

Stan Stockton
Operations Manager

October 29, 2002

Gentlemen:

Bids are requested by Kentucky-American Water Company for installation of new services and settings as listed in the attached bid documents. The work is to be done in accordance with the rules and regulations as stated in our pipeline specifications. A mandatory **pre-bid meeting** will be held at 3:00 p.m. on **November 7, 2002** in our office.

Bids should be completed and submitted to my office no later than 3:00 p.m., **November 14, 2002**. Bids received after the stated time will not be considered. The successful bidder will be required to execute a contract agreement for the faithful performance of the work.

Information regarding work history and experience of your foreman and crews will be required. Please furnish this information on the attached Exhibit 1 and submit with your bid. An exhibit reflecting terms of construction is also attached.

The bid package includes:

- Bid Document
- Exhibit 1 – Experience Form
- Exhibit 2 – Terms of Construction
- Exhibit 3 – Procedure for Payment When Work is Not Complete Agreement

Kentucky-American Water Company retains the right to reject or void any bid(s) that it may deem unsuitable for the purpose of maintaining an orderly flow of work in an organized manner, in an attempt to provide the best possible service for the protection and replacement of public and/or private properties.

If you have any questions, please let me know.

Sincerely,

Stan Stockton
Operations Manager

Enclosures

c: Dave Owens
Bambi Floyd
Linda Bridwell
Fred White

**PIPELINE BID DOCUMENTS
AND SPECIFICATIONS**

BASE BID UNIT COST BASIS

Prepared By:

AMERICAN WATER WORKS SERVICE COMPANY, INC.
SYSTEM ENGINEERING
1025 LAUREL OAK ROAD
VOORHEES, NEW JERSEY 08043

December, 1990

REVISED BY KENTUCKY-AMERICAN WATER COMPANY

August, 1991
August, 1994
October, 1994
October, 2002

RE: Blanket Service New

INVITATION TO BID
FOR CONSTRUCTION OF

Blanket Service New

Sealed bids for furnishing all plant, labor, equipment and performing all work to construct the **installation of new services during 2003 and 2004** will be opened at the office of Operations Superintendent - Distribution, Kentucky-American Water Company, 2300 Richmond Road, Lexington, Kentucky 40502 at 3:00 p.m., local time on **November 14, 2002**.

One (1) set of Bidding Documents, including the Instructions to Bidders, Bid Form, Bid Bond Forms and Contract documents, will be provided at no charge to the CONTRACTORS who are invited to bid the project.

Subcontractors, manufacturers and material suppliers should obtain information and review the Bidding Documents by contacting potential bidders.

Each proposal shall be accompanied by a Bid Bond in an amount not less than ten percent (10%) of the bid total, payable to the OWNER, all in accordance with the provisions contained in the Bidding Documents. Applicable _____ Not Applicable X

OWNER reserves its rights to waive any informality or deficiency in any BID, to accept any Bid, to negotiate modifications of any Bid with any BIDDER and accept any modified Bid, to reject any Bid, to reject all Bids, and to rebid the Project, all at the OWNER's sole discretion.

INSTRUCTION TO BIDDERS

1. **Defined Terms**

Terms used in these Instructions to Bidders which are defined in the General Conditions of the Contract Documents have the meanings assigned to them in the General Conditions. The term "Bidder" means one who submits a Bid directly to OWNER, as distinct from a subbidder, who submits a Bid to a Bidder. The term "Successful Bidder" means the lowest, qualified, responsible and responsive Bidder to whom OWNER (on the basis of OWNER's evaluation as hereinafter provided) makes an award. The term "Bidding Documents" includes the Invitation to Bid, Instructions to Bidders, the Bid Form, and the proposed Contract Documents (including all Addenda issued prior to receipt of Bids).

2. **Copies of Bidding Documents**

2.1 Complete sets of Bidding Documents must be used in preparing Bids; OWNER does not assume any responsibility for errors or misinterpretations resulting from the use of incomplete sets of Bidding Documents.

2.2 OWNER in making copies of Bidding Documents available on the above terms does so only for the purpose of obtaining Bids on the Work and do not confer a license or grant for any other use.

3. **Qualifications of Bidders**

Bidders must be prequalified.

4. **Examination of Contract Documents and Site**

4.1 It is the responsibility of each Bidder before submitting a Bid, to (a) examine the Contract Documents thoroughly, (b) consider Laws and Regulations that may affect cost, progress, performance or furnishing of the Work, (c) study and carefully correlate Bidder's observations with the Contract Documents, and (d) notify OWNER of all conflicts, errors or discrepancies in the Contract Documents.

4.2 Information and data reflected in all assigned work with respect to Underground Facilities at or contiguous to the site is based upon information and data furnished to OWNER by owners of such Underground Facilities or others, and OWNER does not assume responsibility for the accuracy or completeness thereof unless it is expressly provided otherwise.

4.3 Provisions concerning responsibilities for the adequacy of data furnished to prospective Bidders on subsurface conditions, Underground Facilities and other physical conditions, and possible changes in the Contract Documents due to differing conditions appear in Paragraphs 4.2 and 4.3 of the General Conditions.

4.4 Before submitting a Bid, each Bidder will, at Bidder's own expense, make or obtain any additional examinations, investigations, explorations, tests and studies and obtain any additional information and data which pertain to physical conditions (surface, subsurface and Underground Facilities) or otherwise which may affect cost, progress, performance or furnishing of the Work and which Bidder deems necessary to determine its Bid for performing and furnishing the Work in accordance with the time, price and other terms and conditions of the Contract Documents.

4.5 The lands upon which the Work is to be performed, rights-of-way and easements for access thereto and other lands designated for use by CONTRACTOR in performing the Work are as assigned. All additional lands and access thereto required for temporary construction facilities or storage of materials and equipment are to be provided by CONTRACTOR. Easements for permanent structures or permanent changes in existing structures are to be obtained and paid for by OWNER unless otherwise provided.

4.6 The submission of a Bid will constitute an incontrovertible representation by Bidder that Bidder has complied with every requirement of this Article 4, that without exception the Bid is premised upon performing and furnishing the Work required by the Contract Documents and such means, methods, techniques, sequences or procedures of construction as may be indicated in or required by the Contract Documents, and that the Contract Documents are sufficient in scope and detail to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.

5. **Interpretations and Addenda**

5.1 All questions about the meaning or intent of the Contract Documents are to be directed to OWNER. Interpretations or clarifications considered necessary by OWNER in response to such questions will be issued by Addenda mailed or delivered to all parties recorded by OWNER as having received the Bidding Documents. Only questions answered by formal written Addenda will be binding. Oral and other interpretations or clarifications will be without legal effect.

5.2 Addenda may also be issued to modify the Bidding Documents as deemed advisable by OWNER.

6. **Bid Security** (See Page I-1 to determine if Paragraph 6 is applicable).

6.1 Each Bid must be accompanied by Bid security made payable to OWNER in an amount of ten percent of the Bidder's maximum Bid price and in the form of a Bid Bond (on form attached), issued by a surety meeting the requirements of Paragraph 5.1 of the General Conditions.

6.2 The Bid security of the Successful Bidder will be retained until such Bidder has executed the Agreement and furnished the required contract security, whereupon the Bid security will be returned. If the Successful Bidder fails to execute and deliver the Agreement and furnish the required contract security within fifteen days after the Notice of Award, OWNER may annul the Notice of Award and the Bid security of that Bidder will be forfeited. The Bid security of other Bidders whom OWNER believes to have a reasonable chance of receiving the award may be retained by OWNER until the earlier of the seventh day after the Effective Date of the Agreement or the forty-sixth day after the Bid opening, whereupon Bid security furnished by such Bidders will be returned. Bid security with Bids which are not competitive will be returned within seven days after the Bid opening.

7. Contract Times

The Contract will exist from January 1, 2003 until December 31, 2004.

8. Liquidated Damages

Provisions for liquidated damages, if any, are set forth in the Agreement.

9. Substitute and "Or-Equal" Items

Substitute or "Or-Equal" items are subject to the requirements of Paragraph 6.7 of the General Conditions.

10. Subcontractors, Suppliers and Others

10.1 The apparent Successful Bidder, and any other Bidder so requested, shall within seven days after the Bid opening submit to OWNER a list of all such Subcontractors, Suppliers and other persons and organizations proposed for those portions of the Work for which such identification is required. Such list shall be accompanied by an experience statement with pertinent organization information if requested by OWNER. If OWNER or ENGINEER after due investigation has reasonable objection to any proposed Subcontractor, Supplier, other person or organization, OWNER or ENGINEER may before the Notice of Award is given request the apparent Successful Bidder to submit an acceptable substitute without an increase in Bid price.

If apparent Successful Bidder declines to make any such substitution, OWNER may award the contract to the next lowest Bidder that proposes to use acceptable Subcontractors, Suppliers and other persons and organizations. The declining to make requested substitutions will not constitute grounds for sacrificing the Bid security of any Bidder. Any Subcontractor, Supplier, other person or organization listed and to whom OWNER or ENGINEER does not make written objection prior to the giving of the Notice of Award will be deemed acceptable to OWNER and ENGINEER subject to revocation of such acceptance after the Effective Date of the Agreement as provided in Paragraph 6.8.2 of the General Conditions.

10.2 No CONTRACTOR shall be required to employ any Subcontractor, Supplier, other person or organization against whom CONTRACTOR has reasonable objection.

11. Bid Form

11.1 The Bid Form is included with the Bidding Documents.

11.2 All blanks on the Bid Form must be completed in ink or by typewriter.

11.3 Bids by corporations must be executed in the corporate name by the president or a vice-president (or other corporate officer accompanied by evidence of authority to sign) and the corporate seal must be affixed and attested by the secretary or an assistant secretary. The corporate address and state of incorporation must be shown below the signature.

11.4 Bids by partnerships must be executed in the partnership name and signed by a partner, whose title must appear under the signature and the official address of the partnership must be shown below the signature.

11.5 All names must be typed or printed below the signature.

11.6 The Bid shall contain an acknowledgment of receipt of all Addenda (the numbers of which must be filled in on the Bid Form).

11.7 The address and telephone number for communications regarding the Bid must be shown.

12. Submission of Bids

Bids shall be submitted at the time and place indicated in the Invitation to Bid and shall be enclosed in an opaque sealed envelope, marked with the Project title and name and address of the Bidder and accompanied by the Bid security and other required documents. If the Bid is sent through the mail or other delivery system the sealed envelope shall be enclosed in a separate envelope with the notation "BID ENCLOSED" on the face of it.

13. Modification and Withdrawal of Bids

Bids may be modified or withdrawn by an appropriate document duly executed (in the manner that a Bid must be executed) and delivered to the place where Bids are to be submitted at any time prior to the opening of Bids.

14. Opening of Bids

The opening of Bids may be public or private.

15. Bids to Remain Subject to Acceptance.

All Bids will remain subject to acceptance for 45 days after the day of the Bid opening, (unless otherwise specified in Paragraph 2.3 of the Supplementary Conditions), but OWNER may, in its sole discretion, release any Bid and return the Bid security prior to that date.

16. Award of Contract

16.1 OWNER reserves the right to reject any and all Bids, to waive any and all informalities and to negotiate contract terms with the Successful Bidder, and the right to disregard all nonconforming, nonresponsive, unbalanced or conditional Bids. Also, OWNER reserves the right to reject the Bid of any Bidder if OWNER believes that it would not be in the best interest of the Project to make an award to that Bidder, whether because the Bid is not responsive or the Bidder is unqualified or of doubtful financial ability or fails to meet any other pertinent standard or criteria established by OWNER. Discrepancies in the multiplication of units of Work and Unit Prices will be resolved in favor of the Unit Prices. Discrepancies between the indicated sum of any column of figures and the correct sum thereof will be resolved in favor of the correct sum.

16.2 In evaluating Bids, OWNER will consider the qualifications of the Bidders, whether or not the Bids comply with the prescribed requirements, and such alternates, Unit Prices or other data, as may be requested in the Bid Form or prior to the Notice of Award.

16.3 OWNER may consider the qualifications and experience of Subcontractors, Suppliers, and other persons and organizations proposed for those portions of the Work as to which the identity of Subcontractors, Suppliers, and other persons and organizations must be submitted as provided in the Supplementary Conditions. OWNER also may consider the operating costs, maintenance requirements, performance data and guarantees of major items of materials and equipment proposed for incorporation in the Work when such data is required to be submitted prior to the Notice of Award.

16.4 OWNER may conduct such investigations as OWNER deems necessary to assist in the evaluation of any Bid and to establish the responsibility, qualifications and financial ability of Bidders, proposed Subcontractors, Suppliers and other persons and organizations to perform and furnish the Work in accordance with the Contract Documents to OWNER's satisfaction within the prescribed time.

16.5 If the contract is to be awarded, it will be awarded to the lowest Bidder whose evaluation by OWNER indicates to OWNER that the award will be in the best interests of the OWNER.

16.6 If the contract is to be awarded, OWNER will give the Successful Bidder a Notice of Award within forty-five days after the day of the Bid opening.

17. Contract Security

Paragraph 5.1 of the General Conditions and the Supplementary Conditions set forth OWNER's requirements as to performance, maintenance and payment Bonds. When the Successful Bidder delivers the executed Agreement to OWNER, it must be accompanied by the required performance, maintenance and payment Bonds. Forms included only if applicable to Work being bid.

18. Signing of Agreement

When OWNER gives a Notice of Award to the Successful Bidder, it will be accompanied by the required number of unsigned counterparts of the Agreement with all other written Contract Documents attached. Within fifteen days thereafter CONTRACTOR shall sign and deliver the required number of counterparts of the Agreement and attached documents to OWNER with the required Bonds. Within ten days thereafter OWNER shall deliver one fully signed counterpart to CONTRACTOR. Each counterpart is to be accompanied by a complete set of the Drawings with appropriate identification.

19. Prebid Conference (If Applicable)

A pre-bid conference will be held at 3:00 p.m. on the 7th day of November, 2002, at Kentucky-American Water Company's office, 2300 Richmond Road, Lexington, KY.

Representatives of OWNER will be present. Bidders are required to attend and participate in the conference. OWNER will transmit to all prospective Bidders of record such Addenda as OWNER considers necessary in response to questions arising at the conference.

20. Sales and Use Taxes

OWNER is exempt from N/A State Sales and Use Taxes on certain materials and equipment to be incorporated in the Work. Said taxes shall not be included in the Contract Price. Refer to Supplementary Conditions SC-6.15 for additional information.

21. Retainage

Provisions concerning retainage are set forth in the Agreement.

BID

PROJECT IDENTIFICATION: Blanket Service New

THIS BID IS SUBMITTED TO: Mr. Nick O. Rowe
Vice President - Operations
Kentucky-American Water Company
2300 Richmond Road
Lexington, Kentucky 40502

1. The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into an Agreement with OWNER in the form included in the Contract Documents to perform and furnish all Work as specified or indicated in the Contract Documents for the Contract Price and within the Contract Times indicated in this Bid and in accordance with the other terms and conditions of the Contract Documents.

2. Bidder accepts all of the terms and conditions of the Invitation to Bid and Instructions to Bidders, including without limitation those dealing with the disposition of Bid security. This Bid will remain subject to acceptance for forty-five days after the day of Bid opening. Bidder will sign and submit the Agreement with the Bonds and other documents required by the Bidding Requirements within fifteen days after the date of OWNER's Notice of Award.

3. In submitting this Bid, Bidder represents, as more fully set forth in the Agreement:

(a) Bidder has examined copies of all the Bidding Documents and of the following Addenda (receipt of all which is hereby acknowledged):

Date	Number
_____	_____

(b) Bidder has familiarized itself with the nature and extent of the Contract Documents, Work, site, locality, and all local conditions and Laws and Regulations that in any manner may affect cost, progress, performance or furnishing of the work.

(c) Bidder has studied carefully all reports and drawings of subsurface conditions and drawings of physical conditions which are identified in the Supplementary Conditions as provided in Paragraph 4.2 of the General Conditions, and accepts the determination set forth in Paragraph GC-4.2.2 of the General Conditions, as may be amended by the Supplemental Conditions, of the extent the technical data contained in such reports and drawings upon which Bidder is entitled to rely.

(d) Bidder has obtained and carefully studied (or assumes responsibility for obtaining and carefully studying) all such examinations, investigations, explorations, tests and studies (in addition to or to supplement those referred to in (c) above) which pertain to the subsurface or physical conditions or otherwise may affect the cost, progress, performance or furnishing of the Work as Bidder considers necessary for the performance or furnishing of the Work at the Contract Price, within the Contract Times and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of Paragraph 4.2 of the General Conditions; and no additional examinations, investigations, exploration, tests, reports or similar information or data are or will be required by Bidder for such purposes.

(e) Bidder has correlated the results of all such observations, examinations, investigations, explorations, tests, reports and studies with the terms and conditions of the Contract Documents.

(f) Bidder has given OWNER written notice of all conflicts, errors or discrepancies that it has discovered in the Contract Documents and the written resolution thereof by OWNER is acceptable to Bidder.

(g) This Bid is genuine and not made in the interest of or on behalf of any undisclosed person, firm or corporation and is not submitted in conformity with any agreement or rules of any group, association, organization or corporation; Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid; Bidder has not solicited or induced any person, firm or corporation to refrain from bidding; and Bidder has not sought by collusion to obtain for itself any advantage over any other Bidder or over OWNER.

4. Bidder will complete the Work for the price(s) shown.

The prices provided herein are for installation only.

5. Bidder agrees that the Work will be complete within 5 working days after the date assigned, when the Contract Times commences to run as provided in Paragraph 2.3 of the General Conditions.

Bidder accepts the provisions of the Agreement as to liquidated damages in the event of failure to complete the Work on time.

6. The following documents are attached to and made a condition of this Bid: (If Applicable)

- a) Required Bid Security in the form of a Bid Bond.
- b) A tabulation of subcontractors, suppliers and other persons and organizations required to be identified in this Bid, if required by Paragraph 6.8.2 of the Supplementary Conditions.
- c) Evidence of Bidder's qualification to do business in the State where the project is located.
- d) Bidder's contractor's license number if required to work in the State where the project is to be constructed.

7. The terms used in this Bid which are defined in the General Conditions of the Contract Documents have the meanings assigned to them in the General Conditions.

SUBMITTED on _____,
(Date)

If Bidder is:

An Individual: By: _____ (Seal)
(Individual's Name)

Doing business as _____
Business address: _____
Phone No.: _____

A Partnership: By: _____ (Seal)
(Firm Name)

(General Partner)
Business address: _____
Phone No.: _____

A Corporation: By: _____
(Corporation Name)

(State of Incorporation)
By: _____
(Name of Person Authorized to Sign)

(Title)

(Corporate Seal)

Attest _____
(Secretary)
Business address: _____
Phone No.: _____

A Joint Venture:By: _____
(Name)

(Address)
By: _____
(Name)

(Address)

(Each joint venture must sign. The manner of signing for each individual, partnership and corporation that is a party to the joint venture should be in the manner indicated above).

KENTUCKY-AMERICAN WATER COMPANY
BLANKET SERVICES/SETTINGS
PRICE SCHEDULE

The following unit prices shall be used to determine the amount of payment to the contractor for the actual work completed. Quantities shown for 2003/2004 are estimates only; payment will be made on actual quantities.

Description	Unit Bid	2003/2004 Estimated Quantities	Totals
Installation of 3/4" & 1" services – short		700 each	
Installation of 3/4" & 1" services – long		800 each	
Installation of 2" services – short		30 each	
Installation of 2" services – long		60 each	
Price per foot in excess of 60', 3/4", 1", 2" services		2000 L.F.	
Installation of 5/8" x 3/4" & 1" meter settings		3,000 each	
Installation of additional meter box & top for dual PRV type 3/4" & 1" settings		40 each	
Install 2" meter settings (incl. vault construction material)		2 each	
Install 2" pre-fabricated meter setting (including vault construction material)		3 each	
Install 2" pre-fabricated meter setting with pre-fabricated box & top furnished		70 each	
Install 5/8" x 3/4" and 1" meters		1,500 each	
Open cut 1" and 2" long blind services in rock areas where required		45 each	
Install 5/8" x 3/4" and 1" meter settings on existing blind services at a later date		60 each	
Install 5/8" x 3/4", 1" and 2" encoder meters (all 2" encoder)		70 each	
Tap in street		30 each	
TOTAL			

Exhibit No. 1

	<u>Name</u>	<u>Experience</u>	<u>2-Yr Employment History</u>
<u>Foreman:</u>	_____	_____	_____
<u>1sr Crew:</u>			
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
<u>2nd Crew:</u>			
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
<u>3rd Crew:</u>			
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

Exhibit No. 1

4th Crew:

- | | | | |
|----|-------|-------|-------|
| 1. | _____ | _____ | _____ |
| 2. | _____ | _____ | _____ |
| 3. | _____ | _____ | _____ |

5th Crew:

- | | | | |
|----|-------|-------|-------|
| 1. | _____ | _____ | _____ |
| 2. | _____ | _____ | _____ |
| 3. | _____ | _____ | _____ |

EXHIBIT NO. 2

KENTUCKY-AMERICAN WATER COMPANY

CONSTRUCTION OF SERVICES AND SETTINGS INSTALLATIONS ¾-INCH THROUGH 2-INCH JANUARY 1, 2003 THROUGH DECEMBER 31, 2004

1. Contractor agrees that he will perform all the work and provide all of the labor, tools, equipment necessary to install the following:

For the **installation of new** ¾-inch, 1-inch and 2-inch service lines at such times and locations designated by the Water Company in the Water Company's service area, the Water Company will furnish service material for the 2003 and 2004 contract. The Contractor will furnish his own tools and equipment for making installations, including tapping machine and combined drills and taps. The Contractor will also furnish materials required to restore street openings and disturbed areas to their original condition, or as required by law, whichever standard is higher.

Contractor also agrees to comply with all urban county, city, county and state highway requirements in restoring street openings or any disturbed areas immediately to their original condition, using the same type of materials or better, to the satisfaction of the various requirements.

2. The Contractor agrees that personnel and equipment necessary to perform work will be available to commence said work upon approval of contract.
3. The Contractor agrees to maintain sufficient personnel so that the total backlog of tap orders approved for installation will never exceed 30 days. (Sufficient personnel means keeping backlog less than 30 with 5-day workweek, not working Saturday and Sunday.)
4. The Contractor agrees that all tap orders will be installed within 5 working days after receipt of tap order from Water Company.
5. The Contractor agrees that if the backlog of tap orders ready for installation exceeds 30, or if tap orders are not installed within 5 working days, the Water Company reserves the right to use whatever means necessary to bring the tap orders up to date and any additional costs will be paid by the Contractor.
6. The Contractor agrees to furnish accurate measurements and a diagram showing the location of the corporation stops, service lines and meter boxes. All dimensions included on tap orders will be accurately measured by tape. Measurements on tap orders should be from closest intersecting streets, curb lines, centerlines and from corners of houses. Tap orders will be prepared on the job site. (See attached sample of completed tap orders.)

FORM 14-483
(REV. 1-1-62)

Rush

TAP ORDER

SERVICE NUMBER 101351A ORDER NO. 53049

DATE 10-14-02 W.O. OR ACCT. NUMBER 50017057

NEW SERVICE KILL SERVICE REPLACE SERVICE

NEW SERVICE: 3/4 IN. TAP: _____ IN. _____ PIPE

OLD SERVICE: _____ IN. TAP: _____ IN. _____ PIPE

CUSTOMER OWNED ABANDONED
COMPANY OWNED REMOVED

OWNER Schneider Design

LOCATION 2945 Sandersville Rd

LOT _____ BLOCK _____ MUNICIPALITY JC

DEVELOPMENT Masterson Station (11)

RESIDENCE OTHER (SPECIFY) LEUCG

QUAN.	SIZE	MATERIAL INSTALLED	COST
		SERVICE SADDLE	
<u>1</u>	<u>1"</u>	CORP. COCK	
<u>48'</u>	<u>1"</u>	COPPER PIPE	
		CURB STOP	
		CURB BOX	
<u>1</u>	<u>5/8"</u>	<u>SETER</u>	
<u>1</u>	<u>1"</u>	<u>BRANCH PIECE</u>	
<u>1</u>		<u>BOX</u>	
<u>1</u>		<u>LID WITH HOLES</u>	
		MATERIAL SALVAGED	

WORK COMPLETED 10-17-02 BY DIKASSOC

POSTED TO SERVICE RECORD BY _____

METER SHEET PREPARED BY _____

ENTERED ON STOCK REPORT FOR 10/16/02 MONTH

COMPLETED DIAGRAM WITH CORRECT DISTANCES ON REVERSE SIDE

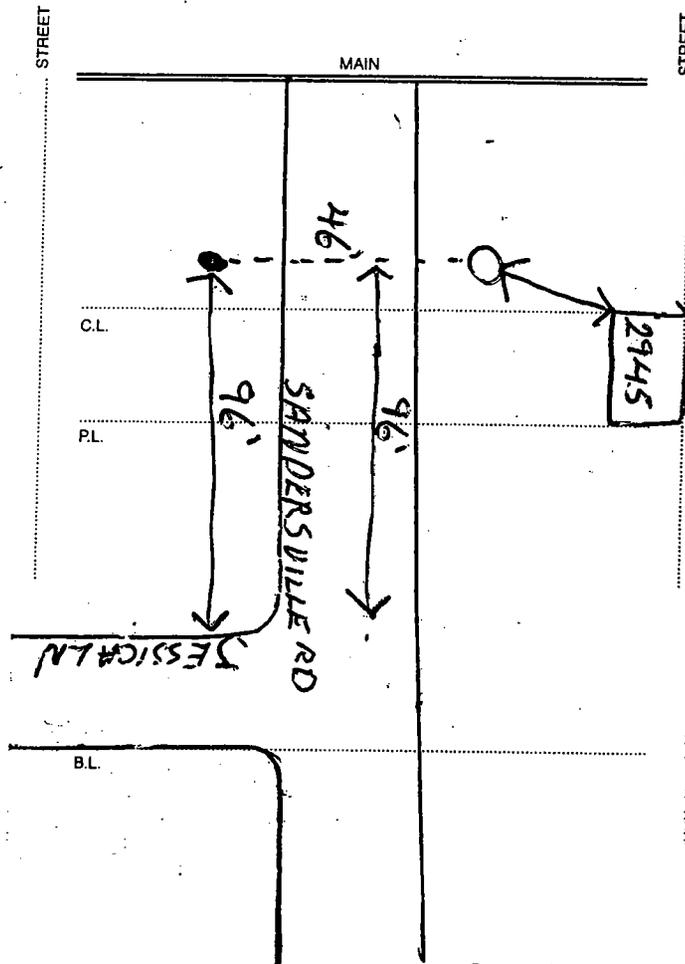
LOCATION DATA

TOP OF 8 IN. DI MAIN IS 3 FT. IN.
BELOW SURFACE, AND 3 FT. IN. W OF
N CURB PROP. LINE ON SANDERSVILLE RD.
TAP IS 96 FT. IN. FROM INTERSECTING CURB
MEDIAN LINE ON JESSICA LN ST.
DISTANCE, TAP TO METER PIT CURB STOP 46 FT. IN.
DISTANCE, CURB TO CURB STOP FT. IN.
LOCATION OF METER PIT CURB BOX ON PROPLINE OF
2945, 2949 SANDERSVILLE RD

DATA FURNISHED BY DIXASSOC
10-17-02

N ↑

DIAGRAM



COMPLETED DIAGRAM BY DIXASSOC
10-17-02

FORM 14-459
(REV. 1-1-63)

TAP ORDER

SERVICE NUMBER 101351B ORDER NO. 53089

DATE 10/14/02 W.O. OR ACCT. NUMBER 50017057

NEW SERVICE KILL SERVICE REPLACE SERVICE

NEW SERVICE: 3/4 IN. TAP: _____ IN. _____ PIPE

OLD SERVICE: _____ IN. TAP: _____ IN. _____ PIPE

CUSTOMER OWNED ABANDONED
COMPANY OWNED REMOVED

OWNER Schwartz Design

LOCATION 2949 Sanderaville

LOT _____ BLOCK _____ MUNICIPALITY _____

DEVELOPMENT McPHERSON SQ

RESIDENCE OTHER (SPECIFY) _____

QUAN.	SIZE	MATERIAL INSTALLED	COST
		SERVICE SADDLE	
		CORP. COCK	
		COPPER PIPE	
		CURB STOP	
		CURB BOX	
		<u>1 5/8 SETTER</u>	
		<u>1' 3/4" COP PIPE</u>	
		MATERIAL SALVAGED	

WORK COMPLETED 10-17-02 BY DIX ASSOC

POSTED TO SERVICE RECORD BY _____

METER SHEET PREPARED BY _____

ENTERED ON STOCK REPORT FOR 10/14/02 MONTH

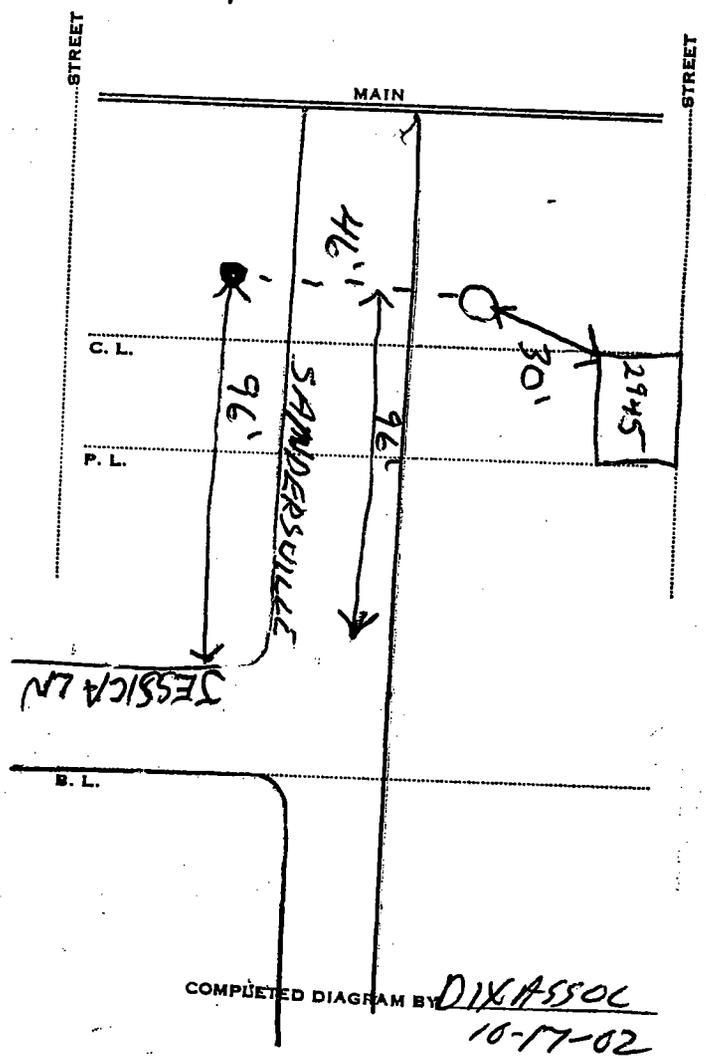
COMPLETED DIAGRAM WITH CORRECT DISTANCES ON REVERSE SIDE

LOCATION DATA

TOP OF 8 IN. DI MAIN IS 3 FT. IN.
BELOW SURFACE, AND 3 FT. IN. 10 OF
N CURB PROP. LINE ON SANDERSVILLE RD
TAP IS 96 FT. IN. FROM INTERSECTING
CURB MEDIAN LINE ON JESSICA LN ST.
DISTANCE, TAP TO METER PIT
CURB STOP 46 FT. IN.
DISTANCE, CURB TO CURB STOP _____ FT. IN.
LOCATION OF METER PIT
CURB BOX ON PROPLINED F
2945 2949 SANDERSVILLE

DATA FURNISHED BY DIX ASSOC

N ↑ DIAGRAM 10-17-02



7. The Contractor will furnish a list of materials used for the installation of each service and meter box location. All materials used will be measured accurately with a tape. All materials shall be listed by proper size and code numbers.
8. The Water Company will furnish a tap service order (P-14) for each service installed by the Contractor; all measurements, diagram and material shall be shown on the tap service order. Tap orders for services installed will be completed by the Contractor and submitted each day.
9. The Contractor agrees that the cover over the service lines shall not be less than 30 inches.
10. The Contractor is not required to be a certified asbestos contractor to make taps on asbestos cement pipe, but asbestos handling procedures are required when making taps on asbestos cement pipe.
11. The Contractor will have a mobile cellular phone on the foreman's person so that communication can be achieved during working hours.
12. Work practices and procedure guidelines, as set forth in the Water Company's Pipe Specifications will be followed.
13. Equipment used and method of boring and tapping main must be approved by Water Company. Note: The Contractor will be required to have directional boring equipment available and employees trained in its use.
14. All services and meter boxes installed must be approved by a representative of Water Company.
 - a. All taps will be installed in the main according to the approved specifications and at a minimum 45° angle.
 - b. All meter boxes will be set level with the ground; all setters centered in boxes, and all boxes will be set on blocks.
 - c. It will be the responsibility of the Contractor to locate and connect to customer's line.
 - d. It will be the responsibility of the Contractor to locate water mains and have other utilities located.
 - e. Any frozen services will be the responsibility of the Contractor to repair for the warranty of the contract.
 - f. In rural areas, meter boxes are to be set outside fences.
 - g. Taps are to be made directly across from meter boxes.

- h. No more than one tap should be made at the end of the main and looped around the cul-de-sac to service houses at the end of the court.
 - i. Service saddles will be used for all taps in asbestos cement, PVC and concrete mains.
 - j. Backfill around meter boxes will be compacted as directed by the Water Company.
 - k. Tap in street applies to all services installed where the existing water main is located in street right-of-way.
 - l. If two or more taps are made in a single street excavation, payment will be for one tap in street only, even though two or more separate services may be installed.
 - m. Tap in street applies only to those locations where the main is located in the street. Mains located under driveway aprons, parking lots, sidewalks or under gravel roadways do not apply. This is also not applicable when excavation in the street area is necessary but the main is not located in the street area. In order to apply, tap in street must require complete excavation of the street.
15. Contractor is responsible for setting meter box for dual settings on property lines.
16. Contractor is responsible to confirm that houselines are not crossed.
17. All street and sidewalk cuts will be approved by the Water Company prior to the cuts being made.
18. No street or sidewalk will be cut without first obtaining proper permits.
19. All streets cut to install services will be repaired before any invoice is submitted for payment except during winter months when 50% retainage will be held until cuts have been repaired. (These cuts require a separate invoice. Refer to attached "Procedure for Payment When Street Cut Repair Cannot Be Made in a Timely Manner")
20. All cuts will be temporarily paved the same day cut.
21. All cuts will be completed within 10 days except during winter months when the blacktop plants are closed. In winter months, the Contractor shall concrete street cuts and fill with cold patch until permanent repairs can be made. All winter cuts will have the top concrete removed once the asphalt plant is open. Cuts made after the asphalt plant closes in 2003 and 2004 will still be the responsibility of the contractor in 2004 and 2005.
22. All street and sidewalks cuts will be repaired to city or state specifications which include but are not limited to:
- a. Backfill all cuts with stone.
 - b. Cut back 1 foot on all sides.
 - c. 6-inch concrete base for city and 8-inch concrete base for state roads.

- d. Two full inches of blacktop, minimum.
 - e. Rolled adequately and leveled properly.
 - f. Permit released and approved by city or state.
 - g. If a curb is cracked or settles during or after service installation, it must be replaced.
 - h. If curb replacement is required, it must contain at least one expansion joint.
 - i. Minimum length of curb replacement is 10 feet.
 - j. All joints must be straight-line saw cut.
 - k. Bituminous pavement replacement must be a minimum of 2 inches thick or match the thickness of the existing pavement, whichever is greater.
 - l. Installation of concrete under the existing curb is not required if all existing material remains in place under the curb and only sufficient material is removed to allow for pipe installation.
23. Any driveway apron that is cut requires replacing the entire apron.
24. Sod repair – seeding
- a. All property owners will be notified before excavating in front of their property or notified with doorknob notice.
 - b. All sod and seed disturbed will be replaced before invoice is submitted for payment.
 - c. Area compacted so sod can be replaced within 10 days.
 - d. Repair must satisfy property owner and/or city inspector.
 - e. Sod and seed must live and grow or be replaced and should be of good quality.
 - f. Contractor agrees to have sod cutter and cut sod where applicable.
25. A company-wide inventory is taken twice a year. At this time all materials are to be returned to the stockroom.

26. Contractor must be able to receive and store a 30 day supply of service material.
27. Contractor will be billed for all materials lost or damaged.
28. Contractor foreman must come to the Water Company office each morning to deposit and receive daily tap orders.
29. Billing will be bimonthly on approximately the 10th and the 25th. It will be the responsibility of the Contractor to maintain accurate records of services installed in order to prepare invoices for billing. A materials cost shall be shown on the invoice for each service, and a list of materials for each service shall accompany the invoice.
30. Bidders agree to notify Water Company who their foreman will be and provide documentation on experience and reliability of crews.
31. Contractor agrees not to redirect crews to other work.
32. Contractor agrees to warranty work for two full years after contract expires or two years following any work hereunder, whichever date is later.
33. The bid price per service and meter installation is to cover the complete cost of the installation and restoration of the excavated area involved to its original condition.
34. It is agreed that Contractor is an independent contractor and not an agent for the owner.
35. This agreement shall not be assignable by the Contractor without the written consent of the Water Company.
36. No work to be performed by the Contractor shall be sublet without the written consent of the Water Company. The Water Company shall not give its consent to any event unless it receives satisfactory evidence that any subcontractor to whom the work or any part thereof is proposed to be sublet carries insurance of the same types and with the provisions under the caption "Insurance" as contained in Section 18 of the Standard Pipeline Installation Specifications.
37. A long service shall be constituted by either of the following:
 - a. A service pushed or bored under the road/street in excess of 8 feet in length.
 - b. A service line more than 30 feet in length.
 - c. A service line that is installed from a main on private easement to the road right-of-way to set meter box and then installed back to vicinity of main to connect to customer's line in excess of 20-feet in length.

38. Material necessary for the construction of meter vault for 2-inch meter setting to be furnished by Contractor. An example of this is concrete block and concrete.
 - a. Taps for 2-inch services shall be spaced a minimum of 1 foot apart and staggered to prevent excessive stress on the pipe.
 - b. Meter vaults for 2-inch meter installations shall be constructed of 8" x 8" x 16" concrete blocks.
 - c. All meter vaults shall have concrete tops and concrete block cores poured solid with concrete.
 - d. An OSHA-approved safety ladder with a ladder up is installed in all vaults in excess of 5 feet deep.
 - e. Dimensions of 2-inch meter vaults shall be no less than 6' x 4' inside dimensions.
39. Contractor agrees to follow all local, state and federal traffic laws, including, but not limited to those as stated in the Uniform Traffic Control Guide.
40. There may be times when service is critical and the Contractor must work overtime on Saturday (Water Company supervisor will make decision concerning overtime and weekend work).
41. Water Company will have complete discretion of when, where, and under what circumstances each service will be installed.
42. The Water Company reserves the right to revoke and deem void this contract and to make any necessary changes in order to provide service should the Contractor fail to adequately perform the work as stipulated by the aforesaid specifications.
43. When there is not a meter set in a setter, all meter settings will be locked with a locking pin. Pins will be furnished by Kentucky American Water Company.
44. All vehicles and backhoes used by the Contractor must have the contractor's name clearly identified on the outside.

Exhibit 3

PROCEDURE FOR PAYMENT OF NEW SERVICES INSTALLATION WHEN STREET CUT REPAIR CANNOT BE MADE IN A TIMELY MANNER

The Water Company is often required to install a water service during the winter months that require excavation in the roadway. When such services are installed during the winter, street repairs cannot be made once the service is installed because concrete and paving plants generally close during the winter months. In order to allow for accounting of the installation of these services, the following procedure should be used:

1. When a service is installed requiring roadway excavation and material necessary for permanent repair is not available, the contractor may invoice the Water Company for installing this service even though all repair work has not been completed. Invoices for this work must be kept separate from normal invoices where the service has been installed and work completed. Invoicing in this fashion will allow tracking of the locations where work is not complete until permanent repairs can be made. It will also allow for a retainage to be withheld on this amount of work that will cover the cost of the unfinished work.
2. In calculating the amount of retainage, consideration should be given to the amount of unfinished work, cost of repairs at Water Company cost and percentage of retainage amount. Currently, street cut repairs average 50 square feet in size. Based on current Water Company costs to make repairs to roadways, retainage amounts should be 50% of the cost of installing a long service. This may change as contract amounts and the area of repairs change. Under no conditions should the amount of retainage withheld be less than the cost to repair at Water Company's estimated cost.
3. This procedure applies only when conditions beyond the Contractor's control prevent repairs from being made. It is still the Contractor's responsibility to make repairs in a timely manner. The Contractor will be responsible to place and maintain temporary repairs until permanent repairs can be made. The Contractor also will be liable for any claims made as a result of the uncompleted work, if they occur.
4. This procedure does not allow the Contractor invoicing for uncompleted work when reasons for the uncompleted work are within Contractor's control. Heavy workloads, reduced available personnel, short periods of inclement weather and other similar reasons do not qualify as reasons to bill for work not complete. According to the policy as set forth in the new services contract, Contractor is to bill only for work that is complete. There must be no deviation from this policy if at all possible.

These same guidelines may be followed in other areas of the new services contract when conditions beyond the Contractor's control do not allow completion of all work.

The Water Company reserves the right of sole discretion in the application of this procedure, including the right to change the above procedure.

Work Order No. X-1-02

SERVICE AGREEMENT

AGREEMENT made this _____ day of _____, 20_____
between XXXXXXXXXXXXXXXXXXXXXXXXXXXXof XXXXXXXXXXXXXXXXXXXXXXXXXXXX
(hereinafter called CONTRACTOR) and KENTUCKY-AMERICAN WATER COMPANY, a
Kentucky corporation with its principal place of business at 2300 Richmond Road, Lexington,
Kentucky 40502 (hereinafter called WATER COMPANY).

WITNESSETH AS FOLLOWS:

1. CONTRACTOR agrees, in consideration of the mutual promises herein
contained, that he will perform all of the work, which is to include providing all of the labor,
tools, and equipment necessary to perform the following in accordance with Kentucky-American
Water Company Standard Pipeline Documents (hereinafter called WORK):

Items listed in attached price schedule with description of requirements.

2. The CONTRACTOR agrees that he will commence the WORK **beginning
January 1, 2003** or thereafter as directed by WATER COMPANY to do so, **until December 31,
2004.**

3. The WATER COMPANY agrees to pay and the CONTRACTOR agrees to accept for said WORK the following prices:

In accordance with unit prices specified in attached price schedule.

4. It is understood that the CONTRACTOR is thoroughly familiar with the location where the WORK is to be done and conditions which will, in any way, affect its cost; that it is familiar with the amount and location of all materials to be utilized in accomplishing the WORK; and that it will make no claim whatever for extra compensation with respect to such matters, all such claims for extra compensation being hereby expressly waived. Likewise, the CONTRACTOR is familiar with the policies, procedures and rules of the WATER COMPANY regarding safety and security, including, but not limited to, the requirements for background security checks and access to COMPANY property, and will make no claim for extra compensation with respect to such matters, with all claims for extra compensation being hereby expressly waived. CONTRACTOR agrees to be bound by all the WATER COMPANY'S policies, procedures and rules, that now exist or may be changed from time to time in the determination of the WATER COMPANY.

5. It is agreed that the CONTRACTOR is an independent contractor and not an agent for the WATER COMPANY.

6. The CONTRACTOR will not, without prior written consent of the WATER COMPANY, assign, sublet or transfer in whole or in part, any of CONTRACTOR'S interest or rights or any monies due or to become due under this AGREEMENT or any of the work to be performed hereunder; and a merger, sale of all or substantially all of the assets or transfer of control through stock ownership or otherwise, shall be considered an assignment or transfer for the purposes of this paragraph.

7. Should any of the WORK be sublet by the CONTRACTOR, as provided in Section 6 above, nothing contained in the subcontract shall create any contractual relation between the WATER COMPANY and any such subcontractor.

8. The CONTRACTOR hereby accepts exclusive liability for and shall hold the WATER COMPANY harmless from all payroll taxes or contributions for unemployment insurance, or old age pensions, or annuities, measured by wages, salaries or other remuneration paid to employees of said CONTRACTOR.

9. Prior to final payment and as a condition precedent thereto, the CONTRACTOR and all other suppliers of materials, services, transportation, equipment or labor shall execute and deliver to the WATER COMPANY their releases on forms supplied by the WATER COMPANY, of all claims or liens for material supplied or labor performed under or by virtue of this AGREEMENT.

10. INDEMNIFICATION:

(a) CONTRACTOR shall indemnify and hold harmless WATER COMPANY and its affiliated companies, agents and employees from and against all claims, damages, losses, judgments, and expenses and liabilities whatsoever including attorneys' fees arising out of or resulting from the performance of the WORK or the failure to perform the WORK, provided that any such claim, damage, loss or expense is caused, directly or indirectly, in whole or in part by any conduct, negligent act or omission of CONTRACTOR, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder.

(b) In any and all claims against WATER COMPANY or any of its agents or employees by any employee of CONTRACTOR, subcontractor, or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the indemnification obligation under subparagraph (a) shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for CONTRACTOR or any subcontractor under Workers' Compensation acts, disability benefit acts or other employee benefit acts.

- (c) Any provision of this paragraph in respect of indemnification which is prohibited or unenforceable by law in the State in which the WORK, or other performance described in this AGREEMENT, is sited shall not invalidate the remaining provisions of this paragraph or this AGREEMENT.
- (d) The indemnification provided herein shall survive the termination or expiration of the AGREEMENT.

11. INSURANCE:

(a) The CONTRACTOR shall submit with this signed AGREEMENT two (2) copies of a "Certificate of Insurance." The certificates are to be completed by the CONTRACTOR'S insurance carrier(s) and signed by an authorized agent(s) of the insurance company(s). The CONTRACTOR shall not commence any work under this AGREEMENT until such "Certificate of Insurance" is in the hands of and approved by the WATER COMPANY.

(b) Workers' Compensation and Employer's Liability Insurance:

The CONTRACTOR shall carry Workers' Compensation Insurance during the life of this AGREEMENT to insure his statutory liability to his employees in the State in which the WORK under this AGREEMENT is to be performed plus not less than \$100,000 Employer's Liability Insurance coverage.

(c) Comprehensive General Liability and Property Damage:

The CONTRACTOR shall carry the Comprehensive Form of General Liability and Property Damage Insurance during the life of this AGREEMENT covering the risks itemized in the form for "Certificate of Insurance" provided for in this AGREEMENT. The limits shall be not less than \$500,000/\$1,000,000 for bodily injury and \$100,000/\$500,000 for property damage.

(d) Comprehensive Automobile Liability and Property Damage:

The CONTRACTOR shall carry the Comprehensive Form of Automobile Liability and Property Damage Insurance during the life of this AGREEMENT covering the risks itemized in the form for "Certificate of Insurance" provided for in this AGREEMENT. The limits shall be not less than \$500,000/\$1,000,000 for bodily injury and \$100,000 for property damage.

(e) Umbrella and/or Excess Liability:

The CONTRACTOR shall carry umbrella and/or excess liability insurance during the life of this AGREEMENT covering the risk involved in subparagraph (c) and (d) above with a combined single limit which shall be not less than \$1,000,000.

12. American Water Works Company, Inc. and its affiliates including WATER COMPANY, are complying with the requirements of Executive Order 11246 of September 24, 1965 and the regulations, orders and rules promulgated thereunder as amended. These requirements (See 41 CFR Section 60-2.21 (b) (2)) make it mandatory that we incorporate the provisions of Equal Employment Opportunity into the terms and conditions of each nonexempt purchase order or contract which exceeds \$10,000 and annually obtain a Certification of Nonsegregated Facilities from all suppliers prior to the award of any nonexempt purchase order or contract. CONTRACTOR'S acceptance of this AGREEMENT constitutes a material representation that it will supply any necessary certificates relating to the above and its compliance with the provisions of Equal Employment Opportunity.

13. CONTRACTOR agrees to comply with the requirements of the Occupational Safety and Health Standards 29 CFR Part 1910. CONTRACTOR further agrees to comply with any and all safety rules and regulations required by the WATER COMPANY.

14. HAZARDOUS MATERIALS AT JOB SITE:

In accordance with the intent of the Federal Occupational Safety and Health Administration Standard Section 29CFR-1910.1200, Hazard Communication with effective date of May 25, 1986, and Standard Section 29CFR-1910.119, Process Safety Management of Highly Hazardous Chemicals (effective May 26, 1992), the WATER COMPANY hereby notifies the CONTRACTOR, work is to be performed on company property where the CONTRACTOR'S employees may be exposed to hazardous materials existing on the premises.

Chemicals known to be used or stored by the WATER COMPANY include the following:

Liquid Chlorine	Calcium Hydroxide (Hydrated Lime)
Liquid Alum	Calcium Oxide (Pebble Lime)
Hydrofluosilicic Acid	Potassium Permanganate
Powdered Activated Carbon	Liquid Caustic Soda
Ammonia	Various laboratory reagent
Copper Sulfate	Polymers
Ferric Chloride	Zinc Orthophosphate
Polyaluminum Chloride	

Material Safety Data Sheets are available at the WATER COMPANY for all chemicals. CONTRACTOR acknowledges that this information is furnished in compliance with the Hazard Communication Standard and further accepts that it is the CONTRACTOR's responsibility to notify its employees of the location and hazards of working around hazardous Chemicals. The WATER COMPANY agrees to notify the CONTRACTOR of any release and/or spill which may affect the health and safety of its employees. It is the CONTRACTOR's responsibility to notify the WATER COMPANY of any chemicals which the CONTRACTOR may bring onto WATER COMPANY property. It is further the responsibility of the CONTRACTOR to notify the WATER COMPANY of any release and/or spill which may affect the safety or health of WATER COMPANY employees.

15. CONFINED SPACE:

CONTRACTOR will provide certification to the WATER COMPANY which will indicate that its confined space program complies with the requirements as outlined in OSHA 29 CFR 1910.146. When confined space work is to be performed on WATER COMPANY property, the CONTRACTOR agrees to follow the guidelines listed in 29 CFR 1910.146 and further to coordinate any confined space work which may involve WATER COMPANY employees with the WATER COMPANY representative responsible for the work. The CONTRACTOR must provide its own equipment necessary to work safely in a confined space. At no time will the CONTRACTOR be allowed to utilize WATER COMPANY equipment for the purpose of safely entering and/or working in a confined space environment.

16. HARASSMENT COMPLAINTS and INAPPROPRIATE CONDUCT:

It is the policy of the WATER COMPANY to provide and maintain a work environment free of discord related to matters which do not pertain to company business, especially disparaging ethnic or religious remarks, unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature or any other inappropriate or offensive conduct or language (including, but not limited to, such language, conduct or behavior regarding, related to or in the presence of, WATER COMPANY employees, customers, invitees, agents, contractors, regulators, vendors or any other person).

An investigation of all complaints of the above-described conduct will be made immediately. The CONTRACTOR agrees that this type of behavior will not be tolerated. Any CONTRACTOR who permits this type of behavior to exist while working on behalf of the WATER COMPANY may subject itself to legal action against the CONTRACTOR and its responsible employees. The actions may, in the discretion of the WATER COMPANY, lead to

termination of this and other agreements between the WATER COMPANY and the CONTRACTOR.

17. Notwithstanding any other provision of the AGREEMENT, the WATER COMPANY may terminate this AGREEMENT upon any violation of law, regulation or WATER COMPANY policy or the breach or failure of the CONTRACTOR to perform, in the determination of the WATER COMPANY, any provision, obligation or covenant of this AGREEMENT, or if there exists or occurs any act of insolvency, reorganization or bankruptcy by or against the CONTRACTOR.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed, the day and year first above written.

WITNESS:

WATER COMPANY:

By _____
Vice President-Operations

WITNESS:

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

By _____
(Signature)

(Print or type name)

(Title/Position)

Approved By:

Director of Loss Control