

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2007-00143
PUBLIC SERVICE COMMISSION'S FIRST SET OF INFORMATION REQUESTS
ITEMS 1 – 33

Witness Responsible:

Michael A. Miller

20. Provide all employment contracts between Kentucky-American and its non-management employees that are currently in effect and the most recent contracts previously in effect.

Response:

Please see attached. For electronic version, refer to KAW_R_PSCDR1#20_052107.pdf.

INSIDE UNION CONTRACT
December 17, 2004- December 16, 2007

CONTRACT

BETWEEN

KENTUCKY-AMERICAN WATER

AND

NATIONAL CONFERENCE OF FIREMEN AND OILERS
LOCAL UNION 320

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AGREEMENT

THIS AGREEMENT made and entered into this 17th day of December 2004, by and between KENTUCKY-AMERICAN WATER, hereinafter referred to as the "Company," and the NATIONAL CONFERENCE OF FIREMEN AND OILERS, LOCAL UNION NO. 320, hereinafter referred to as the "Union."

WITNESSETH:

WHEREAS, the Company is engaged in furnishing an essential public service which vitally affects the health, safety, comfort, and general well-being of a large number of people in the communities furnished water service by the Company; and

WHEREAS, the very existence of the Company is conditioned upon carrying out its obligations and responsibilities to the public served, and

WHEREAS, this responsibility to the public is a mutual responsibility of associates and management which requires that any dispute arising between the associates and management be settled in an orderly way without interruption of water service; and

WHEREAS, both parties to this Agreement hereby recognize this mutual responsibility of service to the public.

NOW, THEREFORE, in furtherance of harmonious relations among associates, the management, and the public it is mutually agreed by and between the parties hereto that there shall be no strike or lockout during the term of this Agreement, and this mutually agreed covenant shall continue through the future relations between the parties hereto, and that all matters of dispute pertaining to the interpretation or application of the terms of this Agreement shall be settled by arbitration as hereinafter provided.

It is further agreed as follows:

SECTION 1. RECOGNITION

The Company recognizes the Union as the exclusive collective bargaining agency for all the associates of the Company covered by this Agreement in classifications of Field Service Records Clerks.

Union members shall not transact Union business on Company property during working hours except business with representatives of the Company, nor hold meetings of any kind for the transaction of Union business, or otherwise, on Company property, at any time, without the specific consent of the President of the Company or his designated representative.

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The accredited representatives of the Union may interview individual members during working hours for the purpose of investigating grievances, which have been filed by the Union; provided, however, that such activities do not interfere with the operation of the plant, and provided further, however, that permission to do so is first secured from the President of the Company.

SECTION 2. UNION SECURITY

The Company agrees that all new associates eligible for membership in the Bargaining Unit will be required, as a condition of continued employment, to become members of the Union within thirty (30) calendar days from the date of their employment and remain members in good standing for the duration of this Agreement.

SECTION 3. UNION DUES

Dues shall be deducted weekly by the Company from the wages of each member of the Union who is an associate of the Company, and who requests and authorizes the Company in writing to make such deductions from their wages or salary.

Deductions shall be made by the Company each week and shall be remitted once per month to the Secretary-Treasurer of the Union. Authorization given the Company by the associate shall be irrevocable as long as the associate is a member of the bargaining unit.

SECTION 4. NEW ASSOCIATES

It is recognized by the parties hereto that in the operation of the water works property of the Company on account of the responsibility at all times to furnish a safe and adequate supply of water to the City of Lexington and surrounding territory, there can be no division of this responsibility, and it is agreed that the Company, therefore, must be unhampered in the selection of its associates.

It is further agreed that each new associate shall be granted a period not to exceed ninety (90) calendar days as a probationary period to demonstrate their ability and qualifications to perform the duties for which they were hired. In the event a new associate fails to qualify within the ninety (90) calendar day period following the date of their employment they shall be discharged.

Associates may be discharged prior to the expiration of the 90 day probationary period. Associates retained, with the exception of temporary or part-time associates, after the probationary period acquire seniority status dating from the first day of employment. In case of a full-time vacancy, temporary or part-time associates who are qualified would be considered for full-time employment.

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SECTION 5. REGULATION AND GOOD FAITH

The Union agrees that its officers and members will live up to the Company's reasonable rules and regulations in the interest of safety, economy and continuity of service to the public.

SECTION 6. SENIORITY

Beginning with the effective date of this Contract, the seniority provisions are as follows:

It is understood and agreed that subject to all federal, local and state laws regarding the employment practices of employers, the following factors shall be considered in cases of promotion:

1. Length of continuous service.
2. Knowledge, training, ability, skill and efficiency.
3. Physical fitness.

Subject to all federal, state and local regulations, with respect to the equal opportunity employment acts, where two and three are equal, one shall govern.

Seniority List: The Company will prepare and have posted a seniority list showing the names of each associate covered by this contract in order of their employment date with the Company. The Associate with the greatest length of service will be at the top of the list with the junior associate at the bottom of the list.

SECTION 7. CLASSIFICATIONS

Associates covered by this Contract shall be classified as follows:

Field Service Records Clerks

*Field Service Records Clerks qualifications guidelines are as follows:

- A. Any new Field Service Records Clerk shall complete the Skills Assessment Test administered by the Company.
- B. Associates in the Field Service Records Clerk position will be subject to performance appraisals every six (6) months.

SECTION 8. JOB POSTING

Notice of a vacancy in an existing position or a newly created position, shall be posted at places accessible to associates affected and shall remain posted for a period of two (2) working days, within which time applicants eligible and desiring to fill such vacancy shall apply in writing to the Official of the Company designated in the notice. Such notice will set forth title of position to be filled, hours of work, days of relief, and rate of pay. Within four (4) consecutive days after the expiration of the posting period, the Company shall have assigned the accepted applicant to such vacancies or newly created position.

The decision to apply or not to apply for promotion or transfer to an existing position or a newly created position is entirely within the associate's own option. The Union and Shop Stewards shall receive a copy of all bids. It is agreed whenever a job vacancy is posted and subsequently awarded in accordance with the provisions of this agreement, all bidders shall be listed in seniority order on the Notice of Assignment. In cases where there is more than one bidder and the senior bidder does not qualify or voluntarily steps down, the job shall not be re-posted. It will be awarded to the next senior bidder as reflected on the Notice of Assignment. In the event none of the bidders qualify, the job shall be re-posted. In cases where there is only one bidder, and that bidder does not qualify or voluntarily steps down, the job will also be re-posted.

All interested parties should bid on each job vacancy posted. In the event of multiple job postings, associates will have the right to determine which position they desire to retain based on their company seniority. In the event that a subsequent disqualification, voluntary or involuntary, causes an associate to be displaced from their current position, they will have the right, based on Company seniority, to take any other job which they had bid on, and furthermore, this procedure will be applicable to all job vacancies which will be affected by such disqualifications.

In the event a vacancy occurs while an associate is on vacation or sick leave, it is agreed that the Union and Company will jointly notify said associate of the existing vacancy. The Company will send a copy of this notice by regular U. S. mail delivery. The notice will be sent to the address of an associate listed in the company files. A copy of all mailed notices will be given to the appropriate stewards. If the Union and the Company are unable to contact said associate, the associate shall be granted 48 hours at the conclusion of their vacation or sick leave the opportunity to bid on the vacancy.

Any associate assigned to a new position shall have up to thirty (30) calendar days in which to demonstrate their qualifications to perform the duties of that position, except in Field Service Records Clerk

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classification where up to sixty (60) calendar days will be granted. If they are unable to qualify, they may return to the position from which they came without loss of seniority, but shall forfeit for six (6) months all rights to bid for any job requiring like skills which may be subsequently posted. When an associate qualifies for a position, their seniority reverts back to the date of the awarding of the job. The Company reserves the right to temporarily fill any vacancy pending the operation of the procedure described hereinabove.

When openings occur in the outside bargaining contract and they are not filled by existing associates of that group, the associates in the inside bargaining group will have the opportunity to bid on the opening prior to the company hiring a new associate. If an associate in the inside group is awarded the bid, they shall retain all their seniority and benefits with respect to the inside contract which they have accrued. However, new seniority and benefits will be established in accordance with Section 6. Seniority of the Outside Contract.

It is mutually understood and agreed by all parties hereto, that because of the Company's responsibility hereinbefore mentioned, the management must and shall be the judge of any associates' qualifications and promotion.

SECTION 9. TEMPORARY TRANSFERS

In case of emergency only, associates may be assigned temporarily to positions without regard to seniority.

When it becomes necessary for the Company to shift associates temporarily to new assignments, the next classification down in that department shall have first choice at the vacancy by seniority and qualifications. There shall be no change in the rate of pay to associates so temporarily assigned, except when an associate replaces another associate in a higher classification. In such cases the associate shifted temporarily to a higher classification shall receive, for such temporary assignment, the rate of pay as if they were training for that position for the first thirty (30) calendar days in such temporary assignment and sixty (60) calendar days in Field Service Records Clerk classification. After the thirty (30) calendar or sixty (60) calendar day period, whichever is applicable, associates shall be paid the rate established for that classification in which they have been temporarily transferred.

Associates temporarily assigned shall be returned to their normal position within a period not to exceed twenty (20) working days unless an extension be granted by mutual consent, provided, however, that where such temporary assignments are made to fill vacancies due to vacations, maternity leaves or prolonged illnesses, the period may be extended for six (6) months.

It is mutually agreed that adjustments in pay shall not be made under provisions of this Section unless the transfer continues to be in effect for four (4) hours or more. They will receive the higher rate of pay for the full eight (8) hour day.

SECTION 10. DEMOTIONS AND LAYOFFS

When and if it should become necessary to curtail employment of permanent jobs, associates affected will be laid off in inverse order of their employment, and re-employed according to their seniority. The Company agrees to notify the Union five (5) working days in advance where the layoff affects permanent full-time associates, and to seek an agreement as to the application of the seniority rights under this Section and under the Seniority Section of this Agreement. If such an agreement cannot be reached, then the question shall be settled under the Arbitration Section of this Agreement. This Section does not apply to temporary or part-time associates.

Temporary layoffs shall be considered permanent when the associate has been laid off for twelve (12) consecutive months and any seniority rights established prior to permanent layoff shall, in the event of rehiring, be considered nil.

When an associate fails to return to work within five (5) working days after they have been notified by registered mail to return to work after such layoffs, and does not give satisfactory reason after investigation by the Company and the Union of their failure to return within five (5) working days, any seniority record theretofore established shall be broken and such seniority record shall thereupon be considered nil.

SECTION 11. REPRESENTATION AND ARBITRATION

The direct representative of the Union shall be an associate of the Company known as a "Shop Steward."

The Shop Stewards shall first attempt to handle all grievances before such grievances are referred to an International Representative of the Union.

Associates may have a Shop Steward or witness present when conferences are held between associates and supervisors. Supervisors or other management personnel may require that a Shop Steward or witness be present when conferences are held with associates.

1. Should grievances arise over interpretation or application of the items of this Agreement, the aggrieved party must submit their grievance in writing to a Shop Steward whose duty it will be to confer, within three (3) working days of the occurrence, with the supervisor in an attempt to effect a settlement. The supervisor will have three (3) working days to respond to the grievance at this first step in writing.
2. Should this procedure not result in a settlement, within five (5) working days of the denial at the first step, the matter shall be referred in writing to the Director Customer Service or a designated representative who shall give a reply in writing within five (5) working days of the receipt of the grievance at this level.

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3. Failing satisfactory settlement through this office, within fifteen (15) working days of the denial at the second step, the matter shall be referred in writing to the senior ranking official of the Company or a designated representative and to an International Representative of the Union. The senior ranking official or a designated representative shall give a reply in writing within a period of fifteen (15) working days of the receipt of the grievance at this level.
4. Should this procedure fail to effect a settlement, the matter shall be referred within five (5) working days, (unless an extension of time is requested by either party, not to exceed 15 working days), of the denial at the third step, to a mediator who will be selected from either the state mediation or federal mediation services.
5. Should this procedure fail to effect a settlement, the matter shall be referred within five (5) working days, (unless an extension of time is requested by either party, not to exceed fifteen (15) working days), of the denial at the fourth step, to an arbitration board for the selection of an arbitrator.

The Company and the Union will request a representative from the American Arbitration Association who will be mutually accepted by the Company and the Union.

The Arbitrator so constituted shall render a decision within sixty (60) calendar days after meeting, such decision being final and binding upon both parties to this Agreement.

The expense, if any, of the Arbitrator and rental of meeting facilities, shall be shared equally by the parties hereto. Both parties must agree on the location of the meeting facilities.

If an associate claims to have been unjustly discharged, they must file a complaint with the Union to this effect within five (5) working days after the effective date of the discharge. The Union and the Company agree that steps 1 and 2 of the grievance procedures will be waived and the grievance moved to the 3rd step. The 3rd step procedure for discharges is that the Union must submit this grievance in writing within fifteen (15) working days of the effective date of the discharge to the President of the Company or a designated representative. The President or a designated representative shall give a reply in writing within a period of thirty (30) working days of the receipt of the grievance at this level.

SECTION 12. LEAVE OF ABSENCE

Associates may be granted ninety (90) calendar days leave of absence for good cause but without pay and without prejudice to seniority or other rights and such leave of absence may be renewed for one or more successive ninety (90) calendar day periods by mutual agreement between the Company and the Union. Associates seeking such leave of absence must make a request in writing stating the cause, and must present such request to a joint conference between Shop Stewards and management for consideration. If the Shop Stewards and management fail to agree on the granting or denial of the request for leave of absence, then the question shall be settled under the arbitration provision of this Agreement.

Should such leave of absence be granted as herein provided and the associate be employed by another concern, or should they violate the terms of their leave during such leave of absence, said associate shall forfeit any or all seniority rights herein established.

SECTION 13. HOLIDAYS

Each associate covered by this Agreement with ninety (90) calendar days of continuous service, except for emergency, shall not be required to work on the following holidays, and is assured of eight (8) hours pay at their regular hourly rate for the holidays.

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|-----------------------------|-----------------------------|
| New Year's Day | Thanksgiving Day |
| Good Friday | Friday after Thanksgiving |
| Memorial Day | Christmas Eve (December 24) |
| Fourth of July | Christmas Day |
| Labor Day | |
| (2) Personal Floating Days* | |

*These two (2) personal floating holidays may be taken with as much notification as reasonably possible to their supervisor. The Company has the final decision to grant the days off as determined by the current workload. Personal Floating Holidays shall be taken within the calendar year, January 1 through December 31.

When any of these holidays falls on Sunday, it will be observed on the following Monday, except when a holiday falls on Sunday and is followed on Monday by another holiday. In this case, the holidays will be observed on Sunday and Monday.

If the associate is absent anytime during the last four and one-half (4-1/2) hours of their last scheduled work day prior to the holiday or anytime during the first four and one-half (4-1/2) hours of their first scheduled work day following the holiday (or the day the holiday is observed) when they are scheduled to work, they shall not be paid for the holiday unless they are entitled to pay under leave of absence for sickness, accident disability, subpoenaed, paid jury duty, paid funeral leave, or if the associate is off as a result of a verifiable emergency, or an occupational injury or illness for which they personally did not receive a citation for a safety code violation. The associate can also be paid for the holiday if he/she performs their scheduled duties on the day the holiday is observed. Associates covered by this Agreement who are not required to work on a holiday which falls on what would have been a scheduled working day shall receive their regular straight time hourly rate for the day, and if required to work on such a holiday shall receive, in addition, one and one-half (1-1/2) times their regular rate of pay for the hours worked up to eight (8) hours per day and shall be paid double-time for all time worked in excess of eight (8) hours per day on such holiday, provided they work their regular scheduled hours for the entire week in which the holiday occurs. Associates who work more than eight (8) hours on such a holiday, but do not work their regularly scheduled hours for the entire week in which the holiday occurs shall receive one and one-half (1-1/2) times their regular rate of pay for the hours worked in excess of eight (8) hours on such holiday. However, associates shall not be paid both daily

and weekly overtime for the same hours worked. Also, any holiday that falls on Saturday will be observed on the preceding Friday, except when such holiday is preceded by a holiday on Friday, the holidays will be observed on Friday and Saturday.

If a holiday falls within an associate's vacation period, such holiday shall be considered part of the vacation period and must be observed the Friday prior to the start of their vacation.

SECTION 14. SHARING OF OVERTIME

All overtime shall be shared equally and alike in each class of work insofar as reasonable and practical.

Associates covered by this Agreement shall be paid at the rate of one and one-half (1-1/2) times their regular hourly rate for all hours worked in excess of eight (8) hours per day or forty (40) hours per week.

All associates covered by this Agreement who are required to work on their second scheduled day off shall be paid two (2) times their regular hourly rate of pay. Associates shall not be paid both daily and weekly overtime for the same hours worked.

SECTION 15. PAYDAY AND WORKING HOURS

All associates covered by this Agreement shall be paid bi-weekly, every other Friday, providing the paychecks are available, for the work done during the two weeks ending on the preceding Sunday at midnight. Paychecks will be given to associates only, unless written authorization is given to release the check to a specific individual.

The Company agrees that any regular full-time associate who commences work on the first day of any regular scheduled work week, as established for their particular job, shall be afforded an opportunity to work forty (40) hours that week, provided, however, the associate is at all times during such work week available for work.

The opportunity to work forty (40) hours shall not apply to any associate temporarily hired or rehired for the performance of any particular temporary job.

Associates covered by this Agreement shall be granted a rest period in the morning and a rest period in the afternoon, contingent upon the associate being on the job a minimum of sixty minutes (1 hour) prior to the start of the scheduled rest period. Each rest period shall be fifteen (15) minutes in duration. Associates shall also be granted a forty (40) minute lunch period, of which thirty (30) minutes is unpaid.

The Company has the right to increase or decrease the number of shifts necessary to perform the work of the Company. A lunch period of forty (40) minutes will be allowed during each shift. If associates are assigned to work anytime other than 8:00 a.m. - 4:30 p.m., they will receive shift differential premium rate (\$.31 per hour) when appropriate, including overtime on a continuation basis.

SECTION 16. VACATION

Associates who have been continuously in the service of the Company shall be entitled to the following weeks vacation annually:

Vacation Based on Completed Years of Continuous Service

1 year	10 days	14 years	19 days
2 years	11 days	15 years	20 days
3 years	12 days	16 years	20 days
4 years	13 days	17 years	21 days
5 years	15 days	18 years	21 days
6 years	15 days	19 years	22 days
7 years	16 days	20 years	22 days
8 years	16 days	21 years	23 days
9 years	17 days	22 years	23 days
10 years	17 days	23 years	24 days
11 years	18 days	*24 years	24 days
12 years	18 days	*25 years plus	25 days
13 years	19 days	*30 years plus	30 days

***NOTE: Any new hires after December 16, 1998 will no longer be able to earn more than the current allowance of five (5) weeks of vacation for working 24 or more years of service.**

Employees hired during the current vacation year will be entitled to 1 day of vacation for each "Completed Month of Continuous Service" up to 10 days. This vacation must be taken any time after a "Completed Month of Continuous Service," must be taken before the end of the calendar year.

Vacation pay shall be equal to the normal weekly wage of the associate, which is forty (40) hours at regular straight time hourly rate. Associates with two (2) or more weeks vacation will be allowed to take their vacation during one (1) or more week intervals. The first period will be selected in order of Company seniority and the second period selected when an opening exists. The first working day after November 1, the Clerk with the most Company seniority will have two (2) working days to select a vacation for the following year. After two (2) days it will go to the next Senior Clerk and so forth. If the Clerk doesn't pick a vacation when the time is up, they will forfeit their time and will be placed at the bottom of the list.

The Company agrees to grant vacations at the time most desired by the associate if possible to do so without interfering with the orderly operation of the office.

Associates shall be allowed to change their vacation schedule by giving the Company a fourteen (14) calendar day notice, in writing, provided it does not conflict with another associate's vacation.

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The Company will allow associates who have earned at least five (5) days of vacation the option to take one (1) week of vacation in increments of one day at a time with as much notification as reasonably possible to their supervisor. In addition, these associates will have the option to take two (2) of these five (5) days in hourly increments. The Company has the sole right to determine the number of associates exercising these options at any given time.

In order to provide each associate with the most desirable dates to schedule their vacation, it is agreed that a vacation roster listing associates in descending order of their Company seniority be posted November 1 and removed December 31 of each year. Associates eligible for two or more weeks vacation may take up to two weeks of vacation in individual days. The individual days require a two week notice unless scheduled during the vacation posting period. The individual days can't be taken around a vacation period but can be taken around a holiday period. One associate from each department shall be allowed to take vacation at the same time.

Associates bidding into a different classification after the vacation schedule has been posted, will reschedule their vacation so that it will not conflict with other associates in that classification or category for that year. All following years, vacation schedules will be made by seniority.

The Company has the right to determine the number of contract associates which are needed with prior notification to the Union. It is further agreed that if temporary vacancies in higher classifications exist, and work is performed in that classification, bargaining unit associates will be moved into the higher classification.

SECTION 17. DEATH IN FAMILY

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

SECTION 18. DISABILITY BENEFITS AND LIFE INSURANCE

A. Leaves of Absence for Sickness or Accident Disability

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

<u>Maximum Period of Length of Service</u>	<u>Leave of Absence</u>
Up to six months	Two weeks
Six months but less than two years	Twenty-eight weeks
Two years but less than five years	One year
Five years and over	Two years

B. Payments During Leaves of Absence for Sickness or Accident Disability

During periods of leaves of absence for sickness or accident disability, except for occupational disability incurred while in the employ of another employer or while self-employed, associates will be paid in the maximum amounts hereinafter set forth (as referenced in the Group SPD Plan booklet, page 149, regarding 52 weeks of coverage):

An associate shall not be paid for the first day sick leave unless they have not been absent on sick leave during the previous six months or unless they are hospitalized.

The six months above will be reduced to five months for associates with five years of continuous service and will be reduced one additional month for each additional year of continuous service with the Company.

Each associate who is disabled and unable to perform their regular duties as a consequence of illness or accident shall be paid as follows during such disability:

<u>Length of Service</u>	<u>Maximum Number of Weeks In Any "Disability Year" In Which Payment Will Be Made by the Company</u>
At least six months but less than one year	One week
Over one year	One week for each completed year of service with a minimum of two weeks

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1. If the associate is entitled to, in any given week, Weekly Sickness and Non-Occupational benefits under the Group Insurance Plan or Temporary Total Disability Benefits under the Kentucky Workers' Compensation Act, the payment by the Company in such week shall be limited to the difference between the associate's normal weekly earnings and the amount of such benefits.
2. The Company may require a suitable statement from the associate's medical doctor certifying to the disability or may elect to have a medical doctor selected by it examine the associate.
3. The associate's anniversary date of employment shall be used to determine the maximum benefits to which they are entitled.
4. The "Disability Year" shall be twelve month period between January and December. The disability period will renew in January of each year. The commencement of such a disability year is activated by an absence due to sickness or accident and the extent of benefits for that disability year is determined by the length of service at the beginning of the disability year.

If an illness continues from one year to another, the employee will continue to draw pay from the company until they have received the maximum weeks available in the year the illness originally occurred. Employees shall not then be entitled to further payments until they return to active employment at least one day, nor shall they be entitled to further payments for the same or related disability until they have returned to active employment for two weeks.

In recognition of the fact that delay sometimes occurs in the determination of benefits payable under the Workers' Compensation Law, the Company agrees, in order to assume the continuity of income to a disabled associate, that it will pay the associate's normal weekly wages in full for the period indicated in the schedule above, subject to agreement by the associate that any benefits currently or subsequently received from the Workers' Compensation Carrier (other than reimbursement of expenses) with respect to said period of disability, shall be assigned to the Company.

It is understood that these payments from the Compensation Carrier to be assigned to the Company include only weekly benefits for temporary disability.

SECTION 19. INSURANCE PLAN

The Company and the Union agree that the provisions of the American Water System Group Insurance Plan as dated March 8, 2001 shall be in full force and effect through July 31, 2005. The Plan may thereafter be amended, modified or terminated through negotiations between American Water Works Company, Inc. and The National Conference of Firemen and Oilers Union. The Company and Union agree to be bound by the results of any renegotiation of the Group Insurance Plan between the American Water Works Company, Inc. and the National Conference of Firemen and Oilers Union. Group Insurance issues shall not be subject to any local negotiations.

Retired associates over sixty-five (65) years of age and/or their dependent spouse over sixty-five (65) years of age will be eligible for Special Medical Expense Benefits, as described in the booklet "Medicare Related Benefits for Retired Associates."

SECTION 20. PENSION PLAN

The Company and the Union agree that the provisions of the Pension Plan described in the booklet entitled American Water System Pension Plan dated March 8, 2001 shall remain in full force and effect through July 31, 2005. The Plan may thereafter be amended, modified, or terminated through negotiations between American Water Works Company, Inc. and the National Conference of Firemen and Oilers. The Company and Union agree to be bound by the results of any renegotiations of the Pension Plan between the American Water Works Company, Inc. and the National Conference of Firemen and Oilers. Pension issues shall not be subject to any local negotiations.

SECTION 21. 401(K) SAVINGS PLAN

The 401(K) Savings Plan, effective March 8, 2001 shall remain in full force and effect through July 31, 2005. The Savings Plan may thereafter be amended, modified or terminated through negotiations between American Water Works Company, Inc. and the National Conference of Firemen and Oilers. The Company and the Union agree to be bound by the results of any renegotiation of the Savings Plan between the American Water Works Company, Inc. and the National Conference of Firemen and Oilers. Savings Plan issues shall not be subject to any local negotiations.

SECTION 22. WORK PERFORMED BY SUPERVISORS

Recognizing the fact that management requires a certain amount of latitude to carry out the functions of the associates covered by this Agreement, supervisors may perform whatever work is necessary to insure the orderly operation of the Company.

However, a supervisor will not normally replace a bargaining unit associate on leave, for more than five (5) working days.

The Company may temporarily assign a management trainee to work with an associate covered by this Agreement for the purpose of acquainting the trainee with various elements of a job to be carried out. The Company agrees that when this trainee is actually performing the duties that would be normally carried out by associates covered by this Agreement, that a member of the bargaining unit will not be required to perform any work, and will simply advise the trainee as to the procedure to be used to carry out the particular job. The Company's intention is to not replace a member of the bargaining unit with the trainee, but simply assign the trainee to a particular job for training purposes.

SECTION 23. CALL IN PAY

An associate called back to work after having left the premises of the Water Company will be paid a minimum of two (2) hours pay at one and one-half (1-1/2) times their regular hourly rate, unless called in less than two (2) hours prior to their regular scheduled working hours, in which event they shall be paid for the hours worked. When there is an emergency and associates are called back to work, after leaving work, or on an unscheduled work day or holiday, the following procedure will be followed: The Company will attempt to contact all union associates and will document all such calls which are made.

SECTION 24. JURY DUTY

An associate who presents a summons requiring them to serve on jury duty along with the check compensating them for serving on the jury shall be paid the difference between their regular hourly pay and the amount received from the court. The exception will be if an associate works a regular eight (8) hour day while serving on jury duty. The associate shall then keep the pay from the court and receive regular pay from the Company.

SECTION 25. SMOKING IN THE WORKPLACE POLICY

Kentucky-American Water is dedicated to providing a healthy and safe work environment for its associates. Efforts to maintain clean indoor air, in facilities and vehicles, by minimizing exposure to side-stream or secondary tobacco smoke are consistent with this goal. The Company will reach this goal by prohibiting the smoking or use of tobacco products in any company facility or vehicle. The chewing of tobacco, use of snuff, etc. are prohibited in all Company facilities and vehicles due to sanitary conditions, poor appearance and reduced image which is reflected negatively toward the Company. In addition, these tobacco products will not be allowed at any outdoor job-site if associates are working with or around asbestos cement pipe, underground petroleum tanks, or any chemical storage tank or area. This policy will use the progressive disciplinary steps as outlined in the Company Code of Conduct.

SECTION 26. MANAGEMENT OF BUSINESS

The Union recognizes that except as expressly limited by this agreement, the management of the associates, the direction of the workforce and the operation of the plant are vested in the employer. The Union further recognizes that as an aspect of such management rights, the employer may make and enforce such rules as the Company may deem necessary or proper for the conduct of its associates and the operation of the plant, except to the extent that such rules may conflict with the provisions of this agreement.

The above-mentioned management rights are not to be interpreted as being all-inclusive, but merely indicate the type of rights which belong to and are inherent to management. It is understood that any of the rights, power or authority the Company had prior to the signing of this agreement are retained by the Company, except those specifically abridged, granted or delegated to others or modified by this agreement.

SECTION 27. COMPLETE AGREEMENT

It is the intent of the parties hereto that the provisions of this agreement, which supersedes all prior agreements and understandings including past practices, oral or written, expressed or implied, between such parties, shall govern their entire relationship and shall be the sole source of any and all rights or claims which may be asserted in arbitration hereunder, or otherwise.

The provisions of this agreement can be amended, supplemented, rescinded or otherwise altered only by mutual agreement in writing hereafter signed by the parties.

SECTION 28. WAGES

Associates covered by this Agreement shall be paid the following hourly rates:

<u>CLASSIFICATION</u>	<u>REGULAR HOURLY RATE EFFECTIVE</u>		
	<u>12/17/04</u>	<u>12/17/05</u>	<u>12/17/06</u>
Field Service Records Clerks	\$14.88	\$15.33	\$15.79

Any position receiving a higher rate per hour than the established rate shall revert to the established rate upon the position being vacated.

Any employee position who works any hours other than 8:00 a.m. until 4:30 p.m. will be paid a shift differential of \$0.31 per hour for all hours worked.

SECTION 29. EQUAL OPPORTUNITY EMPLOYER

The Employer and the Union agree not to discriminate against any individual with respect to their hiring, compensation, terms or conditions of employment because of such individual's race, color, religion, sex, national origin or age, nor will they limit, aggregate or classify associates in any way to deprive any individual associate of employment opportunities because of their race, color, religion, sex, national origin, or age.

SECTION 30. DURATION OF AGREEMENT

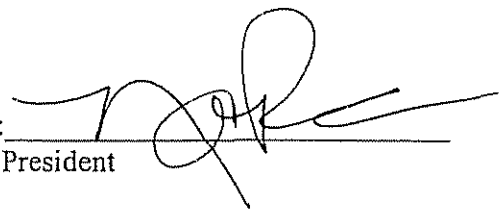
This Agreement shall be in effect from 12:01 a.m. December 17, 2004, and continue until 12:00 midnight December 16, 2007 and shall cover all employees in the Field Service Records Clerk classification. Notwithstanding any other provision of this agreement, the parties agree that either party may, during the sixty (60) calendar-day period immediately preceding the anniversary date of this agreement, give notice, in writing, to the other party of its desire to renegotiate the wage rates or provisions of this contract.

If the parties shall not reach agreement regarding revision of wage rates prior to the first anniversary, they shall be free to take any action in support of their position, notwithstanding any other provision of this agreement.


If no agreement is reached before the anniversary date of this agreement, then any wage rates eventually agreed to between the Company and Union shall be retroactive to the expiration date of this agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first above written.

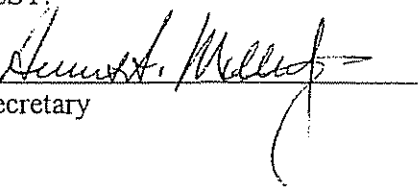
KENTUCKY-AMERICAN WATER COMPANY NATIONAL CONFERENCE OF
FIREMEN AND OILERS, LOCAL 320

By: 

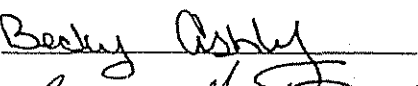
President

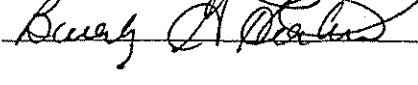
By: 

Representative Local 320

ATTEST:
By: 

Secretary

By: 

By: 

By: _____
By: _____

Letter of Understanding – December 17, 2004

Between the representatives of the National Conference of Firemen and Oilers, Local 320 (Inside Contract Bargaining Group) and Kentucky American Water.

The Company agrees to extend the enhanced severance discretionary plan to those current employees who may be displaced as a result of the "Service First" initiative, which is expected to be put in place in March, 2005. The program shall not apply to any new employees hired after December 17, 2004 and shall include the following provisions:

BENEFITS

- One week of base pay for each full year of service with a minimum of four weeks up to a maximum of 20 weeks.
- One and one-half weeks of base pay for each full year of service beyond 20 years to a maximum of 52 weeks.

HEALTH CARE

- For all employees who are eligible for continuation of coverage under COBRA, the company will pay the associate's COBRA premium based on years of service. The employee will be granted one week of company paid COBRA for each full year of service with a minimum of 1 month and maximum of 6 months. (period of coverage rounded to the nearest full month).
- Employees who are eligible to commence retirement under the company's pension plan and are eligible for continued post-retirement health care will not be eligible for company-paid COBRA.

OUTPLACEMENT

Terminated employees will receive professional outplacement services to assist them in transitioning to other employment as follows:

- Three-day reemployment group workshop be provided by Right Management Consultants.
- Additional severance may not be paid in lieu of outplacement.

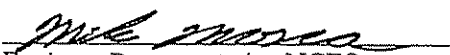
Agreed to this 17th day of December, 2004 by the parties signed below:

Company



President
Kentucky American Water

Union:



Business Representative NCFO
National Conf. of Fireman & Oilers, Local 320

OUTSIDE UNION CONTRACT
November 1, 2004 – October 31, 2007

CONTRACT

BETWEEN

KENTUCKY-AMERICAN WATER

AND

NATIONAL CONFERENCE OF FIREMEN AND OILERS
LOCAL UNION 320

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AGREEMENT

THIS AGREEMENT executed on _____ and effective as of the ___th of _____, by and between KENTUCKY-AMERICAN WATER of Lexington, Kentucky, party of the first part, hereinafter referred to as the "Company," and NATIONAL CONFERENCE OF FIREMEN AND OILERS, LOCAL 320, of Louisville, Kentucky, party of the second part, hereinafter referred to as the "Union;"

WITNESSETH:

WHEREAS, the Company is engaged in furnishing an essential public service which vitally affects the health, safety, comfort, and general well-being of a large number of people in the communities furnished water service by the Company; and

WHEREAS, the very existence of the Company is conditioned upon carrying out its obligations and responsibilities to the public served; and

WHEREAS, this responsibility to the public is a mutual responsibility of Associates and management which requires that any disputes arising between the Associates and management be settled in an orderly way without interruption of water service; and

WHEREAS, both parties to this Agreement hereby recognize this mutual responsibility of service to the public

NOW, THEREFORE, in furtherance of harmonious relations among Associates, the Management, and the public, it is mutually agreed by the parties hereto that there shall be no strike or lockout during the term of this Agreement, and this mutually agreed covenant shall continue through the future relations between the parties hereto, and that all matters of dispute pertaining to the interpretation or application of the terms of this Agreement shall be settled by arbitration as hereinafter provided.

It is further agreed as follows:

SECTION 1. RECOGNITION

The Company shall recognize the Union as the sole representative of Associates covered by this Agreement except for the associates covered by what is known as the Inside Contract group, non-union/non-management and management personnel. The Company agrees to bargain collectively with the properly constituted and proven representatives of the Union on the matters affecting such associates.

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SECTION 2. NEW ASSOCIATES

It is recognized by the parties hereto that in the operation of the water works property of the Company on account of the responsibility at all times to furnish a safe and adequate supply of water to the City of Lexington and surrounding territory, there can be no division of this responsibility, and it is agreed that the Company, therefore, must be unhampered in the selection of its associates.

The Company agrees that in the filling of vacancies it will give preference to former qualified associates of the Company whose employment was terminated by layoff. Moreover, the Company agrees that this Section is to be understood as subject to the provisions of this Agreement in regard to seniority, and any differences between the Company and the Union under this Section will be subject to the arbitration provisions of this Agreement.

SECTION 3. UNION SECURITY

The Company agrees that all present associates of the Company represented by the Bargaining Unit must, as a condition of continued employment, become members of the Union within thirty (30) calendar days from the effective date of this Agreement and remain members in good standing for the duration of this Agreement.

The Company further agrees that all new associates eligible for membership in the Bargaining Unit will be required as a condition of continued employment to become members of the Union within thirty (30) calendar days from the date of their employment and remain members in good standing for the duration of this Agreement.

It is further agreed that each new associate shall be granted a period not to exceed ninety (90) calendar days as a probationary period to demonstrate their ability and qualifications to perform the duties for which they were hired. In the event a new associate fails to qualify within the ninety- (90) calendar day period following the date of their employment they shall be discharged. This provision in no way relieves the associate of joining the Union as provided above.

It is agreed between the parties that seniority rights for new associates shall not exist until after ninety- (90) calendar day's continuous employment by the Company. However, after ninety- (90) calendar day's continuous employment, seniority rights shall revert to, and be considered to have been in full force and effect, since the beginning of the ninety- (90) calendar day's continuous employment. An evaluation shall be performed at interim periods during the employment.

SECTION 4. UNION DUES

Dues shall be deducted bi-weekly by the Company from the wages of each member of the Union who is an associate of the Company, and who requests and authorizes the Company in writing to make such deductions from their wages or salary. Deductions shall be made by the Company every other week and shall be remitted once per month to the Secretary-Treasurer of the Union. Authorization given the Company by the associate shall be irrevocable as long as the associate is a member of the bargaining unit.

SECTION 5. RULES, REGULATIONS, AND GOOD FAITH

The Union agrees that its officers and members will live up to the Company's reasonable rules and regulations in the interest of safety, economy and continuity of service to the public.

The Union and Company agree that they will not engage in subterfuge for the purpose of defeating or evading the provisions of this Agreement.

SECTION 6. SENIORITY

Beginning with the effective date of this contract, the seniority provisions are as follows:

It is understood and agreed that in all cases of job bidding and transfer of associates, the following factors shall be considered.

1. Length of continuous service. (defined as seniority within the outside union group)
2. Qualifications.
3. Physical fitness

The Company will review all relevant information relating to all bidders on any job and has the right to determine which bidder has the qualifications for the position. Only if it is determined that items 2 and 3 are equal, shall item 1 govern. The first criteria determining the length of continuous service will be company-wide seniority. All associates in the Union are divided into two departments:

Production

Associates in the Production Department are classified as follows:

Treatment Plant Operator
Maintenance Technician I
Maintenance Technician II
Treatment Plant Operator - Fixed Relief
Treatment Plant Operator - Relief
Treatment Plant Operator - Utility

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Network

The associates in the Network Department are classified as follows:

Backhoe Operator
Junior Backhoe/Crew Leader
Crew Leader
Utility
Temporary Laborer
Meter Technician
Field Service Representative
Meter Reader (as of 11-1-88)
Meter Reader (after 11-1-88 but prior to 11-1-98)
Meter Reader (as of 11-1-98)

The associates in the Utility classification may be assigned to either the Network or Production Departments.

The evening shift crew/s, if qualified, will be allowed to use the small backhoe without calling in a Backhoe Operator.

Whenever a large backhoe is needed, the senior available qualified Backhoe Operator must be contacted. The Junior Backhoe/Crew Leader will relieve the Backhoe Operator during vacancies, if in the judgment of the company it is needed. The Company reserves the right to fill the Junior Backhoe/Crew Leader position with the senior qualified associate when the position is vacant.

In cases of job bidding or transfer or decrease of associates in any particular department, factor 1 in this Section shall be interpreted to mean length of continuous service within the company.

Seniority shall be in accordance with overall company-wide seniority within the outside union group.

Notice of vacancy in an existing position or a newly created position shall be posted at places accessible to associates affected, and shall remain posted for a period of four consecutive days, within which time applicants eligible and desiring to fill such vacancy shall apply in writing to the official of the Company designated in the notice. Such notice shall set forth title of position to be filled, hours of work, days of relief, rate of pay and outline of duties. Within four consecutive days after the expiration of the posting period, the Company shall have assigned the accepted applicant to such vacancy or newly created position. In the event circumstances exist which will not allow the Company to move the successful bidder, the Company will be granted up to thirty (30) calendar days to move the associate to the duties of the bidden position. If at the end of this thirty- (30) calendar day period the associate is not actually performing these duties, the rate of pay for the bidden position will begin, provided pay scales are not a lower rate of pay.

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The decision to apply or not to apply for promotion or transfer to an existing position or a newly created position is entirely within the associate's own option. The Union shall receive a copy of all bids.

When a job vacancy is posted and awarded to the successful bidder in accordance with the provisions of this Agreement, the second successful bidder will be listed on the Notice of Assignment. If the successful bidder who was awarded the position in accordance with this section does not qualify, or within the first 15 working days voluntarily steps down, the job will be awarded to the second successful bidder on the Notice of Assignment. If the second successful bidder does not qualify, or within the first 15 working days voluntarily steps down, the job will be reposted. This procedure will be applicable to all job vacancies, which will be affected by such disqualification or voluntary disqualification, within the first 15 working days, providing the associate, or associates involved have not qualified for the position they presently hold.

In the event a vacancy occurs while an associate is on vacation or sick leave, it is agreed that the Union and Company will jointly notify said associate of the existing vacancy. The Company will send a copy of this notice by regular U.S. mail delivery. The notice will be sent to the address of an associate as listed in the Company files. A copy of all mailed notices will be given to the appropriate shop stewards.

If the Union and the Company are unable to contact said associate, the associate shall be granted 48 hours at the conclusion of their vacation or sick leave the opportunity to bid on the vacancy.

Any associate assigned to a new position shall have up to ninety (90) working days in which to demonstrate their qualifications to perform the duties of that position as determined by the Company. If an associate is unable to qualify, or within the first 15 working days voluntarily steps down, they may return to the position from which they came without loss of seniority, even though an extension of the period has been granted, but shall forfeit for twelve (12) months all rights to bid for any job requiring like skills which may be subsequently posted. When an associate qualifies for a position, their seniority reverts back to the date of the awarding of the job. Company agrees to pay an associate in training for a classified position the rate of pay for that position when they perform the duties by themselves. An associate in training for a higher paying job shall be paid their present rate of pay for the first 90 working days or less if they are qualified sooner by the Company. Payment of the rate of pay as mentioned above shall in no way indicate that the associate has qualified for the position.

When an associate permanently fills a vacancy that requires certification by federal, state or local governmental agencies, they must demonstrate their ability to pass the certification test within ninety (90) calendar days. However, if the associate does not have the required job experience to fulfill the certification requirements of the governmental agency, they may be granted the necessary time to gain the job experience.

The Company reserves the right to temporarily fill any vacancy pending the operation of the procedure described hereinbefore. Temporary layoff shall be considered permanent when

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the associate has been laid off for twenty-four (24) consecutive months, and any seniority rights established prior to permanent layoff shall, in event of rehiring, be considered nil.

If an associate fails to return to work within ten (10) working days after they have been notified by registered mail to return to work after such layoffs, and does not give a satisfactory reason after investigation by the Company and the Union for their failure to return within said ten (10) working days, any seniority record theretofore established shall be broken and such seniority record shall thereupon be considered nil.

The senior associate in the top ranking classification in each of the shift departments shall have the right to select the shift they are to work and shall have the right to choose their weekly days off; provided, however, that after the choice is made by the senior operator in the Production Department, the other seniors in the department must choose their days and shifts so as not to require a swing shift associate to work sixteen (16) hours per day, or require the services of more than one (1) swing shift associate for operators. The selection, once made, shall be final unless changed under provision of Section 14.

It is mutually understood and agreed by all parties hereto that because of the Company's responsibility hereinbefore mentioned, the management must and shall be the judge of any associate's qualifications for promotion. However, should any difference of opinion occur in this regard, such differences shall be settled in accordance with the arbitration provisions of this Agreement.

The Company agrees to post permanently, in a conspicuous place in each department and plant, a company-wide seniority list, and such list shall be posted every six- (6) months. After the seniority list is posted, the associates will have thirty (30) calendar days during which they may protest the accuracy of the list in writing. Failing to make such protest within the thirty-(30) calendar day period shall constitute agreement and the list shall become permanent.

In the event an associate is displaced from their classification or department due to a cutback or revision of production or network methods, they may exercise their seniority rights in accordance with their overall company seniority within the outside union group.

SECTION 7. RESPONSIBILITY

The shift operator on duty shall be in charge of the normal operation of the Pumping Station.

It is agreed by the parties that the Treatment Plant Operators may be assigned to other non-operator duties within the Plant during emergencies and/or when the plant is shut down.

It is agreed that associates in the various shift classifications will not be transferred from their normal duties to perform duties normally performed by associates in other classifications when it is necessary to replace this associate, except in cases of emergency.

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SECTION 8. TEMPORARY TRANSFERS

Associates may be assigned temporarily to positions on a reverse seniority basis when feasible and practical, provided no senior associate desires the assignment. Associates temporarily assigned shall be returned to their normal positions within a period not to exceed twenty-five (25) calendar days unless an extension be granted by mutual consent; provided, however, that where such temporary assignments are made to fill vacancies due to vacations, they may be continued for a period of thirty-five (35) calendar days.

When it becomes necessary for the Company to shift associates temporarily to new assignments, there shall be no change in the rate of pay to the associate so temporarily assigned except when such temporary assignment shifts an associate into a higher classification. In such cases the associate shifted temporarily to a higher classification shall receive for such temporary assignment the basic rate of pay established for the position. Associates transferred temporarily to lower paid positions shall continue to receive their regular rate of pay during such temporary transfer. Associates transferred permanently to other positions shall receive the rate of pay for the position to which they are transferred.

It is mutually agreed that adjustments in pay shall not be made under the provisions of this Section unless the transfer continues in effect for two (2) hours or more, and in no case shall the rate of pay of an associate be changed during any work shift or any work day except that when an associate continues without interruption for two (2) hours or more in such temporary assignment, that associate shall be paid the higher rate of pay for all time worked in the higher paid assignment.

When a meter reader is assigned to change AMR meters, the Company agrees to pay for work performed at the field service representative rate of pay.

SECTION 9. DEMOTION OR DECREASE

When and if it should become necessary to curtail employment in any department associates affected are to be laid off in the inverse order of their employment in accordance with their overall company seniority and re-employed in the reverse order. An associate laid off from any department because of lack of work, may exercise their Company seniority by bumping any less senior associate, provided that they are able to perform the required duties of the new position and meet all the requirements in Section 6 Seniority. In all such cases the Company agrees to notify the Union ten (10) calendar days in advance where the layoff affects permanent full-time associates, and to seek an agreement as to the application of the seniority rights under this Section and under the Seniority Section of the Agreement. If such an agreement cannot be reached, then the question shall be settled under the arbitration of this Agreement.

SECTION 10. REPRESENTATION AND ARBITRATION

The direct representatives of the Union shall be associates of the Company and shall be known as "Shop Stewards."

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The Shop Stewards shall first attempt to handle all grievances before such grievances are referred to an International Representative of the Union. Associates may have a Shop Steward or witness present when conferences are held between associates and supervisors. Supervisors or other management personnel may require that a Shop Steward or witness be present when conferences are held with associates.

1. Should grievances arise over interpretation or application of the items of this Agreement, the aggrieved party must submit their grievance in writing to a Shop Steward whose duty it will be to confer, within three (3) working days of the occurrence, with the supervisor in an attempt to effect a settlement. The supervisor will have three (3) working days to respond to the grievance at this first step in writing.
2. Should this procedure not result in a settlement, within five (5) working days of the denial at the first step, the matter shall be referred in writing to the Production or Network Superintendent or a designated representative who shall give a reply in writing within five (5) working days of the receipt of the grievance at this level.
3. Failing satisfactory settlement through this office, within fifteen (15) working days of the denial at the second step, the matter shall be referred in writing to the senior ranking official or a designated representative and to an International Representative of the Union. The senior ranking official or a designated representative shall give a reply in writing within a period of fifteen (15) working days of the receipt of the grievance at this level.
4. Should this procedure fail to effect a settlement, the matter shall be referred within five (5) working days, (unless an extension of time is requested by either party, not to exceed fifteen (15) working days), of the denial at the third step, to a mediator who will be selected from either the State Mediation or Federal Mediation services.
5. Should this procedure fail to effect a settlement, the matter shall be referred within five (5) working days, (unless an extension of time is requested by either party, not to exceed fifteen (15) working days), of the denial at the fourth step, to an arbitration board for the selection of an arbitrator.

The Company and the Union will request a representative from the American Arbitration Association who would be mutually accepted by the Company and the Union.

The Arbitrator so constituted shall render a decision within sixty (60) calendar days after meeting, such decision being final and binding upon both parties to this Agreement.

The expense, if any, of the Arbitrator and rental of meeting facilities, shall be shared equally by the parties hereto. Both parties must agree on the location of the meeting facilities.

If an associate claims to have been unjustly discharged, they must file a complaint with the Union to this effect within five (5) working days after the effective date of the discharge. The Union and Company agree that steps 1 and 2 of the grievance procedure will be waived and the grievance moved to the 3rd step. The 3rd step procedure for discharges is that the Union

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must submit this grievance in writing within fifteen (15) working days of the effective date of the discharge to the senior ranking official of the Company or a designated representative. The senior ranking official or a designated representative shall give a reply in writing within a period of thirty (30) working days of the receipt of the grievance at this level. No person will be terminated without the chief steward, or an international union representative present.

SECTION 11. LEAVE OF ABSENCE

Associates may be granted ninety (90) calendar days leave of absence for good cause but without pay and without prejudice to seniority or other rights and such leave of absence may be renewed for one or more successive ninety (90) calendar day periods by mutual agreement between the Company and the Union. Associates seeking such leave of absence must make a request in writing stating the cause, and must present such request to a joint conference between Shop Stewards and management for consideration. If the Shop Stewards and management fail to agree on the granting or denial of the request for leave of absence, then the questions shall be settled under the arbitration provision of this Agreement. Should such leave of absence be granted as herein provided and the associate is employed by another concern, or should they violate the terms of their leave during such leave of absence, said associate shall forfeit any or all seniority rights herein established.

SECTION 12. WAGES AND HOURS – NETWORK DEPARTMENT

The provisions of this Section shall apply to all associates in the Network Department who are engaged in reading, testing, repairing, removing and resetting meters, discontinuing and restoring service to consumers, engaged in excavation, backfilling, and other work necessary in the construction, operation and maintenance of the system; in installing and maintaining mains, servicing meters, meter installation, hydrants and valves, including pipe joiners' work, cutting and replacing pavements, yarning, caulking, heating and pouring jointing material, operating and using air compressor, using air compressor tools and equipment, machinery work, carpenter work, painting work and any other trade work necessary in construction and maintaining of vaults, manholes, any other structure in the system, or installation and maintenance of drainage, bracing or sheathing; in loading and unloading pipe, service material, meters, hydrants, and other equipment or materials necessary in the construction, operation or maintenance of the system; in the operating and maintenance of watershed buildings, equipment or any other property; and in the driving of automobiles or trucks incidental to the performance of the various types of work above mentioned.

The Company agrees that present associates of record on November 1, 1982, who are members of the Union shall be assured forty (40) hours of pay per week, provided that the associates are at all times, during such work week, available for work. This assurance will not be applicable to any associate hired after November 1, 1982.

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Except in cases of emergency, associates performing the classes of work specified in this Section shall not be required to work on Sundays and the following holidays:

New Year's Day	(2) Personal Floating Holidays*
Good Friday	Thanksgiving Day
Memorial Day	Friday after Thanksgiving
Fourth of July	Christmas Eve (December 24th)
Labor Day	Christmas

*One (1) of the Personal Floating Holidays may be taken with as much notification as reasonably possible to their supervisor. The remaining Personal Floating Holiday may be taken with at least three (3) working days notice to the Company. The Company has the final decision to grant the day off as determined by the current workload. The Company has the right to deny the request the day prior to this scheduled day off, if conditions warrant. Personal Floating Holidays shall be taken within the calendar year January 1 through December 31.

When any of these holidays falls on Sunday, it will be observed on the Monday following, except when a holiday falls on Sunday and is followed on Monday by another holiday. In this case the holidays will be observed on Sunday and Monday. Associates not required to work on either holiday will be assured of eight- (8) hours pay at their regular hourly rate for these holidays. Also, any holiday that falls on Saturday will be observed on the preceding Friday, except when such holiday is preceded by a holiday on Friday, the holidays will be observed on Friday and Saturday.

Each associate with ninety (90) calendar days of continuous service covered by provisions of this Section who does not work on a holiday is assured of eight- (8) hours pay at their regular hourly rate for these holidays.

If the associate is absent anytime during the last four and one-half (4-1/2) hours of their last scheduled work day prior to a holiday(s) or anytime during the first four and one-half (4-1/2) hours of their first scheduled work day following the holiday(s) (or the day the holiday(s) is/are observed) when they are scheduled to work, they shall not be paid for the holiday(s) unless they are subpoenaed or entitled to pay under leave of absence for sickness or accident disability, paid jury duty, paid vacation, or paid funeral leave.

When a holiday falls on Saturday or Sunday and is observed by the company on Friday or Monday as the case may be, the holiday bonus will be paid to shift workers for time actually worked on the Saturday and Sunday that the holiday actually falls on, but shall not be paid for time worked by those employees on the Friday or Monday on which the company observes the holiday. An employee required to work on such a holiday shall receive, in addition, one and one-half (1-1/2) times their regular rate of pay for the hours worked up to eight (8) hours per day or forty (40) hours per week and shall be paid double-time for all time worked in excess of eight (8) hours per day on such Holiday. However, associates shall not be paid both daily and weekly overtime for the same hours worked.

Overtime will be paid at one and one half (1 1/2) times their regular hourly rate of pay for all time worked in excess of forty (40) hours per week or eight (8) hours per day. All associates covered by this Section who are required to work on their second scheduled day off shall be paid two (2) times their regular hourly rate of pay, except those associates on scheduled standby duty who will be paid one and one-half (1-1/2) times their regular hourly rate for all hours worked. Associates shall not be paid both daily and weekly overtime for the same hours worked.

Associates engaged in programmed inspecting and flushing of fire hydrants shall be paid the regular straight time hourly rate of the Field Service Representative classification and the appropriate shift differential for the hours actually worked as set forth in this contract.

Applications will be received from associates in the Crew Leader and Utility Classifications after a notice has been posted by the Company setting forth its intention to inspect and flush fire hydrants. Selection of the associates for this job shall be in accordance with Section 6 - Seniority.

For the associates covered by this Section, the regular hourly rates of pay shall be as follows.

<u>CLASSIFICATIONS</u>	<u>REGULAR HOURLY RATE EFFECTIVE</u>		
	<u>11/1/04</u>	<u>11/1/05</u>	<u>11/1/06</u>
<u>NETWORK DEPARTMENT</u>			
Backhoe Operator	\$19.36	\$20.19	\$21.05
Junior Backhoe/Crew Leader	\$18.91	\$19.73	\$20.57
Crew Leader	\$18.47	\$19.27	\$20.10
Utility	\$17.49	\$18.26	\$19.06
Temporary Laborer	\$12.17	\$12.79	\$13.42
Meter Technician	\$19.70	\$20.54	\$21.41
Field Service Representative	\$19.36	\$20.19	\$21.05
Meter Reader (as of 11-1-88)	\$19.36	\$20.19	\$21.05
Meter Reader (after 11-2-88 but prior to 11-1-98)	\$18.47	\$19.27	\$20.10
Meter Reader (as of 11-1 98)	\$17.49	\$18.26	\$19.06

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The Company has the right to increase or decrease the number of shifts necessary to perform the work of the Company. A lunch period of thirty minutes will be allowed during each shift. If associates are assigned to shifts other than 7:30 a.m. - 4:00 p.m. or 8:00 a.m. to 4:30 p.m., they will receive shift differential premium rate, when appropriate, including overtime on a continuation basis.

The night shift network crew/s will consist of Crew Leader and Utility. This crew will substitute Sunday and Monday for the current listed Saturday and Sunday under Section 12 in regard to holiday observance. Examples of work schedules for the network crews are as follows:

Monday – Friday	7:00 a.m. – 3:30 p.m.
Monday – Friday	7:30 a.m. – 4:00 p.m.
Monday – Friday	12:30 p.m. – 9:00 p.m.
Tuesday – Saturday	7:30 a.m. – 4:00 p.m.
Sunday – Thursday	7:30 a.m. – 4:00 p.m.

In the event no associates bid on the open positions in the network department, the Junior Crew Leader/s and Junior Qualified Utility/s will fill these positions. The night shift Crew Leader position will be bid. If no one bids this relief position, the next Junior Utility Person will be assigned these duties.

The night shift crew will arrange all vacations with the network supervisor.

The Company will make the decision to fill a vacancy due to sickness, personal business, short-term absences, etc. depending on the workload and anticipated duration of the absence. Only one night shift Field Service Representative associate will be allowed to take their vacation at a time arranged through their immediate supervisor.

When any associate covered by the provisions of this Section is directed to report for work they shall receive four (4) hours pay at the rate prescribed in this Agreement, unless notified the night before not to report for work.

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There shall be ten (10) associates who will be classified as Crew Leader and who shall receive the Crew Leader rate of pay. When a vacancy occurs in the Crew Leader classification it will be bid. If the Company determines that it is necessary to go outside of the Meter Group (Meter Technician and Meter Reader classifications) to fill a temporary opening, the senior Crew Leader person desiring to fill in temporarily in these classifications will be given the opportunity to do so. The Company will not be required to advance the senior qualified Utility to the Crew Leader classification during temporary work periods unless management has decided the workload is sufficient to require the vacant Crew Leader position be filled.

If a Utility is assigned to be in charge of a vehicle, they shall be paid at the Crew Leader rate of pay.

An associate called back to work after having left the premises of the Water Company will be paid a minimum of two (2) hours pay at one and one-half (1-1/2) times their regular hourly rate, unless called in less than two (2) hours prior to their regular scheduled working hours in which event they shall be paid for the hours worked. Call-in pay is not applicable to those associates awaiting emergency calls or standby duties as covered by Section 16.

It is agreed that the hauling and unloading of chemicals will be performed by associates with less seniority when feasible and practical.

SECTION 13. WAGES AND HOURS - PRODUCTION DEPARTMENT

This section shall apply to all associates engaged in the operation and maintenance of the Pumping Station and Filter Plants, pumping and transmitting equipment now maintained at tank sites.

The normal workweek for all associates performing the classes of work specified in this Section shall be forty (40) hours consisting of five (5) consecutive eight (8) hour days. Days off shall be consecutive except in the case of the Treatment Plant Operator-Relief classification. For all time worked in excess of forty (40) hours in any one week or eight (8) hours per day, one and one-half (1-1/2) times the regular hourly rate of pay shall be paid, with the understanding that because of the necessity of continuous operation there shall be no premium pay for work done on Sundays as such. If the associate covered by this Section is required or requested by the Company to perform work on a day which is normally their second day off, they shall in that event be paid two (2) times their regular hourly rate of pay for all time worked on such day.

No daily overtime shall be paid when associates are changing from one shift to another, or when associates at their own request are working extra time in order to get off during regular shifts. Associates shall not be paid daily and weekly overtime for the same hours worked.

The Company agrees that present associates of record on November 1, 1982, who are members of this Union shall be assured forty (40) hours of pay per week, provided that the associates are at all times, during such work week, available for work. This assurance will not be applicable to any associate hired after November 1, 1982.

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Associates performing classes of work specified in this Section are normally required to work on the following eleven (11) holidays, namely;

New Year's Day	(2) Personal Floating Holidays*
Good Friday	Thanksgiving Day
Memorial Day	Friday after Thanksgiving
Fourth of July	Christmas Eve (December 24th)
Labor Day	Christmas

when such holidays fall on what are scheduled working days for the associates.

*One (1) of the Personal Floating Holidays may be taken with as much notification as reasonably possible to their supervisor. The remaining Personal Floating Holiday may be taken with at least three-(3) working days notice to the Company. The Company has the final decision to grant the day off as determined by the current workload. The Company has the right to deny the request the day prior to this scheduled day off, if conditions warrant. Personal Floating Holidays shall be taken within the calendar year January 1 through December 31.

If the associate is absent any time during the last four and one-half (4-1/2) hours of their last scheduled work day prior to a holiday(s) or any time during the first four and one-half (4-1/2) hours of their first scheduled work day following the holiday(s) (or the day the holiday(s) is/are observed) when they are scheduled to work, they shall not be paid for the holiday(s) unless they are subpoenaed or entitled to pay under leave of absence for sickness or accident disability, paid jury duty, paid vacations or paid funeral leave.

When a holiday falls on Saturday or Sunday and is observed by the company on Friday or Monday as the case may be, the holiday bonus will be paid to shift workers for time actually worked on the Saturday and Sunday that the holiday actually falls on, but shall not be paid for time worked by those employees on the Friday or Monday on which the company observes the holiday. An employee required to work on such a holiday shall receive, in addition, one and one-half (1-1/2) times their regular rate of pay for the hours worked up to eight (8) hours per day or forty (40) hours per week and shall be paid double-time for all time worked in excess of eight (8) hours per day on such Holiday. However, associates shall not be paid both daily and weekly overtime for the same hours worked.

Associates who are scheduled to work on such holidays, but who are not required to do so shall be paid eight (8) hours pay for each such holiday at regular hourly rates of pay. On a holiday, the associate working the actual holiday will receive the premium pay for that day.

When any of these holidays falls on Sunday, it will be observed on the Monday after, except when a holiday falls on Sunday and is followed on Monday by another holiday. In this case the holiday will be observed on Sunday and Monday. Also, any holiday that falls on Saturday will be observed on the preceding Friday except when such holiday is preceded by a holiday on Friday, the holidays will be observed on Friday and Saturday.

Each associate with ninety (90) calendar days or more of continuous service covered by provisions of this Section who does not work on the observed holiday is assured of eight (8) hours pay at their regular hourly rate for the holiday.

For associates covered by this Section, the regular hourly rate of pay shall be as follows:

<u>CLASSIFICATIONS</u>	<u>REGULAR HOURLY RATE EFFECTIVE</u>		
	<u>11/1/04</u>	<u>11/1/05</u>	<u>11/1/06</u>
<u>PRODUCTION DEPARTMENT</u>			
Treatment Plant Operator (Monday – Friday day shift)	\$19.70	\$20.54	\$21.41
Treatment Plant Operator (12 Mid. – 8:00 a.m. Shift)	\$20.60	\$21.47	\$22.36
Treatment Plant Operator (4:00 p.m. – 12 Mid. shift)	\$20.32	\$21.18	\$22.07
Treatment Plant Operator (Swing shift)	\$20.41	\$21.27	\$22.16
Maintenance Technician I	\$19.70	\$20.54	\$21.41
Maintenance Technician II	\$19.70	\$20.54	\$21.41
Treatment Plant Operator - Fixed Relief	\$19.34	\$20.17	\$21.03
Treatment Plant Operator – Relief *	\$18.72	\$19.53	\$20.37
Treatment Plant Operator – Utility (day shift)	\$18.47	\$19.27	\$20.10
Treatment Plant Operator – Utility (12 Mid – 8:00 a.m.)	\$19.38	\$20.21	\$21.07
Treatment Plant Operator – Utility (4.00 p.m. – 12 Mid.)	\$19.10	\$19.92	\$20.77
Treatment Plant Operator – Utility (Swing Shift)	\$19.02	\$19.84	\$20.69

* Plus appropriate shift differential for all hours worked other than day shift hours worked. Swing shift and Fixed Relief rates are a weighted average of appropriate classifications worked to include appropriate shift bonus and shift differential.

NOTE for Reference:

Included shift differential incentive pay into an hourly equivalent and add to the regular rate of pay for those positions affected. (Production Department):

12 midnight shift-	\$0.48
Swing Shift & 4 – 12 midnight shift -	\$0.31
Fixed Relief & Relief -	\$0.24

Include shift differential into appropriate Production scheduled shift hourly rates:

12 Midnight – 8:00 a.m shift -	\$0.40
4-12 Midnight shift -	\$0.30

Note: Annual wage increases are based on day shift base rate in Production, not the inclusion of the shift differential incentive pay and shift differential.

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The senior Treatment Plant Operator-Relief associate will have the right to select the shift they are to relieve, however, once assigned they shall remain on this shift for the duration of the vacancy.

Associates covered by this Section and Section 12, Paragraph 11 (Hydrant Flushing), and also Section 16 of this contract, who are required to work on either of the two shifts between 4:00 p.m. and 8:00 a.m. will be paid an additional thirty cents (\$0.30) per hour for the 4:00 p.m. to 12:00 midnight shift and forty cents (\$0.40) per hour for the 12:00 midnight to 8:00 a.m. shift for those hours actually worked. The Field Service Representative associates working other than the normal day shift will receive the shift differential that is applicable from 4:30 p.m. till 8:00 a.m.

NOTE: Shift Differential rates are included in the appropriate Production hourly rates listed above.

Production Maintenance On Call:

The associates in the Maintenance Technician I & II classifications will be called upon, one each week, to be available at all times to receive and take calls in the Production Department. They will receive during that week two (2) times their regular rate of pay for all hours worked due to being called out for overtime. If they are called out to work overtime on their second day off they will receive two and one half (2 ½) times their regular rate of pay for those hours worked

SECTION 14. RIGHT TO CHANGE SHIFTS

Associates may, if they so desire, temporarily exchange their shifts provided the change is agreeable to the Company and the Union, and does not interfere with the orderly operation of pumping and filter plants. Temporary exchanges of shifts may be effected if agreeable to associates directly concerned but must occur during the bi-weekly pay period.

Any overtime worked as a result of such exchange shall be paid at the regular straight time rate.

SECTION 15. SHARING OF OVERTIME

All overtime shall be shared equally and alike in each classification insofar as reasonable and practical (Changing the words "class of work" to "classification" will not change the intent or present interpretation in the handling or sharing of overtime.) Note: The sharing of overtime by the three (3) Backhoe Operators will occur with as much reason as is possible.

SECTION 16. AWAITING EMERGENCY CALLS

Four (4) qualified associates with the greatest continuous length of service in the Network Department will be called upon, one each week, to remain at home to receive and take care of emergency calls. The associates so assigned shall be assured of eight (8) hours of standby pay per week to be paid at one and one-half (1-1/2) times their regular rate of pay after meeting the requirements of the eight (8) hours per day/forty (40) hours per week overtime eligibility provision. Sunday, as their second day off, will be paid at one and one half (1 1/2) times their regular rate of pay. Once these four (4) associates assume this duty they must continue to perform such duties unless they notify the Company in writing sixty (60) calendar days prior to the date they desire to be relieved of such duties. Once a request of this type is received they will not be eligible for eighteen (18) months to reassume these duties and then only if there is such a vacancy in existence. When one of these four (4) associates is on vacation or off for sickness and is scheduled for this duty, the next standby person on the scheduled standby roster will be called upon to fill these duties for that standby period. It is understood that when a vacancy occurs in the classification of Meter Technician, the Company shall have the right to schedule a Meter Technician associate during the hours stated below. It is further understood that the Meter Technician presently assigned may elect to bid on the contemplated job assignment, to work at meter repairing or other assigned duties, and shall also answer and take care of emergency calls between the hours of 4:00 p.m. and 8:00 a.m., beginning at 12:01 a.m., Monday through 12:00 midnight, Friday. Their rate of pay will be the regular hourly rate of a Meter Technician, but not the overtime rate during these hours. In addition, they will be paid shift differential in accordance with the 3rd from the last paragraph of Section 13.

SECTION 17. PAY DAYS

All associates shall be paid BI-weekly for work done during the two workweeks ending on the preceding Sunday midnight. Associates who are scheduled off on Friday may pick up their checks at the Business Office on Thursday afternoon, provided they are available. Paychecks will be given to associates only unless written authorization is given to release the check to a specific person.

SECTION 18. VACATIONS

Associates who have been continuously in the service of the Company shall be entitled to the following weeks vacation annually:

Vacation Based on Completed Years of Continuous Service

1 year	10 days	14 years	19 days
2 years	11 days	15 years	20 days
3 years	12 days	16 years	20 days
4 years	13 days	17 years	21 days
5 years	15 days	18 years	21 days
6 years	15 days	19 years	22 days
7 years	16 days	20 years	22 days
8 years	16 days	21 years	23 days
9 years	17 days	22 years	23 days
10 years	17 days	23 years	24 days
11 years	18 days	*24 years	24 days
12 years	18 days	*25 years plus	25 days
13 years	19 days	*30 years plus	30 days

***NOTE: Any new hires after November 1, 1998 will no longer be able to earn more than the current allowance of five (5) weeks of vacation for working 24 or more years of service.**

Employees hired during the current vacation year will be entitled to 1 day of vacation for each "Completed Month of Continuous Service" up to 10 days. This vacation must be taken any time after a "Completed Month of Continuous Service," must be taken before the end of the calendar year

Vacation pay shall be equal to the normal weekly wage of the associate, which is forty (40) hours at a regular straight time hourly rate, with the exception of those associates who work from 4:00 p.m. to 12:00 midnight, or 12:00 midnight to 8:00 a.m., and their pay shall be equal to the normal weekly wage plus shift differential.

The Company will allow associates who have earned up to ten (10) days of vacation the option to take two (2) weeks of vacation in increments of one day with as much notification as reasonably possible to their supervisor. The first period will be selected in order of Company seniority and the second pick selected when an opening exists. The Company has the sole right to determine the number of associates exercising this option at any given time.

The company agrees to grant vacations at the time most desired by the associates if possible to do so without interfering with the orderly operation of the plant.

In order to provide each associate with the most desirable dates to schedule their vacation, it is agreed that the vacation roster listing associates in descending order of the company seniority be posted November 1 and removed December 15 of each year. The senior associate shall list their desired date as soon as possible, and will post their desired date within 24 hours after being notified by their supervisor to do so. It is further understood that the 24-hour directive will not be given prior to November 5 of each year.

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Associates shall be allowed to change their vacation schedule by giving the Company a ten (10) calendar-day notice, provided it does not conflict with another associate's vacation.

An associate bidding into different classifications after the vacation schedule has been posted will reschedule their vacation so that it will not conflict with other associates in that classification or category for that year. All following years, vacation schedules will be made by seniority.

Seniority for vacation purposes shall be divided into five categories as follows:

1. Three associates in the Production Department, exclusive of Maintenance Persons will be permitted to take their vacation at the same time. The senior Treatment Plant Operator-Relief associate would have the right to select the shift they are to relieve, however, once assigned; they shall remain on this shift for the duration of the vacancy.
2. Maintenance Persons. The Maintenance Persons in the Production Department will arrange their vacation schedule with the supervisor of the department.
3. Meter Reader Classification. Two associates in this classification may take their vacations at the same time.
4. Crew Leader and Utility. Two associates in these classifications may take their vacations at the same time.
5. Backhoe Operator. The Backhoe Operators will arrange their vacation schedule with the supervisor of the department.
6. Field Service Representative Classification. Two associates in this classification may take their vacations at the same time.

In the event that a holiday occurs during an associate's vacation, they shall be given, in addition to their regular vacation pay, a bonus equal to the number of hours they would normally work on such day multiplied by their straight time hourly rate.

SECTION 19. DEATH IN FAMILY

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

SECTION 20. DISABILITY BENEFITS AND LIFE INSURANCE

A. Leaves of Absence for Sickness or Accident Disability

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

<u>Length of Service</u>	<u>Maximum Period of Leave of Absence</u>
Up to six months	Two weeks
Six months but less than two years	Twenty-eight weeks
Two years but less than five years	One year
Five years and over	Two years

B. Payments During Leaves of Absence for Sickness or Accident Disability

During periods of leave of absence for sickness or accident disability, except for occupational disability incurred while in the employ of another employer or while self-employed, associates will be paid in maximum amounts hereinafter set forth (as referenced in the Group Insurance SPD Plan booklet, page 149, regarding 52 weeks of coverage):

An associate shall not be paid for the first day sick leave unless they have not been absent on sick leave during the previous six (6) months or unless they are hospitalized.

The six months above will be reduced to five months for associates with five years of continuous service and will be reduced one additional month for each additional year of continuous service with the company.

Each associate who is disabled and unable to perform their regular duties as a consequence of illness or accident shall be paid as follows during such disability:

<u>Length of Service</u>	<u>Maximum Number of Weeks in Any "Disability Year" in Which Payment Will Be Made by Company</u>
At least six months but less than One year	One week
Over one year	One week for each complete year of service with a <i>minimum</i> of two weeks

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1. If the associate is entitled to, in any given week, Weekly Sickness and Non-Occupational Benefits under the Group Insurance Plan or Temporary Total Disability Benefits under the Kentucky Workers' Compensation Act, the payment by the Company in such week shall be limited to the difference between the associate's normal weekly earnings and the amount of such benefits.
2. The company may require a suitable statement from the associate's medical doctor certifying to the disability or may elect to have a medical doctor selected by it examine the associate.
3. The associate's anniversary date of employment shall be used to determine the maximum benefits to which they are entitled.
4. The "Disability Year" shall be defined as the twelve month period between January and December. The disability period will renew in January of each year. The commencement of such a disability year is activated by an absence due to sickness or accident and the extent of benefits for that disability year is determined by the length of service at the beginning of the disability year.

If an illness continues from one year to another, the employee will continue to draw pay from the company until they have received the maximum weeks available in the year the illness originally occurred. Employees shall not then be entitled to further payments until they return to active employment at least one day, nor shall they be entitled to further payments for the same or related disability until they have returned to active employment for two weeks.

In recognition of the fact that delay sometimes occurs in the determination of benefits payable under the Workers' Compensation Law, the company agrees in order to assure the continuity of income to a disabled associate that it will pay the associate's normal weekly wages in full for the period indicated to the schedule above, subject to agreement by the associate that any benefits currently or subsequently received from the Workers' Compensation Carrier (other than reimbursement of expenses) with respect to said period of disability, shall be assigned to the company.

It is understood that these payments from the Compensation Carrier to be assigned to the company include only weekly benefits for temporary disability.

SECTION 21. INSURANCE PLAN

The Company and the Union agree that the provisions of the American Water System Group Insurance Plan as dated March 8, 2001 shall be in full force and effect through July 31, 2005. The Plan may thereafter be amended, modified or terminated through negotiations between American Water Works Company, Inc. and The National Conference of Firemen and Oilers Union. The Company and Union agree to be bound by the results of any renegotiations of the Group Insurance Plan between the American Water Works Company, Inc. and the National Conference of Firemen and Oilers Union. Group Insurance issues shall not be subject to any local negotiations.

SECTION 22. PENSION PLAN

The Company and the Union agree that the provisions of the Pension Plan described in the booklet entitled American Water System Pension Plan dated March 8, 2001 shall remain in full force and effect through July 31, 2005. The Plan may thereafter be amended, modified, or terminated through negotiations between American Water Works Company, Inc. and the National Conference of Firemen and Oilers. The Company and Union agree to be bound by the results of any renegotiations of the Pension Plan between the American Water Works Company, Inc. and the National Conference of Firemen and Oilers. Pension issues shall not be subject to any local negotiations.

SECTION 23. 401(K) SAVINGS PLAN

The 401(K) Savings Plan, effective March 8, 2001 shall remain in full force and effect through July 31, 2005. The Savings Plan may thereafter be amended, modified or terminated through negotiations between American Water Works Company, Inc. and the National Conference of Firemen and Oilers. The Company and the Union agree to be bound by the results of any renegotiations of the Savings Plan between the American Water Works Company, Inc. and the National Conference of Firemen and Oilers. Savings Plan issues shall not be subject to any local negotiations.

SECTION 24. DEPARTMENT HEAD NOT TO PERFORM WORK - EXCEPTION

Except in case of actual emergency, the head of a department or foreman covered by this Agreement shall not perform any of the work normally performed by associates under their supervision, but they shall have the right to demonstrate how they desire to have the work performed.

The company may temporarily assign a trainee to work with one of the maintenance or construction crews for the purpose of acquainting the trainee with the various elements of the job to be carried out, along with acquainting the trainee with the various terminology that is used in describing the materials used for a particular job, as well as the type of equipment, etc. that is used. The Company agrees that when this trainee is actually performing the duties that would normally be carried out by members of the bargaining unit, that a member of the bargaining unit will not be required to perform any work, and will simply advise the trainee as to the procedure to be used to carry out the particular job. The Company's intention is to not replace a member of the bargaining unit with the trainee, but to simply assign the trainee as an additional person to a particular job for training purposes.

SECTION 25. GUARANTEED WORK WEEK AND RIGHT TO SUBCONTRACTING

1. The Company may contract for the following:
 - A. Installation of mains and new fire hydrants.
 - B. Service line renewals which include the tap, the service line, the meter setter and meter box, meter and initiation of service.
 - C. All new service lines which includes the tap, the service line, the meter setter and meter box, meter and initiation of service.
 - D. Painting of fire hydrants.
 - E. Changing length of service meters.

Provided, however, that present associates of record on November 1, 1982, who are members of this union shall be assured forty (40) hours of pay per week, provided that the associates are at all times, during such work week, available for work. This assurance will not be applicable to any associate hired after November 1, 1982.

2. It is further agreed that all maintenance work required, except for the field repair and testing of large (larger than 2") meters in the Meter Repair Program, after the completion of the contracted work referenced in paragraph one of this Section will be performed by members of this Union
3. It is further understood that members of this Union will perform the installation of other meters, not covered in 1-B, 1-C, and 1-E above.
4. In addition, the Company may, by giving a fifteen- (15) day written notification to the Union, be permitted to utilize contractors to perform union work during peak periods. The notification will include what work is to be performed and the duration of the contracting period

The Company may contract with temporary employment firms to fulfill summer temporary laborer openings in any Department covered by this contract for periods not to exceed 90 calendar days.

SECTION 26. EQUAL OPPORTUNITY EMPLOYER

The employer and the Union agree not to discriminate against any individual with respect to their hiring, compensation, terms or conditions of employment because of such individual's race, color, religion, sex, national origin or age, nor will they limit, segregate or classify associates in any way to deprive any individual associate of employment opportunities because of their race, color, religion, sex, national origin, or age.

SECTION 27. SAFETY SHOES

All associates affected by this agreement will wear safety shoes and these shoes will meet with the current OSHA and ANSI Z41.1 standards. The associates will make all safety shoe purchases and the style of shoe to be purchased will be determined by the company. These purchases will not be made while on company time. Whenever an associate feels new shoes are needed, they are to check with their immediate supervisor for authorization to purchase a new pair and they will be issued a purchase order number, which can be used at the approved shoe supplier to purchase a pair of safety shoes, which are on the approved list of styles. If the cost of the safety shoes selected exceeds the established dollar limit designated by the Company the associate will pay any overage at the time of purchase to the shoe supplier.

SECTION 28. SMOKING IN THE WORKPLACE POLICY

Kentucky-American Water is dedicated to providing a healthy and safe work environment for its associates. Efforts to maintain clean indoor air, in facilities and vehicles, by minimizing exposure to side-stream or secondary tobacco smoke are consistent with this goal. The Company will reach this goal by prohibiting the smoking or use of tobacco products in any company facility or vehicle. The chewing of tobacco, use of snuff, etc. are prohibited in all Company facilities and vehicles due to sanitary conditions poor appearance and reduced image which is reflected negatively toward the Company. In addition, these tobacco products will not be allowed at any outdoor job-site if associates are working with or around asbestos cement pipe, underground petroleum tanks, or any chemical storage tank or area. This policy will use the progressive disciplinary steps as outlined in the Company Code of Conduct.

SECTION 29. MANAGEMENT OF BUSINESS

The Union recognizes that except as expressly limited by this agreement, the management of the associates, the direction of the workforce and the operation of the plant are vested in the employer. The Union further recognizes that as an aspect of such management rights, the employer may make and enforce such rules as the Company may deem necessary or proper for the conduct of its associates and the operation of the plant, except to the extent that such rules may conflict with the provisions of this agreement.

The above-mentioned management rights are not to be interpreted as being all-inclusive, but merely indicate the type of rights, which belong to and are inherent to management. It is understood that any of the rights, power or authority the Company had prior to the signing of this agreement are retained by the Company, except those specifically abridged, granted or delegated to others or modified by this agreement.

SECTION 30. COMPLETE AGREEMENT

It is the intent of the parties hereto that the provisions of this agreement, which supersedes all prior agreements and understandings including past practices, oral or written, expressed or implied, between such parties, shall govern their entire relationship and shall be the sole source of any and all rights or claims which may be asserted in arbitration hereunder, or otherwise.

The provisions of this agreement can be amended, supplemented, rescinded or otherwise altered only by mutual agreement in writing hereafter signed by the parties.

SECTION 31. DURATION OF AGREEMENT

This agreement shall be in effect from 12:01 a.m., November 1, 2004, and continue until 12:00 midnight, October 31, 2007. Notwithstanding any other provision of this contract, the parties agree that either party may, during the sixty (60) calendar period immediately preceding the anniversary date of this contract, give notice, in writing, to the other party of its desire to renegotiate a revised agreement.

If no agreement is reached before the anniversary date of this agreement, then any wage rates eventually agreed to between the Company and Union shall be retroactive to the expiration date of this agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first above written.

**KENTUCKY-AMERICAN
WATER**

By



President

**NATIONAL CONFERENCE
OF FIREMEN AND OILERS, LOCAL
320**

By



Representative Local No. 320

ATTEST.

By



Secretary/General Counsel

By



By 

By 

By 

By 

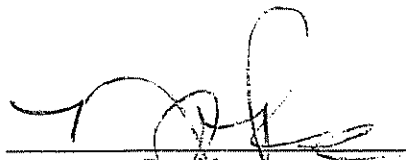
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Both parties agree that any proposals not agreed to during the bargaining process will be removed from consideration on a non-precedence setting basis.

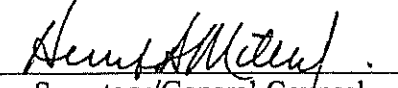
**KENTUCKY AMERICAN
WATER**

By 
President

**NATIONAL CONFERENCE
OF FIREMEN AND OILERS,
LOCAL 320**

By 
Representative Local No. 320

ATTEST:

By 
Secretary/General Counsel