b) is 100% vested and nonforfeitable when made; and

(c) is subject to the distribution restrictions of section 401(k)(2) of the Code.

Qualified Nonelective Contributions shall also include amounts contributed hereunder to facilitate correction under any Internal Revenue Service correction program and qualified nonelective contributions transferred from another qualified retirement plan as the result of a merger of such plan with and into the Plan.

1.50. “Required Aggregation Group” means:

(a) each Defined Benefit Plan or Defined Contribution Plan of the Employer in which a Key Employee participated (regardless of whether such plan has been terminated) during the Plan Year ending on the Determination Date; and

(b) each other Defined Benefit Plan or Defined Contribution Plan of the Employer that enables any plan described in the preceding subsection to meet the requirements of section 401(a)(4) or section 410 of the Code, including any such plan terminated within the one-year period ending on the Determination Date.

1.51. “Required Beginning Date” means the later of the date the Participant reaches age 65 or the date the Participant terminates employment provided however, that in the case of a Five-Percent Owner, “Required Beginning Date” means April 1 of the calendar year following the calendar year in which the Participant reaches age 70½.

1.52. “Rollover Contribution” means a Participant’s rollover contribution made to his Rollover Contribution Account pursuant to Section 3.1(b)

1.53. “Sponsor” means American Water Works Company, Inc.

1.54. “Top-Heavy Group” means an Aggregation Group in which, as of the Determination Date, the sum of:

(a) the aggregate of the Account Balances of Key Employees under all Defined Contribution Plans included in the Aggregation Group, and

(b) the aggregate of the present value of cumulative accrued benefits for Key Employees under all Defined Benefit Plans included in the Aggregation Group, exceeds 60% of a similar sum determined for all Employees included in the Aggregation Group.

1.55. “Top-Heavy Plan” means the Plan, if as of the Determination Date:

(a) the aggregate of the Account Balances of Key Employees exceeds 60% of the aggregate of the Account Balances of all Employees; or

(b) the Plan is part of a Required Aggregation Group that is a Top-Heavy Group.

Notwithstanding the preceding sentence, the Plan shall not be considered a Top-Heavy Plan for any Plan Year in which the Plan is a part of a Required Aggregation Group or a Permissive Aggregation Group that is not a Top-Heavy Group.

1.56. “Trust” means the legal entity created by the trust agreement between the Sponsor and the Trustee, fixing the rights and liabilities with respect to controlling and managing the Fund for purposes of the Plan.

1.57. “Trustee” means the trustee or trustees named in the trust agreement and any amendment thereto.

1.58. "Valuation Date" means any day that the New York Stock Exchange is open for business or any other date chosen by the Committee.

1.59. "Year of Service" means a 12 consecutive month period measured from the Employee's Employment Commencement Date. If an Employee terminates employment for any reason and within 12 months thereafter returns to service with the Employer and is credited with an Hour of Service, his Year of Service shall be computed as though his service had not been severed.

ARTICLE II. PARTICIPATION

Section 2.1 Eligibility Requirements. Except as provided in Section 2.3, each Employee who is employed in a Covered Employment Classification shall be eligible to become a Participant as of the first day of the first calendar month following their date of hire, or as soon as administratively feasible following their date of hire, provided they have attained eighteen (18) years of age.

Section 2.2 Election to Make Basic 401(k) Contributions. An Employee who is eligible to participate in the Plan may elect to make Basic 401(k) Contributions to the Plan by making an election to participate in the form designated by the Committee. His election shall authorize the Employer to withhold the percentage of his Deferral Compensation (as defined in Section 1.16(b) to be paid into his Basic 401(k) Contribution Account and provide such additional information as the Committee may reasonably require.

Section 2.3 Ineligible Employees. Each of the following Employees shall be ineligible to participate in the Plan:

- (a) an Employee who is employed by an Employer that is not a Participating Employer;
- (b) an Employee who is a member of a unit of Employees as to which there is evidence that retirement benefits were the subject of good faith collective bargaining, unless a collective bargaining agreement covering those Employees provides for their participation in the Plan;
- (c) a leased employee, within the meaning of section 414(n)(2) of the Code;
- (d) an Employee who is a non-resident alien and who has no income from sources within the United States;
- (e) an individual who has been classified by the Employer as an independent contractor, notwithstanding a contrary determination by any court or governmental agency; and
- (f) an individual who is employed in an ineligible category, such as a division of a Participating Employer to which this Plan has not been extended.

Section 2.4 Participation Following Termination of Employment.

(a) An Employee who incurs a Break In Service prior to becoming eligible to participate in this Plan shall be considered a new Employee upon the date he first performs an Hour of Service subsequent to the date he incurs a Break In Service. Such Employee's subsequent eligibility to participate in this Plan shall be determined in accordance with Section 2.1.

(b) An Employee who incurs a Break In Service subsequent to becoming eligible to participate in the Plan shall be eligible to participate upon the date he first performs an Hour of Service.

ARTICLE III.
CONTRIBUTIONS

Section 3.1 Participant Contributions.

(a) Basic 401(k) Contributions. Each Participant may elect to have his pre-tax Deferral Compensation, for the remainder of the Plan Year and thereafter until his election is amended or revoked, reduced by a whole percentage that is not less than 1% nor more than 50%. Such amount shall be paid into his Basic 401(k) Contribution Account. If a Participant makes a hardship withdrawal of his Basic 401(k) Contributions, he shall be prohibited from making Basic 401(k) Contributions for 6 months after the receipt of the hardship withdrawal. In such case, the Participant's Basic 401(k) Contributions shall recommence only upon the Participant's affirmative election following the end of such 6 month period.

(i) Election to Change Rate of Basic 401(k) Contributions. The percentage designated by a Participant as a rate of contribution with respect to his Basic 401(k) Contributions shall automatically apply to increases and decreases in his rate of Deferral Compensation. Except as provided in Section 3.1(a)(ii), a Participant may elect to change the rate of his Basic 401(k) Contributions to any other permissible rate any time during the year. Any such election shall be effective no later than the first payroll period of the next following month provided the Participant makes a timely election to do so in accordance with procedures established by the Committee.

(ii) Suspension and Resumption of Basic 401(k) Contributions. A Participant may suspend his Basic 401(k) Contributions as of the first day of any payroll period provided the Participant makes a timely election to do so in accordance with procedures established by the Committee. Such Participant may elect to resume Basic 401(k) Contributions in accordance with procedures established by the Committee.

(b) Rollover Contributions. With the approval of the Committee, an Employee, but excluding any Employee who is ineligible under Section 2.3, may establish a Rollover Contribution Account, which shall consist of amounts:

(i) distributed to the Employee from either (i) an employee pension plan that is qualified under section 401(a) or 403(a), other than, except as explicitly authorized by the Committee, any Plan established within the controlled group, (ii) an annuity contract

described in section 403(b) of the Code, (iii) an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state, or (iv) an individual retirement arrangement described in section 408(d)(3)(A)(ii) of the Code, the assets of which are exclusively attributable to a distribution previously received from a plan qualified under Code section 401(a) that is rolled over into the Plan pursuant to section 402(c), 403(b), 408(d)(3)(A)(ii) and 457(e)(16) of the Code, whichever is applicable; or

(ii) transferred (in accordance with section 401(a)(31) of the Code and with the approval of the Committee) directly from the trustee or custodian of (i) another qualified employee pension plan that is qualified under section 401(a) or 403(a) of the Code, other than, except as explicitly authorized by the Committee, any Plan established within the controlled group to the Trustee, (ii) an annuity contract described in section 403(b) of the Code, (iii) an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state, in the form acceptable to the Trustee provided that any transferred amount that is subject to the annuity provisions of sections 401(a)(11) and 417 of the Code is separately accounted for.

The amount contributed to such Rollover Contribution Account under Section 3.1(b)(i) shall exclude an amount equal to the Employee's after-tax contributions to the qualified plan and shall only be made within 60 days after the Employee's receipt of the distribution. The Committee's approval of a rollover or transfer contribution under this Section shall be granted in a uniform and nondiscriminatory manner.

(c) Catch-Up Contributions. Each Participant who attains at least age 50 before the close of any Plan Year, and who has contributed the maximum amount otherwise permitted under the Plan for such Plan Year, may elect to make a Catch-Up Contribution in any amount, provided it is no more than the lesser of (i) the "applicable dollar amount" under Code section 414(v) (\$5,500 for 2011), adjusted for cost-of-living under section 402(g)(4) of the Code, or (ii) the difference between the Participant's annual Compensation and the total Basic 401(k) Contributions for such Plan Year. Such Catch-Up Contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of sections 402(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of section 401(k)(3), 401(k)(11), 401(k)(12), 410(b) or 416 of the Code, as applicable, by reason of the making of Catch-Up Contributions. A Participant may elect to change, suspend or resume Catch-Up Contributions in accordance with the procedures set forth in Sections 3.1(a)(i) and 3.1(a)(ii) pertaining to Basic 401(k) Contributions.

(d) Transfer of EIP Accounts. All amounts transferred from the EIP to the Plan are fully (100%) vested. Notwithstanding Section 3.1(b)(ii), a Rollover Contribution Account was established under the Plan for each affected Employee into which his EIP rollover account was transferred. A Prior EIP Account was established under the Plan for each affected Employee into which his EIP company contributions and earnings on his EIP participant contributions were transferred. The investment of each such account was made in accordance with the Employee's

investment directions in effect under the EIP at the time of the transfer until the Employee changed those directions.

Section 3.2 Matching Contributions. The Employer shall make Matching Contributions to the Trustee which shall be credited to each Participant's Matching Contribution Account. Matching Contributions shall be made monthly, or at such shorter intervals as the Committee determines. The amount of the Matching Contribution to be made for any period with respect to any Participant shall be equal to a percentage of the Basic 401(k) Contributions actually made under Section 3.1(a) by such Participant for that same period. Notwithstanding the foregoing, if a Participant specifically designates an amount as a Catch-Up Contribution but that amount is reclassified as a Basic 401(k) Contribution or otherwise fails to meet the requirements for a Catch-Up Contribution under Section 3.1(c) of the Plan or section 414(v) of the Code, such Participant will not be entitled to a Matching Contribution with respect to the reclassified contribution. From time to time, the Committee will establish the rate of Matching Contributions to be made under this Section 3.2, which, absent further Committee action, shall be the rates set forth in paragraphs (a) through (f) below.

(a) 100% of Basic 401(k) Deferrals to 3% plus 50% of next 2%. The rate of the Matching Contribution for eligible Participants in the Groups specified in the table below, shall be an amount equal to:

(i) 100% of the Basic 401(k) Contributions actually made each pay period under Section 3.1(a) by each Participant up to a maximum of 3% of a non-union Participant's Deferral Compensation, or a union Participant's annual base salary or hourly wages; plus

(ii) 50% of the Basic 401(k) Contributions actually made each pay period under Section 3.1(a) by each Participant up to a maximum of the next 2% of a non-union Participant's Deferral Compensation, or a union Participant's annual base salary or hourly wages.

Employer	Employee Group(s)
American Water Works Company, Inc. American Water Works Service Company, Inc. Arizona-American Water Company California-American Water Company Hawaii American Water Company Indiana-American Water Company, Inc. Iowa-American Water Company Kentucky-American Water Company Long Island Water Corporation Maryland-American Water Company Michigan American Water Company New Mexico-American Water Company, Inc. Ohio-American Water Company Pennsylvania-American Water Company Tennessee-American Water Company Virginia-American Water Company West Virginia-American Water Company Bluefield Valley Water Works Company	Non-union employees hired or rehired on or after January 1, 2006 <u>and</u> Union employees hired or rehired on or after January 1, 2001 who are covered by a collective bargaining agreement providing for participation in the Plan other than: <ul style="list-style-type: none"> • Union employees in call center at Alton, Illinois or Pensacola, Florida facilities, and • Union employees who were employed on January 15, 2002 in the water business acquired from Citizens Utility Company
Illinois-American Water Company	Non-union employees hired or rehired on or after January 1, 2006 <u>and</u> Union employees hired or rehired on or after January 1, 2001 who are covered by a collective bargaining agreement providing for participation in the Plan other than employees represented by the International Brotherhood of Electrical Workers, Local 51 (Sterling) <u>and</u> Union employees represented by the International Brotherhood of Electrical Workers, Local 51 (Sterling) hired on or after January 1, 2009

Employer	Employee Group(s)
Missouri-American Water Company	<p>Non-union employees hired or rehired on or after January 1, 2006</p> <p><u>and</u></p> <p>Union employees hired or rehired on or after January 1, 2001 who are covered by a collective bargaining agreement providing for participation in the Plan other than those described in Section 3.2(c) below</p>
New Jersey-American Water Company	<p>Non-union employees hired or rehired on or after January 1, 2006</p> <p><u>and</u></p> <p>Union employees hired or rehired on or after January 1, 2001 who are covered by a collective bargaining agreement providing for participation in the Plan other than those Elizabethtown employees described in Section 3.2(f) below</p>
American Water Enterprises, Inc. AAET, L.P. EA2 Systems L.C. American Water Operations and Maintenance, Inc. American Water Services CDM, Inc.	<p>Non-union employees other than those grandfathered non-union employees listed in Exhibit B</p>
American Water Resources, Inc.	Non-union employees
Applied Water Management, Inc.	Non-union employees
Environmental Management Corporation	<p>Non-union employees</p> <p><u>and</u></p> <p>Union employees represented by the United Food and Commercial Workers, International Chemical Workers Union Council, Local No. 12C (Sauget/Solutia) or by The International Union of Operating Engineers, Local 399 (Lincoln)</p>

Unless included under the provisions of Sections 3.2(b) through 3.2(f), the following Participants shall be eligible for the rate of Matching Contributions provided under this Section 3.2(a): (i) all non-union Employees hired or rehired on and after January 1, 2006; (ii) all union Employees who were hired or rehired on or after January 1, 2001 and, as of their date of hire or rehire, were

covered under a collective bargaining agreement providing for participation in the Plan; and (iii) all non-union Employees and those union Employees covered under a collective bargaining agreement providing for participation in the Plan, who, on or after January 1, 2006, are not eligible to accrue benefits under the Pension Plan for Employees of American Water Works Company, Inc. And Its Designated Subsidiaries or the Employees' Retirement Plan of Elizabethtown Water Company.

(b) 50% of Basic 401(k) Contributions to 5%. The rate of the Matching Contribution for eligible Participants in the Groups specified in the table below shall be 50% of the Basic 401(k) Contributions actually made each pay period under Section 3.1(a) by each Participant up to a maximum of 5% of the non-union Participant's Deferral Compensation, or a union Participant's annual base salary or hourly wages.

Employer	Employee Group(s)
American Water Works Company, Inc. American Water Works Service Company, Inc. Arizona-American Water Company California-American Water Company Hawaii American Water Company Indiana-American Water Company, Inc. Iowa-American Water Company Kentucky-American Water Company Long Island Water Corporation Maryland-American Water Company Michigan American Water Company New Mexico-American Water Company, Inc. New Jersey-American Water Company, Inc. Ohio-American Water Company Pennsylvania-American Water Company Tennessee-American Water Company Virginia-American Water Company West Virginia-American Water Company Bluefield Valley Water Works Company	Non-union employees hired before January 1, 2006 with no break in service on or after January 1, 2006 <u>and</u> Union employees in call center at Alton, Illinois or Pensacola, Florida facilities <u>and</u> Union employees who were employed on January 15, 2002 in the water business acquired from Citizens Utility Company <u>and</u> Union employees hired before January 1, 2001 covered by a collective bargaining agreement providing for participation in the Plan
American Water Enterprises, Inc.	Grandfathered non-union employees listed in Exhibit B

Employer	Employee Group(s)
Illinois-American Water Company	<p>Non-union employees hired before January 1, 2006 with no break in service on or after January 1, 2006</p> <p><u>and</u></p> <p>Union employees hired before January 1, 2001 covered by a collective bargaining agreement providing for participation in the Plan</p> <p><u>and</u></p> <p>Union employees represented by the International Brotherhood of Electrical Workers, Local 51 (Sterling) hired prior to January 1, 2009</p>
Missouri-American Water Company	<p>Non-union employees hired before January 1, 2006 with no break in service on or after January 1, 2006</p> <p><u>and</u></p> <p>Union employees hired before January 1, 2001 covered by a collective bargaining agreement providing for participation in the Plan other than those described in Section 3.2(c)</p>

(c) 100% of Basic 401(k) Contributions to 3%. The rate of the Matching Contribution for eligible Participants in the Group specified in the table below shall be 100% of the Basic 401(k) Contributions actually made each pay period under Section 3.1(a) by each Participant up to a maximum of 3% of the Participant's Compensation.

Employer	Employee Group(s)
Missouri-American Water Company	Union employees who were eligible to participate in the St. Louis Water Company Employee Savings Plan as of July 1, 2003

(d) 50%/55% of Basic 401(k) Contributions. Prior to April 1, 2011, the rate of the Matching Contribution for eligible Participants in the Group specified in the table below shall be 50% of the Basic 401(k) Contributions actually made each pay period under Section 3.1(a) by each Participant. On and after April 1, 2011, the rate of the Matching Contribution for eligible Participants in the Group specified in the table below shall be 55% of the Basic 401(k) Contributions actually made each pay period under Section 3.1(a) by each Participant. Matching

Contributions provided under this Section 3.2(d) for a Participant for the 2011 Plan Year shall not exceed \$3,000. For Plan Years beginning on or after January 1, 2012, the maximum Matching Contributions provided under this Section 3.2(d) shall be \$3,500 per Plan Year.

Employer	Employee Group(s)
American Water Enterprises, Inc.	Tolt Union employees – General Teamsters, Local No. 174

(e) 100% of Basic 401(k) Contributions to 4%. The rate of the Matching Contribution for eligible Participants in the Groups specified in the table below shall be 100% of the Basic 401(k) Contributions actually made each pay period under Section 3.1(a) by each Participant up to a maximum of 4% of the Participant's Deferral Compensation.

Employer	Employee Group(s)
Environmental Management Corporation	Union employees (other than union employees represented by the United Food and Commercial Workers, International Chemical Workers Union Council, Local No. 12C (Sauget/Solutia) or by The International Union of Operating Engineers, Local 399 (Lincoln) who are covered by Section 3.2(a))

(f) 60% of Basic 401(k) Contributions to 6%. The rate of the Matching Contribution for eligible Participants in the Group specified in the table below shall be 60% of the Basic 401(k) Contributions actually made each pay period under Section 3.1(a) by each Participant up to a maximum of 6% of the Participant's base annual wages.

Employer	Employee Group(s)
New Jersey-American Water Company	Elizabethtown union employees: <ul style="list-style-type: none"> • Local 423 employees hired before April 1, 2006 who participated in the Elizabethtown Water Company Savings and Investment Plan as of June 1, 2006, and • Local 68 employees hired before May 1, 2006 who participated in the Elizabethtown Water Company Savings and Investment Plan as of June 1, 2006

(g) Special Provisions for Layoff Group. For purposes of Section 3.2, union Employees hired before January 1, 2001 who are laid off and recalled to employment on or before December 31, 2005 shall be treated as having been hired before January 1, 2001; provided, however, that if any such individual is again terminated and rehired, both after

January 1, 2006, the applicable Matching Contribution rate for that individual following rehire shall be governed by the provisions of this Section 3.2, not including this Section 3.2(g).

Section 3.3 Defined Contributions.

(a) The Employer shall make Defined Contributions to the Trustee in the amount described in this Section 3.3 for each eligible Employee in the Groups designated in Section 3.3(b), which shall be credited to each eligible Employee's Defined Contribution Account. Defined Contributions shall be made monthly, or at such shorter intervals as the Committee determines. The amount of the Defined Contribution to be made for any period with respect to any such eligible Employee shall be equal to 5.25% of the eligible Employee's annual base salary or hourly pay paid for that same period. The eligible Employees of the Groups specified in Section 3.3(b) shall be eligible to receive Defined Contributions, regardless of whether the Employee makes Basic 401(k) Contributions to the Plan.

(b) The Defined Contributions provided under Section 3.3(a) shall be provided on behalf of the following Groups:

Employer	Employee Group(s)
American Water Works Company, Inc. American Water Works Service Company, Inc. Arizona-American Water Company California-American Water Company Hawaii American Water Company Indiana-American Water Company, Inc. Iowa-American Water Company Kentucky-American Water Company Long Island Water Corporation Maryland-American Water Company Michigan American Water Company Missouri-American Water Company New Mexico-American Water Company, Inc. Ohio-American Water Company Pennsylvania-American Water Company Tennessee-American Water Company Virginia-American Water Company West Virginia-American Water Company Bluefield Valley Water Works Company	Non-union employees hired or rehired on or after January 1, 2006 <u>and</u> Union employees hired or rehired on or after January 1, 2001 who are covered by a collective bargaining agreement providing for participation in the Plan other than: <ul style="list-style-type: none"> • Union employees in call center at Alton, Illinois or Pensacola, Florida facilities, and • Union Employees who were employed on January 15, 2002 in the water business acquired from Citizens Utility Company

Employer	Employee Group(s)
Illinois-American Water Company	<p>Non-union employees hired or rehired on or after January 1, 2006</p> <p><u>and</u></p> <p>Union employees hired or rehired on or after January 1, 2001 who are covered by a collective bargaining agreement providing for participation in the Plan other than employees represented by the International Brotherhood of Electrical Workers, Local 51 (Sterling)</p> <p><u>and</u></p> <p>Union employees represented by the International Brotherhood of Electrical Workers, Local 51 (Sterling) hired on or after January 1, 2009</p>
New Jersey-American Water Company	<p>Non-union employees hired or rehired on or after January 1, 2006</p> <p><u>and</u></p> <p>Union employees hired or rehired on or after January 1, 2001, covered by a collective bargaining agreement providing for participation in the Plan other than the following Elizabethtown union employees:</p> <ul style="list-style-type: none"> • Local 423 employees hired before April 1, 2006 who participated in the Elizabethtown Water Company Savings and Investment Plan as of June 1, 2006, and • Local 68 employees hired before May 1, 2006 who participated in the Elizabethtown Water Company Savings and Investment Plan as of June 1, 2006
American Water Enterprises, Inc.	<p>Effective for pay dates on or after January 1, 2012, the 2012 Non-Union Transferred Employees (transferred from American Water Service Company, Inc. to American Water Enterprises, Inc.) listed in Exhibit C</p>

(c) Special Provisions for Layoff Group. For purposes of Section 3.3, union Employees hired before January 1, 2001 who are laid off and recalled to employment on or before December 31, 2005 shall be treated as having been hired before January 1, 2001; provided, however, that if any such individual is again terminated and rehired, both after January 1, 2006, Defined Contributions for that individual following rehire shall be governed by the provisions of this Section 3.3, not including this Section 3.3(c).

Section 3.4 Profit Sharing Contributions.

(a) The Employer may, in its sole discretion, determine to contribute to the Plan a Profit Sharing contribution for a particular Plan Year on behalf of any or all of the following Groups:

(i) "AWE Group" includes non-union Employees of American Water Enterprises, Inc. (not including any non-union Employees of American Water Enterprises, Inc. listed in Exhibit B) or an AWE Subsidiary who are actively employed by the Employer on the last day of such Plan Year.

(ii) "AWR/AWM Group" includes non-union Employees of American Water Resources, Inc. and Applied Water Management, Inc. who are actively employed by the Employer on the last day of such Plan Year.

(iii) "EMC Group" includes non-union Employees of Environmental Management Corporation who are actively employed by the Employer on the last day of such Plan Year.

(b) Profit Sharing Contributions, if any, made by the Employer on behalf of a Group for a Plan Year pursuant to this Section 3.4 shall be allocated to each eligible Employee in the Group in the proportion that each such Employee's Deferral Compensation received from his Employer during the Plan Year bears to the total Deferral Compensation received from such Employer during the Plan Year by all eligible Employees in that Group for a particular Plan Year. Profit Sharing Contributions, if any, for a Plan Year shall be allocated to each eligible Employee's Profit Sharing Account as soon as administratively practicable following the last day of the applicable Plan Year.

Section 3.5 Qualified Matching Contributions. If the limitation on Basic 401(k) Contributions set forth in Section 3.8 or the limitation on Matching Contributions set forth in Section 3.9 is exceeded, at the direction of the Committee the Employer shall make Qualified Matching Contributions to the Qualified Matching Contribution Account of each Participant who is a Non-Highly Compensated Employee in the amount necessary to meet the limitation set forth in such Sections in accordance with the final Treasury Regulations issued under sections 401(k) and 401(m) of the Code. Qualified Matching Contributions shall be treated as Basic 401(k) Contributions or Matching Contributions as determined by the Committee for all purposes of the Plan.

Section 3.6 Qualified Nonelective Contributions. If the limitation on Basic 401(k) Contributions set forth in Section 3.8(a) or the limitation on Matching Contributions set forth in Section 3.9(a) is exceeded, at the direction of the Committee the Employer shall make Qualified

Nonelective Contributions to the Qualified Nonelective Contribution Account of each eligible Non-Highly Compensated Employee in the amount necessary to meet the limitation set forth in such Sections. Qualified Nonelective Contributions shall be treated as Basic 401(k) Contributions or Matching Contributions as determined by the Committee for all purposes of the Plan. Such contributions shall be allocated in the proportion that each eligible Non-Highly Compensated Employee's Compensation bears to the total Compensation of all such eligible Employees in accordance with the final Treasury Regulations issued under sections 401(k) and 401(m) of the Code.

Section 3.7 Maximum Deferral. Notwithstanding any Section of this Plan to the contrary, the Plan (and any other plan maintained by the Employer) shall not accept Basic 401(k) Contributions for any taxable year of a Participant in excess of the dollar limitation specified in section 402(g) of the Code in effect for the taxable year (as adjusted at the same time and in the same manner as under section 415(d) of the Code, pursuant to section 401(g)(4) of the Code, except to the extent permitted under section 414(v) of the Code, if applicable.

(a) Distribution of Excess Elective Deferrals. If a Participant has Excess Elective Deferrals for a taxable year of that Participant, the Participant may, by March 1 of the following taxable year, notify the Committee that the Participant elects to withdraw all or any portion of such Excess Elective Deferrals, plus any income and minus any loss allocable thereto, as determined under Section 3.7(b), from this Plan, even though the amounts contributed to this Plan as Basic 401(k) Contributions for that Participant did not, in themselves, result in an Excess Elective Deferral. If the Participant makes such an election, the amount determined in accordance with the preceding sentence will be distributed to the Participant no later than the April 15 following the date of that election, notwithstanding any other provision of this Plan. The amount of Excess Elective Deferrals that may be distributed with respect to a Participant for a taxable year must first be reduced by any Excess Contributions previously distributed with respect to such Participant for the Plan Year beginning with or within the taxable year. If any Basic 401(k) Contributions returned under this Section were matched by Employer Matching Contributions or Qualified Matching Contributions, those Employer Matching Contributions and Qualified Matching Contributions shall be forfeited and used to reduce future Employer Matching Contributions.

(b) Determination of Income or Loss. The income or loss allocable to Excess Elective Deferrals shall be determined by multiplying the income or loss allocable to the Participant's Basic 401(k) Contributions for the Participant's taxable year by a fraction. The numerator of the fraction is such Participant's Excess Elective Deferrals for such taxable year and the denominator is the sum of (i) the total of the Participant's Account balance attributable to Elective Deferrals as of the beginning of the taxable year, plus (ii) the Participant's Elective Deferrals for the taxable year.

Section 3.8 Limitation on Basic 401(k) Contributions - Code Section 401(k).

(a) Notwithstanding any provision of this Plan to the contrary, Basic 401(k) Contributions shall be limited as provided in section 401(k) of the Code, so that the "average deferral percentage," as defined below for the eligible Highly Compensated Employees for the current Plan Year, shall bear a relationship to the "average deferral percentage" for the eligible

Non-Highly Compensated Employees for the preceding Plan Year that meets one of the alternative tests described in section 401(k) of the Code and summarized below, as the Committee shall determine:

(i) the average deferral percentage for the eligible Highly Compensated Employees shall not exceed 125% of the average deferral percentage for the eligible Non-Highly Compensated Employees; or

(ii) the average deferral percentage for the eligible Highly Compensated Employees shall not exceed the lesser of:

(A) 200% of the average deferral percentage for the eligible Non-Highly Compensated Employees, or

(B) the average deferral percentage for the eligible Non-Highly Compensated Employees plus two percentage points.

(b) The term "average deferral percentage" means the average of each eligible Employee's actual deferral percentage which is equal to the following ratio:

(i) the amount of each eligible Employee's Elective Deferral Contribution allocated to the Fund on behalf of such Employee for the applicable Plan Year, to

(ii) the Employee's Compensation for the applicable Plan Year.

For the Plan Year in which an Employee becomes eligible, resumes eligibility or ceases to be eligible to make Basic 401(k) Contributions, the only Compensation that shall be taken into account is that which is, or but for his election under Section 3.1 would be, received by him while he is eligible to participate.

(c) Treatment of Excess Contributions. If neither test described in Section 3.8(a) is met, or in the Committee's opinion will be met, the Employer, at its discretion, shall:

(i) direct that the amount of future Basic 401(k) Contributions by the Highly Compensated Employees be reduced by any reasonable method, including first reducing the Basic 401(k) Contributions by those Highly Compensated Employees contributing the greatest percentage of their Compensation to the next highest percentage, then reducing the Basic 401(k) Contributions by all Highly Compensated Employees contributing at the highest remaining percentage, including those subject to previous reductions, and continuing to apply the same reduction to the extent necessary to meet one of the tests; or

(ii) make Qualified Nonelective Contributions to the Qualified Nonelective Contribution Account of each eligible Non-Highly Compensated Employee to the extent necessary to meet one of the tests; or

(iii) make Qualified Matching Contributions to the Qualified Matching Contribution Account of each Participant who is a Non-Highly Compensated Employee to the extent necessary to meet one of the tests; or

(iv) cause the Excess Contributions, adjusted for any income or loss, to be distributed to the Highly Compensated Employees on whose behalf such Excess Contributions were made within two and one-half months after the end of the Plan Year for which they were allocated.

The amount of Excess Contributions to be distributed under this Section with respect to any Highly Compensated Employee for a Plan Year shall first be reduced by any Excess Elective Deferrals previously distributed to such Highly Compensated Employee for such Plan Year.

(d) Determination of Amount of Excess Contributions. The amount of a Highly Compensated Employee's Excess Contributions for a Plan Year is the amount necessary to reduce the amount of his Basic 401(k) Contributions to a maximum adjusted percentage, which shall be the highest percentage that would cause one of the tests in Section 3.8(a) to be met if each such Highly Compensated Employee who had an actual deferral percentage greater than the maximum adjusted percentage had, instead, such lower percentage. The aggregate amount of Excess Contributions on behalf of all Highly Compensated Employees shall be distributed as follows:

(i) the Basic 401(k) Contributions of the Highly Compensated Employee(s) with the highest dollar amount of Basic 401(k) Contributions are reduced by the amount required to cause that Highly Compensated Employee's Basic 401(k) Contributions to equal the dollar amount of the Basic 401(k) Contributions of the Highly Compensated Employee(s) with the next highest dollar amount of Basic 401(k) Contributions; provided, however, if a lesser reduction, when added to the total dollar amount already distributed under this Section, would equal the aggregate Excess Contributions the lesser reduction amount shall be distributed; and

(ii) if the total amount distributed under Section 3.8(d)(i) is less than the aggregate Excess Contributions, the process set forth in Section 3.8(d)(i) shall be repeated.

(e) Determination of Income or Loss. The income or loss allocable to Excess Contributions shall be determined by multiplying the income or loss allocable to the Participant's Basic 401(k) Contributions for the Plan Year. The numerator of the fraction is such Participant's Excess Contributions for such Plan Year and the denominator is the sum of (i) the Participant's total Account balance attributable to Basic 401(k) Contributions and amounts treated as Basic 401(k) Contributions as of the beginning of the Plan Year, plus (ii) the Participant's Basic 401(k) Contributions and amounts treated as Basic 401(k) Contributions for the Plan Year. Effective for Plan Years beginning after December 31, 2007, Excess Contributions shall include the amount of income and losses through the end of the Plan Year to which they are attributable, calculated in accordance with Treasury Regulation Section 1.401(k)-2(b)(2)(iv).

Section 3.9 Limitation on Matching Contributions - Code Section 401(m).

(a) Notwithstanding any provision of this Plan to the contrary, Matching Contributions shall be limited as provided in section 401(m) of the Code, so that the "average contribution percentage," as defined below, for the eligible Highly Compensated Employees for

the current Plan Year shall bear a relationship to the “average contribution percentage” for the eligible Non-Highly Compensated Employees that meets one of the alternative tests described in section 401(m) of the Code and summarized below, as the Committee shall determine:

(i) the average contribution percentage for the eligible Highly Compensated Employees for such Plan Year shall not exceed 125% of the average contribution percentage for the eligible Non-Highly Compensated Employees for the preceding Plan Year; or

(ii) the average contribution percentage for the eligible Highly Compensated Employees for such Plan Year shall not exceed the lesser of.

(A) 200% of the average contribution percentage for the eligible Non-Highly Compensated Employees for the preceding Plan Year, or

(B) the average contribution percentage for the eligible Non-Highly Compensated Employees for the preceding Plan Year plus two percentage points.

(b) The term “average contribution percentage” means the average of each eligible Employee’s actual contribution percentage that is equal to the following ratio:

(i) the amount of the Employer Matching Contribution allocated on behalf of each eligible Employee for the Plan Year, to

(ii) the Employee’s Compensation for the Plan Year.

For the Plan Year in which an Employee becomes eligible, resumes eligibility or ceases to be eligible to receive Matching Contributions, the only Compensation that shall be taken into account is that which is, or but for the Employee’s election under Section 3.1 would be, received by the Employee while he is eligible to participate.

(c) Treatment of Excess Aggregate Contributions. If neither test described in Section 3.9(a) is met, or in the Committee’s opinion will be met, the Employer, at its discretion, shall:

(i) make Qualified Matching Contributions to the Qualified Matching Contribution Account of each Participant who is a Non-Highly Compensated Employee to the extent necessary to meet one of the tests;

(ii) make Qualified Nonelective Contributions to the Qualified Nonelective Contribution Account of each eligible Non-Highly Compensated Employee to the extent necessary to meet one of the tests; or

(iii) cause Excess Aggregate Contributions, adjusted for income or loss thereon, to be forfeited, if otherwise forfeitable under the terms of the Plan, or if not forfeitable, distributed as additional Compensation to Participants on whose behalf the Excess Aggregate Contributions were contributed within two and one-half months after the end of the Plan Year for which they were contributed; provided, however, that any

forfeiture under this Section shall not be allocated to the Account of any Participant from whose Account such forfeiture occurred.

(d) Determination of Amount of Excess Aggregate Contributions. The amount of a Highly Compensated Employee's Excess Aggregate Contributions for a Plan Year is the amount necessary to reduce the amount of his Matching Contributions to a maximum adjusted percentage, which shall be the highest percentage that would cause one of the tests in Section 3.9(a) to be met if each such Highly Compensated Employee who had an actual contribution percentage greater than the maximum adjusted percentage had, instead, such lower percentage. The aggregate amount of Excess Aggregate Contributions on behalf of all Highly Compensated Employees shall be distributed as follows:

(i) the Matching Contributions of the Highly Compensated Employee(s) with the highest dollar amount of Matching Contributions are reduced by the amount required to cause that Highly Compensated Employee's Matching Contributions to equal the dollar amount of Matching Contributions of the Highly Compensated Employee(s) with the next highest dollar amount of Matching Contributions; provided, however, if a lesser reduction, when added to the total dollar amount already distributed under this Section, would equal the aggregate Excess Aggregate Contributions the lesser reduction amount shall be distributed; and

(ii) if the total amount adjusted under Section 3.9(d)(i) is less than the aggregate Excess Aggregate Contributions, the process set forth in Section 3.9(d)(i) shall be repeated.

(e) Determination of Income or Loss. The income or loss allocable to Excess Aggregate Contributions shall be determined by multiplying the income or loss allocable to the Participant's Matching Contributions for the Plan Year by a fraction. The numerator of the fraction is such Participant's Excess Aggregate Contributions for such Plan Year and the denominator is the sum of (i) the Participant's total Account balance attributable to Matching Contributions and amounts treated as Matching Contributions as of the beginning of the Plan Year, plus (ii) the Participant's Matching Contributions and amounts treated as Matching Contributions for the Plan Year. Effective for Plan Years beginning after December 31, 2007, Excess Aggregate Contributions shall include income and losses through the end of the Plan Year to which they are attributable, calculated in accordance with Treasury Regulation Section 1.401(m)-2(b)(2)(iv).

Section 3.10 Plan Aggregation, Special Rule.

(a) The actual deferral percentage and the actual contribution percentage for an eligible Employee who is a Highly Compensated Employee for the Plan Year and who is eligible to have Basic 401(k) Contributions, or Matching Contributions allocated to his accounts under two or more plans described in section 401(a) of the Code or arrangements described in section 401(k) of the Code that are maintained by the Employer, shall be determined as if all such Basic 401(k) Contributions and Matching Contributions were made under a single arrangement.

(b) For purposes of satisfying the limitation on Basic 401(k) Contributions of Section 3.8 and the limitation on Matching Contributions of Section 3.9, in the event that this Plan satisfies the requirements of section 410(b) or 401(a)(4) of the Code only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of section 410(b) and 401(a)(4) of the Code only if aggregated with this Plan, then actual deferral percentages and actual contribution percentages of eligible Employees shall be determined as if all such plans were a single plan.

(c) The determination and treatment of the actual deferral percentage and the actual contribution percentage of any Participant shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

Section 3.11 Recovery of Employer Contributions. The Employer may recover contributions made under the Plan as follows:

(a) If a contribution is made by the Employer under a mistake of fact, the excess of the amount contributed over the amount that would have been contributed had there not occurred a mistake of fact may be recovered by the Employer within one year after payment of the contribution.

(b) Employer contributions are conditioned upon their deductibility under section 404 of the Code; therefore the contribution attributable to any Plan Year as to which deductibility is disallowed may be recovered, to the extent of the amount of the disallowance, within one year after the disallowance.

Income and gains attributable to the excess contribution in the case of a mistake of fact or a disallowed deduction may not be recovered by the Employer. Losses attributable to such contribution shall reduce the amount the Employer may recover.

ARTICLE IV. CREDITS TO ACCOUNTS

Section 4.1 Maintenance of Accounts. The Committee shall maintain, or cause to be maintained, for each Participant, as applicable, a Basic 401(k) Contribution Account, a Catch-Up Contribution Account, a Matching Contribution Account, a Qualified Matching Contribution Account, a Qualified Nonelective Contribution Account, a Rollover Contribution Account, a Prior EIP Account, a Defined Contribution Account, a Profit Sharing Contribution Account, an AWE Plan Account, an AWS Plan Account, an AWS Plan After-Tax Account, a U-Liner Transfer Account, and an AWM Safe Harbor Match Account.

Section 4.2 Payment and Allocation of Contributions and Forfeitures.

(a) Participant Contributions. Basic 401(k) Contributions and Catch-Up Contributions shall be paid over by the Employer to the Trustee as of the earliest date on which such Basic 401(k) Contributions and Catch-Up Contributions can reasonably be segregated from the Employer's general assets, but in no event later than the 15th business day of the month following the month in which such amounts are received by the Employer or the 15th business day of the month following the month in which such amounts would otherwise have been

payable to the Participant in cash (in the case of amounts withheld by the Employer from a Participant's wages). Basic 401(k) Contributions and Catch-Up Contributions shall be allocated to Participants' Accounts as soon as administratively feasible after they are received by the Trustee.

(b) Employer Matching Contributions. Matching Contributions shall be paid to the Trustee at the same time that Basic 401(k) Contributions to which they relate are paid. Such Contributions shall be allocated to Participants' Accounts as soon as administratively feasible after they are received by the Trustee.

(c) Defined Contributions. Defined Contributions shall be paid to the Trustee within the time prescribed by the Code as the time within which contributions must be made in order to constitute an allowable Federal income tax deduction for the Employer's taxable year for which the contribution is made. Defined Contributions shall be allocated to eligible Participants' Accounts no later than as of the last Valuation Date of the Plan Year to which they relate.

(d) Qualified Matching Contributions. Payment of the Employers' Qualified Matching Contributions shall be made within the time prescribed by the Code as the time within which contributions must be made in order to constitute an allowable Federal income tax deduction for the Employer's taxable year for which the contribution is made. Such contributions shall be allocated to Participants' Accounts no later than the last Valuation Date of the Plan Year to which they relate.

(e) Qualified Nonelective Contributions. Payment of the Employers' Qualified Nonelective Contributions shall be made within the time prescribed by the Code as the time within which contributions must be made in order to constitute an allowable Federal income tax deduction for the Employer's taxable year for which the contribution is made. Such contributions shall be allocated to Participants' Accounts no later than the last Valuation Date of the Plan Year to which they relate.

(f) Forfeitures. Any unvested amounts attributable to any Participant who severs employment shall be forfeited. The Participant's unvested amount shall be placed in a suspense account and held for five complete calendar years. If the Participant does not return to employment and perform an Hour of Service within the period described above, the amount held in suspense on the Participant's behalf shall be forfeited and applied to reduce the next Employer Contribution due under the Plan.

Section 4.3 Valuation of the Investment Funds.

(a) General Rule. As of each Valuation Date, any increase or decrease in the fair market value of an Investment Fund since the preceding Valuation Date shall be computed by the Trustee and credited to or deducted from the Accounts of all Participants who have invested in that Investment Fund. Each such Account's share of any increase or decrease shall be that portion which bears the same ratio to the total as the portion of:

(i) the Participant's Account invested in that Investment Fund as of the preceding Valuation Date bears to

- (ii) the total of all Participants' Accounts invested in the Investment Fund as of the preceding Valuation Date.

For the purpose of determining such increase or decrease, the balance at the preceding Valuation Date shall be reduced by amounts since properly paid from the Fund, and, in any case where a distribution falls due on a Valuation Date it shall not be regarded as due until the next day. The Committee shall provide for the establishment of accounting procedures for the purpose of making the allocations, valuations and adjustments to Participants' Accounts provided for in this Article. From time to time, such procedures may be modified for the purpose of achieving equitable and nondiscriminatory allocations among the Participants' Accounts in accordance with the provisions of this Article. The fair market value of investments held in the Fund shall be conclusively determined by the Trustee in accordance with any reasonable method permitted under regulations issued by the Secretary of the Treasury and such reasonable and uniform rules as the Trustee may adopt.

Section 4.4 Limitations on Annual Additions to Participants' Accounts - Code Section 415.

(a) Primary Limit. The maximum Annual Addition to any Participant's Account for any Limitation Year shall be the lesser of:

- (i) the dollar limitation specified in section 415(c) of the Code, as in effect for the Limitation Year (\$49,000 for 2011), adjusted for cost-of-living under section 415(d) of the Code; or
- (ii) 100% of the Participant's Compensation for such Limitation Year.

The Compensation limit referred to in Section 4.4(a)(ii) above shall not apply to any contribution for medical benefits after separation from service (within the meaning of section 401(h) or section 419(A)(f)(2) of the Code) which is otherwise treated as an Annual Addition.

Section 4.5 Elimination of Excess Annual Additions. If, as a result of the allocation of forfeitures, a reasonable error in estimating a Participant's Annual Compensation, a reasonable error in determining the amount of Basic 401(k) Contributions that may be made with respect to any Participant under the limits of section 415 of the Code, or under such other circumstances as the Internal Revenue Service may prescribe, the limitations described in Section 4.4 would be exceeded for any Participant, such Participant's excess Annual Addition shall be eliminated as follows:

- (a) any Basic 401(k) Contributions (plus the earnings attributable thereto), to the extent they would reduce the Annual Addition to the maximum permitted amount, shall be distributed to the Participant;
- (b) if after the application of Section 4.5(a), any amount remains in excess of the maximum permitted Annual Addition, such amount shall be placed in an unallocated suspense account and used to reduce Employer contributions for all Participants in the next Limitation Year and each succeeding Limitation Year, if necessary.

(c) If in accordance with this Section 4.5, a suspense account is in existence during any Limitation Year, such account shall not share in the investment gains and losses of the Fund.

(d) Notwithstanding the foregoing, any distribution of Excess Annual Additions under this Section 4.5 shall only be made as permissible under Rev. Proc. 2006-27 and any subsequent guidance.

ARTICLE V. VESTING

Section 5.1 Fully Vested Accounts. A Participant shall at all times have a 100% vested interest in his Basic 401(k) Contribution Account, his Catch-Up Contribution Account, his Rollover Contribution Account, his Prior EIP Account, his Matching Contribution Account, his Qualified Nonelective Contribution Account, his Profit Sharing Contribution Account, his AWM Safe Harbor Match Account, his AWE Plan Account, his AWS Plan Account, his AWS Plan After-Tax Account and his U-Liner Transfer Account. Notwithstanding the foregoing, a Participant shall have no vested interest in Matching Contributions that are attributable to Basic 401(k) Contributions that are Excess Elective Deferrals, Excess Contributions or Excess Aggregate Contributions.

Section 5.2 Qualified Matching Contribution Account. A Participant shall be 100% vested in his Qualified Matching Contribution Account at all times. Notwithstanding the foregoing, a Participant shall have no vested interest in Qualified Matching Contributions that are attributable to Basic 401(k) Contributions that are Excess Elective Deferrals, Excess Contributions or Excess Aggregate Contributions.

Section 5.3 Defined Contribution Account. A Participant shall be 100% vested in his Defined Contribution Account upon being credited with one Year of Service. A Participant shall have no vested interest in his Defined Contribution Account prior to being credited with one Year of Service. If a Participant's employment is terminated prior to becoming fully vested in his Defined Contribution Account, upon incurring a Break In Service the amount credited to his Defined Contribution Account will be forfeited and applied to reduce future Employer contributions. If such terminated Participant returns to employment before incurring a Break In Service his service with the Employer before and after the period of severance will be aggregated, however no service will be credited to the Participant during the period of severance.

Section 5.4 Vesting in Defined Contributions at Age 65 or Death. A Participant's interest in his Defined Contribution Account shall in any case become 100% vested if, while employed by the Employer, he reaches age 65 or dies.

Section 5.5 Death While in Qualified Military Service. Effective January 1, 2007, a Participant who dies while performing Qualified Military Service shall be treated as if he had resumed employment as of the date of his death and then terminated employment. As a consequence, such Participant shall become fully (100%) vested as of the date of such deemed termination of employment.

ARTICLE VI.
ENTITLEMENT TO BENEFITS

Section 6.1 Retirement. Subject to the adjustments provided in Section 6.5, upon termination of a Participant's employment at or after his Normal Retirement Date, he shall be entitled to the entire vested amount credited to his Account as of the Valuation Date coinciding with or next following such termination.

Section 6.2 Termination of Employment. Subject to the adjustments provided in Section 6.5, upon termination of a Participant's employment for any reason other than retirement or death, he shall be entitled to his vested interest in the amount credited to his Account as of the Valuation Date coinciding with or next following such termination.

Section 6.3 Deferred Distribution. Subject to the adjustments provided in Section 6.5 if a Participant elects to defer distribution of his Account under Section 7.1(c), the amount to which he is entitled shall be his vested interest in the amount credited to his Account as of the Valuation Date coincident with or next following his request for distribution, provided, however, that if a Participant has specified a deferred distribution date upon becoming entitled to a distribution under Section 6.1 or Section 6.2 and his distribution is made pursuant thereto, the amount to which he is entitled shall be his vested interest in the amount credited to his Account as of the Valuation Date coincident with or immediately preceding the distribution.

Section 6.4 Death.

(a) Death While Employed. Subject to the adjustments provided in Section 6.5, the Beneficiary of a Participant whose employment is terminated by reason of his death shall be entitled to the entire amount in the Participant's Account, determined as of the Valuation Date coinciding with or next following the date of his death.

(b) Death After Termination of Employment and Prior to Payment of Any Benefits. If a Participant who is entitled to benefits under Sections 6.1 or 6.2 dies before receiving the benefit described in such Section, his Beneficiary shall be paid the amount to which the Participant would have been entitled had he lived.

Section 6.5 Adjustments to Accounts for Delayed Distributions. The amount to which a Participant or Beneficiary is entitled under this Article VI shall be the amount to which he is entitled under Sections 6.1, 6.2 or 6.4 increased by the income and decreased by the loss allocable thereto until actually distributed from the Plan.

ARTICLE VII.
PAYMENT AND FORM OF BENEFITS

Section 7.1 Benefit Commencement Date.

(a) General Rule. Subject to Sections 7.1(b), 7.1(c), and 7.1(d), any benefit due a Participant under Article VI shall be paid as soon as administratively feasible after the Valuation Date coinciding with or next following the date upon which the Participant becomes entitled to such benefit, unless transferred pursuant to an election under Section 7.6.

(b) Cash-Outs.

(i) If the value of a Participant's vested Account is \$1,000 or less before he receives any distribution from the Plan, his benefit shall be paid in a cash lump sum under Section 7.1(a) without his consent as soon as administratively feasible. If the Participant does not have a vested interest in his Account, he shall be deemed to have received a distribution of his entire vested Account.

(ii) Subject to Section 7.1(c), if the value of the Participant's vested Account before any benefits are paid under the Plan is more than \$1,000 as of the date of any distribution, payment to such Participant shall not be made unless the Participant consents in writing to the distribution. Consent to such distribution shall not be valid unless the Participant is informed of his right to defer receipt of the distribution and is provided a general description of the material features and an explanation of the relative values of the optional forms of benefit available.

(c) Benefit Deferral by Election. A Participant entitled to a benefit of more than \$1,000 may elect to defer payment of that benefit until his Normal Retirement Date or, if earlier, such time as the Participant requests payment in the form prescribed by the Committee.

(d) Required Beginning Date. Notwithstanding Sections 7.1(a), 7.1(b), 7.1(c) and 7.1(e), distribution shall be made or shall begin not later than a Participant's Required Beginning Date.

(e) Default Provision. Subject to Section 7.1(d), unless a Participant has elected to defer payment of his benefit under Section 7.1(c), his benefit shall be payable no later than 60 days following the close of the Plan Year in which occurs the later of his Normal Retirement Date, or, if earlier, the date he reaches age 65, or his actual termination of employment.

(f) Election Period. Effective for Plan Years beginning after December 31, 2007, a Participant's election to commence payment prior to his Required Beginning Date must be made within the 180-day period ending on the benefit payment date elected by the Participant and in no event earlier than the date the Participant receives information relating to his right to defer payment until his Required Beginning Date, the consequences of failing to defer payment until a later payment date and his right to make a direct rollover as set forth in Section 7.6. Such information must be supplied not less than 30 days nor more than 180 days prior to the benefit payment date. Notwithstanding the preceding sentence, a Participant's benefit payment date may occur less than 30 days after such information has been supplied to the Participant provided that,

after the Participant has received such information and has been advised of his right to a 30-day period to make a decision regarding the distribution, the Participant affirmatively elects a distribution.

Section 7.2 Earliest Distribution Date.

(a) Except as otherwise provided under Section 8.7, no distribution of the portion of a Participant's Account that is attributable to his Basic 401(k) Contributions, Catch-Up Contributions, AWE Plan Account, AWS Plan Account or U-Liner Transfer Account or to Qualified Nonelective Contributions or Qualified Matching Contributions, if any, shall be made earlier than:

- (i) the Participant's severance from employment with the Employer, death or disability;
- (ii) the Participant's reaching age 59½;
- (iii) in the case of Basic 401(k) Contributions (and income allocable thereto credited to a Participant's Account as of December 31, 1988), the Participant's incurring an expense that qualifies for a hardship withdrawal under Article IX; or
- (iv) the occurrence of an event described in section 401(k)(10) of the Code.

(b) No distribution of the portion of a Participant's Account that is attributable to his Defined Contributions, if any, shall be made earlier than the Participant's severance from employment with the Employer, death or disability.

Section 7.3 Form of Benefit Payment. Except as otherwise provided by Section 7.3(a) below, the form of benefit payable under the Plan shall be a cash lump sum distribution.

(a) U-Liner Transfer Account. A Participant's U-Liner Transfer Account shall be distributed in accordance with this Section 7.3(a). This Section 7.3(a) shall not apply to any other Account.

(i) Automatic Form of Payment.

(A) Married Participants. If the Participant is married on his benefit commencement date, a Participant's vested U-Liner Transfer Account shall be paid in the form of a Qualified Joint and Survivor Annuity (as described below), unless such Participant elects another form of payment in the manner described below.

(B) Unmarried Participants. If the Participant is not married on his benefit commencement date, a Participant's vested U-Liner Transfer Account shall be paid in the form of an annuity for the life of the Participant only, unless such Participant elects another form of payment in the manner described below.

(C) Optional Form of Payment. A Participant who is not subject to the provisions of Section 7.3(a)(i)(D) below or a married participant who satisfies the requirements of Section 7.3(a)(i)(D) below may elect, in writing, to have his U-Liner Transfer Account paid to him:

- (1) in a single sum; or
- (2) in a life annuity.

(D) Spousal Consent Requirement. A Participant described in this Section 7.3(a)(i)(D) who does not establish to the satisfaction of the Plan Administrator that he has no spouse on his benefit commencement date may elect to receive a form of benefit other than the automatic form applicable to the Participant only if he has obtained spousal consent to the specific alternative form or to the Participant's right to choose any alternative form without any further spousal consent.

(E) Revocation of Election. A Participant may revoke an election to waive the automatic form of payment described in Section 7.3(a)(i). Such revocation may be made at any time during the election period in which such election can be made. Such revocation shall not void any prospectively effective consent given by his spouse in connection with the revoked election.

(F) Explanations to Participants. Each Participant described in this Section 7.3(a) shall receive, no less than 30 days and no more than 180 days before the date his benefit commencement date, a written explanation of:

- (1) the terms and conditions of the automatic form of payment and each alternative form of payment available to the Participant, including information explaining the relative values of each form of payment;
- (2) the Participant's right to waive the automatic form of payment and the effect of such waiver;
- (3) the rights of the Participant's spouse with respect to such waiver; and
- (4) the right to revoke an election to receive an alternative form of payment and the effect of such revocation.

Notwithstanding the foregoing, the Participant's benefit commencement date may be less than 30 days after the explanation described in this Section is provided if (1) the Participant is given notice of his right to a 30-day period in which to consider whether to (a) waive the normal form of benefit and elect an optional form and (b) to the extent applicable, consent to the distribution; (2) the Participant affirmatively elects a distribution and a form of benefit and the spouse, if necessary, consents to the form of benefit elected; (3) the Participant is

permitted to revoke his affirmative election at any time prior to his benefit commencement date or, if later, the expiration of a 7-day period beginning on the day after the explanation described in this Section is provided to the Participant; (4) the benefit commencement date is after the date the explanation described in this Section is provided to the Participant; and (5) distribution to the Participant does not commence before the expiration of the 7-day period described in clause (3) above.

(ii) Death Benefits from the U-Liner Transfer Account.

(A) If the Participant dies after his benefit commencement date, death benefits, if any, from the Participant's U-Liner Transfer Account shall be determined by the form of payment in effect for the Participant at the time of his death.

(B) If the Participant dies before his benefit commencement date his surviving spouse shall automatically receive an immediate or deferred (as the surviving spouse may elect) Qualified Pre-Retirement Survivor Annuity (as defined below) or, if the spouse elects in the manner prescribed by the Plan, the spouse may receive payment of the U-Liner Transfer Account in a lump sum.

(C) If a married or unmarried Participant dies before his benefit commencement date and has designated, with spousal consent if married, a Beneficiary other than his spouse for all or a portion of his U-Liner Transfer Account, death benefits shall be paid in the form of a single sum, unless such Beneficiary elects to receive an annuity form of payment as provided in Section 7.3(a)(iii).

For purposes of this Section 7.3(a), "Qualified Joint and Survivor Annuity" means an annuity for the life of the Participant with a survivor annuity for the life of his spouse that is 50% or 75%, as elected, of the amount of the annuity payable during the joint lives of the Participant and his spouse.

For purposes of this Section 7.3(a), "Qualified Pre-Retirement Survivor Annuity" means an annuity for the life of the surviving Spouse of a Participant who dies prior to his benefit commencement date and shall be the actuarial equivalent of 50% of the Participant's vested U-Liner Transfer Account balance as of the date of the Participant's death, determined as of the Valuation Date coincident with or next following the date of such death.

(iii) Annuity Payments. If a Participant or Beneficiary elects an annuity form of payment as provided in this Section 7.3(a), such payment shall be made in accordance with this Section.

(A) A nontransferable annuity contract shall be purchased on behalf of a Participant or Beneficiary from an insurance company.

(B) The terms of such annuity contract shall comply with the requirements of the Plan and section 401(a)(9) of the Code and Treasury Regulations thereunder.

Section 7.4 Death Benefits. This Section 7.4 shall not apply to a Participant's U-Liner Transfer Account, if any.

(a) Death Before Distribution has Begun. Subject to Section 7.4(c), if the Participant dies before distribution of his Account has begun, his Beneficiary shall receive his entire Account balance in a cash lump sum as soon as administratively feasible after the Valuation Date next following the Participant's death.

(b) Death After Distribution has Begun. Subject to Section 7.4(c), if the Participant dies after distribution of his Account has begun and before distribution has been completed, his Beneficiary shall continue to receive distributions in the form and pursuant to the timetable elected by the Participant, unless the Beneficiary elects to receive a cash lump sum distribution of the remaining Account balance. If the Beneficiary elects to receive a cash lump sum distribution, such distribution shall be payable as soon as administratively feasible after the Valuation Date next following the later of Participant's death or the Beneficiary's election.

(c) Election By Spouse to Defer Benefit Payment. If the Beneficiary is the Participant's spouse and the Participant's Account balance is more than \$1,000 on the date of his death, the Beneficiary may elect to defer payment of his distribution until the Participant would have reached his Normal Retirement Date had he lived.

Section 7.5 Required Distributions - Code Section 401(a)(9). The requirements of this Section will take precedence over any inconsistent provisions of the Plan. All distributions required under this Section will be determined and made in accordance with the Treasury regulations under section 401(a)(9) of the Code.

(a) Time and Manner of Distribution.

(i) The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date.

(ii) If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(A) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, then, except as provided in Section 7.5(d), distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 65, if later.

(B) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary (or if there is no designated Beneficiary), then, except as provided in Section 7.5(d), distributions to the designated Beneficiary (or to the deemed Beneficiary if there is no designated Beneficiary) will begin by December

31 of the calendar year immediately following the calendar year in which the Participant died.

(C) If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 7.5(a)(ii) other than Section 7.5(a)(ii)(A) will apply as if the surviving spouse were the Participant.

For purposes of this Section 7.5(a)(ii) and Section 7.5(c), distributions are considered to begin on the Participant's Required Beginning Date (or, if Section 7.5(a)(ii)(C) applies, the date distributions are required to begin to the surviving spouse under Section 7.5(a)(ii)(A)). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 7.5(a)(ii)(A)), the date distributions are considered to begin is the date distributions actually commence.

(iii) Unless the Participant's accrued benefit is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first distribution calendar year, distributions will be made in amounts no less than as required under Sections 7.5(b) and 7.5(c). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of section 401(a)(9) of the Code and the Treasury regulations.

(b) Required Minimum Distributions During Participant's Lifetime.

(i) Amount of Required Minimum Distribution For Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(A) the quotient obtained by dividing the Participant's Account balance by the distribution period in the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or

(B) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's Account balance by the number in the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

(ii) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this

Section 7.5(b) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(c) Required Minimum Distributions After Participant's Death.

(i) Death On or After Date Distributions Begin.

(A) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:

(1) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(3) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(B) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) Death Before Date Distributions Begin.

(A) Participant Survived by Designated Beneficiary. Except as provided in Section 7.5(d), if the Participant dies before the date distributions begin and there is a designated Beneficiary, the minimum amount that will be

distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Section 7.5(c)(i).

(B) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(C) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 7.5(a)(ii)(A), this Section 7.5(c)(ii) will apply as if the surviving spouse were the Participant.

(d) Elections to Apply 5-Year Rule to Distributions to Designated Beneficiaries. If the Participant dies before distributions begin and there is a designated Beneficiary, such designated Beneficiary may elect that distributions not begin by the date specified in Section 7.5(a) of the Plan, but rather, that the Participant's entire interest will be distributed to the designated Beneficiary by December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to either the Participant or the surviving spouse begin, this election will apply as if the surviving spouse were the Participant. The election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under Section 7.5(a), or by September 30 of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, surviving spouse's) death.

Section 7.6 Direct Rollovers.

(a) General. A Distributee may elect, at the time and in the manner prescribed by forms provided by the record-keeper for the Plan, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover. A Participant shall not be permitted to elect a Direct Rollover with respect to Eligible Rollover Distributions that are reasonably expected to total less than \$200 during the year.

(b) Definitions. For the purpose of this Section, the following terms shall have these meanings:

(i) Eligible Rollover Distribution. Any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the

Distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code section 401(a)(9); any hardship withdrawal; and the portion of any distribution that is not included in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities). However, such portion may be paid only to an individual retirement account or annuity described in section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible. Effective January 1, 2007, the nontaxable portion of an "eligible rollover distribution" may be rolled over tax-free to an Eligible Retirement Plan as specified below if the Eligible Retirement Plan provides for separate accounting of the amount transferred and earnings on such amounts.

(ii) Eligible Retirement Plan. (A) an individual retirement account described in Code section 408(a), (B) an individual retirement annuity described in Code section 408(b) (other than an endowment contract), (C) an annuity plan described in Section 403(a), (D) a qualified plan described in Code section 401(a) the terms of which permit the acceptance of the Distributee's Eligible Rollover Distribution, (E) an eligible deferred compensation plan described in Code section 457(b) that is maintained by an eligible employer described in Code section 457(e)(1)(A) that shall separately account for the distribution or (F) an annuity contract described in Code section 403(b). The portion of any Eligible Rollover Distribution that consists of after-tax employee contributions only may be paid to any Eligible Plan described in (A) or (B), a qualified plan described in (C) or (D) or a plan described in (F) that separately accounts for the amounts transferred earnings on such amounts.

(iii) Distributee. A "Distributee" shall mean a Participant, a former Participant, a Participant's or former Participant's surviving spouse and a Participant's or former Participant's spouse or former spouse who is the alternate payee under a qualified domestic relations order, within the meaning of Code section 414(p).

(iv) Direct Rollover. A payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

(c) Nonspouse Beneficiary. Effective January 1, 2008, any distribution of benefits to the beneficiary of a deceased Participant who is not the surviving spouse of the Participant may be transferred in a direct trustee-to-trustee transfer to an individual retirement account or annuity under Code Sections 408(a) and (b) established for the purpose of receiving such distribution and which will be treated as an inherited IRA pursuant to the provisions of Code Section 402(c)(11), if such distribution otherwise meets the requirements set forth in subsection (b) above. Such direct rollover of a distribution by a nonspouse Beneficiary shall be treated as an eligible rollover distribution only for purposes of Code Section 402(c). Eligible retirement plan shall include an individual retirement account or annuity under Code Sections 408(a) and (b) established for the purpose of receiving a distribution that is rolled over from a nonspouse Distributee, but only if the conditions set forth herein above are satisfied. Distributee shall include a nonspouse beneficiary, but only if the conditions set forth above are satisfied.

(d) Limitation on Distribution of Eligible Rollover Distribution. No distribution of an eligible rollover distribution shall commence less than 30 days after the Participant receives the notice required under the provisions of section 1.411(a)-11(c) of the regulations under section 411(a)(11) of the Code unless the Participant receives written notice that he has a right to a period of at least 30 days after receipt of the notice to consider whether he wants to exercise the rollover election described instead of receiving a distribution.

(e) Qualified Rollover Contribution. Effective January 1, 2008, a “qualified rollover contribution” as described in Code Section 408A(e) may be made from the Plan to a Roth IRA in a Direct Rollover subject to the rules and provisions set forth in Section 408A(e) of the Code and any regulations issued there under.

Section 7.7 Distribution Pursuant to a Qualified Domestic Relations Order. Any benefit payable from a Participant’s Account to an Alternate Payee pursuant to the terms of a Qualified Domestic Relations Order (“QDRO”), as those terms are defined in section 414(p) of the Code, shall, at the Alternate Payee’s election, provided such election is consistent with the terms of the QDRO, be paid:

(a) in a lump sum as soon as administratively reasonable after the determination that the QDRO satisfies the provisions of section 414(p) of the Code, without regard to whether the Participant is then eligible to receive benefits under the Plan; or

(b) at any other time and in any manner permitted by the Plan and the terms of the QDRO, provided that such benefit must be paid, or begin to be paid, no later than the Participant’s Normal Retirement Date.

ARTICLE VIII.

WITHDRAWALS DURING EMPLOYMENT

Section 8.1 Hardship Withdrawal - General Rules. An eligible Participant may elect to withdraw up to 100% of his Basic 401(k) Contributions, and earnings credited on those contributions through December 31, 1988, the amount of his Catch-Up Contributions and his AWE Plan Account, exclusive of any amount loaned to a Participant or treated as security for a loan under Article IX. Such election shall be in writing and submitted to the Committee at such time and in such manner as shall be prescribed by the Committee. A Participant is eligible to make a hardship withdrawal under this Section 8.1 only if the withdrawal is for a purpose that the Committee determines is a Qualified Emergency, as defined in Section 8.2, and the requirements of Section 8.3 are met.

Section 8.2 Definition of Qualified Emergency. As used in this Article VIII, the term “Qualified Emergency” means an immediate and heavy financial hardship of the Participant. The following circumstances, and no others, meet the definition of “Qualified Emergency”:

(a) payment of tuition, related educational fees, and room and board expenses for the next 12 months of post-secondary education for the Participant or his spouse, Primary Beneficiary (as defined in this Section 8.2), child or dependent (as defined in section 152 of the Code without regard to sections 152(b)(1), (b)(2) and (d)(1)(B));

(b) payment of medical expenses described in section 213(d) of the Code that have been incurred by the Participant or his spouse, Primary Beneficiary, or dependent or a distribution necessary for such persons to obtain medical care described in section 213(d) of the Code (determined without regard to whether the expenses exceed 7.5% of “adjusted gross income”);

(c) the purchase (excluding mortgage payments) of the Participant’s principal residence;

(d) the need to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant’s principal residence;

(e) payment of burial or funeral expenses for the Participant’s deceased parent, spouse, Primary Beneficiary, children or dependents (as defined in section 152 of the Code without regard to section 152(d)(1)(B));

(f) payment of expenses for the repair of damage to the Participant’s principal residence that would qualify for the casualty deduction under section 165 of the Code (determined without regard to whether the loss exceeds 10% of the Participant’s “adjusted gross income”); and

(g) any other expense that is deemed to be a Qualified Emergency expense by the Internal Revenue Service.

For purposes of this Section 8.2, “Primary Beneficiary” means an individual who is named as a non-spouse Beneficiary under the Plan and has an unconditional right to all or a portion of the Participant’s Account Balance upon the death of the Participant.

Section 8.3 Requirements for Hardship Withdrawal. A hardship withdrawal under Section 8.1 shall be permitted only if the following requirements are met:

(a) the distribution does not exceed the amount of the Qualified Emergency expense (including a reasonable amount to enable the Participant to pay taxes and penalties on such withdrawal);

(b) the Participant has obtained all distributions (including distributions of dividends on Employer stock, if applicable), other than hardship distributions, and all non-taxable loans currently available under all plans maintained by the Employer, unless obtaining such loan would increase the severity of the Participant’s hardship; and

(c) the Plan and all other plans maintained by the Employer suspend Basic 401(k) Contributions, Catch-Up Contributions and other contributions by the Participant for at least 6 months after the receipt of the hardship withdrawal.

If the Secretary of the Treasury prescribes additional methods for meeting the requirements for hardship withdrawal, such additional methods shall be incorporated herein by reference.

Section 8.4 Distribution of Amounts Withdrawn. As soon as practicable following the Committee's determination that the requirements of Section 8.3 are met, it shall direct the Trustee to pay to the Participant the amount he has elected to withdraw in a single sum. If the Participant does not make an Investment Fund election under this Section 8.4, the withdrawal shall be made on a pro-rata basis from all of the Investment Funds.

Section 8.5 Withdrawals after Age 59½. A Participant who is currently employed and has reached age 59½ shall be entitled to withdraw any portion of his vested interest in the amount credited to his Account, other than amounts credited to his Defined Contribution Account, if any, as of the Valuation Date next following the date he submits a request for such withdrawal, in the form prescribed by the Committee.

Section 8.6 Withdrawals of Rollover Contributions. A Participant who is currently employed shall be entitled to withdraw his Rollover Contribution Account at any time.

Section 8.7 Military Withdrawals. Effective January 1, 2009, a Participant receiving differential military pay shall be treated as having a termination of employment for purposes of taking a distribution of that portion of his Account consisting of Elective Deferral Contributions if he is absent from employment due to performing service in the uniformed services described in section 3401(h)(2)(A) of the Code. If a Participant elects to take a distribution pursuant to the foregoing, he shall be precluded from electing to have the Employer contribute Elective Deferral Contributions from his Compensation on his behalf to the Plan for six months following the date of the distribution.

ARTICLE IX. LOANS TO PARTICIPANTS

Section 9.1 Plan Loans. The Committee may cause the Trustee to lend to any Participant who applies for a loan, the amount applied for by the Participant, upon such terms as the Committee may see fit, subject to all of the requirements of Section 9.2.

Section 9.2 Loan Requirements.

(a) Such loans shall be made available to all Participants who are actively employed by the Employer, subject only to each such Participant's demonstration, on the basis of uniform and non-discriminatory rules and procedures established by the Committee, of his ability to repay the loan, plus interest.

(b) The Participant shall borrow only from his Basic 401(k) Contribution Account, Catch-Up Contribution Account, Prior EIP Account, and Rollover Contribution Account.

(c) The amount of the loan, when added to the outstanding balance of all prior loans to such Participant, shall not exceed the lesser of:

(i) \$50,000, reduced by the excess (if any) of (i) the highest outstanding balance of loans from the Plan during the one-year period ending on the day before the date on which such loan was made, over (ii) the outstanding balance of loans from the Plan immediately before the loan in question was made; or

- (ii) 50% of the amount in the Participant's Account that is vested.

For the purpose of the borrowing limitations of this Section, all Employers in a controlled group of employers, within the meaning of section 414(b) or section 414(c) of the Code, or a part of an affiliated service group, within the meaning of section 414(m) of the Code, shall be considered as one employer and all of the Defined Benefit Plans and Defined Contribution Plans shall be considered to be a single plan.

- (d) The amount of any loan shall be at least \$1,000.
- (e) A Participant shall be permitted only one Plan loan under this Article IX in any six (6) month period within any Plan Year and shall have no more than one personal loan from the Plan and one mortgage loan from the Plan outstanding at any time.
- (f) A portion of the Participant's Account equal to the principal amount of the loan shall be security for such loan.
- (g) Any such loan shall be repaid by payroll withholding on a monthly basis for a term of one, two, three, four or five years at the Participant's discretion (a "personal loan").
- (h) If the loan proceeds are used to acquire a dwelling that is, or will be within a reasonable period of time, the Participant's principal residence ("mortgage loan") the term of the loan shall be 15 years (thirty 30 years for any mortgage loan requested before January 1, 2000).
- (i) Prepayment of outstanding loans will be permitted in accordance with procedures established by the Committee.
- (j) Except as provided in Section 9.2(k), a Participant who fails to make any installment payment due under a Plan loan by the last day of the calendar quarter following the calendar quarter in which the required installment payment was originally due shall be treated as having a deemed distribution equal to the entire outstanding balance of the loan.
- (k) If a Participant with an outstanding loan takes an authorized leave of absence or incurs a temporary disability so that the regular monthly installment payments cannot be made on a payroll deduction basis, the Participant will be required to make the regular monthly payments at such time and place as shall be established by the Committee.
- (l) In accordance with section 414(u) of the Code, the Plan may suspend the obligation to repay a loan made to a Participant for any part of a period during which the Participant is performing service in the "uniformed services" (as defined in 38 U.S.C. chapter 43), and such suspension shall not be taken into account for purposes of section 72(p) of the Code; provided that loan repayments resume upon the completion of such period of military service and the loan is repaid thereafter by amortization in substantially level installments over a period that ends not later than the latest permissible term of the loan. The "latest permissible term" of the loan is the latest date permitted under section 72(p)(2)(B) of the Code plus any additional period of suspension permitted for military service.

(m) Such loan shall bear a rate of interest equal to the prime rate as published by the *Wall Street Journal*, plus one percent. Such interest rate shall be determined on the last day of the month immediately preceding the loan distribution. Notwithstanding the foregoing, the rate of interest shall be limited to no more than six percent for any period during which a Participant is performing military service in the uniformed services provided such Participant gives written notice and a copy of the military orders to the Committee no later than 180 days following his termination or release from military service.

(n) The loan amount shall be debited against the Participant's Account on a pro rata basis from all Investment Funds and repayments of principal and interest shall be credited to such Account.

(o) The Participant shall agree at the time the loan is made that the outstanding principal and interest on the loan at the time the Participant or his Beneficiary receives a distribution under Article VIII shall be deducted from the amount otherwise distributable to such Participant or Beneficiary.

(p) No note or other document evidencing any such loan shall be negotiable or otherwise assignable.

(q) If a Participant with an outstanding loan terminates employment with the Employer for any reason, he may continue to repay the outstanding loan in accordance with procedures established by the Committee or its delegate which may include the third party administrator for the Plan.

(r) In the event that a Participant who formerly participated in another qualified retirement plan that has merged with and into the Plan had one or more loans outstanding under such plan as of the date assets and liabilities from such plan were transferred to this Plan ("Transfer Date"), such Participant shall continue to repay such outstanding loans after such date under the Plan. Notwithstanding anything herein to the contrary, in the event that a Participant described in the preceding sentence has at least two loans outstanding on or after the Transfer Date, such Participant shall not be permitted to receive a mortgage loan under the Plan until such Participant has no more than one personal loan and no mortgage loan outstanding under the Plan.

ARTICLE X. INVESTMENTS

Section 10.1 General. The Plan is intended to meet the requirements of Section 404(c) of ERISA, so that a Participant shall be considered a fiduciary with respect to the investment of his Account.

Section 10.2 Investment Funds.

(a) Each Participant shall elect the manner in which his Account is to be invested.

(b) Net income or loss with respect to the above funds shall only affect the Accounts invested in such funds.

Section 10.3 Investment Elections. A Participant may elect to have the amounts held in his Accounts invested entirely in one Investment Fund, or he may elect to have such amounts invested in more than one Investment Fund, by following procedures established by the Committee, within a reasonable time before the effective date of such election. A Participant's election shall specify the percentage of each Account to be invested in an Investment Fund in any whole percentage of such Account, provided that the percentage of any Account to be invested in any one Investment Fund must be equal to at least 1% or a multiple thereof. Such election shall remain in effect until a new election is made. If a Participant fails to make an election from among the available Investment Funds, the amounts contributed to the Participant's Account shall be invested in the default Investment Fund designated by the Board of Directors, or its designee, and communicated to Participants. Appropriate sub-accounts shall be established to reflect a Participant's investment elections.

Section 10.4 Change of Election. Subject to the limitations of the Investment Funds, if any, a Participant may change an election of Investment Funds or may elect to transfer existing Account balances among Investment Funds daily. The Participant shall direct such change or transfer by telephone or electronic instruction to the Trustee, or its designated agent, during normal business hours of any business day.

ARTICLE XI. TOP-HEAVY PROVISIONS

Section 11.1 Top-Heavy Requirements. Notwithstanding anything in the Plan to the contrary, for any Plan Year that the Plan is a Top-Heavy Plan, the Plan shall meet the requirements of this Article XI.

Section 11.2 Minimum Contribution Requirement.

(a) Except as provided in Section 11.2(b), this Plan shall provide a minimum contribution allocation for each Participant who is a Non-Key Employee in an amount equal to at least 3% of such Participant's Compensation for such Plan Year. Such 3% minimum contribution shall be increased to 4% for any Plan Year in which the Employer also maintains a Defined Benefit Plan if necessary to avoid the application of section 416(h)(1) of the Code.

(b) For each participant who is a Non-Key Employee, and who also participates in the Pension Plan for Employees of American Water Works Company, Inc. And Its Designated Subsidiaries for a Plan Year during which both plans are top-heavy within the meaning of section 416(g) of the Code, the Employer shall meet the minimum benefit and contribution requirements of section 416 of the Code under the Pension Plan for Employees of American Water Works Company, Inc. And Its Designated Subsidiaries for such Plan Year.

(c) Unless the Plan is part of a Required Aggregation Group and enables a Defined Benefit Plan that is included in such Required Aggregation Group to satisfy sections 401(a)(4) or 410 of the Code, the percentage minimum contribution required hereunder shall in no event exceed the percentage contribution made for the Key Employee for whom such percentage is the highest for the Plan Year. Basic 401(k) Contributions made on behalf of Key Employees shall be included for purposes of determining the percentage contribution made to Key Employees.

(d) The minimum contribution shall not be integrated with Social Security benefits and shall be made for each Participant who is a Non-Key Employee and who is employed at the end of the Plan Year in question, regardless of such Non-Key Employee's level of Compensation and whether or not such Non-Key Employee has completed 1,000 Hours of Service or elected to make Basic 401(k) Contributions for such Plan Year.

ARTICLE XII. PLAN ADMINISTRATION

Section 12.1 Fiduciary Responsibility. The Plan shall be administered by the Committee, which shall be the Plan's "named fiduciary" and "administrator," as those terms are defined by ERISA, and its agent designated to receive service of process. All matters relating to the administration of the Plan, including the duties imposed upon the Plan administrator by law, except those duties relating to the control or management of Plan assets, shall be the responsibility of the Committee. All matters relating to the control and management of Plan assets shall, except to the extent delegated in accordance with the trust agreement, be the sole and exclusive responsibility of the Trustee.

Section 12.2 Appointment and Removal of Committee. The Committee shall consist of at least three persons who shall be appointed and may be removed by the Board of Directors. Persons appointed to the Committee may be, but need not be, employees of the Employer. Any Committee member may resign by giving written notice to the Board of Directors, which notice shall be effective 30 days after delivery. Notwithstanding the foregoing, any Committee member who is an Employee of the Employer shall be deemed to have resigned from the Committee effective upon his termination of employment. A Committee member may be removed by the Board of Directors by written notice to such Committee member, which notice shall be effective upon delivery. The Board of Directors shall promptly select a successor following the resignation or removal of the Committee member, if necessary to maintain a Committee of at least three members.

Section 12.3 Compensation and Expenses of Committee. Members of the Committee who are Employees shall serve without compensation. Members of the Committee who are not Employees may be paid reasonable compensation for services rendered to the Plan. Such compensation, if any, and all ordinary and necessary expenses of the Committee shall be paid by the Employer.

Section 12.4 Committee Procedures. The Committee may enact such rules and regulations for the conduct of its business and for the administration of the Plan as it may deem desirable. The Committee may act either at meetings at which a majority of its members are present or by a writing signed by a majority of its members without the holding of a meeting. Records shall be kept of the actions of the Committee. No member of the Committee who is a Participant in the Plan shall vote upon any matter affecting only his Account.

Section 12.5 Plan Interpretation. The Committee shall have the authority and responsibility to interpret and construe the Plan and to decide all questions arising thereunder, including without limitation, questions of eligibility for participation, eligibility for benefits, Account balance, and the timing of the distribution thereof, and shall have the authority to

deviate from the literal terms of the Plan to the extent the Committee shall determine to be necessary or appropriate to operate the Plan in compliance with the provisions of applicable law.

Section 12.6 Exclusive Benefit Rule. The Committee shall administer the Plan for the exclusive benefit of Participants and their Beneficiaries.

Section 12.7 Consultants. The Committee may, and to the extent necessary for the preparation of required reports shall, employ accountants, actuaries, attorneys and other consultants or advisors. The fees charged by such accountants, actuaries, attorneys and other consultants or advisors shall be paid by the Employer.

Section 12.8 Method of Handling Plan Funds. No Committee member shall, in his capacity as a Committee member, at any time, handle any assets of the Fund. All payments to the Fund shall be made by the Employee of the Employer charged with that responsibility. Benefit payments from the Fund shall be made by the Trustee.

Section 12.9 Delegation and Allocation of Responsibility. The Committee, by unanimous action in writing, may delegate any Plan administrative responsibility to any employee of the Employer and may allocate any of its responsibilities to one or more members of the Committee. In the event of any such delegation or allocation the Committee shall establish procedures for the thorough and frequent review of the performance of such duties. Persons to whom responsibilities have been delegated may not delegate to others any discretionary authority or discretionary control with respect to the management or administration of the Plan.

Notwithstanding the above, and subject to Section 13.1 of the Plan, the Committee may authorize an amendment to the Plan extending the Plan to a group or groups of acquired employees in accordance with the terms and conditions set forth in any acquisition agreement previously approved by the Board of Directors.

Section 12.10 Claims Procedure. The Committee shall administer a claims procedure as follows:

(a) Initial Claim. A Participant or Beneficiary (a "Claimant"), or the Claimant's authorized representative, who believes himself entitled to benefits under the Plan, must make a claim for those benefits by submitting to the Committee a written notification of his claim of right to such benefits. Such notification must be on the form and in accordance with the procedures established by the Committee. Except for benefits paid pursuant to Section 7.1(b), no benefit shall be paid under the Plan until a proper claim for benefits has been submitted to the Committee.

(b) Claim Denial Procedure. If the claim is wholly or partially denied, the Committee shall, within 90 days (or in special cases, and upon prior written notice to the claimant, 180 days) of receipt of the provide written notice informing the Claimant of: (1) the reason or reasons for the denial, (2) the specific reference to the Plan provisions on which the denial was based, (3) any additional information which may be necessary to perfect the claim, with reasons therefor, and (4) the procedure for reviewing the denial of the claim, including a description of the time

limits applicable to the Plan's review procedures and a statement of the Claimant's right to bring a legal action following an adverse benefit determination on review.

(c) Appeal Procedure. In the case of an adverse benefit determination, the Claimant or his representative shall have the opportunity to appeal to the Committee for review provided the Claimant submits a proper written application for appeal within 90 days of receipt of the notification of the adverse benefit determination. Failure to submit a proper application for appeal within such 90 day period will cause such claim to be permanently denied. The Claimant shall have a right to: (1) review all pertinent documents and submit comments in writing, and (2) receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits. The Committee's review shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

(d) Decision on Appeal. No later than 60 days after its receipt of the request for review, the Committee shall render a decision in writing. If special circumstances require extension, and upon prior written notice to the claimant, the Committee's decision may be given within 120 days after receipt of the request for review. In the case of an adverse benefit determination on appeal, the written notice shall include: (1) the specific reason or reasons for the adverse determination, (2) the specific reference to the Plan provision(s) on which the denial is based, (3) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the claim, and (4) a statement of the Claimant's right to bring a legal action.

(e) Litigation. In order to operate and administer the claims procedure in a timely and efficient manner, any Participant or Beneficiary whose appeal with respect to a claim for benefits has been denied, and who desires to commence a legal action with respect to such claim, must commence such action in a court of competent jurisdiction within 90 days of receipt of notification of such denial. Failure to file such action by the prescribed time will forever bar the commencement of such action.

Section 12.11 Indemnification. The Company and Designated Subsidiaries shall, to the full extent permitted by law, indemnify and hold harmless each member of the Committee and each other director, officer or employee of the Company or of a Designated Subsidiary acting as a "fiduciary" of the Plan, as defined in section 3(21) of ERISA or any corresponding provisions of successor laws, against any liability or loss, including, without limitation, attorneys' fees and other expenses, excise taxes, judgments, fines and amounts paid in settlement, reasonably incurred by such "fiduciary" in connection with any claim (or actions or proceedings in respect thereof) arising out of or based upon an alleged breach of fiduciary duty, provided that he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Plan and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful, and further provided that the "fiduciary" shall have taken the steps required under any applicable insurance policy to preserve the coverage afforded by such insurance with respect to such liability or loss. If any action is brought against a "fiduciary" in respect of which indemnity may be sought against the Company or a Designated Subsidiary he shall promptly notify the Company in writing of the institution of such action, and the Company

shall assume the defense of such action, including the employment of counsel and payment of expenses, to the extent that the same is not assumed by the insurance company. The “fiduciary” shall bear the fees and expenses of any additional counsel retained by him.

ARTICLE XIII.
AMENDMENT AND TERMINATION

Section 13.1 Amendment. The Plan may be amended at anytime and from time to time by the Board of Directors or its properly authorized delegate. In addition, the Retirement/Benefits Committee shall have the right to amend this Plan in whole or in part at any time and from time to time, provided that any such amendment shall not materially increase the cost of the Plan. Any amendment may be made retroactively effective. No amendment shall divest any vested interest of any Participant or Beneficiary, and no amendment shall be effective unless the Plan continues to be for the exclusive benefit of the Participants and their Beneficiaries. In addition, no amendment shall decrease any Participant’s vested interest, eliminate or reduce any benefit subsidy or early retirement benefit, or eliminate any optional form of benefit except in accordance with sections 411(d)(6) and 412(c)(8) of the Code.

Section 13.2 Termination or Partial Termination. While the Employer intends to continue the Plan indefinitely, it reserves the right to terminate or partially terminate the Plan at any time as to its Employees. If the Plan is terminated or partially terminated, or the Employer ceases completely to make contributions hereunder, all amounts then standing to the credit of the Accounts of the Participants affected by such termination or partial termination and who are then employed by the Employer shall immediately vest and be nonforfeitable and the Fund shall continue to be held for distribution as provided in Article VIII or in the case of a complete termination, shall be distributed as soon as administratively feasible after such termination; provided that the Employer has not established or does not maintain another defined contribution plan (other than an employee stock ownership plan as defined in section 4975(e)(7) of the Code) that constitutes a “successor plan” within the meaning of Treas. Reg. § 1.401(k)-1(d)(3), or other applicable authority.

ARTICLE XIV.
VETERANS’ REEMPLOYMENT RIGHTS

Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to Qualified Military Service will be provided in accordance with section 414(u) of the Code as summarized below:

Section 14.1 Crediting Service.

(a) An Employee reemployed by the Employer in accordance with Chapter 43 of Title 38 of the United States Code shall be treated as not having incurred a Break In Service with the Employer by reason of such Employee’s period of Qualified Military Service.

(b) Upon reemployment by the Employer in accordance with Chapter 43 of Title 38 of the United States Code, an Employee’s period of Qualified Military Service shall be deemed service with the Employer for purposes of determining the vested percentage of the Employee’s Account.

Section 14.2 Basic 401(k) Contributions and Catch-Up Contributions.

(a) Any Employee who has performed Qualified Military Service and who is entitled to the benefits of Chapter 43 of Title 38 of the United States Code shall be permitted to make additional Basic 401(k) Contributions and Catch-Up Contributions, if applicable, under the Plan during the period which begins on the Employee's reemployment date with the Employer and has the same length as the lesser of:

(i) the product of 3 and the period of Qualified Military Service which resulted in such rights; and

(ii) 5 years.

(b) Notwithstanding any provision of this Plan to the contrary, the maximum amount of Basic 401(k) Contributions and Catch-Up Contributions that an Employee shall be permitted to make pursuant to the preceding subsection shall be the amount of Basic 401(k) Contributions and Catch-Up Contributions that the Employee would have been permitted to make under the Plan in accordance with the limitations of sections 402(g), 404(a), 414(v) and 415 of the Code during the period of Qualified Military Service if the Employee had continued to be employed by the Employer during such period and had received compensation in accordance with Section 14.4 below. The amount of Basic 401(k) Contributions and Catch-Up Contributions determined under the preceding sentence shall be reduced by any Basic 401(k) Contributions and Catch-Up Contributions actually made by the Employee to the Plan during the period of Qualified Military Service.

Section 14.3 Matching Contributions. The Employer shall make Matching Contributions with respect to any Basic 401(k) Contributions made by an Employee pursuant to the preceding subsection which would have been required had such Basic 401(k) Contributions actually been made during the period of such Employee's Qualified Military Service.

Section 14.4 Defined Contributions. The Employer shall make Defined Contributions to an eligible Employee which would have been required during the period of such Employee's Qualified Military Service.

Section 14.5 Compensation. An Employee who is in Qualified Military Service shall be treated as receiving compensation from the Employer during such period of Qualified Military Service equal to:

(a) the Compensation the Employee would have received during such period if the Employee were not in Qualified Military Service, determined based on the rate of pay the Employee would have received from the Employer but for absence during the period of Qualified Military Service; or

(b) if the Compensation the Employee would have received during such period was not reasonably certain, the Employee's average compensation from the Employer during the 12-month period immediately preceding the Qualified Military Service (or, if shorter, the period of employment immediately preceding the Qualified Military Service).

Section 14.6 Qualified Military Service. For purposes of the Plan, the term “Qualified Military Service” means any service in the “uniformed services” (as defined in Chapter 43 of Title 38 of the United States Code) by any Employee if such Employee is entitled to reemployment rights under such Chapter with respect to such service.

Section 14.7 Earnings and Forfeitures. Nothing in this Article XIV shall be construed as requiring any crediting of earnings to an Employee with respect to any contribution before such contribution is actually made.

Section 14.8 Deemed Reemployment Upon Death. Effective January 1, 2010, for purposes of receiving benefits under this Article XIV, a Participant who dies while in Qualified Military Service shall be deemed to have (1) been reemployed on the day immediately preceding the Participant’s date of death and (2) subsequently terminated employment on his date of death.

ARTICLE XV. MISCELLANEOUS

Section 15.1 Merger, Consolidation or Transfer of Assets or Liabilities. The Board of Directors or its properly authorized delegate may merge or consolidate the Plan with any other defined contribution plan qualified under section 401(a) of the Code, or transfer Plan assets or liabilities to any other defined contribution pension plan qualified under section 401(a) of the Code; provided that the amounts standing to the credit of each Participant’s Account immediately after any such merger, consolidation or transfer of assets or liabilities shall be at least equal to the amounts standing to the credit of the Participant’s Account immediately before such merger, consolidation or transfer.

Section 15.2 Limited Purpose of Plan. The establishment or existence of the Plan shall not confer upon any employee the right to be continued as an Employee. The Employer expressly reserves the right to discharge any Employee whenever in its judgment its best interests so require.

Section 15.3 Non-alienation. No benefit payable under the Plan shall be subject in any manner to anticipation, assignment, or voluntary or involuntary alienation. This Section shall not preclude the Trustee from complying with the terms of a qualified domestic relations order as defined in section 414(p) of the Code.

Section 15.4 Facility of Payment. If the Committee, in its sole discretion, deems a Participant or Beneficiary who is entitled to receive any payment hereunder to be incompetent to receive the same by reason of age, illness or any infirmity or incapacity of any kind, the Committee may direct the Trustee to apply such payment directly for the benefit of such person, or to make payment to any person selected by the Committee to disburse the same for the benefit of the Participant or Beneficiary. Payments made pursuant to this Section shall operate as a discharge, to the extent thereof, of all liabilities of the Employer, the Committee, the Trustee, and the Fund to the person for whose benefit the payments are made.

Section 15.5 Impossibility of Diversion. All Plan assets shall be held as part of the Fund, until paid to satisfy allowable Plan expenses or to provide benefits to Participants or their Beneficiaries. It shall be impossible, unless Section 3.11 or Section 15.3 applies, for any part of

the Fund to be used for, or diverted to, purposes other than the exclusive benefit of the Participants or their Beneficiaries or the payment of the reasonable expenses of the administration of the Plan.

Section 15.6 Unclaimed Benefits. If a Participant or Beneficiary to whom a benefit is payable under the Plan cannot be located following a reasonable effort to do so by the Committee, such benefit shall be forfeited but will be reinstated if a claim therefor is filed by the Participant or Beneficiary.

Section 15.7 Construction. The masculine gender includes the feminine and the singular includes the plural, unless the context clearly indicates otherwise.

Section 15.8 Governing Law. Except to the extent such laws are superseded by ERISA, the laws of the State of New Jersey shall govern.

Section 15.9 Contingent Effectiveness of Plan Amendment and Restatement. The effectiveness of the Plan as amended and restated, including but not limited to the contributions made by the Employer, shall be subject to and contingent upon a determination by the District Director of Internal Revenue that the Plan and Trust continue to be qualified under the applicable provisions of the Code. If the District Director determines that the amendment and restatement adversely affects the qualified status of the Plan or the tax-exempt status of the Fund, then, upon notice to the Trustee, the Board of Directors or its properly authorized delegate shall have the right further to amend the Plan or to rescind the amendment and restatement.

Section 15.10 Electronic or Telephonic Means. Notwithstanding any provisions of this Plan to the contrary, salary reduction agreements and suspensions or changes thereto, investment elections, changes or transfers, loans, withdrawal decisions and any other election by any Participant under this Plan may be made by electronic or telephonic means that are not otherwise prohibited by law and that are in accordance with procedures and/or systems approved or arranged by the Committee.

To record the adoption of the Plan, American Water Works Company, Inc. has caused its authorized officer to affix its corporate name and seal this 19th day of December, 2011.

[CORPORATE SEAL]

AMERICAN WATER WORKS COMPANY, INC.

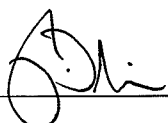
By:  R.D. SIEVERS
 CHAIRMAN, RETIREMENT/BENEFITS
 COMMITTEE

EXHIBIT A**LIST OF DESIGNATED SUBSIDIARIES**

- American Water Works Company, Inc.
 - American Water Enterprises, Inc.
 - AAET, L.P.
 - EA2 Systems L.C.
 - American Water Operations and Maintenance, Inc.
 - American Water Services CDM, Inc.
 - Environmental Management Corporation (effective June 1, 2010)
 - American Water Resources, Inc.
 - American Water Works Service Company, Inc.
 - Applied Water Management, Inc.
 - Arizona-American Water Company
 - California-American Water Company
 - Hawaii American Water Company
 - Illinois-American Water Company
 - Indiana-American Water Company, Inc.
 - Iowa-American Water Company
 - Kentucky-American Water Company
 - Long Island Water Corporation
 - Maryland-American Water Company
 - Michigan American Water Company
 - Missouri-American Water Company
 - New Jersey-American Water Company, Inc.
 - New Mexico-American Water Company, Inc.
 - Ohio-American Water Company
 - Pennsylvania-American Water Company
 - Tennessee-American Water Company
 - Virginia-American Water Company
 - West Virginia-American Water Company
 - Bluefield Valley Water Works Company



EXHIBIT B

**2010 GRANDFATHERED EMPLOYEES
OF
AMERICAN WATER ENTERPRISES, INC.
UNDER PLAN SECTION 3.2**

The following individuals shall be grandfathered non-union employees of American Water Enterprises, Inc. under Section 3.2:

Donald L. Nold

Adam R. McDonough

Joseph P. Faley

EXHIBIT C**2012 NON-UNION TRANSFERRED EMPLOYEES
UNDER SECTION 3.3
(TRANSFERRED FROM AMERICAN WATER SERVICE COMPANY, INC. TO
AMERICAN WATER ENTERPRISES, INC.)**

The following individuals shall be 2012 non-union transferred employees under Section 3.3 (transferred from American Water Service Company, Inc. to American Water Enterprises, Inc.):

Allen, Maria M.
Clark, William M.
Coridon, Frederique C.
Coyne, Bernadette M.
Currie, Richard K.
Guinan, Mary Katherine
Kehoe Jr., Edward
Little, Joy A.
McGregor, Mary A.
Owens, Marian J.
Rogers, Claudia J.
Ryan, Erik W.
Shah, Dipika Y.
Sheikh, Aisha
Shinn, Donna L.
Shockley, Barbara
Smith, Colleen
Wolk, Jennifer A.

11312407.4 (OGLETREE)



AMERICAN WATER

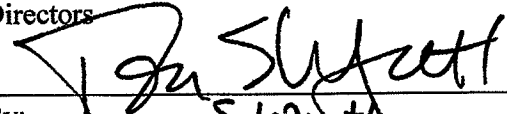
**AMENDMENT 2010-1
TO THE
AMERICAN WATER WORKS COMPANY, INC.
AND ITS DESIGNATED SUBSIDIARIES
NONQUALIFIED EMPLOYEE STOCK PURCHASE PLAN**

Pursuant to the authority reserved to the American Water Works Company, Inc. Board of Directors (the "Board") under Section 5.06 of the American Water Works Company, Inc. and Its Designated Subsidiaries Nonqualified Employee Stock Purchase Plan (the "Plan"), the Board hereby amends the Plan as follows:

1. Effective for the first Purchase Period (as defined in the Plan) that commences after January 2011, and each Purchase Period thereafter, Section 1.09(b) of the Plan is hereby amended to delete clause (iii), and to renumber clauses (iv) and (v) as (iii) and (iv), respectively.
2. In all respects not modified by this Amendment 2010-1, the Plan is hereby ratified and confirmed.

IN WITNESS WHEREOF, and as evidence of the adoption of this Amendment 2010-1 to the Plan set forth herein, the Board has caused this instrument to be executed this 8th day of February, 2011.

American Water Works Company, Inc. Board of Directors


By: Thomas S. Wyatt
Asst. Secretary

EX-10.15 4 dex1015.htm NONQUALIFIED EMPLOYEE STOCK PURCHASE PLAN

Exhibit 10.15

**AMERICAN WATER WORKS COMPANY, INC.
AND ITS DESIGNATED SUBSIDIARIES
NONQUALIFIED EMPLOYEE STOCK PURCHASE PLAN**

**AMERICAN WATER WORKS COMPANY, INC.
AND ITS DESIGNATED SUBSIDIARIES
NONQUALIFIED EMPLOYEE STOCK PURCHASE PLAN**

The purpose of this American Water Works Company, Inc. and Its Designated Subsidiaries Nonqualified Employee Stock Purchase Plan ("Plan"), which was originally adopted on November 17, 2007, and is hereby amended and restated as of March 31, 2008, is to provide Eligible Employees of the American Water Works Company, Inc. ("AWW") and its Subsidiaries an opportunity to purchase Stock of AWW. The Board of Directors of AWW believes that employee stock ownership will benefit both the employees and AWW's shareholders. The Plan is not intended to qualify as an "Employee Stock Purchase Plan," as set forth in section 423 of the Code.

**ARTICLE I
DEFINITIONS**

Section 1.01 "*Applicable Holding Period*" means, subject to Section 5.05 below, the six (6) month period following the Purchase Date during which a Participant is required to hold any shares of Stock purchased on his or her behalf pursuant to the Plan; provided, however, in the event of a Participant's death, the Applicable Holding Period shall be deemed satisfied as of the Participant's date of death.

Section 1.02 "*AWW*" means American Water Works Company, Inc.

Section 1.03 "*Board of Directors*" means the Board of Directors of AWW.

Section 1.04 "*Code*" means the Internal Revenue Code of 1986, as amended.

Section 1.05 "*Committee*" means the committee appointed by the Board of Directors to administer the Plan, as provided in Section 5.04 below.

Section 1.06 "*Compensation*" means a Participant's base wages, exclusive of overtime pay, commissions, bonuses, premium pay, shift differential pay, any compensation reductions made in connection with plans described in sections 401(k), 125 or 132(f)(4) of the Code, and any other extraordinary remuneration, as determined by the Committee in its sole and absolute discretion.

Section 1.07 "*Effective Date*" shall mean the later of January 1, 2008 or the date on which the Plan is legally adopted.

Section 1.08 "*Election Date*" means the first day of the month of each calendar quarter or such other dates as the Committee shall specify. The first Election Date for the Plan shall be the Effective Date.

Section 1.09 "*Eligible Employee*"

- (a) Subject to Section 1.09(b) and Section 1.09(c) below, the term "Eligible Employee" includes each employee, including a part-time employee, of the Employer.
- (b) Notwithstanding Section 1.09(a) above, the term "Eligible Employee" shall not include:
 - (i) an employee who is classified by the Committee, in its sole and absolute discretion, as a temporary employee or leased employee,

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- (ii) with respect to any Purchase Period, an employee who terminates employment, dies or is determined to be disabled prior to the applicable Purchase Date;
 - (iii) an employee who is a member of a collective bargaining unit,
 - (iv) unless the Committee specifically designates otherwise as set forth in Section 1.21 below, an employee who is employed by a non-U.S. subsidiary; or
 - (v) an employee who owns stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Employer, which shall be determined by applying rules consistent with those reflected in section 423(b)(3) of the Code, which would otherwise apply if the Plan were intended to be a qualified employee stock purchase plan.
- (c) Notwithstanding anything herein to the contrary, if an employee's status changes during the Purchase Period, but such change in status is not otherwise discovered or brought to the attention of the Committee within a reasonable period prior to any Purchase Date, the Committee, in its sole and absolute discretion, may deem such individual to be an Eligible Employee despite the exclusions described in this Section 1.09.

Section 1.10 "*Employer*" means AWW and each Subsidiary.

Section 1.11 "*Market Value*" means the last price for the Stock as reported on New York Stock Exchange for the date of reference. If there was no such price reported for the date of reference, "*Market Value*" means the last reported price for the Stock on the day immediately preceding the date of reference for which such price was reported or, if there was no such reported price, the fair market value of a share of Stock as determined by the Committee.

Section 1.12 "*Maximum Deduction Amount*" means, unless otherwise adjusted by the Committee, the lesser of:

- (a) 10% of each payment of Compensation paid to, or on behalf, of a Participant during a Purchase Period, or
- (b) \$25,000 per Plan Year.

Section 1.13 "*Participant*" means each Eligible Employee who:

- (a) elects to participate in the Plan in accordance with Article II;
- (b) acknowledges and agrees to abide by the Applicable Holding Period and
- (c) has not otherwise voluntarily elected to cease his or her participation in the Plan and has not otherwise requested and received all funds held on account of the Participant in the Plan.

Section 1.14 "*Plan*" means the American Water Works Company, Inc. and Its Designated Subsidiaries Nonqualified Employee Stock Purchase Plan, as set forth herein and as hereafter amended.

Section 1.15 "*Plan Year*" means each calendar year during which the Plan is in effect.

Section 1.16 "*Purchase Agreement*" means the instrument prescribed by the Committee pursuant to which an Eligible Employee may enroll as a Participant and subscribe for the purchase of shares of Stock on the terms and conditions offered by AWW. The Purchase Agreement is intended to evidence AWW's offer of an option to the Eligible Employee to purchase Stock on the terms and conditions set forth therein and herein; provided, however, in the event of a conflict between the Purchase Agreement and this Plan, the terms of the Plan shall control.

Section 1.17 "*Purchase Date*" means the last Trading Date of each Purchase Period.

Section 1.18 "*Purchase Period*" means each three (3) month period, or such other period specified by the Committee, beginning on or after the Effective Date, during which the Participant's Stock purchase is funded through payroll deduction accumulations (and, if applicable, contributions made pursuant to Section 2.05(c) below). The first Purchase Period shall begin on the Effective Date and continue until the last Trading Date of the calendar quarter next following the Effective Date. Unless the Committee determines otherwise, each subsequent Purchase Period, after the first Purchase Period, shall begin on the first day of the calendar quarter next following the preceding Purchase Date and continue until the last Trading Date of the calendar quarter in which such Purchase Period began.

Section 1.19 "*Purchase Price*" means the purchase price for shares of Stock purchased under the Plan, determined as set forth in Section 3.01 below.

Section 1.20 "*Stock*" means the common stock, par value of \$.01 per share, of AWW.

Section 1.21 "*Subsidiary*"

- (a) The term "Subsidiary" means any present or future corporation that:
 - (i) constitutes a "subsidiary corporation" of AWW as that term is defined in section 424 of the Code and
 - (ii) is designated as a participating entity in the Plan by the Committee.
- (b) Unless the Committee specifically designates otherwise, a non-U.S. subsidiary shall not be considered a Subsidiary for purposes of the Plan, and employees of such a subsidiary shall not be Eligible Employees.

Section 1.22 "*Trading Date*" means a day on which the New York Stock Exchange is open for trading.

ARTICLE II
PARTICIPATION

Section 2.01 *Initial Participation*. An Eligible Employee may elect to participate in the Plan by properly executing a Purchase Agreement and filing such Purchase Agreement with the Committee, or its delegate, at such time in advance of the Election Date as the Committee shall prescribe.

Section 2.02 *Continuation of Participation*.

- (a) The Purchase Agreement shall remain in effect until it is modified through discontinuance of participation under Section 2.03 below or otherwise changed under Section 2.05 below.
- (b) A Participant who is on a leave of absence approved by an Employer may continue to participate in the Plan during the leave of absence to the extent such Participant continues to receive Compensation, which is sufficient to satisfy the payroll deductions and any other legally required deductions or withholding obligations, as the Committee may determine in its sole and absolute discretion.

Section 2.03 *Discontinuance of Participation*.

- (a) To the extent legally permissible, a Participant may voluntarily cease his or her participation in the Plan and stop payroll deductions at any time by filing a notice of cessation of participation on such form and at such time in advance of the Purchase Date as the Committee shall prescribe. A Participant who ceases contributions during a Purchase Period may not make additional contributions to the Plan during the Purchase Period and may request payment of any funds held for the Participant under the Plan on such form and at such time in advance of the Purchase Date as the Committee shall prescribe. Any funds remaining in the Participant's account on the Purchase Date shall be used to purchase Stock pursuant to Section 3.04 below, if the Participant is then an Eligible Employee.
- (b) Notwithstanding subsection Section 2.03, if a Participant ceases to be an Eligible Employee, his or her participation in the Plan shall automatically cease and no further purchase of Stock shall be made for the Participant. Any funds held for the Participant under the Plan shall be distributed to the Participant.

Section 2.04 *Readmission to Participation*.

- (a) Any Eligible Employee who:
 - (i) was previously a Participant;
 - (ii) discontinued participation (whether by cessation of eligibility or otherwise); and

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- (iii) wishes to be reinstated as a Participant, may again become a Participant by executing and filing with the Committee a new Purchase Agreement.
 - (b) Reinstatement as a Participant shall be effective as of the next Election Date, provided the Participant is an Eligible Employee and the Participant files a new Purchase Agreement with the Committee at such time in advance of the Election Date as the Committee shall prescribe.

Section 2.05 *Payroll Deductions and Deposits.*

- (a) Each Participant shall authorize after-tax payroll deductions from his or her Compensation for the purpose of funding the purchase of Stock pursuant to his or her Purchase Agreement. In the Purchase Agreement, each Participant shall authorize the withholding of a percentage of each payment of Compensation during the Purchase Period, which shall be in one percent (1%) increments and, together with his or her contributions toward the purchase of Stock pursuant to subsection (c) below, may not exceed the Maximum Deduction Amount.
- (b) To the extent legally permissible, a Participant may change the deduction to any permissible level, as permitted by the Committee in its sole and absolute discretion, as of any time prior to an Election Date. A change shall be made by filing with the Committee a new Purchase Agreement, which shall become effective as soon as administratively practicable following receipt by the Committee or its delegate.
- (c) The Committee may allow Participants to deposit funds with AWW to be used for the purpose of purchasing Stock pursuant to their Purchase Agreements, in addition to payroll deductions pursuant to Section 2.05(a) above; provided, however:
 - (i) the total amount that a Participant may contribute to the Plan during a Purchase Period (through payroll deductions and deposits) may not exceed the Maximum Deduction Amount, and
 - (ii) the deposit of funds by a Participant will only be permitted if the Participant designates the timing and amount to be deposited on an executed Purchase Agreement that is filed with the Committee, or its delegate, at such time in advance of the Election Date as the Committee shall prescribe.

Section 2.06 *Participant Rights and Privileges.* Notwithstanding anything herein to the contrary, all Participants shall have the same rights and privileges within the meaning of Section 423(b)(5) of the Code.

ARTICLE III
STOCK PURCHASE AND DISTRIBUTION

Section 3.01 *Purchase Price of Shares.* Unless the Committee determines otherwise, the Purchase Price per share of the Stock to be sold to Participants under the Plan shall be the lesser of:

- (a) 90% of the Market Value of such share on the Purchase Date, or
- (b) 90% of the Market Value of such share on the first Trading Date of the Purchase Period.

Section 3.02 *Exercise of Purchase Privilege.*

- (a) As of the first day of each Purchase Period, each Participant shall be granted an option to purchase shares of Stock at the Purchase Price specified in Section 3.01 above. The option shall continue in effect through the Purchase Date for the Purchase Period. Subject to the provisions of Section 3.04 below, on each Purchase Date, the Participant shall automatically be deemed to have exercised his or her option to purchase shares of Stock, unless he or she notifies the Committee or its delegate, in such manner and at such time in advance of the Purchase Date as the Committee shall prescribe, of his or her desire to forfeit such option and subject to any restrictions that may be imposed by the Committee, to receive a refund of any outstanding amounts that have been deducted pursuant to the Participant's Purchase Agreement or contributed toward the purchase of Stock pursuant to Section 2.05(c) above.
- (b) Subject to the provisions of Section 3.02 above and Section 3.04 below, there shall be purchased for the Participant on each Purchase Date, at the Purchase Price for the Purchase Period, the largest number of shares of Stock, including fractional shares thereof, as can be purchased with the amounts deducted from the Participant's Compensation, or contributed toward the purchase of Stock pursuant to Section 2.05(c) above, during the Purchase Period.
- (c) Notwithstanding anything herein to the contrary, in the unlikely event or limited instances that any amounts that are attributable to a Participant's deductions or contributions remain after the purchase of shares of Stock on a Purchase Date, such amounts shall be returned to the Participant, in accordance with Section 3.04(c) below, as soon as administratively practicable.

Section 3.03 *Reservation of Shares.* There shall be two million (2,000,000) shares of Stock reserved for issuance or transfer under the Plan, subject to adjustment in accordance with Section 4.02 below; provided, however, the Board, acting in its sole and absolute discretion, may increase the number of shares of Stock available for issuance or transfer under the Plan, subject to adjustment in accordance with Section 4.02 below, of up to two million (2,000,000) shares of Stock annually. The aggregate number of shares of Stock that may be purchased under the Plan shall not exceed the number of shares of Stock reserved under the Plan.

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- (ii) issuing and delivering the number of shares of Stock purchased by Participants to a bank or trust company or affiliate thereof, as selected by the Committee from time to time, which shares may be held by such bank or trust company or affiliate in street name, but with a separate account maintained by such entity for each Participant reflecting such Participant's share interests in the Stock.
 - (c) Each account described in Section 3.06(b) above shall be in the name of the Participant.

Section 3.07 *Distribution of Shares or Resale of Stock.*

- (a) A Participant may request a distribution of shares of Stock purchased for the Participant under the Plan or order the sale of such shares following the Participant's satisfaction of the Applicable Holding Period, by making a request in such form and at such time as the Committee shall prescribe.
- (b) If a Participant terminates his or her employment with the Employer or otherwise ceases to be an Eligible Employee, following the Participant's satisfaction of the Applicable Holding Period, the Participant shall receive a distribution of his or her shares of Stock held in any shareholder account established pursuant to Section 3.06(b) above, which shall be effectuated by the Committee in a manner that it deems reasonable and appropriate, as determined by the Committee in its sole and absolute discretion, or, in lieu of the receipt of shares of Stock, the Participant may alternatively elect to instead have the shares of Stock sold, in accordance with such procedures as the Committee shall prescribe.
- (c) If a Participant is to receive a distribution of shares of Stock, or if shares are to be sold, the distribution or sale shall be made in shares of Stock. Any brokerage commissions resulting from a sale of Stock shall be deducted from amounts payable to the Participant.

ARTICLE IV
SPECIAL ADJUSTMENTS

Section 4.01 *Shares Unavailable.* If, on any Purchase Date, the aggregate funds available for the purchase of Stock would otherwise permit the purchase of a number of shares Stock in excess of the number then available for purchase under the Plan, the following adjustments shall be made:

- (a) The number of shares of Stock that would otherwise be purchased by each Participant shall be proportionately reduced on the Purchase Date in order to eliminate such excess; and
- (b) The Plan shall automatically terminate immediately after the Purchase Date as of which the supply of available shares is exhausted, unless the Board of Directors determines otherwise.

Section 4.02 *Anti-Dilution Provisions*. The aggregate number of shares of Stock reserved for purchase under the Plan, as provided in Section 3.03 above, the maximum number of shares that may be purchased by a Participant as provided in Section 3.04 above, and the calculation of the Purchase Price per share may be appropriately adjusted by the Committee to reflect any increase or decrease in the number of issued shares of Stock resulting from a subdivision or consolidation of shares or other capital adjustment, the payment of a stock dividend, or other increase or decrease in the shares, if effected without receipt of consideration by AWW.

Section 4.03 *Effect of Certain Transactions*. Subject to any required action by the shareholders, if AWW shall be the surviving corporation in any merger or consolidation, any offering hereunder shall continue to pertain to and apply to the shares of stock of AWW. However, in the event of a dissolution or liquidation of AWW, or a merger or consolidation in which AWW is not the surviving corporation, the Plan and any offering hereunder shall terminate upon the effective date of such dissolution, liquidation, merger or consolidation, unless the Board of Directors determines otherwise, and the balance of any amounts deducted from a Participant's Compensation (or deposited pursuant to Section 2.05(c) above) which have not by such time been applied to the purchase of Stock shall be returned to the Participant, as soon as reasonably practicable.

ARTICLE V MISCELLANEOUS

Section 5.01 *Non-Alienation*. Except as set forth below, the right to purchase shares of Stock under the Plan is personal to the Participant, is exercisable only by the Participant during the Participant's lifetime and may not be assigned or otherwise transferred by the Participant. If a Participant dies, unless the executor, administrator or other personal representative of the deceased Participant directs otherwise, any amounts previously deducted from the Participant's Compensation (or deposited pursuant to Section 2.05(c) above before the Participant's death) during the Purchase Period in which the Participant dies shall be used to purchase Stock on the Purchase Date for the Purchase Period. After that Purchase Date, there shall be delivered to the executor or administrator or other personal representative of the deceased Participant all shares of Stock and such residual amounts as may remain to the Participant's credit under the Plan.

Section 5.02 *Administrative Costs*. AWW shall pay the administrative expenses associated with the operation of the Plan (other than brokerage commissions resulting from sales of Stock directed by Participants).

Section 5.03 *No Interest*. No interest shall be payable with respect to amounts withheld or deposited under the Plan.

Section 5.04 *Committee*. The Board of Directors shall appoint the Committee, which shall have the express discretionary authority and power to administer the Plan and to make, adopt, construe, and enforce rules and regulations not inconsistent with the provisions of the Plan. The Committee shall adopt and prescribe the contents of all forms required in connection with the administration of the Plan, including, but not limited to, the Purchase Agreement, payroll deduction authorizations, requests for distribution of shares, and all other notices required hereunder. The Committee shall have the fullest discretion permissible under law in the discharge of its duties. The Committee's interpretations and decisions with respect to the Plan shall be final and conclusive.

Section 5.05 *Withholding of Taxes; Notification of Transfer*. All acquisitions and sales of Stock under the Plan shall be subject to applicable federal (including FICA), state and local tax withholding requirements if the Internal Revenue Service or other taxing authority requires such withholding. AWW may require that Participants pay to AWW (or make other arrangements satisfactory to AWW for the payment of) the amount of any Federal, state or local taxes that AWW is required to withhold with respect to the purchase of Stock or the sale of Stock acquired under the Plan, or instead deduct from the Participant's wages or other compensation the amount of any withholding taxes due with respect to the purchase of Stock or the sale of Stock acquired under the Plan.

Section 5.06 *Amendment of the Plan*. The Board of Directors may, at any time and from time to time, amend the Plan in any respect, except that any amendment that is required to be approved by the shareholders shall be submitted to the shareholders of AWW for approval.

Section 5.07 *Expiration and Termination of the Plan*. The Plan shall continue in effect for ten years from the Effective Date, unless terminated prior to that date pursuant to the provisions of the Plan or pursuant to action by the Board of Directors. The Board of Directors shall have the right to terminate the Plan at any time without prior notice to any Participant and without liability to any Participant. Upon the expiration or termination of the Plan, the balance, if any, then standing to the credit of each Participant from amounts deducted from the Participant's Compensation or deposited by the Participant which has not, by such time, been applied to the purchase of Stock shall be refunded to the Participant.

Section 5.08 *No Employment Rights*. Participation in the Plan shall not give an employee any right to continue in the employment of an Employer, and shall not affect the right of the Employer to terminate the employee's employment at any time, with or without cause.

Section 5.09 *Repurchase of Stock*. AWW shall not be required to purchase or repurchase from any Participant any of the shares of Stock that the Participant acquires under the Plan.

Section 5.10 *Notice*. A Purchase Agreement and any notice that a Participant files pursuant to the Plan shall be on a form prescribed by the Committee and shall be effective only when received by the Committee or its delegate. Delivery of such forms may be made by hand or by certified mail, sent postage prepaid, to AWW's Senior Vice President of Human Resources, or such other address as the Committee may designate. Delivery by any other mechanism shall be deemed effective at the option and discretion of the Committee.

Section 5.11 *Government Regulation*. AWW's obligation to sell and to deliver the Stock under the Plan is at all times subject to all approvals of any governmental authority required in connection with the authorization, issuance, sale or delivery of such Stock.

Section 5.12 *Internal Revenue Code and ERISA Considerations*. The Plan is neither intended to constitute an "employee stock purchase plan" within the meaning of section 423 of the Code nor intended to be construed as constituting an "employee benefit plan," within the meaning of section 3(3) of the Employee Retirement Income Security Act of 1974, as amended.

Section 5.13 *Headings, Captions, Gender*. The headings and captions herein are for convenience of reference only and shall not be considered as part of the text. The masculine shall include the feminine, and vice versa. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may read as the plural and the plural as the singular.

Section 5.14 *Severability of Provisions, Prevailing Law*. The provisions of the Plan shall be deemed severable. In the event any such provision is determined to be unlawful or unenforceable by a court of competent jurisdiction or by reason of a change in an applicable statute, the Plan shall continue to exist as though such provision had never been included therein (or, in the case of a change in an applicable statute, had been deleted as of the date of such change). The Plan shall be governed by the laws of the State of New Jersey to the extent such laws are not in conflict with, or superseded by, federal law.

RESOLUTIONS OF THE
COMMITTEE FOR THE
AMERICAN WATER WORKS COMPANY, INC. AND
ITS DESIGNATED SUBSIDIARIES
NONQUALIFIED EMPLOYEE STOCK PURCHASE PLAN

WHEREAS, the Board of Directors (the "Board") of American Water Works Company, Inc. (the "Company") previously adopted the American Water Works Company, Inc. and Its Designated Subsidiaries Nonqualified Employee Stock Purchase Plan (the "Plan");

WHEREAS, the Board, pursuant to the authority in Section 5.04 of the Plan, previously appointed the Committee (the "Committee") to administer the Plan;

WHEREAS, Section 5.04 of the Plan provides that the Committee has the express discretionary authority and power to administer the Plan and to make, adopt, construe, and enforce rules and regulations non inconsistent with the Plan provisions;

WHEREAS, pursuant to its authority, the Committee previously established the following enrollment periods during which a participant may enroll and elect to contribute for the upcoming purchase period and/or change their contribution amount for the upcoming purchase period (each, an "Enrollment Period"):

Enrollment Period		
February 12	to	February 27
May 12	to	May 27
August 12	to	August 27
November 12	to	November 27

WHEREAS, for administrative reasons, the Committee desires to change the Enrollment Period dates to the 5th to the 20th of each Enrollment Period;


WHEREAS, the undersigned, being all of the members of the Committee do hereby consent to and approve in all respects the adoption of the following resolution and each and every action affected thereby;

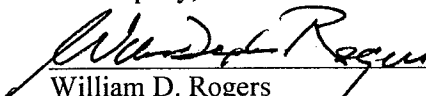
NOW, THEREFORE, IT BE RESOLVED, that effective as soon as administratively possible, the Enrollment Period dates will be as follows:

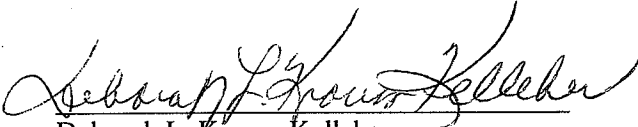
Enrollment Period		
February 5	to	February 20
May 5	to	May 20
August 5	to	August 20
November 5	to	November 20

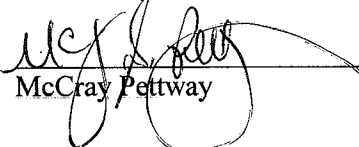
IN WITNESS WHEREOF, effective as of 3-29-13, we have executed this Resolution, or an original counterpart hereof, (each of which shall be deemed as originals).

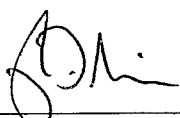
Retirement/Benefits Committee of American Water Works Company, Inc.


James F. Sheridan


William D. Rogers


Deborah L. Krauss-Kelleher


McCray Pettway


Robert D. Sievers

**GROUP INSURANCE PLAN
FOR RETIRED EMPLOYEES OF
AMERICAN WATER WORKS CO., INC.
AND ITS DESIGNATED SUBSIDIARIES AND AFFILIATES**

(Established Effective as of January 1, 2014)

Any statements regarding tax matters made herein, including any attachments, cannot be relied upon by any person to avoid tax penalties and are not intended to be used or referred to in any marketing or promotional materials. To the extent this communication contains a tax statement or tax advice, Littler Mendelson, P.C. does not and will not impose any limitation on disclosure of the tax treatment or tax structure of any transactions to which such tax statement or tax advice relates.

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APPENDIX A. BENEFIT PROGRAMS

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**GROUP INSURANCE PLAN
FOR RETIRED EMPLOYEES OF
AMERICAN WATER WORKS CO., INC.
AND ITS DESIGNATED SUBSIDIARIES AND AFFILIATES
(Established Effective January 1, 2014)**

INTRODUCTION

American Water Works Co., Inc. (the "Company") hereby establishes the Group Insurance Plan for Retired Employees of American Water Works Co., Inc. and Its Designated Subsidiaries and Affiliates (the "Plan"), effective January 1, 2014. The Plan results from the spin-off of retired employees and their eligible dependents from the Group Insurance Plan for Active Employees of American Water Works Co., Inc. and Its Designated Subsidiaries and Affiliates as of the Effective Date.

The purpose of the Plan is to offer eligible Retired Employees, their Spouse and their Dependents an opportunity to obtain certain medical, prescription drug, dental, life insurance and other welfare benefits. Benefits are provided under the Plan through a number of Benefit Programs. The separate Benefit Programs that are consolidated into the Plan are listed in Appendix A. Separate Program Documents which describe the specific benefits provided by each Benefit Program, the individuals covered by each Benefit Program, and the other terms and conditions of each Benefit Program, as amended from time to time, are incorporated herein by this reference.

The Company maintains the Plan for the exclusive benefit of its eligible Retirees, their Spouses and Dependents. The Plan is to be administered and interpreted in a manner consistent with the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations issued thereunder. Nothing in this Plan document, however, will subject any Benefit Program to ERISA if the Benefit Program would not otherwise be covered by ERISA.

**ARTICLE 1.
DEFINITIONS**

Whenever used in the Plan, the following words and phrases will have the respective meanings specified in this article unless the context plainly requires a different meaning, and when the defined meaning is intended the term will be capitalized in the Plan.

- 1.1 **Active Employee** means an Employee who is eligible for coverage under the Active Employee Plan.
- 1.2 **Active Employee Plan** means the Group Insurance Plan for Active Employees of American Water Works Co., Inc. and Its Designated Subsidiaries and Affiliates.
- 1.3 **Administrator** means the Vice President of Human Resources of the Company, or if otherwise provided by the Board of Directors of the Company, or the Compensation Committee if so authorized by the Board, the Committee or such other entity or individual designated from time to time to supervise the administration of the Plan in accordance with Article 6. The Administrator shall be the administrator of the Plan within the meaning of ERISA Section 3(16)(A), and thus shall be a "named fiduciary" in accordance with ERISA.

- 1.4 **Affiliate** means any corporation or other business entity that is (a) a member of a controlled group of corporations (within the meaning of Code Section 414(b)) of which the Company is also a member; (b) a trade or business under common control with the Company, within the meaning of Code Section 414(c); (c) a member of an affiliated service group (within the meaning of Code Section 414(m)) of which the Company is also a member; or (d) required to be aggregated with the Company pursuant to regulations issued under Code Section 414(o); or (e) any other corporation or entity if it and the Company are considered a single employer pursuant to ERISA Section 3(40)(B).
- 1.5 **Benefit Program** means a separate welfare plan program that is sponsored by an Employer, as amended from time to time in the sole discretion of the Company, and that is listed in Appendix A, forms a component of the Plan and is incorporated herein by this reference. A Benefit Program will also include the Cafeteria Program, the terms and conditions of which are specified herein. A Benefit Program may be governed in whole or in part by a collective bargaining agreement to the extent such agreement provides for welfare benefits covered by a Benefit Program. The Administrator will maintain records as to the particular Benefit Programs from time to time forming part of the Plan. The Company shall have the sole discretion and authority, at any time and without prior notice to Participants, to add, delete or change any Benefit Program or to change any provider of benefits or administrative services with respect to any Benefit Program except as may be otherwise be provided or required by an applicable collective bargaining agreement.
- 1.6 **Certificate of Creditable Coverage** means a written certification of the period of continuous creditable coverage of an individual under a qualifying health plan.
- 1.7 **Claims Administrator** or **Claims Fiduciary** means an insurance company or other party that has contracted with an Employer to provide administration services to a Benefit Program or is responsible for determining whether a particular claim is covered by such Benefit Program. If no other individual or entity is designated for a Benefit Program, the Administrator will be the Claims Administrator.
- 1.8 **COBRA** means the coverage rights conferred by Code Section 4980B, *et seq.*, and ERISA Section 601, *et seq.* (as such statutes were created by Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, and amended thereafter), and the applicable regulations issued and effective thereunder.
- 1.9 **Code** means the Internal Revenue Code of 1986, as amended from time to time, and applicable regulations issued and effective thereunder.
- 1.10 **Committee** means the Retirement and Benefit Plans Investment Committee or other committee appointed in accordance with Section 6.1.
- 1.11 **Company** means American Water Works Co., Inc. and any successor or assign thereof which adopts the Plan by action of its governing body or that contractually assumes the obligations of the Company under the Plan.
- 1.12 **Dependent** means the Participant's Spouse and any other individual who is a dependent under an applicable Program Document.
- 1.13 **Effective Date** means January 1, 2014.
- 1.14 **Election** means such method or form as the Administrator may prescribe or approve from time to time for the purpose of enrolling in the Plan or changing or revoking an election. An Election may be

in written, electronic, telephonic or any other method or form. To be effective, an Election must be timely completed and filed with the Administrator.

- 1.15 **Employee** means an individual who is treated as a regular employee of an Employer (a) who is paid a salary, wages or other compensation by an Employer; (b) who is considered by an Employer to be an employee at the time of the payment of such salary, wages or other compensation; and (c) whose salary, wages or other compensation is treated by an Employer at the time of such payment as being subject to statutorily required payroll tax withholding, such as withholding of federal or state income or withholding of the employee's share of social security tax.

All other individuals will not be included within the definition of "Employee," even if one or more of such other individuals is determined by a court, the Internal Revenue Service or any other entity under any federal or state law, rule or regulation to be (or have been) a common law or statutory employee of an Employer for some or all of the period of time in question. Without limiting who is excluded, the following individuals are expressly excluded from the definition of the term "Employee":

- (a) any nonresident alien employee;
- (b) any individual who is performing services for an Employer under an independent contractor or consultant agreement or arrangement with an Employer.
- (c) any individual who is treated as a leased employee
- (d) any individual covered by a collective bargaining agreement that does not provide for coverage under the Plan, provided that the type of benefits provided under the Plan was the subject of good faith bargaining between the individual's bargaining representative and an Employer;
- (e) any individual classified by an Employer as a temporary or contract employee;
- (f) any individual providing services to the Employer pursuant to an agreement between the Employer and a third party; or
- (g) a person who performs services for an Employer but who is treated for payroll purposes as other than an Employee of the Employer

- 1.16 **Employer** means the Company and any Affiliate that, with the consent of the Company, adopts one or more of the Benefit Programs under the Plan by resolution of its Board of Directors or its delegate. A list of Affiliates who are "Employers" for purposes of this Plan is contained in Appendix B.

- 1.17 **ERISA** means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations issued and effective thereunder.

- 1.18 **HIPAA** means the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, and the applicable regulations issued and effective thereunder.

- 1.19 **Participant** means a Retiree who participates in a Benefit Program.

- 1.20 **Pension Plan** means the Pension Plan for Employees of American Water Works Co., Inc. and Its Designated Subsidiaries.

- 1.21 **Plan** means the Group Insurance Plan for Retired Employees of American Water Works Co., Inc. and Its Designated Subsidiaries and Affiliates.
- 1.22 **Plan Year** means the calendar year, consisting of the 12-consecutive-month period commencing on January 1 and ending on the next following December 31.
- 1.23 **Program Document** means the written description of the terms of each separate Benefit Program, including but not limited to a summary plan description (including any summaries of material modifications thereto), schedule of benefits, benefits booklet, Summary of Coverage or Insurance Company contract or certificate.
- 1.24 **Retired Employee** or **Retiree** means a former Active Employee who is eligible for coverage under the Plan.
- 1.25 **Spouse** means the legal husband or wife of an individual pursuant to the Code, including Code Section 21(e), of a current or former eligible Employee. An individual legally separated from the Participant under a decree of divorce or of separate maintenance shall not be considered a Spouse. Effective September 16, 2013, "Spouse" shall include an individual who was legally married to a Participant of the same sex in a state that recognizes such marriages, but who is domiciled in a state that does not recognize such marriages. For purposes of this definition, "state" means any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, Wake Island, the Northern Mariana Islands, any other territory or possession of the United States, and any foreign jurisdiction having the legal authority to sanction marriages. "Spouse" does not include an individual in a formal relationship with a Participant that is recognized by a state but is not denominated a marriage under the law of such state, such as a domestic partnership or a civil union, regardless of whether the individuals in such relationship are of the opposite sex or same sex, except to the extent coverage for such person is available under a Benefit Program.
- 1.26 **Trust** means the Trust(s) listed in Appendix C.

ARTICLE 2. BENEFITS UNDER PLAN

- 2.1 **Benefit Programs.** The Plan consolidates a broad range of welfare plan benefits. Benefits are provided to Participants and their respective beneficiaries through one or more Benefit Programs sponsored or maintained by one or more of the Employers, which may include (but are not limited to) one or more of the following benefit programs: medical, dental, life insurance, and other benefits or component plans as may be added from time to time.
- 2.2 **Funding Status of Benefit Programs.** Benefit Programs may be funded or unfunded, insured or self-insured, or a combination thereof, and may provide varying benefits to different groups of Retired Employees of the Employers and their respective covered Dependents. If a Benefit Program providing a specific type of health benefit (dental, prescription drugs) contains a specific exclusion, items or services subject to such specific exclusion will not be covered under a general health Benefit Program unless the general Benefit Program provides for a specific inclusion of such item or service.

If the Benefit Program is insured and there is a conflict between the specific terms of a Program Document and the terms of the Plan, the Program Document will control. For all other Benefit Programs, if there is a conflict between the specific terms of a Program Document and the terms of

the Plan, the Plan will control (unless contrary to applicable law), except that any terms exclusively applicable to a Benefit Program will be set forth in the applicable Program Document.

The Employer may contract with a third-party administrator, such as an insurance company or consultant, to administer self-insured Benefit Programs. In such event the Employer shall in its sole discretion determine the applicable monthly Retiree premium share for coverage of Participants and their eligible Dependents, benefits under the program shall be paid out of the Trust or, to the extent not payable from the Trust, from the Employer's or the Company's general assets, and Participants and eligible Dependents shall receive benefits under the Benefit Program as determined by the terms and restrictions set forth herein and in the separate document describing the Benefit Program as referenced in Appendix A and incorporated herein.

- 2.3 **Annual Reporting Requirements.** All Benefit Programs offered under the Plan will constitute a single plan for purposes of the annual reporting requirements of the Code and ERISA. The Administrator will issue or make available to each Participant at the conclusion of each Plan Year and on or before January 31 a statement of his or her reportable contributions under the Plan for such Plan Year.
- 2.4 **Applicability of Plan.** The Plan as set forth herein will apply only to eligible individuals on or after the Effective Date, except as otherwise specifically provided.
- 2.5 **Plan Operations.** The Administrator shall be the Company. The Administrator shall also be the named fiduciary within the meaning of ERISA Section 402.

ARTICLE 3. ELIGIBILITY AND PARTICIPATION

- 3.1 **Eligibility to Participate.** Retirees and their Dependents are eligible to participate in a Benefit Program as provided in the applicable Program Document.
- (a) **Eligibility for Retiree Plan.** Unless otherwise provided in the applicable Program Document, an Active Employee shall become eligible for the Retiree Plan upon satisfaction of the eligibility criteria established by the Administrator, as amended from time to time and incorporated herein by this reference, followed by either (1) retirement from the Employer and commencement of benefits under the Pension Plan; or (2) termination of employment with the Employer and completion of any COBRA continuation coverage period provided under an Employer-sponsored severance plan or agreement.
- (b) **Commencement of Participation.** A Retiree who is eligible to participate in a Benefit Program will become a Participant upon the later of—
- (1) meeting the eligibility and waiting requirements set forth in the applicable Program Document; and
 - (2) the date the Retiree appropriately and timely completes the enrollment process as determined by the Administrator; and
 - (3) except as specifically provided otherwise in an applicable Program Document, in no event will a Retiree be covered as both a Participant and Dependent or a Dependent

be covered as a Dependent of more than one Participant under the Plan or the Active Employee Plan.

Notwithstanding the foregoing, a nonresident alien who as an employee received no earned income from the Company or an Affiliate which constitutes income from sources within the United States is not eligible to participate in the Plan.

- (c) Dependent Participation. An eligible Retiree may enroll his or her eligible Dependent(s) for coverage under this Plan, in accordance with the terms of this Plan and the applicable Benefit Program listed in Appendix A. Unless required by any of the documents listed in Appendix A or as otherwise specifically set forth in the Plan (i.e., continuation coverage under COBRA), an eligible Dependent of a Participant shall only be eligible to participate in the same component program(s) as that(those) in which Participant is covered for the applicable Plan Year or portion thereof.
- (d) Spousal Participation. If Participant and his or her Spouse are both eligible Retirees, or one is an eligible Employee under the Active Employee Plan, each may enroll either individually as a Participant or as the eligible Dependent of the other, in each case in the applicable plan, but not as both. Only one of two individuals who are Spouses to each other may enroll their Dependent children.
- (e) Benefit Program Governs. To the extent any Program Document contains rules determining eligibility to participate and eligibility to receive benefits that conflict with this section and that do not provide for coverage of an eligible Retired Employee, the provision of the Program Document shall govern and such Retired Employee shall not be eligible for coverage under such Benefit Program.
- (f) Effective Date. The eligible Retiree may elect coverage to be effective as of the effective date listed in the applicable Program Document, in accordance with the procedures described in Article 4.

3.2 Pre-Existing Condition Exclusions and Limitation. There will be no pre-existing condition limitation except to the extent provided by a Benefit Program, and no benefits shall be paid for items and services furnished to an individual who is covered under this Plan in connection with a pre-existing condition during the period of time specified by the applicable Program Document, subject to this section. "Pre-existing condition" means any medical condition, regardless of the cause of the condition, for which medical advice, diagnosis, care or treatment was recommended or received by a licensed health care provider or practitioner during the period of time specified by the applicable Program Document or permitted by law that immediately precedes an individual's coverage under the applicable Benefit Program.

3.3 Termination of Participation.

- (a) Except as otherwise specifically provided herein or in the applicable Program Document, coverage for a Participant under a Benefit Program will terminate at such time as the Participant's coverage terminates when the first of the following events occurs:
 - (1) the Participant fails to meet the eligibility requirements;
 - (2) the Participant fails to complete, sign or return an effective Election;

- (3) the Participant dies;
 - (4) with respect to a Benefit Program, the Participant fails to pay any contributions required of him or her (unless delinquent contributions are brought current within 30 days of the date that they became delinquent);
 - (5) with respect to a Benefit Program, the Benefit Program is eliminated;
 - (6) a Participant is determined to have engaged in fraudulent activities with respect to the filing of benefit claims or to have an intentional misrepresentation of material fact prohibited by the Plan, provided the Participant is provided any required written notice of the rescission of coverage; or
 - (7) the Plan is terminated.
- (b) An eligible Dependent's coverage under a Benefit Program shall terminate on the dates described in subsection (a) as if the references to "Participant" were to read "eligible Dependent."
 - (c) Notwithstanding the foregoing, if a Participant and/or his or her covered Dependents are eligible for and elect COBRA continuation coverage in accordance with Article 8, participation will terminate at the end of the applicable COBRA continuation coverage period.

3.4 **Reinstatement of Former Participant.** Except as provided under COBRA (if available to a Retiree under this Plan), a Participant who ceases to be eligible under the Plan for any reason or whose participation terminates pursuant to Section 3.3 will not be eligible for reinstatement under any circumstances unless such Participant has satisfied the service, employee classification and other eligibility requirements for reinstatement specified by the Administrator.

ARTICLE 4. ELECTION PROCEDURES AND DEFAULT BENEFITS

4.1 **General Rule.**

- (a) **Open Enrollment.** Prior to the commencement of each Plan Year, the Administrator shall provide online or hardcopy enrollment materials (which shall include a compensation reduction agreement) and such other forms as may be needed to each Participant and to each other individual who is expected to become a Participant at the beginning of the Plan Year. The Election shall be effective as of the first day of the Plan Year and shall end on the last day of the Plan Year.
- (b) **Elected Coverage; Payment.** Each individual who desires one or more of the Benefit Programs for the Plan Year shall so specify on the Election and shall agree to a reduction in his or her compensation (which shall include all sources of payment from the Employer or any Employer-sponsored benefit plan). Subject to subsection (c), the amount of the reduction in the Participant's compensation for the Plan Year for the elected Benefits Programs shall equal the Participant's share of the cost of such Benefit Programs, deducted in the amounts and at such times as necessary during the period of such coverage, and to the extent necessary and permitted by applicable law, any later period. To the extent any such

compensation is not adequate to pay the Participant's share of the cost of the applicable Benefits Programs, the Participant shall remit the monthly balance as directed by the Administrator no later than the due date established by the Administrator, to be applied to the most costly elected coverage first. Failure to make timely payment shall result in termination of coverage of the Benefit Programs for which the cost remains unpaid or partially unpaid.

- (c) **Election Due Date.** Each Election must be completed and returned to the Administrator on or before such date as the Administrator shall specify.
 - (d) **Administrator Discretion.** The Administrator may establish such rules regarding Elections, the timing and amount of reductions in compensation, the allocation of compensation reduction amounts among the Benefit Programs, and the coverages available with respect to a Benefit Program as it deems necessary, desirable or consistent with the terms, provisions and purposes of the Plan. Except as otherwise provided in this article, all Elections shall be irrevocable during the Plan Year.
 - (e) **Irrevocability.** Except as otherwise provided, a Participant's election under the Plan is irrevocable for the duration of the Plan Year to which it relates. Unless an exception applies, the Participant may not change any elections for the duration of the applicable Plan Year regarding participation in this Plan or, the Participant's election of Benefit Programs.
 - (f) **Rejection of Election.** The Administrator may reject a Retiree's election at any time, even if the election has already become effective or may determine that some or all of a Retiree's contributions to the Plan shall be made on an after-tax basis, to the extent the Administrator, in its sole discretion, deems it necessary to ensure that the Plan does not discriminate in favor of key employees or highly compensated employees or individuals, to ensure that the Plan does not violate any other applicable law or as otherwise necessary to ensure that the Plan is operated in accordance with its terms.
- 4.2 **Initial Elections.** Before, or as soon as practicable after, an individual becomes eligible to participate in the Benefit Programs, the Administrator shall provide the enrollment materials referenced in Section 4.1 to the individual. If the individual desires one or more Benefit Programs for the balance of the Plan Year, the individual shall so specify on the Election on or before the date that is 31 days after becoming eligible to participate in the Plan (after receiving such enrollment materials), and shall agree to a reduction in his or her compensation as an Employee as provided in Section 4.1.
- 4.3 **Failure to Elect.** An individual's failure to complete, sign or return a completed Election to the Administrator under Section 4.1 or 4.2 on or before the specified due date for the Plan Year in which he or she is first eligible to become a Participant, or for any Plan Year that follows his initial Plan Year, shall constitute a waiver of his or her right to participate in the Benefit Programs. The Administrator shall establish procedures to determine when any such individual shall next be eligible to complete an Election and select a Benefit Program. Notwithstanding the foregoing, the Administrator, in its sole discretion, may establish default Elections, causing a Participant's previous Plan Year's Election to apply in the event he or she fails to complete, sign or return a completed Election for the applicable Plan Year.
- 4.4 **Election Change Due to Change in Status and Other Events.** Except as otherwise provided, an Election change pursuant to this section shall not be effective unless the change is communicated to the Administrator by the Participant in writing within 31 days of the date the Participant receives notice of the applicable event(s).

- (a) (1) A Participant may revoke an Election in writing for the balance of the Plan Year and, if desired, file a new Election in writing if both the revocation and the new election are (A) on a prospective basis, and (B) made on account of and consistent with a “change in status” considered by the Administrator to be appropriate under the applicable regulations and would allow the Participant to make a change in the coverage under the Benefit Programs.
- (2) The following events are “changes in status” for purposes of this subsection (a) if such events allow a Participant to make a change in coverage under the Benefit Programs:
- (A) events that change a Participant’s legal marital status, including marriage, death of a spouse, divorce, legal separation or annulment;
 - (B) events that change a Participant’s number of dependents (as defined in Code Section 152) including birth, adoption, placement for adoption (as defined in the Income Tax Regulations under Code Section 9801) or death of a dependent;
 - (C) subject to Section 3.4, any change to the employment status of a Participant, his or her spouse or his or her dependent resulting from a termination or commencement of employment, as well as any other change to the employment status of a Participant, his or her spouse or his or her dependent resulting in the individual’s becoming (or ceasing to be) eligible under a cafeteria plan or other employee benefit plan sponsored by such individual’s employer;
 - (D) an event that causes a Participant’s Dependent to satisfy or cease to satisfy eligibility requirements for coverage due to the attainment of age, student status or any similar circumstance; or
 - (E) a change in the place of residence of the Participant or his or her Dependent.
- (3) A Participant’s revocation of an Election during the Plan Year and new Election for the remainder of the Plan Year (referred to below as an “Election change”) is permissible, only if the Election change is on account of and corresponds with a change in status that affects eligibility under the Benefit Programs. A change in status that affects eligibility under the Benefit Programs includes a change in status that results in an increase or decrease in the number of a Participant’s family members or Dependents who may benefit from coverage under the plan.
- (A) If a change in status is (A) a Participant’s divorce, annulment or legal separation, (B) the death of a Dependent, or (C) a Dependent’s ceasing to be eligible for coverage, a Participant’s election under this Plan to cancel coverage under the health plan for any individual other than the spouse involved in the divorce, annulment or legal separation, the deceased spouse or dependent, or the dependent that ceased to satisfy the eligibility requirements for coverage, respectively, fails to correspond with that change in coverage.

- (B) If a Participant, his or her spouse or his or her dependent gains eligibility for coverage under a cafeteria plan or qualified benefit plan (i.e., an employee benefit plan governing the provision of one or more benefits that are qualified benefits under Code Section 125(f)) sponsored by the employer of the Participant's spouse or his or her dependent (a "family member plan") as a result of a change in marital status or employment status, a Participant's corresponding Election under this Plan to cease or decrease coverage for one or more individuals shall be permissible under this Section 4.4 only if coverage for such individuals becomes applicable or is increased under the family member plan.
- (4) An election change pursuant to a change in status, shall not be effective unless the change is communicated to the Administrator by the Participant in writing within 31 days of such change in status.
- (b) Special Enrollment. A Participant may revoke an election for health coverage during the Plan Year and make a new election that corresponds with the special enrollment rights provided under Code Section 9801(f) (relating to the special enrollment rules under the Health Insurance Portability and Accountability Act of 1996). An election change made on account of a special enrollment resulting from the birth, adoption or placement for adoption of a child may be retroactive to the date of the birth, adoption or placement.
- (c) Continuation Coverage. If a Participant or his or her Dependent becomes eligible for COBRA continuation coverage under the Employer's group health plan as provided in Code Section 4980B or any similar state law, the Participant may elect to increase payments under this Plan in order to pay for the continuation coverage.
- (d) Child Support Order. If a Participant's child (or a foster child who is a dependent of the Participant) becomes subject to a judgment, decree or order resulting from a divorce, legal separation, annulment or change in legal custody (including a qualified medical child support order ("QMCSO") as defined in ERISA Section 609) that requires health coverage for the child, the Administrator may—
- (1) automatically change the Participant's election to provide for coverage for the child under the accident or health Benefit Program if the order requires coverage under the Participant's accident or health Benefit Program; or
 - (2) permit the Participant to change his or her election to cancel coverage for the child if the order requires another individual to provide such coverage, and if such coverage is in fact provided.
- (e) Government Coverage. If a Participant or his or her Dependent who is enrolled in the Employer's accident or health Benefit Program becomes enrolled for coverage under Part A or Part B of Title XVIII of the Social Security Act (Medicare) or Title XIX of the Social Security Act (Medicaid), or a state child health plan under Title XXI of the Social Security Act (Children's Health Insurance Program or "CHIP") (other than coverage consisting solely of benefits for pediatric vaccines), the Participant may change his or her election with respect to the Employer's accident or health Benefit Program in order to cancel or reduce coverage for the Participant or his or her Dependent within 60 days of the date the Participant receives notice of such event, subject to the terms of the Benefit Program.

4.5 **Election Change Due to Cost Changes.** An Election change pursuant to this section shall not be effective unless the change is communicated to the Administrator by the Participant in writing within 31 days of the date the Participant receives notice of a cost increase or decrease. For purposes of this section, a cost increase or decrease refers to an increase or decrease in the amount of the elective contributions under the Plan, whether that increase or decrease results from an action taken by the Participant or the Employer.

- (a) **Automatic Changes.** If the cost of a plan providing a Benefit Program increases or decreases during a Plan Year, the Administrator may, on a reasonable and consistent basis, automatically make a corresponding prospective increase or decrease in affected Participants' elected compensation reduction amounts, unless the Administrator determines that such cost change is subject to the provisions of subsection (b).
- (b) **Significant Cost Changes.** If the cost charged to a Participant for a Benefit Program significantly increases or significantly decreases during a Plan Year (as determined in the sole discretion of the Administrator), the Participant may make a corresponding change in Election under the Plan. Changes that may be made include electing coverage for the option with a decrease in cost, or in the case of an increase in cost, revoking an Election for that coverage and either receiving on a prospective basis coverage under another Benefit Program providing similar coverage or dropping coverage if no Benefit Program providing similar coverage is available.

4.6 **Election Change Due to Coverage Changes.** An Election change pursuant to this section shall not be effective unless the change is communicated to the Administrator by the Participant in writing within 31 days of the date the Participant receives notice of the applicable event.

- (a) **Significant Curtailment Without Loss of Coverage.** If a Participant (or a Participant's Dependent) has a significant curtailment of coverage under a Benefit Program during a Plan Year that is not a loss of coverage as described in subsection (b) (including, by way of example, a significant increase in deductibles, co-payments and/or out-of-pocket expenses), the Participant who is receiving that coverage may elect to revoke his or her Election for that coverage and, in lieu thereof, elect to receive on a prospective basis coverage under another Benefit Program available under the Plan providing similar coverage. Coverage under a Benefit Program is significantly curtailed only if there is an overall reduction in coverage provided under the Benefit Program so as to constitute reduced coverage generally.
- (b) **Significant Curtailment with Loss of Coverage.** If a Participant (or a Participant's Dependent) has a significant curtailment that is a loss of coverage, a Participant may revoke his or her Election under the Plan and, in lieu thereof, elect to receive on a prospective basis coverage under another Benefit Program providing similar coverage or may elect to drop coverage if no similar Benefit Program is available. A loss of coverage for purposes of this subsection means a complete loss of coverage under the Benefit Program, including, by way of example, an elimination of a Benefit Program option; an HMO ceasing to be available in the area where a Participant resides; a Participant losing coverage as a result of reaching the annual or lifetime maximum; a substantial decrease in the medical care providers available under the option; a reduction in the benefits for a specific type of medical condition or treatment with respect to which the Participant or the Participant's Dependent is currently in a course of treatment; or any other similar fundamental loss of coverage.
- (c) **Addition or Improvement of a Benefit Program Option.** If during a Plan Year, the Plan adds a new Benefit Program option or other coverage option or if coverage under an existing

Benefit Program option or other coverage option is significantly improved during a Plan Year with respect to a Participant, the affected Participant (whether or not he or she has previously elected the benefit option) may revoke his or her Election under the Plan and, in lieu thereof, make an Election on a prospective basis for coverage under the new or improved Benefit Program option.

- (d) Change in Coverage Under Another Plan.
- (1) A Participant may make a prospective Election change during a Plan Year that is on account of and corresponds with a change made under another plan (including a plan of the Employer or of another employer) if—
- (A) the other cafeteria plan or qualified benefits plan (as described below) permits Participants to make an election change that would be permitted under Section 4.4, 4.5 and 4.6 (disregarding this subsection (d)); or
- (B) this Plan permits a Participant to make an Election for a period of coverage that is different from the period of coverage under the other cafeteria plan or qualified benefits plan.
- (2) For this purpose, a “qualified benefits plan” is an employee benefit plan governing the provision of one or more benefits that are qualified benefits under Code Section 125(f).
- 4.7 **Adjustment by Plan Administrator.** If the Administrator determines, before or during any Plan Year, that the Plan may fail to satisfy for such Plan Year any nondiscrimination requirement imposed by the Code or other applicable law, the Administrator shall take such action as the Administrator deems appropriate to assure compliance with such requirement or limitation. Such action may include, without limitation, a modification of Elections without the consent of affected Participants.
- 4.8 **Maximum Compensation Reduction.** The maximum amount of compensation reduction contributions that may be made under the Plan on behalf of a Participant shall be the Participant’s share of the cost of the Benefit Programs available to such Participant under the Plan.
- 4.9 **Automatic Termination of Election.** Any Election made under this Plan (including an election made through inaction under Section 4.3) shall automatically terminate on the date on which the Participant ceases to be a Participant in the Plan.
- 4.10 **Cessation of Required Contributions.** Nothing in this Plan shall prevent the cessation of a Participant’s coverage under a Benefit Program described in this Plan, in accordance with the terms of the plan(s) providing such Benefit Programs, on account of such Participant’s failure to pay the Participant’s share of the cost of his or her coverage under a Benefit Program through compensation reduction or otherwise.
- 4.11 **Changes by Company.** If the Company determines, before or during any Plan Year, that the Plan may fail to satisfy for such Plan Year any nondiscrimination requirement imposed by the Code or any limitation on benefits provided to specified employees under the Code, the Company may take such action as it deems appropriate, under rules uniformly applicable to similarly situated employees or Participants, to assure compliance with such requirement or limitation. Such action may include, without limitation, modification of Elections made by Participants, with or without their consent.

ARTICLE 5. FUNDING

5.1 Funding, Trust Agreements and Insurance.

- (a) General. The Benefit Programs may be funded through the use of trusts (including, where applicable, one or more trusts meeting the requirements of Code Section 501(c)(9)), Insurance Company contracts or otherwise, in accordance with the various documents forming part of the Plan and the respective Benefit Programs. The benefits provided by the Benefit Programs will be supported by the contributions of the Employer, Participants and covered Dependents, as the case may be, during such periods and in such amounts as the Employer may from time to time require, in accordance with the Program Documents for the respective Benefit Programs. To the extent that a trust or insurance contract funds part or all of the benefits provided by a particular Benefit Program, such trust agreement or contract will be deemed part of the Plan and incorporated herein by this reference.
- (b) Trust Arrangements. To the extent a Trust arrangement is used to fund some or all of the benefits provided by the Plan, the assets will be held in accordance with the terms of a trust agreement for the benefit of Participants and their beneficiaries. No person shall have any interest in, or right to, any of the assets or earnings thereon except as expressly provided in the Plan and the applicable trust agreement. The trust agreement shall be deemed to form a part of this Plan and all rights and benefits that may accrue to any person in this Plan shall be subject to the terms and provisions of an applicable trust agreement. The trust agreements which are a part of this Plan are listed on Appendix C, which is incorporated herein by reference and which may be updated from time to time in accordance with the terms of the applicable trust agreement.
- (1) Trustee. The Trustee of any trust shall be appointed by the Company or the Committee in accordance with the applicable trust agreement with such powers as may be provided in such agreement. The Company or the Committee may remove the trustee at any time upon reasonable notice. Upon removal or resignation of such Trustee, the Company or the Committee shall designate a successor in the place of such removed or resigning Trustee.
- (2) Investments. The Trustee shall have exclusive authority and discretion to manage, control, purchase, sell, and invest the assets of the Plan, unless one or more investment managers are appointed as provided in the applicable trust agreement.
- (c) Insurance. An Employer will have the right to enter into a contract with one or more Insurance Companies for the purpose of providing any benefits under the Plan and to replace any of such Insurance Companies or contracts. Any dividends, retroactive rate adjustments or other refunds of any type which may become payable under any such insurance contract will not be assets of the Plan but will be the property of, and will be retained by, the Employer to the fullest extent permitted by law. In the event that such refunds are attributable to Participant contributions, the Administrator will make a reasonable determination as to how to apply such refunds in accordance with applicable guidance. The Employer will not be liable for any loss or obligation relating to any insurance coverage except as is expressly provided by this Plan.

- 5.2 Benefits Supported Only by Benefit Program. Any person having any claim under a Benefit Program will look solely to the assets of the Benefit Program, if any, for satisfaction. In no event will

the Employer, any officers or agents thereof or any member of the board of directors or other governing body be liable to any person under the provisions of the Benefit Program.

**ARTICLE 6.
ADMINISTRATION OF PLAN**

- 6.1 **Administration.** The principal duty of the Administrator is to see that the Plan is carried out, in accordance with its terms, for the exclusive purposes of providing benefits to the Participants and their beneficiaries and defraying reasonable administrative expenses of the Plan, and operated consistently for similarly situated individuals.
- 6.2 **Powers and Authority of Administrator.** The Administrator will have full power to administer the Plan in all of its details, subject to applicable requirements of law. For this purpose, the Administrator's powers will include, but will not be limited to, unilateral discretion to do the following, in addition to any other powers provided by this Plan:
- (a) to make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan, including the establishment of claims review procedures in accordance with ERISA Section 503 or other applicable law and regulations, the establishment of QMCSO procedures in accordance with ERISA Section 609, and rules and regulations for the conduct of business by the Administrator;
 - (b) to interpret the Plan and to determine all questions of fact and law arising under or in connection with the Plan, including all questions of eligibility to participate and obtain benefits under the Plan, its interpretation thereof in good faith to be final and conclusive on all interested persons;
 - (c) to appoint such agents, counsel, accountants, consultants and other persons (regardless of whether they also provide services to the Company) as may be required to assist in administering the Plan;
 - (d) to allocate and delegate its responsibilities under the Plan and to designate other persons from time to time to carry out any of its responsibilities under the Plan, any such allocation, delegation or designation to be in writing;
 - (e) to request or require of and obtain from any Employee, Retiree, Participant, Dependent, beneficiary, Employer or the Company such information and records as it deems necessary and proper, and to rely upon all information furnished it;
 - (f) to develop enrollment and any other forms necessary for Plan administration;
 - (g) to delegate the duty of claims decisions and adjudication to an Insurance Company or third party administrator, which shall serve as the Claims Administrator or Claims Fiduciary for the applicable Benefit Program(s); and
 - (h) to the extent permitted by law to rely conclusively on all tables, valuations, certificates, opinions and reports that are furnished by or in accordance with the instructions or recommendations of accountants, counsel, actuaries, consultants or other experts employed or engaged by the Administrator.

All actions and determinations of the Administrator will be final and binding upon all Employees, Retirees, Participants, Dependents, beneficiaries, Employers, the Company and any other interested parties.

- 6.3 **Records and Reports.** The Administrator shall maintain such records of its activities and of Participants and operations as it deems necessary and appropriate. Plan records pertaining to the Company, the Employers, Employees or Retirees (subject to any privacy and confidentiality protections required by law or established by the Administrator's rules) shall be available for examination by the Company at reasonable times during normal business hours. The Administrator's Plan records pertaining to a Participant shall be available for examination by such Participant upon written request at reasonable times during normal business hours.

To the extent required by applicable law, the Administrator will provide each eligible Retiree from time to time with a written explanation of the Plan in form and substance sufficient to satisfy the summary plan description requirements of 29 C.F.R. Sections 2520.102-2 through 2520.102-4.

The Administrator shall make such reports to the Company as it shall reasonably request, and such reports to government authorities as applicable law shall require.

- 6.4 **Indemnification.** The Employer shall, to the fullest extent permitted by law, indemnify each director, officer or employee of the Employer (including the heirs, executors, administrators, and other personal representatives of such person), members of the Committee and the Administrator against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement (with the Employer's written approval), actually and reasonably incurred by a person covered under this indemnification agreement in connection with any threatened, pending or actual suit, action or proceeding (whether civil, criminal, administrative or investigative in nature or otherwise) in which the person may be involved by reason of the fact that the person is or was serving the Plan in any capacity at the request of the Company, except to the extent caused by such person's willful misconduct.

- 6.5 **Claims and Appeals Procedures.** Notwithstanding any provision to the contrary, the Administrator has sole discretionary authority to grant or deny benefits under this Plan. Benefits under this Plan will be paid only if the Administrator decides, in its discretion, that the Participant is entitled to them; provided, however, that the Administrator may delegate to a Claims Administrator, in accordance with this article, the right and discretion to make determinations as to claims. To the extent that any Benefit Program or benefit provided under the Plan is subject to ERISA claims procedure requirements, any claim for benefits under the Plan shall be filed in accordance with the claims procedure provisions of the applicable Benefit Program. The Plan's claims and appeals procedures are set forth in Appendix D to the Plan.

- 6.6 **Delegation of Claims Administration Duties.** The Administrator may delegate its authority and responsibilities under this article to a Claims Administrator, provided such delegation is in writing. Any reference to Administrator in this article will mean the applicable Claims Administrator if the relevant authority and responsibility has been delegated by the Administrator to that Claims Administrator. The Administrator has sole discretionary authority to grant or deny benefits under the Plan. Benefits under the Plan will be paid only if the Administrator decides in its sole discretion that the claimant is entitled to them. The Administrator's decisions made pursuant to this section are intended to be final and binding on Participants, beneficiaries and others.

- 6.7 **Exhaustion of Administrative Remedies.** Claimants will not be entitled to challenge the Administrator's determinations in judicial or administrative proceedings without first complying with

the administrative claims procedures set forth in the applicable Program Document. The decisions made pursuant to applicable administrative claims procedures are final and binding on the claimant and any other party. A Benefit Program may also permit an external review. If the claimant has complied with and exhausted the appropriate claims procedures and intends to exercise his or her right to bring civil action under ERISA Section 502(a), the claimant must bring such action within 6 months following the date on which he or she submitted the last required appeal (or voluntary appeal, if offered and the claimant files a voluntary appeal) under such procedures. If the claimant does not bring such action within such 6-month period, the claimant will be barred from bringing an action under ERISA related to his or her claim.

ARTICLE 7. AMENDMENT AND TERMINATION OF PLAN

- 7.1 **Amendment.** The Company reserves the discretionary right to modify or amend the Plan (including one or more Benefit Programs), in any respect, at any time and from time to time, retroactively or otherwise, by a written instrument adopted by the Board of Directors or the Committee. However, no Plan amendment shall be valid which would cause the Plan to fail any applicable qualification requirements of Code Section 79, 105, 125 or 129 or any successors thereto, so long as such statutes apply to this Plan. The Administrator shall have the right to revise or modify any provision of the Plan that is administrative, procedural or ministerial in nature (including any Appendix hereto), and any written policy, rule or procedure which shall be adopted without amendment. No oral statement shall be sufficient to amend the Plan in any way.
- 7.2 **Termination of the Plan.** The Company reserves the right to terminate the Plan or any Benefit Program at any time as designated by a written instrument adopted by the Board of Directors or its designee and duly executed on behalf of the Company.

ARTICLE 8. SPECIAL COVERAGE PROVISIONS

This article will only apply to a Benefit Program that is considered a "group health plan" under Code Section 5000(b)(1). This article will not create any rights in excess of the minimum required by law.

- 8.1 **COBRA Continuation Coverage.** If one or more Benefit Programs for a Participant and/or his or her covered Dependents ceases because of certain "qualifying events" specified in COBRA, then the Participant and his or her covered Dependents may have the right to purchase continuation coverage for a temporary period of time, only if such individuals meet COBRA's definition of "qualified beneficiary." The Administrator shall have discretion to offer continuation coverage for individuals that are not "qualified beneficiaries" under COBRA.
- 8.2 **Certificates of Creditable Coverage.** This section shall apply until December 31, 2014. For Plan years beginning on or after January 1, 2015, Certificates of Creditable Coverage shall not be provided or required under the Plan unless otherwise provided by applicable law.
- (a) **Automatic.** Each HIPAA Program generally will automatically provide a Certificate of Creditable Coverage to any Participant or Dependent after the individual loses coverage under that program. The HIPAA Program will provide individuals with an automatic Certificate of Creditable Coverage within the following time frames:

- (1) for an individual who is entitled to elect COBRA continuation coverage, no later than when a notice is required to be provided for a Qualifying Event;
- (2) for an individual who is not entitled to elect COBRA continuation coverage, within a reasonable time after coverage ceases; and
- (3) for an individual who has elected COBRA continuation coverage, within a reasonable time after cessation of COBRA continuation coverage or, if applicable, after the expiration of any grace period for the payment of contributions.

A HIPAA Program will not issue an automatic Certificate of Creditable Coverage for Dependents until the HIPAA Program has reason to know that a Dependent has lost coverage under the HIPAA Program.

- (b) Upon Request. A Certificate of Creditable Coverage will be provided upon request, if the request is made to the Administrator within 24 months after the individual loses coverage under a HIPAA Program. In that case, the Certificate of Creditable Coverage will be provided at the earliest time that the HIPAA Program, acting in a reasonable and prompt fashion, can furnish it.
- (c) Manner Provided. Each HIPAA Program may provide the Certificate of Creditable Coverage in any manner permitted by applicable regulations.

8.3 **Compliance with Certain Federal and State Mandates.** Notwithstanding anything contained in any Program Document to the contrary, each Benefit Program of the Plan will comply with the applicable requirements of the following, to the extent applicable to the Benefit Program as a retiree-only plan:

- (a) the Newborns' and Mothers' Health Protection Act of 1996, as amended from time to time;
- (b) the Women's Health and Cancer Rights Act of 1998;
- (c) the Mental Health Parity Act of 1996, as amended by the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equality Act of 2008, as codified at ERISA Section 712 and Code Section 9812, as amended from time to time;
- (d) the Genetic Information Nondiscrimination Act of 2008, as such requirements become effective from time to time with respect to the Plan; and
- (e) the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, as amended from time to time, and as promulgated under applicable regulations from time to time.

ARTICLE 9.
HIPAA PRIVACY AND SECURITY PROVISIONS

This article shall apply to the Benefit Programs listed in Appendix A subject to HIPAA as group health plans to the extent not exempt as retiree-only plans, provided, however that the Administrator may voluntarily comply with any portion of this article.

9.1 Definitions.

- (a) Covered Entity means (1) a Health Plan, (2) a health care clearinghouse, or (3) a health care provider who transmits any Health Information in electronic form in connection with a Transaction.
- (b) Electronic PHI is PHI that is maintained in or transmitted by electronic media. Electronic storage media includes memory devices in computers (hard drives), removable/ transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card. Electronic transmission media include any media used to exchange information already in electronic storage media, such as the Internet (wide-open), extranet (using Internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and physically moving removable/ transportable electronic storage media. Fax machines and telephones are not considered electronic transmission media unless they transmit information stored in an electronic format (i.e. faxes that send information directly to a computer or from a computer or telephones that send information via the internet).
- (c) Health Information means any information, whether oral or recorded in any form or medium that (1) is created or received by a health care provider, Health Plan, public health authority, employer, life insurer, school or university or health care clearinghouse; and (2) relates to the past, present or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual.
- (d) Health Plan means any individual or group plan that provides or pays the cost of medical care (as defined in Section 2791(a)(2) of the PHS Act, 42 U.S.C. § 300gg-91(a)(2)).
- (e) Individually Identifiable Health Information means a subset of Health Information, including demographic information collected from an individual, and (1) is created or received by a health care provider, Health Plan, employer or health care clearinghouse; and (2) relates to the past, present or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (3) either identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.
- (f) Plan Administration Function means administration functions performed by the Plan Sponsor on behalf of the Plan, excluding functions performed by the Plan Sponsor in connection with any other benefit or benefit plan of the Plan Sponsor.
- (g) Plan Sponsor means the Company.

- (h) Protected Health Information means Individually Identifiable Health Information that is: (1) transmitted by electronic media; (2) maintained in any media described in the definition of electronic media at 42 CFR § 16.103; or (3) transmitted or maintained in any other form or medium; but (4) notwithstanding the preceding, excluding Individually Identifiable Health Information in (A) education records covered by the Family Educational Rights and Privacy Act, as amended, 20 U.S.C. § 1232g; (B) records described at 20 U.S.C. § 1232g(a)(4)(B)(iv); and (C) employment records held by a Covered Entity in its role as employer.
- (i) Summary Health Information means information that (1) summarizes the claims history, claims expenses or type of claims experienced by individuals for whom a plan sponsor had provided health benefits under a Health Plan; and (2) from which the information described at 42 CFR § 164.514(b)(2)(i) has been deleted, except that the geographic information described in 42 CFR § 164.514(b)(2)(i)(B) need only be aggregated to the level of a five-digit zip code.
- (j) Transaction means the transmission of information between two parties to carry out financial or administrative activities related to health care.

9.2 Providing Protected Health Information to Plan Sponsor.

- (a) Disclosing Protected Health Information to Designated Classes of Employees of the Plan Sponsor. The Plan shall disclose Protected Health Information to designated classes of employees of the Plan Sponsor only upon the receipt of a certification of the Plan Sponsor that the Plan has been amended to incorporate the provisions of 45 CFR § 164.504(f)(2)(ii), and that the Plan Sponsor agrees to the conditions of disclosure set forth in Section 9.3.
- (b) Adequate Separation Between Plan and Plan Sponsor. The Plan Sponsor has designated the classes of employees listed in Appendix E as those eligible to receive Protected Health Information. These classes of employees only shall have access to and use Protected Health Information to the extent necessary to perform the Plan Administration function that the Plan Sponsor performs for the Plan. In the event that any of these specified employees do not comply with the provisions of this article, that employee shall be subject to disciplinary action by the Plan Sponsor for non-compliance pursuant to the Plan Sponsor's employee discipline and termination procedures.

9.3 Conditions of Disclosure. The Plan Sponsor agrees that with respect to any Protected Health Information disclosed to it by the Plan, Plan Sponsor shall—

- (a) not use or further disclose the Protected Health Information other than as permitted or required by the Plan or as required by law;
- (b) ensure that any agents, including a subcontractor, to whom it provides Protected Health Information received from the Plan agree to the same restrictions and conditions that apply to the Plan Sponsor with respect to Protected Health Information;
- (c) not use or disclose the Protected Health Information for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor;

- (d) report to the Plan any use or disclosure of the information that is inconsistent with the uses or disclosures provided for of which it becomes aware;
- (e) make available Protected Health Information in accordance with 45 CFR § 164.524;
- (f) make available Protected Health Information for amendment and incorporate any amendments to Protected Health Information in accordance with 45 CFR § 164.526;
- (g) make available the information required to provide an accounting of disclosure in accordance with 45 CFR § 164.528;
- (h) make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the Plan available to the Secretary of Health and Human Services for purposes of determining compliance by the Plan with subpart E of 45 CFR § 164;
- (i) if feasible, return or destroy all Protected Health Information received from the Plan that the Plan Sponsor still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction of the information is infeasible, the Plan Sponsor shall maintain the information only for the purpose that makes return or destruction infeasible;
- (j) ensure that the adequate separation between Plan and Plan Sponsor, required in 45 CFR § 501(f)(2)(iii), is satisfied, and that such separation is supported by reasonable and appropriate security measures;
- (k) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic protected health information that it creates, receives, maintains or transmits on behalf of the covered entity;
- (l) ensure that any agent, including a subcontractor, to whom it provides Protected Health Information agrees to implement reasonable and appropriate safeguards to protect it; and
- (m) report to the Plan any security incident of which it becomes aware.

9.4 **HIPAA Privacy and Security.** The Health Plans are subject to this section and shall comply with the standards for privacy of individually identifiable health information as set forth in the Privacy Rule, and the security standards for the protection of Electronic PHI as set forth in the Security Rule.

- (a) **Authorized Employees.** Only Authorized Employees shall be permitted to use, disclose, create, receive, access, maintain or transmit PHI or Electronic PHI on behalf of a Health Plan. The use or disclosure of PHI by Authorized Employees shall be restricted to the Health Plan administration functions that the Company performs on behalf of a Health Plan, pursuant to Section 9.3.
 - (1) Company employees who perform the following functions on behalf of the Health Plans are Authorized Employees:
 - (A) claims determination and processing functions;
 - (B) Health Plan vendor relations functions;

- (C) benefits education and information functions;
 - (D) Health Plan administration activities;
 - (E) legal department activities;
 - (F) Health Plan compliance activities;
 - (G) information systems and HRIS support activities;
 - (H) payroll and finance activities;
 - (I) internal audit functions; and
 - (J) human resources functions.
- (2) In addition to those individuals described in subsection (a)(1), the Committee who performs claims appeals and other decision-making functions on behalf of the Health Plans, if any, the Health Plans' Privacy and Security Official, and Company employees to whom the Health Plans' Privacy and Security Official has delegated any of the following responsibilities shall also be Authorized Employees:
- (A) implementation, interpretation, and amendment of the Privacy Policy;
 - (B) Privacy Rule training for Company employees;
 - (C) investigation of and response to complaints by Participants and/or employees;
 - (D) preparation and maintenance of the Health Plans' privacy notice;
 - (E) distribution of the Health Plans' privacy notice;
 - (F) response to requests by Participants to inspect or copy PHI;
 - (G) response to requests by Participants to restrict the use or disclosure of their PHI;
 - (H) response to requests by Participants to receive communications of their PHI by alternate means or in an alternate manner;
 - (I) amendment and response to requests to amend Participants' PHI;
 - (J) response to requests by Participants for an accounting of disclosures of their PHI;
 - (K) response to requests for information by the Department of Health and Human Services;
 - (L) approval of disclosures to law enforcement or to the military for government purposes;
 - (M) maintenance of records and other documentation required by the Privacy Rule or the Security Rule;
 - (N) negotiation of Privacy Rule and Security Rule provisions into contracts with third party service providers; or
 - (O) approval of access to Electronic PHI.

- (b) Permitted Uses and Disclosures. Authorized Employees may access, request, receive, use, disclose, create, and/or transmit PHI only to perform certain permitted and required functions on behalf of the Health Plans, consistent with the Privacy Policy. This includes—
- (1) uses and disclosures for the Health Plans' own Payment and Health Care Operations functions;
 - (2) uses and disclosures for another Health Plan's Payment and Health Care Operations functions;
 - (3) disclosures to a health care provider, as defined under 45 C.F.R. § 160.103, for the health care provider's treatment activities;
 - (4) disclosures to the Company, acting in its role as Plan sponsor, of (A) summary health information for purposes of obtaining health insurance coverage or premium bids for the Health Plans or for making decisions to modify, amend or terminate the Health Plans; or (B) enrollment or disenrollment information;
 - (5) disclosures of a Participant's PHI to the Participant or his or her personal representative, as defined under 45 C.F.R. § 164.502(g);
 - (6) disclosures to a Health Plan for the other Health Plan's Payment or Health Care Operations activities;
 - (7) disclosures to a Participant's family members or friends involved in the Participant's health care or payment for the Participant's health care or to notify a Participant's family in the event of an emergency or disaster relief situation;
 - (8) uses and disclosures to comply with workers' compensation laws;
 - (9) uses and disclosures for legal and law enforcement purposes, such as to comply with a court order;
 - (10) disclosures to the Secretary of Health and Human Services to demonstrate the Health Plans' compliance with the Privacy Rule;
 - (11) uses and disclosures for other governmental purposes, such as for national security purposes;
 - (12) uses and disclosures for certain health and safety purposes, such as to prevent or lessen a threat to public health, to report suspected cases of abuse, neglect or domestic violence or relating to a claim for public benefits or services;
 - (13) uses and disclosures to identify a decedent or cause of death or for tissue donation purposes;
 - (14) uses and disclosures required by other applicable laws; and
 - (15) uses and disclosures pursuant to the Participant's authorization that satisfies the requirements of 45 C.F.R. § 164.508.

Notwithstanding anything in the Plan to the contrary, the use of Protected Health Information that is Genetic Information about an individual for Underwriting Purposes shall not be a permitted use or disclosure.

- (c) Certification Requirement. The Health Plans shall disclose PHI and Electronic PHI to Authorized Employees only upon receipt of a certification by the Company that the Company agrees—
- (1) not to use or further disclose PHI other than as permitted or required by this article and the Privacy Policy or as required by law;
 - (2) to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic PHI that the Company creates, receives, maintains or transmits on behalf of the Health Plans;
 - (3) to take reasonable steps to ensure that any agents, including subcontractors, to whom the Company provides PHI or Electronic PHI received from the Health Plans agree to—
 - (A) the same restrictions and conditions that apply to the Company with respect to such PHI; and
 - (B) implement reasonable and appropriate security measures to protect such Electronic PHI.
 - (4) not to use or disclose PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Company other than another Health Plan;
 - (5) to report to the Health Plans any use or disclosure of PHI that is inconsistent with the uses or disclosures described in Section 10.3 or any Security Incident of which the Company becomes aware;
 - (6) to make available PHI for inspection and copying in accordance with 45 C.F.R. § 164.524;
 - (7) to make available PHI for amendment, and to incorporate any amendments to PHI in accordance with 45 C.F.R. § 164.526;
 - (8) to make available PHI required to provide an accounting of disclosures in accordance with 45 C.F.R. § 164.528;
 - (9) to make its internal practices, books, and records relating to the use and disclosure of PHI received on behalf of the Health Plans available to the Secretary of Health and Human Services for purposes of determining compliance by the Health Plans with the Privacy Rule;
 - (10) if feasible, to return or destroy all PHI received from the Health Plans that the Company still maintains in any form and retain no copies of such PHI when no longer needed for the purpose for which disclosure was made, except that, if such

return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of PHI infeasible; and

- (11) to take reasonable steps to ensure that there is adequate separation between the Health Plans and the Company's activities in its role as Plan sponsor and employer, and that such adequate separation is supported by reasonable and appropriate security measures.
- (d) **Mitigation.** In the event of non-compliance with any of the provisions set forth in this section, the following shall apply—
- (1) the HIPAA Privacy and Security Official shall address any complaint promptly and confidentially. The HIPAA Privacy and Security Official first will investigate the complaint and document his or her investigation efforts and findings.
 - (2) if PHI has been used or disclosed in violation of the Privacy Policy or inconsistent with this article, the HIPAA Privacy and Security Official shall take immediate steps to mitigate any harm caused by the violation and to minimize the possibility that such a violation will recur.
 - (3) if an Authorized Employee or other Company employee is found to have violated the Privacy Policy, such personnel shall be subject to disciplinary action up to and including termination.
- (e) **Breach Notification.** Following the discovery of a Breach of Unsecured PHI, a Health Plan shall notify each individual whose Unsecured PHI has been, or is reasonably believed to have been, accessed, acquired or disclosed as a result of a Breach, in accordance with 45 C.F.R § 164.404, and shall notify the Secretary of Health and Human Services in accordance with 45 C.F.R. § 164.408. For a Breach of Unsecured PHI involving more than 500 residents of a state or jurisdiction, a Health Plan shall notify the media in accordance with 45 C.F.R. § 164.406.

ARTICLE 10. PARTICIPATING EMPLOYERS

- 10.1 **Adoption of Plan.** Any Affiliate may, with the written consent of the Company, adopt the Plan by resolution of its board of directors or other governing body. The employers who have adopted the Plan are listed in Appendix B hereto, which shall be amended from time to time.
- 10.2 **Administration.** As a condition to adopting the Plan, and except as otherwise provided herein, each Employer shall be deemed to have authorized the Company and the Administrator of the Plan to act for it in all matters arising under or with respect to the Plan and shall comply with such other terms and conditions as may be imposed by the Company and the Administrator.
- 10.3 **Company as Agent for Employers.** Each Affiliate that becomes an Employer, by doing so, appoints the Company as its agent to exercise on its behalf all of the powers and authorities conferred upon the Company by the terms of the Plan, including, but not limited to, the power to amend and terminate the Plan. The authority of the Company to act as such agent shall continue unless and until the Employer terminates participation in the Plan pursuant to Section 10.4.

- 10.4 **Termination.** Each Employer may cease to participate in the Plan or in any Benefit Program with respect to its Participants by written notice to the Administrator.

**ARTICLE 11.
MISCELLANEOUS PROVISIONS**

- 11.1 **Information to be Furnished.** Participants, Spouses and Dependents shall provide the Administrator with such information and evidence, and shall sign such documents, as may be requested by the Administrator from time to time for the purpose of administration of the Plan. The Administrator shall have the right to rely on information provided by Participants, Spouses or Dependents as it determines in its sole discretion.
- 11.2 **Limitation of Rights.** Neither the establishment of the Plan nor any amendment thereof will be construed as giving to any Participant, Spouse or Dependent or other person any legal or equitable right against the Administrator or the Company, and in no event will the terms of employment or service of any Employee be modified or in any way affected hereby.
- 11.3 **Employment Not Guaranteed.** Nothing contained in this Plan nor in any other Benefit Program which is a part of this Plan, nor any modification or amendment to the Plan, nor in any action taken hereunder, gives any Employee, Participant, Eligible Dependent or beneficiary any right to continue employment, any legal or equitable right against Employer, any Participating Employer or its employees or agents, or against the Administrator, except as expressly provided by the Plan.
- 11.4 **No Vested Rights.** No individual, whether or not a Participant in, or eligible to participate in, the Plan, nor any Eligible Dependent of such individual, shall at any time have any vested right to benefits provided under the Plan or under any Benefit Program. No amendment or termination of the Plan is intended to deny any individual covered under the Plan reimbursement for a claim incurred on or before the date of such amendment or termination, unless otherwise required by applicable law.
- 11.5 **Nonalienation of Benefits.** Benefits payable under this Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, including any such liability which is for alimony or other payments for the support of a spouse or former spouse or for any other relative of the Participant, unless pursuant to court order, prior to actual receipt by the person entitled to the benefit under the terms of the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable under this Plan, is void. The Employer is not in any manner liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits under this Plan.
- 11.6 **Rights to Assets.** No Employee, Participant, Eligible Dependent or beneficiary has any right to, or interest in, any assets of the Employer upon an Employee's termination of employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the benefits payable under the Plan to such Employee, Participant, Eligible Dependent or beneficiary. Each Participating Employer will make all payments of benefits this Plan provides solely from its assets or pursuant to the pertinent insurance contracts and the Administrator is not liable for payment of benefits in any manner.
- 11.7 **No Guarantee of Tax Consequences.** Neither the Employer nor the Administrator makes any commitment or guarantee that any amounts paid to or for the benefit of a Participant, Eligible Dependent or beneficiary under this Plan will be excludable from the gross income of the Participant,

Eligible Dependent or beneficiary for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant or beneficiary. It shall be the obligation of each Participant, Eligible Dependent or beneficiary to determine whether any payment under this Plan is excludable from the gross income of the Participant, Eligible Dependent or beneficiary for federal and state income tax purposes, and to take appropriate action if the Participant, Eligible Dependent or beneficiary has reason to believe that any payment is not excludable.

- 11.8 **Subrogation, Reimbursement and Recovery for Third Party Liability.** As a condition for receiving benefits under the Plan, each Participant or Dependent who is covered under a Benefit Program and who is eligible to receive benefits in accordance with the terms of the applicable Benefit Program (each a “Covered Person”) agrees to and grants the Plan the right to subrogation, the right to reimbursement, and the right of recovery as set forth herein. When a Covered Person becomes sick or injured as a result of the act or omission of another person or party, or under any statute, and the Covered Person received benefits under the Plan for such injuries, the Covered Person must reimburse the Plan for benefits received from all recoveries from a Third Party (whether by lawsuit, settlement or otherwise) and the Plan’s share of the recovery will not be reduced because the Covered Person has not received the full damages for the claims, unless the Plan agrees, in writing, to such a reduction. If the Covered Person breaches this section, then the Covered Person agrees to indemnify the Plan for all costs of recovering Third Party reimbursements. To the extent that any Program Document also contains provisions regarding subrogation, reimbursement, or right to recovery of expenses, this section and the applicable Program Document will both apply so as to grant the Plan the greatest possible rights with respect to subrogation, reimbursement, and recovery of such expenses or benefits. Except as specifically provided otherwise in an applicable Program Document, this section will apply to any health (including dental) benefit provided through the Benefit Programs.

“Third Party” means any person or entity who is or may be liable for an injury, illness, disability, or death of, or statutory violation with respect to, a Covered Person including without limitation, an insurance company for such third party or a potentially liable person or entity; worker’s compensation; homeowner’s insurance; all coverages under an automobile policy of the Covered Person or a member of the Covered Person’s family, including “no fault” coverage, medical coverage, and uninsured or underinsured motorist coverage, and/or school program coverage; and other similar coverages. If appropriate under the circumstances, the Covered Person or any insurer of the Covered Person may be considered a “Third Party” if the Covered Person is or may be responsible for the injury, illness, disability or death of, or statutory violation with respect to, a Covered Person and/or the Covered Person has insurance coverage for such injury, illness, disability, death or statutory violation.

- (a) **Right of Subrogation.** As a condition to participation in or the receipt of benefits under the Plan, each Covered Person agrees that the Plan will have the right of subrogation with respect to the full amount of benefits paid to or on behalf of a Covered Person as the result of an injury, illness, disability, death or statutory liability that is or may be the responsibility of any Third Party. The Plan will also have a lien upon any recovery from such Third Party to the full amount of benefits and expenses paid and may, at its option, file suit or intervene in any pending lawsuit to secure and protect its rights. The Plan’s right of subrogation will apply to the first dollar of any recovery obtained from the Third Party, even if the recovery obtained is less than the amount needed to make the Covered Person whole. Regardless of how such claims or recoveries are classified or characterized by the parties, the courts or any other entity, such classification shall not impact the Covered Person’s responsibilities described above or the Plan’s entitlement to first-dollar recovery, regardless of whether the Covered Person is made whole.

- (b) Reimbursement Agreement. If a Covered Person incurs expenses that are excluded in accordance with this provision of the Plan because they are or may be the responsibility of a Third Party, the Covered Person may be required, as a prerequisite to receiving Plan benefits, to sign a reimbursement agreement in a form acceptable to the Administrator acknowledging the Covered Person's obligation to reimburse the Plan for any benefits or expenses paid by the Plan from the first dollars recovered from any source. If expenses are incurred by a minor, the Administrator may require that the minor's parent or legal guardian execute the reimbursement agreement and agree to be bound by it. The Administrator may, in its sole discretion, withhold benefit payments that might otherwise be advanced, and/or initiate an action at law or in equity in its own name or in the name of the Covered Person, in order to enforce, secure, or protect the Plan's rights under this provision. If the Covered Person fails or refuses to execute such an agreement, the Plan is not obligated to provide any benefit payments.
- (c) Right of Reimbursement. Whether or not a Covered Person executes a reimbursement agreement, in the event that the Plan provides benefits to a Covered Person and the Covered Person recovers a payment, either by settlement, judgment, no-fault automobile insurance statute, homeowners insurance, or otherwise, from any Third Party or other source, then the Covered Person will immediately reimburse the Plan for the full amount of any and all benefits and expenses paid in connection with such injury, illness, disability or death, up to the amount of the recovery. This right of reimbursement applies regardless of the label assigned to the recovery, and regardless of any purported allocation or itemization of such recovery to specific types of injuries, to any amount paid with respect to, associated with, or stemming from the injuries incurred whether paid directly or indirectly to the Covered Person, his or her spouse, dependents, beneficiaries or estate, or whether held in trust or constructive trust for the benefit of the injured party, his spouse, dependents, beneficiaries or estate, regardless of whether the funds have been commingled with other assets. The Plan may recover from any available funds, without the need to trace the source of the funds. If the recovery is for damages other than for health expenses, such as pain and suffering, the Covered Person will still be required to reimburse the Plan first. The Plan will have a lien upon any such recovery in the amount of benefits and expenses paid by the Plan. The Plan's right of reimbursement will apply to the first dollar of any recovery obtained from the Third Party, even if the recovery obtained is less than the amount needed to make the Covered Person whole.
- (d) Procedures for Subrogation and Reimbursement. Each Covered Person or his or her legal representative must do whatever is requested by the Administrator with respect to the exercise of the subrogation and reimbursement rights of the Benefit Program and the Employers, and will do nothing to prejudice those rights.
- (1) Each Covered Person or his or her legal representative, in conjunction with making a claim for Benefit Program benefits, must inform the Administrator in writing whether the Covered Person was injured by a Third Party, and must provide the following information in a timely, prompt fashion as a condition to receipt of Benefit Program benefits:
- (A) the name, address, and telephone number of the Third Party that in any way caused the injury, illness or disability, and of the attorney representing the Third Party;

- (B) the name, address, and telephone number of the Third Party's insurer and any insurer of the Covered Person;
 - (C) the name, address, and telephone number of the Covered Person's attorney with respect to the Third Party's act;
 - (D) prior to the meeting, the date, time and location of any meeting between the Third Party or his or her attorney and the Covered Person, or his or her attorney;
 - (E) all terms of any settlement offer made by the Third Party or his or her insurer or the Covered Person's insurer;
 - (F) all information discovered by the Covered Person, or his or her attorney, concerning the insurance coverage of the Third Party;
 - (G) the amount and location of any funds that are recovered by the Covered Person from the Third Party or his or her insurer or the Covered Person's insurer, and the date that the funds were received;
 - (H) prior to settlement, all information related to any oral or written settlement agreement between the Covered Person and the Third Party or his or her insurer or the Covered Person's insurer;
 - (I) all information regarding any legal action that has been brought on behalf of a Covered Person against the Third Party or his or her insurer; and
 - (J) all other information requested by the Administrator.
- (2) No Covered Person (or the person's legal representative) may retain an attorney with respect to the Third Party without advance written notice to the Administrator. As a condition of receiving benefits under the Benefit Program, each Covered Person (and that person's legal representatives) hereby:
- (A) waives the assertion of any attorney-client privilege against an Employer with regard to an attorney retained by the Covered Person;
 - (B) agrees that an Employer may assume, at its discretion, the defense of any action that has been or could be brought against the Third Party by the Covered Person (or that person's legal representatives);
 - (C) agrees that an Employer must be given the opportunity to approve any settlements before they are made with the Third Party;
 - (D) agrees to consent to judgment for the Plan;
 - (E) agrees not to assert a defense under ERISA Section 502 to a claim made by the Plan; and
 - (F) agrees that a claim brought by the Plan to enforce its rights under this section is an equitable claim.

Any funds recovered by a Covered Person (or that person's legal representative) from a Third Party (or the Third Party's insurer) must and are deemed to be held in constructive trust for the benefit of the Benefit Program and the Employer to the extent of the amount of Benefit Program benefits until reimbursement, with the Covered Person (or that person's legal representative) as trustee and fiduciary.

- (e) **Coverage for Expenses Caused by a Third Party.** The Administrator may, in its sole discretion, cease to pay benefits under a Benefit Program if a Covered Person refuses to execute a reimbursement agreement. If a Covered Person fails or refuses to execute a reimbursement agreement, and a Benefit Program nevertheless pays benefits to or on behalf of the Covered Person, the Covered Person's acceptance of such benefits shall constitute agreement to the Plan's right to subrogation or reimbursement. The Administrator may cease to pay benefits subject to a reimbursement agreement if, in the discretion of the Administrator, the Covered Person has failed or is failing to fulfill his or her duty to cooperate or to comply with the provisions of this section.
- (f) **Right of Recovery and Offset.** The Plan will have the right to recover any benefits paid to a Covered Person or his or her health care provider that a Covered Person fails to reimburse to the Plan under the provisions of this Section 11.8. To the extent not otherwise paid to the Plan, the amount due to the Plan will reduce any other present or future benefits payable from the Plan to or on behalf of the Participant. In addition the Administrator may, in its sole discretion, employ any other lawful means to recover overpayment on behalf of the Plan. These rights are in addition to any other rights and remedies that the Plan may have.
- (g) **Attorneys' Fees and Expenses.** The Benefit Program's right, and the amount to be reimbursed to the Benefit Program, will equal the amount of benefits the Covered Person received from the Benefit Program and expenses incurred in the recovery of such amount. No portion of the Plan's recovery shall be reduced by the fees or costs (including attorney's fees) associated with any claim, lawsuit or settlement agreement in connection with any recovery without the express written consent of the Administrator.
- 11.9 **Recovery of Benefit Overpayment.** If any benefit from a Benefit Program paid to or on behalf of a Covered Person should not have been paid or should have been paid in a lesser amount, and the Covered Person or other recipient fails to repay the amount promptly, then the overpayment may be recovered by the Administrator to the extent permitted by law from any monies then payable, or which may become payable, in the form of salary, wages, or benefits payable under any Employer sponsored benefit programs, including the applicable Benefit Program. The Administrator also reserves the right to recover any such overpayment by appropriate legal action.
- 11.10 **Severability.** If any provision of this Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of this Plan, and the Plan shall be construed and enforced as if such provision had not been included herein.
- 11.11 **Governing Law.** To the extent not preempted by ERISA or any other federal statutes or regulations, this Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey.
- 11.12 **Legal Compliance.** The Plan is intended to comply with all applicable federal and state laws and findings of their regulatory authorities, and by this provision is automatically amended to be in minimal compliance as necessary.

- 11.13 **Construction**. The masculine gender shall be deemed to include the feminine gender. Words used in the singular shall be construed as if they also were used in the plural in all cases where they would so apply.

IN WITNESS WHEREOF, the Company has caused this duly adopted Plan to be executed below by its duly authorized officer or representative on this 27th day of October, 2014 to be effective as of the Effective Date stated herein.

AMERICAN WATER WORKS CO., INC.

By: Leonard A. Crane
Leonard A. Crane,
Vice President of Human Resources

APPENDIX A

BENEFIT PROGRAMS

The following Benefit Programs are consolidated into the Plan and the respective Program Documents are incorporated by reference as if fully set forth herein.

I. Group Health Benefits

1. Medical Benefit Program
2. Prescription Drug Program
3. Dental Benefits

II. Other Benefit Programs

1. Life Insurance Benefits (including basic life insurance benefits and other similar benefits provided under a Benefit Program)

APPENDIX B**PARTICIPATING EMPLOYERS**

The following entities are participating Employers under the Plan:

- American Water Enterprises, Inc.
 - AAET, L.P.
 - EA2 Systems, L.C.
 - American Water Operations and Maintenance, Inc.
 - American Water Services CDM, Inc.
 - Environmental Management Corporation (effective June 1, 2010)
- American Water Resources, Inc.
- American Water Works Company, Inc.
- American Water Works Service Company, Inc.
- California-American Water Company
- Hawaii American Water Company
- Illinois-American Water Company
- Indiana-American Water Company
- Iowa-American Water Company
- Kentucky-American Water Company
- Maryland-American Water Company
- Michigan American Water Company
- Missouri-American Water Company
- New Jersey-American Water Company, Inc.
- New York American Water Company, Inc. (effective October 4, 2012), including business components formerly identified as:
 - Aqua New York, Inc. (participating effective May 1, 2012)
 - Aqua New York of Sea Cliff, Inc. (participating effective May 1, 2012)
 - Long Island Water Corporation
 - New York Water Service Corporation (participating effective May 1, 2012)
- Pennsylvania-American Water Company
- Tennessee-American Water Company
- Virginia-American Water Company
- West Virginia-American Water Company
 - Bluefield Valley Water Works Company

APPENDIX C**TRUST AGREEMENTS**

<u>Trust Agreement</u>	<u>Trustee</u>	<u>Effective Date</u>
VEBA Trust Agreement for Post-Retirement Medical Benefits/Bargaining	Wells Fargo Bank, N.A.	June 22, 2011
VEBA Trust Agreement for Post-Retirement Medical Benefits/Non-Bargaining	Wells Fargo Bank, N.A.	June 22, 2011
VEBA Trust for Life Insurance Benefits	Wells Fargo Bank, N.A.	June 22, 2011

APPENDIX D

CLAIMS DETERMINATION AND APPEALS PROCESS

The contracts, booklets, and other materials that describe a particular benefit under the Plan will generally contain a specific set of claims and appeals procedures that you must follow to make a claim to receive that particular benefit and/or to appeal a denied claim for that particular benefit. Although these separate claims and appeals procedures will be very similar in most respects, there may be important differences. Because of this, you should follow the specific claims and appeals procedures for a particular benefit very carefully. If the documents and other materials that describe a particular benefit do not contain a specific set of claims and appeals procedures, the Plan's default procedures as described below will apply. Also, the Plan's default procedures shall apply to the extent the claims and/or appeals procedures do not comply with ERISA or other applicable law. If you have any questions about which set of claims and appeals procedures to follow or any other questions about making a claim, you should contact the Plan Administrator immediately.

For purposes of this section of the Plan describing the Plan's default claims and appeals procedures, the third parties to whom the Plan Administrator has delegated the authority to review and evaluate claims (in the case of the self-insured plans) and the insurance carriers (in the case of the insured plans) shall be referred to as the "Claims Administrator" at the initial claim level and the "Appeals Administrator" at the appeal level.

A request for benefits is a "claim" subject to these procedures only if you or your authorized representative files it in accordance with the Plan's claim filing guidelines.

- In general, claims must be filed in writing (except urgent care claims, which may be made orally) with the applicable provider.
- Any claim that does not relate to a specific benefit under a Benefit Program (for example, a general eligibility claim or the effectiveness or interpretation of an election) must be filed with the Plan Administrator as Claims Administrator and Appeals Administrator (Vice President, Human Resources, American Water Works Company, Inc., 1025 Laurel Oak Road, Voorhees, NJ 08043 (Telephone (856) 346-8200)). Such a claim will follow the claim and appeals procedures that apply for claims not involving health benefits.
- A request for prior approval of a benefit or service where prior approval is not required under the Plan is not a "claim" under these rules.
- A casual inquiry about benefits or the circumstances under which benefits might be paid under the Plan is not a "claim" under these rules, unless it is determined that your inquiry is an attempt to file a claim.
- If a claim is received but there is not enough information to allow the Claims Administrator to process the claim, you will be given an opportunity to provide the missing information.
- If you want to bring a claim for benefits under the Plan, you may designate an authorized representative to act on your behalf as long as you provide written notice of such designation to the Claims Administrator and/or the Appeals Administrator identifying such authorized representative.
- In the case of a claim for medical benefits involving urgent care, a health care professional with knowledge of your medical condition may act as your authorized representative with or without prior notice.

1. Claims Not Involving Health Benefits

In the case of a claim not involving health benefits (e.g., Life, eligibility to participate), initial claims for benefits under the Plan should be made by you in writing to the Claims Administrator.

Time Periods for Responding to Initial Claims

If you bring a claim for benefits under the Plan, the Claims Administrator will respond to you within 90 days (45 days for a claim involving disability benefits) after receipt of the claim. For claims not involving disability benefits, if the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 90-day period that up to an additional 90 days is needed to review your claim. In the case of a claim involving disability benefits, the Claims Administrator will notify you within the initial 45-day period that up to an additional 30 days is needed to review your claim. If the Claims Administrator determines that additional time is necessary to review your claim for disability benefits, the Claims Administrator may notify you of an additional 30-day extension.

Notice and Information Contained in Notice Denying Initial Claim

If the Claims Administrator denies your claim (in whole or in part), the Claims Administrator will provide you with written notice of the denial. This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Description of additional material – a description of any additional material or information necessary for you to substantiate your claim and an explanation as to why such information is necessary;
- Description of any internal rules – in the case of any claim involving disability benefits, a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the initial determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the determination and that a copy of such rule will be provided to you free of charge at your request; and
- Description of claims appeals procedures – a description of the Plan's appeals procedures and the time limits applicable for such procedures, including a statement that you are eligible to bring a civil action in federal court under Section 502 of ERISA to appeal any adverse decision on appeal.

Appealing a Denied Claim for Benefits

If the Claims Administrator denies your initial claim for benefits, you may appeal the denial by filing a written request with the Appeals Administrator within 60 days (180 days in the case of a claim involving disability benefits) after you receive the notice denying your initial claim for benefits. If you decide to appeal a denied claim for benefits, you will be able to submit written comments, documents, records, and other information relating to your claim for benefits (regardless of whether such information was considered in your initial claim for benefits) to the Appeals Administrator for review and consideration. You will also be entitled to receive, upon request and free of charge, access to, and copies of all documents, records, and other information relevant to your appeal.

Time Periods for Responding to Appealed Claims

If you appeal a denied claim for benefits under the Plan, the Appeals Administrator will respond to you within 60 days (45 days in the case of a claim involving disability benefits) after receipt of the claim. If the Appeals Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Appeals Administrator will notify you within the initial 60-day period (the initial 45-day period in the case of a claim involving disability benefits) that up to an additional 60 days (45 days in the case of a claim involving disability benefits) is needed to review your claim.

Notice and Information Contained in Notice Denying Appeal

If the Appeals Administrator denies your claim (in whole or in part), the Appeals Administrator will provide you with written notice of the denial. This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Statement of entitlement to documents – a statement that you are entitled to receive, upon request and free of charge, access to and copies of, all documents, records, and other information that is relevant to your claim and/or appeal for benefits;
- Description of any internal rules – in the case of a claim involving disability benefits, a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the appeal determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and
- Statement of right to bring action – a statement that you are entitled to bring a civil action in federal court under Section 502 of ERISA to pursue your claim for benefits.

The decision of the Appeals Administrator shall be final and conclusive on all persons claiming benefits under the Plan, subject to applicable law. If you challenge the decision of the Appeals Administrator, a review by a court of law will be limited to the facts, evidence, and issues presented during the claims procedure set forth above. The appeal process described herein must be exhausted before you can pursue the claim in federal court. Facts and evidence that become known to you after having exhausted the appeals procedure may be submitted for reconsideration of the appeal in accordance with the time limits established above. Issues not raised during the appeal will be deemed waived.

2. Claims Involving Medical Benefits

In the case of a claim involving medical benefits, initial claims for benefits under the Plan should be made by you in writing to the Claims Administrator.

Types of Claims

There are several different types of claims that you may bring under the Plan. The Plan's procedures for evaluating claims (for example, the time limits for responding to claims and appeals) depend upon the particular type of claim. The types of claims that you generally may bring under the Plan are as follows:

- **Pre-Service Claim** – A “pre-service claim” is a claim for a particular benefit under the Plan that is conditioned upon you receiving prior approval in advance of receiving the benefit. A pre-service claim must contain, at a minimum, the name of the individual for whom benefits are being claimed, a specific medical condition or symptom, and a specific treatment, service, or product for which approval is being requested.
- **Post-Service Claim** – A “post-service claim” is a claim for payment for a particular benefit or for a particular service after the benefit or service has been provided. A post-service claim must contain the information requested on a claim form provided by the applicable provider.
- **Urgent Care Claim** – An “urgent care claim” is a claim for benefits or services involving a sudden and urgent need for such benefits or services. A claim will be considered to involve urgent care if the Claims Administrator or a doctor with knowledge of your condition determines that the application of the claims review procedures for non-urgent claims (i) could seriously jeopardize your life or your health, or your ability to regain maximum function, or (ii) in your doctor's opinion, would subject you to severe pain that cannot adequately be managed without the care or treatment that is the subject of the claim.
- **Concurrent Care Review Claim** – A “concurrent care review claim” is a claim relating to the continuation/reduction of an ongoing course of treatment.

Time Periods for Responding to Initial Claims

If you bring a claim for benefits under the Plan, the Claims Administrator will respond to your claim within the following time periods:

- **Post-Service Claim** – In the case of a post-service claim, the Claims Administrator shall respond to you within 30 days after receipt of the claim. If the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 30-day period that the Claims Administrator needs up to an additional 15 days to review your claim. If such an extension is necessary because you failed to provide the information necessary to evaluate your claim, the notice of extension will describe the information that you need to provide to the Claims Administrator. You will have no less than 45 days from the date you receive the notice to provide the requested information.
- **Pre-Service Claim** – In the case of a pre-service claim, the Claims Administrator shall respond to you within 15 days after receipt of the claim. If the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 15-day period that the Claims Administrator needs up to an additional 15 days to review your claim. If such an extension is necessary because you failed to provide the information necessary to evaluate your claim, the notice of extension will describe the information that you need to provide to the Claims Administrator. You will have no less than 45 days from the date you receive the notice to provide the requested information.
- **Urgent Care Claim** – In the case of an urgent care claim, the Claims Administrator shall respond to you within 72 hours after receipt of the claim. If the Claims Administrator determines that it needs additional information to review your claim, the Claims Administrator will notify you within 24 hours after receipt of the claim and provide you with a description of the additional information that it needs to evaluate your claim. You will have no less than 48 hours from the time you receive this notice to provide the requested information. Once you provide the requested information, the Claims Administrator will evaluate your claim within 48 hours after the earlier of the Claims Administrator's receipt of the requested information, or the end of the extension period given to you to provide the requested information. There is a special time period for responding to a request to extend an ongoing course of treatment if the request is an urgent care claim. For these types of claims, the Claims Administrator must respond to you within 24 hours after receipt of the claim by the Plan (provided, that you make the claim at least 24 hours prior to the expiration of the ongoing course of treatment).
- **Concurrent Care Review Claim** – If the Plan has already approved an ongoing course of treatment for you and contemplates reducing or terminating the treatment, the Claims Administrator will notify you sufficiently in advance of the reduction or termination of treatment to allow you to appeal the Claims Administrator's decision and obtain a determination on review before the treatment is reduced or terminated.

Notice and Information Contained in Notice Denying Initial Claim

If the Claims Administrator denies your claim (in whole or in part), the Claims Administrator will provide you with written notice of the denial (although initial notice of a denied urgent care claim may be provided to you orally). This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Description of additional material – a description of any additional material or information necessary for you to substantiate your claim and an explanation as to why such information is necessary;

- Description of any internal rules – a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the initial determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and
- Description of claims appeals procedures – a description of the Plan’s appeals procedures and the time limits applicable for such procedures (such description will include a statement that you are eligible to bring a civil action in federal court under Section 502 of ERISA to appeal any adverse decision on appeal and a description of any expedited review process for urgent care claims).

Appealing a Denied Claim for Benefits (Internal Appeal)

If the Claims Administrator denies your initial claim for benefits, you may appeal the denial by filing a written request (or an oral request in the case of an urgent care claim) with the Appeals Administrator within 180 days after you receive the notice denying your initial claim for benefits. If you decide to appeal a denied claim for benefits, you will be able to submit written comments, documents, records, and other information relating to your claim for benefits (regardless of whether such information was considered in your initial claim for benefits) to the Appeals Administrator for review and consideration. You will also be entitled to receive, upon request and free of charge, access to, and copies of, all documents, records, and other information that is relevant to your appeal.

Time Periods for Responding to Internal Appeal Claims

If you appeal a denied claim for benefits, the Appeals Administrator will respond to your claim within the following time periods:

- **Post-Service Claim** – In the case of an appeal of a denied post-service claim, the Appeals Administrator shall respond to you within 60 days after receipt of the appeal.
- **Pre-Service Claim** – In the case of an appeal of a denied pre-service claim, the Appeals Administrator shall respond to you within 30 days after receipt of the appeal.
- **Urgent Care Claim** – In the case of an appeal of a denied urgent care claim, the Appeals Administrator shall respond to you within 72 hours after receipt of the appeal.
- **Concurrent Care Review Claim** – In the case of an appeal of a denied concurrent care review claim, the Appeals Administrator shall respond to you before the concurrent or ongoing treatment in question is reduced or terminated.

Notice and Information Contained in Notice Denying Appeal

If the Appeals Administrator denies your claim (in whole or in part), the Appeals Administrator will provide you with written notice of the denial (although initial notice of a denied urgent care claim may be provided to you orally or via facsimile or other similarly expeditious means of communication). This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Statement of entitlement to documents – a statement that you are entitled to receive, upon request and free of charge, access to and copies of, all documents, records, and other information that is relevant to your claim and/or appeal for benefits;
- Description of any internal rules – a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the appeal determination or a statement that such a rule, guideline,

protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and

- Statement of right to bring action – a statement that you are entitled to bring a civil action in federal court under Section 502 of ERISA to pursue your claim for benefits.

If the time limitations set forth have not been exceeded, no person may bring an action in a court of law unless the claims review procedure is exhausted and a final determination has been made. The decision of the Appeals Administrator shall be final and conclusive on all persons claiming benefits under the Plan, subject to applicable law. If you challenge the decision of the Appeals Administrator, a review by a court of law will be limited to the facts, evidence and issues presented during the claims procedure set forth above. The appeal process described herein must be exhausted before you can pursue the claim in federal court. Facts and evidence that become known to you after having exhausted the appeals procedure may be submitted for reconsideration of the appeal in accordance with the time limits established above. Issues not raised during the appeal will be deemed waived.

Further External Appeal Rights

If you are dissatisfied with the results of the Appeals Administrator's internal appeal process, and you wish to pursue an external appeal with an independent review organization (IRO), you must submit a written request within four months from your receipt of our final adverse benefit determination of your appeal. Send your appeal to:

**Horizon BCBSNJ Appeals Department
Mail Station PP-14E
P.O. Box 420
Newark, NJ 07101**

You may also initiate an appeal by calling (888) 221-6392.

Upon receipt of your written request a preliminary review of your request will be conducted and completed within five business days by the Appeals Administrator to determine:

- Your eligibility under the Plan at the time the service was requested or provided;
- That the adverse benefit determination does not relate to your failure to meet eligibility requirements under the terms of the Plan;
- That the internal appeals process has been exhausted (if required); and
- That you have provided all the information and forms required to process the external review.

Note: You may request an expedited external review for appeal of a denied urgent care claim.

After the completion of this preliminary review, you will receive written notice within one business day informing you of the determination regarding the eligibility of your request for external review. If your request was complete but not eligible for external review, the notice will include the reasons for your appeal not being eligible, and you will be provided the contact information for the Employee Benefits Security Administration who you may contact regarding your appeal at (866) 444-EBSA (3272). If your request was not complete, you will be advised as to what information or materials are needed to make your appeal request complete. In such cases, you will have 48 hours from your receipt of the notice, or the balance of the four month filing period for external appeals, whichever is longer, to perfect your appeal.

If your request for an external review meets the eligibility requirements as discussed above, your appeal will be assigned to an independent review organization (IRO) by the Appeals Administrator. The IRO will timely notify you in writing of your request's eligibility and acceptance for external review. This

notice will include a statement that you may submit in writing to the assigned IRO within 10 business days following your receipt of the notice additional information that the IRO must consider when conducting the external review.

Within five business days after the date of assignment of the IRO, the Plan must provide to the assigned IRO the documents and any information considered in making the initial adverse benefit determination or the final adverse benefit determination. Failure of the Plan to timely submit the documents and information will not delay the conduct of the external review. If the Plan fails to timely supply the documents and information, the IRO may terminate the review and reverse the adverse benefit determination. If this occurs, the IRO will notify you and the Plan within one business day of its decision.

If you submit additional information to the IRO, the IRO will, within one business day, forward this information to the Plan for its consideration. Upon its receipt, the Plan may reconsider its adverse benefits determination. Reconsideration by the Plan will not delay the external review. The Plan will have up to the end of the IRO's review period to reconsider its adverse benefit determination. The external review may be terminated as a result of the reconsideration only if the Plan decides, upon completion of its reconsideration, to reverse its adverse benefit determination or final internal adverse benefit determination and provide coverage or payment. Within one business day of making such a decision, the Plan must provide written notice of the decision to you and the IRO, and the IRO must terminate the external review upon its receipt of such notice from the Plan.

The IRO will review all of the information and documents timely received. In reaching a decision, the IRO will review the claim *de novo* (anew) and is not bound by any decisions or conclusions reached during the Plan's internal claims and appeals processes. The IRO will provide its written final external review decision to the claimant and the Plan within 45 days after the IRO first received the request for the external review, and will include a general description of the reasons for the requested review, including information sufficient to identify the claim, the dates of service, the health care provider's name, the claim amount, the diagnosis and treatment codes and their meanings, and the reason for the previous denial. The decision will also include the date the IRO received the request, references to the documentation relied on for its decision (including specific coverage provisions and evidence based standards, considered in reaching the decision), a statement that the determination is binding except to the extent that other remedies may be available under state or federal law to either you or the group health plan, a statement that judicial review may be available to you, and that additional assistance may be available to you by contacting the applicable office of health insurance consumer assistance or ombudsman whose contact information will be listed on the written final external review decision.

Expedited External Review. An adverse benefit determination may be eligible for an expedited external review if:

- You have received an adverse benefit determination which involves a medical condition for which the timeframe for completion of an expedited internal appeal (as described above) would seriously jeopardize your life or health, or your ability to regain maximum function, and you have filed a request for an expedited internal appeal; or
- You have received an adverse benefit determination which involves a medical condition where the timeframe or completion of a standard external review would seriously jeopardize your life or health or would jeopardize your ability to regain maximum function, or if the adverse benefit determination concerns an admission, availability of care, continued stay, or health care item or service for which you have received emergency services, but you have not been discharged from a facility.

If you make a request for an expedited external review, the Plan Administrator will immediately review the request and provide you with written notice of whether the adverse benefit determination is eligible for external review. If the adverse benefit determination is eligible for external review, the Appeals

Administrator will forward the request to an IRO (electronically, by telephone or fax, or by other similar manner), along with all documents and information it considered in making its adverse benefit determination.

The IRO will follow the review process described above, and render a decision within 72 hours after it receives the request for review. The IRO will provide a written confirmation of its decision to both the claimant and the Plan with 48 hours thereafter.

Upon receipt of the final external review decision reversing the adverse benefit determination, the Appeals Administrator will immediately provide coverage or payment for the claim or service involved.

All medical appeals will provide:

- The opportunity to submit written comments, documents, records and other information relating to your claim for benefits, and that all such submissions will be considered by the Plan in deciding the appeal.
- The right to request that you be provided reasonable access to, and copies of, all documents, records, medical necessity criteria utilized to make the determination and other information relevant to your claim for benefits free of charge.
- A review that does not afford deference to the initial adverse utilization management determination, and is conducted by Medical Directors who are neither the person who made the initial decision nor a subordinate of the person who made the initial decision.
- That, in instances when the decision involves medical judgment, a health care professional who has appropriate training and experience in the field of medicine will be consulted, who again is neither the person who made the initial decision nor a subordinate of the person who made the initial decision.
- That the Appeals Administrator will identify, upon your request, the medical or vocational experts whose advice was obtained in connection with your medical appeal, whether we relied on the experts advice or not in making our decision. While your internal appeal is pending, the Appeals Administrator will provide you with a copy (free of charge) of any new or additional evidence considered, relied upon or generated by the plan in reaching our decision sufficiently in advance of the date by which we will decide your case to allow you the reasonable opportunity to respond prior to that date. In addition, before the Plan can issue a final appeal determination based on a new or additional rationale than what was previously relied upon, the Appeals Administrator will provide you with the new or additional rationale (free of charge) sufficiently in advance of the date by which we will decide your case to allow you the reasonable opportunity to respond to that rationale prior to that date.
- The diagnoses codes and its corresponding meaning and the treatment code(s) and their corresponding meanings that are involved in your appeal will be identified and included in all written communications regarding your appeal.

You also have the right to bring a civil action under Section 502(a) of ERISA following your appeal of our determination through the internal appeal process.

3. Claims Involving Other Health Benefits

In the case of a claim involving other health benefits (e.g., Dental, Prescription Drug), initial claims for benefits under the Plan should be made by you in writing to the Claims Administrator.

Types of Claims

There are several different types of claims that you may bring under the Plan. The Plan's procedures for evaluating claims (for example, the time limits for responding to claims and appeals) depend upon the particular type of claim. The types of claims that you generally may bring under the Plan are as follows:

- **Pre-Service Claim** – A “pre-service claim” is a claim for a particular benefit under the Plan that is conditioned upon you receiving prior approval in advance of receiving the benefit. A pre-service claim must contain, at a minimum, the name of the individual for whom benefits are being claimed, a specific medical condition or symptom, and a specific treatment, service, or product for which approval is being requested.
- **Post-Service Claim** – A “post-service claim” is a claim for payment for a particular benefit or for a particular service after the benefit or service has been provided. A post-service claim must contain the information requested on a claim form provided by the applicable provider.
- **Urgent Care Claim** – An “urgent care claim” is a claim for benefits or services involving a sudden and urgent need for such benefits or services. A claim will be considered to involve urgent care if the Claims Administrator or a doctor with knowledge of your condition determines that the application of the claims review procedures for non-urgent claims (i) could seriously jeopardize your life or your health, or your ability to regain maximum function, or (ii) in your doctor's opinion, would subject you to severe pain that cannot adequately be managed without the care or treatment that is the subject of the claim.
- **Concurrent Care Review Claim** – A “concurrent care review claim” is a claim relating to the continuation/reduction of an ongoing course of treatment.

Time Periods for Responding to Initial Claims

If you bring a claim for benefits under the Plan, the Claims Administrator will respond to your claim within the following time periods:

- **Post-Service Claim** – In the case of a post-service claim, the Claims Administrator shall respond to you within 30 days after receipt of the claim. If the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 30-day period that the Claims Administrator needs up to an additional 15 days to review your claim. If such an extension is necessary because you failed to provide the information necessary to evaluate your claim, the notice of extension will describe the information that you need to provide to the Claims Administrator. You will have no less than 45 days from the date you receive the notice to provide the requested information.
- **Pre-Service Claim** – In the case of a pre-service claim, the Claims Administrator shall respond to you within 15 days after receipt of the claim. If the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 15-day period that the Claims Administrator needs up to an additional 15 days to review your claim. If such an extension is because you failed to provide the information necessary to evaluate your claim, the notice of extension will describe the information that you need to provide to the Claims Administrator. You will have no less than 45 days from the date you receive the notice to provide the requested information.
- **Urgent Care Claim** – In the case of an urgent care claim, the Claims Administrator shall respond to you within 72 hours after receipt of the claim. If the Claims Administrator determines that it needs additional information to review your claim, the Claims Administrator will notify you within 24 hours after receipt of the claim and provide you with a description of the additional information that it needs to evaluate your claim. You will have no less than 48 hours from the time you receive this notice to provide the requested

information. Once you provide the requested information, the Claims Administrator will evaluate your claim within 48 hours after the earlier of the Claims Administrator's receipt of the requested information, or the end of the extension period given to you to provide the requested information. There is a special time period for responding to a request to extend an ongoing course of treatment if the request is an urgent care claim. For these types of claims, the Claims Administrator must respond to you within 24 hours after receipt of the claim by the Plan (provided, that you make the claim at least 24 hours prior to the expiration of the ongoing course of treatment).

- **Concurrent Care Review Claim** – If the Plan has already approved an ongoing course of treatment for you and contemplates reducing or terminating the treatment, the Claims Administrator will notify you sufficiently in advance of the reduction or termination of treatment to allow you to appeal the Claims Administrator's decision and obtain a determination on review before the treatment is reduced or terminated.

Notice and Information Contained in Notice Denying Initial Claim

If the Claims Administrator denies your claim (in whole or in part), the Claims Administrator will provide you with written notice of the denial (although initial notice of a denied urgent care claim may be provided to you orally). This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Description of additional material – a description of any additional material or information necessary for you to substantiate your claim and an explanation as to why such information is necessary;
- Description of any internal rules – a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the initial determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and
- Description of claims appeals procedures – a description of the Plan's appeals procedures and the time limits applicable for such procedures (such description will include a statement that you are eligible to bring a civil action in federal court under Section 502 of ERISA to appeal any adverse decision on appeal and a description of any expedited review process for urgent care claims).

Appealing a Denied Claim for Benefits

If the Claims Administrator denies your initial claim for benefits, you may appeal the denial by filing a written request (or an oral request in the case of an urgent care claim) with the Appeals Administrator within 180 days after you receive the notice denying your initial claim for benefits. If you decide to appeal a denied claim for benefits, you will be able to submit written comments, documents, records, and other information relating to your claim for benefits (regardless of whether such information was considered in your initial claim for benefits) to the Appeals Administrator for review and consideration. You will also be entitled to receive, upon request and free of charge, access to, and copies of, all documents, records, and other information that is relevant to your appeal.

Time Periods for Responding to Appealed Claims

If you appeal a denied claim for benefits, the Appeals Administrator will respond to your claim within the following time periods:

- **Post-Service Claim** – In the case of an appeal of a denied post-service claim, the Appeals Administrator shall respond to you within 60 days after receipt of the appeal.

- Pre-Service Claim – In the case of an appeal of a denied pre-service claim, the Appeals Administrator shall respond to you within 30 days after receipt of the appeal.
- Urgent Care Claim – In the case of an appeal of a denied urgent care claim, the Appeals Administrator shall respond to you within 72 hours after receipt of the appeal.
- Concurrent Care Review Claim – In the case of an appeal of a denied concurrent care review claim, the Appeals Administrator shall respond to you before the concurrent or ongoing treatment in question is reduced or terminated.

Notice and Information Contained in Notice Denying Appeal

If the Appeals Administrator denies your claim (in whole or in part), the Appeals Administrator will provide you with written notice of the denial (although initial notice of a denied urgent care claim may be provided to you orally or via facsimile or other similarly expeditious means of communication). This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Statement of entitlement to documents – a statement that you are entitled to receive, upon request and free of charge, access to and copies of, all documents, records and other information that is relevant to your claim and/or appeal for benefits;
- Description of any internal rules – a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the appeal determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and
- Statement of right to bring action – a statement that you are entitled to bring a civil action in federal court under Section 502 of ERISA to pursue your claim for benefits.

If the time limitations set forth have not been exceeded, no person may bring an action in a court of law unless the claims review procedure is exhausted and a final determination has been made. The decision of the Appeals Administrator shall be final and conclusive on all persons claiming benefits under the Plan, subject to applicable law. If you challenge the decision of the Appeals Administrator, a review by a court of law will be limited to the facts, evidence and issues presented during the claims procedure set forth above. The appeal process described herein must be exhausted before you can pursue the claim in federal court. Facts and evidence that become known to you after having exhausted the appeals procedure may be submitted for reconsideration of the appeal in accordance with the time limits established above. Issues not raised during the appeal will be deemed waived.

APPENDIX E**PLAN ADMINISTRATION EMPLOYEES**

The following classes of employees may access PHI relating to payroll, eligibility and enrollment, and claims:

American Water/American Water Services

- VP Human Resources
- Director Compensation & Benefits
- Director HR Services
- Manager, Benefits and Wellness
- Benefits Administrator
- Supervisor Benefits Service Center
- Supervisor HR Services
- Sr. Specialist Benefits
- Team Lead Reporting & Analysis
- HR and Senior HR Services Representative
- Specialist Payroll/HR Data
- Specialist Client Support
- Supervisor Payroll Processing
- Specialist Payroll Tax & Accounting
- Manager Employee Services Generalist
- HR Manager
- Administrative Secretary
- Executive Assistant
- Staff Accountant

The following classes of employees may access PHI relating only to payroll, eligibility and enrollment. These employees shall not have access to PHI relating to claims:

American Water/American Water Services

- Director ITS, Development & Support Administrative
- Manager Application Development
- Technical Designer
- Developers
- Documenter / Trainer
- Manager Application Architecture
- Business Analysts
- Project Managers
- Quality Assurance — Analysts/Testers
- Internal Audit
- Information Systems Auditor
- Senior Auditor
- Internal Auditor
- Director Internal Audit
- Internal Auditor
- Manager IT
- Controller, Assistant
- Sr. Staff Accountant
- VP Finance

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American Water Company
Medical, Dental, and Vision Insurance
Monthly Cost & Employee Contribution Rates

Effective January 1, 2016

Coverage	Non-Union	
	Cost of Plan Medical / Rx	Employee Contribution Medical / Rx
Employees w/ Single Coverage	\$520.67	\$87.00
Employee and Spouse	1,145.69	192.00
Employee and Children	1,196.33	200.00
Employee and Family	1,455.63	243.00

Coverage	Cost of Plan	Employee Contribution
	Dental / Vision	Dental / Vision
Employees w/ Single Coverage	\$28.88	\$6.00
Employee and Spouse	67.08	13.00
Employee and Children	71.20	14.00
Employee and Family	85.65	17.00

Coverage	Union	
	Cost of Plan Medical / Rx / Dental / Vision	Employee Contribution Medical / Rx / Dental / Vision
Employees w/ Single Coverage	\$549.55	\$94.04
Employee and Family	1,407.62	240.74

Coverage	Cost of Plan	Employee Contribution
	Dental / Vision Only	Dental / Vision Only
Employees w/ Single Coverage	\$28.10	\$5.22
Employee and Family	72.89	13.61

American Water Company
Miscellaneous Group Insurance Rates

Non-Union Rates				
Salary Multiplier = Coverage Basis	Max Coverage Basis	Monthly Cost per Coverage Unit	Coverage Unit	Annual Flat Cost
Short Term Disability				\$23.88
Long Term Disability	1	\$180,000	\$0.172	\$100
Basic Life	1.5	\$200,000	\$0.176	\$1,000
Accidental Death & Dismemberment	1.5		\$0.020	\$1,000

Union Rates				
Salary Multiplier = Coverage Basis	Max Coverage Basis	Monthly Cost per Coverage Unit	Coverage Unit	Annual Flat Cost
Short Term Disability				\$23.88
Long Term Disability				
Basic Life	1.25	\$200,000	\$0.176	\$1,000
Accidental Death & Dismemberment		\$10,000	\$0.020	\$1,000
				\$2.40

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: **Donald J. Petry**

15. Reference the Kentucky American Water application generally. Has the Company raised premiums for employees or raised co-pays for doctor visits and/or pharmacy prescriptions in order to assist in keeping the insurance costs as low as possible?

Response:

In order to offset growing healthcare and prescription costs, American Water has:

- raised premiums for the bundled coverage (i.e., medical, prescription, dental, and vision) for the union group (from plan year 2015 to 2016) for Single coverage from \$90.00 to \$94.04 and for Family coverage from \$230.00 to \$240.74.

- implemented prescription-related programs such as
 - Formulary Exclusions on select brand medications based on efficacy and cost variance between comparable medications in the same class.
 - Specialty Exclusions on select specialty medications based on efficacy and cost variance between comparable medications in the same class.
 - Maintenance Choice – a mandatory mail program that requires members filling maintenance or long-term medications to fill their medications at mail or their local CVS retail pharmacy. Members typically are given an initial fill, plus 1-2 refills at retail before being required to use the mail or CVS retail to fill the medication. Fills at CVS need to be at a 3-month supply.
 - Compound Prior Authorization for any compound claim billed over \$300 in gross cost.