

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

Witness: Kevin N. Rogers

- 1.** List each of Kentucky-American's sewer facilities.

Response:

Owenton WWTP
385 Carter Lane
Owenton, KY 40359
KPDES KY0028312

Rockwell WWTP
Wexford Drive
Winchester, KY 40391
KPDES KY0076597

Millersburg WWTP
302 W Second Street
Millersburg, KY 40348
KPDES KY 0020940

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2. List each Kentucky-American facility and contract operation that is not subject to the Commission's regulation.

Response:

Kentucky American does not have any facility or contract operations not subject to the Commission's regulation.

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Witness: Linda C. Bridwell

4. a. State whether Kentucky-American's internal accounting manuals, directives, policies, and procedures, that were submitted in Case No. 2010-00036, have been modified, amended, or replaced.
- b. If any of the documents identified in Item 3(a) have been modified, amended, or replaced, provide a complete copy of the current document and identify the sections that differ from the document provided in Case No. 2010-00036.

Response:

- a. Assuming the question intends to refer to KAW's last rate case, since Case No. 2012-00520, none of Kentucky-American's internal accounting manuals or directives have been modified, amended or replaced. However, there have been several policies and procedures that have been modified, amended, replaced or added.
- b. Please see the attached. Providing the new and amended policies/procedures publicly would place KAW at a competitive disadvantage. Therefore, KAW is requesting Confidential Treatment of the information. The Company will provide copies of the information to all parties in this case upon execution of an appropriate confidentiality agreement.

ATTACHMENT TO ITEM 4(b)
FILED UNDER SEAL PURSUANT TO PETITION FOR
CONFIDENTIAL TREATMENT FILED ON FEBRUARY 12, 2016

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
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Witness: Linda C. Bridwell

5. Provide a complete copy of all Kentucky-American budget instructions, assumptions, directives, manuals, policies and procedures, time lines, and descriptions of budget procedures.

Response:

Please see attached.

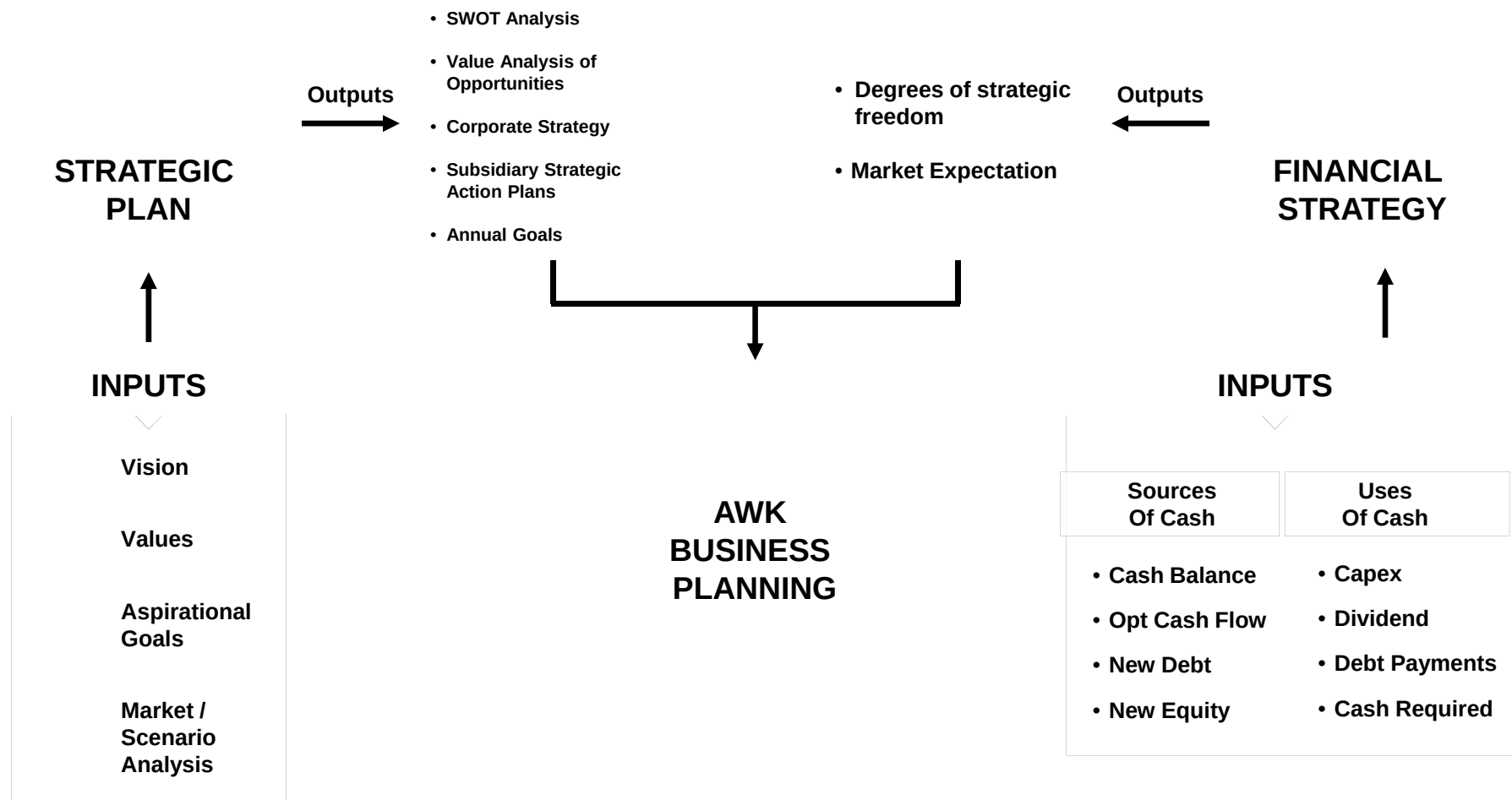


AMERICAN WATER

2015 Business Planning



Strategy Framework



2015 Financial Planning Activities



Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Develop Service Company Functional OpEx Controllable targets Develop Corporate Guidance/ Expectations (directional targets)	ELT communicates final Service Company Functional OpEx Controllable targets to direct reports Kick off 5 year capital plan with Corporate Engineering Complete 5 Year Refresh	Finance formal kick off of the 5 year planning activities ELT approval of global assumptions for 2016-2020 budget	Service Company final review with ELT Service Company plan completed and planned fee's distributed to affiliates Corporate Capital Steering Committee approves 5 yr plan	AWE project evolution tentative go-live All preliminary financial plans completed Begin Board Retreat presentation	Regulated Segment reviews with Presidents, CFO, & COO MBB segment reviews with CEO & CFO Preliminary plan consolidation	Board Retreat Financial plan consolidated, reviewed and finalized	Updated pension & OPEB in final plan (if applicable) Begin Board presentation for financial plan review	BOD review of financial plan	BOD approves financial plan Financial Planning
Gather global assumptions & costs		Develop & Review Svc Co Functional Plans		Develop & Review Subsidiary Plans		AW Plan	AW Final Plan & Board Presentation		
Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Communicate Business Plan Timing 3/16 Strategic Plan Refresher Training	3/30 Strategic Plan Kick-Off	5/29 Strategic Plans Completed	All timing subject to selected strategic planning approach			9/9 ELT Review Board Retreat Presentation 9/16 – 9/18 Board Retreat			Strategic Planning
Strategic Planning Activities				Begin Board Retreat Presentation					

2015 Business Planning Activities



- **March 2015:**
 - Develop Service Company Functional OpEx Controllable targets
 - Develop Corporate Expectations/Guidance (directional targets)
 - Strategic Planning refresher training*
- **April:**
 - ELT communicates final Service Company Functional OpEx Controllable targets to direct reports
 - Kick off 5 year capital plan with Corporate Engineering
 - Complete 5 year “Refresh”
 - Strategic Planning Activities*
- **May 2015**
 - Finance formal kick off of the 5 year planning activities
 - ELT approval of global assumptions for 2016-2020 budget
 - Continuation of Strategic Planning Activities*

* Timing dependent upon desired approach

2015 Business Planning Activities



- **June 2015:**
 - Service Company final review with ELT
 - Service Company plan completed and planned fee's distributed to affiliates
 - Corporate Capital Steering Committee approves 5 yr plan
 - Strategic plans provide input into financial plan development

- **July 2015:**
 - AWE project evolution tentative go-live
 - All preliminary financial plans completed
 - Begin working on Board Retreat presentation

- **August 2015:**
 - Regulated Segment reviews with Presidents, CFO, & COO
 - MBB segment reviews with CEO & CFO
 - Preliminary plan consolidation

2015 Business Planning Activities



- **September 2015:**
 - Board Retreat
 - Financial plan consolidated, reviewed and finalized
- **October 2015:**
 - Updated pension & OPEB in final plan (if applicable)
 - Begin Board presentation for financial plan review
- **November 2015:**
 - BOD review of financial plan
- **December 2015:**
 - BOD approves financial plan

2015 Strategic Planning



Considerations and discussion points

- A. ELT Feedback on 2014 Strategic Planning process
- B. ELT guidance regarding 2015 Strategic Planning expectations
 - 1. Optional/discretionary
 - 2. “Lite”
 - 3. Enhanced
 - 4. Transformed



AMERICAN WATER

2016-Budget and 2017-2020 Plan Global Assumptions and Enterprise Wide Costs

May 6, 2015



Merit, Promotion & Other Increases

Merit - Non Union	2013 Actual	2014 Actual	2015 Budget	2016 Budget	2017 Plan	2018 Plan	2019 Plan	2020 Plan
Merit Increase - AW	2.75%	2.56%	2.72% ^(Actual) 2.80% ^(Budget)	2.80%	3.00%	3.00%	3.00%	3.00%
Merit Increases - External Sources *	3.0%-3.1%	3.0%-3.2%	3.0%-3.2%					
Promo & Other Increase**	0.75%	0.70%	0.90% ^(Actual) 0.70% ^(Budget)	0.70%	0.70%	0.70%	0.70%	0.70%
Promo Increases - External Sources *	0.3% - 0.5%	0.50%	0.5% - 0.9%					

*External data sources included are Towers Watson Energy and Utilities Sector, World at Work Utilities and IBM Kenexa Energy and Utility.

*Market data for the outer years is not typically reported in survey data and it may increase or decrease depending on the economy and its impact on the cost of labor.

**Non - ELT

Annual - Union	2013 Actual	2014 Actual	2015 Budget	2016 Budget	2017 Plan	2018 Plan	2019 Plan	2020 Plan
2016-2020 Annual Increase***	2.17%	2.18%	2.20%	2.25%	2.50%	2.50%	2.75%	2.75%

***Annual increases negotiated in current contracts as well as projected increases in future contract negotiations.

Union Average represents base pay; does not include overtime, shift differential, and additional pay types/rates



Defined Benefit Pension & OPEB

	2013 Actual	2014 Actual	2015 LZ *	2015 Budget	2016 Budget	2017 Plan	2018 Plan	2019 Plan	2020 Plan
Projected Expense									
Pension	\$ 44.8	\$ 23.0	\$ 28.3	\$ 25.6	\$ 30.8	\$ 29.8	\$ 29.7	\$ 28.5	\$ 28.5
Post-Retirement Benefits	\$ 13.9	\$ 8.3	\$ 15.2	\$ 10.3	\$ 13.5	\$ 12.3	\$ 11.6	\$ 10.5	\$ 10.5
Total	\$ 58.7	\$ 31.3	\$ 43.5	\$ 35.9	\$ 44.3	\$ 42.1	\$ 41.3	\$ 39.0	\$ 39.0
Key Assumptions - Pension									
Discount Rate	4.17%	5.12%	4.24%	4.67%	4.24%	4.24%	4.24%	4.24%	4.24%
Actual/ Expected Return on Assets	18.99%	8.94%	6.91%	6.91%	6.91%	6.91%	6.91%	6.91%	6.91%
Effective Interest Rate	6.32%	6.48%	6.24%	5.25%	6.10%	5.92%	5.44%	4.99%	4.99%
Discount Rate Sensitivity Analysis (Impact on Total Expense)									
Net Income Impact of +1% at year-end 2016					\$ 4,300	\$ 3,300	\$ 2,500	\$ 1,300	
Net Loss Impact of -1% at year-end 2016					\$ (9,500)	\$ (8,000)	\$ (6,500)	\$ (5,000)	

- *2015 LZ includes impact of implementing mortality tables in 2015.
- 2016-20 Plan based on Oct 2014 Towers Watson projections (includes mortality update impact and adjusted for most recent discount rate)
- 2020 assumed consistent with 2019
- Consistent with prior years, pension update to be received Oct 2015
- Assumes no changes in benefit plans

(\$ in thousands)



Group Insurance

	2013 Actual	2014 Actual	2015 Budget	2016 Budget	2017 Plan	2018 Plan	2019 Plan	2020 Plan
Increase/(Decrease)		-0.03%	2.68%	4.00%	4.00%	4.00%	4.00%	4.00%
Per Employee Per Year - AW (whole \$)	\$10,432	\$10,428	\$10,708	\$11,137	\$11,582	\$12,045	\$12,527	\$13,028
Per Employee Per Year - External (%) AON National Trend Average	4.00%	5.00%	5.40%	5.90%	6.50%			
Per Employee Per Year - External (%) Tower Watson Energy and Utility Trend Average	4.2% / 6%	4.5% / 6.0%	4.0% / 5.2%					

2013 and 2014 Actual Current Plan includes claims costs associated with the National Benefits Settlement (\$2.5 million/year).

AON trend does not include plan changes, where as the Tower Watson trend assumes both with/without plan changes.



Insurance other than group

	2013 Actual	2014 Actual	2015 LZ	2016 Budget	2017 Plan	2018 Plan	2019 Plan	2020 Plan
<u>Casualty- Insurance Premium</u>								
Forecasted premium		9.1%	31.3%	4.8%	4.5%	5.8%	4.1%	5.3%
Gross Expense	\$ 4,400	\$ 4,800	\$ 6,300	\$ 6,600	\$ 6,900	\$ 7,300	\$ 7,600	\$ 8,000
<u>Casualty- Pre-funded Loss Reserve</u>								
Forecasted premium		7.1%	-1.5%	0.4%	4.9%	4.6%	4.4%	4.6%
* Gross Expense	\$ 25,200	\$ 27,000	\$ 26,600	\$ 26,700	\$ 28,000	\$ 29,300	\$ 30,600	\$ 32,000
<u>Additional Casualty- Pre-funded Loss Reserve</u>								
Forecasted premium			-4.0%	29.2%	19.4%	-10.8%	-24.2%	-12.0%
* Gross Expense	\$ -	\$ 5,000	\$ 4,800	\$ 6,200	\$ 7,400	\$ 6,600	\$ 5,000	\$ 4,400
<u>All Other (includes Property)</u>								
Forecasted premium		-2.9%	2.2%	5.1%	4.2%	4.7%	5.1%	4.8%
Gross Expense	\$ 13,800	\$ 13,400	\$ 13,700	\$ 14,400	\$ 15,000	\$ 15,700	\$ 16,500	\$ 17,300
<u>Total</u>								
Forecasted premium		11.1%	6.6%	4.9%	6.3%	2.8%	1.4%	3.4%
Gross Expense	\$ 43,400	\$ 48,200	\$ 51,400	\$ 53,900	\$ 57,300	\$ 58,900	\$ 59,700	\$ 61,700

- **Pre-funded Loss Reserve is a reserve for future claims based upon historical experience for Workers Comp, General Liability and Auto for a given annual policy period.**
- **All Other includes property, excess casualty, directors & officers, executive risk, etc.**



Projected Interest Rates

	2015 Budget	2015 LZ	2016 Budget	2017 Plan	2018 Plan	2019 Plan	2020 Plan
<u>Treasury</u>							
Long-term debt	3.88%	4.10%	4.20%	4.29%	4.35%	4.40%	4.42%
Short-term Debt	0.47%	0.48%	0.95%	1.59%	1.98%	2.22%	2.40%

- Interest rates for 2016-2020 budget are as provided by Treasury on April 28, 2015.
- For years 2016-2020:
 - Long-term interest rates are based on Bloomberg forward curve of a 30-year maturity at mid-year assuming constant corporate credit spread , currently estimated at 140 bps.
 - Short-term interest rates are based on average 1-month LIBOR for the year.
- Refinancing may occur in August, but could change depending on market conditions and other variables.



Usage

- **Residential usage per customer**
 - Long term residential decline rates for most states has consistently been in the range of 1.4% to 2.9% per year
 - ❑ The drivers of declining consumption are still in place (water efficient fixtures, elasticity, conservation ethic)
 - **Guidance for 2016**
 - ❑ **Annual Rate of Decline: 1.92%**
 - ❑ Base Usage: Use the 2006-2015 – 10 year declining use trend
 - ❑ Non-Base Usage: 10 year average seasonal use

Exceptions:

 - ❑ **CA** will continue with traditional methodology for budgeting revenue which takes into account the impact of conservation rate design
 - ❑ If a State specific analysis shows a particularly steep decline set, the maximum decrease should be set at -2.5% per year - **If a State wishes to deviate from Guidance, they must present justification to the State President, COO and CFO for approval**
 - ❑ Include FSPDS (FADS, BIR and Revenue Analytics teams)
- **Commercial and Industrial volumes based on state specific experience**



Supply Chain

2013 Actual	2014 Actual	2015 LZ	2016 Budget	2017 Plan	2018 Plan	2019 Plan	2020 Plan
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Fleet⁽¹⁾

Fleet Unleaded Fuel (\$/gal)	3.61	3.45	2.79	2.75	2.80	2.86	2.92	2.98
Fleet Diesel Fuel (\$/gal)	3.99	3.98	3.37	3.24	3.30	3.37	3.43	3.50
Fleet Fuel (\$ in thousands)	15,425	14,960	12,300	12,000	12,200	12,500	12,700	13,000
Impact of 5% price reduction				(600)	(615)	(625)	(635)	(650)
Impact \$/gal at returning to 2014 level				2,900	2,700	2,500	2,200	2,000
Fleet Maintenance (\$ in thousands)	8,200	8,400	8,000	8,900	9,300	9,700	10,200	10,600

Chemicals

Increase/(Decrease) ⁽²⁾	2.0%	-5.8%	-3.9%	2.7%	2.9%	2.8%	3.2%	2.4%
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Energy - Fuel & Power

Increase ⁽¹⁾	3.3%	1.1%	0.5%	3.6%	2.0%	2.0%	3.0%	3.0%
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(1) Fleet fuel projected increases are based on the current 2015 National Average for unleaded and diesel fuel of \$2.39/gal and \$2.89/gal respectively

(2) Chemicals projected increases are based the most current available chemical pricings

(3) Energy projected increases are based on 2014 Actuals

NOTE: State specific chemical, fuel & power costs will be distributed as part of distribution of Global Assumptions communication.



Appendix

- **Assumptions unchanged from 2015**
- **Declining Usage Trend Graph**
- **Insurance Supporting Schedules**
 - General Liability & Workers Compensation
- **Supply Chain Supporting Schedules**
 - Chemicals

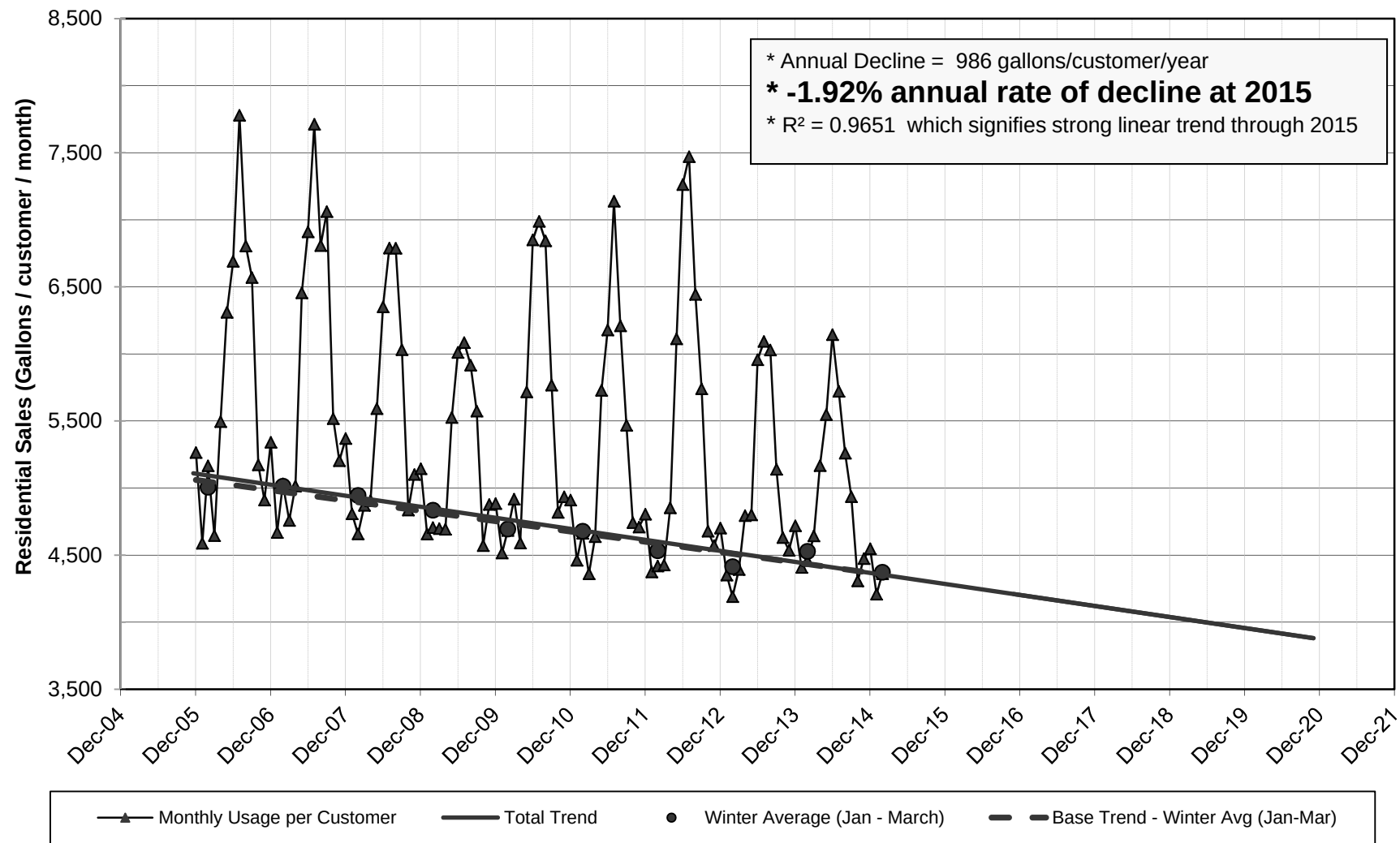


Assumptions unchanged from 2015

- Annual incentive plan target percentages
- Long-term incentive plan target percentages
- 401k company match percentages
- Defined contribution account (5.25%)

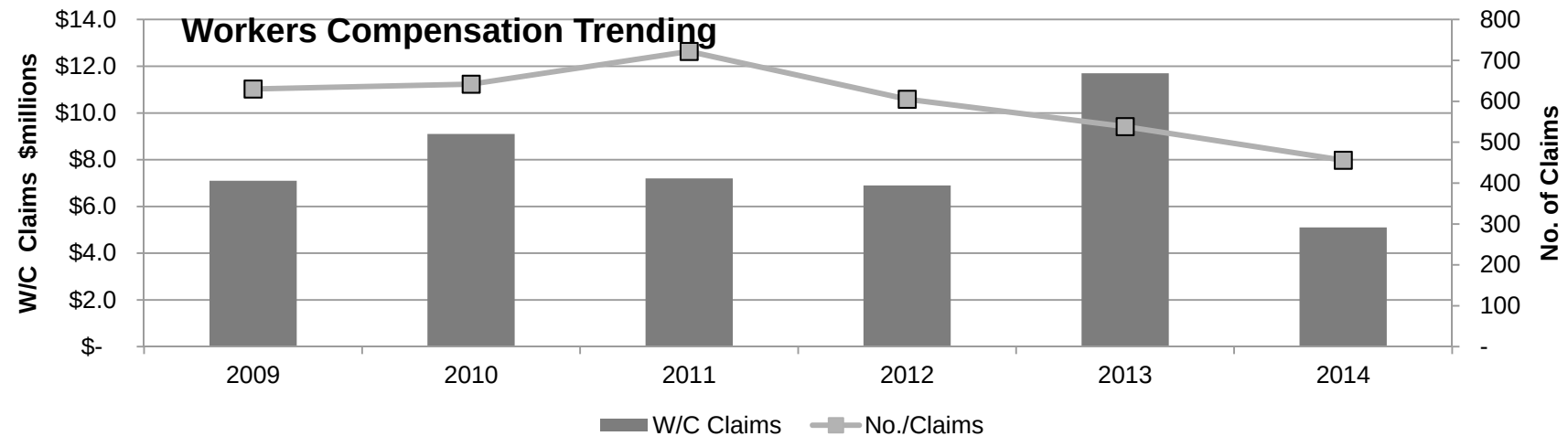
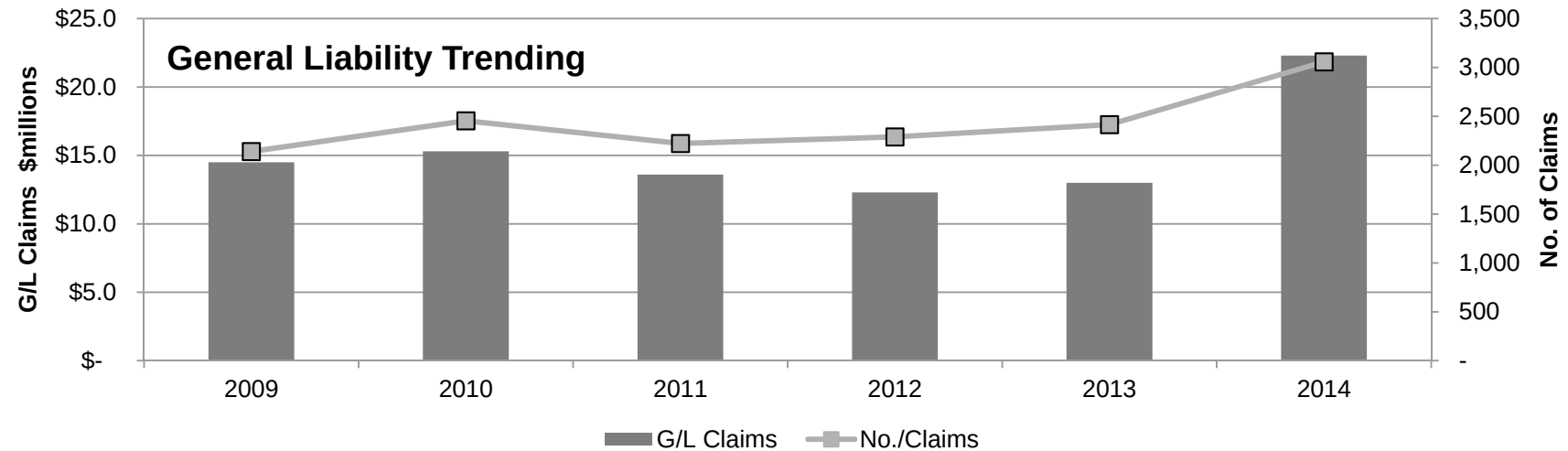


Residential Sales Per Customer Six Large State Subsidiaries (2006-2015)





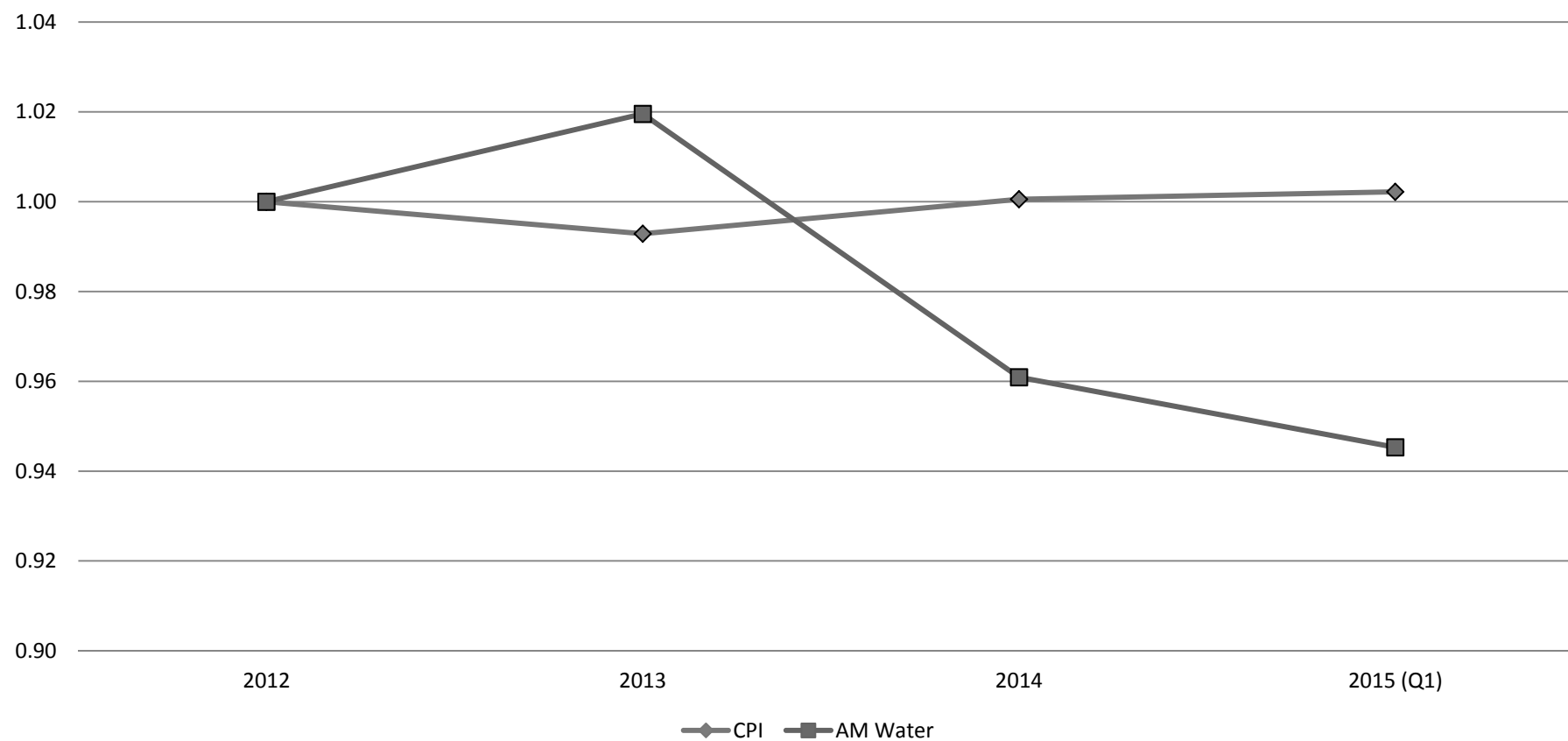
Casualty Insurance Premiums





Supply Chain – Chemical Pricing

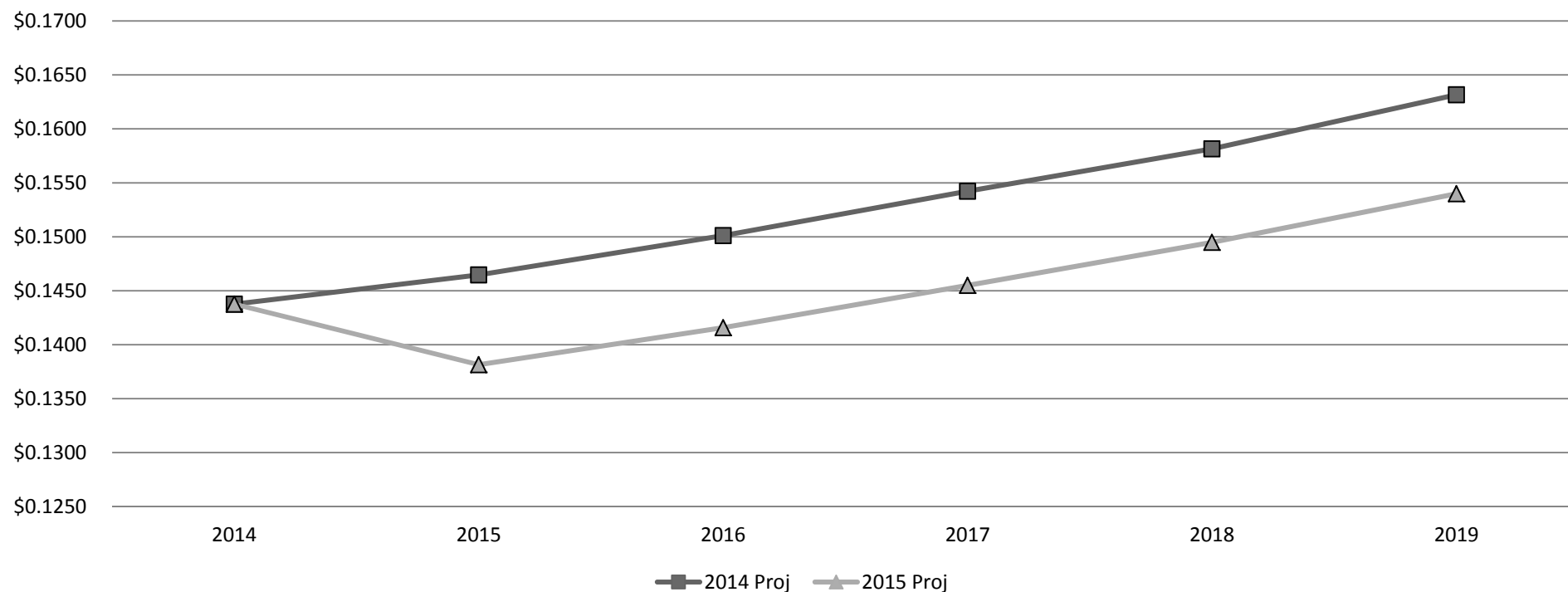
Chemical Pricing - PPI vs American Water Price Per Pound





Supply Chain – Chemical Pricing

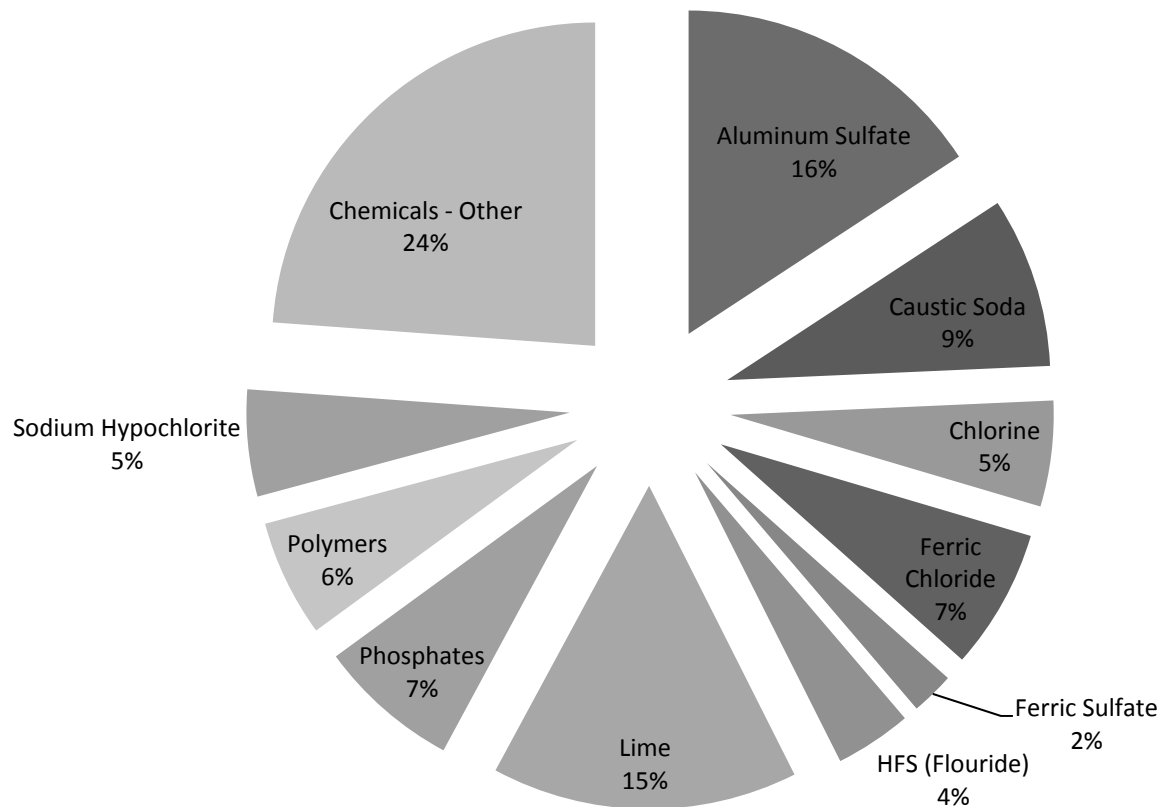
Total Chemical Price Per Pound, 2014 Proj vs 2015 Proj





Supply Chain – Chemical Spend Details

2014 Chemical Spend by % of Total



Chemical Family	2014 Spend (In \$Millions)	% of Total Spend
Aluminum Sulfate	\$7.6	16%
Caustic Soda	\$4.1	9%
Chlorine	\$2.5	5%
Ferric Chloride	\$3.4	7%
Ferric Sulfate	\$1.0	2%
HFS (Flouride)	\$1.8	4%
Lime	\$7.3	15%
Phosphates	\$3.4	7%
Polymers	\$2.8	6%
Sodium Hypochlorite	\$2.6	5%
Chemicals - Other	\$11.5	24%
TOTAL:	\$48.0	100%

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

Witness: Linda C. Bridwell

6. a. Provide a comparison of Kentucky-American's monthly operating budgets to the actual results, by account, for each of the calendar years 2009 through 2014. Kentucky-American's response shall include comparisons for the following major expense categories:
- (1) Fuel and Power Expense;
 - (2) Chemical Expense;
 - (3) Management Fee Expense;
 - (4) Customer Accounting Expense;
 - (5) General Office Expense;
 - (6) Miscellaneous Expense; and
 - (7) Maintenance Expense.
- b. Provide, for each yearly account variance that exceeds 5 percent, a detailed explanation for the variance.
- c. Provide the information requested in parts a. and b. above for the calendar year 2015 when available.

Response:

- a. Please see the attachment which provides monthly operating budgets to actual results for the years 2009 through 2015. The comparisons for the following major expense categories is detailed below:

Category	2012		2013		2014		2015	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Fuel & Power Expense	\$3,849,013	\$4,030,307	\$3,647,971	\$3,824,368	\$3,752,546	\$3,732,164	\$3,936,453	\$3,803,646
Chemical Expense	1,789,687	1,855,223	1,736,335	1,813,307	1,635,189	1,596,750	1,590,100	1,510,486
Management Fee Expense	9,114,911	8,885,009	9,163,738	9,595,593	8,775,862	9,094,966	8,326,485	7,861,467
Customer Accounting Expense	1,048,536	1,212,157	1,048,063	1,169,075	1,051,052	1,056,766	1,100,045	997,902
General Office Expense	1,265,350	1,364,306	1,035,889	1,333,520	1,221,918	1,330,135	1,456,409	1,263,426
Miscellaneous Expense	1,191,227	834,345	1,188,480	1,216,457	896,046	1,080,709	1,418,945	1,175,567
Maintenance Expense	1,560,965	1,751,637	1,581,503	1,590,628	1,959,670	1,521,364	1,980,784	1,711,046

Description	2009		2010		2011	
	Actual	Budget	Actual	Budget	Actual	Budget
Fuel & Power Expense	\$2,973,584	\$3,957,598	\$3,696,138	\$4,007,695	\$3,662,927	\$4,044,663
Chemical Expense	2,216,654	2,606,698	1,816,316	2,386,876	1,885,466	1,848,860
Management Fee Expense	8,147,526	7,598,202	8,848,594	8,779,185	7,751,264	8,289,981
Customer Accounting Expense	1,617,105	1,724,930	1,904,459	1,921,945	1,856,699	1,929,008
General Office Expense	528,030	582,875	635,904	737,417	769,379	694,027
Miscellaneous Expense	3,064,650	3,598,571	3,157,992	3,536,808	3,266,534	3,400,896
Maintenance Expense	1,227,161	1,196,623	1,731,357	1,298,574	1,579,079	1,533,934

- b. Please see the attachment which provides yearly accounts variances for the years 2009 through 2015.
- c. All of the information for 2015 has been included in the response.

Kentucky American Water Company
Years 2012-2015
Water Only

NARUC	NARUC Description	2012			2013			2014			2015		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$11,527,010	\$11,440,686	\$86,324	\$13,088,692	\$12,986,714	\$101,978	\$13,591,697	\$13,619,179	(\$27,482)	\$13,354,360	\$13,906,373	(\$552,013)
406	Amort UPAA	8,561	0	8,561	8,561	8,561	0	8,561	8,561	0	8,561	8,561	0
407.1	Amort-Ltd Term UP	134,282	131,628	2,654	150,549	146,181	4,368	161,693	158,181	3,511	165,804	161,693	4,111
407.2	Amort-Prop Losses	57,080	57,084	(4)	57,080	57,080	0	57,080	57,080	0	57,080	57,080	0
407.4	Amort-Reg Asset	6,900	6,900	0	6,900	6,900	0	6,900	6,900	0	6,900	6,900	0
408.1	Taxes Oth than Inc-Reg Assess	129,697	98,184	31,513	149,813	150,000	(187)	158,384	150,000	8,384	166,025	185,121	(19,095)
408.11	Taxes Oth than Inc-Property	4,242,321	4,223,508	18,813	4,408,472	4,359,000	49,472	5,114,797	4,615,681	499,116	5,326,267	4,957,323	368,944
408.12	Taxes Oth than Inc-Payroll	532,994	582,710	(49,716)	478,093	543,197	(65,104)	480,631	539,630	(58,999)	545,839	552,868	(7,029)
408.13	Taxes Oth than Inc-Other	2,840	10,000	(7,160)	16,477	0	16,477	(777)	0	(777)	524,303	0	524,303
409.1	Income Taxes-FIT Ope	13,516,415	3,421,983	10,094,432	1,235,483	4,653,917	(3,418,434)	8,002,255	8,756,100	(753,845)	4,331,200	8,728,199	(4,396,999)
409.11	Income Taxes-SIT Ope	2,850,205	644,849	2,205,356	473,815	818,608	(344,793)	791,919	1,516,884	(724,965)	1,187,641	1,580,267	(392,626)
409.2	Income Taxes-Oth Inc	(4,502,386)	0	(4,502,386)	(31,323)	0	(31,323)	(811,646)	0	(811,646)	44,747	0	44,747
410.1	Def Inc Tax-FIT	(1,393,263)	3,398,654	(4,791,917)	6,219,842	3,670,995	2,548,847	713,249	112,312	600,937	4,501,672	135,094	4,366,579
410.11	Def Inc Tax-SIT	(708,719)	619,817	(1,328,536)	550,488	633,414	(82,926)	650,201	(15,583)	665,784	765,061	(11,433)	776,495
412.11	ITC-Restored	(84,797)	0	(84,797)	(84,797)	(84,792)	(5)	(84,797)	(84,797)	0	(84,797)	(84,792)	(5)
415	M&J Revenues	(49,980)	0	(49,980)	31,123	0	31,123	(107,452)	0	(107,452)	(1,000)	0	(1,000)
416	M&J Expenses	40,305	0	40,305	(29,628)	0	(29,628)	102,131	0	102,131	(256,309)	0	(256,309)
420	AFUDC	(990,222)	(757,301)	(232,921)	(1,139,458)	(820,581)	(318,877)	(452,869)	(216,910)	(235,959)	(1,104,334)	(1,044,760)	(59,574)
421	Nonutility Income	6,318	0	6,318	0	0	0	(25,700)	0	(25,700)	0	0	0
426	Misc Nonutility Expe	82,419	339,000	(256,581)	79,026	70,000	9,026	103,487	5,500	97,987	50,814	71,920	(21,106)
427.2	Int Exp-Short Term D	56,842	54,175	2,667	46,483	96,011	(49,528)	51,090	48,629	2,461	99,035	56,574	42,461
427.3	Int Exp-LTD	11,327,626	11,911,420	(583,794)	11,524,101	11,852,626	(328,525)	11,750,743	12,135,553	(384,810)	11,772,495	11,772,495	0
427.5	Int Exp-Other	4	0	4	595	0	595	1	0	1	271,613	0	271,613
428	Amort Debt Expense	73,443	66,891	6,552	88,987	76,667	12,321	90,765	88,436	2,328	105,201	97,658	7,543
437	Dividends Declared -	421,041	457,038	(35,997)	381,150	381,150	0	381,150	0	381,150	365,269	381,150	(15,881)
438	Dividends Declared -	14,702,128	7,562,756	7,139,372	8,291,498	9,680,049	(1,388,551)	11,849,476	11,562,057	287,419	11,285,215	11,370,141	(84,926)
461.1	Metered Sales-Res	(44,454,703)	(44,672,473)	217,770	(44,202,295)	(46,917,617)	2,715,322	(47,988,440)	(47,249,716)	(738,724)	(48,304,403)	(48,161,107)	(143,295)
461.2	Metered Sales-Com	(21,777,799)	(20,857,805)	(919,994)	(20,947,336)	(22,810,181)	1,862,845	(21,564,076)	(22,541,197)	977,122	(22,882,428)	(21,365,842)	(1,516,586)
461.3	Metered Sales-Ind	(2,247,183)	(1,962,953)	(284,230)	(2,255,825)	(2,266,510)	10,685	(2,321,177)	(2,408,169)	86,992	(2,592,053)	(2,275,102)	(316,950)
461.4	Metered Sales-OPA	(6,779,609)	(6,635,271)	(144,338)	(6,452,333)	(6,772,757)	320,424	(6,085,679)	(7,150,699)	1,065,020	(6,131,394)	(6,515,048)	383,654
462.1	Public Fire Revenues	(3,369,750)	(3,360,000)	(9,750)	(3,589,034)	0	(3,589,034)	(4,174,565)	(3,655,953)	(518,612)	(3,728,838)	(3,655,953)	(72,885)
462.2	Private Fire Revenue	(2,344,197)	(2,280,000)	(64,197)	(2,250,827)	(5,897,711)	3,646,885	(2,139,982)	(2,535,778)	395,796	(2,760,443)	(2,535,778)	(224,665)
466	Sales for Resale	(1,962,407)	(1,810,656)	(151,751)	(1,752,317)	(1,942,582)	190,265	(1,925,455)	(2,096,499)	171,043	(1,933,829)	(1,848,636)	(85,193)
467	Interdept Sales	(28,930)	0	(28,930)	(28,581)	0	(28,581)	(34,598)	0	(34,598)	(28,018)	0	(28,018)
470	Forfeited Discounts	(48,878)	0	(48,878)	(664,676)	(680,000)	15,324	(742,642)	(544,000)	(198,642)	(935,221)	(680,000)	(255,221)
471	Misc Service Revenue	(2,208,405)	(1,637,400)	(571,005)	(951,502)	(1,154,586)	203,084	(1,131,671)	(1,010,188)	(121,482)	(1,190,005)	(1,178,519)	(11,486)
472	Rents from Water Pro	(95,456)	(97,000)	1,544	(96,776)	(91,800)	(4,976)	(57,118)	(91,800)	34,682	(80,911)	(69,684)	(11,226)
473	Interdept Rents	(323,412)	(280,000)	(43,412)	(120,082)	(100,000)	(20,082)	(120,082)	(100,000)	(20,082)	(61,218)	(52,848)	(8,370)
474	Other Water Revenues	(46,439)	(242,024)	195,585	(30,747)	(89,083)	58,336	(135,177)	(75,023)	(60,155)	(170,763)	0	(170,763)
601.1	Salaries-Empl Oper S	0	0	0	0	0	0	210	0	210	0	0	0
601.2	Salaries-Empl Maint	41,199	0	41,199	9,656	0	9,656	0	0	0	0	0	0
601.3	Salaries-Empl Oper W	2,170,685	0	2,170,685	2,256,949	0	2,256,949	2,194,705	0	2,194,705	2,208,940	0	2,208,940
601.4	Salaries-Empl Maint	156,980	0	156,980	185,353	0	185,353	203,209	0	203,209	211,266	0	211,266
601.5	Salaries-Empl Oper T	1,616,953	0	1,616,953	1,182,447	0	1,182,447	1,134,884	0	1,134,884	1,267,945	0	1,267,945
601.6	Salaries-Empl Maint	779,519	0	779,519	637,383	0	637,383	1,064,115	0	1,064,115	1,074,625	0	1,074,625

NARUC	NARUC Description	2012			2013			2014			2015		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
601.7	Salaries-Empl CA	499,345	0	499,345	403,647	0	403,647	467,151	0	467,151	480,661	0	480,661
601.8	Salaries-Empl AG	1,938,293	7,687,282	(5,748,989)	1,833,678	7,112,712	(5,279,033)	1,749,018	7,159,260	(5,410,242)	1,898,668	7,374,881	(5,476,213)
604.3	Empl Pens & Ben Oper			0	20	0	20	0	0	0	594	0	594
604.5	Empl Pens & Ben Oper	10	0	10	27	0	27	357	0	357	1,352	0	1,352
604.7	Empl Pens & Ben CA	0	0	0	0	0	0	0	0	0	415	0	415
604.8	Empl Pens & Ben AG	3,378,289	3,516,627	(138,338)	2,830,895	3,443,062	(612,167)	1,976,256	2,432,650	(456,394)	2,659,450	2,385,532	273,918
610.1	Purchased Water Oper	313,103	340,143	(27,040)	217,301	294,090	(76,789)	142,812	229,592	(86,780)	223,057	156,000	67,057
615.1	Purch Power Oper SS	588,230	950,441	(362,211)	743,019	0	743,019	733,669	0	733,669	854,745	0	854,745
615.3	Purch Power Oper WT	3,250,168	3,075,066	175,102	2,900,944	0	2,900,944	2,986,045	0	2,986,045	3,043,979	0	3,043,979
615.5	Purch Power Oper TD	275	0	275	3,294	0	3,294	3,434	0	3,434	33,677	0	33,677
615.7	Purch Power Oper CA	0	0	0	0	0	0	0	0	0	783	0	783
615.8	Purch Power Oper AG	0	0	0	0	3,813,073	(3,813,073)	0	3,720,869	(3,720,869)	0	3,765,546	(3,765,546)
616.1	Purch Fuel Oper SS	10,340	4,800	5,540	714	11,295	(10,581)	29,398	11,295	18,103	3,269	38,100	(34,831)
618.3	Chemicals Oper WT	1,789,687	1,855,223	(65,536)	1,736,335	1,813,307	(76,972)	1,635,189	1,596,750	38,439	1,590,100	1,510,486	79,614
620.1	M&S Oper SS	470	0	470	(48,846)	0	(48,846)	430	0	430	845	0	845
620.2	M&S Maint SS	41,750	284,908	(243,158)	95,499	154,233	(58,735)	12,021	0	12,021	30,511	48,000	(17,489)
620.3	M&S Oper WT	95,574	44,325	51,249	66,130	0	66,130	46,175	0	46,175	72,367	0	72,367
620.4	M&S Maint WT	300,870	316,378	(15,508)	349,085	302,888	46,197	130,953	454,739	(323,786)	181,038	297,541	(116,503)
620.5	M&S Oper TD	121,129	105,840	15,289	106,466	219,680	(113,214)	109,413	330,364	(220,951)	62,671	318,750	(256,079)
620.6	M&S Maint TD	347,900	258,804	89,096	198,614	286,600	(87,986)	115,030	285,571	(170,541)	82,220	289,274	(207,054)
620.8	M&S AG	57,823	135,160	(77,337)	37,766	0	37,766	38,221	34,200	4,021	50,706	13,168	37,539
631.1	Cont Serv Eng Oper S	0	0	0	979	0	979	3,706	0	3,706	1,829	0	1,829
631.6	Cont Serv Eng Maint	0	0	0	2,708	0	2,708	1,354	0	1,354	0	0	0
631.8	Cont Serv Eng AG	0	0	0	111	33,500	(33,389)	10,634	34,000	(23,366)	47,286	273,820	(226,534)
632.8	Cont Serv Acct AG	104,076	99,320	4,756	108,789	102,347	6,442	95,282	110,567	(15,285)	372,396	135,115	237,281
633.8	Cont Serv Legal AG	198,277	199,603	(1,326)	112,166	199,200	(87,034)	174,619	199,200	(24,581)	115,870	198,000	(82,130)
634.8	Cont Serv Mgmt Fee A	9,114,911	8,885,009	229,902	9,163,738	9,595,593	(431,855)	8,775,862	9,094,966	(319,104)	8,326,485	7,861,467	465,01

Kentucky American Water Company
Years 2012-2015
Water Only

NARUC	NARUC Description	2012			2013			2014			2015		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
650.3	Transportation Oper	141	0	141	559	0	559	179	0	179	(43)	0	(43)
650.4	Transportation Maint	47	0	47	24	0	24	231	0	231	388	0	388
650.5	Transportation Oper	7,588	0	7,588	4,224	0	4,224	2,784	0	2,784	87	0	87
650.6	Transportation Maint	297	0	297	368	0	368	137	0	137	194	0	194
650.7	Transportation CA	10	0	10	0	0	0	0	0	0	(33)	0	(33)
650.8	Transportation AG	498,834	490,378	8,456	564,771	478,210	86,561	492,082	476,901	15,181	441,613	442,010	(396)
656.8	Ins Vehicle AG	35,390	29,472	5,918	27,255	29,473	(2,218)	30,771	28,617	2,153	33,050	32,309	740
657.8	Ins Gen Liab AG	299,853	247,044	52,809	356,466	247,043	109,423	430,501	237,911	192,590	657,075	250,022	407,053
658.8	Ins Work Comp AG	137,004	138,372	(1,368)	140,629	138,486	2,142	128,046	155,041	(26,995)	102,921	142,800	(39,879)
659.8	Ins Other AG	122,917	256,128	(133,211)	151,487	256,132	(104,645)	146,913	253,987	(107,074)	141,723	248,877	(107,154)
660.8	Advertising AG	16,393	40,503	(24,110)	6,434	0	6,434	4,798	11,000	(6,202)	14,270	11,000	3,270
666.8	Reg Exp-Rate Case	198,975	198,792	183	247,988	279,448	(31,460)	242,509	233,328	9,181	283,749	233,381	50,368
667.8	Reg Exp-Other AG	14,144	14,148	(4)	12,460	12,460	(1)	7,407	7,404	3	5,555	5,555	0
670.7	Bad Debt Expense	596,705	585,153	11,552	1,092,261	567,523	524,738	1,042,040	541,134	500,907	905,631	757,933	147,698
675.1	Misc Exp Oper SS	73,804	45,396	28,408	133,299	0	133,299	93,964	0	93,964	84,705	0	84,705
675.2	Misc Exp Maint SS	0	0	0	559	425,154	(424,595)	203	481,501	(481,298)	4,876	495,077	(490,201)
675.3	Misc Exp Oper WT	583,577	498,393	85,184	611,711	462,925	148,786	527,536	509,007	18,530	484,056	413,116	70,940
675.4	Misc Exp Maint WT	136,896	250,148	(113,252)	119,560	24,050	95,510	117,943	0	117,943	230,062	0	230,062
675.5	Misc Exp Oper TD	214,365	236,242	(21,877)	185,613	0	185,613	250,096	0	250,096	210,007	0	210,007
675.6	Misc Exp Maint TD	458,924	451,729	7,195	499,956	249,600	250,356	806,888	221,254	585,634	672,605	250,856	421,749
675.7	Misc Exp CA	1,151,926	1,306,153	(154,227)	1,126,013	1,158,995	(32,982)	1,154,044	1,064,827	89,217	1,187,692	1,001,422	186,269
675.8	Misc Exp AG	1,664,097	1,430,458	233,639	1,582,037	2,333,455	(751,418)	1,409,059	1,962,719	(553,659)	2,284,479	2,058,862	225,617
Total		\$154,355	(\$4,816,650)	\$4,971,005	(\$4,563,026)	(\$4,757,714)	\$194,688	(\$4,055,594)	(\$4,064,218)	\$8,625	(\$3,572,187)	(\$4,060,097)	\$487,911

Kentucky-American Water Company
Water Only

Year: 2009

Account	Description	Actual	Budget	Variance
B403	Depreciation Exp	7,346,999	8,542,956	(1,195,957)
B406	Amort UPAA	20,661	21,612	(951)
B4071	Amort-Ltd Term UP	82,885	78,900	3,985
B4072	Amort-Prop Losses	412,188	432,192	(20,004)
B40810	Tax Oth thn Inc-Reg Assess Fee	88,508	108,468	(19,960)
B40811	Tax Oth thn Inc-Property Tax	2,789,817	2,963,352	(173,535)
B40812	Tax Oth thn Inc-Payroll Tax	503,631	523,498	(19,867)
B40813	Tax Oth thn Inc-Other	117,549	3,200	114,349
B40910	Income Taxes-FIT Oper	(891,624)	3,190,303	(4,081,927)
B40911	Income Taxes-SIT Oper	321,559	785,867	(464,308)
B40920	Income Taxes-Oth Inc/Ded	(192,734)	(135,798)	(56,936)
B41010	Def Inc Tax-FIT	6,858,986	2,809,078	4,049,908
B41011	Def Inc Tax-SIT	820,593	33,664	786,929
B41211	ITC-Restored	(84,797)	(84,797)	(0)
B415	M&J Revenues	(114,035)	0	(114,035)
B416	M&J Expenses	125,520	0	125,520
B420	AFUDC	(4,897,575)	(4,126,253)	(771,322)
B426	Misc Nonutility Expense	547,708	337,213	210,495
B4272	Int Exp-Short Term Debt	355,136	1,308,150	(953,014)
B4273	Int Exp-LTD	5,099,200	7,765,096	(2,665,896)
B4275	Int Exp-Other	768	0	768
B428	Amort Debt Expense	105,230	117,262	(12,032)
B437	Dividends Declared - Pref Stk	460,552	78,132	382,420
B438	Dividends Declared - Com Stk	8,103,411	0	8,103,411
B4611	Metered Sales-Res	(32,047,794)	(35,224,291)	3,176,497
B4612	Metered Sales-Com	(15,150,343)	(17,248,761)	2,098,418
B4613	Metered Sales-Ind	(1,436,382)	(1,998,815)	562,433
B4614	Metered Sales-OPA	(4,792,617)	(5,173,145)	380,528
B4621	Public Fire Revenues	(2,567,693)	(1,421,505)	(1,146,188)
B4622	Private Fire Revenues	(1,538,493)	(2,747,927)	1,209,434
B466	Sales for Resale	(1,478,494)	(1,409,161)	(69,333)
B467	Interdept Sales	(11,068)	0	(11,068)
B470	Forfeited Discounts	35	0	35
B471	Misc Service Revenues	(2,463,125)	(2,131,800)	(331,325)
B472	Rents from Water Property	(98,158)	(94,020)	(4,138)
B474	Other Water Revenues	(116,247)	0	(116,247)
B5211	SWR Rev Flat Rate Res	0	(175,293)	175,293
B5212	SWR Rev Flat Rate Com	0	(105,625)	105,625
B5213	SWR Rev Flat Rate Ind	(6,000)	(32,993)	26,993
B5214	SWR Rev Flat Rate Pub Auth	(4,120)	0	(4,120)
B6012	Salaries-Empl Maint SS	75,859	12,860	62,999
B6013	Salaries-Empl Oper WT	1,612,943	146,062	1,466,881
B6014	Salaries-Empl Maint WT	103,147	12,860	90,287
B6015	Salaries-Empl Oper TD	2,035,949	0	2,035,949
B6016	Salaries-Empl Maint TD	807,440	0	807,440
B6017	Salaries-Empl CA	897,425	0	897,425
B6018	Salaries-Empl AG	1,229,221	6,771,162	(5,541,941)
B6047	Empl Pens & Ben CA	40	0	40
B6048	Empl Pens & Ben AG	3,839,273	2,843,195	996,078
B6101	Purchased Water Oper SS	123,875	140,661	(16,786)
B6151	Purch Power Oper SS	356,769	0	356,769
B6153	Purch Power Oper WT	2,577,902	3,927,598	(1,349,696)
B6155	Purch Power Oper TD	30,286	30,000	286
B6161	Purch Fuel Oper SS	8,626	0	8,626
B6183	Chemicals Oper WT	2,216,654	2,606,698	(390,044)
B6201	M&S Oper SS	978	3,000	(2,022)
B6202	M&S Maint SS	205,855	168,900	36,955
B6203	M&S Oper WT	28,999	20,080	8,919
B6204	M&S Maint WT	137,331	137,000	331
B6205	M&S Oper TD	81,668	122,400	(40,732)
B6206	M&S Maint TD	236,610	204,300	32,310
B6207	M&S CA	25	0	25
B6208	M&S AG	86,682	88,282	(1,600)
B6328	Cont Serv Acct AG	113,795	74,472	39,323
B6338	Cont Serv Legal AG	166,370	78,600	87,770
B6353	Cont Serv Other Oper WT	237,744	301,550	(63,806)
B6355	Cont Serv Other Oper TD	109,902	73,440	36,462
B6357	Cont Serv Other CA	249,474	164,268	85,206
B6358	Cont Serv Other AG	8,330,030	7,795,668	534,362
B6415	Rents-Real Prop Oper TD	7,682	3,780	3,902
B6425	Rents-Equipment Oper TD	2,438	0	2,438
B6428	Rents-Equipment AG	21,569	52,968	(31,399)
B6503	Transportation Oper WT	17	0	17
B6505	Transportation Oper TD	7,412	0	7,412
B6508	Transportation AG	429,989	961,200	(531,211)
B6568	Ins Vehicle AG	38,394	37,440	954
B6578	Ins Gen Liab AG	306,836	526,440	(219,604)
B6588	Ins Work Comp AG	143,523	152,160	(8,637)
B6598	Ins Other AG	160,021	40,416	119,605
B6608	Advertising AG	32,764	22,603	10,161
B6668	Reg Exp-Rate Case	230,421	269,069	(38,648)
B6678	Reg Exp-Other AG	14,200	10,236	3,964
B6707	Bad Debt Expense	445,903	567,444	(121,541)
B6751	Misc Exp Oper SS	43,274	43,125	149
B6752	Misc Exp Maint SS	143	0	143
B6753	Misc Exp Oper WT	422,911	500,680	(77,769)
B6754	Misc Exp Maint WT	166,728	258,109	(91,381)
B6755	Misc Exp Oper TD	240,914	263,912	(22,998)
B6756	Misc Exp Maint TD	341,573	288,152	53,421
B6757	Misc Exp CA	1,171,177	1,157,486	13,691
B6758	Misc Exp AG	1,212,203	1,299,993	(87,790)

Kentucky-American Water Company
Water Only

Year: 2010

Account	Description	Actual	Budget	Variance
B403	Depreciation Exp	8,283,996	9,221,675	(937,679)
B406	Amort UPAA	21,612	21,612	(0)
B4071	Amort-Ltd Term UP	87,147	81,996	5,151
B4072	Amort-Prop Losses	412,188	410,580	1,608
B40810	Tax Oth thn Inc-Reg Assess Fee	95,296	108,009	(12,713)
B40811	Tax Oth thn Inc-Property Tax	4,077,638	4,095,792	(18,154)
B40812	Tax Oth thn Inc-Payroll Tax	552,951	586,438	(33,487)
B40813	Tax Oth thn Inc-Other	70,768	0	70,768
B40910	Income Taxes-FIT Oper	(13,751,591)	7,074,677	(20,826,268)
B40911	Income Taxes-SIT Oper	978,919	998,952	(20,033)
B40920	Income Taxes-Oth Inc/Ded	(207,558)	0	(207,558)
B41010	Def Inc Tax-FIT	21,567,827	0	21,567,827
B41011	Def Inc Tax-SIT	359,386	0	359,386
B41211	ITC-Restored	(84,797)	0	(84,797)
B415	M&J Revenues	(298,349)	0	(298,349)
B416	M&J Expenses	149,966	0	149,966
B419	Interest & Dividend Income	(2,754)	0	(2,754)
B420	AFUDC	(3,370,915)	(3,890,165)	519,250
B426	Misc Nonutility Expense	706,471	603,270	103,201
B4272	Int Exp-Short Term Debt	114,638	395,060	(280,422)
B4273	Int Exp-LTD	6,480,779	7,224,608	(743,829)
B4275	Int Exp-Other	4,175	0	4,175
B428	Amort Debt Expense	128,607	185,004	(56,397)
B437	Dividends Declared - Pref Stk	458,776	(24)	458,800
B438	Dividends Declared - Com Stk	8,934,129	9,272,603	(338,474)
B4611	Metered Sales-Res	(37,712,582)	(37,938,760)	226,178
B4612	Metered Sales-Com	(18,239,024)	(19,370,365)	1,131,341
B4613	Metered Sales-Ind	(1,778,896)	(1,801,501)	22,605
B4614	Metered Sales-OPA	(6,182,617)	(7,190,718)	1,008,101
B4621	Public Fire Revenues	(2,907,026)	(2,940,894)	33,868
B4622	Private Fire Revenues	(1,855,354)	(1,804,077)	(51,277)
B466	Sales for Resale	(1,754,800)	(1,527,417)	(227,383)
B467	Interdept Sales	(18,288)	0	(18,288)
B470	Forfeited Discounts	(35)	0	(35)
B471	Misc Service Revenues	(2,878,445)	(2,440,354)	(438,091)
B472	Rents from Water Property	(89,471)	(277,704)	188,233
B474	Other Water Revenues	(333,773)	0	(333,773)
B5213	SWR Rev Flat Rate Ind	(3,500)	(1,656)	(1,844)
B5214	SWR Rev Flat Rate Pub Auth	(8,008)	(552)	(7,456)
B6012	Salaries-Empl Maint SS	80,690	0	80,690
B6013	Salaries-Empl Oper WT	1,819,186	0	1,819,186
B6014	Salaries-Empl Maint WT	77,002	0	77,002
B6015	Salaries-Empl Oper TD	2,058,925	0	2,058,925
B6016	Salaries-Empl Maint TD	977,679	0	977,679
B6017	Salaries-Empl CA	836,478	0	836,478
B6018	Salaries-Empl AG	1,284,873	7,649,734	(6,364,861)
B6048	Empl Pens & Ben AG	3,696,435	4,119,571	(423,136)
B6101	Purchased Water Oper SS	115,523	144,183	(28,660)
B6151	Purch Power Oper SS	377,881	4,007,695	(3,629,814)
B6153	Purch Power Oper WT	3,309,199	0	3,309,199
B6155	Purch Power Oper TD	4,437	0	4,437
B6161	Purch Fuel Oper SS	4,620	0	4,620
B6183	Chemicals Oper WT	1,816,316	2,386,876	(570,560)
B6201	M&S Oper SS	252	3,156	(2,904)
B6202	M&S Maint SS	128,218	161,600	(33,382)
B6203	M&S Oper WT	67,248	35,784	31,464
B6204	M&S Maint WT	287,334	156,400	130,934
B6205	M&S Oper TD	115,354	123,850	(8,496)
B6206	M&S Maint TD	434,344	213,322	221,022
B6208	M&S AG	77,569	59,368	18,201
B6328	Cont Serv Acct AG	110,279	217,140	(106,861)
B6337	Cont Serv Legal CA	746	0	746
B6338	Cont Serv Legal AG	253,196	195,804	57,392
B6348	Cont Serv Mgmt Fee AG	0	4,295,383	(4,295,383)
B6353	Cont Serv Other Oper WT	267,310	249,449	17,861
B6355	Cont Serv Other Oper TD	162,122	123,754	38,368
B6356	Cont Serv Other Maint TD	157	0	157
B6357	Cont Serv Other CA	114,043	170,448	(56,405)
B6358	Cont Serv Other AG	9,016,631	4,636,094	4,380,537
B6415	Rents-Real Prop Oper TD	2,847	4,644	(1,797)
B6425	Rents-Equipment Oper TD	(962)	4,644	(5,606)
B6428	Rents-Equipment AG	28,723	27,396	1,327
B6505	Transportation Oper TD	5,859	0	5,859
B6508	Transportation AG	437,780	651,974	(214,194)
B6568	Ins Vehicle AG	35,018	36,000	(982)
B6578	Ins Gen Liab AG	279,731	819,732	(540,001)
B6588	Ins Work Comp AG	123,116	0	123,116
B6598	Ins Other AG	145,121	0	145,121
B6608	Advertising AG	35,904	26,929	8,975
B6668	Reg Exp-Rate Case	520,903	295,103	225,800
B6678	Reg Exp-Other AG	41,441	9,880	31,561
B6707	Bad Debt Expense	633,974	698,790	(64,816)
B6751	Misc Exp Oper SS	54,766	50,520	4,246
B6753	Misc Exp Oper WT	438,655	575,012	(136,357)
B6754	Misc Exp Maint WT	178,580	169,474	9,106
B6755	Misc Exp Oper TD	231,465	223,535	7,930
B6756	Misc Exp Maint TD	512,987	333,562	179,425
B6757	Misc Exp CA	1,270,485	1,223,155	47,330
B6758	Misc Exp AG	1,303,364	1,622,958	(319,594)

Kentucky-American Water Company
Water Only

Year: 2011

Account	Description	Actual	Budget	Variance
B403	Depreciation Exp	10,829,660	11,068,862	(239,202)
B406	Amort UPAA	12,804	21,612	(8,808)
B4071	Amort-Ltd Term UP	138,523	89,556	48,967
B4072	Amort-Prop Losses	57,080	57,084	(4)
B40810	Tax Oth thn Inc-Reg Assess Fee	105,719	109,992	(4,273)
B40811	Tax Oth thn Inc-Property Tax	4,417,195	4,260,000	157,195
B40812	Tax Oth thn Inc-Payroll Tax	562,649	581,591	(18,942)
B40813	Tax Oth thn Inc-Other	11,141	0	11,141
B40910	Income Taxes-FIT Oper	21,003,266	5,671,920	15,331,346
B40911	Income Taxes-SIT Oper	400,770	923,870	(523,100)
B40920	Income Taxes-Oth Inc/Ded	(4,625,979)	0	(4,625,979)
B41010	Def Inc Tax-FIT	(12,799,106)	2,374,084	(15,173,190)
B41011	Def Inc Tax-SIT	1,049,967	445,805	604,162
B41211	ITC-Restored	(84,797)	0	(84,797)
B415	M&J Revenues	(168,765)	(76,554)	(92,211)
B416	M&J Expenses	134,850	84,852	49,998
B420	AFUDC	(412,081)	(430,308)	18,227
B421	Nonutility Income	(19,049,545)	0	(19,049,545)
B426	Misc Nonutility Expense	19,513,362	336,293	19,177,069
B4272	Int Exp-Short Term Debt	72,584	77,808	(5,224)
B4273	Int Exp-LTD	10,482,484	10,994,192	(511,708)
B4275	Int Exp-Other	(3,038)	0	(3,038)
B428	Amort Debt Expense	86,149	74,508	11,641
B437	Dividends Declared - Pref Stk	458,776	852,156	(393,380)
B438	Dividends Declared - Com Stk	13,573,606	9,931,686	3,641,920
B4611	Metered Sales-Res	(42,860,958)	(44,558,615)	1,697,657
B4612	Metered Sales-Com	(20,961,917)	(20,719,620)	(242,297)
B4613	Metered Sales-Ind	(1,968,383)	(1,870,097)	(98,286)
B4614	Metered Sales-OPA	(6,402,399)	(6,915,914)	513,515
B4621	Public Fire Revenues	(3,341,008)	(3,617,314)	276,306
B4622	Private Fire Revenues	(2,325,378)	(2,226,009)	(99,369)
B466	Sales for Resale	(1,903,427)	(2,108,191)	204,764
B467	Interdept Sales	(14,929)	0	(14,929)
B471	Misc Service Revenues	(2,843,854)	(2,840,000)	(3,854)
B472	Rents from Water Property	(94,129)	(324,000)	229,871
B474	Other Water Revenues	(296,454)	0	(296,454)
B5213	SWR Rev Flat Rate Ind	0	(5,500)	5,500
B5214	SWR Rev Flat Rate Pub Auth	(3,746)	(6,763)	3,017
B6012	Salaries-Empl Maint SS	75,478	0	75,478
B6013	Salaries-Empl Oper WT	2,328,307	0	2,328,307
B6014	Salaries-Empl Maint WT	92,411	0	92,411
B6015	Salaries-Empl Oper TD	1,902,073	0	1,902,073
B6016	Salaries-Empl Maint TD	937,715	0	937,715
B6017	Salaries-Empl CA	698,045	62,430	635,615
B6018	Salaries-Empl AG	1,612,889	7,552,549	(5,939,660)
B6045	Empl Pens & Ben Oper TD	1,296	0	1,296
B6048	Empl Pens & Ben AG	3,423,315	3,724,091	(300,776)
B6101	Purchased Water Oper SS	224,867	118,471	106,396
B6151	Purch Power Oper SS	568,171	4,044,663	(3,476,492)
B6153	Purch Power Oper WT	3,089,114	0	3,089,114
B6155	Purch Power Oper TD	228	0	228
B6161	Purch Fuel Oper SS	5,414	0	5,414
B6183	Chemicals Oper WT	1,885,466	1,848,860	36,606
B6201	M&S Oper SS	555	0	555
B6202	M&S Maint SS	114,196	239,892	(125,696)
B6203	M&S Oper WT	66,968	49,786	17,182
B6204	M&S Maint WT	317,204	286,164	31,040
B6205	M&S Oper TD	126,144	115,543	10,601
B6206	M&S Maint TD	365,459	221,760	143,699
B6208	M&S AG	88,357	63,152	25,205
B6328	Cont Serv Acct AG	101,325	94,788	6,537
B6337	Cont Serv Legal CA	1,183	0	1,183
B6338	Cont Serv Legal AG	301,639	198,768	102,871
B6353	Cont Serv Other Oper WT	261,823	312,174	(50,351)
B6355	Cont Serv Other Oper TD	150,306	135,767	14,539
B6357	Cont Serv Other CA	99,290	92,120	7,170
B6358	Cont Serv Other AG	7,895,614	8,597,707	(702,093)
B6415	Rents-Real Prop Oper TD	5,388	4,800	588
B6428	Rents-Equipment AG	26,645	30,832	(4,187)
B6503	Transportation Oper WT	70	0	70
B6505	Transportation Oper TD	(488)	5,004	(5,492)
B6507	Transportation CA	136	0	136
B6508	Transportation AG	475,557	460,437	15,120
B6568	Ins Vehicle AG	29,473	36,768	(7,295)
B6578	Ins Gen Liab AG	315,510	280,836	34,674
B6588	Ins Work Comp AG	135,467	129,924	5,543
B6598	Ins Other AG	129,419	263,952	(134,533)
B6608	Advertising AG	8,389	21,647	(13,258)
B6668	Reg Exp-Rate Case	200,455	335,472	(135,017)
B6678	Reg Exp-Other AG	14,144	34,989	(20,845)
B6707	Bad Debt Expense	614,166	715,750	(101,584)
B6751	Misc Exp Oper SS	65,724	55,560	10,164
B6752	Misc Exp Maint SS	0	50,000	(50,000)
B6753	Misc Exp Oper WT	578,803	578,854	(51)
B6754	Misc Exp Maint WT	204,221	176,784	27,437
B6755	Misc Exp Oper TD	205,255	260,548	(55,293)
B6756	Misc Exp Maint TD	431,805	396,655	35,150
B6757	Misc Exp CA	1,242,532	1,213,258	29,274
B6758	Misc Exp AG	1,370,834	1,425,850	(55,016)

Kentucky American Water Company
Water Only

Year-2009		2009	2009		2009	2009		2009	2009	
Account	Description	January Actual	January Budget	Variance	February Actual	February Budget	Variance	March Actual	March Budget	Variance
B403	Depreciation Exp	596,345	695,061	(98,716)	597,709	697,530	(99,821)	599,328	698,939	(99,611)
B406	Amort UPAA	1,814	1,801	13	838	1,801	(963)	1,814	1,801	13
B4071	Amort-Ltd Term UP	6,521	6,575	(54)	7,412	6,575	837	6,966	6,575	391
B4072	Amort-Prop Losses	34,349	36,016	(1,667)	34,349	36,016	(1,667)	34,349	36,016	(1,667)
B40810	Tax Oth thn Inc-Reg Assess Fee	7,050	9,039	(1,989)	7,050	9,039	(1,989)	7,050	9,039	(1,989)
B40811	Tax Oth thn Inc-Property Tax	228,844	246,946	(18,102)	228,844	246,946	(18,102)	162,718	246,946	(84,228)
B40812	Tax Oth thn Inc-Payroll Tax	49,348	43,384	5,964	34,771	39,503	(4,732)	36,098	43,028	(6,930)
B40813	Tax Oth thn Inc-Other	0	0	0	0	0	0	0	0	0
B40910	Income Taxes-FIT Oper	89,987	34,638	55,349	265,950	(92,696)	358,646	(651,794)	(20,118)	(631,676)
B40911	Income Taxes-SIT Oper	17,373	6,086	11,287	51,344	(26,627)	77,971	(126,144)	(7,981)	(118,163)
B40920	Income Taxes-Oth Inc/Ded	(10,560)	(50,244)	39,684	(11,933)	(5,321)	(6,612)	24,226	(12,817)	37,043
B41010	Def Inc Tax-FIT	67,031	186,940	(119,909)	155,971	308,896	(152,925)	801,746	278,687	523,059
B41011	Def Inc Tax-SIT	8,352	28,861	(20,509)	24,251	55,555	(31,304)	150,414	45,122	105,292
B41211	ITC-Restored	(7,066)	(628)	(6,438)	(7,066)	(7,797)	731	(7,066)	4,789	(11,855)
B415	M&J Revenues	905	0	905	(17,110)	0	(17,110)	(34,434)	0	(34,434)
B416	M&J Expenses	10,132	0	10,132	9,527	0	9,527	26,477	0	26,477
B420	AFUDC	(354,757)	(411,621)	56,864	(659,632)	(456,080)	(203,552)	(545,486)	(518,200)	(27,286)
B426	Misc Nonutility Expense	36,486	124,545	(88,059)	68,867	13,247	55,620	27,171	31,818	(4,647)
B4272	Int Exp-Short Term Debt	40,879	135,953	(95,074)	42,088	152,560	(110,472)	57,614	150,547	(92,933)
B4273	Int Exp-LTD	438,305	480,826	(42,521)	438,164	480,826	(42,662)	437,713	463,078	(25,365)
B4275	Int Exp-Other	0	0	0	0	0	0	0	0	0
B428	Amort Debt Expense	7,396	5,876	1,520	7,396	5,876	1,520	7,396	5,876	1,520
B437	Dividends Declared - Pref Stk	39,549	6,511	33,038	38,273	6,511	31,762	38,273	6,511	31,762
B438	Dividends Declared - Com Stk	0	0	0	0	0	0	1,708,456	0	1,708,456
B4611	Metered Sales-Res	(2,321,578)	(2,371,569)	49,991	(2,264,534)	(2,229,228)	(35,306)	(2,332,273)	(2,345,277)	13,004
B4612	Metered Sales-Com	(901,037)	(1,085,825)	184,788	(1,114,376)	(1,024,634)	(89,742)	(1,010,721)	(1,130,331)	119,610
B4613	Metered Sales-Ind	(55,931)	(110,146)	54,215	(99,465)	(120,254)	20,789	(84,073)	(131,028)	46,955
B4614	Metered Sales-OPA	(200,547)	(288,735)	88,188	(291,305)	(226,125)	(65,180)	(375,476)	(346,928)	(28,548)
B4621	Public Fire Revenues	(197,064)	(102,739)	(94,325)	(197,064)	(102,849)	(94,215)	(197,064)	(102,960)	(94,104)
B4622	Private Fire Revenues	(117,924)	(197,199)	79,275	(113,650)	(197,742)	84,092	(111,178)	(198,258)	87,080
B466	Sales for Resale	(74,664)	(59,138)	(15,526)	(107,494)	(67,519)	(39,975)	(85,116)	(52,333)	(32,783)
B467	Interdept Sales	0	0	0	(1,085)	0	(1,085)	(735)	0	(735)
B470	Forfeited Discounts	0	0	0	0	0	0	0	0	0
B471	Misc Service Revenues	(164,336)	(177,650)	13,314	(189,371)	(177,650)	(11,721)	(196,121)	(177,650)	(18,471)
B472	Rents from Water Property	(8,406)	(7,835)	(571)	(11,071)	(7,835)	(3,236)	(8,906)	(7,835)	(1,071)
B474	Other Water Revenues	(1,006)	0	(1,006)	(1,499)	0	(1,499)	(1,390)	0	(1,390)
B5211	SWR Rev Flat Rate Res	0	(14,464)	14,464	0	(14,001)	14,001	0	(13,945)	13,945
B5212	SWR Rev Flat Rate Com	0	(9,233)	9,233	0	(8,400)	8,400	0	(8,883)	8,883
B5213	SWR Rev Flat Rate Ind	0	(2,065)	2,065	(500)	(3,250)	2,750	(1,000)	(1,861)	861
B5214	SWR Rev Flat Rate Pub Auth	0	0	0	0	0	0	0	0	0
B6012	Salaries-Empl Maint SS	5,167	1,066	4,101	8,349	1,066	7,283	6,086	1,066	5,020
B6013	Salaries-Empl Oper WT	124,901	12,933	111,968	123,151	9,433	113,718	112,553	9,433	103,120
B6014	Salaries-Empl Maint WT	8,740	1,066	7,674	7,731	1,066	6,665	9,564	1,066	8,498
B6015	Salaries-Empl Oper TD	143,037	0	143,037	146,054	0	146,054	134,938	0	134,938
B6016	Salaries-Empl Maint TD	75,697	0	75,697	38,869	0	38,869	45,878	0	45,878
B6017	Salaries-Empl CA	68,589	0	68,589	63,568	0	63,568	70,781	0	70,781
B6018	Salaries-Empl AG	131,574	560,316	(428,742)	90,004	512,347	(422,343)	81,914	559,104	(477,190)
B6047	Empl Pens & Ben CA	0	0	0	0	0	0	0	0	0
B6048	Empl Pens & Ben AG	329,218	237,711	91,507	310,518	239,702	70,816	322,057	238,049	84,008
B6101	Purchased Water Oper SS	4,150	11,639	(7,489)	10,036	8,204	1,832	12,247	13,753	(1,506)
B6151	Purch Power Oper SS	30,681	0	30,681	34,588	0	34,588	34,798	0	34,798
B6153	Purch Power Oper WT	176,375	238,768	(62,393)	188,019	221,197	(33,178)	207,643	249,963	(42,320)
B6155	Purch Power Oper TD	4,101	2,500	1,601	4,512	2,500	2,012	4,596	2,500	2,096
B6161	Purch Fuel Oper SS	5,270	0	5,270	2,903	0	2,903	454	0	454
B6183	Chemicals Oper WT	163,763	189,512	(25,749)	169,111	132,457	36,654	169,922	168,847	1,075
B6201	M&S Oper SS	0	250	(250)	242	250	(8)	0	250	(250)
B6202	M&S Maint SS	794	7,700	(6,906)	1,833	7,700	(5,867)	1,493	7,700	(6,207)
B6203	M&S Oper WT	230	1,590	(1,360)	5,671	1,590	4,081	2,613	1,590	1,023
B6204	M&S Maint WT	9,696	5,000	4,696	6,323	5,000	1,323	5,615	5,000	615
B6205	M&S Oper TD	7,378	9,350	(1,972)	13,353	8,850	4,503	1,449	11,350	(9,901)
B6206	M&S Maint TD	15,932	17,025	(1,093)	5,090	17,025	(11,935)	31,793	17,025	14,768
B6207	M&S CA	0	0	0	0	0	0	0	0	0
B6208	M&S AG	2,944	10,526	(7,582)	5,933	6,202	(269)	5,948	8,823	(2,875)
B6328	Cont Serv Acct AG	8,968	6,206	2,762	8,968	6,206	2,762	18,301	6,206	12,095
B6338	Cont Serv Legal AG	7,379	6,550	829	41,350	6,550	34,800	4,419	6,550	(2,131)
B6353	Cont Serv Other Oper WT	13,694	17,900	(4,206)	21,830	19,200	2,630	25,395	29,600	(4,205)
B6355	Cont Serv Other Oper TD	5,643	6,120	(477)	5,326	6,120	(794)	15,291	6,120	9,171
B6357	Cont Serv Other CA	11,301	13,689	(2,388)	29,542	13,689	15,853	16,237	13,689	2,548
B6358	Cont Serv Other AG	734,791	647,501	87,290	584,585	598,775	(14,190)	530,480	653,933	(123,453)
B6415	Rents-Real Prop Oper TD	50	315	(265)	100	315	(215)	1,737	315	1,422
B6425	Rents-Equipment Oper TD	0	0	0	1,123	0	1,123	154	0	154
B6428	Rents-Equipment AG	5,128	4,414	714	(796)	4,414	(5,210)	2,397	4,414	(2,017)
B6503	Transportation Oper WT	0	0	0	0	0	0	0	0	0
B6505	Transportation Oper TD	28	0	28	1,316	0	1,316	453	0	453
B6508	Transportation AG	26,344	80,100	(53,756)	18,545	80,100	(61,555)	32,968	80,100	(47,132)
B6568	Ins Vehicle AG	3,199	3,062	137	3,199	3,758	(559)	3,199	3,062	137
B6578	Ins Gen Liab AG	29,388	43,870	(14,482)	29,388	43,870	(14,482)	17,927	43,870	(25,943)
B6588	Ins Work Comp AG	11,773	12,680	(907)	11,612	12,680	(1,068)	11,285	12,680	(1,395)
B6598	Ins Other AG	13,221	3,368	9,853	13,353	3,368	9,985	13,353	3,368	9,985
B6608	Advertising AG	5,643	1,212	4,431	9,145	212	8,933	9,225	2,334	6,891
B6668	Reg Exp-Rate Case	12,443	12,700	(257)	12,443	12,700	(257)	12,443	12,700	(257)
B6678	Reg Exp-Other AG	1,022	853	169	1,022	853	169	1,022	853	169
B6707	Bad Debt Expense	37,093	36,674	419	52,751	34,525	18,226	22,740	37,472	(14,732)
B6751	Misc Exp Oper SS	1,613	3,860	(2,247)	243	3,505	(3,262)	3,937	3,505	432
B6752	Misc Exp Maint SS	0	0	0	0	0	0	0	0	0
B6753	Misc Exp Oper WT	34,755	28,875	5,880	31,699	32,931	(1,232)	25,903	43,748	(17,845)
B6754	Misc Exp Maint WT	12,411	21,682	(9,271)	14,191	21,682	(7,491)	13,640	21,682	(8,042)
B6755	Misc Exp Oper TD	21,001	24,137	(3,136)	25,671	25,137	534	27,234	22,637	4,597
B6756	Misc Exp Maint TD	17,597	18,471	(874)	12,527	18,471	(5,944)	22,155	23,971	(1,816)
B6757	Misc Exp CA	89,067	99,015	(9,948)	86,340	93,781	(7,441)	97,392	96,469	923
B6758	Misc Exp AG	104,506	95,826	8,680	101,047	103,198	(2,151)	121,368	144,454	(23,086)

Kentucky American Water Company
Water Only

Year-2009		2009	2009		2009	2009		2009	2009	
Account	Description	April Actual	April Budget	Variance	May Actual	May Budget	Variance	June Actual	June Budget	Variance
B403	Depreciation Exp	601,614	700,297	(98,683)	604,728	701,396	(96,668)	613,628	703,400	(89,772)
B406	Amort UPAA	1,787	1,801	(14)	1,801	1,801	(0)	1,801	1,801	(0)
B4071	Amort-Ltd Term UP	6,730	6,575	155	6,907	6,575	332	6,907	6,575	332
B4072	Amort-Prop Losses	34,349	36,016	(1,667)	34,349	36,016	(1,667)	34,349	36,016	(1,667)
B40810	Tax Oth thn Inc-Reg Assess Fee	7,050	9,039	(1,989)	7,050	9,039	(1,989)	7,050	9,039	(1,989)
B40811	Tax Oth thn Inc-Property Tax	229,073	246,946	(17,873)	229,073	246,946	(17,873)	338,658	246,946	91,712
B40812	Tax Oth thn Inc-Payroll Tax	47,068	44,180	2,888	38,975	42,462	(3,487)	42,912	43,808	(896)
B40813	Tax Oth thn Inc-Other	0	0	0	0	0	0	0	0	0
B40910	Income Taxes-FIT Oper	67,769	(108,013)	175,782	(160,656)	(51,848)	(108,808)	304,497	472,130	(167,633)
B40911	Income Taxes-SIT Oper	159,979	(30,562)	190,541	(41,069)	(16,133)	(24,936)	109,569	118,482	(8,913)
B40920	Income Taxes-Oth Inc/Ded	(1,171)	(10,662)	9,491	24	(14,471)	14,495	(7,317)	(17,966)	10,649
B41010	Def Inc Tax-FIT	296,287	370,632	(74,345)	721,223	369,958	351,265	413,185	245,755	167,430
B41011	Def Inc Tax-SIT	(115,700)	66,091	(181,791)	163,691	59,677	104,014	51,369	(19,536)	70,905
B41211	ITC-Restored	(7,066)	(9,565)	2,499	(7,066)	(8,953)	1,887	(7,066)	(4,891)	(2,175)
B415	M&J Revenues	(5,588)	0	(5,588)	(10,679)	0	(10,679)	(4,747)	0	(4,747)
B416	M&J Expenses	3,955	0	3,955	6,556	0	6,556	3,171	0	3,171
B420	AFUDC	(616,579)	(586,107)	(30,472)	(674,032)	(643,707)	(30,325)	(528,249)	(369,438)	(158,811)
B426	Misc Nonutility Expense	28,025	26,480	1,545	13,900	35,916	(22,016)	45,910	44,577	1,333
B4272	Int Exp-Short Term Debt	44,137	153,237	(109,100)	47,105	118,179	(71,074)	40,565	78,702	(38,137)
B4273	Int Exp-LTD	420,558	463,078	(42,520)	420,558	678,021	(257,463)	475,719	678,021	(202,302)
B4275	Int Exp-Other	0	0	0	0	0	0	0	0	0
B428	Amort Debt Expense	7,396	5,876	1,520	7,396	10,501	(3,105)	7,396	10,501	(3,105)
B437	Dividends Declared - Pref Stk	38,273	6,511	31,762	38,273	6,511	31,762	38,273	6,511	31,762
B438	Dividends Declared - Com Stk	0	0	0	0	0	0	1,489,021	0	1,489,021
B4611	Metered Sales-Res	(2,214,599)	(2,275,094)	60,495	(2,580,009)	(2,504,305)	(75,704)	(2,937,255)	(3,300,598)	363,343
B4612	Metered Sales-Com	(1,033,983)	(1,111,086)	77,103	(1,245,895)	(1,212,475)	(33,420)	(1,397,791)	(1,655,242)	257,451
B4613	Metered Sales-Ind	(81,214)	(137,095)	55,881	(113,680)	(134,815)	21,135	(133,758)	(185,301)	51,543
B4614	Metered Sales-OPA	(297,079)	(342,026)	44,947	(350,054)	(340,805)	(9,249)	(486,442)	(496,098)	9,656
B4621	Public Fire Revenues	(197,064)	(103,070)	(93,994)	(197,471)	(103,181)	(94,290)	(225,483)	(129,198)	(96,285)
B4622	Private Fire Revenues	(118,931)	(198,773)	79,842	(124,069)	(199,289)	75,220	(269,413)	(249,405)	(20,008)
B466	Sales for Resale	(91,349)	(63,575)	(27,774)	(120,828)	(94,784)	(26,044)	(182,243)	(165,667)	(16,576)
B467	Interdept Sales	(694)	(694)	(653)	(653)	(653)	(1,034)	(1,034)	(1,034)	(0)
B470	Forfeited Discounts	0	0	0	0	0	0	0	0	0
B471	Misc Service Revenues	(204,128)	(177,650)	(26,478)	(204,058)	(177,650)	(26,408)	(228,985)	(177,650)	(51,335)
B472	Rents from Water Property	(8,406)	(7,835)	(571)	(5,740)	(7,835)	2,095	(7,355)	(7,835)	480
B474	Other Water Revenues	(1,666)	0	(1,666)	(2,871)	0	(2,871)	(2,861)	0	(2,861)
B5211	SWR Rev Flat Rate Res	0	(15,366)	15,366	0	(13,663)	13,663	0	(16,018)	16,018
B5212	SWR Rev Flat Rate Com	0	(8,829)	8,829	0	(8,141)	8,141	0	(8,661)	8,661
B5213	SWR Rev Flat Rate Ind	(500)	(2,624)	2,124	(500)	(2,922)	2,422	(500)	(3,098)	2,598
B5214	SWR Rev Flat Rate Pub Auth	0	0	(172)	(172)	(172)	(566)	(566)	(566)	(0)
B6012	Salaries-Empl Maint SS	5,950	1,066	4,884	4,565	1,066	3,499	7,199	1,066	6,133
B6013	Salaries-Empl Oper WT	130,810	12,985	117,825	128,215	12,985	115,230	192,378	9,485	182,893
B6014	Salaries-Empl Maint WT	7,852	1,066	6,786	7,330	1,066	6,264	12,240	1,066	11,174
B6015	Salaries-Empl Oper TD	153,918	153,918	144,222	144,222	144,222	209,578	209,578	209,578	0
B6016	Salaries-Empl Maint TD	65,047	65,047	69,180	69,180	69,180	97,317	97,317	97,317	0
B6017	Salaries-Empl CA	66,884	66,884	70,499	70,499	70,499	106,623	106,623	106,623	0
B6018	Salaries-Empl AG	126,078	570,821	(444,743)	102,554	548,033	(445,479)	(46,629)	569,395	(616,024)
B6047	Empl Pens & Ben CA	0	0	0	0	0	0	0	0	0
B6048	Empl Pens & Ben AG	319,797	241,300	78,497	325,350	237,329	88,021	293,679	236,235	57,444
B6101	Purchased Water Oper SS	10,186	15,495	(5,309)	9,124	12,442	(3,318)	9,281	10,091	(810)
B6151	Purch Power Oper SS	37,567	37,567	23,820	23,820	23,820	27,346	27,346	27,346	0
B6153	Purch Power Oper WT	166,749	233,962	(67,213)	249,615	342,723	(93,108)	211,277	378,979	(167,702)
B6155	Purch Power Oper TD	2,028	2,500	(472)	2,404	2,500	(96)	1,243	2,500	(1,257)
B6161	Purch Fuel Oper SS	0	0	0	0	0	0	0	0	0
B6183	Chemicals Oper WT	143,485	185,106	(41,621)	231,648	198,953	32,695	246,394	206,384	40,010
B6201	M&S Oper SS	258	250	8	0	250	(250)	245	250	(5)
B6202	M&S Maint SS	17,823	58,700	(40,877)	3,452	17,700	(14,248)	61,215	7,700	53,515
B6203	M&S Oper WT	2,990	1,590	1,400	1,307	1,590	(283)	2,499	1,590	909
B6204	M&S Maint WT	9,850	13,000	(3,150)	7,513	5,000	2,513	5,175	35,000	(29,825)
B6205	M&S Oper TD	1,764	8,150	(6,386)	6,240	8,150	(1,910)	5,219	8,150	(2,931)
B6206	M&S Maint TD	15,422	17,025	(1,603)	14,534	17,025	(2,491)	23,886	17,025	6,861
B6207	M&S CA	0	0	0	25	0	25	0	0	0
B6208	M&S AG	5,978	8,740	(2,762)	4,211	5,866	(1,655)	3,929	7,219	(3,290)
B6328	Cont Serv Acct AG	13,472	6,206	7,266	4,912	6,206	(1,295)	5,196	6,206	(1,011)
B6338	Cont Serv Legal AG	13,369	6,550	6,819	24,352	6,550	17,802	8,879	6,550	2,329
B6353	Cont Serv Other Oper WT	23,247	22,450	797	25,859	42,250	(16,391)	35,615	36,450	(835)
B6355	Cont Serv Other Oper TD	3,314	6,120	(2,806)	16,571	6,120	10,451	12,585	6,120	6,465
B6357	Cont Serv Other CA	34,432	13,689	20,743	22,451	13,689	8,762	24,143	13,689	10,454
B6358	Cont Serv Other AG	666,021	652,427	13,594	662,009	637,353	24,656	744,441	665,243	79,198
B6415	Rents-Real Prop Oper TD	200	315	(115)	237	315	(78)	150	315	(165)
B6425	Rents-Equipment Oper TD	961	0	961	200	0	200	0	0	0
B6428	Rents-Equipment AG	2,444	4,414	(1,970)	1,717	4,414	(2,697)	1,671	4,414	(2,743)
B6503	Transportation Oper WT	0	0	0	0	0	0	0	0	0
B6505	Transportation Oper TD	1,533	1,533	540	540	540	1,717	1,717	1,717	0
B6508	Transportation AG	18,487	80,100	(61,613)	18,720	80,100	(61,380)	35,496	80,100	(44,604)
B6568	Ins Vehicle AG	3,199	3,062	137	3,199	3,062	137	3,199	3,062	137
B6578	Ins Gen Liab AG	29,384	43,870	(14,486)	29,375	43,870	(14,495)	34,979	43,870	(8,891)
B6588	Ins Work Comp AG	12,103	12,680	(577)	12,343	12,680	(337)	11,290	12,680	(1,390)
B6598	Ins Other AG	13,353	3,368	9,985	13,261	3,368	9,893	13,353	3,368	9,985
B6608	Advertising AG	1,704	6,517	(4,813)	1,813	3,873	(2,060)	(5,675)	2,167	(7,842)
B6668	Reg Exp-Rate Case	12,443	12,700	(257)	12,443	12,700	(257)	23,605	29,367	(5,762)
B6678	Reg Exp-Other AG	1,022	853	169	1,022	853	169	1,299	853	446
B6707	Bad Debt Expense	(16,916)	36,807	(53,723)	40,109	39,930	179	69,313	53,779	15,534
B6751	Misc Exp Oper SS	3,517	3,505	12	(301)	3,860	(4,161)	3,261	3,505	(244)
B6752	Misc Exp Maint SS	0	0	0	0	0	0	0	0	0
B6753	Misc Exp Oper WT	33,501	46,284	(12,783)	34,439	43,704	(9,265)	29,503	44,807	(15,304)
B6754	Misc Exp Maint WT	12,884	21,682	(8,798)	13,092	21,682	(8,590)	13,705	21,682	(7,977)
B6755	Misc Exp Oper TD	6,124	23,771	(17,647)	14,668	20,637	(5,969)	12,790	19,637	(6,847)
B6756	Misc Exp Maint TD	18,152	24,471	(6,319)	21,006	24,471	(3,465)	63,329	27,971	35,358
B6757	Misc Exp CA	92,560	96,469	(3,909)	92,878	96,469	(3,591)	102,668	96,469	6,199
B6758	Misc Exp AG	44,522	88,065	(43,543)	78,749	110,265	(31,516)	81,078	131,271	(50,193)

Kentucky American Water Company
Water Only

Year-2009		2009	2009		2009	2009		2009	2009	
Account	Description	July Actual	July Budget	Variance	August Actual	August Budget	Variance	September Actual	September Budget	Variance
B403	Depreciation Exp	613,993	712,205	(98,212)	615,095	718,431	(103,336)	615,831	720,439	(104,608)
B406	Amort UPAA	1,801	1,801	(0)	1,801	1,801	(0)	1,801	1,801	(0)
B4071	Amort-Ltd Term UP	6,907	6,575	332	6,907	6,575	332	6,907	6,575	332
B4072	Amort-Prop Losses	39,611	36,016	3,595	29,087	36,016	(6,929)	34,349	36,016	(1,667)
B40810	Tax Oth thn Inc-Reg Assess Fee	7,701	9,039	(1,338)	7,701	9,039	(1,338)	7,701	9,039	(1,338)
B40811	Tax Oth thn Inc-Property Tax	229,073	246,946	(17,873)	231,695	246,946	(15,251)	224,621	246,946	(22,325)
B40812	Tax Oth thn Inc-Payroll Tax	46,399	46,095	304	41,294	42,111	(817)	42,499	44,284	(1,785)
B40813	Tax Oth thn Inc-Other	0	0	0	0	0	0	0	3,200	(3,200)
B40910	Income Taxes-FIT Oper	(42,571)	653,161	(695,732)	22,241	638,170	(615,929)	(1,936,462)	537,031	(2,473,493)
B40911	Income Taxes-SIT Oper	49,121	164,990	(115,869)	45,701	161,139	(115,438)	(783,778)	135,156	(918,934)
B40920	Income Taxes-Oth Inc/Ded	(416)	(4,707)	4,291	(210)	(4,866)	4,656	(18,162)	(5,594)	(12,568)
B41010	Def Inc Tax-FIT	805,357	69,092	736,265	658,626	198,094	460,532	2,451,275	210,607	2,240,668
B41011	Def Inc Tax-SIT	86,660	(67,870)	154,530	75,281	(49,410)	124,691	904,877	(32,542)	937,419
B41211	ITC-Restored	(7,066)	(13,325)	6,259	(7,066)	(20,315)	13,249	(7,066)	956	(8,022)
B415	M&J Revenues	(4,621)	0	(4,621)	8,536	0	8,536	(13,858)	0	(13,858)
B416	M&J Expenses	14,054	0	14,054	(12,118)	0	(12,118)	11,628	0	11,628
B420	AFUDC	(185,540)	(60,540)	(125,000)	(257,583)	(119,389)	(138,194)	(259,334)	(171,937)	(87,397)
B426	Misc Nonutility Expense	6,658	11,726	(5,068)	8,155	12,119	(3,964)	21,537	13,924	7,613
B4272	Int Exp-Short Term Debt	22,937	91,498	(68,561)	16,459	100,837	(84,378)	13,935	116,986	(103,051)
B4273	Int Exp-LTD	365,396	678,021	(312,625)	420,558	678,021	(257,463)	420,558	678,021	(257,463)
B4275	Int Exp-Other	8,152	0	8,152	0	0	0	3	0	3
B428	Amort Debt Expense	7,396	10,501	(3,105)	9,017	10,501	(1,484)	8,944	10,501	(1,557)
B437	Dividends Declared - Pref Stk	38,273	6,511	31,762	38,273	6,511	31,762	38,273	6,511	31,762
B438	Dividends Declared - Com Stk	0	0	0	0	0	0	2,006,260	0	2,006,260
B4611	Metered Sales-Res	(3,376,316)	(3,573,980)	197,664	(3,053,322)	(3,639,427)	586,105	(3,010,174)	(3,501,143)	490,969
B4612	Metered Sales-Com	(1,613,485)	(1,764,467)	150,982	(1,560,804)	(1,856,755)	295,951	(1,436,799)	(1,770,295)	333,496
B4613	Metered Sales-Ind	(147,598)	(207,320)	59,722	(160,816)	(201,789)	40,973	(167,221)	(217,045)	49,824
B4614	Metered Sales-OPA	(508,845)	(562,246)	53,401	(530,559)	(546,183)	15,624	(558,280)	(597,452)	39,172
B4621	Public Fire Revenues	(226,072)	(129,309)	(96,763)	(226,072)	(129,419)	(96,653)	(226,072)	(129,529)	(96,543)
B4622	Private Fire Revenues	(12,358)	(249,921)	237,563	(118,950)	(250,437)	131,487	(138,673)	(250,952)	112,279
B466	Sales for Resale	(152,826)	(140,194)	(12,632)	(164,568)	(151,330)	(13,238)	(170,692)	(172,491)	1,799
B467	Interdept Sales	(1,025)	0	(1,025)	(1,118)	0	(1,118)	(994)	0	(994)
B470	Forfeited Discounts	0	0	0	0	0	0	0	0	0
B471	Misc Service Revenues	(220,401)	(177,650)	(42,751)	(221,946)	(177,650)	(44,296)	(236,007)	(177,650)	(58,357)
B472	Rents from Water Property	(13,737)	(7,835)	(5,902)	(6,501)	(7,835)	1,334	(38,539)	(7,835)	(30,704)
B474	Other Water Revenues	(3,242)	0	(3,242)	(2,228)	0	(2,228)	(2,437)	0	(2,437)
B5211	SWR Rev Flat Rate Res	0	(15,166)	15,166	0	(14,916)	14,916	0	(16,000)	16,000
B5212	SWR Rev Flat Rate Com	0	(8,536)	8,536	0	(8,508)	8,508	0	(8,303)	8,303
B5213	SWR Rev Flat Rate Ind	(500)	(2,659)	2,159	(500)	(2,028)	1,528	(500)	(4,601)	4,101
B5214	SWR Rev Flat Rate Pub Auth	(362)	0	(362)	(548)	0	(548)	(650)	0	(650)
B6012	Salaries-Empl Maint SS	8,313	1,066	7,247	5,121	1,066	4,055	6,052	1,066	4,986
B6013	Salaries-Empl Oper WT	138,178	12,985	125,193	130,458	9,485	120,973	115,371	12,985	102,386
B6014	Salaries-Empl Maint WT	6,705	1,066	5,639	7,637	1,066	6,571	7,784	1,066	6,718
B6015	Salaries-Empl Oper TD	155,105	0	155,105	154,262	0	154,262	230,338	0	230,338
B6016	Salaries-Empl Maint TD	68,139	0	68,139	68,625	0	68,625	63,202	0	63,202
B6017	Salaries-Empl CA	77,988	0	77,988	71,136	0	71,136	64,114	0	64,114
B6018	Salaries-Empl AG	162,261	596,225	(433,964)	109,566	546,876	(437,310)	143,557	572,208	(428,651)
B6047	Empl Pens & Ben CA	0	0	0	0	0	0	0	0	0
B6048	Empl Pens & Ben AG	341,978	231,148	110,830	332,505	237,608	94,897	332,838	231,861	100,977
B6101	Purchased Water Oper SS	8,419	7,753	666	13,498	12,023	1,475	10,759	16,453	(5,694)
B6151	Purch Power Oper SS	28,058	0	28,058	19,294	0	19,294	30,612	0	30,612
B6153	Purch Power Oper WT	273,563	422,049	(148,486)	222,361	427,641	(205,280)	338,973	414,169	(75,196)
B6155	Purch Power Oper TD	2,146	2,500	(354)	595	2,500	(1,905)	1,645	2,500	(855)
B6161	Purch Fuel Oper SS	0	0	0	0	0	0	0	0	0
B6183	Chemicals Oper WT	209,348	264,997	(55,649)	233,557	285,348	(51,791)	177,189	324,315	(147,126)
B6201	M&S Oper SS	0	250	(250)	0	250	(250)	0	250	(250)
B6202	M&S Maint SS	(13,655)	17,200	(30,855)	8,794	7,700	1,094	6,728	7,700	(972)
B6203	M&S Oper WT	2,260	1,590	670	2,047	2,290	(243)	3,272	1,590	1,682
B6204	M&S Maint WT	32,045	40,000	(7,955)	22,806	5,000	17,806	11,416	5,000	6,416
B6205	M&S Oper TD	13,970	13,650	320	7,327	12,150	(4,823)	8,496	13,650	(5,154)
B6206	M&S Maint TD	16,548	17,025	(477)	32,103	17,025	15,078	30,189	17,025	13,164
B6207	M&S CA	0	0	0	0	0	0	0	0	0
B6208	M&S AG	12,506	7,059	5,447	8,514	7,591	923	10,625	6,155	4,470
B6328	Cont Serv Acct AG	8,997	6,206	2,791	8,850	6,206	2,644	8,850	6,206	2,644
B6338	Cont Serv Legal AG	(277)	6,550	(6,827)	18,245	6,550	11,695	18,849	6,550	12,299
B6353	Cont Serv Other Oper WT	7,668	22,250	(14,582)	12,999	21,650	(8,651)	24,606	29,850	(5,244)
B6355	Cont Serv Other Oper TD	2,277	6,120	(3,843)	6,003	6,120	(117)	31,083	6,120	24,963
B6357	Cont Serv Other CA	23,756	13,689	10,067	15,892	13,689	2,203	30,778	13,689	17,089
B6358	Cont Serv Other AG	735,518	681,842	53,676	728,763	626,157	102,606	726,514	665,019	61,495
B6415	Rents-Real Prop Oper TD	0	315	(315)	100	315	(215)	4,502	315	4,187
B6425	Rents-Equipment Oper TD	0	0	0	0	0	0	0	0	0
B6428	Rents-Equipment AG	1,167	4,414	(3,247)	577	4,414	(3,837)	1,084	4,414	(3,330)
B6503	Transportation Oper WT	0	0	0	0	0	0	10	0	10
B6505	Transportation Oper TD	913	0	913	243	0	243	170	0	170
B6508	Transportation AG	40,111	80,100	(39,989)	45,602	80,100	(34,498)	50,483	80,100	(29,617)
B6568	Ins Vehicle AG	3,199	3,062	137	3,199	3,062	137	3,199	3,062	137
B6578	Ins Gen Liab AG	29,384	43,870	(14,486)	29,022	43,870	(14,848)	(15,131)	43,870	(59,001)
B6588	Ins Work Comp AG	12,663	12,680	(17)	12,554	12,680	(126)	12,464	12,680	(216)
B6598	Ins Other AG	13,384	3,368	10,016	13,348	3,368	9,980	13,348	3,368	9,980
B6608	Advertising AG	0	1,106	(1,106)	2,500	212	2,288	1,500	3,334	(1,834)
B6668	Reg Exp-Rate Case	23,803	29,367	(5,564)	24,621	29,367	(4,746)	24,010	29,367	(5,357)
B6678	Reg Exp-Other AG	1,299	853	446	1,299	853	446	1,299	853	446
B6707	Bad Debt Expense	71,363	57,659	13,704	40,524	58,945	(18,421)	20,928	57,758	(36,830)
B6751	Misc Exp Oper SS	4,858	3,505	1,353	6,362	3,505	2,857	5,881	3,860	2,021
B6752	Misc Exp Maint SS	0	0	0	0	0	0	0	0	0
B6753	Misc Exp Oper WT	47,904	44,070	3,834	41,954	45,796	(3,842)	33,801	45,498	(11,697)
B6754	Misc Exp Maint WT	13,785	21,682	(7,897)	11,776	21,267	(9,491)	14,911	21,267	(6,356)
B6755	Misc Exp Oper TD	23,293	19,637	3,656	32,092	19,637	12,455	19,161	19,637	(476)
B6756	Misc Exp Maint TD	41,171	33,471	7,700	27,270	24,471	2,799	40,425	28,471	11,954
B6757	Misc Exp CA	100,407	96,469	3,938	101,720	96,469	5,251	103,088	96,469	6,619
B6758	Misc Exp AG	84,318	98,566	(14,248)	253,354	103,346	150,008	119,349	93,623	25,726

Kentucky American Water Company
Water Only

Year-2009		2009	2009		2009	2009		2009	2009	
Account	Description	October Actual	October Budget	Variance	November Actual	November Budget	Variance	December Actual	December Budget	Variance
B403	Depreciation Exp	629,090	723,173	(94,083)	630,801	725,638	(94,837)	628,836	746,447	(117,611)
B406	Amort UPAA	1,801	1,801	(0)	1,801	1,801	(0)	1,801	1,801	(0)
B4071	Amort-Ltd Term UP	6,907	6,575	332	6,907	6,575	332	6,907	6,575	332
B4072	Amort-Prop Losses	34,349	36,016	(1,667)	34,349	36,016	(1,667)	34,349	36,016	(1,667)
B40810	Tax Oth thn Inc-Reg Assess Fee	7,701	9,039	(1,338)	7,701	9,039	(1,338)	7,701	9,039	(1,338)
B40811	Tax Oth thn Inc-Property Tax	229,073	246,946	(17,873)	229,073	246,946	(17,873)	229,073	246,946	(17,873)
B40812	Tax Oth thn Inc-Payroll Tax	41,238	43,899	(2,661)	38,520	43,552	(5,032)	44,509	47,192	(2,683)
B40813	Tax Oth thn Inc-Other	0	0	0	0	0	0	117,549	0	117,549
B40910	Income Taxes-FIT Oper	179,136	526,410	(347,274)	(141,956)	332,649	(474,605)	1,112,234	268,789	843,445
B40911	Income Taxes-SIT Oper	68,261	132,427	(64,166)	428,718	82,648	346,070	342,483	66,242	276,241
B40920	Income Taxes-Oth Inc/Ded	1,798	(2,853)	4,651	(69,467)	(3,551)	(65,916)	(99,546)	(2,746)	(96,800)
B41010	Def Inc Tax-FIT	508,508	178,532	329,976	641,837	216,025	425,812	(662,063)	175,860	(837,923)
B41011	Def Inc Tax-SIT	53,529	(37,499)	91,028	(344,519)	(8,038)	(336,481)	(237,616)	(6,747)	(230,869)
B41211	ITC-Restored	(7,066)	(10,785)	3,719	(7,066)	(4,012)	(3,054)	(7,066)	(10,271)	3,205
B415	M&J Revenues	(19,339)	0	(19,339)	(4,674)	0	(4,674)	(8,425)	0	(8,425)
B416	M&J Expenses	1,000	0	1,000	20,550	0	20,550	30,589	0	30,589
B420	AFUDC	(245,211)	(221,624)	(23,587)	(272,800)	(270,162)	(2,638)	(298,372)	(297,448)	(924)
B426	Misc Nonutility Expense	8,459	7,133	1,326	43,162	8,861	34,301	239,379	6,867	232,512
B4272	Int Exp-Short Term Debt	11,276	85,774	(74,499)	9,735	49,047	(39,312)	8,406	74,830	(66,424)
B4273	Int Exp-LTD	420,558	829,061	(408,503)	420,558	829,061	(408,503)	420,558	829,061	(408,503)
B4275	Int Exp-Other	0	0	0	765	0	765	(8,152)	0	(8,152)
B428	Amort Debt Expense	14,969	13,751	1,218	10,017	13,751	(3,734)	10,508	13,751	(3,243)
B437	Dividends Declared - Pref Stk	38,273	6,511	31,762	38,273	6,511	31,762	38,273	6,511	31,762
B438	Dividends Declared - Com Stk	0	0	0	0	0	0	2,899,673	0	2,899,673
B4611	Metered Sales-Res	(2,928,638)	(3,407,392)	478,754	(2,486,360)	(3,090,607)	604,247	(2,542,737)	(2,985,671)	442,934
B4612	Metered Sales-Com	(1,444,305)	(1,710,830)	266,525	(1,288,858)	(1,513,802)	224,944	(1,102,290)	(1,413,019)	310,729
B4613	Metered Sales-Ind	(154,466)	(207,756)	53,290	(113,301)	(173,339)	60,038	(124,860)	(172,927)	48,067
B4614	Metered Sales-OPA	(489,570)	(570,475)	80,905	(335,467)	(423,458)	87,991	(368,991)	(432,614)	63,623
B4621	Public Fire Revenues	(226,072)	(129,640)	(96,432)	(226,062)	(129,750)	(96,312)	(226,135)	(129,861)	(96,274)
B4622	Private Fire Revenues	(138,866)	(251,468)	112,602	(137,792)	(251,984)	114,192	(136,690)	(252,499)	115,809
B466	Sales for Resale	(114,557)	(148,463)	33,906	(146,968)	(177,106)	30,138	(67,191)	(116,561)	49,370
B467	Interdept Sales	(1,194)	(1,194)	(1,328)	(1,328)	(1,328)	(1,207)	(1,207)	(1,207)	(1,207)
B470	Forfeited Discounts	35	0	35	0	0	0	0	0	0
B471	Misc Service Revenues	(209,499)	(177,650)	(31,849)	(199,527)	(177,650)	(21,877)	(188,746)	(177,650)	(11,096)
B472	Rents from Water Property	27,782	(7,835)	35,617	(9,973)	(7,835)	(2,138)	(7,308)	(7,835)	527
B474	Other Water Revenues	(54,617)	0	(54,617)	(18,757)	0	(18,757)	(23,672)	0	(23,672)
B5211	SWR Rev Flat Rate Res	0	(13,244)	13,244	0	(14,015)	14,015	0	(14,495)	14,495
B5212	SWR Rev Flat Rate Com	0	(8,138)	8,138	0	(8,484)	8,484	0	(11,509)	11,509
B5213	SWR Rev Flat Rate Ind	(500)	(4,345)	3,845	(500)	(2,540)	2,040	(500)	(1,000)	500
B5214	SWR Rev Flat Rate Pub Auth	(602)	(602)	(594)	(594)	(594)	(625)	(625)	(625)	(625)
B6012	Salaries-Empl Maint SS	5,746	1,066	4,680	9,323	1,100	8,223	3,988	1,100	2,888
B6013	Salaries-Empl Oper WT	111,625	9,485	102,140	175,088	16,934	158,154	130,216	16,934	113,282
B6014	Salaries-Empl Maint WT	8,268	1,066	7,202	10,720	1,100	9,620	8,577	1,100	7,477
B6015	Salaries-Empl Oper TD	171,339	171,339	209,877	209,877	209,877	183,280	183,280	183,280	0
B6016	Salaries-Empl Maint TD	67,249	67,249	92,512	92,512	92,512	55,725	55,725	55,725	0
B6017	Salaries-Empl CA	68,678	68,678	99,571	99,571	99,571	68,997	68,997	68,997	0
B6018	Salaries-Empl AG	133,261	570,604	(437,343)	(72,556)	558,482	(631,038)	267,636	606,751	(339,115)
B6047	Empl Pens & Ben CA	0	0	0	0	0	0	40	0	40
B6048	Empl Pens & Ben AG	336,262	246,795	89,467	255,392	232,009	23,383	339,678	233,448	106,230
B6101	Purchased Water Oper SS	4,945	9,693	(4,748)	8,311	6,603	1,708	22,918	16,512	6,406
B6151	Purch Power Oper SS	24,950	24,950	35,999	35,999	35,999	29,057	29,057	29,057	0
B6153	Purch Power Oper WT	164,590	401,422	(236,832)	210,868	348,930	(138,062)	167,870	247,795	(79,925)
B6155	Purch Power Oper TD	1,646	2,500	(854)	2,436	2,500	(64)	2,935	2,500	435
B6161	Purch Fuel Oper SS	0	0	0	0	0	0	0	0	0
B6183	Chemicals Oper WT	160,828	253,952	(93,124)	163,737	206,898	(43,161)	147,670	189,929	(42,259)
B6201	M&S Oper SS	175	250	(75)	58	250	(192)	0	250	(250)
B6202	M&S Maint SS	31,542	7,700	23,842	35,355	7,700	27,655	50,481	13,700	36,781
B6203	M&S Oper WT	2,728	1,590	1,138	845	1,890	(1,045)	2,536	1,590	946
B6204	M&S Maint WT	7,733	9,000	(1,267)	(3,225)	5,000	(8,225)	22,385	5,000	17,385
B6205	M&S Oper TD	3,963	9,150	(5,187)	7,060	11,150	(4,090)	5,450	8,650	(3,200)
B6206	M&S Maint TD	14,060	17,025	(2,965)	22,352	17,025	5,327	14,701	17,025	(2,324)
B6207	M&S CA	0	0	0	0	0	0	0	0	0
B6208	M&S AG	5,104	7,742	(2,638)	13,919	6,217	7,702	7,073	6,142	931
B6328	Cont Serv Acct AG	9,292	6,206	3,086	8,850	6,206	2,644	9,145	6,206	2,939
B6338	Cont Serv Legal AG	14,610	6,550	8,060	14,218	6,550	7,668	975	6,550	(5,575)
B6353	Cont Serv Other Oper WT	17,743	22,950	(5,207)	15,227	18,450	(3,223)	13,858	18,550	(4,692)
B6355	Cont Serv Other Oper TD	8,828	6,120	2,708	(3,386)	6,120	(9,506)	6,365	6,120	245
B6357	Cont Serv Other CA	17,088	13,689	3,399	9,192	13,689	(4,497)	14,662	13,689	973
B6358	Cont Serv Other AG	685,039	653,150	31,889	704,825	636,921	67,904	827,043	677,347	149,696
B6415	Rents-Real Prop Oper TD	(350)	315	(665)	0	315	(315)	956	315	641
B6425	Rents-Equipment Oper TD	0	0	0	0	0	0	0	0	0
B6428	Rents-Equipment AG	1,992	4,414	(2,422)	2,085	4,414	(2,329)	2,104	4,414	(2,310)
B6503	Transportation Oper WT	0	0	0	0	0	0	6	0	6
B6505	Transportation Oper TD	0	0	0	0	0	0	500	0	500
B6508	Transportation AG	33,786	80,100	(46,314)	82,227	80,100	2,127	27,221	80,100	(52,879)
B6568	Ins Vehicle AG	3,199	3,062	137	3,199	3,062	137	3,199	3,062	137
B6578	Ins Gen Liab AG	29,384	43,870	(14,486)	29,384	43,870	(14,486)	34,351	43,870	(9,519)
B6588	Ins Work Comp AG	12,621	12,680	(59)	10,284	12,680	(2,396)	12,532	12,680	(148)
B6598	Ins Other AG	13,348	3,368	9,980	13,348	3,368	9,980	13,348	3,368	9,980
B6608	Advertising AG	3,718	1,212	2,506	1,193	212	981	1,998	212	1,786
B6668	Reg Exp-Rate Case	24,010	29,367	(5,357)	24,010	29,367	(5,357)	24,146	29,367	(5,221)
B6678	Reg Exp-Other AG	1,299	853	446	1,299	853	446	1,299	853	446
B6707	Bad Debt Expense	77,566	55,906	21,660	28,594	50,112	(21,518)	1,839	47,877	(46,038)
B6751	Misc Exp Oper SS	4,822	3,505	1,317	4,017	3,505	512	5,064	3,505	1,559
B6752	Misc Exp Maint SS	0	0	0	143	0	143	0	0	0
B6753	Misc Exp Oper WT	39,309	38,061	1,248	33,464	45,022	(11,558)	36,679	41,884	(5,205)
B6754	Misc Exp Maint WT	15,354	21,267	(5,913)	15,482	21,267	(5,785)	15,497	21,267	(5,770)
B6755	Misc Exp Oper TD	16,411	21,137	(4,726)	20,083	21,637	(1,554)	22,386	26,271	(3,885)
B6756	Misc Exp Maint TD	21,014	24,971	(3,957)	21,368	24,471	(3,103)	35,560	14,471	21,089
B6757	Misc Exp CA	103,456	96,469	6,987	105,286	96,469	8,817	96,315	96,469	(154)
B6758	Misc Exp AG	67,168	80,787	(13,619)	67,973	87,597	(19,624)	88,770	162,995	(74,225)

Kentucky American Water Company
Water Only

Year-2010		2010	2010		2010	2010		2010	2010	
Account	Description	January Actual	January Budget	Variance	February Actual	February Budget	Variance	March Actual	March Budget	Variance
B403	Depreciation Exp	630,287	676,677	(46,390)	631,616	676,606	(44,990)	630,470	677,634	(47,164)
B406	Amort UPAA	1,801	1,801	(0)	1,801	1,801	(0)	1,801	1,801	(0)
B4071	Amort-Ltd Term UP	7,262	6,833	429	7,262	6,833	429	7,262	6,833	429
B4072	Amort-Prop Losses	34,349	34,215	134	34,349	34,215	134	34,349	34,215	134
B40810	Tax Oth thn Inc-Reg Assess Fee	7,701	8,925	(1,224)	7,701	8,925	(1,224)	7,701	8,925	(1,224)
B40811	Tax Oth thn Inc-Property Tax	229,073	341,316	(112,243)	334,903	341,316	(6,413)	281,997	341,316	(59,319)
B40812	Tax Oth thn Inc-Payroll Tax	67,946	56,557	11,389	45,290	46,747	(1,457)	38,243	49,772	(11,529)
B40813	Tax Oth thn Inc-Other	10,000	0	10,000	60,000	0	60,000	(55,000)	0	(55,000)
B40910	Income Taxes-FIT Oper	425,480	360,000	65,480	287,142	389,973	(102,831)	(2,431,066)	415,973	(2,847,039)
B40911	Income Taxes-SIT Oper	77,595	51,000	26,595	(18,272)	55,996	(74,268)	(371,314)	58,996	(430,310)
B40920	Income Taxes-Oth Inc/Ded	(40,514)	0	(40,514)	(2,611)	0	(2,611)	(32,967)	0	(32,967)
B41010	Def Inc Tax-FIT	(6,380)	0	(6,380)	168,838	0	168,838	3,015,365	0	3,015,365
B41011	Def Inc Tax-SIT	(4,169)	0	(4,169)	27,786	0	27,786	559,016	0	559,016
B41211	ITC-Restored	(7,066)	0	(7,066)	(7,066)	0	(7,066)	(7,066)	0	(7,066)
B415	M&I Revenues	(31,268)	0	(31,268)	(15,522)	(15,522)	(23,780)	(23,780)	(23,780)	(23,780)
B416	M&I Expenses	11,461	0	11,461	(3,313)	(3,313)	13,488	13,488	13,488	13,488
B419	Interest & Dividend Income	0	0	0	0	0	0	(2,241)	(2,241)	(2,241)
B420	AFUDC	(314,166)	(303,800)	(10,366)	(359,189)	(349,124)	(10,065)	(394,455)	(404,824)	10,369
B426	Misc Nonutility Expense	123,607	88,743	34,864	32,795	68,793	(35,998)	99,462	68,052	31,410
B4272	Int Exp-Short Term Debt	7,411	17,230	(9,819)	7,440	22,005	(14,565)	9,439	32,589	(23,150)
B4273	Int Exp-LTD	420,558	422,731	(2,173)	420,558	422,731	(2,173)	419,966	422,139	(2,173)
B4275	Int Exp-Other	0	0	0	0	0	0	(1)	(1)	(1)
B428	Amort Debt Expense	10,172	15,417	(5,245)	10,172	15,417	(5,245)	10,309	15,417	(5,108)
B437	Dividends Declared - Pref Stk	38,273	(2)	38,275	38,190	(2)	38,192	38,231	(2)	38,233
B438	Dividends Declared - Com Stk	0	0	0	0	0	0	1,473,348	1,567,142	(93,794)
B4611	Metered Sales-Res	(2,735,161)	(2,683,888)	(51,273)	(2,575,645)	(2,533,746)	(41,899)	(2,710,202)	(2,683,837)	(26,365)
B4612	Metered Sales-Com	(1,101,767)	(1,318,464)	216,697	(1,063,497)	(1,273,283)	209,786	(1,259,745)	(1,381,723)	121,978
B4613	Metered Sales-Ind	(88,941)	(113,396)	24,455	(134,452)	(125,049)	(9,403)	(128,714)	(143,118)	14,404
B4614	Metered Sales-OPA	(340,310)	(388,612)	48,302	(418,102)	(452,586)	34,484	(412,436)	(543,187)	130,751
B4621	Public Fire Revenues	(226,134)	(226,100)	(34)	(227,126)	(226,100)	(1,026)	(233,725)	(226,100)	(7,625)
B4622	Private Fire Revenues	(139,470)	(138,700)	(770)	(141,467)	(138,700)	(2,767)	(166,897)	(138,700)	(28,197)
B466	Sales for Resale	(126,249)	(117,430)	(8,819)	(123,676)	(117,430)	(6,246)	(114,858)	(117,430)	2,572
B467	Interdept Sales	(1,433)	(1,433)	(1,190)	(1,190)	(1,190)	(1,309)	(1,309)	(1,309)	(1,309)
B470	Forfeited Discounts	0	0	0	0	0	0	(35)	(35)	(35)
B471	Misc Service Revenues	(214,671)	(198,022)	(16,649)	(235,631)	(209,566)	(26,065)	(232,193)	(214,298)	(17,895)
B472	Rents from Water Property	(7,308)	(23,142)	15,834	(4,642)	(23,142)	18,500	(10,473)	(23,142)	12,669
B474	Other Water Revenues	(20,144)	(20,144)	(21,511)	(21,511)	(21,511)	(20,587)	(20,587)	(20,587)	(20,587)
B5213	SWR Rev Flat Rate Ind	(500)	(138)	(362)	(500)	(138)	(362)	(500)	(138)	(362)
B5214	SWR Rev Flat Rate Pub Auth	(486)	(46)	(440)	(632)	(46)	(586)	(463)	(46)	(417)
B6012	Salaries-Emp Maint SS	8,046	8,046	7,181	7,181	7,181	6,362	6,362	6,362	6,362
B6013	Salaries-Emp Oper WT	123,626	123,626	118,268	118,268	118,268	131,498	131,498	131,498	131,498
B6014	Salaries-Emp Maint WT	4,531	4,531	2,735	2,735	2,735	5,776	5,776	5,776	5,776
B6015	Salaries-Emp Oper TD	167,277	167,277	147,298	147,298	147,298	156,681	156,681	156,681	156,681
B6016	Salaries-Emp Maint TD	73,501	73,501	69,513	69,513	69,513	56,689	56,689	56,689	56,689
B6017	Salaries-Emp CA	74,659	74,659	78,458	78,458	78,458	77,187	77,187	77,187	77,187
B6018	Salaries-Emp AG	129,173	615,793	(486,620)	104,605	553,727	(449,122)	108,770	651,445	(542,675)
B6048	Empl Pens & Ben AG	312,665	344,900	(32,235)	302,859	346,411	(43,552)	315,682	346,613	(30,931)
B6101	Purchased Water Oper SS	8,141	9,706	(1,565)	9,556	9,695	(139)	11,184	8,851	2,333
B6151	Purch Power Oper SS	39,857	244,367	(204,510)	22,616	230,361	(207,745)	49,602	255,974	(206,372)
B6153	Purch Power Oper WT	228,662	0	228,662	193,124	0	193,124	255,454	0	255,454
B6155	Purch Power Oper TD	4,387	0	4,387	(121)	0	(121)	22	0	22
B6161	Purch Fuel Oper SS	4,620	0	4,620	0	0	0	0	0	0
B6183	Chemicals Oper WT	137,469	173,176	(35,707)	120,960	144,534	(23,574)	117,841	167,320	(49,479)
B6201	M&S Oper SS	0	263	(263)	0	263	(263)	0	263	(263)
B6202	M&S Maint SS	5,800	8,750	(2,950)	8,858	8,750	108	2,933	8,750	(5,817)
B6203	M&S Oper WT	1,755	2,647	(892)	4,668	2,647	2,021	1,382	2,647	(1,265)
B6204	M&S Maint WT	13,571	5,500	8,071	23,486	5,500	17,986	(7,419)	59,500	(66,919)
B6205	M&S Oper TD	14,161	10,258	3,903	8,082	10,258	(2,176)	8,728	10,008	(1,280)
B6206	M&S Maint TD	18,540	18,405	135	17,150	18,405	(1,255)	48,257	18,405	29,852
B6208	M&S AG	7,312	4,839	2,473	4,324	4,689	(365)	6,231	4,839	1,392
B6328	Cont Serv Acct AG	8,850	18,095	(9,245)	8,850	18,095	(9,245)	9,071	18,095	(9,024)
B6337	Cont Serv Legal CA	0	0	0	0	0	0	0	0	0
B6338	Cont Serv Legal AG	21,129	16,317	4,812	5,338	16,317	(10,979)	6,439	16,317	(9,878)
B6348	Cont Serv Mgmt Fee AG	0	361,894	(361,894)	0	344,462	(344,462)	0	372,494	(372,494)
B6353	Cont Serv Other Oper WT	19,817	12,191	7,626	(911)	17,153	(18,064)	13,414	20,898	(7,484)
B6355	Cont Serv Other Oper TD	2,275	8,167	(5,892)	(1,895)	8,167	(10,062)	8,768	10,167	(1,399)
B6356	Cont Serv Other Maint TD	0	0	0	0	0	0	0	0	0
B6357	Cont Serv Other CA	8,618	14,204	(5,586)	7,420	14,204	(6,784)	20,813	14,204	6,609
B6358	Cont Serv Other AG	725,205	382,131	343,074	700,087	363,320	336,767	715,860	395,391	320,469
B6415	Rents-Real Prop Oper TD	800	387	413	0	387	(387)	100	387	(287)
B6425	Rents-Equipment Oper TD	0	387	(387)	0	387	(387)	0	387	(387)
B6428	Rents-Equipment AG	1,086	2,283	(1,197)	2,501	2,283	218	2,010	2,283	(273)
B6505	Transportation Oper TD	1,129	1,129	5	5	5	0	0	0	0
B6508	Transportation AG	43,155	54,476	(11,321)	34,249	54,318	(20,069)	29,158	54,318	(25,160)
B6568	Ins Vehicle AG	2,918	3,000	(82)	2,918	3,000	(82)	2,918	3,000	(82)
B6578	Ins Gen Liab AG	31,214	68,311	(37,097)	31,888	68,311	(36,423)	(29,262)	68,311	(97,573)
B6588	Ins Work Comp AG	10,633	0	10,633	10,837	0	10,837	10,797	0	10,797
B6598	Ins Other AG	10,904	0	10,904	11,293	0	11,293	10,807	0	10,807
B6608	Advertising AG	1,815	0	1,815	430	3,152	(2,722)	(80)	2,500	(2,580)
B6668	Reg Exp-Rate Case	24,029	23,777	252	24,029	23,777	252	24,029	23,777	252
B6678	Reg Exp-Other AG	1,299	777	522	1,299	777	522	1,299	777	522
B6707	Bad Debt Expense	44,631	48,418	(3,787)	(1,042)	47,499	(48,541)	(3,658)	50,661	(54,319)
B6751	Misc Exp Oper SS	2,762	4,183	(1,421)	5,123	3,819	1,304	1,833	3,819	(1,986)
B6753	Misc Exp Oper WT	46,670	52,737	(6,067)	33,202	43,534	(10,332)	31,699	47,271	(15,572)
B6754	Misc Exp Maint WT	11,952	14,802	(2,850)	12,189	13,952	(1,763)	15,160	13,952	1,208
B6755	Misc Exp Oper TD	23,904	21,917	1,987	32,592	22,529	10,063	21,607	20,273	1,334
B6756	Misc Exp Maint TD	31,192	17,546	13,646	38,122	17,546	20,576	22,278	17,546	4,732
B6757	Misc Exp CA	100,195	100,859	(664)	99,754	98,744	1,010	119,944	99,774	20,170
B6758	Misc Exp AG	88,792	119,913	(31,121)	104,277	142,005	(37,728)	121,827	208,181	(86,354)

Kentucky American Water Company
Water Only

Year-2010		2010	2010		2010	2010		2010	2010	
Account	Description	April	April	Variance	May	May	Variance	June	June	Variance
		Actual	Budget		Actual	Budget		Actual	Budget	
B403	Depreciation Exp	631,987	680,513	(48,526)	636,906	684,192	(47,286)	640,802	686,972	(46,170)
B406	Amort UPAA	1,801	1,801	(0)	1,801	1,801	(0)	1,801	1,801	(0)
B4071	Amort-Ltd Term UP	7,262	6,833	429	7,262	6,833	429	7,262	6,833	429
B4072	Amort-Prop Losses	34,349	34,215	134	34,349	34,215	134	34,349	34,215	134
B40810	Tax Oth thn Inc-Reg Assess Fee	7,701	8,925	(1,224)	7,701	8,925	(1,224)	7,701	8,925	(1,224)
B40811	Tax Oth thn Inc-Property Tax	281,997	341,316	(59,319)	283,845	341,316	(57,471)	884,575	341,316	543,259
B40812	Tax Oth thn Inc-Payroll Tax	42,880	46,985	(4,105)	43,548	45,722	(2,174)	46,497	46,922	(425)
B40813	Tax Oth thn Inc-Other	5,000	0	5,000	5,000	0	5,000	5,000	0	5,000
B40910	Income Taxes-FIT Oper	605,100	389,973	215,127	499,075	487,947	11,128	1,771,829	525,973	1,245,856
B40911	Income Taxes-SIT Oper	73,119	54,996	18,123	85,698	68,992	16,706	317,362	73,996	243,366
B40920	Income Taxes-Oth Inc/Ded	(12,306)	0	(12,306)	(9,303)	0	(9,303)	(18,204)	0	(18,204)
B41010	Def Inc Tax-FIT	(57,862)	0	(57,862)	140,247	0	140,247	(1,115,078)	0	(1,115,078)
B41011	Def Inc Tax-SIT	(13,558)	0	(13,558)	22,572	0	22,572	(196,975)	0	(196,975)
B41211	ITC-Restored	(7,066)	0	(7,066)	(7,066)	0	(7,066)	(7,066)	0	(7,066)
B415	M&I Revenues	(42,210)	(42,210)	(8,672)	(8,672)	(8,672)	(8,672)	(38,203)	(38,203)	(38,203)
B416	M&I Expenses	41,536	41,536	7,201	7,201	34,296	34,296	34,296	34,296	34,296
B419	Interest & Dividend Income	0	0	0	0	0	0	0	0	0
B420	AFUDC	(412,943)	(428,826)	15,883	(437,688)	(426,824)	(10,864)	(466,038)	(444,824)	(21,214)
B426	Misc Nonutility Expense	33,662	91,149	(57,487)	25,891	47,397	(21,506)	48,639	47,664	975
B4272	Int Exp-Short Term Debt	12,307	37,008	(24,701)	14,985	24,345	(9,360)	13,815	33,955	(20,140)
B4273	Int Exp-LTD	402,810	404,983	(2,173)	402,810	434,087	(31,277)	402,810	463,191	(60,381)
B4275	Int Exp-Other	0	0	0	0	0	0	0	0	0
B428	Amort Debt Expense	10,180	15,417	(5,237)	10,180	15,417	(5,237)	10,546	15,417	(4,871)
B437	Dividends Declared - Pref Stk	38,231	(2)	38,233	38,231	(2)	38,233	38,231	(2)	38,233
B438	Dividends Declared - Com Stk	0	0	0	0	0	0	1,818,174	1,848,071	(29,897)
B4611	Metered Sales-Res	(2,524,222)	(2,562,027)	37,805	(2,913,555)	(2,728,018)	(185,537)	(3,140,741)	(2,945,149)	(195,592)
B4612	Metered Sales-Com	(1,306,167)	(1,306,198)	31	(1,337,952)	(1,427,999)	90,047	(1,631,407)	(1,468,357)	(163,050)
B4613	Metered Sales-Ind	(122,307)	(137,382)	15,075	(144,648)	(161,958)	17,310	(115,961)	(111,788)	(4,173)
B4614	Metered Sales-OPA	(381,120)	(446,219)	65,099	(430,429)	(490,743)	60,314	(552,868)	(515,793)	(37,075)
B4621	Public Fire Revenues	(227,631)	(226,100)	(1,531)	(227,807)	(226,100)	(1,707)	(227,807)	(226,100)	(1,707)
B4622	Private Fire Revenues	(152,125)	(138,700)	(13,425)	(140,863)	(138,700)	(2,163)	(140,966)	(138,700)	(2,266)
B466	Sales for Resale	(108,398)	(117,430)	9,032	(115,299)	(117,430)	2,131	(132,961)	(117,430)	(15,531)
B467	Interdept Sales	(1,450)	(1,450)	(1,245)	(1,245)	(1,245)	(1,245)	(1,325)	(1,325)	(1,325)
B470	Forfeited Discounts	0	0	0	0	0	0	0	0	0
B471	Misc Service Revenues	(246,294)	(208,448)	(37,846)	(243,454)	(215,312)	(28,142)	(259,291)	(201,220)	(58,071)
B472	Rents from Water Property	(7,308)	(23,142)	15,834	(7,308)	(23,142)	15,834	(2,861)	(23,142)	20,281
B474	Other Water Revenues	(69,384)	(69,384)	(23,455)	(23,455)	(23,455)	(23,455)	(23,234)	(23,234)	(23,234)
B5213	SWR Rev Flat Rate Ind	0	(138)	138	(500)	(138)	(362)	(1,500)	(138)	(1,362)
B5214	SWR Rev Flat Rate Pub Auth	(639)	(46)	(593)	(596)	(46)	(550)	(629)	(46)	(583)
B6012	Salaries-Emp Maint SS	6,573	6,573	5,005	5,005	5,005	5,005	11,999	11,999	11,999
B6013	Salaries-Emp Oper WT	136,540	136,540	130,517	130,517	130,517	130,517	204,071	204,071	204,071
B6014	Salaries-Emp Maint WT	6,620	6,620	7,616	7,616	7,616	7,616	10,446	10,446	10,446
B6015	Salaries-Emp Oper TD	162,442	162,442	144,105	144,105	144,105	144,105	233,533	233,533	233,533
B6016	Salaries-Emp Maint TD	57,404	57,404	90,975	90,975	90,975	90,975	100,361	100,361	100,361
B6017	Salaries-Emp CA	65,005	65,005	77,518	77,518	77,518	77,518	96,013	96,013	96,013
B6018	Salaries-Emp AG	135,825	621,440	(485,615)	124,365	604,682	(480,317)	(34,318)	620,608	(654,926)
B6048	Empl Pens & Ben AG	294,812	339,456	(44,644)	308,827	339,068	(30,241)	283,810	336,406	(52,596)
B6101	Purchased Water Oper SS	5,528	9,576	(4,048)	13,693	11,346	2,347	7,008	11,851	(4,843)
B6151	Purch Power Oper SS	25,528	240,548	(215,020)	9,881	360,754	(350,873)	26,426	355,564	(329,138)
B6153	Purch Power Oper WT	220,487	0	220,487	248,587	0	248,587	285,104	0	285,104
B6155	Purch Power Oper TD	19	0	19	18	0	18	16	0	16
B6161	Purch Fuel Oper SS	0	0	0	0	0	0	0	0	0
B6183	Chemicals Oper WT	99,237	155,734	(56,497)	167,035	166,856	179	156,419	181,007	(24,588)
B6201	M&S Oper SS	0	263	(263)	147	263	(116)	0	263	(263)
B6202	M&S Maint SS	13,300	12,750	550	4,459	8,750	(4,291)	6,712	8,750	(2,038)
B6203	M&S Oper WT	2,065	2,647	(582)	1,672	2,647	(975)	3,457	2,647	810
B6204	M&S Maint WT	29,895	9,900	19,995	(11,051)	5,500	(16,551)	39,521	26,500	13,021
B6205	M&S Oper TD	10,630	10,008	622	21,270	10,008	11,262	11,026	10,012	1,014
B6206	M&S Maint TD	25,626	17,905	7,721	13,034	16,905	(3,871)	32,718	16,905	15,813
B6208	M&S AG	6,367	4,789	1,578	6,386	4,689	1,697	8,928	4,789	4,139
B6328	Cont Serv Acct AG	9,248	18,095	(8,847)	8,850	18,095	(9,245)	8,850	18,095	(9,245)
B6337	Cont Serv Legal CA	0	0	0	0	0	0	0	0	0
B6338	Cont Serv Legal AG	(83)	16,317	(16,400)	6,678	16,317	(9,639)	29,178	16,317	12,861
B6348	Cont Serv Mgmt Fee AG	0	362,146	(362,146)	0	346,411	(346,411)	0	372,576	(372,576)
B6353	Cont Serv Other Oper WT	38,769	17,773	20,996	37,357	32,373	4,984	18,764	35,898	(17,134)
B6355	Cont Serv Other Oper TD	8,447	10,167	(1,720)	9,458	10,167	(709)	20,195	10,167	10,028
B6356	Cont Serv Other Maint TD	157	157	0	0	0	0	0	0	0
B6357	Cont Serv Other CA	5,103	14,204	(9,101)	6,733	14,204	(7,471)	5,027	14,204	(9,177)
B6358	Cont Serv Other AG	712,404	374,539	337,865	728,547	369,016	359,531	745,084	387,399	357,685
B6415	Rents-Real Prop Oper TD	0	387	(387)	4,841	387	4,454	0	387	(387)
B6425	Rents-Equipment Oper TD	(1,062)	387	(1,449)	0	387	(387)	0	387	(387)
B6428	Rents-Equipment AG	2,003	2,283	(280)	2,660	2,283	377	3,403	2,283	1,120
B6505	Transportation Oper TD	0	0	0	1,132	1,132	1,132	48	48	48
B6508	Transportation AG	44,511	54,318	(9,807)	37,494	54,318	(16,824)	24,404	54,318	(29,914)
B6568	Ins Vehicle AG	2,918	3,000	(82)	2,918	3,000	(82)	2,918	3,000	(82)
B6578	Ins Gen Liab AG	31,537	68,311	(36,774)	31,622	68,311	(36,689)	(27,538)	68,311	(95,849)
B6588	Ins Work Comp AG	10,593	0	10,593	10,646	0	10,646	9,626	0	9,626
B6598	Ins Other AG	11,676	0	11,676	10,906	0	10,906	15,337	0	15,337
B6608	Advertising AG	0	5,000	(5,000)	2,650	3,534	(884)	4,004	3,488	516
B6668	Reg Exp-Rate Case	24,029	23,777	252	24,029	23,777	252	24,029	23,777	252
B6678	Reg Exp-Other AG	1,299	777	522	1,299	777	522	1,299	777	522
B6707	Bad Debt Expense	48,354	48,061	293	79,982	51,152	28,830	1,295	53,008	(51,713)
B6751	Misc Exp Oper SS	7,296	3,819	3,477	3,219	4,183	(964)	7,925	3,819	4,106
B6753	Misc Exp Oper WT	41,285	50,607	(9,322)	35,858	43,580	(7,722)	32,680	43,856	(11,176)
B6754	Misc Exp Maint WT	12,761	13,952	(1,191)	13,244	13,952	(708)	14,361	13,952	409
B6755	Misc Exp Oper TD	15,393	23,731	(8,338)	18,316	13,933	4,383	16,921	17,465	(544)
B6756	Misc Exp Maint TD	26,887	30,324	(3,437)	38,244	33,324	4,920	22,680	30,332	(7,652)
B6757	Misc Exp CA	113,205	109,408	3,797	100,952	99,259	1,693	102,881	98,744	4,137
B6758	Misc Exp AG	91,875	107,967	(16,092)	96,514	136,963	(40,449)	106,504	129,231	(22,727)

Kentucky American Water Company
Water Only

Year-2010		2010	2010		2010	2010		2010	2010	
Account	Description	July Actual	July Budget	Variance	August Actual	August Budget	Variance	September Actual	September Budget	Variance
B403	Depreciation Exp	640,400	687,602	(47,202)	640,397	689,483	(49,086)	650,212	693,414	(43,202)
B406	Amort UPAA	1,801	1,801	(0)	1,801	1,801	(0)	1,801	1,801	(0)
B4071	Amort-Ltd Term UP	7,262	6,833	429	7,262	6,833	429	7,262	6,833	429
B4072	Amort-Prop Losses	34,349	34,215	134	34,349	34,215	134	34,349	34,215	134
B40810	Tax Oth thn Inc-Reg Assess Fee	7,701	8,925	(1,224)	8,663	8,925	(262)	8,182	8,925	(743)
B40811	Tax Oth thn Inc-Property Tax	297,208	341,316	(44,108)	296,810	341,316	(44,506)	296,810	341,316	(44,506)
B40812	Tax Oth thn Inc-Payroll Tax	43,802	49,463	(5,661)	42,182	48,015	(5,833)	46,363	49,562	(3,199)
B40813	Tax Oth thn Inc-Other	5,000	0	5,000	5,000	0	5,000	5,000	0	5,000
B40910	Income Taxes-FIT Oper	981,585	691,973	289,612	571,352	805,973	(234,621)	(18,867,792)	691,973	(19,559,765)
B40911	Income Taxes-SIT Oper	173,693	97,996	75,697	98,879	113,996	(15,117)	188,623	96,996	91,627
B40920	Income Taxes-Oth Inc/Ded	(4,368)	0	(4,368)	12,358	0	12,358	(5,644)	0	(5,644)
B41010	Def Inc Tax-FIT	(101,254)	0	(101,254)	326,227	0	326,227	19,578,613	0	19,578,613
B41011	Def Inc Tax-SIT	(21,471)	0	(21,471)	56,489	0	56,489	(63,637)	0	(63,637)
B41211	ITC-Restored	(7,066)	0	(7,066)	(7,066)	0	(7,066)	(7,066)	0	(7,066)
B415	M&I Revenues	(19,095)		(19,095)	(46,925)		(46,925)	(10,519)		(10,519)
B416	M&I Expenses	12,618		12,618	6,377		6,377	11,465		11,465
B419	Interest & Dividend Income	0		0	0		0	0		0
B420	AFUDC	(345,206)	(462,823)	117,617	(331,425)	(478,824)	147,399	(180,739)	(292,824)	112,085
B426	Misc Nonutility Expense	18,201	40,074	(21,873)	10,605	30,656	(20,051)	16,732	31,804	(15,072)
B4272	Int Exp-Short Term Debt	10,382	37,491	(27,109)	8,972	40,151	(31,179)	8,347	47,766	(39,419)
B4273	Int Exp-LTD	398,928	463,191	(64,263)	402,810	552,841	(150,031)	576,881	642,491	(65,610)
B4275	Int Exp-Other	(18)		(18)	0		0	392		392
B428	Amort Debt Expense	11,321	15,417	(4,096)	11,444	15,417	(3,973)	10,975	15,417	(4,442)
B437	Dividends Declared - Pref Stk	38,231	(2)	38,233	38,231	(2)	38,233	38,231	(2)	38,233
B438	Dividends Declared - Com Stk	0	0	0	0	0	0	2,366,760	2,852,312	(485,552)
B4611	Metered Sales-Res	(3,311,733)	(3,234,479)	(77,254)	(3,399,040)	(3,399,036)	(568)	(3,327,638)	(3,384,091)	56,453
B4612	Metered Sales-Com	(1,613,010)	(1,629,320)	16,310	(1,697,246)	(1,762,317)	65,071	(1,826,174)	(1,767,638)	(58,536)
B4613	Metered Sales-Ind	(199,642)	(158,174)	(41,468)	(173,009)	(156,152)	(16,857)	(183,039)	(163,410)	(19,629)
B4614	Metered Sales-OPA	(535,806)	(583,375)	47,569	(658,314)	(687,381)	29,067	(714,748)	(741,312)	26,564
B4621	Public Fire Revenues	(228,101)	(226,100)	(2,001)	(227,993)	(226,100)	(1,893)	(226,388)	(226,100)	(288)
B4622	Private Fire Revenues	(140,568)	(138,700)	(1,868)	(141,219)	(138,700)	(2,519)	(140,163)	(138,700)	(1,463)
B466	Sales for Resale	(152,116)	(117,430)	(34,686)	(148,911)	(117,430)	(31,481)	(180,516)	(117,430)	(63,086)
B467	Interdept Sales	(1,514)		(1,514)	(1,571)		(1,571)	(2,006)		(2,006)
B470	Forfeited Discounts	0		0	0		0	0		0
B471	Misc Service Revenues	(253,379)	(203,092)	(50,287)	(259,380)	(196,254)	(63,126)	(257,804)	(195,084)	(62,720)
B472	Rents from Water Property	(7,446)	(23,142)	15,696	(12,639)	(23,142)	10,503	(7,308)	(23,142)	15,834
B474	Other Water Revenues	(23,390)		(23,390)	(29,027)		(29,027)	(27,151)		(27,151)
B5213	SWR Rev Flat Rate Ind	0	(138)	138	0	(138)	138	0	(138)	138
B5214	SWR Rev Flat Rate Pub Auth	(349)	(46)	(303)	(353)	(46)	(307)	(795)	(46)	(749)
B6012	Salaries-Emp Maint SS	5,614		5,614	5,848		5,848	6,502		6,502
B6013	Salaries-Emp Oper WT	148,040		148,040	131,902		131,902	130,586		130,586
B6014	Salaries-Emp Maint WT	7,203		7,203	6,931		6,931	8,832		8,832
B6015	Salaries-Emp Oper TD	159,656		159,656	144,841		144,841	158,631		158,631
B6016	Salaries-Emp Maint TD	71,353		71,353	82,099		82,099	88,875		88,875
B6017	Salaries-Emp CA	53,510		53,510	59,395		59,395	53,654		53,654
B6018	Salaries-Emp AG	149,731	653,839	(504,108)	135,285	637,307	(502,022)	195,485	665,064	(469,579)
B6048	Empl Pens & Ben AG	309,504	348,414	(38,910)	311,407	341,905	(30,498)	296,743	342,490	(45,747)
B6101	Purchased Water Oper SS	9,372	12,677	(3,305)	9,977	9,949	28	11,260	19,733	(8,473)
B6151	Purch Power Oper SS	29,888	377,037	(347,149)	26,931	407,647	(380,716)	25,995	379,292	(353,297)
B6153	Purch Power Oper WT	329,110	0	329,110	356,618	0	356,618	322,933	0	322,933
B6155	Purch Power Oper TD	16	0	16	18	0	18	15	0	15
B6161	Purch Fuel Oper SS	0		0	0		0	0		0
B6183	Chemicals Oper WT	166,561	210,889	(44,328)	209,757	265,768	(56,011)	174,843	285,608	(110,765)
B6201	M&S Oper SS	0	263	(263)	0	263	(263)	88	263	(175)
B6202	M&S Maint SS	10,307	53,250	(42,943)	4,140	15,350	(11,210)	59,066	8,750	50,316
B6203	M&S Oper WT	4,468	3,147	1,321	872	3,861	(2,989)	4,985	3,147	1,838
B6204	M&S Maint WT	20,740	5,500	15,240	51,652	5,500	46,152	14,646	5,500	9,146
B6205	M&S Oper TD	1,966	10,508	(8,542)	12,322	10,508	1,814	6,250	10,508	(4,258)
B6206	M&S Maint TD	19,753	17,405	2,348	45,330	17,405	27,925	81,718	17,405	64,313
B6208	M&S AG	6,480	4,689	1,791	7,490	4,689	2,801	12,512	5,939	6,573
B6328	Cont Serv Acct AG	15,371	18,095	(2,724)	9,767	18,095	(8,328)	7,884	18,095	(10,211)
B6337	Cont Serv Legal CA	0		0	1,257		1,257	(496)		(496)
B6338	Cont Serv Legal AG	4,084	16,317	(12,233)	(9,047)	16,317	(25,364)	55,490	16,317	39,173
B6348	Cont Serv Mgmt Fee AG	0	360,422	(360,422)	0	356,173	(356,173)	0	354,593	(354,593)
B6353	Cont Serv Other Oper WT	18,247	23,773	(5,526)	22,145	17,773	4,372	19,083	27,198	(8,115)
B6355	Cont Serv Other Oper TD	20,609	11,667	8,942	25,608	11,667	13,941	23,884	11,667	12,217
B6356	Cont Serv Other Maint TD	0		0	0		0	0		0
B6357	Cont Serv Other CA	11,653	14,204	(2,551)	14,590	14,204	386	4,365	14,204	(9,839)
B6358	Cont Serv Other AG	747,722	378,660	369,062	764,847	383,681	381,166	874,724	386,962	487,762
B6415	Rents-Real Prop Oper TD	(4,021)	387	(4,408)	0	387	(387)	303	387	(84)
B6425	Rents-Equipment Oper TD	100	387	(287)	0	387	(387)	0	387	(387)
B6428	Rents-Equipment AG	1,817	2,283	(466)	1,714	2,283	(569)	1,932	2,283	(351)
B6505	Transportation Oper TD	1,798		1,798	16		16	220		220
B6508	Transportation AG	37,889	54,318	(16,429)	34,438	54,318	(19,880)	39,028	54,318	(15,290)
B6568	Ins Vehicle AG	2,918	3,000	(82)	2,918	3,000	(82)	2,918	3,000	(82)
B6578	Ins Gen Liab AG	31,435	68,311	(36,876)	31,435	68,311	(36,876)	27,440	68,311	(40,871)
B6588	Ins Work Comp AG	10,371	0	10,371	10,244	0	10,244	10,001	0	10,001
B6598	Ins Other AG	15,665	0	15,665	11,801	0	11,801	11,683	0	11,683
B6608	Advertising AG	11,731	0	11,731	(2,081)	0	(2,081)	3,833	4,117	(284)
B6668	Reg Exp-Rate Case	24,029	23,777	252	24,029	23,777	252	24,029	23,777	252
B6678	Reg Exp-Other AG	1,299	777	522	1,299	777	522	1,299	777	522
B6707	Bad Debt Expense	17,091	57,820	(40,729)	1,544	61,158	(59,614)	233,093	61,586	171,507
B6751	Misc Exp Oper SS	233	4,419	(4,186)	4,353	4,419	(66)	25	4,783	(4,758)
B6753	Misc Exp Oper WT	33,291	57,634	(24,343)	29,451	46,425	(16,974)	40,561	46,387	(5,826)
B6754	Misc Exp Maint WT	12,890	14,152	(1,262)	14,491	14,152	339	14,223	14,152	71
B6755	Misc Exp Oper TD	15,246	14,174	1,072	19,436	13,809	5,627	16,615	14,335	2,280
B6756	Misc Exp Maint TD	16,436	30,324	(13,888)	119,977	30,324	89,653	37,075	35,324	1,751
B6757	Misc Exp CA	107,114	101,374	5,740	104,476	107,808	(3,332)	113,604	99,259	14,345
B6758	Misc Exp AG	86,597	133,618	(47,021)	119,733	119,918	(185)	109,300	169,402	(60,102)

Kentucky American Water Company
Water Only

Year-2010		2010	2010		2010	2010		2010	2010	
Account	Description	October Actual	October Budget	Variance	November Actual	November Budget	Variance	December Actual	December Budget	Variance
B403	Depreciation Exp	897,946	1,022,145	(124,199)	901,163	1,023,177	(122,014)	751,809	1,023,260	(271,451)
B406	Amort UPAA	1,801	1,801	(0)	1,801	1,801	(0)	1,801	1,801	(0)
B4071	Amort-Ltd Term UP	7,262	6,833	429	7,262	6,833	429	7,262	6,833	429
B4072	Amort-Prop Losses	34,349	34,215	134	34,349	34,215	134	34,349	34,215	134
B40810	Tax Oth thn Inc-Reg Assess Fee	8,182	9,228	(1,046)	8,182	9,228	(1,046)	8,182	9,228	(1,046)
B40811	Tax Oth thn Inc-Property Tax	296,810	341,316	(44,506)	296,810	341,316	(44,506)	296,799	341,316	(44,517)
B40812	Tax Oth thn Inc-Payroll Tax	39,188	46,139	(6,951)	48,082	49,617	(1,535)	48,928	50,937	(2,009)
B40813	Tax Oth thn Inc-Other	15,768	0	15,768	5,000	0	5,000	5,000	0	5,000
B40910	Income Taxes-FIT Oper	1,001,801	1,057,973	(56,172)	705,901	729,973	(24,072)	698,000	526,973	171,027
B40911	Income Taxes-SIT Oper	177,380	149,996	27,384	(88,344)	102,996	(191,340)	264,500	72,996	191,504
B40920	Income Taxes-Oth Inc/Ded	(11,473)	0	(11,473)	(10,650)	0	(10,650)	(71,876)	0	(71,876)
B41010	Def Inc Tax-FIT	53,571	0	53,571	(37,401)	0	(37,401)	(397,060)	0	(397,060)
B41011	Def Inc Tax-SIT	6,764	0	6,764	199,807	0	199,807	(213,238)	0	(213,238)
B41211	ITC-Restored	(7,066)	0	(7,066)	(7,066)	0	(7,066)	(7,066)	0	(7,066)
B415	M&J Revenues	(26,199)		(26,199)	(25,073)		(25,073)	(10,882)		(10,882)
B416	M&J Expenses	7,892		7,892	6,561		6,561	385		385
B419	Interest & Dividend Income	(439)		(439)	(59)		(59)	(14)		(14)
B420	AFUDC	(31,499)	(90,824)	59,325	(52,835)	(92,824)	39,989	(44,733)	(113,824)	69,091
B426	Misc Nonutility Expense	48,610	30,662	17,948	47,094	29,138	17,956	201,171	29,138	172,033
B4272	Int Exp-Short Term Debt	8,420	47,165	(38,745)	7,081	16,368	(9,287)	6,039	38,987	(32,948)
B4273	Int Exp-LTD	877,550	998,741	(121,191)	877,550	998,741	(121,191)	877,550	998,741	(121,191)
B4275	Int Exp-Other	0		0	0		0	3,802		3,802
B428	Amort Debt Expense	11,072	15,417	(4,345)	11,152	15,417	(4,265)	11,085	15,417	(4,332)
B437	Dividends Declared - Pref Stk	38,231	(2)	38,233	38,231	(2)	38,233	38,231	(2)	38,233
B438	Dividends Declared - Com Stk	0	0	0	0	0	0	3,275,847	3,005,078	270,769
B4611	Metered Sales-Res	(4,295,638)	(4,410,996)	115,358	(3,448,487)	(3,785,699)	337,212	(3,329,957)	(3,587,794)	257,837
B4612	Metered Sales-Com	(2,025,955)	(2,274,443)	248,488	(1,804,635)	(1,972,832)	168,197	(1,571,468)	(1,787,791)	216,323
B4613	Metered Sales-Ind	(160,948)	(197,939)	36,991	(174,604)	(180,607)	6,003	(152,631)	(152,528)	(103)
B4614	Metered Sales-OPA	(687,623)	(914,984)	227,361	(640,077)	(797,974)	157,897	(410,787)	(628,552)	217,765
B4621	Public Fire Revenues	(275,059)	(301,998)	26,939	(276,149)	(301,998)	25,849	(303,106)	(301,998)	(1,108)
B4622	Private Fire Revenues	(180,609)	(185,259)	4,650	(168,626)	(185,259)	16,633	(202,381)	(185,259)	(17,122)
B466	Sales for Resale	(215,479)	(156,849)	(58,630)	(250,878)	(156,849)	(94,029)	(85,458)	(156,849)	71,391
B467	Interdept Sales	(2,006)		(2,006)	(2,198)		(2,198)	(1,040)		(1,040)
B470	Forfeited Discounts	0		0	0		0	0		0
B471	Misc Service Revenues	(224,988)	(200,908)	(24,080)	(236,114)	(204,548)	(31,566)	(215,245)	(193,602)	(21,643)
B472	Rents from Water Property	(7,308)	(23,142)	15,834	(7,433)	(23,142)	15,709	(7,439)	(23,142)	15,703
B474	Other Water Revenues	(22,319)		(22,319)	(23,643)		(23,643)	(29,929)		(29,929)
B5213	SWR Rev Flat Rate Ind	0	(138)	138	0	(138)	138	0	(138)	138
B5214	SWR Rev Flat Rate Pub Auth	(1,034)	(46)	(988)	(1,116)	(46)	(1,070)	(915)	(46)	(869)
B6012	Salaries-Emp Maint SS	6,806		6,806	7,111		7,111	3,643		3,643
B6013	Salaries-Emp Oper WT	132,899		132,899	246,513		246,513	184,726		184,726
B6014	Salaries-Emp Maint WT	7,281		7,281	3,586		3,586	5,444		5,444
B6015	Salaries-Emp Oper TD	159,072		159,072	233,481		233,481	191,909		191,909
B6016	Salaries-Emp Maint TD	88,400		88,400	121,020		121,020	77,488		77,488
B6017	Salaries-Emp CA	55,533		55,533	87,658		87,658	57,888		57,888
B6018	Salaries-Emp AG	105,717	624,808	(519,091)	(33,223)	687,291	(720,514)	163,458	713,730	(550,272)
B6048	Empl Pens & Ben AG	341,730	341,929	(199)	276,146	347,012	(70,866)	342,250	344,967	(2,717)
B6101	Purchased Water Oper SS	11,594	16,516	(4,922)	12,148	11,425	723	6,062	12,858	(6,796)
B6151	Purch Power Oper SS	22,319	450,730	(428,411)	38,692	394,652	(355,960)	60,145	310,769	(250,624)
B6153	Purch Power Oper WT	319,604	0	319,604	294,200	0	294,200	255,315	0	255,315
B6155	Purch Power Oper TD	14	0	14	16	0	16	18	0	18
B6161	Purch Fuel Oper SS	0		0	0		0	0		0
B6183	Chemicals Oper WT	186,095	275,997	(89,902)	119,504	185,269	(65,765)	160,595	174,718	(14,123)
B6201	M&S Oper SS	0	263	(263)	0	263	(263)	17	263	(246)
B6202	M&S Maint SS	(256)	9,250	(9,506)	14,714	9,250	5,464	(1,816)	9,250	(11,066)
B6203	M&S Oper WT	4,578	3,147	1,431	7,531	3,453	4,078	29,815	3,147	26,668
B6204	M&S Maint WT	20,827	9,900	10,927	29,177	5,500	23,677	62,289	12,100	50,189
B6205	M&S Oper TD	12,108	10,508	1,600	238	10,508	(10,270)	8,575	10,758	(2,183)
B6206	M&S Maint TD	23,686	17,405	6,281	15,595	17,886	(2,291)	92,937	18,886	74,051
B6208	M&S AG	4,666	4,789	(123)	840	4,689	(3,849)	6,031	5,939	92
B6328	Cont Serv Acct AG	8,055	18,095	(10,040)	7,743	18,095	(10,352)	7,743	18,095	(10,352)
B6337	Cont Serv Legal CA	(36)		(36)	(160)		(160)	181		181
B6338	Cont Serv Legal AG	22,216	16,317	5,899	18,719	16,317	2,402	93,054	16,317	76,737
B6348	Cont Serv Mgmt Fee AG	0	356,702	(356,702)	0	350,475	(350,475)	0	357,035	(357,035)
B6353	Cont Serv Other Oper WT	17,594	17,173	421	14,982	13,873	1,109	48,050	13,373	34,677
B6355	Cont Serv Other Oper TD	21,022	11,167	9,855	15,733	11,167	4,566	8,017	9,417	(1,400)
B6356	Cont Serv Other Maint TD	0		0	0		0	0		0
B6357	Cont Serv Other CA	17,870	14,204	3,666	7,911	14,204	(6,293)	3,939	14,204	(10,265)
B6358	Cont Serv Other AG	717,845	376,371	341,474	750,971	384,023	366,948	833,335	454,601	378,734
B6415	Rents-Real Prop Oper TD	0	387	(387)	274	387	(113)	550	387	163
B6425	Rents-Equipment Oper TD	0	387	(387)	0	387	(387)	0	387	(387)
B6428	Rents-Equipment AG	1,677	2,283	(606)	6,130	2,283	3,847	1,790	2,283	(493)
B6505	Transportation Oper TD	0		0	325		325	1,186		1,186
B6508	Transportation AG	30,838	54,318	(23,480)	32,999	54,318	(21,319)	49,616	54,318	(4,702)
B6568	Ins Vehicle AG	2,918	3,000	(82)	2,918	3,000	(82)	2,918	3,000	(82)
B6578	Ins Gen Liab AG	31,435	68,311	(36,876)	31,435	68,311	(36,876)	57,091	68,311	(11,220)
B6588	Ins Work Comp AG	10,177	0	10,177	9,304	0	9,304	9,888	0	9,888
B6598	Ins Other AG	11,683	0	11,683	11,683	0	11,683	11,683	0	11,683
B6608	Advertising AG	230	3,604	(3,374)	12,032	1,534	10,498	1,339	0	1,339
B6668	Reg Exp-Rate Case	24,029	23,777	252	24,029	23,777	252	256,582	33,556	223,026
B6678	Reg Exp-Other AG	1,299	777	522	1,299	777	522	27,157	1,333	25,824
B6707	Bad Debt Expense	10,845	78,904	(68,059)	136,967	72,159	64,808	64,872	68,364	(3,492)
B6751	Misc Exp Oper SS	7,754	4,419	3,335	3,709	4,419	(710)	10,533	4,419	6,114
B6753	Misc Exp Oper WT	38,080	51,287	(13,207)	36,671	45,500	(8,829)	39,207	46,194	(6,987)
B6754	Misc Exp Maint WT	16,215	14,152	2,063	14,201	14,152	49	26,894	14,152	12,742
B6755	Misc Exp Oper TD	15,833	13,883	1,950	16,514	22,375	(5,861)	19,087	25,111	(6,024)
B6756	Misc Exp Maint TD	62,425	30,324	32,101	44,183	30,324	13,859	53,487	30,324	23,163
B6757	Misc Exp CA	96,199	100,344	(4,145)	105,841	99,774	6,067	106,320	107,808	(1,488)
B6758	Misc Exp AG	136,190	134,754	1,436	114,256	100,402	13,854	127,499	120,604	6,895

Kentucky American Water Company
Water Only

Year-2011		2011	2011		2011	2011		2011	2011	
Account	Description	January Actual	January Budget	Variance	February Actual	February Budget	Variance	March Actual	March Budget	Variance
B403	Depreciation Exp	865,657	897,594	(31,937)	892,955	898,972	(6,017)	884,056	899,972	(15,916)
B406	Amort UPAA	1,801	1,801	(0)	1,801	1,801	(0)	1,801	1,801	(0)
B4071	Amort-Ltd Term UP	11,544	7,463	4,081	11,544	7,463	4,081	11,544	7,463	4,081
B4072	Amort-Prop Losses	4,757	4,757	(0)	4,757	4,757	(0)	4,757	4,757	(0)
B40810	Tax Oth thn Inc-Reg Assess Fee	8,182	9,166	(984)	8,182	9,166	(984)	8,182	9,166	(984)
B40811	Tax Oth thn Inc-Property Tax	296,810	355,000	(58,190)	931,681	355,000	576,681	361,228	355,000	6,228
B40812	Tax Oth thn Inc-Payroll Tax	64,460	59,276	5,184	48,236	50,385	(2,149)	47,260	49,863	(2,603)
B40813	Tax Oth thn Inc-Other	5,000		5,000	(5,000)		(5,000)	0		0
B40910	Income Taxes-FIT Oper	550,901	(376,352)	927,254	229,826	350,955	(121,129)	166,187	230,600	(64,413)
B40911	Income Taxes-SIT Oper	95,149	(74,845)	169,994	47,233	54,875	(7,642)	(58,860)	32,224	(91,084)
B40920	Income Taxes-Oth Inc/Ded	(18,920)		(18,920)	(4,306)		(4,306)	(6,469)		(6,469)
B41010	Def Inc Tax-FIT	3,699	800,529	(796,830)	29,922	112,816	(82,894)	372,404	275,934	96,470
B41011	Def Inc Tax-SIT	(2,331)	144,201	(146,532)	2,451	21,905	(19,454)	157,555	51,653	105,902
B41211	ITC-Restored	(7,066)		(7,066)	(7,066)		(7,066)	(7,066)		(7,066)
B415	M&J Revenues	(32,063)	932	(32,995)	(12,072)	(17,623)	5,551	(10,685)	(35,467)	24,782
B416	M&J Expenses	5,681	6,500	(819)	14,803	16,482	(1,679)	4,109	12,112	(8,003)
B420	AFUDC	(38,213)	(8,745)	(29,468)	10,241	(11,507)	21,748	(21,156)	(13,931)	(7,225)
B421	Nonutility Income	0		0	0		0	0		0
B426	Misc Nonutility Expense	79,984	146,857	(66,873)	12,521	8,050	4,471	28,883	16,650	12,233
B4272	Int Exp-Short Term Debt	5,204	12,244	(7,040)	5,672	11,521	(5,849)	6,167	14,123	(7,956)
B4273	Int Exp-LTD	877,550	840,149	37,401	877,550	822,401	55,149	876,958	821,810	55,148
B4275	Int Exp-Other	(3,429)		(3,429)	286		286	87		87
B428	Amort Debt Expense	11,085	10,115	970	11,085	10,115	970	11,085	10,115	970
B437	Dividends Declared - Pref Stk	38,231	71,013	(32,782)	38,231	71,013	(32,782)	38,231	71,013	(32,782)
B438	Dividends Declared - Com Stk	0	0	0	0	0	0	2,460,804	2,614,775	(153,971)
B4611	Metered Sales-Res	(3,555,721)	(3,404,409)	(151,312)	(3,186,388)	(3,176,066)	(10,322)	(3,320,411)	(3,386,722)	66,311
B4612	Metered Sales-Com	(1,636,467)	(1,496,548)	(139,919)	(1,563,442)	(1,492,278)	(71,164)	(1,581,238)	(1,597,600)	16,362
B4613	Metered Sales-Ind	(121,569)	(126,161)	4,592	(160,898)	(139,117)	(21,781)	(147,968)	(140,012)	(7,956)
B4614	Metered Sales-OPA	(354,918)	(466,996)	112,078	(458,089)	(478,729)	20,640	(448,125)	(479,016)	30,891
B4621	Public Fire Revenues	(262,080)	(260,213)	(1,867)	(278,843)	(285,532)	6,689	(278,883)	(290,441)	11,558
B4622	Private Fire Revenues	(190,758)	(160,507)	(30,251)	(190,981)	(175,856)	(15,125)	(189,570)	(178,832)	(10,738)
B466	Sales for Resale	(183,650)	(163,321)	(20,329)	(112,457)	(154,132)	41,675	(123,220)	(149,344)	26,124
B467	Interdept Sales	(1,201)		(1,201)	(1,043)		(1,043)	(984)		(984)
B471	Misc Service Revenues	(199,931)	(214,000)	14,069	(220,639)	(222,000)	1,361	(242,428)	(231,500)	(10,928)
B472	Rents from Water Property	(7,308)	(27,000)	19,692	(7,308)	(27,000)	19,692	(9,676)	(27,000)	17,324
B474	Other Water Revenues	(23,288)		(23,288)	(20,519)		(20,519)	(23,709)		(23,709)
B5213	SWR Rev Flat Rate Ind	0	(500)	500	0	(500)	500	0	(500)	500
B5214	SWR Rev Flat Rate Pub Auth	263	(486)	749	(1,094)	(632)	(462)	(750)	(463)	(287)
B6012	Salaries-Emp Maint SS	6,328		6,328	8,797		8,797	6,652		6,652
B6013	Salaries-Emp Oper WT	175,959		175,959	159,569		159,569	170,061		170,061
B6014	Salaries-Emp Maint WT	7,283		7,283	8,828		8,828	9,162		9,162
B6015	Salaries-Emp Oper TD	162,249		162,249	143,699		143,699	147,913		147,913
B6016	Salaries-Emp Maint TD	72,694		72,694	73,118		73,118	70,759		70,759
B6017	Salaries-Emp CA	64,078	0	64,078	71,272	0	71,272	64,083	0	64,083
B6018	Salaries-Emp AG	131,770	615,072	(483,302)	109,430	571,942	(462,512)	147,647	655,424	(507,777)
B6045	Empl Pens & Ben Oper TD	1,296		1,296	0		0	0		0
B6048	Empl Pens & Ben AG	295,732	311,505	(15,773)	290,086	311,763	(21,677)	302,756	312,469	(9,713)
B6101	Purchased Water Oper SS	13,500	8,440	5,060	15,257	9,908	5,349	9,728	11,597	(1,869)
B6151	Purch Power Oper SS	42,509	302,860	(260,351)	57,556	284,054	(226,498)	48,611	308,525	(259,914)
B6153	Purch Power Oper WT	274,806		274,806	346,865		346,865	226,531		226,531
B6155	Purch Power Oper TD	18		18	21		21	22		22
B6161	Purch Fuel Oper SS	0		0	0		0	0		0
B6183	Chemicals Oper WT	137,628	138,629	(1,001)	130,347	126,309	4,038	156,529	141,339	15,190
B6201	M&S Oper SS	(17)	0	(17)	0	0	0	0	0	0
B6202	M&S Maint SS	26,625	14,656	11,969	30,596	13,656	16,940	29,834	13,656	16,178
B6203	M&S Oper WT	8,222	3,845	4,377	7,000	5,170	1,830	3,382	3,855	(473)
B6204	M&S Maint WT	22,549	10,574	11,975	7,468	10,574	(3,106)	29,900	44,398	(14,498)
B6205	M&S Oper TD	5,028	8,662	(3,634)	11,370	9,589	1,781	6,033	9,689	(3,656)
B6206	M&S Maint TD	18,977	18,355	622	30,061	18,355	11,706	45,984	19,455	26,529
B6208	M&S AG	7,676	4,968	2,708	6,246	4,790	1,456	6,323	4,859	1,464
B6328	Cont Serv Acct AG	7,743	7,899	(156)	8,055	7,899	156	7,852	7,899	(47)
B6337	Cont Serv Legal CA	150		150	0		0	0		0
B6338	Cont Serv Legal AG	9,221	16,564	(7,343)	36,815	16,564	20,251	59,796	16,564	43,232
B6353	Cont Serv Other Oper WT	17,576	27,829	(10,253)	27,899	27,930	(31)	17,948	22,970	(5,022)
B6355	Cont Serv Other Oper TD	4,661	10,025	(5,364)	(625)	10,030	(10,655)	8,675	12,051	(3,376)
B6357	Cont Serv Other CA	16,651	7,693	8,958	3,133	7,588	(4,455)	7,839	7,757	82
B6358	Cont Serv Other AG	711,165	703,101	8,064	668,777	680,080	(11,303)	686,648	741,194	(54,546)
B6415	Rents-Real Prop Oper TD	150	400	(250)	750	400	350	3,014	400	2,614
B6428	Rents-Equipment AG	2,316	2,346	(30)	1,497	3,009	(1,512)	3,784	2,570	1,214
B6503	Transportation Oper WT	0		0	0		0	0		0
B6505	Transportation Oper TD	0	417	(417)	(1,186)	417	(1,603)	0	417	(417)
B6508	Transportation AG	39,375	39,685	(310)	58,209	37,823	20,386	37,063	39,556	(2,493)
B6568	Ins Vehicle AG	2,456	3,064	(608)	2,456	3,064	(608)	2,456	3,064	(608)
B6578	Ins Gen Liab AG	29,489	23,403	6,086	28,839	23,403	5,436	13,593	23,403	(9,810)
B6588	Ins Work Comp AG	11,397	10,827	570	11,542	10,827	715	11,615	10,827	788
B6598	Ins Other AG	10,719	21,996	(11,277)	12,239	21,996	(9,757)	9,199	21,996	(12,797)
B6608	Advertising AG	0	127	(127)	0	127	(127)	0	1,893	(1,893)
B6668	Reg Exp-Rate Case	16,011	27,956	(11,945)	16,522	27,956	(11,434)	16,113	27,956	(11,843)
B6678	Reg Exp-Other AG	1,179	2,868	(1,689)	1,179	2,868	(1,689)	1,178	2,868	(1,690)
B6707	Bad Debt Expense	87,859	52,296	35,563	(61,828)	52,773	(114,601)	114,295	52,783	61,512
B6751	Misc Exp Oper SS	2,487	4,630	(2,143)	7,464	4,630	2,834	3,456	4,630	(1,174)
B6753	Misc Exp Oper WT	48,433	55,108	(6,675)	41,901	45,284	(3,383)	36,261	46,631	(10,370)
B6754	Misc Exp Maint WT	17,422	14,732	2,690	16,000	14,732	1,268	15,843	14,732	1,111
B6755	Misc Exp Oper TD	30,208	23,787	6,421	23,965	24,957	(992)	17,069	25,224	(8,155)
B6756	Misc Exp Maint TD	51,850	32,381	19,469	30,564	32,381	(1,817)	35,002	32,381	2,621
B6757	Misc Exp CA	102,377	102,201	176	103,839	108,875	(5,036)	109,187	99,461	9,726
B6758	Misc Exp AG	93,545	123,618	(30,073)	74,017	104,165	(30,148)	94,198	104,890	(10,692)

Kentucky American Water Company
Water Only

Year-2011		2011	2011		2011	2011		2011	2011	
Account	Description	April Actual	April Budget	Variance	May Actual	May Budget	Variance	June Actual	June Budget	Variance
B403	Depreciation Exp	897,273	900,000	(2,727)	900,297	900,000	297	900,918	900,000	918
B406	Amort UPAA	1,801	1,801	(0)	713	1,801	(1,088)	713	1,801	(1,088)
B4071	Amort-Ltd Term UP	11,544	7,463	4,081	11,544	7,463	4,081	11,544	7,463	4,081
B4072	Amort-Prop Losses	4,757	4,757	(0)	4,757	4,757	(0)	4,757	4,757	(0)
B40810	Tax Oth thn Inc-Reg Assess Fee	8,182	9,166	(984)	8,182	9,166	(984)	8,182	9,166	(984)
B40811	Tax Oth thn Inc-Property Tax	361,201	355,000	6,201	361,359	355,000	6,359	370,637	355,000	15,637
B40812	Tax Oth thn Inc-Payroll Tax	43,279	45,613	(2,334)	46,766	47,950	(1,184)	46,746	47,660	(914)
B40813	Tax Oth thn Inc-Other	0	0	0	0	0	0	0	0	0
B40910	Income Taxes-FIT Oper	539,171	443,144	96,027	463,705	316,667	147,038	745,427	519,950	225,477
B40911	Income Taxes-SIT Oper	98,329	71,422	26,907	84,566	48,192	36,374	47,126	85,199	(38,073)
B40920	Income Taxes-Oth Inc/Ded	(6,980)	(6,980)	(0)	(11,012)	(11,012)	(0)	(17,528)	(17,528)	(0)
B41010	Def Inc Tax-FIT	(82,872)	24,705	(107,577)	137,145	238,548	(101,403)	141,889	203,637	(61,748)
B41011	Def Inc Tax-SIT	(18,119)	5,836	(23,955)	22,006	44,834	(22,828)	115,515	38,467	77,048
B41211	ITC-Restored	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)
B415	M&J Revenues	(5,978)	(5,756)	(222)	(18,482)	(10,697)	(7,785)	(7,972)	(4,379)	(3,593)
B416	M&J Expenses	9,871	21,727	(11,856)	7,401	965	6,436	13,889	3,535	10,354
B420	AFUDC	(23,999)	(17,420)	(6,579)	(27,617)	(22,902)	(4,715)	(31,734)	(29,820)	(1,914)
B421	Nonutility Income	0	0	0	0	0	0	0	0	0
B426	Misc Nonutility Expense	15,213	18,140	(2,927)	43,054	39,630	3,424	41,710	43,766	(2,056)
B4272	Int Exp-Short Term Debt	7,305	14,658	(7,353)	6,581	339	6,242	6,977	2,297	4,680
B4273	Int Exp-LTD	859,802	822,654	37,148	859,788	953,138	(93,350)	859,802	953,138	(93,336)
B4275	Int Exp-Other	4	4	0	0	0	0	0	0	0
B428	Amort Debt Expense	5,877	4,907	970	5,877	4,907	970	5,877	4,907	970
B437	Dividends Declared - Pref Stk	38,231	71,013	(32,782)	38,231	71,013	(32,782)	38,231	71,013	(32,782)
B438	Dividends Declared - Com Stk	0	0	0	0	0	0	1,551,717	1,561,275	(9,558)
B4611	Metered Sales-Res	(3,111,859)	(3,249,687)	137,828	(3,493,088)	(3,475,258)	(17,830)	(4,128,190)	(3,895,556)	(232,634)
B4612	Metered Sales-Com	(1,524,172)	(1,538,705)	14,533	(1,716,631)	(1,681,977)	(34,654)	(1,859,661)	(1,782,608)	(77,053)
B4613	Metered Sales-Ind	(157,175)	(144,937)	(12,238)	(122,094)	(150,060)	27,966	(138,110)	(146,579)	8,469
B4614	Metered Sales-OPA	(463,415)	(488,603)	25,188	(529,857)	(530,573)	716	(584,952)	(603,143)	18,191
B4621	Public Fire Revenues	(279,127)	(297,269)	18,142	(279,072)	(292,065)	12,993	(279,587)	(305,588)	26,001
B4622	Private Fire Revenues	(188,468)	(182,971)	(5,497)	(188,440)	(179,816)	(8,624)	(190,990)	(188,014)	(2,976)
B466	Sales for Resale	(102,070)	(130,782)	28,712	(159,093)	(161,779)	2,686	(221,672)	(191,986)	(29,686)
B467	Interdept Sales	(1,358)	(1,358)	(0)	(1,323)	(1,323)	(0)	(1,350)	(1,350)	(0)
B471	Misc Service Revenues	(232,137)	(241,500)	9,363	(233,929)	(240,500)	6,571	(242,859)	(245,000)	2,141
B472	Rents from Water Property	(7,308)	(27,000)	19,692	(8,515)	(27,000)	18,485	(8,359)	(27,000)	18,641
B474	Other Water Revenues	(21,166)	(21,166)	(0)	(20,600)	(20,600)	(0)	(25,915)	(25,915)	(0)
B5213	SWR Rev Flat Rate Ind	0	0	0	0	(500)	500	0	(500)	500
B5214	SWR Rev Flat Rate Pub Auth	(698)	(639)	(59)	(667)	(596)	(71)	(515)	(566)	51
B6012	Salaries-Emp Maint SS	6,640	6,640	0	6,184	6,184	456	9,420	9,420	0
B6013	Salaries-Emp Oper WT	169,748	169,748	0	174,344	174,344	4,596	266,802	266,802	0
B6014	Salaries-Emp Maint WT	8,099	8,099	0	7,931	7,931	168	10,002	10,002	0
B6015	Salaries-Emp Oper TD	134,338	134,338	0	144,548	144,548	0	215,596	215,596	0
B6016	Salaries-Emp Maint TD	85,970	85,970	0	75,666	75,666	10,304	107,227	107,227	0
B6017	Salaries-Emp CA	60,609	60,609	0	59,936	59,936	673	75,399	75,399	0
B6018	Salaries-Emp AG	125,814	605,760	(479,946)	170,087	636,654	(466,567)	(29,970)	632,921	(662,891)
B6045	Empl Pens & Ben Oper TD	0	0	0	0	0	0	0	0	0
B6048	Empl Pens & Ben AG	286,201	301,471	(15,270)	297,417	302,320	(4,903)	266,387	303,994	(37,607)
B6101	Purchased Water Oper SS	8,894	5,731	3,163	19,281	14,196	5,085	20,621	7,265	13,356
B6151	Purch Power Oper SS	46,329	290,581	(244,252)	48,861	322,272	(273,411)	32,106	401,060	(368,954)
B6153	Purch Power Oper WT	199,979	199,979	0	228,409	228,409	0	296,019	296,019	0
B6155	Purch Power Oper TD	19	19	0	26	26	0	17	17	0
B6161	Purch Fuel Oper SS	0	0	0	0	0	0	5,414	5,414	0
B6183	Chemicals Oper WT	148,604	123,565	25,039	144,019	151,333	(7,314)	183,199	152,404	30,795
B6201	M&S Oper SS	0	0	0	0	0	0	573	0	573
B6202	M&S Maint SS	37,227	20,235	16,992	31,663	21,641	10,022	44,850	13,656	31,194
B6203	M&S Oper WT	4,126	4,270	(144)	5,010	3,870	1,140	1,585	3,970	(2,385)
B6204	M&S Maint WT	32,777	72,991	(40,214)	19,630	15,239	4,391	16,105	55,614	(39,509)
B6205	M&S Oper TD	10,272	9,789	483	9,116	9,789	(673)	7,394	9,789	(2,395)
B6206	M&S Maint TD	56,704	17,955	38,749	(30,231)	17,955	(48,186)	55,930	17,955	37,975
B6208	M&S AG	6,592	4,939	1,653	10,268	5,409	4,859	4,592	4,847	(255)
B6328	Cont Serv Acct AG	7,743	7,899	(156)	12,987	7,899	5,088	8,309	7,899	410
B6337	Cont Serv Legal CA	0	0	0	1,033	1,033	0	0	0	0
B6338	Cont Serv Legal AG	39,220	16,564	22,656	47,707	16,564	31,143	(10,245)	16,564	(26,809)
B6353	Cont Serv Other Oper WT	17,564	27,180	(9,616)	16,805	38,164	(21,359)	28,514	39,018	(10,504)
B6355	Cont Serv Other Oper TD	14,617	12,051	2,566	12,049	12,051	(2)	21,397	12,051	9,346
B6357	Cont Serv Other CA	5,148	7,620	(2,472)	8,052	7,581	471	10,578	7,593	2,985
B6358	Cont Serv Other AG	633,791	696,353	(62,562)	680,298	705,643	(25,345)	638,694	727,381	(88,687)
B6415	Rents-Real Prop Oper TD	0	400	(400)	457	400	57	309	400	(91)
B6428	Rents-Equipment AG	2,440	2,570	(130)	2,437	2,571	(134)	1,010	2,578	(1,568)
B6503	Transportation Oper WT	0	0	0	0	0	0	0	0	0
B6505	Transportation Oper TD	0	417	(417)	0	417	(417)	11	417	(406)
B6508	Transportation AG	32,423	38,141	(5,718)	58,360	37,925	20,435	58,352	41,350	17,002
B6568	Ins Vehicle AG	2,456	3,064	(608)	2,456	3,064	(608)	2,456	3,064	(608)
B6578	Ins Gen Liab AG	28,839	23,403	5,436	28,434	23,403	5,031	9,377	23,403	(14,026)
B6588	Ins Work Comp AG	11,471	10,827	644	11,495	10,827	668	10,490	10,827	(337)
B6598	Ins Other AG	10,720	21,996	(11,276)	10,717	21,996	(11,279)	11,345	21,996	(10,651)
B6608	Advertising AG	0	834	(834)	2,309	7,014	(4,705)	4,116	2,426	1,690
B6668	Reg Exp-Rate Case	16,113	27,956	(11,843)	18,678	27,956	(9,278)	17,531	27,956	(10,425)
B6678	Reg Exp-Other AG	1,179	2,868	(1,689)	1,179	2,868	(1,689)	1,179	2,868	(1,689)
B6707	Bad Debt Expense	(7,517)	56,296	(63,813)	120,006	53,902	66,104	58,110	58,566	(456)
B6751	Misc Exp Oper SS	5,087	4,630	457	6,565	6,109	456	6,912	4,282	2,630
B6753	Misc Exp Oper WT	51,961	51,231	730	33,528	47,617	(14,089)	32,737	44,698	(11,961)
B6754	Misc Exp Maint WT	15,068	14,732	336	14,408	14,732	(324)	14,563	14,732	(169)
B6755	Misc Exp Oper TD	16,844	20,740	(3,896)	15,234	21,033	(5,799)	15,660	21,279	(5,619)
B6756	Misc Exp Maint TD	36,097	32,381	3,716	41,340	35,412	5,928	30,649	32,381	(1,732)
B6757	Misc Exp CA	92,997	101,401	(8,404)	104,721	99,753	4,968	105,951	99,753	6,198
B6758	Misc Exp AG	99,408	120,677	(21,269)	117,225	116,291	934	172,923	125,317	47,606

Kentucky American Water Company
Water Only

Year-2011		2011	2011		2011	2011		2011	2011	
Account	Description	July Actual	July Budget	Variance	August Actual	August Budget	Variance	September Actual	September Budget	Variance
B403	Depreciation Exp	904,292	902,060	2,232	906,736	914,926	(8,190)	912,603	915,297	(2,694)
B406	Amort UPAA	713	1,801	(1,088)	713	1,801	(1,088)	713	1,801	(1,088)
B4071	Amort-Ltd Term UP	11,544	7,463	4,081	11,544	7,463	4,081	11,544	7,463	4,081
B4072	Amort-Prop Losses	4,757	4,757	(0)	4,757	4,757	(0)	4,757	4,757	(0)
B40810	Tax Oth thn Inc-Reg Assess Fee	9,438	9,166	272	9,438	9,166	272	9,438	9,166	272
B40811	Tax Oth thn Inc-Property Tax	361,359	355,000	6,359	352,081	355,000	(2,919)	36,762	355,000	(318,238)
B40812	Tax Oth thn Inc-Payroll Tax	44,229	46,254	(2,025)	47,763	49,561	(1,798)	45,079	47,124	(2,045)
B40813	Tax Oth thn Inc-Other	0	0	0	0	0	0	0	0	0
B40910	Income Taxes-FIT Oper	1,354,428	984,811	369,618	670,822	755,757	(84,935)	14,680,642	575,722	14,104,921
B40911	Income Taxes-SIT Oper	247,008	170,296	76,712	122,338	128,222	(5,884)	6,389,140	95,388	6,293,752
B40920	Income Taxes-Oth Inc/Ded	4,597	0	4,597	(16,789)	0	(16,789)	(13,943)	0	(13,943)
B41010	Def Inc Tax-FIT	(91,241)	19,486	(110,727)	365,085	256,664	108,421	(13,725,690)	352,674	(14,078,364)
B41011	Def Inc Tax-SIT	(19,645)	4,884	(24,529)	63,575	48,138	15,437	(6,213,176)	65,648	(6,278,824)
B41211	ITC-Restored	(7,066)	0	(7,066)	(7,066)	0	(7,066)	(7,066)	0	(7,066)
B415	M&J Revenues	(29,815)	(2,421)	(27,394)	(10,671)	9,515	(20,186)	(16,991)	(12,200)	(4,791)
B416	M&J Expenses	9,535	3,786	5,749	15,172	5,887	9,285	17,715	1,906	15,809
B420	AFUDC	(36,879)	(37,996)	1,117	(42,916)	(49,340)	6,424	(44,220)	(60,622)	16,402
B421	Nonutility Income	0	0	0	0	0	0	(19,049,545)	0	(19,049,545)
B426	Misc Nonutility Expense	11,026	9,300	1,726	44,668	12,550	32,118	19,090,645	18,000	19,072,645
B4272	Int Exp-Short Term Debt	6,864	2,661	4,203	6,326	2,313	4,013	6,582	3,347	3,235
B4273	Int Exp-LTD	859,802	961,945	(102,143)	859,802	961,959	(102,157)	859,802	961,935	(102,133)
B4275	Int Exp-Other	14	0	14	0	0	0	0	0	0
B428	Amort Debt Expense	5,877	4,907	970	5,877	4,907	970	5,877	4,907	970
B437	Dividends Declared - Pref Stk	38,231	71,013	(32,782)	38,231	71,013	(32,782)	38,231	71,013	(32,782)
B438	Dividends Declared - Com Stk	0	0	0	0	0	0	2,445,130	2,047,889	397,241
B4611	Metered Sales-Res	(4,357,174)	(4,402,081)	44,907	(3,908,560)	(4,297,215)	388,655	(3,701,903)	(4,076,244)	374,341
B4612	Metered Sales-Com	(2,197,376)	(1,959,101)	(238,275)	(2,165,000)	(2,111,213)	(53,787)	(1,955,979)	(1,957,669)	1,690
B4613	Metered Sales-Ind	(233,687)	(189,292)	(44,395)	(213,188)	(192,469)	(20,719)	(203,933)	(180,337)	(23,596)
B4614	Metered Sales-OPA	(718,370)	(626,948)	(91,422)	(729,901)	(706,111)	(23,790)	(688,293)	(784,325)	96,032
B4621	Public Fire Revenues	(281,968)	(324,438)	42,470	(279,675)	(321,233)	41,558	(281,096)	(333,163)	52,067
B4622	Private Fire Revenues	(218,045)	(199,440)	(18,605)	(204,884)	(197,497)	(7,387)	(188,496)	(204,729)	16,233
B466	Sales for Resale	(217,053)	(243,919)	26,866	(188,748)	(211,364)	22,616	(184,868)	(198,392)	13,524
B467	Interdept Sales	(1,370)	0	(1,370)	(1,180)	0	(1,180)	(1,350)	0	(1,350)
B471	Misc Service Revenues	(247,597)	(252,500)	4,903	(254,524)	(253,000)	(1,524)	(267,756)	(250,000)	(17,756)
B472	Rents from Water Property	(7,609)	(27,000)	19,391	(7,609)	(27,000)	19,391	(7,609)	(27,000)	19,391
B474	Other Water Revenues	(28,898)	0	(28,898)	(31,196)	0	(31,196)	(26,184)	0	(26,184)
B5213	SWR Rev Flat Rate Ind	0	(500)	500	0	(500)	500	0	(500)	500
B5214	SWR Rev Flat Rate Pub Auth	(286)	(362)	76	0	(548)	548	0	(650)	650
B6012	Salaries-Emply Maint SS	6,328	0	6,328	4,938	0	4,938	3,596	0	3,596
B6013	Salaries-Emply Oper WT	185,529	0	185,529	183,811	0	183,811	186,921	0	186,921
B6014	Salaries-Emply Maint WT	7,468	0	7,468	7,225	0	7,225	5,429	0	5,429
B6015	Salaries-Emply Oper TD	167,830	0	167,830	136,872	0	136,872	140,512	0	140,512
B6016	Salaries-Emply Maint TD	60,978	0	60,978	75,349	0	75,349	68,220	0	68,220
B6017	Salaries-Emply CA	49,812	8,833	40,979	58,067	8,833	49,234	47,704	8,833	38,871
B6018	Salaries-Emply AG	145,850	613,778	(467,928)	184,319	660,479	(476,160)	185,914	636,718	(450,804)
B6045	Empl Pens & Ben Oper TD	0	0	0	0	0	0	0	0	0
B6048	Empl Pens & Ben AG	286,931	316,958	(30,027)	299,212	311,883	(12,672)	287,575	309,423	(21,848)
B6101	Purchased Water Oper SS	21,268	8,996	12,272	12,644	6,167	6,477	55,174	16,312	38,862
B6151	Purch Power Oper SS	66,514	416,883	(350,369)	49,297	423,103	(373,806)	45,519	400,416	(354,897)
B6153	Purch Power Oper WT	226,393	0	226,393	355,421	0	355,421	278,771	0	278,771
B6155	Purch Power Oper TD	13	0	13	18	0	18	17	0	17
B6161	Purch Fuel Oper SS	0	0	0	0	0	0	0	0	0
B6183	Chemicals Oper WT	204,630	151,215	53,415	175,780	206,654	(30,874)	171,198	182,309	(11,111)
B6201	M&S Oper SS	0	0	0	0	0	0	0	0	0
B6202	M&S Maint SS	(97,893)	13,656	(111,549)	(22,916)	15,024	(37,940)	(864)	72,744	(73,608)
B6203	M&S Oper WT	6,080	3,870	2,210	6,656	4,501	2,155	9,244	4,320	4,924
B6204	M&S Maint WT	34,962	10,574	24,388	22,884	10,574	12,310	31,868	12,574	19,294
B6205	M&S Oper TD	9,591	9,687	(96)	8,114	9,688	(1,574)	17,234	9,688	7,546
B6206	M&S Maint TD	37,864	17,955	19,909	17,275	19,455	(2,180)	29,956	19,455	10,501
B6208	M&S AG	5,063	4,966	97	6,405	5,254	1,151	11,198	6,417	4,781
B6328	Cont Serv Acct AG	9,735	7,899	1,836	7,785	7,899	(114)	7,779	7,899	(120)
B6337	Cont Serv Legal CA	0	0	0	0	0	0	0	0	0
B6338	Cont Serv Legal AG	6,198	16,564	(10,366)	39,245	16,564	22,681	(498)	16,564	(17,062)
B6353	Cont Serv Other Oper WT	13,232	29,739	(16,507)	32,341	21,858	10,483	32,226	21,858	10,368
B6355	Cont Serv Other Oper TD	25,452	11,546	13,906	11,294	11,546	(252)	15,709	11,546	4,163
B6357	Cont Serv Other CA	5,550	7,634	(2,084)	6,125	7,743	(1,618)	4,635	7,760	(3,125)
B6358	Cont Serv Other AG	641,576	712,211	(70,635)	660,156	737,132	(76,976)	653,214	720,222	(67,009)
B6415	Rents-Real Prop Oper TD	100	400	(300)	100	400	(300)	308	400	(92)
B6428	Rents-Equipment AG	1,401	2,338	(937)	2,023	2,778	(755)	3,063	2,362	701
B6503	Transportation Oper WT	0	0	0	0	0	0	0	0	0
B6505	Transportation Oper TD	801	417	384	(114)	417	(531)	0	417	(417)
B6508	Transportation AG	20,062	40,436	(20,374)	29,738	39,446	(9,708)	(50,383)	38,273	(88,656)
B6568	Ins Vehicle AG	2,456	3,064	(608)	2,456	3,064	(608)	2,456	3,064	(608)
B6578	Ins Gen Liab AG	28,443	23,403	5,040	28,443	23,403	5,040	33,552	23,403	10,149
B6588	Ins Work Comp AG	11,461	10,827	634	11,235	10,827	408	11,354	10,827	527
B6598	Ins Other AG	10,730	21,996	(11,266)	10,730	21,996	(11,266)	10,832	21,996	(11,164)
B6608	Advertising AG	0	1,293	(1,293)	0	127	(127)	0	1,893	(1,893)
B6668	Reg Exp-Rate Case	16,653	27,956	(11,303)	16,569	27,956	(11,387)	16,566	27,956	(11,390)
B6678	Reg Exp-Other AG	1,179	2,868	(1,689)	1,179	2,868	(1,689)	1,179	2,868	(1,689)
B6707	Bad Debt Expense	67,972	67,102	870	(23,692)	68,905	(92,597)	139,649	69,206	70,443
B6751	Misc Exp Oper SS	4,735	4,897	(162)	6,210	3,283	2,927	1,910	4,579	(2,669)
B6753	Misc Exp Oper WT	27,212	51,900	(24,688)	71,741	45,700	26,041	40,346	45,323	(4,977)
B6754	Misc Exp Maint WT	15,351	14,732	619	18,287	14,732	3,555	15,332	14,732	600
B6755	Misc Exp Oper TD	9,283	20,129	(10,846)	12,937	20,129	(7,192)	18,119	20,279	(2,160)
B6756	Misc Exp Maint TD	34,844	32,381	2,463	23,832	32,381	(8,549)	36,099	37,433	(1,334)
B6757	Misc Exp CA	107,392	101,401	5,991	99,365	99,753	(388)	113,750	99,753	13,997
B6758	Misc Exp AG	116,956	152,728	(35,772)	111,272	111,114	158	137,399	107,710	29,689

Kentucky American Water Company
Water Only

Year-2011		2011	2011		2011	2011		2011	2011	
Account	Description	October Actual	October Budget	Variance	November Actual	November Budget	Variance	December Actual	December Budget	Variance
B403	Depreciation Exp	917,658	915,387	2,271	922,412	1,012,275	(89,864)	924,803	1,012,379	(87,576)
B406	Amort UPAA	713	1,801	(1,088)	713	1,801	(1,088)	607	1,801	(1,194)
B4071	Amort-Ltd Term UP	11,544	7,463	4,081	11,544	7,463	4,081	11,544	7,463	4,081
B4072	Amort-Prop Losses	4,757	4,757	(0)	4,757	4,757	(0)	4,757	4,757	(0)
B40810	Tax Oth thn Inc-Reg Assess Fee	9,438	9,166	272	9,438	9,166	272	9,438	9,166	272
B40811	Tax Oth thn Inc-Property Tax	325,161	355,000	(29,839)	325,427	355,000	(29,573)	333,489	355,000	(21,511)
B40812	Tax Oth thn Inc-Payroll Tax	40,292	44,093	(3,801)	44,667	46,951	(2,284)	43,873	46,861	(2,988)
B40813	Tax Oth thn Inc-Other	101		101	(76)		(76)	11,116		11,116
B40910	Income Taxes-FIT Oper	831,939	931,098	(99,160)	2,576,464	523,084	2,053,380	(1,806,247)	416,485	(2,222,732)
B40911	Income Taxes-SIT Oper	151,721	160,415	(8,694)	(6,510,978)	86,020	(6,596,998)	(312,003)	66,462	(378,465)
B40920	Income Taxes-Oth Inc/Ded	(9,372)		(9,372)	(37,633)		(37,633)	(4,487,624)		(4,487,624)
B41010	Def Inc Tax-FIT	121,735	20,713	101,022	(2,137,371)	76,702	(2,214,073)	2,066,190	(8,324)	2,074,514
B41011	Def Inc Tax-SIT	19,196	5,107	14,089	6,586,641	15,319	6,571,322	336,299	(187)	336,486
B41211	ITC-Restored	(7,066)		(7,066)	(7,066)		(7,066)	(7,066)		(7,066)
B415	M&J Revenues	20,407	(1,567)	21,974	(30,054)	(1,436)	(28,618)	(14,390)	4,545	(18,935)
B416	M&J Expenses	6,490	3,237	3,253	17,344	3,753	13,591	12,840	4,962	7,878
B420	AFUDC	(46,233)	(71,021)	24,788	(50,517)	(50,180)	(337)	(58,839)	(56,824)	(2,015)
B421	Nonutility Income	0		0	0		0	0		0
B426	Misc Nonutility Expense	5,499	7,100	(1,601)	101,123	9,100	92,023	39,036	7,150	31,886
B4272	Int Exp-Short Term Debt	7,171	4,165	3,006	5,318	3,361	1,957	2,417	6,779	(4,362)
B4273	Int Exp-LTD	859,802	965,042	(105,240)	887,858	965,027	(77,169)	943,969	964,994	(21,025)
B4275	Int Exp-Other	0		0	0		0	0		0
B428	Amort Debt Expense	5,877	4,907	970	5,877	4,907	970	5,877	4,907	970
B437	Dividends Declared - Pref Stk	38,231	71,013	(32,782)	38,231	71,013	(32,782)	38,231	71,013	(32,782)
B438	Dividends Declared - Com Stk	0	0	0	0	0	0	7,115,955	3,707,747	3,408,208
B4611	Metered Sales-Res	(3,850,962)	(4,162,121)	311,159	(3,125,868)	(3,601,751)	475,883	(3,120,835)	(3,431,505)	310,670
B4612	Metered Sales-Com	(1,874,287)	(1,966,101)	91,814	(1,531,451)	(1,670,458)	139,007	(1,356,213)	(1,465,362)	109,149
B4613	Metered Sales-Ind	(178,240)	(175,598)	(2,642)	(151,096)	(151,257)	161	(140,425)	(134,278)	(6,147)
B4614	Metered Sales-OPA	(619,962)	(691,971)	72,009	(430,898)	(569,522)	138,624	(375,620)	(489,977)	114,357
B4621	Public Fire Revenues	(280,092)	(317,386)	37,294	(280,130)	(291,509)	11,379	(280,454)	(298,477)	18,023
B4622	Private Fire Revenues	(184,007)	(195,165)	11,158	(193,514)	(179,479)	(14,035)	(197,225)	(183,703)	(13,522)
B466	Sales for Resale	(156,721)	(184,634)	27,913	(116,379)	(167,450)	51,071	(137,497)	(151,088)	13,591
B467	Interdept Sales	(1,423)		(1,423)	(1,128)		(1,128)	(1,221)		(1,221)
B471	Misc Service Revenues	(235,160)	(238,000)	2,840	(243,306)	(233,500)	(9,806)	(223,589)	(218,500)	(5,089)
B472	Rents from Water Property	(7,609)	(27,000)	19,391	(7,609)	(27,000)	19,391	(7,609)	(27,000)	19,391
B474	Other Water Revenues	(25,666)		(25,666)	(25,593)		(25,593)	(23,722)		(23,722)
B5213	SWR Rev Flat Rate Ind	0	(500)	500	0	(500)	500	0	(500)	500
B5214	SWR Rev Flat Rate Pub Auth	0	(602)	602	0	(594)	594	0	(625)	625
B6012	Salaries-Emp Maint SS	4,890		4,890	7,209		7,209	4,496		4,496
B6013	Salaries-Emp Oper WT	181,448		181,448	273,361		273,361	200,754		200,754
B6014	Salaries-Emp Maint WT	5,705		5,705	8,523		8,523	6,757		6,757
B6015	Salaries-Emp Oper TD	132,643		132,643	221,103		221,103	154,770		154,770
B6016	Salaries-Emp Maint TD	73,556		73,556	100,811		100,811	73,369		73,369
B6017	Salaries-Emp CA	48,105	11,977	36,128	63,597	11,977	51,620	35,384	11,977	23,407
B6018	Salaries-Emp AG	138,082	604,001	(465,919)	(23,592)	660,422	(684,014)	327,539	659,378	(331,839)
B6045	Empl Pens & Ben Oper TD	0		0	0		0	0		0
B6048	Empl Pens & Ben AG	272,488	311,814	(39,326)	232,663	312,726	(80,063)	305,868	317,765	(11,897)
B6101	Purchased Water Oper SS	(5,469)	12,977	(18,446)	28,244	7,698	20,546	25,726	9,184	16,542
B6151	Purch Power Oper SS	46,727	329,453	(282,726)	40,951	292,121	(251,170)	43,191	273,335	(230,144)
B6153	Purch Power Oper WT	213,296		213,296	219,310		219,310	223,315		223,315
B6155	Purch Power Oper TD	13		13	18		18	26		26
B6161	Purch Fuel Oper SS	0		0	0		0	0		0
B6183	Chemicals Oper WT	140,033	202,544	(62,511)	148,330	138,185	10,145	145,169	134,374	10,795
B6201	M&S Oper SS	0	0	0	0	0	0	0	0	0
B6202	M&S Maint SS	18,949	13,656	5,293	10,942	13,656	(2,714)	5,183	13,656	(8,473)
B6203	M&S Oper WT	3,939	3,845	94	7,031	4,300	2,731	4,692	3,970	722
B6204	M&S Maint WT	33,273	15,106	18,167	19,474	10,574	8,900	46,313	17,372	28,941
B6205	M&S Oper TD	10,513	9,688	825	20,665	9,688	10,977	10,814	9,977	1,017
B6206	M&S Maint TD	29,824	17,955	11,869	23,268	17,955	5,313	49,846	18,955	30,891
B6208	M&S AG	5,917	5,036	881	7,990	5,253	2,737	10,087	6,414	3,673
B6328	Cont Serv Acct AG	7,779	7,899	(120)	7,779	7,899	(120)	7,779	7,899	(120)
B6337	Cont Serv Legal CA	0		0	0		0	0		0
B6338	Cont Serv Legal AG	20,329	16,564	3,765	33,432	16,564	16,868	20,417	16,564	3,853
B6353	Cont Serv Other Oper WT	21,171	20,688	483	16,424	17,970	(1,546)	20,123	16,970	3,153
B6355	Cont Serv Other Oper TD	10,735	11,546	(811)	13,973	11,546	2,427	12,368	9,778	2,590
B6357	Cont Serv Other CA	9,607	7,857	1,750	5,751	7,726	(1,975)	16,222	7,568	8,654
B6358	Cont Serv Other AG	560,724	702,320	(141,597)	572,162	709,302	(137,141)	788,411	762,768	25,643
B6415	Rents-Real Prop Oper TD	0	400	(400)	0	400	(400)	200	400	(200)
B6428	Rents-Equipment AG	573	2,570	(1,998)	3,050	2,570	480	3,050	2,570	480
B6503	Transportation Oper WT	70		70	0		0	0		0
B6505	Transportation Oper TD	0	417	(417)	0	417	(417)	0	417	(417)
B6508	Transportation AG	37,521	37,003	518	43,019	34,383	8,636	111,819	36,416	75,403
B6568	Ins Vehicle AG	2,456	3,064	(608)	2,456	3,064	(608)	2,456	3,064	(608)
B6578	Ins Gen Liab AG	28,443	23,403	5,040	28,443	23,403	5,040	29,618	23,403	6,215
B6588	Ins Work Comp AG	11,311	10,827	484	10,097	10,827	(730)	11,999	10,827	1,172
B6598	Ins Other AG	10,730	21,996	(11,266)	10,730	21,996	(11,266)	10,730	21,996	(11,266)
B6608	Advertising AG	1,964	5,659	(3,695)	0	127	(127)	0	127	(127)
B6668	Reg Exp-Rate Case	16,566	27,956	(11,390)	16,566	27,956	(11,390)	16,566	27,956	(11,390)
B6678	Reg Exp-Other AG	1,179	2,868	(1,689)	1,179	2,868	(1,689)	1,179	3,441	(2,262)
B6707	Bad Debt Expense	5,662	65,913	(60,251)	157,056	60,801	96,255	(43,406)	57,207	(100,613)
B6751	Misc Exp Oper SS	9,163	5,641	3,522	4,152	3,619	533	7,582	4,630	2,952
B6753	Misc Exp Oper WT	61,773	50,644	11,129	39,787	46,705	(6,918)	93,124	48,013	45,111
B6754	Misc Exp Maint WT	15,958	14,732	1,226	27,910	14,732	13,178	17,880	14,732	3,148
B6755	Misc Exp Oper TD	9,843	20,129	(10,286)	15,513	20,629	(5,116)	20,579	22,233	(1,654)
B6756	Misc Exp Maint TD	27,588	32,381	(4,793)	9,389	32,381	(22,992)	74,552	32,381	42,171
B6757	Misc Exp CA	106,684	101,401	5,283	99,443	99,753	(310)	96,826	99,753	(2,927)
B6758	Misc Exp AG	129,283	147,089	(17,806)	106,431	96,655	9,776	118,177	115,596	2,581

Kentucky American Water Company
January - December 2012
Water Only

NARUC	NARUC Description	Jan-12			Feb-12			Mar-12		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$930,728	\$914,114	\$16,614	\$929,181	\$914,888	\$14,293	\$928,890	\$916,388	\$12,502
406	Amort UPAA	713		713	713		713	713		713
407.1	Amort-Ltd Term UP	11,182	10,969	213	11,182	10,969	213	11,182	10,969	213
407.2	Amort-Prop Losses	4,757	4,757	(0)	4,757	4,757	(0)	4,757	4,757	(0)
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	9,438	8,182	1,256	9,438	8,182	1,256	9,438	8,182	1,256
408.11	Taxes Oth than Inc-Property	354,466	351,959	2,507	410,131	351,959	58,172	363,128	351,959	11,169
408.12	Taxes Oth than Inc-Payroll	73,500	61,452	12,048	48,065	52,359	(4,294)	37,861	47,727	(9,866)
408.13	Taxes Oth than Inc-Other	0	0	0	50	0	50	0	0	0
409.1	Income Taxes-FIT Ope	429,582	246,515	183,067	77,369	150,837	(73,468)	(862,045)	122,582	(984,627)
409.11	Income Taxes-SIT Ope	78,343	48,011	30,332	14,110	30,623	(16,513)	(148,760)	25,550	(174,310)
409.2	Income Taxes-Oth Inc	(11,601)		(11,601)	(911)		(911)	349		349
410.1	Def Inc Tax-FIT	(51,133)	234,991	(286,124)	335,777	293,083	42,694	1,209,200	234,129	975,071
410.11	Def Inc Tax-SIT	(12,331)	42,856	(55,187)	58,230	53,450	4,780	213,408	42,698	170,710
412.11	ITC-Restored	(7,066)		(7,066)	(7,066)		(7,066)	(7,066)		(7,066)
415	M&J Revenues	(7,191)		(7,191)	(8,784)		(8,784)	(32,684)		(32,684)
416	M&J Expenses	27,017		27,017	4,552		4,552	5,685		5,685
420	AFUDC	(64,077)	(60,060)	(4,017)	(72,709)	(65,166)	(7,543)	(79,248)	(69,446)	(9,802)
421	Nonutility Income	0		0	0		0	0		0
426	Misc Nonutility Expe	9,996	73,000	(63,004)	6,575	10,000	(3,425)	26,680	20,000	6,680
427.2	Int Exp-Short Term D	5,889	11,280	(5,391)	5,327	9,302	(3,975)	6,519	5,133	1,386
427.3	Int Exp-LTD	943,969	970,678	(26,709)	943,969	912,633	31,336	943,969	970,678	(26,709)
427.5	Int Exp-Other	4		4	0		0	0		0
428	Amort Debt Expense	5,877	4,907	970	5,877	4,907	970	5,877	4,907	970
437	Dividends Declared -	38,231	38,263	(32)	38,231	36,145	2,086	38,231	38,263	(32)
438	Dividends Declared -	0	(926,702)	926,702	0	(857,361)	857,361	5,266,434	4,704,373	562,061
461.1	Metered Sales-Res	(3,393,242)	(3,566,233)	172,991	(3,090,316)	(3,327,443)	237,127	(3,149,406)	(3,306,846)	157,440
461.2	Metered Sales-Com	(1,526,076)	(1,621,483)	95,407	(1,462,448)	(1,535,533)	73,085	(1,451,987)	(1,451,201)	(786)
461.3	Metered Sales-Ind	(141,207)	(144,298)	3,091	(178,284)	(149,482)	(28,802)	(159,449)	(141,498)	(17,951)
461.4	Metered Sales-OPA	(344,963)	(448,896)	103,933	(392,164)	(419,660)	27,496	(380,379)	(429,973)	49,594
462.1	Public Fire Revenues	(280,659)	(280,000)	(659)	(280,737)	(280,000)	(737)	(280,697)	(280,000)	(697)
462.2	Private Fire Revenue	(185,713)	(190,000)	4,287	(194,835)	(190,000)	(4,835)	(190,315)	(190,000)	(315)
466	Sales for Resale	(112,882)	(129,809)	16,927	(136,121)	(129,684)	(6,437)	(118,271)	(122,370)	4,099
467	Interdept Sales	(1,338)		(1,338)	(1,163)		(1,163)	(1,174)		(1,174)
470	Forfeited Discounts	0		0	0		0	0		0
471	Misc Service Revenue	(229,734)	(201,000)	(28,734)	(239,014)	(222,000)	(17,014)	(239,291)	(243,000)	3,709
472	Rents from Water Pro	(7,609)	(7,000)	(609)	(7,609)	(7,000)	(609)	(8,109)	(10,000)	1,891
473	Interdept Rents	(22,018)	(21,000)	(1,018)	(22,018)	(19,000)	(3,018)	(26,152)	(23,000)	(3,152)
474	Other Water Revenues	(1,250)	(1,000)	(250)	(1,009)	(1,000)	(9)	(2,569)	(1,000)	(1,569)
601.2	Salaries-Empl Maint	4,717		4,717	6,418		6,418	6,491		6,491
601.3	Salaries-Empl Oper W	175,960		175,960	170,734		170,734	169,285		169,285
601.4	Salaries-Empl Maint	4,226		4,226	8,489		8,489	7,091		7,091
601.5	Salaries-Empl Oper T	173,448		173,448	138,219		138,219	134,322		134,322
601.6	Salaries-Empl Maint	80,437		80,437	60,089		60,089	67,501		67,501
601.7	Salaries-Empl CA	39,589		39,589	45,346		45,346	40,380		40,380
601.8	Salaries-Empl AG	168,683	643,225	(474,542)	127,032	605,524	(478,492)	226,583	631,446	(404,863)
604.5	Empl Pens & Ben Oper	0		0	0		0	0		0
604.8	Empl Pens & Ben AG	313,077	291,843	21,234	293,770	294,680	(910)	315,938	293,780	22,158
610.1	Purchased Water Oper	27,834	37,272	(9,438)	23,163	27,306	(4,143)	31,901	25,211	6,690
615.1	Purch Power Oper SS	45,787	79,315	(33,528)	42,765	78,173	(35,408)	45,888	81,207	(35,319)
615.3	Purch Power Oper WT	251,393	231,664	19,729	222,796	213,172	9,624	225,292	210,507	14,785
615.5	Purch Power Oper TD	21		21	24		24	24		24
616.1	Purch Fuel Oper SS	0	0	0	0	0	0	0	0	0
618.3	Chemicals Oper WT	135,411	129,384	6,027	113,567	123,738	(10,171)	136,514	139,661	(3,147)
620.1	M&S Oper SS	0		0	15		15	0		0
620.2	M&S Maint SS	291	7,099	(6,808)	2,060	7,099	(5,039)	15,287	20,339	(5,052)
620.3	M&S Oper WT	3,865	4,475	(610)	5,172	6,375	(1,203)	4,041	3,025	1,016
620.4	M&S Maint WT	39,580	8,899	30,681	12,333	13,899	(1,566)	37,056	8,899	28,157
620.5	M&S Oper TD	11,318	8,820	2,498	15,804	8,820	6,984	11,201	8,820	2,381
620.6	M&S Maint TD	43,036	20,317	22,719	24,522	21,817	2,705	13,535	21,817	(8,282)
620.8	M&S AG	4,752	4,258	494	8,962	4,358	4,604	5,315	4,258	1,057
632.8	Cont Serv Acct AG	7,779	7,779	0	8,891	7,779	1,112	8,609	7,779	830
633.8	Cont Serv Legal AG	32,896	16,685	16,211	50,649	16,535	34,114	19,235	16,535	2,700
634.8	Cont Serv Mgmt Fee A	681,730	721,763	(40,033)	685,582	700,538	(14,956)	740,921	744,822	(3,901)
635.3	Cont Serv Testing Op	243	1,800	(1,557)	0	1,800	(1,800)	2,102	1,050	1,052
636.1	Cont Serv Other Oper	0		0	0		0	0		0

Kentucky American Water Company
January - December 2012
Water Only

NARUC	NARUC Description	Jan-12			Feb-12			Mar-12		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
636.3	Cont Serv Other Oper	18,677	16,709	1,968	11,951	21,209	(9,258)	15,171	25,709	(10,538)
636.4	Cont Serv Other Main	0		0	0		0	0		0
636.5	Cont Serv Other Oper	(118)	7,501	(7,619)	17,874	7,501	10,373	(8,538)	8,001	(16,539)
636.6	Cont Serv Other Main	0		0	0		0	0		0
636.7	Cont Serv Other CA	21,848	6,647	15,201	5,208	2,924	2,284	12,267	5,564	6,703
636.8	Cont Serv Other AG	8,219	21,591	(13,372)	9,402	21,650	(12,248)	3,138	21,901	(18,763)
641.5	Rents-Real Prop Oper	1,050	400	650	0	400	(400)	3,166	3,400	(234)
642.3	Rents-Equipment Oper	0		0	0		0	0		0
642.5	Rents-Equipment Oper	0		0	0		0	0		0
642.8	Rents-Equipment AG	8,438	2,296	6,142	4,071	2,296	1,775	3,665	2,296	1,369
650.1	Transportation Oper	0		0	0		0	0		0
650.2	Transportation Maint	0		0	0		0	0		0
650.3	Transportation Oper	0		0	0		0	0		0
650.4	Transportation Maint	0		0	0		0	0		0
650.5	Transportation Oper	0		0	0		0	724		724
650.6	Transportation Maint	0		0	0		0	0		0
650.7	Transportation CA	0		0	0		0	0		0
650.8	Transportation AG	49,815	41,977	7,838	53,937	39,292	14,645	42,061	42,687	(626)
656.8	Ins Vehicle AG	2,949	2,456	493	2,949	2,456	493	2,949	2,456	493
657.8	Ins Gen Liab AG	25,333	20,587	4,746	25,333	20,587	4,746	36,294	20,587	15,707
658.8	Ins Work Comp AG	11,956	11,531	425	11,629	11,531	98	11,743	11,531	212
659.8	Ins Other AG	10,219	21,344	(11,125)	10,219	21,344	(11,125)	10,219	21,344	(11,125)
660.8	Advertising AG	0	2,778	(2,778)	0	0	0	0	2,945	(2,945)
666.8	Reg Exp-Rate Case	16,566	16,566	(0)	16,566	16,566	(0)	16,751	16,566	185
667.8	Reg Exp-Other AG	1,179	1,179	(0)	1,179	1,179	(0)	1,179	1,179	(0)
670.7	Bad Debt Expense	100,982	(716)	101,698	(50,004)	17,268	(67,272)	19,197	38,599	(19,402)
675.1	Misc Exp Oper SS	6,462	3,783	2,679	9,799	3,783	6,016	4,240	3,783	457
675.3	Misc Exp Oper WT	36,199	46,745	(10,546)	41,682	39,584	2,098	47,164	41,253	5,911
675.4	Misc Exp Maint WT	12,639	16,920	(4,281)	12,659	16,920	(4,261)	3,193	17,295	(14,102)
675.5	Misc Exp Oper TD	16,190	27,066	(10,876)	21,803	24,066	(2,263)	17,383	20,766	(3,383)
675.6	Misc Exp Maint TD	34,722	37,036	(2,314)	13,330	37,036	(23,706)	38,335	37,036	1,299
675.7	Misc Exp CA	96,101	109,697	(13,596)	109,583	108,957	626	102,598	105,964	(3,366)
675.8	Misc Exp AG	119,784	119,877	(93)	93,728	123,776	(30,048)	108,850	122,748	(13,898)

Kentucky American Water Company
January - December 2012
Water Only

NARUC	NARUC Description	Apr-12			May-12			Jun-12		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$930,004	\$917,984	\$12,020	\$931,328	\$920,528	\$10,800	\$938,360	\$922,903	\$15,457
406	Amort UPAA	713		713	713		713	713		713
407.1	Amort-Ltd Term UP	11,182	10,969	213	11,182	10,969	213	11,232	10,969	263
407.2	Amort-Prop Losses	4,757	4,757	(0)	4,757	4,757	(0)	4,757	4,757	(0)
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	9,438	8,182	1,256	9,438	8,182	1,256	9,438	8,182	1,256
408.11	Taxes Oth than Inc-Property	353,586	351,959	1,627	263,336	351,959	(88,623)	340,762	351,959	(11,197)
408.12	Taxes Oth than Inc-Payroll	44,332	46,036	(1,704)	42,421	50,508	(8,087)	38,805	46,499	(7,694)
408.13	Taxes Oth than Inc-Other	0	0	0	0	0	0	0	0	0
409.1	Income Taxes-FIT Ope	619,519	192,899	426,620	5,422,941	39,770	5,383,171	234,949	401,249	(166,300)
409.11	Income Taxes-SIT Ope	112,982	38,383	74,599	1,039,988	9,606	1,030,382	49,845	74,692	(24,847)
409.2	Income Taxes-Oth Inc	(16,352)		(16,352)	(4,479,112)		(4,479,112)	3,298		3,298
410.1	Def Inc Tax-FIT	6,857	233,996	(227,139)	(818,194)	399,815	(1,218,009)	922,867	232,170	690,697
410.11	Def Inc Tax-SIT	(1,755)	42,675	(44,430)	(205,574)	72,914	(278,488)	160,937	42,341	118,596
412.11	ITC-Restored	(7,066)		(7,066)	(7,066)		(7,066)	(7,066)		(7,066)
415	M&J Revenues	(15,121)		(15,121)	(10,710)		(10,710)	(19,280)		(19,280)
416	M&J Expenses	5,068		5,068	7,700		7,700	5,221		5,221
420	AFUDC	(86,382)	(74,456)	(11,926)	(93,860)	(72,957)	(20,903)	(99,307)	(65,072)	(34,235)
421	Nonutility Income	0		0	0		0	0		0
426	Misc Nonutility Expe	52,090	39,000	13,090	20,892	18,000	2,892	6,199	65,000	(58,802)
427.2	Int Exp-Short Term D	7,784	7,966	(182)	7,303	9,153	(1,850)	7,075	37	7,038
427.3	Int Exp-LTD	943,969	970,678	(26,709)	943,969	990,678	(46,709)	943,969	1,010,678	(66,709)
427.5	Int Exp-Other	0		0	0		0	0		0
428	Amort Debt Expense	5,877	4,907	970	5,877	5,285	592	5,877	5,663	214
437	Dividends Declared -	38,231	38,263	(32)	38,231	38,263	(32)	38,231	38,263	(32)
438	Dividends Declared -	0	(824,637)	824,637	0	(836,980)	836,980	1,426,326	2,431,856	(1,005,530)
461.1	Metered Sales-Res	(3,356,548)	(3,368,395)	11,847	(3,840,208)	(3,530,724)	(309,484)	(4,474,577)	(3,908,190)	(566,387)
461.2	Metered Sales-Com	(1,719,000)	(1,647,719)	(71,281)	(1,872,189)	(1,703,384)	(168,805)	(2,122,644)	(1,816,051)	(306,593)
461.3	Metered Sales-Ind	(189,389)	(159,044)	(30,345)	(182,881)	(156,421)	(26,460)	(195,577)	(161,809)	(33,768)
461.4	Metered Sales-OPA	(473,487)	(466,731)	(6,756)	(555,349)	(496,902)	(58,447)	(698,500)	(534,646)	(163,854)
462.1	Public Fire Revenues	(280,864)	(280,000)	(864)	(280,848)	(280,000)	(848)	(280,848)	(280,000)	(848)
462.2	Private Fire Revenue	(190,752)	(190,000)	(752)	(200,269)	(190,000)	(10,269)	(194,178)	(190,000)	(4,178)
466	Sales for Resale	(133,551)	(135,525)	1,974	(179,652)	(164,923)	(14,729)	(181,141)	(169,132)	(12,009)
467	Interdept Sales	(6,832)		(6,832)	(2,471)		(2,471)	(3,114)		(3,114)
470	Forfeited Discounts	0		0	0		0	0		0
471	Misc Service Revenue	(242,031)	(97,000)	(145,031)	(246,801)	(103,000)	(143,801)	(223,878)	(111,000)	(112,878)
472	Rents from Water Pro	(7,609)	(7,000)	(609)	(9,153)	(9,000)	(153)	(7,909)	(8,000)	91
473	Interdept Rents	(28,847)	(20,000)	(8,847)	(30,424)	(19,000)	(11,424)	(28,858)	(22,000)	(6,858)
474	Other Water Revenues	(274)	(1,000)	726	(881)	(20,375)	19,494	(4,668)	(20,375)	15,707
601.2	Salaries-Empl Maint	9,898		9,898	9,080		9,080	4,275		4,275
601.3	Salaries-Empl Oper W	176,220		176,220	262,734		262,734	169,367		169,367
601.4	Salaries-Empl Maint	5,832		5,832	9,960		9,960	7,646		7,646
601.5	Salaries-Empl Oper T	163,360		163,360	226,818		226,818	202,004		202,004
601.6	Salaries-Empl Maint	55,350		55,350	79,637		79,637	53,131		53,131
601.7	Salaries-Empl CA	31,752		31,752	53,035		53,035	33,212		33,212
601.8	Salaries-Empl AG	141,431	612,676	(471,245)	(20,415)	670,498	(690,913)	79,335	618,417	(539,082)
604.5	Empl Pens & Ben Oper	0		0	0		0	0		0
604.8	Empl Pens & Ben AG	290,806	288,228	2,578	256,718	291,608	(34,890)	276,335	305,040	(28,706)
610.1	Purchased Water Oper	19,866	26,382	(6,516)	28,368	30,069	(1,701)	36,269	25,866	10,403
615.1	Purch Power Oper SS	42,996	82,235	(39,239)	34,274	74,981	(40,707)	57,303	74,618	(17,315)
615.3	Purch Power Oper WT	255,877	204,298	51,579	323,787	238,922	84,865	323,774	318,110	5,664
615.5	Purch Power Oper TD	37		37	18		18	21		21
616.1	Purch Fuel Oper SS	0	0	0	0	0	0	1,207	0	1,207
618.3	Chemicals Oper WT	121,113	130,823	(9,710)	161,633	163,363	(1,730)	161,086	161,370	(284)
620.1	M&S Oper SS	0		0	0		0	0		0
620.2	M&S Maint SS	(4,890)	14,259	(19,149)	2,139	42,099	(39,960)	7,202	7,099	103
620.3	M&S Oper WT	2,874	3,575	(701)	4,681	2,975	1,706	8,057	3,475	4,582
620.4	M&S Maint WT	30,862	20,899	9,963	18,577	58,810	(40,233)	21,062	15,825	5,237
620.5	M&S Oper TD	11,085	8,820	2,265	5,125	8,820	(3,695)	10,934	8,820	2,114
620.6	M&S Maint TD	27,058	21,817	5,241	53,149	21,817	31,332	44,519	21,817	22,702
620.8	M&S AG	3,114	4,258	(1,144)	11	5,149	(5,138)	5,857	9,133	(3,276)
632.8	Cont Serv Acct AG	7,779	7,779	0	7,779	13,023	(5,244)	15,826	8,507	7,319
633.8	Cont Serv Legal AG	6,315	16,535	(10,220)	45,696	17,568	28,128	106,180	16,535	89,645
634.8	Cont Serv Mgmt Fee A	724,804	720,611	4,193	719,153	761,695	(42,542)	632,690	728,277	(95,587)
635.3	Cont Serv Testing Op	2,617	1,800	817	260	800	(540)	400	1,200	(800)
636.1	Cont Serv Other Oper	0		0	0		0	0		0

Kentucky American Water Company
January - December 2012
Water Only

NARUC	NARUC Description	Apr-12			May-12			Jun-12		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
636.3	Cont Serv Other Oper	10,416	21,209	(10,793)	13,932	28,209	(14,277)	8,875	33,144	(24,269)
636.4	Cont Serv Other Main	0		0	0		0	134		134
636.5	Cont Serv Other Oper	6,087	9,501	(3,414)	24,769	9,501	15,268	7,860	9,501	(1,641)
636.6	Cont Serv Other Main	0		0	0		0	0		0
636.7	Cont Serv Other CA	15,164	2,737	12,427	16,692	1,287	15,405	19,085	7,350	11,735
636.8	Cont Serv Other AG	10,167	32,942	(22,775)	25,439	17,433	8,006	27,320	22,409	4,911
641.5	Rents-Real Prop Oper	557	400	157	0	400	(400)	444	400	44
642.3	Rents-Equipment Oper	0		0	0		0	0		0
642.5	Rents-Equipment Oper	0		0	0		0	0		0
642.8	Rents-Equipment AG	2,851	2,296	555	4,072	2,296	1,776	2,530	2,296	234
650.1	Transportation Oper	0		0	0		0	0		0
650.2	Transportation Maint	0		0	0		0	0		0
650.3	Transportation Oper	0		0	0		0	0		0
650.4	Transportation Maint	0		0	0		0	0		0
650.5	Transportation Oper	0		0	109		109	1,496		1,496
650.6	Transportation Maint	0		0	0		0	0		0
650.7	Transportation CA	0		0	0		0	0		0
650.8	Transportation AG	29,303	38,391	(9,088)	68,741	40,119	28,622	(2,676)	34,177	(36,853)
656.8	Ins Vehicle AG	2,949	2,456	493	2,949	2,456	493	2,949	2,456	493
657.8	Ins Gen Liab AG	25,333	20,587	4,746	25,408	20,587	4,821	48,251	20,587	27,664
658.8	Ins Work Comp AG	11,776	11,531	245	10,591	11,531	(940)	11,612	11,531	81
659.8	Ins Other AG	10,219	21,344	(11,125)	10,204	21,344	(11,140)	10,204	21,344	(11,140)
660.8	Advertising AG	0	2,778	(2,778)	1,643	5,556	(3,913)	0	2,945	(2,945)
666.8	Reg Exp-Rate Case	16,566	16,566	(0)	16,566	16,566	(0)	16,566	16,566	(0)
667.8	Reg Exp-Other AG	1,179	1,179	(0)	1,179	1,179	(0)	1,179	1,179	(0)
670.7	Bad Debt Expense	(40,848)	50,794	(91,642)	10,759	71,929	(61,170)	81,227	64,279	16,948
675.1	Misc Exp Oper SS	4,624	3,783	841	3,851	3,783	68	4,729	3,783	946
675.3	Misc Exp Oper WT	34,092	45,245	(11,153)	43,723	38,979	4,744	49,560	42,512	7,048
675.4	Misc Exp Maint WT	12,206	16,920	(4,715)	12,318	16,920	(4,602)	15,576	16,920	(1,344)
675.5	Misc Exp Oper TD	11,432	17,616	(6,184)	11,096	18,516	(7,420)	16,227	17,816	(1,589)
675.6	Misc Exp Maint TD	31,464	37,036	(5,572)	30,129	40,536	(10,407)	72,118	37,036	35,082
675.7	Misc Exp CA	100,229	106,663	(6,434)	107,360	107,950	(590)	98,332	108,337	(10,005)
675.8	Misc Exp AG	131,717	116,035	15,682	130,674	126,470	4,204	75,100	126,667	(51,567)

Kentucky American Water Company
January - December 2012
Water Only

NARUC	NARUC Description	Jul-12			Aug-12			Sep-12		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$934,194	\$928,638	\$5,556	\$938,785	\$931,752	\$7,033	\$1,011,515	\$1,010,685	\$830
406	Amort UPAA	713		713	713		713	713		713
407.1	Amort-Ltd Term UP	11,190	10,969	221	11,190	10,969	221	11,190	10,969	221
407.2	Amort-Prop Losses	4,757	4,757	(0)	4,757	4,757	(0)	4,757	4,757	(0)
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	12,438	8,182	4,256	11,918	8,182	3,736	12,178	8,182	3,996
408.11	Taxes Oth than Inc-Property	340,835	351,959	(11,124)	340,433	351,959	(11,526)	340,434	351,959	(11,525)
408.12	Taxes Oth than Inc-Payroll	39,937	48,102	(8,165)	30,411	49,128	(18,717)	50,266	42,638	7,628
408.13	Taxes Oth than Inc-Other	0	0	0	0	0	0	0	0	0
409.1	Income Taxes-FIT Ope	1,688,175	597,590	1,090,585	848,628	423,302	425,326	2,895,432	671,701	2,223,731
409.11	Income Taxes-SIT Ope	307,874	109,966	197,908	154,765	78,343	76,422	538,673	123,272	415,401
409.2	Income Taxes-Oth Inc	(916)		(916)	(1,343)		(1,343)	(1,857)		(1,857)
410.1	Def Inc Tax-FIT	(115,983)	229,541	(345,524)	150,593	461,883	(311,290)	(1,905,315)	203,912	(2,109,227)
410.11	Def Inc Tax-SIT	(24,157)	41,862	(66,019)	24,458	84,234	(59,776)	(356,271)	37,188	(393,459)
412.11	ITC-Restored	(7,066)		(7,066)	(7,066)		(7,066)	(7,066)		(7,066)
415	M&J Revenues	(13,580)		(13,580)	(2,734)		(2,734)	0		0
416	M&J Expenses	3,956		3,956	195		195	(1,553)		(1,553)
420	AFUDC	(102,883)	(62,560)	(40,323)	(89,710)	(68,163)	(21,547)	(66,581)	(46,949)	(19,632)
421	Nonutility Income	6,318		6,318	0		0	0		0
426	Misc Nonutility Expe	5,812	23,500	(17,688)	5,993	14,500	(8,507)	6,325	23,500	(17,175)
427.2	Int Exp-Short Term D	5,231	2,751	2,480	3,242	671	2,571	2,111	(825)	2,936
427.3	Int Exp-LTD	943,969	1,010,678	(66,709)	943,969	1,010,678	(66,709)	965,720	1,010,678	(44,958)
427.5	Int Exp-Other	0		0	0		0	0		0
428	Amort Debt Expense	5,877	5,663	214	5,879	5,663	216	5,879	5,663	216
437	Dividends Declared -	32,841	38,263	(5,422)	30,704	38,263	(7,559)	32,821	38,263	(5,442)
438	Dividends Declared -	0	(1,515,402)	1,515,402	0	(1,616,327)	1,616,327	3,322,869	2,572,113	750,756
461.1	Metered Sales-Res	(5,035,538)	(4,256,948)	(778,590)	(4,209,458)	(4,310,663)	101,205	(4,001,898)	(4,202,521)	200,623
461.2	Metered Sales-Com	(2,442,426)	(2,027,244)	(415,182)	(2,125,555)	(2,067,763)	(57,792)	(2,135,691)	(1,942,509)	(193,182)
461.3	Metered Sales-Ind	(241,771)	(195,987)	(45,784)	(231,838)	(191,042)	(40,796)	(230,976)	(190,860)	(40,116)
461.4	Metered Sales-OPA	(843,551)	(672,712)	(170,839)	(698,110)	(706,103)	7,993	(947,759)	(795,225)	(152,534)
462.1	Public Fire Revenues	(280,851)	(280,000)	(851)	(280,848)	(280,000)	(848)	(280,848)	(280,000)	(848)
462.2	Private Fire Revenue	(195,630)	(190,000)	(5,630)	(203,428)	(190,000)	(13,428)	(187,168)	(190,000)	2,832
466	Sales for Resale	(150,909)	(169,789)	18,880	(337,901)	(186,588)	(151,313)	(183,323)	(161,559)	(21,764)
467	Interdept Sales	(2,281)		(2,281)	(2,313)		(2,313)	(2,205)		(2,205)
470	Forfeited Discounts	0		0	0		0	0		0
471	Misc Service Revenue	(222,797)	(113,000)	(109,797)	(258,449)	(128,000)	(130,449)	(101,940)	(125,000)	23,060
472	Rents from Water Pro	(7,909)	(8,000)	91	(7,909)	(13,000)	5,091	(7,909)	(7,000)	(909)
473	Interdept Rents	(30,783)	(26,000)	(4,783)	(28,601)	(26,000)	(2,601)	(27,129)	(26,000)	(1,129)
474	Other Water Revenues	(6,735)	(20,375)	13,640	(4,494)	(20,375)	15,881	(4,202)	(20,375)	16,173
601.2	Salaries-Empl Maint	319		319	0		0	0		0
601.3	Salaries-Empl Oper W	163,939		163,939	234,765		234,765	145,999		145,999
601.4	Salaries-Empl Maint	17,989		17,989	23,898		23,898	13,887		13,887
601.5	Salaries-Empl Oper T	116,010		116,010	117,632		117,632	74,964		74,964
601.6	Salaries-Empl Maint	53,148		53,148	74,290		74,290	65,092		65,092
601.7	Salaries-Empl CA	27,653		27,653	60,480		60,480	33,983		33,983
601.8	Salaries-Empl AG	191,881	648,137	(456,256)	87,989	669,282	(581,293)	216,077	590,244	(374,167)
604.5	Empl Pens & Ben Oper	0		0	0		0	0		0
604.8	Empl Pens & Ben AG	248,864	287,933	(39,069)	272,718	291,874	(19,156)	260,694	285,704	(25,010)
610.1	Purchased Water Oper	45,420	26,026	19,394	24,693	30,518	(5,825)	17,625	27,510	(9,885)
615.1	Purch Power Oper SS	51,251	77,814	(26,563)	58,622	74,724	(16,102)	53,318	77,715	(24,397)
615.3	Purch Power Oper WT	289,267	319,978	(30,711)	397,387	332,114	65,273	291,273	297,546	(6,273)
615.5	Purch Power Oper TD	353		353	(312)		(312)	18		18
616.1	Purch Fuel Oper SS	0	0	0	0	0	0	0	0	0
618.3	Chemicals Oper WT	202,620	176,576	26,044	202,155	237,011	(34,856)	163,990	159,170	4,820
620.1	M&S Oper SS	0		0	0		0	0		0
620.2	M&S Maint SS	5,936	38,009	(32,073)	4,890	27,099	(22,209)	(803)	7,099	(7,902)
620.3	M&S Oper WT	5,179	3,075	2,104	1,874	3,675	(1,801)	510	3,175	(2,665)
620.4	M&S Maint WT	27,950	43,629	(15,679)	9,936	19,840	(9,904)	5,464	13,399	(7,935)
620.5	M&S Oper TD	14,063	8,820	5,243	12,664	8,820	3,844	3,850	8,820	(4,970)
620.6	M&S Maint TD	24,317	21,817	2,500	25,645	21,817	3,828	13,001	21,817	(8,816)
620.8	M&S AG	11,497	42,591	(31,094)	26,430	4,691	21,739	38,032	4,591	33,441
632.8	Cont Serv Acct AG	9,974	7,779	2,195	7,955	7,779	176	7,371	7,779	(408)
633.8	Cont Serv Legal AG	(99,634)	16,535	(116,169)	33,178	16,535	16,643	(32,366)	16,535	(48,901)
634.8	Cont Serv Mgmt Fee A	669,928	747,926	(77,998)	1,005,687	778,921	226,766	682,912	723,857	(40,945)
635.3	Cont Serv Testing Op	103	2,550	(2,447)	2,774	1,200	1,574	769	1,200	(432)
636.1	Cont Serv Other Oper	0		0	0		0	0		0

Kentucky American Water Company
January - December 2012
Water Only

NARUC	NARUC Description	Jul-12			Aug-12			Sep-12		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
636.3	Cont Serv Other Oper	18,515	25,709	(7,194)	15,401	20,709	(5,308)	13,402	18,709	(5,308)
636.4	Cont Serv Other Main	0		0	0		0	784		784
636.5	Cont Serv Other Oper	15,594	9,501	6,093	(1,628)	9,501	(11,129)	5,749	9,501	(3,752)
636.6	Cont Serv Other Main	0		0	1,351		1,351	18,730		18,730
636.7	Cont Serv Other CA	17,111	1,004	16,107	(659)	1,088	(1,747)	5,933	1,548	4,385
636.8	Cont Serv Other AG	15,613	33,773	(18,160)	18,523	25,539	(7,016)	(6,202)	39,593	(45,795)
641.5	Rents-Real Prop Oper	0	400	(400)	100	400	(300)	375	400	(25)
642.3	Rents-Equipment Oper	0		0	0		0	0		0
642.5	Rents-Equipment Oper	0		0	0		0	0		0
642.8	Rents-Equipment AG	2,288	2,296	(8)	3,428	2,296	1,132	1,572	2,296	(724)
650.1	Transportation Oper	0		0	0		0	0		0
650.2	Transportation Maint	0		0	0		0	0		0
650.3	Transportation Oper	0		0	0		0	0		0
650.4	Transportation Maint	0		0	0		0	0		0
650.5	Transportation Oper	60		60	0		0	0		0
650.6	Transportation Maint	0		0	0		0	0		0
650.7	Transportation CA	10		10	0		0	0		0
650.8	Transportation AG	50,548	40,407	10,141	13,350	45,984	(32,634)	35,488	43,928	(8,440)
656.8	Ins Vehicle AG	2,949	2,456	493	2,949	2,456	493	2,949	2,456	493
657.8	Ins Gen Liab AG	25,404	20,587	4,817	25,404	20,587	4,817	13,971	20,587	(6,616)
658.8	Ins Work Comp AG	11,018	11,531	(513)	11,293	11,531	(238)	11,370	11,531	(161)
659.8	Ins Other AG	10,204	21,344	(11,140)	10,204	21,344	(11,140)	10,611	21,344	(10,733)
660.8	Advertising AG	13,706	7,500	6,206	0	0	0	1,458	2,945	(1,488)
666.8	Reg Exp-Rate Case	16,566	16,566	(0)	16,566	16,566	(0)	16,566	16,566	(0)
667.8	Reg Exp-Other AG	1,179	1,179	(0)	1,179	1,179	(0)	1,179	1,179	(0)
670.7	Bad Debt Expense	3,427	96,334	(92,907)	83,871	88,804	(4,933)	55,259	102,807	(47,548)
675.1	Misc Exp Oper SS	612	3,783	(3,171)	7,701	3,783	3,918	4,348	3,783	565
675.3	Misc Exp Oper WT	39,856	44,741	(4,885)	47,191	39,793	7,398	45,852	38,612	7,240
675.4	Misc Exp Maint WT	12,993	16,920	(3,927)	15,064	17,295	(2,231)	9,347	16,920	(7,573)
675.5	Misc Exp Oper TD	21,655	17,816	3,839	9,898	17,816	(7,918)	10,917	17,816	(6,899)
675.6	Misc Exp Maint TD	51,324	37,036	14,288	27,118	37,036	(9,918)	35,594	40,536	(4,942)
675.7	Misc Exp CA	90,658	107,785	(17,127)	112,674	107,785	4,889	84,559	107,785	(23,226)
675.8	Misc Exp AG	166,308	130,354	35,954	140,993	107,119	33,874	335,783	112,347	223,436

Kentucky American Water Company
January - December 2012
Water Only

NARUC	NARUC Description	Oct-12			Nov-12			Dec-12		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$1,017,497	\$1,014,377	\$3,120	\$1,021,368	\$1,022,960	(\$1,592)	\$1,015,158	\$1,025,469	(\$10,311)
406	Amort UPAA	713		713	713		713	713		713
407.1	Amort-Ltd Term UP	11,190	10,969	221	11,190	10,969	221	11,190	10,969	221
407.2	Amort-Prop Losses	4,757	4,757	(0)	4,757	4,757	(0)	4,757	4,757	(0)
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	12,178	8,182	3,996	12,178	8,182	3,996	12,178	8,182	3,996
408.11	Taxes Oth than Inc-Property	418,364	351,959	66,405	348,195	351,959	(3,764)	368,651	351,959	16,692
408.12	Taxes Oth than Inc-Payroll	42,756	48,111	(5,355)	40,765	46,149	(5,384)	43,874	44,001	(127)
408.13	Taxes Oth than Inc-Other	2,740	10,000	(7,260)	0	0	0	50	0	50
409.1	Income Taxes-FIT Ope	648,272	318,869	329,403	(67,007)	182,118	(249,125)	1,580,603	74,551	1,506,052
409.11	Income Taxes-SIT Ope	118,226	58,684	59,542	539,866	33,681	506,185	44,294	14,038	30,256
409.2	Income Taxes-Oth Inc	(2,347)		(2,347)	30,079		30,079	(21,674)		(21,674)
410.1	Def Inc Tax-FIT	(91,203)	389,951	(481,154)	434,930	271,802	163,128	(1,471,657)	213,381	(1,685,038)
410.11	Def Inc Tax-SIT	(19,638)	71,115	(90,753)	(533,157)	49,569	(582,726)	(12,869)	38,915	(51,784)
412.11	ITC-Restored	(7,066)		(7,066)	(7,066)		(7,066)	(7,066)		(7,066)
415	M&J Revenues	0		0	0		0	60,105		60,105
416	M&J Expenses	(8,792)		(8,792)	7,065		7,065	(15,810)		(15,810)
420	AFUDC	(61,048)	(52,520)	(8,528)	(93,648)	(58,346)	(35,302)	(80,771)	(61,606)	(19,165)
421	Nonutility Income	0		0	0		0	0		0
426	Misc Nonutility Expe	14,825	33,500	(18,675)	(84,391)	9,500	(93,891)	11,423	9,500	1,923
427.2	Int Exp-Short Term D	2,715	1,657	1,058	1,521	4,582	(3,061)	2,126	2,468	(343)
427.3	Int Exp-LTD	922,217	1,014,596	(92,379)	943,969	1,014,607	(70,638)	943,969	1,024,160	(80,191)
427.5	Int Exp-Other	0		0	0		0	0		0
428	Amort Debt Expense	5,873	5,663	210	7,336	5,663	1,673	7,336	8,000	(664)
437	Dividends Declared -	31,763	38,263	(6,501)	31,763	38,263	(6,501)	31,763	38,263	(6,501)
438	Dividends Declared -	0	(1,302,706)	1,302,706	0	(837,709)	837,709	4,686,499	6,572,238	(1,885,739)
461.1	Metered Sales-Res	(3,486,214)	(4,004,772)	518,558	(3,201,572)	(3,537,583)	336,011	(3,215,725)	(3,352,155)	136,430
461.2	Metered Sales-Com	(1,901,516)	(1,936,897)	35,381	(1,579,938)	(1,648,902)	68,964	(1,438,328)	(1,459,119)	20,791
461.3	Metered Sales-Ind	(168,725)	(177,638)	8,913	(165,528)	(151,455)	(14,073)	(161,559)	(143,419)	(18,140)
461.4	Metered Sales-OPA	(555,541)	(686,921)	131,380	(485,072)	(533,811)	48,739	(404,734)	(443,691)	38,957
462.1	Public Fire Revenues	(280,851)	(280,000)	(851)	(257,435)	(280,000)	22,565	(304,262)	(280,000)	(24,262)
462.2	Private Fire Revenue	(192,574)	(190,000)	(2,574)	(204,764)	(190,000)	(14,764)	(204,571)	(190,000)	(14,571)
466	Sales for Resale	(161,518)	(163,501)	1,983	(129,659)	(136,837)	7,178	(137,477)	(140,939)	3,462
467	Interdept Sales	(1,639)		(1,639)	(2,115)		(2,115)	(2,284)		(2,284)
470	Forfeited Discounts	0		0	0		0	(48,879)		(48,879)
471	Misc Service Revenue	(69,854)	(98,800)	28,946	(62,228)	(106,800)	44,572	(72,388)	(88,800)	16,412
472	Rents from Water Pro	(7,909)	(7,000)	(909)	(7,909)	(7,000)	(909)	(7,909)	(7,000)	(909)
473	Interdept Rents	(26,253)	(26,000)	(253)	(27,417)	(26,000)	(1,417)	(24,911)	(26,000)	1,089
474	Other Water Revenues	(5,359)	(45,383)	40,024	(5,218)	(45,383)	40,165	(9,780)	(45,383)	35,603
601.2	Salaries-Empl Maint	0		0	0		0	0		0
601.3	Salaries-Empl Oper W	190,145		190,145	153,785		153,785	157,753		157,753
601.4	Salaries-Empl Maint	22,712		22,712	16,237		16,237	19,013		19,013
601.5	Salaries-Empl Oper T	119,065		119,065	66,583		66,583	84,528		84,528
601.6	Salaries-Empl Maint	70,752		70,752	56,241		56,241	63,851		63,851
601.7	Salaries-Empl CA	48,596		48,596	42,879		42,879	42,441		42,441
601.8	Salaries-Empl AG	165,221	674,165	(508,944)	235,179	674,892	(439,713)	319,296	648,776	(329,480)
604.5	Empl Pens & Ben Oper	0		0	0		0	10		10
604.8	Empl Pens & Ben AG	280,843	294,926	(14,083)	275,127	292,939	(17,812)	293,397	298,072	(4,675)
610.1	Purchased Water Oper	17,985	30,225	(12,240)	19,465	26,359	(6,894)	20,513	27,399	(6,886)
615.1	Purch Power Oper SS	46,398	79,013	(32,615)	51,034	84,020	(32,986)	58,592	86,626	(28,034)
615.3	Purch Power Oper WT	257,038	274,152	(17,114)	220,309	231,992	(11,683)	191,975	202,611	(10,637)
615.5	Purch Power Oper TD	25		25	22		22	24		24
616.1	Purch Fuel Oper SS	9,134	0	9,134	0	0	0	0	4,800	(4,800)
618.3	Chemicals Oper WT	122,211	163,692	(41,481)	115,319	128,510	(13,191)	154,068	141,925	12,143
620.1	M&S Oper SS	0		0	424		424	30		30
620.2	M&S Maint SS	0	69,599	(69,599)	5,949	7,099	(1,150)	3,688	38,009	(34,321)
620.3	M&S Oper WT	4,220	3,050	1,170	22,238	3,675	18,563	32,863	3,775	29,088
620.4	M&S Maint WT	5,892	11,399	(5,507)	58,308	68,602	(10,294)	33,849	32,278	1,571
620.5	M&S Oper TD	5,041	8,820	(3,779)	15,548	8,820	6,728	4,496	8,820	(4,324)
620.6	M&S Maint TD	15,721	21,817	(6,096)	35,093	21,817	13,276	28,303	20,317	7,986
620.8	M&S AG	17,792	4,591	13,201	(68,549)	4,691	(73,240)	4,610	42,591	(37,981)
632.8	Cont Serv Acct AG	7,371	7,779	(408)	7,371	7,779	(408)	7,371	7,779	(408)
633.8	Cont Serv Legal AG	20,963	16,535	4,428	4,780	16,535	(11,755)	10,385	16,535	(6,150)
634.8	Cont Serv Mgmt Fee A	794,306	769,493	24,813	824,849	754,579	70,270	952,350	732,527	219,823
635.3	Cont Serv Testing Op	61	1,800	(1,739)	966	300	666	0	300	(300)
636.1	Cont Serv Other Oper	0		0	105		105	0		0

Kentucky American Water Company
January - December 2012
Water Only

NARUC	NARUC Description	Oct-12			Nov-12			Dec-12		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
636.3	Cont Serv Other Oper	15,461	27,944	(12,483)	29,734	14,209	15,525	12,280	14,209	(1,929)
636.4	Cont Serv Other Main	513		513	10,000		10,000	(2,830)		(2,830)
636.5	Cont Serv Other Oper	4,474	9,501	(5,027)	8,429	7,501	928	568	7,501	(6,933)
636.6	Cont Serv Other Main	16,729		16,729	11,994		11,994	16,440		16,440
636.7	Cont Serv Other CA	41,785	1,509	40,276	(30,510)	7,146	(37,656)	3,194	1,578	1,616
636.8	Cont Serv Other AG	16,020	16,878	(858)	43,204	19,311	23,893	24,948	34,768	(9,820)
641.5	Rents-Real Prop Oper	0	400	(400)	0	400	(400)	1,150	400	750
642.3	Rents-Equipment Oper	0		0	1,113		1,113	0		0
642.5	Rents-Equipment Oper	70		70	19		19	0		0
642.8	Rents-Equipment AG	(1,274)	2,296	(3,570)	8,829	2,296	6,533	3,912	2,296	1,616
650.1	Transportation Oper	0		0	0		0	118		118
650.2	Transportation Maint	0		0	73		73	14		14
650.3	Transportation Oper	0		0	20		20	120		120
650.4	Transportation Maint	0		0	47		47	0		0
650.5	Transportation Oper	1,148		1,148	2,495		2,495	1,555		1,555
650.6	Transportation Maint	0		0	0		0	297		297
650.7	Transportation CA	0		0	0		0	0		0
650.8	Transportation AG	52,026	41,869	10,157	38,828	40,019	(1,191)	67,414	41,528	25,886
656.8	Ins Vehicle AG	2,949	2,456	493	2,949	2,456	493	2,949	2,456	493
657.8	Ins Gen Liab AG	25,404	20,587	4,817	25,404	20,587	4,817	(1,685)	20,587	(22,272)
658.8	Ins Work Comp AG	11,165	11,531	(366)	10,602	11,531	(929)	12,249	11,531	718
659.8	Ins Other AG	10,213	21,344	(11,131)	10,204	21,344	(11,140)	10,195	21,344	(11,149)
660.8	Advertising AG	4,094	2,778	1,316	(4,988)	0	(4,988)	480	10,278	(9,798)
666.8	Reg Exp-Rate Case	16,566	16,566	(0)	16,566	16,566	(0)	16,566	16,566	(0)
667.8	Reg Exp-Other AG	1,179	1,179	(0)	1,179	1,179	(0)	1,179	1,179	(0)
670.7	Bad Debt Expense	112,795	47,160	65,635	55,711	20,505	35,206	164,330	(12,610)	176,940
675.1	Misc Exp Oper SS	4,231	3,783	448	9,894	3,783	6,111	13,314	3,783	9,531
675.3	Misc Exp Oper WT	58,607	39,929	18,678	73,694	38,709	34,985	65,959	42,291	23,668
675.4	Misc Exp Maint WT	10,961	31,232	(20,271)	10,261	29,950	(19,689)	9,679	35,936	(26,257)
675.5	Misc Exp Oper TD	19,505	17,816	1,689	31,154	19,066	12,088	27,103	20,066	7,037
675.6	Misc Exp Maint TD	48,937	37,036	11,901	35,036	37,036	(2,000)	40,816	37,333	3,483
675.7	Misc Exp CA	104,165	115,550	(11,385)	62,701	109,849	(47,148)	82,968	109,831	(26,863)
675.8	Misc Exp AG	23,744	118,098	(94,354)	167,409	101,020	66,389	170,007	125,947	44,060

Kentucky American Water Company
January - December 2013
Water Only

NARUC	NARUC Description	Jan-13			Feb-13			Mar-13		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$1,056,071	\$1,039,800	\$16,270	\$1,060,087	\$1,041,006	\$19,080	\$1,065,880	\$1,044,390	\$21,490
406	Amort UPAA	713	713	0	713	713	0	713	713	0
407.1	Amort-Ltd Term UP	12,546	12,182	364	12,546	12,182	364	12,546	12,182	364
407.2	Amort-Prop Losses	4,757	4,757	0	4,757	4,757	0	4,757	4,757	0
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	12,178	12,500	(322)	12,178	12,500	(322)	12,178	12,500	(322)
408.11	Taxes Oth than Inc-Property	348,273	363,250	(14,977)	348,350	363,250	(14,900)	348,213	363,250	(15,037)
408.12	Taxes Oth than Inc-Payroll	60,297	59,593	703	44,107	48,207	(4,100)	34,119	43,180	(9,061)
408.13	Taxes Oth than Inc-Other	0	0	0	0	0	0	0	0	0
409.1	Income Taxes-FIT Ope	246,394	169,898	76,496	(48,215)	(159,583)	111,369	75,113	(90,287)	165,400
409.11	Income Taxes-SIT Ope	44,935	31,059	13,876	(8,793)	(28,764)	19,971	5,544	(16,169)	21,714
409.2	Income Taxes-Oth Inc	1,972	1,972	0	3,469	3,469	0	(6,320)	0	(6,320)
410.1	Def Inc Tax-FIT	121,354	236,424	(115,070)	342,454	491,066	(148,612)	299,433	398,591	(99,158)
410.11	Def Inc Tax-SIT	19,126	40,111	(20,985)	59,448	86,550	(27,102)	64,818	69,686	(4,867)
412.11	ITC-Restored	(7,066)	(7,066)	0	(7,066)	(7,066)	0	(7,066)	(7,066)	0
415	M&J Revenues	0	0	0	(36)	0	(36)	3,056	0	3,056
416	M&J Expenses	(5,823)	0	(5,823)	(14,855)	0	(14,855)	1,035	0	1,035
420	AFUDC	(82,329)	(97,448)	15,119	(69,997)	(112,995)	42,998	(73,803)	(126,004)	52,201
426	Misc Nonutility Expe	753	5,250	(4,497)	5,973	5,250	723	12,156	6,750	5,406
427.2	Int Exp-Short Term D	5,568	5,743	(175)	3,431	7,638	(4,207)	3,998	7,227	(3,228)
427.3	Int Exp-LTD	943,969	977,969	(34,000)	912,141	977,969	(65,828)	975,797	977,969	(2,172)
427.5	Int Exp-Other	0	0	0	0	0	0	0	0	0
428	Amort Debt Expense	7,336	6,222	1,113	6,953	6,222	731	7,909	6,222	1,687
437	Dividends Declared -	31,763	31,763	0	29,645	31,763	(2,118)	33,880	31,763	2,118
438	Dividends Declared -	0	0	0	0	0	0	1,426,326	1,872,952	(446,626)
461.1	Metered Sales-Res	(3,410,841)	(3,460,507)	49,666	(3,100,605)	(3,165,239)	64,635	(3,195,805)	(3,199,401)	3,597
461.2	Metered Sales-Com	(1,556,210)	(1,614,655)	58,444	(1,461,486)	(1,487,675)	26,189	(1,519,021)	(1,498,406)	(20,614)
461.3	Metered Sales-Ind	(152,043)	(158,192)	6,150	(164,764)	(158,513)	(6,251)	(160,219)	(155,112)	(5,107)
461.4	Metered Sales-OPA	(419,234)	(422,326)	3,092	(446,648)	(400,778)	(45,870)	(396,917)	(404,975)	8,058
462.1	Public Fire Revenues	(280,848)	0	(280,848)	(280,848)	0	(280,848)	(280,848)	0	(280,848)
462.2	Private Fire Revenue	(202,936)	(466,372)	263,436	(203,111)	(475,572)	272,462	(205,602)	(471,012)	265,410
466	Sales for Resale	(120,047)	(134,268)	14,221	(136,789)	(134,143)	(2,645)	(113,233)	(126,829)	13,595
467	Interdept Sales	(2,299)	0	(2,299)	(2,521)	0	(2,521)	(2,492)	0	(2,492)
470	Forfeited Discounts	(56,562)	(56,667)	104	(43,857)	(56,667)	12,810	(48,399)	(56,667)	8,268
471	Misc Service Revenue	(68,115)	(79,570)	11,455	(68,135)	(92,026)	23,891	(66,147)	(91,339)	25,192
472	Rents from Water Pro	(8,044)	(7,308)	(736)	(7,909)	(5,975)	(1,935)	(7,909)	(10,075)	2,165
473	Interdept Rents	(27,575)	(8,333)	(19,241)	7,561	(8,333)	15,894	(10,007)	(8,333)	(1,674)
474	Other Water Revenues	(10,218)	(1,150)	(9,068)	28,816	(1,138)	29,953	(1,497)	(179)	(1,318)
601.2	Salaries-Empl Maint	0	0	0	0	0	0	0	0	0
601.3	Salaries-Empl Oper W	171,143	0	171,143	171,408	0	171,408	170,330	0	170,330
601.4	Salaries-Empl Maint	22,569	0	22,569	20,978	0	20,978	14,219	0	14,219
601.5	Salaries-Empl Oper T	80,121	0	80,121	89,259	0	89,259	91,251	0	91,251
601.6	Salaries-Empl Maint	66,846	0	66,846	51,909	0	51,909	46,955	0	46,955
601.7	Salaries-Empl CA	37,968	0	37,968	37,313	0	37,313	44,293	0	44,293
601.8	Salaries-Empl AG	197,249	620,867	(423,618)	151,778	544,841	(393,064)	88,823	565,257	(476,434)
604.3	Empl Pens & Ben Oper	20	0	20	0	0	0	0	0	0
604.5	Empl Pens & Ben Oper	0	0	0	0	0	0	0	0	0
604.8	Empl Pens & Ben AG	250,073	286,174	(36,102)	248,298	280,397	(32,099)	240,989	285,946	(44,957)
610.1	Purchased Water Oper	24,309	27,507	(3,198)	32,253	25,373	6,880	34,192	26,566	7,627
615.1	Purch Power Oper SS	56,343	0	56,343	61,557	0	61,557	64,631	0	64,631
615.3	Purch Power Oper WT	228,800	0	228,800	219,510	0	219,510	211,962	0	211,962
615.5	Purch Power Oper TD	32	0	32	411	0	411	329	0	329
615.8	Purch Power Oper AG	0	278,300	(278,300)	0	271,305	(271,305)	0	301,100	(301,100)
616.1	Purch Fuel Oper SS	0	0	0	0	0	0	0	0	0
618.3	Chemicals Oper WT	145,383	129,649	15,733	125,867	121,867	4,001	123,861	136,459	(12,599)
620.1	M&S Oper SS	240	0	240	12	0	12	0	0	0
620.2	M&S Maint SS	662	7,617	(6,955)	16,055	7,617	8,439	(4,602)	19,617	(24,219)
620.3	M&S Oper WT	10,163	0	10,163	8,085	0	8,085	2,017	0	2,017
620.4	M&S Maint WT	53,161	16,049	37,112	65,607	16,049	49,558	25,636	38,049	(12,413)
620.5	M&S Oper TD	(3,277)	20,365	(23,642)	8,723	20,415	(11,692)	7,984	17,815	(9,831)
620.6	M&S Maint TD	19,388	27,300	(7,912)	12,308	26,300	(13,992)	12,597	26,300	(13,703)
620.8	M&S AG	2,975	0	2,975	5,885	0	5,885	2,435	0	2,435
631.1	Cont Serv Eng Oper S	41	0	41	0	0	0	0	0	0
631.6	Cont Serv Eng Maint	0	0	0	0	0	0	0	0	0
631.8	Cont Serv Eng AG	0	3,000	(3,000)	0	1,500	(1,500)	0	2,000	(2,000)
632.8	Cont Serv Acct AG	7,371	7,779	(408)	7,371	7,779	(408)	8,005	7,779	226

Kentucky American Water Company
January - December 2013
Water Only

NARUC	NARUC Description	Jan-13			Feb-13			Mar-13		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
633.8	Cont Serv Legal AG	(4,618)	16,500	(21,118)	7,560	16,500	(8,940)	7,074	16,500	(9,426)
634.8	Cont Serv Mgmt Fee A	797,266	822,690	(25,424)	823,262	759,026	64,236	762,947	798,421	(35,474)
635.3	Cont Serv Testing Op	151	3,379	(3,228)	829	2,000	(1,171)	109	1,170	(1,061)
636.1	Cont Serv Other Oper	0		0	0		0	333		333
636.2	Cont Serv Other Main	0		0	0		0	0		0
636.3	Cont Serv Other Oper	20,089		20,089	21,037		21,037	18,793		18,793
636.4	Cont Serv Other Main	8,628		8,628	10,695		10,695	421		421
636.5	Cont Serv Other Oper	2,897		2,897	14,666		14,666	9,288		9,288
636.6	Cont Serv Other Main	(2,228)		(2,228)	14,909		14,909	8,863		8,863
636.7	Cont Serv Other CA	19,872		19,872	(6,591)		(6,591)	2,930		2,930
636.8	Cont Serv Other AG	18,350	40,249	(21,900)	31,130	47,127	(15,997)	(8,190)	57,751	(65,941)
641.5	Rents-Real Prop Oper	600		600	115		115	3,030		3,030
641.8	Rents-Real Prop AG	0	484	(484)	0	484	(484)	0	484	(484)
642.3	Rents-Equipment Oper	0		0	141		141	0		0
642.5	Rents-Equipment Oper	152		152	287		287	0		0
642.8	Rents-Equipment AG	(5,740)	2,676	(8,416)	3,176	2,676	500	12,367	2,676	9,692
650.1	Transportation Oper	0		0	0		0	0		0
650.3	Transportation Oper	(35)		(35)	(24)		(24)	552		552
650.4	Transportation Maint	0		0	0		0	24		24
650.5	Transportation Oper	512		512	2,656		2,656	855		855
650.6	Transportation Maint	368		368	0		0	0		0
650.8	Transportation AG	82,206	39,849	42,357	(7,083)	42,000	(49,083)	114,067	37,866	76,200
656.8	Ins Vehicle AG	2,271	2,456	(185)	2,271	2,456	(185)	2,271	2,456	(185)
657.8	Ins Gen Liab AG	26,304	20,587	5,717	26,302	20,587	5,715	60,664	20,587	40,077
658.8	Ins Work Comp AG	11,929	11,541	389	12,625	11,541	1,084	11,822	11,541	282
659.8	Ins Other AG	12,864	21,344	(8,480)	12,580	21,344	(8,764)	12,580	21,344	(8,764)
660.8	Advertising AG	(530)		(530)	(20)		(20)	480		480
666.8	Reg Exp-Rate Case	16,566	16,566	(0)	16,566	16,566	(0)	16,566	16,566	(0)
667.8	Reg Exp-Other AG	1,179	1,179	0	1,179	1,179	0	1,179	1,179	0
670.7	Bad Debt Expense	71,144	1,973	69,171	55,278	15,842	39,436	(20,142)	34,372	(54,513)
675.1	Misc Exp Oper SS	9,318		9,318	10,190		10,190	9,737		9,737
675.2	Misc Exp Maint SS	0	33,652	(33,652)	0	33,652	(33,652)	0	33,652	(33,652)
675.3	Misc Exp Oper WT	82,945	43,208	39,737	54,500	36,983	17,517	39,553	37,683	1,870
675.4	Misc Exp Maint WT	10,961	1,800	9,161	9,727	1,950	7,777	9,679	2,200	7,479
675.5	Misc Exp Oper TD	28,337		28,337	22,796		22,796	19,461		19,461
675.6	Misc Exp Maint TD	5,322	18,300	(12,978)	32,499	18,300	14,199	59,224	18,300	40,924
675.7	Misc Exp CA	115,566	96,362	19,203	99,684	96,126	3,558	63,191	97,787	(34,597)
675.8	Misc Exp AG	143,639	220,963	(77,324)	68,310	192,918	(124,608)	80,913	156,834	(75,920)

Kentucky American Water Company
January - December 2013
Water Only

NARUC	NARUC Description	Apr-13			May-13			Jun-13		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$1,065,516	\$1,046,424	\$19,092	\$1,069,586	\$1,049,121	\$20,465	\$1,159,978	\$1,144,900	\$15,078
406	Amort UPAA	713	713	0	713	713	0	713	713	0
407.1	Amort-Ltd Term UP	12,546	12,182	364	12,546	12,182	364	12,546	12,182	364
407.2	Amort-Prop Losses	4,757	4,757	0	4,757	4,757	0	4,757	4,757	0
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	12,178	12,500	(322)	12,178	12,500	(322)	12,178	12,500	(322)
408.11	Taxes Oth than Inc-Property	348,395	363,250	(14,855)	372,109	363,250	8,859	359,980	363,250	(3,270)
408.12	Taxes Oth than Inc-Payroll	38,940	45,067	(6,127)	39,608	46,538	(6,930)	37,191	41,912	(4,721)
408.13	Taxes Oth than Inc-Other	0		0	0		0	0		0
409.1	Income Taxes-FIT Ope	482,093	298,040	184,054	1,296,133	(95,352)	1,391,485	(900,970)	827,818	(1,728,788)
409.11	Income Taxes-SIT Ope	87,920	53,710	34,210	(60,481)	(25,309)	(35,172)	106,446	136,195	(29,749)
409.2	Income Taxes-Oth Inc	(16,008)		(16,008)	(3,815)		(3,815)	2,796		2,796
410.1	Def Inc Tax-FIT	(20,249)	74,147	(94,396)	(851,861)	552,349	(1,404,210)	1,457,754	19,884	1,437,871
410.11	Def Inc Tax-SIT	(6,698)	10,517	(17,215)	82,709	97,727	(15,018)	(2,228)	621	(2,849)
412.11	ITC-Restored	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)
415	M&J Revenues	42,961		42,961	24,545		24,545	0		0
416	M&J Expenses	(10,150)		(10,150)	(21,970)		(21,970)	(12,935)		(12,935)
420	AFUDC	(82,524)	(136,943)	54,419	(63,987)	(147,531)	83,544	(88,958)	(114,905)	25,948
426	Misc Nonutility Expe	8,339	9,250	(911)	7,232	5,250	1,982	5,749	5,250	499
427.2	Int Exp-Short Term D	4,444	8,681	(4,237)	3,133	9,491	(6,357)	2,962	8,028	(5,066)
427.3	Int Exp-LTD	943,969	977,969	(34,000)	957,067	984,469	(27,402)	970,165	990,969	(20,803)
427.5	Int Exp-Other	0		0	0		0	0		0
428	Amort Debt Expense	7,335	6,222	1,113	7,134	6,222	911	7,335	6,472	863
437	Dividends Declared -	31,763	31,763	0	31,763	31,763	0	31,763	31,763	0
438	Dividends Declared -	0	0	0	0	0	0	1,332,282	1,268,852	63,430
461.1	Metered Sales-Res	(3,411,855)	(3,331,095)	(80,761)	(3,532,498)	(3,514,896)	(17,602)	(3,669,653)	(4,295,796)	626,143
461.2	Metered Sales-Com	(1,619,350)	(1,589,038)	(30,312)	(1,454,011)	(1,693,728)	239,718	(1,941,884)	(2,051,746)	109,862
461.3	Metered Sales-Ind	(191,883)	(174,413)	(17,470)	(170,571)	(177,582)	7,011	(187,455)	(187,997)	542
461.4	Metered Sales-OPA	(483,592)	(430,042)	(53,550)	(446,482)	(496,257)	49,775	(551,700)	(580,724)	29,023
462.1	Public Fire Revenues	(280,848)		(280,848)	(297,499)		(297,499)	(296,568)		(296,568)
462.2	Private Fire Revenue	(194,096)	(471,616)	277,520	(180,113)	(481,117)	301,004	(201,191)	(472,000)	270,809
466	Sales for Resale	(136,474)	(139,984)	3,510	(135,396)	(169,382)	33,986	(200,926)	(173,591)	(27,335)
467	Interdept Sales	(2,264)		(2,264)	(2,306)		(2,306)	(2,394)		(2,394)
470	Forfeited Discounts	(34,916)	(56,667)	21,751	(9,459)	(56,667)	47,208	0	(56,667)	56,667
471	Misc Service Revenue	(69,307)	(95,269)	25,962	(88,747)	(96,950)	8,204	(80,160)	(105,901)	25,742
472	Rents from Water Pro	(7,909)	(7,308)	(602)	(7,909)	(7,911)	2	(9,314)	(5,610)	(3,704)
473	Interdept Rents	(10,007)	(8,333)	(1,674)	(10,007)	(8,333)	(1,674)	(10,007)	(8,333)	(1,674)
474	Other Water Revenues	(1,645)	(974)	(671)	(4,926)	(1,122)	(3,804)	0	(1,095)	1,095
601.2	Salaries-Empl Maint	0		0	0		0	474		474
601.3	Salaries-Empl Oper W	193,350		193,350	203,429		203,429	175,029		175,029
601.4	Salaries-Empl Maint	18,694		18,694	23,192		23,192	14,608		14,608
601.5	Salaries-Empl Oper T	85,795		85,795	108,438		108,438	83,465		83,465
601.6	Salaries-Empl Maint	51,334		51,334	44,772		44,772	50,491		50,491
601.7	Salaries-Empl CA	33,426		33,426	43,270		43,270	28,059		28,059
601.8	Salaries-Empl AG	143,036	598,725	(455,689)	155,276	616,740	(461,464)	167,337	556,415	(389,079)
604.3	Empl Pens & Ben Oper	0		0	0		0	0		0
604.5	Empl Pens & Ben Oper	0		0	18		18	0		0
604.8	Empl Pens & Ben AG	247,321	282,719	(35,397)	247,021	286,867	(39,846)	242,417	312,918	(70,501)
610.1	Purchased Water Oper	26,848	30,322	(3,473)	24,522	26,040	(1,518)	15,963	26,203	(10,240)
615.1	Purch Power Oper SS	68,507		68,507	62,796		62,796	59,036		59,036
615.3	Purch Power Oper WT	248,249		248,249	288,744		288,744	259,022		259,022
615.5	Purch Power Oper TD	214		214	307		307	246		246
615.8	Purch Power Oper AG		289,742	(289,742)		306,129	(306,129)		370,749	(370,749)
616.1	Purch Fuel Oper SS	0	0	0	0	600	(600)	0	0	0
618.3	Chemicals Oper WT	112,971	134,868	(21,898)	111,250	149,038	(37,788)	133,239	174,685	(41,445)
620.1	M&S Oper SS	140		140	325		325	(387)		(387)
620.2	M&S Maint SS	6,222	22,617	(16,394)	6,297	15,617	(9,320)	3,963	27,617	(23,653)
620.3	M&S Oper WT	7,213		7,213	7,150		7,150	11,528		11,528
620.4	M&S Maint WT	37,559	30,824	6,735	30,902	34,549	(3,647)	22,175	19,824	2,351
620.5	M&S Oper TD	6,162	17,015	(10,853)	15,980	18,315	(2,335)	8,497	17,015	(8,518)
620.6	M&S Maint TD	15,076	25,300	(10,224)	11,702	25,300	(13,598)	(13,831)	25,300	(39,131)
620.8	M&S AG	2,409		2,409	2,570		2,570	6,769		6,769
631.1	Cont Serv Eng Oper S	0		0	0		0	0		0
631.6	Cont Serv Eng Maint	0		0	0		0	0		0
631.8	Cont Serv Eng AG	0	2,000	(2,000)	111	2,000	(1,889)	0	5,000	(5,000)
632.8	Cont Serv Acct AG	15,364	7,779	7,585	13,795	9,579	4,216	13,744	9,579	4,166

Kentucky American Water Company
January - December 2013
Water Only

NARUC	NARUC Description	Apr-13			May-13			Jun-13		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
633.8	Cont Serv Legal AG	13,413	16,500	(3,087)	5,231	17,700	(12,469)	3,635	16,500	(12,865)
634.8	Cont Serv Mgmt Fee A	787,291	820,661	(33,370)	854,526	821,296	33,230	704,738	768,186	(63,447)
635.3	Cont Serv Testing Op	2,960	2,572	388	510	920	(410)	851	0	851
636.1	Cont Serv Other Oper	0		0	0		0	0		0
636.2	Cont Serv Other Main	40		40	(40)		(40)	0		0
636.3	Cont Serv Other Oper	9,883		9,883	20,181		20,181	12,706		12,706
636.4	Cont Serv Other Main	2,258		2,258	2,242		2,242	(10,655)		(10,655)
636.5	Cont Serv Other Oper	28,331		28,331	7,745		7,745	5,799		5,799
636.6	Cont Serv Other Main	7,640		7,640	12,711		12,711	10,744		10,744
636.7	Cont Serv Other CA	3,594		3,594	4,304		4,304	12,661		12,661
636.8	Cont Serv Other AG	36,564	49,451	(12,886)	20,874	54,326	(33,452)	18,506	61,399	(42,893)
641.5	Rents-Real Prop Oper	262		262	438		438	100		100
641.8	Rents-Real Prop AG	0	484	(484)	0	484	(484)	0	484	(484)
642.3	Rents-Equipment Oper	0		0	0		0	0		0
642.5	Rents-Equipment Oper	0		0	0		0	524		524
642.8	Rents-Equipment AG	2,128	2,676	(547)	1,904	2,676	(772)	1,827	2,676	(849)
650.1	Transportation Oper	0		0	104		104	0		0
650.3	Transportation Oper	53		53	(147)		(147)	(30)		(30)
650.4	Transportation Maint	42		42	(42)		(42)	0		0
650.5	Transportation Oper	36		36	(79)		(79)	570		570
650.6	Transportation Maint	0		0	0		0	0		0
650.8	Transportation AG	15,946	37,928	(21,982)	31,707	43,193	(11,486)	57,708	41,190	16,518
656.8	Ins Vehicle AG	2,271	2,456	(185)	2,271	2,456	(185)	2,271	2,456	(185)
657.8	Ins Gen Liab AG	26,516	20,587	5,929	26,367	20,587	5,780	18,451	20,587	(2,136)
658.8	Ins Work Comp AG	11,997	11,541	456	11,944	11,541	404	12,416	11,541	875
659.8	Ins Other AG	12,580	21,344	(8,764)	12,575	21,344	(8,770)	13,027	21,344	(8,317)
660.8	Advertising AG	0		0	955		955	673		673
666.8	Reg Exp-Rate Case	16,566	16,566	(0)	16,566	16,566	(0)	16,566	16,566	(0)
667.8	Reg Exp-Other AG	1,179	1,179	0	1,179	1,179	0	1,179	1,179	0
670.7	Bad Debt Expense	66,536	48,547	17,990	(116,835)	67,698	(184,533)	513,577	83,047	430,530
675.1	Misc Exp Oper SS	10,708		10,708	8,787		8,787	12,407		12,407
675.2	Misc Exp Maint SS	458	33,652	(33,194)	(67)	33,652	(33,719)	0	33,652	(33,652)
675.3	Misc Exp Oper WT	53,029	44,808	8,221	52,460	33,483	18,977	42,582	40,783	1,799
675.4	Misc Exp Maint WT	9,679	2,000	7,679	10,002	1,800	8,202	9,679	1,800	7,879
675.5	Misc Exp Oper TD	14,418		14,418	10,818		10,818	9,660		9,660
675.6	Misc Exp Maint TD	38,642	18,300	20,342	41,927	33,300	8,627	36,269	18,300	17,969
675.7	Misc Exp CA	105,400	96,376	9,024	63,150	96,237	(33,087)	83,178	96,126	(12,948)
675.8	Misc Exp AG	115,300	202,123	(86,823)	142,220	275,714	(133,494)	157,233	197,699	(40,467)

Kentucky American Water Company
January - December 2013
Water Only

NARUC	NARUC Description	Jul-13			Aug-13			Sep-13		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$1,156,929	\$1,148,994	\$7,935	\$1,072,541	\$1,083,276	(\$10,735)	\$1,137,192	\$1,087,653	\$49,539
406	Amort UPAA	713	713	0	713	713	0	713	713	0
407.1	Amort-Ltd Term UP	12,546	12,182	364	12,546	12,182	364	12,546	12,182	364
407.2	Amort-Prop Losses	4,757	4,757	0	4,757	4,757	0	4,757	4,757	0
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	12,791	12,500	291	12,791	12,500	291	12,791	12,500	291
408.11	Taxes Oth than Inc-Property	359,650	363,250	(3,600)	361,100	363,250	(2,150)	361,237	363,250	(2,013)
408.12	Taxes Oth than Inc-Payroll	43,900	47,378	(3,478)	38,527	44,306	(5,778)	39,280	41,064	(1,784)
408.13	Taxes Oth than Inc-Other	0		0	0		0	0		0
409.1	Income Taxes-FIT Ope	596,112	989,136	(393,024)	779,478	527,860	251,618	(1,239,769)	1,306,700	(2,546,468)
409.11	Income Taxes-SIT Ope	108,713	165,531	(56,817)	142,154	95,764	46,390	(151,373)	238,216	(389,589)
409.2	Income Taxes-Oth Inc	1,425		1,425	(3,904)		(3,904)	2,697		2,697
410.1	Def Inc Tax-FIT	10,199	(31,589)	41,789	130,372	573,374	(443,003)	2,514,171	(16,406)	2,530,577
410.11	Def Inc Tax-SIT	(1,145)	(8,767)	7,621	20,770	101,561	(80,791)	387,263	(5,998)	393,261
412.11	ITC-Restored	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)
415	M&J Revenues	0		0	(717)		(717)	0		0
416	M&J Expenses	(10,448)		(10,448)	4,271		4,271	(14,724)		(14,724)
420	AFUDC	(91,301)	(67,774)	(23,526)	(66,025)	(11,005)	(55,021)	(85,255)	(5,976)	(79,278)
426	Misc Nonutility Expe	6,784	5,500	1,284	6,482	5,500	982	7,790	5,500	2,290
427.2	Int Exp-Short Term D	3,231	9,114	(5,883)	3,031	10,829	(7,798)	2,505	8,103	(5,599)
427.3	Int Exp-LTD	970,165	990,969	(20,803)	970,165	990,969	(20,803)	970,165	990,969	(20,803)
427.5	Int Exp-Other	0		0	43		43	0		0
428	Amort Debt Expense	7,335	6,472	863	7,335	6,472	863	7,536	6,472	1,063
437	Dividends Declared -	31,763	31,763	0	31,763	31,763	0	31,763	31,763	0
438	Dividends Declared -	0	0	0	0	0	0	1,880,869	2,096,078	(215,209)
461.1	Metered Sales-Res	(3,498,662)	(4,527,888)	1,029,227	(4,267,105)	(4,605,086)	337,982	(4,507,424)	(4,847,510)	340,086
461.2	Metered Sales-Com	(1,915,999)	(2,207,940)	291,941	(2,025,759)	(2,346,643)	320,884	(2,238,883)	(2,465,279)	226,396
461.3	Metered Sales-Ind	(242,446)	(226,957)	(15,490)	(249,797)	(229,965)	(19,833)	(237,810)	(229,310)	(8,501)
461.4	Metered Sales-OPA	(635,692)	(660,300)	24,609	(613,906)	(756,442)	142,536	(991,495)	(858,630)	(132,865)
462.1	Public Fire Revenues	(246,571)		(246,571)	(282,646)		(282,646)	(368,360)		(368,360)
462.2	Private Fire Revenue	(192,966)	(472,000)	279,034	(204,118)	(517,750)	313,632	(138,688)	(516,940)	378,252
466	Sales for Resale	(119,944)	(174,248)	54,303	(152,625)	(209,560)	56,935	(180,931)	(181,823)	892
467	Interdept Sales	(3,321)		(3,321)	(2,249)		(2,249)	(2,316)		(2,316)
470	Forfeited Discounts	(77,105)	(56,667)	(20,438)	(102,951)	(56,667)	(46,284)	(73,560)	(56,667)	(16,893)
471	Misc Service Revenue	(92,288)	(106,809)	14,522	(103,337)	(113,531)	10,194	(77,528)	(116,307)	38,779
472	Rents from Water Pro	(7,814)	(7,527)	(287)	(7,814)	(10,124)	2,310	(8,172)	(7,458)	(714)
473	Interdept Rents	(10,007)	(8,333)	(1,674)	(10,007)	(8,333)	(1,674)	(10,007)	(8,333)	(1,674)
474	Other Water Revenues	0	(1,194)	1,194	32,894	(1,440)	34,334	(34,219)	(1,378)	(32,842)
601.2	Salaries-Empl Maint	2,409		2,409	2,776		2,776	5,177		5,177
601.3	Salaries-Empl Oper W	212,082		212,082	181,993		181,993	195,968		195,968
601.4	Salaries-Empl Maint	13,347		13,347	8,988		8,988	7,209		7,209
601.5	Salaries-Empl Oper T	106,965		106,965	115,221		115,221	104,498		104,498
601.6	Salaries-Empl Maint	62,105		62,105	43,847		43,847	49,229		49,229
601.7	Salaries-Empl CA	30,220		30,220	30,753		30,753	30,944		30,944
601.8	Salaries-Empl AG	199,742	636,695	(436,953)	171,166	603,601	(432,435)	174,985	569,699	(394,714)
604.3	Empl Pens & Ben Oper	0		0	0		0	0		0
604.5	Empl Pens & Ben Oper	0		0	0		0	9		9
604.8	Empl Pens & Ben AG	254,707	284,177	(29,470)	242,720	289,258	(46,538)	247,414	281,349	(33,935)
610.1	Purchased Water Oper	26,400	30,779	(4,379)	25,778	27,715	(1,937)	(49,554)	18,072	(67,626)
615.1	Purch Power Oper SS	64,531		64,531	55,896		55,896	65,616		65,616
615.3	Purch Power Oper WT	255,579		255,579	258,386		258,386	263,964		263,964
615.5	Purch Power Oper TD	356		356	303		303	320		320
615.8	Purch Power Oper AG		367,039	(367,039)		378,851	(378,851)		320,184	(320,184)
616.1	Purch Fuel Oper SS	1,362	0	1,362	82	0	82	0	0	0
618.3	Chemicals Oper WT	178,538	186,857	(8,319)	196,494	202,506	(6,012)	159,780	155,394	4,386
620.1	M&S Oper SS	1,053		1,053	(442)		(442)	194		194
620.2	M&S Maint SS	(225)	7,617	(7,842)	9,117	7,617	1,500	8,742	7,325	1,417
620.3	M&S Oper WT	11,432		11,432	2,624		2,624	4,592		4,592
620.4	M&S Maint WT	13,090	31,049	(17,959)	43,537	27,049	16,488	11,734	16,824	(5,090)
620.5	M&S Oper TD	7,929	16,965	(9,036)	17,419	18,615	(1,196)	6,725	20,815	(14,090)
620.6	M&S Maint TD	39,254	24,300	14,954	32,446	24,300	8,146	29,895	24,300	5,595
620.8	M&S AG	2,693		2,693	2,902		2,902	8,576		8,576
631.1	Cont Serv Eng Oper S	0		0	938		938	0		0
631.6	Cont Serv Eng Maint	0		0	4,062		4,062	(1,354)		(1,354)
631.8	Cont Serv Eng AG	0	3,500	(3,500)	0	6,000	(6,000)	0	2,000	(2,000)
632.8	Cont Serv Acct AG	6,759	9,579	(2,820)	6,759	9,579	(2,820)	7,881	9,579	(1,698)

Kentucky American Water Company
January - December 2013
Water Only

NARUC	NARUC Description	Jul-13			Aug-13			Sep-13		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
633.8	Cont Serv Legal AG	488	16,500	(16,012)	30,486	16,500	13,986	11,430	16,500	(5,070)
634.8	Cont Serv Mgmt Fee A	760,851	825,975	(65,124)	747,693	795,170	(47,477)	732,281	795,370	(63,089)
635.3	Cont Serv Testing Op	1,540	862	678	3,213	643	2,570	893	35	858
636.1	Cont Serv Other Oper	0		0	0		0	0		0
636.2	Cont Serv Other Main	0		0	0		0	0		0
636.3	Cont Serv Other Oper	29,777		29,777	28,546		28,546	5,460		5,460
636.4	Cont Serv Other Main	67		67	106		106	385		385
636.5	Cont Serv Other Oper	5,109		5,109	10,002		10,002	5,924		5,924
636.6	Cont Serv Other Main	4,198		4,198	2,068		2,068	1,905		1,905
636.7	Cont Serv Other CA	4,543		4,543	3,660		3,660	4,497		4,497
636.8	Cont Serv Other AG	25,566	49,956	(24,390)	22,707	48,249	(25,543)	8,452	54,284	(45,832)
641.5	Rents-Real Prop Oper	125		125	1,931		1,931	(1,061)		(1,061)
641.8	Rents-Real Prop AG	0	484	(484)	0	484	(484)	0	484	(484)
642.3	Rents-Equipment Oper	0		0	0		0	0		0
642.5	Rents-Equipment Oper	(524)		(524)	0		0	0		0
642.8	Rents-Equipment AG	3,481	2,676	805	2,160	2,676	(516)	1,999	2,676	(676)
650.1	Transportation Oper	0		0	0		0	0		0
650.3	Transportation Oper	252		252	(32)		(32)	(48)		(48)
650.4	Transportation Maint	0		0	0		0	0		0
650.5	Transportation Oper	(1,107)		(1,107)	20		20	32		32
650.6	Transportation Maint	0		0	0		0	0		0
650.8	Transportation AG	42,078	41,714	364	37,290	37,388	(98)	38,254	39,809	(1,555)
656.8	Ins Vehicle AG	2,271	2,456	(185)	2,271	2,456	(185)	2,271	2,456	(185)
657.8	Ins Gen Liab AG	26,167	20,587	5,580	26,275	20,587	5,688	21,317	20,587	730
658.8	Ins Work Comp AG	12,816	11,541	1,276	12,016	11,541	475	12,195	11,541	655
659.8	Ins Other AG	12,529	21,344	(8,816)	12,529	21,344	(8,816)	12,529	21,344	(8,816)
660.8	Advertising AG	0		0	0		0	0		0
666.8	Reg Exp-Rate Case	16,566	16,566	(0)	16,566	36,010	(19,445)	16,566	36,010	(19,445)
667.8	Reg Exp-Other AG	1,179	1,179	0	1,179	1,179	(0)	1,179	1,179	(0)
670.7	Bad Debt Expense	(39,332)	98,056	(137,388)	143,405	85,047	58,358	62,986	79,386	(16,400)
675.1	Misc Exp Oper SS	10,391		10,391	10,257		10,257	11,647		11,647
675.2	Misc Exp Maint SS	0	33,652	(33,652)	0	36,641	(36,641)	0	36,641	(36,641)
675.3	Misc Exp Oper WT	48,447	40,508	7,939	56,726	36,983	19,742	29,589	35,433	(5,844)
675.4	Misc Exp Maint WT	11,619	1,800	9,819	9,339	2,700	6,639	9,482	1,800	7,682
675.5	Misc Exp Oper TD	17,529		17,529	13,381		13,381	12,758		12,758
675.6	Misc Exp Maint TD	40,593	18,300	22,293	34,660	18,300	16,360	54,109	33,300	20,809
675.7	Misc Exp CA	105,052	96,362	8,690	103,127	96,126	7,001	93,888	96,637	(2,749)
675.8	Misc Exp AG	128,938	196,204	(67,266)	96,771	177,116	(80,346)	157,520	189,318	(31,798)

Kentucky American Water Company
January - December 2013
Water Only

NARUC	NARUC Description	Oct-13			Nov-13			Dec-13		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$1,089,800	\$1,094,214	(\$4,414)	\$1,093,470	\$1,102,635	(\$9,165)	\$1,061,643	\$1,104,301	(\$42,658)
406	Amort UPAA	713	713	0	713	713	0	713	713	0
407.1	Amort-Ltd Term UP	12,546	12,182	364	12,546	12,182	364	12,546	12,182	364
407.2	Amort-Prop Losses	4,757	4,757	0	4,757	4,757	0	4,757	4,757	0
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	12,791	12,500	291	12,791	12,500	291	12,791	12,500	291
408.11	Taxes Oth than Inc-Property	361,100	363,250	(2,150)	360,997	363,250	(2,253)	479,067	363,250	115,817
408.12	Taxes Oth than Inc-Payroll	38,494	43,463	(4,969)	36,940	40,803	(3,863)	26,689	41,686	(14,997)
408.13	Taxes Oth than Inc-Other	7,307		7,307	0		0	9,170		9,170
409.1	Income Taxes-FIT Ope	1,037,553	573,815	463,738	347,583	11,777	335,806	(1,436,022)	294,096	(1,730,118)
409.11	Income Taxes-SIT Ope	189,219	106,771	82,449	63,389	5,043	58,346	(53,859)	56,562	(110,421)
409.2	Income Taxes-Oth Inc	1,448		1,448	(8,351)		(8,351)	(6,732)		(6,732)
410.1	Def Inc Tax-FIT	(158,528)	400,229	(558,757)	221,129	701,192	(480,064)	2,153,615	271,735	1,881,880
410.11	Def Inc Tax-SIT	(31,916)	69,984	(101,901)	37,322	124,871	(87,549)	(78,980)	46,551	(125,531)
412.11	ITC-Restored	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)
415	M&J Revenues	(13,223)		(13,223)	(13,718)		(13,718)	(11,745)		(11,745)
416	M&J Expenses	3,543		3,543	29,155		29,155	23,274		23,274
420	AFUDC	(124,537)	0	(124,537)	(150,388)	0	(150,388)	(160,356)	0	(160,356)
426	Misc Nonutility Expe	5,958	5,500	458	6,031	5,500	531	5,778	5,500	278
427.2	Int Exp-Short Term D	4,997	7,748	(2,751)	3,629	9,411	(5,782)	5,554	3,998	1,556
427.3	Int Exp-LTD	970,165	990,969	(20,803)	970,165	997,469	(27,303)	970,165	1,003,969	(33,803)
427.5	Int Exp-Other	0		0	415		415	138		138
428	Amort Debt Expense	7,536	6,472	1,063	7,562	6,472	1,089	7,683	6,722	961
437	Dividends Declared -	31,763	31,763	0	31,763	31,763	0	31,763	31,763	0
438	Dividends Declared -	0	0	0	0	0	0	3,652,021	4,442,167	(790,146)
461.1	Metered Sales-Res	(4,102,241)	(4,333,713)	231,472	(3,771,950)	(3,895,228)	123,278	(3,733,656)	(3,741,256)	7,600
461.2	Metered Sales-Com	(1,915,416)	(2,171,342)	255,926	(1,654,223)	(1,942,103)	287,880	(1,645,095)	(1,741,626)	96,531
461.3	Metered Sales-Ind	(222,499)	(214,277)	(8,222)	(175,539)	(181,755)	6,216	(100,800)	(172,438)	71,638
461.4	Metered Sales-OPA	(717,372)	(717,169)	(203)	(433,836)	(583,769)	149,933	(315,459)	(461,347)	145,888
462.1	Public Fire Revenues	(421,856)		(421,856)	(285,542)		(285,542)	(266,597)		(266,597)
462.2	Private Fire Revenue	(108,236)	(518,985)	410,749	(205,715)	(516,613)	310,898	(214,053)	(517,735)	303,681
466	Sales for Resale	(168,129)	(184,683)	16,555	(118,730)	(154,623)	35,893	(169,094)	(159,448)	(9,645)
467	Interdept Sales	(1,881)		(1,881)	(2,038)		(2,038)	(2,500)		(2,500)
470	Forfeited Discounts	(79,730)	(56,667)	(23,064)	(79,555)	(56,667)	(22,888)	(58,582)	(56,667)	(1,915)
471	Misc Service Revenue	(85,267)	(88,795)	3,529	(73,841)	(90,729)	16,889	(78,632)	(77,358)	(1,274)
472	Rents from Water Pro	(7,993)	(7,458)	(535)	(7,993)	(7,521)	(472)	(7,993)	(7,524)	(469)
473	Interdept Rents	(10,007)	(8,333)	(1,674)	(10,007)	(8,333)	(1,674)	(10,007)	(8,333)	(1,674)
474	Other Water Revenues	(13,074)	(26,526)	13,452	(11,670)	(26,474)	14,804	(15,207)	(26,414)	11,207
601.2	Salaries-Empl Maint	(1,181)		(1,181)	0		0	0		0
601.3	Salaries-Empl Oper W	190,109		190,109	191,497		191,497	200,612		200,612
601.4	Salaries-Empl Maint	17,168		17,168	13,395		13,395	10,988		10,988
601.5	Salaries-Empl Oper T	119,856		119,856	101,499		101,499	96,081		96,081
601.6	Salaries-Empl Maint	56,835		56,835	33,774		33,774	79,286		79,286
601.7	Salaries-Empl CA	33,436		33,436	31,515		31,515	22,450		22,450
601.8	Salaries-Empl AG	147,407	608,707	(461,299)	162,620	587,825	(425,205)	74,259	603,338	(529,079)
604.3	Empl Pens & Ben Oper	0		0	0		0	0		0
604.5	Empl Pens & Ben Oper	0		0	0		0	0		0
604.8	Empl Pens & Ben AG	232,542	283,559	(51,017)	220,542	282,335	(61,793)	156,852	287,363	(130,512)
610.1	Purchased Water Oper	17,923	14,133	3,790	23,924	15,193	8,731	14,743	26,187	(11,444)
615.1	Purch Power Oper SS	67,487		67,487	57,011		57,011	59,607		59,607
615.3	Purch Power Oper WT	227,622		227,622	232,475		232,475	206,630		206,630
615.5	Purch Power Oper TD	312		312	350		350	115		115
615.8	Purch Power Oper AG		330,368	(330,368)		314,975	(314,975)		284,330	(284,330)
616.1	Purch Fuel Oper SS	0	0	0	(671)	2,600	(3,271)	(58)	8,095	(8,153)
618.3	Chemicals Oper WT	144,624	148,517	(3,894)	149,511	138,547	10,963	154,819	134,918	19,900
620.1	M&S Oper SS	(290)		(290)	59		59	(49,749)		(49,749)
620.2	M&S Maint SS	396	9,325	(8,929)	46,690	14,325	32,365	2,181	7,325	(5,144)
620.3	M&S Oper WT	1,672		1,672	(2,093)		(2,093)	1,748		1,748
620.4	M&S Maint WT	22,008	15,049	6,959	16,188	33,749	(17,561)	7,487	23,824	(16,337)
620.5	M&S Oper TD	29,687	16,915	12,772	(14,359)	17,865	(32,224)	14,998	17,565	(2,567)
620.6	M&S Maint TD	19,211	19,300	(89)	9,785	19,300	(9,515)	10,784	19,300	(8,516)
620.8	M&S AG	(3,777)		(3,777)	2,003		2,003	2,327		2,327
631.1	Cont Serv Eng Oper S	0		0	0		0	0		0
631.6	Cont Serv Eng Maint	0		0	0		0	0		0
631.8	Cont Serv Eng AG	0	2,000	(2,000)	0	3,000	(3,000)	0	1,500	(1,500)
632.8	Cont Serv Acct AG	6,759	7,779	(1,020)	7,473	7,779	(306)	7,507	7,779	(272)

Kentucky American Water Company
January - December 2013
Water Only

NARUC	NARUC Description	Oct-13			Nov-13			Dec-13		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
633.8	Cont Serv Legal AG	12,116	16,500	(4,384)	11,371	16,500	(5,130)	13,981	16,500	(2,519)
634.8	Cont Serv Mgmt Fee A	714,532	816,140	(101,608)	728,348	780,491	(52,143)	750,002	792,168	(42,165)
635.3	Cont Serv Testing Op	3,335	591	2,744	546	250	296	66	0	66
636.1	Cont Serv Other Oper	0		0	0		0	0		0
636.2	Cont Serv Other Main	4,615		4,615	353		353	(76)		(76)
636.3	Cont Serv Other Oper	18,777		18,777	17,274		17,274	20,521		20,521
636.4	Cont Serv Other Main	768		768	2,398		2,398	2,398		2,398
636.5	Cont Serv Other Oper	5,800		5,800	7,560		7,560	6,100		6,100
636.6	Cont Serv Other Main	11,772		11,772	16,468		16,468	6,460		6,460
636.7	Cont Serv Other CA	3,202		3,202	2,975		2,975	3,192		3,192
636.8	Cont Serv Other AG	11,819	50,727	(38,909)	12,807	35,393	(22,586)	17,141	35,626	(18,485)
641.5	Rents-Real Prop Oper	0		0	0		0	1,150		1,150
641.8	Rents-Real Prop AG	0	484	(484)	100	484	(384)	0	484	(484)
642.3	Rents-Equipment Oper	0		0	0		0	0		0
642.5	Rents-Equipment Oper	0		0	820		820	0		0
642.8	Rents-Equipment AG	2,056	2,676	(620)	1,446	2,676	(1,230)	1,365	2,676	(1,311)
650.1	Transportation Oper	0		0	0		0	0		0
650.3	Transportation Oper	105		105	(52)		(52)	(35)		(35)
650.4	Transportation Maint	0		0	0		0	0		0
650.5	Transportation Oper	0		0	0		0	729		729
650.6	Transportation Maint	0		0	0		0	0		0
650.8	Transportation AG	37,157	39,136	(1,980)	30,157	38,640	(8,482)	85,285	39,497	45,788
656.8	Ins Vehicle AG	2,271	2,456	(185)	2,271	2,456	(185)	2,271	2,456	(185)
657.8	Ins Gen Liab AG	26,167	20,587	5,580	26,167	20,587	5,580	45,770	20,587	25,183
658.8	Ins Work Comp AG	10,779	11,541	(762)	11,519	11,541	(22)	8,571	11,541	(2,970)
659.8	Ins Other AG	12,535	21,344	(8,810)	12,630	21,344	(8,714)	12,529	21,344	(8,816)
660.8	Advertising AG	4,281		4,281	0		0	595		595
666.8	Reg Exp-Rate Case	0	36,010	(36,010)	76,767	36,010	40,756	22,128	19,444	2,684
667.8	Reg Exp-Other AG	617	617	0	617	617	0	617	617	0
670.7	Bad Debt Expense	319,496	40,943	278,553	196,761	21,407	175,354	(160,614)	(8,795)	(151,819)
675.1	Misc Exp Oper SS	11,874		11,874	8,626		8,626	19,360		19,360
675.2	Misc Exp Maint SS	0	36,641	(36,641)	0	36,641	(36,641)	169	43,030	(42,861)
675.3	Misc Exp Oper WT	43,746	37,433	6,312	68,884	37,058	31,826	39,250	38,558	692
675.4	Misc Exp Maint WT	9,679	2,600	7,079	9,737	1,800	7,937	9,977	1,800	8,177
675.5	Misc Exp Oper TD	14,307		14,307	12,493		12,493	9,655		9,655
675.6	Misc Exp Maint TD	24,043	18,300	5,743	48,102	18,300	29,802	84,566	18,300	66,266
675.7	Misc Exp CA	98,905	97,701	1,204	94,964	96,576	(1,613)	99,908	96,576	3,332
675.8	Misc Exp AG	140,151	176,186	(36,035)	106,777	176,545	(69,768)	244,264	171,835	72,429

Kentucky American Water Company
January - December 2014
Water Only

NARUC	NARUC Description	Jan-14			Feb-14			Mar-14		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$1,103,608	\$1,122,831	(\$19,223)	\$1,123,482	\$1,123,405	\$77	\$1,140,484	\$1,125,187	\$15,297
406	Amort UPAA	713	713	0	713	713	0	713	713	0
407.1	Amort-Ltd Term UP	13,474	13,182	293	13,474	13,182	293	13,474	13,182	293
407.2	Amort-Prop Losses	4,757	4,757	0	4,757	4,757	0	4,757	4,757	0
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	12,791	12,500	291	12,791	12,500	291	12,791	12,500	291
408.11	Taxes Oth than Inc-Property	390,128	384,640	5,488	389,777	384,640	5,137	389,777	384,640	5,137
408.12	Taxes Oth than Inc-Payroll	74,908	57,641	17,267	51,957	46,287	5,670	29,418	42,556	(13,138)
408.13	Taxes Oth than Inc-Other	(7,335)		(7,335)	5,966		5,966	(4,915)		(4,915)
409.1	Income Taxes-FIT Ope	615,894	618,263	(2,369)	265,867	390,838	(124,971)	598,964	453,726	145,238
409.11	Income Taxes-SIT Ope	112,321	106,089	6,232	48,486	64,613	(16,127)	28,768	76,082	(47,314)
409.2	Income Taxes-Oth Inc	(2,057)		(2,057)	(1,354)		(1,354)	(2,500)		(2,500)
410.1	Def Inc Tax-FIT	(97,201)	(30,001)	(67,200)	158,060	112,017	46,043	71,944	(16,038)	87,982
410.11	Def Inc Tax-SIT	(20,732)	(8,477)	(12,255)	25,820	17,423	8,397	44,655	(5,930)	50,585
412.11	ITC-Restored	(7,066)	(7,066)	0	(7,066)	(7,066)	0	(7,066)	(7,066)	0
415	M&J Revenues	(22,725)		(22,725)	(16,280)		(16,280)	(10,355)		(10,355)
416	M&J Expenses	21,646		21,646	14,001		14,001	10,591		10,591
420	AFUDC	(104,985)	(4,604)	(100,381)	(23,296)	(6,648)	(16,648)	(41,133)	(8,970)	(32,163)
421	Nonutility Income	0		0	0		0	0		0
426	Misc Nonutility Expe	6,366	0	6,366	5,759	0	5,759	6,189	1,500	4,689
427.2	Int Exp-Short Term D	5,871	4,003	1,868	4,667	3,677	990	4,636	3,851	785
427.3	Int Exp-LTD	970,165	1,002,233	(32,068)	937,464	1,002,233	(64,769)	1,013,743	1,013,109	634
427.5	Int Exp-Other	0		0	0		0	0		0
428	Amort Debt Expense	7,587	7,336	252	7,562	6,953	608	7,562	7,909	(348)
437	Dividends Declared -	31,763		31,763	31,763		31,763	31,763		31,763
438	Dividends Declared -	0	0	0	0	0	0	2,727,260	2,858,477	(131,216)
461.1	Metered Sales-Res	(3,968,049)	(3,852,302)	(115,748)	(3,682,373)	(3,506,111)	(176,262)	(3,839,820)	(3,429,195)	(410,625)
461.2	Metered Sales-Com	(1,733,300)	(1,720,544)	(12,755)	(1,709,667)	(1,618,862)	(90,804)	(1,693,819)	(1,591,917)	(101,903)
461.3	Metered Sales-Ind	(146,897)	(162,274)	15,376	(139,194)	(192,877)	53,683	(171,560)	(179,906)	8,345
461.4	Metered Sales-OPA	(561,057)	(494,371)	(66,687)	(149,027)	(464,065)	315,038	(391,730)	(495,058)	103,328
462.1	Public Fire Revenues	(406,232)	(304,003)	(102,229)	(399,215)	(304,300)	(94,915)	(437,240)	(304,805)	(132,434)
462.2	Private Fire Revenue	(66,424)	(200,636)	134,212	(115,635)	(210,550)	94,915	(85,794)	(205,492)	119,698
466	Sales for Resale	(124,740)	(131,803)	7,063	(89,308)	(152,279)	62,970	(191,770)	(129,723)	(62,047)
467	Interdept Sales	(5,072)		(5,072)	(4,588)		(4,588)	(3,282)		(3,282)
470	Forfeited Discounts	1,188	(45,333)	46,522	(54,069)	(45,333)	(8,735)	(78,386)	(45,333)	(33,053)
471	Misc Service Revenue	(60,255)	(73,856)	13,601	(69,332)	(73,856)	4,524	(73,256)	(76,206)	2,950
472	Rents from Water Pro	(7,993)	(7,650)	(343)	(7,993)	(7,650)	(343)	19,607	(7,650)	27,257
473	Interdept Rents	(10,007)	(8,333)	(1,674)	(10,007)	(8,333)	(1,674)	(10,007)	(8,333)	(1,674)
474	Other Water Revenues	(32,335)	0	(32,335)	(3,477)	0	(3,477)	(16,019)	0	(16,019)
601.1	Salaries-Empl Oper S	343		343	(171)		(171)	0		0
601.3	Salaries-Empl Oper W	202,096		202,096	172,279		172,279	175,308		175,308
601.4	Salaries-Empl Maint	14,172		14,172	16,882		16,882	20,673		20,673
601.5	Salaries-Empl Oper T	107,979		107,979	92,982		92,982	91,192		91,192
601.6	Salaries-Empl Maint	178,390		178,390	42,267		42,267	80,641		80,641
601.7	Salaries-Empl CA	32,753		32,753	40,130		40,130	38,997		38,997
601.8	Salaries-Empl AG	208,629	616,229	(407,600)	135,080	537,475	(402,394)	54,503	563,271	(508,768)
604.5	Empl Pens & Ben Oper	0		0	152		152	0		0
604.8	Empl Pens & Ben AG	187,498	201,682	(14,184)	157,689	194,715	(37,026)	169,189	198,327	(29,138)
610.1	Purchased Water Oper	40,041	12,162	27,879	13,327	27,901	(14,575)	15,714	20,048	(4,334)
615.1	Purch Power Oper SS	72,677		72,677	98,457		98,457	44,797		44,797
615.3	Purch Power Oper WT	234,863		234,863	323,324		323,324	168,726		168,726
615.5	Purch Power Oper TD	201		201	514		514	486		486
615.8	Purch Power Oper AG		293,425	(293,425)		276,444	(276,444)		278,543	(278,543)
616.1	Purch Fuel Oper SS	1,343	941	402	8,008	941	7,066	19,256	941	18,315
618.3	Chemicals Oper WT	139,442	135,859	3,583	154,149	108,775	45,374	104,893	140,793	(35,900)
620.1	M&S Oper SS	(1,146)		(1,146)	1,262		1,262	(1,226)		(1,226)
620.2	M&S Maint SS	3,564		3,564	794		794	547		547
620.3	M&S Oper WT	1,784		1,784	7,215		7,215	1,868		1,868
620.4	M&S Maint WT	7,956	25,516	(17,560)	15,397	25,516	(10,119)	7,272	57,016	(49,743)
620.5	M&S Oper TD	10,326	29,866	(19,540)	10,795	28,816	(18,021)	13,997	26,166	(12,169)
620.6	M&S Maint TD	37,473	9,073	28,401	14,389	26,773	(12,383)	(207)	26,773	(26,980)
620.8	M&S AG	3,710	1,600	2,110	4,799	1,600	3,199	2,246	3,100	(854)
631.1	Cont Serv Eng Oper S	0		0	0		0	692		692
631.6	Cont Serv Eng Maint	1,354		1,354	0		0	0		0
631.8	Cont Serv Eng AG	0	3,100	(3,100)	0	1,500	(1,500)	0	2,000	(2,000)
632.8	Cont Serv Acct AG	8,488	8,464	24	7,808	8,464	(656)	8,318	8,464	(146)

Kentucky American Water Company
January - December 2014
Water Only

NARUC	NARUC Description	Jan-14			Feb-14			Mar-14		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
633.8	Cont Serv Legal AG	12,829	16,500	(3,671)	21,638	16,500	5,138	23,229	16,500	6,729
634.8	Cont Serv Mgmt Fee A	753,973	779,488	(25,515)	705,014	715,242	(10,228)	646,362	747,698	(101,337)
635.3	Cont Serv Testing Op	466	2,027	(1,560)	210	348	(138)	3,151	768	2,383
636.1	Cont Serv Other Oper	0		0	0		0	0		0
636.2	Cont Serv Other Main	0		0	17,077		17,077	13,123		13,123
636.3	Cont Serv Other Oper	16,554		16,554	5,291		5,291	9,338		9,338
636.4	Cont Serv Other Main	15,743		15,743	29,982		29,982	26,547		26,547
636.5	Cont Serv Other Oper	5,354		5,354	3,167		3,167	1,639		1,639
636.6	Cont Serv Other Main	17,376		17,376	12,111		12,111	5,843		5,843
636.7	Cont Serv Other CA	0		0	0		0	5,492		5,492
636.8	Cont Serv Other AG	15,142	26,971	(11,829)	23,911	35,704	(11,793)	30,507	38,191	(7,684)
641.3	Rents-Real Prop Oper	0		0	0		0	0		0
641.5	Rents-Real Prop Oper	714		714	15		15	2,972		2,972
641.8	Rents-Real Prop AG		518	(518)		518	(518)		518	(518)
642.1	Rents-Equipment Oper	0		0	0		0	0		0
642.3	Rents-Equipment Oper	0		0	0		0	0		0
642.5	Rents-Equipment Oper	0		0	0		0	231		231
642.8	Rents-Equipment AG	1,807	2,749	(941)	1,812	2,749	(937)	1,643	2,749	(1,105)
650.1	Transportation Oper	0		0	0		0	0		0
650.3	Transportation Oper	60		60	(13)		(13)	83		83
650.4	Transportation Maint	0		0	0		0	0		0
650.5	Transportation Oper	249		249	(16)		(16)	(14)		(14)
650.6	Transportation Maint	0		0	1,087		1,087	759		759
650.8	Transportation AG	33,059	39,697	(6,639)	37,948	39,697	(1,750)	66,916	39,697	27,219
656.8	Ins Vehicle AG	2,564	2,385	179	2,564	2,385	179	2,564	2,385	179
657.8	Ins Gen Liab AG	24,119	19,826	4,293	24,067	19,826	4,241	51,651	19,826	31,825
658.8	Ins Work Comp AG	10,954	12,920	(1,966)	10,488	12,920	(2,432)	11,665	12,920	(1,256)
659.8	Ins Other AG	12,103	21,166	(9,063)	12,485	21,166	(8,681)	12,103	21,166	(9,063)
660.8	Advertising AG	0	1,000	(1,000)	0	750	(750)	1,125	1,000	125
666.8	Reg Exp-Rate Case	29,694	19,444	10,250	19,448	19,444	4	18,331	19,444	(1,113)
667.8	Reg Exp-Other AG	617	617	0	617	617	0	617	617	0
670.7	Bad Debt Expense	166,632	42,395	124,238	103,175	39,821	63,355	195,588	39,123	156,465
675.1	Misc Exp Oper SS	6,875		6,875	12,250		12,250	1,899		1,899
675.2	Misc Exp Maint SS	188	43,013	(42,825)	0	43,013	(43,013)	327	43,013	(42,686)
675.3	Misc Exp Oper WT	48,536	49,075	(540)	33,964	39,555	(5,591)	55,501	39,279	16,222
675.4	Misc Exp Maint WT	9,491		9,491	9,853		9,853	10,115		10,115
675.5	Misc Exp Oper TD	22,052		22,052	21,124		21,124	16,346		16,346
675.6	Misc Exp Maint TD	204,464	18,438	186,027	58,678	18,438	40,240	48,101	18,438	29,664
675.7	Misc Exp CA	98,440	88,432	10,009	92,178	88,196	3,982	89,690	90,057	(367)
675.8	Misc Exp AG	121,024	190,693	(69,668)	65,765	152,827	(87,062)	125,441	140,066	(14,625)

Kentucky American Water Company
January - December 2014
Water Only

NARUC	NARUC Description	Apr-14			May-14			Jun-14		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$1,131,666	\$1,127,357	\$4,309	\$1,141,172	\$1,129,066	\$12,106	\$1,143,009	\$1,134,237	\$8,772
406	Amort UPAA	713	713	0	713	713	0	713	713	0
407.1	Amort-Ltd Term UP	13,474	13,182	293	13,474	13,182	293	13,474	13,182	293
407.2	Amort-Prop Losses	4,757	4,757	0	4,757	4,757	0	4,757	4,757	0
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	12,791	12,500	291	12,791	12,500	291	12,791	12,500	291
408.11	Taxes Oth than Inc-Property	389,777	384,640	5,137	389,720	384,640	5,080	389,777	384,640	5,137
408.12	Taxes Oth than Inc-Payroll	41,007	44,540	(3,532)	43,987	44,904	(917)	36,557	43,258	(6,701)
408.13	Taxes Oth than Inc-Other	338		338	0		0	506		506
409.1	Income Taxes-FIT Ope	589,552	483,806	105,746	362,021	421,189	(59,168)	(448,081)	956,981	(1,405,062)
409.11	Income Taxes-SIT Ope	107,517	81,568	25,949	66,022	70,148	(4,126)	5,653	167,861	(162,208)
409.2	Income Taxes-Oth Inc	(1,918)		(1,918)	3,062		3,062	1,477		1,477
410.1	Def Inc Tax-FIT	40,664	40,237	427	154,135	130,476	23,660	1,352,506	(105,437)	1,457,943
410.11	Def Inc Tax-SIT	4,410	4,333	78	25,104	20,789	4,315	167,795	(22,234)	190,029
412.11	ITC-Restored	(7,066)	(7,066)	0	(7,066)	(7,066)	0	(7,066)	(7,066)	0
415	M&J Revenues	(11,705)		(11,705)	(10,573)		(10,573)	(11,895)		(11,895)
416	M&J Expenses	7,902		7,902	21,993		21,993	7,146		7,146
420	AFUDC	(11,055)	(11,576)	521	(28,850)	(14,174)	(14,676)	(33,372)	(14,840)	(18,532)
421	Nonutility Income	0		0	(25,700)		(25,700)	0		0
426	Misc Nonutility Expe	8,734	4,000	4,734	6,409	0	6,409	6,436	0	6,436
427.2	Int Exp-Short Term D	4,451	3,630	821	4,120	4,621	(501)	4,379	5,087	(708)
427.3	Int Exp-LTD	981,041	1,013,109	(32,068)	981,041	1,013,109	(32,067)	981,041	1,013,109	(32,068)
427.5	Int Exp-Other	0		0	0		0	0		0
428	Amort Debt Expense	7,562	7,335	227	7,562	7,134	428	7,562	7,335	227
437	Dividends Declared -	(31,763)		(31,763)	95,288		95,288	31,763		31,763
438	Dividends Declared -	0	0	0	0	0	0	2,037,608	1,860,556	177,053
461.1	Metered Sales-Res	(3,778,643)	(3,605,894)	(172,749)	(3,868,480)	(3,672,943)	(195,537)	(4,298,201)	(4,218,628)	(79,572)
461.2	Metered Sales-Com	(1,759,754)	(1,693,986)	(65,767)	(1,633,431)	(1,754,816)	121,385	(2,013,204)	(2,013,143)	(62)
461.3	Metered Sales-Ind	(182,497)	(196,658)	14,161	(202,762)	(207,479)	4,716	(203,315)	(186,298)	(17,017)
461.4	Metered Sales-OPA	(405,285)	(530,946)	125,661	(495,056)	(530,158)	35,102	(639,310)	(568,655)	(70,654)
462.1	Public Fire Revenues	(375,438)	(304,562)	(70,876)	(377,019)	(306,341)	(70,678)	(317,921)	(306,938)	(10,983)
462.2	Private Fire Revenue	(136,592)	(206,408)	69,817	(169,600)	(217,397)	47,797	(224,547)	(211,286)	(13,262)
466	Sales for Resale	(111,708)	(130,113)	18,404	(139,334)	(143,458)	4,124	(159,230)	(211,835)	52,605
467	Interdept Sales	(1,613)		(1,613)	(2,578)		(2,578)	(2,003)		(2,003)
470	Forfeited Discounts	(78,461)	(45,333)	(33,128)	(71,229)	(45,333)	(25,895)	(73,215)	(45,333)	(27,881)
471	Misc Service Revenue	(76,627)	(78,185)	1,558	(90,032)	(81,566)	(8,466)	(107,404)	(90,317)	(17,087)
472	Rents from Water Pro	(5,693)	(7,650)	1,957	(5,693)	(7,650)	1,957	(7,059)	(7,650)	591
473	Interdept Rents	(10,007)	(8,333)	(1,674)	(10,007)	(8,333)	(1,674)	(10,007)	(8,333)	(1,674)
474	Other Water Revenues	(8,143)	0	(8,143)	(14,798)	0	(14,798)	(9,714)	0	(9,714)
601.1	Salaries-Empl Oper S	0		0	0		0	0		0
601.3	Salaries-Empl Oper W	193,572		193,572	201,029		201,029	181,665		181,665
601.4	Salaries-Empl Maint	17,979		17,979	17,024		17,024	16,025		16,025
601.5	Salaries-Empl Oper T	83,080		83,080	113,258		113,258	90,340		90,340
601.6	Salaries-Empl Maint	102,981		102,981	79,329		79,329	63,671		63,671
601.7	Salaries-Empl CA	34,852		34,852	38,620		38,620	35,043		35,043
601.8	Salaries-Empl AG	133,202	596,995	(463,793)	148,110	601,758	(453,647)	175,573	579,657	(404,084)
604.5	Empl Pens & Ben Oper	28		28	15		15	0		0
604.8	Empl Pens & Ben AG	171,158	200,169	(29,011)	168,648	198,747	(30,099)	159,374	195,995	(36,621)
610.1	Purchased Water Oper	12,057	21,214	(9,156)	5,573	20,503	(14,929)	11,967	20,503	(8,536)
615.1	Purch Power Oper SS	59,819		59,819	52,620		52,620	53,385		53,385
615.3	Purch Power Oper WT	186,466		186,466	307,760		307,760	283,499		283,499
615.5	Purch Power Oper TD	360		360	35		35	169		169
615.8	Purch Power Oper AG		280,901	(280,901)		313,594	(313,594)		353,128	(353,128)
616.1	Purch Fuel Oper SS	791	941	(150)	0	941	(941)	0	941	(941)
618.3	Chemicals Oper WT	101,838	124,586	(22,747)	143,916	159,745	(15,828)	131,920	151,745	(19,825)
620.1	M&S Oper SS	826		826	(247)		(247)	(136)		(136)
620.2	M&S Maint SS	325		325	1,867		1,867	488		488
620.3	M&S Oper WT	3,835		3,835	8,090		8,090	1,985		1,985
620.4	M&S Maint WT	11,008	51,791	(40,782)	15,447	46,266	(30,818)	3,809	39,791	(35,982)
620.5	M&S Oper TD	4,405	24,816	(20,411)	10,545	26,566	(16,021)	6,658	28,166	(21,509)
620.6	M&S Maint TD	12,304	26,773	(14,469)	(18,655)	23,773	(42,428)	18,804	26,773	(7,969)
620.8	M&S AG	2,889	4,600	(1,711)	4,123	1,600	2,523	9,626	3,100	6,526
631.1	Cont Serv Eng Oper S	475		475	0		0	1,194		1,194
631.6	Cont Serv Eng Maint	0		0	0		0	0		0
631.8	Cont Serv Eng AG	0	2,000	(2,000)	0	2,200	(2,200)	1,184	5,100	(3,916)
632.8	Cont Serv Acct AG	9,134	8,464	670	10,358	10,264	94	10,358	10,264	94

Kentucky American Water Company
January - December 2014
Water Only

NARUC	NARUC Description	Apr-14			May-14			Jun-14		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
633.8	Cont Serv Legal AG	13,744	16,500	(2,756)	29,977	17,700	12,277	39,859	16,500	23,359
634.8	Cont Serv Mgmt Fee A	753,448	776,912	(23,464)	759,360	767,434	(8,074)	692,637	749,765	(57,129)
635.3	Cont Serv Testing Op	2,879	420	2,459	0	768	(768)	3,480	348	3,132
636.1	Cont Serv Other Oper	0		0	0		0	0		0
636.2	Cont Serv Other Main	2,802		2,802	72,849		72,849	7,547		7,547
636.3	Cont Serv Other Oper	5,278		5,278	16,877		16,877	11,942		11,942
636.4	Cont Serv Other Main	(143)		(143)	26,838		26,838	28,433		28,433
636.5	Cont Serv Other Oper	1,009		1,009	9,081		9,081	(5,281)		(5,281)
636.6	Cont Serv Other Main	5,416		5,416	21,582		21,582	41,464		41,464
636.7	Cont Serv Other CA	3,887		3,887	3,866		3,866	3,928		3,928
636.8	Cont Serv Other AG	5,016	36,121	(31,105)	10,498	40,251	(29,753)	32,328	35,846	(3,518)
641.3	Rents-Real Prop Oper	0		0	0		0	0		0
641.5	Rents-Real Prop Oper	264		264	224		224	622		622
641.8	Rents-Real Prop AG		518	(518)		518	(518)		518	(518)
642.1	Rents-Equipment Oper	0		0	528		528	0		0
642.3	Rents-Equipment Oper	0		0	0		0	0		0
642.5	Rents-Equipment Oper	0		0	48		48	0		0
642.8	Rents-Equipment AG	2,666	2,749	(82)	58	2,749	(2,691)	1,914	2,749	(834)
650.1	Transportation Oper	0		0	0		0	16		16
650.3	Transportation Oper	(9)		(9)	213		213	(38)		(38)
650.4	Transportation Maint	0		0	0		0	0		0
650.5	Transportation Oper	11		11	54		54	60		60
650.6	Transportation Maint	0		0	(1,846)		(1,846)	0		0
650.8	Transportation AG	33,917	39,747	(5,831)	42,735	39,747	2,987	40,158	39,747	411
656.8	Ins Vehicle AG	2,564	2,385	179	2,564	2,385	179	2,564	2,385	179
657.8	Ins Gen Liab AG	24,243	19,826	4,417	24,374	19,826	4,549	99,082	19,826	79,256
658.8	Ins Work Comp AG	10,612	12,920	(2,308)	10,674	12,920	(2,246)	10,415	12,920	(2,505)
659.8	Ins Other AG	12,525	21,166	(8,641)	12,516	21,166	(8,650)	12,065	21,166	(9,101)
660.8	Advertising AG	785	1,000	(215)	(733)	750	(1,483)	27	1,000	(973)
666.8	Reg Exp-Rate Case	19,448	19,444	4	19,448	19,444	4	19,448	19,444	4
667.8	Reg Exp-Other AG	617	617	0	617	617	0	617	617	0
670.7	Bad Debt Expense	157,626	41,176	116,450	176,533	42,189	134,344	132,001	47,648	84,353
675.1	Misc Exp Oper SS	5,602		5,602	7,694		7,694	7,851		7,851
675.2	Misc Exp Maint SS	(327)	43,013	(43,340)	0	43,013	(43,013)	0	38,062	(38,062)
675.3	Misc Exp Oper WT	38,671	47,164	(8,494)	58,442	34,535	23,907	31,951	47,145	(15,193)
675.4	Misc Exp Maint WT	9,104		9,104	9,783		9,783	10,197		10,197
675.5	Misc Exp Oper TD	12,411		12,411	6,198		6,198	21,687		21,687
675.6	Misc Exp Maint TD	40,744	18,438	22,306	26,907	18,438	8,469	65,640	18,438	47,202
675.7	Misc Exp CA	95,126	88,446	6,681	92,352	88,307	4,045	100,539	88,196	12,343
675.8	Misc Exp AG	143,055	186,976	(43,920)	159,022	209,927	(50,906)	86,014	177,488	(91,474)

Kentucky American Water Company
January - December 2014
Water Only

NARUC	NARUC Description	Jul-14			Aug-14			Sep-14		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$1,143,479	\$1,137,321	\$6,158	\$1,147,838	\$1,140,330	\$7,508	\$1,150,695	\$1,143,046	\$7,649
406	Amort UPAA	713	713	0	713	713	0	713	713	0
407.1	Amort-Ltd Term UP	13,474	13,182	293	13,474	13,182	293	13,474	13,182	293
407.2	Amort-Prop Losses	4,757	4,757	0	4,757	4,757	0	4,757	4,757	0
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	13,607	12,500	1,107	13,607	12,500	1,107	13,607	12,500	1,107
408.11	Taxes Oth than Inc-Property	389,777	384,640	5,137	389,777	384,640	5,137	717,816	384,640	333,176
408.12	Taxes Oth than Inc-Payroll	8,519	45,857	(37,338)	36,877	41,643	(4,766)	39,958	42,671	(2,712)
408.13	Taxes Oth than Inc-Other	524		524	758		758	1,550		1,550
409.1	Income Taxes-FIT Ope	623,994	1,104,101	(480,107)	542,813	1,015,378	(472,565)	4,131,248	1,266,003	2,865,245
409.11	Income Taxes-SIT Ope	114,484	194,691	(80,208)	99,807	178,511	(78,704)	765,690	224,218	541,472
409.2	Income Taxes-Oth Inc	1,472		1,472	(5,943)		(5,943)	(795,128)		(795,128)
410.1	Def Inc Tax-FIT	484,911	(8,467)	493,379	422,779	114,776	308,003	(3,270,963)	(118,014)	(3,152,949)
410.11	Def Inc Tax-SIT	71,332	(4,550)	75,881	61,913	17,926	43,987	(651,030)	(24,528)	(626,502)
412.11	ITC-Restored	(7,066)	(7,066)	0	(7,066)	(7,066)	0	(7,066)	(7,066)	0
415	M&J Revenues	(17,800)		(17,800)	(6,120)		(6,120)	0		0
416	M&J Expenses	4,729		4,729	22,351		22,351	(10,868)		(10,868)
420	AFUDC	(16,352)	(16,312)	(39)	(22,388)	(21,300)	(1,088)	(36,752)	(26,507)	(10,244)
421	Nonutility Income	0		0	0		0	0		0
426	Misc Nonutility Expe	6,830	0	6,830	8,957	0	8,957	6,709	0	6,709
427.2	Int Exp-Short Term D	4,009	5,042	(1,033)	3,641	3,976	(334)	2,776	4,638	(1,862)
427.3	Int Exp-LTD	981,041	1,013,109	(32,068)	981,041	1,013,109	(32,067)	981,041	1,013,109	(32,068)
427.5	Int Exp-Other	0		0	0		0	1		1
428	Amort Debt Expense	7,484	7,335	149	7,639	7,335	304	7,533	7,335	198
437	Dividends Declared -	31,763		31,763	31,763		31,763	31,763		31,763
438	Dividends Declared -	0	0	0	0	0	0	2,727,260	2,414,473	312,788
461.1	Metered Sales-Res	(4,622,661)	(4,623,422)	762	(4,258,445)	(4,469,930)	211,485	(4,114,754)	(4,463,282)	348,529
461.2	Metered Sales-Com	(2,125,623)	(2,275,920)	150,298	(1,897,776)	(2,234,464)	336,688	(1,824,297)	(2,226,178)	401,881
461.3	Metered Sales-Ind	(258,047)	(231,674)	(26,373)	(223,895)	(235,309)	11,413	(247,713)	(262,051)	14,337
461.4	Metered Sales-OPA	(639,983)	(734,767)	94,784	(661,169)	(737,121)	75,953	(664,481)	(820,632)	156,151
462.1	Public Fire Revenues	(314,829)	(305,812)	(9,017)	(336,479)	(305,376)	(31,103)	(287,284)	(303,103)	15,819
462.2	Private Fire Revenue	(224,554)	(212,681)	(11,873)	(213,664)	(219,963)	6,299	(224,683)	(201,118)	(23,565)
466	Sales for Resale	(191,905)	(180,526)	(11,380)	(245,780)	(313,656)	67,876	(201,094)	(237,623)	36,528
467	Interdept Sales	(3,094)		(3,094)	(2,642)		(2,642)	(2,607)		(2,607)
470	Forfeited Discounts	(65,006)	(45,333)	(19,673)	(69,726)	(45,333)	(24,392)	(68,736)	(45,333)	(23,403)
471	Misc Service Revenue	(127,365)	(95,357)	(32,008)	(151,284)	(111,136)	(40,148)	(94,534)	(97,852)	3,317
472	Rents from Water Pro	(5,693)	(7,650)	1,957	(5,693)	(7,650)	1,957	(10,792)	(7,650)	(3,142)
473	Interdept Rents	(10,007)	(8,333)	(1,674)	(10,007)	(8,333)	(1,674)	(10,007)	(8,333)	(1,674)
474	Other Water Revenues	(13,083)	0	(13,083)	(9,035)	0	(9,035)	(12,321)	0	(12,321)
601.1	Salaries-Empl Oper S	38		38	0		0	0		0
601.3	Salaries-Empl Oper W	200,658		200,658	155,550		155,550	177,671		177,671
601.4	Salaries-Empl Maint	11,439		11,439	18,182		18,182	16,478		16,478
601.5	Salaries-Empl Oper T	94,216		94,216	97,453		97,453	89,180		89,180
601.6	Salaries-Empl Maint	91,011		91,011	92,033		92,033	71,253		71,253
601.7	Salaries-Empl CA	46,147		46,147	39,342		39,342	33,649		33,649
601.8	Salaries-Empl AG	153,368	630,704	(477,336)	124,399	580,256	(455,857)	169,954	600,057	(430,103)
604.5	Empl Pens & Ben Oper	31		31	0		0	0		0
604.8	Empl Pens & Ben AG	172,554	197,322	(24,767)	154,003	202,783	(48,780)	163,823	196,567	(32,744)
610.1	Purchased Water Oper	(51,125)	18,370	(69,496)	11,878	15,306	(3,428)	30,415	18,072	12,343
615.1	Purch Power Oper SS	62,452		62,452	62,122		62,122	69,015		69,015
615.3	Purch Power Oper WT	324,358		324,358	276,151		276,151	224,226		224,226
615.5	Purch Power Oper TD	255		255	212		212	130		130
615.8	Purch Power Oper AG		368,409	(368,409)		374,042	(374,042)		325,763	(325,763)
616.1	Purch Fuel Oper SS	0	941	(941)	0	941	(941)	0	941	(941)
618.3	Chemicals Oper WT	134,819	196,237	(61,418)	187,380	145,474	41,905	163,910	126,838	37,073
620.1	M&S Oper SS	(68)		(68)	222		222	505		505
620.2	M&S Maint SS	(530)		(530)	1,142		1,142	(43)		(43)
620.3	M&S Oper WT	1,903		1,903	6,946		6,946	3,480		3,480
620.4	M&S Maint WT	23,398	38,016	(14,618)	8,741	35,016	(26,275)	9,973	26,791	(16,818)
620.5	M&S Oper TD	6,417	25,663	(19,246)	5,818	27,616	(21,798)	16,376	29,716	(13,340)
620.6	M&S Maint TD	15,222	26,773	(11,551)	23,256	26,773	(3,517)	15,460	26,773	(11,312)
620.8	M&S AG	1,779	1,600	179	1,366	4,600	(3,234)	2,410	3,100	(690)
631.1	Cont Serv Eng Oper S	0		0	875		875	469		469
631.6	Cont Serv Eng Maint	0		0	0		0	0		0
631.8	Cont Serv Eng AG	7,231	3,500	3,731	5,440	6,000	(560)	0	2,000	(2,000)
632.8	Cont Serv Acct AG	6,815	10,264	(3,449)	6,886	10,264	(3,378)	6,957	10,264	(3,307)

Kentucky American Water Company
January - December 2014
Water Only

NARUC	NARUC Description	Jul-14			Aug-14			Sep-14		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
633.8	Cont Serv Legal AG	(9,202)	16,500	(25,702)	8,857	16,500	(7,643)	6,981	16,500	(9,519)
634.8	Cont Serv Mgmt Fee A	758,056	783,609	(25,553)	685,298	737,625	(52,327)	776,596	761,998	14,598
635.3	Cont Serv Testing Op	1,506	460	1,046	959	991	(32)	860	383	477
636.1	Cont Serv Other Oper	0		0	0		0	0		0
636.2	Cont Serv Other Main	30,334		30,334	79,733		79,733	(17,518)		(17,518)
636.3	Cont Serv Other Oper	31,262		31,262	(1,438)		(1,438)	34,529		34,529
636.4	Cont Serv Other Main	30,940		30,940	45,081		45,081	2,674		2,674
636.5	Cont Serv Other Oper	27,476		27,476	3,181		3,181	1,987		1,987
636.6	Cont Serv Other Main	(1,348)		(1,348)	3,254		3,254	11,642		11,642
636.7	Cont Serv Other CA	4,158		4,158	3,551		3,551	3,426		3,426
636.8	Cont Serv Other AG	23,508	35,096	(11,588)	13,479	32,021	(18,542)	18,592	31,021	(12,429)
641.3	Rents-Real Prop Oper	0		0	0		0	1,500		1,500
641.5	Rents-Real Prop Oper	0		0	100		100	681		681
641.8	Rents-Real Prop AG		518	(518)		518	(518)		518	(518)
642.1	Rents-Equipment Oper	0		0	0		0	0		0
642.3	Rents-Equipment Oper	0		0	0		0	0		0
642.5	Rents-Equipment Oper	0		0	0		0	0		0
642.8	Rents-Equipment AG	210	2,749	(2,538)	(1,307)	2,749	(4,055)	1,623	2,749	(1,126)
650.1	Transportation Oper	0		0	0		0	0		0
650.3	Transportation Oper	(15)		(15)	(9)		(9)	(36)		(36)
650.4	Transportation Maint	0		0	11		11	0		0
650.5	Transportation Oper	27		27	(12)		(12)	2,208		2,208
650.6	Transportation Maint	0		0	0		0	0		0
650.8	Transportation AG	41,259	39,747	1,512	42,295	40,030	2,265	35,197	39,697	(4,501)
656.8	Ins Vehicle AG	2,564	2,385	179	2,564	2,385	179	2,564	2,385	179
657.8	Ins Gen Liab AG	24,143	19,826	4,317	24,143	19,826	4,317	7,685	19,826	(12,141)
658.8	Ins Work Comp AG	10,608	12,920	(2,312)	10,744	12,920	(2,176)	10,572	12,920	(2,348)
659.8	Ins Other AG	12,101	21,166	(9,064)	12,101	21,166	(9,064)	12,610	21,166	(8,555)
660.8	Advertising AG	1,988	1,000	988	(323)	750	(1,073)	1,763	1,000	763
666.8	Reg Exp-Rate Case	19,448	19,444	4	19,448	19,444	4	19,448	19,444	4
667.8	Reg Exp-Other AG	617	617	0	617	617	0	617	617	0
670.7	Bad Debt Expense	18,198	52,885	(34,687)	53,478	52,582	895	(176,366)	52,571	(228,937)
675.1	Misc Exp Oper SS	8,103		8,103	19,186		19,186	7,860		7,860
675.2	Misc Exp Maint SS	198	38,062	(37,865)	(58)	38,062	(38,120)	(140)	38,062	(38,202)
675.3	Misc Exp Oper WT	47,680	46,775	905	36,104	38,155	(2,051)	53,920	38,579	15,341
675.4	Misc Exp Maint WT	11,836		11,836	8,270		8,270	10,485		10,485
675.5	Misc Exp Oper TD	33,140		33,140	19,733		19,733	15,171		15,171
675.6	Misc Exp Maint TD	57,683	18,438	39,245	35,511	18,438	17,073	71,049	18,438	52,611
675.7	Misc Exp CA	94,804	88,432	6,372	105,625	88,196	17,430	102,284	89,057	13,228
675.8	Misc Exp AG	201,217	176,487	24,730	140,686	144,214	(3,528)	141,937	143,200	(1,263)

Kentucky American Water Company
January - December 2014
Water Only

NARUC	NARUC Description	Oct-14			Nov-14			Dec-14		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$1,152,715	\$1,144,267	\$8,449	\$1,105,848	\$1,145,460	(\$39,613)	\$1,107,701	\$1,146,673	(\$38,972)
406	Amort UPAA	713	713	0	713	713	0	713	713	0
407.1	Amort-Ltd Term UP	13,474	13,182	293	13,474	13,182	293	13,474	13,182	293
407.2	Amort-Prop Losses	4,757	4,757	0	4,757	4,757	0	4,757	4,757	0
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	13,607	12,500	1,107	13,607	12,500	1,107	13,607	12,500	1,107
408.11	Taxes Oth than Inc-Property	426,226	384,640	41,586	426,319	384,640	41,679	425,926	384,640	41,286
408.12	Taxes Oth than Inc-Payroll	39,229	44,740	(5,511)	36,461	39,958	(3,497)	41,751	45,575	(3,825)
408.13	Taxes Oth than Inc-Other	0		0	1,233		1,233	598		598
409.1	Income Taxes-FIT Ope	586,189	890,468	(304,279)	655,966	581,192	74,774	(522,172)	574,155	(1,096,327)
409.11	Income Taxes-SIT Ope	108,162	155,731	(47,569)	(442,398)	99,328	(541,726)	(222,593)	98,045	(320,637)
409.2	Income Taxes-Oth Inc	(1,095)		(1,095)	(5,378)		(5,378)	(2,286)		(2,286)
410.1	Def Inc Tax-FIT	270,797	941	269,856	34,582	85,635	(51,054)	1,091,035	(93,813)	1,184,848
410.11	Def Inc Tax-SIT	33,331	(2,834)	36,165	547,182	12,612	534,570	340,419	(20,114)	360,533
412.11	ITC-Restored	(7,066)	(7,066)	0	(7,066)	(7,066)	0	(7,066)	(7,066)	0
415	M&J Revenues	0		0	0		0	0		0
416	M&J Expenses	(9,616)		(9,616)	3,337		3,337	8,920		8,920
420	AFUDC	(42,917)	(30,303)	(12,615)	(48,218)	(34,408)	(13,810)	(43,552)	(27,268)	(16,284)
421	Nonutility Income	0		0	0		0	0		0
426	Misc Nonutility Expe	13,536	0	13,536	15,921	0	15,921	11,643	0	11,643
427.2	Int Exp-Short Term D	3,071	3,372	(301)	3,268	1,916	1,351	6,202	4,815	1,387
427.3	Int Exp-LTD	981,041	1,013,109	(32,068)	981,041	1,013,109	(32,067)	981,041	1,013,109	(32,068)
427.5	Int Exp-Other	0		0	0		0	0		0
428	Amort Debt Expense	7,590	7,335	255	7,562	7,547	14	7,562	7,547	14
437	Dividends Declared -	31,763		31,763	31,763		31,763	31,763		31,763
438	Dividends Declared -	0	0	0	0	0	0	4,357,347	4,428,552	(71,205)
461.1	Metered Sales-Res	(4,063,957)	(4,144,006)	80,049	(3,729,491)	(3,710,720)	(18,771)	(3,763,566)	(3,553,282)	(210,284)
461.2	Metered Sales-Com	(1,983,185)	(2,011,090)	27,905	(1,592,307)	(1,787,157)	194,850	(1,597,714)	(1,613,121)	15,407
461.3	Metered Sales-Ind	(172,145)	(191,573)	19,427	(187,811)	(184,818)	(2,993)	(185,339)	(177,255)	(8,084)
461.4	Metered Sales-OPA	(642,750)	(712,760)	70,010	(409,016)	(576,877)	167,861	(426,814)	(485,289)	58,474
462.1	Public Fire Revenues	(330,304)	(304,996)	(25,308)	(276,777)	(277,485)	709	(315,827)	(328,230)	12,402
462.2	Private Fire Revenue	(239,342)	(208,867)	(30,475)	(210,717)	(220,691)	9,974	(228,431)	(220,690)	(7,742)
466	Sales for Resale	(169,720)	(152,425)	(17,295)	(281,162)	(173,490)	(107,672)	(19,701)	(139,568)	119,867
467	Interdept Sales	(2,704)		(2,704)	(2,373)		(2,373)	(2,041)		(2,041)
470	Forfeited Discounts	(49,952)	(45,333)	(4,619)	(59,260)	(45,333)	(13,927)	(75,790)	(45,333)	(30,457)
471	Misc Service Revenue	(108,228)	(81,549)	(26,679)	(82,660)	(77,529)	(5,131)	(90,694)	(72,781)	(17,913)
472	Rents from Water Pro	(5,693)	(7,650)	1,957	(7,978)	(7,650)	(328)	(6,443)	(7,650)	1,207
473	Interdept Rents	(10,007)	(8,333)	(1,674)	(10,007)	(8,333)	(1,674)	(10,007)	(8,333)	(1,674)
474	Other Water Revenues	(8,594)	(25,008)	16,414	(1,374)	(25,008)	23,633	(6,284)	(25,008)	18,724
601.1	Salaries-Empl Oper S	0		0	0		0	0		0
601.3	Salaries-Empl Oper W	183,569		183,569	150,366		150,366	200,942		200,942
601.4	Salaries-Empl Maint	21,110		21,110	16,496		16,496	16,750		16,750
601.5	Salaries-Empl Oper T	101,139		101,139	89,245		89,245	84,820		84,820
601.6	Salaries-Empl Maint	102,965		102,965	73,771		73,771	85,803		85,803
601.7	Salaries-Empl CA	48,830		48,830	39,119		39,119	39,669		39,669
601.8	Salaries-Empl AG	112,343	632,214	(519,871)	131,506	569,136	(437,629)	202,351	651,510	(449,159)
604.5	Empl Pens & Ben Oper	0		0	63		63	68		68
604.8	Empl Pens & Ben AG	162,951	202,095	(39,144)	138,103	196,314	(58,211)	171,266	247,935	(76,669)
610.1	Purchased Water Oper	21,135	14,133	7,002	4,721	15,193	(10,472)	27,109	26,187	922
615.1	Purch Power Oper SS	50,922		50,922	48,217		48,217	59,187		59,187
615.3	Purch Power Oper WT	261,495		261,495	198,295		198,295	196,881		196,881
615.5	Purch Power Oper TD	471		471	155		155	446		446
615.8	Purch Power Oper AG		314,376	(314,376)		273,629	(273,629)		268,615	(268,615)
616.1	Purch Fuel Oper SS	0	941	(941)	0	941	(941)	0	941	(941)
618.3	Chemicals Oper WT	172,707	99,793	72,914	95,313	105,802	(10,488)	104,901	101,104	3,797
620.1	M&S Oper SS	(725)		(725)	645		645	516		516
620.2	M&S Maint SS	3,534		3,534	224		224	108		108
620.3	M&S Oper WT	5,144		5,144	5,367		5,367	(1,442)		(1,442)
620.4	M&S Maint WT	7,387	27,016	(19,629)	13,680	48,216	(34,535)	6,884	33,791	(26,907)
620.5	M&S Oper TD	1,609	25,216	(23,607)	10,738	26,266	(15,529)	11,727	31,487	(19,760)
620.6	M&S Maint TD	14,060	21,773	(7,713)	(14,174)	21,773	(35,947)	(2,901)	21,773	(24,674)
620.8	M&S AG	7,888	1,600	6,288	4,593	1,600	2,993	(7,207)	6,100	(13,307)
631.1	Cont Serv Eng Oper S	0		0	0		0	0		0
631.6	Cont Serv Eng Maint	0		0	0		0	0		0
631.8	Cont Serv Eng AG	4,013	2,000	2,013	20,009	3,100	16,909	(27,243)	1,500	(28,743)
632.8	Cont Serv Acct AG	6,886	8,464	(1,578)	6,744	8,464	(1,720)	6,530	8,464	(1,934)

Kentucky American Water Company
January - December 2014
Water Only

NARUC	NARUC Description	Oct-14			Nov-14			Dec-14		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
633.8	Cont Serv Legal AG	9,575	16,500	(6,925)	(4,367)	16,500	(20,867)	21,499	16,500	4,999
634.8	Cont Serv Mgmt Fee A	681,712	777,495	(95,783)	714,567	720,698	(6,131)	848,840	777,002	71,838
635.3	Cont Serv Testing Op	3,222	439	2,783	2,676	598	2,078	570	348	222
636.1	Cont Serv Other Oper	0		0	318		318	0		0
636.2	Cont Serv Other Main	12,911		12,911	(1,908)		(1,908)	0		0
636.3	Cont Serv Other Oper	(8,141)		(8,141)	9,005		9,005	14,295		14,295
636.4	Cont Serv Other Main	6,655		6,655	2,906		2,906	3,483		3,483
636.5	Cont Serv Other Oper	3,218		3,218	1,235		1,235	14,768		14,768
636.6	Cont Serv Other Main	8,790		8,790	3,104		3,104	14,302		14,302
636.7	Cont Serv Other CA	3,463		3,463	3,551		3,551	96		96
636.8	Cont Serv Other AG	59,719	38,666	21,053	(29,939)	27,996	(57,935)	(22,054)	27,771	(49,825)
641.3	Rents-Real Prop Oper	1,955		1,955	0		0	2,341		2,341
641.5	Rents-Real Prop Oper	0		0	0		0	900		900
641.8	Rents-Real Prop AG		518	(518)		518	(518)		518	(518)
642.1	Rents-Equipment Oper	0		0	0		0	0		0
642.3	Rents-Equipment Oper	0		0	1,393		1,393	0		0
642.5	Rents-Equipment Oper	0		0	0		0	0		0
642.8	Rents-Equipment AG	6,185	2,749	3,436	2,158	2,749	(590)	(1,128)	2,749	(3,877)
650.1	Transportation Oper	0		0	0		0	0		0
650.3	Transportation Oper	17		17	(37)		(37)	(37)		(37)
650.4	Transportation Maint	90		90	38		38	93		93
650.5	Transportation Oper	(16)		(16)	8		8	225		225
650.6	Transportation Maint	0		0	102		102	35		35
650.8	Transportation AG	43,104	39,697	3,406	68,927	39,697	29,229	6,568	39,697	(33,129)
656.8	Ins Vehicle AG	2,564	2,385	179	2,564	2,385	179	2,564	2,385	179
657.8	Ins Gen Liab AG	24,143	19,826	4,317	24,143	19,826	4,317	78,708	19,826	58,882
658.8	Ins Work Comp AG	10,459	12,920	(2,461)	10,333	12,920	(2,587)	10,522	12,920	(2,398)
659.8	Ins Other AG	12,101	21,166	(9,064)	12,101	21,166	(9,064)	12,101	21,166	(9,064)
660.8	Advertising AG	200	1,000	(800)	0	750	(750)	(36)	1,000	(1,036)
666.8	Reg Exp-Rate Case	19,448	19,444	4	19,448	19,444	4	19,448	19,444	4
667.8	Reg Exp-Other AG	617	617	0	617	617	0	617	617	0
670.7	Bad Debt Expense	49,087	47,704	1,383	119,929	42,798	77,131	46,159	40,243	5,916
675.1	Misc Exp Oper SS	7,098		7,098	4,505		4,505	5,040		5,040
675.2	Misc Exp Maint SS	15	38,062	(38,047)	0	38,062	(38,062)	0	38,062	(38,062)
675.3	Misc Exp Oper WT	42,956	43,364	(408)	38,547	39,535	(988)	41,265	45,845	(4,580)
675.4	Misc Exp Maint WT	9,439		9,439	10,096		10,096	9,273		9,273
675.5	Misc Exp Oper TD	40,983		40,983	3,499		3,499	37,753		37,753
675.6	Misc Exp Maint TD	61,101	18,438	42,663	62,876	18,438	44,438	74,133	18,438	55,696
675.7	Misc Exp CA	99,089	89,921	9,169	100,822	88,796	12,026	83,095	88,796	(5,701)
675.8	Misc Exp AG	164,743	156,516	8,227	56,128	142,379	(86,251)	4,027	141,945	(137,919)

Kentucky American Water Company
January - December 2015
Water Only

NARUC	NARUC Description	Jan-15			Feb-15			Mar-15		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$1,130,608	\$1,154,559	(\$23,951)	\$1,132,134	\$1,153,474	(\$21,340)	\$1,137,050	\$1,153,158	(\$16,108)
406	Amort UPAA	713	713	0	713	713	0	713	713	0
407.1	Amort-Ltd Term UP	13,817	13,474	343	13,817	13,474	343	13,817	13,474	343
407.2	Amort-Prop Losses	4,757	4,757	0	4,757	4,757	0	4,757	4,757	0
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	13,607	14,662	(1,055)	13,607	13,235	371	13,607	14,343	(736)
408.11	Taxes Oth than Inc-Property	439,302	413,110	26,192	511,958	413,110	98,848	430,267	413,110	17,157
408.12	Taxes Oth than Inc-Payroll	78,003	56,977	21,025	46,651	48,098	(1,448)	38,564	45,979	(7,416)
408.13	Taxes Oth than Inc-Other	8,478		8,478	991		991	378		378
409.1	Income Taxes-FIT Ope	44,869	644,720	(599,851)	45,305	457,701	(412,396)	897,095	480,676	416,420
409.11	Income Taxes-SIT Ope	50,797	117,641	(66,843)	51,291	83,663	(32,372)	151,397	87,269	64,128
409.2	Income Taxes-Oth Inc	1,011		1,011	2,077		2,077	34,642		34,642
410.1	Def Inc Tax-FIT	465,550	(77,400)	542,950	475,016	54,597	420,418	(217,773)	(38,654)	(179,119)
410.11	Def Inc Tax-SIT	38,297	(17,121)	55,418	39,088	6,951	32,137	32,129	(10,055)	42,184
412.11	ITC-Restored	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)
415	M&J Revenues	(1,000)		(1,000)	0		0	0		0
416	M&J Expenses	(15,560)		(15,560)	(38,615)		(38,615)	(91,443)		(91,443)
420	AFUDC	(47,408)	(25,363)	(22,045)	(46,054)	(27,305)	(18,749)	(59,077)	(29,218)	(29,859)
426	Misc Nonutility Expe	1,143	5,535	(4,392)	6,930	5,535	1,395	(18,604)	7,035	(25,639)
427.2	Int Exp-Short Term D	7,306	1,909	5,397	7,200	1,254	5,946	10,009	1,794	8,216
427.3	Int Exp-LTD	981,041	981,041	(0)	981,041	981,041	(0)	981,041	981,041	0
427.5	Int Exp-Other	631		631	0		0	0		0
428	Amort Debt Expense	7,562	8,138	(577)	7,179	8,138	(959)	7,944	8,138	(194)
437	Dividends Declared -	31,763	31,763	0	31,763	31,763	0	31,763	31,763	0
438	Dividends Declared -	0	0	0	0	0	0	2,680,239	2,665,060	15,178
461.1	Metered Sales-Res	(3,963,759)	(3,952,612)	(11,148)	(3,593,205)	(3,624,999)	31,794	(4,018,044)	(3,543,455)	(474,589)
461.2	Metered Sales-Com	(1,647,046)	(1,573,902)	(73,144)	(1,543,590)	(1,544,673)	1,082	(1,883,998)	(1,547,898)	(336,100)
461.3	Metered Sales-Ind	(158,552)	(151,721)	(6,831)	(199,730)	(174,151)	(25,580)	(186,647)	(163,960)	(22,687)
461.4	Metered Sales-OPA	(384,286)	(442,869)	58,583	(472,895)	(448,536)	(24,359)	(279,733)	(439,235)	159,502
462.1	Public Fire Revenues	(314,555)	(304,003)	(10,552)	(313,596)	(304,300)	(9,296)	(294,873)	(304,805)	9,933
462.2	Private Fire Revenue	(238,353)	(200,636)	(37,717)	(224,865)	(210,550)	(14,315)	(240,593)	(205,492)	(35,101)
466	Sales for Resale	(126,373)	(130,107)	3,734	(108,496)	(145,961)	37,465	(167,925)	(129,034)	(38,891)
467	Interdept Sales	(2,884)		(2,884)	(2,581)		(2,581)	(1,944)		(1,944)
470	Forfeited Discounts	(84,566)	(51,000)	(33,566)	(73,592)	(51,000)	(22,592)	(86,012)	(51,000)	(35,012)
471	Misc Service Revenue	(89,546)	(83,944)	(5,603)	(73,372)	(85,408)	12,037	(80,820)	(88,846)	8,026
472	Rents from Water Pro	(3,894)	(5,693)	1,799	(6,593)	(5,693)	(900)	(6,593)	(5,693)	(900)
473	Interdept Rents	(10,007)	(4,404)	(5,603)	(10,007)	(4,404)	(5,603)	(10,007)	(4,404)	(5,603)
474	Other Water Revenues	(12,335)		(12,335)	(8,088)		(8,088)	(8,408)		(8,408)
601.3	Salaries-Emp Oper W	190,508		190,508	176,187		176,187	188,662		188,662
601.4	Salaries-Emp Maint	14,254		14,254	17,940		17,940	22,368		22,368
601.5	Salaries-Emp Oper T	100,327		100,327	90,364		90,364	129,781		129,781
601.6	Salaries-Emp Maint	91,654		91,654	78,080		78,080	107,112		107,112
601.7	Salaries-Emp CA	33,567		33,567	45,812		45,812	41,134		41,134
601.8	Salaries-Emp AG	170,400	611,304	(440,903)	110,933	560,396	(449,463)	121,328	611,312	(489,984)
604.3	Empl Pens & Ben Oper	0		0	0		0	0		0
604.5	Empl Pens & Ben Oper	0		0	0		0	0		0
604.7	Empl Pens & Ben CA	0		0	0		0	32		32
604.8	Empl Pens & Ben AG	278,009	198,104	79,905	221,331	199,021	22,310	228,439	195,695	32,745
610.1	Purchased Water Oper	12,572	13,000	(428)	14,105	13,000	1,105	15,638	13,000	2,638
615.1	Purch Power Oper SS	58,671		58,671	65,300		65,300	64,178		64,178
615.3	Purch Power Oper WT	218,634		218,634	218,726		218,726	205,190		205,190
615.5	Purch Power Oper TD	366		366	26,611		26,611	27,795		27,795
615.7	Purch Power Oper CA	0		0	0		0	0		0
615.8	Purch Power Oper AG		278,328	(278,328)		273,050	(273,050)		267,537	(267,537)
616.1	Purch Fuel Oper SS	0	675	(675)	0	675	(675)	0	10,675	(10,675)
618.3	Chemicals Oper WT	112,319	113,579	(1,261)	99,855	96,549	3,306	131,234	107,482	23,752
620.1	M&S Oper SS	944		944	(655)		(655)	(595)		(595)
620.2	M&S Maint SS	569	4,000	(3,431)	8,573	4,000	4,573	5,759	4,000	1,759
620.3	M&S Oper WT	8,108		8,108	5,539		5,539	12,768		12,768
620.4	M&S Maint WT	11,890	17,374	(5,484)	20,900	17,374	3,525	16,620	39,374	(22,754)
620.5	M&S Oper TD	8,600	28,069	(19,469)	19,611	26,846	(7,235)	12,596	27,638	(15,042)
620.6	M&S Maint TD	8,605	8,090	515	8,993	25,790	(16,797)	8,204	25,790	(17,586)
620.8	M&S AG	3,732	1,039	2,693	1,991	1,039	952	8,652	1,039	7,613
631.1	Cont Serv Eng Oper S	0		0	186		186	0		0
631.8	Cont Serv Eng AG	3,691	21,010	(17,319)	(3,454)	21,010	(24,464)	9,666	21,010	(11,344)
632.8	Cont Serv Acct AG	7,100	11,470	(4,370)	7,314	11,470	(4,156)	7,741	12,757	(5,016)

Kentucky American Water Company
January - December 2015
Water Only

NARUC	NARUC Description	Jan-15			Feb-15			Mar-15		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
633.8	Cont Serv Legal AG	10,258	16,500	(6,242)	8,046	16,500	(8,454)	3,060	16,500	(13,440)
634.8	Cont Serv Mgmt Fee A	749,956	684,968	64,988	670,311	645,680	24,630	624,584	670,207	(45,623)
635.3	Cont Serv Testing Op	393	1,779	(1,386)	736	100	636	3,419	2,920	499
636.2	Cont Serv Other Main	0		0	2,717		2,717	(2,250)		(2,250)
636.3	Cont Serv Other Oper	11,788		11,788	21,192		21,192	6,969		6,969
636.4	Cont Serv Other Main	1,166		1,166	5		5	6,222		6,222
636.5	Cont Serv Other Oper	(9,247)		(9,247)	4,799		4,799	2,215		2,215
636.6	Cont Serv Other Main	7,099		7,099	2,097		2,097	7,219		7,219
636.7	Cont Serv Other CA	6,692		6,692	2,918		2,918	2,433		2,433
636.8	Cont Serv Other AG	7,167	19,979	(12,812)	3,557	25,903	(22,346)	23,457	26,970	(3,513)
641.5	Rents-Real Prop Oper	723		723	400		400	2,953		2,953
641.8	Rents-Real Prop AG		269	(269)		269	(269)		3,269	(3,269)
642.3	Rents-Equipment Oper	0		0	0		0	0		0
642.5	Rents-Equipment Oper	0		0	0		0	345		345
642.8	Rents-Equipment AG	1,243	2,124	(882)	3,131	2,124	1,006	80	2,459	(2,379)
650.3	Transportation Oper	(26)		(26)	123		123	22		22
650.4	Transportation Maint	0		0	21		21	0		0
650.5	Transportation Oper	0		0	0		0	(11)		(11)
650.6	Transportation Maint	194		194	0		0	0		0
650.7	Transportation CA	(13)		(13)	(20)		(20)	0		0
650.8	Transportation AG	32,472	33,961	(1,489)	23,762	34,136	(10,374)	45,569	66,037	(20,468)
656.8	Ins Vehicle AG	2,747	2,692	55	2,747	2,692	55	2,747	2,692	55
657.8	Ins Gen Liab AG	27,761	20,835	6,926	28,163	20,835	7,327	77,733	20,835	56,898
658.8	Ins Work Comp AG	9,132	11,900	(2,768)	8,976	11,900	(2,924)	11,036	11,900	(864)
659.8	Ins Other AG	11,792	20,740	(8,948)	11,761	20,740	(8,979)	12,285	20,740	(8,455)
660.8	Advertising AG	0	1,000	(1,000)	500	750	(250)	49	1,000	(951)
666.8	Reg Exp-Rate Case	19,448	19,448	0	19,448	19,448	0	19,448	19,448	0
667.8	Reg Exp-Other AG	617	617	0	617	617	0	617	617	0
670.7	Bad Debt Expense	134,706	74,315	60,392	71,000	72,450	(1,449)	44,059	63,358	(19,298)
675.1	Misc Exp Oper SS	7,747		7,747	1,200		1,200	7,169		7,169
675.2	Misc Exp Maint SS	0	41,587	(41,587)	0	41,587	(41,587)	22	41,587	(41,565)
675.3	Misc Exp Oper WT	46,826	34,248	12,578	33,864	34,248	(384)	44,049	34,248	9,801
675.4	Misc Exp Maint WT	10,572		10,572	11,581		11,581	15,437		15,437
675.5	Misc Exp Oper TD	26,134		26,134	28,001		28,001	18,566		18,566
675.6	Misc Exp Maint TD	104,377	20,738	83,639	9,779	20,738	(10,959)	47,377	20,738	26,639
675.7	Misc Exp CA	108,612	83,123	25,489	92,749	82,887	9,862	95,326	85,048	10,278
675.8	Misc Exp AG	233,820	243,330	(9,510)	138,535	168,757	(30,223)	115,721	150,460	(34,739)

Kentucky American Water Company
January - December 2015
Water Only

NARUC	NARUC Description	Apr-15			May-15			Jun-15		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$1,138,101	\$1,153,261	(\$15,160)	\$1,137,212	\$1,153,819	(\$16,607)	\$1,064,404	\$1,154,917	(\$90,513)
406	Amort UPAA	713	713	0	713	713	0	713	713	0
407.1	Amort-Ltd Term UP	13,817	13,474	343	13,817	13,474	343	13,817	13,474	343
407.2	Amort-Prop Losses	4,757	4,757	0	4,757	4,757	0	4,757	4,757	0
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	13,607	14,265	(659)	13,607	14,568	(961)	13,607	16,580	(2,973)
408.11	Taxes Oth than Inc-Property	430,267	413,110	17,157	430,267	413,110	17,157	430,267	413,110	17,157
408.12	Taxes Oth than Inc-Payroll	45,661	46,196	(535)	40,291	44,285	(3,994)	40,233	46,196	(5,963)
408.13	Taxes Oth than Inc-Other	576		576	508,452		508,452	0		0
409.1	Income Taxes-FIT Ope	330,226	563,113	(232,887)	145,235	482,767	(337,532)	631,105	845,681	(214,576)
409.11	Income Taxes-SIT Ope	59,020	102,097	(43,077)	32,111	86,811	(54,700)	105,134	152,936	(47,802)
409.2	Income Taxes-Oth Inc	40		40	(1,290)		(1,290)	2,559		2,559
410.1	Def Inc Tax-FIT	229,148	(22,860)	252,008	167,236	89,679	77,557	328,638	(8,868)	337,506
410.11	Def Inc Tax-SIT	34,143	(7,175)	41,317	19,614	13,349	6,265	91,250	(4,623)	95,873
412.11	ITC-Restored	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)
415	M&J Revenues	0		0	0		0	0		0
416	M&J Expenses	(7,011)		(7,011)	(3,735)		(3,735)	(10,889)		(10,889)
420	AFUDC	(61,733)	(37,325)	(24,408)	(68,237)	(52,826)	(15,411)	(74,264)	(71,344)	(2,920)
426	Misc Nonutility Expe	6,839	9,535	(2,696)	5,846	5,535	311	6,679	5,535	1,144
427.2	Int Exp-Short Term D	10,891	2,190	8,701	9,070	3,126	5,945	8,062	5,153	2,909
427.3	Int Exp-LTD	981,041	981,041	(0)	981,041	981,041	0	981,041	981,041	0
427.5	Int Exp-Other	0		0	270,912		270,912	0		0
428	Amort Debt Expense	7,562	8,138	(577)	7,562	8,138	(577)	7,562	8,138	(577)
437	Dividends Declared -	31,763	31,763	0	31,763	31,763	0	31,763	31,763	0
438	Dividends Declared -	0	0	0	0	0	0	2,272,717	1,926,763	345,954
461.1	Metered Sales-Res	(3,513,220)	(3,718,092)	204,872	(3,975,408)	(3,755,091)	(220,317)	(4,390,936)	(4,254,631)	(136,305)
461.2	Metered Sales-Com	(1,779,426)	(1,623,561)	(155,865)	(1,873,294)	(1,674,891)	(198,402)	(2,038,356)	(1,863,631)	(174,724)
461.3	Metered Sales-Ind	(203,620)	(175,348)	(28,272)	(211,474)	(188,986)	(22,487)	(232,999)	(193,180)	(39,819)
461.4	Metered Sales-OPA	(483,507)	(476,862)	(6,645)	(424,596)	(495,151)	70,555	(567,477)	(551,455)	(16,022)
462.1	Public Fire Revenues	(310,050)	(304,562)	(5,488)	(301,111)	(306,341)	5,230	(319,508)	(306,938)	(12,570)
462.2	Private Fire Revenue	(229,477)	(206,408)	(23,069)	(201,610)	(217,397)	15,787	(257,136)	(211,286)	(45,850)
466	Sales for Resale	(134,043)	(122,414)	(11,628)	(131,713)	(135,507)	3,794	(202,020)	(191,868)	(10,152)
467	Interdept Sales	(2,743)		(2,743)	(2,423)		(2,423)	(1,653)		(1,653)
470	Forfeited Discounts	(71,337)	(51,000)	(20,337)	(66,294)	(62,333)	(3,961)	(82,234)	(62,333)	(19,901)
471	Misc Service Revenue	(87,862)	(90,818)	2,956	(103,736)	(101,788)	(1,947)	(113,062)	(114,007)	945
472	Rents from Water Pro	(6,593)	(5,693)	(900)	(6,593)	(5,693)	(900)	(7,553)	(7,059)	(494)
473	Interdept Rents	0	(4,404)	4,404	6,954	(4,404)	11,358	(5,450)	(4,404)	(1,046)
474	Other Water Revenues	(12,582)		(12,582)	(11,336)		(11,336)	(12,358)		(12,358)
601.3	Salaries-Emp Oper W	184,679		184,679	161,110		161,110	169,053		169,053
601.4	Salaries-Emp Maint	24,465		24,465	15,638		15,638	15,709		15,709
601.5	Salaries-Emp Oper T	74,803		74,803	121,516		121,516	49,025		49,025
601.6	Salaries-Emp Maint	65,652		65,652	98,834		98,834	78,722		78,722
601.7	Salaries-Emp CA	35,761		35,761	51,259		51,259	37,186		37,186
601.8	Salaries-Emp AG	197,894	622,881	(424,986)	116,599	596,914	(480,314)	221,522	622,881	(401,358)
604.3	Empl Pens & Ben Oper	0		0	568		568	0		0
604.5	Empl Pens & Ben Oper	0		0	523		523	0		0
604.7	Empl Pens & Ben CA	0		0	383		383	0		0
604.8	Empl Pens & Ben AG	209,962	193,816	16,146	209,720	196,891	12,828	202,612	193,513	9,099
610.1	Purchased Water Oper	26,043	13,000	13,043	13,195	13,000	195	15,823	13,000	2,823
615.1	Purch Power Oper SS	58,713		58,713	117,467		117,467	52,640		52,640
615.3	Purch Power Oper WT	149,832		149,832	273,288		273,288	376,412		376,412
615.5	Purch Power Oper TD	36,831		36,831	(3,239)		(3,239)	(63,882)		(63,882)
615.7	Purch Power Oper CA	0		0	0		0	0		0
615.8	Purch Power Oper AG		281,740	(281,740)		330,170	(330,170)		366,742	(366,742)
616.1	Purch Fuel Oper SS	0	675	(675)	0	675	(675)	0	10,675	(10,675)
618.3	Chemicals Oper WT	101,836	120,212	(18,376)	107,433	126,251	(18,818)	155,374	141,359	14,015
620.1	M&S Oper SS	723		723	(606)		(606)	119		119
620.2	M&S Maint SS	4,930	4,000	930	4,614	4,000	614	1,561	4,000	(2,439)
620.3	M&S Oper WT	3,160		3,160	3,568		3,568	3,941		3,941
620.4	M&S Maint WT	19,116	32,149	(13,033)	11,932	32,124	(20,192)	17,717	21,149	(3,432)
620.5	M&S Oper TD	10,619	20,592	(9,972)	5,323	21,477	(16,154)	4,443	28,372	(23,929)
620.6	M&S Maint TD	1,253	25,790	(24,537)	36,131	25,290	10,841	46,180	25,790	20,391
620.8	M&S AG	6,318	1,039	5,279	2,460	1,039	1,421	23,743	1,389	22,355
631.1	Cont Serv Eng Oper S	188		188	0		0	251		251
631.8	Cont Serv Eng AG	2,390	21,010	(18,620)	(27)	21,260	(21,287)	8,111	21,510	(13,399)
632.8	Cont Serv Acct AG	8,085	11,153	(3,067)	8,085	11,132	(3,047)	8,157	11,470	(3,313)

Kentucky American Water Company
January - December 2015
Water Only

NARUC	NARUC Description	Apr-15			May-15			Jun-15		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
633.8	Cont Serv Legal AG	13,948	16,500	(2,552)	4,282	16,500	(12,218)	25,007	16,500	8,507
634.8	Cont Serv Mgmt Fee A	685,300	677,270	8,031	653,911	649,567	4,344	715,994	661,312	54,682
635.3	Cont Serv Testing Op	3,229	3,072	157	528	520	8	8,160	100	8,060
636.2	Cont Serv Other Main	2,947		2,947	1,952		1,952	1,200		1,200
636.3	Cont Serv Other Oper	(18,440)		(18,440)	1,686		1,686	6,170		6,170
636.4	Cont Serv Other Main	11,441		11,441	51,240		51,240	336		336
636.5	Cont Serv Other Oper	(98)		(98)	2,311		2,311	66,087		66,087
636.6	Cont Serv Other Main	20,802		20,802	8,358		8,358	20,015		20,015
636.7	Cont Serv Other CA	3,877		3,877	368		368	10,740		10,740
636.8	Cont Serv Other AG	(1,146)	30,852	(31,997)	16,661	36,777	(20,116)	19,883	31,991	(12,108)
641.5	Rents-Real Prop Oper	0		0	859		859	100		100
641.8	Rents-Real Prop AG		269	(269)		269	(269)		269	(269)
642.3	Rents-Equipment Oper	0		0	0		0	0		0
642.5	Rents-Equipment Oper	0		0	0		0	0		0
642.8	Rents-Equipment AG	80	2,548	(2,468)	80	2,224	(2,145)	1,019	2,224	(1,205)
650.3	Transportation Oper	(8)		(8)	(17)		(17)	(31)		(31)
650.4	Transportation Maint	42		42	63		63	40		40
650.5	Transportation Oper	0		0	(10)		(10)	(16)		(16)
650.6	Transportation Maint	0		0	0		0	0		0
650.7	Transportation CA	0		0	0		0	0		0
650.8	Transportation AG	38,830	34,086	4,744	20,732	34,086	(13,354)	68,164	34,086	34,078
656.8	Ins Vehicle AG	2,757	2,692	64	2,757	2,692	64	2,757	2,692	64
657.8	Ins Gen Liab AG	27,914	20,835	7,079	28,091	20,835	7,256	82,504	20,835	61,669
658.8	Ins Work Comp AG	8,219	11,900	(3,681)	8,301	11,900	(3,599)	7,602	11,900	(4,299)
659.8	Ins Other AG	11,776	20,740	(8,964)	11,725	20,740	(9,014)	11,725	20,740	(9,014)
660.8	Advertising AG	(27)	1,000	(1,027)	1,130	750	380	(17)	1,000	(1,017)
666.8	Reg Exp-Rate Case	19,448	19,448	0	19,448	19,448	0	19,448	19,448	0
667.8	Reg Exp-Other AG	617	617	0	617	617	0	617	617	0
670.7	Bad Debt Expense	107,675	63,200	44,475	135,207	55,786	79,421	65,193	63,078	2,115
675.1	Misc Exp Oper SS	6,180		6,180	9,101		9,101	15,601		15,601
675.2	Misc Exp Maint SS	0	41,587	(41,587)	0	41,587	(41,587)	0	41,587	(41,587)
675.3	Misc Exp Oper WT	47,892	34,248	13,644	43,345	35,748	7,597	29,831	34,248	(4,417)
675.4	Misc Exp Maint WT	9,393		9,393	12,285		12,285	10,682		10,682
675.5	Misc Exp Oper TD	25,109		25,109	5,520		5,520	12,752		12,752
675.6	Misc Exp Maint TD	45,880	20,738	25,142	63,015	20,738	42,277	88,161	20,738	67,423
675.7	Misc Exp CA	99,053	83,137	15,916	88,736	82,998	5,738	97,131	82,887	14,244
675.8	Misc Exp AG	190,415	177,536	12,878	458,215	236,785	221,430	185,164	174,180	10,984

Kentucky American Water Company
January - December 2015
Water Only

NARUC	NARUC Description	Jul-15			Aug-15			Sep-15		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$1,139,630	\$1,156,600	(\$16,971)	\$1,145,766	\$1,157,454	(\$11,689)	\$826,656	\$1,158,054	(\$331,398)
406	Amort UPAA	713	713	0	713	713	0	713	713	0
407.1	Amort-Ltd Term UP	13,817	13,474	343	13,817	13,474	343	13,817	13,474	343
407.2	Amort-Prop Losses	4,757	4,757	0	4,757	4,757	0	4,757	4,757	0
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	14,064	17,574	(3,510)	14,064	17,587	(3,523)	14,064	17,624	(3,560)
408.11	Taxes Oth than Inc-Property	430,267	413,110	17,157	463,144	413,110	50,034	434,377	413,110	21,267
408.12	Taxes Oth than Inc-Payroll	43,692	46,859	(3,167)	41,127	42,580	(1,453)	45,307	44,036	1,270
408.13	Taxes Oth than Inc-Other	412		412	0		0	1,630		1,630
409.1	Income Taxes-FIT Ope	559,838	1,071,672	(511,834)	594,465	976,953	(382,488)	(4,527,391)	1,137,524	(5,664,915)
409.11	Income Taxes-SIT Ope	99,649	193,717	(94,068)	105,813	177,054	(71,241)	67,480	205,738	(138,258)
409.2	Income Taxes-Oth Inc	(372)		(372)	800		800	(4,093)		(4,093)
410.1	Def Inc Tax-FIT	375,605	(15,905)	391,510	399,068	93,665	305,403	5,728,194	(29,732)	5,757,926
410.11	Def Inc Tax-SIT	57,029	(5,906)	62,935	60,661	14,076	46,585	140,559	(8,428)	148,987
412.11	ITC-Restored	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)
415	M&J Revenues	0		0	0		0	0		0
416	M&J Expenses	(4,753)		(4,753)	(10,387)		(10,387)	(4,026)		(4,026)
420	AFUDC	(95,336)	(91,317)	(4,019)	(94,323)	(111,876)	17,553	(110,279)	(132,576)	22,297
426	Misc Nonutility Expe	6,271	5,535	736	7,119	5,535	1,584	7,202	5,535	1,667
427.2	Int Exp-Short Term D	7,297	5,340	1,957	8,316	5,587	2,730	5,986	7,453	(1,467)
427.3	Int Exp-LTD	981,041	981,041	(0)	981,041	981,041	0	981,041	981,041	0
427.5	Int Exp-Other	0		0	0		0	0		0
428	Amort Debt Expense	8,631	8,138	493	8,631	8,138	493	8,631	8,138	493
437	Dividends Declared -	31,763	31,763	0	31,763	31,763	0	31,763	31,763	0
438	Dividends Declared -	0	0	0	0	0	0	2,304,065	2,499,938	(195,874)
461.1	Metered Sales-Res	(4,148,998)	(4,610,238)	461,240	(4,248,532)	(4,495,071)	246,539	(4,767,432)	(4,490,315)	(277,117)
461.2	Metered Sales-Com	(2,159,173)	(2,064,114)	(95,060)	(2,118,699)	(2,091,087)	(27,612)	(2,187,753)	(2,135,687)	(52,066)
461.3	Metered Sales-Ind	(265,534)	(237,752)	(27,782)	(264,167)	(216,761)	(47,406)	(239,033)	(229,767)	(9,266)
461.4	Metered Sales-OPA	(577,220)	(636,443)	59,224	(734,370)	(692,769)	(41,601)	(698,912)	(732,986)	34,075
462.1	Public Fire Revenues	(310,913)	(305,812)	(5,101)	(308,438)	(305,376)	(3,061)	(310,918)	(303,103)	(7,815)
462.2	Private Fire Revenue	(224,040)	(212,681)	(11,359)	(226,367)	(219,963)	(6,404)	(219,901)	(201,118)	(18,783)
466	Sales for Resale	(200,773)	(199,028)	(1,745)	(179,150)	(189,517)	10,367	(214,710)	(190,011)	(24,699)
467	Interdept Sales	(2,303)		(2,303)	(2,282)		(2,282)	(2,196)		(2,196)
470	Forfeited Discounts	(79,950)	(62,333)	(17,616)	(78,222)	(62,333)	(15,889)	(79,056)	(62,333)	(16,723)
471	Misc Service Revenue	(119,170)	(121,214)	2,045	(129,230)	(131,147)	1,917	(123,269)	(94,831)	(28,437)
472	Rents from Water Pro	(7,133)	(5,693)	(1,440)	(6,593)	(5,693)	(900)	(6,593)	(5,693)	(900)
473	Interdept Rents	(5,450)	(4,404)	(1,046)	(5,450)	(4,404)	(1,046)	(5,450)	(4,404)	(1,046)
474	Other Water Revenues	(13,225)		(13,225)	(54,601)		(54,601)	19,360		19,360
601.3	Salaries-Emp Oper W	202,899		202,899	176,131		176,131	203,289		203,289
601.4	Salaries-Emp Maint	13,930		13,930	18,717		18,717	17,125		17,125
601.5	Salaries-Emp Oper T	128,140		128,140	118,644		118,644	122,633		122,633
601.6	Salaries-Emp Maint	59,845		59,845	103,763		103,763	65,373		65,373
601.7	Salaries-Emp CA	37,244		37,244	39,123		39,123	42,112		42,112
601.8	Salaries-Emp AG	175,816	648,848	(473,032)	124,937	596,914	(471,976)	184,283	622,881	(438,597)
604.3	Empl Pens & Ben Oper	0		0	0		0	0		0
604.5	Empl Pens & Ben Oper	0		0	0		0	0		0
604.7	Empl Pens & Ben CA	0		0	0		0	0		0
604.8	Empl Pens & Ben AG	221,794	195,546	26,249	211,491	196,661	14,830	221,547	197,311	24,236
610.1	Purchased Water Oper	23,771	13,000	10,771	19,303	13,000	6,303	30,407	13,000	17,407
615.1	Purch Power Oper SS	68,686		68,686	81,648		81,648	94,991		94,991
615.3	Purch Power Oper WT	247,001		247,001	310,572		310,572	329,427		329,427
615.5	Purch Power Oper TD	2,241		2,241	1,357		1,357	1,572		1,572
615.7	Purch Power Oper CA	0		0	0		0	0		0
615.8	Purch Power Oper AG		372,449	(372,449)		375,783	(375,783)		344,392	(344,392)
616.1	Purch Fuel Oper SS	0	675	(675)	0	675	(675)	0	10,675	(10,675)
618.3	Chemicals Oper WT	219,501	171,630	47,871	168,370	168,752	(382)	132,742	131,715	1,027
620.1	M&S Oper SS	105		105	423		423	(549)		(549)
620.2	M&S Maint SS	(256)	4,000	(4,256)	726	4,000	(3,274)	3,154	4,000	(847)
620.3	M&S Oper WT	6,773		6,773	6,212		6,212	7,413		7,413
620.4	M&S Maint WT	13,610	24,874	(11,264)	11,236	23,874	(12,639)	22,265	18,649	3,616
620.5	M&S Oper TD	6,811	24,526	(17,715)	9,822	31,933	(22,111)	8,958	35,429	(26,471)
620.6	M&S Maint TD	(13,243)	30,790	(44,033)	2,010	28,790	(26,780)	(20,737)	25,790	(46,526)
620.8	M&S AG	(10,192)	1,039	(11,231)	522	1,039	(517)	3,238	1,039	2,199
631.1	Cont Serv Eng Oper S	250		250	681		681	(57)		(57)
631.8	Cont Serv Eng AG	7,506	22,010	(14,504)	25,032	22,010	3,022	(15,525)	21,010	(36,535)
632.8	Cont Serv Acct AG	8,364	11,808	(3,444)	7,824	10,926	(3,102)	280,363	11,763	268,600

Kentucky American Water Company
January - December 2015
Water Only

NARUC	NARUC Description	Jul-15			Aug-15			Sep-15		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
633.8	Cont Serv Legal AG	3,097	16,500	(13,403)	5,762	16,500	(10,738)	18	16,500	(16,482)
634.8	Cont Serv Mgmt Fee A	702,440	674,886	27,554	762,978	638,823	124,156	643,210	647,140	(3,930)
635.3	Cont Serv Testing Op	24,734	3,112	21,622	4,554	743	3,811	2,402	135	2,267
636.2	Cont Serv Other Main	416		416	204		204	0		0
636.3	Cont Serv Other Oper	(382)		(382)	12,197		12,197	10,925		10,925
636.4	Cont Serv Other Main	8,467		8,467	28,311		28,311	17,366		17,366
636.5	Cont Serv Other Oper	(269)		(269)	3,245		3,245	38,213		38,213
636.6	Cont Serv Other Main	33,320		33,320	8,844		8,844	29,952		29,952
636.7	Cont Serv Other CA	5,051		5,051	6,571		6,571	9,113		9,113
636.8	Cont Serv Other AG	9,166	31,541	(22,375)	6,792	30,015	(23,223)	9,087	22,144	(13,057)
641.5	Rents-Real Prop Oper	0		0	300		300	689		689
641.8	Rents-Real Prop AG		269	(269)		269	(269)		269	(269)
642.3	Rents-Equipment Oper	0		0	0		0	0		0
642.5	Rents-Equipment Oper	0		0	63		63	0		0
642.8	Rents-Equipment AG	0	2,300	(2,300)	80	2,274	(2,195)	80	2,224	(2,145)
650.3	Transportation Oper	(43)		(43)	(40)		(40)	(5)		(5)
650.4	Transportation Maint	13		13	0		0	200		200
650.5	Transportation Oper	0		0	(11)		(11)	(10)		(10)
650.6	Transportation Maint	0		0	0		0	0		0
650.7	Transportation CA	0		0	0		0	0		0
650.8	Transportation AG	30,978	34,586	(3,608)	40,528	34,186	6,342	32,483	34,086	(1,603)
656.8	Ins Vehicle AG	2,757	2,692	64	2,757	2,692	64	2,757	2,692	64
657.8	Ins Gen Liab AG	28,040	20,835	7,205	28,040	20,835	7,205	97,312	20,835	76,477
658.8	Ins Work Comp AG	8,410	11,900	(3,490)	8,520	11,900	(3,380)	8,777	11,900	(3,123)
659.8	Ins Other AG	12,234	20,740	(8,506)	11,217	20,740	(9,523)	11,725	20,740	(9,014)
660.8	Advertising AG	5,653	1,000	4,653	7,310	750	6,560	200	1,000	(800)
666.8	Reg Exp-Rate Case	69,816	19,448	50,368	19,448	19,448	0	19,448	19,448	0
667.8	Reg Exp-Other AG	617	617	0	617	617	0	617	617	0
670.7	Bad Debt Expense	60,008	63,338	(3,330)	81,049	70,713	10,336	135,829	62,711	73,118
675.1	Misc Exp Oper SS	10,832		10,832	372		372	5,461		5,461
675.2	Misc Exp Maint SS	0	41,587	(41,587)	0	41,587	(41,587)	1,224	41,587	(40,362)
675.3	Misc Exp Oper WT	52,197	34,248	17,949	34,634	34,248	386	32,411	34,248	(1,837)
675.4	Misc Exp Maint WT	15,006		15,006	11,984		11,984	10,248		10,248
675.5	Misc Exp Oper TD	13,741		13,741	12,378		12,378	18,378		18,378
675.6	Misc Exp Maint TD	56,700	20,738	35,962	62,470	20,738	41,732	24,304	20,738	3,566
675.7	Misc Exp CA	101,366	83,123	18,244	100,057	82,887	17,170	97,519	83,748	13,771
675.8	Misc Exp AG	145,411	162,431	(17,020)	159,049	150,235	8,814	114,435	146,453	(32,018)

Kentucky American Water Company
January - December 2015
Water Only

NARUC	NARUC Description	Oct-15			Nov-15			Dec-15		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
403	Depreciation Exp	\$1,150,799	\$1,158,508	(\$7,709)	\$1,151,622	\$1,176,513	(\$24,890)	\$1,200,377	\$1,176,056	\$24,321
406	Amort UPAA	713	713	0	713	713	0	713	713	0
407.1	Amort-Ltd Term UP	13,817	13,474	343	13,817	13,474	343	13,817	13,474	343
407.2	Amort-Prop Losses	4,757	4,757	0	4,757	4,757	0	4,757	4,757	0
407.4	Amort-Reg Asset	575	575	0	575	575	0	575	575	0
408.1	Taxes Oth than Inc-Reg Assess	14,064	16,135	(2,071)	14,064	14,663	(599)	14,064	13,884	180
408.11	Taxes Oth than Inc-Property	434,519	413,110	21,409	434,081	413,110	20,971	457,549	413,110	44,439
408.12	Taxes Oth than Inc-Payroll	40,792	43,692	(2,900)	41,012	42,289	(1,277)	44,507	45,679	(1,172)
408.13	Taxes Oth than Inc-Other	1,263		1,263	0		0	2,124		2,124
409.1	Income Taxes-FIT Ope	636,929	977,418	(340,489)	421,302	634,311	(213,009)	4,552,222	455,663	4,096,559
409.11	Income Taxes-SIT Ope	113,445	177,120	(63,675)	(210,080)	114,102	(324,182)	561,584	82,119	479,465
409.2	Income Taxes-Oth Inc	(1,843)		(1,843)	(652)		(652)	11,869		11,869
410.1	Def Inc Tax-FIT	524,664	(40,920)	565,584	213,441	55,890	157,551	(4,187,114)	75,602	(4,262,716)
410.11	Def Inc Tax-SIT	82,542	(10,469)	93,010	213,497	7,187	206,310	(43,746)	10,782	(54,528)
412.11	ITC-Restored	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)	(7,066)	(7,066)	(0)
415	M&J Revenues	0		0	0		0	0		0
416	M&J Expenses	(380)		(380)	(3,629)		(3,629)	(65,882)		(65,882)
420	AFUDC	(133,100)	(150,588)	17,488	(143,919)	(163,273)	19,354	(170,604)	(151,749)	(18,856)
426	Misc Nonutility Expe	8,613	5,535	3,078	6,541	5,535	1,006	6,234	5,535	699
427.2	Int Exp-Short Term D	7,140	7,594	(454)	6,555	6,723	(168)	11,202	8,453	2,749
427.3	Int Exp-LTD	981,041	981,041	(0)	981,041	981,041	0	981,041	981,041	0
427.5	Int Exp-Other	71		71	0		0	0		0
428	Amort Debt Expense	8,631	8,138	493	8,631	8,138	493	16,676	8,138	8,538
437	Dividends Declared -	31,763	31,763	0	31,763	31,763	0	15,881	31,763	(15,881)
438	Dividends Declared -	0	0	0	0	0	0	4,028,195	4,278,379	(250,185)
461.1	Metered Sales-Res	(4,227,562)	(4,204,626)	(22,937)	(3,790,547)	(3,826,729)	36,182	(3,666,760)	(3,685,249)	18,489
461.2	Metered Sales-Com	(2,222,988)	(1,966,040)	(256,948)	(1,840,863)	(1,726,680)	(114,184)	(1,587,240)	(1,553,678)	(33,562)
461.3	Metered Sales-Ind	(214,907)	(197,778)	(17,129)	(193,447)	(177,967)	(15,480)	(221,943)	(167,732)	(54,211)
461.4	Metered Sales-OPA	(674,388)	(625,545)	(48,843)	(375,210)	(525,441)	150,231	(458,802)	(447,756)	(11,046)
462.1	Public Fire Revenues	(343,259)	(304,996)	(38,263)	(322,364)	(277,485)	(44,879)	(279,252)	(328,230)	48,977
462.2	Private Fire Revenue	(237,073)	(208,867)	(28,206)	(236,559)	(220,691)	(15,867)	(224,470)	(220,690)	(3,780)
466	Sales for Resale	(211,941)	(163,265)	(48,676)	(125,608)	(137,760)	12,151	(131,077)	(114,163)	(16,913)
467	Interdept Sales	(2,608)		(2,608)	0		0	(4,400)		(4,400)
470	Forfeited Discounts	(86,053)	(62,333)	(23,720)	(74,751)	(51,000)	(23,751)	(73,153)	(51,000)	(22,153)
471	Misc Service Revenue	(96,408)	(93,603)	(2,805)	(87,335)	(87,943)	608	(86,195)	(84,968)	(1,227)
472	Rents from Water Pro	(6,735)	(5,693)	(1,042)	(6,593)	(5,693)	(900)	(9,442)	(5,693)	(3,749)
473	Interdept Rents	(5,450)	(4,404)	(1,046)	(5,450)	(4,404)	(1,046)	(5,450)	(4,404)	(1,046)
474	Other Water Revenues	(13,934)		(13,934)	2,098		2,098	(45,354)		(45,354)
601.3	Salaries-Empl Oper W	173,082		173,082	184,323		184,323	199,018		199,018
601.4	Salaries-Empl Maint	19,357		19,357	15,585		15,585	16,177		16,177
601.5	Salaries-Empl Oper T	108,971		108,971	108,968		108,968	114,774		114,774
601.6	Salaries-Empl Maint	114,685		114,685	93,060		93,060	117,845		117,845
601.7	Salaries-Empl CA	35,783		35,783	38,620		38,620	43,059		43,059
601.8	Salaries-Empl AG	104,203	622,881	(518,678)	225,275	603,946	(378,672)	145,478	653,727	(508,249)
604.3	Empl Pens & Ben Oper	0		0	16		16	9		9
604.5	Empl Pens & Ben Oper	0		0	0		0	829		829
604.7	Empl Pens & Ben CA	0		0	0		0	0		0
604.8	Empl Pens & Ben AG	206,029	196,295	9,734	218,259	198,315	19,944	230,256	224,364	5,892
610.1	Purchased Water Oper	23,603	13,000	10,603	20,376	13,000	7,376	8,221	13,000	(4,779)
615.1	Purch Power Oper SS	34,999		34,999	85,264		85,264	72,188		72,188
615.3	Purch Power Oper WT	256,677		256,677	220,862		220,862	237,357		237,357
615.5	Purch Power Oper TD	1,238		1,238	1,046		1,046	1,741		1,741
615.7	Purch Power Oper CA	0		0	0		0	783		783
615.8	Purch Power Oper AG		316,820	(316,820)		277,096	(277,096)		281,439	(281,439)
616.1	Purch Fuel Oper SS	0	675	(675)	0	675	(675)	3,269	675	2,594
618.3	Chemicals Oper WT	116,669	105,651	11,018	115,687	116,692	(1,005)	129,079	110,615	18,464
620.1	M&S Oper SS	931		931	(1,127)		(1,127)	1,134		1,134
620.2	M&S Maint SS	108	4,000	(3,892)	(760)	4,000	(4,760)	1,531	4,000	(2,469)
620.3	M&S Oper WT	6,241		6,241	(393)		(393)	9,038		9,038
620.4	M&S Maint WT	10,168	16,874	(6,707)	14,484	28,074	(13,590)	11,099	25,649	(14,550)
620.5	M&S Oper TD	(51,742)	23,136	(74,877)	11,938	20,457	(8,518)	15,691	30,276	(14,585)
620.6	M&S Maint TD	43,255	20,790	22,466	(23,694)	25,790	(49,483)	(14,735)	20,790	(35,525)
620.8	M&S AG	1,739	1,039	700	2,735	1,039	1,696	5,767	1,389	4,379
631.1	Cont Serv Eng Oper S	(355)		(355)	215		215	469		469
631.8	Cont Serv Eng AG	0	23,110	(23,110)	4,050	29,810	(25,760)	5,847	29,060	(23,213)
632.8	Cont Serv Acct AG	4,960	10,468	(5,508)	15,938	10,240	5,697	8,464	10,457	(1,993)

Kentucky American Water Company
January - December 2015
Water Only

NARUC	NARUC Description	Oct-15			Nov-15			Dec-15		
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
633.8	Cont Serv Legal AG	7,182	16,500	(9,318)	23,876	16,500	7,376	11,334	16,500	(5,166)
634.8	Cont Serv Mgmt Fee A	642,890	639,880	3,010	682,985	623,168	59,817	791,925	648,566	143,359
635.3	Cont Serv Testing Op	4,661	191	4,470	2,774	350	2,424	494	100	394
636.2	Cont Serv Other Main	5,529		5,529	1,862		1,862	12,801		12,801
636.3	Cont Serv Other Oper	3,002		3,002	4,789		4,789	19,940		19,940
636.4	Cont Serv Other Main	18,511		18,511	15,380		15,380	149,263		149,263
636.5	Cont Serv Other Oper	(4,113)		(4,113)	21,561		21,561	69,439		69,439
636.6	Cont Serv Other Main	5,824		5,824	27,433		27,433	40,590		40,590
636.7	Cont Serv Other CA	6,859		6,859	0		0	12,006		12,006
636.8	Cont Serv Other AG	11,141	30,631	(19,491)	11,472	21,864	(10,392)	17,594	25,354	(7,760)
641.5	Rents-Real Prop Oper	0		0	0		0	875		875
641.8	Rents-Real Prop AG		269	(269)		269	(269)		869	(869)
642.3	Rents-Equipment Oper	4,408		4,408	0		0	0		0
642.5	Rents-Equipment Oper	0		0	141		141	0		0
642.8	Rents-Equipment AG	80	2,241	(2,161)	196	2,224	(2,029)	190	2,152	(1,963)
650.3	Transportation Oper	(29)		(29)	(21)		(21)	33		33
650.4	Transportation Maint	0		0	10		10	0		0
650.5	Transportation Oper	165		165	(19)		(19)	0		0
650.6	Transportation Maint	0		0	0		0	0		0
650.7	Transportation CA	0		0	0		0	0		0
650.8	Transportation AG	31,098	34,086	(2,988)	37,960	34,086	3,874	39,036	34,586	4,450
656.8	Ins Vehicle AG	2,757	2,692	64	2,757	2,692	64	2,757	2,692	64
657.8	Ins Gen Liab AG	28,040	20,835	7,205	28,040	20,835	7,205	175,436	20,835	154,601
658.8	Ins Work Comp AG	7,370	11,900	(4,530)	8,394	11,900	(3,506)	8,185	11,900	(3,715)
659.8	Ins Other AG	11,725	20,740	(9,014)	11,725	20,740	(9,014)	12,031	20,740	(8,709)
660.8	Advertising AG	264	1,000	(736)	(52)	750	(802)	(740)	1,000	(1,740)
666.8	Reg Exp-Rate Case	19,448	19,448	0	19,448	19,448	0	19,448	19,448	0
667.8	Reg Exp-Other AG	0	0	0	0	0	0	0	0	0
670.7	Bad Debt Expense	94,137	63,889	30,247	7,625	49,789	(42,163)	(30,858)	55,307	(86,165)
675.1	Misc Exp Oper SS	7,236		7,236	6,191		6,191	7,615		7,615
675.2	Misc Exp Maint SS	(1,206)	41,587	(42,793)	243	41,587	(41,344)	4,594	37,624	(33,030)
675.3	Misc Exp Oper WT	33,859	34,888	(1,029)	45,205	34,248	10,957	39,942	34,248	5,694
675.4	Misc Exp Maint WT	24,217		24,217	22,046		22,046	76,613		76,613
675.5	Misc Exp Oper TD	15,815		15,815	12,395		12,395	21,217		21,217
675.6	Misc Exp Maint TD	41,431	20,738	20,693	47,535	20,738	26,797	81,575	22,738	58,837
675.7	Misc Exp CA	100,481	84,612	15,869	104,925	83,487	21,438	101,736	83,487	18,249
675.8	Misc Exp AG	91,124	146,668	(55,544)	280,861	149,693	131,169	171,730	152,335	19,396

Kentucky American Water Company
Income Statement Fluctuation Analysis
December 31, 2009

	Balance at 12/31/2009	Plan Balance at 12/31/2009	Increase (Decrease)	% Change
Operating Revenues				
Water Revenues	59,037	65,224	(6,187)	-9% A
Other Revenues	2,664	2,226	438	20% B
Total Operating Revenues	61,700	67,449	(5,749)	-9%
Operating Expenses				
Labor	6,762	6,943	(181)	-3%
Purchased Water	124	141	(17)	-12% C
Fuel & Power	2,974	3,958	(984)	-25% D
Chemicals	2,217	2,607	(390)	-15% E
Waste Disposal	234	283	(49)	-17% F
Management Fees-Corporate	8,148	7,598	549	7%
Group Insurance	2,173	1,885	288	15% G
Pensions	1,386	606	781	129% H
Regulatory Expense	245	279	(35)	-12% I
Ins Other Than Group	610	719	(109)	-15%
Customer Accounting	1,617	1,725	(108)	-6%
Rents	32	57	(25)	-44% J
General Office Exp	528	583	(55)	-9%
Miscellaneous	3,065	3,599	(534)	-15% K
Maintenance Expense	1,227	1,197	31	3%
Total Maintenance & Operations Expense	31,341	32,178	(837)	-3%
Depreciation	5,826	7,034	(1,208)	-17% L
Amortization	2,037	2,042	(5)	0%
General Taxes	3,500	3,599	(99)	-3%
State Income Taxes	1,142	820	323	39% M
Federal Income Taxes	5,883	5,915	(32)	-1%
Tax Savings Aquisition Adj	-	-	-	0%
Total Operating Expenses	49,728	51,587	(1,859)	-4%
Utility Operating Income	11,972	15,863	(3,890)	-25%
Other Income and Deductions				
Interest Income	-	-	-	0%
AFUDC Equity	3,306	2,838	469	17% N
M&J Misc Income	(11)	-	(11)	0%
Gain/Loss in Disposition	-	-	-	0%
Total Other Income	3,295	2,838	457	16%
Misc Amortization	(0)	1	(1)	-155%
Misc Other Deductions	548	336	212	63% O
State Income Taxes	(30)	(28)	(2)	7% P
Federal Income Taxes	(163)	(108)	(55)	51% Q
Total Other Deductions	355	201	154	76%
Income before Interest Charges	14,912	18,499	(3,587)	-19%
Interest Charges				
Interest on LTD	5,481	7,765	(2,284)	-29% R
Amort Debt Exp	105	117	(12)	-10%
Interest on Bank Debt	355	1,308	(953)	-73% S
Other Interest Exp	1	-	1	0%
AFUDC Debt	(1,591)	(1,289)	(303)	23% T
Total Interest Charges	4,351	7,902	(3,551)	-45%
Net Income	10,561	10,597	(36)	0%
Preferred Dividend Declared	78	78	0	0%
Net Income to Common Stock	10,483	10,519	(36)	0%

Kentucky American Water Company
Income Statement Fluctuation Analysis
December 31, 2009

- A Water revenue lower due to usage due to cool and wet weather and economy; and rate case settlement offset by AFUDC and tax exempt financing
- B Other revenue is over mainly due to Reconnection fees
- C Purchased water is lower than plan due to reduced PW requirements
- D Fuel&Power is lower than plan due to lower system delivery (result of lower usage and lower NRW)
- E Chemical expense is lower than plan due to lower system delivery (result of lower usage and lower NRW) and lower than planned chemical pricing
- F Waste Disposal is lower than planned due to improved raw water turbidity vs plan
- G Group Insurance is higher than due to increased FAS106 costs related to financial market conditions
- H Pensions are higher than plan due to increased FAS87 actuarial costs related to financial market conditions
- I Reg expense is lower due to lower than planned rate case expenses for 2009 case
- J Rent expense lower due to expiration of small office equipment rental
- K Miscellaneous expense is lower primarily due to lower actual transportation expenses
- L Depreciation is lower than plan due to higher composite rate used in the plan
- M Reflects tax impact of net change in revenue and expense items
- N AFUDC equity is over plan due to the treatment of CWIP in rate base from the settled case, offset by the tax exempt financing

- O Misc other deductions over plan due to spend on communications regarding the new water treatment plant
- P Reflects tax impact of net change in revenue and expense items
- Q Reflects tax impact of net change in revenue and expense items
- R LTD interest is under plan due to financing of \$71m with tax exempt financing, offset by lower AFUDC & revenues vs budget (AFUDC/Revenues offset due to outcomes of rate case)
- S Interest on Short Term Debt lower than plan due to lower rates
- T AFUDC debt is over plan due to the treatment of CWIP in rate base from the settled case, offset by the tax exempt financing

Kentucky American Water Company
Income Statement Fluctuation Analysis
December 31, 2010

	Balance at 12/31/2010	Plan Balance at 12/31/2010	Increase (Decrease)	% Change
Operating Revenues				
Water Revenues	70,525	72,574	(2,049)	-3%
Other Revenues	3,225	2,718	507	19% A
Total Operating Revenues	73,750	75,292	(1,541)	-2%
Operating Expenses				
Labor	7,135	7,650	(515)	-7%
Purchased Water	116	144	(29)	-20% B
Fuel & Power	3,696	4,008	(312)	-8%
Chemicals	1,816	2,387	(571)	-24% C
Waste Disposal	246	337	(91)	-27% D
Management Fees-Corporate	8,849	8,779	69	1%
Group Insurance	2,245	2,451	(205)	-8%
Pensions	1,100	1,312	(212)	-16% E
Regulatory Expense	562	305	257	84% F
Ins Other Than Group	548	820	(272)	-33% G
Customer Accounting	1,904	1,922	(17)	-1%
Rents	31	37	(6)	-17%
General Office Exp	636	737	(102)	-14% H
Miscellaneous	3,158	3,537	(379)	-11% I
Maintenance Expense	1,731	1,299	433	33% J
Total Maintenance & Operations Expense	33,774	35,723	(1,949)	-5%
Depreciation	6,622	7,468	(845)	-11% K
Amortization	2,183	2,268	(86)	-4%
General Taxes	4,797	4,790	6	0%
State Income Taxes	1,338	999	339	34% L
Federal Income Taxes	7,731	7,075	657	9% M
Tax Savings Aquisition Adj	-	-	-	0%
Total Operating Expenses	56,445	58,323	(1,878)	-3%
Utility Operating Income	17,305	16,969	336	2%
Other Income and Deductions				
Interest Income	3	-	3	0%
AFUDC Equity	2,244	2,165	80	4%
M&J Misc Income	148	-	148	0%
Gain/Loss in Disposition	-	-	-	0%
Total Other Income	2,395	2,165	231	11%
Misc Amortization	(0)	-	(0)	0%
Misc Other Deductions	707	603	104	17% N
State Income Taxes	(32)	-	(32)	0%
Federal Income Taxes	(176)	-	(176)	0%
Total Other Deductions	499	603	(104)	-17%
Income before Interest Charges	19,202	18,530	671	4%
Interest Charges				
Interest on LTD	6,862	7,606	(744)	-10% O
Amort Debt Exp	129	185	(56)	-30% P
Interest on Bank Debt	115	395	(280)	-71% Q
Other Interest Exp	4	-	4	0%
AFUDC Debt	(1,127)	(1,726)	599	-35% R
Total Interest Charges	5,983	6,460	(477)	-7%
Net Income	13,219	12,070	1,149	10%
Preferred Dividend Declared	78	(381)	459	-120% S
Net Income to Common Stock	13,141	12,451	690	6%

Kentucky American Water Company
Income Statement Fluctuation Analysis
December 31, 2010

- A Operating Revenues favorable due to the LFUCG new stormwater billing erroneously planned in water revenue line
- B Purchased water is lower than plan due to reduced PW requirements
- C Chemical expense lower than plan due to lower system delivery, favorable chemical pricing and lower chemical usage due to better source water
- D Waste disposal expense lower than plan due to lower system delivery and lower dredge cost
- E Pension expense lower due to updated FAS87 actuarial assumptions which resulted in expense decrease
- F Reg expense higher due to the 2010 Rate Order in which the PSC disallowed Reg Assets from the 2008 Rate resulting in write off of Cost of Service Study and Depreciation Study
- G Insurance other than group is lower primarily due to retro Insurance adjustments and lower general liability insurance premium and lower workers comp expense
- H General Office expense is lower than plan due to relocation expenses
- I Miscellaneous expense is lower than plan due to lower transportation expenses, lower audit fees and other miscellaneous spending
- J Maintenance expense is higher primarily due to plant maintenance (including intake and pump repairs, painting, lab repairs) and T&D Maintenance (driven by meter registers for maintenance repairs and tank repair, paving and backfill)
- K Depreciation is lower than plan due to implementation of PSC approved new depreciation study (new rates and correction for over-depreciated assets)
- L Reflects tax impact of net change in revenue and expense items
- M Reflects tax impact of net change in revenue and expense items
- N Misc other deductions over plan due to spending on Jacobson Park donation advertising
- O LTD Interest lower than plan due to June 2010 tax exempt financing at lower than plan rate
- P Amortization of debt expense lower due to lower than planned debt issuance fees
- Q Interest on Short Term Debt lower than plan due to lower rates and decrease in s-t debt from plan
- R AFUDC debt is under plan mainly due to capitalized interest on June 2010 tax exempt financing, offset by favorable interest expense
- S 2010 plan incorrect

Kentucky American Water Company
Income Statement Fluctuation Analysis
December 31, 2011

	Balance at 12/31/2011	Plan Balance at 12/31/2011	Increase (Decrease)	% Change
Operating Revenues				
Water Revenues	79,791	82,016	(2,224)	-3%
Other Revenues	3,221	3,164	57	2%
Total Operating Revenues	83,013	85,180	(2,167)	-3%
Operating Expenses				
Labor	7,647	7,615	32	0%
Purchased Water	225	118	106	90% A
Fuel & Power	3,663	4,045	(382)	-9%
Chemicals	1,885	1,849	37	2%
Waste Disposal	302	346	(44)	-13% B
Management Fees-Corporate	7,751	8,290	(539)	-6%
Group Insurance	2,093	2,354	(261)	-11% C
Pensions	923	981	(57)	-6%
Regulatory Expense	215	370	(156)	-42% D
Ins Other Than Group	580	675	(94)	-14% E
Customer Accounting	1,857	1,929	(72)	-4%
Rents	32	36	(4)	-10%
General Office Exp	769	694	75	11% F
Miscellaneous	3,267	3,401	(134)	-4%
Maintenance Expense	1,579	1,534	45	3%
Total Maintenance & Operations Expense	32,788	34,237	(1,448)	-4%
Depreciation	8,855	9,667	(812)	-8%
Amortization	2,183	1,570	613	39% G
General Taxes	5,097	4,952	145	3%
State Income Taxes	1,451	1,370	81	6%
Federal Income Taxes	8,119	8,046	73	1%
Tax Savings Aquisition Adj	-	-	-	0%
Total Operating Expenses	58,493	59,841	(1,348)	-2%
Utility Operating Income	24,520	25,339	(819)	-3%
Other Income and Deductions				
Interest Income	-	-	-	0%
AFUDC Equity	281	237	44	19% H
M&J Misc Income	19,083	(8)	19,092	-230077% I
Gain/Loss in Disposition	-	-	-	0%
Total Other Income	19,364	228	19,136	8377%
Misc Amortization	(0)	-	(0)	0%
Misc Other Deductions	19,514	336	19,177	5703% J
State Income Taxes	(714)	-	(714)	#DIV/0! K
Federal Income Taxes	(3,912)	-	(3,912)	#DIV/0! L
Total Other Deductions	14,887	336	14,551	4327%
Income before Interest Charges	28,996	25,231	3,765	15%
Interest Charges				
Interest on LTD	10,864	11,762	(899)	-8%
Amort Debt Exp	86	75	12	16%
Interest on Bank Debt	73	78	(5)	-7%
Other Interest Exp	(3)	-	(3)	0%
AFUDC Debt	(131)	(194)	62	-32% M
Total Interest Charges	10,888	11,721	(833)	-7%
Net Income	18,108	13,510	4,599	34%
Preferred Dividend Declared	78	84	(6)	-8%
Net Income to Common Stock	18,031	13,426	4,605	34%

Kentucky American Water Company
Income Statement Fluctuation Analysis
December 31, 2011

- A Purchased water is higher than plan due to purchase water from Georgetown needed to resolve water quality issue for some customers in Owenton service area
- B Waste disposal expense lower than plan due to lower system delivery and lower dredge cost
- C Lower than plan due to better rates and lower than planned headcount
- D Reg expense lower due write off in December 2010 of Cost of Service Study and Depreciation Study (planned to be amortized)

- E Insurance other than group is lower due to lower insurance premiums
- F General Office expense is over plan due to unplanned relocation expenses
- G Amortization is showing over plan however it is offset in depreciation expense as the actuals were different than the split used in the plan

- H AFUDC equity variance is offset in AFUDC debt as the actuals were different than the split used in the plan
- I M&J Misc Income is over plan due to the recording of the gain related to the market value increase of Jacobson Park
- J Misc Other Deductions is over plan due to the recording of the donation of Jacobson Park
- K State taxes are favorable to plan due to the tax benefit related to Jacobson Park donation
- L Federal taxes are favorable to plan due to the tax benefit related to Jacobson Park donation
- M AFUDC debt is under plan mainly due to capitalized interest on June 2010 tax exempt financing, offset by favorable interest expense

Kentucky American Water Company
Income Statement Fluctuation Analysis
December 31, 2012
Water Only

Structure	Actual	Budget	Variance	Var %
OPERATING REVENUE				
Water revenues	83,011	81,821	1,190	1%
Sewer revenues	0	0	0	0%
Other operating revenues	2,677	2,014	662	25%
Management revenues				
Operating revenues	85,688	83,836	1,852	2%
-				
OPERATIONS & MAINTENANCE EXPENSE				
Purchased water	313	340	(27)	-9%
Fuel and power	3,849	4,030	(181)	-5%
Chemicals	1,790	1,855	(66)	-4%
Waste Disposal	340	275	65	19%
Total Production Costs	6,292	6,501	(209)	-3%
-				
Salaries and Wages	7,203	7,687	(484)	-7%
Pensions	1,015	1,035	(20)	-2%
Group insurances	1,989	2,070	(81)	-4%
Other benefits	374	412	(38)	-10%
Total employee related	10,581	11,204	(623)	-6%
-				
Service Company costs	9,115	8,885	230	3%
-				
Contracted Services	834	1,002	(168)	-20%
Building maintenance and services	532	592	(59)	-11%
Telecommunication expenses	295	255	40	14%
Postage, printing and stationery	26	30	(4)	-16%
Office supplies and services	173	242	(69)	-40%
Advertising & marketing expenses	16	41	(24)	-147%
Employee related expense travel & entertainment	224	206	17	8%
Miscellaneous expenses	1,191	834	357	30%
Rents	52	35	17	33%
Transportation	507	490	17	3%
Operating supplies and services	3,850	3,726	124	3%
-				
Uncollectible Accounts Exp	597	585	12	2%
Customer accounting other	1,049	1,212	(164)	-16%
Regulatory Expense	213	213	0	0%
Insurance other than group	595	671	(76)	-13%
Maintenance service & supplies	1,561	1,752	(191)	-12%
Total operations and maintenance	33,852	34,749	(896)	-3%
-				
Depreciation	9,977	9,426	552	6%
Amortization	207	196	11	5%
Removal Costs	1,550	2,015	(465)	-30%
Depreciation and Amortization	11,734	11,636	98	1%
-				
General Taxes	4,908	4,914	(7)	0%
Loss (gain) on sale of assets	(19)	0	(19)	100%
Impairment Charges				
Total operating expenses, net	50,476	51,300	(824)	-2%
-				
Operating income (loss)	35,212	32,536	2,676	8%
-				
OTHER INCOME (EXPENSES)				
Interest Income	0	0	0	
Interest on Long Term Debt	11,709	12,290	(582)	-5%
Interest on Short Term Debt	57	54	3	5%
Other Interest Expense	0	0	0	100%

Kentucky American Water Company
Income Statement Fluctuation Analysis
December 31, 2012
Water Only

Structure	Actual	Budget	Variance	Var %
Interest net (Income)/Expense	11,766	12,345	(579)	-5%
-				
AFUDC Equity Income/(Expense)	674	429	246	36%
AFUDC Debt Income/(Expense)	316	329	(13)	-4%
Amortization of Debt Expense (Income)/Expense	73	67	7	9%
-				
Other Net Income/(Expense)	(98)	(339)	241	-247%
-				
Total other Income/(Expense)	(10,947)	(11,993)	1,047	-10%
-				
Income (loss) before income taxes	24,266	20,543	3,723	15%
-				
Provision for Income Taxes	9,677	8,085	1,592	16%
Income (loss) from continuing operations	14,588	12,457	2,131	15%
Income (loss) from discontinued operations net of tax				
-				
Net Income (loss)	14,588	12,457	2,131	15%
Preferred dividend declared	40	0	40	100%
Net income attributable to non-controlling interest				
Net income available to common stockholders	14,548	12,457	2,091	14%
Common dividends	14,702	7,641	7,061	48%
Current Year Retained Earnings	(154)	4,817	(4,970)	3231%

- 1 Extension of 3rd party billing contract not in plan
- 2 Less purchased water required
- 3 Waste removal planned too low
- 4 Vacancies and reorgs
- 5 Unplanned capital credits for 401k and DCP
- 6 Savings on various contracted services (landscaping, excavation, external lab testing)
- 7 Reduced security expense
- 8 Increase in cell phone bills
- 9 Lower overnight shipping
- 10 Lower software license fees
- 11 Lower than planned marketing expenses
- 12 Higher than planned travel for SAP training
- 13 Conservation, Donations, Low Income Pay program budgeted in Other Net (see below)
- 14 Higher than planned copier lease rental
- 15 Lower than planned collection agency fees, forms, postage
- 16 Lower claims than planned
- 17 Less paving and backfill and material and supplies
- 18 Offset in Removal Cost line below, adjustments to automatic removal estimates, also miscalculated plan depr for 2H in service
- 19 Offset in Deprecation line above, adjustments to automatic removal estimates
- 20 Property sale
- 21 Short term debt rates low, delayed LTD issuance
- 22 Miscalculated tax gross up in plan
- 23 Unplanned
- 24 Conservation, Donations, Low Income Pay program actuals in Misc. (see above)
- 25 Tax affect of above variances
- 26 Unplanned
- 27 Increased payout to 90% to maintain equity ratio below 45%, higher than planned 1Q payout due to Jacobson Park donation

Kentucky American Water Company
Income Statement Fluctuation Analysis
December 31, 2013
Water Only

Structure	Actual	Budget	Variance	Var %	
OPERATING REVENUE					
Water revenues	81,509	86,696	(5,187)	-6%	1
Sewer revenues	0	0	0	0%	
Other operating revenues	1,833	2,026	(193)	-11%	2
Management revenues					
Operating revenues	83,342	88,723	(5,380)	-6%	
-					
OPERATIONS & MAINTENANCE EXPENSE					
Purchased water	217	294	77	35%	3
Fuel and power	3,648	3,824	176	5%	
Chemicals	1,736	1,813	77	4%	
Waste Disposal	383	341	(41)	-11%	4
Total Production Costs	5,984	6,273	289	5%	
-					
Salaries and Wages	6,509	7,113	604	9%	5
Pensions	810	1,092	281	35%	6
Group insurances	1,699	1,966	267	16%	7
Other benefits	322	385	63	20%	8
Total employee related	9,340	10,556	1,216	13%	
-					
Service Company costs	9,164	9,596	432	5%	
-					
Contracted Services	800	899	98	12%	9
Building maintenance and services	454	477	23	5%	10
Telecommunication expenses	276	256	(20)	-7%	11
Postage, printing and stationery	24	35	12	49%	12
Office supplies and services	187	373	186	99%	13
Advertising & marketing expenses	6		(6)	-100%	14
Employee related expense travel & entertainment	89	192	103	116%	15
Miscellaneous expenses	1,188	1,216	28	2%	
Rents	36	38	2	4%	
Transportation	570	478	(92)	-16%	16
Operating supplies and services	3,631	3,965	334	9%	
-					
Uncollectible Accounts Exp	1,092	568	(525)	-48%	17
Customer accounting other	1,048	1,169	121	12%	18
Regulatory Expense	260	292	31	12%	19
Insurance other than group	676	671	(5)	-1%	
Maintenance service & supplies	1,582	1,591	9	1%	
Total operations and maintenance	32,777	34,679	1,902	6%	
-					
Depreciation	11,490	10,866	(624)	-5%	20
Amortization	223	219	(4)	-2%	
Removal Costs	1,599	2,120	522	33%	21
Depreciation and Amortization	13,312	13,205	(106)	-1%	
-					
General Taxes	5,053	5,052	(1)	0%	
Loss (gain) on sale of assets					
Impairment Charges					
Total operating expenses, net	51,142	52,937	1,795	4%	
-					
Operating income (loss)	32,200	35,786	(3,585)	-11%	
-					
OTHER INCOME (EXPENSES)					
Interest Income					
Interest on Long Term Debt	11,905	12,234	329	3%	

Kentucky American Water Company
Income Statement Fluctuation Analysis
December 31, 2013
Water Only

Structure	Actual	Budget	Variance	Var %	
Interest on Short Term Debt	46	96	50	107%	22
Other Interest Expense	1		(1)	0%	
Interest net (Income)/Expense	11,952	12,330	377	3%	
-					
AFUDC Equity Income/(Expense)	777	559	218	28%	23
AFUDC Debt Income/(Expense)	363	262	101	28%	24
Amortization of Debt Expense (Income)/Expense	89	77	(12)	-14%	
-					
Other Net Income/(Expense)	(81)	(70)	(11)	13%	
-					
Total other Income/(Expense)	(10,982)	(11,656)	673	-6%	
-					
Income (loss) before income taxes	21,218	24,130	(2,912)	-14%	
-					
Provision for Income Taxes	8,364	9,692	1,329	16%	25
Income (loss) from continuing operations	12,855	14,438	(1,583)	-12%	
Income (loss) from discontinued operations net of tax					
-					
Net Income (loss)	12,855	14,438	(1,583)	-12%	
Preferred dividend declared					
Net income attributable to non-controlling interest					
Net income available to common stockholders	12,855	14,438	(1,583)	-12%	
Common dividends	8,291	9,680	1,389	17%	
Current Year Retained Earnings	4,563	4,758	(195)	-4%	

- 1 Lower revenues due to wet and cold summer, lower rate case award
- 2 Lower reconnect fees due to change from 25 days to 75 days
- 3 Purchased water credit from Winchester due to overpayment
- 4 Higher contracted waste disposal removal due to wet and cold weather
- 5 Continued reorganization and vacancies held due to lower sales
- 6 Reduction to required pension funding
- 7 Lower OPEB costs and lower headcount
- 8 Capitalized credits planned too low for 401k and DCP
- 9 Savings on external contracting/temp labor and legal
- 10 lower electric, heating and security
- 11 Higher cell phone bills
- 12 Lower overnight shipping
- 13 Software expense fees booked in maintenance
- 14 Planned in Misc. Expense
- 15 Travel cutback and SAP travel charged to corporate
- 16 Higher fuel and maintenance costs
- 17 Higher uncollectible reserves due to methodology change with new SAP system billings
- 18 Savings on bill inserts, forms and postage
- 19 Lower than planned reg expense amortization
- 20 Offset with removals below, the plan split incorrect
- 21 Offset with depr above, the plan split incorrect
- 22 lower STD rate
- 23 Unplanned tax gross up on AFUDC
- 24 Unplanned tax gross up on AFUDC
- 25 Tax effect on items above

Kentucky American Water Company
Income Statement Fluctuation Analysis
December 31, 2014
Water Only

Structure	Actual	Budget	Variance	Var %	
OPERATING REVENUE					
Water revenues	86,369	87,713	(1,344)	-2%	
Sewer revenues	0	0	0		
Other operating revenues	2,052	1,746	306	15%	1
Management revenues					
Operating revenues	88,421	89,459	(1,038)	-1%	
-					
OPERATIONS & MAINTENANCE EXPENSE					
Purchased water	143	230	87	61%	2
Fuel and power	3,753	3,732	(20)	-1%	
Chemicals	1,635	1,597	(38)	-2%	
Waste Disposal	278	400	122	44%	3
Total Production Costs	5,809	5,959	150	3%	
-					
Salaries and Wages	6,813	7,159	346	5%	4
Pensions	241	429	188	78%	5
Group insurances	1,403	1,578	176	13%	6
Other benefits	333	425	92	28%	7
Total employee related	8,790	9,592	802	9%	
-					
Service Company costs	8,776	9,095	319	4%	
-					
Contracted Services	723	723	0	0%	
Building maintenance and services	634	468	(166)	-26%	8
Telecommunication expenses	264	259	(6)	-2%	
Postage, printing and stationery	19	29	10	51%	9
Office supplies and services	162	385	223	137%	10
Advertising & marketing expenses	5	11	6	129%	11
Employee related expense travel & entertainment	137	178	41	30%	12
Miscellaneous expenses	896	1,081	185	21%	13
Rents	32	39	7	22%	14
Transportation	495	477	(19)	-4%	
Operating supplies and services	3,369	3,650	282	8%	
-					
Uncollectible Accounts Exp	1,042	541	(501)	-48%	15
Customer accounting other	1,051	1,057	6	1%	
Regulatory Expense	250	241	(9)	-4%	
Insurance other than group	736	676	(61)	-8%	16
Maintenance service & supplies	1,960	1,521	(438)	-22%	17
Total operations and maintenance	31,782	32,331	549	2%	
-					
Depreciation	11,812	11,894	83	1%	
Amortization	234	231	(4)	-1%	
Removal Costs	1,780	1,725	(55)	-3%	
Depreciation and Amortization	13,826	13,850	24	0%	
-					
General Taxes	5,753	5,305	(448)	-8%	18
Loss (gain) on sale of assets					
Impairment Charges					
Total operating expenses, net	51,361	51,487	126	0%	
-					
Operating income (loss)	37,060	37,972	(913)	-2%	
-					
OTHER INCOME (EXPENSES)					
Interest Income					

Kentucky American Water Company
Income Statement Fluctuation Analysis
December 31, 2014
Water Only

Structure	Actual	Budget	Variance	Var %	
Interest on Long Term Debt	12,132	12,136	4	0%	
Interest on Short Term Debt	51	49	(2)	-5%	
Other Interest Expense	0		(0)	0%	
Interest net (Income)/Expense	12,183	12,184	1	0%	
-					
AFUDC Equity Income/(Expense)	310	148	163	52%	19
AFUDC Debt Income/(Expense)	142	69	73	51%	20
Amortization of Debt Expense (Income)/Expense	91	88	(2)	-3%	
-					
Other Net Income/(Expense)	(72)	(6)	(67)	92%	21
-					
Total other Income/(Expense)	(11,893)	(12,061)	168	-1%	
-					
Income (loss) before income taxes	25,166	25,911	(745)	-3%	
-					
Provision for Income Taxes	9,261	10,285	1,024	11%	22
Income (loss) from continuing operations	15,905	15,626	279	2%	
Income (loss) from discontinued operations net of tax					
-					
Net Income (loss)	15,905	15,626	279	2%	
Preferred dividend declared					
Net income attributable to non-controlling interest					
Net income available to common stockholders	15,905	15,626	279	2%	
Common dividends	11,849	11,562	(287)	-2%	
Current Year Retained Earnings	4,056	4,064	(9)	0%	

- 1 Higher due to late fees and application fees
- 2 Lower due to Winchester purchased water credit
- 3 Lower due to process change requiring less chemicals
- 4 Lower due to vacancies
- 5 Lower due to less funding required given interest rates and returns
- 6 Lower due to vacancies & favorable pricing
- 7 Lower due to various items including 401k and DCP
- 8 Higher due to groundskeeping (budgeted in contracted services)
- 9 Lower due to overnight shipping
- 10 Lower due to budget for software maintenance here, actuals in maintenance
- 11 Lower spend than planned
- 12 Less travel than planned
- 13 Lower due to EA expenses (donations) plus savings on lab supplies & general
- 14 Lower spend than planned on copiers
- 15 Higher due to increased write offs & bad debt reserves as result of 2013 SAP implementation
- 16 Higher due to increase in claims
- 17 Higher due to software maintenance (budgeted in Office Supplies), and higher than normal repairs on intake pumps and motors
- 18 Higher due to increase in property tax valuation method
- 19 Higher due to Northern Connection project in-service date delay
- 20 Higher due to Northern Connection project in-service date delay
- 21 Higher due to unplanned lobbying expenses
- 22 Tax effect on above

Kentucky American Water Company
Income Statement Fluctuation Analysis
December 31, 2015
Water Only

Structure	Actual	Budget	Variance	Var %	
OPERATING REVENUE					
Water revenues	88,532	86,357	2,175	2%	
Sewer revenues	0	0	0		
Other operating revenues	2,267	1,981	286	13%	1
Management revenues					
Operating revenues	90,800	88,339	2,461	3%	
-					
OPERATIONS & MAINTENANCE EXPENSE					
Purchased water	223	156	(67)	-30%	2
Fuel and power	3,936	3,804	(133)	-3%	
Chemicals	1,590	1,510	(80)	-5%	3
Waste Disposal	241	320	80	33%	4
Total Production Costs	5,990	5,790	(200)	-3%	
-					
Salaries and Wages	7,142	7,375	233	3%	
Pensions	586	363	(223)	-38%	5
Group insurances	1,628	1,610	(18)	-1%	
Other benefits	447	413	(35)	-8%	6
Total employee related	9,804	9,760	(44)	0%	
-					
Service Company costs	8,326	7,861	(465)	-6%	7
-					
Contracted Services	1,072	683	(389)	-36%	8
Building maintenance and services	602	584	(18)	-3%	
Telecommunication expenses	228	273	44	19%	9
Postage, printing and stationery	30	22	(9)	-28%	10
Office supplies and services	243	215	(28)	-12%	11
Advertising & marketing expenses	14	11	(3)	-23%	12
Employee related expense travel & entertainment	339	159	(180)	-53%	13
Miscellaneous expenses	1,419	1,176	(243)	-17%	14
Rents	18	34	16	87%	15
Transportation	442	442	(0)	0%	
Operating supplies and services	4,408	3,598	(810)	-18%	
-					
Uncollectible Accounts Exp	906	758	(148)	-16%	15
Customer accounting other	1,100	998	(102)	-9%	16
Regulatory Expense	289	239	(50)	-17%	17
Insurance other than group	935	674	(261)	-28%	18
Maintenance service & supplies	1,981	1,711	(270)	-14%	19
Total operations and maintenance	33,739	31,390	(2,349)	-7%	
-					
Depreciation	11,499	12,047	548	5%	
Amortization	238	234	(4)	-2%	
Removal Costs	1,855	1,859	4	0%	
Depreciation and Amortization	13,593	14,141	548	4%	
-					
General Taxes	6,562	5,695	(867)	-13%	20
Loss (gain) on sale of assets	(33)		33	-100%	21
Impairment Charges					
Total operating expenses, net	53,861	51,226	(2,635)	-5%	
-					
Operating income (loss)	36,939	37,113	(174)	0%	
-					
OTHER INCOME (EXPENSES)					
Interest Income					
Interest on Long Term Debt	12,138	12,154	16	0%	
Interest on Short Term Debt	99	57	(42)	-43%	22

Kentucky American Water Company
Income Statement Fluctuation Analysis
December 31, 2015
Water Only

Structure	Actual	Budget	Variance	Var %	
Other Interest Expense	272		(272)	-100%	23
Interest net (Income)/Expense	12,508	12,210	(298)	-2%	
-					
AFUDC Equity Income/(Expense)	758	710	48	6%	24
AFUDC Debt Income/(Expense)	346	334	12	3%	
Amortization of Debt Expense (Income)/Expense	105	98	(8)	-7%	25
-					
Other Net Income/(Expense)	173	(72)	245	141%	26
-					
Total other Income/(Expense)	(11,336)	(11,335)	(1)	0%	
-					
Income (loss) before income taxes	25,603	25,778	(175)	-1%	
-					
Provision for Income Taxes	10,746	10,347	(398)	-4%	
Income (loss) from continuing operations	14,857	15,430	(573)	-4%	
Income (loss) from discontinued operations net of tax					
-					
Net Income (loss)	14,857	15,430	(573)	-4%	
Preferred dividend declared					
Net income attributable to non-controlling interest					
Net income available to common stockholders	14,857	15,430	(573)	-4%	
Common dividends	11,285	11,370	85	1%	
Current Year Retained Earnings	3,572	4,060	(488)	-14%	

- 1 Higher due to late payment fees
- 2 Higher due to unplanned purchased water
- 3 Higher due to system delivery over plan
- 4 Lower due to timing of lagoon cleaning
- 5 Higher due to increased funding requirement
- 6 Higher due to underplanned awards, physical exams, retiree medical
- 7 Higher due to increased pension funding & unmet call center challenge
- 8 Higher due to PWC fees for sales tax audit
- 9 Lower due to savings on land lines and cell phone plans
- 10 Higher due to unplanned printing
- 11 Higher due to software licenses and general supplies
- 12 Higher spend than planned
- 13 Higher due to relocation expenses
- 14 Higher due to penalties related to sales tax audit
- 15 Lower due to efficiencies on copier leases
- 15 Higher due to unplanned write offs and bad debt reserves
- 16 Higher due to collection agency fees
- 17 Higher due to rate case expense
- 18 Higher due to increase in claims and cost per claim
- 19 Higher due to unplanned repairs at plants (pumps) and in distribution (hydrants)
- 20 Higher due to increased property taxes and sales taxes from audit
- 21 Property Sale
- 22 Higher due to more short term debt than planned
- 23 Higher due to unplanned interest expense on sales tax audit finding
- 24 Higher due to timing of capital project spend
- 25 Higher due to unplanned write off for preferred stock redemption
- 26 Higher due to Charges for Property Damages

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

Witness: Scott W. Rungren

7. Provide a reconciliation and a detailed explanation of each difference, if any, in the capitalization and the net investment rate base of Kentucky-American for the base period.

Response:

Rate Base for Base Period	\$399,653,506
Capitalization for Base Period	\$399,399,910
Difference	\$253,596
Difference as a Percentage of Capital	.063%

Reconciling Items:

Accounts Payable impact on working cash	\$253,596
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**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

Witness: Scott W. Rungren / Linda C. Bridwell

- 8.** Provide a rate base, capital structure, and statement of income for Kentucky-American for the most recent actual 12-month period at the time of the company's application for rate adjustment and for the base period used in the company's application. Provide detailed explanations necessary to reconcile this information with the filed base-period revenue-requirement information.

Response:

Please see attached.

Kentucky American Water Company
Response to Commission Staff's First Request for Information, Question 8
Rate Base

Line	Item	Actual Ended December 31, 2015	Base Period Ending April 30, 2016	Variance	Reconciliation
1	<u>Utility Plant:</u>				
2	Utility Plant in Service	\$643,048,278	\$648,948,902	\$5,900,624	Additional investments planned beyond Dec. 2015
3	Property Held for Future Use				
4	Utility Plant Acquisition Adjustments				
5	Construction Work in Progress	26,812,584	23,768,036	(3,044,548)	Timing of CAPEX expenditures
6	Total Utility Plant (Sum Lines 2-5)	\$669,860,862	\$672,716,938	\$2,856,076	
7					
8	<u>Accumulated Depreciation:</u>				
9	Accumulated Provision for Depreciation UPIS	\$139,170,973	\$142,044,393	\$2,873,420	Additional depreciation in four months beyond Dec 2015
10					
11	Net Utility Plant (Line 6 - Line 9)	\$530,689,889	\$530,672,545	(\$17,344)	
12					
13					
14	<u>Additions:</u>				
15	Working Capital	N/A	\$3,946,000	\$3,946,000	Lead Lag Study used for rate case
16	Materials and Supplies	903,318	813,037	(90,280)	Current balance higher then budgeted
					Additional amortization reflected in the base period. As of Dec 31, 2015, funds
17	Deferred Maintenance / Tank Painting	7,789,204	7,212,746	(576,458)	already spent on multiple projects (not reflected in the base period).
18	Deferred Debits	1,427,001	1,407,974	(19,027)	Base period includes four additional months of amortization
19	Total Additions	\$10,119,523	\$13,379,757	\$3,260,234	
20					
21	<u>Deductions:</u>				
22	Deferred Income Taxes	\$73,506,313	\$73,841,186	\$334,873	Additional taxes budgeted in the base period
23	Deferred Investment Tax Credits	40,610	38,059	(2,551)	Base period includes four additional months of amortization
24	Customer Advances from Construction	12,466,582	13,644,640	1,178,058	Base Period includes four additional months of net advances
25	Contributions in Aid of Construction	57,461,291	58,104,260	642,969	Base period includes four additional months of contributions net of amortizations
					Base period includes four additional months of amortization and an additional
					funding payment to accrued pensions. Also, the actual Dec 2015 balance for
					contract retentions and unclaimed extension deposit refunds are higher then the
26	Other Rate Base Elements	(1,331,726)	(1,229,349)	\$102,377	budget.
27	Total Deductions	\$142,143,069	\$144,398,796	\$2,255,727	

Kentucky American Water Company
Response to Commission Staff's First Request for Information, Question 8
CAPITAL STRUCTURE

Item	Actual + Budget Base Year Ended 4/30/2016	Actuals 12 Months Ended 12/31/2015	Variance of Base Year to Actuals Ended 12/31/2015	Variance %	Reconciliation
Short-Term Debt	\$23,496,534	\$25,169,077	\$1,672,543	7%	STD has fluctuating balance, reflecting volatility in cash receipts and disbursements.
Long-Term Debt	194,267,039	194,243,578	-\$23,462	0%	Difference due to additional four months amortization of debt issuance expense, resulting in increase to long-term debt carrying value.
Preferred Stock	2,242,050	2,241,921	-\$130	0%	Difference due to additional four months amortization of preferred stock issuance expense, resulting in increase to preferred stock carrying value.
Common Equity	<u>178,921,176</u>	<u>171,248,573</u>	<u>-\$7,672,603</u>	<u>-4%</u>	Difference due to expected growth in retained earnings and \$2 million equity infusion scheduled for January 2016.
Total Capital	<u>\$398,926,799</u>	<u>\$392,903,149</u>	<u>-\$6,023,651</u>	<u>-2%</u>	
JDITC:	\$473,110	\$498,825	\$25,715	5%	Difference due to additional four months amortization of JDITC.

Kentucky American Water Company
Response to Commission Staff's First Request for Information, Question 8
Income Statement

	Actual + Budget Base Period Ended 4/30/2016	Actual 12 Months Ended 12/31/15	Variance of Base Year to Actual Ended 12/31/15	Var %	Reconciliation
Operating Revenues	90,509,219	90,799,523	290,304	0%	
Operating Expenses:					
Operating and Maintenance	33,192,846	33,738,674	545,828	2%	Higher due to production costs increases, increased pension funding and penalties due to sales audit.
Depreciation & Cost of Removal	13,500,782	13,354,360	(146,422)	-1%	
Amortization	239,070	238,345	(725)	0%	
Taxes Other Than Income	6,484,589	6,562,434	77,845	1%	
State Income Tax	1,523,872	1,891,659	367,787	19%	Tax affect of above
Federal Income Tax	8,979,307	8,818,646	(160,661)	-2%	
Total Expense	<u>\$63,920,466</u>	<u>\$64,604,117</u>	<u>\$683,651</u>	<u>1%</u>	
Utility Operating Income	<u>26,588,753</u>	<u>26,195,406</u>	<u>(393,347)</u>	<u>-2%</u>	
Other Income / Net	1,447,315	1,310,829	(136,486)	-10%	Charges for Property Damages
Income Before Deductions	28,036,068	27,506,235	(529,833)	-2%	
Deductions					
Interest on LTD	12,229,660	12,137,764	(91,896)	-1%	Unplanned write off for preferred stock redemption
Amortization of Debt Expense	97,004	105,201	8,197	8%	
Interest on Bank Debt	377,180	370,648	(6,532)	-2%	
Total Deductions	<u>12,703,844</u>	<u>12,613,613</u>	<u>(90,231)</u>	<u>-1%</u>	
Net Income	<u>\$15,332,224</u>	<u>\$14,892,622</u>	<u>(\$439,602)</u>	<u>-3%</u>	

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

Witness: Brent E. O'Neill

9. Describe the process that Kentucky-American uses to plan and approve construction projects.

Response:

The planning of construction projects begins with a forward looking review of the needs of the system and the infrastructure to continue to operate safely, efficiently and meet current and future regulations. KAW uses the Comprehensive Planning Study ("CPS"), which evaluates the distribution system, storage facilities and production capacities as an important piece of planning for construction processes. The study identifies projects for construction over a fifteen-year planning horizon, with immediate needs identified for construction within five years. KAW's most recent formal study was completed in 2013 and was filed with the PSC.

Construction project needs that arise between CPS cycles are evaluated, scoped, and estimated to the same degree as a CPS project prior to being considered and placed within the portfolio of planned projects. The Engineering group works with the Vice President Operations, Operations Superintendents and Operations Supervisors to prioritize these emerging projects and compare them against projects that were identified in the CPS.

Each year KAW develops a Capital Business Plan of specific capital needs which focuses on the upcoming year and extends into outer years. The Engineering group works with the Vice President Operations, Operations Superintendents and Operations Supervisors to develop the Business Plan before submitting the plan to the KAW President. The KAW Board of Directors then approves the Annual Business Plan.

Once the Business Plan is approved, Engineering and Operations are responsible for delivering the capital program. Approval of the Business Plan does not constitute approval of individual capital projects which were included in the development of the Business Plan. Release and approval of projects occurs real time through the Capital Investment Management Committee ("CIMC").

For a capital project to be approved for design and construction, the project is submitted to the CIMC. The CIMC ensures capital expenditure plans meet the strategic intent of the business, which includes safety and regulatory compliance and the introduction of

new technologies that result in efficiencies. In turn, this ensures that capital expenditure plans are integrated with operating expense plans, and provides more effective controls on budgets and individual capital projects. The CIMC includes the KAW President, KAW Vice President of Operations, KAW Director of Engineering and KAW Financial Lead.

The CIMC receives capital expenditure plans from project managers and approves them as required by the process. Once budgets are approved, the CIMC meets monthly to review capital expenditures compared to budgeted levels. The process includes five stages of project review: 1) a Preliminary Need Identification defining the project at an early stage; 2) a Project Implementation Proposal that confirms all aspects of the project are in a position to begin work; 3) Project Change Requests; 4) a Post Project Review; and 5) Asset Management.

KAW personnel handle all of the stages, with oversight by the CIMC. Projects for compliance with local, state, and federal regulations, improvement of service and fire flows, and reductions of maintenance problems are given priorities.

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

Witness: Brent E. O'Neill

- 10.** Provide Kentucky-American's long-term construction planning program in effect as of the date of the filing of Kentucky-American's application.

Response:

Please refer to the attached.

STRATEGIC CAPITAL EXPENDITURE PLAN						
PROGRAM						
Business Unit	Kentucky					
Revision Date	July 7, 2015					
Description	KY BP 2016-2020 OVERALL SCEP					
			U.S. \$	U.S. \$	U.S. \$	U.S. \$
Business Unit	Business Unit No.	Project Title	Total 2015	Total 2016	Total 2017	Total 2018
		RECURRING PROJECTS				
Kentucky	DV	Projects Funded by Others	2,000,000.00	2,500,000.00	2,500,000.00	2,500,000.00
Kentucky	A	Mains - New	750,000.00	1,265,000.00	753,500.00	775,000.00
Kentucky	B	Mains - Replaced / Restored	3,117,000.00	3,521,000.00	3,953,750.00	3,950,000.00
Kentucky	C	Mains - Unscheduled	335,000.00	335,000.00	335,000.00	340,000.00
Kentucky	D	Mains - Relocated	785,000.00	250,000.00	375,000.00	350,000.00
Kentucky	E	Hydrants, Valves, and Manholes - New	200,100.00	200,100.00	200,100.00	205,000.00
Kentucky	F	Hydrants, Valves, and Manholes - Replaced	332,150.00	352,050.00	352,050.00	450,000.00
Kentucky	G	Services and Laterals - New	1,030,080.00	679,140.00	679,140.00	700,000.00
Kentucky	H	Services and Laterals - Replaced	650,000.00	452,500.00	452,500.00	500,000.00
Kentucky	I	Meters - New	542,412.00	374,220.00	374,220.00	400,000.00
Kentucky	J	Meters - Replaced	937,916.80	461,850.00	509,050.00	535,000.00
Kentucky	K	ITS Equipment and Systems	131,221.20	213,117.00	361,288.00	280,000.00
Kentucky	L	SCADA Equipment and Systems	140,000.00	260,000.00	250,000.00	250,000.00
Kentucky	M	Security Equipment and Systems	245,000.00	112,350.00	219,082.50	230,000.00
Kentucky	N	Offices and Operations Centers	150,000.00	225,000.00	275,000.00	250,000.00
Kentucky	O	Vehicles	552,000.00	660,060.00	660,000.00	660,000.00
Kentucky	P	Tools and Equipment	305,000.00	283,060.00	253,000.00	300,000.00
Kentucky	Q	Process Plant Facilities and Equipment	1,454,875.00	1,725,500.00	1,411,000.00	1,750,000.00
Kentucky	S	Engineering Studies	42,020.00	50,000.00	50,000.00	75,000.00
		Total Recurring Projects	\$11,699,775.00	\$11,419,947.00	\$11,463,680.50	\$12,000,000.00
		ACQUISITIONS				
Kentucky						
		Total Acquisitions				
		CENTRALLY SPONSORED PROJECTS				
Kentucky	R12-01K3	ITS Equipment and Systems - Centrally Sponsored	1,279,427.00	1,441,132.00	1,410,360.00	1,142,194.00
		Total Centrally Sponsored Projects	1,279,427.00	1,441,132.00	1,410,360.00	1,142,194.00
		INVESTMENT PROJECTS				
Kentucky	I12-020003	I-75 Main Extension				1,100,000.00
Kentucky	I12-020019	New Ground Storage Tank				2,000,000.00
Kentucky	I12-020021	Power Reliability at Remote Sites		200,000.00	1,000,000.00	
Kentucky	I12-020024	US 60 Replacement/Upgrade				1,250,000.00
Kentucky	I12-020031	Todds and Cleveland Rd Main Extension				
Kentucky	I12-020032	RRS Filter Building Replacement	11,925,000.00	2,324,297.86		
Kentucky	I12-020037	KRS1 Chemical Storage and Feed Improvements		500,000.00	2,000,000.00	1,000,000.00
Kentucky	I12-020039	Georgetown Bypass and US 25 Area		250,000.00	1,100,000.00	900,000.00
Kentucky	I12-020040	KRS Valve House Rehabilitation (Phase 2)		950,000.00		
Kentucky	I12-020056	KRS Valve House Rehabilitation (Phase 1.B)	600,000.00	300,000.00		
Kentucky	I12-020043	Athens Boonesboro Main Extension	400,000.00	1,051,100.00		
Kentucky	I12-020044	Briar Hill Tank Area Water Age and Pressures				
Kentucky	I12-020049	KRS - Raw Water Access			1,000,000.00	1,000,000.00
Kentucky	I12-020050	Paving Field Ops and Front Entrance			350,000.00	
Kentucky	I12-020051	KRS High Service Pumps Replacement		1,000,000.00	1,680,000.00	
Kentucky	I12-020052	Millersburg Tank Replacement		450,000.00		
Kentucky	I12-020053	Pressure Zone Creation - Hays/ Andover/ Winchester				
Kentucky	I12-020054	RRS HS Pump Station and Clearwell				
Kentucky		RRS Gas Chemical Conversion				
Kentucky		KRS1 CT Improvements				5,000,000.00
Kentucky	I12-020055	New Circle Rd Main Relocation		775,000.00		
Kentucky	I12-000001	Post Acquisition BD Capex	60,000.00	60,000.00	60,000.00	60,000.00
		Total Investment Projects	12,985,000.00	7,860,397.86	7,190,000.00	12,310,000.00
		Total Investment and Centrally Sponsored Projects	14,264,427.00	9,301,529.86	8,600,360.00	13,452,194.00
		Services Contributions	(935,000.00)	(950,000.00)	(950,000.00)	(950,000.00)
		New Circle Rd Main Contribution	(640,000.00)	(360,000.00)		
		Developer Contributions	(815,000.00)	(910,000.00)	(910,000.00)	(910,000.00)
		Advances	(1,501,000.00)	(1,550,000.00)	(1,550,000.00)	(1,550,000.00)
		Total Refunds	1,085,000.00	1,100,000.00	1,100,000.00	1,100,000.00
		Gross minus ITS CS	26,684,775.00	21,780,344.86	21,153,680.50	26,810,000.00
			(2,806,000.00)	(2,670,000.00)	(2,310,000.00)	(2,310,000.00)
		Net minus ITS CS	23,878,775.00	19,110,344.86	18,843,680.50	24,500,000.00
		Gross plus ITS CS	27,964,202.00	23,221,476.86	22,564,040.50	27,952,194.00
			(2,806,000.00)	(2,670,000.00)	(2,310,000.00)	(2,310,000.00)
		Net plus ITS CS	25,158,202.00	20,551,476.86	20,254,040.50	25,642,194.00

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

Witness: Brent E. O'Neill

- 11.** a. For each construction project that Kentucky-American has commenced from January 1, 2005, through December 31, 2014, provide the information listed below in the format contained in Schedule 1:
- (1) Project number;
 - (2) Project title and description;
 - (3) Annual actual cost;
 - (4) Annual original budgeted cost;
 - (5) Variance between annual actual cost and annual original budgeted cost in dollars;
 - (6) Variance between annual actual cost and annual original budgeted cost as a percentage;
 - (7) Percentage of total construction budget that the proposed project comprises for the budgeted year;
 - (8) Total actual project cost;
 - (9) Total budgeted project cost;
 - (10) Variance between total actual project cost and total budgeted project cost;
 - (11) Date the original budget projected the project to start;
 - (12) Date the original budget projected the project to be completed;
 - (13) Date construction of project actually commenced; and
 - (14) Date construction of the project was actually completed.
- b. For each project in which a variance between actual and budgeted cost occurred, or in which a delay in its start or completion occurred, describe the variance or delay and the reasons for such variance or delay.
- c. Provide the information requested in parts a. and b. above for the calendar year 2015 when available.
- d. Provide a copy of the construction budget variance information requested in parts a. and c. above on a CD-ROM in Microsoft Excel format.

Response:

- a. Please see attached.
- b. Please see attached.

- c. Information for calendar year 2015 has been included in the attached.
- d. Please refer to the CD-ROM that was filed with the Commission and the Excel file that was filed electronically.

Kentucky American Water
Case No. 2015-00418
Construction Projects
As of 2015

Type of Filing: X Original ____ Updated ____ Revised

Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:

Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 2,452,788	\$ 2,000,000	\$ 452,788	122.64%	6.82%							
A	MAINS - NEW	\$ 688,393	\$ 750,000	\$ (61,607)	91.79%	2.56%							
B	MAINS - REPLACED/RESTORED	\$ 5,268,365	\$ 3,117,000	\$ 2,151,365	169.02%	10.63%							
C	MAINS - UNSCHEDULED	\$ 198,121	\$ 335,000	\$ (136,879)	59.14%	1.14%							
D	MAINS - RELOCATED	\$ 456,058	\$ 785,000	\$ (328,942)	58.10%	2.68%							
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 158,724	\$ 200,100	\$ (41,376)	79.32%	0.68%							
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 1,517,543	\$ 332,150	\$ 1,185,393	456.88%	1.13%							
G	SERVICES AND LATERALS - NEW	\$ 968,162	\$ 1,030,080	\$ (61,918)	93.99%	3.51%							
H	SERVICES AND LATERALS - REPLACED	\$ 400,865	\$ 650,000	\$ (249,135)	61.67%	2.22%							
I	METERS - NEW	\$ 618,848	\$ 542,412	\$ 76,436	114.09%	1.85%							
J	METERS - REPLACED	\$ 551,455	\$ 937,917	\$ (386,462)	58.80%	3.20%							
K	ITS EQUIPMENT AND SYSTEMS	\$ 136,935	\$ 131,221	\$ 5,714	104.35%	0.45%							
L	SCADA EQUIPMENT AND SYSTEMS	\$ 305,610	\$ 140,000	\$ 165,610	218.29%	0.48%							
M	SECURITY EQUIPMENT AND SYSTEMS	\$ 165,138	\$ 245,000	\$ (79,862)	67.40%	0.84%							
N	OFFICES AND OPERATIONS CENTERS	\$ 93,664	\$ 150,000	\$ (56,336)	62.44%	0.51%							
O	VEHICLES	\$ 584,522	\$ 552,000	\$ 32,522	105.89%	1.88%							
P	TOOLS AND EQUIPMENT	\$ 567,056	\$ 305,000	\$ 262,056	185.92%	1.04%							
Q	PROCESS PLANT FACILITIES AND EQUIPMENT	\$ 2,311,469	\$ 1,454,875	\$ 856,594	158.88%	4.96%							
R	CAPITALIZED TANK REHABILITATION/PAINTING	\$ -	\$ -	\$ -	-	0.00%							
S	ENGINEERING STUDIES	\$ 449,091	\$ 42,020	\$ 407,071	1068.76%	0.14%							
	TOTAL	17,892,807	13,699,775	4,193,032	130.61%								
	ENTER ITEM DV AND SUBTRACT	2,452,788	2,000,000	452,788									
	TOTAL ITEM A - S	15,440,019	11,699,775	3,740,244	131.97%								

Kentucky American Water

Case No. 2015-00418

Construction Projects

As of 2015Type of Filing: X Original ____ Updated ____ Revised

Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:

Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
BUDGET PROJECTS													
I12-020010	Leestown Road	\$ (2,903)	\$ -	\$ (2,903)		0.00%			0	Jan-10	Dec-14	Oct-10	May-14
I12-020011	New Circle Rd Main Relocation	\$ 2,450,776	\$ 1,009,593	\$ 1,441,183	242.75%	3.44%			0	Jan-12	Dec-16	Mar-15	
I12-020012	KRS High Service Pumps	\$ 727,565	\$ -	\$ 727,565		0.00%			0	Jan-16	Dec-17	Feb-15	
I12-020017	KRS Valve House Rehabilitation	\$ 964,373	\$ -	\$ 964,373		0.00%			0	Jan-14	Dec-15	Jul-14	
I12-020056	KRS Valve House 2	\$ 496,064	\$ -	\$ 496,064		0.00%			0	Jun-15	Feb-16	Jun-15	
I12-020032	RRS Filter Building Replacement	\$ 10,539,887	\$ 11,925,000	\$ (1,385,113)	88.38%	40.68%			0	Jan-13	Dec-16	Feb-15	
I12-020033	KY 341 Interconnect	\$ 460,667	\$ -	\$ 460,667		0.00%			0	Jan-13	Dec-14	Aug-14	
I12-020040	KRS Valve House Rehabilitation Ph 2	\$ -	\$ 1,000,000	\$ (1,000,000)	0.00%	3.41%			0	Aug-15	Dec-15		
I12-020043	Athens Boonesboro main Extension	\$ -	\$ 400,000	\$ (400,000)	0.00%	1.36%			0	Jan-15	Dec-16		
I12-020045	Main Office Roof Replacement	\$ 2,506	\$ -	\$ 2,506		0.00%			0	Aug-14	Nov-14	Aug-14	Dec-14
I12-020046	KRS I Raw Water Intake Actuator Repl	\$ 191,174	\$ -	\$ 191,174		0.00%			0	Sep-14	Feb-15	Sep-14	
I12-020047	Field Ops Road Replacement	\$ 18,809	\$ -	\$ 18,809		0.00%	352,752	327,458	25,294	Oct-14	Jan-15	Oct-14	May-15
I12-020048	Security Upgrades Richmond Rd Campus	\$ 31,242	\$ -	\$ 31,242		0.00%			0	Oct-14	Dec-14	Oct-14	Dec-14
I12-020057	Sludge Thickener Drive Upgrade	\$ 521,564	\$ -	\$ 521,564		0.00%			0	Jul-15	Dec-15	Aug-15	
I12-020058	KRS2 Intake Pump Replacement	\$ 601,163	\$ -	\$ 601,163		0.00%			0	Aug-15	Apr-16	Aug-15	
I12-020059	KRS2 Transfer Switch	\$ 66,400	\$ -	\$ 66,400		0.00%			0	Oct-15	Dec-17		
I12-020060	KRS Reeves Drive	\$ 5,740	\$ -	\$ 5,740		0.00%			0	Oct-15	May-16	Oct-15	
I12-300003	Northern Division Connection	\$ 49,119	\$ -	\$ 49,119		0.00%			0	Feb-11	Feb-14	Mar-13	May-14
T12-0102	Business Transformation	\$ (228,820)	\$ -	\$ (228,820)		0.00%			0	Sep-11	Dec-14	Oct-11	Dec-14
R12-K	ITS Centrally Sponsored	\$ 1,690,479	\$ -	\$ 1,690,479					0	n/a	n/a	n/a	n/a
I12-000001	Acquisitions	\$ -	\$ 1,279,427	\$ (1,279,427)	0.00%	4.36%			0	Jan-14	Dec-14	n/a	n/a
		18,585,805	15,614,020	2,971,785	119.03%								

Kentucky American Water
Case No. 2015-00418
Construction Projects
As of 2014

Type of Filing: X Original ____ Updated ____ Revised

Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:

Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 3,214,462	\$ 1,890,900	\$ 1,323,562	170.00%	8.83%							
A	MAINS - NEW	\$ 982,178	\$ 449,956	\$ 532,222	218.28%	2.10%							
B	MAINS - REPLACED/RESTORED	\$ 3,662,352	\$ 5,106,000	\$ (1,443,648)	71.73%	23.83%							
C	MAINS - UNSCHEDULED	\$ 291,349	\$ 275,484	\$ 15,865	105.76%	1.29%							
D	MAINS - RELOCATED	\$ 921,918	\$ 515,079	\$ 406,839	178.99%	2.40%							
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 201,082	\$ 201,500	\$ (418)	99.79%	0.94%							
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 759,112	\$ 340,764	\$ 418,348	222.77%	1.59%							
G	SERVICES AND LATERALS - NEW	\$ 562,611	\$ 1,101,429	\$ (538,818)	51.08%	5.14%							
H	SERVICES AND LATERALS - REPLACED	\$ 397,836	\$ 451,903	\$ (54,067)	88.04%	2.11%							
I	METERS - NEW	\$ 313,704	\$ 545,701	\$ (231,997)	57.49%	2.55%							
J	METERS - REPLACED	\$ 802,895	\$ 1,194,748	\$ (391,853)	67.20%	5.58%							
K	ITS EQUIPMENT AND SYSTEMS	\$ 287,264	\$ 279,455	\$ 7,809	102.79%	1.30%							
L	SCADA EQUIPMENT AND SYSTEMS	\$ 40,279	\$ 131,313	\$ (91,034)	30.67%	0.61%							
M	SECURITY EQUIPMENT AND SYSTEMS	\$ 157,258	\$ 157,575	\$ (317)	99.80%	0.74%							
N	OFFICES AND OPERATIONS CENTERS	\$ 207,245	\$ 126,060	\$ 81,185	164.40%	0.59%							
O	VEHICLES	\$ 691,672	\$ 562,018	\$ 129,654	123.07%	2.62%							
P	TOOLS AND EQUIPMENT	\$ 241,065	\$ 303,463	\$ (62,398)	79.44%	1.42%							
Q	PROCESS PLANT FACILITIES AND EQUIPMENT	\$ 3,162,463	\$ 1,242,000	\$ 1,920,463	254.63%	5.80%							
R	CAPITALIZED TANK REHABILITATION/PAINTING	\$ -	\$ -	\$ -		0.00%							
S	ENGINEERING STUDIES	\$ 261,770	\$ 42,020	\$ 219,750	622.97%	0.20%							
	TOTAL	17,158,515	14,917,368	2,241,147	115.02%								
	ENTER ITEM DV AND SUBTRACT	3,214,462	1,890,900	1,323,562									
	TOTAL ITEM A - S	13,944,053	13,026,468	917,585	107.04%								

Kentucky American Water
Case No. 2015-00418
Construction Projects
As of 2014

Type of Filing: X Original ____ Updated ____ Revised

Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:

Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
	BUDGET PROJECTS												
I12-020001	WTP for Pool 3	\$ 33,935	\$ -	\$ 33,935		0.00%			0	May-06	Dec-10	May-06	Feb-12
I12-020007	North Upper St Main Repl	\$ -	\$ 1,000,000	\$ (1,000,000)	0.00%	4.67%			0	Jan-13	Dec-14		
I12-020010	Leestown Road	\$ 152,963	\$ -	\$ 152,963		0.00%	2,058,699	2,182,565	(123,866)	Jan-10	Dec-14	Oct-10	May-14
I12-020011	New Circle Rd Main Relocation	\$ 287,933	\$ 1,099,899	\$ (811,966)	26.18%	5.13%			0	Jan-12	Dec-16		
I12-020017	KRS Valve House Rehabilitation	\$ 691,347	\$ 1,000,000	\$ (308,653)	69.13%	4.67%			0	Jan-14	Dec-15	Jul-14	
I12-020025	Pump Efficiency Repl Phase 1	\$ 18,370	\$ -	\$ 18,370		0.00%			0	Jan-12	Dec-14	Mar-13	Aug-13
I12-020027	Russell Cave Rd	\$ (2,188)	\$ -	\$ (2,188)		0.00%			0	Jan-11	Dec-13	Oct-11	Aug-13
I12-020032	RRS Filter Building Replacement	\$ 709,175	\$ 775,000	\$ (65,825)	91.51%	3.62%			0	Jan-13	Dec-16	Feb-15	
I12-020033	KY 341 Interconnect	\$ 758,006	\$ 586,021	\$ 171,985	129.35%	2.74%			0	Jan-13	Dec-14	Aug-14	
I12-020034	RRS Chlorine Scrubber	\$ 20,317	\$ -	\$ 20,317		0.00%	311,682	450,000	(138,318)	Apr-13	Dec-13	Apr-13	Jul-14
I12-020036	Storage Tank and System Nitrification	\$ -	\$ 350,000	\$ (350,000)	0.00%	1.63%			0	Jan-14	Dec-14		
I12-020045	Main Office Roof Replacement	\$ 391,301	\$ -	\$ 391,301		0.00%	393,807	405,875	(12,069)	Aug-14	Nov-14	Aug-14	Dec-14
I12-020046	KRS I Raw Water Intake Actuator Repl	\$ 487,670	\$ -	\$ 487,670		0.00%			0	Sep-14	Feb-15	Sep-14	
I12-020047	Field Ops Road Replacement	\$ 333,943	\$ -	\$ 333,943		0.00%			0	Oct-14	Jan-15	Oct-14	
I12-020048	Security Upgrades Richmond Rd Campus	\$ 428,512	\$ -	\$ 428,512		0.00%	459,754	429,450	30,304	Oct-14	Dec-14	Oct-14	Dec-14
I12-300003	Northern Division Connection	\$ 369,307	\$ 118,110	\$ 251,197	312.68%	0.55%	15,308,044	14,104,868	1,203,176	Feb-11	Feb-14	Mar-13	May-14
I12-300005	Fairgrounds Tank Area		\$ 500,000	\$ (500,000)	0.00%	2.33%			0	Jan-14	Jul-14		
T12-0102	Business Transformation	\$ 350,389	\$ 117,256	\$ 233,133	298.82%	0.55%	10,683,882	11,167,479	(483,597)	Jan-10	Dec-14	Feb-10	Dec-14
T12-0103	Business Transformation Other	\$ 32		\$ 32		0.00%	1,000,691	784,479	216,212	Sep-11	Dec-14	Oct-11	Dec-14
R12-K	ITS Centrally Sponsored	\$ 1,336,514	\$ 319,464	\$ 1,017,050	418.36%				0	n/a	n/a	n/a	n/a
	Acquisitions	\$ -	\$ 642,349	\$ (642,349)	0.00%	3.00%			0	Jan-14	Dec-14	n/a	n/a
		6,367,526	6,508,099	(140,573)	97.84%								

Kentucky American Water
Case No. 2015-00418
Construction Projects
As of 2013

Type of Filing: X Original _____ Updated _____ Revised _____

Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:

Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 1,972,625	\$ 1,726,546	\$ 246,079	114.25%	6.70%							
A	MAINS - NEW	\$ 849,856	\$ 259,999	\$ 589,857	326.87%	1.01%							
B	MAINS - REPLACED/RESTORED	\$ 1,645,060	\$ 2,000,000	\$ (354,940)	82.25%	7.76%							
C	MAINS - UNSCHEDULED	\$ 369,365	\$ 275,484	\$ 93,881	134.08%	1.07%							
D	MAINS - RELOCATED	\$ 165,758	\$ 480,079	\$ (314,321)	34.53%	1.86%							
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 151,975	\$ 184,993	\$ (33,018)	82.15%	0.72%							
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 628,707	\$ 305,696	\$ 323,011	205.66%	1.19%							
G	SERVICES AND LATERALS - NEW	\$ 922,914	\$ 1,042,445	\$ (119,531)	88.53%	4.04%							
H	SERVICES AND LATERALS - REPLACED	\$ 655,250	\$ 1,011,321	\$ (356,071)	64.79%	3.92%							
I	METERS - NEW	\$ 747,902	\$ 504,240	\$ 243,662	148.32%	1.96%							
J	METERS - REPLACED	\$ 2,691,058	\$ 2,862,739	\$ (171,681)	94.00%	11.11%							
K	ITS EQUIPMENT AND SYSTEMS	\$ 216,174	\$ 315,805	\$ (99,631)	68.45%	1.23%							
L	SCADA EQUIPMENT AND SYSTEMS	\$ 1,006,570	\$ 1,113,688	\$ (107,118)	90.38%	4.32%							
M	SECURITY EQUIPMENT AND SYSTEMS	\$ 83,068	\$ 210,100	\$ (127,032)	39.54%	0.82%							
N	OFFICES AND OPERATIONS CENTERS	\$ 10,231	\$ 105,050	\$ (94,819)	9.74%	0.41%							
O	VEHICLES	\$ 475,115	\$ 541,008	\$ (65,893)	87.82%	2.10%							
P	TOOLS AND EQUIPMENT	\$ 655,282	\$ 307,797	\$ 347,485	212.89%	1.19%							
Q	PROCESS PLANT FACILITIES AND EQUIPMENT	\$ 1,382,796	\$ 1,201,991	\$ 180,805	115.04%	4.66%							
R	CAPITALIZED TANK REHABILITATION/PAINTING	\$ -	\$ -	\$ -	-	0.00%							
S	ENGINEERING STUDIES	\$ 54,556	\$ 42,020	\$ 12,536	129.83%	0.16%							
	TOTAL	14,684,262	14,491,001	193,261	101.33%								
	ENTER ITEM DV AND SUBTRACT	1,972,625	1,726,546	246,079									
	TOTAL ITEM A - S	12,711,637	12,764,455	(52,818)	99.59%								

Kentucky American Water

Case No. 2015-00418

Construction Projects

As of 2013

Type of Filing: X Original ____ Updated ____ Revised

Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:

Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
BUDGET PROJECTS													
I12-020001	New WTP On Pool 3 of Kentucky	\$ 29,379	\$ -	\$ 29,379		0.00%			0	May-06	Dec-10	May-06	Feb-12
I12-020009	US 25 Relocation - Item 7-122.50	\$ (1,612,868)	\$ -	\$ (1,612,868)		0.00%	1,079,811	1,147,026	(67,215)	Feb-10	Oct-10	Sep-10	Jan-13
I12-020010	Leestown Road - Item 7-223.00	\$ 1,284,533	\$ -	\$ 1,284,533		0.00%			0	Jan-10	Dec-14	Oct-10	
I12-020025	Pump Efficiency Repl Phase 1	\$ 2,570,262	\$ -	\$ 2,570,262		0.00%	3,559,485	3,545,584	13,901	Jan-12	Dec-14	Mar-13	Aug-13
I12-020026	Pump Efficiency Repl Phase 2	\$ -	\$ 600,000	\$ (600,000)	0.00%	2.33%			0	Aug-11	Dec-11	n/a	n/a
I12-020027	Russell Cave Rd Sys Improvements	\$ 38,957	\$ -	\$ 38,957		0.00%	564,634	749,989	(185,355)	Oct-11	Jul-12	Oct-11	Aug-13
I12-020032	RRS Filter Building Replacement	\$ 54,256	\$ -	\$ 54,256		0.00%			0	Jan-13	Dec-16		
I12-020033	KY 341 Interconnect	\$ 86,925	\$ -	\$ 86,925		0.00%			0	Jan-13	Dec-14		
I12-020034	RRS Chlorine Scrubber	\$ 291,365	\$ -	\$ 291,365		0.00%			0	Apr-13	Dec-13	Apr-13	
I12-300003	Northern Division Connection	\$ 10,920,412	\$ 8,959,758	\$ 1,960,654	121.88%	34.76%				Feb-11	Feb-14	Mar-13	
T12-0102	Business Transformation	\$ 2,355,991	\$ 1,694,289	\$ 661,702	139.05%	6.57%				Jan-10	Dec-14	Feb-10	
T12-0103	Business Transformation Other	\$ 145,601	\$ 32,257	\$ 113,344	451.38%	0.13%				Sep-11	Dec-14	Oct-11	n/a
I12--010001	IP Project Unbudgeted Capital	\$ (5,255)	\$ -	\$ (5,255)		0.00%				Jan-09	n/a	n/a	n/a
		16,159,558	11,286,304	4,873,254	143.18%								

Kentucky American Water
Case No. 2015-00418
Construction Projects
As of 2012

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Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:

Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 2,252,402	\$ 1,600,000	\$ 652,402	140.78%	6.11%							
A	MAINS - NEW	\$ 52,013	\$ 500,000	\$ (447,987)	10.40%	1.91%							
B	MAINS - REPLACED/RESTORED	\$ 673,049	\$ 1,015,300	\$ (342,251)	66.29%	3.87%							
C	MAINS - UNSCHEDULED	\$ 372,392	\$ 239,400	\$ 132,992	155.55%	0.91%							
D	MAINS - RELOCATED	\$ (75,499)	\$ 1,050,300	\$ (1,125,799)	-7.19%	4.01%							
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 93,539	\$ 210,000	\$ (116,461)	44.54%	0.80%							
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 229,888	\$ 205,000	\$ 24,888	112.14%	0.78%							
G	SERVICES AND LATERALS - NEW	\$ 910,629	\$ 1,079,580	\$ (168,951)	84.35%	4.12%							
H	SERVICES AND LATERALS - REPLACED	\$ 449,290	\$ 1,605,000	\$ (1,155,710)	27.99%	6.13%							
I	METERS - NEW	\$ 894,302	\$ 1,200,000	\$ (305,698)	74.53%	4.58%							
J	METERS - REPLACED	\$ 3,601,691	\$ 2,050,000	\$ 1,551,691	175.69%	7.82%							
K	ITS EQUIPMENT AND SYSTEMS	\$ 712,828	\$ 265,850	\$ 446,978	268.13%	1.01%							
L	SCADA EQUIPMENT AND SYSTEMS	\$ 1,029,901	\$ 659,025	\$ 370,876	156.28%	2.52%							
M	SECURITY EQUIPMENT AND SYSTEMS	\$ 21,266	\$ 20,000	\$ 1,266	106.33%	0.08%							
N	OFFICES AND OPERATIONS CENTERS	\$ 465,392	\$ 80,000	\$ 385,392	581.74%	0.31%							
O	VEHICLES	\$ 925,249	\$ 500,000	\$ 425,249	185.05%	1.91%							
P	TOOLS AND EQUIPMENT	\$ 243,251	\$ 220,500	\$ 22,751	110.32%	0.84%							
Q	PROCESS PLANT FACILITIES AND EQUIPMENT	\$ 1,962,058	\$ 1,095,000	\$ 867,058	179.18%	4.18%							
R	CAPITALIZED TANK REHABILATION/PAINTING	\$ -	\$ -	\$ -	-	0.00%							
S	ENGINEERING STUDIES	\$ (267,774)	\$ 120,000	\$ (387,774)	-223.15%	0.46%							
	TOTAL	14,545,867	13,714,955	830,912	106.06%								
	ENTER ITEM DV AND SUBTRACT	2,252,402	1,600,000	652,402									
	TOTAL ITEM A - S	12,293,465	12,114,955	178,510	101.47%								

Kentucky American Water
Case No. 2015-00418
Construction Projects
As of 2012

Type of Filing: X Original ____ Updated ____ Revised

Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:

Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
BUDGET PROJECTS													
I12-020001	New WTP On Pool 3 of Kentucky	\$ 2,854	\$ -	\$ 2,854		0.00%	164,186,132	162,297,120	1,889,012	May-06	Dec-10	May-06	Feb-12
IP-1202-6	Carrick Pike Main Extension	\$ -	\$ 50,000	\$ (50,000)		0.19%			0	May-08	May-09	May-08	
IP-1202-9	Todds and Cleveland Rd Main Ext	\$ -	\$ 799,594	\$ (799,594)	0.00%	3.05%			0	Jan-10	Dec-11		
I12-0020009	US 25 Relocation	\$ 1,225,541	\$ 439,188	\$ 786,353		1.68%			0	Feb-10	Oct-10	Sep-10	
I12-0200010	Leestown Road	\$ 228,927	\$ 809,540	\$ (580,613)	28.28%	3.09%			0	Jan-10	Dec-14	Oct-10	
IP-1202-20	KY Major Highway	\$ -	\$ 655,000	\$ (655,000)	0.00%	2.50%			0				
I12-020027	Russell Cave Road Sys Impr	\$ 89,292	\$ -	\$ 89,292		0.00%			0	Oct-11	Jul-12	Oct-11	
I12-020025	Pump Efficiency Replacement Phase 1	\$ 953,765	\$ 775,348	\$ 178,417	123.01%	2.96%			0	Aug-11			
IP-1202-37	Pump Efficiency Replacement Phase 2	\$ -	\$ 775,002	\$ (775,002)	0.00%	2.96%			0	Mar-10			
I12-300003	Northern Division Connection	\$ 3,978,519	\$ 3,830,000	\$ 148,519	103.88%	14.62%			0	Feb-11	Feb-14		
IP-1232-3	Northern Division Connection	\$ (346,828)	\$ -	\$ (346,828)		0.00%			0	Feb-11			
CS-1201-1	Business Transformation CPS	\$ -	\$ -	\$ -		0.00%			0	Apr-11	Jul-11	n/a	n/a
T12-0102-P	Business Transformation	\$ 3,835,463	\$ 4,130,414	\$ (294,951)	92.86%	15.76%				Jan-10	Dec-14	Feb-10	
T12-0103-P	Business Transformation Other	\$ 562,289	\$ 91,026	\$ 471,263	617.72%	0.35%				Sep-11	Dec-14	Oct-11	
	Acquisitions	\$ -	\$ 131,369	\$ (131,369)	0.00%	0.50%				Jan-12	Dec-12	n/a	n/a
I12-010001	IP Project Unbudgeted Capital	\$ (214)	\$ -	\$ (214)		0.00%				Jan-09	n/a	n/a	n/a
		10,529,608	12,486,481	(1,956,873)	84.33%								

Kentucky American Water
Case No. 2015-00418
Construction Projects
As of 2011

Type of Filing: X Original _____ Updated _____ Revised _____

Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:
Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 1,820,568	\$ 2,300,000	\$ (479,432)	79.16%	9.00%							
A	MAINS - NEW	\$ 165,527	\$ 489,000	\$ (323,473)	33.85%	1.91%							
B	MAINS - REPLACED/RESTORED	\$ 1,884,555	\$ 1,005,300	\$ 879,255	187.46%	3.93%							
C	MAINS - UNSCHEDULED	\$ 272,449	\$ 138,500	\$ 133,949	196.71%	0.54%							
D	MAINS - RELOCATED	\$ 375,492	\$ 1,050,300	\$ (674,808)	35.75%	4.11%							
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 148,799	\$ 195,000	\$ (46,201)	76.31%	0.76%							
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 283,383	\$ 131,500	\$ 151,883	215.50%	0.51%							
G	SERVICES AND LATERALS - NEW	\$ 592,606	\$ 750,000	\$ (157,394)	79.01%	2.93%							
H	SERVICES AND LATERALS - REPLACED	\$ 633,636	\$ 267,000	\$ 366,636	237.32%	1.04%							
I	METERS - NEW	\$ 861,939	\$ 600,000	\$ 261,939	143.66%	2.35%							
J	METERS - REPLACED	\$ 5,403,895	\$ 3,769,751	\$ 1,634,144	143.35%	14.75%							
K	ITS EQUIPMENT AND SYSTEMS	\$ 175,356	\$ 155,540	\$ 19,816	112.74%	0.61%							
L	SCADA EQUIPMENT AND SYSTEMS	\$ 1,088,482	\$ 200,000	\$ 888,482	544.24%	0.78%							
M	SECURITY EQUIPMENT AND SYSTEMS	\$ 51,694	\$ 20,000	\$ 31,694	258.47%	0.08%							
N	OFFICES AND OPERATIONS CENTERS	\$ 548,021	\$ 80,000	\$ 468,021	685.03%	0.31%							
O	VEHICLES	\$ 559,415	\$ 500,000	\$ 59,415	111.88%	1.96%							
P	TOOLS AND EQUIPMENT	\$ 160,725	\$ 160,000	\$ 725	100.45%	0.63%							
Q	PROCESS PLANT FACILITIES AND EQUIPMENT	\$ 1,891,192	\$ 1,085,000	\$ 806,192	174.30%	4.25%							
R	CAPITALIZED TANK REHABILITATION/PAINTING	\$ 197,663	\$ -	\$ 197,663		0.00%							
S	ENGINEERING STUDIES	\$ 470,794	\$ 400,000	\$ 70,794	117.70%	1.57%							
	TOTAL	17,586,191	13,296,891	4,289,300	132.26%								
	ENTER ITEM DV AND SUBTRACT	1,820,568	2,300,000	(479,432)									
	TOTAL ITEM A - S	15,765,624	10,996,891	4,768,733	143.36%								

Kentucky American Water

Case No. 2015-00418

Construction Projects

As of 2011

Type of Filing: X Original _____ Updated _____ Revised _____

Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:

Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
BUDGET PROJECTS													
12020204	Source of Supply Project Dev	\$ -		\$ -		0.00%			0	Apr-02	Dec-03	Jun-01	Nov-10
12020607	New WTP On Pool 3 of Kentucky	\$ 713,639	\$ 200,000	\$ 513,639	356.82%	0.78%			0	May-06	Dec-10	May-06	
IP-1202-5	North Broadway Main Replacement	\$ (79,129)		\$ (79,129)		0.00%	3,049,718	3,136,145	(86,427)	Dec-07	Jun-09	Mar-08	Oct-11
IP-1202-6	Carrick Pike Main Extension	\$ (129,989)	\$ 980,513	\$ (1,110,502)	-13.26%	3.84%			0	May-08	May-09	May-08	n/a
IP-1202-17	South Limestone Replacement	\$ (108)		\$ (108)		0.00%	549,821	532,854	16,967	May-09	Jul-09	Jun-10	Jan-11
IP-1202-18	US 25 Relocation	\$ 415,236	\$ 897,983	\$ (482,747)	46.24%	3.51%			0	Feb-10	Oct-10	Sep-10	
IP-1202-19	Leestown Road	\$ 666,047	\$ 1,263,746	\$ (597,699)	52.70%	4.94%			0	Apr-11	Oct-11	Oct-10	
IP-1202-21	KRS High Service Pumping	\$ -	\$ 660,000	\$ (660,000)	0.00%	2.58%			0	Oct-11	Sep-12	n/a	n/a
IP-1202-31	KRS Raw Water Access	\$ -	\$ 1,000,000	\$ (1,000,000)	0.00%	3.91%			0	Aug-11	Dec-11	n/a	n/a
IP-1202-32	Lexington Operations Center	\$ 138,043		\$ 138,043		0.00%	2,808,876	2,756,632	52,244	Mar-10	Dec-10	May-10	Nov-11
IP-1202-38	Russell Cave Road Sys Impr	\$ 447,814		\$ 447,814		0.00%			0	Oct-11	Jul-12	Oct-11	
IP-1232-3	Northern Division Connection	\$ 344,375	\$ 4,700,000	\$ (4,355,625)	7.33%	18.39%			0	Feb-11	n/a	n/a	n/a
IP-1233-1	Owenton WWTP Phosphorous	\$ -	\$ 140,000	\$ (140,000)	0.00%	0.55%			0	Apr-11	Jul-11	n/a	n/a
CS-1201-3	Business Transformation	\$ 3,511,544	\$ 2,304,462	\$ 1,207,082	152.38%	9.02%				Jan-10	Dec-14	Feb-10	
CS-1201-4	Business Transformation Other	\$ 300,972		\$ 300,972		0.00%				Sep-11	Dec-14	Oct-11	
	Acquisitions	\$ -	\$ 114,262	\$ (114,262)	0.00%	0.45%				Jan-11	Dec-11	n/a	n/a
IP-1232-1	Owenton Chemical Bulk Storage/Owenton Post Acquisition Phase 2	\$ (83,705)		\$ (83,705)		0.00%				n/a		n/a	n/a
IP-1201-9	IP Project Unbudgeted Capital	\$ (1,091)		\$ (1,091)		0.00%				Jan-09	n/a	n/a	n/a
		6,243,649	12,260,966	(6,017,317)	50.92%								

Kentucky American Water
Case No. 2015-00418
Construction Projects
As of 2010

Type of Filing: X Original ____ Updated ____ Revised

Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:
Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
DV	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 2,112,707	\$ 3,560,000	\$ (1,447,293)	59.35%	7.02%							
A	MAINS - NEW	\$ 82,273	\$ 400,000	\$ (317,727)	20.57%	0.79%							
B	MAINS - REPLACED/RESTORED	\$ 999,914	\$ 565,000	\$ 434,914	176.98%	1.11%							
C	MAINS - UNSCHEDULED	\$ 269,042	\$ 244,400	\$ 24,642	110.08%	0.48%							
D	MAINS - RELOCATED	\$ 727,693	\$ 950,000	\$ (222,307)	76.60%	1.87%							
E	HYDRANTS, VALVES, AND MANHOLES - NEW	\$ 107,571	\$ 200,000	\$ (92,429)	53.79%	0.39%							
F	HYDRANTS, VALVES, AND MANHOLES - REPLACED	\$ 162,530	\$ 175,000	\$ (12,470)	92.87%	0.34%							
G	SERVICES AND LATERALS - NEW	\$ 611,401	\$ 874,660	\$ (263,259)	69.90%	1.72%							
H	SERVICES AND LATERALS - REPLACED	\$ 294,286	\$ 1,240,975	\$ (946,689)	23.71%	2.45%							
I	METERS - NEW	\$ 436,640	\$ 971,340	\$ (534,700)	44.95%	1.91%							
J	METERS - REPLACED	\$ 2,666,027	\$ 1,584,929	\$ 1,081,098	168.21%	3.12%							
K	ITS EQUIPMENT AND SYSTEMS	\$ 139,408	\$ 111,090	\$ 28,318	125.49%	0.22%							
L	SCADA EQUIPMENT AND SYSTEMS	\$ 487,125	\$ 103,500	\$ 383,625	470.65%	0.20%							
M	SECURITY EQUIPMENT AND SYSTEMS	\$ 25,405	\$ 10,000	\$ 15,405	254.05%	0.02%							
N	OFFICES AND OPERATIONS CENTERS	\$ 147,296	\$ 80,000	\$ 67,296	184.12%	0.16%							
O	VEHICLES	\$ 814,084	\$ 250,000	\$ 564,084	325.63%	0.49%							
P	TOOLS AND EQUIPMENT	\$ 129,297	\$ 117,000	\$ 12,297	110.51%	0.23%							
Q	PROCESS PLANT FACILITIES AND EQUIPMENT	\$ 1,882,344	\$ 750,000	\$ 1,132,344	250.98%	1.48%							
R	CAPITALIZED TANK REHABILITATION/PAINTING	\$ (11,628)	\$ -	\$ (11,628)	#DIV/0!	0.00%							
S	ENGINEERING STUDIES	\$ (46)	\$ 100,000	\$ (100,046)	-0.05%	0.20%							
	TOTAL	12,083,370	12,287,894	(204,524)	98.34%								
	ENTER ITEM DV AND SUBTRACT	2,112,707	3,560,000	(1,447,293)									
	TOTAL ITEM A - S	9,970,662	8,727,894	1,242,768	114.24%								

Kentucky American Water

Case No. 2015-00418

Construction Projects

As of 2010

Type of Filing: X Original _____ Updated _____ Revised _____

Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:

Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
BUDGET PROJECTS													
12020204	Source of Supply Project Dev	\$ (2,114,108)	\$ 128,360	\$ (2,242,468)	-1647.01%	0.25%	2,133,802	2,200,060	(66,258)	Apr-02	Dec-03	Jun-01	Nov-10
12020607	New WTP On Pool 3 of Kentucky	\$ 30,789,847	\$ 29,181,785	\$ 1,608,062	105.51%	57.52%			0	May-06	Dec-10	May-06	
12020702	KY Major Highway	\$ (91,967)	\$ -	\$ (91,967)		0.00%			0	Jan-07	n/a	n/a	n/a
IP-1202-5	North Broadway Main Replacement	\$ 1,565,365	\$ 1,151,929	\$ 413,436	135.89%	2.27%			0	Dec-07	Jun-09	Mar-08	
IP-1202-6	Carrick Pike Main Extension	\$ 41,893	\$ -	\$ 41,893		0.00%			0	May-08	May-09	May-08	n/a
IP-1202-17	South Limestone Replacement	\$ 549,929	\$ 532,854	\$ 17,075	103.20%	1.05%			0	May-09	Jul-09	Jun-10	
IP-1202-18	US 25 Relocation	\$ 1,215,244	\$ 3,200,000	\$ (1,984,756)	37.98%	6.31%			0	Feb-10	Oct-10	Sep-10	
IP-1202-19	Leestown Road	\$ 243,564	\$ -	\$ 243,564		0.00%			0	Apr-11	Oct-11	Oct-10	
IP-1202-31	KRS Raw Water Access	\$ -	\$ 50,000	\$ (50,000)	0.00%	0.10%			0	Nov-10	Sep-11	n/a	n/a
IP-1202-32	Lexington Operations Center	\$ 2,670,832	\$ -	\$ 2,670,832		0.00%			0	Mar-10	Dec-10	May-10	
CS-1201-1	Business Transformation CPS	\$ 984	\$ -	\$ 984		0.00%			0	Jan-09	Dec-09	Jan-09	
CS-1201-3	Business Transformation CPS	\$ 1,011,336	\$ 4,036,079	\$ (3,024,743)	25.06%	7.95%			0	Jan-10	Dec-14	Feb-10	
IP-1201-10	Unallocated Eng Clearing	\$ (943)	\$ -	\$ (943)		0.00%			0	Jan-10	Dec-10	Jan-10	n/a
12020201	Leestown Rd Main Improvements	\$ (150,955)	\$ -	\$ (150,955)		0.00%			0	Apr-02	Dec-03	Mar-02	n/a
12020402	KY Major Highway Relocations	\$ (36,977)	\$ -	\$ (36,977)		0.00%			0	Jan-04	n/a	n/a	n/a
IP-1201-9	IP Project Unbudgeted Capital	\$ (989)	\$ -	\$ (989)		0.00%			0	Jan-09	n/a	n/a	n/a
	Acquisitions	\$ -	\$ 168,000	\$ (168,000)	0.00%	0.33%			0	Jan-10	Dec-10	n/a	n/a
		\$ -	\$ -	\$ -		0.00%							
		35,693,055	38,449,007	(2,755,951)	92.83%								

Kentucky American Water

Case No. 2015-00418

Construction Projects

As of 2009

Type of Filing: X Original _____ Updated _____ Revised _____

Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:

Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
BUDGET PROJECTS													
02-02	2002 MAJOR HIGHWAY RELOCATIONS	\$ 19,206	\$ -	\$ 19,206		0.00%			0	Jan-02	Dec-02	Jan-02	Nov-02
02-04	SOURCE OF SUPPLY DEVELOPMENT	\$ 106,607	\$ 64,200	\$ 42,407	166.06%	0.08%			0	Apr-02	Dec-03	Jun-01	
03-02	MAJOR HIGHWAY RELOCATIONS	\$ 267,429	\$ -	\$ 267,429		0.00%			0	Jan-03	Dec-03	Jan-03	Oct-03
04-02	MAJOR HIGHWAY RELOCATIONS (343)	\$ 25,969	\$ 49,930	\$ (23,961)	52.01%	0.06%			0	Jan-04	N/A	n/a	n/a
05-01	GROUND STORAGE TANK	\$ -	\$ 122,870	\$ (122,870)	0.00%	0.15%			0	Jul-05	Dec-07	n/a	n/a
05-08	KENTUCKY RELIABILITY IMPROVEMENT	\$ 163,786	\$ 80,000	\$ 83,786	204.73%	0.10%	7,529,870	6,239,562	1,290,308	Dec-05	Jul-07	Dec-05	Jul-09
06-02	YARNALLTON ROAD MAIN EXTENSION	\$ (1,929)	\$ -	\$ (1,929)		0.00%	442,103	200,000	242,103	Mar-06	Sep-07	Aug-06	Jan-09
06-07	NEW WTP POOL 3 OF KENTUCKY	\$ 86,106,960	\$ 59,986,790	\$ 26,120,170	143.54%	72.65%			0	May-06	Dec-10	May-06	
12020701	INCLINE CAR REPLACEMENT AT KRS	\$ -	\$ 815,288	\$ (815,288)	0.00%	0.99%			0	Jan-07	Oct-09	Feb-07	Dec-08
12020702	MAJOR HIGHWAY RELOCATIONS 2007	\$ (23,290)	\$ -	\$ (23,290)		0.00%			0	Jan-07	Dec-07	Mar-07	
1202-5	NORTH BROADWAY MAIN REPLACEMENT	\$ 1,264,105	\$ 2,470,076	\$ (1,205,971)	51.18%	2.99%			0	Dec-07	Jun-09	Mar-08	
1232-1	OWENTON CHEMICAL BULK STORAGE	\$ 2,185	\$ 29,123	\$ (26,938)	7.50%	0.04%			0	Apr-08	Jan-09	Apr-08	
1202-6	CARRICK ROAD MAIN EXTENSION	\$ 25,590	\$ 2,637,494	\$ (2,611,904)	0.97%	3.19%			0	May-08	May-09	May-08	
CS-1201-1	BUSINESS TRANSFORMATION	\$ 211,056	\$ 356,822	\$ (145,766)	59.15%	0.43%			0	Jan-09	Dec-09	Jan-09	
		\$ -	\$ -	\$ -		0.00%							
		88,167,674	66,612,593	21,555,081	132.36%								

Kentucky American Water

Case No. 2015-00418

Construction Projects

As of 2006

Type of Filing: X Original _____ Updated _____ Revised

Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:

Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
BUDGET PROJECTS													
01-02	GROUND STORAGE TANK - 3.0 MG	\$ (732)	\$ -	\$ (732)		0.00%			0	Mar-01	Dec-03	Feb-01	Aug-04
01-03	SCADA IMPROVEMENTS	\$ 9,468	\$ -	\$ 9,468		0.00%			0	Jan-01	May-03	Sep-02	Dec-05
01-05	RUSSELL CAVE ROAD TANK - 1.0 MG	\$ 209,888	\$ -	\$ 209,888		0.00%			0	Jan-01	Dec-04	Feb-01	Dec-05
01-07	MAJOR HIGHWAY RELOCATIONS	\$ 215,782	\$ -	\$ 215,782		0.00%			0	Jan-01	Dec-01	Jan-01	Mar-02
02-01	LEESTOWN ROAD MAIN IMPROVEMENTS	\$ 9,771	\$ -	\$ 9,771		0.00%			0	Apr-02	Dec-03	Mar-02	
02-02	2002 MAJOR HIGHWAY RELOCATIONS	\$ 219,992	\$ -	\$ 219,992		0.00%			0	Jan-02	Dec-02	Jan-02	Nov-02
02-04	SOURCE OF SUPPLY DEVELOPMENT	\$ 436,624	\$ 180,000	\$ 256,624	242.57%	1.20%			0	Apr-02	Dec-03	Jun-01	
03-01	ELEVATED STORAGE TANK - 2.0 MG	\$ 270,297	\$ -	\$ 270,297		0.00%			0	May-03	Dec-05	Jul-03	Dec-05
03-02	MAJOR HIGHWAY RELOCATIONS	\$ 31	\$ -	\$ 31		0.00%			0	Jan-03	Dec-03	Jan-03	Oct-03
03-03	ELECTRICAL & RELIABILITY IMPROVEMENTS	\$ 20,805	\$ -	\$ 20,805		0.00%			0	Jan-03	Jul-04	Jun-03	Dec-05
04-02	MAJOR HIGHWAY RELOCATIONS (343)	\$ 478,851	\$ 530,000	\$ (51,149)	90.35%	3.54%			0	Jan-04	n/a	n/a	n/a
04-03	OWEN COUNTY MAIN EXTENSIONS (343)	\$ 543,523	\$ 170,000	\$ 373,523	319.72%	1.14%			0	Oct-04	Dec-07	Oct-04	
04-04	BUSINESS PROCESS EFFICIENCY PROJECT & ORCOM BUDG	\$ (208,707)	\$ 700,000	\$ (908,707)	-29.82%	4.68%	632,906	1,190,593	(557,687)	Jan-04	Dec-04	Jan-04	Jan-06
05-01	GROUND STORAGE TANK - 3.0 MG (342)	\$ -	\$ 750,000	\$ (750,000)	0.00%	5.02%			0	Jul-05	Dec-07		
05-02	RUSSELL CAVE ROAD MAIN - 34,000' OF 12" (343)	\$ 799,572	\$ 800,000	\$ (428)	99.95%	5.35%	1,309,064	1,800,000	(490,936)	Apr-05	Dec-07	Aug-05	Dec-06
05-04	KRS IMPROVEMENTS	\$ (8,513)	\$ -	\$ (8,513)		0.00%	191,379	350,000	(158,621)	Feb-05	Oct-05	Aug-05	Jan-06
05-05	REPLACE TRAC-VAC SYSTEM AT RRS (332)	\$ 339,612	\$ 725,000	\$ (385,388)	46.84%	4.85%			0	Apr-05	Dec-06	Apr-05	
05-06	SLUDGE HANDLING IMPROVEMENT	\$ 314,093	\$ -	\$ 314,093		0.00%			0	Apr-05	Dec-08	Apr-05	
05-07	CHEMICAL FEED IMPROVEMENTS	\$ 276,984	\$ 228,460	\$ 48,524	121.24%	1.53%			0	Dec-05	Nov-06	Jun-06	
05-08	KENTUCKY RELIABILITY IMPROVEMENT	\$ 944,837	\$ 25,000	\$ 919,837	3779.35%	0.17%			0	Dec-05	Jul-07	Dec-05	
06-01	VALVE HOUSE UPGRADES AT KRS	\$ 380,264	\$ 350,000	\$ 30,264	108.65%	2.34%	462,866	350,000	112,866	Jan-06	Dec-06	Jan-06	Dec-06
06-02	YARNALLTON ROAD MAIN EXTENSION	\$ 23,300	\$ 50,000	\$ (26,700)	46.60%	0.33%			0	Mar-06	Sep-07	Aug-06	
06-04	OWEN COUNTY SCADA SYSTEM	\$ 447,524	\$ -	\$ 447,524		0.00%			0	Feb-06	Dec-06	Apr-06	
06-05	MALLARD POINT PRESSURE	\$ 249,695	\$ -	\$ 249,695		0.00%			0	Jan-06	Nov-06	Mar-06	
06-06	PARKER'S MILL PUMP & DIESEL	\$ 57,400	\$ -	\$ 57,400		0.00%			0	Feb-06	Dec-06	Mar-06	
06-07	NEW WTP POOL 3 OF KENTUCKY	\$ 1,676,933	\$ -	\$ 1,676,933		0.00%			0	May-06	Dec-10	May-06	
06-13	HIGHWAY RELOCATION - CLAYS MIL	\$ 48	\$ -	\$ 48		0.00%			0	Jan-06	Apr-07	Jul-06	
92-12	BLUEGRASS WATER PROJECT	\$ 37,269	\$ -	\$ 37,269		0.00%			0	Jul-92	Dec-96	Sep-92	
98-01	INTEGRATED RESOURCE PLAN	\$ 15,840	\$ -	\$ 15,840		0.00%	657,269	350,000	307,269	Feb-98	Sep-99	Feb-99	Dec-06
		7,760,450	4,508,460	3,251,990	172.13%								

Kentucky American Water
Case No. 2015-00418
Construction Projects
As of 2005

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Workpaper Reference No(s): _____

Schedule 1

Witness Responsible:

Brent O'Neill

Item	Description	Annual Actual	Annual Original Budget	Variance Dollars	Variance Percent	Percent of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
80	DEVELOPER/GOVERNMENTAL CONTRIBUTIONS	\$ 6,000,465	\$ 4,080,000	\$ 1,920,465	147.07%	23.71%							
81	NETWORK - REPLACEMENT/RENEWAL	\$ 489,069	\$ 600,000	\$ (110,931)	81.51%	3.49%							
82	NETWORK - EXTENSION	\$ 676,942	\$ 255,000	\$ 421,942	265.47%	1.48%							
83	HYDRANTS - REPLACEMENTS	\$ 23,370	\$ 25,500	\$ (2,130)	91.65%	0.15%							
84	HYDRANTS - NEW	\$ 547,823	\$ 300,000	\$ 247,823	182.61%	1.74%							
85	SERVICES - REPLACEMENT	\$ 738,960	\$ 500,000	\$ 238,960	147.79%	2.91%							
86	SERVICES - NEW	\$ 1,281,490	\$ 1,157,000	\$ 124,490	110.76%	6.72%							
87	METERS - REPLACEMENT	\$ 485,925	\$ 416,800	\$ 69,125	116.58%	2.42%							
88	METERS - NEW	\$ 1,064,681	\$ 1,121,500	\$ (56,819)	94.93%	6.52%							
89	ITS EQUIPMENT & SYSTEMS	\$ 81,511	\$ 75,500	\$ 6,011	107.96%	0.44%							
90	OFFICES AND OPERATIONS CENTERS	\$ 93,531	\$ 55,000	\$ 38,531	170.06%	0.32%							
91	VEHICLES	\$ 6,533	\$ -	\$ 6,533		0.00%							
92	TOOLS AND EQUIPMENT	\$ 202,116	\$ 160,000	\$ 42,116	126.32%	0.93%							
93	PROCESS PLANT - REPLACEMENTS	\$ 441,263	\$ 350,000	\$ 91,263	126.08%	2.03%							
94	PROCESS PLANT - ADDITIONS	\$ 10,170	\$ 50,000	\$ (39,830)	20.34%	0.29%							
95	TREATMENT MEDIA REPLACEMENT & PROCESS REHAB (if capitalized)	\$ 167,212	\$ -	\$ 167,212		0.00%							
96	TANK REHABILITATION/PAINTING (if capitalized)	\$ -	\$ -	\$ -		0.00%							
97	COMPREHENSIVE PLANNING STUDIES (if capitalized)	\$ -	\$ -	\$ -		0.00%							
TOTAL		12,311,062	9,146,300	3,164,762	134.60%								
ENTER ITEM 80 AND SUBTRACT		6,000,465	4,080,000	1,920,465									
TOTAL ITEM 81 - 97		6,310,596	5,066,300	1,244,296	124.56%								

		Annual	Annual	Variance	Variance	Percent	Total	Total		Date	Date	Date	Date
Item	Description	Actual	Original	Dollars	Percent	of	Actual	Budget	Variance	Original	Original	Actual	Actual
			Budget			Budget	Project	Project		Budget	Budget	Start	End
							Cost	Cost		Start	End	Start	End
BUDGET PROJECTS													
01-02	GROUND STORAGE TANK - 3.0 MG	\$ 11,298	\$ -	\$ 11,298		0.00%			0	Mar-01	Dec-03	Feb-01	Aug-04
01-03	SCADA IMPROVEMENTS	\$ 7,866	\$ -	\$ 7,866		0.00%	675,097	650,000	25,097	Jan-01	May-03	Sep-02	Dec-05
01-05	RUSSELL CAVE ROAD TANK - 1.0 MG	\$ 928,000	\$ 766,600	\$ 161,400	121.05%	4.45%	1,755,786	1,300,000	455,786	Jan-01	Dec-04	Feb-01	Dec-05
01-11	NEW COLUMBUS PROJECT	\$ 22,613	\$ -	\$ 22,613		0.00%			0	Oct-01	May-03	Feb-02	
02-01	LEESTOWN ROAD MAIN IMPROVEMENTS	\$ 9,467	\$ -	\$ 9,467		0.00%			0	Apr-02	Dec-03	Mar-02	
02-02	2002 MAJOR HIGHWAY RELOCATIONS	\$ 446	\$ -	\$ 446		0.00%			0	Jan-02	Dec-02	Jan-02	Nov-02
02-03	REPLACE TRAVELLING SCREEN & HOUSING	\$ 11,980	\$ -	\$ 11,980		0.00%			0	Aug-02	Apr-03	Dec-03	
02-04	SOURCE OF SUPPLY DEVELOPMENT	\$ 136,001	\$ 1,500,000	\$ (1,363,999)	9.07%	8.72%			0	Apr-02	Dec-03	Jun-01	
03-01	ELEVATED STORAGE TANK - 2.0 MG	\$ 3,032,909	\$ 2,180,000	\$ 852,909	139.12%	12.67%	3,744,744	3,000,000	744,744	May-03	Dec-05	Jul-03	Dec-05
03-02	MAJOR HIGHWAY RELOCATIONS	\$ 17,817	\$ -	\$ 17,817		0.00%			0	Jan-03	Dec-03	Jan-03	Oct-03
03-03	ELECTRICAL & RELIABILITY IMPROVEMENTS	\$ 257,106	\$ 219,800	\$ 37,306	116.97%	1.28%	999,181	1,320,000	(320,819)	Jan-03	Jul-04	Jun-03	Dec-05
04-02	MAJOR HIGHWAY RELOCATIONS	\$ 1,271,760	\$ 910,000	\$ 361,760	139.75%	5.29%			0	Jan-04	n/a	n/a	n/a
04-03	OWEN COUNTY MAIN EXTENSIONS (343)	\$ 214,797	\$ 240,000	\$ (25,203)	89.50%	1.39%			0	Oct-04	Dec-07	Oct-04	
04-04	BUSINESS PROCESS EFFICIENCY PROJECT & ORCOM BUDGET	\$ -	\$ 1,322,035	\$ (1,322,035)	0.00%	7.68%			0	Jan-04	Dec-04	Jan-04	Jan-06
04-06	REPLACE FILTER MEDIA 3 & 4	\$ 1,294	\$ -	\$ 1,294		0.00%			0	Mar-05	Jul-05	Sep-04	Dec-04
05-01	GROUND STORAGE TANK - 3.0 MG (342)	\$ -	\$ 75,000	\$ (75,000)	0.00%	0.44%			0	Jul-05	Dec-07		
05-02	RUSSELL CAVE ROAD MAIN	\$ 392,914	\$ 500,000	\$ (107,086)	78.58%	2.91%			0	Apr-05	Dec-07	Aug-05	Dec-06
05-04	KRS VALVE MECHANICAL IMPROVEMENT	\$ 199,892	\$ 350,000	\$ (150,108)	57.11%	2.03%			0	Feb-05	Oct-05	Aug-05	Jan-06
05-05	REPLACE TRAC-VAC SYSTEM	\$ 341	\$ -	\$ 341		0.00%			0	Apr-05	Dec-06	Apr-05	
05-06	SLUDGE HANDLING IMPROVEMENT	\$ 12,041	\$ -	\$ 12,041		0.00%			0	Apr-05	Dec-08	Apr-05	
92-12	BLUEGRASS WATER PROJECT	\$ 6,754	\$ -	\$ 6,754		0.00%			0	Jul-92	Dec-96	Sep-92	
96-19	CUSTOMER SERVICE SOFTWARE	\$ 56	\$ -	\$ 56		0.00%			0	Dec-96	Jun-99	Nov-96	Dec-03
98-01	INTEGRATED RESOURCE PLAN	\$ 31,184	\$ -	\$ 31,184		0.00%			0	Feb-98	Sep-99	Feb-99	Dec-06
98-08	SURGE PROTECTION KRS	\$ 1,754	\$ -	\$ 1,754		0.00%			0	Apr-98	Nov-99	Aug-98	
		6,568,291	8,063,435	(1,495,144)	81.46%								

KENTUCKY AMERICAN WATER - COMPARISON OF ACTUAL VS. BUDGETED CONSTRUCTION EXPENDITURES -**FOR THE YEAR 2015**

			ACTUAL PROJECT COST	ORIGINAL INVESTMENT PROJECT COST	ORIGINAL BUDGET		START	END
					START	END		
I12-02004	INVESTMENT PROJECTS	EXPLANATION						
	Field Ops Road Replacement	Weather delays and additional subgrade work effected project completion	352,752	327,458	Oct-14	Jan-15	Oct-14	May-15
	GRAND TOTAL COMPLETED BPS		\$352,752	\$327,458				

KENTUCKY AMERICAN WATER - COMPARISON OF ACTUAL VS. BUDGETED CONSTRUCTION EXPENDITURES -

FOR THE YEAR 2014

	INVESTMENT PROJECTS	EXPLANATION	ACTUAL PROJECT COST	ORIGINAL INVESTMENT PROJECT COST	ORIGINAL BUDGET			
					START	END	START	END
I12-020010	Leestown Road	The project schedule was delayed do to issue with KTC Notice to Proceed.	2,058,699	2,182,565	Jan-10	Dec-14	Oct-10	May-14
I12-020034	RRS Chlorine Scrubber	Equipment delivery delay caused and extension of the construction schedule. Favorable bids reduced overall cost of project.	311,682	450,000	Apr-13	Dec-13	Apr-13	Jul-14
I12-020045	Main Office Roof Replacement	Weather delay for moving existing roof top equipment caused slip of final completion.	393,807	405,875	Aug-14	Nov-14	Aug-14	Dec-14
I12-020048	Security Upgrades Richmond Rd Campus	Scope was expanded during project to account for additional security improvements on Richmond Road Campus.	459,754	429,450	Oct-14	Dec-14	Oct-14	Dec-14
I12-300003	Northern Division Connection	Weather delays and tough laying conditions delayed project and added to scope of project.	15,308,044	14,104,868	Feb-11	Feb-14	Mar-13	May-14
T12-0102	Business Transformation	On schedule, construction costs slightly lower than anticipated.	10,683,882	11,167,479	Jan-10	Dec-14	Feb-10	Dec-14
T12-0103	Business Transformation Other	On schedule, construction costs higher than anticipated.	1,000,691	784,479	Sep-11	Dec-14	Oct-11	Dec-14
	GRAND TOTAL COMPLETED BP'S		\$29,215,868	\$28,740,237				

KENTUCKY AMERICAN WATER - COMPARISON OF ACTUAL VS. BUDGETED CONSTRUCTION EXPENDITURES -

FOR THE YEAR 2013

	INVESTMENT PROJECTS	EXPLANATION	ACTUAL PROJECT COST	ORIGINAL INVESTMENT PROJECT COST	ORIGINAL BUDGET		START	END
					START	END		
I12-020009	US 25 Relocation - Item 7-122.50	The project schedule was delayed do to issue with KTC Notice to Proceed.	1,079,811	1,147,026	Feb-10	Oct-10	Sep-10	Jan-13
I12-020025	Pump Efficiency Repl Phase 1	On schedule, construction costs slightly lower than anticipated.	3,559,485	3,545,584	Jan-12	Dec-14	Mar-13	Aug-13
I12-020027	Russell Cave Rd Sys Improvements	Project was delayed due to additional modeling and design work needed to ensure proper implementation of intended project. The project cost benefited from better construction bids and revisions to project that eliminated minor elements from project.	564,634	749,989	Jan-11	Dec-13	Oct-11	Aug-13
GRAND TOTAL COMPLETED BP'S			\$5,203,930	\$5,442,599				

KENTUCKY AMERICAN WATER - COMPARISON OF ACTUAL VS. BUDGETED CONSTRUCTION EXPENDITURES -**FOR THE YEAR 2012**

	INVESTMENT PROJECTS	EXPLANATION	ACTUAL PROJECT COST	ORIGINAL INVESTMENT PROJECT COST	ORIGINAL BUDGET		START	END
					START	END		
I12-020001	New WTP On Pool 3 of Kentucky	Project was used and useful in 2010, and project completion was during the first part of 2012 Additional cost was associated with scope changes during construction.	164,186,132	162,297,120	May-06	Dec-10	May-06	Feb-12
	GRAND TOTAL COMPLETED BP'S		\$164,186,132	\$162,297,120				

PSC Data Request 1
Item 11b

KENTUCKY AMERICAN WATER - COMPARISON OF ACTUAL VS. BUDGETED CONSTRUCTION EXPENDITURES -

FOR THE YEAR 2011

	INVESTMENT PROJECTS	EXPLANATION	ACTUAL PROJECT COST	ORIGINAL INVESTMENT PROJECT COST	ORIGINAL BUDGET		START	END	START	END
					START	END				
IP-1202-5	North Broadway Main Replacement	Project design and construction was delayed due to the Kentucky Transportation Cabinet.	3,049,718	3,136,145	Dec-07	Jun-09	Mar-08	Oct-11		
IP-1202-17	South Limestone Replacement	Project design and construction was delayed due to the scheduel and funding of the LFUCG.	549,821	532,854	May-09	Jul-09	Jun-10	Jan-11		
IP-1202-32	Lexington Operations Center	Project was used and useful in 2010, a few change orders remained open until Nov. 2011.	2,808,876	2,756,632	Mar-10	Dec-10	May-10	Nov-11		
	GRAND TOTAL COMPLETED BPS		\$6,408,415	\$6,425,631						

PSC Data Request 1
Item 11b**KENTUCKY AMERICAN WATER - COMPARISON OF ACTUAL VS. BUDGETED CONSTRUCTION EXPENDITURES -****FOR THE YEAR 2010**

	INVESTMENT PROJECTS	EXPLANATION	ACTUAL PROJECT COST	ORIGINAL INVESTMENT PROJECT COST	ORIGINAL BUDGET		START	END	START	END
					START	END				
12020204	Source of Supply Project Dev	Project was delayed due to the final approval and construction of KRS2.	2,133,802	2,200,060	Apr-02	Dec-03	Jun-01	Nov-10		
	GRAND TOTAL COMPLETED BP'S		\$2,133,802	\$2,200,060						

PSC Data Request 1
Item 11b**KENTUCKY AMERICAN WATER - COMPARISON OF ACTUAL VS. BUDGETED CONSTRUCTION EXPENDITURES -****FOR THE YEAR 2009**

	INVESTMENT PROJECTS	EXPLANATION	ACTUAL PROJECT COST	ORIGINAL INVESTMENT PROJECT COST	ORIGINAL BUDGET		START	END	START	END
					START	END				
05-08	KENTUCKY RELIABILITY IMPROVEMENT	Construction was shutdown during peak demand. Bids exceeded original estimate and scope was expanded during construction.	7,529,870	6,239,562	Dec-05	Jul-07	Dec-05	Jul-09		
06-02	YARNALLTON ROAD MAIN EXTENSION	KAW was looking to increase the size of Yarnalltion as a possible secondary feed to the 42-inch transmission main. After careful consideration it was determined not to be effective. Scope was expanded during construction from original budget.	442,103	200,000	Mar-06	Sep-07	Aug-06	Jan-09		
	GRAND TOTAL COMPLETED BP'S		\$7,971,973	\$6,439,562						

PSC Data Request 1
Item 11b**KENTUCKY AMERICAN WATER - COMPARISON OF ACTUAL VS. BUDGETED CONSTRUCTION EXPENDITURES -****FOR THE YEAR 2008**

	INVESTMENT PROJECTS	EXPLANATION	ACTUAL PROJECT COST	ORIGINAL INVESTMENT PROJECT COST	ORIGINAL BUDGET		START	END
					START	END		
04-03	OWEN COUNTY MAIN EXTENSIONS (343)	Weather delays and tough laying conditions delayed project.	2,285,900	2,150,001	Oct-04	Dec-07	Oct-04	Sep-08
05-05	REPLACE TRAC-VAC SYSTEM AT RRS (332)	Construction was shutdown during peak demand which delayed schedule and increased contractor costs.	1,236,264	994,000	Apr-05	Dec-06	Apr-05	Nov-08
		Construction was shutdown during peak demand which delayed schedule and increased contractor costs.						
05-06	SLUDGE HANDLING IMPROVEMENT	increased contractor costs.	2,199,181	1,910,000	Apr-05	Dec-08	Apr-05	Oct-08
12020701	INCLINE CAR REPLACEMENT AT KRS	Project was put on hold to conduct a study. Phase one was completed for safety.	194,940	1,150,000	Jan-07	Oct-09	Feb-07	Dec-08
GRAND TOTAL COMPLETED BP'S			\$5,916,286	\$6,204,001				

PSC Data Request 1
Item 11b**KENTUCKY AMERICAN WATER - COMPARISON OF ACTUAL VS. BUDGETED CONSTRUCTION EXPENDITURES -****FOR THE YEAR 2007**

	INVESTMENT PROJECTS	EXPLANATION	ACTUAL PROJECT COST	ORIGINAL INVESTMENT PROJECT COST	ORIGINAL BUDGET		START	END
					START	END		
05-07	CHEMICAL FEED IMPROVEMENTS	Project design delayed to accommodate Division of Water requirements.	488,756	480,000	12/05	11/06	6/06	9/07
06-04	OWEN COUNTY SCADA SYSTEM	Construction bids higher than anticipated. Project delayed for programming.	610,985	500,000	2/06	12/06	4/06	11/07
06-05	MALLARD POINT PRESSURE	Pump manufacturer delayed delivery of booster station.	332,155	325,000	1/06	11/06	3/06	8/07
06-06	PARKER'S MILL PUMP & DIESEL	Project scope expanded in preliminary stage, delayed project start.	806,166	350,000	2/06	12/06	3/06	10/07
GRAND TOTAL COMPLETED BP'S			\$2,238,062	\$1,655,000				

KENTUCKY AMERICAN WATER - COMPARISON OF ACTUAL VS. BUDGETED CONSTRUCTION EXPENDITURES -

FOR THE YEAR 2006

	INVESTMENT PROJECTS	EXPLANATION	ACTUAL PROJECT COST	ORIGINAL INVESTMENT PROJECT COST	ORIGINAL BUDGET		START	END
					START	END		
98-01	INTEGRATED RESOURCE PLAN	Completion delayed on source of supply.	657,269	350,000	2/98	9/99	2/99	12/06
05-02	RUSSELL CAVE ROAD MAIN - 34,000' OF 12" (343)	Construction bids favorable.	1,309,064	1,800,000	4/05	12/07	8/05	12/06
05-04	KRS IMPROVEMENTS	Bids favorable.	191,379	350,000	2/05	10/05	8/05	1/06
06-01	VALVE HOUSE UPGRADES AT KRS	Bids higher than anticipated.	462,866	350,000	1/06	12/06	1/06	12/06
	GRAND TOTAL COMPLETED BP'S		\$2,620,578	\$2,850,000				

KENTUCKY AMERICAN WATER - COMPARISON OF ACTUAL VS. BUDGETED CONSTRUCTION EXPENDITURES -

FOR THE YEAR 2005

	INVESTMENT PROJECTS	EXPLANATION	ACTUAL PROJECT COST	ORIGINAL INVESTMENT PROJECT COST	ORIGINAL BUDGET		START	END
					START	END		
01-05	RUSSELL CAVE ROAD TANK - 1.0 MG	Property acquisition longer than anticipated.	1,755,786	1,300,000	1/01	12/04	2/01	12/05
03-01	ELEVATED STORAGE TANK - 2.0 MG	On schedule, construction costs higher than anticipated.	3,744,744	3,000,000	5/03	12/05	7/03	12/05
03-03	ELECTRICAL & RELIABILITY IMPROVEMENTS	Equipment delivery delayed on switchgear.	999,181	1,320,000	1/03	7/04	6/03	12/05
01-03	SCADA IMPROVEMENTS	Delay in completing programming.	675,097	650,000	1/01	5/03	9/02	12/05
	GRAND TOTAL COMPLETED BPS		\$7,174,808	\$6,270,000				

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

Witness: Brent E. O'Neill

12. Provide, in the format provided as Schedule 2, an analysis of the Construction Work in Progress as defined in the Uniform System of Accounts for the 12-month period preceding the base period, the base period, and the forecasted test period.

Response:

See attached Schedule 2 for the 12 months preceding the base period. Please refer to Exhibit B-4, page 1 of 2, detailing the base period and Exhibit 37 to KAW's Application at B-4, page 2 of 2, detailing the forecasted test period for the Schedule 2 format of the requested information.

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS
AS OF MAY 2014

DATA: ☒ PRE-BASE PERIOD ☐ FORECASTED PERIOD
 TYPE OF FILING: ☒ ORIGINAL ☐ UPDATED ☐ REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#12
 PAGE 1 OF 12
 B. O'NEILL

Witness Responsible:

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs		Total Costs	Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
				AFUDC Capitalized	Indirect Costs				
1	D12-**	Projects Funded by Others	814,532	1		814,532	100%	814,532	NA
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	9,363	146		9,508		9,508	0.46%
3	I12-020011-02	New Circle Rd Main Relocation Ph 1	6,863	63		6,926		6,926	0.89%
4	I12-020032-01	RRS Filter Building Replacement Lev	291,316	13,045		304,361		304,361	1.95%
5	I12-020033-01	KY 341 Interconnect Level 1	271,361	9,414		280,775		280,775	14.72%
6	I12-300003-02	Northern Division Connection	796,042	147,794		943,836		943,836	6.65%
7	R12-**A1	Mains - New	352,561	12,356		364,917		364,917	NA
8	R12-**B1	Mains - Replaced / Restored	1,437,898	41,247		1,479,145		1,479,145	NA
9	R12-**D1	Mains - Relocated	350,353	6,261		356,614		356,614	NA
10	R12-**E1	Hydrants, Valves, and Manholes-New	21,542	606		22,149		22,149	NA
11	R12-**F1	Hydrants, Valves, and Manholes-Rep	9,946	267		10,213		10,213	NA
12	R12-**I1	Meters - New	288,372	15,812		304,183		304,183	NA
13	R12-**J1	Meters - Replaced	102,264	0		102,264		102,264	NA
14	R12-**K1	ITS Equipment and Systems	197,504	948		198,452		198,452	NA
15	R12-**L1	SCADA Equipment and Systems	5,781	206		5,986		5,986	NA
16	R12-**M1	Security Equipment and Systems	2,124	17		2,140		2,140	NA
17	R12-**N1	Offices and Operations Centers	194,739	688		195,427		195,427	NA
18	R12-**P1	Tools and Equipment	3,980	38		4,018		4,018	NA
19	R12-**Q1	Process Plant Facilities and Equipment	161,604	621		162,225		162,225	NA
20	R12-**S1	Engineering Studies	61,373	2,799		64,172		64,172	NA
21									
22			<u>\$5,379,515</u>	<u>\$252,327</u>	<u>\$0</u>	<u>\$5,631,842</u>		<u>\$5,631,842</u>	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS
AS OF JUNE 2014

DATA: _X_ PRE-BASE PERIOD ____ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ____ UPDATED ____ REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#12

PAGE 2 OF 12

Witness Responsible:

B. O'NEILL

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs		Total Costs	Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
				AFUDC Capitalized	Indirect Costs				
1	D12-**	Projects Funded by Others	853,094	2		853,096	100%	853,096	NA
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	9,571	207		9,778		9,778	0.47%
3	I12-020011-02	New Circle Rd Main Relocation Ph 1	6,937	107		7,044		7,044	0.91%
4	I12-020032-01	RRS Filter Building Replacement Lev	395,917	14,957		410,873		410,873	2.63%
5	I12-020033-01	KY 341 Interconnect Level 1	276,210	11,196		287,406		287,406	15.07%
6	I12-300003-02	Northern Division Connection	813,249	147,794		961,043		961,043	6.77%
7	R12-**A1	Mains - New	350,599	14,576		365,175		365,175	NA
8	R12-**B1	Mains - Replaced / Restored	1,814,669	49,436		1,864,105		1,864,105	NA
9	R12-**D1	Mains - Relocated	670,043	8,816		678,859		678,859	NA
10	R12-**E1	Hydrants, Valves, and Manholes-New	18,587	650		19,236		19,236	NA
11	R12-**F1	Hydrants, Valves, and Manholes-Rep	12,727	336		13,063		13,063	NA
12	R12-**I1	Meters - New	288,372	17,738		306,110		306,110	NA
13	R12-**J1	Meters - Replaced	110,940	-		110,940		110,940	NA
14	R12-**K1	ITS Equipment and Systems	304,464	2,143		306,607		306,607	NA
15	R12-**L1	SCADA Equipment and Systems	5,781	243		6,024		6,024	NA
16	R12-**M1	Security Equipment and Systems	2,121	30		2,151		2,151	NA
17	R12-**N1	Offices and Operations Centers	277,941	1,657		279,597		279,597	NA
18	R12-**P1	Tools and Equipment	5,411	-		5,411		5,411	NA
19	R12-**Q1	Process Plant Facilities and Equipment	333,442	1,217		334,659		334,659	NA
20	R12-**S1	Engineering Studies	67,532	3,031		70,563		70,563	NA
21									
22			<u>\$6,617,607</u>	<u>\$274,135</u>	<u>\$0</u>	<u>\$6,891,742</u>		<u>\$6,891,742</u>	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS
AS OF JULY 2014

DATA: _X_ PRE-BASE PERIOD ____ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ____ UPDATED ____ REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#12

PAGE 3 OF 12

Witness Responsible:

B. O'NEILL

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs		Total Costs	Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
				AFUDC Capitalized	Indirect Costs				
1	D12-**	Projects Funded by Others	667,533	4		667,537	100%	667,537	NA
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	9,732	269		10,001		10,001	0.48%
3	I12-020011-02	New Circle Rd Main Relocation Ph 1	6,896	152		7,047		7,047	0.91%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	30,310	-		30,310		30,310	3.77%
5	I12-020025-01	Jacobson Reservoir Pump Efficiency	14,615	-		14,615		14,615	0.41%
6	I12-020027-01	Russell Cave Rd Sys Improvements	2,188	-		2,188		2,188	0.29%
7	I12-020032-01	RRS Filter Building Replacement Lev	526,900	17,500		544,400		544,400	3.49%
8	I12-020033-01	KY 341 Interconnect Level 1	352,790	13,235		366,026		366,026	19.19%
9	I12-300003-01	Northern Division Connection	4,744	-		4,744		4,744	2.86%
10	I12-300003-02	Northern Division Connection	832,064	147,794		979,858		979,858	6.90%
11	R12-**A1	Mains - New	487,672	15,844		503,516		503,516	NA
12	R12-**B1	Mains - Replaced / Restored	1,385,501	30,515		1,416,016		1,416,016	NA
13	R12-**C1	Mains - Unscheduled	25,071	-		25,071		25,071	NA
14	R12-**D1	Mains - Relocated	801,925	12,966		814,891		814,891	NA
15	R12-**E1	Hydrants, Valves, and Manholes-New	16,022	662		16,684		16,684	NA
16	R12-**F1	Hydrants, Valves, and Manholes-Rep	111,567	576		112,143		112,143	NA
17	R12-**H1	Services and Laterals - Replaced	10,403	-		10,403		10,403	NA
18	R12-**I1	Meters - New	288,372	19,676		308,048		308,048	NA
19	R12-**J1	Meters - Replaced	112,395	17		112,412		112,412	NA
20	R12-**K1	ITS Equipment and Systems	354,483	3,165		357,649		357,649	NA
21	R12-**L1	SCADA Equipment and Systems	12,186	302		12,488		12,488	NA
22	R12-**M1	Security Equipment and Systems	2,121	44		2,165		2,165	NA
23	R12-**N1	Offices and Operations Centers	193,207	3,148		196,355		196,355	NA
24	R12-**O1	Vehicles	99,000	-		99,000		99,000	NA
25	R12-**Q1	Process Plant Facilities and Equipment	329,619	3,298		332,917		332,917	NA
26	R12-**S1	Engineering Studies	67,907	3,266		71,173		71,173	NA
27	T12-0102	Business Transformation	27,087	-		27,087		27,087	#DIV/0!
28									
29			<u>\$6,772,307</u>	<u>\$272,435</u>	<u>\$0</u>	<u>\$7,044,742</u>		<u>\$7,044,742</u>	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS
AS OF AUGUST 2014

DATA: X PRE-BASE PERIOD FORECASTED PERIOD
 TYPE OF FILING: X ORIGINAL UPDATED REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#12

PAGE 4 OF 12

Witness Responsible:

B. O'NEILL

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs		Total Costs	Jurisdictional Percent	Total	Estimated Percent Complete
				AFUDC Capitalized	Indirect Costs			Jurisdictional Cost	
1	D12-**	Projects Funded by Others	1,100,532	33		1,100,565	100%	1,100,565	NA
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	10,150	334		10,484		10,484	0.51%
3	I12-020011-02	New Circle Rd Main Relocation Ph 1	7,032	197		7,229		7,229	0.93%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	62,790	103		62,893		62,893	7.83%
5	I12-020032-01	RRS Filter Building Replacement Lev	515,320	20,741		536,062		536,062	3.43%
6	I12-020033-01	KY 341 Interconnect Level 1	365,690	15,552		381,242		381,242	19.99%
7	I12-020045-01	Roof Replacement Level 1	21,716	101		21,817		21,817	5.38%
8	I12-300003-02	Northern Division Connection	841,882	147,794		989,676		989,676	6.97%
9	R12-***A1	Mains - New	283,345	17,554		300,899		300,899	NA
10	R12-***B1	Mains - Replaced / Restored	1,564,811	24,349		1,589,160		1,589,160	NA
11	R12-***D1	Mains - Relocated	846,823	17,959		864,783		864,783	NA
12	R12-***E1	Hydrants, Valves, and Manholes-New	6,282	54		6,337		6,337	NA
13	R12-***F1	Hydrants, Valves, and Manholes-Rep	10,980	373		11,353		11,353	NA
14	R12-***I1	Meters - New	288,372	21,627		309,999		309,999	NA
15	R12-***J1	Meters - Replaced	128,451	87		128,538		128,538	NA
16	R12-***K1	ITS Equipment and Systems	500,442	5,304		505,746		505,746	NA
17	R12-***L1	SCADA Equipment and Systems	12,551	41		12,592		12,592	NA
18	R12-***M1	Security Equipment and Systems	2,121	58		2,179		2,179	NA
19	R12-***N1	Offices and Operations Centers	193,207	4,391		197,597		197,597	NA
20	R12-***Q1	Process Plant Facilities and Equipment	377,423	5,216		382,639		382,639	NA
21	R12-***S1	Engineering Studies	100,845	3,570		104,415		104,415	NA
22									
23			<u>\$7,240,767</u>	<u>\$285,436</u>	<u>\$0</u>	<u>\$7,526,203</u>		<u>\$7,526,203</u>	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS
AS OF SEPTEMBER 2014

DATA: _X_PRE-BASE PERIOD ___FORECASTED PERIOD
 TYPE OF FILING: _X_ORIGINAL ___UPDATED ___REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#12

PAGE 5 OF 12

Witness Responsible:

B. O'NEILL

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs		Total Costs	Jurisdictional Percent	Total	Estimated
				AFUDC Capitalized	Indirect Costs			Jurisdictional Cost	Percent Complete
1	D12-**	Projects Funded by Others	932,310	25		932,335	100%	932,335	NA
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	215,771	1,012		216,783		216,783	10.51%
3	I12-020011-02	New Circle Rd Main Relocation Ph 1	7,101	243		7,344		7,344	0.95%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	92,530	307		92,837		92,837	11.56%
5	I12-020032-01	RRS Filter Building Replacement Lev	577,797	23,990		601,788		601,788	3.86%
6	I12-020033-01	KY 341 Interconnect Level 1	363,512	17,938		381,450		381,450	20.00%
7	I12-020045-01	Roof Replacement Level 1	141,964	239		142,203		142,203	35.04%
8	I12-300003-02	Northern Division Connection	846,154	147,794		993,947		993,947	7.00%
9	R12-**A1	Mains - New	299,899	19,473		319,372		319,372	NA
10	R12-**B1	Mains - Replaced / Restored	2,056,139	33,526		2,089,665		2,089,665	NA
11	R12-**C1	Mains - Unscheduled	5,693	-		5,693		5,693	NA
12	R12-**D1	Mains - Relocated	854,204	22,938		877,142		877,142	NA
13	R12-**E1	Hydrants, Valves, and Manholes-New	22,864	94		22,958		22,958	NA
14	R12-**G1	Services and Laterals - New	13,030	-		13,030		13,030	NA
15	R12-**H1	Services and Laterals - Replaced	4,142	-		4,142		4,142	NA
16	R12-**I1	Meters - New	305,588	21,627		327,215		327,215	NA
17	R12-**J1	Meters - Replaced	132,201	212		132,413		132,413	NA
18	R12-**K1	ITS Equipment and Systems	600,268	8,035		608,303		608,303	NA
19	R12-**M1	Security Equipment and Systems	3,544	76		3,620		3,620	NA
20	R12-**Q1	Process Plant Facilities and Equipment	586,375	7,748		594,123		594,123	NA
21	R12-**S1	Engineering Studies	99,077	3,927		103,004		103,004	NA
22									
23			<u>\$8,160,164</u>	<u>\$309,203</u>	<u>\$0</u>	<u>\$8,469,367</u>		<u>\$8,469,367</u>	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS
AS OF OCTOBER 2014

DATA: _X_ PRE-BASE PERIOD ____ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ____ UPDATED ____ REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#12
 PAGE 6 OF 12
 B. O'NEILL

Witness Responsible:

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs		Total Costs	Jurisdictional Percent	Total	Estimated
				AFUDC Capitalized	Indirect Costs			Jurisdictional Cost	Percent Complete
1	D12-**	Projects Funded by Others	829,082.85	61.28		829,144.13	100%	829,144.13	NA
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	256,366.92	2,440.18		258,807.10		258,807.10	12.55%
3	I12-020011-02	New Circle Rd Main Relocation Ph 1	7,100.93	289.37		7,390.30		7,390.30	0.95%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	125,965.11	329.21		126,294.32		126,294.32	15.72%
5	I12-020032-01	RRS Filter Building Replacement Lev	651,175.89	27,377.40		678,553.29		678,553.29	4.35%
6	I12-020033-01	KY 341 Interconnect Level 1	648,615.84	21,077.89		669,693.73		669,693.73	35.11%
7	I12-020045-01	Roof Replacement Level 1	276,243.94	820.49		277,064.43		277,064.43	68.26%
8	I12-020048-01	Security Upgrades Richmond Rd Campu	748.04	2.36		750.40		750.40	0.17%
9	I12-300003-02	Northern Division Connection	854,907.12	147,793.56		1,002,700.68		1,002,700.68	7.06%
10	R12-**A1	Mains - New	378,331.98	19,706.94		398,038.92		398,038.92	NA
11	R12-**B1	Mains - Replaced / Restored	1,655,196.09	32,546.58		1,687,742.67		1,687,742.67	NA
12	R12-**D1	Mains - Relocated	883,074.06	28,124.01		911,198.07		911,198.07	NA
13	R12-**E1	Hydrants, Valves, and Manholes-New	18,131.60	156.52		18,288.12		18,288.12	NA
14	R12-**I1	Meters - New	288,508.16	21,627.09		310,135.25		310,135.25	NA
15	R12-**J1	Meters - Replaced	130,122.38	338.87		130,461.25		130,461.25	NA
16	R12-**K1	ITS Equipment and Systems	746,748.81	11,559.25		758,308.06		758,308.06	NA
17	R12-**L1	SCADA Equipment and Systems	16,276.81	51.52		16,328.33		16,328.33	NA
18	R12-**M1	Security Equipment and Systems	8,791.13	85.34		8,876.47		8,876.47	NA
20	R12-**Q1	Process Plant Facilities and Equipment	625,275.20	11,574.34		636,849.54		636,849.54	NA
21	R12-**S1	Engineering Studies	110,592.54	4,313.04		114,905.58		114,905.58	NA
22									
23			<u>\$8,511,255</u>	<u>\$330,275</u>	<u>\$0</u>	<u>\$8,841,531</u>		<u>\$8,841,531</u>	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS
AS OF NOVEMBER 2014

DATA: _X_ PRE-BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#12
 PAGE 7 OF 12
 B. O'NEILL

Witness Responsible:

Line No.	Project Number	Description of Project	Construction Amount	<u>Accumulated Costs</u>		Total Costs	Jurisdictional Percent	Total	Estimated Percent Complete
				AFUDC Capitalized	Indirect Costs			Jurisdictional Cost	
1	D12-**-	Projects Funded by Others	705,529.80	122.71		705,652.51	100%	705,652.51	NA
2	I12-020001-03	Const WTP for Pool 3	10,985.00	-		10,985.00		10,985.00	
3	I12-020011-01	New Circle Rd Main Relocation Ph 1	272,101.88	4,047.68		276,149.56		276,149.56	13.39%
4	I12-020011-02	New Circle Rd Main Relocation Ph 1	7,100.93	336.15		7,437.08		7,437.08	0.96%
5	I12-020017-01	KRS Valve House Rehabilitation Phas	175,923.20	329.21		176,252.41		176,252.41	21.94%
6	I12-020032-01	RRS Filter Building Replacement Lev	834,236.14	31,405.24		865,641.38		865,641.38	5.55%
7	I12-020033-01	KY 341 Interconnect Level 1	857,334.23	25,007.98		882,342.21		882,342.21	46.26%
8	I12-020045-01	Roof Replacement Level 1	404,579.39	2,238.85		406,818.24		406,818.24	100.23%
9	I12-020047-01	Field Ops Road Replacement	274,754.04	-		274,754.04		274,754.04	83.91%
10	I12-020048-01	Security Upgrades Richmond Rd Campu	123,328.15	9.00		123,337.15		123,337.15	28.72%
11	I12-300003-02	Northern Division Connection	855,914.83	147,793.56		1,003,708.39		1,003,708.39	7.07%
12	R12-**-A1	Mains - New	408,064.49	20,090.08		428,154.57		428,154.57	NA
13	R12-**-B1	Mains - Replaced / Restored	2,102,450.24	41,353.94		2,143,804.18		2,143,804.18	NA
14	R12-**-D1	Mains - Relocated	813,684.38	33,189.57		846,873.95		846,873.95	NA
15	R12-**-E1	Hydrants, Valves, and Manholes-New	71,006.30	276.96		71,283.26		71,283.26	NA
16	R12-**-F1	Hydrants, Valves, and Manholes-Rep	8,558.66	-		8,558.66		8,558.66	NA
17	R12-**-H1	Services and Laterals - Replaced	1,129.83	-		1,129.83		1,129.83	NA
18	R12-**-I1	Meters - New	288,508.16	21,627.09		310,135.25		310,135.25	NA
19	R12-**-J1	Meters - Replaced	134,110.71	466.36		134,577.07		134,577.07	NA
20	R12-**-K1	ITS Equipment and Systems	931,808.79	16,023.28		947,832.07		947,832.07	NA
21	R12-**-L1	SCADA Equipment and Systems	16,178.03	154.57		16,332.60		16,332.60	NA
22	R12-**-M1	Security Equipment and Systems	62,366.19	311.85		62,678.04		62,678.04	NA
23	R12-**-P1	Tools and Equipment	632.85	-		632.85		632.85	NA
24	R12-**-Q1	Process Plant Facilities and Equipment	755,875.69	12,110.56		767,986.25		767,986.25	NA
25	R12-**-S1	Engineering Studies	167,597.40	4,823.40		172,420.80		172,420.80	NA
26									
27			<u>\$10,283,759</u>	<u>\$361,718</u>	<u>\$0</u>	<u>\$10,645,477</u>		<u>\$10,645,477</u>	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS
AS OF DECEMBER 2014

DATA: _X_PRE-BASE PERIOD ___FORECASTED PERIOD
 TYPE OF FILING: _X_ORIGINAL ___UPDATED ___REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#12

PAGE 8 OF 12

Witness Responsible:

B. O'NEILL

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs		Total Costs	Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
				AFUDC Capitalized	Indirect Costs				
1	D12-**	Projects Funded by Others	371,356	324		371,680	100%	371,680	NA
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	274,741	5,708		280,449		280,449	13.60%
3	I12-020011-02	New Circle Rd Main Relocation Ph 1	7,101	383		7,484		7,484	0.97%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	688,795	2,552		691,347		691,347	86.07%
5	I12-020032-01	RRS Filter Building Replacement Lev	727,415	36,015		763,431		763,431	4.89%
6	I12-020033-01	KY 341 Interconnect Level 1	815,740	29,191		844,931		844,931	44.30%
7	I12-020046-01	KRS Actuator Replacement Level 1	486,141	1,529		487,670		487,670	70.68%
8	I12-020047-01	Field Ops Road Replacement	332,955	989		333,943		333,943	101.98%
9	I12-020048-01	Security Upgrades Richmond Rd Campu	427,633	879		428,512		428,512	99.78%
10	I12-300003-02	Northern Division Connection	908,475	147,794		1,056,268		1,056,268	7.44%
11	R12-**A1	Mains - New	397,668	20,459		418,127		418,127	NA
12	R12-**B1	Mains - Replaced / Restored	1,652,655	34,154		1,686,809		1,686,809	NA
13	R12-**D1	Mains - Relocated	842,449	38,490		880,938		880,938	NA
14	R12-**E1	Hydrants, Valves, and Manholes-New	63,466	490		63,955		63,955	NA
15	R12-**F1	Hydrants, Valves, and Manholes-Rep	(6)	-		(6)		(6)	NA
16	R12-**H1	Services and Laterals - Replaced	109	-		109		109	NA
17	R12-**I1	Meters - New	288,508	23,579		312,087		312,087	NA
18	R12-**J1	Meters - Replaced	130,122	594		130,716		130,716	NA
19	R12-**K1	ITS Equipment and Systems	381,585	931		382,516		382,516	NA
20	R12-**L1	SCADA Equipment and Systems	16,280	258		16,538		16,538	NA
21	R12-**M1	Security Equipment and Systems	10,387	197		10,584		10,584	NA
22	R12-**N1	Offices and Operations Centers	6,915	-		6,915		6,915	NA
23	R12-**O1	Vehicles	117,000	-		117,000		117,000	NA
24	R12-**P1	Tools and Equipment	18,527	-		18,527		18,527	NA
25	R12-**Q1	Process Plant Facilities and Equipment	659,813	1,380		661,194		661,194	NA
26	R12-**S1	Engineering Studies	162,322	5,578		167,899		167,899	NA
27									
28			<u>\$9,788,152</u>	<u>\$351,471</u>	<u>\$0</u>	<u>\$10,139,623</u>		<u>\$10,139,623</u>	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS
AS OF JANUARY 2015

DATA: _X_PRE-BASE PERIOD ___FORECASTED PERIOD
 TYPE OF FILING: _X_ORIGINAL ___UPDATED ___REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#12

PAGE 9 OF 12

Witness Responsible: B. O'NEILL

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs			Total Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
				AFUDC Capitalized	Indirect Costs	Total Costs			
1	D12-**	Projects Funded by Others	382,979	748		383,727	100%	383,727	NA
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	283,754	7,393		291,147		291,147	14.11%
3	I12-020011-02	New Circle Rd Main Relocation Ph 1	7,101	431		7,532		7,532	0.97%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	1,040,949	6,422		1,047,371		1,047,371	130.39%
5	I12-020032-01	RRS Filter Building Replacement Lev	730,587	40,816		771,402		771,402	4.94%
6	I12-020033-01	KY 341 Interconnect Level 1	929,894	33,952		963,845		963,845	50.53%
7	I12-020046-01	KRS Actuator Replacement Level 1	564,537	4,616		569,153		569,153	82.49%
8	I12-020047-01	Field Ops Road Replacement	350,755	2,985		353,740		353,740	108.03%
9	I12-020048-01	Security Upgrades Richmond Rd Campu	448,871	2,767		451,638		451,638	105.17%
10	I12-300003-02	Northern Division Connection	856,177	147,794		1,003,970		1,003,970	7.07%
11	R12-**A1	Mains - New	397,231	21,097		418,328		418,328	NA
12	R12-**B1	Mains - Replaced / Restored	1,622,262	22,264		1,644,526		1,644,526	NA
13	R12-**D1	Mains - Relocated	840,122	43,918		884,040		884,040	NA
14	R12-**E1	Hydrants, Valves, and Manholes-New	6,645	137		6,782		6,782	NA
15	R12-**F1	Hydrants, Valves, and Manholes-Rep	190	-		190		190	NA
16	R12-**H1	Services and Laterals - Replaced	211	-		211		211	NA
17	R12-**I1	Meters - New	288,508	23,579		312,087		312,087	NA
18	R12-**J1	Meters - Replaced	130,359	724		131,082		131,082	NA
19	R12-**K1	ITS Equipment and Systems	474,003	2,494		476,497		476,497	NA
20	R12-**L1	SCADA Equipment and Systems	84,802	580		85,381		85,381	NA
21	R12-**M1	Security Equipment and Systems	12,191	258		12,449		12,449	NA
22	R12-**N1	Offices and Operations Centers	6,915	-		6,915		6,915	NA
23	R12-**O1	Vehicles	117,000	-		117,000		117,000	NA
24	R12-**P1	Tools and Equipment	15,694	-		15,694		15,694	NA
25	R12-**Q1	Process Plant Facilities and Equipment	489,160	3,791		492,951		492,951	NA
26	R12-**S1	Engineering Studies	201,058	6,293		207,352		207,352	NA
27									
28			<u>\$10,281,954</u>	<u>\$373,056</u>	<u>\$0</u>	<u>\$10,655,010</u>		<u>\$10,655,010</u>	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS
AS OF FEBRUARY 2015

DATA: _X_ PRE-BASE PERIOD ____ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ____ UPDATED ____ REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#12
 PAGE 10 OF 12
 B. O'NEILL

Witness Responsible:

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs		Total Costs	Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
				AFUDC Capitalized	Indirect Costs				
1	D12-**	Projects Funded by Others	256,554	353		256,907	100%	256,907	NA
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	298,172	9,107		307,280		307,280	14.90%
3	I12-020011-02	New Circle Rd Main Relocation Ph 1	7,101	478		7,579		7,579	0.98%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	1,236,246	10,528		1,246,774		1,246,774	155.21%
5	I12-020032-01	RRS Filter Building Replacement Lev	734,906	45,670		780,576		780,576	5.00%
6	I12-020033-01	KY 341 Interconnect Level 1	979,114	39,738		1,018,852		1,018,852	53.42%
7	I12-020046-01	KRS Actuator Replacement Level 1	590,327	7,846		598,172		598,172	86.69%
8	I12-300003-02	Northern Division Connection	856,177	147,794		1,003,970		1,003,970	7.07%
9	R12-**A1	Mains - New	265,645	17,888		283,533		283,533	NA
10	R12-**B1	Mains - Replaced / Restored	2,138,653	28,588		2,167,241		2,167,241	NA
11	R12-**C1	Mains - Unscheduled	4,032	-		4,032		4,032	NA
12	R12-**D1	Mains - Relocated	829,085	49,396		878,480		878,480	NA
13	R12-**E1	Hydrants, Valves, and Manholes-New	159	17		176		176	NA
14	R12-**H1	Services and Laterals - Replaced	35,577	-		35,577		35,577	NA
15	R12-**J1	Meters - Replaced	20,168	856		21,023		21,023	NA
16	R12-**K1	ITS Equipment and Systems	611,706	4,104		615,809		615,809	NA
17	R12-**L1	SCADA Equipment and Systems	30,951	471		31,421		31,421	NA
18	R12-**M1	Security Equipment and Systems	4,411	18		4,430		4,430	NA
19	R12-**N1	Offices and Operations Centers	6,915	-		6,915		6,915	NA
20	R12-**P1	Tools and Equipment	3,451	2		3,453		3,453	NA
21	R12-**Q1	Process Plant Facilities and Equipment	515,532	6,833		522,365		522,365	NA
22	R12-**S1	Engineering Studies	219,776	7,040		226,816		226,816	NA
23									
24			<u>\$9,644,658</u>	<u>\$376,725</u>	<u>\$0</u>	<u>\$10,021,383</u>		<u>\$10,021,383</u>	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS
AS OF MARCH 2015

DATA: _X_ PRE-BASE PERIOD ____ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ____ UPDATED ____ REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#12
 PAGE 11 OF 12
 B. O'NEILL

Witness Responsible:

Line No.	Project Number	Description of Project	Construction Amount	Accumulated Costs		Total Costs	Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
				AFUDC Capitalized	Indirect Costs				
1	D12-**	Projects Funded by Others	329,499	657		330,157	100%	330,157	NA
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	566,135	11,741		577,876		577,876	28.01%
3	I12-020011-02	New Circle Rd Main Relocation Ph 1	7,258	527		7,785		7,785	1.00%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	1,465,413	15,931		1,481,344		1,481,344	89.56%
5	I12-020032-01	RRS Filter Building Replacement Lev	1,327,567	52,402		1,379,969		1,379,969	8.84%
6	I12-020033-01	KY 341 Interconnect Level 1	998,157	45,984		1,044,141		1,044,141	54.74%
7	I12-020046-01	KRS Actuator Replacement Level 1	610,222	11,528		621,750		621,750	90.11%
8	I12-300003-02	Northern Division Connection	856,177	147,794		1,003,970		1,003,970	7.07%
9	R12-**A1	Mains - New	278,016	17,899		295,914		295,914	NA
10	R12-**B1	Mains - Replaced / Restored	2,236,423	34,999		2,271,422		2,271,422	NA
11	R12-**D1	Mains - Relocated	834,989	54,936		889,925		889,925	NA
12	R12-**E1	Hydrants, Valves, and Manholes-New	159	19		178		178	NA
13	R12-**J1	Meters - Replaced	20,168	989		21,156		21,156	NA
14	R12-**K1	ITS Equipment and Systems	704,581	5,875		710,456		710,456	NA
15	R12-**L1	SCADA Equipment and Systems	64,576	631		65,206		65,206	NA
16	R12-**M1	Security Equipment and Systems	4,411	35		4,446		4,446	NA
17	R12-**N1	Offices and Operations Centers	384	1		385		385	NA
18	R12-**P1	Tools and Equipment	29,836	61		29,897		29,897	NA
19	R12-**Q1	Process Plant Facilities and Equipment	285,057	5,940		290,997		290,997	NA
20	R12-**S1	Engineering Studies	210,849	7,916		218,765		218,765	NA
21									
22			<u>\$10,829,877</u>	<u>\$415,864</u>	<u>\$0</u>	<u>\$11,245,741</u>		<u>\$11,245,741</u>	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS
AS OF APRIL 2015

DATA: _X_ PRE-BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#12
 PAGE 12 OF 12
 B. O'NEILL

Witness Responsible:

Line No.	Project Number	Description of Project	<u>Accumulated Costs</u>			Total Jurisdictional Percent	Total Jurisdictional Cost	Estimated Percent Complete
			Construction Amount	AFUDC Capitalized	Indirect Costs			
1	D12-**	Projects Funded by Others	306,439	-		100%	306,439	NA
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	767,094	15,532			782,626	37.94%
3	I12-020011-02	New Circle Rd Main Relocation Ph 1	7,348		576		7,924	1.02%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	1,764,203	23,028			1,787,230	108.05%
5	I12-020032-01	RRS Filter Building Replacement Lev	2,013,961	59,249			2,073,210	13.28%
6	I12-020046-01	KRS Actuator Replacement Level 1	610,219	15,466			625,685	90.68%
7	I12-300003-02	Northern Division Connection	856,177	147,794			1,003,970	7.07%
8	R12-**A1	Mains - New	287,543	17,915			305,458	NA
9	R12-**B1	Mains - Replaced / Restored	2,695,017	44,151			2,739,168	NA
10	R12-**D1	Mains - Relocated	883,595	60,550			944,145	NA
11	R12-**E1	Hydrants, Valves, and Manholes-New	159	20			179	NA
12	R12-**F1	Hydrants, Valves, and Manholes-Rep	229	1			230	NA
13	R12-**J1	Meters - Replaced	20,160	1,122			21,282	NA
14	R12-**K1	ITS Equipment and Systems	849,763	7,824			857,587	NA
15	R12-**L1	SCADA Equipment and Systems	46,325	931			47,256	NA
16	R12-**M1	Security Equipment and Systems	30,664	97			30,761	NA
17	R12-**N1	Offices and Operations Centers	3,762	4			3,766	NA
18	R12-**P1	Tools and Equipment	29,836	86			29,922	NA
19	R12-**Q1	Process Plant Facilities and Equipment	304,485	7,813			312,298	NA
20	R12-**S1	Engineering Studies	250,678	8,853			259,530	NA
21								
22			<u>\$11,727,656</u>	<u>\$411,010</u>	<u>\$0</u>		<u>\$12,138,666</u>	

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

Witness: Brent E. O'Neill

- 13.** For each construction project listed in Kentucky-American's response to Item 11 herein, provide the information listed below in the format contained in Schedule 3:
- a. Project number;
 - b. Date on which construction began;
 - c. Estimated date of project completion;
 - d. Time elapsed since the beginning of construction as a percentage of total estimated time of construction;
 - e. Original budget estimate of project's cost;
 - f. Most recent budget estimate of project's cost;
 - g. Total expenditure on project; and
 - h. Total project expenditure as percentage of total budgeted estimate.

Response:

For each construction project listed in the response to Item 11, see the attached schedule for the 12 months preceding the base period. Please refer to Exhibit 37 to KAW's Application at B-4.1, page 1 of 2, detailing the base period and Exhibit B-4.1, page 2 of 2, detailing the forecasted test year for the Schedule 3 format of the requested information.

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF MAY 2014

DATA: _X_PRE-BASE PERIOD ___FORECASTED PERIOD
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 WORKPAPER REFERENCE NO(S):

PSCDR1#13
 PAGE 1 OF 12
 B. O'Neill

Witness Responsible:

Line No.	Project Number	Description of Project	Date Construction Begin	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1	D12-**01-P	Projects Funded by Others	N/A	N/A	N/A	N/A	N/A	814,532	N/A
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	3/24/2015	12/31/2015	-114%	689,172	2,062,872	9,508	0%
3	I12-020011-02	New Circle Rd Main Relocation Ph 2		12/31/2016	98%	352,146	775,000	6,926	1%
4	I12-020032-01	RRS Filter Building Replacement Lev	2/10/2015	6/30/2016	-55%	14,700,000	15,609,191	304,361	2%
5	I12-020033-01	KY 341 Interconnect Level 1	8/26/2014	12/12/2014	-103%	586,021	1,907,426	280,775	15%
6	I12-300003-02	Northern Division Connection	4/1/2013	12/31/2013	100%	13,938,771	14,192,755	943,836	100%
7	R12-**A1	Mains - New	N/A	N/A	N/A	N/A	N/A	364,917	N/A
8	R12-**B1	Mains - Replaced / Restored	N/A	N/A	N/A	N/A	N/A	1,479,145	N/A
9	R12-**D1	Mains - Relocated	N/A	N/A	N/A	N/A	N/A	356,614	N/A
10	R12-**E1	Hydrants, Valves, and Manholes-New	N/A	N/A	N/A	N/A	N/A	22,149	N/A
11	R12-**F1	Hydrants, Valves, and Manholes-Rep	N/A	N/A	N/A	N/A	N/A	10,213	N/A
12	R12-**I1	Meters - New	N/A	N/A	N/A	N/A	N/A	304,183	N/A
13	R12-**J1	Meters - Replaced	N/A	N/A	N/A	N/A	N/A	102,264	N/A
14	R12-**K1	ITS Equipment and Systems	N/A	N/A	N/A	N/A	N/A	198,452	N/A
15	R12-**L1	SCADA Equipment and Systems	N/A	N/A	N/A	N/A	N/A	5,986	N/A
16	R12-**M1	Security Equipment and Systems	N/A	N/A	N/A	N/A	N/A	2,140	N/A
17	R12-**N1	Offices and Operations Centers	N/A	N/A	N/A	N/A	N/A	195,427	N/A
18	R12-**P1	Tools and Equipment	N/A	N/A	N/A	N/A	N/A	4,018	N/A
19	R12-**Q1	Process Plant Facilities and Equipment	N/A	N/A	N/A	N/A	N/A	162,225	N/A
20	R12-**S1	Engineering Studies	N/A	N/A	N/A	N/A	N/A	64,172	N/A
21									
22						30,266,110	34,547,244	5,631,842	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF JUNE 2014

DATA: _X_ PRE-BASE PERIOD ___ FORECASTED PERIOD
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PAGE 2 OF 12

Witness Responsible: B. O'Neill

Line No.	Project Number	Description of Project	Date Construction Begin	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1	D12-**01-P	Projects Funded by Others	N/A	N/A	N/A	N/A	N/A	853,096	N/A
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	3/24/2015	12/31/15	-103%	689,172	2,062,872	9,778	0%
3	I12-020011-02	New Circle Rd Main Relocation Ph 2		12/31/16	98%	352,146	775,000	7,044	1%
4	I12-020032-01	RRS Filter Building Replacement Lev	2/10/2015	06/30/16	-49%	14,700,000	15,609,191	410,873	3%
5	I12-020033-01	KY 341 Interconnect Level 1	8/26/2014	12/12/14	-74%	586,021	1,907,426	287,406	15%
6	I12-300003-02	Northern Division Connection	4/1/2013	12/31/2013	100%	13,938,771	14,192,755	961,043	100%
7	R12-**A1	Mains - New	N/A	N/A	N/A	N/A	N/A	365,175	N/A
8	R12-**B1	Mains - Replaced / Restored	N/A	N/A	N/A	N/A	N/A	1,864,105	N/A
9	R12-**D1	Mains - Relocated	N/A	N/A	N/A	N/A	N/A	678,859	N/A
10	R12-**E1	Hydrants, Valves, and Manholes-New	N/A	N/A	N/A	N/A	N/A	19,236	N/A
11	R12-**F1	Hydrants, Valves, and Manholes-Rep	N/A	N/A	N/A	N/A	N/A	13,063	N/A
12	R12-**I1	Meters - New	N/A	N/A	N/A	N/A	N/A	306,110	N/A
13	R12-**J1	Meters - Replaced	N/A	N/A	N/A	N/A	N/A	110,940	N/A
14	R12-**K1	ITS Equipment and Systems	N/A	N/A	N/A	N/A	N/A	306,607	N/A
15	R12-**L1	SCADA Equipment and Systems	N/A	N/A	N/A	N/A	N/A	6,024	N/A
16	R12-**M1	Security Equipment and Systems	N/A	N/A	N/A	N/A	N/A	2,151	N/A
17	R12-**N1	Offices and Operations Centers	N/A	N/A	N/A	N/A	N/A	279,597	N/A
18	R12-**P1	Tools and Equipment	N/A	N/A	N/A	N/A	N/A	5,411	N/A
19	R12-**Q1	Process Plant Facilities and Equipment	N/A	N/A	N/A	N/A	N/A	334,659	N/A
20	R12-**S1	Engineering Studies	N/A	N/A	N/A	N/A	N/A	70,563	N/A
21									
22						30,266,110	34,547,244	6,891,742	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF JULY 2014

DATA: _X_PRE-BASE PERIOD ___FORECASTED PERIOD
 TYPE OF FILING: _X_ORIGINAL ___UPDATED ___REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#13
 PAGE 3 OF 12

Witness Responsible: B. O'Neill

Line No.	Project Number	Description of Project	Date Construction Begin	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1	D12-**01-P	Projects Funded by Others	N/A	N/A	N/A	N/A	N/A	667,537	N/A
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	3/24/2015	12/31/15	-92%	689,172	2,062,872	10,001	0%
3	I12-020011-02	New Circle Rd Main Relocation Ph 2		12/31/16	98%	352,146	775,000	7,047	1%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	7/25/2014	12/31/2014	-11%	803,264	803,264	30,310	4%
5	I12-020025-01	Jacobson Reservoir Pump Efficiency	3/19/2013	2/24/2014	100%	3,167,729	3,545,583	14,615	100%
6	I12-020027-01	Russell Cave Rd Sys Improvements	11/1/2011	12/31/2013	100%	749,989.00	749,989.00	2,188	100%
7	I12-020032-01	RRS Filter Building Replacement Lev	2/10/2015	06/30/16	-43%	14,700,000	15,609,191	544,400	3%
8	I12-020033-01	KY 341 Interconnect Level 1	8/26/2014	12/12/14	-46%	586,021	1,907,426	366,026	19%
9	I12-300003-01	Northern Division Connection	4/1/2013	12/31/2013	100%	166,097	166,097	4,744	100%
10	I12-300003-02	Northern Division Connection	4/1/2013	12/31/2013	100%	13,938,771	14,192,755	979,858	100%
11	R12-**A1	Mains - New	N/A	N/A	N/A	N/A	N/A	503,516	N/A
12	R12-**B1	Mains - Replaced / Restored	N/A	N/A	N/A	N/A	N/A	1,416,016	N/A
13	R12-**C1	Mains - Unscheduled	N/A	N/A	N/A	N/A	N/A	25,071	N/A
14	R12-**D1	Mains - Relocated	N/A	N/A	N/A	N/A	N/A	814,891	N/A
15	R12-**E1	Hydrants, Valves, and Manholes-New	N/A	N/A	N/A	N/A	N/A	16,684	N/A
16	R12-**F1	Hydrants, Valves, and Manholes-Rep	N/A	N/A	N/A	N/A	N/A	112,143	N/A
17	R12-**H1	Services and Laterals - Replaced	N/A	N/A	N/A	N/A	N/A	10,403	N/A
18	R12-**I1	Meters - New	N/A	N/A	N/A	N/A	N/A	308,048	N/A
19	R12-**J1	Meters - Replaced	N/A	N/A	N/A	N/A	N/A	112,412	N/A
20	R12-**K1	ITS Equipment and Systems	N/A	N/A	N/A	N/A	N/A	357,649	N/A
21	R12-**L1	SCADA Equipment and Systems	N/A	N/A	N/A	N/A	N/A	12,488	N/A
22	R12-**M1	Security Equipment and Systems	N/A	N/A	N/A	N/A	N/A	2,165	N/A
23	R12-**N1	Offices and Operations Centers	N/A	N/A	N/A	N/A	N/A	196,355	N/A
24	R12-**O1	Vehicles	N/A	N/A	N/A	N/A	N/A	99,000	N/A
25	R12-**Q1	Process Plant Facilities and Equipment	N/A	N/A	N/A	N/A	N/A	332,917	N/A
26	R12-**S1	Engineering Studies	N/A	N/A	N/A	N/A	N/A	71,173	N/A
27	T12-0102	Business Transformation	N/A	N/A	N/A	N/A	N/A	27,087	N/A
28									
29						35,153,189	39,812,177	7,044,742	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF AUGUST 2014

DATA: _X_ PRE-BASE PERIOD ____ FORECASTED PERIOD
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 PAGE 4 OF 12

Witness Responsible: B. O'Neill

Line No.	Project Number	Description of Project	Date Construction Begin	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1	D12-**01-P	Projects Funded by Others	N/A	N/A	N/A	N/A	N/A	1,100,565	N/A
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	3/24/2015	12/31/15	-81%	689,172	2,062,872	10,484	1%
3	I12-020011-02	New Circle Rd Main Relocation Ph 2		12/31/16	98%	352,146	775,000	7,229	1%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	7/25/2014	12/31/2014	8%	803,264	803,264	62,893	8%
5	I12-020032-01	RRS Filter Building Replacement Lev	2/10/2015	06/30/16	-37%	14,700,000	15,609,191	536,062	3%
6	I12-020033-01	KY 341 Interconnect Level 1	8/26/2014	12/12/14	-18%	586,021	1,907,426	381,242	20%
7	I12-020045-01	Roof Replacement Level 1	8/26/2014	11/14/2014	-24%	405,875	405,875	21,817	5%
8	I12-300003-02	Northern Division Connection	4/1/2013	12/31/2013	100%	13,938,771	14,192,755	989,676	100%
9	R12-**A1	Mains - New	N/A	N/A	N/A	N/A	N/A	300,899	N/A
10	R12-**B1	Mains - Replaced / Restored	N/A	N/A	N/A	N/A	N/A	1,589,160	N/A
11	R12-**D1	Mains - Relocated	N/A	N/A	N/A	N/A	N/A	864,783	N/A
12	R12-**E1	Hydrants, Valves, and Manholes-New	N/A	N/A	N/A	N/A	N/A	6,337	N/A
13	R12-**F1	Hydrants, Valves, and Manholes-Rep	N/A	N/A	N/A	N/A	N/A	11,353	N/A
14	R12-**I1	Meters - New	N/A	N/A	N/A	N/A	N/A	309,999	N/A
15	R12-**J1	Meters - Replaced	N/A	N/A	N/A	N/A	N/A	128,538	N/A
16	R12-**K1	ITS Equipment and Systems	N/A	N/A	N/A	N/A	N/A	505,746	N/A
17	R12-**L1	SCADA Equipment and Systems	N/A	N/A	N/A	N/A	N/A	12,592	N/A
18	R12-**M1	Security Equipment and Systems	N/A	N/A	N/A	N/A	N/A	2,179	N/A
19	R12-**N1	Offices and Operations Centers	N/A	N/A	N/A	N/A	N/A	197,597	N/A
20	R12-**Q1	Process Plant Facilities and Equipment	N/A	N/A	N/A	N/A	N/A	382,639	N/A
21	R12-**S1	Engineering Studies	N/A	N/A	N/A	N/A	N/A	104,415	N/A
22									
23						31,475,249	35,756,383	7,526,203	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF SEPTEMBER 2014

DATA: _X_PRE-BASE PERIOD ___ FORECASTED PERIOD
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 PAGE 5 OF 12

Witness Responsible: B. O'Neill

Line No.	Project Number	Description of Project	Date Construction Begin	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1	D12-**01-P	Projects Funded by Others	N/A	N/A	N/A	N/A	N/A	932,335	N/A
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	3/24/2015	12/31/15	-70%	689,172	2,062,872	216,783	11%
3	I12-020011-02	New Circle Rd Main Relocation Ph 2		12/31/16	98%	352,146	775,000	7,344	1%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	7/25/2014	12/31/2014	28%	803,264	803,264	92,837	12%
5	I12-020032-01	RRS Filter Building Replacement Lev	2/10/2015	06/30/16	-31%	14,700,000	15,609,191	601,788	4%
6	I12-020033-01	KY 341 Interconnect Level 1	8/26/2014	12/12/14	11%	586,021	1,907,426	381,450	20%
7	I12-020045-01	Roof Replacement Level 1	8/26/2014	11/14/2014	15%	405,875	405,875	142,203	35%
8	I12-300003-02	Northern Division Connection	4/1/2013	12/31/2013	100%	13,938,771	14,192,755	993,947	100%
9	R12-**A1	Mains - New	N/A	N/A	N/A	N/A	N/A	319,372	N/A
10	R12-**B1	Mains - Replaced / Restored	N/A	N/A	N/A	N/A	N/A	2,089,665	N/A
11	R12-**C1	Mains - Unscheduled	N/A	N/A	N/A	N/A	N/A	5,693	N/A
12	R12-**D1	Mains - Relocated	N/A	N/A	N/A	N/A	N/A	877,142	N/A
13	R12-**E1	Hydrants, Valves, and Manholes-New	N/A	N/A	N/A	N/A	N/A	22,958	N/A
14	R12-**G1	Services and Laterals - New	N/A	N/A	N/A	N/A	N/A	13,030	N/A
15	R12-**H1	Services and Laterals - Replaced	N/A	N/A	N/A	N/A	N/A	4,142	N/A
16	R12-**I1	Meters - New	N/A	N/A	N/A	N/A	N/A	327,215	N/A
17	R12-**J1	Meters - Replaced	N/A	N/A	N/A	N/A	N/A	132,413	N/A
18	R12-**K1	ITS Equipment and Systems	N/A	N/A	N/A	N/A	N/A	608,303	N/A
19	R12-**M1	Security Equipment and Systems	N/A	N/A	N/A	N/A	N/A	3,620	N/A
20	R12-**Q1	Process Plant Facilities and Equipment	N/A	N/A	N/A	N/A	N/A	594,123	N/A
21	R12-**S1	Engineering Studies	N/A	N/A	N/A	N/A	N/A	103,004	N/A
22									
23						31,475,249	35,756,383	8,469,367	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF OCTOBER 2014

DATA: _X_ PRE-BASE PERIOD ____ FORECASTED PERIOD
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 PAGE 6 OF 12

Witness Responsible: B. O'Neill

Line No.	Project Number	Description of Project	Date Construction Begin	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1	D12-**01-P	Projects Funded by Others	N/A	N/A	N/A	N/A	N/A	829,144	N/A
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	3/24/2015	12/31/15	-60%	689,172	2,062,872	258,807	13%
3	I12-020011-02	New Circle Rd Main Relocation Ph 2		12/31/16	98%	352,146	775,000	7,390	1%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	7/25/2014	12/31/2014	47%	803,264	803,264	126,294	16%
5	I12-020032-01	RRS Filter Building Replacement Lev	2/10/2015	06/30/16	-25%	14,700,000	15,609,191	678,553	4%
6	I12-020033-01	KY 341 Interconnect Level 1	8/26/2014	12/12/14	39%	586,021	1,907,426	669,694	35%
7	I12-020045-01	Roof Replacement Level 1	8/26/2014	11/14/2014	53%	405,875	405,875	277,064	68%
8	I12-020048-01	Security Upgrades Richmond Rd Campu	10/27/2014	12/31/2014	-31%	429,450	429,450	750	0%
9	I12-300003-02	Northern Division Connection	4/1/2013	12/31/2013	100%	13,938,771	14,192,755	1,002,701	100%
10	R12-**A1	Mains - New	N/A	N/A	N/A	N/A	N/A	398,039	N/A
11	R12-**B1	Mains - Replaced / Restored	N/A	N/A	N/A	N/A	N/A	1,687,743	N/A
12	R12-**D1	Mains - Relocated	N/A	N/A	N/A	N/A	N/A	911,198	N/A
13	R12-**E1	Hydrants, Valves, and Manholes-New	N/A	N/A	N/A	N/A	N/A	18,288	N/A
14	R12-**I1	Meters - New	N/A	N/A	N/A	N/A	N/A	310,135	N/A
15	R12-**J1	Meters - Replaced	N/A	N/A	N/A	N/A	N/A	130,461	N/A
16	R12-**K1	ITS Equipment and Systems	N/A	N/A	N/A	N/A	N/A	758,308	N/A
17	R12-**L1	SCADA Equipment and Systems	N/A	N/A	N/A	N/A	N/A	16,328	N/A
18	R12-**M1	Security Equipment and Systems	N/A	N/A	N/A	N/A	N/A	8,876	N/A
19	R12-**Q1	Process Plant Facilities and Equipment	N/A	N/A	N/A	N/A	N/A	636,850	N/A
20	R12-**S1	Engineering Studies	N/A	N/A	N/A	N/A	N/A	114,906	N/A
21									
22						31,904,699	36,185,833	8,841,531	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF NOVEMBER 2014

DATA: _X_ PRE-BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#13
 PAGE 7 OF 12

Witness Responsible: B. O'Neill

Line No.	Project Number	Description of Project	Date Construction Begin	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1	D12-**01-P	Projects Funded by Others	N/A	N/A	N/A	N/A	N/A	705,653	N/A
2	I12-020001-03	Const WTP for Pool 3						10,985	
3	I12-020011-01	New Circle Rd Main Relocation Ph 1	3/24/2015	12/31/15	-49%	689,172	2,062,872	276,150	13%
4	I12-020011-02	New Circle Rd Main Relocation Ph 2		12/31/16	98%	352,146	775,000	7,437	1%
5	I12-020017-01	KRS Valve House Rehabilitation Phas	7/25/2014	12/31/2014	66%	803,264	803,264	176,252	22%
6	I12-020032-01	RRS Filter Building Replacement Lev	2/10/2015	06/30/16	-19%	14,700,000	15,609,191	865,641	6%
7	I12-020033-01	KY 341 Interconnect Level 1	8/26/2014	12/12/14	68%	586,021	1,907,426	882,342	46%
8	I12-020045-01	Roof Replacement Level 1	8/26/2014	11/14/2014	91%	405,875	405,875	406,818	100%
9	I12-020047-01	Field Ops Road Replacement	10/27/2014	12/31/2014	17%	327,458	327,458	274,754	84%
10	I12-020048-01	Security Upgrades Richmond Rd Campu	10/27/2014	12/31/2014	17%	429,450	429,450	123,337	29%
11	I12-300003-02	Northern Division Connection	4/1/2013	12/31/2013	100%	13,938,771	14,192,755	1,003,708	100%
12	R12-**A1	Mains - New	N/A	N/A	N/A	N/A	N/A	428,155	N/A
13	R12-**B1	Mains - Replaced / Restored	N/A	N/A	N/A	N/A	N/A	2,143,804	N/A
14	R12-**D1	Mains - Relocated	N/A	N/A	N/A	N/A	N/A	846,874	N/A
15	R12-**E1	Hydrants, Valves, and Manholes-New	N/A	N/A	N/A	N/A	N/A	71,283	N/A
16	R12-**F1	Hydrants, Valves, and Manholes-Rep	N/A	N/A	N/A	N/A	N/A	8,559	N/A
17	R12-**H1	Services and Laterals - Replaced	N/A	N/A	N/A	N/A	N/A	1,130	N/A
18	R12-**I1	Meters - New	N/A	N/A	N/A	N/A	N/A	310,135	N/A
19	R12-**J1	Meters - Replaced	N/A	N/A	N/A	N/A	N/A	134,577	N/A
20	R12-**K1	ITS Equipment and Systems	N/A	N/A	N/A	N/A	N/A	947,832	N/A
21	R12-**L1	SCADA Equipment and Systems	N/A	N/A	N/A	N/A	N/A	16,333	N/A
22	R12-**M1	Security Equipment and Systems	N/A	N/A	N/A	N/A	N/A	62,678	N/A
23	R12-**P1	Tools and Equipment	N/A	N/A	N/A	N/A	N/A	633	N/A
24	R12-**Q1	Process Plant Facilities and Equipment	N/A	N/A	N/A	N/A	N/A	767,986	N/A
25	R12-**S1	Engineering Studies	N/A	N/A	N/A	N/A	N/A	172,421	N/A
26									
27						32,232,157	36,513,291	10,645,477	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF DECEMBER 2014

DATA: _X_PRE-BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: _X_ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#13
 PAGE 8 OF 12

Witness Responsible: B. O'Neill

Line No.	Project Number	Description of Project	Date Construction Begin	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1	D12-**01-P	Projects Funded by Others	N/A	N/A	N/A	N/A	N/A	371,680	N/A
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	3/24/2015	12/31/15	-38%	689,172	2,062,872	280,449	14%
3	I12-020011-02	New Circle Rd Main Relocation Ph 2		12/31/16	98%	352,146	775,000	7,484	1%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	7/25/2014	12/31/2014	85%	803,264	803,264	691,347	86%
5	I12-020032-01	RRS Filter Building Replacement Lev	2/10/2015	06/30/16	-13%	14,700,000	15,609,191	763,431	5%
6	I12-020033-01	KY 341 Interconnect Level 1	8/26/2014	12/12/14	95%	586,021	1,907,426	844,931	44%
7	I12-020046-01	KRS Actuator Replacement Level 1	9/30/2014	2/27/2015	45%	689,981	689,981	487,670	71%
8	I12-020047-01	Field Ops Road Replacement	10/27/2014	12/31/2014	63%	327,458	327,458	333,943	102%
9	I12-020048-01	Security Upgrades Richmond Rd Campu	10/27/2014	12/31/2014	63%	429,450	429,450	428,512	100%
10	I12-300003-02	Northern Division Connection	4/1/2013	12/31/2013	100%	13,938,771	14,192,755	1,056,268	100%
11	R12-**A1	Mains - New	N/A	N/A	N/A	N/A	N/A	418,127	N/A
12	R12-**B1	Mains - Replaced / Restored	N/A	N/A	N/A	N/A	N/A	1,686,809	N/A
13	R12-**D1	Mains - Relocated	N/A	N/A	N/A	N/A	N/A	880,938	N/A
14	R12-**E1	Hydrants, Valves, and Manholes-New	N/A	N/A	N/A	N/A	N/A	63,955	N/A
15	R12-**F1	Hydrants, Valves, and Manholes-Rep	N/A	N/A	N/A	N/A	N/A	(6)	N/A
16	R12-**H1	Services and Laterals - Replaced	N/A	N/A	N/A	N/A	N/A	109	N/A
17	R12-**I1	Meters - New	N/A	N/A	N/A	N/A	N/A	312,087	N/A
18	R12-**J1	Meters - Replaced	N/A	N/A	N/A	N/A	N/A	130,716	N/A
19	R12-**K1	ITS Equipment and Systems	N/A	N/A	N/A	N/A	N/A	382,516	N/A
20	R12-**L1	SCADA Equipment and Systems	N/A	N/A	N/A	N/A	N/A	16,538	N/A
21	R12-**M1	Security Equipment and Systems	N/A	N/A	N/A	N/A	N/A	10,584	N/A
22	R12-**N1	Offices and Operations Centers	N/A	N/A	N/A	N/A	N/A	6,915	N/A
23	R12-**O1	Vehicles	N/A	N/A	N/A	N/A	N/A	117,000	N/A
24	R12-**P1	Tools and Equipment	N/A	N/A	N/A	N/A	N/A	18,527	N/A
25	R12-**Q1	Process Plant Facilities and Equipment	N/A	N/A	N/A	N/A	N/A	661,194	N/A
26	R12-**S1	Engineering Studies	N/A	N/A	N/A	N/A	N/A	167,899	N/A
27									
28						32,516,263	36,797,397	10,139,623	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF JANUARY 2015

DATA: _X_ PRE-BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#13

PAGE 9 OF 12

Witness Responsible: B. O'Neill

Line No.	Project Number	Description of Project	Date Construction Begin	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1	D12-**01-P	Projects Funded by Others	N/A	N/A	N/A	N/A	N/A	383,727	N/A
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	3/24/2015	12/31/15	-27%	689,172	2,062,872	291,147	14%
3	I12-020011-02	New Circle Rd Main Relocation Ph 2		12/31/16	98%	352,146	775,000	7,532	1%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	7/25/2014	12/31/2014	100%	803,264	803,264	1,047,371	100%
5	I12-020032-01	RRS Filter Building Replacement Lev	2/10/2015	06/30/16	-7%	14,700,000	15,609,191	771,402	5%
6	I12-020033-01	KY 341 Interconnect Level 1	8/26/2014	12/12/14	100%	586,021	1,907,426	963,845	100%
7	I12-020046-01	KRS Actuator Replacement Level 1	9/30/2014	2/27/2015	66%	689,981	689,981	569,153	82%
8	I12-020047-01	Field Ops Road Replacement	10/27/2014	12/31/2014	100%	327,458	327,458	353,740	100%
9	I12-020048-01	Security Upgrades Richmond Rd Campu	10/27/2014	12/31/2014	100%	429,450	429,450	451,638	100%
10	I12-300003-02	Northern Division Connection	4/1/2013	12/31/2013	100%	13,938,771	14,192,755	1,003,970	100%
11	R12-**A1	Mains - New	N/A	N/A	N/A	N/A	N/A	418,328	N/A
12	R12-**B1	Mains - Replaced / Restored	N/A	N/A	N/A	N/A	N/A	1,644,526	N/A
13	R12-**D1	Mains - Relocated	N/A	N/A	N/A	N/A	N/A	884,040	N/A
14	R12-**E1	Hydrants, Valves, and Manholes-New	N/A	N/A	N/A	N/A	N/A	6,782	N/A
15	R12-**F1	Hydrants, Valves, and Manholes-Rep	N/A	N/A	N/A	N/A	N/A	190	N/A
16	R12-**H1	Services and Laterals - Replaced	N/A	N/A	N/A	N/A	N/A	211	N/A
17	R12-**I1	Meters - New	N/A	N/A	N/A	N/A	N/A	312,087	N/A
18	R12-**J1	Meters - Replaced	N/A	N/A	N/A	N/A	N/A	131,082	N/A
19	R12-**K1	ITS Equipment and Systems	N/A	N/A	N/A	N/A	N/A	476,497	N/A
20	R12-**L1	SCADA Equipment and Systems	N/A	N/A	N/A	N/A	N/A	85,381	N/A
21	R12-**M1	Security Equipment and Systems	N/A	N/A	N/A	N/A	N/A	12,449	N/A
22	R12-**N1	Offices and Operations Centers	N/A	N/A	N/A	N/A	N/A	6,915	N/A
23	R12-**O1	Vehicles	N/A	N/A	N/A	N/A	N/A	117,000	N/A
24	R12-**P1	Tools and Equipment	N/A	N/A	N/A	N/A	N/A	15,694	N/A
25	R12-**Q1	Process Plant Facilities and Equipment	N/A	N/A	N/A	N/A	N/A	492,951	N/A
26	R12-**S1	Engineering Studies	N/A	N/A	N/A	N/A	N/A	207,352	N/A
27									
28						32,516,263	36,797,397	10,655,010	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF FEBUARY 2015

DATA: _X_ PRE-BASE PERIOD ____ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ____ UPDATED ____ REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#13
 PAGE 10 OF 12

Witness Responsible: B. O'Neill

Line No.	Project Number	Description of Project	Date Construction Begin	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1	D12-**01-P	Projects Funded by Others	N/A	N/A	N/A	N/A	N/A	256,907	N/A
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	3/24/2015	12/31/15	-16%	689,172	2,062,872	307,280	15%
3	I12-020011-02	New Circle Rd Main Relocation Ph 2		12/31/16	98%	352,146	775,000	7,579	1%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	7/25/2014	12/31/2014	100%	803,264	803,264	1,246,774	100%
5	I12-020032-01	RRS Filter Building Replacement Lev	2/10/2015	06/30/16	-1%	14,700,000	15,609,191	780,576	5%
6	I12-020033-01	KY 341 Interconnect Level 1	8/26/2014	12/12/14	100%	586,021	1,907,426	1,018,852	100%
7	I12-020046-01	KRS Actuator Replacement Level 1	9/30/2014	2/27/2015	87%	689,981	689,981	598,172	87%
8	I12-300003-02	Northern Division Connection	4/1/2013	12/31/2013	100%	13,938,771	14,192,755	1,003,970	100%
9	R12-**A1	Mains - New	N/A	N/A	N/A	N/A	N/A	283,533	N/A
10	R12-**B1	Mains - Replaced / Restored	N/A	N/A	N/A	N/A	N/A	2,167,241	N/A
11	R12-**C1	Mains - Unscheduled	N/A	N/A	N/A	N/A	N/A	4,032	N/A
12	R12-**D1	Mains - Relocated	N/A	N/A	N/A	N/A	N/A	878,480	N/A
13	R12-**E1	Hydrants, Valves, and Manholes-New	N/A	N/A	N/A	N/A	N/A	176	N/A
14	R12-**H1	Services and Laterals - Replaced	N/A	N/A	N/A	N/A	N/A	35,577	N/A
15	R12-**J1	Meters - Replaced	N/A	N/A	N/A	N/A	N/A	21,023	N/A
16	R12-**K1	ITS Equipment and Systems	N/A	N/A	N/A	N/A	N/A	615,809	N/A
17	R12-**L1	SCADA Equipment and Systems	N/A	N/A	N/A	N/A	N/A	31,421	N/A
18	R12-**M1	Security Equipment and Systems	N/A	N/A	N/A	N/A	N/A	4,430	N/A
19	R12-**N1	Offices and Operations Centers	N/A	N/A	N/A	N/A	N/A	6,915	N/A
20	R12-**P1	Tools and Equipment	N/A	N/A	N/A	N/A	N/A	3,453	N/A
21	R12-**Q1	Process Plant Facilities and Equipment	N/A	N/A	N/A	N/A	N/A	522,365	N/A
22	R12-**S1	Engineering Studies	N/A	N/A	N/A	N/A	N/A	226,816	N/A
23									
24									
						31,759,355	36,040,489	10,021,383	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF MARCH 2015

DATA: _X_PRE-BASE PERIOD ___FORECASTED PERIOD
 TYPE OF FILING: _X_ORIGINAL ___UPDATED ___REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#13

PAGE 11 OF 12

Witness Responsible:

B. O'Neill

Line No.	Project Number	Description of Project	Date Construction Begin	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1	D12-**01-P	Projects Funded by Others	N/A	N/A	N/A	N/A	N/A	330,157	N/A
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	3/24/2015	12/31/15	-6%	689,172	2,062,872	577,876	28%
3	I12-020011-02	New Circle Rd Main Relocation Ph 2		12/31/16	98%	352,146	775,000	7,785	1%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	7/25/2014	5/29/2015	73%	803,263	1,654,085	1,481,344	90%
5	I12-020032-01	RRS Filter Building Replacement Lev	2/10/2015	06/30/16	5%	14,700,000	15,609,191	1,379,969	9%
6	I12-020033-01	KY 341 Interconnect Level 1	8/26/2014	12/12/14	100%	586,021	1,907,426	1,044,141	100%
7	I12-020046-01	KRS Actuator Replacement Level 1	9/30/2014	2/27/2015	100%	689,981	689,981	621,750	100%
8	I12-300003-02	Northern Division Connection	4/1/2013	12/31/2013	100%	13,938,771	14,192,755	1,003,970	100%
9	R12-**A1	Mains - New	N/A	N/A	N/A	N/A	N/A	295,914	N/A
10	R12-**B1	Mains - Replaced / Restored	N/A	N/A	N/A	N/A	N/A	2,271,422	N/A
11	R12-**D1	Mains - Relocated	N/A	N/A	N/A	N/A	N/A	889,925	N/A
12	R12-**E1	Hydrants, Valves, and Manholes-New	N/A	N/A	N/A	N/A	N/A	178	N/A
13	R12-**J1	Meters - Replaced	N/A	N/A	N/A	N/A	N/A	21,156	N/A
14	R12-**K1	ITS Equipment and Systems	N/A	N/A	N/A	N/A	N/A	710,456	N/A
15	R12-**L1	SCADA Equipment and Systems	N/A	N/A	N/A	N/A	N/A	65,206	N/A
16	R12-**M1	Security Equipment and Systems	N/A	N/A	N/A	N/A	N/A	4,446	N/A
17	R12-**N1	Offices and Operations Centers	N/A	N/A	N/A	N/A	N/A	385	N/A
18	R12-**P1	Tools and Equipment	N/A	N/A	N/A	N/A	N/A	29,897	N/A
19	R12-**Q1	Process Plant Facilities and Equipment	N/A	N/A	N/A	N/A	N/A	290,997	N/A
20	R12-**S1	Engineering Studies	N/A	N/A	N/A	N/A	N/A	218,765	N/A
21									
22						31,759,354	36,891,310	11,245,741	

KENTUCKY AMERICAN WATER
CASE NO: 2015-00348
CONSTRUCTION WORK IN PROGRESS - PERCENT COMPLETE
AS OF APRIL 2015

DATA: _X_ PRE-BASE PERIOD ___ FORECASTED PERIOD
 TYPE OF FILING: _X_ ORIGINAL ___ UPDATED ___ REVISED
 WORKPAPER REFERENCE NO(S):

PSCDR1#13
 PAGE 12 OF 12

Witness Responsible: B. O'Neill

Line No.	Project Number	Description of Project	Date Construction Begin	Estimated Completion Date	% of Elapsed Time	Original Budget Estimate	Current Budget Estimate	Total Project Expenditures	% of Total Expenditures to Budget Est.
1	D12-**01-P	Projects Funded by Others	N/A	N/A	N/A			306,439	N/A
2	I12-020011-01	New Circle Rd Main Relocation Ph 1	3/24/2015	12/31/15	5%	689,172	2,062,872	782,626	38%
3	I12-020011-02	New Circle Rd Main Relocation Ph 2		12/31/16	99%	352,146	775,000	7,924	1%
4	I12-020017-01	KRS Valve House Rehabilitation Phas	7/25/2014	5/29/2015	83%	803,263	1,654,085	1,787,230	108%
5	I12-020032-01	RRS Filter Building Replacement Lev	2/10/2015	06/30/16	11%	14,700,000	15,609,191	2,073,210	13%
6	I12-020046-01	KRS Actuator Replacement Level 1	9/30/2014	2/27/2015	100%	689,981	689,981	625,685	100%
7	I12-300003-02	Northern Division Connection	4/1/2013	12/31/2013	100%	13,938,771	14,192,755	1,003,970	100%
8	R12-**A1	Mains - New	N/A	N/A	N/A	N/A	N/A	305,458	N/A
9	R12-**B1	Mains - Replaced / Restored	N/A	N/A	N/A	N/A	N/A	2,739,168	N/A
10	R12-**D1	Mains - Relocated	N/A	N/A	N/A	N/A	N/A	944,145	N/A
11	R12-**E1	Hydrants, Valves, and Manholes-New	N/A	N/A	N/A	N/A	N/A	179	N/A
12	R12-**F1	Hydrants, Valves, and Manholes-Rep	N/A	N/A	N/A	N/A	N/A	230	N/A
13	R12-**J1	Meters - Replaced	N/A	N/A	N/A	N/A	N/A	21,282	N/A
14	R12-**K1	ITS Equipment and Systems	N/A	N/A	N/A	N/A	N/A	857,587	N/A
15	R12-**L1	SCADA Equipment and Systems	N/A	N/A	N/A	N/A	N/A	47,256	N/A
16	R12-**M1	Security Equipment and Systems	N/A	N/A	N/A	N/A	N/A	30,761	N/A
17	R12-**N1	Offices and Operations Centers	N/A	N/A	N/A	N/A	N/A	3,766	N/A
18	R12-**P1	Tools and Equipment	N/A	N/A	N/A	N/A	N/A	29,922	N/A
19	R12-**Q1	Process Plant Facilities and Equipment	N/A	N/A	N/A	N/A	N/A	312,298	N/A
20	R12-**S1	Engineering Studies	N/A	N/A	N/A	N/A	N/A	259,530	N/A
21									
22						31,173,333	34,983,884	12,138,666	

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

Witness: **Paul Herbert**

- 14.** Provide a copy of all schedules presented in the cost-of-service study electronically, on CD-ROM in Microsoft Excel format, allowing for the review of and unrestricted access to the underlying formulas.

Response:

Please refer to the CD-ROM filed with the Commission and the Excel file that was filed electronically as KAW_R_PSCDR1_NUM014_Attachment.xlsx.

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

Witness: Donald J. Petry

15. a. Provide Kentucky-American's budgeted and actual regular wages, overtime wages, and total wages by employee group, by month, for the most recent two years available in the format provided as Schedule 4. Kentucky-American shall supplement its response as further information becomes available.
- b. For each variance that exceeds 5 percent in a monthly period, state the reasons for the variance.

Response:

- a. Please see the attached schedules.
- b. Please see the attached schedules.

Kentucky-American
Case No. 2015-00418
Monthly Payroll Variance Analysis
As of December 2015

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Workpaper Reference No(s): N/A

Schedule 4

Witness Responsible: Donald J. Petry

Year	Period	Employee Group	Monthly Budget Amount			Monthly Actual Amount			Variance			Reason
			Regular	Overtime	Total	Regular	Overtime	Total	Regular	Overtime	Total	
2014	Jan	Admin	144,056	457	144,513	117,522	2,396	119,918	-18.4%	424.5%	-17.0%	
		Commercial	-	-	-	-	-	-	0.0%	0.0%	0.0%	
		Distribution	313,300	37,782	351,082	257,277	89,428	346,704	-17.9%	136.7%	-1.2%	
		Production	211,093	17,833	228,926	175,964	58,208	234,173	-16.6%	226.4%	2.3%	
			668,449	56,072	724,521	550,763	150,032	700,795	-17.6%	167.6%	-3.3%	
2014	Feb	Admin	125,266	791	126,058	117,406	1,128	118,535	-6.3%	42.6%	-6.0%	
		Commercial	-	-	-	-	-	-	0.0%	0.0%	0.0%	
		Distribution	272,440	31,726	304,166	253,214	80,807	334,021	-7.1%	154.7%	9.8%	
		Production	183,561	17,834	201,395	169,814	30,794	200,608	-7.5%	72.7%	-0.4%	
			581,267	50,351	631,618	540,434	112,729	653,163	-7.0%	123.9%	3.4%	
2014	Mar	Admin	131,530	271	131,801	114,794	744	115,539	-12.7%	174.7%	-12.3%	Operational Efficiencies
		Commercial	-	-	-	-	-	-	0.0%	0.0%	0.0%	
		Distribution	286,062	33,160	319,222	255,869	39,854	295,723	-10.6%	20.2%	-7.4%	
		Production	192,739	17,834	210,573	170,464	23,535	193,999	-11.6%	32.0%	-7.9%	
			610,331	51,265	661,595	541,127	64,134	605,261	-11.3%	25.1%	-8.5%	
2014	Apr	Admin	141,582	271	141,853	117,247	885	118,133	-17.2%	226.6%	-16.7%	Operational Efficiencies
		Commercial	-	-	-	-	-	-	0.0%	0.0%	0.0%	
		Distribution	302,428	31,996	334,424	258,967	27,954	286,921	-14.4%	-12.6%	-14.2%	
		Production	205,086	17,834	222,919	177,016	24,687	201,703	-13.7%	38.4%	-9.5%	
			649,096	50,100	699,197	553,231	53,526	606,757	-14.8%	6.8%	-13.2%	
2014	May	Admin	141,582	345	141,928	180,782	2,230	183,012	27.7%	545.8%	28.9%	3 pay periods
		Commercial	-	-	-	-	-	-	0.0%	0.0%	0.0%	
		Distribution	302,428	37,175	339,603	382,347	48,850	431,197	26.4%	31.4%	27.0%	
		Production	205,086	17,834	222,919	263,046	45,992	309,039	28.3%	157.9%	38.6%	
			649,096	55,354	704,450	826,174	97,073	923,247	27.3%	75.4%	31.1%	
2014	Jun	Admin	135,147	271	135,418	120,603	379	120,982	-10.8%	39.7%	-10.7%	Operational Efficiencies
		Commercial	-	-	-	-	-	-	0.0%	0.0%	0.0%	
		Distribution	288,682	40,465	329,146	254,642	37,473	292,115	-11.8%	-7.4%	-11.3%	
		Production	195,764	17,834	213,597	175,459	34,135	209,594	-10.4%	91.4%	-1.9%	
			619,592	58,570	678,161	550,704	71,987	622,690	-11.1%	22.9%	-8.2%	

Kentucky-American
Case No. 2015-00418
Monthly Payroll Variance Analysis
As of December 2015

Type of Filing: X Original Updated Revised

Workpaper Reference No(s): N/A

Schedule 4

Witness Responsible: Donald J. Petry

Year	Period	Employee Group	Monthly Budget Amount			Monthly Actual Amount			Variance			Reason
			Regular	Overtime	Total	Regular	Overtime	Total	Regular	Overtime	Total	
2014	Jul	Admin	148,018	271	148,289	112,312	2,041	114,353	-24.1%	653.0%	-22.9%	Operational Efficiencies
		Commercial	-	-	-	-	-	-	0.0%	0.0%	0.0%	
		Distribution	316,175	41,712	357,887	253,122	42,653	295,775	-19.9%	2.3%	-17.4%	
		Production	214,408	17,834	232,241	166,939	32,825	199,764	-22.1%	84.1%	-14.0%	
			678,601	59,817	738,418	532,373	77,519	609,893	-21.5%	29.6%	-17.4%	
2014	Aug	Admin	135,147	345	135,492	106,763	727	107,490	-21.0%	110.4%	-20.7%	Operational Efficiencies
		Commercial	-	-	-	-	-	-	0.0%	0.0%	0.0%	
		Distribution	288,682	41,140	329,821	252,065	48,671	300,736	-12.7%	18.3%	-8.8%	
		Production	195,764	17,834	213,597	161,277	23,738	185,015	-17.6%	33.1%	-13.4%	
			619,592	59,319	678,911	520,105	73,136	593,241	-16.1%	23.3%	-12.6%	
2014	Sep	Admin	141,582	271	141,853	123,972	1,045	125,017	-12.4%	285.5%	-11.9%	Operational Efficiencies
		Commercial	-	-	-	-	-	-	0.0%	0.0%	0.0%	
		Distribution	302,428	34,945	337,374	242,008	41,702	283,710	-20.0%	19.3%	-15.9%	
		Production	205,086	17,834	222,919	161,682	22,925	184,607	-21.2%	28.5%	-17.2%	
			649,096	53,050	702,146	527,663	65,672	593,335	-18.7%	23.8%	-15.5%	
2014	Oct	Admin	148,018	271	148,289	176,763	2,558	179,321	19.4%	843.9%	20.9%	3 pay periods
		Commercial	-	-	-	-	-	-	0.0%	0.0%	0.0%	
		Distribution	316,175	35,406	351,581	359,528	71,137	430,666	13.7%	100.9%	22.5%	
		Production	214,408	17,834	232,241	245,909	33,074	278,983	14.7%	85.5%	20.1%	
			678,601	53,511	732,111	782,200	106,770	888,970	15.3%	99.5%	21.4%	
2014	Nov	Admin	128,711	271	128,982	131,282	2,993	134,275	2.0%	1004.3%	4.1%	Operational Efficiencies
		Commercial	-	-	-	-	-	-	0.0%	0.0%	0.0%	
		Distribution	279,462	43,923	323,385	241,893	48,586	290,479	-13.4%	10.6%	-10.2%	
		Production	188,405	18,145	206,550	163,814	14,451	178,265	-13.1%	-20.4%	-13.7%	
			596,579	62,339	658,918	536,988	66,030	603,018	-10.0%	5.9%	-8.5%	
2014	Dec	Admin	148,018	271	148,289	119,337	1,825	121,163	-19.4%	573.6%	-18.3%	Operational Efficiencies
		Commercial	-	-	-	-	-	-	0.0%	0.0%	0.0%	
		Distribution	321,382	52,031	373,413	265,344	46,800	312,144	-17.4%	-10.1%	-16.4%	
		Production	216,666	18,145	234,811	166,598	30,604	197,202	-23.1%	68.7%	-16.0%	
			686,065	70,448	756,513	551,279	79,229	630,508	-19.6%	12.5%	-16.7%	
Total 2014			7,686,365	680,195	8,366,560	7,013,043	1,017,835	8,030,878	-8.8%	49.6%	-4.0%	

Kentucky-American
Case No. 2015-00418
Monthly Payroll Variance Analysis
As of December 2015

Type of Filing: X Original Updated Revised

Workpaper Reference No(s): N/A

Schedule 4

Witness Responsible: Donald J. Petry

Year	Period	Employee Group	Monthly Budget Amount			Monthly Actual Amount			Variance			Reason
			Regular	Overtime	Total	Regular	Overtime	Total	Regular	Overtime	Total	
2015	Jan	Admin	142,169	477	142,646	114,327	1,037	115,364	-19.6%	117.5%	-19.1%	Operational Efficiencies
		Commercial	-	-	-	39,482	760	40,241	100.0%	100.0%	100.0%	
		Distribution	299,921	41,238	341,159	228,136	36,817	264,954	-23.9%	-10.7%	-22.3%	
		Production	217,167	20,365	237,532	170,972	30,972	201,944	-21.3%	52.1%	-15.0%	
			659,258	62,080	721,338	552,917	69,586	622,503	-16.1%	12.1%	-13.7%	
2015	Feb	Admin	129,245	477	129,722	111,583	1,349	112,932	-13.7%	182.9%	-12.9%	Operational Efficiencies
		Commercial	-	-	-	103,619	12,129	115,748	100.0%	100.0%	100.0%	
		Distribution	272,661	41,239	313,899	161,739	24,615	186,354	-40.7%	-40.3%	-40.6%	
		Production	197,427	20,366	217,792	171,848	27,716	199,564	-13.0%	36.1%	-8.4%	
			599,332	62,081	661,413	548,789	65,808	614,597	-8.4%	6.0%	-7.1%	
2015	Mar	Admin	142,169	477	142,646	111,083	1,273	112,356	-21.9%	167.0%	-21.2%	Operational Efficiencies
		Commercial	-	-	-	99,243	27,021	126,264	100.0%	100.0%	100.0%	
		Distribution	299,927	41,239	341,165	168,918	28,581	197,500	-43.7%	-30.7%	-42.1%	
		Production	217,169	20,366	237,535	175,290	25,041	200,331	-19.3%	23.0%	-15.7%	
			659,266	62,081	721,347	554,534	81,917	636,451	-15.9%	32.0%	-11.8%	
2015	Apr	Admin	146,150	490	146,640	113,976	558	114,534	-22.0%	13.8%	-21.9%	Operational Efficiencies
		Commercial	-	-	-	103,040	11,767	114,807	100.0%	100.0%	100.0%	
		Distribution	302,701	41,446	344,147	176,497	19,984	196,481	-41.7%	-51.8%	-42.9%	
		Production	220,768	20,552	241,320	168,989	34,882	203,871	-23.5%	69.7%	-15.5%	
			669,620	62,488	732,108	562,502	67,191	629,693	-16.0%	7.5%	-14.0%	
2015	May	Admin	139,507	490	139,997	171,974	708	172,682	23.3%	44.5%	23.3%	3 pay periods
		Commercial	-	-	-	157,988	26,316	184,304	100.0%	100.0%	100.0%	
		Distribution	288,942	41,446	330,388	268,716	48,186	316,902	-7.0%	16.3%	-4.1%	
		Production	210,734	20,552	231,285	249,369	46,171	295,540	18.3%	124.7%	27.8%	
			639,182	62,488	701,671	848,046	121,381	969,428	32.7%	94.2%	38.2%	
2015	Jun	Admin	146,150	490	146,640	128,086	288	128,374	-12.4%	-41.3%	-12.5%	Operational Efficiencies
		Commercial	-	-	-	92,868	15,558	108,426	100.0%	100.0%	100.0%	
		Distribution	302,701	41,446	344,147	176,826	23,228	200,054	-41.6%	-44.0%	-41.9%	
		Production	220,768	20,552	241,320	159,918	27,589	187,507	-27.6%	34.2%	-22.3%	
			669,620	62,488	732,108	557,698	66,663	624,361	-16.7%	6.7%	-14.7%	

Kentucky-American
Case No. 2015-00418
Monthly Payroll Variance Analysis
As of December 2015

Type of Filing: ☒ Original ☐ Updated ☐ Revised

Workpaper Reference No(s): N/A

Schedule 4

Witness Responsible: Donald J. Petry

Year	Period	Employee Group	Monthly Budget Amount			Monthly Actual Amount			Variance			Reason
			Regular	Overtime	Total	Regular	Overtime	Total	Regular	Overtime	Total	
2015	Jul	Admin	152,793	490	153,283	127,883	870	128,752	-16.3%	77.5%	-16.0%	Operational Efficiencies
		Commercial	-	-	-	87,217	14,483	101,700	100.0%	100.0%	100.0%	
		Distribution	316,460	41,446	357,906	178,203	31,361	209,564	-43.7%	-24.3%	-41.4%	
		Production	230,803	20,552	251,355	162,962	34,302	197,263	-29.4%	66.9%	-21.5%	
			700,057	62,488	762,545	556,264	81,015	637,280	-20.5%	29.6%	-16.4%	
2015	Aug	Admin	139,507	490	139,997	127,354	827	128,181	-8.7%	68.7%	-8.4%	Operational Efficiencies
		Commercial	-	-	-	89,226	15,254	104,480	100.0%	100.0%	100.0%	
		Distribution	288,942	41,446	330,388	176,632	40,183	216,815	-38.9%	-3.0%	-34.4%	
		Production	210,734	20,552	231,285	163,005	28,986	191,991	-22.6%	41.0%	-17.0%	
			639,182	62,488	701,671	556,217	85,250	641,467	-13.0%	36.4%	-8.6%	
2015	Sep	Admin	146,150	490	146,640	126,956	1,310	128,267	-13.1%	167.4%	-12.5%	Operational Efficiencies
		Commercial	-	-	-	92,947	12,873	105,820	100.0%	100.0%	100.0%	
		Distribution	302,701	41,446	344,147	174,191	39,684	213,875	-42.5%	-4.3%	-37.9%	
		Production	220,768	20,552	241,320	168,448	39,486	207,935	-23.7%	92.1%	-13.8%	
			669,620	62,488	732,108	562,543	93,354	655,896	-16.0%	49.4%	-10.4%	
2015	Oct	Admin	146,150	490	146,640	189,081	1,150	190,231	29.4%	134.6%	29.7%	3 pay periods
		Commercial	-	-	-	142,942	22,150	165,091	100.0%	100.0%	100.0%	
		Distribution	302,701	41,446	344,147	287,836	56,405	344,241	-4.9%	36.1%	0.0%	
		Production	220,768	20,552	241,320	248,601	42,642	291,242	12.6%	107.5%	20.7%	
			669,620	62,488	732,108	868,460	122,346	990,806	29.7%	95.8%	35.3%	
2015	Nov	Admin	139,507	490	139,997	121,115	922	122,037	-13.2%	88.2%	-12.8%	Operational Efficiencies
		Commercial	-	-	-	96,574	13,928	110,502	100.0%	100.0%	100.0%	
		Distribution	293,718	42,289	336,007	193,991	37,189	231,180	-34.0%	-12.1%	-31.2%	
		Production	212,841	20,894	233,735	167,313	24,487	191,800	-21.4%	17.2%	-17.9%	
			646,067	63,673	709,740	578,993	76,526	655,519	-10.4%	20.2%	-7.6%	
2015	Dec	Admin	152,793	490	153,283	121,904	1,485	123,388	-20.2%	203.0%	-19.5%	Operational Efficiencies
		Commercial	-	-	-	95,491	13,850	109,341	100.0%	100.0%	100.0%	
		Distribution	321,692	42,289	363,981	194,353	59,794	254,147	-39.6%	41.4%	-30.2%	
		Production	233,112	20,894	254,006	170,693	36,684	207,377	-26.8%	75.6%	-18.4%	
			707,597	63,673	771,270	582,441	111,813	694,254	-17.7%	75.6%	-10.0%	
Total 2015			7,928,420	751,004	8,679,425	7,329,406	1,042,850	8,372,255	-7.6%	38.9%	-3.5%	

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

Witness: Donald J. Petry

- 16.** Provide a complete copy of all wage, compensation, and employee benefits studies, analyses, and surveys that Kentucky-American has conducted, commissioned, or used.

Response:

Please see the compensation study by Willis Towers Watson that is attached to Mr. Robert Mustich's testimony filed with KAW's Application.

The Company has also used a wage band survey study prepared for its corporate parent and a Job Titling Rationalization project. The Company has further used an employee benefit study prepared for its corporate parent. The Company has filed a Petition for Confidential Treatment of these studies contemporaneously with these responses. The Company will provide copies of the study to all parties in this case upon execution of an appropriate confidentiality agreement.

ITEM 16
FILED UNDER SEAL PURSUANT TO PETITION FOR
CONFIDENTIAL TREATMENT FILED ON FEBRUARY 12, 2016

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

Witness: Kevin N. Rogers / Donald J. Petry

- 17.** State for each employee group the amounts, percentages of increase, and effective dates for general wage increases and, separately, for merit increases granted for calendar years 2009 through 2014, the base period, and the forecasted period.

Response:

2009	November 1, 2009	Outside Union	3.00%
	April 1, 2009	Non-bargaining	3.25%
2010	November 1, 2010	Outside Union	2.50%
	January 1, 2010	Non-bargaining	2.15%
2011	November 1, 2011	Outside Union	2.50%
	January 1, 2011	Non-bargaining	2.75%
2012	November 1, 2012	Outside Union	2.49%
	April 1, 2012	Non-bargaining	2.47%
2013	November 1, 2013	Outside Union	2.50%
	April 1, 2013	Non-bargaining	2.67%
2014	November 1, 2014	Outside Union	2.84%
	April 1, 2014	Non-bargaining	2.62%
2015	November 1, 2015	Outside Union	2.25%
	April 1, 2015	Non-bargaining	2.41%
Base Year			
12 Months Ending April 30, 2016			
	November 1, 2015	Outside Union	2.25%
	April 1, 2016	Non-bargaining	2.75%

Forecast Year

12 Months Ending August 31, 2017

November 1, 2016	Outside Union	2.00%
April 1, 2017	Non-bargaining	3.00%

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

Witness: Kevin N. Rogers / Donald J. Petry

18. a. Identify the amounts of incentive pay that are included in base year and forecasted labor. Describe the incentive pay plans and explain why such a plan is necessary and reasonable.
- b. List each Kentucky-American employee who is eligible to participate in the incentive pay program.
- c. State the level of incentive pay awarded to all individuals participating in the program for the previous five calendar years compared to the level of incentive pay available to each participant in the forecasted period.
- d. For the previous five calendar years, provide a comparison of the incentive pay that was budgeted to the actual amounts paid in each year. Include detailed explanations for any variance between the budgeted and actual payments.

Response:

- a. The amounts of incentive pay in the base year and performance pay in the forecasted year are \$339,017 and \$318,405, respectively.

To promote meeting company objectives, the Company offers compensation based on individual and company performance to eligible employees under American Water's Annual Performance Plan (APP) and Long Term Performance Plan (LTPP).

The Company's performance compensation plans contain tangible goals that are designed to do several things. First, they measure and reward employees for performance based on delivering clean, safe, reliable and affordable water service and providing good customer service when doing so. The operational components measure performance that can most directly influence customer satisfaction, health and safety, environmental performance, and operational efficiency. Customers derive a direct benefit from our focus on these key measures in the plan. Further, well-grounded financial measures keep the organization focused on improved performance at all levels of the organization, particularly in increasing efficiency, decreasing waste, and boosting overall productivity. The Company's compensation is not only a means of focusing its employees on the organization's goals, but also a means of measuring attainment of those goals.

A financially healthy utility focused on efficiency and customer satisfaction is able to attract the capital investments necessary to provide safe and reliable service and to maintain the technological expertise necessary to operate the company and comply with increasing water quality standards. A financially healthy utility is very much in the interest of KAWC's customers, as it helps ensure KAWC the ability to provide safe and reliable service at the lowest reasonable cost.

Most important, the evidence in this case demonstrates that, even with performance payments, our overall non-bargaining unit compensation is below the 50th percentile ranking. Consequently, all of our performance plans are necessary to attract and retain employees. Furthermore, the LTPP component is vital to retain employees who might otherwise seek higher compensation elsewhere but who are provided an incentive to remain with the Company. The retention of a highly trained and demonstrably effective and productive workforce is, without question, in the best interest of our customers.

Please see the attached 2015 annual incentive plan brochure. The Company will supplement this response with the 2016 annual performance plan brochure once it is completed.

- b. Please refer to Workpaper 3-1.
- c. Please see the attached confidential information regarding individual compensation for KAW employees by title. KAW is requesting Confidential Treatment of the individual information with these responses. The Company will provide copies of the information to all parties in this case upon execution of an appropriate confidentiality agreement.
- d. Please see the attached schedules.



AMERICAN WATER

2015 Annual Incentive Plan

Table of Contents

1 THE 2015 ANNUAL INCENTIVE PLAN (AIP)

- 1 Plan Overview
- 2 Eligibility
- 2 Why Is the Plan Based on Individual Performance?

2 DETERMINING AIP AWARDS

- 3 Step 1: Determine the total dollar amount of all AIP targets.
- 3 Step 2: Calculate the award pool based on overall corporate performance, taking into account any adjustments.
- 3 Step 3: Allocate overall corporate funding to organizational groups/functional areas, based on organizational group/functional area results.
- 5 Step 4: Determine AIP award based on individual performance and manager's discretion, awards are paid from available organizational group/functional area funding.

6 WHAT THE 2015 AIP MEANS FOR YOU

- 6 Performance Ratings
- 7 Award Funding Determination
- 8 Receiving Your AIP Award

9 FREQUENTLY ASKED QUESTIONS

10 ATTACHMENT A: 2015 AIP FINANCIAL PAYOUT CURVE

11 ATTACHMENT B: 2015 AIP NON-FINANCIAL PERFORMANCE MEASURES

- 11 Customer
- 13 Technology & Operational Efficiency
- 15 Safety
- 17 People

18 ATTACHMENT C: INCENTIVE PLAN TARGETS

THE 2015 ANNUAL INCENTIVE PLAN (AIP)

Plan Overview

- At American Water, performance counts. We rely on our employees' knowledge and skills to help the company achieve its business objectives. As such, we strongly believe employees should share in the rewards when American Water meets or exceeds its business objectives and that those rewards should be reflective of individual performance.
- Please read this brochure to learn about how the AIP can reward you for achievement of the company's strategic goals around Customers, Safety, People, Growth, Technology and Operational Efficiency. We believe the measures used in computing the AIP collectively provide a strong indication of our overall performance and, therefore, effectively tie pay to performance.
- The AIP is designed to give eligible exempt employees an annual opportunity to earn a cash award recognizing and rewarding their contributions to the company's success. This means company and individual performance are both taken into account to determine cash awards under the plan.
- The AIP for 2015 is similar to last year, and directly ties the amount of available cash for AIP awards to company performance against specific measures. For 2015, performance measures have expanded to include a more robust link to our strategic goals. Measures were expanded to focus on our customers, a strong attention to safety and water quality, environmental compliance and enhanced business literacy.
- Employee performance continues to play a large role in determining the amount of an individual's award. Those who exceed their performance targets could receive an award above your target. Conversely, employees who under perform and do not meet their performance goals could receive reduced awards or no award. The AIP is designed to challenge and motivate performance and promote the creation of value to the customer and stockholder.
- For definition purposes the "plan year" for 2015 AIP is January 1 through December 31, 2015.

ELEMENTS OF THE PLAN

- AIP award pool funding is based on overall corporate performance against specific financial and non-financial performance goals (represented by the Corporate Multiplier).
- For 2015, a financial threshold of 90% of the company's performance target must be achieved to fund the plan. The funded pool will then be allocated across organizational groups and functional areas. Allocation reflects organizational group/functional area results and is subject to senior management's discretion.
- Individual award payments will be based on available organizational group/functional area funding, achievement of established individual performance goals, as well as manager's discretion.
- Your Target Award (target award opportunity) is expressed as a percentage of base salary (See Attachment C). Actual award opportunity may be lower or higher than target depending on company and individual performance against specific goals.
- Individual performance is assessed by your manager and measured against your achievement of performance goals. The Individual Performance Factor range is 0%–200%. Individual awards are capped at 200% of an employee's AIP target. This cap includes any payment made under the AIP Plan.
- Your AIP will be distributed as a cash award in March 2016. You must be actively employed with American Water on the date awards are paid to receive your 2015 AIP payment. You (or your beneficiary) may be eligible for a pro rata award due to divestiture, or if you are disabled, retire, die or are involuntarily terminated (not "for Cause") on or after July 1, 2015. Retirement under this plan is age 55 and 10 total years of employment service. In the event of an involuntary termination "for Cause", you would not be eligible to receive an award.

Eligibility

- You are eligible for an AIP award opportunity if you are a regular, full-time exempt employee of American Water hired on or before September 30, 2015.
 - If you are hired after January 1, 2015, your AIP award will be calculated on a prorated basis based on your date of hire.
 - Employees on Leaves of Absence may be eligible to receive an AIP award. To confirm eligibility, please contact your Human Resources Business Partner.
- If you are promoted, transferred or reclassified during the plan year to a position with a higher or lower AIP target level, your award will be based on your new salary and target level as of December 11, 2015. However, ML4s and above will be prorated based on time spent at each salary and target level.
- You must be an active employee with American Water on the date the payment is made to receive your award. You (or your beneficiary) may be eligible for a pro rata award due to divestiture, or if you are disabled, retire, die or are involuntarily terminated (not “for Cause”) on or after July 1, 2015. Retirement under this plan is age 55 and 10 total years of employment service.
- You are not eligible for an AIP award if:
 - you transferred from nonexempt to exempt status on or after September 30, 2015
 - you transferred from exempt status to nonexempt status anytime during the current plan year (calendar year)
 - your job was reclassified to nonexempt status prior to December 11, 2015
 - your performance rating was “Unacceptable”
 - you have not complied with the company’s annual Code of Ethics certification by the established deadline
 - your employment was terminated “for Cause”

Why Is the Plan Based on Individual Performance?

Since the value and success of our business depend on the achievement of annual company and individual performance goals, American Water recognizes the need to differentiate and reward the performance of employees who enable us to reach these goals. The AIP is designed to ensure that awards are directly tied to measurable contributions — both company and individual — to American Water’s success.

DETERMINING AIP AWARDS

AIP awards depend on overall corporate performance, your organizational group/functional area results (which determine award pool funding), your individual performance, and your manager’s discretion.

AIP awards will be determined according to the following four-step process:

- **Step 1:**
- **Step 2:**
- **Step 3:**
- **Step 4:**

Step 1: Determine the total dollar amount of all AIP targets

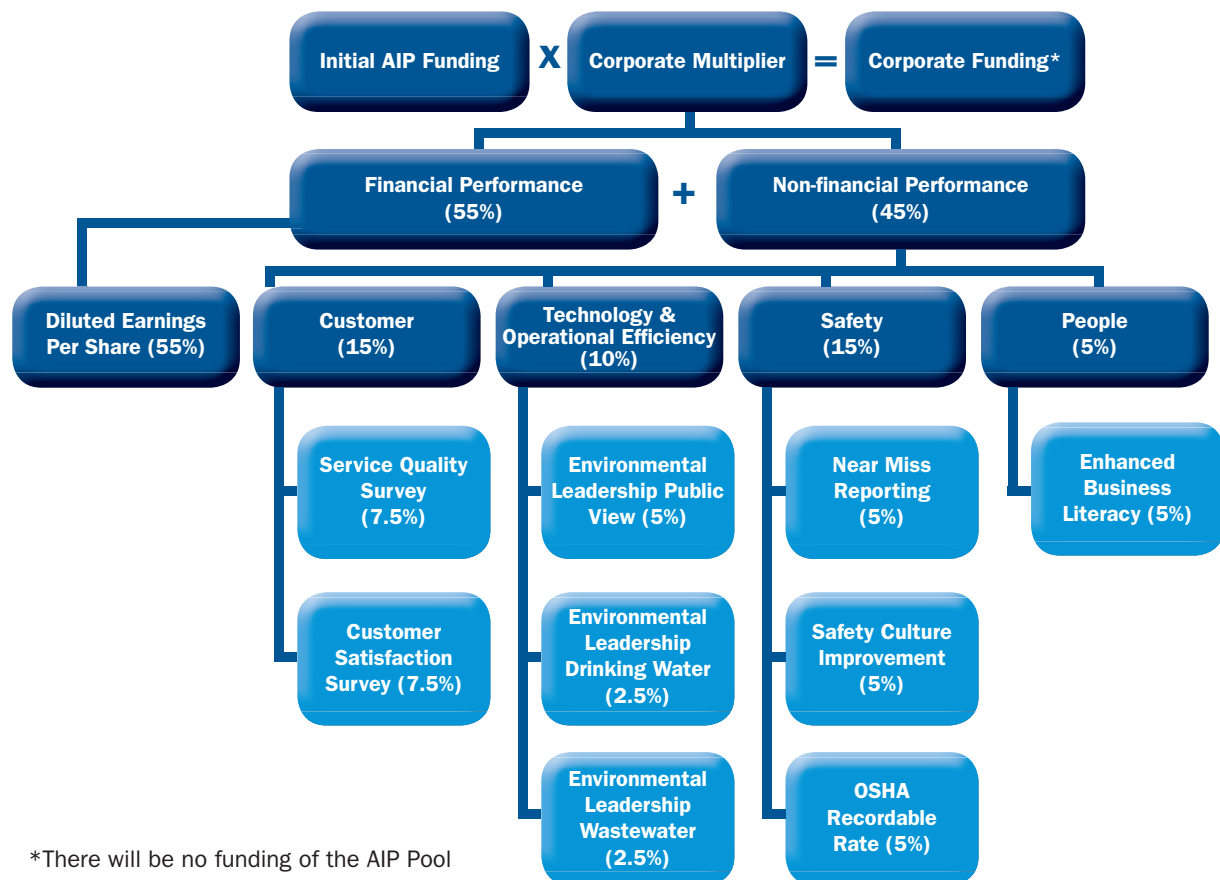
At the end of each plan year, Finance and Compensation determine the total dollar amount of all eligible employees' AIP awards, based on each target award opportunity. This total is used as the initial basis for determining the overall pool.

Step 2: Calculate the award pool based on overall corporate performance

The AIP funding will depend on how well the company achieves its weighted financial and non-financial goals. A predetermined financial threshold for company performance must be met in order to fund the plan and pay awards under the AIP.

The weighted financial and non-financial measures are added together to determine the Corporate Multiplier. Certain financial thresholds must be met for the plan to be funded. The Corporate Multiplier can range from 0% to 150% depending on how well the company performed against the weighted financial and non-financial goals described below and on the following page. The Corporate Multiplier may be adjusted at the discretion of the Board of Directors.

OVERALL CORPORATE PERFORMANCE



- **Financial Measure (Weighted 55%)**

- **Diluted Earnings Per Share (EPS)** is a widely tracked measure of financial performance/profitability, and is calculated as follows:

$$\begin{array}{ccc}
 \text{Net Income to Common Stockholders} & \div & \text{Average Outstanding Shares (including dilutive securities such as stock options)} \\
 & & = \text{Diluted Earnings per Share}
 \end{array}$$

- **2015 Diluted EPS must be at least 94.2% of target** for any financial funding and award to be provided under the AIP.
- **Non-financial Measures (Weighted 45%)***
- For 2015, the company's non-financial performance will be measured as follows:
 - **2015 EPS must be at least 90% of target** for funding of any award to be provided under the non-financial performance measures.

Customer

- Service Quality Survey (7.5%)
- Customer Satisfaction Survey (7.5%)

Technology & Operational Efficiency

- Environmental Leadership Public View (5.0%)
- Environmental Leadership Drinking Water (2.5%)
- Environmental Leadership Wastewater (2.5%)

Safety

- Near Miss Reporting (5.0%)
- Safety Culture Improvement (5.0%)
- OSHA Recordable Rate (5.0%)

People

- Enhanced Business Literacy (5.0%)

* These outcomes are based on a combination of surveys, end-of-year results, data and other annual reports (For more details on these performance measures, see Attachment B at the back of this brochure).

Step 3: Allocate overall corporate funding to organizational groups/functional areas, based on organizational groups/functional area results

Once the overall corporate funding is determined as described under Steps 1 and 2, senior management will allocate the corporate funding to American Water's organizational groups and functional areas based on the performance of each group. The funding for each organizational group/functional area may be increased or decreased to reflect specific organizational group/functional area results, subject to senior management's discretion.

Step 4: Determine individual AIP award

Your AIP target award (your award opportunity) is based on the salary level of your job and is expressed as a percentage of your base salary. Your actual award may be higher or lower than target depending on whether individual and company performance goals have been met, your organizational group/functional area's results and your manager's discretion. Contact your manager for information on your individual AIP target award.

Your Individual Performance Factor (IPF) can range from 0% to 200%, depending on your performance for the plan year and the amount of organizational group/functional area funding available, and your management's discretion. The IPF will then be multiplied by your individual target award to determine your AIP award. Individual awards will be capped at 200% of target. The sum of all individual awards within a given organizational group/functional area must not exceed its allocated pool of dollars.

INDIVIDUAL PERFORMANCE FACTOR (IPF)

Your individual performance factor is based on (a) your performance against specific goals, and (b) the amount of organizational group/functional area funding available, and c) your manager's discretion.



*The sum of all individual AIP awards for a specific organizational group/functional area must not exceed the funding allocated.

WHAT THE 2015 AIP MEANS FOR YOU

Performance Ratings

Each year, you and your manager identify high priority and challenging performance goals, which represent where you can directly impact the company's success. These performance goals and their weightings should be specific, measurable and aligned with the company's strategic goals. During your year-end performance review, you and your manager will discuss how well you performed against your established goals. Your manager will rate your performance using one of the following performance ratings listed below.

Later, during the AIP process, your manager will use your rating, the organizational group/functional area performance, and their discretion to determine your Individual Performance Factor. Your individual performance factor will determine the total value of your AIP award.

2015 PERFORMANCE RATING SCALE	
RATING	DESCRIPTION
EXCEPTIONAL	Contributions are widely recognized as extraordinary. Results far exceed all defined expectations, producing important and substantial impact on the company, division, operating company or function.
HIGHLY EFFECTIVE	Contributions are recognized as distinguished. Results exceed all or most expectations, producing a tangible and material impact on the company, division, operating company or function.
COMMENDABLE	Contributions are recognized as meaningful. Results meet, and in some cases exceed expectations, producing a positive and desirable impact on the company, division, operating company or function.
NEEDS IMPROVEMENT	Contributions are recognized as limited. Results generally meet but in some cases fall short of expectations, producing inconsistent and marginal impact on the company, division, operating company or function.
UNACCEPTABLE	Contributions are recognized as unsatisfactory. Results fall considerably short of expectations, producing negligible or no impact on the company, division, operating company or function.

Award Funding Determination

Below are three scenarios that demonstrate how AIP funding may be calculated:

AIP FUNDING EXAMPLE

TOTAL AIP FUNDING* **\$20,000,000**
TOTAL AIP FUNDING FOR ORGANIZATIONAL GROUP* **\$ 2,000,000**

* The total is the sum of the target awards for all eligible employees.

The Performance Factors are expressed as a percent.

	SCENARIO 1	SCENARIO 2	SCENARIO 3
Diluted earnings per share	\$2.63	\$2.45	\$2.44
Financial Performance Factor	1.15	.25	0
Non-financial Performance Factor	.90	1.00	1.35
	\$20,800,000	$\$20,000,000 \times .59 =$ \$11,800,000	$\$20,000,000 \times .61 =$ \$12,200,000
STEP 2: Corporate funding is distributed to organizational group/functional areas based on performance			
	\$20,800,000	\$11,800,000	\$12,200,000

* EPS payout percent = 0%

Both company and individual performance impacts your final award. Also, remember the sum of individual awards for a specific organizational group/functional area cannot exceed the funding allocated to that organizational group/functional area.

Please discuss the AIP with your manager to ensure you clearly understand the plan and how your performance impacts your potential award.

Receiving Your AIP Award

Awards are expected to be paid in cash no later than March 15, 2016. If you are eligible for an award payment, please keep in mind that:

- You must be actively employed with the company on the date of payment (unless you meet certain eligibility requirements as defined under the section titled “Eligibility”).
- The award will be based on your annual base salary as of December 11, 2015 (except ML4 and above, see section titled “Eligibility”) subject to all federal, state and local income tax withholdings.
- The American Water board of directors or its Designee has the right to adjust the award determination(s) and/or award payments at its discretion.

The contributions you make to American Water’s success throughout the year ultimately impact the amount of your total award. Be sure to carefully review this brochure, then speak with your manager about the AIP and about what you can do to improve your performance and share in the financial rewards of American Water’s success.

FREQUENTLY ASKED QUESTIONS

How does the plan reward performance?

The AIP allows us to differentiate and reward the performance of employees who contribute to the achievement of the company's goals. The AIP directly ties awards to measurable contributions to American Water's success.

Who is eligible for the AIP?

All regular, full-time exempt employees hired on or before September 30, 2015, are eligible to participate. If you join American Water after January 1, 2015, but before September 30, 2015, your AIP award will be prorated based on your date of hire.

What do I have to do to receive an AIP award?

Any award will depend largely on your performance, on company, organizational group/functional area performance (including both financial and non-financial), which determines funding, and your manager's discretion.

If your performance is rated "Needs Improvement" or higher, you may be eligible to receive an award — but only if threshold company performance measures have been met. If your performance rating is "Unacceptable," you will not receive an award. To maximize your award opportunity, it's important to meet with your manager to establish measurable performance goals, and work towards achieving those goals.

How is my AIP target award opportunity determined? How can I find out what it is?

Your AIP target award opportunity is based on the salary level of your job and is expressed as a percentage of your base salary. Please see Attachment C or speak with your manager to learn more about your target award opportunity.

How will my AIP award be determined?

The size of the pool that funds your award is determined based on overall corporate performance and adjusted to reflect specific organizational group/functional area results. AIP funding for all eligible employees will depend on the company and organizational group/functional area achieving its non-financial operational goals as well as financial goals. Once organizational group/functional area funding is established, your AIP award will be paid out of that pool based on your manager's assessment of your performance and their discretion.

What is the minimum and maximum that could be paid under the plan (as a percent of target)?

AIP awards can range from zero, to a maximum of an Individual Performance Factor of 200% of your target award opportunity. Total payments are capped at 200% of AIP target award.

How will my AIP award be paid?

AIP payments will be paid through your payroll and subject to tax withholding. You will receive payment in accordance with how you receive your normal paycheck, i.e. direct deposit or live check.

Will I receive an award if I meet my individual performance goals but the company does not achieve minimum (threshold) performance?

A predetermined financial threshold for company performance must be met for funding to be available and for you to be eligible to receive an AIP award.

What happens if I leave American Water before I receive my award payment?

To receive the award payment, you must be actively employed with American Water on the date the payment is to be made. You (or your beneficiary) may be eligible for a pro rata award due to divestiture, or if you are disabled, retire, die, involuntarily terminate (not "for Cause") on or after July 1, 2015. (Retirement under this plan is age 55 and 10 total years of employment service.) Employees involuntarily terminated "for Cause" would not be eligible.

What happens if I change job positions or I receive a merit increase within American Water during the plan year?

In either scenario, your AIP award will be based on your base salary and target level percentage as of December 11, 2015. Only ML4s and above will be prorated at each salary and target level.

ATTACHMENT A

2015 AIP FINANCIAL PAYOUT CURVE

DILUTED EARNINGS PER SHARE (55%)

For 2015, financial targets include diluted earnings per share within a target range of \$2.45 to \$2.67. American Water also seeks to retain and optimize value from existing customers and acquire new customers, consistently evaluating growth opportunities to meet or exceed business targets.

DILUTED EARNINGS PER SHARE (EPS)	ACHIEVED % PAYOUT
\$2.67	150%
\$2.66	145%
\$2.65	135%
\$2.64	125%
\$2.63	115%
\$2.60	100%
\$2.57	85%
\$2.54	70%
\$2.51	55%
\$2.48	40%
\$2.45	25%
\$2.44	0%

ATTACHMENT B

2015 AIP NON-FINANCIAL PERFORMANCE MEASURES (45%)

CUSTOMER (15%)

This group of measures assesses overall customer satisfaction through American Water's customer market research using questions from customer surveys pertaining to Service Quality and Customer Satisfaction.

Service Quality Survey (7.5%)

The Service Quality Survey (SQS) is conducted throughout the year for customers requesting service resulting in completion of a service order by a Field Service Representative (FSR). The score is based on the survey question "Overall, how satisfied are you with the outcome of your service contract?," which has a five-point response scale (Extremely Satisfied, Very Satisfied, Somewhat Satisfied, Somewhat Dissatisfied and Very Dissatisfied). The target for extremely or very satisfied customers is 87%.

SERVICE QUALITY SURVEY (% in top three boxes)	AWARD
95%	150%
93%	140%
91%	130%
90%	120%
88%	110%
87%	100%
85%	90%
83%	80%
80%	70%
78%	60%
75%	50%
74%	0%

ATTACHMENT B (CONT.)

Customer Satisfaction (7.5%)

Customer satisfaction scores are obtained through a customer survey containing the question, “Overall, how satisfied have you been with (Company Name) in general during the past 12 months?,” which has a five-point response scale (Extremely Satisfied, Very Satisfied, Somewhat Satisfied, Somewhat Dissatisfied and Very Dissatisfied). Response percentages in the top three categories are indicative of overall customer satisfaction levels with a set target of 91%.

CUSTOMER SATISFACTION	AWARD
96%	150%
95%	140%
94%	130%
93%	120%
92%	110%
91%	100%
90%	90%
89%	80%
88%	70%
87%	60%
86%	50%
85%	0%

ATTACHMENT B (CONT.)

TECHNOLOGY & OPERATIONAL EFFICIENCY (10%)

To determine environmental compliance, American Water will use three measures – Customer View of Water Quality, Notices of Violation (NOVs), and Wastewater Overflow and End of Pipe Non-Compliant events. These measures will be used to assess Environmental Compliance/Leadership.

Environmental Leadership Public View (5%)

Environmental Leadership Public View is the measurement of the annual average score of three survey items: taste and odor, water clarity and water pressure. The targeted average score is 77%.

ENVIRONMENTAL LEADERSHIP PUBLIC VIEW	AWARD
82%	150%
81%	140%
80%	130%
79%	120%
78%	110%
77%	100%
75%	90%
73%	80%
70%	70%
68%	60%
65%	50%
64%	0%

Environmental Leadership Drinking Water (2.5%)

For determining environmental compliance, American Water will count the Notice of Violations (NOVs) for which the company is responsible as described in the Environmental Non-Compliance Reporting Practice. American Water's NOV target is 10, with the desire to be less.

ENVIRONMENTAL LEADERSHIP DRINKING WATER (No. of NOVs)	AWARD
5	150%
6	140%
7	130%
8	120%
9	110%
10	100%
12	90%
13	80%
14	70%
15	60%
16	50%
17	0%

ATTACHMENT B (CONT.)

Environmental Leadership Wastewater (2.5%)

Environmental Leadership Wastewater is a measurement of the number of annual wastewater non-compliance events. American Water's target is 350, with the desire to be less.

ENVIRONMENTAL LEADERSHIP WASTEWATER	AWARD
300	150%
310	140%
320	130%
330	120%
340	110%
350	100%
370	90%
390	80%
410	70%
430	60%
449	50%
450	0%

ATTACHMENT B (CONT.)

SAFETY (15%)

Safety performance will be assessed using three measures – Near Miss Reporting (NMR), improving safety culture, and OSHA Recordable Incident Rate (ORIR). Each of these measures is detailed below. These three measures Near Miss Reporting, Safety Culture and ORIR will be used to assess company safety performance.

Near Miss Reporting (5%)

Near Miss Reporting is the measurement of the percentage increase in near miss reports in Q4 over the Q1 baseline. Targeted increase is 20%.

NEAR MISS REPORTING	AWARD
30%	150%
28%	140%
26%	130%
24%	120%
22%	110%
20%	100%
18%	90%
16%	80%
14%	70%
12%	60%
10%	50%
9%	0%

Safety Culture Improvement (5%)

Safety Culture Improvement is the measurement of the percentage of improvement in the year-end survey compared to year-begin baseline. Target is a 10% improvement in survey scores.

SAFETY CULTURE IMPROVEMENT	AWARD
15%	150%
14%	140%
13%	130%
12%	120%
11%	110%
10%	100%
8%	90%
7%	80%
6%	70%
5%	60%
4%	50%
3%	0%

ATTACHMENT B (CONT.)

OSHA Recordable Rate (5%)

OSHA Recordable Incident Rate (ORIR) measures injuries and illnesses requiring treatment beyond first aid per 200,000 hours worked. This goal has been set at a rate of 2.75, with the desire to be less.

ORIR	AWARD
2.55	150%
2.59	140%
2.63	130%
2.67	120%
2.71	110%
2.75	100%
2.83	90%
2.91	80%
2.99	70%
3.07	60%
3.15	50%
3.16	0%

ATTACHMENT B (CONT.)

PEOPLE (5%)

This metric focuses on enhancing employees' engagement. Employee engagement and customer satisfaction are integrally connected.

Enhanced Business Literacy (5%)

Enhance Business Literacy is the total percentage of first and second level management that have participated in business literacy, values and leadership training. Target is to train 95% of first and second level managers.

ENHANCED BUSINESS LITERACY	AWARD
100%	150%
99%	140%
98%	130%
97%	120%
96%	110%
95%	100%
90%	90%
85%	80%
80%	70%
77%	60%
75%	50%
74%	0%

ATTACHMENT C

2015 ANNUAL INCENTIVE PLAN TARGETS

Exempt Positions

GRADE	AIP%
ML4	30%
L5-L6	20%
L7	15%
L8-L9	10%
L10-L12	5%



AMERICAN WATER

1025 Laurel Oak Road
Voorhees, NJ 08043

ITEM 18(c)

**FILED UNDER SEAL PURSUANT TO PETITION FOR
CONFIDENTIAL TREATMENT FILED ON FEBRUARY 12, 2016**

**Kentucky American Water Company
Incentive History**

		2010 Plan	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 (2)
Actual	AIP	401,308	464,678	315,161	173,906	240,880	
	LTIP	5,310	25,297	3,662	6,582	6,068	
	Total Incentive	406,617	489,975	318,823	180,488	246,947	-
Budget	AIP	368,786	335,941	360,912	275,132	268,586	379,861
	LTIP	25,848	27,336	79,752	69,012	106,227	72,655
	Total Incentive	394,634	363,277	440,664	344,144	374,813	452,516
Variance		11,983	126,698	(121,841)	(163,657)	(127,866)	
Variance		3%	35%	-28%	-48%	-34%	
Explanation #		1	2	3	4	5	

Note: (1): AIP for a calendar year is paid in March of the following year, for example the 2010 AIP was paid in March of 2011.

(2): Schedule will be updated when the 2015 AIP payment is made in March 2016.

Explanations:

- 1 The 2010 award was essentially on budget for the year. Higher levels of AIP award due to excellent performance by the company was offset by lower than budget LTIP award.
- 2 The 2011 AIP was substantially over plan due to a significant level of high performance on operating metrics including customer satisfaction, environmental protection and sustainability, and employee safety.
- 3 The 2012 AIP was lower due to a number of vacancies during the year.
- 4 The 2013 AIP was lower due to a number of vacancies during the year and the company did not meet or was below its targets for the year.
- 5 The 2014 AIP was lower due to a number of vacancies during the year.

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

Witness: Donald J. Petry

- 19.** a. Provide complete details of each early retirement plan and employee-reduction program that Kentucky-American or American Water Works Company ("American Water") intends to offer to its employees during the base period and the forecasted test period.
- b. For each program listed above, provide all cost-benefit analyses or studies upon which the program is based.

Response:

- a. Neither Kentucky-American nor American Water Works Company has offered or currently intends to offer any type of early retirement plan or other employee reduction program to its employees during the base period and the forecasted test period.
- b. Not applicable.

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

Witness: Donald J. Petry

20. a. List all fringe or other employee benefits available to Kentucky-American employees and indicate which benefits, if any, are limited to management employees.
- b. For each benefit listed above, state the expected cost of each benefit in the base period and the forecasted test period and its historical cost for each of the five years preceding the base period.
- c. List each change in fringe or other employee benefits or the availability of such benefits that has occurred within five years of the start of the base period.

Response:

- a. Benefits available to all Kentucky American employees include: 1) Group Health Coverage; 2) Group Dental Coverage; 3) Prescription Drug Coverage; 4) Group Vision Coverage; 5) Group Term Life Insurance, 6) Voluntary Group Term Life Insurance for Employee, Spouse and Children (additional contribution required); 7) Employee Assistance Plan; and 8) Disability Income Plan (Short Term). For details of these benefits please see attachments to the response to Item 24 of this same data request.

Also available to all Kentucky American employees: 9) Defined Benefit Pension Plan (eligibility requirements apply); 10) Post Retirement Health Care Plan (eligibility requirements apply); 11) Defined Contribution Pension Plan (for employees not eligible for Defined Benefit Plan); 12) 401K Company Match; 13) Paid time off (vacation, holiday, sick time, etc. which varies depending on years of service); 14) Paid Holidays (varies depending on subsidiary company and on union contract if union); 15) Education Assistance Plan; 16) A "Reserved Share" program for all employees and retirees as a part of the Initial Public Offering undertaken by American Water Works Company, Inc. in April, 2008 and an 17) Employee Stock Purchase Plan.

Finally an Employee Stock Plan was initiated in conjunction with the 2008 Initial Public Offering of publicly traded equity of American Water Works Company, Inc.

b. Please see the attached.

c. Benefit changes and availability within the past 5 years are:

▪ **Changes Effective in 2011**

Medical Benefits:

- ☐ Eliminated Standard PPO, Premium PPO and EPO and replaced them with a new PPO.
- ☐ Increased out-of-pocket maximum
- ☐ Change in co-insurance to: 80% in-network and 20% out-of-network
- ☐ Increased premium costs
- ☐ Changed from co-pay for mail order prescriptions to co-insurance
- ☐ Dental/Vision plan no longer included with medical plan for non-union employees
- ☐ No co-insurance for generic prescriptions
- ☐ Eliminated cash credit for the opt-out option available to union employees
- ☐ Removed limit on lifetime limit for hospice care

Dental coverage:

- ☐ Higher annual maximum limit
- ☐ Eliminated orthodontia for adults
- ☐ Major service benefit coinsurance changed from 80% to 50% coverage
- ☐ Change in premium costs

Health Care Reform Changes

- ☐ Age 26 limit for dependent children
- ☐ Health Care Flexible Spending Account – no longer includes over-the-counter medications without a prescription from the physician
- ☐ Enhanced preventive care

Other Enhancements

- ☐ Same-sex domestic partner coverage and same-sex domestic partner children coverage for medical/prescription, dental/vision, voluntary life insurance
- ☐ Short Term Disability Benefits
 - the benefit amount is now 70% (union population only)
 - maximum period is up to 52 weeks
- ☐ Savings Plan limits changed to coincide with revised IRS limits
- ☐ Employee Stock Purchase Plan expanded to union population

▪ **Changes Effective in 2012**

- ☐ Change in disability vendor from Aetna to MetLife
- ☐ Change in premium costs for medical/prescription, dental/vision and supplemental life insurance
- ☐ Increase in out-of-pocket maximum for medical coverage
- ☐ Changes to Savings Plan investment options

- ☐ Savings Plan limits changed to coincide with revised IRS limits
- **Changes Effective in 2013**
 - ☐ Change in premium costs for medical/prescription, dental/vision and supplemental life insurance
 - ☐ Enhanced women's preventive services
 - ☐ Savings Plan limits changed to coincide with revised IRS limits
- **Changes Effective in 2014**
 - ☐ Change in premium costs for medical/prescription, dental/vision and supplemental life insurance
 - ☐ Increased in-network out-of-pocket maximum
 - ☐ Increased out-of-network deductible
 - ☐ Change in prescription administrator to CVS Caremark
 - ☐ Savings Plan limits changed to coincide with revised IRS limits
- **Changes Effective in 2015**
 - ☐ Change in premium costs for medical/prescription, dental/vision and supplemental life insurance
 - ☐ Reduced out-of-pocket maximum
 - ☐ "Eligible child" expanded to children until they turn 26
 - ☐ Savings Plan limits changed to coincide with revised IRS limits

Kentucky American Water Company
Response to KAW_R_PSCDR1_NUM020

	12 Mo End April 2011	12 Mo End April 2012	12 Mo End April 2013	12 Mo End April 2014	12 Mo End April 2015	Base Year	Forecast Year
Group Insurance	\$1,426,389	\$1,437,128	\$1,240,840	\$1,159,954	\$1,165,225	\$1,151,971	\$1,342,269
Pension	1,032,982	960,842	948,835	621,912	370,663	630,347	602,070
PBOP	817,346	657,029	627,473	456,459	348,008	505,481	581,184
401k	126,187	130,803	121,536	110,198	121,262	153,570	172,352
DCP	130,300	155,714	157,179	127,632	143,855	161,331	201,208
Retiree Medical	10,662	8,574	8,889	7,000	8,526	11,087	16,668
ESPP	4,507	9,855	9,442	9,768	11,303	10,652	7,799
Performance Plan	419,297	638,652	307,913	294,424	339,115	339,017	318,405
	<u>\$3,967,670</u>	<u>\$3,998,597</u>	<u>\$3,422,107</u>	<u>\$2,787,346</u>	<u>\$2,507,957</u>	<u>\$2,963,456</u>	<u>\$3,241,956</u>

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

Witness: Donald J. Petry

- 21.** List separately the budgeted and actual number of full-and part-time employees by employee group, by month and by year, for the five years immediately preceding the base period, the base period, and the forecasted period.

Response:

Please refer to the attached schedules.

Kentucky Amerian Water Company

Response to PSC DR 1-21

Note: All employees are full-time

Forecast Year

	2016								2017															
	September		October		November		December		January		February		March		April		May		June		July		August	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Production	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43	43
Distribution	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50
Commercial	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24
Admin & General	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21
	138	138	138	138	138	138	138	138	138	138	138	138	138	138	138	138	138	138	138	138	138	138	138	138

Base Year

	2015																2016							
	May (ACT)		June (ACT)		July (ACT)		August (ACT)		September (ACT)		October (ACT)		November (BUD)		December (BUD)		January (BUD)		February (BUD)		March (BUD)		April (BUD)	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Production	38	43	39	43	40	43	40	43	39	43	39	43	43	43	43	43	43	43	43	43	43	43	43	43
Distribution	43	50	43	50	43	50	44	50	49	50	48	50	50	50	50	50	50	50	50	50	50	50	50	50
Commercial	24	24	23	24	22	24	22	24	23	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24
Admin & General	22	21	22	21	22	21	22	21	22	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21
	127	138	127	138	127	138	128	138	133	138	132	138	138	138	138	138	138	138	138	138	138	138	138	138

5 Years Preceding Base Period

	2014																2015							
	May		June		July		August		September		October		November		December		January		February		March		April	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Production	41	46	40	46	38	46	38	46	39	46	39	46	39	46	39	46	40	43	41	43	40	43	40	43
Distribution	63	71	63	71	63	71	62	71	60	71	61	71	63	71	65	71	56	50	42	50	43	50	43	50
Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	24	25	24	25	24	25	24
Admin & General	22	22	18	22	19	22	20	22	22	22	23	22	24	22	22	22	21	21	19	21	19	21	19	21
	126	139	121	139	120	139	120	139	121	139	123	139	126	139	126	139	127	138	127	138	127	138	127	138

	2013																2014							
	May		June		July		August		September		October		November		December		January		February		March		April	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Production	42	46	41	46	41	46	41	46	41	46	42	46	41	46	40	46	40	46	41	46	41	46	40	46
Distribution	64	71	65	71	64	71	64	71	64	71	64	71	64	71	64	71	63	71	63	71	63	71	63	71
Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Admin & General	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	23	22
	128	139	128	139	127	139	127	139	127	139	128	139	127	139	126	139	125	139	126	139	126	139	126	139

	2012																2013							
	May		June		July		August		September		October		November		December		January		February		March		April	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Production	41	53	39	53	42	53	41	53	41	53	42	53	42	53	43	53	43	46	43	46	43	46	42	46
Distribution	68	70	68	70	68	70	67	70	67	70	65	70	64	70	64	70	64	71	64	71	63	71	64	71
Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Admin & General	21	23	21	23	21	23	20	23	20	23	20	23	20	23	20	23	20	22	20	22	20	22	21	22
	130	146	128	146	131	146	128	146	128	146	127	146	126	146	127	146	127	139	127	139	126	139	127	139

Kentucky Amerian Water Company

Response to PSC DR 1-21

Note: All employees are full-time

	2011																2012							
	May		June		July		August		September		October		November		December		January		February		March		April	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
	43	44	43	44	42	44	43	44	43	44	42	44	44	44	44	44	43	53	41	53	41	53	43	53
Production	43	44	43	44	42	44	43	44	43	44	42	44	44	44	44	44	43	53	41	53	41	53	43	53
Distribution	75	81	73	81	72	81	71	81	72	81	71	81	71	81	71	81	71	70	72	70	71	70	69	70
Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Admin & General	26	27	25	27	25	27	25	27	24	27	25	27	25	27	24	27	24	23	23	23	23	23	27	23
	144	152	141	152	139	152	139	152	139	152	138	152	140	152	139	152	138	146	136	146	135	146	139	146

	2010																2011							
	May		June		July		August		September		October		November		December		January		February		March		April	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
	39	44	40	44	40	44	40	44	41	44	42	44	43	44	43	44	43	44	43	44	43	44	43	44
Production	39	44	40	44	40	44	40	44	41	44	42	44	43	44	43	44	43	44	43	44	43	44	43	44
Distribution	80	81	80	81	77	81	77	81	78	81	78	81	78	81	78	81	75	81	74	81	73	81	74	81
Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Admin & General	29	27	29	27	28	27	25	27	25	27	25	27	25	27	25	27	26	27	27	27	26	27	25	27
	148	152	149	152	145	152	142	152	144	152	145	152	146	152	146	152	144	152	144	152	142	152	142	152

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

Witness: Donald J. Petry

22. Provide a detailed description of each Other Post-retirement Employee Benefits ("OPEB") package that Kentucky-American or American Water provides to Kentucky-American employees.

Response:

Please see the attachment which provides the Group Insurance Plan for Retired Employees of American Water, the 2016 Health Plan Fact Sheet, and the American Water Retiree Comparison Chart.

**GROUP INSURANCE PLAN
FOR RETIRED EMPLOYEES OF
AMERICAN WATER WORKS CO., INC.
AND ITS DESIGNATED SUBSIDIARIES AND AFFILIATES**

(Established Effective as of January 1, 2014)

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TABLE OF CONTENTS

INTRODUCTION.....	1
ARTICLE 1. DEFINITIONS	1
1.1 Active Employee.....	1
1.2 Active Employee Plan	1
1.3 Administrator.....	1
1.4 Affiliate	2
1.5 Benefit Program	2
1.6 Certificate of Creditable Coverage	2
1.7 Claims Administrator or Claims Fiduciary.....	2
1.8 COBRA	2
1.9 Code	2
1.10 Committee	2
1.11 Company.....	2
1.12 Dependent.....	2
1.13 Effective Date	2
1.14 Election.....	3
1.15 Employee.....	3
1.16 Employer	3
1.17 ERISA	3
1.18 HIPAA	3
1.19 Participant.....	4
1.20 Plan.....	4
1.21 Plan Year	4
1.22 Program Document	4
1.23 Retired Employee or Retiree	4
1.24 Spouse	4
1.25 Trust	4
ARTICLE 2. BENEFITS UNDER PLAN	4
2.1 Benefit Programs	4
2.2 Funding Status of Benefit Programs	4
2.3 Annual Reporting Requirements.....	5
2.4 Applicability of Plan	5
2.5 Plan Operations.....	5
ARTICLE 3. ELIGIBILITY AND PARTICIPATION.....	5
3.1 Eligibility to Participate	5
3.2 Pre-Existing Condition Exclusions	6
3.3 Termination of Participation.....	7
3.4 Reinstatement of Former Participant.....	7
ARTICLE 4. ELECTION PROCEDURES AND DEFAULT BENEFITS	7
4.1 General Rule.....	7
4.2 Initial Elections.....	8

4.3	Failure to Elect.....	8
4.4	Election Change Due to Change in Status and Other Events	9
4.5	Election Change Due to Cost Changes.....	11
4.6	Election Change Due to Coverage Changes	11
4.7	Adjustment by Plan Administrator.....	12
4.8	Maximum Compensation Reduction	12
4.9	Automatic Termination of Election.....	12
4.10	Cessation of Required Contributions	12
4.11	Changes by Company.....	13
ARTICLE 5. FUNDING.....		13
5.1	Funding, Trust Agreements, and Insurance.....	13
5.2	Benefits Supported Only by Benefit Program	14
ARTICLE 6. ADMINISTRATION OF PLAN.....		14
6.1	Administration	14
6.2	Powers and Authority of Administrator	14
6.3	Records and Reports.....	15
6.4	Indemnification.....	15
6.5	Claims and Appeals Procedures.....	15
6.6	Delegation of Claims Administration Duties.....	16
6.7	Exhaustion of Administrative Remedies	16
ARTICLE 7. AMENDMENT AND TERMINATION OF PLAN		16
7.1	Amendment.....	16
7.2	Termination of the Plan	16
ARTICLE 8. SPECIAL COVERAGE.....		17
8.1	COBRA Continuation Coverage.....	17
8.2	Certificates of Creditable Coverage.....	17
8.3	Compliance with Certain Federal and State Mandates.....	17
ARTICLE 9. HIPAA PRIVACY AND SECURITY PROVISIONS.....		18
9.1	Definitions	18
9.2	Providing Protected Health Information to Plan Sponsor	19
9.3	Conditions of Disclosure	20
9.4	HIPAA Privacy and Security	21
ARTICLE 10. PARTICIPATING EMPLOYERS		25
10.1	Adoption of Plan	25
10.2	Administration	25
10.3	Company as Agent for Employers	25
10.4	Termination	25
ARTICLE 11. MISCELLANEOUS PROVISIONS		25
11.1	Information to be Furnished	25
11.2	Limitation of Rights	25
11.3	Employment Not Guaranteed	25
11.4	No Vested Rights	25
11.5	Nonalienation of Benefits.....	25
11.6	Rights to Assets	26

11.7	No Guarantee of Tax Consequences	26
11.8	Subrogation, Reimbursement and Recovery for Third Party Liability	26
11.9	Recovery of Benefit Overpayment.....	29
11.10	Severability.....	30
11.11	Governing Law	30
11.12	Legal Compliance	30
11.13	Construction.....	30

**GROUP INSURANCE PLAN
FOR RETIRED EMPLOYEES OF
AMERICAN WATER WORKS CO., INC.
AND ITS DESIGNATED SUBSIDIARIES AND AFFILIATES
(Established Effective January 1, 2014)**

INTRODUCTION

American Water Works Co., Inc. (the "Company") hereby establishes the Group Insurance Plan for Retired Employees of American Water Works Co., Inc. and Its Designated Subsidiaries and Affiliates (the "Plan"), effective January 1, 2014. The Plan results from the spin-off of retired employees and their eligible dependents from the Group Insurance Plan for Active Employees of American Water Works Co., Inc. and Its Designated Subsidiaries and Affiliates as of the Effective Date.

The purpose of the Plan is to (a) offer eligible Retired Employees, their Spouse and their Dependents an opportunity to obtain certain medical, prescription drug, dental, life insurance and other welfare benefits. Benefits are provided under the Plan through a number of Benefit Programs. The separate Benefit Programs that are consolidated into the Plan are listed in Appendix A. Separate Program Documents which describe the specific benefits provided by each Benefit Program, the individuals covered by each Benefit Program, and the other terms and conditions of each Benefit Program, as amended from time to time, are incorporated herein by this reference.

The Company maintains the Plan for the exclusive benefit of its eligible Retirees, their Spouses and Dependents. The Plan is to be administered and interpreted in a manner consistent with the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations issued thereunder. Nothing in this Plan document, however, will subject any Benefit Program to ERISA if the Benefit Program would not otherwise be covered by ERISA.

**ARTICLE 1.
DEFINITIONS**

Whenever used in the Plan, the following words and phrases will have the respective meanings specified in this article unless the context plainly requires a different meaning, and when the defined meaning is intended the term will be capitalized in the Plan.

- 1.1 **Active Employee** means an Employee who is eligible for coverage under the Active Employee Plan.
- 1.2 **Active Employee Plan** means the Group Insurance Plan for Active Employees of American Water Works Co., Inc. and Its Designated Subsidiaries and Affiliates.
- 1.3 **Administrator** means the Vice President of Human Resources of the Company or, in the absence of a Vice President of Human Resources, its Chief Administrative Officer, or if otherwise provided by the Board of Directors of the Company, or the Compensation Committee if so authorized by the Board, the Committee, such other entity or individual designated from time to time to supervise the administration of the Plan in accordance with Article 6. The Administrator

shall be the administrator of the Plan within the meaning of ERISA Section 3(16)(A), and thus shall be a "named fiduciary" in accordance with ERISA.

- 1.4 **Affiliate** means any corporation or other business entity that is (a) a member of a controlled group of corporations (within the meaning of Code Section 414(b)) of which the Company is also a member; (b) a trade or business under common control with the Company, within the meaning of Code Section 414(c); (c) a member of an affiliated service group (within the meaning of Code Section 414(m)) of which the Company is also a member; or (d) required to be aggregated with the Company pursuant to regulations issued under Code Section 414(o); or (e) any other corporation or entity if it and the Company are considered a single employer pursuant to ERISA Section 3(40)(B).
- 1.5 **Benefit Program** means a separate welfare plan program that is sponsored by an Employer, as amended from time to time in the sole discretion of the Company, and that is listed in Appendix A, forms a component of the Plan and is incorporated herein by this reference. A Benefit Program will also include the Cafeteria Program, the terms and conditions of which are specified herein. A Benefit Program may be governed in whole or in part by a collective bargaining agreement to the extent such agreement provides for welfare benefits covered by a Benefit Program. The Administrator will maintain records as to the particular Benefit Programs from time to time forming part of the Plan. The Company shall have the sole discretion and authority, at any time and without prior notice to Participants, to add, delete or change any Benefit Program or to change any provider of benefits or administrative services with respect to any Benefit Program except as may be otherwise be provided or required by an applicable collective bargaining agreement.
- 1.6 **Certificate of Creditable Coverage** means a written certification of the period of continuous creditable coverage of an individual under a qualifying health plan.
- 1.7 **Claims Administrator or Claims Fiduciary** means an insurance company or other party that has contracted with an Employer to provide administration services to a Benefit Program or is responsible for determining whether a particular claim is covered by such Benefit Program. If no other individual or entity is designated for a Benefit Program, the Administrator will be the Claims Administrator.
- 1.8 **COBRA** means the coverage rights conferred by Code Section 4980B, *et seq.*, and ERISA Section 601, *et seq.* (as such statutes were created by Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, and amended thereafter), and the applicable regulations issued and effective thereunder.
- 1.9 **Code** means the Internal Revenue Code of 1986, as amended from time to time, and applicable regulations issued and effective thereunder.
- 1.10 **Committee** means the Retirement and Benefit Plans Investment Committee or other committee appointed in accordance with Section 6.1.
- 1.11 **Company** means American Water Works Co., Inc. and any successor or assign thereof which adopts the Plan by action of its governing body or that contractually assumes the obligations of the Company under the Plan.
- 1.12 **Dependent** means the Participant's Spouse and any other individual who is a dependent under an applicable Program Document.

- 1.13 **Effective Date** means January 1, 2014.
- 1.14 **Election** means such method or form as the Administrator may prescribe or approve from time to time for the purpose of enrolling in the Plan or changing or revoking an election. An Election may be in written, electronic, telephonic or any other method or form. To be effective, an Election must be timely completed and filed with the Administrator.
- 1.15 **Employee** means an individual who is treated as a regular employee of an Employer (a) who is paid a salary, wages or other compensation by an Employer; (b) who is considered by an Employer to be an employee at the time of the payment of such salary, wages or other compensation; and (c) whose salary, wages or other compensation is treated by an Employer at the time of such payment as being subject to statutorily required payroll tax withholding, such as withholding of federal or state income or withholding of the employee's share of social security tax.

All other individuals will not be included within the definition of "Employee," even if one or more of such other individuals is determined by a court, the Internal Revenue Service or any other entity under any federal or state law, rule or regulation to be (or have been) a common law or statutory employee of an Employer for some or all of the period of time in question. Without limiting who is excluded, the following individuals are expressly excluded from the definition of the term "Employee":

- (a) any nonresident alien employee;
 - (b) any individual who is performing services for an Employer under an independent contractor or consultant agreement or arrangement with an Employer.
 - (c) any individual who is treated as a leased employee
 - (d) any individual covered by a collective bargaining agreement that does not provide for coverage under the Plan, provided that the type of benefits provided under the Plan was the subject of good faith bargaining between the individual's bargaining representative and an Employer;
 - (e) any individual classified by an Employer as a temporary or contract employee;
 - (f) any individual providing services to the Employer pursuant to an agreement between the Employer and a third party; or
 - (g) a person who performs services for an Employer but who is treated for payroll purposes as other than an Employee of the Employer
- 1.16 **Employer** means the Company and any Affiliate that, with the consent of the Company, adopts one or more of the Benefit Programs under the Plan by resolution of its Board of Directors or its delegate. A list of Affiliates who are "Employers" for purposes of this Plan is contained in Appendix B.
- 1.17 **ERISA** means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations issued and effective thereunder.

- 1.18 **HIPAA** means the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, and the applicable regulations issued and effective thereunder.
- 1.19 **Participant** means a Retiree who participates in a Benefit Program.
- 1.20 **Pension Plan** means the Pension Plan for Employees of American Water Works Co., Inc. and Its Designated Subsidiaries.
- 1.21 **Plan** means the Group Insurance Plan for Retired Employees of American Water Works Co., Inc. and Its Designated Subsidiaries and Affiliates.
- 1.22 **Plan Year** means the calendar year, consisting of the 12-consecutive-month period commencing on January 1 and ending on the next following December 31.
- 1.23 **Program Document** means the written description of the terms of each separate Benefit Program, including but not limited to a summary plan description (including any summaries of material modifications thereto), schedule of benefits, benefits booklet, Summary of Coverage or Insurance Company contract or certificate.
- 1.24 **Retired Employee or Retiree** means a former Active Employee who is eligible for coverage under the Plan.
- 1.25 **Spouse** means the legal husband or wife of an individual pursuant to the Code, including Code Section 21(e), of a current or former eligible Employee. An individual legally separated from the Participant under a decree of divorce or of separate maintenance shall not be considered a Spouse. Effective September 16, 2013, "Spouse" shall include an individual who was legally married to a Participant of the same sex in a state that recognizes such marriages, but who is domiciled in a state that does not recognize such marriages. For purposes of this definition, "state" means any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, Wake Island, the Northern Mariana Islands, any other territory or possession of the United States, and any foreign jurisdiction having the legal authority to sanction marriages. "Spouse" does not include an individual in a formal relationship with a Participant that is recognized by a state but is not denominated a marriage under the law of such state, such as a domestic partnership or a civil union, regardless of whether the individuals in such relationship are of the opposite sex or same sex, except to the extent coverage for such person is available under a Benefit Program.
- 1.26 **Trust** means the Trust(s) listed in Appendix D.

ARTICLE 2. BENEFITS UNDER PLAN

- 2.1 **Benefit Programs.** The Plan consolidates a broad range of welfare plan benefits. Benefits are provided to Participants and their respective beneficiaries through one or more Benefit Programs sponsored or maintained by one or more of the Employers, which may include (but are not limited to) one or more of the following benefit programs: medical, dental, life insurance, and other benefits or component plans as may be added from time to time.
- 2.2 **Funding Status of Benefit Programs.** Benefit Programs may be funded or unfunded, insured or self-insured, or a combination thereof, and may provide varying benefits to

different groups of Retired Employees of the Employers and their respective covered Dependents. If a Benefit Program providing a specific type of health benefit (dental, prescription drugs) contains a specific exclusion, items or services subject to such specific exclusion will not be covered under a general health Benefit Program unless the general Benefit Program provides for a specific inclusion of such item or service.

If the Benefit Program is insured and there is a conflict between the specific terms of a Program Document and the terms of the Plan, the Program Document will control. For all other Benefit Programs, if there is a conflict between the specific terms of a Program Document and the terms of the Plan, the Plan will control (unless contrary to applicable law), except that any terms exclusively applicable to a Benefit Program will be set forth in the applicable Program Document.

The Employer may contract with a third-party administrator, such as an insurance company or consultant, to administer self-insured Benefit Programs. In such event the Employer shall in its sole discretion determine the applicable monthly Retiree premium share for coverage of Participants and their eligible Dependents, benefits under the program shall be paid out of the Trust or, to the extent not payable from the Trust, from the Employer's or the Company's general assets, and Participants and eligible Dependents shall receive benefits under the Benefit Program as determined by the terms and restrictions set forth herein and in the separate document describing the Benefit Program as referenced in Appendix A and incorporated herein.

- 2.3 **Annual Reporting Requirements.** All Benefit Programs offered under the Plan will constitute a single plan for purposes of the annual reporting requirements of the Code and ERISA.
- 2.4 **Applicability of Plan.** The Plan as set forth herein will apply only to eligible individuals who are Participants on or after the Effective Date, except as otherwise specifically provided.
- 2.5 **Plan Operations.** The Plan Administrator shall be the Plan Sponsor. The Plan Administrator shall also be the named fiduciary within the meaning of ERISA Section 402. The Plan Administrator and the members of any Committee appointed by the Plan Administrator to assist in administering the Plan, its agents, and officers, directors, and employees of the Employer or any Participating Company shall be indemnified and held harmless by the Employer against and from any and all loss, cost, liability or expense that may be imposed upon or reasonably incurred by them in connection with or resulting from any claim, action, suit or proceeding to which they may be a party or in which they may be involved by reason of any action taken or failure to act under this Plan and against and from any and all amounts paid by them in settlement (with the Employer's written approval) or paid by them in satisfaction of a judgment in any such action, suit or proceeding. Indemnification under this section shall not be applicable to any person if the loss, cost, liability or expense is due to the person's gross negligence or willful misconduct.

ARTICLE 3. ELIGIBILITY AND PARTICIPATION

- 3.1 **Eligibility to Participate.** Retirees and their Dependents are eligible to participate in a Benefit Program as provided in the applicable Program Document.

- (a) Eligibility for Retiree Plan. Unless otherwise provided in the applicable Program Document, an Active Employee shall become eligible for the Retiree Plan (1) upon retirement from the Employer and commencement of benefits under the Pension Plan; or (2) upon satisfaction of the eligibility criteria on or before termination of employment with the Employer and completion of any COBRA continuation coverage period provided under an Employer-sponsored severance plan or agreement.
- (b) Commencement of Participation. A Retiree who is eligible to participate in a Benefit Program will become a Participant upon the later of—
 - (1) meeting the eligibility and waiting requirements set forth in the applicable Program Document; and
 - (2) the date the Retiree appropriately and timely completes the enrollment process as determined by the Administrator; and
 - (3) except as specifically provided otherwise in an applicable Program Document, in no event will a Retiree be covered as both a Participant and Dependent or a Dependent be covered as a Dependent of more than one Participant under the Plan or the Active Employee Plan.

Notwithstanding the foregoing, a nonresident alien who as an employee received no earned income from the Company or an Affiliate which constitutes income from sources within the United States is not eligible to participate in the Plan.

- (c) Dependent Participation. An eligible Retiree may enroll his or her eligible Dependent(s) for coverage under this Plan, in accordance with the terms of this Plan and the applicable Benefit Program listed in Appendix A. Unless required by any of the documents listed in Appendix A or as otherwise specifically set forth in the Plan (i.e., continuation coverage under COBRA), an eligible Dependent of a Participant shall only be eligible to participate in the same component program(s) as that(those) in which Participant is covered for the applicable Plan Year or portion thereof.
- (d) Spousal Participation. If Participant and his or her Spouse are either eligible Retirees or eligible Employees under the Active Employee Plan, each may enroll either individually as a Participant or as the eligible Dependent of the other, in each case in the applicable plan, but not as both. Only one of two individuals who are Spouses to each other may enroll their Dependent children.
- (e) Benefit Program Governs. To the extent any Program Document contains rules determining eligibility to participate and eligibility to receive benefits that conflict with this section and that do not provide for coverage of an eligible Retired Employee, the provision of the Program Document shall govern and such Retired Employee shall not be eligible for coverage under such Benefit Program.
- (f) Effective Date. The eligible Retiree may elect coverage to be effective as of the effective date listed in the applicable Program Document, in accordance with the procedures described in Article 4.

3.2 Pre-Existing Condition Exclusions and Limitation. There will be no pre-existing condition limitation except to the extent provided by a Benefit Program, and no benefits (other than group

health plan benefits) shall be paid for items and services furnished to an individual who is covered under this Plan in connection with a pre-existing condition during the period of time specified by the applicable Program Document, subject to this section. "Pre-existing condition" means any medical condition, regardless of the cause of the condition, for which medical advice, diagnosis, care or treatment was recommended or received by a licensed health care provider or practitioner during the period of time specified by the applicable Program Document or permitted by law that immediately precedes an individual's coverage under the applicable Benefit Program.

3.3 **Termination of Participation.**

- (a) Except as otherwise specifically provided herein or in the applicable Program Document, coverage for a Participant under a Benefit Program will terminate at such time as the Participant's coverage terminates when the first of the following events occurs:
 - (1) the Participant fails to meet the eligibility requirements;
 - (2) the Participant fails to complete, sign or return a completed Election;
 - (3) the Participant dies;
 - (4) with respect to a Benefit Program, the Participant fails to pay any contributions required of him or her (unless delinquent contributions are brought current within 30 days of the date that they became delinquent);
 - (5) with respect to a Benefit Program, the Benefit Program is eliminated;
 - (6) the Participant is determined to have engaged in fraudulent activities with respect to the filing of benefit claims; or
 - (7) the Plan is terminated.
- (b) An eligible Dependent's coverage under a Benefit Program shall terminate on the dates described in subsection (a) as if the references to "Participant" were to read "eligible Dependent."
- (c) Notwithstanding the foregoing, if a Participant and/or his or her covered Dependents are eligible for and elect COBRA continuation coverage in accordance with Article 8, participation will terminate at the end of the applicable COBRA continuation coverage period.

- 3.4 **Reinstatement of Former Participant.** Except as provided under COBRA (if available to a Retiree under this Plan), a Participant who ceases to be eligible under the Plan for any reason or whose participation terminates pursuant to Section 3.3 will not be eligible for reinstatement under any circumstances.

ARTICLE 4. ELECTION PROCEDURES AND DEFAULT BENEFITS

4.1 General Rule.

- (a) Open Enrollment. Prior to the commencement of each Plan Year, the Administrator shall provide online or hardcopy enrollment materials (which shall include a compensation reduction agreement) and such other forms as may be needed to each Participant and to each other individual who is expected to become a Participant at the beginning of the Plan Year. The Election shall be effective as of the first day of the Plan Year and shall end on the last day of the Plan Year.
- (b) Elected Coverage; Payment. Each individual who desires one or more of the Benefit Programs for the Plan Year shall so specify on the Election and shall agree to a reduction in his or her compensation (which shall include all sources of payment from the Employer or any Employer-sponsored benefit plan). Subject to subsection (c), the amount of the reduction in the Participant's compensation for the Plan Year for the elected Benefits Programs shall equal the Participant's share of the cost of such Benefit Programs, deducted in the amounts and at such times as necessary during the period of such coverage, and to the extent necessary and permitted by applicable law, any later period.
- (c) Election Due Date. Each Election must be completed and returned to the Administrator on or before such date as the Administrator shall specify.
- (d) Administrator Discretion. The Administrator may establish such rules regarding Elections, the timing and amount of reductions in compensation, the allocation of compensation reduction amounts among the Benefit Programs, and the coverages available with respect to a Benefit Program as it deems necessary, desirable or consistent with the terms, provisions and purposes of the Plan. Except as otherwise provided in this article, all Elections shall be irrevocable during the Plan Year.
- (e) Irrevocability. Except as otherwise provided, a Participant's election under the Plan is irrevocable for the duration of the Plan Year to which it relates. Unless an exception applies, the Participant may not change any elections for the duration of the applicable Plan Year regarding participation in this Plan or, the Participant's election of Benefit Programs.
- (f) Rejection of Election. The Administrator may reject a Retiree's election at any time, even if the election has already become effective or may determine that some or all of a Retiree's contributions to the Plan shall be made on an after-tax basis, to the extent the Administrator, in its sole discretion, deems it necessary to ensure that the Plan does not discriminate in favor of key employees or highly compensated employees or individuals, to ensure that the Plan does not violate any other applicable law or as otherwise necessary to ensure that the Plan is operated in accordance with its terms.

- 4.2 Initial Elections. Before, or as soon as practicable after, an individual becomes eligible to participate in the Benefit Programs, the Administrator shall provide the enrollment materials referenced in Section 4.1 to the individual. If the individual desires one or more Benefit Programs for the balance of the Plan Year, the individual shall so specify on the Election on or before the date that is 31 days after becoming eligible to participant in the Plan (after receiving such

enrollment materials), and shall agree to a reduction in his or her compensation as an Employee as provided in Section 4.1.

- 4.3 **Failure to Elect.** An individual's failure to complete, sign or return a completed Election to the Administrator under Section 4.1 or 4.2 on or before the specified due date for the Plan Year in which he or she is first eligible to become a Participant, or for any Plan Year that follows his initial Plan Year, shall constitute a waiver of his or her right to participate in the Benefit Programs.
- 4.4 **Election Change Due to Change in Status and Other Events.** Except as otherwise provided, an Election change pursuant to this section shall not be effective unless the change is communicated to the Administrator by the Participant in writing within 31 days of the date the Participant receives notice of the applicable event(s).
- (a) (1) A Participant may revoke an Election in writing for the balance of the Plan Year and, if desired, file a new Election in writing if both the revocation and the new election are (A) on a prospective basis, and (B) made on account of and consistent with a "change in status" considered by the Administrator to be appropriate under the applicable regulations and would allow the Participant to make a change in the coverage under the Benefit Programs.
 - (2) The following events are "changes in status" for purposes of this subsection (a) if such events allow a Participant to make a change in coverage under the Benefit Programs:
 - (A) events that change a Participant's legal marital status, including marriage, death of a spouse, divorce, legal separation or annulment;
 - (B) events that change a Participant's number of dependents (as defined in Code Section 152) including birth, adoption, placement for adoption (as defined in the Income Tax Regulations under Code Section 9801) or death of a dependent;
 - (C) any change to the employment status of a Participant, his or her spouse or his or her dependent resulting from a termination or commencement of employment, a strike or a lockout, a commencement of or return from an unpaid leave of absence or a change of worksite, as well as any other change to the employment status of a Participant, his or her spouse or his or her dependent resulting in the individual's becoming (or ceasing to be) eligible under a cafeteria plan or other employee benefit plan sponsored by such individual's employer;
 - (D) an event that causes a Participant's Dependent to satisfy or cease to satisfy eligibility requirements for coverage due to the attainment of age, student status or any similar circumstance; or
 - (E) a change in the place of residence of the Participant or his or her Dependent.
 - (3) A Participant's revocation of an Election during the Plan Year and new Election for the remainder of the Plan Year (referred to below as an "Election change") is

permissible, only if the Election change is on account of and corresponds with a change in status that affects eligibility under the Benefit Programs. A change in status that affects eligibility under the Benefit Programs includes a change in status that results in an increase or decrease in the number of a Participant's family members or Dependents who may benefit from coverage under the plan.

- (A) If a change in status is (A) a Participant's divorce, annulment or legal separation, (B) the death of a Dependent, or (C) a Dependent's ceasing to be eligible for coverage, a Participant's election under this Plan to cancel coverage under the health plan for any individual other than the spouse involved in the divorce, annulment or legal separation, the deceased spouse or dependent, or the dependent that ceased to satisfy the eligibility requirements for coverage, respectively, fails to correspond with that change in coverage.
- (B) If a Participant, his or her spouse or his or her dependent gains eligibility for coverage under a cafeteria plan or qualified benefit plan (i.e., an employee benefit plan governing the provision of one or more benefits that are qualified benefits under Code Section 125(f)) sponsored by the employer of the Participant's spouse or his or her dependent (a "family member plan") as a result of a change in marital status or employment status, a Participant's corresponding Election under this Plan to cease or decrease coverage for one or more individuals shall be permissible under this Section 4.4 only if coverage for such individuals becomes applicable or is increased under the family member plan.
- (4) An election change pursuant to a change in status, shall not be effective unless the change is communicated to the Administrator by the Participant in writing within 31 days of such change in status.
- (b) Special Enrollment. A Participant may revoke an election for health coverage during the Plan Year and make a new election that corresponds with the special enrollment rights provided under Code Section 9801(f) (relating to the special enrollment rules under the Health Insurance Portability and Accountability Act of 1996). An election change made on account of a special enrollment resulting from the birth, adoption or placement for adoption of a child may be retroactive to the date of the birth, adoption or placement.
- (c) Continuation Coverage. If a Participant or his or her Dependent becomes eligible for COBRA continuation coverage under the Employer's group health plan as provided in Code Section 4980B or any similar state law, the Participant may elect to increase payments under this Plan in order to pay for the continuation coverage.
- (d) Child Support Order. If a Participant's child (or a foster child who is a dependent of the Participant) becomes subject to a judgment, decree or order resulting from a divorce, legal separation, annulment or change in legal custody (including a qualified medical child support order ("QMCSO") as defined in ERISA Section 609) that requires health coverage for the child, the Administrator may—
 - (1) automatically change the Participant's election to provide for coverage for the child under the accident or health Benefit Program if the order requires coverage under the Participant's accident or health Benefit Program; or

- (2) permit the Participant to change his or her election to cancel coverage for the child if the order requires another individual to provide such coverage, and if such coverage is in fact provided.
- (e) **Government Coverage.** If a Participant or his or her Dependent who is enrolled in the Employer's accident or health Benefit Program becomes enrolled for coverage under Part A or Part B of Title XVIII of the Social Security Act (Medicare) or Title XIX of the Social Security Act (Medicaid), or a state child health plan under Title XXI of the Social Security Act (Children's Health Insurance Program or "CHIP") (other than coverage consisting solely of benefits for pediatric vaccines), the Participant may change his or her election with respect to the Employer's accident or health Benefit Program in order to cancel or reduce coverage for the Participant or his or her Dependent within 60 days of the date the Participant receives notice of such event, subject to the terms of the Benefit Program.
- 4.5 **Election Change Due to Cost Changes.** An Election change pursuant to this section shall not be effective unless the change is communicated to the Administrator by the Participant in writing within 31 days of the date the Participant receives notice of a cost increase or decrease. For purposes of this section, a cost increase or decrease refers to an increase or decrease in the amount of the elective contributions under the Plan, whether that increase or decrease results from an action taken by the Participant or the Employer.
- (a) **Automatic Changes.** If the cost of a plan providing a Benefit Program increases or decreases during a Plan Year, the Administrator may, on a reasonable and consistent basis, automatically make a corresponding prospective increase or decrease in affected Participants' elected compensation reduction amounts, unless the Administrator determines that such cost change is subject to the provisions of subsection (b).
- (b) **Significant Cost Changes.** If the cost charged to a Participant for a Benefit Program significantly increases or significantly decreases during a Plan Year (as determined in the sole discretion of the Administrator), the Participant may make a corresponding change in Election under the Plan. Changes that may be made include electing coverage for the option with a decrease in cost, or in the case of an increase in cost, revoking an Election for that coverage and either receiving on a prospective basis coverage under another Benefit Program providing similar coverage or dropping coverage if no Benefit Program providing similar coverage is available.
- 4.6 **Election Change Due to Coverage Changes.** An Election change pursuant to this section shall not be effective unless the change is communicated to the Administrator by the Participant in writing within 31 days of the date the Participant receives notice of the applicable event.
- (a) **Significant Curtailment Without Loss of Coverage.** If a Participant (or a Participant's Dependent) has a significant curtailment of coverage under a Benefit Program during a Plan Year that is not a loss of coverage as described in subsection (b) (including, by way of example, a significant increase in deductibles, co-payments and/or out-of-pocket expenses), the Participant who is receiving that coverage may elect to revoke his or her Election for that coverage and, in lieu thereof, elect to receive on a prospective basis coverage under another Benefit Program available under the Plan providing similar coverage. Coverage under a Benefit Program is significantly curtailed only if there is an overall reduction in coverage provided under the Benefit Program so as to constitute reduced coverage generally.

- (b) Significant Curtailment with Loss of Coverage. If a Participant (or a Participant's Dependent) has a significant curtailment that is a loss of coverage, a Participant may revoke his or her Election under the Plan and, in lieu thereof, elect to receive on a prospective basis coverage under another Benefit Program providing similar coverage or may elect to drop coverage if no similar Benefit Program is available. A loss of coverage for purposes of this subsection means a complete loss of coverage under the Benefit Program, including, by way of example, an elimination of a Benefit Program option; an HMO ceasing to be available in the area where a Participant resides; a Participant losing coverage as a result of reaching the annual or lifetime maximum; a substantial decrease in the medical care providers available under the option; a reduction in the benefits for a specific type of medical condition or treatment with respect to which the Participant or the Participant's Dependent is currently in a course of treatment; or any other similar fundamental loss of coverage.
- (c) Addition or Improvement of a Benefit Program Option. If during a Plan Year, the Plan adds a new Benefit Program option or other coverage option or if coverage under an existing Benefit Program option or other coverage option is significantly improved during a Plan Year, a Participant (whether or not he or she has previously elected the benefit option) may revoke his or her Election under the Plan and, in lieu thereof, make an Election on a prospective basis for coverage under the new or improved Benefit Program option.
- (d) Change in Coverage Under Another Plan.
 - (1) A Participant may make a prospective Election change during a Plan Year that is on account of and corresponds with a change made under another plan (including a plan of the Employer or of another employer) if—
 - (A) the other cafeteria plan or qualified benefits plan (as described below) permits Participants to make an election change that would be permitted under Section 4.4, 4.5 and 4.6 (disregarding this subsection (d)); or
 - (B) this Plan permits a Participant to make an Election for a period of coverage that is different from the period of coverage under the other cafeteria plan or qualified benefits plan.
 - (2) For this purpose, a "qualified benefits plan" is an employee benefit plan governing the provision of one or more benefits that are qualified benefits under Code Section 125(f).

4.7 Adjustment by Plan Administrator. If the Administrator determines, before or during any Plan Year, that the Plan may fail to satisfy for such Plan Year any nondiscrimination requirement imposed by the Code, the Administrator shall take such action as the Administrator deems appropriate to assure compliance with such requirement or limitation. Such action may include, without limitation, a modification of Elections without the consent of affected Participants.

4.8 Maximum Compensation Reduction. The maximum amount of compensation reduction contributions that may be made under the Plan on behalf of a Participant shall be the Participant's share of the cost of the Benefit Programs available to such Participant under the Plan.

- 4.9 **Automatic Termination of Election.** Any Election made under this Plan (including an election made through inaction under Section 4.3) shall automatically terminate on the date on which the Participant ceases to be a Participant in the Plan.
- 4.10 **Cessation of Required Contributions.** Nothing in this Plan shall prevent the cessation of a Participant's coverage under a Benefit Program described in this Plan, in accordance with the terms of the plan(s) providing such Benefit Programs, on account of such Participant's failure to pay the Participant's share of the cost of his or her coverage under a Benefit Program through compensation reduction or otherwise.
- 4.11 **Changes by Company.** If the Company determines, before or during any Plan Year, that the Plan may fail to satisfy for such Plan Year any nondiscrimination requirement imposed by the Code or any limitation on benefits provided to specified employees under the Code, the Company may take such action as it deems appropriate, under rules uniformly applicable to similarly situated employees or Participants, to assure compliance with such requirement or limitation. Such action may include, without limitation, modification of Elections made by Participants, with or without their consent.

ARTICLE 5. FUNDING

5.1 **Funding, Trust Agreements and Insurance.**

- (a) **General.** The Benefit Programs may be funded through the use of trusts (including, where applicable, one or more trusts meeting the requirements of Code Section 501(c)(9)), Insurance Company contracts or otherwise, in accordance with the various documents forming part of the Plan and the respective Benefit Programs. The benefits provided by the Benefit Programs will be supported by the contributions of the Employer, Participants and covered Dependents, as the case may be, during such periods and in such amounts as the Employer may from time to time require, in accordance with the Program Documents for the respective Benefit Programs. To the extent that a trust or insurance contract funds part or all of the benefits provided by a particular Benefit Program, such trust agreement or contract will be deemed part of the Plan and incorporated herein by this reference.
- (b) **Trust Arrangements.** To the extent a Trust arrangement is used to fund some or all of the benefits provided by the Plan, the assets will be held in accordance with the terms of a trust agreement for the benefit of Participants and their beneficiaries. No person shall have any interest in, or right to, any of the assets or earnings thereon except as expressly provided in the Plan and the applicable trust agreement. The trust agreement shall be deemed to form a part of this Plan and all rights and benefits that may accrue to any person in this Plan shall be subject to the terms and provisions of an applicable trust agreement. The trust agreements which are a part of this Plan are listed on Appendix D, which is incorporated herein by reference and which may be updated from time to time in accordance with the terms of the applicable trust agreement.
- (1) **Trustee.** The Trustee of any trust shall be appointed by the Company or the Committee in accordance with the applicable trust agreement with such powers as may be provided in such agreement. The Company or the Committee may remove the trustee at any time upon reasonable notice. Upon removal or

resignation of such Trustee, the Company or the Committee shall designate a successor in the place of such removed or resigning Trustee.

(2) Investments. The Trustee shall have exclusive authority and discretion to manage, control, purchase, sell, and invest the assets of the Plan, unless one or more investment managers are appointed as provided in the applicable trust agreement.

(c) Insurance. An Employer will have the right to enter into a contract with one or more Insurance Companies for the purpose of providing any benefits under the Plan and to replace any of such Insurance Companies or contracts. Any dividends, retroactive rate adjustments or other refunds of any type which may become payable under any such insurance contract will not be assets of the Plan but will be the property of, and will be retained by, the Employer to the fullest extent permitted by law. In the event that such refunds are attributable to Participant contributions, the Administrator will make a reasonable determination as to how to apply such refunds in accordance with applicable guidance. The Employer will not be liable for any loss or obligation relating to any insurance coverage except as is expressly provided by this Plan.

5.2 Benefits Supported Only by Benefit Program. Any person having any claim under a Benefit Program will look solely to the assets of the Benefit Program, if any, for satisfaction. In no event will the Employer, any officers or agents thereof or any member of the board of directors or other governing body be liable to any person under the provisions of the Benefit Program.

ARTICLE 6. ADMINISTRATION OF PLAN

6.1 Administration. The principal duty of the Administrator is to see that the Plan is carried out, in accordance with its terms, for the exclusive purposes of providing benefits to the Participants and their beneficiaries and defraying reasonable administrative expenses of the Plan, and operated consistently for similarly situated individuals.

6.2 Powers and Authority of Administrator. The Administrator will have full power to administer the Plan in all of its details, subject to applicable requirements of law. For this purpose, the Administrator's powers will include, but will not be limited to, unilateral discretion to do the following, in addition to any other powers provided by this Plan:

- (a) to make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan, including the establishment of claims review procedures in accordance with ERISA Section 503 or other applicable law and regulations, the establishment of QMCSO procedures in accordance with ERISA Section 609, and rules and regulations for the conduct of business by the Administrator;
- (b) to interpret the Plan and to determine all questions arising under or in connection with the Plan, including all questions of eligibility to participate and obtain benefits under the Plan, its interpretation thereof in good faith to be final and conclusive on all interested persons;

- (c) to appoint such agents, counsel, accountants, consultants and other persons (regardless of whether they also provide services to the Company) as may be required to assist in administering the Plan;
- (d) to allocate and delegate its responsibilities under the Plan and to designate other persons from time to time to carry out any of its responsibilities under the Plan, any such allocation, delegation or designation to be in writing;
- (e) to request or require of and obtain from any Employee, Retiree, Participant, Dependent, beneficiary, Employer or the Company such information and records as it deems necessary and proper, and to rely upon all information furnished it;
- (f) to develop enrollment and any other forms necessary for Plan administration;
- (g) to delegate the duty of claims decisions and adjudication to an Insurance Company or third party administrator. Such Insurance Company or third party administrator will be the Claims Administrator or Claims Fiduciary under this Plan; and
- (h) to the extent permitted by law to rely conclusively on all tables, valuations, certificates, opinions and reports that are furnished by or in accordance with the instructions or recommendations of accountants, counsel, actuaries, consultants or other experts employed or engaged by the Administrator.

All actions and determinations of the Administrator will be final and binding upon all Employees, Retirees, Participants, Dependents, beneficiaries, Employers, the Company and any other interested parties.

- 6.3 **Records and Reports.** The Administrator shall maintain such records of its activities and of Participants and operations as it deems necessary and appropriate. Plan records pertaining to the Company, the Employers, Employees or Retirees (subject to any privacy and confidentiality protections required by law or established by the Administrator's rules) shall be available for examination by the Company at reasonable times during normal business hours. The Administrator's Plan records pertaining to a Participant shall be available for examination by such Participant upon written request at reasonable times during normal business hours.

To the extent required by applicable law, the Administrator will provide each eligible Retiree from time to time with a written explanation of the Plan in form and substance sufficient to satisfy the summary plan description requirements of 29 C.F.R. Sections 2520.102-2 through 2520.102-4.

The Administrator shall make such reports to the Company as it shall reasonably request, and such reports to government authorities as applicable law shall require.

- 6.4 **Indemnification.** The Employer shall, to the fullest extent permitted by law, indemnify each director, officer or employee of the Employer (including the heirs, executors, administrators, and other personal representatives of such person) and the Administrator against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement, actually and reasonably incurred by a person covered under this indemnification agreement in connection with any threatened, pending or actual suit, action or proceeding (whether civil, criminal, administrative or investigative in nature or otherwise) in which the person may be involved

by reason of the fact that the person is or was serving the Plan in any capacity at the request of the Company, except to the extent caused by such person's willful misconduct.

- 6.5 **Claims and Appeals Procedures.** Notwithstanding any provision to the contrary, the Administrator has sole discretionary authority to grant or deny benefits under this Plan. Benefits under this Plan will be paid only if the Administrator decides, in its discretion, that the Participant is entitled to them; provided, however, that the Administrator may delegate to a Claims Administrator, in accordance with this article, the right and discretion to make determinations as to claims. To the extent that any Benefit Program or benefit provided under the Plan is subject to ERISA claims procedure requirements, any claim for benefits under the Plan shall be filed in accordance with the claims procedure provisions of the applicable Benefit Program.
- 6.6 **Delegation of Claims Administration Duties.** The Administrator may delegate its authority and responsibilities under this article to a Claims Administrator, provided such delegation is in writing. Any reference to Administrator in this article will mean the applicable Claims Administrator if the relevant authority and responsibility has been delegated by the Administrator to that Claims Administrator. The Administrator has sole discretionary authority to grant or deny benefits under the Plan. Benefits under the Plan will be paid only if the Administrator decides in its sole discretion that the claimant is entitled to them. The Administrator's decisions made pursuant to this section are intended to be final and binding on Participants, beneficiaries and others.
- 6.7 **Exhaustion of Administrative Remedies.** Claimants will not be entitled to challenge the Administrator's determinations in judicial or administrative proceedings without first complying with the administrative claims procedures set forth in the applicable Program Document. The decisions made pursuant to applicable administrative claims procedures are final and binding on the claimant and any other party. A Benefit Program may also permit an external review. If the claimant has complied with and exhausted the appropriate claims procedures and intends to exercise his or her right to bring civil action under ERISA Section 502(a), the claimant must bring such action within 6 months following the date on which he or she submitted the last required appeal (or voluntary appeal, if offered and the claimant files a voluntary appeal) under such procedures. If the claimant does not bring such action within such 6-month period, the claimant will be barred from bringing an action under ERISA related to his or her claim.

ARTICLE 7.

AMENDMENT AND TERMINATION OF PLAN

- 7.1 **Amendment.** The Company reserves the discretionary right to modify or amend the Plan (including one or more Benefit Programs), in any respect, at any time and from time to time, retroactively or otherwise, by a written instrument adopted by the Board of Directors or the Retirement/Benefits Committee. However, no Plan amendment shall be valid which would cause the Plan to fail any applicable qualification requirements of Code Section 79, 105, 125 or 129 or any successors thereto, so long as such statutes apply to this Plan. The Administrator shall have the right to revise or modify any provision of the Plan that is administrative, procedural or ministerial in nature (including any Appendix hereto), and any written policy, rule or procedure which shall be adopted without amendment. No oral statement shall be sufficient to amend the Plan in any way.

- 7.2 **Termination of the Plan.** The Company reserves the right to terminate the Plan or any Benefit Program at any time as designated by a written instrument adopted by the Board of Directors or its designee and duly executed on behalf of the Company.

ARTICLE 8. SPECIAL COVERAGE PROVISIONS

This article will only apply to a Benefit Program that is considered a "group health plan" under Code Section 5000(b)(1). This article will not create any rights in excess of the minimum required by law.

- 8.1 **COBRA Continuation Coverage.** If one or more Benefit Programs for a Participant and/or his or her covered Dependents ceases because of certain "qualifying events" specified in COBRA, then the Participant and his or her covered Dependents may have the right to purchase continuation coverage for a temporary period of time, only if such individuals meet COBRA's definition of "qualified beneficiary." The Administrator shall have discretion to offer continuation coverage for individuals that are not "qualified beneficiaries" under COBRA.
- 8.2 **Certificates of Creditable Coverage.** This section shall apply until December 31, 2014. For Plan years beginning on or after January 1, 2015, Certificates of Creditable Coverage shall not be provided or required under the Plan unless otherwise provided by applicable law.
- (a) **Automatic.** Each HIPAA Program generally will automatically provide a Certificate of Creditable Coverage to any Participant or Dependent after the individual loses coverage under that program. The HIPAA Program will provide individuals with an automatic Certificate of Creditable Coverage within the following time frames:
- (1) for an individual who is entitled to elect COBRA continuation coverage, no later than when a notice is required to be provided for a Qualifying Event;
 - (2) for an individual who is not entitled to elect COBRA continuation coverage, within a reasonable time after coverage ceases; and
 - (3) for an individual who has elected COBRA continuation coverage, within a reasonable time after cessation of COBRA continuation coverage or, if applicable, after the expiration of any grace period for the payment of contributions.
- A HIPAA Program will not issue an automatic Certificate of Creditable Coverage for Dependents until the HIPAA Program has reason to know that a Dependent has lost coverage under the HIPAA Program.
- (b) **Upon Request.** A Certificate of Creditable Coverage will be provided upon request, if the request is made to the Administrator within 24 months after the individual loses coverage under a HIPAA Program. In that case, the Certificate of Creditable Coverage will be provided at the earliest time that the HIPAA Program, acting in a reasonable and prompt fashion, can furnish it.
- (c) **Manner Provided.** Each HIPAA Program may provide the Certificate of Creditable Coverage in any manner permitted by applicable regulations.

8.3 **Compliance with Certain Federal and State Mandates.** Notwithstanding anything contained in any Program Document to the contrary, each Benefit Program of the Plan will comply with the applicable requirements of the following, to the extent applicable to the Benefit Program:

- (a) the Hawaii Prepaid Health Care Act, as set forth in HI Stat. § 393-1, *et seq.*;
- (b) the Newborns' and Mothers' Health Protection Act of 1996, as amended from time to time;
- (c) the Women's Health and Cancer Rights Act of 1998;
- (d) the Mental Health Parity Act of 1996, as amended by the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equality Act of 2008, as codified at ERISA Section 712 and Code Section 9812, as amended from time to time;
- (e) the Genetic Information Nondiscrimination Act of 2008, as such requirements become effective from time to time with respect to the Plan; and
- (f) the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, and as promulgated under applicable regulations and as such requirements become effective from time to time with respect to the Plan.

ARTICLE 9. HIPAA PRIVACY AND SECURITY PROVISIONS

This article shall apply to the Benefit Programs listed in Appendix A subject to HIPAA as group health plans.

9.1 **Definitions.**

- (a) **Covered Entity** means (1) a Health Plan, (2) a health care clearinghouse, or (3) a health care provider who transmits any Health Information in electronic form in connection with a Transaction.
- (b) **Electronic PHI** is PHI that is maintained in or transmitted by electronic media. Electronic storage media includes memory devices in computers (hard drives), removable/transportable digital memory medium, such as magnetic tape or disk, optical disk or digital memory card. Electronic transmission media include any media used to exchange information already in electronic storage media, such as the Internet (wide-open), extranet (using Internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and physically moving removable/transportable electronic storage media. Fax machines and telephones are not considered electronic transmission media unless they transmit information stored in an electronic format (i.e. faxes that send information directly to a computer or from a computer or telephones that send information via the internet).
- (c) **Health Information** means any information, whether oral or recorded in any form or medium that (1) is created or received by a health care provider, Health Plan, public health authority, employer, life insurer, school or university or health care clearinghouse;

and (2) relates to the past, present or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual.

- (d) Health Plan means any individual or group plan that provides or pays the cost of medical care (as defined in Section 2791(a)(2) of the PHS Act, 42 U.S.C. § 300gg-91(a)(2).
- (e) Individually Identifiable Health Information means a subset of Health Information, including demographic information collected from an individual, and (1) is created or received by a health care provider, Health Plan, employer or health care clearinghouse; and (2) relates to the past, present or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (3) either identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.
- (f) Plan Administration Function means administration functions performed by the Plan Sponsor on behalf of the Plan, excluding functions performed by the Plan Sponsor in connection with any other benefit or benefit plan of the Plan Sponsor.
- (g) Protected Health Information means Individually Identifiable Health Information that is: (1) transmitted by electronic media; (2) maintained in any media described in the definition of electronic media at 42 CFR § 16.103; or (3) transmitted or maintained in any other form or medium; but (iv) notwithstanding the preceding, excluding Individually Identifiable Health Information in (A) education records covered by the Family Educational Rights and Privacy Act, as amended, 20 U.S.C. § 1232g; (B) records described at 20 U.S.C. § 1232g(a)(4)(B)(iv); and (C) employment records held by a Covered Entity in its role as employer.
- (h) Summary Health Information means information that (1) summarizes the claims history, claims expenses or type of claims experienced by individuals for whom a plan sponsor had provided health benefits under a Health Plan; and (2) from which the information described at 42 CFR § 164.514(b)(2)(i) has been deleted, except that the geographic information described in 42 CFR § 164.514(b)(2)(i)(B) need only be aggregated to the level of a five-digit zip code.
- (i) Transaction means the transmission of information between two parties to carry out financial or administrative activities related to health care.

9.2 **Providing Protected Health Information to Plan Sponsor.**

- (a) Disclosing Protected Health Information to Designated Classes of Employees of the Plan Sponsor. The Plan shall disclose Protected Health Information to designated classes of employees of the Plan Sponsor only upon the receipt of a certification of the Plan Sponsor that the Plan has been amended to incorporate the provisions of 45 CFR § 164.504(f)(2)(ii), and that the Plan Sponsor agrees to the conditions of disclosure set forth in Section 9.3.
- (b) Adequate Separation Between Plan and Plan Sponsor. The Plan Sponsor has designated the classes of employees listed in Appendix C as those eligible to receive Protected Health Information. These classes of employees only shall have access to and use

Protected Health Information to the extent necessary to perform the Plan Administration function that the Plan Sponsor performs for the Plan. In the event that any of these specified employees do not comply with the provisions of this article, that employee shall be subject to disciplinary action by the Plan Sponsor for non-compliance pursuant to the Plan Sponsor's employee discipline and termination procedures.

9.3 **Conditions of Disclosure.** The Plan Sponsor agrees that with respect to any Protected Health Information disclosed to it by the Plan, Plan Sponsor shall—

- (a) not use or further disclose the Protected Health Information other than as permitted or required by the Plan or as required by law;
- (b) ensure that any agents, including a subcontractor, to whom it provides Protected Health Information received from the Plan agree to the same restrictions and conditions that apply to the Plan Sponsor with respect to Protected Health Information;
- (c) not use or disclose the Protected Health Information for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor;
- (d) report to the Plan any use or disclosure of the information that is inconsistent with the uses or disclosures provided for of which it becomes aware;
- (e) make available Protected Health Information in accordance with 45 CFR § 164.524;
- (f) make available Protected Health Information for amendment and incorporate any amendments to Protected Health Information in accordance with 45 CFR § 164.526;
- (g) make available the information required to provide an accounting of disclosure in accordance with 45 CFR § 164.528;
- (h) make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the Plan available to the Secretary of Health and Human Services for purposes of determining compliance by the Plan with subpart E of 45 CFR § 164;
- (i) if feasible, return or destroy all Protected Health Information received from the Plan that the Plan Sponsor still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction of the information is infeasible, the Plan Sponsor shall maintain the information only for the purpose that makes return or destruction infeasible;
- (j) ensure that the adequate separation between Plan and Plan Sponsor, required in 45 CFR § 504(f)(2)(iii), is satisfied, and that such separation is supported by reasonable and appropriate security measures;
- (k) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic protected health information that it creates, receives, maintains or transmits on behalf of the covered entity;

- (l) ensure that any agent, including a subcontractor, to whom it provides Protected Health Information agrees to implement reasonable and appropriate safeguards to protect it; and
- (m) report to the Plan any security incident of which it becomes aware.

9.4 **HIPAA Privacy and Security.** The Health Plans are subject to this section and shall comply with the standards for privacy of individually identifiable health information as set forth in the Privacy Rule, and the security standards for the protection of Electronic PHI as set forth in the Security Rule.

- (a) **Authorized Employees.** Only Authorized Employees shall be permitted to use, disclose, create, receive, access, maintain or transmit PHI or Electronic PHI on behalf of a Health Plan. The use or disclosure of PHI by Authorized Employees shall be restricted to the Health Plan administration functions that the Company performs on behalf of a Health Plan, pursuant to Section 9.3.

- (1) Company employees who perform the following functions on behalf of the Health Plans are Authorized Employees:

- (A) claims determination and processing functions;
- (B) Health Plan vendor relations functions;
- (C) benefits education and information functions;
- (D) Health Plan administration activities;
- (E) legal department activities;
- (F) Health Plan compliance activities;
- (G) information systems and HRIS support activities;
- (H) payroll and finance activities;
- (I) internal audit functions; and
- (J) human resources functions.

- (2) In addition to those individuals described in subsection (a)(1), the Committee who performs claims appeals and other decision-making functions on behalf of the Health Plans, if any, the Health Plans' Privacy and Security Official, and Company employees to whom the Health Plans' Privacy and Security Official has delegated any of the following responsibilities shall also be Authorized Employees:

- (A) implementation, interpretation, and amendment of the Privacy Policy;
- (B) Privacy Rule training for Company employees;
- (C) investigation of and response to complaints by Participants and/or employees;
- (D) preparation and maintenance of the Health Plans' privacy notice;
- (E) distribution of the Health Plans' privacy notice;
- (F) response to requests by Participants to inspect or copy PHI;

- (G) response to requests by Participants to restrict the use or disclosure of their PHI;
 - (H) response to requests by Participants to receive communications of their PHI by alternate means or in an alternate manner;
 - (I) amendment and response to requests to amend Participants' PHI;
 - (J) response to requests by Participants for an accounting of disclosures of their PHI;
 - (K) response to requests for information by the Department of Health and Human Services;
 - (L) approval of disclosures to law enforcement or to the military for government purposes;
 - (M) maintenance of records and other documentation required by the Privacy Rule or the Security Rule;
 - (N) negotiation of Privacy Rule and Security Rule provisions into contracts with third party service providers; or
 - (O) approval of access to Electronic PHI.
- (b) Permitted Uses and Disclosures. Authorized Employees may access, request, receive, use, disclose, create, and/or transmit PHI only to perform certain permitted and required functions on behalf of the Health Plans, consistent with the Privacy Policy. This includes—
- (1) uses and disclosures for the Health Plans' own Payment and Health Care Operations functions;
 - (2) uses and disclosures for another Health Plan's Payment and Health Care Operations functions;
 - (3) disclosures to a health care provider, as defined under 45 C.F.R. § 160.103, for the health care provider's treatment activities;
 - (4) disclosures to the Company, acting in its role as Plan sponsor, of (A) summary health information for purposes of obtaining health insurance coverage or premium bids for the Health Plans or for making decisions to modify, amend or terminate the Health Plans; or (B) enrollment or disenrollment information;
 - (5) disclosures of a Participant's PHI to the Participant or his or her personal representative, as defined under 45 C.F.R. § 164.502(g);
 - (6) disclosures to a Health Plan for the other Health Plan's Payment or Health Care Operations activities;
 - (7) disclosures to a Participant's family members or friends involved in the Participant's health care or payment for the Participant's health care or to notify a Participant's family in the event of an emergency or disaster relief situation;
 - (8) uses and disclosures to comply with workers' compensation laws;

- (9) uses and disclosures for legal and law enforcement purposes, such as to comply with a court order;
- (10) disclosures to the Secretary of Health and Human Services to demonstrate the Health Plans' compliance with the Privacy Rule;
- (11) uses and disclosures for other governmental purposes, such as for national security purposes;
- (12) uses and disclosures for certain health and safety purposes, such as to prevent or lessen a threat to public health, to report suspected cases of abuse, neglect or domestic violence or relating to a claim for public benefits or services;
- (13) uses and disclosures to identify a decedent or cause of death or for tissue donation purposes;
- (14) uses and disclosures required by other applicable laws; and
- (15) uses and disclosures pursuant to the Participant's authorization that satisfies the requirements of 45 C.F.R. § 164.508.

Notwithstanding anything in the Plan to the contrary, the use of Protected Health Information that is Genetic Information about an individual for Underwriting Purposes shall not be a permitted use or disclosure.

- (c) Certification Requirement. The Health Plans shall disclose PHI and Electronic PHI to Authorized Employees only upon receipt of a certification by the Company that the Company agrees—
 - (1) not to use or further disclose PHI other than as permitted or required by this article and the Privacy Policy or as required by law;
 - (2) to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic PHI that the Company creates, receives, maintains or transmits on behalf of the Health Plans;
 - (3) to take reasonable steps to ensure that any agents, including subcontractors, to whom the Company provides PHI or Electronic PHI received from the Health Plans agree to—
 - (A) the same restrictions and conditions that apply to the Company with respect to such PHI; and
 - (B) implement reasonable and appropriate security measures to protect such Electronic PHI.
 - (4) not to use or disclose PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Company other than another Health Plan;

- (5) to report to the Health Plans any use or disclosure of PHI that is inconsistent with the uses or disclosures described in Section 10.3 or any Security Incident of which the Company becomes aware;
 - (6) to make available PHI for inspection and copying in accordance with 45 C.F.R. § 164.524;
 - (7) to make available PHI for amendment, and to incorporate any amendments to PHI in accordance with 45 C.F.R. § 164.526;
 - (8) to make available PHI required to provide an accounting of disclosures in accordance with 45 C.F.R. § 164.528;
 - (9) to make its internal practices, books, and records relating to the use and disclosure of PHI received on behalf of the Health Plans available to the Secretary of Health and Human Services for purposes of determining compliance by the Health Plans with the Privacy Rule;
 - (10) if feasible, to return or destroy all PHI received from the Health Plans that the Company still maintains in any form and retain no copies of such PHI when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of PHI infeasible; and
 - (11) to take reasonable steps to ensure that there is adequate separation between the Health Plans and the Company's activities in its role as Plan sponsor and employer, and that such adequate separation is supported by reasonable and appropriate security measures.
- (d) **Mitigation.** In the event of non-compliance with any of the provisions set forth in this section, the following shall apply—
- (1) the HIPAA Privacy and Security Official shall address any complaint promptly and confidentially. The HIPAA Privacy and Security Official first will investigate the complaint and document his or her investigation efforts and findings.
 - (2) if PHI has been used or disclosed in violation of the Privacy Policy or inconsistent with this article, the HIPAA Privacy and Security Official shall take immediate steps to mitigate any harm caused by the violation and to minimize the possibility that such a violation will recur.
 - (3) if an Authorized Employee or other Company employee is found to have violated the Privacy Policy, such personnel shall be subject to disciplinary action up to and including termination.
- (e) **Breach Notification.** Following the discovery of a Breach of Unsecured PHI, a Health Plan shall notify each individual whose Unsecured PHI has been, or is reasonably believed to have been, accessed, acquired or disclosed as a result of a Breach, in accordance with 45 C.F.R. § 164.404, and shall notify the Secretary of Health and Human Services in accordance with 45 C.F.R. § 164.408. For a Breach of Unsecured PHI

involving more than 500 residents of a state or jurisdiction, a Health Plan shall notify the media in accordance with 45 C.F.R. § 164.406.

ARTICLE 10. PARTICIPATING EMPLOYERS

- 10.1 **Adoption of Plan.** Any Affiliate may, with the written consent of the Company, adopt the Plan by resolution of its board of directors or other governing body. The employers who have adopted the Plan are listed in Appendix B hereto, which shall be amended from time to time.
- 10.2 **Administration.** As a condition to adopting the Plan, and except as otherwise provided herein, each Employer shall be deemed to have authorized the Company and the Administrator of the Plan to act for it in all matters arising under or with respect to the Plan and shall comply with such other terms and conditions as may be imposed by the Company and the Administrator.
- 10.3 **Company as Agent for Employers.** Each Affiliate that becomes an Employer, by doing so, appoints the Company as its agent to exercise on its behalf all of the powers and authorities conferred upon the Company by the terms of the Plan, including, but not limited to, the power to amend and terminate the Plan. The authority of the Company to act as such agent shall continue unless and until the Employer terminates participation in the Plan pursuant to Section 10.4.
- 10.4 **Termination.** Each Employer may cease to participate in the Plan or in any Benefit Program with respect to its Participants by written notice to the Administrator.

ARTICLE 11. MISCELLANEOUS PROVISIONS

- 11.1 **Information to be Furnished.** Benefit Eligible Employees shall provide the Administrator with such information and evidence, and shall sign such documents, as may be requested by the Administrator from time to time for the purpose of administration of the Plan.
- 11.2 **Limitation of Rights.** Neither the establishment of the Plan nor any amendment thereof will be construed as giving to any Benefit Eligible Employee or other person any legal or equitable right against the Administrator or the Company, and in no event will the terms of employment or service of any Benefit Eligible Employee be modified or in any way affected hereby.
- 11.3 **Employment Not Guaranteed.** Nothing contained in this Plan nor in any other Welfare Benefit Plan which is a part of this Plan, nor any modification or amendment to the Plan, nor in any action taken hereunder, gives any Employee, Participant, Eligible Dependent or beneficiary any right to continue employment, any legal or equitable right against Employer, any Participating Employer or its employees or agents, or against the Administrator, except as expressly provided by the Plan.
- 11.4 **No Vested Rights.** No individual, whether or not a Participant in, or eligible to participate in, the Plan, nor any Eligible Dependent of such individual, shall at any time have any vested right to benefits provided under the Plan or under any Welfare Benefit Plan. No amendment or termination of the Plan is intended to deny any individual covered under the Plan

reimbursement for a claim incurred on or before the date of such amendment or termination, unless otherwise required by applicable law.

- 11.5 **Nonalienation of Benefits.** Benefits payable under this Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, including any such liability which is for alimony or other payments for the support of a spouse or former spouse or for any other relative of the Participant, unless pursuant to court order, prior to actual receipt by the person entitled to the benefit under the terms of the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable under this Plan, is void. The Employer is not in any manner liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits under this Plan.
- 11.6 **Rights to Assets.** No Employee, Participant, Eligible Dependent or beneficiary has any right to, or interest in, any assets of the Employer upon an Employee's termination of employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the benefits payable under the Plan to such Employee, Participant, Eligible Dependent or beneficiary. Each Participating Employer will make all payments of benefits this Plan provides solely from its assets or pursuant to the pertinent insurance contracts and the Administrator is not liable for payment of benefits in any manner.
- 11.7 **No Guarantee of Tax Consequences.** Neither the Employer nor the Administrator makes any commitment or guarantee that any amounts paid to or for the benefit of a Participant, Eligible Dependent or beneficiary under this Plan will be excludable from the gross income of the Participant, Eligible Dependent or beneficiary for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant or beneficiary. It shall be the obligation of each Participant, Eligible Dependent or beneficiary to determine whether any payment under this Plan is excludable from the gross income of the Participant, Eligible Dependent or beneficiary for federal and state income tax purposes, and to take appropriate action if the Participant, Eligible Dependent or beneficiary has reason to believe that any payment is not excludable.
- 11.8 **Subrogation, Reimbursement and Recovery for Third Party Liability.** As a condition for receiving benefits under the Plan, each Participant or Dependent who is covered under a Benefit Program and who is eligible to receive benefits in accordance with the terms of the applicable Benefit Program (each a "Covered Person") agrees to and grants the Plan the right to subrogation, the right to reimbursement, and the right of recovery as set forth herein. When a Covered Person becomes sick or injured as a result of the act or omission of another person or party and the Covered Person received benefits under the Plan for such injuries, the Covered Person must reimburse the Plan for benefits received from all recoveries from a Third Party (whether by lawsuit, settlement or otherwise) and the Plan's share of the recovery will not be reduced because the Covered Person has not received the full damages for the claims, unless the Plan agrees, in writing, to such a reduction. If the Covered Person breaches this section, then the Covered Person agrees to indemnify the Plan for all costs of recovering Third Party reimbursements. To the extent that any Program Document also contains provisions regarding subrogation, reimbursement, or right to recovery of expenses, this section and the applicable Program Document will both apply so as to grant the Plan the greatest possible rights with respect to subrogation, reimbursement, and recovery of such expenses or benefits. Except as specifically provided otherwise in an applicable Program Document, this section will apply to any health or disability benefit provided through the Benefit Programs.

"Third Party" means any person or entity who is or may be liable for an injury, illness, disability, or death of a Covered Person including without limitation, an insurance company for such third party or a potentially liable person or entity; worker's compensation; homeowner's insurance; all coverages under an automobile policy of the Covered Person or a member of the Covered Person's family, including "no fault" coverage, medical coverage, and uninsured or underinsured motorist coverage; and other similar coverages. If appropriate under the circumstances, the Covered Person or any insurer of the Covered Person may be considered a "Third Party" if the Covered Person is or may be responsible for the injury, illness, disability or death of a Covered Person and/or the Covered Person has insurance coverage for such injury, illness, disability or death.

- (a) Right of Subrogation. As a condition to participation in or the receipt of benefits under the Plan, each Covered Person agrees that the Plan will have the right of subrogation with respect to the full amount of benefits paid to or on behalf of a Covered Person as the result of an injury, illness, disability or death that is or may be the responsibility of any Third Party. The Plan will also have a lien upon any recovery from such Third Party to the full amount of benefits paid and may, at its option, file suit or intervene in any pending lawsuit to secure and protect its rights. The Plan's right of subrogation will apply to the first dollar of any recovery obtained from the Third Party, even if the recovery obtained is less than the amount needed to make the Covered Person whole. Regardless of how such claims or recoveries are classified or characterized by the parties, the courts or any other entity, such classification shall not impact the covered individual's responsibilities described above or the Plan's entitlement to first-dollar recovery, regardless of whether the covered individual is made whole.
- (b) Reimbursement Agreement. If a Covered Person incurs expenses that are excluded in accordance with this provision of the Plan because they are or may be the responsibility of a Third Party, the Covered Person will be required, as a prerequisite to receiving Plan benefits, to sign a reimbursement agreement in a form acceptable to the Administrator acknowledging the Covered Person's obligation to reimburse the Plan for any benefits or expenses paid by the Plan from the first dollars recovered from any source. If expenses are incurred by a minor, the Administrator may require that the minor's parent or legal guardian execute the reimbursement agreement and agree to be bound by it. The Administrator may, in its sole discretion, withhold benefit payments that might otherwise be advanced, and/or initiate an action at law or in equity in its own name or in the name of the Covered Person, in order to enforce, secure, or protect the Plan's rights under this provision. If the Covered Person elects not to execute such an agreement, the Plan is not obligated to provide any benefit payments.
- (c) Right of Reimbursement. Whether or not a Covered Person executes a reimbursement agreement, in the event that the Plan provides benefits to a Covered Person and the Covered Person recovers a payment, either by settlement, judgment, no-fault automobile insurance statute, homeowners insurance, or otherwise, from any Third Party or other source, then the Covered Person will immediately reimburse the Plan for the full amount of any and all benefits paid in connection with such injury, illness, disability or death, up to the amount of the recovery. This right of reimbursement applies regardless of the label assigned to the recovery, and regardless of any purported allocation or itemization of such recovery to specific types of injuries. If the recovery is for damages other than for health expenses, such as pain and suffering, the Covered Person will still be required to reimburse the Plan first. The Plan will have a lien upon any such recovery in the amount of benefits or expenses paid by the Plan. The Plan's right of reimbursement will apply to

the first dollar of any recovery obtained from the Third Party, even if the recovery obtained is less than the amount needed to make the Covered Person whole.

- (d) Procedures for Subrogation and Reimbursement. Each Covered Person or his or her legal representative must do whatever is requested by the Administrator with respect to the exercise of the subrogation and reimbursement rights of the Benefit Program and the Employers, and will do nothing to prejudice those rights.

- (1) Each Covered Person or his or her legal representative, in conjunction with making a claim for Benefit Program benefits, must inform the Administrator in writing whether the Covered Person was injured by a Third Party, and must provide the following information in a timely, prompt fashion as a condition to receipt of Benefit Program benefits:
 - (A) the name, address, and telephone number of the Third Party that in any way caused the injury, illness or disability, and of the attorney representing the Third Party;
 - (B) the name, address, and telephone number of the Third Party's insurer and any insurer of the Covered Person;
 - (C) the name, address, and telephone number of the Covered Person's attorney with respect to the Third Party's act;
 - (D) prior to the meeting, the date, time and location of any meeting between the Third Party or his or her attorney and the Covered Person, or his or her attorney;
 - (E) all terms of any settlement offer made by the Third Party or his or her insurer or the Covered Person's insurer;
 - (F) all information discovered by the Covered Person, or his or her attorney, concerning the insurance coverage of the Third Party;
 - (G) the amount and location of any funds that are recovered by the Covered Person from the Third Party or his or her insurer or the Covered Person's insurer, and the date that the funds were received;
 - (H) prior to settlement, all information related to any oral or written settlement agreement between the Covered Person and the Third Party or his or her insurer or the Covered Person's insurer;
 - (I) all information regarding any legal action that has been brought on behalf of a Covered Person against the Third Party or his or her insurer; and
 - (J) all other information requested by the Administrator.
- (2) No Covered Person (or the person's legal representative) may retain an attorney with respect to the Third Party without the prior written consent of the

Administrator. As a condition of receiving benefits under the Benefit Program, each Covered Person (and that person's legal representatives) hereby:

- (A) waives the assertion of any attorney-client privilege against an Employer with regard to an attorney retained by the Covered Person;
- (B) agrees that an Employer may assume, at its discretion, the defense of any action that has been or could be brought against the Third Party by the Covered Person (or that person's legal representatives);
- (C) agrees that an Employer must be given the opportunity to approve any settlements before they are made with the Third Party;
- (D) agrees to consent to judgment for the Plan;
- (E) agrees not to assert a defense under ERISA Section 502 to a claim made by the Plan; and
- (F) agrees that a claim brought by the Plan to enforce its rights under this section is an equitable claim.

Any funds recovered by a Covered Person (or that person's legal representative) from a Third Party (or the Third Party's insurer) must and are deemed to be held in constructive trust for the benefit of the Benefit Program and the Employer to the extent of the amount of Benefit Program benefits until reimbursement, with the Covered Person (or that person's legal representative) as trustee and fiduciary.

- (e) Coverage for Expenses Caused by a Third Party. The Administrator may, in its sole discretion, cease to pay benefits under a Benefit Program if a Covered Person refuses to execute a reimbursement agreement. The Administrator may cease to pay benefits subject to a reimbursement agreement if, in the discretion of the Administrator, the Covered Person has failed or is failing to fulfill his or her duty to cooperate or to comply with the provisions of this section.
- (f) Right of Recovery and Offset. The Plan will have the right to recover any benefits paid to a Covered Person or his or her health care provider that a Covered Person fails to reimburse to the Plan under the provisions of this Section 11.8. To the extent not otherwise paid to the Plan, the amount due to the Plan will reduce any other present or future benefits payable from the Plan to or on behalf of the Participant. In addition the Administrator may, in its sole discretion, employ any other lawful means to recover overpayment on behalf of the Plan. These rights are in addition to any other rights and remedies that the Plan may have.
- (g) Attorneys' Fees and Expenses. The Benefit Program's right, and the amount to be reimbursed to the Benefit Program, will equal the amount of benefits the Covered Person received from the Benefit Program, adjusted by the Covered Person's reasonable share of attorneys' fees and costs to obtain payment from the Third Party, but will not exceed the amount the Participant actually received from the Third Party.

11.9 Recovery of Benefit Overpayment. If any benefit from a Benefit Program paid to or on behalf of a Covered Person should not have been paid or should have been paid in a lesser amount, and

the Covered Person or other recipient fails to repay the amount promptly, then the overpayment may be recovered by the Administrator to the extent permitted by law from any monies then payable, or which may become payable, in the form of salary, wages, or benefits payable under any Employer sponsored benefit programs, including the applicable Benefit Program. The Administrator also reserves the right to recover any such overpayment by appropriate legal action.

- 11.10 **Severability.** If any provision of this Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of this Plan, and the Plan shall be construed and enforced as if such provision had not been included herein.
- 11.11 **Governing Law.** To the extent not preempted by ERISA or any other federal statutes or regulations, this Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey.
- 11.12 **Legal Compliance.** The Plan is intended to comply with all applicable federal and state laws and findings of their regulatory authorities, and by this provision is automatically amended to be in minimal compliance as necessary.
- 11.13 **Construction.** The masculine gender shall be deemed to include the feminine gender. Words used in the singular shall be construed as if they also were used in the plural in all cases where they would so apply.

IN WITNESS WHEREOF, the Company has caused this duly adopted Plan to be executed below by its duly authorized officer or representative on this ____ day of _____, 2014 to be effective as of the Effective Date stated herein.

AMERICAN WATER WORKS CO., INC.

By: _____
Len Crane,
Vice President of Human Resources

APPENDIX A

BENEFIT PROGRAMS

The following Benefit Programs are consolidated into the Plan and the respective Program Documents are incorporated by reference as if fully set forth herein.

I. Group Health Benefits (subject to the HIPAA Privacy and Security provisions of the Plan)

1. Medical Benefit Program
2. Prescription Drug Program
3. Dental Benefits

II. Other Benefit Programs

1. Disability Benefits (to the extent not a payroll practice)
2. Life Insurance Benefits (including accidental death & dismemberment insurance benefits, basic and supplemental life insurance benefits, dependent life insurance benefits and other similar benefits provided under a Benefit Program)

APPENDIX B**PARTICIPATING EMPLOYERS**

The following entities are participating Employers under the Plan:

- American Water Enterprises, Inc.
 - AAET, L.P.
 - EA2 Systems, L.C.
 - American Water Operations and Maintenance, Inc.
 - American Water Services CDM, Inc.
 - Environmental Management Corporation (effective June 1, 2010)
- American Water Resources, Inc.
- American Water Works Company, Inc.
- American Water Works Service Company, Inc.
- California-American Water Company
- Hawaii American Water Company
- Illinois-American Water Company
- Indiana-American Water Company
- Iowa-American Water Company
- Kentucky-American Water Company
- Maryland-American Water Company
- Michigan American Water Company
- Missouri-American Water Company
- New Jersey-American Water Company, Inc.
- New York American Water Company, Inc. (effective October 4, 2012), including business components formerly identified as:
 - Aqua New York, Inc. (participating effective May 1, 2012)
 - Aqua New York of Sea Cliff, Inc. (participating effective May 1, 2012)
 - Long Island Water Corporation
 - New York Water Service Corporation (participating effective May 1, 2012)
- Pennsylvania-American Water Company
- Tennessee-American Water Company
- Virginia-American Water Company
- West Virginia-American Water Company
 - Bluefield Valley Water Works Company

APPENDIX C**PLAN ADMINISTRATION EMPLOYEES**

The following classes of employees may access PHI relating to payroll, eligibility and enrollment, and claims:

American Water/American Water Services

- VP Human Resources
- Director Compensation & Benefits
- Director HR Services
- Manager, Benefits and Wellness
- Benefits Administrator
- Supervisor Benefits Service Center
- Supervisor HR Services
- Sr. Specialist Benefits
- Team Lead Reporting & Analysis
- HR and Senior HR Services Representative
- Specialist Payroll/HR Data
- Specialist Client Support
- Supervisor Payroll Processing
- Specialist Payroll Tax & Accounting
- Manager Employee Services Generalist
- HR Manager
- Administrative Secretary
- Executive Assistant
- Staff Accountant

The following classes of employees may access PHI relating only to payroll, eligibility and enrollment. These employees shall not have access to PHI relating to claims:

American Water/American Water Services

- Director ITS, Development & Support Administrative
- Manager Application Development
- Technical Designer
- Developers
- Documenter / Trainer
- Manager Application Architecture
- Business Analysts
- Project Managers
- Quality Assurance — Analysts/Testers
- Internal Audit
- Information Systems Auditor
- Senior Auditor
- Internal Auditor
- Director Internal Audit
- Internal Auditor
- Manager IT
- Controller, Assistant
- Sr. Staff Accountant
- VP Finance

APPENDIX D**TRUST AGREEMENTS**

<u>Trust Agreement</u>	<u>Trustee</u>	<u>Effective Date</u>
Life Insurance Benefits Trust	Wells Fargo Bank, N.A.	June 22, 2011
Group Insurance Benefits Trust	Wells Fargo Bank, N.A.	June 22, 2011

SUPPLEMENT I

COLLECTIVE BARGAINING UNITS

This Supplement I identifies the collective bargaining units of which some Employees may be a member and which provide for participation in one or more Benefit Programs sponsored by the Company under this Plan. Benefits provided to each collective bargaining unit shall be determined by the applicable collective bargaining agreement.

Division	State	District	Union Full Name	Local #
CENTRAL	IA	Clinton	Utility Workers of America	526
CENTRAL	IA	Quad Cities	Utility Workers of America	525
CENTRAL	IL	Lincoln	International Brotherhood of Electrical Workers	51
CENTRAL	IL	Champaign	Utility Workers of America	500
CENTRAL	IL	Bollingbrook	United Food & Commercial Workers	1546
CENTRAL	IL	Peoria	Laborers International Union of America	165
CENTRAL	IL	Belleville	Laborers International Union of America	459
CENTRAL	IL	Sterling	International Brotherhood of Electrical Workers	51
CENTRAL	IL	Granite City	Laborers International Union of America	397
CENTRAL	IL	Pekin	Journeyman & Apprentices of Plumbers & Pipe Fitters	63
CENTRAL	IL	East St. Louis	Laborers International Union of America	100
CENTRAL	IL	Peoria	Hotel Employees and Restaurant Employees Union	16
CENTRAL	IL	Interurban (Chicago Metro)	Utility Workers of America	405
CENTRAL	IL	Alton	Plumbers & Pipefitters	555
CENTRAL	IL	Alton	International Union of Operating Engineers	148
CENTRAL	IL	Peoria	International Union of Operating Engineers	399
CENTRAL	IN	Kokomo	United Steel Workers of America	2958
CENTRAL	IN	Muncie	United Steel Workers of America	12213
CENTRAL	IN	Gary	United Steel Workers of America	13584
CENTRAL	IN	Gary	United Steel Workers of America	13584-01
CENTRAL	IN	Wabash (Terre Haute)	Plumbers & Steam Fitters	157
CENTRAL	IN	Seymour	International Brotherhood of Electrical Workers	1393
CENTRAL	IN	Greenwood	International Brotherhood of Electrical Workers	1393
CENTRAL	KY	Outside Lexington	Service Employees International Union, CTW, CLC	32BJ
CENTRAL	MO	Warrensburg	International Union of Operating Engineers	101S
CENTRAL	MO	St. Charles	Utility Workers of America	455
CENTRAL	MO	Platte	International Union of Operating Engineers	101S
CENTRAL	MO	St. Louis	Utility Workers of America	335
CENTRAL	MO	St. Joseph	Laborers International Union of America	579
CENTRAL	MO	Joplin	International Brotherhood of Electrical Workers	95
CENTRAL	MO	St. Joseph	International Brotherhood of Electrical Workers	1464
CENTRAL	MO	Mexico	International Brotherhood of Electrical Workers	2
CENTRAL	TN	Chattanooga	Utility Workers of America	121
CORP	FL	Pensacola CSC	Utility Workers of America	640
CORP	IL	Alton CSC	Utility Workers of America	640
MBB	IL	Sauget	United Food & Commercial Workers	12C

Division	State	District	Union Full Name	Local #
MBB	IL	Mount Vernon	Laborers Int'l / Teamsters, Chauffers & Helpers	1197
MBB	IL	Litchfield	Laborers International Union of America	773
MBB	IL	Lincoln	International Union of Operating Engineers	399
MBB	IL	Godfrey	Teamsters, Chauffers & Helpers	525
MBB	MO	St. Charles	International Union of Operating Engineers	148
MBB	Ontario	Prism-Berlie	Canadian Union of Public Employees	543.7
MBB	Ontario	Middlesex		115
MBB	WA	Quincy	International Brotherhood of Teamsters	760
MBB	WA	Seattle	Teamsters, Chauffers & Helpers	174
MIDATLANTIC	MD	Bel Air	Utility Workers of America	537
MIDATLANTIC	PA	Pittsburgh	Utility Workers of America	537
MIDATLANTIC	PA	Coatesville	AFSCME	1821A
MIDATLANTIC	PA	Norristown	Service Employees International Union, CTW, CLC	32BJ
MIDATLANTIC	PA	Mechanicsburg - West Shore	Utility Workers of America	537
MIDATLANTIC	PA	Milton (White Deer)	Utility Workers of America	537
MIDATLANTIC	PA	Yardley	International Brotherhood of Firemen & Oilers	32BJ
MIDATLANTIC	PA	Wilkes-Barre	Utility Workers of America	537
MIDATLANTIC	PA	Outside Districts	Utility Workers of America	537
MIDATLANTIC	PA	Brownsville	Utility Workers of America	537
MIDATLANTIC	VA	Northern (Alexandria)	Service Employees International Union, CTW, CLC	32BJ
MIDATLANTIC	VA	Hopewell	Chemical Workers	851C
MIDATLANTIC	WV	Huntington	Utility Workers of America	176
MIDATLANTIC	WV	Oak Hill	Journeyman & Apprentices of Plumbers & Pipe Fitters	625
MIDATLANTIC	WV	Northern	Utility Workers of America	537
MIDATLANTIC	WV	Kanawha	Laborers International Union of America	1353
MIDATLANTIC	WV	Princeton-Bluefield	Journeyman & Apprentices of Plumbers & Pipe Fitters	625
NORTHEAST	NJ	Delran Operating Center	Service Employees International Union, CTW, CLC	32BJ
NORTHEAST	NJ	Short Hills	Utility Workers of America	391
NORTHEAST	NJ	Atlantic - Cape May (Fire Road)	Service Employees International Union, CTW, CLC	32BJ
NORTHEAST	NJ	Raritan System (Mt. Holly)	Utility Workers of America	423
NORTHEAST	NJ	Lakewood	Service Employees International Union, CTW, CLC	32BJ
NORTHEAST	NJ	Raritan System	International Union of Operating Engineers	68
NORTHEAST	NJ	Shrewsbury	Utility Workers of America	395
NORTHEAST	NY	Lynbrook	Utility Workers of America	365
NORTHEAST	NY	Merrick	Utility Workers of America	355
WESTERN	CA	Sacramento	International Union of Operating Engineers	39
WESTERN	CA	Monterey	Utility Workers of America	511
WESTERN	CA	Los Angeles (Rosemead)	Utility Workers of America	508
WESTERN	CA	Village (Ventura)	Utility Workers of America	508A
WESTERN	HI	Oahu	International Union of Operating Engineers	3

2016 Health Plan Fact Sheet

Health Plan Contribution Rates – as of January 1, 2016

Age at Retirement	Single	Two or More Participants
55	\$147.02	\$220.37
56	\$137.02	\$210.37
57	\$127.02	\$200.37
58	\$117.02	\$190.37
59	\$107.02	\$180.37
60 – 61	\$97.02	\$170.37
62 -64	\$47.02	\$120.37

Retirees Age 65 or Older

Please review the attached chart, which provides a summary of the services and reimbursements allowed under the American Water Medicare Supplement Plan. The American Medicare Supplement Plan is administered by Horizon Blue Cross Blue Shield of New Jersey.

Contribution rates are based on the retiree's age, even if your dependent is under age 65. Your contribution rates for 2016 remain the same. Refer to the chart below to determine your cost.

Retiree only	\$50
Retiree plus Spouse	\$100
Retiree plus Family	\$125

Reminder:

- ☐ Individuals under the age of 65 are eligible to participate in the PPO Plan
- ☐ Individuals age 65 and over however, are eligible to participate in the Medicare Supplemental Plan
- ☐ Individuals age 65 and over are not eligible to participate in the dental plan
- ☐ If you have questions or want to make changes to your current elections you must contact the HR Service Center at 1.866.777.8426, Option 2.
- ☐ **After Open Enrollment you will only be able to make changes to your benefits if you experience a qualified family status change and notify the HR Service Center within 31 days of the status change.**
- ☐ **Changes you can make to your elections include:**
 - ☐ Decline coverage
 - ☐ Add / remove a spouse
 - ☐ Add / remove a dependent child
- ☐ **Verification is required when adding dependents. If you are adding dependents, you will be required to provide proof to verify the eligibility of each new dependent within 30 days following the end of open enrollment.**

AMERICAN WATER RETIREE COMPARISON CHART**Medical, Dental and Prescription Drug Benefits****Horizon BCBSNJ Medical Plans**

	Pre-65 Plan		Post-65 Plan*	
Plan Feature	PPO		Medicare Su	Plan
Network coverage type	In-network	Out-of-network		
Deductible (single/family)	None	\$300/\$600		\$150/\$300
Coinsurance	80%	50%		80%
Out-of-pocket maximum (single/family)	\$3,000/\$6,000 including Rx each year			\$1,000/\$3,000
Lifetime maximum benefit	Unlimited			Unlimited
Preventive Care				
Routine physical exam	100% annual exam, well to 6	Not Covered		80% after deductible (one per 24 months)
Immunizations	100%	Not Covered		80% after deductible (one per 24 months)
Routine hearing exam	100% annual exam	Not Covered		80% after deductible (one per 24 months)
Routine OB/GYN exam	100% annual exam	Not Covered		80% after deductible (one per calendar
Mammography	100% annual exam	Not Covered		80% after deductible (one baseline – ages 35-39 annual screeni 40 and
Physician and Hospital Services				
Office visits care and	80%	50% after deductible		80% after deductible
Allergy testing and treatment centers	80%	50% after deductible		80% after deductible
Diagnostic x-ray and lab	Independent Lab: 80% Office: 80%	50% after deductible		80% after deductible
Hospital inpatient services	80%	50% after deductible and \$250 copay per admit		100% for first 120 days; 80% thereafter

*In addition to post-65 retirees, this plan also covers disabled retirees under age 65 who are entitled to receive disability benefits from Social Security

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AMERICAN WATER RETIREE COMPARISON CHART**Medical, Dental and Prescription Drug Benefits****Horizon BCBSNJ Medical Plans**

Plan Feature	Pre-65 Plan		Post-65 Plan*
	PPO		Medicare Supplement Plan
Network coverage type	In-network	Out-of-network	
Outpatient surgery	80%	50% after deductible	80% after deductible
Outpatient preadmission testing	80%	50% after deductible	80% after deductible
Ambulance (if medically necessary)	80%	80%	80% after deductible
Emergency room	80%	80%	80% after deductible
Hospital Alternatives			
Home health care	80% (120-visit maximum per calendar year)	50% after deductible (120-visit maximum per calendar	80% after deductible (120-maximum per calendar
Private duty nursing	80% (70-shift maximum per calendar year)	50% after deductible (70-shift maximum per calendar	80% after deductible
Skilled nursing facility	80% (120-day maximum per calendar year)	50% after deductible (120-day maximum per calendar	80% maximum
Hospice inpatient	80%	50% after deductible	80% after deductible
Hospice outpatient	80%	50% after deductible	80% after deductible (\$5,000 lifetime maximum
Durable medical equipment	80%	50% after deductible	80% after deductible
Short-term rehabilitation	80% (60-day maximum per calendar year for acute conditions	50% after deductible (60-day maximum per calendar for acute conditions	80% after deductible
Mental Health and Chemical Dependency	Treated in same manner as other medical/hospital/surgical benefits		Treated in same manner as other medical/hospital/surgical benefits

*In addition to post-65 retirees, this plan also covers disabled retirees under age 65 who are entitled to receive disability benefits from Social Security

AMERICAN WATER RETIREE COMPARISON CHART**Medical, Dental and Prescription Drug Benefits****Horizon BCBSNJ Medical Plans****Pre-65 Plan****Post-65 Plan*****Prescription drugs**

coinsurance or

Retail:

- Generic
- Preferred brand
- brand

0%

10%

20%

20%

20%

20%

Mail order:

- Generic
- Preferred brand
- Non-preferred brand

0%

\$14

20%

\$30

20%

\$70

This chart only highlights medical and certain limits may apply to some Benefits may be subject to and Customary (R&C) limits. Official Plan documents govern in the event of any inconsistency between the provisions shown here and in the Plan documents. Plans are subject to change

Aetna Dental**Pre-65 Plan****Plan Feature****PPO****Deductible (single/family)**

\$50/\$100

Preventive care

100% covered expenses with no deductible

Basic services

80% after deductible

Major services

50% after deductible

Calendar year maximum

\$1,500

Orthodontia

\$1,500 lifetime maximum; pays 50% of covered expenses after deductible.
Covers only eligible dependent children.

This chart only highlights dental option features, and certain limits may apply to some features. Benefits may be subject to Reasonable and Customary (R&C) limits. Official Plan documents govern in the event of any inconsistency between the provisions shown here and in the Plan documents. Plans are subject to change.

Revised 09/18/14

*In addition to post-65 retirees, this plan also covers disabled retirees under age 65 who are entitled to receive disability benefits from Social Security.

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

Witness: Kevin N. Rogers / Donald J. Petry

23. 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 the attached current and most recent employment contracts.

OUTSIDE UNION CONTRACT
November 22, 2010- October 31, 2014

CONTRACT

BETWEEN

KENTUCKY-AMERICAN WATER

AND

NATIONAL CONFERENCE OF FIREMEN AND OILERS
LOCAL UNION 320

Section 1	Recognition	Page 1
Section 2	New Employees	2-3
Section 3	Union Security	3
Section 4	Union Dues	3
Section 5	Rules, Regulations and Good Faith	3
Section 6	Seniority	4
	Production and Field Operations Department	
	Classifications	4
	Job Posting Section	5-6
7	Responsibility	6
Section 8	Temporary Transfers	7
Section 9	Demotion or Decrease	7
Section 10	Representation and Arbitration	7-8
Section 11	Leave of Absence	8-9
Section 12	Wages and Hours- Field Operations Department	9-12
Section 13	Awaiting Emergency Calls	12
Section 14	Wages and Hours – Production Department	13-15
Section 15	Right to Change Shifts	15
Section 16	Sharing of Overtime	15
Section 17	Pay Days	15
Section 18	Vacation	16-17

I

Section 19	Death in Family	18
Section 20	Disability Benefits and Life Insurance	18-19
Section 21	Insurance, Pension, 401 (K) Savings Plan	20
Section 22	Department Head Not to Perform Work Exception	20
Section 23	Guaranteed Work Week and Right to Subcontracting	20-21
Section 24	Equal Opportunity Employer	21
Section 25	Safety Shoes	21
Section 26	Smoking In the Workplace Policy	21
Section 27	Meal Allowance	22
Section 28	Management of Business	22
Section 29	Complete Agreement	22
Section 30	Duration of Agreement	23

AGREEMENT

THIS AGREEMENT executed on November 18 2010 and effective as of the 22nd of November, 2010, 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 **nunion;"**

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 Employees and management which requires that any disputes arising between the Employees 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 Employees, 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 employees covered by this Agreement except for the employees 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 employees.

SECTION 2. NEW EMPLOYEES

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 employees.

The Company agrees that in the filling of vacancies it will give preference to former qualified employee 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.

It is agreed that new employees, (those who have less than ninety (90) calendar days of continuous employment}, shall not be eligible for pay for vacation or holidays until after the probationary period has ended.

SECTION 3. UNION SECURITY

The Company agrees that all present employees 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 employees 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 employee 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 employee 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 employee of joining the Union as provided above.

It is agreed between the parties that seniority rights for the new employee 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 employee 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.

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 employees, 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 employees in the Union are divided into two departments:

Production

Employees 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

Field Operations

The employees in the Field Operations Department are classified as follows:

Backhoe Operator
Junior Backhoe/Crew Leader
Crew Leader
Utility
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 employees in the Utility classification may be assigned to either the Field Operations 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 employee when the position is vacant.

In cases of job bidding or transfer or decrease of employees 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 employees 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 employee to the duties of the bid position. If at the end of this thirty- (30) calendar day period the employee is not actually performing these duties, the rate of pay for the bid position will begin, provided pay scales are not a lower rate of pay.

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 employee'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 employee, or employees involved have not qualified for the position they presently hold.

In the event a vacancy occurs while an employee is on vacation or sick leave, it is agreed that the Union and Company will jointly notify said employee 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 employee 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 employee, the employee shall be granted 48 hours at the conclusion of their vacation or sick leave the opportunity to bid on the vacancy.

Any employee 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 employee 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 employee qualifies for a position, their seniority reverts back to the date of the awarding of the job. Company agrees to pay an employee in training for a classified position the rate of pay for that position when they perform the duties by themselves. An employee 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 employee has qualified for the position.

When an employee 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 employee 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 the employee 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 employee 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 employee 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 employee to work sixteen (16) hours per day, or require the services of more than one (1) swing shift employee 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 employee'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 employees 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 employee is displaced from their classification or department due to a cutback or revision of production or field operations 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 employees in the various shift classifications will not be transferred from their normal duties to perform duties normally performed by employees in other classifications when it is necessary to replace this employee, except in cases of emergency.

SECTION 8. TEMPORARY TRANSFERS

Employees may be assigned temporarily to positions on a reverse seniority basis when feasible and practical, provided no senior employee desires the assignment. Employees 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.

When it becomes necessary for the Company to shift an employee temporarily to new assignments, there shall be no change in the rate of pay to the employee so temporarily assigned except when such temporary assignment shifts an employee into a higher classification. In such cases the employee shifted temporarily to a higher classification shall receive for such temporary assignment the basic rate of pay established for the position. Employees transferred temporarily to lower paid positions shall continue to receive their regular rate of pay during such temporary transfer. Employees 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 employee be changed during any work shift or any work day except that when an employee continues without interruption for two (2) hours or more in such temporary assignment, that employee shall be paid the higher rate of pay for all time worked in the higher paid assignment.

SECTION 9. DEMOTION OR DECREASE

When and if it should become necessary to curtail employment in any department employees 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 employee laid off from any department because of lack of work, may exercise their Company seniority by bumping any less senior employee, 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 employees, 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 provisions of this Agreement.

SECTION 10. REPRESENTATION AND ARBITRATION

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

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

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.

8

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 Field Operations Manager 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 employee 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 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

Employees 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. Employees 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 employee is employed by another concern, or should they violate the terms of their leave during such leave of absence, said employee shall forfeit any or all seniority rights herein established.

SECTION 12. WAGES AND HOURS-FIELD OPERATIONS DEPARTMENT

The provisions of this Section shall apply to all employees in the Field Operations 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 employees 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 employees are at all times, during such work week, available for work. This assurance will not be applicable to any employee hired after November 1, 1982.

Except in cases of emergency, employees 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

Personal Floating Holidays may be taken with as much notification as possible, with the supervisor' approval. The Company has the final decision to grant the day off as determined by the current workload. Personal Floating Holidays shall be taken within the calendar year January 1 through December 31.

**The Sunday Field Operations crew will substitute Easter Sunday for the Good Friday holiday that is observed by all other bargaining unit employees.

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. Employees 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 employee 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 employee 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, employee 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 employees 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. Employees shall not be paid both daily and weekly overtime for the same hours worked.

Employees 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 employee 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 employee for this job shall be in accordance with Section 6- Seniority.

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

<u>CLASSIFICATIONS</u>	<u>REGULAR HOURLY RATE EFFECTIVE</u>			
<u>FIELD OPERATIONS DEPARTMENT</u>	<u>11/22/10</u>	<u>11/1/11</u>	<u>11/1/12</u>	<u>11/1/13</u>
Backhoe Operator	\$23.58	\$24.17	\$24.77	\$25.39
Junior Backhoe/Crew Leader	\$23.04	\$23.62	\$24.21	\$24.82
Crew Leader	\$22.51	\$23.07	\$23.65	\$24.24
Utility	\$21.35	\$21.88	\$22.43	\$22.99
Meter Technician	\$23.97	\$24.57	\$25.18	\$25.81
Field Service Representative	\$23.58	\$24.17	\$24.77	\$25.39
Meter Reader (as of 11-1-88)	\$23.58	\$24.17	\$24.77	\$25.39
Meter Reader (after 11-2-88 but prior to 11-1-98)	\$22.51	\$23.07	\$23.65	\$24.24
Meter Reader (as of 11-1 98)	\$21.35	\$21.88	\$22.43	\$22.99

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 employees are assigned to shifts other than 7:30a.m.- 4:00p.m. or 8:00a.m. to 4:30p.m., they will receive shift differential premium rate, when appropriate, including overtime on a continuation basis.

The night shift field operations 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 field operations crews are as follows:

Monday-Friday	7:00a.m.- 3:30 p.m.
Monday-Friday	7:30a.m.- 4:00p.m.
Monday-Friday	12:30 p.m. -9:00p.m.
Tuesday-Saturday	7:30a.m. -4:00p.m.
Sunday- Thursday	7:30a.m. -4:00p.m.
Monday – Friday	9:00a.m.- 5:30p.m.

In the event no employees bid on the open positions in the Field Operations department, the Junior Crew Leader/s and Junior Qualified Utilityis 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 Field Operations 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.

When any employee 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.

There shall be ten (10) employees 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 a Utility is assigned to be in charge of a vehicle, they shall be paid at the Crew Leader rate of pay.

An employee 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 employees awaiting emergency calls or standby duties as covered by Section 13.

If an employee is required to work sixteen (16) or more consecutive hours, he/she shall be permitted to take up to an eight (8) hour rest period. This rest period will be excused but unpaid by the Company.

Employees covered by this Section (Hydrant Flushing}, and also Section 13 of this contract, who are required to work on either of the two shifts between 4:00 p.m. and 8:00a.m. will be paid an additional thirty cents (\$0.30) per hour for the 4:00p.m. to 12:00 midnight shift and forty cents (\$0.40) per hour for the 12:00 midnight to 8:00a.m. shift for those hours actually worked. The Field Service Representative employees working other than the normal day shift will receive the shift differential that is applicable from 4:30p.m. till 8:00a.m.

When an employee is assigned to repair AMR meters, the Company agrees to pay for work performed at the field service representative rate of pay.

SECTION 13. AWAITING EMERGENCY CALLS

Four (4) qualified employees with the greatest continuous length of service in the Field Operations Department will be called upon, one each week, to receive and respond to emergency Field Operations calls. The employees 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. Work performed on Sunday, or their regular scheduled second day off, will be paid at two (2) times their regular rate of pay. Once these four (4) employees 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) employees 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.

Field Operations Maintenance On Call

One Utility and one Crew Leader in the Field Operations Department will be called upon each week to receive and respond to maintenance related emergency calls. The employees 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 eligibility provision. Work performed on their normal second day off will be paid at two (2) times their regular rate of pay.

The next person in the classification of the absent employee on the standby roster will be called upon to fill these duties for that standby period when one of these employees is sick or on vacation at the time of their scheduled assignment. The absent employee will be reassigned to the next regular standby assignment scheduled for the employee who was assigned to fill in or wherever needed. This make up assignment shall be for the number of hours the employee was absent.

Should an employee be off work for a period extending beyond on rotation of the schedule and there are no volunteers, the assigned week for the absent employee will be filled by employees having worked the least amount of overtime year to date. They will be drawn from the same classification as the absent employee, with each being assigned one day of week. Choice of assigned days will be given in reverse order, starting with those persons having the most overtime YTD.

Employees may, if they so desire, exchange their standby assignments provided the change is agreeable to the Company and the Union. Once the yearly schedule has been posted and at any time assignment changes are desired, it will be the responsibility of the scheduled employee to find their replacement from the classification of which they hold a position. Crew Leaders and Utility persons assigned to Field Service Emergency Standby duty will not be assigned to the yearly Field Operations on Call schedule, but may fill vacancies on a volunteer basis provided the change is agreeable with the Company and the Union.

SECTION 14. WAGES AND HOURS- PRODUCTION DEPARTMENT

This section shall apply to all employees 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 employees 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 employee 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 employees are changing from one shift to another, or when employees at their own request are working extra time in order to get off during regular shifts. Employees shall not be paid daily and weekly overtime for the same hours worked.

The Company agrees that present employees 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 employees are at all times, during such work week, available for work. This assurance will not be applicable to any employee hired after November 1, 1982.

Employees 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 employees.

Personal Floating Holidays may be taken with as much notification as possible, with the supervisor' approval. The Company has the final decision to grant the day off as determined by the current workload. Personal Floating Holidays shall be taken within the calendar year January 1 through December 31.

If the employee 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, employees shall not be paid both daily and weekly overtime for the same hours worked.

Employees 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 employee 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 employee 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 employees covered by this Section, the regular hourly rate of pay shall be as follows:

<u>CLASSIFICATIONS</u>	<u>REGULAR HOURLY RATE EFFECTIVE</u>			
	<u>11/22/10</u>	<u>11/1/11</u>	<u>11/1/12</u>	<u>11/1/13</u>
<u>PRODUCTION DEPARTMENT</u>				
Treatment Plant Operator (Monday-Friday shift)	\$23.97	\$24.57	\$25.18	\$25.81
Treatment Plant Operator (12 Mid.- 8:00a.m.)	\$25.04	\$25.67	\$26.31	\$26.97
Treatment Plant Operator (4:00p.m.- 12 Mid.)	\$24.71	\$25.33	\$25.96	\$26.61
Treatment Plant Operator (Swing shift)	\$24.82	\$25.44	\$26.08	\$26.73
Maintenance Technician I	\$23.97	\$24.57	\$25.18	\$25.81
Maintenance Technician II	\$23.97	\$24.57	\$25.18	\$25.81
Treatment Plant Operator- Fixed Relief	\$23.55	\$24.14	\$24.74	\$25.36
Treatment Plant Operator-Relief *	\$22.82	\$23.39	\$23.97	\$24.57
Treatment Plant Operator-Utility (day shift)	\$22.51	\$23.07	\$23.65	\$24.24
Treatment Plant Operator-Utility (12 Mid-8:00a.m.)	\$23.60	\$24.19	\$24.79	\$25.41
Treatment Plant Operator-Utility (4:00p.m. -12 Mid.)	\$23.26	\$23.84	\$24.44	\$25.05
Treatment Plant Operator-Utility (Swing Shift)	\$23.18	\$23.76	\$24.35	\$24.96

NOTE for Reference:

The following shift differential rates will be included for these affected shifts.

Fixed Relief	\$0.12	Swing Shift	\$0.28
12 Midnight-8:00a.m. shift-	\$0.40	Swing Shift Utility	\$0.22
4-12 Midnight shift-	\$0.30		

Note: Annual wage increases are based on base rate but the rate does not include shift differential.

The senior Treatment Plant Operator-Relief employee 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.

Production Maintenance On Call:

The employees 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 1/2) times their regular rate of pay for those hours worked.

If an employee is required to work sixteen (16) or more consecutive hours, he/she shall be permitted to take up to an eight (8) hour rest period. This rest period will be excused but unpaid by the Company.

SECTION 15. RIGHT TO CHANGE SHIFTS

Employees 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. There will be no change in the employee's normal rate of pay during these exchanges. Temporary exchanges of shifts may be affected if agreeable to employees 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 employee's normal rate of pay.

SECTION 16. 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.) If overtime must be assigned, it will be assigned to the individual or individuals in each classification with the least amount of documented overtime, year to date, through the most recent payroll period. Note: The sharing of overtime by the three (3) Backhoe Operators will occur with as much time as reasonably possible.

SECTION 17. PAY DAYS

All employees shall be paid BI-weekly for work done during the two workweeks ending on the preceding Sunday midnight. All pay will be made by direct deposit and will be available in the employee's financial institution on the Friday following the end of the payroll period. Payroll advice statements will be placed in the employee's company mailbox as they become available. All employees hired after 11-1-2010 will be required to enroll in the 1-Pay electronic system in order to view the employee's payroll.

SECTION 18. VACATIONS

The vacation year shall be January 1 through December 31. All full time employees shall be entitled to vacation as listed in the schedule below. Any earned vacation must be used within the current vacation year. Should an illness or injury occur that precludes the employee from taking vacation during the calendar year, the Company will agree to pay the employee up to five days of unused vacation.

Employees will be responsible for scheduling vacation when notified by the supervisor to do so. In an extreme situation (i.e. weather condition precludes employees from taking vacation) whereby the Company is unable to accommodate vacation, the Company will agree in those cases only, to pay for unused vacation that cannot be scheduled. Employees must schedule vacation based on available days. Failure to do so will forfeit vacation with the exception of the aforementioned paragraph.

Employees who have been continuously in the service of the Company shall be entitled to the following week's 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.**

Effective January 1, 2008, employees hired during the current vacation year will be entitled to one (1) day of vacation for each "Completed Month of Continuous Service" up to 10 days, provided the employee has successfully completed their probationary period. This vacation must be taken before the end of the calendar year, with approval of the supervisor. The Company will allow an exception to this clause for a new employee who is hired during the last quarter of the year.

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

The Company will allow employees 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 employees exercising this option at any given time.

The company agrees to grant vacations at the time most desired by the employees if possible to do so without interfering with the orderly operation of the plant. In order to provide each employee with the most desirable dates to schedule their vacation, it is agreed that the vacation roster listing employees in descending order of the company seniority be posted November 1 and removed December 15 of each year. The senior employee 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.

Employees 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 employee's vacation.

An employee bidding into different classifications after the vacation schedule has been posted will reschedule their vacation so that it will not conflict with other employees 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. Two employees 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 employee 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 employees in this classification may take their vacations at the same time.
4. Crew Leader and Utility. Two employees 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 employees in this classification may take their vacations at the same time.

In the *event* that a holiday occurs during an employee'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

The Company shall grant three (3) consecutive scheduled working days at straight time in the event of the death of one of the following members of the employees' immediate family. Immediate family includes husband and wife, children, mother or father, brother, sister and mother-in-law or father-in-law, current step relatives including step children, stepfather or stepmother only. The company shall grant two (2) scheduled work days with pay at straight time in the event of the death of a grandchild, grandmother and grandfather and one (1) scheduled work day with pay at straight time in the event of the death of an immediate son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandmother and grandfather of spouse. The employee shall report to work no later than the second scheduled workday following the funeral. The employee shall advise the Company when he or she shall return to work.

An employee requesting leave must notify their supervisor as early as possible prior to the need for the leave. Employees requesting bereavement leave should be prepared to provide proof of the death in the form of a newspaper obituary notice, a copy of the death certificate, or certified copy of the coroner's report, and the name, telephone number, and address of the funeral home, if their supervisor so requests.

SECTION 20. DISABILITY BENEFITS AND LIFE INSURANCEA. Leaves of Absence for Sickness or Accident Disability

Employees 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, employees will be paid in maximum amounts hereinafter set forth (as referenced in the Group Insurance Summary Plan Description booklet that is supplied by American Water and is in effect during the terms of the contract.

Each employee 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:

19

<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 90 workdays of service	Ten days per calendar year

1. If the employee 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 employee's normal weekly earnings and the amount of such benefits.
2. The company may require a suitable statement from the employee's medical doctor certifying to the disability or may elect to have a medical doctor selected by it examine the employee.
3. 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.

Effective January 1, 2011, employees will be able to establish a one-time sick bank. The sick bank shall be based on the employee's completed years of service as of December 31, 2010 (i.e. one week of sick for each year of service). Those employees hired prior to November 1, 2010 who have not completed one year of service, shall have a maximum of five days in their sick bank. Employees hired after November 1, 2010 will not be eligible for a sick bank.

Each full-time employee who has completed 90 work days of service will be eligible for 10 days of sick leave at full pay per calendar year to be used for legitimate illness. The Company reserves the right to require proof from the health care provider to certify the need for the medical absence. Employees are required to contact the Company's short-term disability provider if an absence is expected to continue longer than five day. Employees shall exhaust their sick bank prior to going onto to short-term disability.

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. The employee 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 employee that it will pay the employee's normal weekly wages in full for the period indicated to the schedule above, subject to agreement by the employee 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. PENSION AND 401 (K) SAVINGS PLANS

The Company and the Union agree that the provisions of the American Water System Group Insurance Plan, Pension Plan and 401 (K) Savings Plan shall be in full force and effect through July 31, 2010. The respective Plans 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, Pension Plan and 401 (K) Savings Plan between the American WaterWorks Company, Inc. and the National Conference of Firemen and Oilers Union. Group Insurance, Pension Plan and 401 (K) Savings Plan issues shall not be subject to any local negotiations.

SECTION 22. 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 employees 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 23. 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 employees 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 employees are at all times, during such work week, available for work. This assurance will not be applicable to any employee 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 24. EQUAL OPPORTUNITY EMPLOYER

The employer and the Union agree not to discriminate against any individual with respect to employment matters, including transfer, recruitment, selection for training, discipline, layoff, or rates of pay and other compensation. Further there shall be no discrimination in terms or conditions of employment because of such individual's gender, marital status, race, color, religion, sex, national origin or age, disability, veteran status, sexual orientation or any other characteristic protected by law nor will they limit, segregate or classify employees in any way to deprive any individual employee of employment opportunities because of their race, color, religion, sex, national origin, or age.

SECTION 25. SAFETY SHOES

All employees affected by this agreement will wear safety shoes and these shoes will meet with the current OSHA and ANSI Z41.1 standards. The employees 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 employee feels new shoes are needed they are to check with their immediate supervisor who will issue an authorization form to allow the employee to purchase a new pair of safety shoes. Safety shoe purchases will be made at the approved Shoe-Supplier who will provide a list of approved styles. If the cost of the safety shoes selected exceeds the established dollar limit designated by the Company the employee will pay any overage at the time of purchase to the shoe supplier. Employees will not be allowed to utilize the supplier's online service for this transaction.

SECTION 26. SMOKING IN THE WORKPLACE POLICY

Kentucky-American Water is dedicated to providing a healthy and safe work environment for its employees. 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 employees 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 27: MEAL ALLOWANCE

The Company will allow employees to purchase a meal in accordance with the Local Company policy. Employees who have worked an eight (8) hour shift followed by two (2) hours of overtime will be allowed to purchase a meal. The cost of each meal will not exceed \$10.00. An additional meal may be purchased after working an additional four (4) hours.

Generally, meals provided to employees are taxable as fringe benefits and subject to the appropriate taxes. Therefore, employees must attach the meal receipt to the applicable timesheet for reimbursement with the normal wages.

Overtime meals may be purchased with a company credit card if it has been authorized by the supervisor and if the individual is continuing on with their work assignment. The supervisor may also use the company credit card to purchase meals and bring to the site for the purpose of continuing the work. In this situation the expense is borne by the Company and is not considered a taxable fringe benefit.

SECTION 28. MANAGEMENT OF BUSINESS

The Union recognizes that except as expressly limited by this agreement, the management of the employees, 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 employees 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 29. 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 30. DURATION OF AGREEMENT

This agreement shall be in effect from 12:01 a.m., November 22, 2010, and continue until 12:00 midnight, October 31, 2014. Notwithstanding any other provision of this contract, the parties agree that either party may, during the sixty (60) calendar period immediately proceeding the anniversary date of this contract, give notice, in writing, to the other party of its desire to renegotiate a revised agreement.

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

**KENTUCKY-AMERICAN
WATER**

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

320

By Keith Cartier
Keith Cartier
Vice-President Operations

By Donna Braxton
Donna Braxton

By Mitzi Combs
Mitzi Combs

By Dillard Griffin
Dillard Griffin

By Jarold Jackson
Jarold Jackson

By Wayne Mattingly
Wayne Mattingly

By Mike Moses
Mike Moses
Representative Local No. 320

By David Winer Jv-----
David Winer

By David Dean
David Dean

By Erik Hall
Erik Hall

By Larry Horn
Larry Horn

By William Lynch
William Lynch

ATTEST:

By Secretary/General Counsel
Secretary/General Counsel

UNION CONTRACT
November 1, 2014- October 31, 2017

CONTRACT

BETWEEN

KENTUCKY-AMERICAN WATER

AND

NATIONAL CONFERENCE OF FIREMEN AND OILERS
LOCAL UNION 320

		Page
Section 1	Recognition	2
Section 2	New Employees	2-3
Section 3	Union Security	3
Section 4	Union Dues	3
Section 5	Rules, Regulations and Good Faith	3
Section 6	Seniority	4
	Production and Field Operations Department	
	Classifications	4
	Job Posting	5-6
Section 7	Responsibility Section	6
Section 8	Temporary Transfers	7
Section 9	Demotion or Decrease	7
Section 10	Representation and Arbitration	7-8
Section 11	Leave of Absence	8
Section 12	Wages and Hours- Field Operations Department	9-12
Section 13	Awaiting Emergency Calls	13
Section 14	Wages and Hours – Production Department	14-16
Section 15	Right to Change Shifts	16
Section 16	Sharing of Overtime	16
Section 17	Pay Days	17
Section 18	Vacation	18-19

Section 19	Death in Family	20
Section 20	Disability Benefits and Life Insurance	20-21
Section 21	Insurance, Pension, 401 (K) Savings Plan	22
Section 22	Department Head Not to Perform Work Exception	22
Section 23	Guaranteed Work Week and Right to Subcontracting	22-23
Section 24	Equal Opportunity Employer	23
Section 25	Safety Shoes	23
Section 26	Smoking In the Workplace Policy	23
Section 27	Meal Allowance	24
Section 28	Management of Business	24
Section 29	Complete Agreement	24
Section 30	Duration of Agreement	25

AGREEMENT

THIS AGREEMENT executed on November 1, 2014 and effective as of the 1st of November, 2014, 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 Employees and management which requires that any disputes arising between the Employees 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 Employees, 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 employees covered by this Agreement except for 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 employees.

SECTION 2. NEW EMPLOYEES

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 employees.

The Company agrees that in the filling of vacancies it will give preference to former qualified employee 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.

It is agreed that new employees, (those who have less than ninety (90) calendar days of continuous employment), shall not be eligible for pay for vacation or holidays until after the probationary period has ended.

New employees in the bargaining unit that have Company service from other parts of the organization will have this service counted for vacation eligibility and other local benefits. As far as the selection of the time off for vacation or bidding this shall be done based upon the employee's date of hire into this bargaining unit.

SECTION 3. UNION SECURITY

The Company agrees that all present employees 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 employees 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 employee 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 employee 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 employee of joining the Union as provided above.

It is agreed between the parties that seniority rights for the new employee 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 employee 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.

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 employees, the following factors shall be considered.

1. Length of continuous service. (defined as seniority within the 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 employees in the Union are divided into two departments:

Production

Employees in the Production Department are classified as follows:

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

Field Operations

The employees in the Field Operations Department are classified as follows:

Backhoe Operator
 Junior Backhoe/Crew Leader
 Crew Leader
 Utility
 Utility Trainee
 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 employees in the Utility classification may be assigned to either the Field Operations 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 employee when the position is vacant.

In cases of job bidding or transfer or decrease of employees 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 union group.

Notice of vacancy in an existing position or a newly created position shall be posted at places accessible to employees 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 employee to the duties of the bid position. If at the end of this thirty- (30) calendar day period the employee is not actually performing these duties, the rate of pay for the bid position will begin, provided pay scales are not a lower rate of pay.

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 employee'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 employee, or employees involved have not qualified for the position they presently hold.

In the event a vacancy occurs while an employee is on vacation or sick leave, it is agreed that the Union and Company will jointly notify said employee 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 employee 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 employee, the employee shall be granted 48 hours at the conclusion of their vacation or sick leave the opportunity to bid on the vacancy.

Any employee 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 employee 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 employee qualifies for a position, their seniority reverts back to the date of the awarding of the job. Company agrees to pay an employee in training for a classified position the rate of pay for that position when they perform the duties by themselves. An employee 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 employee has qualified for the position.

When an employee 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 employee 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 the employee 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 employee 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 there upon be considered nil.

The senior employee 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 employee to work sixteen (16) hours per day, or require the services of more than one (1) swing shift employee 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 employee'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 employees 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 employee is displaced from their classification or department due to a cutback or revision of production or field operations methods, they may exercise their seniority rights in accordance with their overall company seniority within the union group.

Employees who are in the bargaining unit and temporarily assigned to positions outside the bargaining unit shall retain their former position, seniority and accumulate additional seniority up to a maximum of 90 calendar days. Such assignment is made with the consent of the concerned employee and the Company. The Company will notify the Union of such assignments.

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

SECTION 8. TEMPORARY TRANSFERS

Employees may be assigned temporarily to positions on a reverse seniority basis when feasible and practical, provided no senior employee desires the assignment. Employees 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.

When it becomes necessary for the Company to shift an employee temporarily to new assignments, there shall be no change in the rate of pay to the employee so temporarily assigned except when such temporary assignment shifts an employee into a higher classification. In such cases the employee shifted temporarily to a higher classification shall receive for such temporary assignment the basic rate of pay established for the position. Employees transferred temporarily to lower paid positions shall continue to receive their regular rate of pay during such temporary transfer. Employees 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 employee be changed during any work shift or any work day except that when an employee continues without interruption for two (2) hours or more in such temporary assignment, that employee shall be paid the higher rate of pay for all time worked in the higher paid assignment.

SECTION 9. DEMOTION OR DECREASE

When and if it should become necessary to curtail employment in any department employees 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 employee laid off from any department because of lack of work, may exercise their Company seniority by bumping any less senior employee, 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 employees, 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 provisions of this Agreement.

SECTION 10. REPRESENTATION AND ARBITRATION

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

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

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 Field Operations Manager 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 employee 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 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

Employees 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. Employees 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 employee is employed by another concern, or should they violate the terms of their leave during such leave of absence, said employee shall forfeit any or all seniority rights herein established.

SECTION 12. WAGES AND HOURS-FIELD OPERATIONS DEPARTMENT

The provisions of this Section shall apply to all employees in the Field Operations 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 employees 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 employees are at all times, during such work week, available for work. This assurance will not be applicable to any employee hired after November 1, 1982.

Except in cases of emergency, employees 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

Personal Floating Holidays may be taken with as much notification as possible, with the supervisor' approval. The Company has the final decision to grant the day off as determined by the current workload. Personal Floating Holidays shall be taken within the calendar year January 1 through December 31.

**The Sunday Field Operations crew will substitute Easter Sunday for the Good Friday holiday that is observed by all other bargaining unit employees.

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. Employees 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 employee 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 employee 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, employee 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 employees 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. Employees shall not be paid both daily and weekly overtime for the same hours worked.

Employees 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 employee 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 employee for this job shall be in accordance with Section 6- Seniority.

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

<u>CLASSIFICATIONS</u>	<u>REGULAR HOURLY RATE EFFECTIVE</u>		
<u>FIELD OPERATIONS DEPARTMENT</u>	<u>11/1/14</u>	<u>11/1/15</u>	<u>11/1/16</u>
Backhoe Operator	\$26.02	\$26.61	\$27.14
Junior Backhoe/Crew Leader	\$25.44	\$26.01	\$26.53
Crew Leader	\$24.85	\$25.41	\$25.92
Utility	\$23.56	\$24.09	\$24.57
Meter Technician	\$26.46	\$27.06	\$27.60
Field Service Representative	\$26.02	\$26.61	\$27.14
Meter Reader (as of 11-1-88)	\$26.02	\$26.61	\$27.14
Meter Reader (after 11-2-88 but prior to 11-1-98)	\$24.85	\$25.41	\$25.92
Meter Reader (as of 11-1-98)	\$23.56	\$24.09	\$24.57

11

Utility Trainee (Starting Rate)	\$16.00	\$16.36	\$16.69
90 day rate	\$17.00	\$17.38	\$17.73
1 year rate	\$18.00	\$18.41	\$18.78
2 year rate	\$19.00	\$19.43	\$19.82
3 year rate*	\$21.00	\$21.47	\$21.90
5 year rate*	\$23.56	\$24.09	\$24.57

All employees hired into Field Operations Utility Trainee positions after November 1, 2014 must acquire and maintain a CDL license. The Company may elect to extend probationary period to 120 calendar days if CDL is not obtained to allow for additional testing opportunities.

*Employees will receive the three (3) year rate provided a Class II Distribution Operators license has been obtained. Employees will receive the five (5) year rate provided a Class IV Distribution Operators license has been obtained.

New hire employees that already have a Distribution Operators license may start at a higher rate based on the level of license.

Crew Leaders

Effective November 1, 2014 employees hired after that date and who bid into a Crew Leader position must have or be able to obtain a Class IV D Certified Operators license to hold the position. If a Crew Leader vacancy occurs prior to the employee having the time on the job necessary to obtain a Class IV Certification, their assignment to the position is with the understanding that the certification must be obtained as soon as practical.

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 employees are assigned to shifts other than 7:30a.m.- 4:00p.m. or 8:00a.m. to 4:30p.m., they will receive shift differential premium rate, when appropriate, including overtime on a continuation basis.

The night shift field operations 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 field operations crews are as follows:

Monday- Friday	7:00a.m.- 3:30 p.m.
Monday- Friday	7:30a.m.- 4:00p.m.
Monday- Friday	12:30 p.m. -9:00p.m.
Tuesday- Saturday	7:30a.m. -4:00p.m.
Sunday- Thursday	7:30a.m. -4:00p.m.
Monday – Friday	9:00a.m.- 5:30p.m.

In the event no employees bid on the open positions in the Field Operations 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 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.

12

When any employee 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.

There shall be ten (10) employees 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 a Utility is assigned to be in charge of a vehicle, they shall be paid at the Crew Leader rate of pay.

An employee 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 employees awaiting emergency calls or standby duties as covered by Section 13.

If an employee is required to work sixteen (16) or more consecutive hours, he/she shall be permitted to take up to an eight (8) hour rest period. This rest period will be excused but unpaid by the Company.

Employees covered by this Section (Hydrant Flushing}, and also Section 13 of this contract, who are required to work on either of the two shifts between 4:00 p.m. and 8:00a.m. will be paid an additional thirty cents (\$0.30) per hour for the 4:00p.m. to 12:00 midnight shift and forty cents (\$0.40) per hour for the 12:00 midnight to 8:00a.m. shift for those hours actually worked. The Field Service Representative employees working other than the normal day shift will receive the shift differential that is applicable from 4:30p.m. till 8:00a.m.

When an employee is assigned to repair AMR meters, the Company agrees to pay for work performed at the field service representative rate of pay.

SECTION 13. AWAITING EMERGENCY CALLS

Four (4) qualified employees with the greatest continuous length of service in the Field Operations Department will be called upon, one each week, to receive and respond to emergency Field Operations calls. The employees 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. Work performed on Sunday, or their regular scheduled second day off, will be paid at two (2) times their regular rate of pay. Once these four (4) employees 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) employees 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.

Field Operations Maintenance On Call

One Utility and one Crew Leader in the Field Operations Department will be called upon each week to receive and respond to maintenance related emergency calls. The employees 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 eligibility provision. Work performed on their normal second day off will be paid at two (2) times their regular rate of pay.

The next person in the classification of the absent employee on the standby roster will be called upon to fill these duties for that standby period when one of these employees is sick or on vacation at the time of their scheduled assignment. The absent employee will be reassigned to the next regular standby assignment scheduled for the employee who was assigned to fill in or wherever needed. This make up assignment shall be for the number of hours the employee was absent.

Should an employee be off work for a period extending beyond on rotation of the schedule and there are no volunteers, the assigned week for the absent employee will be filled by employees having worked the least amount of overtime year to date. They will be drawn from the same classification as the absent employee, with each being assigned one day of week. Choice of assigned days will be given in reverse order, starting with those persons having the most overtime YTD.

Employees may, if they so desire, exchange their standby assignments provided the change is agreeable to the Company and the Union. Once the yearly schedule has been posted and at any time assignment changes are desired, it will be the responsibility of the scheduled employee to find their replacement from the classification of which they hold a position. Crew Leaders and Utility persons assigned to Field Service Emergency Standby duty will not be assigned to the yearly Field Operations on Call schedule, but may fill vacancies on a volunteer basis provided the change is agreeable with the Company and the Union.

SECTION 14. WAGES AND HOURS- PRODUCTION DEPARTMENT

This section shall apply to all employees 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 employees 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 employee 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 employees are changing from one shift to another, or when employees at their own request are working extra time in order to get off during regular shifts. Employees shall not be paid daily and weekly overtime for the same hours worked.

The Company agrees that present employees 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 employees are at all times, during such work week, available for work. This assurance will not be applicable to any employee hired after November 1, 1982.

Employees 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 employees.

Personal Floating Holidays may be taken with as much notification as possible, with the supervisor's approval. The Company has the final decision to grant the day off as determined by the current workload. Personal Floating Holidays shall be taken within the calendar year January 1 through December 31.

If the employee 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, employees shall not be paid both daily and weekly overtime for the same hours worked.

Employees 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 employee 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 employee 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 employees covered by this Section, the regular hourly rate of pay shall be as follows:

CLASSIFICATIONS	REGULAR HOURLY RATE EFFECTIVE		
	11/1/14	11/1/15	11/1/16
<u>PRODUCTION DEPARTMENT</u>			
Treatment Plant Operator (Monday- Friday shift)	\$26.46	\$27.06	\$27.60
Treatment Plant Operator (12 Mid.- 8:00a.m.)	\$28.05	\$28.68	\$29.25
Treatment Plant Operator (4:00p.m.- 12 Mid.)	\$27.58	\$28.20	\$28.76
Treatment Plant Operator (Swing shift)	\$27.69	\$28.31	\$28.88
Maintenance Technician II	\$26.46	\$27.06	\$27.60
Treatment Plant Operator- Fixed Relief	\$26.12	\$26.71	\$27.24
Treatment Plant Operator-Relief *	\$25.18	\$25.75	\$26.27
Treatment Plant Operator-Utility (day shift)	\$24.85	\$25.41	\$25.92
Treatment Plant Operator-Utility (4:00p.m. -12 Mid.)	\$25.98	\$26.56	\$27.09
Treatment Plant Operator-Utility (Swing Shift)	\$25.81	\$26.39	\$26.92
Treatment Plant Operator- Trainee I	\$16.00	\$16.36	\$16.69
Treatment Plant Operator- Trainee II	\$22.00	\$22.50	\$22.95

The senior Treatment Plant Operator-Relief employee 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.

Trainee Classification

Trainee I shall be any new hire or internal transfer with less than 1 year of seniority not possessing a class III or higher water treatment license. A trainee II shall be an internal candidate with at least 1 year of seniority, or an external candidate in possession of a class III or higher water treatment license. The Trainee I will transfer to a Trainee II upon the successful completion of the KY water treatment class III examination or after gaining 1 year of seniority. For an internal candidate, the first 15 days in the Trainee position will be dedicated to Treatment Plant Operator duties so that the employee can determine if they wish to continue in the position or return to their former position.

Upon accepting the trainee position, the trainee shall remain within the trainee classification until earning a Class IV water treatment license or upon being disqualified (failing to pass treatment exam) from the position. After a trainee earns their Class IV water treatment license, they must accept the first open operator or utility position after the traditional bidding process. They may also bid any other open positions upon successfully passing the Class IV water treatment exam.

The trainee must enroll in the first available water treatment test and pass the exam as well as any internal progress exams administered by the company. If the trainee cannot pass the exam after two attempts, they have 120 days to successfully gain certification, at their own expense, or they may bid any open positions. At the end of 120 days without successfully passing the exam, their position may be terminated.

Production Maintenance On Call:

The employees 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 1/2) times their regular rate of pay for those hours worked.

If an employee is required to work sixteen (16) or more consecutive hours, he/she shall be permitted to take up to an eight (8) hour rest period. This rest period will be excused but unpaid by the Company.

SECTION 15. RIGHT TO CHANGE SHIFTS

Employees 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. There will be no change in the employee's normal rate of pay during these exchanges. Temporary exchanges of shifts may be affected if agreeable to employees 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 employee's normal rate of pay.

SECTION 16. 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.) If overtime must be assigned, it will be assigned to the individual or individuals in each classification with the least amount of documented overtime, year to date, through the most recent payroll period. Note: The sharing of overtime by the three (3) Backhoe Operators will occur with as much time as reasonably possible.

SECTION 17. PAY DAYS

All employees shall be paid BI-weekly for work done during the two workweeks ending on the preceding Sunday midnight. All pay will be made by direct deposit and will be available in the employee's financial institution on the Friday following the end of the payroll period. Payroll advice statements will be placed in the employee's company mailbox as they become available. All employees hired after 11-1-2010 will be required to enroll in the 1-Pay electronic system in order to view the employee's payroll.

SECTION 18. VACATIONS

The vacation year shall be January 1 through December 31. All full time employees shall be entitled to vacation as listed in the schedule below. Any earned vacation must be used within the current vacation year. Should an illness or injury occur that precludes the employee from taking vacation during the calendar year, the Company will agree to pay the employee up to five days of unused vacation.

Employees will be responsible for scheduling vacation when notified by the supervisor to do so. In an extreme situation (i.e. weather condition precludes employees from taking vacation) whereby the Company is unable to accommodate vacation, the Company will agree in those cases only, to pay for unused vacation that cannot be scheduled. Employees must schedule vacation based on available days. Failure to do so will forfeit vacation with the exception of the aforementioned paragraph.

Employees who have been continuously in the service of the Company shall be entitled to the following week's 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.**

Effective January 1, 2008, employees hired during the current vacation year will be entitled to one (1) day of vacation for each "Completed Month of Continuous Service" up to 10 days, provided the employee has successfully completed their probationary period. This vacation must be taken before the end of the calendar year, with approval of the supervisor. The Company will allow an exception to this clause for a new employee who is hired during the last quarter of the year.

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

The Company will allow employees 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 employees exercising this option at any given time.

The company agrees to grant vacations at the time most desired by the employees if possible to do so without interfering with the orderly operation of the plant. In order to provide each employee with the most desirable dates to schedule their vacation, it is agreed that the vacation roster listing employees in descending order of the company seniority be posted November 1 and removed December 15 of each year. The senior employee 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.

Employees 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 employee's vacation.

An employee bidding into different classifications after the vacation schedule has been posted will reschedule their vacation so that it will not conflict with other employees 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. Two employees 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 employee 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 employees in this classification may take their vacations at the same time.
4. Crew Leader and Utility. Two employees 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 employees in this classification may take their vacations at the same time.

In the event that a holiday occurs during an employee'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

The Company shall grant three (3) consecutive scheduled working days at straight time in the event of the death of one of the following members of the employees' immediate family. Immediate family includes domestic partner, husband and wife, children, mother or father, brother, sister and mother-in-law or father-in-law, current step relatives including step children, stepfather or stepmother only. The company shall grant two (2) scheduled work days with pay at straight time in the event of the death of a grandchild, grandmother and grandfather and one (1) scheduled work day with pay at straight time in the event of the death of an immediate son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandmother and grandfather of spouse. The employee shall report to work no later than the second scheduled workday following the funeral. The employee shall advise the Company when he or she shall return to work.

An employee requesting leave must notify their supervisor as early as possible prior to the need for the leave. Employees requesting bereavement leave should be prepared to provide proof of the death in the form of a newspaper obituary notice, a copy of the death certificate, or certified copy of the coroner's report, and the name, telephone number, and address of the funeral home, if their supervisor so requests.

SECTION 20. DISABILITY BENEFITS AND LIFE INSURANCEA. Leaves of Absence for Sickness or Accident Disability

Employees 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, employees will be paid in maximum amounts hereinafter set forth (as referenced in the Group Insurance Summary Plan Description booklet that is supplied by American Water and is in effect during the terms of the contract).

Each employee 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 90 workdays of service	Ten days per calendar year
---------------------------------	----------------------------

1. If the employee 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 employee's normal weekly earnings and the amount of such benefits.
2. The company may require a suitable statement from the employee's medical doctor certifying to the disability or may elect to have a medical doctor selected by it examine the employee.
3. 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.

Effective January 1, 2011, employees will be able to establish a one-time sick bank. The sick bank shall be based on the employee's completed years of service as of December 31, 2010 (i.e. one week of sick for each year of service). Those employees hired prior to November 1, 2010 who have not completed one year of service, shall have a maximum of five days in their sick bank. Employees hired after November 1, 2010 will not be eligible for a sick bank.

Each full-time employee who has completed 90 work days of service will be eligible for 10 days of sick leave at full pay per calendar year to be used for legitimate illness. Up to three (3) days of the ten (10) allowed may be used for spouse, child, parent or domestic partner. The Company reserves the right to require proof from the health care provider to certify the need for the medical absence. Employees are required to contact the Company's short-term disability provider if an absence is expected to continue longer than five day. Employees shall exhaust their sick bank prior to going onto short-term disability.

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. The employee 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 employee that it will pay the employee's normal weekly wages in full for the period indicated to the schedule above, subject to agreement by the employee 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. PENSION AND 401 (K) SAVINGS PLANS

The Company and the Union agree that the provisions of the American Water System Group Insurance Plan, Pension Plan and 401 (K) Savings Plan shall be in full force and effect through July 31, 2010. The respective Plans 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, Pension Plan and 401 (K) Savings Plan between the American WaterWorks Company, Inc. and the National Conference of Firemen and Oilers Union. Group Insurance, Pension Plan and 401 (K) Savings Plan issues shall not be subject to any local negotiations.

SECTION 22. 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 employees 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 23. 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 employees 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 employees are at all times, during such work week, available for work. This assurance will not be applicable to any employee 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 24. EQUAL OPPORTUNITY EMPLOYER

The employer and the Union agree not to discriminate against any individual with respect to employment matters, including transfer, recruitment, selection for training, discipline, layoff, or rates of pay and other compensation. Further there shall be no discrimination in terms or conditions of employment because of such individual's gender, marital status, race, color, religion, sex, national origin or age, disability, veteran status, sexual orientation or any other characteristic protected by law nor will they limit, segregate or classify employees in any way to deprive any individual employee of employment opportunities because of their race, color, religion, sex, national origin, or age.

SECTION 25. SAFETY SHOES

All employees affected by this agreement will wear safety shoes and these shoes will meet with the current OSHA and ANSI Z41.1 standards. The employees 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 employee feels new shoes are needed they are to check with their immediate supervisor who will issue an authorization form to allow the employee to purchase a new pair of safety shoes. Safety shoe purchases will be made at the approved Shoe-Supplier who will provide a list of approved styles. If the cost of the safety shoes selected exceeds the established dollar limit designated by the Company the employee will pay any overage at the time of purchase to the shoe supplier. Employees will not be allowed to utilize the supplier's online service for this transaction.

SECTION 26. SMOKING IN THE WORKPLACE POLICY

Kentucky-American Water is dedicated to providing a healthy and safe work environment for its employees. 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 employees 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 27: MEAL ALLOWANCE

The Company will allow employees to purchase a meal in accordance with the Local Company policy. Employees who have worked an eight (8) hour shift followed by two (2) hours of overtime will be allowed to purchase a meal. The cost of each meal will not exceed \$10.00. An additional meal may be purchased after working an additional four (4) hours.

Generally, meals provided to employees are taxable as fringe benefits and subject to the appropriate taxes. Therefore, employees must attach the meal receipt to the applicable timesheet for reimbursement with the normal wages.

Overtime meals may be purchased with a company credit card if it has been authorized by the supervisor and if the individual is continuing on with their work assignment. The supervisor may also use the company credit card to purchase meals and bring to the site for the purpose of continuing the work. In this situation the expense is borne by the Company and is not considered a taxable fringe benefit.

SECTION 28. MANAGEMENT OF BUSINESS

The Union recognizes that except as expressly limited by this agreement, the management of the employees, 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 employees 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 29. 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 30. DURATION OF AGREEMENT

This agreement shall be in effect from 12:01 a.m., November 1, 2014, and continue until 12:00 midnight, October 31, 2017. Notwithstanding any other provision of this contract, the parties agree that either party may, during the sixty (60) calendar period immediately proceeding the anniversary date of this contract, give notice, in writing, to the other party of its desire to renegotiate a revised agreement.

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

**KENTUCKY-AMERICAN
WATER**

By 
Cheryl Norton
President

By 
Keith Cartier
Vice President Operations

By 
Jarold Jackson

By 
Amy Caudill

By 
Mitzi Combs

By 
Kevin Kruchinsky

By 
Wayne Mattingly

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

By 
Mike Moses
Representative Local No. 320

By 
David Winer

By 
David Dean

By 
Erik Hall

By 
Larry Horn

By 
Ed Sturgis

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

Witness: Donald J. Petry

24. Provide a complete copy of each group medical insurance policy that Kentucky-American currently maintains for its employees.

Response:

Please see the attached which is the American Water Group Insurance Plan Summaries for both Union and Non-Union employees. The summary plans are updated every 5 years.

The plan costs and employee contributions effective January 1, 2016 are below.

Non-Union		
<u>Coverage</u>	Cost of Plan	Employee Contribution
	Medical / Rx	Medical / Rx
Employees w/ Single Coverage	\$520.67	\$87.00
Employee and Spouse	1,145.69	192.00
Employee and Children	1,196.33	200.00
Employee and Family	1,455.63	243.00
<u>Coverage</u>	Cost of Plan	Employee Contribution
	Dental / Vision	Dental / Vision
Employees w/ Single Coverage	\$28.88	\$6.00
Employee and Spouse	67.08	13.00
Employee and Children	71.20	14.00
Employee and Family	85.65	17.00
Union		
<u>Coverage</u>	Cost of Plan	Employee Contribution
	Medical / Rx / Dental / Vision	Medical / Rx / Dental / Vision
Employees w/ Single Coverage	\$549.55	\$94.03
Employee and Family	1,407.62	240.74

Coverage	Cost of Plan	Employee Contribution
	Dental / Vision Only	Dental / Vision Only
Employees w/ Single Coverage	\$28.10	\$5.22
Employee and Family	72.89	13.61

Group Insurance Plan

Summary Plan Description



AMERICAN WATER

*American Water
Group Insurance Plan
Summary Plan Description
For Union Employees
In Effect as of
January 1, 2011*

Introduction
Eligibility
Overview
Preferred Provider Organization (PPO) Plan
General Provisions of the PPO Plan
Prescription Drug Program
Dental/Vision Plans
Flexible Spending Accounts
Disability Coverage
Life Insurance
Employee Assistance Program
Additional Information
Claim Filing and Appeal Process
ERISA Rights
COBRA General Notice
Glossary

The Plan described in this document is based on plan documents and contracts that govern its operation. Because this document is a summary only, it does not describe all of the provisions of the Plan and the possible fact situations that may occur. If a conflict arises between this summary and any official plan documents, the official plan documents will govern.

Table of Contents

Introduction.....	3
About This Document.....	3
The Benefit Programs.....	4
Eligibility.....	5
Coverage for Disabled Children.....	8
Special Rules That Apply to an Adopted Child	9
Enrolling for Coverage.....	9
Changes in Status.....	11
The Medical Plan	14
The Preferred Provider Organization Plan.....	18
General Provisions of the PPO Plan.....	46
Prescription Drug Program	62
Dental Benefits	70
Vision Benefits.....	83
Flexible Spending Accounts	89
Disability Benefits	110
Life Insurance Benefits.....	122
Employee Assistance Program.....	136
Additional Plan Information.....	138
Plan Notices	140
Amendment or Termination of the Plan.....	141
Filing a Claim	141
Claim Determination and Appeals Process	142
Your Rights Under ERISA	159
Plan Benefits.....	161
Plan Documents.....	162
Continuation of Health Coverage.....	163
Continuation of Coverage During an Approved Leave of Absence Granted to Comply With Federal Law.....	170
Confidentiality of Protected Health Information.....	173
List of Contacts	175
Glossary	178

Introduction

Just as American Water provides a comprehensive range of products and services which can be tailored for our customers' individual needs, we provide a flexible, comprehensive benefits package which allows our employees to select the benefits that best meet their needs.

This Summary Plan Description ("SPD") of the Group Insurance Plan of American Water Works Co., Inc. and Its Designated Subsidiaries and Affiliates (the "Plan") supplements the documents and certificates provided by the various insurance carriers and provides a general description, written in non-technical language, of the important provisions of the Plan. There may be other materials (such as an insurance policy or other contractual agreement with a health care or other service provider) that contain more detailed information about Plan benefits. Every effort has been made to ensure that all of these materials contain a consistent description of the Plan's benefits. However, if there is any conflict or inconsistency between these materials, it is the Plan Administrator's responsibility to interpret the conflicting provisions and determine what benefits will be provided under the Plan.

American Water provides this SPD to comply with certain laws and to give you the information you need to use your benefits. Nothing in this document is meant to interpret, extend, or change in any way the provisions of this Plan. No one speaking on behalf of the Plan or the Company can alter the terms of the Plan.

About This Document

The benefits described in this document may vary depending on the terms of your collective bargaining agreement. Please refer to your collective bargaining agreement for details. The benefits described are provided by American Water Works Company, Inc., referred to as "American Water" or "the Company" throughout this Summary Plan Description.

Please read this Summary Plan Description carefully and refer to it whenever you have questions about the American Water benefits program or the specific coverages that apply to you. If you have questions about these benefit plans, please contact the Benefits Service Center at (866) 888-8269 or email Benefits_Service_Center@amwater.com.

American Water reserves the right to amend the benefit plans described in this SPD. Some of the employees who participate in this Plan do so under the terms of collective bargaining agreements. The Company takes its obligations under those agreements very seriously and will, as required either by the Company's contractual agreements or by law, negotiate changes to the Plan affecting union members with those unions whose members participate in the Plan.

If a question should ever arise concerning the nature and extent of benefits under any aspect of this Plan, the actual legal plan documents – and not this Summary Plan Description – will govern.

The Benefit Programs

Your American Water benefits have been designed to reward your commitment to provide excellent service and drive business performance. It can add up to a significant part of your total compensation, giving you added security and peace of mind.

This SPD describes the following employee benefit programs:

- Medical
- Prescription Drug
- Dental/Vision
- Flexible Spending Accounts
(Health Care and Dependent Care)
- Disability and Sick Leave
- Life Insurance
(Basic Life, Voluntary Life, AD&D, Spouse or Same-Sex Domestic Partner Life, and Dependent Life)
- Employee Assistance Program

Eligibility

You and your eligible spouse or eligible same-sex domestic partner and your eligible child(ren) are eligible to participate in the benefits described in this Summary Plan Description if you are an American Water employee represented by a collective bargaining unit and you are a full-time employee (working not less than 35 hours each week). You are ineligible to participate in the Plan if you:

- Are a part-time employee (working less than 35 hours each week);
- Are classified as a temporary employee in accordance with the Company's personnel policies and practices;
- Perform services for the Company pursuant to an arrangement with a leasing organization or any other third-party, including but not limited to a "leased employee" within the meaning of section 414(n) of the Internal Revenue Code; or
- Are a person who is classified as an independent contractor or otherwise as a person who is not treated as an employee for purposes of withholding federal employment taxes, regardless of any contrary governmental or judicial determination relating to such employment status or tax withholding obligation. If a person described in the preceding sentence is subsequently reclassified as, or determined to be, an employee by the Internal Revenue Service, any other governmental agency or authority, or a court, or if the Company is required to reclassify such an individual as an employee as a result of such reclassification or determination (including any reclassification by the Company in settlement of any claim or action relating to such individual's employment status), such individual shall not become eligible to become a participant in the Plan by reason of such reclassification or determination.

Your eligibility and participation date depends upon the terms of your collective bargaining agreement. A copy of your collective bargaining agreement has been previously provided to you by your union. If you need another copy of this document, contact the Benefits Service Center. If you are on a layoff, on disability, or on leave of absence on your eligibility date, coverage will begin on the day you return to active work.

For purposes of the Medical Plan, the Dental/Vision Plans, and the Health Care Flexible Spending Account, you may provide coverage (subject to your collective bargaining agreement) for:

- Your eligible spouse or eligible same-sex domestic partner.
- Your eligible children from birth to age 26 (i.e., if your child's 26th birthday is February 2, 2012, the coverage will end on February 1, 2012) including your:
 - Natural born children;
 - Adopted children;
 - Foster children;
 - Stepchildren or same-sex domestic partner's children; or
 - Grandchildren who live with you in a parent-child relationship; and for whom you are the legal guardian and who reside with you and fully depend on you for support

For purposes of Dependent Voluntary Life Insurance (VLI) (subject to your collective bargaining agreement), you may provide coverage for:

- Your eligible spouse or eligible same-sex domestic partner.
- Your unmarried eligible children from birth to age 19 who are:
 - Fully dependent on you for support;
 - Not employed full-time; and
 - Not in the military service.
- Your unmarried eligible children ages 19 to 23, while:
 - Fully dependent on you for support;
 - Full-time students (attending high school or attending an accredited learning institution with at least 12 credits);
 - Not employed full-time; and
 - Not in the military service.

The word “children” includes natural born children, adopted children, foster children, grandchildren, and stepchildren who meet all of the above criteria, live with you in a parent-child relationship, and must be claimed as tax dependents for federal income tax purposes. The phrase “live with you in a parent-child relationship” means that the child resides in your home on a permanent basis as the place of his or her legal residence – even though the child may be away from your home during certain periods of the year (e.g., to attend school).

To be considered a full-time student, the child must be enrolled in an educational institution and taking at least 12 credit hours per semester/quarter or attend a post-secondary technical school.

When you enroll your same-sex domestic partner, you will be asked to submit an Affidavit of Same-Sex Partnership for Benefit Coverage attesting to certain requirements. If you do not complete the certification process and submit the evidence required within 30 days, your same-sex domestic partner will be removed from coverage. You and your domestic partner must certify that all of the following are true:

- You reside in a state or federal district that recognizes civil unions (defined as a legally recognized union between same-sex domestic partners) or grants or recognizes same-sex marriage certificates, and provide a copy of evidence; or:
- You and your same-sex domestic partner share a permanent residence (unless residing in different cities, states, or countries on a temporary basis);
- You and your same-sex domestic partner are each other's sole same-sex domestic partner, have been in this relationship for at least six continuous months prior to the date of the Affidavit, and intend to remain in this relationship indefinitely;
- You and your same-sex domestic partner are of the same sex as each other and neither is currently married or legally separated from another person by law;
- You and your same-sex domestic partner are responsible for each other's common welfare;
- You and your domestic partner are at least age 18;
- You and your domestic partner are not related to each other by blood any closer than would prohibit legal marriage.
- You and your same-sex domestic partner are financially interdependent;
- You and your domestic partner are able to present three or more of the following as evidence of this:
 - Joint ownership of real estate property or joint tenancy on a residential lease;
 - Joint ownership of an automobile;
 - Joint bank or credit account;
 - Joint liabilities (for example, credit cards or loans);
 - A will designating the same-sex domestic partner as primary beneficiary;

- A retirement plan or life insurance policy beneficiary designation form designating the same-sex domestic partner as primary beneficiary; or
- A durable power of attorney signed to the effect that you and your same-sex domestic partner have granted powers to one another.

If you cover a same-sex domestic partner, American Water is required to report income for you that reflects the value of the coverage for tax-reporting purposes. This is known as imputed income. You will receive a W-2 annually for the value of coverage for any domestic partner who is not an IRS tax dependent.

Your eligible spouse, same-sex domestic partner, or child(ren) cannot participate unless you, the employee, also participate.

Dual Eligibility

An individual is not eligible as both an employee and an eligible spouse, same-sex domestic partner, or child, nor as the eligible spouse, same-sex domestic partner, or child of more than one employee.

Coverage for Disabled Children

Coverage for your fully disabled child may be continued past the maximum age for an eligible child.

Your child is fully disabled if:

- He or she is unable to earn his or her own living because of mental disability or a physical disability which started before the date he or she reaches the maximum age for eligible children; and
- He or she depends chiefly on you for support and maintenance.

Proof that your child is fully disabled must be submitted to Horizon no later than 31 days after the date your child reaches the maximum age of 26 for Medical, Dental/Vision, or Health Care Flexible Spending Account coverage; 19, or up to age 23 if attending school full-time for Voluntary Life Insurance.

Coverage will cease on the first to occur of:

- Cessation of the disability;
- Failure to give proof that the disability continues;
- Failure to have any required exam; or
- Termination of coverage for your child for any reason other than reaching the maximum age.

Horizon will have the right to require proof of the continuation of the disability. Horizon also has the right to examine your child, at its own expense, as often as needed while the disability continues. An exam will not be required more often than once each year after two years from the date your child reaches the maximum age.

Special Rules That Apply to an Adopted Child

Medical/Dental/Vision coverage for an adopted child will become effective on the date the child is placed with you for adoption, **if you make a written request for coverage within 31 days of his or her placement with your family.**

Enrolling for Coverage

You have the option of declining Medical/Dental/Vision coverage for yourself or your eligible spouse, same-sex domestic partner, or child(ren), or electing only Dental/Vision coverage.

When enrolling in Medical/Dental/Vision, Health Care Flexible Spending Account, Dependent Care Flexible Spending Account, Voluntary Life Insurance and Dependent Life Insurance coverage, you will need to complete the enrollment process. For health insurance, you will need to indicate if you want to participate in either:

- The Preferred Provider Organization (PPO)/Dental/Vision Plan; or
- Dental/Vision only.

If you are a newly hired eligible employee (see "Eligibility" on page 5) and you want to enroll yourself and your eligible spouse or same-sex domestic partner or child(ren) in these plans, you must complete the enrollment **process within 31 days of your date of hire.**

Enrolling for benefits and making changes to benefit elections are time-sensitive.

Effective August 1, 2012 American Water employees must enroll online through Employee Self Service. Those without access to Employee Self Service should return the completed enrollment forms to the Benefits Service Center within 31 days of the date of hire or life event. In addition, all required documentation must be provided within 30 days following approval of your request.

To enroll, you must submit your completed enrollment forms to the Benefits Service Center within 31 days of your date of hire or life event. Effective August 1, 2012 American Water employees will be able to expedite the enrollment process by enrolling online through Employee Self Service and must utilize this site to enroll or change benefit elections as of this date. All other employees without access to Employee Self Service should continue to submit their completed enrollment forms to the Benefits Service Center. **All required documentation must be provided within 30 days following approval of your enrollment request.** If you do not complete your request and send all required documentation within the required timeframe, you will be unable to make changes to your benefits until the next scheduled open enrollment period.

Your **Benefits Eligibility Date** is the first day of the month following completion of one full month of continuous employment (subject to your collective bargaining agreement). **Example:** If your start date is January 21, your Benefits Eligibility Date is March 1 and your enrollment form should be returned by February 20.

When you enroll your eligible spouse or same-sex domestic partner and child(ren), you will need to provide their names, gender, birth dates, and Social Security numbers.

You also may be asked to provide proof of eligible spouse or same-sex domestic partner and child(ren) status, including but not limited to:

- A marriage certificate;
- A birth certificate;
- Guardianship/adoption papers;
- College report card or transcript (for Voluntary Life Insurance coverage);
- An Affidavit of Domestic Partnership and related documents that prove domestic partnership, as explained on page 7.

If you are unable to provide the required documentation within 30 days following approval of your enrollment request to enroll or make changes to your election(s), your eligible spouse, same-sex domestic partner, or child(ren) will not be covered. In addition, you may be required to reimburse American Water for any costs associated with covering an individual who is not an eligible spouse, same-sex domestic partner, or child(ren) and your, as well as your eligible spouse's or same-sex domestic partner's and child(ren)'s coverage may be terminated.

In addition, you will not be able to enroll in a Medical or Dental/Vision Plan, Health Care and Dependent Care Flexible Spending Accounts, Voluntary Life Insurance, or Dependent Life Insurance until the next Open Enrollment period unless you have a Change in Status or a Special Enrollment Period.

The annual Open Enrollment period is an important opportunity to review your coverage levels and make changes to meet your benefit needs for the next Plan Year.

Coverage levels are defined as:

- You only.
- Family (you + spouse or same-sex domestic partner + child(ren)).

Changes in Status

You may enroll in a Plan as an eligible new hire or during the annual Open Enrollment period. However, if you or your family experiences a Change in Status (as described below), you may enroll in or add or drop coverage for yourself, your eligible spouse, same-sex domestic partner, or child(ren) during the Plan Year on account of, and consistent with, the Change in Status.

You must complete your request for enrollment within 31 days of the event (see “Enrolling for Coverage” on page 9), and all required documentation must be provided within 30 days following approval of your request. If you do not complete your request and send all required documentation within the required timeframe, you will be unable to make changes to your benefits until the next scheduled open enrollment period. Benefit changes are effective on the date of the life event.

The following events are changes in status:

- Marriage, registration or dissolving of same-sex domestic partnership, death of spouse, divorce, legal separation, or annulment.
- A child qualifies as an eligible child (see “Eligibility” on page 5).
- Birth, adoption, placement for adoption, or death of an eligible child.
- Termination or commencement of employment by you, your eligible spouse, same-sex domestic partner, or child(ren).

- Reduction or increase in hours of employment by you, your eligible spouse, same-sex domestic partner, or child(ren) that results in a change in employment status, including a switch between part-time and full-time, strike or lockout, or taking or returning from an unpaid leave.
- Your eligible child no longer qualifies because of age or student status.
- Change in residence or worksite of you, your eligible spouse, same-sex domestic partner, or child(ren), if the change results in gain or loss of coverage.
- Your eligible spouse's or same sex domestic partner's employer holds open enrollment at a time other than American Water.
- You become disabled.
- Coverage changes, such as a change in coverage under an eligible spouse's plan.

You can also enroll in or add or drop coverage for your eligible spouse, same-sex domestic partner, or child(ren) during the Plan Year if a judgment, decree, or order resulting from divorce, legal separation, annulment or change in custody requires health coverage for your eligible spouse, same-sex domestic partner, or child(ren) or eligible foster child, or if you or an eligible spouse, same-sex domestic partner, or child(ren) become entitled (or cease to be entitled) to Medicare or Medicaid.

For Life Insurance, your eligible child no longer qualifies because of age, student status, or marriage.

Special Enrollment Rights

If you decline enrollment for yourself or your eligible spouse, same-sex domestic partner, or child(ren) because of other health insurance or group health plan coverage, you may be able to enroll yourself and your eligible spouse or same-sex domestic partner and child(ren) in this Plan if you or your eligible spouse, same-sex domestic partner, or child(ren) loses eligibility for that other coverage (or if the employer stops contributing towards your or your eligible spouse's, same-sex domestic partner's, or child(ren)'s other coverage). However, you must enroll within 31 days after your or your eligible spouse's, same-sex domestic partner's, or child(ren)'s other coverage ends (or after the employer stops contributing toward the other coverage).

A newborn child, an adopted child, or a child placed with you for adoption is automatically covered for the first 31 days of life, the date the child was adopted, or the date the child was placed for adoption.

To continue coverage for a newborn beyond 31 days, you must complete your request for enrollment within 31 days of the event (i.e., birth or placement for adoption), and all required documentation must be provided within 30 days following approval of your request. If you do not complete your request and send all required documentation within the required timeframe, you will be unable to make changes to your benefits until the next scheduled open enrollment period. Approved benefits changes are effective on the date of the Life Event.

In addition, if you have a new eligible spouse or child as a result of marriage, you may be able to enroll yourself and your eligible spouse or child(ren). **However, you must complete your request for enrollment within 31 days of the event (e.g., marriage), and all required documentation must be provided within 30 days following approval of your request. If you do not complete your request and send all required documentation within the required timeframe, you will be unable to make changes to your benefits until the next scheduled open enrollment period. Approved benefits changes are effective on the date of the Life Event.**

To request special enrollment **submit your completed enrollment form to the Benefits Service Center within 31 days of your date of hire or life event.** Effective August 1, 2012 American Water employees will be able to expedite the enrollment process by enrolling online through Employee Self Service and must utilize this site to enroll or change benefit elections as of this date. All other employees without access to Employee Self Service should continue to submit their completed enrollment forms to the Benefits Service Center. To obtain more information, contact the Benefits Service Center.

Note: Certain events could result in an immediate loss of eligibility for eligible spouses, same-sex domestic partners, and child(ren): if you get divorced or legally separated; if you terminate your domestic partnership; if your eligible child reaches the maximum age for coverage.

Under the Children's Health Insurance Program Reauthorization Act of 2009 ("CHIP"), employer-sponsored group health plans are required to update their mid-year special enrollment period rules. If you, your eligible spouse, or child is eligible, but not enrolled, for coverage under the Plan (including Medical and Dental/Vision), you are eligible to enroll for coverage if you meet either of the following conditions and you request enrollment with the Plan (including Medical/Dental/Vision) no later than 60 days after the date of the event:

- You or your eligible spouse or child(ren) loses eligibility for Medicaid or CHIP coverage; or
- You or your eligible spouse or child(ren) becomes eligible for premium assistance, with respect to coverage under the Plan (including Medical/Dental/Vision), due to coverage with Medicaid or state child health plan.

To request special enrollment or obtain more information, contact the Benefits Service Center.

The Medical Plan

Eligible employees and their eligible spouse or same-sex domestic partner and child(ren) may participate in the PPO Plan.

The PPO Plan emphasizes both preventive care and protection against the cost of illness and serious injury.

The PPO Plan is administered by Horizon Blue Cross Blue Shield (Horizon). Horizon has negotiated special rates with in-network health care providers in the plans to offer you competitive health care. To locate participating network providers, call (800) 810-BLUE (2583) or use the Provider Finder at http://www.horizon-bcbnj.com/national_accounts.html.

Note: Eligible Hawaii employees and their eligible spouse and child(ren) may participate in the Hawaii Medical Service Association (HMSA) Medical Plan. The plans administered by Horizon do not apply to Hawaii employees. The HMSA medical plan is part of the American Water Group Insurance Plan, the terms of which are incorporated in this Summary Plan Description by reference.

PPO Plan

With the PPO Plan, you have a choice to make each time you use the Plan: whether to receive care from a doctor, hospital, or health care provider that is part of the plan's network, or from any provider outside the network. You will receive a higher level of coverage (i.e., the Plan will pay a higher percentage of the cost of service) when you receive care through the network and your out-of-pocket costs will be lower compared to receiving care outside of the network.

You do not have to select a primary care doctor to coordinate your care (e.g., when you need specialty services). However, it is always a good idea to maintain a relationship with a doctor who knows you and your medical history and who can help you make the right choices about your care.

Listings of Network Providers

To locate providers that participate in the Horizon network, you can call (800) 810-BLUE (2583) or use the *Provider Finder* at http://www.horizon-bcbsnj.com/national_accounts.html.

Local 68 Union Medical Plan

Eligible employees of Local 68 Union and their eligible spouse or same-sex domestic partner and eligible children participate in the medical plan as outlined in the Appendix-Local 68, incorporated into this Plan by reference, and the applicable collective bargaining agreement. If there is a conflict between the terms of this Plan and Appendix-Local 68, the terms of Appendix-Local 68 shall control.

Hawaii

Your medical plan is administered by HMSA. Please contact the Benefits Service Center for information.

The Preferred Provider Organization (PPO) Plan

Note: The benefits described in this section may vary depending on the terms of your collective bargaining agreement. Please refer to your collective bargaining agreement for details.

Snapshot of Your 2012 PPO Plan Coverage

Plan Feature	In-Network	Out-of-Network
Deductible (single/family)	None	\$200/\$600
Coinsurance – Company	80%	50%
Coinsurance – employee	20%	50%
Out-of-pocket maximum (single/family)	\$2,500/\$5,000, including prescription drug, each calendar year	\$5,000 per person each calendar year
Lifetime maximum benefit	Unlimited	Unlimited
Preventive Care¹		
Routine physical exam	100% annual exam	Not covered
Well baby care	100% up to 6 years of age	Not covered
Immunizations	100%	Not covered
Routine hearing exam	100% annual exam	Not covered
Routine OB/GYN exam	100% annual exam	Not covered
Mammography	100% annual exam	Not covered
Physician and Hospital Services		
Office visits (primary care and specialists)	80%	50% after deductible
Allergy testing and treatment centers	80%	50% after deductible
Diagnostic X-ray and lab	Independent lab: 80%	50% after deductible
	Physician's office: 80%	
Hospital inpatient services	80%	50% after deductible and \$250 copayment per admittance
Outpatient surgery	80%	50% after deductible

¹ For more information on the preventive health benefits, log on to www.horizonblue.com and click on National Accounts, then click on Preventive Health Information, located on Health and Wellness.

Plan Feature	In-Network	Out-of-Network
Outpatient preadmission testing	80%	50% after deductible
Ambulance (if medically necessary)	80%	80%
Emergency room	80%	80%
Hospital Alternatives		
Home health care	80% (120-visit maximum per calendar year)	50% after deductible (120-visit maximum per calendar year)
Private duty nursing	80% (70-shift maximum per calendar year)	50% after deductible (70-shift maximum per calendar year)
Skilled nursing facility	80% (120-day maximum per calendar year)	50% after deductible (120-day maximum per calendar year)
Hospice inpatient/outpatient	80%	50% after deductible
Durable medical equipment	80%	50% after deductible
Short-term rehabilitation	80% (60-day maximum per calendar year for acute conditions only)	50% after deductible (60-day maximum per calendar year for acute conditions only)
Mental Health and Chemical Dependency	Treated in same manner as other medical/hospital/surgical benefits	

This chart is only a highlight of the medical option features, and certain limits may apply to some features. Out-of-network benefits may be subject to reasonable and customary (R&C) limits and you may be responsible for out-of-network provider charges in excess of R&C limits in addition to a coinsurance. All maximums are combined for mental health and chemical dependency expenses. Mental health and chemical dependency amounts apply to your out-of-pocket maximum. Official Plan documents govern in the event of any inconsistency between the provisions shown here and in the Plan documents.

The Preferred Provider Organization Plan

The Plan is self-insured by American Water. Horizon provides certain administrative services under the Plan.

The Preferred Provider Organization (PPO) Plan is self-insured by American Water. A plan is considered to be “self-insured” when a company uses its own funds to pay claims. Horizon provides certain administrative and claim payment services under the Plan but does not guarantee benefit payments. The PPO Plan emphasizes preventive care and protects you from the cost of illness and serious injury while providing you with access to a high level of benefits.

If you want to receive the advantages of the PPO Plan, you should select a doctor within Horizon’s network. As you may know, Horizon maintains a nationally recognized health care provider network. In fact, most providers and hospitals currently used by our employees are members of the Horizon network. If you cover any college-age children, we anticipate that they will have access to network doctors when they are away at school. To learn which doctors are in the network, call Horizon at (800) 810-BLUE (2583) or use the Provider Finder at http://www.horizon-bcbsnj.com/national_accounts.html.

You do not have to coordinate your care through a primary care physician (PCP) to receive a high level of benefits. In addition, you do not need to obtain a referral from your PCP in order to see a specialist. However, it’s a good idea to see a PCP first to make sure you are getting appropriate care.

If you obtain care from an out-of-network doctor, the Plan may pay a lower level of benefits and some services (such as preventive care services) are not covered at all.

The PPO Plan provides reasonable access to primary care, specialists, and network hospitals. The standard for distance from an employee’s home to a provider who is accepting new patients is set forth in the following chart, although the actual distance may be greater in some cases:

	Urban Area	Rural Area
Adult Doctor <i>(includes Family Practice and General Internal Medicine)</i>	3 doctors in 8 miles	2 doctors in 12 miles
Pediatrician	2 doctors in 8 miles	2 doctors in 12 miles
OB/GYN	2 doctors in 8 miles	2 doctors in 12 miles
Hospital	1 hospital within 10 miles	1 hospital within 15 miles

How the Preferred Provider Organization Plan Works

With the PPO Plan, you do not need to select a PCP before you receive medical care, nor do you need to obtain referrals to see a specialist. However, when you need care, you should choose a doctor from a “network” of health care providers to receive the highest level of benefits under the Plan.

You can select a network provider from among those listed on Horizon's website at http://www.horizon-bcbsnj.com/national_accounts.html or by calling Horizon at (800) 810-BLUE (2583).

If you choose a provider in the network, you receive a higher level of reimbursement for your medical expenses than you would receive if you chose a provider outside the network.

- You do not have to meet an annual deductible if you use an in-network provider.
- Your in-network health care providers file all your claims.
- Your in-network doctor initiates all required precertification.
- You will not experience any reduction in benefits under the “reasonable and customary” rule because health care providers in the network are allowed to charge only the special rates that Horizon has negotiated with them. (See the Glossary for a definition of “reasonable and customary charge.”)

Under the PPO, you may receive care from any provider you choose.

If the provider is outside the network:

- You will have to meet an annual deductible;
- Your level of benefits reimbursable will be lower;
- You will have to file your own claims;
- You will need to initiate precertification for inpatient hospitalization and certain outpatient procedures; and
- You will have to pay any expenses in excess of the “reasonable and customary charges” on which Plan payment is based, in addition to the applicable coinsurance amount.

When You Need a Specialist

If you need specialized care, you do not need a referral. Remember, in order to receive the highest level of benefits, you must use a specialist who belongs to the network.

If you need medical services or treatment that is not available within the PPO network, your doctor may recommend a specialist who does not belong to the network. In this case, your doctor must obtain precertification from Horizon and you will receive the higher level of benefits.

Coverage When You Are Traveling

You should call Horizon Member Services at (800) 355-BLUE (2583) for a list of participating doctors and hospitals to receive the highest level of benefits.

In Case of Emergency

An emergency is a sudden and unexpected life-threatening medical condition that requires immediate medical or surgical care.

In case of emergency, get the care you need from the nearest health care facility or doctor. A medical emergency is defined as “a sudden and unexpected life-threatening medical condition that requires immediate medical or surgical care in order to prevent death or a severe health crisis.” Examples include convulsions, excessive bleeding, serious burns, and suspected heart attack.

You will be paid at the Plan’s higher benefit level for emergency care – 24 hours a day, 365 days a year – whether you are at home or away. When you need emergency care, it’s important to seek **immediate** care at the nearest appropriate facility.

When a covered person is confined as a full-time inpatient as the result of an **emergency** admission, you, the person’s doctor, or the hospital must call Horizon Member Services to request certification within 48 hours of the start of the confinement. If the call cannot be made within 48 hours, the call must be made as soon as reasonably possible. The 48-hour requirement is extended to 72 hours when the confinement starts on a Friday or Saturday.

Precertification

Precertification is an important feature of the PPO Plan. In order for you to receive the highest level of benefits available, **you, the network hospital, or your doctor** must notify Horizon to precertify any hospital admission and certain outpatient surgical procedures, treatments, and tests. The purpose of this process is to review the medical necessity of a procedure and to approve an appropriate length of stay.

If you elect to get care from an out-of-network provider you will have to initiate the precertification process yourself.

Procedures Which Must Be Precertified

Precertification is required for:

- All hospital and skilled nursing/convalescent facility admissions;
- Home health care, hospice care, and skilled nursing care; and
- Inpatient treatment for substance abuse and mental disorders.

Call Horizon for all other procedures.

How to Request Precertification for a Medical Procedure or Admission

To request precertification of an admission or procedure, call the precertification telephone number listed on your PPO Plan ID card, or call Horizon Member Services, toll-free, at **(800) 355-BLUE (2583)** to be directed to the Patient Management site for your area.

To request precertification of an out-of-network admission or procedure, just call the precertification telephone number listed on your ID card or Horizon Member Services, toll-free, at **(800) 355-BLUE (2583)**. You should call at least 14 days before any scheduled admission or outpatient procedure, or as soon as you are aware you need medical care. **In case of emergency, you or a family member should contact Horizon Member Services within 48 hours after the admission or procedure.**

When you call, you will speak to a Medical Consultant who will ask you:

- Your name and PPO Plan identification number;
- The relationship of the patient to you;
- The type of surgical procedure or test you need;
- The name and telephone number of your doctor; and
- When the procedure is scheduled.

The Medical Consultant will review the medical necessity of the proposed inpatient admission, the proposed surgical procedures and treatments, or the proposed inpatient treatment for substance abuse and mental disorders. He or she will compare information about your case with generally accepted medical standards.

For precertification of Mental Health and Substance Abuse admissions, call Magellan at (800) 626-2212.

If the proposed inpatient admission or treatment is medically necessary in accordance with such standards, it will be certified by the Medical Consultant. On the other hand, if other treatment is more appropriate, alternative treatment settings may be suggested. See page 37 for more information regarding precertification.

There's a Penalty If You Do Not Precertify

If you do not call to precertify a hospital admission or any of the procedures or tests listed, you will have to pay a separate \$150 penalty charge, in addition to your applicable coinsurance and/or deductible, before benefits are paid for covered services. This penalty charge will not be applied toward your deductible or your out-of-pocket limit.

If Your Hospital Stay Is Longer Than Expected

If your hospital stay is longer than the approved period, you must notify Horizon Member Services as soon as you are aware your stay must be extended. The Medical Consultant can then work with your doctor to extend the certification of your hospital stay.

Your Share of Medical Expenses

The American Water Medical Plan has been carefully designed to provide quality care and the most value for each dollar spent by you and the Company. Here is how we share the costs of these valuable benefits.

Deductibles (out- of-network only)

A deductible is the amount you must pay before the Plan begins to pay benefits for covered expenses. All deductibles are calculated on an annual basis and must be met every year. Inpatient hospital copayments **do not count** toward meeting the annual deductibles.

- **Single Deductible Limit (per calendar year):** \$200 (out-of-network only; no deductible for in-network).

This calendar year deductible applies to all expenses incurred for out-of-network and for care for your eligible spouse or same-sex domestic partner and child(ren) who live permanently outside the network.

- **Family Deductible Limit (per calendar year) (must be met by expenses of more than one family member):** \$600 (out-of-network only; no deductible for in-network).

This calendar year deductible applies to all expenses incurred for out-of-network and for care for your eligible spouse or same-sex domestic partner and child(ren) who live permanently outside the network.

Inpatient Hospital Copayment (out- of-network only)

There is a separate \$250 copayment for each confinement in an out-of-network hospital. This is a separate amount you pay for each hospital confinement. The inpatient hospital copayment will be applied only once to each hospital confinement, regardless of cause, which is separated by less than 10 days from another confinement.

Expenses used to meet the inpatient hospital copayment cannot be used to meet any other applicable deductible. Expenses used to meet any other applicable deductible cannot be used to meet the inpatient hospital copayment.

The inpatient hospital copayment is \$250 per confinement (out-of-network only).

However, for a confinement of a well newborn child that starts on the day of birth, the inpatient hospital copayment will not exceed the hospital's actual charge for room and board for the first day of confinement on which the child's coverage is in force. To maintain continuous coverage on the newborn, you must add him or her to the Plan through American Water as an eligible child within 31 days of birth.

Coinsurance

After you meet the applicable annual deductible (out-of-network only), you and American Water share the remaining expenses through coinsurance.

If you use **network doctors, hospitals or hospital alternatives**, the Plan generally pays as follows (although there may be other limits, such as limits on the number of treatments or visits):

Plan Pays	You Pay	Up to 2012 Annual Out-of-Pocket Limit (single/family)
80%	20%	\$2,500 / \$5,000 including prescription drug coverage

If you use **out-of-network doctors, hospitals or hospital alternatives**, the Plan generally pays as follows (although there may be other limits, such as limits on the number of treatments or visits):

Plan Pays	You Pay	Up to 2012 Annual Out-of-Pocket Limit (single/family)
50%	50%	\$5,000 per person

Your in-network coinsurance amounts do not count toward your out-of-network deductible and coinsurance limits.

Out-of-Pocket Limits

There is a limit to your share of medical expenses each calendar year, called the "out-of-pocket" limit. Your coinsurance amounts count toward these out-of-pocket limits and deductibles, and amounts you are required to pay to out-of-network providers in excess of the reasonable and customary charge **do not** count toward out-of-pocket limits and deductibles.

■ 2012 Out-of-Pocket Limits (single/family)

- \$2,500 / \$5,000 (in-network)
- \$5,000 per person (out-of-network)

Lifetime Maximum Benefit

If you reach your out-of-pocket limit during a calendar year, your covered expenses will be paid at 100% for the remainder of that year (in-network) and at 100% of reasonable and customary charges (out-of-network). Your out-of-pocket limit will be reset to \$0 at the beginning of each year.

However, any expense not determined to be a covered expense, and precertification penalties, do not count toward your out-of-pocket limit.

Note: In-network prescription drug charges will contribute to the in-network out-of-pocket limit.

The PPO Plan provides an unlimited lifetime maximum benefit for you and each covered member of your family.

Your Contributions

You pay your share of the cost for your benefits each pay cycle through convenient *pre-tax* payroll deductions. *Pre-tax* means that your contributions are withheld before federal (and in most cases, state and local) income and FICA (Social Security) taxes are withheld. This reduces your taxable income and the amount of tax you pay. As a result, you have more take-home pay. Because your pre-tax contributions are not subject to FICA taxes, your Social Security benefit at retirement may be slightly reduced if your earnings are under the Social Security Taxable Wage Base (\$110,100 for 2012). However, the loss in future retirement benefits should be more than offset by the current tax savings under the Plan.

Benefits Payable

American Water pays the majority of your benefit costs.

After any applicable deductible, coinsurance, or copayment amount, the Plan pays benefits subject to the applicable coinsurance and copayment provisions which apply to the type of Covered Medical Expense, except for any different benefit levels described elsewhere in this Summary Plan Description. If an expense is covered as one type of Covered Medical Expense, it cannot be covered as any other type.

Benefit Maximums

All maximums included in this Plan are combined maximums between in-network and out-of-network, where applicable, unless specifically stated otherwise.

The following limitations apply to some of the benefits under the PPO Plan:

■ **Private Duty Nursing Care**

70 shifts per calendar year

■ **Home Health Care**

120 visits per calendar year

(a “visit” is considered to be four hours or less in duration)

■ **Skilled Nursing/Convalescent Facility**

120 days per calendar year

■ **Short-Term Rehabilitation**

60 days per calendar year

■ **Private Room Limit**

The institution’s semi-private rate

Covered Expenses

Inpatient Hospital Care

Inpatient admissions must be precertified to qualify for the maximum benefit payable.

The Plan covers charges made by a hospital for room (semi-private only), board, and other hospital services and supplies for a person who is confined as a full-time inpatient for the treatment of an injury or illness.

The Plan covers charges made by a hospital for services and supplies for a person who is not confined as a full-time inpatient.

Skilled Nursing/ Convalescent Facility

Precertification of skilled nursing/convalescent facility services is necessary to receive the maximum benefit payable by the Plan.

The Plan covers charges made by a skilled nursing/convalescent facility for the following services and supplies furnished to a person while confined to convalesce from an illness or injury.

- Room and board. This includes charges for services such as general nursing care made in connection with room occupancy. Charges for daily room and board in a private room over the Private Room Limit are not covered.
- Use of special treatment rooms.
- X-ray and lab work.
- Physical, occupational, or speech therapy.
- Oxygen and other gas therapy.

- Other medical services usually given by a skilled nursing/convalescent facility, excluding private or special nursing, or doctors' services.
- Medical supplies.

The Plan does not cover skilled nursing/convalescent facility charges made for treatment of:

- Drug addiction.
- Chronic brain syndrome.
- Alcoholism.
- Senility.
- Mental retardation.
- Any other mental disorder.

Home Health Care

Home health care is limited to 120 visits in a calendar year. Each visit by a nurse or therapist is one visit. Each visit of up to four hours by a home health aide is one visit.

Home health care expenses are covered if they are precertified and:

- The charge is made by a home health care agency;
- The care is given under a home health care plan; and
- The care is given to a person in his or her home.

Home health care expenses are charges for:

- Part-time or intermittent care by an RN, or by an LPN if an RN is not available.
- Part-time or intermittent home health aide services for patient care.
- Physical, occupational, and speech therapy.
- Expenses covered to the extent they would have been covered under this Plan if the person had been confined in a hospital or skilled nursing/convalescent facility:
 - Medical supplies, drugs, and medicines prescribed by a doctor; and
 - Lab services provided by or for a home health care agency.

The Plan covers a maximum of 120 home health care visits in a calendar year. Each visit by a nurse or therapist is one visit. Each visit of up to four hours by a home health aide is one visit.

The Plan does not cover charges made for:

- Services or supplies that are not a part of the home health care plan.
- Services of a person who usually lives with you or is a member of your, your spouse's, or your same-sex domestic partner's family.
- Services of a social worker.
- Transportation.

Routine Physical Exams

The charges made by your doctor for a routine physical exam given to you, your eligible spouse, your eligible same-sex domestic partner, or your eligible child may be included as Covered Medical Expenses.

Covered Medical Expenses include charges made by your doctor for a routine physical exam given to you, your spouse, your same-sex domestic partner, or your eligible child.

A routine physical exam is a medical exam given by a doctor for a reason other than to diagnose or treat a suspected or identified injury or illness. Included are:

- X-rays and laboratory and other tests given in connection with the exam; and
- Materials for the administration of immunizations for infectious illness and testing for tuberculosis.

To qualify as a covered physical exam, the doctor's exam must include at least:

- A review and written record of the patient's complete medical history;
- A check of all body systems; and
- A review and discussion of the exam results with the patient or the parent or guardian.

For a child age six and over, Covered Medical Expenses do not include charges for more than one exam in a period of 12 consecutive months.

For you or your spouse or same-sex domestic partner, Covered Medical Expenses do not include charges for more than one exam in a period of 12 consecutive months.

Charges for routine physical exams do not include:

- Services and supplies furnished by an out-of-network provider.
- Services covered to any extent under any other part of this Plan or any other group plan sponsored by American Water.
- Services to diagnose or treat a suspected or identified injury or illness.
- Exams given to a person confined in a hospital or other facility for medical care.
- Services not given by a doctor or under his or her direction.
- Medicines, drugs, appliances, equipment, or supplies.
- Psychiatric, psychological, personality, or emotional testing or exams.
- Exams in any way related to employment.
- Premarital exams.

Routine Hearing Exams

The American Water Plan covers a routine hearing exam by a participating provider once every 12 months under the PPO Plan.

- Vision, hearing, or dental exams.
- Doctor's office visits in connection with immunization or testing for tuberculosis.

Covered Medical Expenses include charges for an audiometric exam. The services must be performed by a network doctor who is certified as an otolaryngologist or otologist, or by an audiologist who:

- Is legally qualified in audiology or holds a certificate of Clinical Competence in Audiology from the American Speech and Hearing Association in the absence of any applicable licensing requirements; and
- Performs the exam at the written direction of a legally qualified otolaryngologist or otologist.

Covered Medical Expenses will not include charges for more than one hearing exam in a period of 12 consecutive months under the PPO Plan.

Charges for routine hearing exams do not include:

- Ear or hearing exams to diagnose or treat an illness or injury.
- Drugs or medicines.
- Hearing care services or supplies covered to any extent under any other part of this Plan or any other group plan sponsored by American Water.
- Hearing care services or supplies for which benefits are provided under any Workers' Compensation law or any other law of similar purpose, whether benefits are payable for all or only part of the charges.
- Hearing care services or supplies which do not meet professionally accepted standards.
- Services or supplies received while the person is not covered.
- Exams given while the person is confined in a hospital or other facility for medical care.
- Exam required by an employer as a condition of employment, or that an employer is required to provide under a labor agreement or required by law.
- Services or supplies furnished by an out-of-network provider.

Covered Medical Expenses include charges for one routine Pap smear and related laboratory expenses each calendar year.

Routine Pap Smear

Routine Mammogram

Covered Medical Expenses include charges incurred by a female for one routine mammogram each calendar year, in accordance with American Medical Association Guidelines.

Benefits Related to Breast Reconstruction

The Plan provides benefits related to breast reconstruction in compliance with the Women's Health and Cancer Rights Act of 1998. This federal law states that group health plans that provide medical and surgical benefits for mastectomy must provide certain additional benefits related to breast reconstruction.

If you (or a covered eligible spouse, same-sex domestic partner, or child) are receiving mastectomy benefits, you are entitled to coverage for:

- Reconstruction of the breast on which the mastectomy has been performed;
- Surgery and reconstruction of the other breast to produce a symmetrical appearance; and
- Prostheses and treatment for physical complications for all stages of a mastectomy, including lymphedemas (swelling associated with the removal of lymph nodes).

The Plan will determine the manner of coverage in consultation with you and your attending doctor. Coverage for breast reconstruction and related services will be subject to the same annual deductibles and coinsurance provisions that apply for the mastectomy.

Voluntary Sterilization

The charges made by a doctor or hospital for a vasectomy or tubal ligation for voluntary sterilization, even though not incurred in connection with the diagnosis or treatment of an illness or injury, are Covered Medical Expenses. Charges for the reversal of a sterilization procedure are not covered.

Annual Gynecological Exam

You may visit your network gynecologist once a year for a routine exam.

Expenses incurred for one routine self-referred gynecological exam per calendar year, performed by a network doctor, will be considered a Covered Medical Expense. The routine gynecological exam, including one Pap smear and related laboratory expenses, is considered Office Care. No coverage is provided if the exam is performed by an out-of-network provider.

Maternity

Benefits are payable for pregnancy-related expenses of female employees and female eligible spouse, same-sex domestic partner, or child(ren) on the same basis as for an illness.

Pregnancy expenses must be incurred while the person is covered under this Plan. If expenses are incurred after the coverage ceases, they will be considered for benefits only if satisfactory evidence is furnished to Horizon that the person has been totally disabled since her coverage terminated.

Any pregnancy benefits payable by previous group health coverage will be subtracted from health benefits payable for the same expenses under this Plan.

Medical care related to pregnancy, childbirth, abortion, or miscarriage includes the hospital delivery and hospital stay for at least 48 hours after a vaginal delivery or 96 hours after a cesarean section, if the attending practitioner determines that inpatient care is medically necessary and appropriate or if requested by the eligible mother notwithstanding medical necessity and appropriateness.

The attending provider, after consulting with the mother, may discharge the mother and newborn earlier than 48 hours following a vaginal delivery or 96 hours following a caesarean section.

Mouth, Jaws, and Teeth

The Medical Plan covers certain treatments of the mouth, jaws, and teeth only in the event of injury. Treatment must be of, or related to, the teeth, mouth, jaws, jaw joints, or supporting tissues (these include bones, muscles, and nerves).

The Medical Plan will cover certain dental expenses, but only in the event of injury. Charges for root canal therapy; routine tooth removal (which does not involve cutting of the bone); and in-mouth appliances, crowns, bridgework, dentures, tooth restorations, and any related fitting or adjustment services (whether or not their purpose is to relieve pain) are covered if they are required as the result of injury to the mouth, jaw, or teeth.

The Medical Plan does not cover charges to remove, repair, replace, restore, or reposition teeth which are lost or damaged in the course of biting or chewing. Charges to repair, replace, or restore fillings, crowns, dentures, or bridgework are not covered by the Medical Plan. Non-surgical periodontal treatment is excluded, as are charges for dental cleaning; in-mouth scaling, planing, or scraping; and myofunctional therapy (muscle training therapy to correct or control harmful habits).

The following services and supplies furnished for the treatment of the mouth, jaws, jaw joints, teeth, and supporting tissues (including bones, muscles, and nerves) are Covered Medical Expenses and not part of the Dental Plan. For these expenses, “doctor” includes a dentist.

- Surgery needed to treat a fracture, dislocation, or wound or to cut out teeth partly or completely impacted in the jawbone. Covered surgery may cut out teeth that will not erupt through the gum, as well as other teeth that cannot be removed without cutting into bone.
- Also covered are surgeries that cut out the roots of a tooth without removing the entire tooth, as well as removing cysts, tumors, or other diseased tissues while cutting into the gums and tissues of the mouth. This is covered only when not done in connection with the removal, replacement, or repair of teeth. Covered surgery may also alter the jaw, jaw joints, or bite relationships by a cutting procedure when appliance therapy alone cannot result in functional improvement.

- Non-surgical treatment of infections or illnesses of the mouth, jaws, jaw joints, and supporting tissues (including bones, muscles, and nerves). This does not include those of, or related to, the teeth.
- Dental work, surgery, and orthodontic treatment needed to remove, repair, replace, restore, or reposition natural teeth damaged, lost, or removed, and other body tissues of the mouth fractured or cut due to injury. The accident causing the injury must occur while the person is covered under the Medical Plan.

Any such teeth must have been free from decay or in good repair and firmly attached to the jawbone at the time of the injury.

If crowns (caps), dentures (false teeth), bridgework, or in-mouth appliances are installed due to such injury, Covered Medical Expenses include only charges for the following:

- The first denture or fixed bridgework to replace lost teeth;
- The first crown needed to repair each damaged tooth; and
- An in-mouth appliance used in the first course of orthodontic treatment after the injury.

Except as provided for injury, the Medical Plan does not cover charges for in-mouth appliances, crowns, bridgework, dentures, tooth restorations, or any related fitting or adjustment services, whether or not the purpose of such services or supplies is to relieve pain. In addition, the Medical Plan does not cover root canal therapy or routine tooth removal (not needing cutting of the bone).

Skilled Nursing Care

Coverage for private duty nursing is limited to 70 shifts per calendar year. Each period of private duty nursing of up to eight hours will be considered one private duty nursing shift.

Facility charges for bed and board, including diets, drugs, medicines and dressings and general nursing service in a “Skilled Nursing Facility. Benefits are available for 120 days of care during any one benefit period.

Home Health Agency care services and supplies are covered only if furnished by providers on a part-time or intermittent basis, except when full-time or 24-hour service is needed on a short-term basis.

The home health care plan must be established in writing by the patient’s practitioner within 14 days after home health care starts and it must be reviewed by the patient’s practitioner at least once every 60 days.

No prior inpatient admission is required.

Each visit by a home health aid, nurse, or other provider whose services are authorized under the home health care plan can last up to four hours. This does not include:

- Services furnished to family members, other than the patient; or
- Services and supplies not included in the home health care plan.

Hospice Care

The Plan covers inpatient or outpatient hospice care for an individual who has been diagnosed as having six months or less to live.

Inpatient hospice care must be precertified to be covered at the highest level payable by the Plan.

Charges made for the following inpatient services furnished to a person for hospice care when given as a part of a Hospice Care Program are included as Covered Medical Expenses, provided pre-certification is received.

Inpatient Care

Room and board and other services and supplies furnished to a full-time inpatient for pain control and other acute and chronic symptom management.

Charges for daily room and board in a semi-private room over the Private Room Limit are not included.

Facility and Doctor Expenses

The Plan covers charges made on its own behalf by a:

- Hospice Care Facility;
- Hospital;
- Skilled Nursing/Convalescent Facility; or
- Doctor.

Outpatient Care

The Plan covers charges made by a Hospice Care Agency for the following outpatient services and supplies (if precertified).

- Part-time or intermittent nursing care by an RN or LPN for up to eight hours per day.
- Medical social services under the direction of a doctor, including:
 - Assessment of the person's social, emotional, and medical needs, and the home and family situation;
 - Identification of available community resources; and
 - Assisting the person to obtain resources needed to meet the person's assessed needs.
- Psychological and dietary counseling.
- Consultation or case management services by a doctor.
- Physical and occupational therapy.
- Part-time or intermittent home health aide services (consisting mainly of caring for the person) for up to eight hours per day.
- Medical supplies, drugs, and medicines prescribed by a doctor.

Charges made by the providers below for Outpatient Care, but only if the provider is not an employee of a Hospice Care Agency and the agency retains responsibility for the care of the person:

- A doctor for consultant or case management services.
- A physical or occupational therapist.
- A Home Health Care Agency for:
 - Physical or occupational therapy.
 - Part-time or intermittent home health aide services consisting mainly of caring for the person for up to eight hours per day.
 - Medical supplies, drugs, and medicines prescribed by a doctor.
 - Psychological and dietary counseling.

Charges for the following services are not included:

- Bereavement counseling.
- Funeral arrangements.
- Pastoral counseling.
- Financial or legal counseling, including estate planning or the drafting of a will.
- Homemaker or caretaker services. These are services which are not solely related to care of the person, including sitter or companion services for either the person who is ill or to other members of the family, transportation, housecleaning, and maintenance of the house.
- Respite care. This is care furnished during a period of time when the person's family or usual caretaker is unable or unwilling to attend to the person's needs.

Short-Term Rehabilitation

Charges made by a doctor or a licensed or certified physical, occupational, or speech therapist for Short-Term Rehabilitation services to treat acute conditions are Covered Medical Expenses.

Short-Term Rehabilitation services consist of the following services furnished to a person who is not confined as an inpatient in a hospital or other facility for medical care:

- Physical therapy;
- Occupational therapy; or
- Speech therapy.

Short-Term Rehabilitation is therapy which is expected to result in the improvement of a body function (including the restoration of the level of an existing speech function) which has been lost or impaired due to an injury, an illness, or a congenital defect.

You and your covered eligible spouse or same-sex domestic partner and child(ren) are covered for a maximum of 60 days of Short-Term Rehabilitation services during a calendar year, as long as the treatment is certified by Horizon.

This therapy shall be expected to result in significant improvement of the person's condition within 60 days from the date the therapy begins.

Charges for Short-Term Rehabilitation services are covered for a maximum of 60 days per calendar year, as long as the treatment is precertified.

The following services are not covered as Short-Term Rehabilitation services:

- Services covered to any extent under any other part of this Plan or any other group plan sponsored by American Water.
- Services received while the person is confined in a hospital or other facility for medical care.
- Services not performed by a doctor or not under his or her direct supervision.
- Services rendered by a physical, occupational, or speech therapist who lives in the person's home, or who is a part of the family of either the person or the person's spouse or same-sex domestic partner.
- Services rendered for the treatment of delays in speech development, unless resulting from:
 - Illness;
 - Injury; or
 - Congenital defect.
- Special education, including lessons in sign language, to instruct a person whose ability to speak has been lost or impaired, to function without that ability.
- Any services not provided in accordance with a specific treatment plan that:
 - Details the treatment to be rendered and the frequency and duration of the treatment.
 - Provides for ongoing reviews and is renewed only if therapy is still necessary.

Emergency Care

In the event of a medical emergency, the Plan covers treatment in a hospital emergency room.

If emergency care is received in a hospital emergency room while a person is not a full-time inpatient, the hospital's charges will be Covered Medical Expenses and paid at the appropriate copayment/coinsurance.

"Emergency care" means the first treatment given in a hospital emergency room right after the sudden and (at that time) unexpected onset of a change in a person's physical or mental condition that requires hospital level care because:

- The care could not safely and adequately have been provided other than in a hospital or adequate care was not available elsewhere in the area at the time and place it was needed; and
- If the hospital level care were not given, the emergency described above could, as determined by Horizon, reasonably be expected to result in:
 - Loss of life or limb;
 - Significant impairment to bodily function; or
 - Permanent dysfunction of a body part.

Non-Emergency Care in an Emergency Room Other Covered Medical Expenses

If non-emergency treatment is received in a hospital emergency room while a person is not a full-time inpatient, benefits will be denied.

Other Covered Medical Expenses include:

- Doctor's charges.
- Diagnostic lab work and X-rays.
- X-ray, radium, and radioactive isotope therapy.
- Anesthetics and oxygen.
- Rental of durable medical or surgical equipment. Not included are charges for more than one item of equipment for the same or similar purpose.
 - "Durable Medical and Surgical Equipment" is equipment made to withstand prolonged use and used mainly in the treatment of an illness or injury. It must be suited for use in the home, not normally of use to persons without an illness or injury, and not used to alter quality or temperature, or for exercise or training.
- The purchase, repair, or replacement of durable medical and surgical equipment and accessories needed to operate it.
 - The initial purchase is covered only if Horizon agrees that long-term use is planned and the equipment cannot be rented, or it is likely to cost less to buy it than to rent it.
 - Replacement is covered only if Horizon agrees that it is needed because of a change in the person's physical condition, or it is likely to cost less to buy a replacement than to repair the existing equipment or to rent similar equipment.

- Artificial limbs and eyes. However, eyeglasses, hearing aids, orthopedic shoes, or other devices to support the feet are not included.
- Professional ambulance service to transport a person from the place of the injury or onset of illness to the first hospital where treatment is given.

Pre-Existing Conditions

Pre-existing conditions do not apply under any Horizon Plan.

Certification for Hospital Admissions (including hospitalizations for alcoholism, drug abuse, or mental disorders)

Inpatient hospital confinements must be precertified to qualify for the highest level of benefits paid by the Plan. If precertification is not obtained, benefits will be reduced or denied.

Inpatient hospital confinements must be precertified to qualify for the highest level of benefits paid by the Plan. Covered Medical Expenses incurred on any day not certified during the confinement will be paid as shown below if:

- You become confined in a hospital as a full-time inpatient; and
- It has not been certified that the confinement (or any day of the confinement) is necessary; and
- The confinement has not been ordered and prescribed by your doctor.

Hospital Expenses Incurred During the Confinement

If certification has been requested and denied for part of the confinement, no benefits will be paid for Hospital Expenses incurred for room and board for that day(s). Benefits for all other Hospital Expenses will be paid at the appropriate copayment/coinsurance.

If certification has not been obtained, you will have to pay a \$150 penalty charge before benefits are paid for covered services.

Benefits for expenses in excess of the Excluded Amount will be paid at the appropriate copayment/coinsurance.

If certification has not been requested and the confinement (or any day of the confinement) is necessary, Hospital Expenses up to the Excluded Amount will not be deemed to be Covered Medical Expenses. Benefits for all other Hospital Expenses will be payable at the appropriate copayment/coinsurance.

Other Covered Medical Expenses

Benefits will be paid at the appropriate copayment/coinsurance.

Whether or not a day of confinement is certified, no benefit will be paid for expenses incurred on any day of confinement as a full-time inpatient if excluded by any other terms of this Plan, except that if certification has been given for a day of confinement, excluding services and supplies because they are not necessary will not be applied to expenses for hospital room and board.

In the event of an **urgent** admission, you, the person's doctor, or the hospital must call Horizon Member Services for certification before the person is confined as a full-time inpatient.

An urgent admission is one required as the result of an injury caused by an accident; the diagnosis of an illness; or the onset of, or change in, an illness. The person's condition does not require emergency medical care, but is severe enough to require confinement in a hospital within two weeks of the date the doctor determines that confinement is required.

A "non-urgent admission" is one which is not an emergency admission or an urgent admission.

When a covered person is confined as a full-time inpatient as the result of an **emergency** admission, you, the person's doctor, or the hospital must call Horizon Member Services to request certification within 48 hours of the start of the confinement. If the call cannot be made within 48 hours, the call must be made as soon as reasonably possible. The 48-hour requirement is extended to 72 hours when the confinement starts on a Friday or Saturday.

Call the precertification number on your ID card or Horizon Member Services at (800) 355-BLUE (2583) to obtain certification of a hospital inpatient admission. Written notice of the number of days certified will be sent promptly to the hospital. A copy will be sent to you and the doctor.

An admission is considered to be an **emergency** when the doctor admits the person to the hospital right after the sudden and (at that time) unexpected onset of a change in the person's physical or mental condition which could be life-threatening or result in significant impairment or permanent dysfunction if the person is not immediately confined as a full-time hospital inpatient.

If, in your doctor's opinion, it is necessary for you to be confined for a longer time than already certified, you, the doctor, or the hospital may request that more days be certified by calling the precertification number on your ID card or Horizon Member Services at **(800) 355-BLUE (2583)**. This must be done on or before the last day that has already been certified.

Written notice of the number of days certified will be sent promptly to the hospital. A copy will be sent to you and the doctor.

Certification for Skilled Nursing/Convalescent Facility Care, Home Health Care, and Hospice Care

Precertification is required for confinements in a Skilled Nursing/Convalescent Facility or hospice, and for home health care and outpatient hospice care. If precertification is not obtained, benefits may be reduced.

Covered Medical Expenses will be paid as shown below if incurred:

- While a person is confined in a Skilled Nursing/Convalescent Facility or hospice; or
- For services or supplies for home health care, hospice care, or skilled nursing care when a person is not confined as an inpatient; and
- It has been certified that such confinement or care is necessary; and
- The confinement or care has been ordered and prescribed by your doctor.

Facility Expenses

If certification has been requested and denied, no benefits will be paid for Skilled Nursing/Convalescent Facility expenses or Hospice Care Facility expenses incurred for room and board. Benefits for all other Skilled Nursing/Convalescent Facility expenses or Hospice Care Facility expenses incurred during the confinement will be paid at the appropriate copayment/coinsurance.

If certification has not been requested and the confinement (or any day of the confinement) is not necessary, no benefits will be paid for Skilled Nursing/Convalescent Facility expenses or Hospice Care Facility expenses incurred for room and board. For all other Skilled Nursing/Convalescent Facility expenses or Hospice Care Facility expenses incurred during the confinement:

- Expenses up to the Excluded Amount will not be deemed to be Covered Medical Expenses.
- Benefits for all other such expenses will be paid at the appropriate copayment/coinsurance.

If certification has not been requested and the confinement (or any day of the confinement) is necessary, Skilled Nursing/Convalescent Facility expenses or Hospice Care Facility expenses incurred during the confinement, up to the Excluded Amount, will not be deemed to be Covered Medical Expenses. Benefits for all other such expenses incurred during the confinement will be paid at the appropriate copayment/coinsurance. As to all other Covered Medical Expenses incurred during the confinement, benefits will be paid at the appropriate copayment/coinsurance.

Expenses for Services or Supplies

To get certification you must call the precertification number on your ID card or Horizon Member Services at (800) 355-BLUE (2583). Such certification must be obtained before an expense is incurred. Prompt written notice will be provided to you of the days of confinement and services or supplies which have been certified.

If certification for a service or supply has been requested and denied, or if certification has not been requested and the service or supply is not necessary, no benefits will be paid for the denied or unnecessary service or supply.

If certification has not been requested for a service or supply and the service or supply is necessary, benefits for the necessary service or supply will be paid as follows:

- Expenses incurred for the service or supply, up to the Excluded Amount, will not be deemed to be Covered Medical Expenses;
- Benefits for all other Covered Medical Expenses incurred for the service or supply will be paid at the appropriate copayment/coinsurance.

Whether or not a day of confinement or a service or supply has been certified, no benefit will be paid if the charges for the confinement or service or supply are excluded by any other terms of this Plan, except that, to the extent a day of confinement has been certified, excluding services and supplies because they are not necessary will not apply to:

- Skilled Nursing/Convalescent Facility expenses for room and board.
- Hospice Care Facility expenses for room and board.

To the extent that such service or supply has been certified for home health care, hospice care, or skilled nursing care, excluding services or supplies because they are not necessary will not apply to the service or supply.

If a person's doctor believes that the person needs more days of confinement or services or supplies beyond those which have been already certified, a call must be made to the precertification number on your ID card or Horizon Member Services at **(800) 355-BLUE (2583)** to certify more days of confinement or services or supplies.

Prompt written notice will be provided to you of the days of confinement and services or supplies which have been certified.

If services and supplies for hospice care have been certified and the person later requires hospital confinement for pain control or acute symptom management, any other certification requirement in this Plan will be waived for any such day of hospital confinement.

Certification for Certain Procedures and Treatments

Certification for certain procedures and treatments is required:

- Before the procedure is performed; or
- Before the treatment starts, unless the procedure or treatment has been ordered and prescribed by your doctor.

Covered Medical Expenses for procedures or treatments (whether performed on an inpatient or outpatient basis) will be payable as follows:

- If the procedure or treatment is not necessary, no benefits will be payable whether or not certification has been requested.
- If certification has been requested and the procedure or treatment is necessary, benefits will be payable at the appropriate copayment/coinsurance.
- If certification has not been requested and the procedure or treatment is necessary, expenses up to the Excluded Amount will not be considered to be Covered Medical Expenses. Benefits for Covered Medical Expenses in excess of the Excluded Amount will be payable at the appropriate copayment/coinsurance.

Certification for certain procedures and treatment is required when they are performed on either an inpatient or outpatient basis.

Certain procedures or treatments require precertification before they are performed, regardless of whether done on an inpatient or outpatient basis. Call Horizon to determine if your procedure requires precertification.

You or the provider performing the procedure or treatment must call the precertification number on your ID card or Horizon Member Services at (800) 355-BLUE (2583) to request certification.

If the procedure or treatment is performed due to an emergency condition, the call must be made:

- Before the procedure or treatment is performed; or
- Not later than 48 hours after the procedure or treatment is performed, unless the call cannot be made within that time. In that case, the call must be made as soon as it is reasonably possible. In the event the procedure or treatment is performed on a Friday or Saturday, the 48-hour requirement will be extended to 72 hours.

If the procedure or treatment is performed for any condition other than an emergency condition, the call must be made at least 14 days before the date of the procedure or the date treatment begins. If it is not possible to make the call during the specified time, it must be made as soon as reasonably possible before the date of the procedure or the date treatment begins.

Written notice of the certification decision will be sent promptly to you and the provider performing the procedure or treatment. This decision will be valid for 60 days from the date you receive the notice. If the procedure or treatment is to be performed after this 60-day period, certification must again be requested, as described above.

Submitting Claims

You should file your claim(s) during the calendar year in which the service or treatment was provided.

All claims must be filed within two years from the date of the incurred expense. Your claims must be in writing and you must give proof of the nature and extent of the expense. You may obtain Medical Plan Benefits Request forms from the Benefits Service Center, directly from Horizon's website (http://www.horizon-bcbstnj.com/national_accounts.html), or by contacting Horizon Member Services at (800) 355-BLUE (2583).

How Your Benefits Are Paid

American Water has contracted with Horizon to assist in administering benefits under the PPO Plan as the Claims Administrator. Your claims will be paid as soon as Horizon receives the necessary written proof supporting your claim. In order to speed claims processing, Horizon will pay medical benefits directly to the provider unless you specify that you want the benefits paid to you. If you are a minor or otherwise legally unable to give a valid release, Horizon may make payment to any of your relatives whom it determines to be fairly entitled to the payment.

You should never pay a provider directly until you receive an Explanation of Benefits (EOB).

Filing Medical Claims

When you use a network provider, you will not have to complete a Medical Plan Benefits Request form. The network provider will handle all claim filing for you.

Fast processing of your out-of-network claim depends on complete, accurate information on your National Account Health Insurance Claim Form (available online at http://www.horizon-bcbstnj.com/national_accounts.html). When filing a claim, please remember to:

- Complete all applicable sections of your Benefits Request form. Any unanswered questions will cause delay in processing your claim.
- Include your PPO Plan identification number on all claims, including claims for your eligible spouse or same-sex domestic partner and child(ren), and be sure to sign the form.
- Attach the itemized bill to the form. An itemized bill must be submitted within 24 months of incurring the expense and include the following information:
 - The patient's full name;
 - The patient's relationship to you;
 - The date the service was provided;
 - The name of the health care professional providing the service;
 - The provider's taxpayer identification number;
 - The type of service provided;
 - The nature of the illness or injury; and
 - The charges for the service or treatment (multiple expenses should be itemized).

If any of this information is missing, write it on the bill yourself and sign your name. Your health care provider should complete the doctor/supplier section of the claim form if he or she has not given you an itemized statement.

If you have other group coverage (or Medicare coverage) that pays benefits before the American Water Plan, you will need to provide Horizon with a copy of the other carrier's Explanation of Benefits (EOB) reflecting the benefits paid under the other coverage for the expenses being submitted for payment to this Plan.

Once you have completed the Medical Plan Benefits Request form and attached the itemized bills, send everything to:

Horizon Blue Cross Blue Shield of New Jersey
P.O. Box 1219
Newark, NJ 07101-1219

If you have any questions about the status of your claim, call Horizon Member Services at **(800) 355-BLUE (2583)**.

General Provisions of the PPO Plan

Note: The benefits described in this section may vary depending on the terms of your collective bargaining agreement. Please refer to your collective bargaining agreement for details.

General Provisions of the PPO Plan

This section describes General Exclusions that apply under the Horizon PPO Plan.

Coverage is not provided for the following charges:

- Those for services and supplies not necessary, as determined by Horizon, for the diagnosis, care, or treatment of the illness or injury involved.
- Those for care, treatment, or services that are recommended and approved by your physician but are not medically necessary and appropriate.
- Those for care, treatment, services, or supplies that are not prescribed, recommended, and approved by your attending doctor or dentist.
- Those for, or in connection with, services or supplies that are, as determined by Horizon, considered to be experimental or investigational. A drug, device, procedure, or treatment will be determined to be experimental or investigational if:
 - There are insufficient outcomes data available from controlled clinical trials published in the peer reviewed literature to substantiate its safety and effectiveness for the illness or injury involved; or
 - Required by the FDA, approval has not been granted for marketing; or
 - A recognized national medical or dental society or regulatory agency has determined, in writing, that it is experimental, investigational, or for research purposes; or
 - The written protocol or protocols used by the treating facility or the protocol or protocols of any other facility studying substantially the same drug, device, procedure, or treatment or the written informed consent used by the treating facility studying the same drug, device, procedure, or treatment states that it is experimental, investigational, or for research purposes.

However, this exclusion will not apply with respect to services or supplies (other than drugs) received in connection with an illness, if Horizon determines that:

- The illness can be expected to cause death within one year, in the absence of effective treatment; and
- The care or treatment is effective for that illness or shows promise of being effective for that illness as demonstrated by scientific data. In making this determination Horizon will take into account the results of a review by a panel of independent medical professionals. They will be selected by Horizon. This panel will include professionals who treat the type of illness involved.

Also, if Horizon determines that available scientific evidence demonstrates that the drug is effective or shows promise of being effective for the illness, this exclusion will not apply with respect to drugs that:

- Have been granted approval as an investigational new drug with treatment status; or
- Have been granted approval as an investigational new drug with cancer treatment status.
- Those for or related to services, treatment, education, testing, or training related to learning disabilities or developmental delays.
- Those for care furnished mainly to provide a surrounding free from exposure that can worsen the person's illness or injury.
- Those for, or related to, the following types of treatment:
 - Primal therapy.
 - Rolfing.
 - Psychodrama.
 - Megavitamin therapy.
 - Bioenergetic therapy.
 - Vision perception training.
 - Carbon dioxide therapy.
- Those for treatment of covered health care providers who specialize in the mental health care field and who receive treatment as a part of their training in that field.
- Those for services of a resident doctor or intern rendered in that capacity.
- Those to the extent they are not reasonable charges, as determined by Horizon.
- Those that are made only because there is health coverage.
- Those that a covered person is not legally obliged to pay.

- Those, as determined by Horizon to be for custodial care.
- Those for services and supplies:
 - Furnished, paid for, or for which benefits are provided or required by reason of the past or present service of any person in the armed forces of a government.
 - Furnished, paid for, or for which benefits are provided or required under any law of a government. (This does not include a plan established by a government for its own employees or their eligible spouses, same-sex domestic partners, or child(ren) or Medicaid.)
- Those for or related to any eye surgery mainly to correct refractive errors.
- Those for education, special education, or job training, whether or not given in a facility that also provides medical or psychiatric treatment.
- Those for plastic surgery, reconstructive surgery, cosmetic surgery, or other services and supplies that improve, alter, or enhance appearance, whether or not for psychological or emotional reasons, except to the extent needed to:
 - Improve the function of a part of the body that is not a tooth or structure that supports the teeth;
 - Repair a malformation as a result of a severe birth defect (this includes harelip or webbed fingers or toes), or a direct result of surgery performed to treat an illness or injury; or
 - Repair an injury that occurs while the person is covered under this Plan.
- Those that are for therapy or for supplies or for counseling for sexual dysfunctions or inadequacies that do not have a physiological or organic basis.
- Those for or related to sex change surgery or to any treatment of gender identity disorders.
- Those for or related to artificial insemination, in vitro fertilization, or embryo transfer procedures.
- Those for the reversal of a sterilization procedure.
- Those for routine physical exams, routine vision exams, routine hearing exams, routine dental exams, immunizations, or other preventive services and supplies, except as otherwise stated in this document.
- Those for or in connection with marriage, family, child, career, social adjustment, pastoral, or financial counseling.

- Those for acupuncture therapy. Not excluded is acupuncture when it is:
 - Performed by a doctor; and
 - As a form of anesthesia in connection with surgery that is covered under this Plan.
- Those for or in connection with speech therapy. This exclusion does not apply to charges for speech therapy that is expected to restore speech to a person who has lost existing speech function (the ability to express thoughts, speak words, and form sentences) as the result of an illness or injury.

Any exclusion above will not apply to the extent that:

- Coverage is specifically provided by name in this Summary Plan Description; or
- Coverage of the charges is required under any law that applies to the coverage.

These excluded charges will not be used when calculating benefits.

The law of the jurisdiction where a person lives when a claim occurs may prohibit some benefits. If so, they will not be paid.

Any charge for a service or supply furnished by a network provider in excess of such provider's Negotiated Charge for that service or supply will not be a covered expense under the Plan. This rule will not apply to any service or supply for which a benefit is provided under Medicare before the benefits of the group contract are paid.

Coordination of Your Benefits With Other Plans, Not Including Medicare

If you have other group coverage, the benefits from those plans will be taken into account when you have a claim.

Today, it is common for individual members of a family to be eligible for benefits under more than one group medical or dental plan. In such situations the benefits of the various plans are “coordinated” to determine how covered expense will be paid by your American Water Plan and the other plans. This may mean a reduction in benefits under this Plan. The combined benefits will not be more than the expenses recognized under these American Water Plans.

“Other plans” means:

- Any group medical or dental plan for which an employer pays all or part of the costs or makes payroll deductions;
- Any plan that you purchase through a group such as AARP; or
- Any government program, coverage required or provided by any law, or vehicle insurance (uninsured/underinsured motorist and casualty/liability).

If the American Water Plan is determined to be the primary plan (the plan that pays its benefits first), it will pay its regular benefits in full without regard to any payment that may be made under any other plan.

If the American Water Plan is determined to be the secondary plan (the plan that pays its benefits after the primary plan pays benefits), it will pay a reduced amount of benefits that will in no event cause the total benefit from all plans to exceed the benefit that would have been paid by the American Water Plan if it had been the primary plan. However, if benefits under the primary plan are reduced because a covered person does not comply with the plan provisions (such as penalties resulting from the failure to comply with cost management provisions of the plan), the amount of the reduction will not be considered for payment under the American Water Plan.

For example, if you have coverage under the PPO Plan and the primary plan pays 70% of eligible charges to an in-network provider, the American Water Plan will pay an additional 10% of covered charges for a total benefit equal to 80% of covered charges, which is the benefit the American Water Plan would have paid as the primary plan.

When other coverage exists in addition to your American Water coverage, the following rules will be used to determine which medical or dental plan is primary and pays first, and which medical or dental plan is secondary and pays second:

- A plan with no rules for coordination with other benefits will pay its benefits before a plan which contains such rules.
- A plan that covers a person as an employee pays before the plan that covers the person as an eligible spouse, same-sex domestic partner or child. However, there may be situations where the person is a Medicare beneficiary and not working and has a working spouse or same-sex domestic partner. In such a situation,
 - The spouse’s or same-sex domestic partner’s plan which covers the person as an eligible spouse or eligible same-sex domestic partner pays first;
 - Medicare pays second; and
 - The plan covering the person as an employee pays third.

- Except in the case of an eligible child whose parents are divorced or separated, the plan which covers the person as an eligible spouse, same-sex domestic partner or child of a person whose birthday comes first in a calendar year will be primary to the plan which covers the person as an eligible spouse, same-sex domestic partner or child of a person whose birthday comes later in that calendar year. If both parents have the same birthday, the benefits of a plan which covered one parent longer are determined before those of a plan which covered the other parent for a shorter period of time.
- If the other plan does not have the rule described in the above provision and, as a result, the plans do not agree on the order of benefits, the rule in the other plan will determine the order of benefits.
- In the case of an eligible child whose parents are divorced or separated:
 - If there is a court decree which states that the parents shall share joint custody of an eligible child, without stating that one of the parents is responsible for the health care expenses of the child, the order of benefit determination rules specified in the above provision will apply.
 - If there is a court decree which makes one parent financially responsible for the medical, dental, or other health care expenses of such child, the benefits of a plan which covers the child as an eligible child of such parent will be determined before the benefits of any other plan which covers the child as an eligible child.
 - If there is not such a court decree:

If the parent with custody of the child has not remarried, the benefits of a plan which covers the child as an eligible child of the parent with custody of the child will be determined before the benefits of a plan which covers the child as an eligible child of the parent without custody.

If the parent with custody of the child has remarried, the benefits of a plan which covers the child as an eligible child of the parent with custody shall be determined before the benefits of a plan which covers that child as an eligible child of the stepparent. The benefits of a plan which covers that child as an eligible child of the stepparent will be determined before the benefits of a plan which covers that child as an eligible child of the parent without custody.

- If the above rules do not establish an order of payment, the plan under which the person has been covered for the longest will be deemed to pay its benefits first, except that the benefits of a plan which covers the person as:
 - A laid-off or retired employee; or
 - The eligible spouse, same-sex domestic partner or child of such person, shall be determined **after** the benefits of any other plan which covers such person as:
 - An employee who is not laid-off or retired; or
 - An eligible spouse, same-sex domestic partner or child of such person.
- If the other plan does not have a provision regarding laid-off or retired employees and, as a result, each plan determines its benefits after the other, then the previous paragraph will not apply.
- The benefits of a plan which covers the person under a right of continuation pursuant to federal or state law shall be determined after the benefits of any other plan which covers the person other than under such right of continuation.
- If the other plan does not have a provision regarding right of continuation pursuant to federal or state law, and as a result, each plan determines its benefits after the other, then the above paragraph will not apply.

Horizon has the right to release or obtain any information and to make or recover any payment it considers necessary in order to administer this provision.

When this provision operates to reduce the total amount of benefits otherwise payable to you under this Plan during a calendar year, each benefit that would be payable in the absence of this provision will be reduced proportionately. Such reduced amount will be charged against any applicable benefit limit of your American Water Plan.

Automobile Personal Injury Protection (PIP)

If you are injured in an automobile accident and become eligible for benefits under the personal injury protection (PIP) provision of an automobile insurance policy, benefits under the American Water Medical Plan are payable after the automobile insurance policy benefits have been paid, even if you have designated the American Water Medical Plan as primary to your automobile insurance coverage in exchange for reduced automobile insurance premiums.

Third Party Liability and Subrogation

General Principle

When you or your eligible spouse, same-sex domestic partner, or child(ren) receive benefits under the Plan which are related to medical expenses that are also payable under Workers' Compensation, any statute, any uninsured or underinsured motorist program, any no fault or school insurance program, any other insurance policy or any other plan of benefits, or when related medical expenses that arise through an act or omission of another person are paid by a third party, whether through legal action, settlement or for any other reason, you or your eligible spouse, same-sex domestic partner, or child(ren) shall reimburse the Plan for the related benefits received out of any funds or monies you or your eligible spouse, same-sex domestic partner, or child(ren) recovers from any third party.

Specific Requirements and Plan Rights

Because the Plan is entitled to reimbursement, the Plan shall be fully subrogated to any and all rights, recovery, or causes of actions or claims that you or your eligible spouse, same-sex domestic partner, or child(ren) may have against any third party. The Plan is granted a specific and first right of reimbursement from any payment, amount, or recovery from a third party. This right to reimbursement is regardless of the manner in which the recovery is structured or worded, and even if you or your eligible spouse, same-sex domestic partner, or child(ren) has not been paid or fully reimbursed for all of their damages or expenses.

The Plan's share of the recovery shall not be reduced because the full damages or expenses claimed have not been reimbursed, unless the Plan agrees in writing to such reduction. Further, the Plan's right to subrogation or reimbursement will not be affected or reduced by the "make whole" doctrine, the "fund" doctrine, the "common fund" doctrine, comparative/contributory negligence, "collateral source" rule, "attorney's fund" doctrine, regulatory diligence, or any other equitable defenses that may affect the Plan's right to subrogation or reimbursement.

The Plan may enforce its subrogation or reimbursement rights by requiring you or your eligible spouse, same-sex domestic partner, or child(ren) to assert a claim to any of the benefits to which you or your eligible spouse, same-sex domestic partner, or child(ren) may be entitled. The Plan will not pay attorneys' fees or costs associated with the claim or lawsuit without express written authorization from the Company.

If the Plan should become aware that you or your eligible spouse, same-sex domestic partner, or child(ren) has received a third party payment, amount, or recovery and not reported such amount, the Plan, in its sole discretion, may suspend all further benefits payments related to you or your eligible spouse, same-sex domestic partner, or child(ren) until the reimbursable portion is returned to the Plan or offset against amounts that would otherwise be paid to or on behalf of you or your eligible spouse, same-sex domestic partner or child(ren).

Participant Duties and Actions

By participating in the Plan you and your eligible spouse or same-sex domestic partner and child(ren) consent and agree that a constructive trust, lien, or equitable lien by agreement in favor of the Plan exists with regard to any settlement or recovery from a third person or party. In accordance with that constructive trust, lien, or equitable lien by agreement, you and your eligible spouse or same-sex domestic partner and child(ren) agree to cooperate with the Plan in reimbursing it for Plan costs and expenses.

Once you or your eligible spouse, same-sex domestic partner or child(ren) has any reason to believe that you or they may be entitled to recovery from any third party, you or your eligible spouse, same-sex domestic partner, or child(ren) must notify the Plan. And, at that time, you and your eligible spouse or same-sex domestic partner and child(ren) (and your or their attorney, if applicable) must sign a subrogation/reimbursement agreement that confirms the prior acceptance of the Plan's subrogation rights and the Plan's right to be reimbursed for expenses arising from circumstances that entitle you or your eligible spouse, same-sex domestic partner, or child(ren) to any payment, amount, or recovery from a third party.

If you or your eligible spouse, same-sex domestic partner, or child(ren) fails or refuses to execute the required subrogation/reimbursement agreement, the Plan may deny payment of any benefits to you and your eligible spouse, same-sex domestic partner, or child(ren) until the agreement is signed. Alternatively, if you or your eligible spouse, same-sex domestic partner, or child(ren) fails or refuses to execute the required subrogation/reimbursement agreement and the Plan nevertheless pays benefits to or on behalf of you or your eligible spouse, same-sex domestic partner, or child(ren), your or your eligible spouse's, same-sex domestic partner's, or child(ren)'s acceptance of such benefits shall constitute agreement to the Plan's right to subrogation or reimbursement.

You and your eligible spouse or same-sex domestic partner and child(ren) consent and agree that you or they shall not assign your or their rights to settlement or recovery against a third person or party to any other party, including their attorneys, without the Plan's consent.

As such, the Plan's reimbursement will not be reduced by attorneys' fees and expenses without express written authorization from the Company.

Recoupment

The Plan has the right to recover any mistaken payment, any overpayment, any payment that is made to any individual who was not eligible for that payment, or any payment that was required to have been made to the Plan under the "Third Party Liability and Subrogation" section above. The Plan, or its designee, may withhold or offset future benefit payments, sue to recover such amounts, or use any other lawful remedy to recoup any such amounts.

No Assignment of Benefits

You cannot assign, pledge, encumber, or otherwise alienate any legal or beneficial interest in benefits under the Plan, and any attempt to do so will be void. The payment of benefits directly to a health care provider, if any, shall be done as a convenience to the covered person and shall not constitute an assignment of benefits under the Plan.

When an Active Employee Is Eligible for Medicare

If an active employee or covered eligible spouse, same-sex domestic partner, or child is eligible for Medicare, the American Water Medical Plan will be primary and Medicare will be secondary.

A person is "eligible for Medicare" if he or she:

- Is covered under it; or
- Is not covered under it because of:
 - Having refused it;
 - Having dropped it; or
 - Having failed to make proper request for it.

Any rule for coordinating "other plan" benefits with those under this Plan will be applied.

When Coverage Is Terminated

Coverage under the Plan terminates when the first of these events happens:

- The day your employment ends.
- When the group contract terminates as to the coverage.
- When you are no longer in an Eligible Class. (This may apply to all or part of your coverage.)
- When you fail to make any required contribution.

Under certain circumstances, American Water may continue your coverage when you are not actively at work. If you are not at work due to illness or injury, American Water medical coverage will be continued for the length of your approved leave of absence, not to exceed 24 months from the date you are disabled as long as appropriate contributions are made.

An eligible spouse, same-sex domestic partner, or child's coverage will terminate at the first to occur of:

- The termination of all eligible spouse's, same-sex domestic partner's, or child(ren)'s coverage under the group contract.
- When an eligible spouse, same-sex domestic partner, or child becomes covered as an employee.
- When such person is no longer an eligible spouse, same-sex domestic partner, or child.
- When your coverage terminates.

You may be entitled to continue your medical coverage (see "Continuation of Health Coverage" on page 163).

Certificate of Creditable Coverage

When you or your covered eligible spouse, same-sex domestic partner, or child terminates coverage under the Plan, a Notice of Creditable Coverage will be issued to you specifying your coverage dates under the health plan and any probationary periods you were required to satisfy. The certificate will contain all the necessary information another health plan will need to determine if you have prior continuous coverage that should be credited toward any pre-existing condition limitation period. Health plans may require that you submit a copy of this form when you apply for coverage.

The Notice of Creditable Coverage will be issued to you when you terminate coverage with the group and, if applicable, at the expiration of any continuation period. The Plan will also issue the certification of coverage form if you request an additional copy at any time within the 24 months after your coverage terminates.

Qualified Medical Child Support Orders (QMCSOs)

A “Qualified Medical Child Support Order” (QMCSO) is an order by a court directing an employer to extend health plan participation to an employee’s child who might not otherwise be covered under the Plan.

QMCSOs are usually issued for children who reside with a former spouse. A QMCSO designates the affected child as an “alternate recipient.”

American Water must treat an alternate recipient as an eligible child and must deduct any applicable contributions from the employee’s pay. A QMCSO may also require the Claim Administrator to issue claim payments directly to the health care provider, the alternate recipient, or his or her legal representative. A custodial parent or guardian may be designated to receive claim payments on the child’s behalf. American Water is required to furnish an alternate recipient or his or her legal representative a copy of the Summary Plan Description. In addition, the alternate recipient or his or her legal representative may receive, without charge, a copy of the Plan’s QMCSO procedures.

If American Water receives a QMCSO affecting one of your children, you and your child will be notified. Once American Water has determined that the medical child support order is qualified, you and your child will be advised. American Water will enroll the child and instruct Horizon to make all claim payments to either the health care provider, the alternate recipient, or his or her legal representative.

To be “qualified,” a medical child support order must:

- Be issued by a court of competent jurisdiction;
- Include the name and last mailing address of both the employee and the affected child;
- Identify the health benefit plan subject to the order, and also the applicable time period;
- Provide a reasonable description of the type of benefits that must be provided for the child; and
- Not impose any benefits requirements that do not apply to other plan participants.

If a child meets the definition of an eligible child and you are required to provide health care benefits for that child as the result of a QMCSO, his or her initial participation in an American Water Medical Plan will not be affected by any provision that:

- Requires evidence of good health as a condition of participation;
- Delays participation due to a confinement; or

■ Limits participation due to a pre-existing condition.

Coverage for the child will become effective on the date of such court order.

If you are the non-custodial parent, proof of claim for such child may be given by the custodial parent. Benefits for such claim will be paid to the custodial parent.

Individual Policy If Your Employment or COBRA Continuation Ends

If your medical coverage ceases under the PPO Plan, you may be able to enroll in an individual medical policy.

If your medical coverage ends under the PPO Plan, you may be able to enroll in an individual medical policy underwritten by Horizon. No evidence of insurability is required.

If you are interested in enrolling in an individual medical policy log on to [www. bcbs](http://www.bcbs.com) or call Horizon.

Condition Management Program

Condition Management Program

The Condition Management Program helps you and your family members who are covered under the Medical Plan manage your health care if you have one of the conditions listed below:

- Asthma;
- Coronary artery disease;
- Chronic obstructive pulmonary disease (COPD);
- Diabetes; or
- Heart failure.

The Condition Management Program is part of American Water's Healthy Solutions Wellness Program, and provides tools to help you better manage your condition and improve your quality of life in collaboration with your health care provider's recommended treatment. If you participate in the program, you will have support in understanding:

- Your medications;
- How to communicate effectively with your health care professionals; and
- How lifestyle changes can affect your condition, plus much more.

If you have an illness covered by the Condition Management Program, Alere, American Water's wellness partner, will contact you about the program and how participation can help you better manage your health. Visits to hospitals or doctors' offices, lab tests and prescriptions filled may initiate a call. Condition management is strictly confidential. Participation is voluntary. Learn more about the Condition Management Program through our wellness website at www.AWHealthySolutions.com or by calling Alere at (866) 674-9108.

The Prescription Drug Program

Note: The benefits described in this section may vary depending on the terms of your collective bargaining agreement. Please refer to your collective bargaining agreement for details.

Prescription Drug Program

Horizon's Prescription Drug Program is administered by CVS Caremark. You are automatically covered by the Prescription Drug Program if you enroll in the American Water Medical Plan.

Note: Prescription drug benefits for Hawaii employees are covered under the HMSA plan. Prescription drug benefits for Eligible Employees of Union Local 68 are described in the Appendix-Local 68 .

The program offers you two ways to receive medications – at a retail pharmacy or by mail order.

- For your short-term and immediate prescription drug needs, you may use local participating pharmacies that have agreed to charge discounted prices.
- For medications you use on an extended or maintenance basis, you may purchase up to a 90-day supply through CVS Caremark, the administrator of the mail order program. They will be delivered by mail directly to your home.

Coverage under the Prescription Drug Program ends when your American Water Medical Plan terminates.

What You Pay for Prescription Drugs

	Retail Pharmacy (up to 34-day supply)	Mail Order (up to 90-day supply)
Generic	You pay 0%	You pay 0%
Preferred Brand	You pay 20%	You pay 20%
Non-Preferred Brand	You pay 20%	You pay 20%

This chart is only a highlight of the prescription drug features, and certain limits may apply to some features. Official Plan documents govern in the event of any inconsistency between the provisions shown here and in the Plan documents.

Note: Coinsurance may not be applied to Medical Plan deductibles. In addition, certain controlled substances and other prescription medications may be subject to dispensing limitations and to the professional judgment of the pharmacist. Also, in-network prescription drug charges will contribute to the in-network out-of-pocket maximum.

Preferred Drug List

Your prescription drug coverage levels are based on the program's Preferred Drug List – also called a “formulary.” When your prescription medication is on the Preferred Drug List, you may pay a lower cost than when the drug is not on the Preferred Drug List. If you receive a prescription for a drug that is not on the list, you should ask your doctor if there is another drug on the Preferred Drug List for your specific condition.

As part of our commitment to provide the best Prescription Drug Program possible, we continue to seek ways to help control the rising costs of health care without compromising quality. As a result, the Horizon's Prescription Drug Guide is continually reviewed to help ensure that the list of preferred medications remains responsive to the needs of the member and the prescriber.

In general, medications are moved to non-preferred status for one or more of the following reasons:

- A generic equivalent product becomes available;
- New safety or clinical effectiveness information supports the move to non-preferred status; or
- Drug use information shows that preferred alternatives with better patient compliance rates are available.

To find out if your prescription is on the Preferred Drug List, call CVS Caremark Member Services at (866) 881-5603 or log on to www.horizonblue.com/nationalaccounts.

Save With Generics

When using your Prescription Drug Program, you will not be required to pay any coinsurance if you receive a prescription for a generic drug. The Food and Drug Administration (FDA) regulates generic drugs and requires that they contain the same active ingredients, strength, and dosage as the original brand-name drug. Although generic and brand-name drugs may work the same way in the body and may have the same risks and benefits, generic drugs cost significantly less than their brand-name counterparts.

When you receive a prescription from your doctor, discuss with him or her whether a generic substitution would be suitable for you.

Covered Drugs

The Prescription Drug Program covers drugs that require a doctor's written prescription and are medically necessary for the treatment of illness or injury. Covered drugs include, but are not limited to:

- Federal legend drugs;
- State restricted drugs;
- Compounded medications;
- Injectable drugs, including insulin, needles, and syringes; and
- Oral contraceptives.

Specialty Drugs

Specialty Drugs (also called Specialty Pharmaceuticals) are a class of medications typically produced through biotechnology (sometimes known as biologicals), administered by injection, and/or requiring special patient monitoring and handling.

Horizon members who are required to take a specialty pharmaceutical must obtain their medication from a specialty pharmacy contracted by Horizon. These pharmacies will provide members with a high level of prescription delivery service along with the following:

- Drug/disease-specific education and support;
- Convenient home or doctor office delivery;
- Claims assistance;
- Easy ordering with a dedicated toll-free number; and
- Helpful follow-up care calls to remind members when it is time to refill a prescription, check on therapy progress, and answer questions.

If you have any questions, experience any difficulty in filling your specialty pharmaceutical prescription, or would like to obtain a listing of specialty pharmacies or pharmaceuticals, please call CVS Caremark Member Services at (866) 881-5603. In most cases your doctor will advise you if your medication is a Specialty Drug.

How to Use the Prescription Drug Program

If you use a participating pharmacy, you will receive discounted prices and will not need to complete a claim form. Otherwise, you will pay more and must complete a claim form to receive reimbursement. You can locate participating pharmacies by calling Horizon Member Services at (800) 355- BLUE (2583) or by logging on to http://www.horizon-bcbsnj.com/national_accounts.html.

Using a Participating Pharmacy

When you need medication immediately, simply present your ID card at a participating pharmacy and pay a percent of the discounted prescription cost for a 34-day supply of medication. You will pay 20% for brand names and 0% for generic drugs. There is no deductible to meet. You will have no claim forms to complete and no waiting for reimbursement.

Using an Out-of-Network Pharmacy

When you have a prescription filled at *non-participating* pharmacy, you must pay the regular charge. To receive reimbursement, submit a claim form to Horizon at the address printed on the back of the Prescription Benefits claim form.

The Prescription Drug Program will pay 80% of the retail (non-discounted) cost of your prescription as if you went to a participating pharmacy. If your claim is approved, your reimbursement check should arrive about two weeks after you mail the claim form.

Remember, these charges are included in your out-of-pocket maximum.

How the Mail Order Program Works

The mail order program is designed to save you money on medications that you use on a long-term or maintenance basis. The program allows you to receive up to a 90-day supply of medication as follows: 0% coinsurance for generic, 20% coinsurance for preferred and non-preferred brand.

Mail Order Program

The mail order program gives you the convenience of ordering medication for direct delivery by mail to your home, office, or other location. Your doctor may call in your new prescription to CVS Caremark, or you can simply fill out the mail service order form and send it in with your prescription(s).

Ordering for the First Time

For your first mail order prescription, complete the Participant Profile/Order Form in your Welcome Package. You can also print an order form from www.caremark.com. Log in with your login ID and password, click on the “Prescriptions and Coverage” tab, and select “Print Forms” from the menu on the left.

Attach your 90-day supply prescription and mail it along with the appropriate copayment to:

CVS Caremark
P.O. Box 659541
San Antonio, TX 78265-9085

Your prescription should arrive within 10 to 14 days from the date CVS Caremark receives your order.

Ordering Refills

You can order refills online, by mail, or over the phone.

To place a refill order online:

- Go to www.caremark.com and log in with your login ID and password. Click on the “Prescriptions and Coverage” tab, select “Refill Prescriptions,” and choose the prescription(s) that you want to refill. Because the system retains your information, you do not need to complete an order form for each refill.

To place a refill order by mail:

- Use the computerized pre-printed CVS Caremark Mail Order Form and pre-addressed envelope that comes with each CVS Caremark prescription mailed to you. If your address, doctor, or health condition information changes, please note them on the form and be sure to make the same changes to your account on www.caremark.com.

To place a refill order over the phone:

- Call CVS Caremark toll-free at (800) 213-0879 using a touch-tone phone. This service is available 24 hours a day, seven days a week. Enter the patient’s Prescription Drug Program identification number and year of birth. For payment of your share, enter your credit card number and expiration date.

Drugs and Supplies Not Covered

The following drugs and supplies are not covered under the Prescription Drug Benefit Program.

- Bandages.
- Braces.
- Cosmetics.
- Dietary supplements.
- Drugs intended for use in a doctor's office or other setting that is not the participant's home.
- Certain experimental or investigational drugs.
- Fertility drugs.
- Health and beauty aids.
- Heat lamps.
- Non-legend drugs.
- Norplant.
- Injectable drugs (other than insulin).
- Prescriptions that a participant is entitled to receive without charge under any Workers' Compensation or municipal, state, or federal program.
- Retin-A.
- Splints and artificial appliances.
- Appetite suppressants that are not medically necessary.
- Any prescription medication that is also available over the counter.
- Devices and equipment.

In addition, certain controlled substances and other prescription medications may be subject to dispensing limitations and to the professional judgment of the pharmacist.

Termination of Coverage

Your prescription drug coverage ends when your Medical Plan terminates.

Prescription Drug Program Administrator

CVS Caremark Rx, Inc. (www.caremark.com) administers the program, with a national retail pharmacy network of over 62,000 participating pharmacies. Their online tools and other communications provide you with convenient service, personal care and attention, and up-to-date information.

No Assignment of Benefits

You cannot assign, pledge, encumber or otherwise alienate any legal or beneficial interest in benefits under the Plan, and any attempt to do so will be void. The payment of benefits directly to a health care provider, if any, shall be done as a convenience to the covered person and shall not constitute an assignment of benefits under the Prescription Drug Program.

The Dental/Vision Plans

Note: The benefits described in this section may vary depending on the terms of your collective bargaining agreement. Please refer to your collective bargaining agreement for details.

Note: Dental and vision benefits are bundled into the “Dental/Vision Plan.”

Dental Benefits

To help you take good care of your teeth, the American Water Dental/Vision Plan covers preventive, restorative, major, and orthodontic dental services.

Enrolling for benefits and making changes to benefit elections are time-sensitive.

Effective August 1, 2012 American Water employees must enroll online through Employee Self Service. Those without access to Employee Self Service should return the completed enrollment forms to the Benefits Service Center within 31 days of the date of hire or life event. In addition, all required documentation must be provided within 30 days following approval of your request.

Your dental health is an important aspect of your overall health and well-being. This valuable benefit is self-insured by American Water, and Aetna provides certain administrative services under this Plan. The provisions of the Plan will remain effective only while you are covered under the Plan.

There is one Dental Plan option. The dental benefits for Eligible Employees of Union Local 68 are described in the attached Appendix-Local 68, incorporated into this Plan by reference. Otherwise, the dental benefits are described below. If there is any conflict between the terms of this Plan and the provisions of the Appendix-Local 68, the terms in the Appendix-Local 68 shall control.

The Plan pays benefits for charges for dental services and supplies incurred for treatment of dental disease or injury. These benefits apply separately to each covered person.

The dental plan offers both in-network and out-of-network benefits, however, in-network dentists have negotiated their fees with Aetna. They generally charge less than out-of-network dentists, so your benefits are based on a lower cost. This means you pay less and the Plan pays less for your dental care. To find a dentist or see if your dentist participates in Aetna’s provider network, visit www.aetna.com or contact Member Services at (877) 238-6200.

If you choose an out-of-network dentist, your benefits will be based on reasonable and customary charges – which is higher than the negotiated fee. As a result, your share of the cost may be higher.

Dental Plan Summary Chart

The following chart provides a summary of your dental benefit levels and coverages:

	Dental
Deductible (single / family)	\$50 / \$100
Preventive Care	Plan pays 100% of covered expenses with no deductible
Basic Services	Plan pays 80% of covered expenses after deductible
Major Services	Plan pays 50% of covered expenses after deductible
Calendar Year Maximum	\$1,500
Orthodontia	Plan pays 50% of covered expenses after deductible up to a \$1,500 lifetime maximum (covers only eligible children)

Covered Dental Expenses

Expenses that exceed the necessary and appropriate level, as determined by Aetna, will not be covered by the Plan.

Note: You are responsible for any amounts billed by providers that are in excess of the amount paid by the Plan.

The Dental Plan pays the following benefits for Covered Dental Expenses up to the appropriate copayment/coinsurance:

- 100% of Preventive (Type A) expenses with no deductible.
- 80% of Basic Restorative Services (Type B) expenses after the deductible.
- 50% of Major Restorative Services (Type C) expenses after the deductible.
- 50% of Orthodontia (Type D) expenses after the deductible, up to a lifetime maximum of \$1,500.

The Dental Plan pays the dentist's charges for the services and supplies listed below which, for the condition being treated, are in Aetna's sole determination:

- Necessary;
- Customarily used nationwide; and
- Deemed by the profession to be appropriate. They must meet broadly accepted national standards of dental practice.

Type A Expenses – Preventive Services

- Oral exams once every six months. This includes prophylaxis, scaling, and cleaning of teeth.
- X-rays for diagnosis.
- Other X-rays (up to one full mouth series in a 36-month period and one set of bitewings in a six-month period).

Type B Expenses – Basic Restorative Services

- Topical application of sodium or stannous fluoride for persons under 15 years of age.
- Space maintainers up to age 19.
- Non-surgical extractions.
- Fillings.
- General anesthetics given in connection with covered dental services.
- Non-surgical treatment of diseased periodontal structures.

- Non-surgical endodontic treatment. This includes root canal therapy.
- Injection of antibiotic drugs.
- Repair or recementing of crowns, inlays, bridgework, or dentures.
- Relining of dentures.

Type C Expenses – Major Restorative Services

- First installation of removable dentures to replace one or more natural teeth extracted while the person is covered. This includes adjustments for the six-month period following the date they were installed.
- Replacement of an existing removable denture or fixed bridgework by a new denture, or the adding of teeth to a partial removable denture. *Note:* The “Prosthesis Replacement Rule” on page 75 must be met.
- Inlays, gold fillings, or crowns. This includes precision attachments for dentures.
- First installation of fixed bridgework to replace one or more natural teeth extracted while the person is covered. This includes inlays and crowns as abutments.
- Replacement of an existing removable denture or fixed bridgework by new fixed bridgework, or the adding of teeth to existing fixed bridgework. *Note:* The “Prosthesis Replacement Rule” on page 75 must be met.

Type D Expenses – Orthodontic Treatment

A dentist’s charges for services and supplies for orthodontic treatment are included as Covered Dental Expenses, in addition to all other terms of this dental benefit:

- The Plan pays 50% of Covered Dental Expenses after the deductible, up to a \$1,500 lifetime maximum, for eligible children.
- Benefits will not exceed the Orthodontic Maximum for all expenses incurred by a family member in his or her lifetime, even if there is a break in coverage.

Note: All claims for dental benefits must be submitted within 24 months from the start of treatment.

Advance Claim Review

You should request an Advance Claim Review of any dental treatment that will cost \$150 or more. The review will tell you and your dentist what the Plan will cover and how much you must pay out of your own pocket.

Before starting a course of treatment for which the dentist's charges are expected to be \$150 or more, details of the proposed course of treatment and charges to be made should be filed with Aetna. Please contact Aetna Member Services at (877) 238-6200 for additional details and to obtain forms. Aetna will then estimate the benefits and notify you and your dentist before treatment starts. Advance review is not required as a condition of receiving benefits, but it will let you know what to expect as far as Plan benefits if you obtain more expensive treatment.

Some services may be given before an Advance Claim Review is made (emergency treatments and oral exams, including prophylaxis and X-rays).

A course of treatment is a planned program of one or more services or supplies to treat a dental condition. The condition must be diagnosed by the attending dentist as a result of an oral exam. The treatment may be given by one or more dentists. The course of treatment starts on the date a dentist first gives a service to correct or treat such dental condition.

Note: As a part of the Advance Claim Review and as part of proof of any claim, Aetna has the right to require an oral exam of the person at its own expense. You must give Aetna all diagnostic and evaluative material which it may require. These include: X-rays, models, charts, and written reports.

The benefits for a course of treatment may be less than you expect if an Advance Claim Review is not made or if any required verifying material is not furnished. Benefits will be reduced by the amount of expenses that Aetna cannot verify.

Alternate Treatment

If alternate services or supplies may be used to treat a dental condition, Covered Dental Expenses will be limited to those services and supplies which, as determined by Aetna:

- Are customarily used nationwide for treatment; and
- Are deemed by the profession to be appropriate for treatment. They must meet broadly accepted national standards of dental practice. The person's total current oral condition will be taken into account.

The “Limitations” section has some examples of how this works. Please refer to page 76 for more information.

Prosthesis Replacement Rule

Certain replacements or additions to existing dentures or bridgework will be covered under this Plan. Aetna must receive satisfactory proof that:

- The replacement or addition of teeth is required to replace teeth extracted after the present denture or bridgework was installed. The person must have been covered when the tooth was extracted.
- The present denture or bridgework cannot be made serviceable, and it must be at least five years old.
- The present denture is an immediate temporary one to replace one or more natural teeth extracted while the person is covered and cannot be made permanent. Replacement by a permanent denture is needed and takes place within 12 months from the date the immediate temporary denture was first installed.

Explanation of Some Important Plan Provisions

Calendar Year Deductible

The calendar year deductible is the amount of Covered Dental Expenses you must pay each calendar year before the Plan pays benefits.

Family Deductible Limit

The family deductible limit is the amount of Covered Dental Expenses your family must pay before the Plan pays benefits. When these expenses exceed the family deductible limit, the Plan pays benefits at the percentage listed on the “Dental Plan Summary Chart” on page 71. The family deductible limit must be met by more than one person.

Coinsurance

Coinsurance is the amount you must pay out of your own pocket for Covered Dental Expenses after you meet the calendar year deductible.

Calendar Year Maximum Benefit

The calendar year maximum benefit is the most the Plan will pay for all dental expenses incurred by a covered person in a calendar year. It applies even if there is a break in coverage.

Coordination of Benefits

In many families, both husbands and wives work and may be eligible for benefits under more than one group medical or dental plan. In such situations, the various plans “coordinate” benefits to determine how covered expenses will be paid by the American Water Plan and the other plans. This may mean a reduction in benefits under this Plan. The combined benefits will not be more than the expenses recognized under the American Water Plan.

If the American Water Plan is determined to be the primary plan (the plan that pays its benefits first), it will pay its regular benefits in full without regard to any payment that may be made under any other plan.

If the American Water Plan is determined to be the secondary plan (the plan that pays its benefits after the primary plan pays benefits), it will pay a reduced amount of benefits that will in no event cause the total benefit from all plans to exceed the benefit that would have been paid by the American Water Plan if it had been the primary plan. However, if benefits under the primary plan are reduced because a covered person does not comply with the plan provisions (such as penalties resulting from the failure to comply with cost management provisions of the plan), the amount of the reduction will not be considered for payment under the American Water Dental Plan.

For example, if you have coverage under the American Water Plan and receive Basic Restorative services, and the primary plan pays 70% of eligible charges to an in-network provider, the American Water Plan will pay an additional 10% of covered charges for a total benefit equal to 80% of covered charges, which is the benefit the American Water Plan would have paid as the primary plan.

Limitations

When the Alternate Treatment part of this Plan applies, benefits will be limited. Here are some examples:

Restorative and Reconstructive Services

■ Gold, Baked Porcelain, Crowns, and Jackets

Covered Dental Expenses will be limited to the charges for the procedure using amalgam or like material, if it would restore a tooth. This limit applies even if you and the dentist choose some other type of restoration.

Covered services and supplies must meet broadly accepted standards of dental practice. When your dentist uses an alternate method of treatment, the benefits paid by American Water Plan will be limited.

■ **Reconstruction**

Covered Dental Expenses will be limited to the charges for the procedure needed to eliminate oral disease and replace missing teeth. Appliances or restorations needed to increase vertical dimension or restore the occlusion are deemed to be optional and are not covered.

Prosthodontic Services

■ **Partial Dentures**

Covered Dental Expenses will be limited to the charges for a cast chrome or acrylic denture if this would satisfactorily restore an arch. This limit applies even if you and the dentist choose a more elaborate or precision appliance.

■ **Complete Dentures**

Covered Dental Expenses will be limited to the charges for a standard procedure. This limit applies even if you and the dentist choose personalized or specialized treatment.

Replacement of existing dentures will be covered only if the existing denture cannot be used or repaired. If it can be used or repaired, Covered Dental Expenses will be limited to the charges for the services needed to make the denture usable.

When Coverage Is Terminated

Coverage under any section of this Plan will be in exchange for all privileges and benefits provided under any like prior coverage. Any benefits provided under such prior coverage may reduce benefits payable under this Plan.

Coverage under this Plan terminates when the first of these events happens:

- The day your employment ends.
- When the group contract terminates as to the coverage.
- When you are no longer in an Eligible Class. (This may apply to all or part of your coverage.)
- When you fail to make any required contribution.

Under certain circumstances, American Water may continue your coverage when you are not actively at work. If you are not at work due to illness or injury, American Water dental coverage will be continued for the length of your approved leave of absence, not to exceed 24 months from the date you are disabled as long as appropriate contributions are made.

An eligible spouse, same-sex domestic partner, or child's coverage will terminate at the first to occur of:

- The termination of all eligible spouse's, same-sex domestic partner's, or child(ren)'s coverage under the group contract.
- When an eligible spouse, same-sex domestic partner, or child becomes covered as an employee.
- When such person is no longer an eligible spouse, same-sex domestic partner, or child.
- When your coverage terminates.

You may be entitled to continue your dental coverage (see "Continuation of Health Coverage" on page 163).

Benefits After Termination of Coverage

If your dental coverage ends while you are not totally disabled, charges for dentures, fixed bridgework, and crowns may be covered for a period of 60 days following the date coverage terminated if they were ordered before that date.

Expenses incurred for the following after the person's dental coverage ends will be deemed to be incurred when ordered:

- Dentures;
- Fixed bridgework; and
- Crowns.

This applies only if the item is finally installed or delivered no more than 60 days after coverage ends.

"Ordered" means:

- Impressions have been taken from which the dentures, crowns, or fixed bridgework will be made; and
- For fixed bridgework and crowns, the teeth must have been fully prepared if they will serve as retainers or support or if they are being restored.

General Exclusions

Coverage is not provided for the following expenses:

- Services and supplies not necessary, as determined by Aetna, for the diagnosis, care, or treatment of disease or injury. This applies even if they are prescribed, recommended, or approved by the person's attending dentist.
- Care, treatment, services, or supplies that are not prescribed, recommended, and approved by the person's attending dentist.
- Treatment by someone other than a licensed dentist. (The Plan will cover some treatments by a licensed dental hygienist if supervised by a dentist, including scaling of teeth, cleaning of teeth, and topical application of fluoride.)
- Services or supplies determined by Aetna to be experimental or investigational. A drug, device, procedure, or treatment will be determined to be experimental or investigational if:
 - There are insufficient outcomes data available from controlled clinical trials published in the peer reviewed literature to substantiate its safety and effectiveness for the disease or injury involved;
 - As required by the FDA, approval has not been granted for marketing;
 - A recognized national medical or dental society or regulatory agency has determined, in writing, that it is experimental, investigational, or for research purposes; or
 - The written protocol or protocols used by the treating facility or the protocol or protocols of any other facility studying substantially the same drug, device, procedure, or treatment or the written informed consent used by the treating facility or by another facility studying the same drug, device, procedure, or treatment states that it is experimental, investigational, or for research purposes.
- Services of a resident doctor, dentist, or intern rendered in that capacity.
- Charges which Aetna determines not to be reasonable.
- Charges for services and supplies which are covered in whole or in part under any other part of this Plan, or under any other group benefits plan provided by American Water.
- Charges that are made only because there is health coverage.
- Charges that a covered person is not legally obliged to pay.

- Charges for services and supplies:
 - Furnished, paid for, or for which benefits are provided or required by reason of the past or present service of any person in the armed forces of a government; or
 - Furnished, paid for, or for which benefits are provided or required under any law of a government. (This does not include a plan established by a government for its own employees or their eligible spouse, same-sex domestic partner, or child(ren) or Medicaid.) An example is benefits provided, to the extent required by law, under “no-fault” auto insurance.
- Charges for plastic surgery, reconstructive surgery, cosmetic surgery, or other services and supplies which improve, alter, or enhance appearance, whether or not for psychological or emotional reasons, including but not limited to charges for personalization or characterization of dentures, except to the extent needed to repair an injury which occurs while the person is covered under this Plan.
- Charges for routine dental exams or other preventive services and supplies.
- Charges for acupuncture therapy, unless performed by a doctor as a form of anesthesia in connection with surgery covered under the Plan.
- Charges for sealants.
- Charges for the replacement of a prosthetic device that is lost, missing, or stolen.
- Charges for services or supplies for orthodontic treatment, except as specifically provided.
- Charges for services or supplies to increase vertical dimension, such as dentures, crowns, inlays and onlays, bridgework, or any other appliance or service.

Any exclusion above will not apply to the extent that:

- Coverage is specifically provided by name in this Summary Plan Description; or
- Coverage of the charges is required under any law that applies to the coverage.

These excluded charges will not be used when calculating benefits.

The law of the jurisdiction where a person lives when a claim occurs may prohibit some benefits. If so, they will not be paid.

Submitting Claims

You should file your claim(s) during the calendar year in which the service or treatment was provided.

How Your Benefits Are Paid

All claims must be filed within two years from the date of the incurred expense. (See page 73 for information on filing orthodontic claims.) Claims must be in writing and must include proof of the nature and extent of the expense. To obtain Dental Benefits Request forms, call Aetna Member Services at (877) 238-6200 or visit their website at www.aetna.com.

The Dental Plan is administered by Aetna. Claims will be paid as soon as Aetna receives the necessary written proof supporting your claim.

How to File a Dental Claim

Attach the original of each itemized bill to the Dentist's Statement form. Be sure to keep a copy of all bills and claim forms for your records.

Fast processing of your claim depends on complete, accurate information. When filing a claim under the Dental Plan, please remember to:

- Complete all items under applicable sections of the claim form. Unanswered questions will cause delay in processing your claim.
- Be sure to include your Dental Plan identification number on all claims, including claims for your eligible spouse, same-sex domestic partner, or child(ren), and be sure to sign the form.
- Attach the itemized bill to the form. An itemized bill must contain the following information:
 - The patient's full name;
 - The patient's relationship to you;
 - The date service was provided;
 - The name of the dentist or other licensed health care professional providing service;
 - The provider's taxpayer identification number;
 - The type of service provided;
 - The nature of the condition being treated; and
 - The charges for the service or treatment (multiple expenses should be itemized).

If any of this information is missing, write it on the bill yourself and sign your name. Your dental provider should complete the provider section of the Benefits Request form if he or she has not given you an itemized statement.

If you have other group coverage that pays benefits before this Plan, you must provide Aetna with a copy of the other carrier's Explanation of Benefits (EOB) reflecting the benefits paid under the other coverage when you submit expenses for payment under this Plan.

Send the completed claim form and itemized bill(s) to:

Aetna
P.O. Box 14094
Lexington, KY 40512-4094

If you have any questions about the status of your claim, call Aetna Member Services at (877) 238-6200.

No Assignment of Benefits

You cannot assign, pledge, encumber or otherwise alienate any legal or beneficial interest in benefits under the Plan, and any attempt to do so will be void. The payment of benefits directly to a health care provider, if any, shall be done as a convenience to the covered person and shall not constitute an assignment of benefits under the Plan.

Your Contributions

You pay your share of the cost for your benefits each pay cycle through convenient *pre-tax* payroll deductions. *Pre-tax* means that your contributions are withheld before federal (and in most cases, state and local) income and FICA (Social Security) taxes are withheld. This reduces your taxable income and the amount of tax you pay. As a result, you have more take-home pay. Because your pre-tax contributions are not subject to FICA taxes, your Social Security benefit at retirement may be slightly reduced if your earnings are under the Social Security Taxable Wage Base (\$110,100 for 2012). However, the loss in future retirement benefits should be more than offset by the current tax savings under the Plan.

Vision Benefits

Healthy eyes and good vision are important to your overall well-being and quality of life. You may enroll separately in the Dental/Vision Plan.

The Vision Plan is administered by EyeMed. EyeMed provides certain administrative and claim payment services under the Plan, but does not guarantee benefit payments. You can receive routine eye exams, corrective lenses, frames, and contacts through EyeMed's nationwide network of over 16,000 participating providers – optometrists, ophthalmologists, and optical retail locations. The Vision Plan offers both in-network and out-of-network benefits, but your benefit levels are higher (and your out-of-pocket costs lower) when you use in-network providers.

To find a provider or to make sure your provider participates in the EyeMed network:

- Before you enroll: visit www.enrollwitheyemed.com/access.
- Once you are enrolled: visit www.eyemedvisioncare.com.

After you enroll in the Dental/Vision Plan, you will receive an identification card.

Vision Benefits Summary Chart

The following chart provides a summary of your vision benefits. Keep in mind that the Network Providers column shows what *you* pay and the Out-of-Network Provider column shows what *the Plan* pays.

Vision Care Service	Member Cost at a Network Provider	Reimbursement at an Out-of-Network Provider
Vision Exam	\$15 copayment	Usual & Customary less \$15 copayment
Frames	\$50 copayment, \$200 allowance; 80% of balance over \$200	Up to \$120
Standard Plastic Lenses • Single Vision • Bifocal • Trifocal • Lenticular	\$35 copayment \$50 copayment \$50 copayment \$50 copayment	Up to \$25 Up to \$40 Up to \$55 Up to \$70
Lens Options (paid by member and added to base price of the lens) • Tint (Solid and Gradient) • UV Coating • Standard Scratch-Resistance • Standard Polycarbonate • Standard Anti-Reflective • Standard Progressive (add-on to bifocal) • Other Add-Ons and Services	\$15 copayment \$15 copayment \$15 copayment \$40 copayment \$45 copayment \$65 copayment 20% off retail price	N/A No reimbursement
Contact Lenses (in lieu of Standard Plastic lenses; includes fit, follow-up and materials) • Conventional • Disposables • Medically necessary	\$100 allowance; 15% off balance over \$100 \$100 allowance; balance over \$100 Paid in full	Up to \$80 Up to \$80 Up to \$200
LASIK and PRK Vision Correction	15% off retail price OR 5% off promotional pricing (whichever results in the lower cost to the member)	N/A No reimbursement
Frequency	Exams – once every 24 months Frames – once every 24 months Standard Plastic Lenses or Contact Lenses – once every 24 months	
Additional Purchases and Out-of-Pocket Discount: Members will receive a 20% discount on remaining balance at participating providers beyond plan coverage, which may not be combined with any other discounts or promotional offers, and the discount does not apply to EyeMed’s providers’ professional services or disposable contact lenses.		

Visiting an Out-of-Network Provider

All vision care services received from an out-of-network provider are paid up to a scheduled amount. You are responsible for paying any amount the provider charges in excess of that amount.

Services Not Covered

The Vision Plan does not cover:

- Orthoptics or vision training.
- Subnormal vision aids and associated supplemental testing.
- Aniseikonic lenses.
- Medical and/or surgical treatment of the eyes.
- Corrective eyewear required by an employer as a condition of employment, and safety eyewear unless specifically covered under the Plan.
- Services provided as a result of Workers' Compensation law.
- Non-prescription lenses (plano lenses) and non-prescription sunglasses (except for the 20% EyeMed discount).
- Two pair of glasses in lieu of bifocals.
- Services or materials provided by any other group benefit providing for vision.
- Benefit allowances provide no remaining balance for future use within same benefit period.
- Lost or broken lenses, frames, glasses, or contact lenses will not be replaced except in the next benefit period.

When Coverage Is Terminated

Coverage under any section of this Plan will be in exchange for all privileges and benefits provided under any like prior coverage. Any benefits provided under such prior coverage may reduce benefits payable under this Plan.

Coverage under the Plan terminates when the first of these events happens:

- The day your employment ends.
- When the group contract terminates as to the coverage.
- When you are no longer in an Eligible Class. (This may apply to all or part of your coverage.)
- When you fail to make any required contribution.

Under certain circumstances, American Water may continue your coverage when you are not actively at work. If you are not at work due to illness or injury, American Water vision coverage will be continued for the length of your approved leave of absence, not to exceed 24 months from the date you are disabled as long as appropriate contributions are made.

An eligible spouse's, same-sex domestic partner's, or child's coverage will terminate at the first to occur of:

- The termination of all eligible spouse, same-sex domestic partner, or child coverage under the group contract.
- When an eligible spouse, same-sex domestic partner, or child becomes covered as an employee.
- When such person is no longer an eligible spouse, same-sex domestic partner, or child.
- When your coverage terminates.

You may be entitled to continue your vision coverage (see "Continuation of Health Coverage" on page 163).

Filing a Claim

When you visit an EyeMed network provider, you must present the provider with your EyeMed ID card or subscriber number at the time of service. Your provider will submit the benefit form for you. You are responsible for charged amounts that exceed your coverage.

If you visit an out-of-network provider, you must pay the provider at the time you receive vision care services. You must then submit an EyeMed claim form and an itemized paid receipt to receive reimbursement. Your itemized receipt must include:

- Patient's name;
- Date service began;

- The services and materials received; and
- Amount paid.

Claim forms and receipts should be mailed to:

EyeMed Vision Care
Attention OON Claims
P.O. Box 8504
Mason, OH 45040-7111

Claim forms are available on EyeMed's website at www.eyemedvisioncare.com. You can also obtain forms by contacting EyeMed Member Services at (866) 939-3633.

EyeMed will not process claims submitted more than 12 months after the date of service or purchase.

No Assignment of Benefits

You cannot assign, pledge, encumber, or otherwise alienate any legal or beneficial interest in benefits under the Plan, and any attempt to do so will be void. The payment of benefits directly to a health care provider, if any, shall be done as a convenience to the covered person and shall not constitute an assignment of benefits under the Plan.

Your Contributions

You pay your share of the cost for your benefits each pay cycle through convenient *pre-tax* payroll deductions. *Pre-tax* means that your contributions are withheld before federal (and in most cases, state and local) income and FICA (Social Security) taxes are withheld. This reduces your taxable income and the amount of tax you pay. As a result, you have more take-home pay. Because your pre-tax contributions are not subject to FICA taxes, your Social Security benefit at retirement may be slightly reduced if your earnings are under the Social Security Taxable Wage Base (\$110,100 for 2012). However, the loss in future retirement benefits should be more than offset by the current tax savings under the Plan.

Flexible Spending Accounts

Note: The benefits described in this section may vary depending on the terms of your collective bargaining agreement. Please refer to your collective bargaining agreement for details.

Flexible Spending Accounts

Participation in the Health Care Flexible Spending Account and the Dependent Care Flexible Spending Account allows you to reduce your taxable income by paying for certain expenses with pre-tax dollars.

To help you meet the high cost of health and dependent care in the most cost-efficient manner, American Water offers two programs which allow you to pay for qualifying expenses using *pre-tax* dollars. You pay fewer taxes because those amounts are not subject to federal income or Social Security taxes. You keep more of what you earn, increasing your disposable income.

You make voluntary contributions on a pre-tax basis to these spending accounts, from which you receive tax-free reimbursement to cover the cost of your qualifying medical and dependent care expenses.

Horizon administers the Flexible Spending Accounts on behalf of American Water.

The Health Care Flexible Spending Account reimburses you for most health-related expenses for yourself or your eligible spouse, same-sex domestic partner, or child(ren) that are not reimbursable through any health benefit plans.

Note: Health-related expenses for your same-sex domestic partner are only eligible for reimbursement if your same-sex domestic partner is also your tax dependent.

The Dependent Care Flexible Spending Account reimburses you for most dependent day care expenses for your qualifying dependents.

Reimbursements that you receive from your Health Care and/or Dependent Care Flexible Spending Accounts are tax-free to you.

Your contributions to your Health Care and/or Dependent Care Flexible Spending Accounts are deducted each pay cycle through convenient *pre-tax* payroll deductions. *Pre-tax* means that your contributions are withheld before federal (and in most cases, state and local) income and FICA (Social Security) taxes are withheld. (Note: In some states, your contributions to the Dependent Care Flexible Spending Account and/or the Health Care Flexible Spending Account may be subject to state income taxes. You should consult your tax advisor to determine if contributions to either of these accounts will be taxed in your state.) Pre-tax contributions reduce your taxable income and the amount of tax you pay. As a result, you have more take-home pay. Because your pre-tax contributions are not subject to FICA taxes, your Social Security benefit at retirement may be slightly reduced if your earnings are under the Social Security Taxable Wage Base (\$110,100 for 2012). However, the loss in future retirement benefits should be more than offset by the current tax savings under the Plan.

The Health Care Flexible Spending Account

You can use your Health Care Flexible Spending Account to pay for medical, dental, vision, and hearing care expenses that are not otherwise covered by any health care plan.

The Health Care Flexible Spending Account allows you to contribute money on a pre-tax basis to an account set up for you. If you (or your eligible spouse, same-sex domestic partner, or child(ren)) incur qualifying health care expenses which are not covered, or are only partially covered, by insurance or any other source, you will be reimbursed from the spending account for these expenses.

Here is an example of the potential tax savings with a Health Care Flexible Spending Account:

	With Account	Without Account
Annual Family Income	\$50,000	\$50,000
Minus Pre-Tax Contributions to Account	\$ 2,400	None
Taxable Income	\$47,600	\$50,000
Federal, State, and Social Security Taxes	\$12,685	\$13,325
Minus After-Tax Health Care Expenses	None	\$ 2,400
Net Disposable Income	\$34,915	\$34,275
Tax Savings (Extra Take-Home Pay)	\$ 640	

Estimates use tax rates of 15% federal, 4% state, and 7.65% Social Security. Actual tax savings could be greater or less than shown here. Consult your tax advisor to determine tax savings for your particular situation.

Eligibility

Enrolling for benefits and making changes to benefit elections are time-sensitive.

If you are an eligible employee (see "Eligibility" on page 5), you are eligible to participate in the Health Care Flexible Spending Account as of the first day of the month following completion of one full month of continuous employment. You may enroll by completing the enrollment process (see "Enrolling for Coverage" on page 9). If you are newly hired, ***you must enroll*** and make your contribution election within the 31-day enrollment period. You will have the opportunity to change your elections in the fall of every year, effective for the upcoming plan year. You are not permitted to make changes to your election amount during the Plan Year, except under certain circumstances (see page 11).

Eligible Individuals

In addition to your own expenses, you can also be reimbursed from the Health Care Flexible Spending Account for qualifying expenses incurred by an eligible spouse, child or qualifying individual (as defined by the IRS). For you to include these expenses, the person must have been your eligible spouse, child, or qualifying individual (as defined by the IRS) either at the time the medical services were provided or at the time you paid the expenses.

How the Account Works

The spending account does not replace your medical benefits. It is a separate plan that reimburses you for qualifying expenses that are not covered, or only partially covered, by your Medical Plan/Dental/Vision Plan or Dental/Vision Plan, or by any other source (such as a spouse's or same-sex domestic partner's plan).

When you have an eligible medical expense, you pay the bill. You can be reimbursed for these expenses from your account by filing a claim form (see page 100).

For additional convenience, you will be issued a debit card. Use the card to pay for eligible medical expenses just as you would use your bank debit card. The money is automatically debited from your Health Care Flexible Spending Account. You should keep copies of all receipts for any expenses you pay for from your Health Care Flexible Spending Account in case further substantiation is required.

Prior to using the debit card you must certify that the card will only be used for qualifying health care expenses, that any qualifying health care expenses paid with the card have not already been reimbursed by any health plan.

Claim Documentation

Note: You cannot use the card to prepay for qualifying health care expenses.

The debit card will be automatically cancelled upon your death or termination of employment, or if you have a change in status that results in your becoming ineligible for a Health Care Flexible Spending Account.

The dollar amount available on the debit card will be the Health Care Flexible Spending Account contribution amount you elected for the Plan Year, minus reimbursements paid for the Plan Year.

Your debit card will permit all transactions to be made in the pharmacy at the point of sale. This includes prescription and eligible over-the-counter products. Internal Revenue Service (IRS) regulations require documentation to verify that claims are legitimate. Therefore, any transaction that does not match a copayment/coinsurance from the American Water Medical Plan or Prescription Drug Program or is not otherwise clearly a medical expense based on the information obtained from the vendor's inventory system at the point of sale, will be audited by Horizon. If you do not use your debit card, you can submit a claim.

If you are audited for a transaction, you (the member) are required to provide documentation to validate the expense. Return the letter to Horizon along with a receipt or Explanation of Benefits (EOB) which includes the following:

- Provider;
- Service(s) received or item(s) purchased;
- Date of service;
- Amount of expenses incurred; and
- Amount covered by insurance.

If Horizon later determines that any purchase does not qualify as a qualifying health care expense, Horizon may, in its sole discretion, use one of the following correction methods to make the Plan whole:

- Require you to repay the improper amount to the Plan; or
- Offset future claims until the improper amount is repaid.

Until the amount is repaid, Horizon will take further steps to ensure that further violations of the terms of the debit card do not occur, up to and including denial of access to the card.

How Much Can I Contribute?

You may elect to contribute up to \$2,500 per year to your Health Care Flexible Spending Account. The maximum amount you may contribute may be further limited by applicable law.

During open enrollment (or your 31-day enrollment period), you should estimate what you will spend during the next Plan Year (or the balance of the current Plan Year) (January 1 to December 31, plus the 2½ month grace period, see below) on unreimbursed medical expenses. The Company will deduct from your paycheck the amount of money you choose to set aside, in equal amounts over the course of the calendar year.

You may elect to contribute up to \$2,500 per year to the Health Care Flexible Spending Account. There is a minimum contribution of \$120 per calendar year. If your spouse also has a health care flexible spending account, whether through the Company or another employer, this will not affect the maximum amount of your contribution. You may each contribute the maximum amount.

Use All the Money in Your Account

You must request reimbursement by April 30 of the following year for health care expenses incurred during the Plan Year and the grace period (i.e., the following January 1 – March 15).

The amount available to you for reimbursement for qualifying expenses incurred during the Plan Year (plus the 2½ month grace period) is the annual amount you have elected to contribute to the spending account, even if the full amount has not yet been deducted from your pay. For example, if you elect to contribute \$1,200 to the spending account, the entire \$1,200 will be available to you for reimbursement of your eligible expenses beginning January 1. *Note that there is a different rule for reimbursements from the Dependent Care Flexible Spending Account.*

According to IRS rules, any amounts remaining in your spending account after the deadline for submitting claims incurred during the Plan Year (plus the 2½ month grace period) will be forfeited. You may not carry forward unused amounts to the next Plan Year, and you may not transfer unused amounts from the Health Care Flexible Spending Account to another employee or to another plan or account (such as the Dependent Care Flexible Spending Account). Therefore, you should plan carefully before you make your annual contribution election. Any forfeited amounts are used by American Water to reduce future administrative expenses.

The claims accumulation period for the Health Care Flexible Spending Account is 14½ months – the current 12-month Plan Year (January 1 – December 31) plus the period January 1 through March 15 of the following calendar year. The deadline to submit claims for reimbursement from your Health Care Flexible Spending Account is April 30 of the following year. You must be an active participant or COBRA participant as of December 31 in order to take advantage of the grace period. Expenses incurred during the grace period that are not applied against your Health Care Flexible Spending Account balance for the prior Plan Year can be applied against the Health Care Flexible Spending Account for the current Plan Year. For example, if you establish a Health Care Flexible Spending Account for 2012, eligible expenses incurred during the period January 1, 2013 – March 15, 2013 can be applied against your 2012 account balance. If you have exhausted your 2012 account balance or you do not submit the grace period expenses by April 30, 2013, you can apply those expenses against your 2013 Health Care Flexible Spending Account, if any. If you do not have a 2013 Health Care Flexible Spending Account, you would not be able to be reimbursed for those grace period expenses.

Can I Change the Amount of My Contributions?

You can start, stop, or change the automatic deductions from your paycheck during the calendar year only if you have a qualified change in status (as listed below). The change in status must be on account of, and correspond with, a change in status affecting eligibility. The following events are changes in status:

- **Change in your legal marital status** (marriage, death of spouse, divorce, legal separation, or annulment).
- **Change in the number of your** eligible spouse, same-sex domestic partner, or child(ren) (gain a child through birth, adoption, placement for adoption; loss of an eligible spouse, same-sex domestic partner, or child through death).
- **Change in your eligible spouse's, same-sex domestic partner's, or child(ren)'s eligibility status** (eligible spouse, same-sex domestic partner, or child qualifies or no longer qualifies because of age or marriage).

Expenses Eligible for Reimbursement

Only “qualifying” expenses can be reimbursed through the Health Care Flexible Spending Account. These include:

- Medical, dental, and vision care expenses incurred by you or an eligible spouse, child(ren), or qualifying individual (as defined by the IRS) in the diagnosis, treatment, or prevention of disease, including prescription drug expenses and transportation or lodging expenses incurred in receiving treatment.

- Certain other medical expenses not covered by your medical insurance.
- Deductibles or copayments you have paid under any type of health care plan.
- Over-the-counter medicines and drugs only if accompanied by a written prescription, provided they are for the diagnosis, cure, mitigation, treatment, or prevention of disease or for the purpose of affecting any structure or function of the body. The over-the-counter drug must be more than just beneficial to general health and not “cosmetic” in nature.
- Some over-the-counter drugs have a dual purpose, serving a personal/cosmetic or general health purpose as well as a medical purpose. These drugs will require a letter from a doctor stating the medical condition or disease that is being treated.

Remember, the following lists of eligible and ineligible expenses are not complete. If you have a question as to whether or not an expense is eligible, please call Horizon FSA at (800) 224-4426.

Keep in mind that the expenses you submit for reimbursement may not be covered or reimbursed by other insurance or another source, including a plan sponsored by your spouse’s employer, Medicare, Workers’ Compensation, automobile insurance, or any recovery or settlement from a lawsuit.

For additional information, call Horizon FSA at (800) 224-4426. You can also refer to IRS Publication 502 (“Medical and Dental Expenses”). You can request a copy of Publication 502 from your local IRS office or go online at www.irs.gov/publications/p502. But keep in mind, not all expenses listed in Publication 502 are eligible (like insurance premiums) and some expenses not listed in the publication are eligible (such as some over-the-counter drugs and medicines if accompanied by a written prescription).

Below is a list of some of the health care expenses eligible for reimbursement from your spending account. Only health care expenses not reimbursed by insurance can be claimed.

- Acupuncture (excluding remedies).
- Adoption.
- Adult diapers.
- Alcoholism treatment.
- Ambulance.
- Artificial insemination.
- Artificial limbs/teeth.
- Birth control.
- Braille books/magazines.
- Chiropractic treatment.
- Christian Science practitioners.

- Coinsurance/deductibles.
- Contact lenses/saline solution.
- Copayments.
- Cosmetic surgery:
 - To treat illness/disease;
 - To improve a congenital abnormality;
 - To treat injury from accident/trauma; or
 - To improve a disfiguring deformity.
- Crutches.
- Deductibles.
- Dental treatment and oral surgery (non-cosmetic only).
- Dentures.
- Diagnostic fees.
- Dietary supplements and vitamins with doctor's letter of medical necessity.
- Doctor fees (cosmetic procedures not eligible).
- Drug addiction treatments.
- Drug and medical supplies (i.e., syringes, needles, etc.).
- Excess of reasonable and customary charges scheduled, annual, or lifetime maximums.
- Eye care/exams.
- Eye surgery (cataracts, LASIK, etc.).
- Eyeglasses (prescription only).
- Guide dogs.
- Hearing aids/exams.
- Hearing devices and batteries.
- Home health care.
- Hospital bills.
- Insulin.
- In-vitro fertilization.
- Laboratory fees.
- Nursing home costs.
- Orthodontia (non-cosmetic only).
- Orthopedic devices.
- Over-the-counter drugs that are medically necessary like allergy medications, aspirin, or antacids if accompanied by a written prescription (see list below).
- Oxygen.
- Prescribed medicines.
- Psychiatric treatment.

- Psychologist's fees.
- Routine physicals and other non-diagnostic services or treatments.
- Smoking-cessation over-the-counter drugs if accompanied by a written prescription.
- Smoking cessation programs.
- Specialized car equipment for disabled persons.
- Speech therapy.
- Sterilization.
- Surgical fees.
- Transplants (except hair).
- Vaccinations and immunizations.
- Vitamins, with doctor's letter of medical necessity.
- Weight loss programs.
- Weight-loss over-the-counter drugs with doctor's letter of medical necessity.
- Well-baby care.
- Wheelchairs.
- X-ray fees.

Over-the-Counter Drugs or Medicines

The following over-the-counter items qualify for reimbursement under the Health Care Flexible Spending Account only if accompanied by a written prescription:

- Antiseptics.
- Asthma medications.
- Cold, flu, and allergy medications.
- Ear/eye care.
- Health aids.
- Pain relief.
- Stomach care.

Over-the-Counter Supplies

The following over-the-counter supplies qualify for reimbursement under the Health Care Flexible Spending Account:

- Diabetic supplies.
- Personal test kits.

Dual Use Items

The following dual use items qualify for reimbursement under the Health Care Flexible Spending Account with a letter of medical necessity from the patient's doctor:

- Blood pressure meter.
- Gauze and tape.
- Gloves and masks.
- Herbs.

Expenses Not Eligible for Reimbursement

- Leg or arm braces.
- Massagers.
- Minerals.
- Saline nose drops.
- Special supplements.
- Thermometers.

The following are not considered qualifying health care expenses and cannot be reimbursed from the Health Care Flexible Spending Account:

- Bleaching/bonding of teeth.
- Contact lens insurance.
- Cosmetic surgery, unless necessary to correct a deformity which is congenital or which resulted from a disfiguring illness or an injury resulting from an accident or trauma.
- Dancing lessons.
- Diaper services for children.
- Electrolysis.
- Expenses for general health purposes, such as fitness, exercise, or health club dues unless recommended by a doctor for a particular medical condition.
- Expenses for weight loss programs *unless* recommended by a doctor to treat obesity.
- Expenses in excess of the amount you have elected to contribute to the Health Care Flexible Spending Account.
- Expenses of someone who is not an eligible spouse, same-sex domestic partner, or child.
- Funeral expenses.
- Hair restoration (procedures, drugs, or medications).
- Hair transplants.
- Health club or gym memberships for general health.
- Household help.
- Insurance premiums (including COBRA premiums).
- Liposuction.
- Marriage and family counseling.
- Maternity clothes.
- Over-the-counter supplies, drugs, or medications that are not medically necessary or are not prescribed by your doctor.
- Over-the-counter drugs or medications that are not prescribed by your doctor.
- Premiums you or your spouse pays for insurance coverage.
- Rogaine, when used for cosmetic purposes; that is, to stimulate growth, and not for a specific medical condition.

- School tuition.
- Swimming lessons.
- Transportation costs of a disabled person to and from work.
- Vacation or travel costs to improve health.
- YMCA/YWCA memberships.

This list is intended to give you a general description of expenses not eligible for reimbursement through the spending account. *There may be other expenses, in addition to those listed above, which are not eligible.*

Over-the-Counter Expenses Not Eligible for Reimbursement

The following over-the-counter items do not qualify for reimbursement from the Health Care Flexible Spending Account:

- Aromatherapy.
- Baby bottles and cups.
- Baby oil.
- Baby wipes.
- Breast enhancement system.
- Cosmetics.
- Cotton swabs.
- Dental floss.
- Deodorants.
- Facial care.
- Feminine care.
- Fragrances.
- Hair regrowth.
- Low "carb" foods.
- Low calorie foods.
- Oral care.
- Petroleum jelly.
- Shampoo and conditioner.
- Skin care.
- Spa salts.
- Sun tanning products.
- Toothbrushes.

Submitting Claims

You may be reimbursed from your Health Care Flexible Spending Account by completing a *Claim for Reimbursement* form, which can be downloaded from www.horizonblue.com/fsa.

Any itemized bills that you submit should contain, at a minimum, the following information:

- The name of the patient and the employee;
- The date(s) the services were provided;
- A description of the service or item provided;
- The name and address of the provider;
- The cost of the service or item; and
- Amount covered by insurance.

Sign and date the claim form. Attach copies of bills, invoices, or other written statements from a third party that support each reimbursement request and mail or fax to:

Horizon Blue Cross Blue Shield of New Jersey
3 Penn Plaza East PP-05S
Newark, NJ 07105-2200
Fax: (973) 274-2215

You will receive an Explanation of Payment (EOP) statement from Horizon detailing the status of your account with each reimbursement.

Family and Medical Leaves of Absence

If you take a Family and Medical Leave of Absence (FMLA Leave) from American Water, your pre-tax payroll deductions to the Health Care Flexible Spending Account will stop. You may continue to make contributions on an after-tax basis only by sending a monthly check to American Water.

Termination/Retirement of Employment

If you terminate or retire from American Water, your pre-tax payroll deductions to the Health Care Flexible Spending Account will stop. You may still continue to submit claims for reimbursement of expenses incurred **before** your date of termination/retirement.

Under certain circumstances, you may continue participating under COBRA and make contributions on an after-tax basis by sending a monthly check to American Water. Participants who continue to participate under COBRA will be able to submit claims for reimbursement of expenses incurred while they are participating in the Health Care Flexible Spending Account.

The Dependent Care Flexible Spending Account

The cost of caring for your dependents while you work can be more affordable when you participate in the American Water Dependent Care Flexible Spending Account.

The Dependent Care Flexible Spending Account allows you to contribute money on a pre-tax basis to an account set up for you. These amounts can be used to reimburse you for most daycare or eldercare expenses you might incur for your qualifying dependents.

Here is an example of the potential tax savings with a Dependent Care Flexible Spending Account:

	With Account	Without Account
Annual Family Income	\$50,000	\$50,000
Minus Pre-Tax Contributions to Account	\$ 5,000	None
Taxable Income	\$45,000	\$50,000
Federal and Social Security Taxes	\$11,993	\$13,325
After-Tax Dependent Care Expenses	None	\$ 5,000
Net Disposable Income	\$33,007	\$31,675
Tax Savings (Extra Take-Home Pay)	\$ 1,332	

Example uses tax rates of 15% federal, 4% state and 7.65% Social Security. Consult your tax advisor to determine tax savings for your particular situation.

Eligibility

If you are an eligible employee (see "Eligibility" on page 5), you are eligible to participate in the Dependent Care Flexible Spending Account as of the first day of the month following completion of one full month of continuous employment. You may enroll by completing and signing the appropriate Flexible Spending Account section on your enrollment form. If you are newly hired, **you must enroll** and make your contribution election within the 31-day enrollment period. You will have the opportunity to change your elections in the fall of every year, effective for the upcoming Plan Year. You are not permitted to make changes to your election amount during the Plan Year, except under certain circumstances (see page 94).

Qualifying Dependents

Expenses are reimbursable for care of the following qualifying dependents:

- Your child, grandchild, brother or sister **who is under age 13**, who resides in your household for more than one-half of the year and who does not provide more than one-half of his or her own support for the year;
- A disabled spouse who resides in your household for more than one-half of the year; and
- A disabled relative or household member who is principally dependent on you for support and who resides in your household for more than one-half of the year.

In the case of a child who receives over one-half of his or her support during the calendar year from his or her parents (i) who are divorced or legally separated under a decree of divorce or separate maintenance, (ii) who are separated under a written separation agreement, (iii) who live apart at all times during the last six months of the year, (iv) who have agreed that the custodial parent will not claim the child as an income tax exemption, and (v) where such child is in the custody of one or both parents for more than one-half of the year, such child will be considered the dependent of both parents, regardless of the child's place of residence or the amount of support provided by either parent. Contact your tax advisor or refer to IRS Publication 503 (Child and Dependent Care Expenses) for more information.

How the Account Works

When you have eligible dependent care expenses, you pay the bill and submit a reimbursement claim to Horizon, along with a copy of the bill. You can be reimbursed for these expenses from your account by filing a claim form, **assuming that you have enough money in your account**. If not, you will be reimbursed up to the amount in your account and the remainder of the claim will be held until the balance in your Dependent Care Flexible Spending Account is sufficient to cover the bill.

Keep in mind, however, that because you are contributing to the spending account through payroll deductions, you will have a period of increased expenses. You will have to pay your dependent care provider, as well as have payroll deductions, before receiving reimbursement from your account.

How Much Can I Contribute?

You may contribute up to a maximum of \$5,000 per year (\$2,500 if married but filing a separate tax return), regardless of the actual number of qualifying dependents you have. Normally, amounts reimbursed from your Dependent Care Flexible Spending Account are tax-free to you. However, federal law states that the amount excluded from your gross income cannot exceed, in any calendar year (under all dependent care plans in which you or your spouse may participate) the lesser of:

- \$5,000 (\$2,500 if you are married and filing separate federal income tax returns);
- Your annual income; or
- Your spouse's annual income.

If your spouse is (1) a full-time student for at least five months during the year or (2) physically and/or mentally disabled, there is a special rule to determine his or her annual income. To calculate the income, determine your spouse's actual taxable income (if any) earned each month that he or she is a full-time student or disabled. Then, for each month, compare this amount to either \$250 (if you claim expenses for one dependent) or \$500 (if you claim expenses for two or more dependents). The amount you use to determine your spouse's annual income is the greater of the actual earned income or 12 times the assumed monthly income amounts of either \$250 or \$500.

If you are married and filing separate federal income tax returns, the \$2,500 limit described above will not apply if you are (1) legally separated or (2) separated for more than six months and pay for more than half of the household expenses.

By making an election under the Dependent Care Flexible Spending Account, you are representing to the Company that your contributions to the Dependent Care Flexible Spending Account are not expected to exceed these limits.

To qualify for tax-free treatment, you are required to list on your federal income tax return the name and taxpayer identification number of any person who provided you with dependent care services during the calendar year for which you have claimed a tax-free reimbursement. The identification number of a care provider who is an individual and not a care center is that individual's Social Security number. You should make your care provider aware of this reporting requirement.

You may elect to contribute up to \$5,000 per household per year (or your or your spouse's earned wages, whichever is less) to your Dependent Care Flexible Spending Account.

Determining How Much to Contribute

In addition, your Dependent Care Flexible Spending Account contribution can never be more than your earned wages or your spouse's earned wages, whichever is less. If your spouse is a full-time student, the IRS considers him or her to be gainfully employed, with earned income of \$250 per month (if you have one qualifying dependent) or \$500 per month (if you have two or more qualifying dependents) for each month the spouse is a student. To be considered a "full-time student" as defined by the IRS, your spouse must maintain full-time status at a college or university during at least five months of the year.

The amount you elect to contribute will depend upon the amount you anticipate you will need to cover your dependent care expenses for the Plan Year (January 1 – December 31). You should compare the tax benefit you would receive with the Dependent Care Flexible Spending Account to the benefit that you would receive with the federal child and dependent care tax credit (see below), and then choose between them. For additional details about the federal tax credit, see IRS Publication 503 ("Child and Dependent Care Expenses") and IRS Tax Topic 602 (www.irs.gov/taxtopics/tc602.html). You can request a copy of Publication 503 from your local IRS office or go online at www.irs.gov/publications/p503.

Federal Earned Income Credit. A tax credit available under current tax law is the earned income credit. This credit also reduces the federal tax you have to pay on a dollar-for-dollar basis, but is calculated somewhat differently from the child care credit described above. The credit is available to individuals with incomes below certain thresholds and the amount of the credit increases if you have qualified children. A qualified child is defined as a child who is under age 19 (under age 24 if a student) or who is totally and permanently disabled. The credit does not depend on the amount you pay in child care expenses. The earned income credit has no effect on the amount you can contribute under the Dependent Care Flexible Spending Account for dependent care expenses. Moreover, the use of the Dependent Care Flexible Spending Account may result in a reduction in your taxable income, thus qualifying you for the earned income credit where you would not otherwise have qualified.

Use All the Money in Your Account

You must request reimbursement by March 31 of the following year for dependent care expenses incurred on or before December 31 of each Plan Year.

According to IRS rules, any amounts remaining in your spending account after the deadline for submitting claims for the Plan Year will be forfeited. You may not carry forward unused amounts to the next Plan Year, and you may not transfer unused amounts from the Dependent Care Flexible Spending Account to another employee or to another plan or account (such as the Health Care Flexible Spending Account). Therefore, you should plan carefully before you make your annual contribution election. Any forfeited amounts are used by American Water to reduce future administrative expenses.

Expenses Eligible for Reimbursement

The following expenses may be reimbursed so that you, the employee (and your spouse, if you are married), can work or look for work. There is an exception to this rule if you or your spouse works part-time and the payment for care must be made on a periodic (for example, weekly or monthly) basis. In this case, expenses for both work and non-work days are eligible. If payment is made on a daily basis, expenses must be allocated between work and non-work days. Similarly, if you or your spouse is not working due to illness, and you must pay for care on a periodic basis, expenses for non-work days are eligible if the absence is considered short and temporary.

Expenses may also be reimbursed so that your spouse can attend school full-time or if your spouse is physically or mentally unable to care for himself or herself. Eligible expenses include:

You may receive reimbursement from your account for expenses that have been incurred for services rendered during the Plan Year. In order to be reimbursed for these expenses, the taxpayer ID number or Social Security number of the provider must be submitted.

- Qualified child or adult day care center expenses (if the center provides care for more than six non-resident persons, the center must meet state or local regulations and receives a fee for such services, whether or not for profit).
- Before-school care, after-school care, or extended day programs (supervised activities for children after the regular school program) if used to enable you and your spouse to work.
- A babysitter or companion inside or outside the home.
- A housekeeper, nanny, or au pair to the extent the expenses are for the care of a qualifying individual.
- A relative (who is not your dependent nor your child under age 19) who cares for a dependent.
- Someone who cares for an elderly or disabled dependent in your home.
- Nursery school or pre-kindergarten.

- Agency, application, deposit, or other registration fees if necessary to obtain the related care. Fees should not be reimbursed until care is provided, and fees that are forfeited (for example, because you select a different provider) do not qualify.
- Custodial expenses for a dependent over age 13, not attributable to medical services, provided the qualifying individual spends at least eight hours each day in your home.
- Summer day camp tuition (including specialty camp) or a similar program to care for a qualifying individual. Separate equipment or similar charges (e.g., a laptop rental fee) do not qualify.
- FICA and FUTA taxes of a day care provider, as long as the overall expenses of the care provider qualify.
- Late fees charged to care for the child because the child was picked up late. Late fees charged because the childcare bill was paid late do not qualify.
- Sick-child facility expenses (care to enable you to go to work when the child is ill).
- Transportation costs to and from the location where the care or program is provided, if the expense is part of the cost of the program.

Expenses Not Eligible for Reimbursement

Expenses ineligible for reimbursement include the following:

- Payments for babysitters when you are not working, such as in the evening or on weekends.
- Private school tuition (except before-school and after-school care).
- Educational expenses for children in kindergarten or higher.
- Boarding school tuition.
- Overnight camp expenses.
- 24-hour-a-day nursing home expenses.
- Transportation costs to and from the location where the care or program is provided, unless the expense is part of the cost of the program.
- Expenses for food, clothing, education, or entertainment incurred for the normal care of an eligible dependent, unless these expenses are incidental and cannot be separated from the cost of care.
- Cost for care that enables your spouse to do volunteer work.

This list is intended to give you a general description of expenses not eligible for reimbursement through the spending account. There may be other expenses in addition to those listed above which are not eligible.

Can I Change the Amount of My Contributions?

You can start, stop, or change the automatic deductions from your paycheck during the calendar year if there is a change in your dependent care provider, if there is a change in the cost of dependent care, or if your dependent no longer meets the definition of qualifying individual. Here are some examples of situations in which you can change your election:

- Change from one childcare center to another and the new center charges a different rate.
- Change in a home childcare provider, including a change in a nanny-sharing arrangement.
- A qualifying child reaches age 13 and is no longer an eligible dependent under the Dependent Care Flexible Spending Account.
- The employee marries and the new spouse has dependent children, increasing dependent care costs.
- Child of divorced parents switches residence between parents.

Submitting Claims

You may be reimbursed from your Dependent Care Flexible Spending Account by completing a Claim for Reimbursement form, which can be downloaded from www.horizonblue.com/fsa. You must submit the form along with proof of payment for the services (such as receipts, statements, canceled checks, etc.).

Any itemized bills that you submit should contain, at a minimum, the following information

- The dependent's name and age;
- The nature of the care provided;
- The date(s) the care was provided;
- The amount paid for the care;
- The dependent's relationship to you; and
- The name and taxpayer identification number (or Social Security number) of the care provider.

Sign and date the claim form. Attach copies of bills, invoices, or other written statements from a third party that support each reimbursement request and mail or fax to:

Horizon Blue Cross Blue Shield of New Jersey
3 Penn Plaza East PP-05S
Newark, NJ 07105-2200
Fax: (973) 274-2215

Remember that you are entitled to reimbursement only *after* the care has been provided, even if you pay for dependent care in advance.

Family and Medical Leaves of Absence

You will receive an Explanation of Payment (EOP) statement from Horizon detailing the status of your account with each reimbursement.

If you take a Family and Medical Leave of Absence (FMLA Leave) from American Water, your pre-tax payroll deductions to the Dependent Care Flexible Spending Account will stop. You may submit claims for reimbursement for care provided through your last day of work before your leave began.

Termination of Employment

If you terminate or retire from American Water, your pre-tax payroll deductions to the Dependent Care Flexible Spending Account will stop. You may still continue to submit claims for reimbursement of expenses incurred **before** your date of termination. Expenses for care provided after your date of termination are not eligible for reimbursement. COBRA continuation coverage does not apply to the Dependent Care Flexible Spending Account.

Disability Coverage (Sick Leave and Disability Coverage)

Note: The benefits described in this section may vary depending on the terms of your collective bargaining agreement. Please refer to your collective bargaining agreement for details.

Disability Benefits

Disability benefits provide income protection when you are unable to work because of an extended illness or injury. American Water provides you with paid sick leave, Short Term Disability (STD), and Long Term Disability (subject to your collective bargaining agreement) benefits – at no cost to you. If applicable, see the Appendix-Long Term Disability for a description of the Long Term Disability benefit. This Appendix- Long Term Disability is incorporated into this Plan by reference. To the extent the terms of this Plan conflict with the provisions of this Appendix- Long Term Disability, the terms of this Appendix- Long Term Disability shall control.

You are eligible for disability benefits if you are a full-time eligible employee. Part-time employees and temporary employees are not eligible, unless specified by state laws.

Your eligibility date is in accordance with the terms of your collective bargaining agreement. If you are on a layoff, on disability, or on leave of absence on your eligibility date, coverage or an increase in coverage will begin on the day you return to active full-time work for one full day.

The table on page 111 summarizes the Plan's disability benefits.

Short Term Disability Insurance Benefits

If you are eligible for Short Term Disability (STD) benefits and are still disabled after you exhaust your paid sick leave and sick bank, STD coverage will start paying benefits. You will receive 70% of your base pay each week for 50 weeks, unless superseded by state law for a combined duration of 52 weeks of payments.

Prior to August 1, 2012

A “disability absence” is time lost from work due to a non-occupational injury or illness which started while you were covered under this Plan.

Effective August 1, 2012

Disabled or disability means that, due to sickness or as a direct result of accidental injury:

- You are receiving Appropriate Care and Treatment and complying with the requirements of such treatment; and
- You are unable to earn more than 80% of your Predisability Earnings at your own occupation from any employer.

For purposes of determining whether a disability is the direct result of an accidental injury, the disability must have occurred within 90 days of the accidental injury and resulted from such injury independent of other causes.

If your occupation requires a license, the fact that you lose your license for any reason will not, in itself, constitute disability.

Appropriate Care and Treatment means medical care and treatment that is:

- Given by a physician whose medical training and clinical specialty are appropriate for treating your disability;
- Consistent in type, frequency, and duration of treatment with relevant guidelines of national medical research, health care coverage organizations and governmental agencies;
- Consistent with a physician's diagnosis of your disability; and
- Intended to maximize your medical and functional improvement.

Note: Short Term Disability does not begin until you have used your sick leave and all accumulated banked sick time.

An illustrative example:

Sick Leave	2 weeks at 100% of pay each year
Sick Bank (if available)	100% of pay if you have banked sick leave remaining
Short Term Disability (STD)	70% of base pay, which ends when sick leave, sick bank, and STD equal 52 weeks combined

If your banked sick leave exceeds 52 weeks, you will continue to receive 100% of base pay until your sick leave is exhausted. When your banked sick leave is exhausted, you have the option of taking any unused eligible vacation time, which will extend your 100% of pay.

Your benefit amount will be reduced by the amount of all Other Income that was actually paid to you for the same disability for which you are claiming benefits under this certificate. Other Income includes the following:

- Any disability benefits for you, your spouse, or child(ren) under:
 - Federal Social Security Act;
 - Canadian Pension Plan;
 - Quebec Pension Plan;
 - Railroad Retirement Act; or
 - Any similar plan or act.
- Any retirement benefits under:
 - Federal Social Security Act;
 - Canadian Pension Plan;
 - Quebec Pension Plan;
 - Railroad Retirement Act;
 - Your retirement plan; or
 - Any similar plan or act.
- Any income received for disability under:
 - A government compulsory benefit plan or program which provides payment for loss of time from your job due to your disability, whether such payment is made directly by the plan or program or through a third party (these are state plan benefits);
 - Any sick pay that the Company pays to you;
 - Workers' Compensation or a similar law which provide periodic benefits;
 - Occupational disease laws; or
 - Any income that you receive from working while disabled to the extent that such income reduces the amount of your Weekly Benefit as described in "Work Incentive."

REDUCING YOUR DISABILITY BENEFIT BY AN ESTIMATED BENEFIT

If there is reasonable, good faith belief that you are entitled to disability benefits under the following sources of Other Income, you must apply for such benefits:

- Federal Social Security Act (Primary and/or Family Benefits); and/or
- Any state compulsory/statutory benefit law.

To apply for the Other Income benefits referenced above means to pursue such benefits with reasonable diligence until you receive the respective approval from the Social Security Administration and/or the appropriate state agency or a final denial at the administrative level.

You must send proof that you have applied for such benefits. If your application for such benefits is approved, your disability benefit will be reduced by the amount actually paid to you from such source(s).

If you fail to apply for any of the above referenced Other Income benefits or pursue such benefits with reasonable diligence, and if there is a reasonable means of estimating the amount of such benefits which may become payable to you, the amount of your disability benefit will be reduced by the amount of such estimated benefits that you, your spouse, or child(ren) are eligible to receive because of your disability. This will start with the first disability benefit payment coincident with the date you were eligible to receive such benefits unless the following is received by the administrator:

- Proof that you have applied for and are pursuing such benefits with reasonable diligence;
- Approval of your claim for such benefits; or
- A notice of final denial of such benefits.

When you do receive approval or notice of final denial of the above referenced Other Income benefits, you must notify the administrator immediately so the amount of your disability benefit can be adjusted. You must promptly repay any overpayments.

Benefits start on Day 8 of a disability due to illness, including pregnancy, and on Day 1 of a disability due to injury (the Elimination Period). You must report your case to:

Prior to August 1, 2012

You must report your case to Aetna at (866) 280-8648 if you are (or expect to be) absent from work for more than five consecutive workdays. Even if you are receiving 100% of pay, **you must register your disability with Aetna.** You will not be eligible for STD benefits for any period of time in which you are eligible to receive paid sick leave, and the combination of paid sick leave and STD benefits will not exceed 52 weeks.

Effective August 1, 2012

You must report your case to MetLife at (855) 517-8273 if you are (or expect to be) absent from work for more than five consecutive workdays. Even if you are receiving 100% of pay, **you must register your disability with MetLife.** You will not be eligible for STD benefits for any period of time in which you are eligible to receive paid sick leave, and the combination of paid sick leave and STD benefits will not exceed 52 weeks.

You must provide a doctor's certification that you are disabled and medically unable to work because of the specific condition. The Claims Administrator may request any additional evidence it believes is necessary before deciding that benefits are payable.

More than one disability absence will be part of the same period of disability:

- If it is due to the same or a related cause; and
- If it is separated by less than two consecutive weeks of full-time work.

Your Maximum Period of Payment starts over if:

- A new disability absence is due to a cause different from that of any prior disability; and
- It is separated from the prior disability by at least one day of full-time active work.

STD Benefit Limitations

No benefits are payable for:

- Days on which you do work for pay or profit outside American Water.
- Any period of time you are not under a doctor's care. You must have been seen in person and treated by a doctor to be deemed under his or her care.
- The date you cease or refuse to participate in a required Rehabilitation Program.

Coverage for Occupational Illness or Injury

This Plan pays a weekly benefit if you are absent from work, while covered, because of an illness or injury resulting from employment with American Water. However, the weekly benefit amount will be reduced by the weekly amount for which you are eligible for time lost under any Workers' Compensation law or any other similar law or doctrine. This benefit runs concurrently with sick leave.

Work Incentive

Effective August 1, 2012, if you work while you are disabled and receiving weekly benefits, your weekly benefit will not be reduced by the amount you earn from working, except to the extent that such adjusted weekly benefit plus the amount you earn from working and the income you receive from other income exceeds 100% of your Predisability Earnings as calculated in the definition of disability.

Submitting STD Claims

To apply for benefits under the Short Term Disability Plan, contact the Claims Administrator (see page 175).

To receive disability benefits, you must file a claim within 31 days of your disability. Even if you are using sick time, **you must register your disability with the Claims Administrator**. Benefits will begin after the Elimination Period as soon as the Claims Administrator receives the information to verify your disability.

While you are receiving STD benefits, you may be required to periodically provide the Claims Administrator with additional medical information from your doctor documenting your continued disability. The Claims Administrator may also require that an appointed doctor examine you in order to verify your disability.

It is your responsibility to provide the Claims Administrator with the requested documentation supporting your claim. Otherwise, your benefits will stop.

Legal Action

No legal action can be brought to recover under any benefit after three years from the deadline for filing claims.

The Claims Administrator will not try to reduce or deny a benefit payment on the grounds that a condition existed before a person's coverage went into effect, if the loss occurs more than two years from the date coverage commenced. This will not apply to conditions excluded from coverage on the date of the loss.

Recovery of Overpayments

If payments are made in amounts greater than the benefits that you are entitled to receive, the Claims Administrator, in its capacity as the provider of administrative services to this Plan, has the right to do any one or all of the following:

- To require you to return the overpayment on request;
- To stop payment of benefits until the overpayment is recovered;

- To take any legal action needed to recover the overpayment; and
- To place a lien, if not prohibited by law, in the amount of the overpayment on the proceeds of any other income, whether on a periodic or lump sum basis.

Types of Facility

Hospital

This is an institution that:

- Mainly provides, on an inpatient basis, diagnostic and therapeutic facilities for surgical and medical diagnosis, treatment, and care of injured and sick persons;
- Is supervised by a staff of doctors;
- Provides 24-hour-a-day registered nursing (RN) service; and
- Is not mainly a place for rest, for the aged, for drug addicts, for alcoholics, or a nursing home.

An institution which does not provide complete surgical services, but which meets all the other tests listed above, will also be deemed a hospital if:

- It provides services chiefly to patients all of whom have conditions related either by a medical specialty field or a specific disease category; and
- While confined, the patient is under regular therapeutic treatment by a doctor for the injury or disease.

Treatment Facility

This is an institution (or distinct part thereof) that is for the treatment of alcoholism or drug abuse and which meets fully every one of the following tests:

- It is primarily engaged in providing on a full-time inpatient basis, a program for diagnosis, evaluation, and treatment of alcoholism or drug abuse.
- It provides all medical detoxification services on the premises, 24 hours a day.

- It provides all normal infirmity-level medical services required during the treatment period, whether or not related to the alcoholism or drug abuse, on a 24-hour daily basis. Also, it provides, or has an agreement with a hospital in the area to provide, any other medical services that may be required during the treatment period.
- On a continuous 24-hour daily basis, it is under the supervision of a staff of doctors, and provides skilled nursing services by licensed nursing personnel under the direction of a full-time registered graduate nurse.
- It prepares and maintains a written individual plan of treatment for each patient based on a diagnostic assessment of the patient's medical, psychological, and social needs with documentation that the plan is under the supervision of a doctor.
- It meets any applicable licensing standards established by the jurisdiction in which it is located.

Third Party Liability and Subrogation

General Principle

When you receive disability benefits under the Plan which are related to disabilities for which benefits are payable under Workers' Compensation, any statute, any uninsured or underinsured motorist program, any no fault or school insurance program, any other insurance policy or any other plan of benefits, or when related expenses that arise through an act or omission of another person are paid by a third party, whether through legal action, settlement or for any other reason, you or your eligible spouse, same-sex domestic partner or child(ren) shall reimburse the Plan for the related benefits received out of any funds or monies you recover from any third party.

Specific Requirements and Plan Rights

Because the Plan is entitled to reimbursement, the Plan shall be fully subrogated to any and all rights, recovery, or causes of actions or claims that you may have against any third party. The Plan is granted a specific and first right of reimbursement from any payment, amount, or recovery from a third party. This right to reimbursement is regardless of the manner in which the recovery is structured or worded, and even if you have not been paid or fully reimbursed for all damages or expenses.

The Plan's share of the recovery shall not be reduced because the full damages or expenses claimed have not been reimbursed, unless the Plan agrees in writing to such reduction. Further, the Plan's right to subrogation or reimbursement will not be affected or reduced by the "make whole" doctrine, the "fund" doctrine, the "common fund" doctrine, comparative/contributory negligence, "collateral source" rule, "attorney's fund" doctrine, regulatory diligence, or any other equitable defenses that may affect the Plan's right to subrogation or reimbursement.

The Plan may enforce its subrogation or reimbursement rights by requiring you to assert a claim to any of the benefits to which you may be entitled. The Plan will not pay attorneys' fees or costs associated with the claim or lawsuit without express written authorization from the Company.

If the Plan should become aware that you have received a third party payment, amount, or recovery and not reported such amount, the Plan, in its sole discretion, may suspend all further benefits payments related to you or your eligible spouse, same-sex domestic partner, or child(ren) until the reimbursable portion is returned to the Plan or offset against amounts that would otherwise be paid to or on behalf of you.

Participant Duties and Actions

By participating in the Plan you consent and agree that a constructive trust, lien, or equitable lien by agreement in favor of the Plan exists with regard to any settlement or recovery from a third person or party. In accordance with that constructive trust, lien, or equitable lien by agreement, you agree to cooperate with the Plan in reimbursing it for Plan costs and expenses.

Once you have any reason to believe that you may be entitled to recovery from any third party, you must notify the Plan. And, at that time, you (and your attorney, if applicable) must sign a subrogation/reimbursement agreement that confirms the prior acceptance of the Plan's subrogation rights and the Plan's right to be reimbursed for expenses arising from circumstances that entitle you to any payment, amount, or recovery from a third party.

If you fail or refuse to execute the required subrogation/reimbursement agreement, the Plan may deny payment of any benefits to you and your eligible spouse or same-sex domestic partner and child(ren) until the agreement is signed. Alternatively, if you fail or refuse to execute the required subrogation/reimbursement agreement and the Plan nevertheless pays benefits to or on behalf of you, your acceptance of such benefits shall constitute agreement to the Plan's right to subrogation or reimbursement.

You consent and agree that you shall not assign your rights to settlement or recovery against a third person or party to any other party, including their attorneys, without the Plan's consent. As such, the Plan's reimbursement will not be reduced by attorneys' fees and expenses without express written authorization from the Plan.

Life Insurance Benefits

Note: *The benefits described in this section may vary depending on the terms of your collective bargaining agreement. Please refer to your collective bargaining agreement for details.*

Life Insurance Benefits

American Water helps you provide financial security for your family in the event of your death. You also have coverage in case of a specific accidental injury, or if you die as the result of an accident.

In addition to the coverage provided to you at no cost by American Water, you also have the option of buying supplemental Life Insurance coverage for you or your eligible dependents.

The following table summarizes the Plan's Life Insurance benefits.

Basic Life	1.25 times your base pay* (maximum benefit \$200,000)
Accidental Death and Dismemberment	Up to a maximum benefit of \$10,000
Voluntary Life	1, 2, or 3 times your base pay* (maximum benefit \$1,000,000)
Voluntary Dependent Life	\$20,000 (spouse or same-sex domestic partner) and \$10,000 per dependent child

**Rounded up to the next higher \$1,000*

Eligibility

If you are a full-time eligible employee (see "Eligibility" on page 5), you are eligible to participate in American Water Life Insurance Benefit Plan. Your eligibility and participation date is in accordance with your collective bargaining agreement, provided you are then actively working or would have been able to work had you been scheduled to work that day. If you are on a layoff, on disability, or on leave of absence on your eligibility date, coverage or an increase in coverage will begin on the day you return to active work.

Basic Life Insurance

Your Company-paid Life Insurance amount is equal to 1.25 times your base pay (base pay does not include commissions, overtime, bonus pay, or any other special pay), rounded to the next higher \$1,000. The maximum benefit is \$200,000.

Your Life Insurance amount will increase automatically with salary increases. If you are an hourly-paid employee, your Life Insurance benefit is calculated based on your normally scheduled hours, excluding overtime.

This is an insured plan underwritten by MetLife. The provisions of the Plan will remain effective only while you are covered under the group contract.

Imputed Income

Federal law requires you to pay income taxes on the value of Company-provided group term Life Insurance coverage on your life (but not Voluntary Life Insurance) that exceeds \$50,000. Therefore, you have additional income called “imputed income” that is included in your annual compensation for income tax withholding and Social Security purposes. You do not actually receive additional income in your paycheck. The imputed income amount is determined by the IRS using age-related rates.

If you (or your spouse or same-sex domestic partner, if enrolled in voluntary dependent coverage) become terminally ill while covered under the Life Insurance program, you may request that MetLife pay an Accelerated Death Benefit.

“Terminally ill” is defined as a person who:

- Suffers from an incurable, progressive, and medically recognized disease or condition; and
- To a reasonable medical probability and based on generally accepted protocols, will not survive longer than six months.

Accelerated Death Benefits

You may request an Accelerated Death Benefit on your own behalf or on behalf of your spouse or same-sex domestic partner (if enrolled in voluntary dependent coverage) at any time by completing a MetLife Request for Accelerated Death Benefit Form and submitting it to MetLife. The request must include the statement of a currently licensed United States doctor that you or your spouse or same-sex domestic partner is terminally ill.

The doctor's statement must include:

- All medical test results;
- Laboratory reports; and
- Any other information on which the statement is based, including the generally accepted protocols used by the doctor to determine the person's expected remaining life span.

Your request for an Accelerated Death Benefit must state the amount of the benefit requested. The Plan includes an Accelerated Death Benefit of 50% of your normal Death Benefit to you or your spouse or same-sex domestic partner in the event of a terminal illness. The Accelerated Death Benefit Minimum is \$5,000 and the Accelerated Death Benefit Maximum is \$100,000 of Basic Life Insurance and \$300,000 of Voluntary Life Insurance.

This benefit can be requested only once on your own behalf and once for your spouse or same-sex domestic partner. If someone other than you owns the Life Insurance coverage for you and your spouse or same-sex domestic partner, the Accelerated Death Benefit will not be available under this Plan for or on behalf of such person.

Payment of Accelerated Benefits will reduce your Life Insurance Benefits or Death Benefits and the amount available for you to convert to a personal policy of life insurance as described under "Conversion of Your Life Insurance."

**Age Reduction
Rule** *(applies to Basic
Life, Optional Life,
Voluntary Life, and
Accidental Death and
Dismemberment)*

Your Life Insurance amount in force on the day before the month of your 70th birthday will be reduced by 35% at age 70; 60% at age 75; and 75% at age 80.

If you become insured during or after the month in which you reach the above ages (70, 75, or 80), your Life Insurance amount will be the applicable percentage of the amount shown for your classification.

Life Insurance After Termination

In most cases, you may apply for an individual policy under the Conversion Privilege within 31 days after your American Water Life Insurance ceases. If you die during this 31-day period and before the individual policy goes into effect, the amount payable under the group policy is limited to the maximum that could have been converted. The limit applies even if you have not applied for, or paid the first premium on, the individual policy. This applies to Basic and Voluntary Life Insurance.

Conversion of Your Life Insurance

If any of your Life Insurance ceases because your employment ends or you are no longer in a class eligible for that insurance, or because of age, pension, or retirement, you may convert the amount of insurance which ends (or a lesser amount, if desired) to an individual policy. This applies to Basic and Voluntary Life Insurance.

Your converted policy may be any kind of individual policy then customarily being issued by MetLife for the amount being converted and for your age (nearest birthday) on the date it will be issued, except a term policy or one with disability or other supplementary benefits.

When Life Insurance ends because that part of the group contract discontinues as to your employee class, and your insurance has been in force under the group contract for at least five years in a row before it was discontinued, you may convert the amount that ends (minus the amount of any group life insurance for which you become eligible within 31 days of discontinuance) to an individual policy. The maximum amount that can be converted by each person in any event is \$10,000.

Applying for an Individual Policy

In order to convert, you must make written application for an individual policy and pay the first premium within 31 days after insurance ends for any of the above reasons. No evidence of insurability (that is, proof of good health) will be required. The individual policy will become effective at the end of the 31-day period during which conversion is possible.

The premiums for the converted policy will be at MetLife's then customary rates for the same policy issued to any other person of the same class of risk and age at the time the converted policy is to become effective.

After an individual policy becomes effective for any person, that policy will be in exchange for all benefits and privileges under the group contract as regards the person involved and the amount that could have been converted.

Effect of Prior Coverage

In most cases, you may apply for an individual policy under the Conversion Privilege within 31 days after your American Water Life Insurance ceases. If you die during this 31-day period and before the individual policy goes into effect, the amount payable under the group policy is limited to the maximum that could have been converted. The limit applies even if you have not applied for, or paid the first premium on, the individual policy.

If the coverage of any person under any part of this Plan replaces any of the person's prior coverage, the rules below apply to that part.

"Prior coverage" is any plan of group insurance sponsored by American Water that has been replaced by coverage under part or all of this Plan. The replacement can be complete or in part for the Eligible Class to which you belong. Any such plan is prior coverage if provided by another group contract or any benefit section of this Plan.

A person's Life Insurance under this Plan replaces and supersedes any prior life insurance. It will be in exchange for everything under the prior life insurance. If you or your beneficiary becomes entitled to a claim under the prior life insurance, your Life Insurance under this Plan will be canceled as of its effective date and any premiums paid for your Life Insurance under this Plan will be returned to American Water.

The mode of settlement you chose and the beneficiary you named under a prior MetLife plan will apply to this Plan. This can be changed according to the terms of this Plan.

Voluntary Life Insurance

Voluntary Coverage for You

In addition to Company-paid Life Insurance, you can buy supplemental Life Insurance coverage for you or your eligible dependents on an after-tax basis.

You can buy Life Insurance of one, two, or three times your base pay, up to a maximum benefit of \$1,000,000. You must be actively at work in order for coverage to take effect.

If you want to buy coverage over \$300,000 at the initial offering, you will be required to show proof of good health. You will be enrolled in the level that does not exceed \$300,000 until proof of good health is approved by MetLife. If you do not elect supplemental coverage at the initial offering, proof of good health will be required for *any* amount of coverage.

Voluntary Coverage for Your Dependents

Note: You will be required to show proof of good health if you:

- Did not enroll previously for coverage;
- Elect coverage over \$300,000; or
- Elect more than one times your current Voluntary Life Insurance coverage amount.

If proof of good health is required, your election will be pended until you receive approval from MetLife.

You can also buy supplemental Life Insurance coverage of \$20,000 for your spouse or same-sex domestic partner and \$10,000 for each dependent. Eligible dependents include children age 14 days to age 19, or to age 23 if a full-time student.

Note: To be considered a full-time student, you must be enrolled in an educational institution and taking at least 12 credit hours per semester/quarter or attend a post-secondary technical school.

You will be required to show proof of good health if you:

- Did not previously enroll for coverage; or
- Previously elected no coverage.

Cost

The following table shows the premiums for Voluntary Life Insurance in 2012:

Voluntary Life Insurance Premiums (per \$1,000 of base pay)			
Age	Monthly Cost*	Age	Monthly Cost
Under 30	\$0.066	50-54	\$0.353
30 – 34	\$0.088	55-59	\$0.651
35 – 39	\$0.110	60-64	\$0.827
40 – 44	\$0.132	65-69	\$1.511
45 – 49	\$0.210	70 and over	\$2.437

**The monthly cost is calculated on your age as of December 31, 2012. For example, if you will reach age 35 on or after January 1, 2012, your monthly cost per \$1,000 will be \$0.110.*

The following table shows the premiums for voluntary spouse or same-sex domestic partner and dependent life insurance:

Voluntary Spouse and Dependent Life Insurance Premiums	
Spouse or Same-Sex Domestic Partner	\$5.00 per month
Dependent Child(ren)	\$1.20 per month per family

Optional Employee Group Term Life Insurance

Participation Frozen as of December 31, 1995

Participation in the current Optional Employee Group Term Life Insurance Plan was frozen as of December 31, 1995. If you are currently enrolled in either of the two options of this Plan, your participation will continue while you remain actively employed. Participants' life insurance amounts will increase as their salary increases, according to the following Plan options:

Option A

100% of your Salary Scheduled Amount, up to \$40,000 of coverage.

Option B

50% of your Salary Scheduled Amount, up to \$20,000 of coverage.

Employees enrolled in this Plan have coverage as indicated in the following chart.

The Plan will pay a life insurance benefit equal to the amount of life insurance in force for you if you die from any cause while insured. This benefit will end upon retirement or termination, but can be converted to an individual policy.

Annual Basic Earnings	Insurance	
	Option A (100%)	Option B (50%)
\$38,000 or more	\$40,000	\$20,000
\$35,000 but less than \$38,000	\$38,000	\$19,000
\$32,000 but less than \$35,000	\$35,000	\$17,500
\$29,000 but less than \$32,000	\$32,000	\$16,000
\$26,000 but less than \$29,000	\$29,000	\$14,500

Annual Basic Earnings	Insurance	
	Option A (100%)	Option B (50%)
\$22,500 but less than \$26,000	\$26,000	\$13,000
\$19,500 but less than \$22,500	\$23,000	\$11,500
\$16,500 but less than \$19,500	\$20,000	\$10,000
\$13,500 but less than \$16,500	\$17,000	\$8,500
\$10,400 but less than \$13,500	\$14,000	\$7,000
\$7,280 but less than \$10,400	\$10,000	\$5,000
\$5,200 but less than \$7,280	\$7,000	\$3,500
Less than \$5,200	\$5,000	\$2,500

Beneficiaries

When you elect to participate in any of these Plans, you need to designate a beneficiary (or beneficiaries) to receive life insurance benefits if you die.

You may name or change your beneficiary by submitting a Beneficiary Designation Form, which is available from the Benefits Service Center. The naming or any change will take effect on the date the Benefits Service Center receives your completed and signed Beneficiary Designation Form.

Any amount payable to a beneficiary will be paid to those you name. Unless you state otherwise, if more than one beneficiary is named, they will share on equal terms.

If a named beneficiary dies before you, his or her share will be payable in equal shares to any other named beneficiaries who survive you, unless you have chosen otherwise.

If no named beneficiary survives you or if none has been designated, the payment would be made in the order below:

- Your spouse or same-sex domestic partner, if any.
- If you have no spouse or same-sex domestic partner, in equal shares to your children.
- If you have no spouse, same-sex domestic partner, or child, to your parents, equally or to the survivor.

- If you have no spouse, same-sex domestic partner, child, or parent, in equal shares to your brothers and sisters.
- If none of the above survives, to your executors or administrators.

Total Disability Benefits

For the purposes of a total disability benefit, you are considered permanently and totally disabled only if:

- An illness or injury stops you from working at:
 - Your own job; or
 - Any other job for which you are fit by your education, your training, or your experience.

You must meet all of the following to be eligible for a total disability benefit:

- Your Life Insurance must be in force when you become totally disabled.
- You must be under age 60 when you first become totally disabled.
- You must furnish all proof when requested. MetLife has the right to examine you, at its expense, before approving the proof.

Waiver

If you are under age 60 and you are totally disabled while insured under the Plan (as defined above) for six or more months from the date you were last actively at work, and you furnish all information, notices, and proof when required, the amount of your Life Insurance in force on your last day actively at work may be extended during the disability, without payment of premiums and contributions. The duration, nature, and extent of disability determine eligibility for this extension. This insurance benefit reduces to \$10,000 when you reach age 70.

Any total disability should be reported immediately to American Water for help in determining whether you qualify for this extended insurance and the amount of insurance that may be continued. Refer to the “Age Reduction Rule” on page 124 and “Conversion of Your Life Insurance” on page 125 which may apply to this Life Insurance amount.

Effective August 1, 2012

Waiver of premium will be initiated through the MetLife Disability Unit. If additional information is needed you may be requested to provide this information to MetLife.

Prior to August 1, 2012

Application for Waiver of Premium should be filed after your 8th month of disability but **before** the end of the 12th full month of disability. For example, if your first day of absence from work due to disability was February 15, 2012, the application should be filed after October 15, 2012 but **before** February 14, 2013. Your local HR representative will initiate the process by sending you the application and instructions. You will then be required to forward the completed application and any required documentation to MetLife. Please contact your HR representative if you have any questions or concerns.

If any individual policy has been issued to you under the Conversion Privilege, your rights under this section may be restored. In order to restore those rights, you must give up all such policies without claim, except for the return of the premiums you paid.

Accidental Death and Dismemberment Coverage (AD&D)

This Plan is an insured plan underwritten by MetLife. The provisions of the Plan will remain effective only while you are covered under the group contract.

Your Company-paid AD&D Insurance pays up to a maximum benefit of \$10,000, called the “Principal Sum.” The following must occur for benefits to become payable: while insured, you suffer a loss of life or bodily injury in an accident and, within one year after the accident and as a direct result of the injury, subject to exclusions:

Covered Losses (Subject to Exclusions)	Benefit Amounts
Life	Full Amount
A hand	One-half of the Full Amount
A foot	One-half of the Full Amount
Sight of an eye	One-half of the Full Amount
Any combination of a hand, a foot, or sight of an eye	Full Amount
Thumb and index finger of same hand	One-quarter of the Full Amount
Speech and hearing	Full Amount
Speech or hearing in both ears	One-half of the Full Amount

Covered Losses (Subject to Exclusions)	Benefit Amounts
Quadriplegia	Full Amount
Paraplegia	One-half of the Full Amount
Hemiplegia	One-half of the Full Amount
Uniplegia	One-quarter of the Full Amount

- Loss of sight of an eye means that the eye is entirely blind and that no sight can be restored in that eye.
- Loss of a hand means that all of the hand is cut off at or above the wrist.
- Loss of a foot means that all of the foot is cut off at or above the ankle.
- Loss of thumb and index finger means actual severance through or above the third joint from the tip of the index finger and the second joint from the tip of the thumb.
- Loss of speech and hearing means the entire and irrecoverable loss which has lasted continuously for 12 consecutive months following the injury.
- Quadriplegia means total paralysis of both upper and lower limbs on one side of the body.
- Paraplegia means total paralysis of both lower limbs.
- Hemiplegia means total paralysis of upper and lower limbs on one side of the body.
- Uniplegia means total paralysis of one limb.
- Paralysis means loss of use, without severance, of a limb. Paralysis must be determined by competent medical authority to be permanent, complete and irreversible.

No more than the Principal Sum is payable for all losses which result from one accident. Benefits are paid for losses caused by accidents only.

No benefits are payable for a loss caused or contributed to by:

- Physical or mental illness, diagnosis of or treatment for the illness;
- An infection, unless it is caused by an external wound that can be seen and which was sustained in an accident;
- Suicide or attempted suicide;
- Injuring oneself on purpose;
- The use of any drug or medicine;
- A war, or a warlike action in time of peace, including terrorist acts;
- Committing or trying to commit a felony or other serious crime or an assault;
- Any poison or gas, voluntarily taken, administered or absorbed;
- Service in the armed forces of any country or international authority, except the United States National Guard;
- Operating, learning to operate, or serving as a member of a crew of an aircraft; or while in any aircraft operated by or under any military authority (other than the Military Airlift Command); or while in any aircraft being used for a test or experimental purposes; or while in any aircraft used or designed for use beyond the Earth's atmosphere; or while in any aircraft for the purpose of descent from such aircraft while in flight (except for self preservation); or
- Driving a vehicle while intoxicated as defined by the laws of the jurisdiction in which the vehicle was being operated.

Submitting Claims

Employee Life and AD&D Insurance benefits may be assigned in accordance with the MetLife contract. For more information on assignment you can contact the Benefits Service Center.

To receive Life Insurance benefits under the Basic Life Insurance Plan, Optional Employee Group Term Life Plan, or Voluntary Life Insurance Plan, your beneficiary must complete and submit the appropriate Statement of Claim form and provide a certified death certificate to the Benefits Service Center within one year of the death.

If you were totally disabled at the time of your death and American Water was continuing your coverages at no cost to you, your beneficiary may be required to submit proof that total disability was continuous up to the date of your death.

For Life Insurance Benefits

**For AD&D
Insurance
Benefits**

To receive AD&D Insurance benefits, you must complete and submit the appropriate Statement of Claim form and provide proof documenting your loss to the Benefits Service Center within 20 days after the loss occurs. In some cases, you may be requested to undergo an independent medical examination before benefits can be paid.

**How Benefits Are
Paid**

Approved Life and AD&D Insurance benefits are paid in a lump sum. However, other payment options may be available from MetLife. The Benefits Service Center will provide information about optional payment methods when you or your beneficiary is eligible to receive benefits.

**When Benefits
End**

Coverage under the Plan terminates when the first of these events happens:

- The day your employment ends.
- When the group contract terminates as to the coverage.
- When you are no longer in an eligible participant. (This may apply to all or part of your coverage.)
- When you fail to make any required contribution.

A dependent's coverage will terminate at the first to occur of:

- The termination of all dependents' coverage under the group contract.
- When such person is no longer an eligible dependent.
- When your coverage terminates.
- When you fail to make any required contribution.

Employee Assistance Program (EAP)

Employee Assistance Program

The Employee Assistance Program (EAP), run by Carebridge, provides the support you need to deal with the variety of challenges you may face – financial, legal, family, emotional, etc. All EAP services are free and confidential for you and your eligible spouse or same-sex domestic partner and child(ren).

Carebridge also provides a website, www.myliferesource.com, which puts a wealth of resources right at your fingertips. The Universal LifeHelps Library is one of the most extensive resources on the Web with over 1,474 Resource Centers centered on the five major areas of modern life: Myself, My Relationships, My Daily Life Concerns, My Wellness, and My Work. In addition, you will have access to legal documents and help finding service providers (e.g., childcare locations). You can visit the new, improved Carebridge website at www.myliferesource.com. When visiting for the first time, enter the American Water organization code (HXSBJ) to register for your account.

You don't have to access the Internet to benefit from Carebridge services. You can contact an EAP counselor by phone 24 hours a day, seven days a week at (800) 437-0911.

Additional Plan Information

Additional Plan Information

- **Plan Sponsor**

American Water Works Company, Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043

- **Plan Name** – Group Insurance Plan of American Water Works Company, Inc. and Designated Subsidiaries and Affiliates

- **Employer Identification Number** – 51-0063696

- **Plan Number** – 501

- **Effective Date of this Summary Plan Description**

January 1, 2011

- **Plan Year**

January 1 through December 31

- **Type of Plan**

Health and Welfare Benefit Plan, providing the following benefits: medical, dental, prescription drug, vision, employee assistance program, disability, life and accidental death insurance and flexible spending accounts. The medical, dental, prescription, vision and health care flexible spending account are provided under a "group health plan" within the meaning of federal law.

- **Type of Administration**

Self-Insured/Administrative Services Contract/Fully Insured

- **Plan Administrator**

Vice President, Human Resources
American Water
1025 Laurel Oak Road
Voorhees, NJ 08043
(856) 346-8200

- **Agent for Service of Legal Process**

The Secretary
American Water
1025 Laurel Oak Road
Voorhees, NJ 08043
(856) 346-8200

■ **Source of Contributions**

Employer and Employee

■ **Claims Administrator**

See “List of Contacts” on page 175.

■ **Appeals Administrator**

Benefit	Appeals Administrator	Phone
Medical and Flexible Spending Account Appeals	Horizon BCBSNJ Appeals Department Mail Station MT03W P.O. Box 110 Newark, NJ 07101 www.horizonblue.com/nationalaccounts Hawaii Medical Service Association	Horizon (888) 645-5533
Prescription Appeals	Prescription Claim Appeals (HZN) MC109 CVS Caremark P.O. Box 52084 Phoenix, AZ 85072-2084 <i>Please note address may change in future and you should always refer to communications provided by the Claims Administrator</i>	Stage 1 Appeals Fax: (866) 443-1172 or contact CVS Caremark Appeals Department toll-free at (866) 443-1183 Stage 2 Appeal Fax: (866) 284-7097
Life Insurance Appeals	Metropolitan Life Insurance Company Group Insurance Claims Review PO Box 6100 Scranton, PA 18505-6100	(800) 638 - 6420
Other Welfare Benefit Appeals (including Long Term Disability prior to August 1, 2012)	Retirement/Benefits Committee American Water 1025 Laurel Oak Road Voorhees, NJ 08043	(856) 346-8200
Vision Appeals	EyeMed Vision Care Attn: Quality Assurance 4000 Luxottica Place Mason OH 45040 Fax: (513) 492-3259	(866) 723-0514

Plan Notices

Medicare Part D Notice

If you are actively at work at age 65 or older and then you retire and become Medicare-eligible, you must call the Benefits Service Center to request a Notice of Creditable Coverage to avoid the Medicare Part D late enrollment fee.

Medicare Part B Enrollment

The following information comes from <http://questions.medicare.gov>, the Official U.S. Government Site for People with Medicare.

Can I delay Medicare Part B enrollment without paying higher premiums?

Yes. In certain cases, you can delay your Medicare Part B enrollment without having to pay higher premiums. If you didn't take Medicare Part B when you were first eligible because you or your spouse was working and had group health plan coverage through your or your spouse's employer or union, you can sign up for Medicare Part B during a Special Enrollment Period. You can sign up:

- Anytime you are still covered by the employer or union group health plan through your or your spouse's current or active employment; or
- During the eight months following the month the employer or union group health plan coverage ends or when the employment ends (whichever is first).

If you are disabled and working (or you have coverage from a working family member), the Special Enrollment Period rules also apply.

Effective date if you sign up during a Special Enrollment Period

If you enroll in Medicare Part B while covered by the group health plan or during the first full month after coverage ends, your Medicare Part B coverage starts on the first day of the month you enroll. You also can delay the start date for Medicare Part B coverage until the first day of any of the following three months.

If you enroll during any of the seven remaining months of the Special Enrollment Period, your Medicare Part B coverage begins the month after you enroll.

Remember: If you do not enroll in Medicare Part B during your Special Enrollment Period, you'll have to wait until the next General Enrollment Period, which is January 1 through March 31 of each year. You may then have to pay a higher Medicare Part B premium because you could have had Medicare Part B and did not take it. Call the Social Security Administration at (800) 772-1213 for more information or to enroll in Medicare. You can visit the Social Security website at www.socialsecurity.gov.

Amendment or Termination of the Plan

The Right to Amend or Terminate the Plan

American Water reserves the right to amend all or any of our employee benefit plans at any time, without prior notice to participants, including the right to change eligibility criteria or program costs and the right to restrict or eliminate benefits provided. The decision to change or end the plans may be caused by changes in federal or state laws governing benefits, the requirements of the Internal Revenue Code or ERISA, or any other reason.

The authority to make any such changes to the Plan generally rests with the Board of Directors of American Water or its designee, although the Plan Administrator may also change the Plan as required by law or in a manner which will not result in a material cost.

You will be notified if any material changes are made to the Plan or if it is terminated. No amendment, termination, or partial termination of the Plan will affect claims incurred for which items or services have been provided before the date of amendment, termination, or partial termination.

Filing a Claim

The claim-filing procedures for each type of benefit are outlined in the individual sections describing the benefits. In general, you and your eligible spouse, same-sex domestic partner, child(ren), or designated beneficiary (when applicable) must file a written claim on the proper form. You can obtain the necessary claim forms from the Benefits Service Center.

Claim Determination and Appeals Process

The contracts, booklets, and other materials that describe a particular benefit under the Plan will generally contain a specific set of claims and appeals procedures that you must follow to make a claim to receive that particular benefit and/or to appeal a denied claim for that particular benefit. Although these separate claims and appeals procedures will be very similar in most respects, there may be important differences. Because of this, you should follow the specific claims and appeals procedures for a particular benefit very carefully. If the documents and other materials that describe a particular benefit do not contain a specific set of claims and appeals procedures, the Plan's default procedures as described below will apply. Also, the Plan's default procedures shall apply to the extent the claims and/or appeals procedures do not comply with ERISA or other applicable law. If you have any questions about which set of claims and appeals procedures to follow or any other questions about making a claim, you should contact the Plan Administrator immediately.

For purposes of this section of the SPD describing the Plan's default claims and appeals procedures, the third parties to whom the Plan Administrator has delegated the authority to review and evaluate claims (in the case of the self-insured plans) and the insurance carriers (in the case of the insured plans) shall be referred to as the "Claims Administrator" at the initial claim level and the "Appeals Administrator" at the appeal level.

A request for benefits is a "claim" subject to these procedures only if you or your authorized representative files it in accordance with the Plan's claim filing guidelines. In general, claims must be filed in writing (except urgent care claims, which may be made orally) with the applicable provider. Any claim that does not relate to a specific benefit under the Plan (for example, a general eligibility claim) must be filed with the Plan Administrator at the address set forth in the "Additional Plan Information" section on page 138. A request for prior approval of a benefit or service where prior approval is not required under the Plan is not a "claim" under these rules. Similarly, a casual inquiry about benefits or the circumstances under which benefits might be paid under the Plan is not a "claim" under these rules, unless it is determined that your inquiry is an attempt to file a claim. If a claim is received but there is not enough information to allow the Claims Administrator to process the claim, you will be given an opportunity to provide the missing information.

Claims Not Involving Health Benefits

If you want to bring a claim for benefits under the Plan, you may designate an authorized representative to act on your behalf as long as you provide written notice of such designation to the Claims Administrator and/or the Appeals Administrator identifying such authorized representative. In the case of a claim for medical benefits involving urgent care, a health care professional with knowledge of your medical condition may act as your authorized representative with or without prior notice.

In the case of a claim not involving health benefits (e.g., Life, AD&D, LTD, STD, and Dependent Care Flexible Spending Account), initial claims for benefits under the Plan should be made by you in writing to the Claims Administrator.

Time Periods for Responding to Initial Claims

If you bring a claim for benefits under the Plan, the Claims Administrator will respond to you within 90 days (45 days for a claim involving disability benefits) after receipt of the claim. For claims not involving disability benefits, if the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 90-day period that up to an additional 90 days is needed to review your claim. In the case of a claim involving disability benefits, the Claims Administrator will notify you within the initial 45-day period that up to an additional 30 days is needed to review your claim. If the Claims Administrator determines that additional time is necessary to review your claim for disability benefits, the Claims Administrator may notify you of an additional 30-day extension.

Notice and Information Contained in Notice Denying Initial Claim

If the Claims Administrator denies your claim (in whole or in part), the Claims Administrator will provide you with written notice of the denial. This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Description of additional material – a description of any additional material or information necessary for you to substantiate your claim and an explanation as to why such information is necessary;

- Description of any internal rules – in the case of any claim involving disability benefits, a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the initial determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the determination and that a copy of such rule will be provided to you free of charge at your request; and
- Description of claims appeals procedures – a description of the Plan's appeals procedures and the time limits applicable for such procedures, including a statement that you are eligible to bring a civil action in federal court under Section 502 of ERISA to appeal any adverse decision on appeal.

Appealing a Denied Claim for Benefits

If the Claims Administrator denies your initial claim for benefits, you may appeal the denial by filing a written request with the Appeals Administrator within 60 days (180 days in the case of a claim involving disability benefits) after you receive the notice denying your initial claim for benefits. If you decide to appeal a denied claim for benefits, you will be able to submit written comments, documents, records, and other information relating to your claim for benefits (regardless of whether such information was considered in your initial claim for benefits) to the Appeals Administrator for review and consideration. You will also be entitled to receive, upon request and free of charge, access to, and copies of all documents, records, and other information relevant to your appeal.

Time Periods for Responding to Appealed Claims

If you appeal a denied claim for benefits under the Plan, the Appeals Administrator will respond to you within 60 days (45 days in the case of a claim involving disability benefits) after receipt of the claim. If the Appeals Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Appeals Administrator will notify you within the initial 60-day period (the initial 45-day period in the case of a claim involving disability benefits) that up to an additional 60 days (45 days in the case of a claim involving disability benefits) is needed to review your claim.

Notice and Information Contained in Notice Denying Appeal

If the Appeals Administrator denies your claim (in whole or in part), the Appeals Administrator will provide you with written notice of the denial. This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;

- Statement of entitlement to documents – a statement that you are entitled to receive, upon request and free of charge, access to and copies of, all documents, records and other information that is relevant to your claim and/or appeal for benefits;
- Description of any internal rules – in the case of a claim involving disability benefits, a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the appeal determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and
- Statement of right to bring action – a statement that you are entitled to bring a civil action in federal court under Section 502 of ERISA to pursue your claim for benefits.

The decision of the Appeals Administrator shall be final and conclusive on all persons claiming benefits under the Plan, subject to applicable law. If you challenge the decision of the Appeals Administrator, a review by a court of law will be limited to the facts, evidence, and issues presented during the claims procedure set forth above. The appeal process described herein must be exhausted before you can pursue the claim in federal court. Facts and evidence that become known to you after having exhausted the appeals procedure may be submitted for reconsideration of the appeal in accordance with the time limits established above. Issues not raised during the appeal will be deemed waived.

Claims Involving Medical Benefits

In the case of a claim involving medical benefits, initial claims for benefits under the Plan should be made by you in writing to the Claims Administrator.

Types of Claims

There are several different types of claims that you may bring under the Plan. The Plan's procedures for evaluating claims (for example, the time limits for responding to claims and appeals) depend upon the particular type of claim. The types of claims that you generally may bring under the Plan are as follows:

- Pre-Service Claim – A “pre-service claim” is a claim for a particular benefit under the Plan that is conditioned upon you receiving prior approval in advance of receiving the benefit. A pre-service claim must contain, at a minimum, the name of the individual for whom benefits are being claimed, a specific medical condition or symptom, and a specific treatment, service, or product for which approval is being requested.

- **Post-Service Claim** – A “post-service claim” is a claim for payment for a particular benefit or for a particular service after the benefit or service has been provided. A post-service claim must contain the information requested on a claim form provided by the applicable provider. *Note: Claims under the Health Care Flexible Spending Account are always post-service claims.*
- **Urgent Care Claim** – An “urgent care claim” is a claim for benefits or services involving a sudden and urgent need for such benefits or services. A claim will be considered to involve urgent care if the Claims Administrator or a doctor with knowledge of your condition determines that the application of the claims review procedures for non-urgent claims (i) could seriously jeopardize your life or your health, or your ability to regain maximum function, or (ii) in your doctor’s opinion, would subject you to severe pain that cannot adequately be managed without the care or treatment that is the subject of the claim.
- **Concurrent Care Review Claim** – A “concurrent care review claim” is a claim relating to the continuation/reduction of an ongoing course of treatment.

Time Periods for Responding to Initial Claims

If you bring a claim for benefits under the Plan, the Claims Administrator will respond to your claim within the following time periods:

- **Post-Service Claim** – In the case of a post-service claim, the Claims Administrator shall respond to you within 30 days after receipt of the claim. If the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 30-day period that the Claims Administrator needs up to an additional 15 days to review your claim. If such an extension is necessary because you failed to provide the information necessary to evaluate your claim, the notice of extension will describe the information that you need to provide to the Claims Administrator. You will have no less than 45 days from the date you receive the notice to provide the requested information.

- **Pre-Service Claim** – In the case of a pre-service claim, the Claims Administrator shall respond to you within 15 days after receipt of the claim. If the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 15-day period that the Claims Administrator needs up to an additional 15 days to review your claim. If such an extension is necessary because you failed to provide the information necessary to evaluate your claim, the notice of extension will describe the information that you need to provide to the Claims Administrator. You will have no less than 45 days from the date you receive the notice to provide the requested information.
- **Urgent Care Claim** – In the case of an urgent care claim, the Claims Administrator shall respond to you within 72 hours after receipt of the claim. If the Claims Administrator determines that it needs additional information to review your claim, the Claims Administrator will notify you within 24 hours after receipt of the claim and provide you with a description of the additional information that it needs to evaluate your claim. You will have no less than 48 hours from the time you receive this notice to provide the requested information. Once you provide the requested information, the Claims Administrator will evaluate your claim within 48 hours after the earlier of the Claims Administrator's receipt of the requested information, or the end of the extension period given to you to provide the requested information. There is a special time period for responding to a request to extend an ongoing course of treatment if the request is an urgent care claim. For these types of claims, the Claims Administrator must respond to you within 24 hours after receipt of the claim by the Plan (provided, that you make the claim at least 24 hours prior to the expiration of the ongoing course of treatment).
- **Concurrent Care Review Claim** – If the Plan has already approved an ongoing course of treatment for you and contemplates reducing or terminating the treatment, the Claims Administrator will notify you sufficiently in advance of the reduction or termination of treatment to allow you to appeal the Claims Administrator's decision and obtain a determination on review before the treatment is reduced or terminated.

Notice and Information Contained in Notice Denying Initial Claim

If the Claims Administrator denies your claim (in whole or in part), the Claims Administrator will provide you with written notice of the denial (although initial notice of a denied urgent care claim may be provided to you orally). This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to Plan provisions – reference to the specific Plan provisions on which the denial is based;
- Description of additional material - a description of any additional material or information necessary for you to substantiate your claim and an explanation as to why such information is necessary;
- Description of any internal rules – a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the initial determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and
- Description of claims appeals procedures – a description of the Plan's appeals procedures and the time limits applicable for such procedures (such description will include a statement that you are eligible to bring a civil action in federal court under Section 502 of ERISA to appeal any adverse decision on appeal and a description of any expedited review process for urgent care claims).

Appealing a Denied Claim for Benefits (Internal Appeal)

If the Claims Administrator denies your initial claim for benefits, you may appeal the denial by filing a written request (or an oral request in the case of an urgent care claim) with the Appeals Administrator within 180 days after you receive the notice denying your initial claim for benefits.

If you decide to appeal a denied claim for benefits, you will be able to submit written comments, documents, records, and other information relating to your claim for benefits (regardless of whether such information was considered in your initial claim for benefits) to the Appeals Administrator for review and consideration. You will also be entitled to receive, upon request and free of charge, access to, and copies of, all documents, records, and other information that is relevant to your appeal.

Time Periods for Responding to Internal Appeal Claims

If you appeal a denied claim for benefits, the Appeals Administrator will respond to your claim within the following time periods:

- Post-Service Claim – In the case of an appeal of a denied post-service claim, the Appeals Administrator shall respond to you within 60 days after receipt of the appeal.
- Pre-Service Claim – In the case of an appeal of a denied pre-service claim, the Appeals Administrator shall respond to you within 30 days after receipt of the appeal.
- Urgent Care Claim – In the case of an appeal of a denied urgent care claim, the Appeals Administrator shall respond to you within 72 hours after receipt of the appeal.
- Concurrent Care Review Claim – In the case of an appeal of a denied concurrent care review claim, the Appeals Administrator shall respond to you before the concurrent or ongoing treatment in question is reduced or terminated.

Notice and Information Contained in Notice Denying Appeal

If the Appeals Administrator denies your claim (in whole or in part), the Appeals Administrator will provide you with written notice of the denial (although initial notice of a denied urgent care claim may be provided to you orally or via facsimile or other similarly expeditious means of communication). This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Statement of entitlement to documents – a statement that you are entitled to receive, upon request and free of charge, access to and copies of, all documents, records, and other information that is relevant to your claim and/or appeal for benefits;
- Description of any internal rules – a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the appeal determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and
- Statement of right to bring action - a statement that you are entitled to bring a civil action in federal court under Section 502 of ERISA to pursue your claim for benefits.

If the time limitations set forth have not been exceeded, no person may bring an action in a court of law unless the claims review procedure is exhausted and a final determination has been made. The decision of the Appeals Administrator shall be final and conclusive on all persons claiming benefits under the Plan, subject to applicable law. If you challenge the decision of the Appeals Administrator, a review by a court of law will be limited to the facts, evidence and issues presented during the claims procedure set forth above. The appeal process described herein must be exhausted before you can pursue the claim in federal court. Facts and evidence that become known to you after having exhausted the appeals procedure may be submitted for reconsideration of the appeal in accordance with the time limits established above. Issues not raised during the appeal will be deemed waived.

Further External Appeal Rights

If you are dissatisfied with the results of the Appeals Administrator's internal appeal process, and you wish to pursue an external appeal with an independent review organization (IRO), you must submit a written request within four months from your receipt of our final adverse benefit determination of your appeal. Send your appeal to:

Horizon BCBSNJ Appeals Department
Mail Station PP-14E
P.O. Box 420
Newark, NJ 07101

You may also initiate an appeal by calling (888) 221-6392.

Upon receipt of your written request a preliminary review of your request will be conducted and completed within five business days by the Appeals Administrator to determine:

- Your eligibility under the Plan at the time the service was requested or provided;
- That the adverse benefit determination does not relate to your failure to meet eligibility requirements under the terms of the Plan;
- That the internal appeals process has been exhausted (if required); and
- That you have provided all the information and forms required to process the external review.

Note: You may request an expedited external review for appeal of a denied urgent care claim.

After the completion of this preliminary review, you will receive written notice within one business day informing you of the determination regarding the eligibility of your request for external review. If your request was complete but not eligible for external review, the notice will include the reasons for your appeal not being eligible, and you will be provided the contact information for the Employee Benefits Security Administration who you may contact regarding your appeal at (866) 444-EBSA (3272). If your request was not complete, you will be advised as to what information or materials are needed to make your appeal request complete. In such cases, you will have 48 hours from your receipt of the notice, or the balance of the four month filing period for external appeals, whichever is longer, to perfect your appeal.

If your request for an external review meets the eligibility requirements as discussed above, your appeal will be assigned to an independent review organization (IRO) by the Appeals Administrator. The IRO will timely notify you in writing of your request's eligibility and acceptance for external review. This notice will include a statement that you may submit in writing to the assigned IRO within 10 business days following your receipt of the notice additional information that the IRO must consider when conducting the external review.

Within five business days after the date of assignment of the IRO, the Plan must provide to the assigned IRO the documents and any information considered in making the initial adverse benefit determination or the final adverse benefit determination. Failure of the Plan to timely submit the documents and information will not delay the conduct of the external review. If the Plan fails to timely supply the documents and information, the IRO may terminate the review and reverse the adverse benefit determination. If this occurs, the IRO will notify you and the Plan within one business day of its decision.

If you submit additional information to the IRO the IRO will, within one business day, forward this information to the Plan for its consideration. Upon its receipt, the Plan may reconsider its adverse benefits determination. Reconsideration by the Plan will not delay the external review. The Plan will have up to the end of the IRO's review period to reconsider its adverse benefit determination. The external review may be terminated as a result of the reconsideration only if the Plan decides, upon completion of its reconsideration, to reverse its adverse benefit determination or final internal adverse benefit determination and provide coverage or payment. Within one business day of making such a decision, the Plan must provide written notice of the decision to you and the IRO, and the IRO must terminate the external review upon its receipt of such notice from the Plan.

The IRO will review all of the information and documents timely received. In reaching a decision, the IRO will review the claim *de novo* (anew) and is not bound by any decisions or conclusions reached during the Plan's internal claims and appeals processes. The IRO will provide its written final external review decision to the claimant and the plan within 45 days after the IRO first received the request for the external review, and will include a general description of the reasons for the requested review, including information sufficient to identify the claim, the dates of service, the health care provider's name, the claim amount, the diagnosis and treatment codes and their meanings, and the reason for the previous denial. The decision will also include the date the IRO received the request, references to the documentation relied on for its decision (including specific coverage provisions and evidence based standards, considered in reaching the decision), a statement that the determination is binding except to the extent that other remedies may be available under state or federal law to either you or the group health plan, a statement that judicial review may be available to you, and that additional assistance may be available to you by contacting the applicable office of health insurance consumer assistance or ombudsman whose contact information will be listed on the written final external review decision.

Expedited External Review. An adverse benefit determination may be eligible for an expedited external review if:

- You have received an adverse benefit determination which involves a medical condition for which the timeframe for completion of an expedited internal appeal (as described above) would seriously jeopardize your life or health, or your ability to regain maximum function, and you have filed a request for an expedited internal appeal; or
- You have received an adverse benefit determination which involves a medical condition where the timeframe or completion of a standard external review would seriously jeopardize your life or health or would jeopardize your ability to regain maximum function, or if the adverse benefit determination concerns an admission, availability of care, continued stay, or health care item or service for which you have received emergency services, but you have not been discharged from a facility.

- If you make a request for an expedited external review, the Plan Administrator will immediately review the request and provide you with written notice of whether the adverse benefit determination is eligible for external review. If the adverse benefit determination is eligible for external review, the Appeals Administrator will forward the request to an IRO (electronically, by telephone or fax, or by other similar manner), along with all documents and information it considered in making its adverse benefit determination.

The IRO will follow the review process described above, and render a decision within 72 hours after it receives the request for review. The IRO will provide a written confirmation of its decision to both the claimant and the Plan with 48 hours thereafter.

Upon receipt of the final external review decision reversing the adverse benefit determination, the Appeals Administrator will immediately provide coverage or payment for the claim or service involved.

All medical appeals will provide:

- The opportunity to submit written comments, documents, records and other information relating to your claim for benefits, and that all such submissions will be considered by the Plan in deciding the appeal.
- The right to request that you be provided reasonable access to, and copies of, all documents, records, medical necessity criteria utilized to make the determination and other information relevant to your claim for benefits free of charge.
- A review that does not afford deference to the initial adverse utilization management determination, and is conducted by Medical Directors who are neither the person who made the initial decision nor a subordinate of the person who made the initial decision.
- That, in instances when the decision involves medical judgment, a health care professional who has appropriate training and experience in the field of medicine will be consulted, who again is neither the person who made the initial decision nor a subordinate of the person who made the initial decision.

- That the Appeals Administrator will identify, upon your request, the medical or vocational experts whose advice was obtained in connection with your medical appeal, whether we relied on the experts advice or not in making our decision. While your internal appeal is pending, the Appeals Administrator will provide you with a copy (free of charge) of any new or additional evidence considered, relied upon or generated by the plan in reaching our decision sufficiently in advance of the date by which we will decide your case to allow you the reasonable opportunity to respond prior to that date. In addition, before the Plan can issue a final appeal determination based on a new or additional rationale than what was previously relied upon, the Appeals Administrator will provide you with the new or additional rationale (free of charge) sufficiently in advance of the date by which we will decide your case to allow you the reasonable opportunity to respond to that rationale prior to that date.
- The diagnoses codes and its corresponding meaning and the treatment code(s) and their corresponding meanings that are involved in your appeal will be identified and included in all written communications regarding your appeal.

You also have the right to bring a civil action under Section 502(a) of ERISA following your appeal of our determination through the internal appeal process.

Claims Involving Other Health Benefits

In the case of a claim involving other health benefits (e.g., Dental/Vision, Prescription Drug, Employee Assistance Program, and Health Care Flexible Spending Account), initial claims for benefits under the Plan should be made by you in writing to the Claims Administrator.

Types of Claims

There are several different types of claims that you may bring under the Plan. The Plan's procedures for evaluating claims (for example, the time limits for responding to claims and appeals) depend upon the particular type of claim. The types of claims that you generally may bring under the Plan are as follows:

- Pre-Service Claim – A “pre-service claim” is a claim for a particular benefit under the Plan that is conditioned upon you receiving prior approval in advance of receiving the benefit. A pre-service claim must contain, at a minimum, the name of the individual for whom benefits are being claimed, a specific medical condition or symptom, and a specific treatment, service, or product for which approval is being requested.

- **Post-Service Claim** – A “post-service claim” is a claim for payment for a particular benefit or for a particular service after the benefit or service has been provided. A post-service claim must contain the information requested on a claim form provided by the applicable provider. *Note: Claims under the Health Care Flexible Spending Account are always post-service claims.*
- **Urgent Care Claim** – An “urgent care claim” is a claim for benefits or services involving a sudden and urgent need for such benefits or services. A claim will be considered to involve urgent care if the Claims Administrator or a doctor with knowledge of your condition determines that the application of the claims review procedures for non-urgent claims (i) could seriously jeopardize your life or your health, or your ability to regain maximum function, or (ii) in your doctor’s opinion, would subject you to severe pain that cannot adequately be managed without the care or treatment that is the subject of the claim.
- **Concurrent Care Review Claim** – A “concurrent care review claim” is a claim relating to the continuation/reduction of an ongoing course of treatment.

Time Periods for Responding to Initial Claims

If you bring a claim for benefits under the Plan, the Claims Administrator will respond to your claim within the following time periods:

- **Post-Service Claim** – In the case of a post-service claim, the Claims Administrator shall respond to you within 30 days after receipt of the claim. If the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 30-day period that the Claims Administrator needs up to an additional 15 days to review your claim. If such an extension is necessary because you failed to provide the information necessary to evaluate your claim, the notice of extension will describe the information that you need to provide to the Claims Administrator. You will have no less than 45 days from the date you receive the notice to provide the requested information.

- **Pre-Service Claim** – In the case of a pre-service claim, the Claims Administrator shall respond to you within 15 days after receipt of the claim. If the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 15-day period that the Claims Administrator needs up to an additional 15 days to review your claim. If such an extension is because you failed to provide the information necessary to evaluate your claim, the notice of extension will describe the information that you need to provide to the Claims Administrator. You will have no less than 45 days from the date you receive the notice to provide the requested information.
- **Urgent Care Claim** – In the case of an urgent care claim, the Claims Administrator shall respond to you within 72 hours after receipt of the claim. If the Claims Administrator determines that it needs additional information to review your claim, the Claims Administrator will notify you within 24 hours after receipt of the claim and provide you with a description of the additional information that it needs to evaluate your claim. You will have no less than 48 hours from the time you receive this notice to provide the requested information. Once you provide the requested information, the Claims Administrator will evaluate your claim within 48 hours after the earlier of the Claims Administrator's receipt of the requested information, or the end of the extension period given to you to provide the requested information. There is a special time period for responding to a request to extend an ongoing course of treatment if the request is an urgent care claim. For these types of claims, the Claims Administrator must respond to you within 24 hours after receipt of the claim by the Plan (provided, that you make the claim at least 24 hours prior to the expiration of the ongoing course of treatment).
- **Concurrent Care Review Claim** – If the Plan has already approved an ongoing course of treatment for you and contemplates reducing or terminating the treatment, the Claims Administrator will notify you sufficiently in advance of the reduction or termination of treatment to allow you to appeal the Claims Administrator's decision and obtain a determination on review before the treatment is reduced or terminated.

Notice and Information Contained in Notice Denying Initial Claim

If the Claims Administrator denies your claim (in whole or in part), the Claims Administrator will provide you with written notice of the denial (although initial notice of a denied urgent care claim may be provided to you orally). This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Description of additional material – a description of any additional material or information necessary for you to substantiate your claim and an explanation as to why such information is necessary;
- Description of any internal rules – a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the initial determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and
- Description of claims appeals procedures – a description of the Plan's appeals procedures and the time limits applicable for such procedures (such description will include a statement that you are eligible to bring a civil action in federal court under Section 502 of ERISA to appeal any adverse decision on appeal and a description of any expedited review process for urgent care claims).

Appealing a Denied Claim for Benefits

If the Claims Administrator denies your initial claim for benefits, you may appeal the denial by filing a written request (or an oral request in the case of an urgent care claim) with the Appeals Administrator within 180 days after you receive the notice denying your initial claim for benefits. If you decide to appeal a denied claim for benefits, you will be able to submit written comments, documents, records, and other information relating to your claim for benefits (regardless of whether such information was considered in your initial claim for benefits) to the Appeals Administrator for review and consideration. You will also be entitled to receive, upon request and free of charge, access to, and copies of, all documents, records, and other information that is relevant to your appeal.

Time Periods for Responding to Appealed Claims

If you appeal a denied claim for benefits, the Appeals Administrator will respond to your claim within the following time periods:

- Post-Service Claim – In the case of an appeal of a denied post-service claim, the Appeals Administrator shall respond to you within 60 days after receipt of the appeal.

- Pre-Service Claim – In the case of an appeal of a denied pre-service claim, the Appeals Administrator shall respond to you within 30 days after receipt of the appeal.
- Urgent Care Claim – In the case of an appeal of a denied urgent care claim, the Appeals Administrator shall respond to you within 72 hours after receipt of the appeal.
- Concurrent Care Review Claim – In the case of an appeal of a denied concurrent care review claim, the Appeals Administrator shall respond to you before the concurrent or ongoing treatment in question is reduced or terminated.

Notice and Information Contained in Notice Denying Appeal

If the Appeals Administrator denies your claim (in whole or in part), the Appeals Administrator will provide you with written notice of the denial (although initial notice of a denied urgent care claim may be provided to you orally or via facsimile or other similarly expeditious means of communication). This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Statement of entitlement to documents – a statement that you are entitled to receive, upon request and free of charge, access to and copies of, all documents, records and other information that is relevant to your claim and/or appeal for benefits;
- Description of any internal rules – a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the appeal determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and
- Statement of right to bring action – a statement that you are entitled to bring a civil action in federal court under Section 502 of ERISA to pursue your claim for benefits.

If the time limitations set forth have not been exceeded, no person may bring an action in a court of law unless the claims review procedure is exhausted and a final determination has been made. The decision of the Appeals Administrator shall be final and conclusive on all persons claiming benefits under the Plan, subject to applicable law. If you challenge the decision of the Appeals Administrator, a review by a court of law will be limited to the facts, evidence and issues presented during the claims procedure set forth above. The appeal process described herein must be exhausted before you can pursue the claim in federal court. Facts and evidence that become known to you after having exhausted the appeals procedure may be submitted for reconsideration of the appeal in accordance with the time limits established above. Issues not raised during the appeal will be deemed waived.

Your Rights Under ERISA

What Are Your Rights?

The intent of this SPD is to meet the Summary Plan Description requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA). However, if there is a conflict between the information contained in the official Plan documents and the information contained in this SPD, the information in the Plan documents will take precedence.

Under ERISA, you are entitled to:

Receive Information About Your Plan and Benefits

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Continue Group Health Plan Coverage

- Continue health care coverage for yourself, eligible spouse, or eligible child(ren) if there is a loss of coverage under the Plan as a result of a qualifying event. You or your eligible spouse or eligible child(ren) may have to pay for such coverage. Review this Summary Plan Description and the documents governing the Plan on the rules governing your COBRA continuation coverage rights.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan’s decision or lack thereof concerning the qualified status of a medical child support order, you may file suit in federal court. If it should happen that plan fiduciaries misuse the Plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance With Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

ERISA Claim Fiduciary

For the purposes of ERISA, all third party administrators and insurance carriers are fiduciaries, with complete authority to review all denied claims for benefits under this program. This includes, but is not limited to, the denial of certification of the medical necessity of hospital or medical treatment.

In exercising its fiduciary responsibility, the American Water Retirement / Benefits Committee shall have discretionary authority to determine whether and to what extent employees and beneficiaries are entitled to benefits, and to interpret any disputed or doubtful terms of the Plan. The American Water Retirement / Benefits Committee shall be deemed to have properly exercised such authority unless it acts arbitrarily or capriciously.

Some of the employees who participate in this Plan do so under the terms of collective bargaining agreements. The Company takes its obligations under those agreements very seriously and will, as required either by the Company's contractual agreements or by law, negotiate changes to the Plan affecting union members with those unions whose members participate in the Plan.

Plan Benefits

These benefits are provided by American Water. The following Plans are self-insured benefits:

- Preferred Provider Organization (PPO) Plan
- Dental/Vision Plans
- Prescription Drug Program
- Short Term Disability Plan

- Health Care Flexible Spending Account
- Dependent Care Flexible Spending Account

Horizon provides certain administrative services for the Preferred Provider Organization and the Flexible Spending Account Plans. CVS Caremark administers the Prescription Drug Program. EyeMed provides certain administrative services for the Vision Plan. Aetna provides certain administrative services for the Dental and prior to August 1, 2012 the Short Term Disability Plan, and effective August 1, 2012, MetLife provides certain administrative services for the Short Term Disability Plan. Prior to August 1, 2012 Aetna provides certain administrative services for the Long Term Disability Plan, and effective August 1, 2012, MetLife begins providing certain administrative services to the Long Term Disability Plan.

American Water, Horizon, CVS Caremark, Aetna, EyeMed, and MetLife reserve the right to interpret all plan provisions as necessary and to make all determinations regarding benefits payable under these American Water Employee Benefit Plans.

The following Plans are fully insured:

- Life Insurance Plan
- New Jersey State Short Term Disability Plan
- Long Term Disability Plan
- EAP

Plan Documents

In preparing this Summary Plan Description, American Water has attempted to avoid complex language and legal terms whenever possible. If a question should ever arise concerning the nature and extent of benefits under any aspect of the American Water Group Insurance Plan, the actual legal Plan documents and not this Summary Plan Description, will govern.

Continuation of Health Coverage

Introduction

This section contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you and to other members of your family who are covered under the Plan when you would otherwise lose your group health coverage. This section generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.

Note: Eligible Hawaii employees and their eligible spouse or child(ren) may participate in the HMSA Medical Plan, and are eligible for COBRA continuation coverage under that plan.

For more information about your rights and obligations under the Plan and under federal law, you should contact the Plan Administrator.

The Plan Administrator is Vice President Human Resources, American Water, 1025 Laurel Oak Road, Voorhees, NJ 08043, (856) 346-8200. The Plan Administrator is responsible for administering COBRA continuation coverage.

What Is COBRA Continuation Coverage?

COBRA continuation coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a “qualifying event.” Specific qualifying events are listed later in this section. COBRA continuation coverage must be offered to each person who is a “qualified beneficiary.” A qualified beneficiary is someone who will lose coverage under the Plan because of a qualifying event. Depending on the type of qualifying event, employees, spouses of employees, same-sex domestic partners of employees, and children of employees may be qualified beneficiaries. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

If you are an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because either one of the following qualifying events happens:

- Your hours of employment are reduced; or
- Your employment ends for any reason other than your gross misconduct.

If you are the spouse of an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because any of the following qualifying events happens:

- Your spouse dies;
- Your spouse's hours of employment are reduced;
- Your spouse's employment ends for any reason other than his or her gross misconduct;
- Your spouse becomes enrolled in Medicare benefits (Part A, Part B, or both); or
- You become divorced or legally separated from your spouse.

Your eligible children will become qualified beneficiaries if they will lose coverage under the Plan because any of the following qualifying events happens:

- The parent-employee dies;
- The parent-employee's hours of employment are reduced;
- The parent-employee's employment ends for any reason other than his or her gross misconduct;
- The parent-employee becomes enrolled in Medicare benefits (Part A, Part B, or both);
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the Plan as an "eligible child."

Note: Same-sex domestic partners are not qualified beneficiaries for purposes of COBRA continuation. However, although these individuals do not have an independent right to elect COBRA continuation coverage, if you elect COBRA continuation coverage for yourself, you may also cover your same-sex domestic partner even if he or she is not considered a qualified beneficiary under COBRA. Your same-sex domestic partner's coverage will terminate when your COBRA coverage terminates.

When is COBRA Coverage Available?

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the employee, or the employee's becoming entitled to Medicare benefits (Part A, Part B, or both), the employer must notify the Plan Administrator of the qualifying event.

You Must Give Notice of Some Qualifying Events

For the other qualifying events (divorce or legal separation of the employee and spouse or a child's losing eligibility for coverage as an eligible child), you must notify the Plan Administrator in writing within 60 days after the qualifying event occurs. You must send this notice to the Benefits Service Center, American Water, 131 Woodcrest Road, Cherry Hill, NJ 08034, along with documentation of the event.

COBRA Qualifying Events and Duration Overview

Maximum Continuation Period (Months) For:			
Qualifying Event	You	Eligible Spouse/Same-Sex Domestic Partner	Eligible Child
You lose coverage because of reduced work hours or taking unpaid leave, other than leave under the FMLA	18	18	18
You terminate employment for any reason (except gross misconduct)	18	18	18
You, your spouse, or your eligible child is disabled – as defined by the Social Security Act – at the time of the qualifying event or during the first 60 days of COBRA continuation coverage	29 (Initial 18 months, plus additional 11 months)	29 (Initial 18 months, plus additional 11 months)	29 (Initial 18 months, plus additional 11 months)
Your child no longer qualifies as an eligible child	N/A	N/A	36
You die – <i>NOTE: the Company will pay 100% of the applicable COBRA premium for up to 18 months</i>	N/A	36	36

Maximum Continuation Period (Months) For:			
Qualifying Event	You	Eligible Spouse/Same-Sex Domestic Partner	Eligible Child
You and your spouse divorce or legally separate	N/A	36	36
You become entitled to Medicare benefits (under Part A, Part B or both)	N/A	36	36

How Long Does COBRA Coverage Last?

COBRA continuation coverage is a temporary extension of coverage. When the qualifying event is the death of the employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce or legal separation, or a child's losing eligibility as an eligible child, COBRA continuation coverage lasts for up to a total of 36 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. For example, if a covered employee becomes entitled to Medicare eight months before the date on which his or her employment terminates, COBRA continuation coverage for the spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus eight months). Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months.

There are two ways in which this 18-month period of COBRA continuation coverage can be extended.

Disability extension of 18-month period of continuation coverage.

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled and you notify the Plan Administrator in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. The disability would have to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. You must provide the Plan Administrator with notice of the Social Security Administration's determination within 60 days of the latest of (1) the date of the Social Security Administration's disability determination; (2) the date of the qualifying event; (3) the date on which the qualified beneficiary would lose coverage under the Plan; or (4) the date you are provided notice of your COBRA continuation coverage rights. Notice should be sent to the Benefits Service Center, American Water, 131 Woodcrest Road, Cherry Hill, NJ 08034, along with a copy of the determination received from the Social Security Administration.

Second qualifying event extension of 18-month period of

continuation coverage. If your spouse or eligible children experience another qualifying event while receiving 18 or 29 months of COBRA continuation coverage, the spouse and eligible children can get up to 36 total months of COBRA continuation coverage, if written notice of the second qualifying event is properly given to the Plan Administrator. This extension is available if the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), or gets divorced or legally separated, or if the child stops being eligible under the Plan as an eligible child, but only if the event would have caused the spouse or eligible child to lose coverage under the Plan had the first qualifying event not occurred. If the second qualifying event is divorce or legal separation or the child ceasing to be eligible under the Plan, written notice must be sent to the Benefits Service Center, American Water, 131 Woodcrest Road, Cherry Hill, NJ 08034, along with documentation of the second qualifying event.

How Do You Elect COBRA Coverage?

To elect continuation coverage, you must complete an election form supplied by the Plan Administrator within 60 days of the date you receive notice of your COBRA continuation coverage rights. Each qualified beneficiary has a separate right to elect continuation coverage. For example, the employee's spouse may elect continuation coverage even if the employee does not. Continuation coverage may be elected for only one, several, or for all eligible children who are qualified beneficiaries. A parent may elect to continue coverage on behalf of any eligible children. The employee or the employee's spouse can elect continuation coverage on behalf of all of the qualified beneficiaries.

How Much Does COBRA Coverage Cost?

Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102% (or, in the case of an extension of continuation coverage due to a disability, 150%) of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. The required payment for each continuation coverage period for each option is described in this notice.

Trade Act of 2002

The Trade Act of 2002 amended COBRA to provide for a special second 60-day COBRA election period for certain employees who have experienced a termination or reduction of hours and who lose group health plan coverage as a result. The special second COBRA election period is available only to a very limited group of individuals: generally, those who are receiving trade adjustment assistance (TAA) or “alternative trade adjustment assistance” under a federal law called the Trade Act of 1974. These Employees are entitled to a second opportunity to elect COBRA coverage for themselves and certain family members (if they did not already elect COBRA coverage), but only within a limited period of 60 days from the first day of the month when an individual begins receiving TAA (or would be eligible to receive TAA but for the requirement that unemployment benefits be exhausted) and only during the six months immediately after their group health plan coverage ended.

If an employee qualifies or may qualify for assistance under the Trade Act of 1974, he or she should contact the Plan Administrator for additional information. The employee must contact the Plan Administrator promptly after qualifying for assistance under the Trade Act of 1974 or the employee may lose his or her special COBRA rights. COBRA coverage elected during the special second election period is not retroactive to the date that Plan coverage was lost, but begins on the first day of the special second election period.

Special Rules for the Health Care Flexible Spending Account

COBRA coverage will consist of the Health Care Flexible Spending Account coverage in force at the time of the qualifying event (i.e., the elected annual limit reduced by expenses reimbursed up to the time of the qualifying event). The use-it-or-lose-it rule will continue to apply, so any unused amounts will be forfeited at the end of the Plan Year, and COBRA coverage will terminate at the end of the Plan Year. Under the special grace period rule described on page 93, if you make all required COBRA premium payments through December 31, expenses incurred for the period January 1 – March 15 of the following calendar year can be applied against any remaining balance in your Health Care Flexible Spending Account. Expenses must be submitted by April 30 of the year following the year in which COBRA coverage commenced.

Unless otherwise elected, all qualified beneficiaries who were covered under the Health Care Flexible Spending Account will be covered together for Health Care Flexible Spending Account COBRA coverage. However, each qualified beneficiary could alternatively elect separate COBRA coverage to cover that beneficiary only, with a separate Health Care Flexible Spending Account annual limit and a separate premium.

Keep Your Plan Informed of Address Changes

In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

If You Have Questions

If you have questions about your COBRA continuation coverage, you should contact the Benefits Service Center, 131 Woodcrest Road, Cherry Hill, NJ 08034, (866) 888-8269, or you may contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA). Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website at www.dol.gov/ebsa.

Continuation of Coverage During an Approved Leave of Absence Granted to Comply With Federal Law

FMLA Leave

This continuation of coverage section applies only for the period of any approved family or medical leave (approved FMLA leave) required by the Family and Medical Leave Act of 1993 (FMLA). If American Water grants you an approved FMLA leave for a period in excess of the period required by FMLA, any continuation of coverage during that excess period will be subject to prior written agreement between the appropriate carriers and American Water.

If American Water grants you an approved FMLA leave in accordance with FMLA, you may, during the continuance of such approved FMLA leave, continue any coverage you and your eligible spouse, same-sex domestic partner, and child(ren) have under the American Water Plan at the time the leave commences.

At the time you request the leave, you must agree to make any contributions required by American Water to continue coverage. At the time your leave begins, you will be advised on how to make payments. American Water will continue to make its contributions toward such coverage.

If any coverage you are allowed to continue has reduction rules applicable by reason of age or retirement, the coverage will be subject to such rules while you are on FMLA leave.

If you acquire a new eligible spouse, same-sex domestic partner, or child(ren) while your coverage is continued during an approved FMLA leave, the eligible spouse, same-sex domestic partner, or child(ren) will be eligible for the continued coverage on the same terms as would be applicable if you were actively at work, not on an approved FMLA leave.

Military Leave

If you are absent from work for active military duty that is covered by the federal Uniformed Services Employment and Reemployment Rights Act ("USERRA"), your right to continued participation in the Plan will be as follows:

- If you are absent from work for less than 31 days, you, your eligible spouse or same-sex domestic partner, and your child(ren) may continue any coverage under this Plan in effect when your military leave begins.

- If you are absent for more than 30 days, you may elect to continue any coverage under this Plan for yourself, your eligible spouse, same-sex domestic partner, or child(ren) for up to 24 months or the period of your military service, whichever is shorter. You will be required to pay up to 102% of the normal premium for this continued coverage. If you elect not to continue coverage under a group health benefit, your coverage will be reinstated to the extent required under USERRA upon your return to employment.

When FMLA or Military Leave Terminates

If health care coverage terminates because your approved FMLA leave is deemed terminated by American Water, you may, on the date of such termination, be eligible for continuation under federal law on the same terms as though your employment terminated, other than for gross misconduct, on such date.

If You Return to Work

If you return to work for American Water following the date American Water determines the approved FMLA leave is terminated, or you return to work in accordance with requirements under USERRA following the date American Water determines the approved military leave is terminated, your coverage under the group contract will be in force as though you had continued in active employment rather than going on an approved FMLA or military leave, provided you make request for such coverage within 31 days of the date American Water determines the approved FMLA leave to be terminated. If you do not make such request within 31 days, you will not have a chance to re-enroll before the next Open Enrollment period.

Maximum Length of Coverage

Coverage will not be continued beyond the first to occur of:

- The date you are required to make any contribution and you fail to do so.
- The date American Water determines your approved FMLA or military leave is terminated and you fail to return to work.
- The date the coverage involved discontinues as to your Eligible Class.

Any coverage being continued for an eligible spouse, same-sex domestic partner, or child(ren) will not be continued beyond the date it would otherwise terminate.

Continuation of Coverage During an Approved Non-FMLA and Non-Military Leave of Absence

Except as otherwise indicated in this SPD, if you are absent from work on an approved non-FMLA and non-military leave for any reason, American Water will continue any coverage for you, your eligible spouse, same-sex domestic partner, or child(ren) in effect when your leave of absence begins as follows to the extent applicable premium payments are made.

- If you are receiving disability benefits under the Plan and you have less than one year of service with American Water, coverage may continue for up to 12 months.
- If you are receiving disability benefits under the Plan and you have one to five years of service with American Water, coverage may continue for up to 18 months.
- If you are receiving disability benefits under the Plan and you have more than five years of service with American Water, coverage may continue for up to 24 months.

At the time you request the leave, you must agree to make any contributions required by American Water to continue coverage. At the time your leave begins, you will be advised on how to make payments. American Water will continue to make its contributions toward such coverage.

If any coverage you are allowed to continue has reduction rules applicable by reason of age or retirement, the coverage will be subject to such rules while you are on non-FMLA and non-military leave.

If you acquire a new eligible spouse, same-sex domestic partner, or child(ren) while your coverage is continued during an approved non-FMLA and non-military leave, the eligible spouse, same-sex domestic partner, or child(ren) will be eligible for the continued coverage on the same terms as would be applicable if you were actively at work, not on an approved non-FMLA and non-military leave.

When Leave Terminates

If health care coverage terminates because your approved non-FMLA and non-military leave is deemed terminated by American Water, you may, on the date of such termination, be eligible for continuation under federal law on the same terms as though your employment terminated, other than for gross misconduct, on such date.

If You Return to Work

If you return to work for American Water following the date American Water determines the approved non-FMLA/non-military leave is terminated, your coverage under the group contract will be in force as though you had continued in active employment rather than going on an approved leave, provided you make request for such coverage within 31 days of the date American Water determines the approved leave to be terminated. If you do not make such request within 31 days, you will not have a chance to re-enroll before the next Open Enrollment period.

Maximum Length of Coverage

Coverage will not be continued beyond the first to occur of:

- The date you are required to make any contribution and you fail to do so.
- The date American Water determines your approved non-FMLA/non-military leave is terminated and you fail to return to work.
- The date the coverage involved discontinues as to your Eligible Class.
- The last day of the maximum coverage period indicated above.

Any coverage being continued for an eligible spouse, same-sex domestic partner, or child(ren) will not be continued beyond the date it would otherwise terminate.

Confidentiality of Protected Health Information

Title II of the Health Insurance Portability and Accountability Act of 1996 and the privacy regulations issued thereunder (collectively called "HIPAA") requires group health plans to protect the confidentiality of your private health information. This Plan will not use or disclose information that is protected by HIPAA ("Protected Health Information") except as necessary for treatment, payment, health care operations, and plan administration functions, or as otherwise permitted or required by law, without your written authorization. According to the law, the Plan has required all of its Business Associates to comply with the HIPAA privacy rules.

Before this Plan may disclose, or permit one of its agents or contractors to disclose, Protected Health Information ("PHI") to the Company, the Plan will require the Company to:

- Certify that the information is necessary in connection with plan administration functions or other permitted functions performed or to be performed by the Company;

- Amend the Plan documents and provide certification of amendment to give assurances that the Company will use and disclose the information solely in connection with such plan administration or other permitted functions; and
- Not use or further disclose PHI for employment-related actions or decisions or in connection with any other benefit or employee benefit plan of the Company without your authorization.

Under HIPAA, you have certain rights with respect to your PHI, including the right to see and copy the information, to receive an accounting of certain disclosures of the information and, under certain circumstances, to amend the information. You also have the right to file a complaint with the Plan or with the Secretary of the Department of Health and Human Services if you believe your rights under HIPAA have been violated.

List of Contacts

American Water Benefit Contacts		
Carrier	Claims Administrator	Phone
Medical		
Horizon Blue Cross Blue Shield of New Jersey	Horizon BCBSNJ P.O. Box 1219 Newark, NJ 07101 www.horizonblue.com/nationalaccounts	(800) 355-BLUE (2583)
Hawaii Medical Service Association	Medical Claims HPH HCFA 1500 Claims PO Box 44500 Honolulu, HI 96804-4500 Facility Claims HPH UB92 Claims PO Box 32700 Honolulu, HI 96803-2700	(808) 948-6372
Prescription Drug		
Horizon Blue Cross Blue Shield (administered by CVS Caremark)	3 Penn Plaza East, Newark, NJ 0710 www.horizonblue.com/nationalaccounts	(866) 881-5603
Dental		
Aetna	Aetna P.O. Box 14094 Lexington, KY 40512-4094 www.aetna.com	(800) 292-4366
Vision		
EyeMed	EyeMed Po Box 8504 Mason, OH 45040-7111 Before enrollment: www.enrollwiththeyemed.com/access After enrollment: www.eyemedvisioncare.com	(866) 939-3633
Flexible Spending Accounts		
Horizon Blue Cross Blue Shield of New Jersey	Horizon BCBSNJ 3 Penn Plaza East PP-05S Newark, NJ 07105-2200 www.horizonblue.com/fsa	(800) 224-4426

American Water Benefit Contacts		
Carrier	Claims Administrator	Phone
Life and AD&D		
MetLife	MetLife Group Life Claims PO BOX 6100 Scranton, PA. 18505-6100	(800) 638-6420 Prompt 2
	Note: Contact the American Water Benefits Service Center to file a claim	(866) 888-8269
Disability		
Effective August 1, 2012 MetLife Disability	MetLife Disability c/o ACS 2025 Leestown Road, Suite A-2 Lexington, KY 40511	(855) 517-8273 (866) 690-1264 (fax)
Prior to August 1, 2012 Aetna Managed Disability	Aetna P.O. Box 31242 Tampa, FL 33614 www.aetna.com	(866) 280-8648
Employee Assistance Program		
Carebridge	Carebridge Corporation 40 Lloyd Avenue Malvern, PA 19355 www.myliferesource.com <i>Access Code: HXSBJ</i>	(800) 437-0911
Benefits Service Center		
Benefits Service Center	Benefits Service Center 131 Woodcrest Road P.O. Box 5600 Cherry Hill, NJ 08034	(866) 888-8269

Glossary

Glossary

The following definitions of certain words and phrases will help you understand the benefits to which the definitions apply. Some definitions which apply only to a specific benefit appear in the benefit section. If a definition appears in a benefit section and also appears in the Glossary, the definition in the benefit section will apply in lieu of the definition in the Glossary.

Coinsurance

Once you have met your annual deductible, if any, the Plan pays a certain percentage of Covered Medical Expenses and you pay the rest. Your share is called “coinsurance.”

Copayment

A fee charged to a person for Covered Medical Expenses, as specified in the applicable Summary of Coverage.

Course of Treatment

A planned program of services or supplies furnished by a health care provider. The program must be:

- In connection with the diagnosis and treatment of an injury or illness; and
- Of definite duration.

Custodial Care

Services and supplies furnished to a person mainly to help him or her in the activities of daily life, including room and board and other institutional care. The person does not have to be disabled. These services and supplies are custodial care without regard to:

- By whom they are prescribed;
- By whom they are recommended; or
- By whom they are performed.

Dentist

A legally qualified dentist, or a doctor who is licensed to do the dental work he or she performs.

Directory

A listing of Network Providers in the Service Area covered under this Plan that is available to all employees covered under the Medical Plan.

Doctor

A legally qualified, licensed doctor.

Emergency Care

The first care given in a hospital's emergency room after a sudden and, at the time, unexpected change in a person's physical or mental condition such that:

- Care cannot safely and adequately be provided other than in a hospital; or
- Adequate care is not available at the time and place it is needed.

Emergency Condition

The sudden and, at that time, unexpected onset of a change in a person's physical or mental condition which, if the procedure or treatment were not performed right away could reasonably be expected to result in:

- Loss of life or limb;
- Significant impairment to bodily function; or
- Permanent dysfunction of a body part.

Family and Medical Leave Act of 1993 (FMLA)

FMLA provides unpaid, job-protected leave for a period of:

- 12 weeks for incapacity due to pregnancy, prenatal medical care, or childbirth.
- 12 weeks to care for your child after birth, or placement for adoption or foster care.
- 12 weeks to care for your own or your spouse's, son or daughter's, or parent's serious health condition.
- 26 weeks if you are caring for a family member in the Armed Forces (including the National Guard and Reserves), who suffered an injury or illness while on active duty that may render the person unable to perform the duties of his or her office, grade, rank, or rating.

Additionally, in compliance with the National Defense Authorization Act of 2008, if you are an eligible employee, you can take up to 12 combined weeks of FMLA leave in a single 12-month period for a "qualifying exigency" to spend time with a spouse, son, daughter, or parent on active duty or notified of call to duty. Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.

Home Health Care Agency

An agency that:

- Mainly provides skilled nursing and other therapeutic services;
- Is associated with a professional group which makes policy (this group must have at least one doctor and one RN);
- Has full-time supervision by a doctor or RN;
- Keeps complete medical records on each person;
- Has a full-time administrator; and
- Meets licensing standards.

Home Health Care Plan

A plan that provides for care and treatment of an illness or injury. The care and treatment must be:

- Prescribed in writing by the attending doctor; and
- An alternative to confinement in a hospital or Skilled Nursing/Convalescent Facility.

Hospice Care

Care given to a terminally ill person by or under arrangements with a Hospice Care Agency as part of a Hospice Care Program.

Hospice Care Agency

An agency or organization which:

- Has Hospice Care available 24 hours a day.
- Meets any licensing or certification standards set forth by the jurisdiction where it is.
- Provides:
 - Skilled nursing services;
 - Medical social services;
 - Psychological and dietary counseling; and
 - Bereavement counseling for the immediate family.
- Provides or arranges for other services which include:
 - Services of a doctor;
 - Physical or occupational therapy;
 - Part-time home health aide services which mainly consist of caring for terminally ill persons; and
 - Inpatient care in a facility when needed for pain control and acute and chronic symptom management.

- Has personnel which include at least:
 - One doctor;
 - One RN;
 - One licensed or certified social worker employed by the agency; and
 - One pastoral or other counselor.
- Establishes policies governing the provision of Hospice Care.
- Assesses the patient's medical and social needs.
- Develops a Hospice Care Program to meet those needs.
- Provides an ongoing quality assurance program. This includes reviews by doctors, other than those who own or direct the Agency.
- Permits all area medical personnel to utilize its services for their patients.
- Keeps a medical record on each patient.
- Utilizes volunteers trained in providing services for non-medical needs.
- Has a full-time administrator.

Hospice Care Facility

A facility, or a distinct part of one, which:

- Mainly provides inpatient Hospice Care to terminally ill persons.
- Charges its patients.
- Meets any licensing or certification standards set forth by the jurisdiction where it is.
- Keeps a medical record on each patient.
- Provides an ongoing quality assurance program; this includes reviews by doctors other than those who own or direct the facility.
- Is run by a staff of doctors; at least one such doctor must be on call at all times.
- Provides 24-hour-a-day nursing services under the direction of an RN.
- Has a full-time administrator.

Hospice Care Program

A written plan of Hospice Care, which:

- Is established by and reviewed from time to time by:
 - A doctor attending the person; and
 - Appropriate personnel of a Hospice Care Agency.
- Is designed to provide palliative and supportive care to terminally ill persons, and supportive care to their families.
- Includes an assessment of the person's medical and social needs, and a description of the care to be given to meet those needs.

Hospital

A place that:

- Provides mainly inpatient facilities for the surgical and medical diagnosis, treatment, and care of injured and sick persons.
- Is supervised by a staff of doctors.
- Provides 24-hour-a-day RN services.
- Is not mainly a place for rest, for the aged, for drug addicts, for alcoholics, or a nursing home.
- Makes charges for services rendered.

In-Network Care

A health care service or supply furnished by a Network Provider.

LPN

A licensed practical nurse.

Mental Disorder

An illness commonly understood to be a mental disorder whether or not it has a physiological or organic basis and for which treatment is generally provided by or under the direction of a mental health professional such as a psychiatrist, a psychologist, or a psychiatric social worker. A mental or nervous disorder includes, but is not limited to:

- Alcoholism and drug abuse.
- Schizophrenia.
- Bipolar disorder.
- Pervasive mental developmental disorder (Autism).
- Panic disorder.
- Major depressive disorder.

- Psychotic depression.
- Obsessive compulsive disorder.

Mental disorders will not include alcoholism and drug abuse if a separate benefit applies to treatment of alcoholism and drug abuse.

Necessary

A service or supply furnished by a particular provider is necessary if Horizon determines that it is appropriate for the diagnosis, care, or treatment of the illness or injury involved.

To be appropriate, the service or supply must:

- Be care or treatment, as likely to produce a significant positive outcome as, and no more likely to produce a negative outcome than, any alternative service or supply, both as to the illness or injury involved and the person's overall health condition;
- Be a diagnostic procedure, indicated by the health status of the person and be as likely to result in information that could affect the course of treatment as, and no more likely to produce a negative outcome than, any alternative service or supply, both as to the illness or injury involved and the person's overall health condition; and
- As to diagnosis, care, and treatment be no more costly (taking into account all health expenses incurred in connection with the service or supply) than any alternative service or supply that meets the above tests.

In determining whether a service or supply is appropriate under the circumstances, Horizon will take into consideration:

- Information provided on the affected person's health status;
- Reports in peer reviewed medical literature;
- Reports and guidelines published by nationally recognized health care organizations that include supporting scientific data;
- Generally recognized professional standards of safety and effectiveness in the United States for diagnosis, care, or treatment;
- The opinion of health professionals in the generally recognized health specialty involved; and
- Any other relevant information brought to Horizon's attention.

In no event will the following services or supplies be considered to be necessary:

- Those that do not require the technical skills of a medical, mental health, or dental professional;
- Those furnished mainly for the personal comfort or convenience of the person, any person who cares for him or her, any person who is part of his or her family, any health care provider or health care facility;
- Those furnished solely because the person is an inpatient on any day on which the person's illness or injury could safely and adequately be diagnosed or treated while not confined; or
- Those furnished solely because of the setting if the service or supply could safely and adequately be furnished in a doctor's or a dentist's office or other less costly setting.

Negotiated Charge

The maximum charge a Network Provider has agreed to make as to any service or supply for the purpose of the benefits under this Plan.

Network Provider

A health care provider that has contracted to furnish services or supplies for a Negotiated Charge, but only if the provider is, with Horizon's consent, included in the Directory as a Network Provider for:

- The service or supply involved; and
- The class of employees of which you are a member.

Non-Occupational Illness

A non-occupational illness is an illness that does not:

- Arise out of (or in the course of) any work for pay or profit; or
- Result in any way from an illness that does.

An illness will be deemed to be non-occupational regardless of cause if proof is furnished that the person:

- Is covered under any type of Workers' Compensation law; and
- Is not covered for that illness under such law.

Non-Occupational Injury

A non-occupational injury is an accidental bodily injury that does not:

- Arise out of (or in the course of) any work for pay or profit; or
- Result in any way from an injury, which does.

Orthodontic Treatment

Any:

- Medical service or supply;
- Dental service or supply, furnished to prevent or to diagnose or to correct a misalignment:
 - Of the teeth;
 - Of the bite; or
 - Of the jaws or jaw joint relationship, whether or not for the purpose of relieving pain.

Not included is:

- The installation of a space maintainer; or
- A surgical procedure to correct malocclusion.

Out-of-Network

A health care service or supply furnished by a health care provider that is not in the network.

Out-of-Network Provider

A health care provider that has not contracted to furnish services or supplies at a Negotiated Charge.

Reasonable and Customary Charge

Only that part of a charge considered “reasonable” is covered. The reasonable charge for a service or supply is the lower of:

- The provider’s usual charge for furnishing it; or
- The charge Horizon determines to be the prevailing charge level made for it in the geographic area where it is furnished.

In determining the reasonable charge for a service or supply that is unusual, not often provided in the area, or provided by only a small number of providers in the area, Horizon may take into account such factors as:

- The complexity of the service or supply;
- The degree of skill needed;
- The type of specialty of the provider;
- The range of services or supplies provided by a facility; and
- The prevailing charge in other areas.

RN

A registered nurse.

Room and Board Charges

Charges made by an institution for room and board and other necessary services and supplies. They must be made regularly at a daily or weekly rate.

Semi-Private Rate

The charge for room and board, which an institution applies to the most beds in its semi-private rooms with two or more beds. If there are no such rooms, Horizon will use the rate most commonly charged by similar institutions in the same geographic area.

Service Area

The geographic area in which Network Providers for this Plan are located, as determined by Horizon.

Skilled Nursing/Convalescent Facility

An institution that:

- Is licensed to provide, and does provide, the following on an inpatient basis for persons convalescing from illness or injury:
 - Professional nursing care by an RN, or by an LPN directed by a full-time RN; and
 - Physical restoration services to help patients to meet a goal of self-care in daily living activities.
- Provides 24-hour-a-day nursing care by licensed nurses directed by a full-time RN.
- Is supervised full-time by a doctor or RN.
- Keeps a complete medical record on each patient.
- Has a utilization review plan.
- Is not mainly a place for rest, for the aged, for drug addicts, for alcoholics, for mentally retarded persons, for custodial or educational care, or for care of mental disorders.
- Makes charges for services rendered.

Terminally Ill

A medical prognosis of six months or less to live.

Totally Disabled

“Totally disabled” means that because of injury or illness:

- You are unable to engage in your customary occupation and are not working for pay or profit.
- Your eligible spouse or eligible child is unable to engage in most of the normal activities of a person of like age and sex in good health.



AMERICAN WATER

Group Insurance Plan

Summary Plan Description



AMERICAN WATER

*American Water
Group Insurance Plan
Summary Plan Description
For Non-Union Employees
In Effect as of
January 1, 2011*

Introduction
Eligibility
Medical Plan
Preferred Provider Organization (PPO) Plan
General Provisions of the PPO Plan
Prescription Drug Program
Dental/Vision Plans
Flexible Spending Accounts
Disability Coverage
Life Insurance
Employee Assistance Program
Additional Information
Claim Filing and Appeal Process
ERISA Rights
COBRA General Notice
Glossary

The Plan described in this document is based on plan documents and contracts that govern its operation. Because this document is a summary only, it does not describe all of the provisions of the Plan and the possible fact situations that may occur. If a conflict arises between this summary and any official plan documents, the official plan documents will govern.

Table of Contents

Introduction.....	3
About This Document.....	3
The Benefit Programs.....	4
Eligibility.....	5
Coverage for Disabled Children	8
Special Rules That Apply to an Adopted Child	9
Enrolling for Coverage.....	9
Changes in Status.....	11
The Medical Plan	14
The Preferred Provider Organization Plan.....	17
General Provisions of the PPO Plan.....	44
Prescription Drug Program	60
Dental Benefits	68
Vision Benefits.....	80
Flexible Spending Accounts	86
Disability Benefits	107
Life Insurance Benefits.....	140
Employee Assistance Program.....	155
Additional Plan Information.....	157
Plan Notices	159
Amendment or Termination of the Plan.....	160
Filing a Claim	160
Claim Determination and Appeals Process	161
Your Rights Under ERISA	178
Plan Benefits.....	180
Plan Documents.....	181
Continuation of Health Coverage.....	181
Continuation of Coverage During an Approved Leave of Absence Granted to Comply With Federal Law.....	188
Continuation of Coverage During an Approved Non-FMLA and Non-Military Leave of Absence.....	190
Confidentiality of Protected Health Information.....	191
List of Contacts	193
Glossary	196

Introduction

Just as American Water provides a comprehensive range of products and services which can be tailored for our customers' individual needs, we provide a flexible, comprehensive benefits package which allows our employees to select the benefits that best meet their needs.

This Summary Plan Description ("SPD") of the Group Insurance Plan of American Water Works Co., Inc. and Its Designated Subsidiaries and Affiliates (the "Plan") supplements the documents and certificates provided by the various insurance carriers and provides a general description, written in non-technical language, of the important provisions of the Plan. There may be other materials (such as an insurance policy or other contractual agreement with a health care or other service provider) that contain more detailed information about Plan benefits. Every effort has been made to ensure that all of these materials contain a consistent description of the Plan's benefits. However, if there is any conflict or inconsistency between these materials, it is the Plan Administrator's responsibility to interpret the conflicting provisions and determine what benefits will be provided under the Plan.

American Water provides this SPD to comply with certain laws and to give you the information you need to use your benefits. Nothing in this document is meant to interpret, extend, or change in any way the provisions of this Plan. No one speaking on behalf of the Plan or the Company can alter the terms of the Plan.

About This Document

The benefits described in this document are provided by American Water Works Company, Inc., referred to as "American Water" or "the Company" throughout this Summary Plan Description.

Please read this Summary Plan Description carefully and refer to it whenever you have questions about the American Water benefits program or the specific coverages that apply to you. If you have questions about these benefit plans, please contact the Benefits Service Center at (866) 888-8269 or email Benefits_Service_Center@amwater.com.

American Water reserves the right to amend the benefit plans described in this SPD at any time, without prior notice to participants, including the right to change eligibility criteria or program costs and the right to restrict or eliminate benefits provided. American Water also reserves the right to terminate or discontinue these benefits any time, without prior notice to employees.

If a question should ever arise concerning the nature and extent of benefits under any aspect of these plans, the actual legal plan documents – and not this Summary Plan Description – will govern.

The Benefit Programs

Your American Water benefits have been designed to reward your commitment to provide excellent service and drive business performance. It can add up to a significant part of your total compensation, giving you added security and peace of mind.

This SPD describes the following employee benefit programs:

- Medical
- Prescription Drug
- Dental/Vision
- Flexible Spending Accounts
(Health Care and Dependent Care)
- Disability
(Sick Leave, STD, and LTD)
- Life Insurance
(Basic Life, Voluntary Life, AD&D, Spouse or Same-Sex Domestic Partner Life, and Dependent Life)
- Employee Assistance Program

Eligibility

You and your eligible spouse or eligible same-sex domestic partner and your eligible child(ren) are eligible to participate in the benefits described in this Summary Plan Description if you are an American Water non-bargaining employee and you are a full-time employee (working not less than 35 hours each week) or a part-time employee (working 20 hours each week), except American Water Enterprise employees (who may only participate in the Flexible Spending Accounts and EAP). Part-time employees (and their eligible spouse or eligible same-sex domestic partner, and eligible children) who meet these requirements are eligible for Medical, Prescription Drug, Flexible Spending Accounts, and EAP coverage only.

You are ineligible to participate in the Plan if you:

- Are a part-time employee working less than 20 hours each week;
- Are classified as a temporary employee in accordance with the Company's personnel policies and practices;
- Are an employee covered by a collective bargaining unit;
- Perform services for the Company pursuant to an arrangement with a leasing organization or any other third-party, including but not limited to a "leased employee" within the meaning of section 414(n) of the Internal Revenue Code; or
- Are a person who is classified as an independent contractor or otherwise as a person who is not treated as an employee for purposes of withholding federal employment taxes, regardless of any contrary governmental or judicial determination relating to such employment status or tax withholding obligation. If a person described in the preceding sentence is subsequently reclassified as, or determined to be, an employee by the Internal Revenue Service, any other governmental agency or authority, or a court, or if the Company is required to reclassify such an individual as an employee as a result of such reclassification or determination (including any reclassification by the Company in settlement of any claim or action relating to such individual's employment status), such individual shall not become eligible to become a participant in the Plan by reason of such reclassification or determination.

Your eligibility and participation date is the first day of the month after you complete one full month of continuous service with the Company.

Example: If your start date is January 21, your Benefits Eligibility Date is March 1. If you are on a layoff, on disability, or on leave of

absence on your eligibility date, coverage will begin on the day you return to active work.

For purposes of the Medical Plan, the Dental/Vision Plan, and the Health Care Flexible Spending Account, you may provide coverage for:

- Your eligible spouse or eligible same-sex domestic partner.
- Your eligible children from birth to age 26 (i.e., if your child's 26th birthday is February 2, 2012, the coverage will end on February 1, 2012) including your:
 - Natural born children;
 - Adopted children;
 - Foster children;
 - Stepchildren or same-sex domestic partner's children; or
 - Grandchildren who live with you in a parent-child relationship; and for whom you are the legal guardian, who reside with you and fully depend on you for support.

For purposes of Dependent Voluntary Life Insurance (VLI), you may provide coverage for:

- Your eligible spouse or eligible same-sex domestic partner.
- Your unmarried eligible children from birth to age 19 who are:
 - Fully dependent on you for support;
 - Not employed full-time; and
 - Not in the military service.
- Your unmarried eligible children ages 19 to 23, while:
 - Fully dependent on you for support;
 - Full-time students (attending high school or attending an accredited learning institution with at least 12 credits);
 - Not employed full-time; and
 - Not in the military service.

The word “children” includes natural born children, adopted children, foster children, grandchildren, and stepchildren who meet all of the above criteria, live with you in a parent-child relationship, and must be claimed as tax dependents for federal income tax purposes. The phrase “live with you in a parent-child relationship” means that the child resides in your home on a permanent basis as the place of his or her legal residence – even though the child may be away from your home during certain periods of the year (e.g., to attend school).

To be considered a full-time student, the child must be enrolled in an educational institution and taking at least 12 credit hours per semester/quarter or attend a post-secondary technical school.

When you enroll your same-sex domestic partner, you will be asked to submit an Affidavit of Same-Sex Partnership for Benefit Coverage attesting to certain requirements. If you do not complete the certification process and submit the evidence required within 30 days, your same-sex domestic partner will be removed from coverage. You and your domestic partner must certify that all of the following are true:

- You reside in a state or federal district that recognizes civil unions (defined as a legally recognized union between same-sex domestic partners) or grants or recognizes same-sex marriage certificates, and provide a copy of evidence; or:
- You and your same-sex domestic partner share a permanent residence (unless residing in different cities, states, or countries on a temporary basis);
- You and your same-sex domestic partner are each other's sole same-sex domestic partner, have been in this relationship for at least six continuous months prior to the date of the Affidavit, and intend to remain in this relationship indefinitely;
- You and your same-sex domestic partner are of the same sex as each other and neither is currently married or legally separated from another person by law;
- You and your same-sex domestic partner are responsible for each other's common welfare;
- You and your domestic partner are at least age 18;
- You and your domestic partner are not related to each other by blood any closer than would prohibit legal marriage.
- You and your same-sex domestic partner are financially interdependent;
- You and your domestic partner are able to present three or more of the following as evidence of this:
 - Joint ownership of real estate property or joint tenancy on a residential lease;
 - Joint ownership of an automobile;
 - Joint bank or credit account;
 - Joint liabilities (for example, credit cards or loans);
 - A will designating the same-sex domestic partner as primary beneficiary;

- A retirement plan or life insurance policy beneficiary designation form designating the same-sex domestic partner as primary beneficiary; or
- A durable power of attorney signed to the effect that you and your same-sex domestic partner have granted powers to one another.

If you cover a same-sex domestic partner, American Water is required to report income for you that reflects the value of the coverage for tax-reporting purposes. This is known as imputed income. You will receive a W-2 annually for the value of coverage for any domestic partner who is not an IRS tax dependent.

Your eligible spouse, same-sex domestic partner, or child(ren) cannot participate unless you, the employee, also participate.

Dual Eligibility

An individual is not eligible as both an employee and as an eligible spouse, same-sex domestic partner, or child, nor as the eligible spouse, same-sex domestic partner, or child of more than one employee.

Coverage for Disabled Children

Coverage for your fully disabled child may be continued past the maximum age for an eligible child. Your child is fully disabled if:

- He or she is unable to earn his or her own living because of mental disability or a physical disability which started before the date he or she reaches the maximum age for eligible children; and
- He or she depends chiefly on you for support and maintenance.

Proof that your child is fully disabled must be submitted to Horizon no later than 31 days after the date your child reaches the maximum age of 26 for Medical, Dental/Vision, or Health Care Flexible Spending Account coverage; 19, or up to age 23 if attending school full-time for Voluntary Life Insurance.

Coverage will cease on the first to occur of:

- Cessation of the disability;
- Failure to give proof that the disability continues;
- Failure to have any required exam; or
- Termination of coverage for your child for any reason other than reaching the maximum age.

You have the option of declining Medical/Dental/Vision coverage for yourself or your eligible spouse, same-sex domestic partner, or child(ren), or electing only Dental/Vision coverage.

Horizon will have the right to require proof of the continuation of the disability. Horizon also has the right to examine your child, at its own expense, as often as needed while the disability continues. An exam will not be required more often than once each year after two years from the date your child reaches the maximum age.

Special Rules That Apply to an Adopted Child

Medical (or Dental/Vision) coverage for an adopted child will become effective on the date the child is placed with you for adoption, **if you make a written request for coverage within 31 days of his or her placement with your family.**

Enrolling for benefits and making changes to benefit elections are time-sensitive.

Enrolling for Coverage

When enrolling in Medical or Dental/Vision, Health Care Flexible Spending Account, Dependent Care Flexible Spending Account, Voluntary Life Insurance, and Dependent Life Insurance coverage, you will need to complete the enrollment process. For health insurance, you will need to indicate if you want to participate in either:

- The Preferred Provider Organization (PPO) Plan; and/or
- Dental/Vision Plans.

If you are a newly hired eligible employee (see "Eligibility" on page 5) and you want to enroll yourself and your eligible spouse or same-sex domestic partner or child(ren) in these plans, you must complete the enrollment **process within 31 days of your date of hire.**

To enroll, you must submit your completed enrollment form to the Benefits Service Center within 31 days of your date of hire or life event. Effective August 1, 2012 American Water employees will be able to expedite the enrollment process by enrolling online through Employee Self Service and must utilize this site to enroll or change benefit elections as of this date. All other employees without access to Employee Self Service should continue to submit their completed enrollment forms to the Benefits Service Center. **All required documentation must be provided within 30 days following approval of your request.** If you do not complete your request and send all required documentation within the required timeframe, you will be unable to make changes to your benefits until the next scheduled open enrollment period.

Effective August 1, 2012 American Water employees must enroll online through Employee Self Service. Those without access to Employee Self Service should return the completed enrollment forms to the Benefits Service Center within 31 days of the date of hire or life event. In addition, all required documentation must be provided within 30 days following approval of your request.

Your **Benefits Eligibility Date** is the first day of the month following completion of one full month of continuous employment. **Example:** If your start date is January 21, your Benefits Eligibility Date is March 1 and your enrollment request should be returned by February 20.

When you enroll your eligible spouse or same-sex domestic partner and child(ren), you will need to provide their names, gender, birth dates, and Social Security numbers.

You also may be asked to provide proof of eligible spouse or same-sex domestic partner and child(ren) status, including but not limited to:

- A marriage certificate.
- A birth certificate.
- Guardianship/adoption papers.
- College report card or transcript (for Voluntary Life Insurance coverage).
- An Affidavit of Domestic Partnership and related documents that prove domestic partnership, as explained on page 7.

If you are unable to provide the required documentation within 30 days following approval of your request to enroll or make changes to your election(s), your eligible spouse or same-sex domestic partner, or child(ren) will not be covered. In addition, you may be required to reimburse American Water for any costs associated with covering an individual who is not an eligible spouse, same-sex domestic partner, or child(ren) and your, as well as your eligible spouse's or same-sex domestic partner's and child(ren)'s coverage may be terminated.

In addition, you will not be able to enroll in a Medical or Dental/Vision Plan, the Health Care and Dependent Care Flexible Spending Accounts, Voluntary Life Insurance, or Dependent Life Insurance until the next Open Enrollment period unless you have a Change in Status or a Special Enrollment Period.

The annual Open Enrollment Period is an important opportunity to review your coverage levels and make changes to meet your benefit needs for the next Plan Year.

Coverage levels are defined as:

- You only.
- You + spouse or same-sex domestic partner.
- You + child(ren).
- Family (you + spouse or same-sex domestic partner + child(ren)).

Changes in Status

You may enroll in a Plan as an eligible new hire or during the annual Open Enrollment period. However, if you or your family experiences a Change in Status (as described below), you may enroll in or add or drop coverage for yourself, your eligible spouse, same-sex domestic partner, or child(ren) during the Plan Year on account of, and consistent with, the Change in Status.

You must complete your request for enrollment within 31 days of the event (see “Enrolling for Coverage” on page 9), and all required documentation must be provided within 30 days following approval of your request. If you do not complete your request and send all required documentation within the required timeframe, you will be unable to make changes to your benefits until the next scheduled open enrollment period. Benefit changes are effective on the date of the life event.

The following events are changes in status:

- Marriage, registration or dissolving of same-sex domestic partnership, death of spouse, divorce, legal separation, or annulment.
- A child qualifies as an eligible child (see “Eligibility” on page 5).
- Birth, adoption, placement for adoption, or death of an eligible child.
- Termination or commencement of employment by you, your eligible spouse, same-sex domestic partner, or child(ren).
- Reduction or increase in hours of employment by you, your eligible spouse, same-sex domestic partner, or child(ren) that results in a change in employment status, including a switch between part-time and full-time, strike or lockout, or taking or returning from an unpaid leave.
- Your eligible child no longer qualifies because of age (for purposes of health insurance).
- Change in residence or worksite of you, your eligible spouse, same-sex domestic partner, or child(ren), if the change results in gain or loss of coverage.
- Your eligible spouse’s or same-sex domestic partner’s employer holds open enrollment at a time other than American Water.
- You become disabled.
- Coverage changes, such as a change in coverage under an eligible spouse’s or same-sex domestic partner’s plan.

You can also enroll in or add or drop coverage for your eligible spouse, same-sex domestic partner, or child(ren) during the Plan Year if a judgment, decree, or order resulting from divorce, legal separation, annulment or change in custody requires health coverage for your eligible spouse, same-sex domestic partner, or child(ren), or eligible foster child, or if you or an eligible spouse, same-sex domestic partner, or child(ren) become entitled (or cease to be entitled) to Medicare or Medicaid.

For life insurance, your eligible child no longer qualifies because of age, student status, or marriage.

Special Enrollment Rights

If you decline enrollment for yourself or your eligible spouse, same-sex domestic partner, or child(ren) because of other health insurance or group health plan coverage, you may be able to enroll yourself and your eligible spouse or same-sex domestic partner and child(ren) in this Plan if you or your eligible spouse, same-sex domestic partner, or child(ren) loses eligibility for that other coverage (or if the employer stops contributing towards your or your eligible spouse's, same-sex domestic partner's, or child(ren)'s other coverage). However, you must enroll within 31 days after your or your eligible spouse's, same-sex domestic partner's, or child(ren)'s other coverage ends (or after the employer stops contributing toward the other coverage).

A newborn child, an adopted child, or a child placed with you for adoption is automatically covered for the first 31 days of life, the date the child was adopted, or the date the child was placed for adoption.

To continue coverage for a newborn beyond 31 days, you must complete your request for enrollment within 31 days of the event (i.e., birth or placement for adoption), and all required documentation must be provided within 30 days following approval of your request. If you do not complete your request and send all required documentation within the required timeframe, you will be unable to make changes to your benefits until the next scheduled open enrollment period. Approved benefits changes are effective on the date of the Life Event.

In addition, if you have a new eligible spouse or child as a result of marriage, you may be able to enroll yourself and your eligible spouse or child(ren). **However, you must complete your request for enrollment within 31 days of the event (e.g., marriage), and all required documentation must be provided within 30 days following approval of your request. If you do not complete your request and send all required documentation within the required timeframe, you will be unable to make changes to your benefits until the next scheduled open enrollment period. Approved benefits changes are effective on the date of the Life Event.**

To request special enrollment **submit your completed enrollment form to the Benefits Service Center within 31 days of your date of hire or life event.** Effective August 1, 2012 American Water employees will be able to expedite the enrollment process by enrolling online through Employee Self Service and must utilize this site to enroll or change benefit elections as of this date. All other employees without access to Employee Self Service should continue to submit their completed enrollment forms to the Benefits Service Center. To obtain more information, contact the Benefits Service Center.

Note: Certain events could result in an immediate loss of eligibility for eligible spouses, same-sex domestic partners, and child(ren): if you get divorced or legally separated; if you terminate your domestic partnership; if your eligible child reaches the maximum age for coverage.

Under the Children's Health Insurance Program Reauthorization Act of 2009 ("CHIP"), employer-sponsored group health plans are required to update their mid-year special enrollment period rules. If you, your eligible spouse, or child is eligible, but not enrolled, for coverage under the Plan (including Medical and Dental/Vision), you are eligible to enroll for coverage if you meet either of the following conditions and you request enrollment with the Plan (including Medical and Dental/Vision) no later than 60 days after the date of the event:

- You or your eligible spouse or child(ren) loses eligibility for Medicaid or CHIP coverage; or
- You or your eligible spouse or child(ren) becomes eligible for premium assistance, with respect to coverage under the Plan (including Medical and Dental/Vision), due to coverage with Medicaid or state child health plan.

To request more information, contact the Benefits Service Center.

The Medical Plan

Eligible employees and their eligible spouse or same-sex domestic partner and child(ren) may participate in the PPO Plan.

The PPO Plan emphasizes both preventive care and protection against the cost of illness and serious injury.

The PPO Plan is administered by Horizon Blue Cross Blue Shield (Horizon). Horizon has negotiated special rates with in-network health care providers in the plans to offer you competitive health care. To locate participating network providers, call (800) 810-BLUE (2583) or use the Provider Finder at http://www.horizon-bcbnsj.com/national_accounts.html.

Note: Eligible Hawaii employees and their eligible spouse and child(ren) may participate in the Hawaii Medical Service Association (HMSA) Medical Plan. The plans administered by Horizon do not apply to Hawaii employees. HMSA medical plan is part of the American Water Group Insurance Plan, the terms of which are incorporated in this Summary Plan Description by reference.

PPO Plan

With the PPO Plan, you have a choice to make each time you use the Plan: whether to receive care from a doctor, hospital, or health care provider that is part of the plan's network, or from any provider outside the network. You will receive a higher level of coverage (i.e., the Plan will pay a higher percentage of the cost of service) when you receive care through the network and your out-of-pocket costs will be lower compared to receiving care outside of the network.

You do not have to select a primary care doctor to coordinate your care (e.g., when you need specialty services). However, it is always a good idea to maintain a relationship with a doctor who knows you and your medical history and who can help you make the right choices about your care.

Listings of Network Providers

To locate providers that participate in the Horizon network, you can call (800) 810-BLUE (2583) or use the *Provider Finder* at http://www.horizon-bcbnsj.com/national_accounts.html.

Hawaii

Your medical plan is administered by HMSA. Please contact the Benefits Service Center for information.

The Preferred Provider Organization (PPO) Plan

Snapshot of Your 2012 PPO Plan Coverage

Plan Feature	In-Network	Out-of-Network
Deductible (single/family)	None	\$200/\$600
Coinsurance – Company	80%	50%
Coinsurance – employee	20%	50%
Out-of-pocket maximum (single/family)	\$2,500/\$5,000, including prescription drug, per calendar year	\$5,000 per person per calendar year
Lifetime maximum benefit	Unlimited	Unlimited
Preventive Care¹		
Routine physical exam	100% annual exam	Not covered
Well baby care	100% up to 6 years of age	Not covered
Immunizations	100%	Not covered
Routine hearing exam	100% annual exam	Not covered
Routine OB/GYN exam	100% annual exam	Not covered
Mammography	100% annual exam	Not covered
Physician and Hospital Services		
Office visits (primary care and specialists)	80%	50% after deductible
Allergy testing and treatment centers	80%	50% after deductible
Diagnostic X-ray and lab	Independent lab: 80%	50% after deductible
	Physician's office: 80%	
Hospital inpatient services	80%	50% after deductible and \$250 copayment per admittance
Outpatient surgery	80%	50% after deductible

¹ For more information on the preventive health benefits, log on to www.horizonblue.com and click on National Accounts, then click on Preventive Health Information, located under Health and Wellness.

Plan Feature	In-Network	Out-of-Network
Outpatient preadmission testing	80%	50% after deductible
Ambulance (if medically necessary)	80%	80%
Emergency room	80%	80%
Hospital Alternatives		
Home health care	80% (120-visit maximum per calendar year)	50% after deductible (120-visit maximum per calendar year)
Private duty nursing	80% (70-shift maximum per calendar year)	50% after deductible (70-shift maximum per calendar year)
Skilled nursing facility	80% (120-day maximum per calendar year)	50% after deductible (120-day maximum per calendar year)
Hospice inpatient/outpatient	80%	50% after deductible
Durable medical equipment	80%	50% after deductible
Short-term rehabilitation	80% (60-day maximum per calendar year for acute conditions only)	50% after deductible (60-day maximum per calendar year for acute conditions only)
Mental Health and Chemical Dependency	Treated in same manner as other medical/hospital/surgical benefits	

This chart is only a highlight of the medical option features, and certain limits may apply to some features. Out-of-network benefits may be subject to reasonable and customary (R&C) limits and you may be responsible for out-of-network provider charges in excess of R&C limits in addition to a coinsurance. All maximums are combined for mental health and chemical dependency expenses. Mental health and chemical dependency amounts apply to your out-of-pocket maximum. Official Plan documents govern in the event of any inconsistency between the provisions shown here and in the Plan documents.

The Preferred Provider Organization Plan

The Plan is self-insured by American Water. Horizon provides certain administrative services under the Plan.

The Preferred Provider Organization (PPO) Plan is self-insured by American Water. A plan is considered to be “self-insured” when a company uses its own funds to pay claims. Horizon provides certain administrative and claim payment services under the Plan but does not guarantee benefit payments. The PPO Plan emphasizes preventive care and protects you from the cost of illness and serious injury while providing you with access to a high level of benefits.

If you want to receive the advantages of the PPO Plan, you should select a doctor within Horizon's network. As you may know, Horizon maintains a nationally recognized health care provider network. In fact, most providers and hospitals currently used by our employees are members of the Horizon network. If you cover any college-age children, we anticipate that they will have access to network doctors when they are away at school. To learn which doctors are in the network, call Horizon at (800) 810-BLUE (2583) or use the Provider Finder at http://www.horizon-bcbstnj.com/national_accounts.html.

You do not have to coordinate your care through a primary care physician (PCP) to receive a high level of benefits. In addition, you do not need to obtain a referral from your PCP in order to see a specialist. However, it's a good idea to see a PCP first to make sure you are getting appropriate care.

If you obtain care from an out-of-network doctor, the Plan may pay a lower level of benefits and some services (such as preventive care services) are not covered at all.

The PPO Plan provides reasonable access to primary care, specialists, and network hospitals. The standard for distance from an employee's home to a provider who is accepting new patients is set forth in the following chart, although the actual distance may be greater in some cases:

	Urban Area	Rural Area
Adult Doctor (includes Family Practice and General Internal Medicine)	3 doctors in 8 miles	2 doctors in 12 miles
Pediatrician	2 doctors in 8 miles	2 doctors in 12 miles
OB/GYN	2 doctors in 8 miles	2 doctors in 12 miles
Hospital	1 hospital within 10 miles	1 hospital within 15 miles

How the Preferred Provider Organization Plan Works

With the PPO Plan, you do not need to select a PCP before you receive medical care, nor do you need to obtain referrals to see a specialist. However, when you need care, you should choose a doctor from a “network” of health care providers to receive the highest level of benefits under the Plan.

You can select a network provider from among those listed on Horizon’s website at http://www.horizon-bcbnj.com/national_accounts.html or by calling Horizon at (800) 810-BLUE (2583).

If you choose a provider in the network, you receive a higher level of reimbursement for your medical expenses than you would receive if you chose a provider outside the network.

- You do not have to meet an annual deductible if you use an in-network provider.
- Your in-network health care providers file all your claims.
- Your in-network doctor initiates all required precertification.
- You will not experience any reduction in benefits under the “reasonable and customary” rule because health care providers in the network are allowed to charge only the special rates that Horizon has negotiated with them. (See the Glossary for a definition of “reasonable and customary charge.”)

Under the PPO, you may receive care from any provider you choose. If the provider is outside the network:

- You will have to meet an annual deductible;
- Your level of benefits reimbursable will be lower;
- You will have to file your own claims;
- You will need to initiate precertification for inpatient hospitalization and certain outpatient procedures; and
- You will have to pay any expenses in excess of the “reasonable and customary charges” on which Plan payment is based, in addition to the applicable coinsurance amount.

When You Need a Specialist

If you need specialized care, you do not need a referral. Remember, in order to receive the highest level of benefits, you must use a specialist who belongs to the network.

If you need medical services or treatment that is not available within the PPO network, your doctor may recommend a specialist who does not belong to the network. In this case, your doctor must obtain precertification from Horizon and you will receive the higher level of benefits.

Coverage When You Are Traveling

You should call Horizon Member Services at (800) 355-BLUE (2583) for a list of participating doctors and hospitals to receive the highest level of benefits.

In Case of Emergency

An emergency is a sudden and unexpected life-threatening medical condition that requires immediate medical or surgical care.

In case of emergency, get the care you need from the nearest health care facility or doctor. A medical emergency is defined as “a sudden and unexpected life-threatening medical condition that requires immediate medical or surgical care in order to prevent death or a severe health crisis.” Examples include convulsions, excessive bleeding, serious burns, and suspected heart attack.

You will be paid at the Plan’s higher benefit level for emergency care – 24 hours a day, 365 days a year – whether you are at home or away. When you need emergency care, it’s important to seek **immediate** care at the nearest appropriate facility.

When a covered person is confined as a full-time inpatient as the result of an **emergency** admission, you, the person’s doctor, or the hospital must call Horizon Member Services to request certification within 48 hours of the start of the confinement. If the call cannot be made within 48 hours, the call must be made as soon as reasonably possible. The 48-hour requirement is extended to 72 hours when the confinement starts on a Friday or Saturday.

Precertification

Precertification is an important feature of the PPO Plan. In order for you to receive the highest level of benefits available, **you, the network hospital, or your doctor** must notify Horizon to precertify any hospital admission and certain outpatient surgical procedures, treatments, and tests. The purpose of this process is to review the medical necessity of a procedure and to approve an appropriate length of stay.

If you elect to get care from an out-of-network provider you will have to initiate the precertification process yourself.

Precertification is required for:

- All hospital and skilled nursing/convalescent facility admissions;
- Home health care, hospice care, and skilled nursing care; and
- Inpatient treatment for substance abuse and mental disorders.

Call Horizon for all other procedures.

To request precertification of an admission or procedure, call the precertification telephone number listed on your PPO Plan ID card, or call Horizon Member Services, toll-free, at **(800) 355-BLUE (2583)** to be directed to the Patient Management site for your area.

To request precertification of an out-of-network admission or procedure, just call the precertification telephone number listed on your ID card or Horizon Member Services, toll-free, at **(800) 355-BLUE (2583)**. You should call at least 14 days before any scheduled admission or outpatient procedure, or as soon as you are aware you need medical care. **In case of emergency, you or a family member should contact Horizon Member Services within 48 hours after the admission or procedure.**

When you call, you will speak to a Medical Consultant who will ask you:

- Your name and PPO Plan identification number;
- The relationship of the patient to you;
- The type of surgical procedure or test you need;
- The name and telephone number of your doctor; and
- When the procedure is scheduled.

Procedures Which Must Be Precertified

How to Request Precertification for a Medical Procedure or Admission

The Medical Consultant will review the medical necessity of the proposed inpatient admission, the proposed surgical procedures and treatments, or the proposed inpatient treatment for substance abuse and mental disorders. He or she will compare information about your case with generally accepted medical standards.

For precertification of Mental Health and Substance Abuse admissions, call Magellan at (800) 626-2212.

If the proposed inpatient admission or treatment is medically necessary in accordance with such standards, it will be certified by the Medical Consultant. On the other hand, if other treatment is more appropriate, alternative treatment settings may be suggested. See page 36 for more information regarding precertification.

There's a Penalty If You Do Not Precertify

If you do not call to precertify a hospital admission or any of the procedures or tests listed, you will have to pay a separate \$150 penalty charge, in addition to your applicable coinsurance and/or deductible, before benefits are paid for covered services. This penalty charge will not be applied toward your deductible or your out-of-pocket limit.

If Your Hospital Stay Is Longer Than Expected

If your hospital stay is longer than the approved period, you must notify Horizon Member Services as soon as you are aware your stay must be extended. The Medical Consultant can then work with your doctor to extend the certification of your hospital stay.

Your Share of Medical Expenses

The American Water Medical Plan has been carefully designed to provide quality care and the most value for each dollar spent by you and the Company. Here is how we share the costs of these valuable benefits.

Deductibles (out-of-network only)

A deductible is the amount you must pay before the Plan begins to pay benefits for covered expenses. All deductibles are calculated on an annual basis and must be met every year. Inpatient hospital copayments **do not count** toward meeting the annual deductibles.

- **Single Deductible Limit (per calendar year):** \$200 (out-of-network only; no deductible for in-network).

This calendar year deductible applies to all expenses incurred for out-of-network and for care for your eligible spouse or same-sex domestic partner and child(ren) who live permanently outside the network.

- **Family Deductible Limit (per calendar year) (must be met by expenses of more than one family member):** \$600 (out-of-network only; no deductible for in-network).

This calendar year deductible applies to all expenses incurred for out-of-network and for care for your eligible spouse or same-sex domestic partner and child(ren) who live permanently outside the network.

Inpatient Hospital Copayment (out-of-network only)

There is a separate \$250 copayment for each confinement in an out-of-network hospital. This is a separate amount you pay for each hospital confinement. The inpatient hospital copayment will be applied only once to each hospital confinement, regardless of cause, which is separated by less than 10 days from another confinement.

Expenses used to meet the inpatient hospital copayment cannot be used to meet any other applicable deductible. Expenses used to meet any other applicable deductible cannot be used to meet the inpatient hospital copayment.

The inpatient hospital copayment is \$250 per confinement (out-of-network only).

However, for a confinement of a well newborn child that starts on the day of birth, the inpatient hospital copayment will not exceed the hospital's actual charge for room and board for the first day of confinement on which the child's coverage is in force. To maintain continuous coverage on the newborn, you must add him or her to the Plan through American Water (see "Enrolling for Coverage" on page 9) as an eligible child within 31 days of birth.

Coinsurance

After you meet the applicable annual deductible (out-of-network only), you and American Water share the remaining expenses through coinsurance.

If you use **network doctors, hospitals or hospital alternatives**, the Plan generally pays as follows (although there may be other limits, such as limits on the number of treatments or visits):

Plan Pays	You Pay	Up to 2012 Annual Out-of-Pocket Limit (single/family)
80%	20%	\$2,500 / \$5,000 including prescription drug coverage

If you use **out-of-network doctors, hospitals or hospital alternatives**, the Plan generally pays as follows (although there may be other limits, such as limits on the number of treatments or visits):

Plan Pays	You Pay	Up to 2012 Annual Out-of-Pocket Limit (single/family)
50%	50%	\$5,000 per person

Your in-network coinsurance amounts do not count toward your out-of-network deductible and coinsurance limits.

Out-of-Pocket Limits

There is a limit to your share of medical expenses each calendar year, called the “out-of-pocket” limit. Your coinsurance amounts count toward these out-of-pocket limits and deductibles, and amounts you are required to pay to out-of-network providers in excess of the reasonable and customary charge **do not** count toward out-of-pocket limits and deductibles.

■ 2012 Out-of-Pocket Limits (single/family)

- \$2,500 / \$5,000 (in-network)
- \$5,000 per person (out-of-network)

If you reach your out-of-pocket limit during a calendar year, your covered expenses will be paid at 100% for the remainder of that year (in-network) and at 100% of reasonable and customary charges (out-of-network). Your out-of-pocket limit will be reset to \$0 at the beginning of each year.

However, any expense not determined to be a covered expense, and precertification penalties, do not count toward your out-of-pocket limit.

Note: In-network prescription drug charges will contribute to the in-network out-of-pocket limit.

Lifetime Maximum Benefit

Your Contributions

The PPO Plan provides an unlimited lifetime maximum benefit for you and each covered member of your family.

You pay your share of the cost for your benefits each pay cycle through convenient *pre-tax* payroll deductions. *Pre-tax* means that your contributions are withheld before federal and in most cases, state and local income and FICA (Social Security) taxes are withheld. This reduces your taxable income and the amount of tax you pay. As a result, you have more take-home pay. Because your pre-tax contributions are not subject to FICA taxes, your Social Security benefit at retirement may be slightly reduced if your earnings are under the Social Security Taxable Wage Base (\$110,100 for 2012). However, the loss in future retirement benefits should be more than offset by the current tax savings under the Plan.

Benefits Payable

American Water pays the majority of your benefit costs.

After any applicable deductible, coinsurance, or copayment amount, the Plan pays benefits subject to the applicable coinsurance and copayment provisions which applies to the type of Covered Medical Expense, except for any different benefit levels described elsewhere in this Summary Plan Description. If an expense is covered as one type of Covered Medical Expense, it cannot be covered as any other type.

Benefit Maximums

All maximums included in this Plan are combined maximums between in-network and out-of-network, where applicable, unless specifically stated otherwise.

The following limitations apply to some of the benefits under the PPO Plan:

- **Private Duty Nursing Care**
70 shifts per calendar year
- **Home Health Care**
120 visits per calendar year
(a “visit” is considered to be four hours or less in duration)
- **Skilled Nursing/Convalescent Facility**
120 days per calendar year
- **Short-Term Rehabilitation**
60 days per calendar year
- **Private Room Limit**
The institution’s semi-private rate

Covered Expenses

Inpatient Hospital Care

Inpatient admissions must be precertified to qualify for the maximum benefit payable.

The Plan covers charges made by a hospital for room (semi-private only), board, and other hospital services and supplies for a person who is confined as a full-time inpatient for the treatment of an injury or illness.

The Plan covers charges made by a hospital for services and supplies for a person who is not confined as a full-time inpatient.

Skilled Nursing/ Convalescent Facility

Precertification of skilled nursing/convalescent facility services is necessary to receive the maximum benefit payable by the Plan.

The Plan covers charges made by a skilled nursing/convalescent facility for the following services and supplies furnished to a person while confined to convalesce from an illness or injury.

- Room and board. This includes charges for services such as general nursing care made in connection with room occupancy. Charges for daily room and board in a private room over the Private Room Limit are not covered.
- Use of special treatment rooms.
- X-ray and lab work.

- Physical, occupational, or speech therapy.
- Oxygen and other gas therapy.
- Other medical services usually given by a skilled nursing/convalescent facility, excluding private or special nursing, or doctors' services.
- Medical supplies.

The Plan does not cover skilled nursing/convalescent facility charges made for treatment of:

- Drug addiction.
- Chronic brain syndrome.
- Alcoholism.
- Senility.
- Mental retardation.
- Any other mental disorder.

Home Health Care

Home health care is limited to 120 visits in a calendar year. Each visit by a nurse or therapist is one visit. Each visit of up to four hours by a home health aide is one visit.

Home health care expenses are covered if they are precertified and:

- The charge is made by a home health care agency;
- The care is given under a home health care plan; and
- The care is given to a person in his or her home.

Home health care expenses are charges for:

- Part-time or intermittent care by an RN, or by an LPN if an RN is not available.
- Part-time or intermittent home health aide services for patient care.
- Physical, occupational, and speech therapy.
- Expenses covered to the extent they would have been covered under this Plan if the person had been confined in a hospital or skilled nursing/convalescent facility:
 - Medical supplies, drugs, and medicines prescribed by a doctor; and
 - Lab services provided by or for a home health care agency.

The Plan covers a maximum of 120 home health care visits in a calendar year. Each visit by a nurse or therapist is one visit. Each visit of up to four hours by a home health aide is one visit.

Routine Physical Exams

The charges made by your doctor for a routine physical exam given to you, your eligible spouse, your eligible same-sex domestic partner, or your eligible child may be included as Covered Medical Expenses.

The Plan does not cover charges made for:

- Services or supplies that are not a part of the home health care plan.
- Services of a person who usually lives with you or is a member of your, your spouse's, or your same-sex domestic partner's family.
- Services of a social worker.
- Transportation.

Covered Medical Expenses include charges made by your doctor for a routine physical exam given to you, your spouse, your same-sex domestic partner, or your eligible child.

A routine physical exam is a medical exam given by a doctor for a reason other than to diagnose or treat a suspected or identified injury or illness. Included are:

- X-rays and laboratory and other tests given in connection with the exam; and
- Materials for the administration of immunizations for infectious illness and testing for tuberculosis.

To qualify as a covered physical exam, the doctor's exam must include at least:

- A review and written record of the patient's complete medical history;
- A check of all body systems; and
- A review and discussion of the exam results with the patient or the parent or guardian.

For a child age six and over, Covered Medical Expenses do not include charges for more than one exam in a period of 12 consecutive months.

For you or your spouse or same-sex domestic partner, Covered Medical Expenses do not include charges for more than one exam in a period of 12 consecutive months.

Charges for routine physical exams do not include:

- Services and supplies furnished by an out-of-network provider.
- Services covered to any extent under any other part of this Plan or any other group plan sponsored by American Water.
- Services to diagnose or treat a suspected or identified injury or illness.
- Exams given to a person confined in a hospital or other facility for medical care.

- Services not given by a doctor or under his or her direction.
- Medicines, drugs, appliances, equipment, or supplies.
- Psychiatric, psychological, personality, or emotional testing or exams.
- Exams in any way related to employment.
- Premarital exams.
- Vision, hearing, or dental exams.
- Doctor's office visits in connection with immunization or testing for tuberculosis.

Routine Hearing Exams

The American Water Plan covers a routine hearing exam by a participating provider once every 12 months under the PPO Plan.

Covered Medical Expenses include charges for an audiometric exam. The services must be performed by a network doctor who is certified as an otolaryngologist or otologist, or by an audiologist who:

- Is legally qualified in audiology or holds a certificate of Clinical Competence in Audiology from the American Speech and Hearing Association in the absence of any applicable licensing requirements; and
- Performs the exam at the written direction of a legally qualified otolaryngologist or otologist.

Covered Medical Expenses will not include charges for more than one hearing exam in a period of 12 consecutive months under the PPO Plan.

Charges for routine hearing exams do not include:

- Ear or hearing exams to diagnose or treat an illness or injury.
- Drugs or medicines.
- Hearing care services or supplies covered to any extent under any other part of this Plan or any other group plan sponsored by American Water.
- Hearing care services or supplies for which benefits are provided under any Workers' Compensation law or any other law of similar purpose, whether benefits are payable for all or only part of the charges.
- Hearing care services or supplies which do not meet professionally accepted standards.
- Services or supplies received while the person is not covered.
- Exams given while the person is confined in a hospital or other facility for medical care.

- Exam required by an employer as a condition of employment, or that an employer is required to provide under a labor agreement or required by law.

- Services or supplies furnished by an out-of-network provider.

Routine Pap Smear

Covered Medical Expenses include charges for one routine Pap smear and related laboratory expenses each calendar year.

Routine Mammogram

Covered Medical Expenses include charges incurred by a female for one routine mammogram each calendar year, in accordance with American Medical Association Guidelines.

Benefits Related to Breast Reconstruction

The Plan provides benefits related to breast reconstruction in compliance with the Women's Health and Cancer Rights Act of 1998. This federal law states that group health plans that provide medical and surgical benefits for mastectomy must provide certain additional benefits related to breast reconstruction.

If you (or a covered eligible spouse, same-sex domestic partner, or child) are receiving mastectomy benefits, you are entitled to coverage for:

- Reconstruction of the breast on which the mastectomy has been performed;
- Surgery and reconstruction of the other breast to produce a symmetrical appearance; and
- Prostheses and treatment for physical complications for all stages of a mastectomy, including lymphedemas (swelling associated with the removal of lymph nodes).

The Plan will determine the manner of coverage in consultation with you and your attending doctor. Coverage for breast reconstruction and related services will be subject to the same annual deductibles and coinsurance provisions that apply for the mastectomy.

Voluntary Sterilization

The charges made by a doctor or hospital for a vasectomy or tubal ligation for voluntary sterilization, even though not incurred in connection with the diagnosis or treatment of an illness or injury, are Covered Medical Expenses. Charges for the reversal of a sterilization procedure are not covered.

Annual Gynecological Exam

Expenses incurred for one routine self-referred gynecological exam per calendar year, performed by a network doctor, will be considered a Covered Medical Expense. The routine gynecological exam, including one Pap smear and related laboratory expenses, is considered Office Care. No coverage is provided if the exam is performed by an out-of-network provider.

You may visit your network gynecologist once a year for a routine exam.

Maternity

Benefits are payable for pregnancy-related expenses of female employees and female eligible spouse, same-sex domestic partner, or child(ren) on the same basis as for an illness.

Pregnancy expenses must be incurred while the person is covered under this Plan. If expenses are incurred after the coverage ceases, they will be considered for benefits only if satisfactory evidence is furnished to Horizon that the person has been totally disabled since her coverage terminated.

Any pregnancy benefits payable by previous group health coverage will be subtracted from health benefits payable for the same expenses under this Plan.

Medical care related to pregnancy, childbirth, abortion, or miscarriage includes the hospital delivery and hospital stay for at least 48 hours after a vaginal delivery or 96 hours after a cesarean section, if the attending practitioner determines that inpatient care is medically necessary and appropriate or if requested by the eligible mother notwithstanding medical necessity and appropriateness.

The attending provider, after consulting with the mother, may discharge the mother and newborn earlier than 48 hours following a vaginal delivery or 96 hours following a caesarean section.

Mouth, Jaws, and Teeth

The Medical Plan covers certain treatments of the mouth, jaws, and teeth only in the event of injury. Treatment must be of, or related to, the teeth, mouth, jaws, jaw joints, or supporting tissues (these include bones, muscles, and nerves).

The Medical Plan will cover certain dental expenses, but only in the event of injury. Charges for root canal therapy; routine tooth removal (which does not involve cutting of the bone); and in-mouth appliances, crowns, bridgework, dentures, tooth restorations, and any related fitting or adjustment services (whether or not their purpose is to relieve pain) are covered if they are required as the result of injury to the mouth, jaw, or teeth.

The Medical Plan does not cover charges to remove, repair, replace, restore, or reposition teeth which are lost or damaged in the course of biting or chewing. Charges to repair, replace, or restore fillings, crowns, dentures, or bridgework are not covered by the Medical Plan. Non-surgical periodontal treatment is excluded, as are charges for dental cleaning; in-mouth scaling, planing, or scraping; and myofunctional therapy (muscle training therapy to correct or control harmful habits).

The following services and supplies furnished for the treatment of the mouth, jaws, jaw joints, teeth, and supporting tissues (including bones, muscles, and nerves) are Covered Medical Expenses and not part of the Dental Plan. For these expenses, “doctor” includes a dentist.

- Surgery needed to treat a fracture, dislocation, or wound or to cut out teeth partly or completely impacted in the jawbone. Covered surgery may cut out teeth that will not erupt through the gum, as well as other teeth that cannot be removed without cutting into bone.

- Also covered are surgeries that cut out the roots of a tooth without removing the entire tooth, as well as removing cysts, tumors, or other diseased tissues while cutting into the gums and tissues of the mouth. This is covered only when not done in connection with the removal, replacement, or repair of teeth. Covered surgery may also alter the jaw, jaw joints, or bite relationships by a cutting procedure when appliance therapy alone cannot result in functional improvement.
- Non-surgical treatment of infections or illnesses of the mouth, jaws, jaw joints, and supporting tissues (including bones, muscles, and nerves). This does not include those of, or related to, the teeth.
- Dental work, surgery, and orthodontic treatment needed to remove, repair, replace, restore, or reposition natural teeth damaged, lost, or removed, and other body tissues of the mouth fractured or cut due to injury. The accident causing the injury must occur while the person is covered under the Medical Plan.

Any such teeth must have been free from decay or in good repair and firmly attached to the jawbone at the time of the injury.

If crowns (caps), dentures (false teeth), bridgework, or in-mouth appliances are installed due to such injury, Covered Medical Expenses include only charges for the following:

- The first denture or fixed bridgework to replace lost teeth;
- The first crown needed to repair each damaged tooth; and
- An in-mouth appliance used in the first course of orthodontic treatment after the injury.

Except as provided for injury, the Medical Plan does not cover charges for in-mouth appliances, crowns, bridgework, dentures, tooth restorations, or any related fitting or adjustment services, whether or not the purpose of such services or supplies is to relieve pain. In addition, the Medical Plan does not cover root canal therapy or routine tooth removal (not needing cutting of the bone).

Skilled Nursing Care

Coverage for private duty nursing is limited to 70 shifts per calendar year. Each period of private duty nursing of up to eight hours will be considered one private duty nursing shift.

Facility charges for bed and board, including diets, drugs, medicines and dressings and general nursing service in a Skilled Nursing Facility. Benefits are available for 120 days of care during any one benefit period.

Home Health Agency care services and supplies are covered only if furnished by providers on a part-time or intermittent basis, except when full-time or 24-hour service is needed on a short-term basis.

The home health care plan must be established in writing by the patient's practitioner within 14 days after home health care starts and it must be reviewed by the patient's practitioner at least once every 60 days.

No prior inpatient admission is required.

Each visit by a home health aid, nurse, or other provider whose services are authorized under the home health care plan can last up to four hours. This does not include:

- Services furnished to family members, other than the patient; or
- Services and supplies not included in the home health care plan.

Charges made for the following inpatient services furnished to a person for hospice care when given as a part of a Hospice Care Program are included as Covered Medical Expenses, provided pre-certification is received.

Hospice Care

The Plan covers inpatient or outpatient hospice care for an individual who has been diagnosed as having six months or less to live.

Inpatient hospice care must be precertified to be covered at the highest level payable by the Plan.

Inpatient Care

Room and board and other services and supplies furnished to a full-time inpatient for pain control and other acute and chronic symptom management.

Charges for daily room and board in a semi-private room over the Private Room Limit are not included.

Facility and Doctor Expenses

The Plan covers charges made on its own behalf by a:

- Hospice Care Facility;
- Hospital;
- Skilled Nursing/Convalescent Facility; or
- Doctor.

Outpatient Care

The Plan covers charges made by a Hospice Care Agency for the following outpatient services and supplies (if precertified).

- Part-time or intermittent nursing care by an RN or LPN for up to eight hours per day.
- Medical social services under the direction of a doctor, including:
 - Assessment of the person's social, emotional, and medical needs, and the home and family situation;
 - Identification of available community resources; and
 - Assisting the person to obtain resources needed to meet the person's assessed needs.
- Psychological and dietary counseling.
- Consultation or case management services by a doctor.
- Physical and occupational therapy.

- Part-time or intermittent home health aide services (consisting mainly of caring for the person) for up to eight hours per day.
- Medical supplies, drugs, and medicines prescribed by a doctor.

Charges made by the providers below for Outpatient Care, but only if the provider is not an employee of a Hospice Care Agency and the agency retains responsibility for the care of the person:

- A doctor for consultant or case management services.
- A physical or occupational therapist.
- A Home Health Care Agency for:
 - Physical or occupational therapy.
 - Part-time or intermittent home health aide services consisting mainly of caring for the person for up to eight hours per day.
 - Medical supplies, drugs, and medicines prescribed by a doctor.
 - Psychological and dietary counseling.

Charges for the following services are not included:

- Bereavement counseling.
- Funeral arrangements.
- Pastoral counseling.
- Financial or legal counseling, including estate planning or the drafting of a will.
- Homemaker or caretaker services. These are services which are not solely related to care of the person, including sitter or companion services for either the person who is ill or to other members of the family, transportation, housecleaning, and maintenance of the house.
- Respite care. This is care furnished during a period of time when the person's family or usual caretaker is unable or unwilling to attend to the person's needs.

Short-Term Rehabilitation

Charges made by a doctor or a licensed or certified physical, occupational, or speech therapist for Short-Term Rehabilitation services to treat acute conditions are Covered Medical Expenses.

Short-Term Rehabilitation services consist of the following services furnished to a person who is not confined as an inpatient in a hospital or other facility for medical care:

- Physical therapy;
- Occupational therapy; or
- Speech therapy.

Short-Term Rehabilitation is therapy which is expected to result in the improvement of a body function (including the restoration of the level of an existing speech function) which has been lost or impaired due to an injury, an illness, or a congenital defect.

You and your covered eligible spouse or same-sex domestic partner and child(ren) are covered for a maximum of 60 days of Short-Term Rehabilitation services during a calendar year, as long as the treatment is certified by Horizon.

This therapy shall be expected to result in significant improvement of the person's condition within 60 days from the date the therapy begins.

Charges for Short-Term Rehabilitation services are covered for a maximum of 60 days per calendar year, as long as the treatment is precertified.

The following services are not covered as Short-Term Rehabilitation services:

- Services covered to any extent under any other part of this Plan or any other group plan sponsored by American Water.
- Services received while the person is confined in a hospital or other facility for medical care.
- Services not performed by a doctor or not under his or her direct supervision.
- Services rendered by a physical, occupational, or speech therapist who lives in the person's home, or who is a part of the family of either the person or the person's spouse or same-sex domestic partner.
- Services rendered for the treatment of delays in speech development, unless resulting from:
 - Illness;
 - Injury; or
 - Congenital defect.
- Special education, including lessons in sign language, to instruct a person whose ability to speak has been lost or impaired, to function without that ability.
- Any services not provided in accordance with a specific treatment plan that:
 - Details the treatment to be rendered and the frequency and duration of the treatment.
 - Provides for ongoing reviews and is renewed only if therapy is still necessary.

Emergency Care

In the event of a medical emergency, the Plan covers treatment in a hospital emergency room.

If emergency care is received in a hospital emergency room while a person is not a full-time inpatient, the hospital's charges will be Covered Medical Expenses and paid at the appropriate copayment/coinsurance.

"Emergency care" means the first treatment given in a hospital emergency room right after the sudden and (at that time) unexpected onset of a change in a person's physical or mental condition that requires hospital level care because:

Non-Emergency Care in an Emergency Room

- The care could not safely and adequately have been provided other than in a hospital or adequate care was not available elsewhere in the area at the time and place it was needed; and
- If the hospital level care were not given, the emergency described above could, as determined by Horizon, reasonably be expected to result in:
 - Loss of life or limb;
 - Significant impairment to bodily function; or
 - Permanent dysfunction of a body part.

If non-emergency treatment is received in a hospital emergency room while a person is not a full-time inpatient, benefits will be denied.

Other Covered Medical Expenses

Other Covered Medical Expenses include:

- Doctor's charges.
- Diagnostic lab work and X-rays.
- X-ray, radium, and radioactive isotope therapy.
- Anesthetics and oxygen.
- Rental of durable medical or surgical equipment. Not included are charges for more than one item of equipment for the same or similar purpose.
 - “Durable Medical and Surgical Equipment” is equipment made to withstand prolonged use and used mainly in the treatment of an illness or injury. It must be suited for use in the home, not normally of use to persons without an illness or injury, and not used to alter quality or temperature, or for exercise or training.
- The purchase, repair, or replacement of durable medical and surgical equipment and accessories needed to operate it.
 - The initial purchase is covered only if Horizon agrees that long-term use is planned and the equipment cannot be rented, or it is likely to cost less to buy it than to rent it.
 - Replacement is covered only if Horizon agrees that it is needed because of a change in the person's physical condition, or it is likely to cost less to buy a replacement than to repair the existing equipment or to rent similar equipment.
- Artificial limbs and eyes. However, eyeglasses, hearing aids, orthopedic shoes, or other devices to support the feet are not included.
- Professional ambulance service to transport a person from the place of the injury or onset of illness to the first hospital where treatment is given.

Pre-Existing Conditions

Pre-existing conditions do not apply under this Horizon Plan.

Certification for Hospital Admissions (including hospitalizations for alcoholism, drug abuse, or mental disorders)

Inpatient hospital confinements must be precertified to qualify for the highest level of benefits paid by the Plan. If precertification is not obtained, benefits will be reduced or denied.

Inpatient hospital confinements must be precertified to qualify for the highest level of benefits paid by the Plan. Covered Medical Expenses incurred on any day not certified during the confinement will be paid as shown below if:

- You become confined in a hospital as a full-time inpatient;
- It has not been certified that the confinement (or any day of the confinement) is necessary; and
- The confinement has not been ordered and prescribed by your doctor.

Hospital Expenses Incurred During the Confinement

If certification has been requested and denied for part of the confinement, no benefits will be paid for Hospital Expenses incurred for room and board for that day(s). Benefits for all other Hospital Expenses will be paid at the appropriate copayment/coinsurance.

If certification has not been obtained, you will have to pay a \$150 penalty charge before benefits are paid for covered services.

Benefits for expenses in excess of the Excluded Amount will be paid at the appropriate copayment/coinsurance.

If certification has not been requested and the confinement (or any day of the confinement) is necessary, Hospital Expenses up to the Excluded Amount will not be deemed to be Covered Medical Expenses. Benefits for all other Hospital Expenses will be payable at the appropriate copayment/coinsurance.

Call the precertification number on your ID card or Horizon Member Services at (800) 355-BLUE (2583) to obtain certification of a hospital inpatient admission. Written notice of the number of days certified will be sent promptly to the hospital. A copy will be sent to you and the doctor.

Other Covered Medical Expenses

Benefits will be paid at the appropriate copayment/coinsurance.

Whether or not a day of confinement is certified, no benefit will be paid for expenses incurred on any day of confinement as a full-time inpatient if excluded by any other terms of this Plan, except that if certification has been given for a day of confinement, excluding services and supplies because they are not necessary will not be applied to expenses for hospital room and board.

In the event of an **urgent** admission, you, the person's doctor, or the hospital must call Horizon Member Services for certification before the person is confined as a full-time inpatient.

An urgent admission is one required as the result of an injury caused by an accident; the diagnosis of an illness; or the onset of, or change in, an illness. The person's condition does not require emergency medical care, but is severe enough to require confinement in a hospital within two weeks of the date the doctor determines that confinement is required.

A "non-urgent admission" is one which is not an emergency admission or an urgent admission.

When a covered person is confined as a full-time inpatient as the result of an **emergency** admission, you, the person's doctor, or the hospital must call Horizon Member Services to request certification within 48 hours of the start of the confinement. If the call cannot be made within 48 hours, the call must be made as soon as reasonably possible. The 48-hour requirement is extended to 72 hours when the confinement starts on a Friday or Saturday.

An admission is considered to be an **emergency** when the doctor admits the person to the hospital right after the sudden and (at that time) unexpected onset of a change in the person's physical or mental condition which could be life-threatening or result in significant impairment or permanent dysfunction if the person is not immediately confined as a full-time hospital inpatient.

If, in your doctor's opinion, it is necessary for you to be confined for a longer time than already certified, you, the doctor, or the hospital may request that more days be certified by calling the precertification number on your ID card or Horizon Member Services at **(800) 355-BLUE (2583)**. This must be done on or before the last day that has already been certified.

Written notice of the number of days certified will be sent promptly to the hospital. A copy will be sent to you and the doctor.

Certification for Skilled Nursing/Convalescent Facility Care, Home Health Care, and Hospice Care

Precertification is required for confinements in a Skilled Nursing/Convalescent Facility or hospice, and for home health care and outpatient hospice care. If precertification is not obtained, benefits may be reduced.

Covered Medical Expenses will be paid as shown below if incurred:

- While a person is confined in a Skilled Nursing/Convalescent Facility or hospice; or
- For services or supplies for home health care, hospice care, or skilled nursing care when a person is not confined as an inpatient; and
- It has been certified that such confinement or care is necessary; and
- The confinement or care has been ordered and prescribed by your doctor.

Facility Expenses

If certification has been requested and denied, no benefits will be paid for Skilled Nursing/Convalescent Facility expenses or Hospice Care Facility expenses incurred for room and board. Benefits for all other Skilled Nursing/Convalescent Facility expenses or Hospice Care Facility expenses incurred during the confinement will be paid at the appropriate copayment/coinsurance.

If certification has not been requested and the confinement (or any day of the confinement) is not necessary, no benefits will be paid for Skilled Nursing/Convalescent Facility expenses or Hospice Care Facility expenses incurred for room and board. For all other Skilled Nursing/Convalescent Facility expenses or Hospice Care Facility expenses incurred during the confinement:

- Expenses up to the Excluded Amount will not be deemed to be Covered Medical Expenses.
- Benefits for all other such expenses will be paid at the appropriate copayment/coinsurance.

If certification has not been requested and the confinement (or any day of the confinement) is necessary, Skilled Nursing/Convalescent Facility expenses or Hospice Care Facility expenses incurred during the confinement, up to the Excluded Amount, will not be deemed to be Covered Medical Expenses. Benefits for all other such expenses incurred during the confinement will be paid at the appropriate copayment/coinsurance. As to all other Covered Medical Expenses incurred during the confinement, benefits will be paid at the appropriate copayment/coinsurance.

Expenses for Services or Supplies

To get certification you must call the precertification number on your ID card or Horizon Member Services at (800) 355-BLUE (2583). Such certification must be obtained before an expense is incurred. Prompt written notice will be provided to you of the days of confinement and services or supplies which have been certified.

If certification for a service or supply has been requested and denied, or if certification has not been requested and the service or supply is not necessary, no benefits will be paid for the denied or unnecessary service or supply.

If certification has not been requested for a service or supply and the service or supply is necessary, benefits for the necessary service or supply will be paid as follows:

- Expenses incurred for the service or supply, up to the Excluded Amount, will not be deemed to be Covered Medical Expenses.
- Benefits for all other Covered Medical Expenses incurred for the service or supply will be paid at the appropriate copayment/coinsurance.

Whether or not a day of confinement or a service or supply has been certified, no benefit will be paid if the charges for the confinement or service or supply are excluded by any other terms of this Plan, except that, to the extent a day of confinement has been certified, excluding services and supplies because they are not necessary will not apply to:

- Skilled Nursing/Convalescent Facility expenses for room and board.
- Hospice Care Facility expenses for room and board.

To the extent that such service or supply has been certified for home health care, hospice care, or skilled nursing care, excluding services or supplies because they are not necessary will not apply to the service or supply.

If a person's doctor believes that the person needs more days of confinement or services or supplies beyond those which have been already certified, a call must be made to the precertification number on your ID card or Horizon Member Services at **(800) 355-BLUE (2583)** to certify more days of confinement or services or supplies.

Prompt written notice will be provided to you of the days of confinement and services or supplies which have been certified.

If services and supplies for hospice care have been certified and the person later requires hospital confinement for pain control or acute symptom management, any other certification requirement in this Plan will be waived for any such day of hospital confinement.

Certification for Certain Procedures and Treatments

Certification for certain procedures and treatments is required:

- Before the procedure is performed; or
- Before the treatment starts, unless the procedure or treatment has been ordered and prescribed by your doctor.

Covered Medical Expenses for procedures or treatments (whether performed on an inpatient or outpatient basis) will be payable as follows:

- If the procedure or treatment is not necessary, no benefits will be payable whether or not certification has been requested.
- If certification has been requested and the procedure or treatment is necessary, benefits will be payable at the appropriate copayment/coinsurance.
- If certification has not been requested and the procedure or treatment is necessary, expenses up to the Excluded Amount will not be considered to be Covered Medical Expenses. Benefits for Covered Medical Expenses in excess of the Excluded Amount will be payable at the appropriate copayment/coinsurance.

Certification for certain procedures and treatment is required when they are performed on either an inpatient or outpatient basis.

Certain procedures or treatments require precertification before they are performed, regardless of whether done on an inpatient or outpatient basis. Call Horizon to determine if your procedure requires precertification.

You or the provider performing the procedure or treatment must call the precertification number on your ID card or Horizon Member Services at (800) 355-BLUE (2583) to request certification.

If the procedure or treatment is performed due to an emergency condition, the call must be made:

- Before the procedure or treatment is performed; or
- Not later than 48 hours after the procedure or treatment is performed, unless the call cannot be made within that time. In that case, the call must be made as soon as it is reasonably possible. In the event the procedure or treatment is performed on a Friday or Saturday, the 48-hour requirement will be extended to 72 hours.

If the procedure or treatment is performed for any condition other than an emergency condition, the call must be made at least 14 days before the date of the procedure or the date treatment begins. If it is not possible to make the call during the specified time, it must be made as soon as reasonably possible before the date of the procedure or the date treatment begins.

Written notice of the certification decision will be sent promptly to you and the provider performing the procedure or treatment. This decision will be valid for 60 days from the date you receive the notice. If the procedure or treatment is to be performed after this 60-day period, certification must again be requested, as described above.

Submitting Claims

You should file your claim(s) during the calendar year in which the service or treatment was provided.

All claims must be filed within two years from the date of the incurred expense. Your claims must be in writing and you must give proof of the nature and extent of the expense. You may obtain Medical Plan Benefits Request forms from the Benefits Service Center, directly from Horizon's website (http://www.horizon-bcbsnj.com/national_accounts.html), or by contacting Horizon Member Services at (800) 355-BLUE (2583).

How Your Benefits Are Paid

American Water has contracted with Horizon to assist in administering benefits under the PPO Plan as the Claims Administrator. Your claims will be paid as soon as Horizon receives the necessary written proof supporting your claim. In order to speed claims processing, Horizon will pay medical benefits directly to the provider unless you specify that you want the benefits paid to you. If you are a minor or otherwise legally unable to give a valid release, Horizon may make payment to any of your relatives whom it determines to be fairly entitled to the payment.

You should never pay a provider directly until you receive an Explanation of Benefits (EOB).

Filing Medical Claims

When you use a network provider, you will not have to complete a Medical Plan Benefits Request form. The network provider will handle all claim filing for you.

Fast processing of your out-of-network claim depends on complete, accurate information on your National Account Health Insurance Claim Form (available online at http://www.horizon-bcbsnj.com/national_accounts.html). When filing a claim, please remember to:

- Complete all applicable sections of your Benefits Request form. Any unanswered questions will cause delay in processing your claim.
- Include your PPO Plan identification number on all claims, including claims for your eligible spouse or same-sex domestic partner and child(ren), and be sure to sign the form.
- Attach the itemized bill to the form. An itemized bill must be submitted within 24 months of incurring the expense and include the following information:
 - The patient's full name;
 - The patient's relationship to you;
 - The date the service was provided;
 - The name of the health care professional providing the service;
 - The provider's taxpayer identification number;
 - The type of service provided;
 - The nature of the illness or injury; and
 - The charges for the service or treatment (multiple expenses should be itemized).

If any of this information is missing, write it on the bill yourself and sign your name. Your health care provider should complete the doctor/supplier section of the claim form if he or she has not given you an itemized statement.

If you have other group coverage (or Medicare coverage) that pays benefits before the American Water Plan, you will need to provide Horizon with a copy of the other carrier's Explanation of Benefits (EOB) reflecting the benefits paid under the other coverage for the expenses being submitted for payment to this Plan.

Once you have completed the Medical Plan Benefits Request form and attached the itemized bills, send everything to:

Horizon Blue Cross Blue Shield of New Jersey
P.O. Box 1219
Newark, NJ 07101-1219

If you have any questions about the status of your claim, call Horizon Member Services at **(800) 355-BLUE (2583)**.

General Provisions of the PPO Plan

General Provisions of the PPO Plan

This section describes General Exclusions that apply under the Horizon PPO Plan.

Coverage is not provided for the following charges:

- Those for services and supplies not necessary, as determined by Horizon, for the diagnosis, care, or treatment of the illness or injury involved.
- Those for treatment, care, or services that are recommended and approved by your physician but are not medically necessary and appropriate.
- Those for care, treatment, services, or supplies that are not prescribed, recommended, and approved by your attending doctor or dentist.
- Those for, or in connection with, services or supplies that are, as determined by Horizon, considered to be experimental or investigational. A drug, device, procedure, or treatment will be determined to be experimental or investigational if:
 - There are insufficient outcomes data available from controlled clinical trials published in the peer reviewed literature to substantiate its safety and effectiveness for the illness or injury involved;
 - Required by the FDA, approval has not been granted for marketing;
 - A recognized national medical or dental society or regulatory agency has determined, in writing, that it is experimental, investigational, or for research purposes; or
 - The written protocol or protocols used by the treating facility or the protocol or protocols of any other facility studying substantially the same drug, device, procedure, or treatment or the written informed consent used by the treating facility studying the same drug, device, procedure, or treatment states that it is experimental, investigational, or for research purposes.

However, this exclusion will not apply with respect to services or supplies (other than drugs) received in connection with an illness, if Horizon determines that:

- The illness can be expected to cause death within one year, in the absence of effective treatment; and
- The care or treatment is effective for that illness or shows promise of being effective for that illness as demonstrated by scientific data. In making this determination Horizon will take into account the results of a review by a panel of independent medical professionals. They will be selected by Horizon. This panel will include professionals who treat the type of illness involved.

Also, if Horizon determines that available scientific evidence demonstrates that the drug is effective or shows promise of being effective for the illness, this exclusion will not apply with respect to drugs that:

- Have been granted approval as an investigational new drug with treatment status; or
- Have been granted approval as an investigational new drug with cancer treatment status.
- Those for or related to services, treatment, education, testing, or training related to learning disabilities or developmental delays.
- Those for care furnished mainly to provide a surrounding free from exposure that can worsen the person's illness or injury.
- Those for, or related to, the following types of treatment:
 - Primal therapy
 - Rolfing.
 - Psychodrama.
 - Megavitamin therapy.
 - Bioenergetic therapy.
 - Vision perception training.
 - Carbon dioxide therapy.
- Those for treatment of covered health care providers who specialize in the mental health care field and who receive treatment as a part of their training in that field.
- Those for services of a resident doctor or intern rendered in that capacity.
- Those to the extent they are not reasonable charges, as determined by Horizon.

- Those that are made only because there is health coverage.
- Those that a covered person is not legally obliged to pay.
- Those, as determined by Horizon to be for custodial care.
- Those for services and supplies:
 - Furnished, paid for, or for which benefits are provided or required by reason of the past or present service of any person in the armed forces of a government.
 - Furnished, paid for, or for which benefits are provided or required under any law of a government. (This does not include a plan established by a government for its own employees or their eligible spouses, same-sex domestic partners, or child(ren) or Medicaid.)
- Those for or related to any eye surgery mainly to correct refractive errors.
- Those for education, special education, or job training, whether or not given in a facility that also provides medical or psychiatric treatment.
- Those for plastic surgery, reconstructive surgery, cosmetic surgery, or other services and supplies that improve, alter, or enhance appearance, whether or not for psychological or emotional reasons, except to the extent needed to:
 - Improve the function of a part of the body that is not a tooth or structure that supports the teeth;
 - Repair a malformation as a result of a severe birth defect (this includes harelip or webbed fingers or toes), or a direct result of surgery performed to treat an illness or injury; or
 - Repair an injury that occurs while the person is covered under this Plan.
- Those that are for therapy or for supplies or for counseling for sexual dysfunctions or inadequacies that do not have a physiological or organic basis.
- Those for or related to sex change surgery or to any treatment of gender identity disorders.
- Those for or related to artificial insemination, in vitro fertilization, or embryo transfer procedures.
- Those for the reversal of a sterilization procedure.
- Those for routine physical exams, routine vision exams, routine hearing exams, routine dental exams, immunizations, or other preventive services and supplies, except as otherwise stated in this document.

- Those for or in connection with marriage, family, child, career, social adjustment, pastoral, or financial counseling.
- Those for acupuncture therapy. Not excluded is acupuncture when it is:
 - Performed by a doctor; and
 - As a form of anesthesia in connection with surgery that is covered under this Plan.
- Those for or in connection with speech therapy. This exclusion does not apply to charges for speech therapy that is expected to restore speech to a person who has lost existing speech function (the ability to express thoughts, speak words, and form sentences) as the result of an illness or injury.

Any exclusion above will not apply to the extent that:

- Coverage is specifically provided by name in this Summary Plan Description; or
- Coverage of the charges is required under any law that applies to the coverage.

These excluded charges will not be used when calculating benefits.

The law of the jurisdiction where a person lives when a claim occurs may prohibit some benefits. If so, they will not be paid.

Any charge for a service or supply furnished by a network provider in excess of such provider's Negotiated Charge for that service or supply will not be a covered expense under the Plan. This rule will not apply to any service or supply for which a benefit is provided under Medicare before the benefits of the group contract are paid.

Coordination of Your Benefits With Other Plans, Not Including Medicare

If you have other group coverage, the benefits from those plans will be taken into account when you have a claim.

Today, it is common for individual members of a family to be eligible for benefits under more than one group medical or dental plan. In such situations the benefits of the various plans are “coordinated” to determine how covered expense will be paid by your American Water Plan and the other plans. This may mean a reduction in benefits under this Plan. The combined benefits will not be more than the expenses recognized under these American Water Plans.

“Other plans” means:

- Any group medical or dental plan for which an employer pays all or part of the costs or makes payroll deductions;
- Any plan that you purchase through a group such as AARP; or
- Any government program, coverage required or provided by any law, or vehicle insurance (uninsured/underinsured motorist and casualty/liability).

If the American Water Plan is determined to be the primary plan (the plan that pays its benefits first), it will pay its regular benefits in full without regard to any payment that may be made under any other plan.

If the American Water Plan is determined to be the secondary plan (the plan that pays its benefits after the primary plan pays benefits), it will pay a reduced amount of benefits that will in no event cause the total benefit from all plans to exceed the benefit that would have been paid by the American Water Plan if it had been the primary plan. However, if benefits under the primary plan are reduced because a covered person does not comply with the plan provisions (such as penalties resulting from the failure to comply with cost management provisions of the plan), the amount of the reduction will not be considered for payment under the American Water Plan.

For example, if you have coverage under the PPO Plan and the primary plan pays 70% of eligible charges to an in-network provider, the American Water Plan will pay an additional 10% of covered charges for a total benefit equal to 80% of covered charges, which is the benefit the American Water Plan would have paid as the primary plan.

When other coverage exists in addition to your American Water coverage, the following rules will be used to determine which medical or dental plan is primary and pays first, and which medical or dental plan is secondary and pays second:

- A plan with no rules for coordination with other benefits will pay its benefits before a plan which contains such rules.
- A plan that covers a person as an employee pays before the plan that covers the person as an eligible spouse, same-sex domestic partner or child. However, there may be situations where the person is a Medicare beneficiary and not working and has a working spouse or same-sex domestic partner. In such a situation,
 - The spouse’s or same-sex domestic partner’s plan which covers the person as an eligible spouse or eligible same-sex domestic partner pays first;
 - Medicare pays second; and
 - The plan covering the person as an employee pays third.

- Except in the case of an eligible child whose parents are divorced or separated, the plan which covers the person as an eligible spouse, same-sex domestic partner or child of a person whose birthday comes first in a calendar year will be primary to the plan which covers the person as an eligible spouse, same-sex domestic partner or child of a person whose birthday comes later in that calendar year. If both parents have the same birthday, the benefits of a plan which covered one parent longer are determined before those of a plan which covered the other parent for a shorter period of time.
- If the other plan does not have the rule described in the above provision and, as a result, the plans do not agree on the order of benefits, the rule in the other plan will determine the order of benefits.
- In the case of an eligible child whose parents are divorced or separated:
 - If there is a court decree which states that the parents shall share joint custody of an eligible child, without stating that one of the parents is responsible for the health care expenses of the child, the order of benefit determination rules specified in the above provision will apply.
 - If there is a court decree which makes one parent financially responsible for the medical, dental, or other health care expenses of such child, the benefits of a plan which covers the child as an eligible child of such parent will be determined before the benefits of any other plan which covers the child as an eligible child.
 - If there is not such a court decree:

If the parent with custody of the child has not remarried, the benefits of a plan which covers the child as an eligible child of the parent with custody of the child will be determined before the benefits of a plan which covers the child as an eligible child of the parent without custody.

If the parent with custody of the child has remarried, the benefits of a plan which covers the child as an eligible child of the parent with custody shall be determined before the benefits of a plan which covers that child as an eligible child of the stepparent. The benefits of a plan which covers that child as an eligible child of the stepparent will be determined before the benefits of a plan which covers that child as an eligible child of the parent without custody.

- If the above rules do not establish an order of payment, the plan under which the person has been covered for the longest will be deemed to pay its benefits first, except that the benefits of a plan which covers the person as:
 - A laid-off or retired employee; or
 - The eligible spouse, same-sex domestic partner or child of such person, shall be determined **after** the benefits of any other plan which covers such person as:
 - An employee who is not laid-off or retired, or
 - An eligible spouse, same-sex domestic partner or child of such person.
- If the other plan does not have a provision regarding laid-off or retired employees and, as a result, each plan determines its benefits after the other, then the previous paragraph will not apply.
- The benefits of a plan which covers the person under a right of continuation pursuant to federal or state law shall be determined after the benefits of any other plan which covers the person other than under such right of continuation.
- If the other plan does not have a provision regarding right of continuation pursuant to federal or state law, and as a result, each plan determines its benefits after the other, then the above paragraph will not apply.

Horizon has the right to release or obtain any information and to make or recover any payment it considers necessary in order to administer this provision.

When this provision operates to reduce the total amount of benefits otherwise payable to you under this Plan during a calendar year, each benefit that would be payable in the absence of this provision will be reduced proportionately. Such reduced amount will be charged against any applicable benefit limit of your American Water Plan.

Automobile Personal Injury Protection (PIP)

If you are injured in an automobile accident and become eligible for benefits under the personal injury protection (PIP) provision of an automobile insurance policy, benefits under the American Water Medical Plan are payable after the automobile insurance policy benefits have been paid, even if you have designated the American Water Medical Plan as primary to your automobile insurance coverage in exchange for reduced automobile insurance premiums.

Third Party Liability and Subrogation

General Principle

When you or your eligible spouse, same-sex domestic partner, or child(ren) receive benefits under the Plan which are related to medical expenses that are also payable under Workers' Compensation, any statute, any uninsured or underinsured motorist program, any no fault or school insurance program, any other insurance policy or any other plan of benefits, or when related medical expenses that arise through an act or omission of another person are paid by a third party, whether through legal action, settlement or for any other reason, you or your eligible spouse, same-sex domestic partner, or child(ren) shall reimburse the Plan for the related benefits received out of any funds or monies you or your eligible spouse, same-sex domestic partner, or child(ren) recovers from any third party.

Specific Requirements and Plan Rights

Because the Plan is entitled to reimbursement, the Plan shall be fully subrogated to any and all rights, recovery, or causes of actions or claims that you or your eligible spouse, same-sex domestic partner, or child(ren) may have against any third party. The Plan is granted a specific and first right of reimbursement from any payment, amount, or recovery from a third party. This right to reimbursement is regardless of the manner in which the recovery is structured or worded, and even if you or your eligible spouse, same-sex domestic partner, or child(ren) has not been paid or fully reimbursed for all of their damages or expenses.

The Plan's share of the recovery shall not be reduced because the full damages or expenses claimed have not been reimbursed, unless the Plan agrees in writing to such reduction. Further, the Plan's right to subrogation or reimbursement will not be affected or reduced by the "make whole" doctrine, the "fund" doctrine, the "common fund" doctrine, comparative/contributory negligence, "collateral source" rule, "attorney's fund" doctrine, regulatory diligence, or any other equitable defenses that may affect the Plan's right to subrogation or reimbursement.

The Plan may enforce its subrogation or reimbursement rights by requiring you or your eligible spouse, same-sex domestic partner, or child(ren) to assert a claim to any of the benefits to which you or your eligible spouse, same-sex domestic partner, or child(ren) may be entitled. The Plan will not pay attorneys' fees or costs associated with the claim or lawsuit without express written authorization from the Company.

If the Plan should become aware that you or your eligible spouse, same-sex domestic partner, or child(ren) has received a third party payment, amount, or recovery and not reported such amount, the Plan, in its sole discretion, may suspend all further benefits payments related to you or your eligible spouse, same-sex domestic partner, or child(ren) until the reimbursable portion is returned to the Plan or offset against amounts that would otherwise be paid to or on behalf of you or your eligible spouse, same-sex domestic partner or child(ren).

Participant Duties and Actions

By participating in the Plan you and your eligible spouse or same-sex domestic partner and child(ren) consent and agree that a constructive trust, lien, or equitable lien by agreement in favor of the Plan exists with regard to any settlement or recovery from a third person or party. In accordance with that constructive trust, lien, or equitable lien by agreement, you and your eligible spouse, same-sex domestic partner, and child(ren) agree to cooperate with the Plan in reimbursing it for Plan costs and expenses.

Once you or your eligible spouse, same-sex domestic partner or child(ren) has any reason to believe that you or they may be entitled to recovery from any third party, you or your eligible spouse, same-sex domestic partner, or child(ren) must notify the Plan. And, at that time, you and your eligible spouse or same-sex domestic partner and child(ren) (and your or their attorney, if applicable) must sign a subrogation/reimbursement agreement that confirms the prior acceptance of the Plan's subrogation rights and the Plan's right to be reimbursed for expenses arising from circumstances that entitle you or your eligible spouse, same-sex domestic partner, or child(ren) to any payment, amount, or recovery from a third party.

If you or your eligible spouse, same-sex domestic partner, or child(ren) fails or refuses to execute the required subrogation/reimbursement agreement, the Plan may deny payment of any benefits to you and your eligible spouse, same-sex domestic partner, or child(ren) until the agreement is signed. Alternatively, if you or your eligible spouse, same-sex domestic partner, or child(ren) fails or refuses to execute the required subrogation/reimbursement agreement and the Plan nevertheless pays benefits to or on behalf of you or your eligible spouse, same-sex domestic partner, or child(ren), your or your eligible spouse's, same-sex domestic partner's, or child(ren)'s acceptance of such benefits shall constitute agreement to the Plan's right to subrogation or reimbursement.

You and your eligible spouse or same-sex domestic partner and child(ren) consent and agree that you or they shall not assign your or their rights to settlement or recovery against a third person or party to any other party, including their attorneys, without the Plan's consent.

As such, the Plan's reimbursement will not be reduced by attorneys' fees and expenses without express written authorization from the Company.

Recoupment

The Plan has the right to recover any mistaken payment, any overpayment, any payment that is made to any individual who was not eligible for that payment, or any payment that was required to have been made to the Plan under the "Third Party Liability and Subrogation" section above. The Plan, or its designee, may withhold or offset future benefit payments, sue to recover such amounts, or use any other lawful remedy to recoup any such amounts.

No Assignment of Benefits

You cannot assign, pledge, encumber, or otherwise alienate any legal or beneficial interest in benefits under the Plan, and any attempt to do so will be void. The payment of benefits directly to a health care provider, if any, shall be done as a convenience to the covered person and shall not constitute an assignment of benefits under the Plan.

When an Active Employee Is Eligible for Medicare

If an active employee or covered eligible spouse, same-sex domestic partner, or child is eligible for Medicare, the American Water Medical Plan will be primary and Medicare will be secondary.

A person is "eligible for Medicare" if he or she:

- Is covered under it; or
- Is not covered under it because of:
 - Having refused it;
 - Having dropped it; or
 - Having failed to make proper request for it.

Any rule for coordinating "other plan" benefits with those under this Plan will be applied.

When Coverage Is Terminated

Coverage under the Plan terminates when the first of these events happens:

- The day your employment ends.
- When the group contract terminates as to the coverage.
- When you are no longer in an Eligible Class. (This may apply to all or part of your coverage.)
- When you fail to make any required contribution.

Under certain circumstances, American Water may continue your coverage when you are not actively at work. If you are not at work due to illness or injury, American Water medical coverage will be continued for the length of your approved leave of absence, not to exceed 24 months from the date you are disabled as long as appropriate contributions are made.

An eligible spouse, same-sex domestic partner, or child's coverage will terminate at the first to occur of:

- The termination of all eligible spouse's, same-sex domestic partner's, or child(ren)'s coverage under the group contract.
- When an eligible spouse, same-sex domestic partner, or child becomes covered as an employee.
- When such person is no longer an eligible spouse, same-sex domestic partner, or child.
- When your coverage terminates.

You may be entitled to continue your medical coverage (see "Continuation of Health Coverage" on page 181).

Certificate of Creditable Coverage

When you or your covered eligible spouse, same-sex domestic partner, or child terminates coverage under the Plan, a Notice of Creditable Coverage will be issued to you specifying your coverage dates under the health plan and any probationary periods you were required to satisfy. The certificate will contain all the necessary information another health plan will need to determine if you have prior continuous coverage that should be credited toward any pre-existing condition limitation period. Health plans may require that you submit a copy of this form when you apply for coverage.

The Notice of Creditable Coverage will be issued to you when you terminate coverage with the group and, if applicable, at the expiration of any continuation period. The Plan will also issue the certification of coverage form if you request an additional copy at any time within the 24 months after your coverage terminates.

Qualified Medical Child Support Orders (QMCSOs)

A “Qualified Medical Child Support Order” (QMCSO) is an order by a court directing an employer to extend health plan participation to an employee’s child who might not otherwise be covered under the Plan.

QMCSOs are usually issued for children who reside with a former spouse. A QMCSO designates the affected child as an “alternate recipient.”

American Water must treat an alternate recipient as an eligible child and must deduct any applicable contributions from the employee’s pay. A QMCSO may also require the Claims Administrator to issue claim payments directly to the health care provider, the alternate recipient, or his or her legal representative. A custodial parent or guardian may be designated to receive claim payments on the child’s behalf. American Water is required to furnish an alternate recipient or his or her legal representative a copy of the Summary Plan Description. In addition, the alternate recipient or his or her legal representative may receive, without charge, a copy of the Plan’s QMCSO procedures.

If American Water receives a QMCSO affecting one of your children, you and your child will be notified. Once American Water has determined that the medical child support order is qualified, you and your child will be advised. American Water will enroll the child and instruct Horizon to make all claim payments to either the health care provider, the alternate recipient, or his or her legal representative.

To be “qualified,” a medical child support order must:

- Be issued by a court of competent jurisdiction;
- Include the name and last mailing address of both the employee and the affected child;
- Identify the health benefit plan subject to the order, and also the applicable time period;
- Provide a reasonable description of the type of benefits that must be provided for the child; and
- Not impose any benefits requirements that do not apply to other plan participants.

If a child meets the definition of an eligible child and you are required to provide health care benefits for that child as the result of a QMCSO, his or her initial participation in an American Water Medical Plan will not be affected by any provision that:

- Requires evidence of good health as a condition of participation;
- Delays participation due to a confinement; or
- Limits participation due to a pre-existing condition.

Coverage for the child will become effective on the date of such court order.

If you are the non-custodial parent, proof of claim for such child may be given by the custodial parent. Benefits for such claim will be paid to the custodial parent.

Individual Policy If Your Employment or COBRA Continuation Ends

If your medical coverage ceases under the PPO Plan, you may be able to enroll in an individual medical policy.

If your medical coverage ends under the PPO Plan, you may be able to enroll in an individual medical policy underwritten by Horizon. No evidence of insurability is required.

If you are interested in enrolling in an individual medical policy log on to www.bcbs or call Horizon.

Condition Management Program

Condition Management Program

The Condition Management Program helps you and your family members who are covered under the Medical Plan manage your health care if you have one of the conditions listed below:

- Asthma;
- Coronary artery disease;
- Chronic obstructive pulmonary disease (COPD);
- Diabetes; or
- Heart failure.

The Condition Management Program is part of American Water's Healthy Solutions Wellness Program, and provides tools to help you better manage your condition and improve your quality of life in collaboration with your health care provider's recommended treatment. If you participate in the program, you will have support in understanding:

- Your medications;
- How to communicate effectively with your health care professionals; and
- How lifestyle changes can affect your condition, plus much more.

If you have an illness covered by the Condition Management Program, Alere, American Water's wellness partner, will contact you about the program and how participation can help you better manage your health. Visits to hospitals or doctors' offices, lab tests, and prescriptions filled may initiate a call. Condition management is strictly confidential. Participation is voluntary. Learn more about the Condition Management Program through our wellness website at www.AWHealthySolutions.com or by calling Alere at (866) 674-9108.

The Prescription Drug Program

Prescription Drug Program

Horizon's Prescription Drug Program is administered by CVS Caremark. You are automatically covered by the Prescription Drug Program if you enroll in the American Water Medical Plan.

Note: Prescription drug benefits for Hawaii employees are covered under the HMSA plan.

The program offers you two ways to receive medications – at a retail pharmacy or by mail order.

- For your short-term and immediate prescription drug needs, you may use local participating pharmacies that have agreed to charge discounted prices.
- For medications you use on an extended or maintenance basis, you may purchase up to a 90-day supply through CVS Caremark, the administrator of the mail order program. They will be delivered by mail directly to your home.

Coverage under the Prescription Drug Program ends when your American Water Medical Plan terminates.

What You Pay for Prescription Drugs

	Retail Pharmacy (up to 34-day supply)	Mail Order (up to 90-day supply)
Generic	You pay 0%	You pay 0%
Preferred Brand	You pay 20%	You pay 20%
Non-Preferred Brand	You pay 20%	You pay 20%

This chart is only a highlight of the prescription drug features, and certain limits may apply to some features. Official Plan documents govern in the event of any inconsistency between the provisions shown here and in the Plan documents.

Note: Coinsurance may not be applied to Medical Plan deductibles. In addition, certain controlled substances and other prescription medications may be subject to dispensing limitations and to the professional judgment of the pharmacist. Also, in-network prescription drug charges will contribute to the in-network out-of-pocket maximum.

Preferred Drug List

Your prescription drug coverage levels are based on the program's Preferred Drug List – also called a “formulary.” When your prescription medication is on the Preferred Drug List, you may pay a lower cost than when the drug is not on the Preferred Drug List. If you receive a prescription for a drug that is not on the list, you should ask your doctor if there is another drug on the Preferred Drug List for your specific condition.

As part of our commitment to provide the best Prescription Drug Program possible, we continue to seek ways to help control the rising costs of health care without compromising quality. As a result, the Horizon's Prescription Drug Guide is continually reviewed to help ensure that the list of preferred medications remains responsive to the needs of the member and the prescriber.

In general, medications are moved to non-preferred status for one or more of the following reasons:

- A generic equivalent product becomes available;
- New safety or clinical effectiveness information supports the move to non-preferred status; or
- Drug use information shows that preferred alternatives with better patient compliance rates are available.

To find out if your prescription is on the Preferred Drug List, call CVS Caremark Member Services at (866) 881-5603 or log on to http://www.horizon-bcbsnj.com/national_accounts.html.

Save With Generics

When using your Prescription Drug Program, you will not be required to pay any coinsurance if you receive a prescription for a generic drug. The Food and Drug Administration (FDA) regulates generic drugs and requires that they contain the same active ingredients, strength, and dosage as the original brand-name drug. Although generic and brand-name drugs may work the same way in the body and may have the same risks and benefits, generic drugs cost significantly less than their brand-name counterparts.

When you receive a prescription from your doctor, discuss with him or her whether a generic substitution would be suitable for you.

Covered Drugs

The Prescription Drug Program covers drugs that require a doctor's written prescription and are medically necessary for the treatment of illness or injury. Covered drugs include, but are not limited to:

- Federal legend drugs;
- State restricted drugs;
- Compounded medications;
- Injectable drugs, including insulin, needles, and syringes; and
- Oral contraceptives.

Specialty Drugs

Specialty Drugs (also called Specialty Pharmaceuticals) are a class of medications typically produced through biotechnology (sometimes known as biologicals), administered by injection, and/or requiring special patient monitoring and handling.

Horizon members who are required to take a specialty pharmaceutical must obtain their medication from a specialty pharmacy contracted by Horizon. These pharmacies will provide members with a high level of prescription delivery service along with the following:

- Drug/disease-specific education and support;
- Convenient home or doctor office delivery;
- Claims assistance;
- Easy ordering with a dedicated toll-free number; and
- Helpful follow-up care calls to remind members when it is time to refill a prescription, check on therapy progress, and answer questions.

If you have any questions, experience any difficulty in filling your specialty pharmaceutical prescription, or would like to obtain a listing of specialty pharmacies or pharmaceuticals, please call CVS Caremark Member Services at (866) 881-5603. In most cases your doctor will advise you if your medication is a Specialty Drug.

How to Use the Prescription Drug Program

If you use a participating pharmacy, you will receive discounted prices and will not need to complete a claim form. Otherwise, you will pay more and must complete a claim form to receive reimbursement. You can locate participating pharmacies by calling Horizon Member Services at (800) 355- BLUE (2583) or by logging on to http://www.horizon-bcbsnj.com/national_accounts.html.

Using a Participating Pharmacy

When you need medication immediately, simply present your ID card at a participating pharmacy and pay a percent of the discounted prescription cost for a 34-day supply of medication. You will pay 20% for brand names and 0% for generic drugs. There is no deductible to meet. You will have no claim forms to complete and no waiting for reimbursement.

Using an Out-of-Network Pharmacy

When you have a prescription filled at *non-participating* pharmacy, you must pay the regular charge. To receive reimbursement, submit a claim form to Horizon at the address printed on the back of the Prescription Benefits claim form.

The Prescription Drug Program will pay 80% of the retail (non-discounted) cost of your prescription as if you went to a participating pharmacy. If your claim is approved, your reimbursement check should arrive about two weeks after you mail the claim form.

Remember, these charges are included in your out-of-pocket maximum.

How the Mail Order Program Works

The mail order program is designed to save you money on medications that you use on a long-term or maintenance basis. The program allows you to receive up to a 90-day supply of medication as follows: 0% coinsurance for generic, 20% coinsurance for preferred and non-preferred brand.

Mail Order Program

The mail order program gives you the convenience of ordering medication for direct delivery by mail to your home, office, or other location. Your doctor may call in your new prescription to CVS Caremark, or you can simply fill out the mail service order form and send it in with your prescription(s).

Ordering for the First Time

For your first mail order prescription, complete the Participant Profile/Order Form in your Welcome Package. You can also print an order form from www.caremark.com. Log in with your login ID and password, click on the “Prescriptions and Coverage” tab, and select “Print Forms” from the menu on the left.

Attach your 90-day supply prescription and mail it along with the appropriate copayment to:

CVS Caremark
P.O. Box 659541
San Antonio, TX 78265-9085

Your prescription should arrive within 10 to 14 days from the date CVS Caremark receives your order.

Ordering Refills

You can order refills online, by mail, or over the phone.

To place a refill order online:

- Go to www.caremark.com and log in with your login ID and password. Click on the “Prescriptions and Coverage” tab, select “Refill Prescriptions,” and choose the prescription(s) that you want to refill. Because the system retains your information, you do not need to complete an order form for each refill.

To place a refill order by mail:

- Use the computerized pre-printed CVS Caremark Mail Order Form and pre-addressed envelope that comes with each CVS Caremark prescription mailed to you. If your address, doctor, or health condition information changes, please note them on the form and be sure to make the same changes to your account on www.caremark.com.

To place a refill order over the phone:

- Call CVS Caremark toll-free at (800) 213-0879 using a touch-tone phone. This service is available 24 hours a day, seven days a week. Enter the patient’s Prescription Drug Program identification number and year of birth. For payment of your share, enter your credit card number and expiration date.

Drugs and Supplies Not Covered

The following drugs and supplies are not covered under the Prescription Drug Program.

- Bandages.
- Braces.
- Cosmetics.
- Dietary supplements.
- Drugs intended for use in a doctor's office or other setting that is not the participant's home.
- Certain experimental or investigational drugs.
- Fertility drugs.
- Health and beauty aids.
- Heat lamps.
- Non-legend drugs.
- Norplant.
- Injectable drugs (other than insulin).
- Prescriptions that a participant is entitled to receive without charge under any Workers' Compensation or municipal, state, or federal program.
- Retin-A.
- Splints and artificial appliances.
- Appetite suppressants that are not medically necessary.
- Any prescription medication that is also available over the counter.
- Devices and equipment.

In addition, certain controlled substances and other prescription medications may be subject to dispensing limitations and to the professional judgment of the pharmacist.

Termination of Coverage

Your prescription drug coverage ends when your Medical Plan terminates.

Prescription Drug Program Administrator

CVS Caremark Rx, Inc. (www.caremark.com) administers the program, with a national retail pharmacy network of over 62,000 participating pharmacies. Their online tools and other communications provide you with convenient service, personal care and attention, and up-to-date information.

No Assignment of Benefits

You cannot assign, pledge, encumber or otherwise alienate any legal or beneficial interest in benefits under the Plan, and any attempt to do so will be void. The payment of benefits directly to a health care provider, if any, shall be done as a convenience to the covered person and shall not constitute an assignment of benefits under the Prescription Drug Program.

The Dental/Vision Plans

Note: Dental and vision benefits are bundled into the “Dental/Vision Plan.”

Dental Benefits

To help you take good care of your teeth, the American Water Dental/Vision Plan covers preventive, restorative, major, and orthodontic dental services.

Enrolling for benefits and making changes to benefit elections are time-sensitive.

Effective August 1, 2012 American Water employees must enroll online through Employee Self Service. Those without access to Employee Self Service should return the completed enrollment forms to the Benefits Service Center within 31 days of the date of hire or life event. In addition, all required documentation must be provided within 30 days following approval of your request.

Your dental health is an important aspect of your overall health and well-being. This valuable benefit is self-insured by American Water, and Aetna provides certain administrative services under this Plan. The provisions of the Plan will remain effective only while you are covered under the Plan.

There is one Dental Plan option. You must enroll separately in the Dental/Vision Plan (see “Enrolling for Coverage” on page 9).

The Plan pays benefits for charges for dental services and supplies incurred for treatment of dental disease or injury. These benefits apply separately to each covered person.

The dental plan offers both in-network and out-of-network benefits; however, in-network dentists have negotiated their fees with Aetna. They generally charge less than out-of-network dentists, so your benefits are based on a lower cost. This means you pay less and the Plan pays less for your dental care. To find a dentist or see if your dentist participates in Aetna’s provider network, visit www.aetna.com or contact Member Services at (877) 238-6200.

If you choose an out-of-network dentist, your benefits will be based on reasonable and customary charges – which is higher than the negotiated fee. As a result, your share of the cost may be higher.

Dental Plan Summary Chart

The following chart provides a summary of your dental benefit levels and coverages:

	Dental
Deductible (single / family)	\$50 / \$100
Preventive Care	Plan pays 100% of covered expenses with no deductible
Basic Services	Plan pays 80% of covered expenses after deductible
Major Services	Plan pays 50% of covered expenses after deductible
Calendar Year Maximum	\$1,500
Orthodontia	Plan pays 50% of covered expenses after deductible up to a \$1,500 lifetime maximum (covers only eligible children)

Covered Dental Expenses

Expenses that exceed the necessary and appropriate level, as determined by Aetna, will not be covered by the Plan.

Note: You are responsible for any amounts billed by providers that are in excess of the amount paid by the Plan.

The Dental Plan pays the following benefits for Covered Dental Expenses up to the appropriate copayment/coinsurance:

- 100% of Preventive (Type A) expenses with no deductible.
- 80% of Basic Restorative Services (Type B) expenses after the deductible.
- 50% of Major Restorative Services (Type C) expenses after the deductible.
- 50% of Orthodontia (Type D) expenses after the deductible, up to a lifetime maximum of \$1,500.

The Dental Plan pays the dentist's charges for the services and supplies listed below which, for the condition being treated, are in Aetna's sole determination:

- Necessary;
- Customarily used nationwide; and
- Deemed by the profession to be appropriate. They must meet broadly accepted national standards of dental practice.

Type A Expenses – Preventive Services

- Oral exams once every six months. This includes prophylaxis, scaling, and cleaning of teeth.
- X-rays for diagnosis.
- Other X-rays (up to one full mouth series in a 36-month period and one set of bitewings in a six-month period).

Type B Expenses – Basic Restorative Services

- Topical application of sodium or stannous fluoride for persons under 15 years of age.
- Space maintainers up to age 19.
- Non-surgical extractions.
- Fillings.
- General anesthetics given in connection with covered dental services.
- Non-surgical treatment of diseased periodontal structures.
- Non-surgical endodontic treatment. This includes root canal therapy.
- Injection of antibiotic drugs.
- Repair or recementing of crowns, inlays, bridgework, or dentures.
- Relining of dentures.

Type C Expenses – Major Restorative Services

- First installation of removable dentures to replace one or more natural teeth extracted while the person is covered. This includes adjustments for the six-month period following the date they were installed.
- Replacement of an existing removable denture or fixed bridgework by a new denture, or the adding of teeth to a partial removable denture. *Note:* The “Prosthesis Replacement Rule” on page 72 must be met.
- Inlays, gold fillings, or crowns. This includes precision attachments for dentures.
- First installation of fixed bridgework to replace one or more natural teeth extracted while the person is covered. This includes inlays and crowns as abutments.
- Replacement of an existing removable denture or fixed bridgework by new fixed bridgework, or the adding of teeth to existing fixed bridgework. *Note:* The “Prosthesis Replacement Rule” on page 72 must be met.

Type D Expenses – Orthodontic Treatment

A dentist's charges for services and supplies for orthodontic treatment are included as Covered Dental Expenses, in addition to all other terms of this dental benefit:

- The Plan pays 50% of Covered Dental Expenses after the deductible, up to a \$1,500 lifetime maximum, for eligible children.
- Benefits will not exceed the Orthodontic Maximum for all expenses incurred by a family member in his or her lifetime, even if there is a break in coverage.

Note: All claims for dental benefits must be submitted within 24 months from the start of treatment.

Advance Claim Review

You should request an Advance Claim Review of any dental treatment that will cost \$150 or more. The review will tell you and your dentist what the Plan will cover and how much you must pay out of your own pocket.

Before starting a course of treatment for which the dentist's charges are expected to be \$150 or more, details of the proposed course of treatment and charges to be made should be filed with Aetna. Please contact Aetna Member Services at (877) 238-6200 for additional details and to obtain forms. Aetna will then estimate the benefits and notify you and your dentist before treatment starts. Advance review is not required as a condition of receiving benefits, but it will let you know what to expect as far as Plan benefits if you obtain more expensive treatment.

Some services may be given before an Advance Claim Review is made (emergency treatments and oral exams, including prophylaxis and X-rays).

A course of treatment is a planned program of one or more services or supplies to treat a dental condition. The condition must be diagnosed by the attending dentist as a result of an oral exam. The treatment may be given by one or more dentists. The course of treatment starts on the date a dentist first gives a service to correct or treat such dental condition.

Note: As a part of the Advance Claim Review and as part of proof of any claim, Aetna has the right to require an oral exam of the person at its own expense. You must give Aetna all diagnostic and evaluative material which it may require. These include: X-rays, models, charts, and written reports.

The benefits for a course of treatment may be less than you expect if an Advance Claim Review is not made or if any required verifying material is not furnished. Benefits will be reduced by the amount of expenses that Aetna cannot verify.

Alternate Treatment

If alternate services or supplies may be used to treat a dental condition, Covered Dental Expenses will be limited to those services and supplies which, as determined by Aetna:

- Are customarily used nationwide for treatment;, and
- Are deemed by the profession to be appropriate for treatment. They must meet broadly accepted national standards of dental practice. The person's total current oral condition will be taken into account.

The "Limitations" section has some examples of how this works. Please refer to page 74 for more information.

Prosthesis Replacement Rule

Certain replacements or additions to existing dentures or bridgework will be covered under this Plan. Aetna must receive satisfactory proof that:

- The replacement or addition of teeth is required to replace teeth extracted after the present denture or bridgework was installed. The person must have been covered when the tooth was extracted.
- The present denture or bridgework cannot be made serviceable, and it must be at least five years old.
- The present denture is an immediate temporary one to replace one or more natural teeth extracted while the person is covered and cannot be made permanent. Replacement by a permanent denture is needed and takes place within 12 months from the date the immediate temporary denture was first installed.

Explanation of Some Important Plan Provisions

Calendar Year Deductible

The calendar year deductible is the amount of Covered Dental Expenses you must pay each calendar year before the Plan pays benefits.

Family Deductible Limit

The family deductible limit is the amount of Covered Dental Expenses your family must pay before the Plan pays benefits. When these expenses exceed the family deductible limit, the Plan pays benefits at the percentage listed on the “Dental Plan Summary Chart” on page 69. The family deductible limit must be met by more than one person.

Coinsurance

Coinsurance is the amount you must pay out of your own pocket for Covered Dental Expenses after you meet the calendar year deductible.

Calendar Year Maximum Benefit

The calendar year maximum benefit is the most the Plan will pay for all dental expenses incurred by a covered person in a calendar year. It applies even if there is a break in coverage.

Coordination of Benefits

In many families, both husbands and wives work and may be eligible for benefits under more than one group medical or dental plan. In such situations, the various plans “coordinate” benefits to determine how covered expenses will be paid by the American Water Plan and the other plans. This may mean a reduction in benefits under this Plan. The combined benefits will not be more than the expenses recognized under the American Water Plan.

If the American Water Plan is determined to be the primary plan (the plan that pays its benefits first), it will pay its regular benefits in full without regard to any payment that may be made under any other plan.

If the American Water Plan is determined to be the secondary plan (the plan that pays its benefits after the primary plan pays benefits), it will pay a reduced amount of benefits that will in no event cause the total benefit from all plans to exceed the benefit that would have been paid by the American Water Plan if it had been the primary plan. However, if benefits under the primary plan are reduced because a covered person does not comply with the plan provisions (such as penalties resulting from the failure to comply with cost management provisions of the plan), the amount of the reduction will not be considered for payment under the American Water Dental Plan.

For example, if you have coverage under the American Water Plan and receive Basic Restorative services, and the primary plan pays 70% of eligible charges to an in-network provider, the American Water Plan will pay an additional 10% of covered charges for a total benefit equal to 80% of covered charges, which is the benefit the American Water Plan would have paid as the primary plan.

Covered services and supplies must meet broadly accepted standards of dental practice. When your dentist uses an alternate method of treatment, the benefits paid by American Water Plan will be limited.

Limitations

When the Alternate Treatment part of this Plan applies, benefits will be limited. Here are some examples:

Restorative and Reconstructive Services

■ **Gold, Baked Porcelain, Crowns, and Jackets**

Covered Dental Expenses will be limited to the charges for the procedure using amalgam or like material, if it would restore a tooth. This limit applies even if you and the dentist choose some other type of restoration.

■ **Reconstruction**

Covered Dental Expenses will be limited to the charges for the procedure needed to eliminate oral disease and replace missing teeth. Appliances or restorations needed to increase vertical dimension or restore the occlusion are deemed to be optional and are not covered.

Prosthodontic Services

■ **Partial Dentures**

Covered Dental Expenses will be limited to the charges for a cast chrome or acrylic denture if this would satisfactorily restore an arch. This limit applies even if you and the dentist choose a more elaborate or precision appliance.

■ **Complete Dentures**

Covered Dental Expenses will be limited to the charges for a standard procedure. This limit applies even if you and the dentist choose personalized or specialized treatment.

Replacement of existing dentures will be covered only if the existing denture cannot be used or repaired. If it can be used or repaired, Covered Dental Expenses will be limited to the charges for the services needed to make the denture usable.

When Coverage Is Terminated

Coverage under any section of this Plan will be in exchange for all privileges and benefits provided under any like prior coverage. Any benefits provided under such prior coverage may reduce benefits payable under this Plan.

Coverage under this Plan terminates when the first of these events happens:

- The day your employment ends.
- When the group contract terminates as to the coverage.
- When you are no longer in an Eligible Class. (This may apply to all or part of your coverage.)
- When you fail to make any required contribution.

Under certain circumstances, American Water may continue your coverage when you are not actively at work. If you are not at work due to illness or injury, American Water dental coverage will be continued for the length of your approved leave of absence, not to exceed 24 months from the date you are disabled as long as appropriate contributions are made.

An eligible spouse, same-sex domestic partner, or child's coverage will terminate at the first to occur of:

- The termination of all eligible spouse's, same-sex domestic partner's, or child(ren)'s coverage under the group contract.
- When an eligible spouse, same-sex domestic partner, or child becomes covered as an employee.
- When such person is no longer an eligible spouse, same-sex domestic partner, or child.
- When your coverage terminates.

You may be entitled to continue your dental coverage (see "Continuation of Health Coverage" on page 181).

Benefits After Termination of Coverage

If your dental coverage ends while you are not totally disabled, charges for dentures, fixed bridgework, and crowns may be covered for a period of 60 days following the date coverage terminated if they were ordered before that date.

Expenses incurred for the following after the person's dental coverage ends will be deemed to be incurred when ordered:

- Dentures;
- Fixed bridgework; and
- Crowns.

This applies only if the item is finally installed or delivered no more than 60 days after coverage ends.

“Ordered” means:

- Impressions have been taken from which the dentures, crowns, or fixed bridgework will be made; and
- For fixed bridgework and crowns, the teeth must have been fully prepared if they will serve as retainers or support or if they are being restored.

General Exclusions

Coverage is not provided for the following expenses:

- Services and supplies not necessary, as determined by Aetna, for the diagnosis, care, or treatment of disease or injury. This applies even if they are prescribed, recommended, or approved by the person's attending dentist.
- Care, treatment, services, or supplies that are not prescribed, recommended, and approved by the person's attending dentist.
- Treatment by someone other than a licensed dentist. (The Plan will cover some treatments by a licensed dental hygienist if supervised by a dentist, including scaling of teeth, cleaning of teeth, and topical application of fluoride.)

- Services or supplies determined by Aetna to be experimental or investigational. A drug, device, procedure, or treatment will be determined to be experimental or investigational if:
 - There are insufficient outcomes data available from controlled clinical trials published in the peer reviewed literature to substantiate its safety and effectiveness for the disease or injury involved;
 - As required by the FDA, approval has not been granted for marketing;
 - A recognized national medical or dental society or regulatory agency has determined, in writing, that it is experimental, investigational, or for research purposes; or
 - The written protocol or protocols used by the treating facility or the protocol or protocols of any other facility studying substantially the same drug, device, procedure, or treatment or the written informed consent used by the treating facility or by another facility studying the same drug, device, procedure, or treatment states that it is experimental, investigational, or for research purposes.
- Services of a resident doctor, dentist, or intern rendered in that capacity.
- Charges which Aetna determines not to be reasonable.
- Charges for services and supplies which are covered in whole or in part under any other part of this Plan, or under any other group benefits plan provided by American Water.
- Charges that are made only because there is health coverage.
- Charges that a covered person is not legally obliged to pay.
- Charges for services and supplies:
 - Furnished, paid for, or for which benefits are provided or required by reason of the past or present service of any person in the armed forces of a government; or
 - Furnished, paid for, or for which benefits are provided or required under any law of a government. (This does not include a plan established by a government for its own employees or their eligible spouse, same-sex domestic partner, or child(ren) or Medicaid.) An example is benefits provided, to the extent required by law, under “no-fault” auto insurance.

- Charges for plastic surgery, reconstructive surgery, cosmetic surgery, or other services and supplies which improve, alter, or enhance appearance, whether or not for psychological or emotional reasons, including but not limited to charges for personalization or characterization of dentures, except to the extent needed to repair an injury which occurs while the person is covered under this Plan.
- Charges for routine dental exams or other preventive services and supplies.
- Charges for acupuncture therapy, unless performed by a doctor as a form of anesthesia in connection with surgery covered under the Plan.
- Charges for sealants.
- Charges for the replacement of a prosthetic device that is lost, missing, or stolen.
- Charges for services or supplies for orthodontic treatment, except as specifically provided.
- Charges for services or supplies to increase vertical dimension, such as dentures, crowns, inlays and onlays, bridgework, or any other appliance or service.

Any exclusion above will not apply to the extent that:

- Coverage is specifically provided by name in this Summary Plan Description; or
- Coverage of the charges is required under any law that applies to the coverage.

These excluded charges will not be used when calculating benefits.

The law of the jurisdiction where a person lives when a claim occurs may prohibit some benefits. If so, they will not be paid.

Submitting Claims

You should file your claim(s) during the calendar year in which the service or treatment was provided.

All claims must be filed within two years from the date of the incurred expense. (See page 71 for information on filing orthodontic claims.) Claims must be in writing and must include proof of the nature and extent of the expense. To obtain Dental Benefits Request forms, call Aetna Member Services at (877) 238-6200 or visit their website at www.aetna.com.

How Your Benefits Are Paid

The Dental Plan is administered by Aetna. Claims will be paid as soon as Aetna receives the necessary written proof supporting your claim.

How to File a Dental Claim

Attach the original of each itemized bill to the Dentist's Statement form. Be sure to keep a copy of all bills and claim forms for your records.

Fast processing of your claim depends on complete, accurate information. When filing a claim under the Dental Plan, please remember to:

- Complete all items under applicable sections of the claim form. Unanswered questions will cause delay in processing your claim.
- Be sure to include your Dental Plan identification number on all claims, including claims for your eligible spouse, same-sex domestic partner, or child(ren), and be sure to sign the form.
- Attach the itemized bill to the form. An itemized bill must contain the following information:
 - The patient's full name;
 - The patient's relationship to you;
 - The date service was provided;
 - The name of the dentist or other licensed health care professional providing service;
 - The provider's taxpayer identification number;
 - The type of service provided;
 - The nature of the condition being treated; and
 - The charges for the service or treatment (multiple expenses should be itemized).

If any of this information is missing, write it on the bill yourself and sign your name. Your dental provider should complete the provider section of the Benefits Request form if he or she has not given you an itemized statement.

If you have other group coverage that pays benefits before this Plan, you must provide Aetna with a copy of the other carrier's Explanation of Benefits (EOB) reflecting the benefits paid under the other coverage when you submit expenses for payment under this Plan.

Send the completed claim form and itemized bill(s) to:

**Aetna
P.O. Box 14094
Lexington, KY 40512-4094**

If you have any questions about the status of your claim, call Aetna Member Services at (877) 238-6200.

Your Contributions

No Assignment of Benefits

You cannot assign, pledge, encumber, or otherwise alienate any legal or beneficial interest in benefits under the Plan, and any attempt to do so will be void. The payment of benefits directly to a health care provider, if any, shall be done as a convenience to the covered person and shall not constitute an assignment of benefits under the Plan.

You pay your share of the cost for your benefits each pay cycle through convenient *pre-tax* payroll deductions. *Pre-tax* means that your contributions are withheld before federal (and in most cases, state and local) income and FICA (Social Security) taxes are withheld. This reduces your taxable income and the amount of tax you pay. As a result, you have more take-home pay. Because your pre-tax contributions are not subject to FICA taxes, your Social Security benefit at retirement may be slightly reduced if your earnings are under the Social Security Taxable Wage Base (\$110,100 for 2012). However, the loss in future retirement benefits should be more than offset by the current tax savings under the Plan.

Vision Benefits

Healthy eyes and good vision are important to your overall well-being and quality of life. You must enroll separately in the Dental/Vision Plan.

The Vision Plan is administered by EyeMed. EyeMed provides certain administrative and claim payment services under the Plan, but does not guarantee benefit payments. You can receive routine eye exams, corrective lenses, frames, and contacts through EyeMed's nationwide network of over 16,000 participating providers – optometrists, ophthalmologists, and optical retail locations.

The Vision Plan offers both in-network and out-of-network benefits, but your benefit levels are higher (and your out-of-pocket costs lower) when you use in-network providers.

To find a provider or to make sure your provider participates in the EyeMed network:

- Before you enroll: visit www.enrollwitheyemed.com/access.
- Once you are enrolled: visit www.eyemedvisioncare.com.

After you enroll in the Dental/Vision Plan, you will receive an identification card.

Vision Benefits Summary Chart

The following chart provides a summary of your vision benefits. Keep in mind that the Network Providers column shows what *you* pay and the Out-of-Network Provider column shows what *the Plan* pays.

Vision Care Service	Member Cost at a Network Provider	Reimbursement at an Out-of-Network Provider
Vision Exam	\$15 copayment	Usual and customary less \$15 copayment
Frames	\$50 copayment, \$200 allowance; 80% of balance over \$200	Up to \$120
Standard Plastic Lenses • Single Vision • Bifocal • Trifocal • Lenticular	\$35 copayment \$50 copayment \$50 copayment \$50 copayment	Up to \$25 Up to \$40 Up to \$55 Up to \$70
Lens Options (paid by member and added to base price of the lens) • Tint (Solid and Gradient) • UV Coating • Standard Scratch-Resistance • Standard Polycarbonate • Standard Anti-Reflective • Standard Progressive (add-on to bifocal) • Other Add-Ons and Services	\$15 copayment \$15 copayment \$15 copayment \$40 copayment \$45 copayment \$65 copayment 20% off retail price	N/A No reimbursement
Contact Lenses (in lieu of Standard Plastic lenses; includes fit, follow-up and materials) • Conventional • Disposables • Medically necessary	\$100 allowance; 15% off balance over \$100 \$100 allowance; balance over \$100 Paid in full	Up to \$80 Up to \$80 Up to \$200
LASIK and PRK Vision Correction	15% off retail price OR 5% off promotional pricing (whichever results in the lower cost to the member)	N/A No reimbursement
Frequency	Exams – once every 24 months Frames – once every 24 months Standard Plastic Lenses or Contact Lenses – once every 24 months	
Additional Purchases and Out-of-Pocket Discount: Members will receive a 20% discount on remaining balance at participating providers beyond plan coverage, which may not be combined with any other discounts or promotional offers, and the discount does not apply to EyeMed’s providers’ professional services or disposable contact lenses.		

Visiting an Out-of-Network Provider

All vision care services received from an out-of-network provider are paid up to a scheduled amount. You are responsible for paying any amount the provider charges in excess of that amount.

Services Not Covered

The Vision Plan does not cover:

- Orthoptics or vision training.
- Subnormal vision aids and associated supplemental testing.
- Aniseikonic lenses.
- Medical and/or surgical treatment of the eyes.
- Corrective eyewear required by an employer as a condition of employment, and safety eyewear unless specifically covered under the Plan.
- Services provided as a result of Workers' Compensation law.
- Non-prescription lenses (plano lenses) and non-prescription sunglasses (except for the 20% EyeMed discount).
- Two pair of glasses in lieu of bifocals.
- Services or materials provided by any other group benefit providing for vision.
- Benefit allowances provide no remaining balance for future use within same benefit period.
- Lost or broken lenses, frames, glasses, or contact lenses will not be replaced except in the next benefit period.

When Coverage Is Terminated

Coverage under any section of this Plan will be in exchange for all privileges and benefits provided under any like prior coverage. Any benefits provided under such prior coverage may reduce benefits payable under this Plan.

Coverage under the Plan terminates when the first of these events happens:

- The day your employment ends.
- When the group contract terminates as to the coverage.
- When you are no longer in an Eligible Class. (This may apply to all or part of your coverage.)
- When you fail to make any required contribution.

Under certain circumstances, American Water may continue your coverage when you are not actively at work. If you are not at work due to illness or injury, American Water vision coverage will be continued for the length of your approved leave of absence, not to exceed 24 months from the date you are disabled as long as appropriate contributions are made.

An eligible spouse's, same-sex domestic partner's, or child's coverage will terminate at the first to occur of:

- The termination of all eligible spouse, same-sex domestic partner, or child coverage under the group contract.
- When an eligible spouse, same-sex domestic partner, or child becomes covered as an employee.
- When such person is no longer an eligible spouse, same-sex domestic partner, or child.
- When your coverage terminates.

You may be entitled to continue your vision coverage (see "Continuation of Health Coverage" on page 181).

Filing a Claim

When you visit an EyeMed network provider, you must present the provider with your EyeMed ID card or subscriber number at the time of service. Your provider will submit the benefit form for you. You are responsible for charged amounts that exceed your coverage.

If you visit an out-of-network provider, you must pay the provider at the time you receive vision care services. You must then submit an EyeMed claim form and an itemized paid receipt to receive reimbursement. Your itemized receipt must include:

- Patient's name;
- Date service began;

- The services and materials received; and
- Amount paid.

Claim forms and receipts should be mailed to:

EyeMed Vision Care
 Attention OON Claims
 P.O. Box 8504
 Mason, OH 45040-7111

Claim forms are available on EyeMed's website at www.eyemedvisioncare.com. You can also obtain forms by contacting EyeMed Member Services at (866) 939-3633.

EyeMed will not process claims submitted more than 12 months after the date of service or purchase.

No Assignment of Benefits

You cannot assign, pledge, encumber, or otherwise alienate any legal or beneficial interest in benefits under the Plan, and any attempt to do so will be void. The payment of benefits directly to a health care provider, if any, shall be done as a convenience to the covered person and shall not constitute an assignment of benefits under the Plan.

Your Contributions

You pay your share of the cost for your benefits each pay cycle through convenient *pre-tax* payroll deductions. *Pre-tax* means that your contributions are withheld before federal (and in most cases, state and local) income and FICA (Social Security) taxes are withheld. This reduces your taxable income and the amount of tax you pay. As a result, you have more take-home pay. Because your pre-tax contributions are not subject to FICA taxes, your Social Security benefit at retirement may be slightly reduced if your earnings are under the Social Security Taxable Wage Base (\$110,100 for 2012). However, the loss in future retirement benefits should be more than offset by the current tax savings under the Plan.

Flexible Spending Accounts

Flexible Spending Accounts

Participation in the Health Care Flexible Spending Account and the Dependent Care Flexible Spending Account allows you to reduce your taxable income by paying for certain expenses with pre-tax dollars.

Horizon administers the Flexible Spending Accounts on behalf of American Water.

To help you meet the high cost of health and dependent care in the most cost-efficient manner, American Water offers two programs which allow you to pay for qualifying expenses using *pre-tax* dollars. You pay fewer taxes because those amounts are not subject to federal income or Social Security taxes. You keep more of what you earn, increasing your disposable income.

You make voluntary contributions on a pre-tax basis to these spending accounts, from which you receive tax-free reimbursement to cover the cost of your qualifying medical and dependent care expenses.

The Health Care Flexible Spending Account reimburses you for most health-related expenses for yourself or your eligible spouse, same-sex domestic partner, or child(ren) that are not reimbursable through any health benefit plans.

Note: Health-related expenses for your same-sex domestic partner are only eligible for reimbursement if your same-sex domestic partner is also your tax dependent.

The Dependent Care Flexible Spending Account reimburses you for most dependent day care expenses for your qualifying dependents.

Reimbursements that you receive from your Health Care and/or Dependent Care Flexible Spending Accounts are tax-free to you.

Your contributions to your Health Care and/or Dependent Care Flexible Spending Accounts are deducted each pay cycle through convenient *pre-tax* payroll deductions. *Pre-tax* means that your contributions are withheld before federal (and in most cases, state and local) income and FICA (Social Security) taxes are withheld. (Note: In some states, your contributions to the Dependent Care Flexible Spending Account and/or the Health Care Flexible Spending Account may be subject to state income taxes. You should consult your tax advisor to determine if contributions to either of these accounts will be taxed in your state.) Pre-tax contributions reduce your taxable income and the amount of tax you pay. As a result, you have more take-home pay. Because your pre-tax contributions are not subject to FICA taxes, your Social Security benefit at retirement may be slightly reduced if your earnings are under the Social Security Taxable Wage Base (\$110,100 for 2012). However, the loss in future retirement benefits should be more than offset by the current tax savings under the Plan.

The Health Care Flexible Spending Account

You can use your Health Care Flexible Spending Account to pay for medical, dental, vision, and hearing care expenses that are not otherwise covered by any health care plan.

The Health Care Flexible Spending Account allows you to contribute money on a pre-tax basis to an account set up for you. If you (or your eligible spouse, same-sex domestic partner, or child(ren)) incur qualifying health care expenses which are not covered, or are only partially covered, by insurance or any other source, you will be reimbursed from the spending account for these expenses.

Here is an example of the potential tax savings with a Health Care Flexible Spending Account:

	With Account	Without Account
Annual Family Income	\$50,000	\$50,000
Minus Pre-Tax Contributions to Account	\$ 2,400	None
Taxable Income	\$47,600	\$50,000
Federal, State, and Social Security Taxes	\$12,685	\$13,325
Minus After-Tax Health Care Expenses	None	\$ 2,400
Net Disposable Income	\$34,915	\$34,275
Tax Savings (Extra Take-Home Pay)	\$ 640	

Estimates use tax rates of 15% federal, 4% state, and 7.65% Social Security. Actual tax savings could be greater or less than shown here. Consult your tax advisor to determine tax savings for your particular situation.

Eligibility

Enrolling for benefits and making changes to benefit elections are time-sensitive.

If you are an eligible employee (see "Eligibility" on page 5), you are eligible to participate in the Health Care Flexible Spending Account as of the first day of the month following completion of one full month of continuous employment. You may enroll by completing the enrollment process (see "Enrolling for Coverage" on page 9). If you are newly hired, ***you must enroll*** and make your contribution election within the 31-day enrollment period. You will have the opportunity to change your elections in the fall of every year, effective for the upcoming plan year. You are not permitted to make changes to your election amount during the Plan Year, except under certain circumstances (see page 91).

Eligible Individuals

In addition to your own expenses, you can also be reimbursed from the Health Care Flexible Spending Account for qualifying expenses incurred by an eligible spouse, child or qualifying individual (as defined by the IRS). For you to include these expenses, the person must have been your eligible spouse, child, or qualifying individual (as defined by the IRS) either at the time the medical services were provided or at the time you paid the expenses.

How the Account Works

The spending account does not replace your medical benefits. It is a separate plan that reimburses you for qualifying expenses that are not covered, or only partially covered, by your Medical Plan or Dental/Vision Plan, or by any other source (such as a spouse's or same-sex domestic partner's plan).

When you have an eligible medical expense, you pay the bill. You can be reimbursed for these expenses from your account by filing a claim form (see page 97).

For additional convenience, you will be issued a debit card. Use the card to pay for eligible medical expenses just as you would use your bank debit card. The money is automatically debited from your Health Care Flexible Spending Account. You should keep copies of all receipts for any expenses you pay for from your Health Care Flexible Spending Account in case further substantiation is required.

Prior to using the debit card you must certify that the card will only be used for qualifying health care expenses, that any qualifying health care expenses paid with the card have not already been reimbursed by any health plan.

Claim Documentation

Note: You cannot use the card to prepay for qualifying health care expenses.

The debit card will be automatically cancelled upon your death or termination of employment, or if you have a change in status that results in your becoming ineligible for a Health Care Flexible Spending Account.

The dollar amount available on the debit card will be the Health Care Flexible Spending Account contribution amount you elected for the Plan Year, minus reimbursements paid for the Plan Year.

Your debit card will permit all transactions to be made in the pharmacy at the point of sale. This includes prescriptions and eligible over-the-counter products. Internal Revenue Service (IRS) regulations require documentation to verify that claims are legitimate. Therefore, any transaction that does not match a copayment/coinsurance from the American Water Medical Plan or Prescription Drug Program or is not otherwise clearly a medical expense based on the information obtained from the vendor's inventory system at the point of sale, will be audited by Horizon. If you do not use your debit card, you can submit a claim.

If you are audited for a transaction, you (the member) are required to provide documentation to validate the expense. Return the letter to Horizon along with a receipt or Explanation of Benefits (EOB) which includes the following:

- Provider;
- Service(s) received or item(s) purchased;
- Date of service;
- Amount of expenses incurred; and
- Amount covered by insurance.

If Horizon later determines that any purchase does not qualify as a qualifying health care expense, Horizon may, in its sole discretion, use one of the following correction methods to make the Plan whole:

- Require you to repay the improper amount to the Plan; or
- Offset future claims until the improper amount is repaid.

Until the amount is repaid, Horizon will take further steps to ensure that further violations of the terms of the debit card do not occur, up to and including denial of access to the card.

How Much Can I Contribute?

You may elect to contribute up to \$3,000 per year to your Health Care Flexible Spending Account. The maximum amount you may contribute may be further limited by applicable law.

During open enrollment (or your 31-day enrollment period), you should estimate what you will spend during the next Plan Year (or the balance of the current Plan Year) (January 1 to December 31, plus the 2½ month grace period, see below) on unreimbursed medical expenses. The Company will deduct from your paycheck the amount of money you choose to set aside, in equal amounts over the course of the calendar year.

You may elect to contribute up to \$3,000 per year to the Health Care Flexible Spending Account (subject to limits under applicable law). There is a minimum contribution of \$120 per calendar year. If your spouse also has a health care flexible spending account, whether through the Company or another employer, this will not affect the maximum amount of your contribution. You may each contribute the maximum amount.

Use All the Money in Your Account

You must request reimbursement by April 30 of the following year for health care expenses incurred during the Plan Year and the grace period (the following January 1 – March 15).

The amount available to you for reimbursement for qualifying expenses incurred during the Plan Year (plus the 2½ month grace period) is the annual amount you have elected to contribute to the spending account, even if the full amount has not yet been deducted from your pay. For example, if you elect to contribute \$1,200 to the spending account, the entire \$1,200 will be available to you for reimbursement of your eligible expenses beginning January 1. *Note that there is a different rule for reimbursements from the Dependent Care Flexible Spending Account.*

According to IRS rules, any amounts remaining in your spending account after the deadline for submitting claims incurred during the Plan Year (plus the 2½ month grace period) will be forfeited. You may not carry forward unused amounts to the next Plan Year, and you may not transfer unused amounts from the Health Care Flexible Spending Account to another employee or to another plan or account (such as the Dependent Care Flexible Spending Account). Therefore, you should plan carefully before you make your annual contribution election. Any forfeited amounts are used by American Water to reduce future administrative expenses.

The claims accumulation period for the Health Care Flexible Spending Account is 14½ months – the current 12-month Plan Year (January 1 – December 31) plus the period January 1 through March 15 of the following calendar year. The deadline to submit claims for reimbursement from your Health Care Flexible Spending Account is April 30 of the following year. You must be an active participant or COBRA participant as of December 31 in order to take advantage of the grace period. Expenses incurred during the grace period that are not applied against your Health Care Flexible Spending Account balance for the prior Plan Year can be applied against the Health Care Flexible Spending Account for the current Plan Year. For example, if you establish a Health Care Flexible Spending Account for 2012, eligible expenses incurred during the period January 1, 2013 – March 15, 2013 can be applied against your 2012 account balance. If you have exhausted your 2012 account balance or you do not submit the grace period expenses by April 30, 2013, you can apply those expenses against your 2013 Health Care Flexible Spending Account, if any. If you do not have a 2013 Health Care Flexible Spending Account, you would not be able to be reimbursed for those grace period expenses.

Can I Change the Amount of My Contributions?

You can start, stop, or change the automatic deductions from your paycheck during the calendar year only if you have a qualified change in status (as listed below). The change in status must be on account of, and correspond with, a change in status affecting eligibility. The following events are changes in status:

- **Change in your legal marital status** (marriage, death of spouse, divorce, legal separation, or annulment).
- **Change in the number of your** eligible spouse, same-sex domestic partner, or child(ren) (gain a child through birth, adoption, placement for adoption; loss of an eligible spouse, same-sex domestic partner, or child through death).
- **Change in your eligible spouse's, same-sex domestic partner's, or child(ren)'s eligibility status** (eligible spouse, same-sex domestic partner, or child qualifies or no longer qualifies because of age or marriage).

Expenses Eligible for Reimbursement

Only “qualifying” expenses can be reimbursed through the Health Care Flexible Spending Account. These include:

- Medical, dental, and vision care expenses incurred by you or an eligible spouse, child(ren), or qualifying individual (as defined by the IRS) in the diagnosis, treatment, or prevention of disease, including prescription drug expenses and transportation or lodging expenses incurred in receiving treatment.

- Certain other medical expenses not covered by your medical insurance.
- Deductibles or copayments you have paid under any type of health care plan.
- Over-the-counter medicines and drugs only if accompanied by a written prescription, provided they are for the diagnosis, cure, mitigation, treatment, or prevention of disease or for the purpose of affecting any structure or function of the body. The over-the-counter drug must be more than just beneficial to general health and not “cosmetic” in nature.

Some over-the-counter drugs have a dual purpose, serving a personal/cosmetic or general health purpose as well as a medical purpose. These drugs will require a letter from a doctor stating the medical condition or disease that is being treated.

Remember, the following lists of eligible and ineligible expenses are not complete. If you have a question as to whether or not an expense is eligible, please call Horizon FSA at (800) 224-4426.

Keep in mind that the expenses you submit for reimbursement may not be covered or reimbursed by other insurance or another source, including a plan sponsored by your spouse’s employer, Medicare, Workers’ Compensation, automobile insurance, or any recovery or settlement from a lawsuit.

For additional information, call Horizon FSA at (800) 224-4426. You can also refer to IRS Publication 502 (“Medical and Dental Expenses”). You can request a copy of Publication 502 from your local IRS office or go online at www.irs.gov/publications/p502. But keep in mind, not all expenses listed in Publication 502 are eligible (like insurance premiums) and some expenses not listed in the publication are eligible (such as some over-the-counter drugs and medicines if accompanied by a written prescription).

Below is a list of some of the health care expenses eligible for reimbursement from your spending account. Only health care expenses not reimbursed by insurance can be claimed.

- Acupuncture (excluding remedies).
- Adoption.
- Adult diapers.
- Alcoholism treatment.
- Ambulance.
- Artificial insemination.
- Artificial limbs/teeth.
- Birth control.
- Braille books/magazines.
- Chiropractic treatment.
- Christian Science practitioners.
- Coinsurance/deductibles.

- Contact lenses/saline solution.
- Copayments.
- Cosmetic surgery:
 - To treat illness/disease;
 - To improve a congenital abnormality;
 - To treat injury from accident/trauma; or
 - To improve a disfiguring deformity.
- Crutches.
- Deductibles.
- Dental treatment and oral surgery (non-cosmetic only).
- Dentures.
- Diagnostic fees.
- Dietary supplements and vitamins with doctor's letter of medical necessity.
- Doctor fees (cosmetic procedures not eligible).
- Drug addiction treatments.
- Drug and medical supplies (i.e., syringes, needles, etc.).
- Excess of reasonable and customary charges scheduled, annual, or lifetime maximums.
- Eye care/exams.
- Eye surgery (cataracts, LASIK, etc.).
- Eyeglasses (prescription only).
- Guide dogs.
- Hearing aids/exams.
- Hearing devices and batteries.
- Home health care.
- Hospital bills.
- Insulin.
- In-vitro fertilization.
- Laboratory fees.
- Nursing home costs.
- Orthodontia (non-cosmetic only).
- Orthopedic devices.
- Over-the-counter drugs that are medically necessary like allergy medications, aspirin, or antacids if accompanied by a written prescription (see list below).
- Oxygen.
- Prescribed medicines.
- Psychiatric treatment.
- Psychologist's fees.

- Routine physicals and other non-diagnostic services or treatments.
- Smoking-cessation over-the-counter drugs if accompanied by a written prescription.
- Smoking cessation programs.
- Specialized car equipment for disabled persons.
- Speech therapy.
- Sterilization.
- Surgical fees.
- Transplants (except hair).
- Vaccinations and immunizations.
- Vitamins, with doctor's letter of medical necessity.
- Weight loss programs.
- Weight-loss over-the-counter drugs with doctor's letter of medical necessity.
- Well-baby care.
- Wheelchairs.
- X-ray fees.

Over-the-Counter Drugs or Medicines

The following over-the-counter items qualify for reimbursement under the Health Care Flexible Spending Account only if accompanied by a written prescription:

- Antiseptics.
- Asthma medications.
- Cold, flu, and allergy medications.
- Ear/eye care.
- Health aids.
- Pain relief.
- Stomach care.

Over-the-Counter Supplies

The following over-the-counter supplies qualify for reimbursement under the Health Care Flexible Spending Account:

- Diabetic supplies.
- Personal test kits.

Dual Use Items

The following dual use items qualify for reimbursement under the Health Care Flexible Spending Account with a letter of medical necessity from the patient's doctor:

- Blood pressure meter.
- Gauze and tape.
- Gloves and masks.
- Herbs.

Expenses Not Eligible for Reimbursement

- Leg or arm braces.
- Massagers.
- Minerals.
- Saline nose drops.
- Special supplements.
- Thermometers.

The following are not considered qualifying health care expenses and cannot be reimbursed from the Health Care Flexible Spending Account:

- Bleaching/bonding of teeth.
- Contact lens insurance.
- Cosmetic surgery, unless necessary to correct a deformity which is congenital or which resulted from a disfiguring illness or an injury resulting from an accident or trauma.
- Dancing lessons.
- Diaper services for children.
- Electrolysis.
- Expenses for general health purposes, such as fitness, exercise, or health club dues unless recommended by a doctor for a particular medical condition.
- Expenses for weight loss programs *unless* recommended by a doctor to treat obesity.
- Expenses in excess of the amount you have elected to contribute to the Health Care Flexible Spending Account.
- Expenses of someone who is not an eligible spouse, same-sex domestic partner, or child.
- Funeral expenses.
- Hair restoration (procedures, drugs, or medications).
- Hair transplants.
- Health club or gym memberships for general health.
- Household help.
- Insurance premiums (including COBRA premiums).
- Liposuction.
- Marriage and family counseling.
- Maternity clothes.
- Over-the-counter supplies, drugs, or medications that are not medically necessary or are not prescribed by your doctor.

- Over-the-counter drugs or medications that are not prescribed by your doctor.
- Premiums you or your spouse pays for insurance coverage.
- Rogaine, when used for cosmetic purposes; that is, to stimulate growth, and not for a specific medical condition.
- School tuition.
- Swimming lessons.
- Transportation costs of a disabled person to and from work.
- Vacation or travel costs to improve health.
- YMCA/YWCA memberships.

This list is intended to give you a general description of expenses not eligible for reimbursement through the spending account. *There may be other expenses, in addition to those listed above, which are not eligible.*

Over-the-Counter Expenses Not Eligible for Reimbursement

The following over-the-counter items do not qualify for reimbursement from the Health Care Flexible Spending Account:

- Aromatherapy.
- Baby bottles and cups.
- Baby oil.
- Baby wipes.
- Breast enhancement system.
- Cosmetics.
- Cotton swabs.
- Dental floss.
- Deodorants.
- Facial care.
- Feminine care.
- Fragrances.
- Hair regrowth.
- Low "carb" foods.
- Low calorie foods.
- Oral care.
- Petroleum jelly.
- Shampoo and conditioner.
- Skin care.
- Spa salts.
- Sun tanning products.
- Toothbrushes.

Submitting Claims

You may be reimbursed from your Health Care Flexible Spending Account by completing a *Claim for Reimbursement* form, which can be downloaded from www.horizonblue.com/fsa.

Any itemized bills that you submit should contain, at a minimum, the following information:

- The name of the patient and the employee;
- The date(s) the services were provided;
- A description of the service or item provided;
- The name and address of the provider;
- The cost of the service or item; and
- Amount covered by insurance.

Sign and date the claim form. Attach copies of bills, invoices, or other written statements from a third party that support each reimbursement request and mail or fax to:

Horizon Blue Cross Blue Shield of New Jersey
3 Penn Plaza East PP-05S
Newark, NJ 07105-2200
Fax: (973) 274-2215

You will receive an Explanation of Payment (EOP) statement from Horizon detailing the status of your account with each reimbursement.

Family and Medical Leaves of Absence

If you take a Family and Medical Leave of Absence (FMLA Leave) from American Water, your pre-tax payroll deductions to the Health Care Flexible Spending Account will stop. You may continue to make contributions on an after-tax basis only by sending a monthly check to American Water.

Termination/ Retirement of Employment

If you terminate or retire from American Water, your pre-tax payroll deductions to the Health Care Flexible Spending Account will stop. You may still continue to submit claims for reimbursement of expenses incurred **before** your date of termination/retirement.

Under certain circumstances, you may continue participating under COBRA and make contributions on an after-tax basis by sending a monthly check to American Water. Participants who continue to participate under COBRA will be able to submit claims for reimbursement of expenses incurred while they are participating in the Health Care Flexible Spending Account.

The Dependent Care Flexible Spending Account

The cost of caring for your dependents while you work can be more affordable when you participate in the American Water Dependent Care Flexible Spending Account.

The Dependent Care Flexible Spending Account allows you to contribute money on a pre-tax basis to an account set up for you. These amounts can be used to reimburse you for most daycare or eldercare expenses you might incur for your qualifying dependents.

Here is an example of the potential tax savings with a Dependent Care Flexible Spending Account:

	With Account	Without Account
Annual Family Income	\$50,000	\$50,000
Minus Pre-Tax Contributions to Account	\$ 5,000	None
Taxable Income	\$45,000	\$50,000
Federal and Social Security Taxes	\$11,993	\$13,325
After-Tax Dependent Care Expenses	None	\$ 5,000
Net Disposable Income	\$33,007	\$31,675
Tax Savings (Extra Take-Home Pay)	\$ 1,332	

Example uses tax rates of 15% federal, 4% state and 7.65% Social Security. Consult your tax advisor to determine tax savings for your particular situation.

Eligibility

If you are an eligible employee (see "Eligibility" on page 5), you are eligible to participate in the Dependent Care Flexible Spending Account as of the first day of the month following completion of one full month of continuous employment. You may enroll by completing the enrollment process (See "Enrolling for Coverage" on page 9) If you are newly hired, **you must enroll** and make your contribution election within the 31-day enrollment period. You will have the opportunity to change your elections in the fall of every year, effective for the upcoming Plan Year. You are not permitted to make changes to your election amount during the Plan Year, except under certain circumstances (see page 104).

Qualifying Dependents

Expenses are reimbursable for care of the following qualifying dependents:

- Your child, grandchild, brother or sister who is **under age 13**, who resides in your household for more than one-half of the year, and who does not provide more than one-half of his or her own support for the year;
- A disabled spouse who resides in your household for more than one-half of the year; and
- A disabled relative or household member who is principally dependent on you for support and who resides in your household for more than one-half of the year.

In the case of a child who receives over one-half of his or her support during the calendar year from his or her parents (i) who are divorced or legally separated under a decree of divorce or separate maintenance, (ii) who are separated under a written separation agreement, (iii) who live apart at all times during the last six months of the year, (iv) who have agreed that the custodial parent will not claim the child as an income tax exemption, and (v) where such child is in the custody of one or both parents for more than one-half of the year, such child will be considered the dependent of both parents, regardless of the child's place of residence or the amount of support provided by either parent. Contact your tax advisor or refer to IRS Publication 503 (Child and Dependent Care Expenses) for more information.

How the Account Works

When you have eligible dependent care expenses, you pay the bill and submit a reimbursement claim to Horizon, along with a copy of the bill. You can be reimbursed for these expenses from your account by filing a claim form, **assuming that you have enough money in your account**. If not, you will be reimbursed up to the amount in your account and the remainder of the claim will be held until the balance in your Dependent Care Flexible Spending Account is sufficient to cover the bill.

Keep in mind, however, that because you are contributing to the spending account through payroll deductions, you will have a period of increased expenses. You will have to pay your dependent care provider, as well as have payroll deductions, before receiving reimbursement from your account.

How Much Can I Contribute?

You may contribute up to a maximum of \$5,000 per year (\$2,500 if married but filing a separate tax return), regardless of the actual number of qualifying dependents you have. Normally, amounts reimbursed from your Dependent Care Flexible Spending Account are tax-free to you. However, federal law states that the amount excluded from your gross income cannot exceed, in any calendar year (under all dependent care plans in which you or your spouse may participate) the lesser of:

- \$5,000 (\$2,500 if you are married and filing separate federal income tax returns);
- Your annual income; or
- Your spouse's annual income.

If your spouse is (1) a full-time student for at least five months during the year or (2) physically and/or mentally disabled, there is a special rule to determine his or her annual income. To calculate the income, determine your spouse's actual taxable income (if any) earned each month that he or she is a full-time student or disabled. Then, for each month, compare this amount to either \$250 (if you claim expenses for one dependent) or \$500 (if you claim expenses for two or more dependents). The amount you use to determine your spouse's annual income is the greater of the actual earned income or 12 times the assumed monthly income amounts of either \$250 or \$500.

If you are married and filing separate federal income tax returns, the \$2,500 limit described above will not apply if you are (1) legally separated or (2) separated for more than six months and pay for more than half of the household expenses.

By making an election under the Dependent Care Flexible Spending Account, you are representing to the Company that your contributions to the Dependent Care Flexible Spending Account are not expected to exceed these limits.

To qualify for tax-free treatment, you are required to list on your federal income tax return the name and taxpayer identification number of any person who provided you with dependent care services during the calendar year for which you have claimed a tax-free reimbursement. The identification number of a care provider who is an individual and not a care center is that individual's Social Security number. You should make your care provider aware of this reporting requirement.

You may elect to contribute up to \$5,000 per household per year (or your or your spouse's earned wages, whichever is less) to your Dependent Care Flexible Spending Account.

Determining How Much to Contribute

In addition, your Dependent Care Flexible Spending Account contribution can never be more than your earned wages or your spouse's earned wages, whichever is less. If your spouse is a full-time student, the IRS considers him or her to be gainfully employed, with earned income of \$250 per month (if you have one qualifying dependent) or \$500 per month (if you have two or more qualifying dependents) for each month the spouse is a student. To be considered a "full-time student" as defined by the IRS, your spouse must maintain full-time status at a college or university during at least five months of the year.

The amount you elect to contribute will depend upon the amount you anticipate you will need to cover your dependent care expenses for the Plan Year (January 1 – December 31). You should compare the tax benefit you would receive with the Dependent Care Flexible Spending Account to the benefit that you would receive with the federal child and dependent care tax credit (see below), and then choose between them. For additional details about the federal tax credit, see IRS Publication 503 ("Child and Dependent Care Expenses") and IRS Tax Topic 602 (www.irs.gov/taxtopics/tc602.html). You can request a copy of Publication 503 from your local IRS office or go online at www.irs.gov/publications/p503.

Federal Earned Income Credit. A tax credit available under current tax law is the earned income credit. This credit also reduces the federal tax you have to pay on a dollar-for-dollar basis, but is calculated somewhat differently from the child care credit described above. The credit is available to individuals with incomes below certain thresholds and the amount of the credit increases if you have qualified children. A qualified child is defined as a child who is under age 19 (under age 24 if a student) or who is totally and permanently disabled. The credit does not depend on the amount you pay in child care expenses. The earned income credit has no effect on the amount you can contribute under the Dependent Care Flexible Spending Account for dependent care expenses. Moreover, the use of the Dependent Care Flexible Spending Account may result in a reduction in your taxable income, thus qualifying you for the earned income credit where you would not otherwise have qualified.

Use All the Money in Your Account

You must request reimbursement by March 31 of the following year for dependent care expenses incurred on or before December 31 of each Plan Year.

According to IRS rules, any amounts remaining in your spending account after the deadline for submitting claims for the Plan Year will be forfeited. You may not carry forward unused amounts to the next Plan Year, and you may not transfer unused amounts from the Dependent Care Flexible Spending Account to another employee or to another plan or account (such as the Health Care Flexible Spending Account). Therefore, you should plan carefully before you make your annual contribution election. Any forfeited amounts are used by American Water to reduce future administrative expenses.

Expenses Eligible for Reimbursement

The following expenses may be reimbursed so that you, the employee (and your spouse, if you are married), can work or look for work. There is an exception to this rule if you or your spouse works part-time and the payment for care must be made on a periodic (for example, weekly or monthly) basis. In this case, expenses for both work and non-work days are eligible. If payment is made on a daily basis, expenses must be allocated between work and non-work days. Similarly, if you or your spouse is not working due to illness, and you must pay for care on a periodic basis, expenses for non-work days are eligible if the absence is considered short and temporary.

Expenses may also be reimbursed so that your spouse can attend school full-time or if your spouse is physically or mentally unable to care for himself or herself. Eligible expenses include:

You may receive reimbursement from your account for expenses that have been incurred for services rendered during the Plan Year. In order to be reimbursed for these expenses, the taxpayer ID number or Social Security number of the provider must be submitted.

- Qualified child or adult day care center expenses (if the center provides care for more than six non-resident persons, the center must meet state or local regulations and receives a fee for such services, whether or not for profit).
- Before-school care, after-school care, or extended day programs (supervised activities for children after the regular school program) if used to enable you and your spouse to work.
- A babysitter or companion inside or outside the home.
- A housekeeper, nanny, or au pair to the extent the expenses are for the care of a qualifying individual.
- A relative (who is not your dependent nor your child under age 19) who cares for a dependent.
- Someone who cares for an elderly or disabled dependent in your home.
- Nursery school or pre-kindergarten.

- Agency, application, deposit, or other registration fees if necessary to obtain the related care. Fees should not be reimbursed until care is provided, and fees that are forfeited (for example, because you select a different provider) do not qualify.
- Custodial expenses for a dependent over age 13, not attributable to medical services, provided the qualifying individual spends at least eight hours each day in your home.
- Summer day camp tuition (including specialty camp) or a similar program to care for a qualifying individual. Separate equipment or similar charges (e.g., a laptop rental fee) do not qualify.
- FICA and FUTA taxes of a day care provider, as long as the overall expenses of the care provider qualify.
- Late fees charged to care for the child because the child was picked up late. Late fees charged because the childcare bill was paid late do not qualify.
- Sick-child facility expenses (care to enable you to go to work when the child is ill).
- Transportation costs to and from the location where the care or program is provided, if the expense is part of the cost of the program.

Expenses Not Eligible for Reimbursement

Expenses ineligible for reimbursement include the following:

- Payments for babysitters when you are not working, such as in the evening or on weekends.
- Private school tuition (except before-school and after-school care).
- Educational expenses for children in kindergarten or higher.
- Boarding school tuition.
- Overnight camp expenses.
- 24-hour-a-day nursing home expenses.
- Transportation costs to and from the location where the care or program is provided, unless the expense is part of the cost of the program.
- Expenses for food, clothing, education, or entertainment incurred for the normal care of an eligible dependent, unless these expenses are incidental and cannot be separated from the cost of care.
- Cost for care that enables your spouse to do volunteer work.

This list is intended to give you a general description of expenses not eligible for reimbursement through the spending account. There may be other expenses in addition to those listed above which are not eligible.

Can I Change the Amount of My Contributions?

You can start, stop, or change the automatic deductions from your paycheck during the calendar year if there is a change in your dependent care provider, if there is a change in the cost of dependent care, or if your dependent no longer meets the definition of qualifying individual. Here are some examples of situations in which you can change your election:

- Change from one childcare center to another and the new center charges a different rate.
- Change in a home childcare provider, including a change in a nanny-sharing arrangement.
- A qualifying child reaches age 13 and is no longer an eligible dependent under the Dependent Care Flexible Spending Account.
- The employee marries and the new spouse has dependent children, increasing dependent care costs.
- Child of divorced parents switches residence between parents.

Submitting Claims

You may be reimbursed from your Dependent Care Flexible Spending Account by completing a Claim for Reimbursement form, which can be downloaded from www.horizonblue.com/fsa. You must submit the form along with proof of payment for the services (such as receipts, statements, canceled checks, etc.).

Any itemized bills that you submit should contain, at a minimum, the following information

- The dependent's name and age;
- The nature of the care provided;
- The date(s) the care was provided;
- The amount paid for the care;
- The dependent's relationship to you; and
- The name and taxpayer identification number (or Social Security number) of the care provider.

Sign and date the claim form. Attach copies of bills, invoices, or other written statements from a third party that support each reimbursement request and mail or fax to:

Horizon Blue Cross Blue Shield of New Jersey
3 Penn Plaza East PP-05S
Newark, NJ 07105-2200
Fax: (973) 274-2215

Remember that you are entitled to reimbursement only *after* the care has been provided, even if you pay for dependent care in advance.

Family and Medical Leaves of Absence

You will receive an Explanation of Payment (EOP) statement from Horizon detailing the status of your account with each reimbursement.

If you take a Family and Medical Leave of Absence (FMLA Leave) from American Water, your pre-tax payroll deductions to the Dependent Care Flexible Spending Account will stop. You may submit claims for reimbursement for care provided through your last day of work before your leave began.

Termination of Employment

If you terminate or retire from American Water, your pre-tax payroll deductions to the Dependent Care Flexible Spending Account will stop. You may still continue to submit claims for reimbursement of expenses incurred **before** your date of termination. Expenses for care provided after your date of termination are not eligible for reimbursement. COBRA continuation coverage does not apply to the Dependent Care Flexible Spending Account.

Disability Coverage
(Sick Leave, STD, and LTD)

Disability Benefits

Disability benefits provide income protection when you are unable to work because of an extended illness or injury. American Water provides you with paid sick leave, Short Term Disability (STD), and Long Term Disability (LTD) benefits – at no cost to you.

You are eligible for disability benefits (sick leave, STD, and LTD) if you are a full-time eligible employee (see "Eligibility" on page 5). Part-time employees and temporary employees are not eligible, unless specified by state laws.

Your eligibility date is the first day of the month following completion of one full month of continuous service, provided you are then actively working or would have been able to work had you been scheduled to work that day. If you are on a layoff, on disability, or on leave of absence on your eligibility date, coverage or an increase in coverage will begin on the day you return to active full-time work for one full day.

The table on page 109 summarizes the Plan's disability benefits.

Sick Leave Policy

Effective July 1, 2001, all then-current employees were eligible to bank their sick leave under the existing policy effective June 30, 2001. Every employee is eligible for two weeks of paid sick leave per calendar year. Employees must use their two weeks of annual sick leave before having to access sick time in their bank. The sick leave bank (which pays 100% of pay) must be used before receiving Short Term Disability (which pays 75% of pay). However, the sick time and Short Term Disability run concurrently; therefore, if you have used 15 weeks of sick time, only 37 weeks of Short Term Disability remain. Once the bank has been exhausted, it will not be reinstated. Unused sick days cannot be carried over into the next calendar year. Unused sick leave will not be paid out upon termination.

Short Term Disability Insurance Benefits

If you are eligible for Short Term Disability (STD) benefits and are still disabled after you exhaust your paid sick leave and sick bank, STD coverage will start paying benefits. You will receive 75% of your base pay each week for 50 weeks (unless superseded by state law), for a combined duration of 52 weeks of payments.

Effective August 1, 2012

Disabled or disability means that, due to sickness or as a direct result of accidental injury:

- You are receiving Appropriate Care and Treatment and complying with the requirements of such treatment; and
- You are unable to earn more than 80% of your Predisability Earnings at your own occupation from any employer.

For purposes of determining whether a disability is the direct result of an accidental injury, the disability must have occurred within 90 days of the accidental injury and resulted from such injury independent of other causes.

If your occupation requires a license, the fact that you lose your license for any reason will not, in itself, constitute disability.

Appropriate Care and Treatment means medical care and treatment that is:

- Given by a physician whose medical training and clinical specialty are appropriate for treating your disability;
- Consistent in type, frequency, and duration of treatment with relevant guidelines of national medical research, health care coverage organizations and governmental agencies;
- Consistent with a physician's diagnosis of your disability; and
- Intended to maximize your medical and functional improvement.

Prior to August 1, 2012

A "disability absence" is time lost from work because of a non-occupational injury or illness which started while you were covered under this Plan.

Note: Short Term Disability does not begin until you have used your two weeks of sick leave and all accumulated banked sick time.

Example: Tony has completed 10 years of service as of June 30, 2001. This entitles him to 10 weeks of banked sick leave. On June 30, 2011, he suffers an illness that lasts 15 weeks.

For the first two weeks, Tony will use his two weeks of sick leave at 100% of base pay.

For the next 10 weeks, Tony will use his sick leave bank at 100% of base pay.

For the next three weeks, Tony will receive 75% of his base pay under the STD plan.

If Tony's disability lasts more than 52 weeks, he would start to receive LTD benefits of 60% of his base pay for as long as he remained disabled up to age 65.

Sick Leave	2 weeks at 100% of pay each year
Sick Bank (if available)	100% of pay if you have banked sick leave remaining
Short Term Disability (STD)	75% of base pay, which ends when sick leave, sick bank, and STD equal 52 weeks combined
Long Term Disability (LTD) BEGINS AFTER 52 WEEKS	• 100% of pay for any unused banked sick leave in excess of 50 weeks • 100% of pay for unused eligible vacation time at employee's discretion • 60% of base pay (up to \$15,000 benefit per month), with offsets, to age 65, as long as you remain disabled

If your banked sick leave exceeds 52 weeks, you will continue to receive 100% of base pay until your sick leave is exhausted. Even though LTD benefits begin after 52 weeks, they are offset by your banked sick leave. Since you will already be receiving 100% of pay from American Water, you will not receive an additional check for LTD benefits (but your period of disability will be running). When your banked sick leave is exhausted, you have the option of taking any unused eligible vacation time, which will extend your 100% of pay.

Your benefit amount will be reduced by the amount of all Other Income that was actually paid to you for the same disability for which you are claiming benefits. Other Income includes the following:

- Any disability benefits for you, your spouse, or child(ren) under:
 - Federal Social Security Act;
 - Canadian Pension Plan;
 - Quebec Pension Plan;
 - Railroad Retirement Act; or

- Any similar plan or act.
- Any retirement benefits under:
 - Federal Social Security Act;
 - Canadian Pension Plan;
 - Quebec Pension Plan;
 - Railroad Retirement Act;
 - Your retirement plan; or
 - Any similar plan or act.
- Any income received for disability under:
 - A government compulsory benefit plan or program which provides payment for loss of time from your job due to your disability, whether such payment is made directly by the plan or program or through a third party (these are state plan benefits);
 - Any sick pay that the Company pays to you;
 - Workers' Compensation or a similar law which provide periodic benefits;
 - Occupational disease laws; or
 - Any income that you receive from working while disabled to the extent that such income reduces the amount of your Weekly Benefit as described in "Work Incentive."

REDUCING YOUR DISABILITY BENEFIT BY AN ESTIMATED BENEFIT

If there is reasonable, good faith belief that you are entitled to disability benefits under the following sources of Other Income, you must apply for such benefits:

- Federal Social Security Act (Primary and/or Family Benefits); and/or
- Any state compulsory/statutory benefit law.

To apply for the Other Income benefits referenced above means to pursue such benefits with reasonable diligence until you receive the respective approval from the Social Security Administration and/or the appropriate state agency or a final denial at the administrative level.

You must send proof that you have applied for such benefits. If your application for such benefits is approved, your disability benefit will be reduced by the amount actually paid to you from such source(s).

If you fail to apply for any of the above referenced Other Income benefits or pursue such benefits with reasonable diligence, and if there is a reasonable means of estimating the amount of such benefits which may become payable to you, the amount of your disability benefit will be reduced by the amount of such estimated benefits that you, your spouse, or child(ren) are eligible to receive because of your disability. This will start with the first disability benefit payment coincident with the date you were eligible to receive such benefits unless the following is received by the administrator:

- Proof that you have applied for and are pursuing such benefits with reasonable diligence;
- Approval of your claim for such benefits; or
- A notice of final denial of such benefits.

When you do receive approval or notice of final denial of the above referenced Other Income benefits, you must notify the administrator immediately so the amount of your disability benefit can be adjusted. You must promptly repay any overpayments.

Benefits start on Day 8 of a disability due to illness, including pregnancy, and on Day 1 of a disability due to injury (the Elimination Period).

Prior to August 1, 2012

You must report your case to Aetna at (866) 280-8648 if you are (or expect to be) absent from work for more than five consecutive workdays. Even if you are receiving 100% of pay, **you must register your disability with Aetna.** You will not be eligible for STD benefits for any period of time in which you are eligible to receive paid sick leave, and the combination of paid sick leave and STD benefits will not exceed 52 weeks.

Effective August 1, 2012

You must report your case to Met Life at (855) 517-8273 if you are (or expect to be) absent from work for more than five consecutive workdays. Even if you are receiving 100% of pay, **you must register your disability with MetLife.** You will not be eligible for STD benefits for any period of time in which you are eligible to receive paid sick leave, and the combination of paid sick leave and STD benefits will not exceed 52 weeks.

You must provide a doctor's certification that you are disabled and medically unable to work because of the specific condition. The Claims Administrator may request any additional evidence it believes is necessary before deciding that benefits are payable.

More than one disability absence will be part of the same period of disability:

- If it is due to the same or a related cause; and
- If it is separated by less than two consecutive weeks of full-time work.

Your Maximum Period of Payment starts over if:

- A new disability absence is due to a cause different from that of any prior disability, and
- It is separated from the prior disability by at least one day of full-time active work.

STD Benefit Limitations

No benefits are payable for:

- Days on which you do work for pay or profit outside American Water.
- Any period of time you are not under a doctor's care. You must have been seen in person and treated by a doctor to be deemed under his or her care.
- The date you cease or refuse to participate in a required Rehabilitation Program.

Coverage for Occupational Illness or Injury

This Plan pays a Weekly Benefit if you are absent from work, while covered, because of an illness or injury resulting from employment with American Water. However, the weekly benefit amount will be reduced by the weekly amount for which you are eligible for time lost under any Workers' Compensation law or any other similar law or doctrine. This benefit runs concurrently with sick leave.

Work Incentive

Effective August 1, 2012 – If you work while you are disabled and receiving weekly benefits, your weekly benefit will not be reduced by the amount you earn from working, except to the extent that such adjusted weekly benefit plus the amount you earn from working and the income you receive from Other Income exceeds 100% of your predisability earnings as calculated in the definition of disability.

Submitting STD Claims

To apply for benefits under the Short Term Disability Plan, contact the Claims Administrator (see page 193).

To receive disability benefits, you must file a claim within 31 days of your disability. Even if you are using sick time, **you must register your disability with the Claims Administrator.** Benefits will begin after the Elimination Period as soon as the Claims Administrator receives the information to verify your disability.

While you are receiving STD benefits, you may be required to periodically provide the Claims Administrator with additional medical information from your doctor documenting your continued disability. The Claims Administrator may also require that an appointed doctor examine you in order to verify your disability.

It is your responsibility to provide the Claims Administrator with the requested documentation supporting your claim. Otherwise, your benefits will stop.

Long Term Disability (LTD) Benefits

Waiting Period

If you remain disabled after exhausting your paid sick leave and STD benefits, you are eligible to receive LTD benefits. You will receive a scheduled Monthly Benefit equal to a percentage of your predisability earnings.

The Waiting Period before LTD benefits begin is the greater of:

- The first 52 weeks of a period of disability; and
- The period of time when disability benefits are payable from any Short Term Disability benefits or salary continuation program sponsored by the Company . This could occur if banked sick time exceeds 52 weeks.

Scheduled Monthly Benefit

The monthly LTD benefit is 60% of your monthly predisability earnings. Benefits will be reduced by “Other Income benefits,” as described on page 122.

The maximum monthly LTD benefit is \$15,000.

***Note:** Provisions of the Long Term Disability Plan identified as effective prior to August 1, 2012 shall apply to all disabilities where the period of disability began prior to August 1, 2012. Provisions identified as effective as of August 1, 2012 shall apply only to disabilities where the period of disability begins on or after August 1, 2012.*

Long Term Disability

Prior to August 1, 2012

For purposes of receiving LTD benefits, you are deemed to be totally disabled if, in the first 24 months of a period of disability:

- You are unable to perform all the material duties of your regular occupation, because of injury or disease. If you start work at a reasonable occupation, you will no longer be deemed totally disabled.
- After disability benefits have been paid for 24 months, you are unable to perform all the duties of any occupation that you may reasonably become qualified based on education, training, or experience, or only because of injury or disease you are unable to earn more than 80% of your adjusted predisability earnings.

You will not be deemed to be performing the material duties of your own occupation or working at a reasonable occupation on any day if:

- You are not performing all of the material duties of your own occupation or you are working at any occupation (full-time or part-time); and
- Solely due to disease or injury, your income from either your own occupation or any occupation is 80% or less of your adjusted predisability earnings.

“Reasonable occupation” is any gainful activity for which you are, or may reasonably become, suited because of your education, training, or experience. It does not include work under an Approved Rehabilitation Program. This determination will be made by Aetna in its sole discretion.

Effective August 1, 2012

Disabled or Disability means that, due to sickness or as a direct result of accidental injury:

- You are receiving Appropriate Care and Treatment and complying with the requirements of such treatment; and
- You are unable to earn:
 - During the Elimination Period and the next 24 months of sickness or accidental injury, more than 80% of your Predisability Earnings at your own occupation from any employer in your local economy; and
 - After such period, more than 80% of your Predisability Earnings from any employer in your local economy at any gainful occupation for which you are reasonably qualified taking into account your training, education, and experience.

For purposes of determining whether a disability is the direct result of an accidental injury, the disability must have occurred within 90 days of the accidental injury and resulted from such injury independent of other causes.

Effective August 1, 2012 – If you are disabled and have received a Monthly Benefit for 12 months, MetLife will adjust your Predisability Earnings only for the purposes of determining whether you continue to be disabled and for calculating the return-to-work incentive, if any. MetLife will make the initial adjustment as follows:

MetLife will add to your Predisability Earnings an amount equal to the product of:

- Your Predisability Earnings times
- The lesser of:
 - 10%; or
 - The annual rate of increase in the Consumer Price Index for the prior calendar year.

Annually thereafter, MetLife will add an amount to your adjusted Predisability Earnings calculated by the method set forth above but substituting your adjusted Predisability Earnings from the prior year for your Predisability Earnings. *This adjustment is not a cost-of-living benefit.*

If your occupation requires a license, the fact that you lose your license for any reason will not, in itself, constitute disability.

When Disability Period Begins

A period of “disability” begins on the first day you are disabled as a direct result of a significant change in your physical or mental condition that happens while you are covered under this Plan.

Prior to August 1, 2012

You must be under the care of a doctor. (You will not be deemed to be under the care of a doctor on any given day unless your doctor has seen and treated you in person for the disease or injury that caused the total disability in the prior 31-day period.)

Effective August 1, 2012

You must be receiving Appropriate Care and Treatment for your disability.

Appropriate Care and Treatment means medical care and treatment that is:

- Given by a physician whose medical training and clinical specialty are appropriate for treating your disability;
- Consistent in type, frequency, and duration of treatment with relevant guidelines of national medical research, health care coverage organizations, and governmental agencies;
- Consistent with a physician’s diagnosis of your disability; and
- Intended to maximize your medical and functional improvement.

When Disability Period Ends

Your period of disability ends on the first to occur of:

- The date you are not totally disabled.
- The date you start work at a reasonable occupation.
- The date you fail to give proof that you are still totally disabled.
- The date you refuse to be examined.
- The date you cease to be under a doctor's care.
- The expiration date of the Maximum Benefit Duration shown on the Summary of Coverage.
- The date you have income from any employer or from any occupation for compensation or profit equal to more than 80% of your adjusted predisability earnings (prior to August 1, 2012 only).
- The date you fail to give proof of your disability.
- The date of your death.
- The day after the Claims Administrator determines you are able to participate in an Approved Rehabilitation Program and you refuse to do so.

Prior to August 1, 2012

A period of total disability will end after 24 Monthly Benefits are payable if it is determined that the disability is, at that time, caused to any extent by a mental condition (including conditions related to alcoholism or drug abuse) described in the most current edition of the Diagnostic and Statistical Manual of Mental Disorders (called "DSM"), published by the American Psychiatric Association.

Two exceptions to this rule apply if you are confined as an inpatient in a hospital or treatment facility (see "Types of Facility" on page 135) for that condition at the end of the 24 months.

- If the inpatient confinement lasts less than 30 days, the period of total disability will cease when you are no longer confined.
- If the inpatient confinement lasts 30 days or more, the period of total disability may continue until the date you have not been confined for that condition for a total of 90 days during any 12-month period.

Effective August 1, 2012

For Disabilities Due to Alcohol, Drug or Substance Abuse or Addiction, and Mental or Nervous Disorders or Diseases

If you are disabled due to alcohol, drug, or substance abuse addiction or a Mental or Nervous Disorder or Disease, the limit to your disability benefits to a lifetime maximum equal to the lesser of:

- 24 months; or
- The Maximum Benefit Period.

Effective August 1 2012

If your disability is due to alcohol, drug, or substance addiction, you are required to participate in an alcohol, drug or substance addiction recovery program recommended by a physician. Your disability benefit payments will end at the earliest of the period described above or the date you cease, refuse to participate, or complete such recovery program.

If you are confined in a Hospital or Mental Health Facility at the end of the period shown above for which benefits are to be paid, your Monthly Benefits will continue until the end of your Hospital or Mental Health Facility confinement.

The Claims Administrator will determine if a disability is the result of a Mental or Nervous Disorder or Disease.

This limitation will not apply to a disability resulting from:

- Schizophrenia;
- Dementia; or
- Organic brain disease.

For purposes of this provision, Mental Health Facility means a facility licensed in the jurisdiction in which it is located to provide care and treatment for a Mental or Nervous Disorder or Disease. Such facility must provide care on a 24-hour-a-day basis under the supervision of a staff of physicians, and must provide a broad range of nursing care on a 24-hour-a-day basis by or under the direction of a registered professional nurse.

Mental or Nervous Disorder or Disease means a medical condition which meets the diagnostic criteria set forth in the most recent edition of the *Diagnostic and Statistical Manual of Mental Disorders* as of the date of your disability. A condition may be classified as a Mental or Nervous Disorder or Disease regardless of its cause.

The “Separate Periods of Disability” section below does not apply beyond 24 months to periods of disability that are subject to the above paragraph.

Separate Periods of Disability

Once a period of total disability has ended, any new period of disability will be treated separately.

However, two or more separate periods of disability, due to the same or related causes and separated by less than six months, will be deemed to be one period of disability. Only one Waiting Period will apply.

Any day on which, solely due to disease or injury, your income is less than or equal to 80% of your adjusted predisability earnings, you will not, on that day, be deemed to be working at:

- Your own occupation; or
- Any reasonable occupation.

The first period will not be included if it began while you were not covered under this LTD Plan.

Prior to August 1, 2012

Rehabilitation Program

Rehabilitation Program means a program of physical, mental or vocational rehabilitation which:

- Is expected to result in maximizing your employability; and
- Is approved, in writing, by the Claims Administrator.

The approval will be based on medical evidence and your potential for return to your own occupation or a reasonable occupation. A rehabilitation program will cease to be an approved rehabilitation program on the earliest to occur of:

- The date you are able to perform the material duties of your own occupation or work at any other reasonable occupation; or
- The date the Claims Administrator withdraws, in writing, its approval of the program.

Effective August 1, 2012

Rehabilitation program means a program that has been approved by the Claims Administrator for the purpose of helping you return to work. It may include, but is not limited to, your participation in one or more of the following activities:

- Return to work on a modified basis with a goal of resuming employment for which you are reasonably qualified by training, education, experience, and past earnings;
- On-site job analysis;
- Job modification/accommodation;
- Training to improve job-seeking skills;

- Vocational assessment;
- Short-term skills enhancement;
- Vocational training; or
- Restorative therapies to improve functional capacity to return to work.

Rehabilitation Program Incentive

Effective August 1, 2012 – If you participate in a rehabilitation program, the Claims Administrator will increase your Monthly Benefit by an amount equal to 10% of the Monthly Benefit. The Claims Administrator will do so before your Monthly Benefit is reduced by any Other Income. The available incentives are listed below.

Work Incentive

While you are disabled, you are encouraged to work. If you work while you are disabled and receiving Monthly Benefits, your Monthly Benefit will be adjusted as follows:

- Your Monthly Benefit will be increased by your Rehabilitation Program, if any; and
- Reduced by Other Income as defined in the “Other Income” section.

Your Monthly Benefit as adjusted above will not be reduced by the amount you earn from working, except to the extent that such adjusted Monthly Benefit plus the amount you earn from working and the income you receive from Other Income exceeds 100% of your Predisability Earnings as calculated in the definition of disability.

In addition, the Minimum Monthly Benefit will not apply.

Limit on Work Incentive

After the first 24 months following your Elimination Period, the Claims Administrator will reduce your Monthly Benefit by 50% of the amount you earn from working while disabled.

Family Care Incentive

If you work or participate in a Rehabilitation Program while you are Disabled, the Claims Administrator will reimburse you for up to \$400 for monthly expenses you incur for each family member to provide:

- Care for your or your spouse's child, legally adopted child, or child for whom you or your spouse are legal guardian and who is:
 - Living with you as part of your household;
 - Dependent on you for support; and
 - Under age 13.

The child care must be provided by a licensed child care provider who may not be a member of your immediate family or living in your residence.

- Care for your family member who is:
 - Living with you as part of your household;
 - Chiefly dependent on you for support; and
 - Incapable of independent living, regardless of age, due to mental or physical handicap as defined by applicable law.

Care to your family member may not be provided by a member of your immediate family.

The Claims Administrator will make reimbursement payments to you on a monthly basis starting with the first Monthly Benefit payment until you have received 24 Monthly Benefit payments. Payments will not be made beyond the Maximum Benefit Period. The Claims Administrator will not reimburse you for any expenses for which you are eligible for payment from any other source. You must send proof that you have incurred such expenses.

Moving Expense Incentive

If you participate in a Rehabilitation Program while you are disabled, the Claims Administrator may reimburse you for expenses you incur in order to move to a new residence recommended as part of such Rehabilitation Program. Such expenses must be approved by the Claims Administrator in advance.

You must send proof that you have incurred such expenses for moving.

The Claims Administrator will not reimburse you for such expenses if they were incurred for services provided by a member of your immediate family or someone who is living in your residence.

Other Income Benefits

Other Income Benefits Which Reduce Your Monthly LTD Benefit

Other income benefits are:

- 50% of any award provided under the Jones Act or the Maritime Doctrine of Maintenance, Wages and Cure.
- Disability, retirement, or unemployment benefits required or provided for under any law of a government. Examples are:
 - Unemployment compensation benefits.
 - Temporary or permanent, partial or total disability benefits under any state or federal Workers' Compensation law or any similar law, which are meant to compensate the worker for any one or more of the following: loss of past and future wages; impaired earning capacity; lessened ability to compete in the open labor market; any degree of permanent impairment; and any degree of loss of bodily function or capacity.
 - Automobile no-fault wage replacement benefits to the extent required by law.
 - Statutory disability benefits.
 - Benefits under the Federal Social Security Act, the Railroad Retirement Act, the Canada Pension Plan, and the Quebec Pension Plan, retirement benefits under your retirement plan, any similar plan or act.
 - Veterans' benefits.
- Disability or unemployment benefits under:
 - Any group insurance plan.
 - Any other type of coverage for persons in a group. This includes both plans that are insured and those that are not.
- Full retirement benefits for which you are or may become eligible under a group pension plan at the later of age 62 and the plan's normal retirement date, but only to the extent that such benefits were paid for by an employer.
- Retirement benefits received under any group pension plan, but only to the extent that such benefits were paid for by an employer.
- Disability payments that result from the act or omission of any person whose action caused your disability. These payments may be from insurance or other sources.
- Disability benefits under any group mortgage or group credit disability plan.

- Other income benefits include those payable to you, your spouse, your children, or your eligible spouse, same-sex domestic partner, or child(ren), due to your disability or retirement.
- Any income that you receive from working while disabled to the extent that such income reduces the amount of your Weekly Benefit as described in “Work Incentives” (prior to August 1, 2012 only).

Increases in the level of “Other Income benefits” due to the following **will reduce** your monthly LTD benefits:

- A change in the number of your family members;
- A recomputation or recalculation to correct or adjust your benefit level as first established for the period of total disability; or
- A change in the severity of your disability.

REDUCING YOUR DISABILITY BENEFIT BY AN ESTIMATED BENEFIT

If there is reasonable, good faith belief that you are entitled to disability benefits under the following sources of Other Income, you must apply for such benefits:

- Federal Social Security Act (Primary and/or Family Benefits); and/or
- Any state compulsory/statutory benefit law.

To apply for the Other Income benefits referenced above means to pursue such benefits with reasonable diligence until you receive the respective approval from the Social Security Administration and/or the appropriate state agency or a final notice of denial at the administrative level.

You must send proof that you have applied for such benefits. If your application for such benefits is approved, your disability benefit will be reduced by the amount actually paid to you from such source(s).

If you fail to:

- Apply for any of the above referenced Other Income benefits; or
- Pursue such benefits with reasonable diligence, and if there is a reasonable means of estimating the amount of such benefits which may be payable to you, the amount of your disability benefit will be reduced by the amount of such estimated benefits that you, your spouse or child(ren) are eligible to receive because of your disability. This will start with the first disability benefit payment coincident with the date you were eligible to receive such benefits unless the following is received by the Claims Administrator:
 - Proof that you have applied for and are pursuing such benefits with reasonable diligence;
 - Approval of your claim for such benefits; or
 - A notice of final denial of such benefits.

When you do receive approval or notice of final denial of the above referenced Other Income benefits, you must notify the administrator immediately so the amount of your disability benefit can be adjusted. You must promptly repay any overpayments.

Effect of Cost-of-Living Increases

Cost-of-living increases in the level of Other Income benefits received from a governmental source during a period of total disability **will not reduce** your monthly LTD benefits.

Cost-of-living or general increases in the level of Other Income benefits from a **non**-governmental source during a period of total disability **will not reduce** your monthly LTD benefits to the extent they are based on the annual average increase in the Consumer Price Index.

Increases in Other Income Benefits Which Do Not Reduce Your Monthly Benefit

The amount of any retirement or disability benefits you were receiving from the following sources before the date you become disabled under this LTD Plan **will not reduce** your Monthly Benefits:

- A military and other government service pensions;
- Retirement benefits from a prior employer; and
- Veterans' benefits for service related disabilities.

The amount of any income or other benefits you receive from the following sources **will not reduce** your Monthly Benefits:

- Profit-sharing plans;
- Thrift plans;
- 401(k) plans;
- Keogh plans;
- Employee stock option plans; or
- Tax sheltered annuity plans.

Predisability Earnings

This is the amount of salary or wages you were receiving from American Water on the day before a period of disability started, calculated on a monthly basis.

It will be figured from whichever rule below applies to you:

- If you are paid on an annual basis, your monthly salary is 1/12th of your annual salary.
- If you are paid on an hourly basis, the calculation of your monthly wages is based on your hourly pay rate multiplied by the number of hours you are regularly scheduled to work per month; but not more than 173 hours per month.
- If you do not have regular work hours, the calculation of your monthly salary or wages is based on the average number of hours you worked per month during the last 12 calendar months (or during your period of employment if fewer than 12 months); but not more than 173 hours per month.

What's Included in Salary or Wages

Included in salary or wages are:

- Pre-tax contributions you make under the Medical Plan, Dental/Vision Plan, Health Care Flexible Spending Account, or Dependent Care Flexible Spending Account.
- Salary deferrals you make under an American Water 401(k) Plan.
- Salary deferrals you make under an executive nonqualified deferred compensation agreement.

What's Not Included in Salary or Wages

Not included in salary or wages are:

- Awards and bonuses.
- Overtime pay.
- Contributions made by the Company to any deferred compensation arrangement or pension plan.

A retroactive change in your rate of earnings will not result in a retroactive change in coverage.

Benefit Adjustment During Return to Work

Prior to August 1, 2012, if while Monthly Benefits are payable, you have income from:

- Any employer; or
- Any occupation for compensation or profit, which is more than 20% of your adjusted predisability earnings; the Monthly Benefit as figured above will be adjusted as follows:
- During the first 12 months that you have such income, the Monthly Benefit will be reduced only to the extent the amount of that income and the Monthly Benefit payable, as figured above, exceeds 100% of your adjusted predisability earnings.
- Thereafter, the Monthly Benefit will be the product of the following:

(A divided by B) x C where:

A = Your adjusted predisability earnings minus such income.

B = Your adjusted predisability earnings.

C = The Monthly Benefit figured without regard to this paragraph.

In figuring the Monthly Benefit, Other Income benefits do not include income from any employer or income from any occupation for compensation or profit.

Maximum Benefit Duration

Your period of disability will end as follows (unless it ends earlier for one or more of the reasons stated elsewhere in this SPD):

Effective August 1, 2012

- If your period of total disability starts before your 60th birthday, it will end with the calendar month in which you reach age 65.
- If your period of total disability starts on or after your 60th birthday, it will end when the number of months of total disability expire (after the Waiting Period is met) as figured from the following schedule:

Maximum Benefit Duration Schedule

Age When Period of Total Disability Starts	Months of Total Disability
60 but less than 61	60 months
61 but less than 62	48 months
62 but less than 63	42 months
63 but less than 64	36 months
64 but less than 65	30 months
65 but less than 66	24 months
66 but less than 67	21 months
67 but less than 68	18 months
68 but less than 69	15 months
69 and over	12 months

Prior to August 1, 2012

- If your period of total disability starts before your 62nd birthday, it will end with the calendar month in which you reach age 65.
- If your period of total disability starts on or after your 62nd birthday, it will end when the number of months of total disability expire (after the Waiting Period is met) as figured from the following schedule:

Maximum Benefit Duration Schedule

Age When Period of Total Disability Starts	Months of Total Disability
62 but less than 63	42 months
63 but less than 64	36 months
64 but less than 65	30 months
65 but less than 66	24 months
66 but less than 67	21 months
67 but less than 68	18 months
68 but less than 69	15 months
69 and over	12 months

Pregnancy Coverage

Benefits are payable on the same basis as for a disease if a female employee, while covered under this Plan, is absent from active work because of a totally disabling pregnancy-related condition. A doctor must certify in writing that the employee is totally disabled because of the condition. Further, Aetna may request additional evidence before deciding that benefits are payable.

If, during the three months before coverage began, services are provided or supplies are received in connection with a pregnancy or a pregnancy is confirmed, the pregnancy is a pre-existing condition whether or not the pregnancy commenced during that three-month period.

Adjustment Rule

If, for any reason, you are entitled to a different amount of coverage, coverage will be adjusted as provided elsewhere in the plan document on file with your Company.

Benefits for claims incurred after the date the adjustment becomes effective are payable in accordance with the revised plan provisions. In other words, there are no vested rights to benefits based upon provisions of this Plan in effect prior to the date of any adjustment.

Limitations That Apply to Long Term Disability Coverage

Long Term Disability coverage does not cover any disability that results from:

- Insurrection, rebellion, or terrorist act;
- Your active participation in a riot;
- Intentionally self-inflicted injury;
- Attempted suicide; or
- Commission of or attempt to commit a felony
- Starts during the first 12 months of your current Long Term Disability coverage, if it is caused or contributed to by a "pre-existing condition." A disease or injury is a pre-existing condition if, during the three months before the date you last became covered:
 - It was diagnosed or treated;
 - Services were received for the disease or injury; or
 - You took drugs or medicines prescribed or recommended by a doctor for that condition.

In the case of pregnancy, see "Pregnancy Coverage" on page 128 for rules.

On any day during a period of disability that a person is confined in a penal or correctional institution for conviction of a criminal or other public offense, the person will not be deemed to be totally disabled; and no benefits will be payable.

When LTD Coverage Ends

LTD coverage ends at the first to occur of:

- When employment ceases except as defined below.
- When the group contract terminates as to the coverage.
- When you are no longer an eligible employee (see "Eligibility" on page 5).

Ceasing active work will be deemed to be cessation of employment. If you are not at work due to one of the following, employment may be deemed to continue up to the limits shown below.

- If you are not at work due to disease or injury, your employment may be continued until stopped by the Company.
- If you are not at work due to temporary lay-off or leave of absence, your employment will be deemed to cease on your last full day of active work before the start of the layoff or leave of absence.

If your coverage ends during a period of total disability which began while you had coverage, benefits will be available as long as your period of total disability continues.

Coverage After Termination

Survivor Benefit

Effective August 1, 2012 – If you die while you are disabled and you were entitled to receive Monthly Benefits, proof of your death must be sent to MetLife. When MetLife receives such proof, you will receive the benefit described in this section.

Benefit Amount

The benefit amount will be equal to three times the lesser of:

- The Monthly Benefit you receive for the calendar month immediately preceding your death;
- The Monthly Benefit you receive for the calendar month immediately preceding your terminal illness if your Monthly Benefit amount was increased due to your terminal illness; or
- The Monthly Benefit you were entitled to receive for the month you die, if you die during the first month that Monthly Benefits are payable.

MetLife will reduce the benefit amount by any overpayment they are entitled to recover.

Prior to August 1, 2012

If you die while totally disabled, the LTD Plan will pay a single, lump sum benefit if there is an Eligible Survivor as defined below.

The benefit amount will be:

- Three times the Monthly Benefit, not reduced by Other Income benefits, for which you were eligible in the full month just before the month in which you die.

If you die before you are eligible for one full Monthly Benefit, however, the benefit will be:

- Three times the Monthly Benefit, not reduced by Other Income benefits, for which you would have been eligible if you had not died, for the first full month after the month in which you die.

Eligible Survivor

An Eligible Survivor is:

- Your legally married spouse or same-sex domestic partner at the date of your death.
- If there is no such spouse or same-sex domestic partner, your biological or legally adopted child who, when you die:
 - Is not married;
 - Is depending mainly on you for support; and
 - Is under age 25. This age limit will not apply if the child is not capable of self-sustaining employment because of mental or physical handicap which existed before age 25.

Payment of Survivor Benefits

The benefit will be paid as soon as the necessary written proof of your death and total disability status is received.

The benefit will be paid to your eligible surviving spouse, if any. Otherwise, it will be paid in equal shares to your eligible surviving children.

The Claims Administrator, in its capacity as the provider of administrative services to this Plan, may pay the benefit to anyone who, in the Claims Administrator's MetLife's opinion, is caring for and supporting the eligible survivor; or, if proper claim is made, to an eligible survivor's legally appointed guardian or committee.

Assignment of Insurance

Coverage may be assigned only with the consent of the Claims Administrator.

How and When To Report Your LTD Claim

You are required to submit a claim to the Claims Administrator. If the Claims Administrator requires that claim forms be submitted, they may be obtained from Aetna. Your claim must give proof of the nature and extent of the loss. The Claims Administrator may require copies of documents to support your claim, including data about any Other Income benefits. You must also provide the Claims Administrator with authorizations to allow it to investigate your claim and your eligibility for and the amount of Other Income benefits.

You must furnish such true and correct information as the Claims Administrator may reasonably request.

The deadline for filing a claim for benefits is 90 days after the end of the Waiting Period. If, through no fault of your own, you are unable to meet the deadline for filing a claim, your claim will be accepted if you file as soon as possible; but not later than one year after the deadline unless you are legally incapacitated. Otherwise, late claims will not be covered.

The Claims Administrator has the right to require proof of the following:

- You, your eligible spouse, same-sex domestic partner, or child has made application for all Other Income benefits which you or they are, or may be, eligible to receive relative to your disability and has made a timely appeal of any denial through the highest administrative level. Timely appeal means making such an appeal as required, but in no case later than 60 days from the latest denial;
- The person has furnished proofs needed to obtain Other Income benefits.
- The person has not waived any Other Income benefits without the Claims Administrator's written consent.
- The person has sent copies of documents to the Claims Administrator showing the effective dates and the amounts of Other Income benefits.

The Claims Administrator also requires:

- Proof of income you receive from any occupation for compensation or profit; and
- If your income from any such occupation is 80% or less of your adjusted predisability earnings, proof that you are unable, due to disease or injury, to earn more than 80% of your adjusted predisability earnings.

In addition to the above, for purposes of federal Social Security, when a timely application for benefits has been made and denied, a request for reconsideration must be made within 60 days after the denial, unless the Claims Administrator states, in writing, that it does not require you to do so. Also, if the reconsideration is denied, an application for a hearing before an Administrative Law Judge must be made within 60 days of that denial unless the Claims Administrator relieves you of that obligation.

You do not have to apply for:

- Retirement benefits paid only on a reduced basis; or
- Disability benefits under group life insurance if they would reduce the amount of group life insurance;

However, if you do apply for and receive these benefits, they will be deemed to be Other Income benefits for which proof is required.

If you do not furnish proof of Other Income benefits, your benefits may be suspended or adjusted by the estimated amount of such Other Income benefits.

How Benefits Will Be Paid

Prior to August 1, 2012

Benefits will be paid to you at the end of each calendar month during the period for which benefits are payable. If a Monthly Benefit would be less than \$10, the Claims Administrator may make payments less often. They may be made on a quarterly, semi-annual, or annual basis. Benefits for a period of less than a month will be prorated. This will be done on the basis of the ratio, to 30 days, of the days of eligibility for benefits during the month.

The Claims Administrator, in its capacity as the provider of administrative services to this Plan, may pay up to \$1,000 of any benefit to any of your relatives whom it believes to be fairly entitled to it. This can be done if the benefit is payable to you and you are a minor or unable to give a valid release. It can also be done if a benefit is payable to your estate.

Effective August 1, 2012

If your claim is approved, benefits will begin to accrue on the day after you complete your Elimination Period. Your first benefit payment will be paid one month after your Long Term Disability benefits began to accrue. Subsequent monthly payments will be made thereafter. Payment will be based on the number of days you are disabled during each month and will be prorated for any partial month of disability.

If you die, any unpaid benefits will be paid as described in the Survivor Benefit section.

Examinations and Evaluations

The Claims Administrator will have the right and opportunity to examine and evaluate any person who is the basis of any claim at all reasonable times while that claim is pending or payable. This will be done at the Plan's expense.

Legal Action

No legal action can be brought to recover under any benefit after three years from the deadline for filing claims.

The Claims Administrator will not try to reduce or deny a benefit payment on the grounds that a condition existed before a person's coverage went into effect, if the loss occurs more than two years from the date coverage commenced. This will not apply to conditions excluded from coverage on the date of the loss.

Recovery of Overpayments

If payments are made in amounts greater than the benefits that you are entitled to receive, the Claims Administrator, in its capacity as the provider of administrative services to this Plan, has the right to do any one or all of the following:

- To require you to return the overpayment on request;
- To stop payment of benefits until the overpayment is recovered;
- To take any legal action needed to recover the overpayment; and
- To place a lien, if not prohibited by law, in the amount of the overpayment on the proceeds of any Other Income, whether on a periodic or lump sum basis.

Types of Facility

Hospital

This is an institution that:

- Mainly provides, on an inpatient basis, diagnostic and therapeutic facilities for surgical and medical diagnosis, treatment, and care of injured and sick persons;
- Is supervised by a staff of doctors;
- Provides 24-hour-a-day registered nursing (RN) service; and
- Is not mainly a place for rest, for the aged, for drug addicts, for alcoholics, or a nursing home.

An institution which does not provide complete surgical services, but which meets all the other tests listed above, will also be deemed a hospital if:

- It provides services chiefly to patients all of whom have conditions related either by a medical specialty field or a specific disease category; and
- While confined, the patient is under regular therapeutic treatment by a doctor for the injury or disease.

Treatment Facility

This is an institution (or distinct part thereof) that is for the treatment of alcoholism or drug abuse and which meets fully every one of the following tests:

- It is primarily engaged in providing on a full-time inpatient basis, a program for diagnosis, evaluation, and treatment of alcoholism or drug abuse.
- It provides all medical detoxification services on the premises, 24 hours a day.
- It provides all normal infirmity-level medical services required during the treatment period, whether or not related to the alcoholism or drug abuse, on a 24-hour daily basis. Also, it provides, or has an agreement with a hospital in the area to provide, any other medical services that may be required during the treatment period.
- On a continuous 24-hour daily basis, it is under the supervision of a staff of doctors, and provides skilled nursing services by licensed nursing personnel under the direction of a full-time registered graduate nurse.
- It prepares and maintains a written individual plan of treatment for each patient based on a diagnostic assessment of the patient's medical, psychological, and social needs with documentation that the plan is under the supervision of a doctor.
- It meets any applicable licensing standards established by the jurisdiction in which it is located.

Third Party Liability and Subrogation**General Principle**

When you receive disability benefits under the Plan which are related to disabilities for which benefits are payable under Workers' Compensation, any statute, any uninsured or underinsured motorist program, any no fault or school insurance program, any other insurance policy or any other plan of benefits, or when related expenses that arise through an act or omission of another person are paid by a third party, whether through legal action, settlement or for any other reason, you or your eligible spouse, same-sex domestic partner, or child(ren) shall reimburse the Plan for the related benefits received out of any funds or monies you recover from any third party.

Specific Requirements and Plan Rights

Because the Plan is entitled to reimbursement, the Plan shall be fully subrogated to any and all rights, recovery, or causes of actions or claims that you may have against any third party. The Plan is granted a specific and first right of reimbursement from any payment, amount, or recovery from a third party. This right to reimbursement is regardless of the manner in which the recovery is structured or worded, and even if you have not been paid or fully reimbursed for all damages or expenses.

The Plan's share of the recovery shall not be reduced because the full damages or expenses claimed have not been reimbursed, unless the Plan agrees in writing to such reduction. Further, the Plan's right to subrogation or reimbursement will not be affected or reduced by the "make whole" doctrine, the "fund" doctrine, the "common fund" doctrine, comparative/contributory negligence, "collateral source" rule, "attorney's fund" doctrine, regulatory diligence, or any other equitable defenses that may affect the Plan's right to subrogation or reimbursement.

The Plan may enforce its subrogation or reimbursement rights by requiring you to assert a claim to any of the benefits to which you may be entitled. The Plan will not pay attorneys' fees or costs associated with the claim or lawsuit without express written authorization from the Company.

If the Plan should become aware that you have received a third party payment, amount, or recovery and not reported such amount, the Plan, in its sole discretion, may suspend all further benefits payments related to you or your eligible spouse, same-sex domestic partner, or child(ren) until the reimbursable portion is returned to the Plan or offset against amounts that would otherwise be paid to or on behalf of you.

Participant Duties and Actions

By participating in the Plan you consent and agree that a constructive trust, lien, or equitable lien by agreement in favor of the Plan exists with regard to any settlement or recovery from a third person or party. In accordance with that constructive trust, lien, or equitable lien by agreement, you agree to cooperate with the Plan in reimbursing it for Plan costs and expenses.

Once you have any reason to believe that you may be entitled to recovery from any third party, you must notify the Plan. And, at that time, you (and your attorney, if applicable) must sign a subrogation/reimbursement agreement that confirms the prior acceptance of the Plan's subrogation rights and the Plan's right to be reimbursed for expenses arising from circumstances that entitle you to any payment, amount, or recovery from a third party.

If you fail or refuse to execute the required subrogation/reimbursement agreement, the Plan may deny payment of any benefits to you and your eligible spouse or same-sex domestic partner and child(ren) until the agreement is signed. Alternatively, if you fail or refuse to execute the required subrogation/reimbursement agreement and the Plan nevertheless pays benefits to or on behalf of you, your acceptance of such benefits shall constitute agreement to the Plan's right to subrogation or reimbursement.

You consent and agree that you shall not assign your rights to settlement or recovery against a third person or party to any other party, including their attorneys, without the Plan's consent. As such, the Plan's reimbursement will not be reduced by attorneys' fees and expenses without express written authorization from the Plan.

Life Insurance Benefits

Life Insurance Benefits

American Water helps you provide financial security for your family in the event of your death. You also have coverage in case of a specific accidental injury, or if you die as the result of an accident.

In addition to the coverage provided to you at no cost by American Water, you also have the option of buying supplemental Life Insurance coverage for you or your eligible dependents.

The following table summarizes the Plan's Life Insurance benefits:

Basic Life	1.5 times your base pay* (maximum benefit \$200,000)
Accidental Death and Dismemberment	1.5 times your base pay* (maximum benefit \$200,000)
Voluntary Life	1, 2, or 3 times your base pay* (maximum benefit \$1,000,000)
Voluntary Dependent Life	\$20,000 (spouse or same-sex domestic partner) and \$10,000 per dependent child

**Rounded up to the next higher \$1,000*

Eligibility

If you are a full-time eligible employee (see "Eligibility" on page 5), you are eligible to participate in American Water Life Insurance Benefit Plan. Your eligibility participation date is the first day of the month following completion of one full month of continuous service with the Company, provided you are then actively working or would have been able to work had you been scheduled to work that day. If you are on a layoff, on disability, or on leave of absence on your eligibility date, coverage or an increase in coverage will begin on the day you return to active work.

Basic Life Insurance

Your Company-paid Life Insurance amount is equal to 1.5 times your base pay (base pay does not include commissions, overtime, bonus pay, or any other special pay), rounded to the next higher \$1,000. The maximum benefit is \$200,000.

Your Life Insurance amount will increase automatically with salary increases. If you are an hourly-paid employee, your Life Insurance benefit is calculated based on your normally scheduled hours, excluding overtime.

This is an insured plan underwritten by MetLife. The provisions of the Plan will remain effective only while you are covered under the group contract.

Imputed Income

Federal law requires you to pay income taxes on the value of Company-provided group term Life Insurance coverage on your life (but not Voluntary Life Insurance) that exceeds \$50,000. Therefore, you have additional income called “imputed income” that is included in your annual compensation for income tax withholding and Social Security purposes. You do not actually receive additional income in your paycheck. The imputed income amount is determined by the IRS using age-related rates.

If you (or your spouse or same-sex domestic partner, if enrolled in voluntary dependent coverage) become terminally ill while covered under the Life Insurance Plan, you may request that MetLife pay an Accelerated Death Benefit.

“Terminally ill” is defined as a person who:

- Suffers from an incurable, progressive, and medically recognized disease or condition; and
- To a reasonable medical probability and based on generally accepted protocols, will not survive longer than six months.

Accelerated Death Benefits

You may request an Accelerated Death Benefit on your own behalf or on behalf of your spouse or same-sex domestic partner (if enrolled in voluntary dependent coverage) at any time by completing a MetLife Request for Accelerated Death Benefit Form and submitting it to MetLife. The request must include the statement of a currently licensed United States doctor that you or your spouse or same-sex domestic partner is terminally ill.

The doctor's statement must include:

- All medical test results;
- Laboratory reports; and
- Any other information on which the statement is based, including the generally accepted protocols used by the doctor to determine the person's expected remaining life span.

Your request for an Accelerated Death Benefit must state the amount of the benefit requested. The Plan includes an Accelerated Death Benefit of 50% of your normal Death Benefit to you or your spouse or same-sex domestic partner in the event of a terminal illness. The Accelerated Death Benefit Minimum is \$5,000 and the Accelerated Death Benefit Maximum is \$100,000 of Basic Life Insurance and \$300,000 of Voluntary Life Insurance.

This benefit can be requested only once on your own behalf and once for your spouse or same-sex domestic partner. If someone other than you owns the Life Insurance coverage for you and your spouse or same-sex domestic partner, the Accelerated Death Benefit will not be available under this Plan for or on behalf of such person.

Payment of Accelerated Benefits will reduce your Life Insurance Benefits or Death Benefits and the amount available for you to convert to a personal policy of life insurance as described under "Conversion of Your Life Insurance."

**Age Reduction
Rule** *(applies to
Basic Life, Optional
life, Voluntary Life
and Accidental Death
and Dismemberment)*

Your Life Insurance amount in force on the day before the month of your 70th birthday will be reduced by 35% at age 70; 60% at age 75; and 75% at age 80.

If you become insured during or after the month in which you reach the above ages (70, 75, or 80), your Life Insurance amount will be the applicable percentage of the amount shown for your classification.

Life Insurance After Termination

In most cases, you may apply for an individual policy under the Conversion Privilege within 31 days after your American Water Life Insurance ceases. If you die during this 31-day period and before the individual policy goes into effect, the amount payable under the group policy is limited to the maximum that could have been converted. The limit applies even if you have not applied for, or paid the first premium on, the individual policy. This applies to Basic and Voluntary Life Insurance.

Conversion of Your Life Insurance

If any of your life insurance ceases because your employment ends or you are no longer in a class eligible for that insurance, or because of age, pension, or retirement, you may convert the amount of insurance which ends (or a lesser amount, if desired) to an individual policy. This applies to Basic and Voluntary Life Insurance.

Your converted policy may be any kind of individual policy then customarily being issued by MetLife for the amount being converted and for your age (nearest birthday) on the date it will be issued, except a term policy or one with disability or other supplementary benefits.

When Life Insurance ends because that part of the group contract discontinues as to your employee class, and your insurance has been in force under the group contract for at least five years in a row before it was discontinued, you may convert the amount that ends (minus the amount of any group life insurance for which you become eligible within 31 days of discontinuance) to an individual policy. The maximum amount that can be converted by each person in any event is \$10,000.

Applying for an Individual Policy

In order to convert, you must make written application for an individual policy and pay the first premium within 31 days after insurance ends for any of the above reasons. No evidence of insurability (that is, proof of good health) will be required. The individual policy will become effective at the end of the 31-day period during which conversion is possible.

The premiums for the converted policy will be at MetLife's then customary rates for the same policy issued to any other person of the same class of risk and age at the time the converted policy is to become effective.

After an individual policy becomes effective for any person, that policy will be in exchange for all benefits and privileges under the group contract as regards the person involved and the amount that could have been converted.

Effect of Prior Coverage

In most cases, you may apply for an individual policy under the Conversion Privilege within 31 days after your American Water Life Insurance ceases. If you die during this 31-day period and before the individual policy goes into effect, the amount payable under the group policy is limited to the maximum that could have been converted. The limit applies even if you have not applied for, or paid the first premium on, the individual policy.

If the coverage of any person under any part of this Plan replaces any of the person's prior coverage, the rules below apply to that part.

"Prior coverage" is any plan of group insurance sponsored by American Water that has been replaced by coverage under part or all of this Plan. The replacement can be complete or in part for the Eligible Class to which you belong. Any such plan is prior coverage if provided by another group contract or any benefit section of this Plan.

A person's Life Insurance under this Plan replaces and supersedes any prior life insurance. It will be in exchange for everything under the prior life insurance. If you or your beneficiary becomes entitled to a claim under the prior life insurance, your Life Insurance under this Plan will be canceled as of its effective date and any premiums paid for your Life Insurance under this Plan will be returned to American Water.

The mode of settlement you chose and the beneficiary you named under a prior MetLife plan will apply to this Plan. This can be changed according to the terms of this Plan.

Voluntary Life Insurance

Voluntary Coverage for You

In addition to Company-paid Life Insurance, you can buy supplemental Life Insurance coverage for you or your eligible dependents on an after-tax basis.

You can buy Life Insurance of one, two, or three times your base pay, up to a maximum benefit of \$1,000,000. You must be actively at work in order for coverage to take effect.

If you want to buy coverage over \$300,000 at the initial offering, you will be required to show proof of good health. You will be enrolled in the level that does not exceed \$300,000 until proof of good health is approved by MetLife. If you do not elect supplemental coverage at the initial offering, proof of good health will be required for *any* amount of coverage.

Voluntary Coverage for Your Dependents

Note: You will be required to show proof of good health if you:

- Did not enroll previously for coverage;
- Elect coverage over \$300,000; or
- Elect more than one times your current Voluntary Supplemental Life Insurance coverage amount.

If proof of good health is required, your election will be pended until you receive approval from MetLife.

You can also buy supplemental life insurance coverage of \$20,000 for your spouse or same-sex domestic partner and \$10,000 for each dependent. Eligible dependents include children age 14 days to age 19, or to age 23 if a full-time student.

Note: To be considered a full-time student, you must be enrolled in an educational institution and taking at least 12 credit hours per semester/quarter or attend a post-secondary technical school.

You will be required to show proof of good health if you:

- Did not previously enroll for coverage; or
- Previously elected no coverage.

Cost

The following table shows the premiums for Voluntary Life Insurance in 2012:

Voluntary Life Insurance Premiums (per \$1,000 of base pay)			
Age	Monthly Cost*	Age	Monthly Cost
Under 30	\$0.066	50-54	\$0.353
30 – 34	\$0.088	55-59	\$0.651
35 – 39	\$0.110	60-64	\$0.827
40 – 44	\$0.132	65-69	\$1.511
45 – 49	\$0.210	70 and over	\$2.437

**The monthly cost is calculated on your age as of December 31, 2012. For example, if you will reach age 35 on or after January 1, 2012, your monthly cost per \$1,000 will be \$0.110.*

The following table shows the premiums for voluntary spouse or same-sex domestic partner and dependent life insurance:

Voluntary Spouse and Dependent Life Insurance Premiums	
Spouse or Same-Sex Domestic Partner	\$5.00 per month
Dependent Child(ren)	\$1.20 per month per family

Optional Employee Group Term Life Insurance

Participation Frozen as of December 31, 1995

Participation in the current Optional Employee Group Term Life Insurance Plan was frozen as of December 31, 1995. If you are currently enrolled in either of the two options of this Plan, your participation will continue while you remain actively employed. Participants' life insurance amounts will increase as their salary increases, according to the following Plan options:

Option A

100% of your Salary Scheduled Amount, up to \$40,000 of coverage.

Option B

50% of your Salary Scheduled Amount, up to \$20,000 of coverage.

Employees enrolled in this Plan have coverage as indicated in the following chart.

The Plan will pay a life insurance benefit equal to the amount of life insurance in force for you if you die from any cause while insured. This benefit will end upon retirement or termination, but can be converted to an individual policy.

Annual Basic Earnings	Insurance	
	Option A (100%)	Option B (50%)
\$38,000 or more	\$40,000	\$20,000
\$35,000 but less than \$38,000	\$38,000	\$19,000
\$32,000 but less than \$35,000	\$35,000	\$17,500
\$29,000 but less than \$32,000	\$32,000	\$16,000
\$26,000 but less than \$29,000	\$29,000	\$14,500
\$22,500 but less than \$26,000	\$26,000	\$13,000
\$19,500 but less than \$22,500	\$23,000	\$11,500
\$16,500 but less than \$19,500	\$20,000	\$10,000
\$13,500 but less than \$16,500	\$17,000	\$8,500
\$10,400 but less than \$13,500	\$14,000	\$7,000
\$7,280 but less than \$10,400	\$10,000	\$5,000
\$5,200 but less than \$7,280	\$7,000	\$3,500
Less than \$5,200	\$5,000	\$2,500

Beneficiaries

When you elect to participate in any of these Plans, you need to designate a beneficiary (or beneficiaries) to receive life insurance benefits if you die.

You may name or change your beneficiary by submitting a Beneficiary Designation Form, which is available from the Benefits Service Center. The naming or any change will take effect on the date the Benefits Service Center receives your completed and signed Beneficiary Designation Form.

Any amount payable to a beneficiary will be paid to those you name. Unless you state otherwise, if more than one beneficiary is named, they will share on equal terms.

If a named beneficiary dies before you, his or her share will be payable in equal shares to any other named beneficiaries who survive you, unless you have chosen otherwise.

If no named beneficiary survives you if one has not been made, the payment would be made in the order below:

- Your spouse or same-sex domestic partner, if any.
- If you have no spouse or same-sex domestic partner, in equal shares to your children.
- If you have no spouse, same-sex domestic partner, or child, to your parents, equally or to the survivor.
- If you have no spouse, same-sex domestic partner, child, or parent, in equal shares to your brothers and sisters.
- If none of the above survives, to your executors or administrators.

Total Disability Benefits

For the purposes of a total disability benefit, you are considered permanently and totally disabled only if:

- An illness or injury stops you from working at:
 - Your own job; or
 - Any other job for which you are fit by your education, your training or your experience.

You must meet all of the following to be eligible for a total disability benefit:

- Your Life Insurance must be in force when you become totally disabled.
- You must be under age 60 when you first become totally disabled.
- You must furnish all proof when requested. MetLife has the right to examine you, at its expense, before approving the proof.

Waiver

If you are under age 60 and you are totally disabled while insured under the Plan (as defined above) for six or more months from date you were last actively at work, and you furnish all information, notices, and proof when required, the amount of your Life Insurance in force on your last day actively at work may be extended during the disability, without payment of premiums and contributions. The duration, nature, and extent of disability determine eligibility for this extension. This insurance benefit reduces to \$10,000 when you reach age 70.

Any total disability should be reported immediately to American Water for help in determining whether you qualify for this extended insurance and the amount of insurance that may be continued. Refer to “Age Reduction Rule” on page 142 and “Conversion of Your Life Insurance” on page 143, which may apply to this Life Insurance amount.

Effective August 1, 2012

Waiver of premium will be initiated through the MetLife Disability Unit. If additional information is needed you may be requested to provide this information to MetLife.

Prior to August 1, 2012

Application for Waiver of Premium should be filed after your 8th month of disability but **before** the end of the 12th full month of disability. For example, if your first day of absence from work due to disability was February 15, 2012, the application should be filed after October 15, 2012 but **before** February 14, 2013. Your local HR representative will initiate the process by sending you the application and instructions. You will then be required to forward the completed application and any required documentation to MetLife. Please contact your HR representative if you have any questions or concerns.

If any individual policy has been issued to you under the Conversion Privilege, your rights under this section may be restored. In order to restore those rights, you must give up all such policies without claim, except for the return of the premiums you paid.

Accidental Death and Dismemberment Coverage (AD&D)

This Plan is an insured plan underwritten by MetLife. The provisions of the Plan will remain effective only while you are covered under the group contract.

Your Company-paid AD&D Insurance pays 1.5 times your base pay, rounded to the next higher \$1,000, up to a maximum benefit of \$200,000 (called the “Principal Sum”). The following must occur for benefits to become payable: while insured, you suffer a loss of life or bodily injury in an accident and, within one year after the accident and as a direct result of the injury, subject to exclusions:

Covered Losses (Subject to Exclusions)	Benefit Amounts
Life	Full Amount
A hand	One-half of the Full Amount
A foot	One-half of the Full Amount
Sight of an eye	One-half of the Full Amount
Any combination of a hand, a foot, or sight of an eye	Full Amount
Thumb and index finger of same hand	One-quarter of the Full Amount
Speech and hearing	Full Amount
Speech or hearing in both ears	One-half of the Full Amount
Quadriplegia	Full Amount
Paraplegia	One-half of the Full Amount
Hemiplegia	One-half of the Full Amount
Uniplegia	One-quarter of the Full Amount

- Loss of sight of an eye means that the eye is entirely blind and that no sight can be restored in that eye.
- Loss of a hand means that all of the hand is cut off at or above the wrist.
- Loss of a foot means that all of the foot is cut off at or above the ankle.

- Loss of thumb and index finger means actual severance through or above the third joint from the tip of the index finger and the second joint from the tip of the thumb.
- Loss of speech and hearing means the entire and irrecoverable loss which has lasted continuously for 12 consecutive months following the injury.
- Quadriplegia means total paralysis of both upper and lower limbs on one side of the body.
- Paraplegia means total paralysis of both lower limbs.
- Hemiplegia means total paralysis of upper and lower limbs on one side of the body.
- Uniplegia means total paralysis of one limb.
- Paralysis means loss of use, without severance, of a limb. Paralysis must be determined by competent medical authority to be permanent, complete and irreversible.

No more than the Principal Sum is payable for all losses which result from one accident. Benefits are paid for losses caused by accidents only.

No benefits are payable for a loss caused or contributed to by:

- Physical or mental illness, diagnosis of or treatment for the illness;
- An infection, unless it is caused by an external wound that can be seen and which was sustained in an accident;
- Suicide or attempted suicide;
- Injuring oneself on purpose;
- The use of any drug or medicine;
- A war, or a warlike action in time of peace, including terrorist acts;
- Committing or trying to commit a felony or other serious crime or an assault;
- Any poison or gas, voluntarily taken, administered or absorbed;
- Service in the armed forces of any country or international authority, except the United States National Guard;

- Operating, learning to operate, or serving as a member of a crew of an aircraft; or while in any aircraft operated by or under any military authority (other than the Military Airlift Command); or while in any aircraft being used for a test or experimental purposes; or while in any aircraft used or designed for use beyond the Earth's atmosphere; or while in any aircraft for the purpose of descent from such aircraft while in flight (except for self preservation); or
- Driving a vehicle while intoxicated as defined by the laws of the jurisdiction in which the vehicle was being operated.

Submitting Claims

Employee Life and AD&D Insurance benefits may be assigned in accordance with the MetLife contract. For more information on assignment you can contact the Benefits Service Center.

For Life Insurance Benefits

To receive Life Insurance benefits under the Basic Life Insurance Plan, Optional Employee Group Term Life Plan, or Voluntary Life Insurance Plan, your beneficiary must complete and submit the appropriate Statement of Claim form and provide a certified death certificate to the Benefits Service Center within one year of the death.

If you were totally disabled at the time of your death and American Water was continuing your coverages at no cost to you, your beneficiary may be required to submit proof that total disability was continuous up to the date of your death.

For AD&D Insurance Benefits

To receive AD&D Insurance benefits, you must complete and submit the appropriate Statement of Claim form and provide proof documenting your loss to the Benefits Service Center within 20 days after the loss occurs. In some cases, you may be requested to undergo an independent medical examination before benefits can be paid.

How Benefits Are Paid

Approved Life and AD&D Insurance benefits are paid in a lump sum. However, other payment options may be available from MetLife. The Benefits Service Center will provide information about optional payment methods when you or your beneficiary is eligible to receive benefits.

When Benefits End

Coverage under the Plan terminates when the first of these events happens:

- The day your employment ends.
- When the group contract terminates as to the coverage.
- When you are no longer an eligible participant. (This may apply to all or part of your coverage.)
- When you fail to make any required contribution.

A dependent's coverage will terminate at the first to occur of:

- The termination of all dependents' coverage under the group contract.
- When such person is no longer an eligible dependent.
- When your coverage terminates.
- When you fail to make any required contribution.

*Employee Assistance
Program (EAP)*

Employee Assistance Program

The Employee Assistance Program (EAP), run by Carebridge, provides the support you need to deal with the variety of challenges you may face – financial, legal, family, emotional, etc. All EAP services are free and confidential for you and your eligible spouse or same-sex domestic partner and child(ren).

Carebridge also provides a website www.myliferesource.com, which puts a wealth of resources right at your fingertips. The Universal LifeHelps Library is one of the most extensive resources on the Web with over 1,474 Resource Centers centered on the five major areas of modern life: Myself, My Relationships, My Daily Life Concerns, My Wellness, and My Work. In addition, you will have access to legal documents and help finding service providers (e.g., childcare locations). You can visit the new, improved Carebridge website at www.myliferesource.com. When visiting for the first time, enter the American Water organization code (HXSBJ) to register for your account.

You don't have to access the Internet to benefit from Carebridge services. You can contact an EAP counselor by phone 24 hours a day, seven days a week at (800) 437-0911.

Additional Plan Information

Additional Plan Information

- **Plan Sponsor**

American Water Works Company, Inc.
1025 Laurel Oak Road
Voorhees, NJ 08043

- **Plan Name** – Group Insurance Plan of American Water Works Company, Inc. and Designated Subsidiaries and Affiliates

- **Employer Identification Number** – 51-0063696

- **Plan Number** – 501

- **Effective Date of this Summary Plan Description**

January 1, 2011

- **Plan Year**

January 1 through December 31

- **Type of Plan**

Health and Welfare Benefit Plan, providing the following benefits: medical, dental, prescription drug, vision, employee assistance program, disability, life and accidental death insurance and flexible spending accounts. The medical, dental, prescription, vision and health care flexible spending account are provided under a "group health plan" within the meaning of federal law.

- **Type of Administration**

Self-Insured/Administrative Services Contract/Fully Insured

- **Plan Administrator**

Vice President, Human Resources
American Water
1025 Laurel Oak Road
Voorhees, NJ 08043
(856) 346-8200

- **Agent for Service of Legal Process**

The Secretary
American Water
1025 Laurel Oak Road
Voorhees, NJ 08043
(856) 346-8200

- **Source of Contributions**
Employer and Employee
- **Claims Administrator**
See “List of Contacts” on page 193.

- **Appeals Administrator**

Benefit	Appeals Administrator	Phone
Medical and Flexible Spending Account Appeals	Horizon BCBSNJ Appeals Department Mail Station MT03W P.O. Box 110 Newark, NJ 07101 http://www.horizon-bcbsnj.com/national_accounts.html Hawaii Medical Service Association	Horizon (888) 645-5533
Prescription Appeals	Prescription Claim Appeals (HZN) MC109 CVS Caremark P.O. Box 52084 Phoenix, AZ 85072-2084 <i>Please note address may change in future and you should always refer to communications provided by the Claims Administrator</i>	Stage 1 Appeals Fax: (866) 443-1172 or contact CVS Caremark Appeals Department toll-free at (866) 443-1183 Stage 2 Appeal Fax: (866) 284-7097
Life Insurance Appeals	Metropolitan Life Insurance Company Group Insurance Claims Review P.O. Box 6100 Scranton, PA 18505-6100	(800) 638-6420
Long Term Disability Appeals (as of August 1, 2012)	MetLife Disability c/o ACS 2025 Leestown Road, Suite A-2 Lexington, KY 40511	(877) 638-8261
Other Welfare Benefit Appeals (including Long Term Disability prior to August 1, 2012)	Retirement/Benefits Committee American Water 1025 Laurel Oak Road Voorhees, NJ 08043	(856) 346-8200
Vision Appeals	EyeMed Vision Care Attn: Quality Assurance 4000 Luxottica Place Mason OH 45040 Fax: (513) 492-3259	(866) 723-0514

Plan Notices

Medicare Part D Notice

If you are actively at work at age 65 or older and then you retire and become Medicare-eligible, you must call the Benefits Service Center to request a Notice of Creditable Coverage to avoid the Medicare Part D late enrollment fee.

Medicare Part B Enrollment

The following information comes from <http://questions.medicare.gov>, the Official U.S. Government Site for People with Medicare.

Can I delay Medicare Part B enrollment without paying higher premiums?

Yes. In certain cases, you can delay your Medicare Part B enrollment without having to pay higher premiums. If you didn't take Medicare Part B when you were first eligible because you or your spouse was working and had group health plan coverage through your or your spouse's employer or union, you can sign up for Medicare Part B during a Special Enrollment Period. You can sign up:

- Anytime you are still covered by the employer or union group health plan through your or your spouse's current or active employment; or
- During the eight months following the month the employer or union group health plan coverage ends or when the employment ends (whichever is first).

If you are disabled and working (or you have coverage from a working family member), the Special Enrollment Period rules also apply.

Effective date if you sign up during a Special Enrollment Period

If you enroll in Medicare Part B while covered by the group health plan or during the first full month after coverage ends, your Medicare Part B coverage starts on the first day of the month you enroll. You also can delay the start date for Medicare Part B coverage until the first day of any of the following three months.

If you enroll during any of the seven remaining months of the Special Enrollment Period, your Medicare Part B coverage begins the month after you enroll.

Remember: If you do not enroll in Medicare Part B during your Special Enrollment Period, you'll have to wait until the next General Enrollment Period, which is January 1 through March 31 of each year. You may then have to pay a higher Medicare Part B premium because you could have had Medicare Part B and did not take it. Call the Social Security Administration at (800) 772-1213 for more information or to enroll in Medicare. You can visit the Social Security website at www.socialsecurity.gov.

Amendment or Termination of the Plan

The Right to Amend or Terminate the Plan

American Water reserves the right to amend all or any of our employee benefit plans at any time, without prior notice to participants, including the right to change eligibility criteria or program costs and the right to restrict or eliminate benefits provided. The decision to change or end the plans may be caused by changes in federal or state laws governing benefits, the requirements of the Internal Revenue Code or ERISA, or any other reason.

The authority to make any such changes to the Plan generally rests with the Board of Directors of American Water or its designee, although the Plan Administrator may also change the Plan as required by law or in a manner which will not result in a material cost.

You will be notified if any material changes are made to the Plan or if it is terminated. No amendment, termination, or partial termination of the Plan will affect claims incurred for which items or services have been provided before the date of amendment, termination, or partial termination.

Filing a Claim

The claim-filing procedures for each type of benefit are outlined in the individual sections describing the benefits. In general, you and your eligible spouse, same-sex domestic partner, child(ren), or designated beneficiary (when applicable) must file a written claim on the proper form. You can obtain the necessary claim forms from the Benefits Service Center.

Claim Determination and Appeals Process

The contracts, booklets, and other materials that describe a particular benefit under the Plan will generally contain a specific set of claims and appeals procedures that you must follow to make a claim to receive that particular benefit and/or to appeal a denied claim for that particular benefit. Although these separate claims and appeals procedures will be very similar in most respects, there may be important differences. Because of this, you should follow the specific claims and appeals procedures for a particular benefit very carefully. If the documents and other materials that describe a particular benefit do not contain a specific set of claims and appeals procedures, the Plan's default procedures as described below will apply. Also, the Plan's default procedures shall apply to the extent the claims and/or appeals procedures do not comply with ERISA or other applicable law. If you have any questions about which set of claims and appeals procedures to follow or any other questions about making a claim, you should contact the Plan Administrator immediately.

For purposes of this section of the SPD describing the Plan's default claims and appeals procedures, the third parties to whom the Plan Administrator has delegated the authority to review and evaluate claims (in the case of the self-insured plans) and the insurance carriers (in the case of the insured plans) shall be referred to as the "Claims Administrator" at the initial claim level and the "Appeals Administrator" at the appeal level.

A request for benefits is a "claim" subject to these procedures only if you or your authorized representative files it in accordance with the Plan's claim filing guidelines. In general, claims must be filed in writing (except urgent care claims, which may be made orally) with the applicable provider. Any claim that does not relate to a specific benefit under the Plan (for example, a general eligibility claim) must be filed with the Plan Administrator at the address set forth in the "Additional Plan Information" section on page 157. A request for prior approval of a benefit or service where prior approval is not required under the Plan is not a "claim" under these rules. Similarly, a casual inquiry about benefits or the circumstances under which benefits might be paid under the Plan is not a "claim" under these rules, unless it is determined that your inquiry is an attempt to file a claim. If a claim is received but there is not enough information to allow the Claims Administrator to process the claim, you will be given an opportunity to provide the missing information.

Claims Not Involving Health Benefits

If you want to bring a claim for benefits under the Plan, you may designate an authorized representative to act on your behalf as long as you provide written notice of such designation to the Claims Administrator and/or the Appeals Administrator identifying such authorized representative. In the case of a claim for medical benefits involving urgent care, a health care professional with knowledge of your medical condition may act as your authorized representative with or without prior notice.

In the case of a claim not involving health benefits (e.g., Life, AD&D, LTD, STD, and Dependent Care Flexible Spending Account), initial claims for benefits under the Plan should be made by you in writing to the Claims Administrator.

Time Periods for Responding to Initial Claims

If you bring a claim for benefits under the Plan, the Claims Administrator will respond to you within 90 days (45 days for a claim involving disability benefits) after receipt of the claim. For claims not involving disability benefits, if the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 90-day period that up to an additional 90 days is needed to review your claim. In the case of a claim involving disability benefits, the Claims Administrator will notify you within the initial 45-day period that up to an additional 30 days is needed to review your claim. If the Claims Administrator determines that additional time is necessary to review your claim for disability benefits, the Claims Administrator may notify you of an additional 30-day extension.

Notice and Information Contained in Notice Denying Initial Claim

If the Claims Administrator denies your claim (in whole or in part), the Claims Administrator will provide you with written notice of the denial. This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Description of additional material – a description of any additional material or information necessary for you to substantiate your claim and an explanation as to why such information is necessary;

- Description of any internal rules – in the case of any claim involving disability benefits, a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the initial determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the determination and that a copy of such rule will be provided to you free of charge at your request; and
- Description of claims appeals procedures – a description of the Plan's appeals procedures and the time limits applicable for such procedures, including a statement that you are eligible to bring a civil action in federal court under Section 502 of ERISA to appeal any adverse decision on appeal.

Appealing a Denied Claim for Benefits

If the Claims Administrator denies your initial claim for benefits, you may appeal the denial by filing a written request with the Appeals Administrator within 60 days (180 days in the case of a claim involving disability benefits) after you receive the notice denying your initial claim for benefits. If you decide to appeal a denied claim for benefits, you will be able to submit written comments, documents, records, and other information relating to your claim for benefits (regardless of whether such information was considered in your initial claim for benefits) to the Appeals Administrator for review and consideration. You will also be entitled to receive, upon request and free of charge, access to, and copies of all documents, records, and other information relevant to your appeal.

Time Periods for Responding to Appealed Claims

If you appeal a denied claim for benefits under the Plan, the Appeals Administrator will respond to you within 60 days (45 days in the case of a claim involving disability benefits) after receipt of the claim. If the Appeals Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Appeals Administrator will notify you within the initial 60-day period (the initial 45-day period in the case of a claim involving disability benefits) that up to an additional 60 days (45 days in the case of a claim involving disability benefits) is needed to review your claim.

Notice and Information Contained in Notice Denying Appeal

If the Appeals Administrator denies your claim (in whole or in part), the Appeals Administrator will provide you with written notice of the denial. This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;

- Statement of entitlement to documents – a statement that you are entitled to receive, upon request and free of charge, access to and copies of, all documents, records, and other information that is relevant to your claim and/or appeal for benefits;
- Description of any internal rules – in the case of a claim involving disability benefits, a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the appeal determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and
- Statement of right to bring action – a statement that you are entitled to bring a civil action in federal court under Section 502 of ERISA to pursue your claim for benefits.

The decision of the Appeals Administrator shall be final and conclusive on all persons claiming benefits under the Plan, subject to applicable law. If you challenge the decision of the Appeals Administrator, a review by a court of law will be limited to the facts, evidence, and issues presented during the claims procedure set forth above. The appeal process described herein must be exhausted before you can pursue the claim in federal court. Facts and evidence that become known to you after having exhausted the appeals procedure may be submitted for reconsideration of the appeal in accordance with the time limits established above. Issues not raised during the appeal will be deemed waived.

Claims Involving Medical Benefits

In the case of a claim involving medical benefits, initial claims for benefits under the Plan should be made by you in writing to the Claims Administrator.

Types of Claims

There are several different types of claims that you may bring under the Plan. The Plan's procedures for evaluating claims (for example, the time limits for responding to claims and appeals) depend upon the particular type of claim. The types of claims that you generally may bring under the Plan are as follows:

- Pre-Service Claim – A “pre-service claim” is a claim for a particular benefit under the Plan that is conditioned upon you receiving prior approval in advance of receiving the benefit. A pre-service claim must contain, at a minimum, the name of the individual for whom benefits are being claimed, a specific medical condition or symptom, and a specific treatment, service, or product for which approval is being requested.

- **Post-Service Claim** – A “post-service claim” is a claim for payment for a particular benefit or for a particular service after the benefit or service has been provided. A post-service claim must contain the information requested on a claim form provided by the applicable provider. *Note: Claims under the Health Care Flexible Spending Account are always post-service claims.*
- **Urgent Care Claim** – An “urgent care claim” is a claim for benefits or services involving a sudden and urgent need for such benefits or services. A claim will be considered to involve urgent care if the Claims Administrator or a doctor with knowledge of your condition determines that the application of the claims review procedures for non-urgent claims (i) could seriously jeopardize your life or your health, or your ability to regain maximum function, or (ii) in your doctor’s opinion, would subject you to severe pain that cannot adequately be managed without the care or treatment that is the subject of the claim.
- **Concurrent Care Review Claim** – A “concurrent care review claim” is a claim relating to the continuation/reduction of an ongoing course of treatment.

Time Periods for Responding to Initial Claims

If you bring a claim for benefits under the Plan, the Claims Administrator will respond to your claim within the following time periods:

- **Post-Service Claim** – In the case of a post-service claim, the Claims Administrator shall respond to you within 30 days after receipt of the claim. If the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 30-day period that the Claims Administrator needs up to an additional 15 days to review your claim. If such an extension is necessary because you failed to provide the information necessary to evaluate your claim, the notice of extension will describe the information that you need to provide to the Claims Administrator. You will have no less than 45 days from the date you receive the notice to provide the requested information.

- **Pre-Service Claim** – In the case of a pre-service claim, the Claims Administrator shall respond to you within 15 days after receipt of the claim. If the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 15-day period that the Claims Administrator needs up to an additional 15 days to review your claim. If such an extension is necessary because you failed to provide the information necessary to evaluate your claim, the notice of extension will describe the information that you need to provide to the Claims Administrator. You will have no less than 45 days from the date you receive the notice to provide the requested information.
- **Urgent Care Claim** – In the case of an urgent care claim, the Claims Administrator shall respond to you within 72 hours after receipt of the claim. If the Claims Administrator determines that it needs additional information to review your claim, the Claims Administrator will notify you within 24 hours after receipt of the claim and provide you with a description of the additional information that it needs to evaluate your claim. You will have no less than 48 hours from the time you receive this notice to provide the requested information. Once you provide the requested information, the Claims Administrator will evaluate your claim within 48 hours after the earlier of the Claims Administrator's receipt of the requested information, or the end of the extension period given to you to provide the requested information. There is a special time period for responding to a request to extend an ongoing course of treatment if the request is an urgent care claim. For these types of claims, the Claims Administrator must respond to you within 24 hours after receipt of the claim by the Plan (provided, that you make the claim at least 24 hours prior to the expiration of the ongoing course of treatment).
- **Concurrent Care Review Claim** – If the Plan has already approved an ongoing course of treatment for you and contemplates reducing or terminating the treatment, the Claims Administrator will notify you sufficiently in advance of the reduction or termination of treatment to allow you to appeal the Claims Administrator's decision and obtain a determination on review before the treatment is reduced or terminated.

Notice and Information Contained in Notice Denying Initial Claim

If the Claims Administrator denies your claim (in whole or in part), the Claims Administrator will provide you with written notice of the denial (although initial notice of a denied urgent care claim may be provided to you orally). This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Description of additional material – a description of any additional material or information necessary for you to substantiate your claim and an explanation as to why such information is necessary;
- Description of any internal rules – a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the initial determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and
- Description of claims appeals procedures – a description of the Plan's appeals procedures and the time limits applicable for such procedures (such description will include a statement that you are eligible to bring a civil action in federal court under Section 502 of ERISA to appeal any adverse decision on appeal and a description of any expedited review process for urgent care claims).

Appealing a Denied Claim for Benefits (Internal Appeal)

If the Claims Administrator denies your initial claim for benefits, you may appeal the denial by filing a written request (or an oral request in the case of an urgent care claim) with the Appeals Administrator within 180 days after you receive the notice denying your initial claim for benefits.

If you decide to appeal a denied claim for benefits, you will be able to submit written comments, documents, records, and other information relating to your claim for benefits (regardless of whether such information was considered in your initial claim for benefits) to the Appeals Administrator for review and consideration. You will also be entitled to receive, upon request and free of charge, access to, and copies of, all documents, records, and other information that is relevant to your appeal.

Time Periods for Responding to Internal Appeal Claims

If you appeal a denied claim for benefits, the Appeals Administrator will respond to your claim within the following time periods:

- Post-Service Claim – In the case of an appeal of a denied post-service claim, the Appeals Administrator shall respond to you within 60 days after receipt of the appeal.
- Pre-Service Claim – In the case of an appeal of a denied pre-service claim, the Appeals Administrator shall respond to you within 30 days after receipt of the appeal.
- Urgent Care Claim – In the case of an appeal of a denied urgent care claim, the Appeals Administrator shall respond to you within 72 hours after receipt of the appeal.
- Concurrent Care Review Claim – In the case of an appeal of a denied concurrent care review claim, the Appeals Administrator shall respond to you before the concurrent or ongoing treatment in question is reduced or terminated.

Notice and Information Contained in Notice Denying Appeal

If the Appeals Administrator denies your claim (in whole or in part), the Appeals Administrator will provide you with written notice of the denial (although initial notice of a denied urgent care claim may be provided to you orally or via facsimile or other similarly expeditious means of communication). This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Statement of entitlement to documents – a statement that you are entitled to receive, upon request and free of charge, access to and copies of, all documents, records, and other information that is relevant to your claim and/or appeal for benefits;
- Description of any internal rules – a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the appeal determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and
- Statement of right to bring action – a statement that you are entitled to bring a civil action in federal court under Section 502 of ERISA to pursue your claim for benefits.

If the time limitations set forth have not been exceeded, no person may bring an action in a court of law unless the claims review procedure is exhausted and a final determination has been made. The decision of the Appeals Administrator shall be final and conclusive on all persons claiming benefits under the Plan, subject to applicable law. If you challenge the decision of the Appeals Administrator, a review by a court of law will be limited to the facts, evidence and issues presented during the claims procedure set forth above. The appeal process described herein must be exhausted before you can pursue the claim in federal court. Facts and evidence that become known to you after having exhausted the appeals procedure may be submitted for reconsideration of the appeal in accordance with the time limits established above. Issues not raised during the appeal will be deemed waived.

Further External Appeal Rights

If you are dissatisfied with the results of the Appeals Administrator's internal appeal process, and you wish to pursue an external appeal with an independent review organization (IRO), you must submit a written request within four months from your receipt of our final adverse benefit determination of your appeal. Send your appeal to:

Horizon BCBSNJ Appeals Department
Mail Station PP-14E
P.O. Box 420
Newark, NJ 07101

You may also initiate an appeal by calling (888) 221-6392.

Upon receipt of your written request a preliminary review of your request will be conducted and completed within five business days by the Appeals Administrator to determine:

- Your eligibility under the Plan at the time the service was requested or provided;
- That the adverse benefit determination does not relate to your failure to meet eligibility requirements under the terms of the Plan;
- That the internal appeals process has been exhausted (if required); and
- That you have provided all the information and forms required to process the external review.

Note: You may request an expedited external review for appeal of a denied urgent care claim.

After the completion of this preliminary review, you will receive written notice within one business day informing you of the determination regarding the eligibility of your request for external review. If your request was complete but not eligible for external review, the notice will include the reasons for your appeal not being eligible, and you will be provided the contact information for the Employee Benefits Security Administration who you may contact regarding your appeal at (866) 444-EBSA (3272). If your request was not complete, you will be advised as to what information or materials are needed to make your appeal request complete. In such cases, you will have 48 hours from your receipt of the notice, or the balance of the four month filing period for external appeals, whichever is longer, to perfect your appeal.

If your request for an external review meets the eligibility requirements as discussed above, your appeal will be assigned to an independent review organization (IRO) by the Appeals Administrator. The IRO will timely notify you in writing of your request's eligibility and acceptance for external review. This notice will include a statement that you may submit in writing to the assigned IRO within 10 business days following your receipt of the notice additional information that the IRO must consider when conducting the external review.

Within five business days after the date of assignment of the IRO, the Plan must provide to the assigned IRO the documents and any information considered in making the initial adverse benefit determination or the final adverse benefit determination. Failure of the Plan to timely submit the documents and information will not delay the conduct of the external review. If the Plan fails to timely supply the documents and information, the IRO may terminate the review and reverse the adverse benefit determination. If this occurs, the IRO will notify you and the Plan within one business day of its decision.

If you submit additional information to the IRO, the IRO will, within one business day, forward this information to the Plan for its consideration. Upon its receipt, the Plan may reconsider its adverse benefits determination. Reconsideration by the Plan will not delay the external review. The Plan will have up to the end of the IRO's review period to reconsider its adverse benefit determination. The external review may be terminated as a result of the reconsideration only if the Plan decides, upon completion of its reconsideration, to reverse its adverse benefit determination or final internal adverse benefit determination and provide coverage or payment. Within one business day of making such a decision, the Plan must provide written notice of the decision to you and the IRO, and the IRO must terminate the external review upon its receipt of such notice from the Plan.

The IRO will review all of the information and documents timely received. In reaching a decision, the IRO will review the claim *de novo* (anew) and is not bound by any decisions or conclusions reached during the Plan's internal claims and appeals processes. The IRO will provide its written final external review decision to the claimant and the Plan within 45 days after the IRO first received the request for the external review, and will include a general description of the reasons for the requested review, including information sufficient to identify the claim, the dates of service, the health care provider's name, the claim amount, the diagnosis and treatment codes and their meanings, and the reason for the previous denial. The decision will also include the date the IRO received the request, references to the documentation relied on for its decision (including specific coverage provisions and evidence based standards, considered in reaching the decision), a statement that the determination is binding except to the extent that other remedies may be available under state or federal law to either you or the group health plan, a statement that judicial review may be available to you, and that additional assistance may be available to you by contacting the applicable office of health insurance consumer assistance or ombudsman whose contact information will be listed on the written final external review decision.

Expedited External Review. An adverse benefit determination may be eligible for an expedited external review if:

- You have received an adverse benefit determination which involves a medical condition for which the timeframe for completion of an expedited internal appeal (as described above) would seriously jeopardize your life or health, or your ability to regain maximum function, and you have filed a request for an expedited internal appeal; or
- You have received an adverse benefit determination which involves a medical condition where the timeframe or completion of a standard external review would seriously jeopardize your life or health or would jeopardize your ability to regain maximum function, or if the adverse benefit determination concerns an admission, availability of care, continued stay, or health care item or service for which you have received emergency services, but you have not been discharged from a facility.

If you make a request for an expedited external review, the Plan Administrator will immediately review the request and provide you with written notice of whether the adverse benefit determination is eligible for external review. If the adverse benefit determination is eligible for external review, the Appeals Administrator will forward the request to an IRO (electronically, by telephone or fax, or by other similar manner), along with all documents and information it considered in making its adverse benefit determination.

The IRO will follow the review process described above, and render a decision within 72 hours after it receives the request for review. The IRO will provide a written confirmation of its decision to both the claimant and the Plan with 48 hours thereafter.

Upon receipt of the final external review decision reversing the adverse benefit determination, the Appeals Administrator will immediately provide coverage or payment for the claim or service involved.

All medical appeals will provide:

- The opportunity to submit written comments, documents, records and other information relating to your claim for benefits, and that all such submissions will be considered by the Plan in deciding the appeal.
- The right to request that you be provided reasonable access to, and copies of, all documents, records, medical necessity criteria utilized to make the determination and other information relevant to your claim for benefits free of charge.
- A review that does not afford deference to the initial adverse utilization management determination, and is conducted by Medical Directors who are neither the person who made the initial decision nor a subordinate of the person who made the initial decision.
- That, in instances when the decision involves medical judgment, a health care professional who has appropriate training and experience in the field of medicine will be consulted, who again is neither the person who made the initial decision nor a subordinate of the person who made the initial decision.
- That the Appeals Administrator will identify, upon your request, the medical or vocational experts whose advice was obtained in connection with your medical appeal, whether we relied on the experts advice or not in making our decision. While your internal appeal is pending, the Appeals Administrator will provide you with a copy (free of charge) of any new or additional evidence considered, relied upon or generated by the plan in reaching our decision sufficiently in advance of the date by which we will decide your case to allow you the reasonable opportunity to respond prior to that date. In addition, before the Plan can issue a final appeal determination based on a new or additional rationale than what was previously relied upon, the Appeals Administrator will provide you with the new or additional rationale (free of charge) sufficiently in advance of the date by which we will decide your case to allow you the reasonable opportunity to respond to that rationale prior to that date.

- The diagnoses codes and its corresponding meaning and the treatment code(s) and their corresponding meanings that are involved in your appeal will be identified and included in all written communications regarding your appeal.

You also have the right to bring a civil action under Section 502(a) of ERISA following your appeal of our determination through the internal appeal process.

Claims Involving Other Health Benefits

In the case of a claim involving other health benefits (e.g., Dental/Vision, Prescription Drug, Employee Assistance Program, and Health Care Flexible Spending Account), initial claims for benefits under the Plan should be made by you in writing to the Claims Administrator.

Types of Claims

There are several different types of claims that you may bring under the Plan. The Plan's procedures for evaluating claims (for example, the time limits for responding to claims and appeals) depend upon the particular type of claim. The types of claims that you generally may bring under the Plan are as follows:

- Pre-Service Claim – A “pre-service claim” is a claim for a particular benefit under the Plan that is conditioned upon you receiving prior approval in advance of receiving the benefit. A pre-service claim must contain, at a minimum, the name of the individual for whom benefits are being claimed, a specific medical condition or symptom, and a specific treatment, service, or product for which approval is being requested.
- Post-Service Claim – A “post-service claim” is a claim for payment for a particular benefit or for a particular service after the benefit or service has been provided. A post-service claim must contain the information requested on a claim form provided by the applicable provider. *Note: Claims under the Health Care Flexible Spending Account are always post-service claims.*

- **Urgent Care Claim** – An “urgent care claim” is a claim for benefits or services involving a sudden and urgent need for such benefits or services. A claim will be considered to involve urgent care if the Claims Administrator or a doctor with knowledge of your condition determines that the application of the claims review procedures for non-urgent claims (i) could seriously jeopardize your life or your health, or your ability to regain maximum function, or (ii) in your doctor’s opinion, would subject you to severe pain that cannot adequately be managed without the care or treatment that is the subject of the claim.
- **Concurrent Care Review Claim** – A “concurrent care review claim” is a claim relating to the continuation/reduction of an ongoing course of treatment.

Time Periods for Responding to Initial Claims

If you bring a claim for benefits under the Plan, the Claims Administrator will respond to your claim within the following time periods:

- **Post-Service Claim** – In the case of a post-service claim, the Claims Administrator shall respond to you within 30 days after receipt of the claim. If the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 30-day period that the Claims Administrator needs up to an additional 15 days to review your claim. If such an extension is necessary because you failed to provide the information necessary to evaluate your claim, the notice of extension will describe the information that you need to provide to the Claims Administrator. You will have no less than 45 days from the date you receive the notice to provide the requested information.
- **Pre-Service Claim** – In the case of a pre-service claim, the Claims Administrator shall respond to you within 15 days after receipt of the claim. If the Claims Administrator determines that an extension is necessary due to matters beyond the control of the Plan, the Claims Administrator will notify you within the initial 15-day period that the Claims Administrator needs up to an additional 15 days to review your claim. If such an extension is because you failed to provide the information necessary to evaluate your claim, the notice of extension will describe the information that you need to provide to the Claims Administrator. You will have no less than 45 days from the date you receive the notice to provide the requested information.

- **Urgent Care Claim** – In the case of an urgent care claim, the Claims Administrator shall respond to you within 72 hours after receipt of the claim. If the Claims Administrator determines that it needs additional information to review your claim, the Claims Administrator will notify you within 24 hours after receipt of the claim and provide you with a description of the additional information that it needs to evaluate your claim. You will have no less than 48 hours from the time you receive this notice to provide the requested information. Once you provide the requested information, the Claims Administrator will evaluate your claim within 48 hours after the earlier of the Claims Administrator's receipt of the requested information, or the end of the extension period given to you to provide the requested information. There is a special time period for responding to a request to extend an ongoing course of treatment if the request is an urgent care claim. For these types of claims, the Claims Administrator must respond to you within 24 hours after receipt of the claim by the Plan (provided, that you make the claim at least 24 hours prior to the expiration of the ongoing course of treatment).
- **Concurrent Care Review Claim** – If the Plan has already approved an ongoing course of treatment for you and contemplates reducing or terminating the treatment, the Claims Administrator will notify you sufficiently in advance of the reduction or termination of treatment to allow you to appeal the Claims Administrator's decision and obtain a determination on review before the treatment is reduced or terminated.

Notice and Information Contained in Notice Denying Initial Claim

If the Claims Administrator denies your claim (in whole or in part), the Claims Administrator will provide you with written notice of the denial (although initial notice of a denied urgent care claim may be provided to you orally). This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Description of additional material – a description of any additional material or information necessary for you to substantiate your claim and an explanation as to why such information is necessary;

- Description of any internal rules – a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the initial determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and
- Description of claims appeals procedures – a description of the Plan's appeals procedures and the time limits applicable for such procedures (such description will include a statement that you are eligible to bring a civil action in federal court under Section 502 of ERISA to appeal any adverse decision on appeal and a description of any expedited review process for urgent care claims).

Appealing a Denied Claim for Benefits

If the Claims Administrator denies your initial claim for benefits, you may appeal the denial by filing a written request (or an oral request in the case of an urgent care claim) with the Appeals Administrator within 180 days after you receive the notice denying your initial claim for benefits. If you decide to appeal a denied claim for benefits, you will be able to submit written comments, documents, records, and other information relating to your claim for benefits (regardless of whether such information was considered in your initial claim for benefits) to the Appeals Administrator for review and consideration. You will also be entitled to receive, upon request and free of charge, access to, and copies of, all documents, records, and other information that is relevant to your appeal.

Time Periods for Responding to Appealed Claims

If you appeal a denied claim for benefits, the Appeals Administrator will respond to your claim within the following time periods:

- Post-Service Claim – In the case of an appeal of a denied post-service claim, the Appeals Administrator shall respond to you within 60 days after receipt of the appeal.
- Pre-Service Claim – In the case of an appeal of a denied pre-service claim, the Appeals Administrator shall respond to you within 30 days after receipt of the appeal.
- Urgent Care Claim – In the case of an appeal of a denied urgent care claim, the Appeals Administrator shall respond to you within 72 hours after receipt of the appeal.
- Concurrent Care Review Claim – In the case of an appeal of a denied concurrent care review claim, the Appeals Administrator shall respond to you before the concurrent or ongoing treatment in question is reduced or terminated.

Notice and Information Contained in Notice Denying Appeal

If the Appeals Administrator denies your claim (in whole or in part), the Appeals Administrator will provide you with written notice of the denial (although initial notice of a denied urgent care claim may be provided to you orally or via facsimile or other similarly expeditious means of communication). This notice will include the following:

- Reason for the denial – the specific reason or reasons for the denial;
- Reference to plan provisions – reference to the specific plan provisions on which the denial is based;
- Statement of entitlement to documents – a statement that you are entitled to receive, upon request and free of charge, access to and copies of, all documents, records and other information that is relevant to your claim and/or appeal for benefits;
- Description of any internal rules – a copy of any internal rule, guideline, protocol, or other similar criterion relied upon in making the appeal determination or a statement that such a rule, guideline, protocol, or other criterion was relied upon in making the appeal determination and that a copy of such rule will be provided to you free of charge at your request; and
- Statement of right to bring action – a statement that you are entitled to bring a civil action in federal court under Section 502 of ERISA to pursue your claim for benefits.

If the time limitations set forth have not been exceeded, no person may bring an action in a court of law unless the claims review procedure is exhausted and a final determination has been made. The decision of the Appeals Administrator shall be final and conclusive on all persons claiming benefits under the Plan, subject to applicable law. If you challenge the decision of the Appeals Administrator, a review by a court of law will be limited to the facts, evidence and issues presented during the claims procedure set forth above. The appeal process described herein must be exhausted before you can pursue the claim in federal court. Facts and evidence that become known to you after having exhausted the appeals procedure may be submitted for reconsideration of the appeal in accordance with the time limits established above. Issues not raised during the appeal will be deemed waived.

Your Rights Under ERISA

What Are Your Rights?

The intent of this SPD is to meet the Summary Plan Description requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA). However, if there is a conflict between the information contained in the official Plan documents and the information contained in this SPD, the information in the Plan documents will take precedence.

Under ERISA, you are entitled to:

Receive Information About Your Plan and Benefits

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.
- Continue health care coverage for yourself, eligible spouse, or eligible child(ren) if there is a loss of coverage under the Plan as a result of a qualifying event. You or your eligible spouse or eligible child(ren) may have to pay for such coverage. Review this Summary Plan Description and the documents governing the Plan on the rules governing your COBRA continuation coverage rights.

Continue Group Health Plan Coverage

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a medical child support order, you may file suit in federal court. If it should happen that plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance With Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

ERISA Claim Fiduciary

For the purposes of ERISA, all third party administrators and insurance carriers are fiduciaries, with complete authority to review all denied claims for benefits under this program. This includes, but is not limited to, the denial of certification of the medical necessity of hospital or medical treatment.

In exercising its fiduciary responsibility, the American Water Retirement / Benefits Committee shall have discretionary authority to determine whether and to what extent employees and beneficiaries are entitled to benefits, and to interpret any disputed or doubtful terms of the Plan. The American Water Retirement / Benefits Committee shall be deemed to have properly exercised such authority unless it acts arbitrarily or capriciously.

Plan Benefits

These benefits are provided by American Water. The following Plans are self-insured benefits that are paid for directly by American Water:

- Preferred Provider Organization (PPO) Plan
- Dental/Vision Plans
- Prescription Drug Program
- Short Term Disability Plan
- Long Term Disability Plan (except for American Water Enterprises for which LTD is fully insured)
- Health Care Flexible Spending Account
- Dependent Care Flexible Spending Account

Horizon provides certain administrative services for the Preferred Provider Organization and the Flexible Spending Account Plans. CVS Caremark administers the Prescription Drug Program. EyeMed provides certain administrative services for the Vision Plan. Aetna provides certain administrative services for the Dental Plan, and prior to August 1, 2012 certain administrative services for the Short Term Disability Plan, and effective August 1, 2012, MetLife provides certain administrative services for the Short Term Disability Plan. Prior to August 1, 2012, Aetna provides certain administrative services for the Long Term Disability Plan, and effective August 1, 2012, MetLife begins providing certain administrative services to the Long Term Disability Plan.

American Water, Horizon, CVS Caremark, Aetna, EyeMed, and MetLife reserve the right to interpret all plan provisions as necessary and to make all determinations regarding benefits payable under these American Water Employee Benefit Plans.

The following Plans are fully insured:

- Life Insurance Plan
- On or after August 1, 2012 the Long Term Disability Plan for all employees
- Prior to August 1, 2012 the Long Term Disability Plan for American Water Enterprises
- Employee Assistance Plan

Plan Documents

In preparing this Summary Plan Description, American Water has attempted to avoid complex language and legal terms whenever possible. If a question should ever arise concerning the nature and extent of benefits under any aspect of the American Water Group Insurance Plan, the actual legal Plan documents and not this Summary Plan Description, will govern.

Continuation of Health Coverage

Introduction

This section contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you and to other members of your family who are covered under the Plan when you would otherwise lose your group health coverage. This section generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.

Note: Eligible Hawaii employees and their eligible spouse, or child(ren) may participate in the HMSA Medical Plan, and are eligible for COBRA continuation coverage under that plan.

For more information about your rights and obligations under the Plan and under federal law, you should contact the Plan Administrator.

The Plan Administrator is Vice President Human Resources, American Water, 1025 Laurel Oak Road, Voorhees, NJ 08043, (856) 346-8200. The Plan Administrator is responsible for administering COBRA continuation coverage.

What is COBRA Continuation Coverage?

COBRA continuation coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a “qualifying event.” Specific qualifying events are listed later in this section. COBRA continuation coverage must be offered to each person who is a “qualified beneficiary.” A qualified beneficiary is someone who will lose coverage under the Plan because of a qualifying event. Depending on the type of qualifying event, employees, spouses of employees, same-sex domestic partners of employees, and children of employees may be qualified beneficiaries. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

If you are an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because either one of the following qualifying events happens:

- Your hours of employment are reduced; or
- Your employment ends for any reason other than your gross misconduct.

If you are the spouse of an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because any of the following qualifying events happens:

- Your spouse dies;
- Your spouse’s hours of employment are reduced;
- Your spouse’s employment ends for any reason other than his or her gross misconduct;
- Your spouse becomes enrolled in Medicare benefits (Part A, Part B, or both); or
- You become divorced or legally separated from your spouse.

Your eligible children will become qualified beneficiaries if they will lose coverage under the Plan because any of the following qualifying events happens:

- The parent-employee dies;
- The parent-employee’s hours of employment are reduced;
- The parent-employee’s employment ends for any reason other than his or her gross misconduct;
- The parent-employee becomes enrolled in Medicare benefits (Part A, Part B, or both);
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the Plan as an “eligible child.”

Note: Same-sex domestic partners are not qualified beneficiaries for purposes of COBRA continuation. However, although these individuals do not have an independent right to elect COBRA continuation coverage, if you elect COBRA continuation coverage for yourself, you may also cover your same-sex domestic partner even if he or she is not considered a qualified beneficiary under COBRA. Your same-sex domestic partner's coverage will terminate when your COBRA coverage terminates.

**When is COBRA
Coverage
Available?**

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the employee, or the employee's becoming entitled to Medicare benefits (Part A, Part B, or both), the employer must notify the Plan Administrator of the qualifying event.

**You Must Give
Notice of Some
Qualifying Events**

For the other qualifying events (divorce or legal separation of the employee and spouse or a child's losing eligibility for coverage as an eligible child), you must notify the Plan Administrator in writing within 60 days after the qualifying event occurs. You must send this notice to the Benefits Service Center, American Water, 131 Woodcrest Road, Cherry Hill, NJ 08034, along with documentation of the event.

COBRA Qualifying Events and Duration Overview

Maximum Continuation Period (Months) For:			
Qualifying Event	You	Eligible Spouse/Same-Sex Domestic Partner	Eligible Child
You lose coverage because of reduced work hours or taking unpaid leave, other than leave under the FMLA	18	18	18
You terminate employment for any reason (except gross misconduct)	18	18	18
You, your spouse, or your eligible child is disabled – as defined by the Social Security Act – at the time of the qualifying event or during the first 60 days of COBRA continuation coverage	29 (Initial 18 months, plus additional 11 months)	29 (Initial 18 months, plus additional 11 months)	29 (Initial 18 months, plus additional 11 months)
Your child no longer qualifies as an eligible child	N/A	N/A	36
You die – <i>NOTE: the Company will pay 100% of the applicable COBRA premium for up to 18 months</i>	N/A	36	36
You and your spouse divorce or legally separate	N/A	36	36
You become entitled to Medicare benefits (under Part A, Part B or both)	N/A	36	36

How Long Does COBRA Coverage Last?

COBRA continuation coverage is a temporary extension of coverage. When the qualifying event is the death of the employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce or legal separation, or a child's losing eligibility as an eligible child, COBRA continuation coverage lasts for up to a total of 36 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. For example, if a covered employee becomes entitled to Medicare eight months before the date on which his or her employment terminates, COBRA continuation coverage for the spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months). Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months.

There are two ways in which this 18-month period of COBRA continuation coverage can be extended.

Disability extension of 18-month period of continuation coverage.

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled and you notify the Plan Administrator in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. The disability would have to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. You must provide the Plan Administrator with notice of the Social Security Administration's determination within 60 days of the latest of (1) the date of the Social Security Administration's disability determination; (2) the date of the qualifying event; (3) the date on which the qualified beneficiary would lose coverage under the Plan; or (4) the date you are provided notice of your COBRA continuation coverage rights. Notice should be sent to the Benefits Service Center, American Water, 131 Woodcrest Road, Cherry Hill, NJ 08034, along with a copy of the determination received from the Social Security Administration.

Second qualifying event extension of 18-month period of continuation coverage.

If your spouse or eligible children experience another qualifying event while receiving 18 or 29 months of COBRA continuation coverage, the spouse and eligible children can get up to 36 total months of COBRA continuation coverage, if written notice of the second qualifying event is properly given to the Plan Administrator. This extension is available if the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), or gets divorced or legally separated, or if the child stops being eligible under the Plan as an eligible child, but only if the event would have caused the spouse or eligible child to lose coverage under the Plan had the first qualifying event not occurred. If the second qualifying event is divorce or legal separation or the child ceasing to be eligible under the Plan, written notice must be sent to the Benefits Service Center, American Water, 131 Woodcrest Road, Cherry Hill, NJ 08034, along with documentation of the second qualifying event.

**How Do You
Elect COBRA
Coverage?**

To elect continuation coverage, you must complete an election form supplied by the Plan Administrator within 60 days of the date you receive notice of your COBRA continuation coverage rights. Each qualified beneficiary has a separate right to elect continuation coverage. For example, the employee's spouse may elect continuation coverage even if the employee does not. Continuation coverage may be elected for only one, several, or for all eligible children who are qualified beneficiaries. A parent may elect to continue coverage on behalf of any eligible children. The employee or the employee's spouse can elect continuation coverage on behalf of all of the qualified beneficiaries.

**How Much Does
COBRA
Coverage Cost?**

Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102% (or, in the case of an extension of continuation coverage due to a disability, 150%) of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. The required payment for each continuation coverage period for each option is described in this notice.

Trade Act of 2002

The Trade Act of 2002 amended COBRA to provide for a special second 60-day COBRA election period for certain employees who have experienced a termination or reduction of hours and who lose group health plan coverage as a result. The special second COBRA election period is available only to a very limited group of individuals: generally, those who are receiving trade adjustment assistance (TAA) or “alternative trade adjustment assistance” under a federal law called the Trade Act of 1974. These Employees are entitled to a second opportunity to elect COBRA coverage for themselves and certain family members (if they did not already elect COBRA coverage), but only within a limited period of 60 days from the first day of the month when an individual begins receiving TAA (or would be eligible to receive TAA but for the requirement that unemployment benefits be exhausted) and only during the six months immediately after their group health plan coverage ended.

If an employee qualifies or may qualify for assistance under the Trade Act of 1974, he or she should contact the Plan Administrator for additional information. The employee must contact the Plan Administrator promptly after qualifying for assistance under the Trade Act of 1974 or the employee may lose his or her special COBRA rights. COBRA coverage elected during the special second election period is not retroactive to the date that Plan coverage was lost, but begins on the first day of the special second election period.

Special Rules for the Health Care Flexible Spending Account

COBRA coverage will consist of the Health Care Flexible Spending Account coverage in force at the time of the qualifying event (i.e., the elected annual limit reduced by expenses reimbursed up to the time of the qualifying event). The use-it-or-lose-it rule will continue to apply, so any unused amounts will be forfeited at the end of the Plan Year, and COBRA coverage will terminate at the end of the Plan Year. Under the special grace period rule described on page 90, if you make all required COBRA premium payments through December 31, expenses incurred for the period January 1 – March 15 of the following calendar year can be applied against any remaining balance in your Health Care Flexible Spending Account. Expenses must be submitted by April 30 of the year following the year in which COBRA coverage commenced.

Unless otherwise elected, all qualified beneficiaries who were covered under the Health Care Flexible Spending Account will be covered together for Health Care Flexible Spending Account COBRA coverage. However, each qualified beneficiary could alternatively elect separate COBRA coverage to cover that beneficiary only, with a separate Health Care Flexible Spending Account annual limit and a separate premium.

Keep Your Plan Informed of Address Changes

In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

If You Have Questions

If you have questions about your COBRA continuation coverage, you should contact the Benefits Service Center, 131 Woodcrest Road, Cherry Hill, NJ 08034, (866) 888-8269, or you may contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA). Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website at www.dol.gov/ebsa.

Continuation of Coverage During an Approved Leave of Absence Granted to Comply With Federal Law

FMLA Leave

This continuation of coverage section applies only for the period of any approved family or medical leave (approved FMLA leave) required by the Family and Medical Leave Act of 1993 (FMLA). If American Water grants you an approved FMLA leave for a period in excess of the period required by FMLA, any continuation of coverage during that excess period will be subject to prior written agreement between the appropriate carriers and American Water.

If American Water grants you an approved FMLA leave in accordance with FMLA, you may, during the continuance of such approved FMLA leave, continue any coverage you and your eligible spouse, same-sex domestic partner, and child(ren) have under the American Water Plan at the time the leave commences.

At the time you request the leave, you must agree to make any contributions required by American Water to continue coverage. At the time your leave begins, you will be advised on how to make payments. American Water will continue to make its contributions toward such coverage.

If any coverage you are allowed to continue has reduction rules applicable by reason of age or retirement, the coverage will be subject to such rules while you are on FMLA leave.

If you acquire a new eligible spouse, same-sex domestic partner, or child(ren) while your coverage is continued during an approved

FMLA leave, the eligible spouse, same-sex domestic partner, or child(ren) will be eligible for the continued coverage on the same terms as would be applicable if you were actively at work, not on an approved FMLA leave.

Military Leave

If you are absent from work for active military duty that is covered by the federal Uniformed Services Employment and Reemployment Rights Act (“USERRA”), your right to continued participation in the Plan will be as follows:

- If you are absent from work for less than 31 days, you, your eligible spouse or same-sex domestic partner, and your child(ren) may continue any coverage under this Plan in effect when your military leave begins.
- If you are absent for more than 30 days, you may elect to continue any coverage under this Plan for yourself, your eligible spouse, same-sex domestic partner or child(ren) for up to 24 months or the period of your military service, whichever is shorter. You will be required to pay up to 102% of the normal premium for this continued coverage. If you elect not to continue coverage under a group health benefit, your coverage will be reinstated to the extent required under USERRA upon your return to employment.

When FMLA or Military Leave Terminates

If health care coverage terminates because your approved FMLA leave is deemed terminated by American Water, you may, on the date of such termination, be eligible for continuation under federal law on the same terms as though your employment terminated, other than for gross misconduct, on such date.

If You Return to Work

If you return to work for American Water following the date American Water determines the approved FMLA leave is terminated or you return to work in accordance with requirements under USERRA following the date American Water determines the approved military leave is terminated, your coverage under the group contract will be in force as though you had continued in active employment rather than going on an approved FMLA leave or military leave, provided you make request for such coverage within 31 days of the date American Water determines the approved FMLA leave to be terminated. If you do not make such request within 31 days, you will not have a chance to re-enroll before the next Open Enrollment period.

Maximum Length of Coverage

Coverage will not be continued beyond the first to occur of:

- The date you are required to make any contribution and you fail to do so.
- The date American Water determines your approved FMLA or military leave is terminated and you fail to return to work.
- The date the coverage involved discontinues as to your Eligible Class.

Any coverage being continued for an eligible spouse, same-sex domestic partner, or child(ren) will not be continued beyond the date it would otherwise terminate.

Continuation of Coverage During an Approved Non-FMLA and Non-Military Leave of Absence

Except as otherwise indicated in this SPD, if you are absent from work on an approved non-FMLA and non-military leave for any reason, American Water will continue any coverage for you, your eligible spouse, same-sex domestic partner or child(ren) in effect when your leave of absence begins as follows to the extent applicable premium payments are made.

If you are receiving disability benefits under the Plan and you have less than one year of service with American Water, coverage may continue for up to 12 months.

If you are receiving disability benefits under the Plan and you have one to five years of service with American Water, coverage may continue for up to 18 months.

If you are receiving disability benefits under the Plan and you have more than five years of service with American Water, coverage may continue for up to 24 months.

At the time you request the leave, you must agree to make any contributions required by American Water to continue coverage. At the time your leave begins, you will be advised on how to make payments. American Water will continue to make its contributions toward such coverage.

If any coverage you are allowed to continue has reduction rules applicable by reason of age or retirement, the coverage will be subject to such rules while you are on non-FMLA and non-military leave.

If you acquire a new eligible spouse, same-sex domestic partner, or child(ren) while your coverage is continued during an approved non-FMLA and non-military leave, the eligible spouse, same-sex domestic partner, or child(ren) will be eligible for the continued coverage on the same terms as would be applicable if you were actively at work, not on an approved non-FMLA and non-military leave.

When Leave Terminates

If health care coverage terminates because your approved non-FMLA and non-military leave is deemed terminated by American Water, you may, on the date of such termination, be eligible for continuation under federal law on the same terms as though your employment terminated, other than for gross misconduct, on such date.

If You Return to Work

If you return to work for American Water following the date American Water determines the approved non-FMLA/non-military leave is terminated, your coverage under the group contract will be in force as though you had continued in active employment rather than going on an approved leave, provided you make request for such coverage within 31 days of the date American Water determines the approved leave to be terminated. If you do not make such request within 31 days, you will not have a chance to re-enroll before the next Open Enrollment period.

Maximum Length of Coverage

Coverage will not be continued beyond the first to occur of:

- The date you are required to make any contribution and you fail to do so.
- The date American Water determines your approved non-FMLA/non-military leave is terminated and you fail to return to work.
- The date the coverage involved discontinues as to your Eligible Class.
- The last day of the maximum coverage period indicated above.

Any coverage being continued for an eligible spouse, same-sex domestic partner, or child(ren) will not be continued beyond the date it would otherwise terminate.

Confidentiality of Protected Health Information

Title II of the Health Insurance Portability and Accountability Act of 1996 and the privacy regulations issued thereunder (collectively called "HIPAA") requires group health plans to protect the confidentiality of your private health information. This Plan will not use or disclose information that is protected by HIPAA ("Protected Health Information") except as necessary for treatment, payment, health care operations, and plan administration functions, or as otherwise permitted or required by law, without your written authorization. According to the law, the Plan has required all of its Business Associates to comply with the HIPAA privacy rules.

Before this Plan may disclose, or permit one of its agents or contractors to disclose, Protected Health Information (“PHI”) to the Company, the Plan will require the Company to:

- Certify that the information is necessary in connection with plan administration functions or other permitted functions performed or to be performed by the Company;
- Amend the Plan documents and provide certification of amendment to give assurances that the Company will use and disclose the information solely in connection with such plan administration or other permitted functions; and
- Not use or further disclose PHI for employment-related actions or decisions or in connection with any other benefit or employee benefit plan of the Company without your authorization.

Under HIPAA, you have certain rights with respect to your PHI, including the right to see and copy the information, to receive an accounting of certain disclosures of the information and, under certain circumstances, to amend the information. You also have the right to file a complaint with the Plan or with the Secretary of the Department of Health and Human Services if you believe your rights under HIPAA have been violated.

List of Contacts

American Water Benefit Contacts		
Carrier	Claims Administrator	Phone
Medical		
Horizon Blue Cross Blue Shield of New Jersey	Horizon BCBSNJ P.O. Box 1219 Newark, NJ 07101 http://www.horizon-bcbsnj.com/national_accounts.html	(800) 355-BLUE (2583)
Hawaii Medical Service Association	Medical Claims HPH HCFA 1500 Claims PO Box 44500 Honolulu, HI 96804-4500 Facility Claims HPH UB92 Claims PO Box 32700 Honolulu, HI 96803-2700	(808) 948-6372
Prescription Drug		
Horizon Blue Cross Blue Shield (administered by CVS Caremark)	3 Penn Plaza East, Newark, NJ 0710 http://www.horizon-bcbsnj.com/national_accounts.html	(866) 881-5603
Dental		
Aetna	Aetna P.O. Box 14094 Lexington, KY 40512-4094 www.aetna.com	(800) 292-4366
Vision		
EyeMed	EyeMed Po Box 8504 Mason, OH 45040-7111 Before enrollment: www.enrollwiththeyemed.com/access After enrollment: www.eyemedvisioncare.com	(866) 939-3633
Flexible Spending Accounts		
Horizon Blue Cross Blue Shield of New Jersey	Horizon BCBSNJ 3 Penn Plaza East PP-05S Newark, NJ 07105-2200 www.horizonblue.com/fsa	(800) 224-4426

American Water Benefit Contacts		
Carrier	Claims Administrator	Phone
Life and AD&D		
MetLife	MetLife Group Life Claims PO BOX 6100 Scranton, PA. 18505-6100 Note: Contact the American Water Benefits Service Center to file a claim	(800) 638-6420 Prompt 2 (866) 888-8269
Disability		
Effective August 1, 2012 MetLife Disability	MetLife Disability c/o ACS 2025 Leestown Road, Suite A-2 Lexington, KY 40511	(855) 517-8273 (866) 690-1264 (fax)
Prior to August 1, 2012 Aetna Managed Disability	Aetna P.O. Box 31242 Tampa, FL 33614 www.aetna.com	(866) 280-8648
Employee Assistance Program		
Carebridge	Carebridge Corporation 40 Lloyd Avenue Malvern, PA 19355 www.myliferesource.com Access Code: HXSBJ	(800) 437-0911
Benefits Service Center		
Benefits Service Center	Benefits Service Center 131 Woodcrest Road P.O. Box 5600 Cherry Hill, NJ 08034	(866) 888-8269

Glossary

Glossary

The following definitions of certain words and phrases will help you understand the benefits to which the definitions apply. Some definitions which apply only to a specific benefit appear in the benefit section. If a definition appears in a benefit section and also appears in the Glossary, the definition in the benefit section will apply in lieu of the definition in the Glossary.

Coinsurance

Once you have met your annual deductible, if any, the Plan pays a certain percentage of Covered Medical Expenses and you pay the rest. Your share is called “coinsurance.”

Copayment

A fee charged to a person for Covered Medical Expenses, as specified in the applicable Summary of Coverage.

Course of Treatment

A planned program of services or supplies furnished by a health care provider. The program must be:

- In connection with the diagnosis and treatment of an injury or illness; and
- Of definite duration.

Custodial Care

Services and supplies furnished to a person mainly to help him or her in the activities of daily life, including room and board and other institutional care. The person does not have to be disabled. These services and supplies are custodial care without regard to:

- By whom they are prescribed;
- By whom they are recommended; or
- By whom they are performed.

Dentist

A legally qualified dentist, or a doctor who is licensed to do the dental work he or she performs.

Directory

A listing of Network Providers in the Service Area covered under this Plan that is available to all employees covered under the Medical Plan.

Doctor

A legally qualified, licensed doctor.

Emergency Care

The first care given in a hospital's emergency room after a sudden and, at the time, unexpected change in a person's physical or mental condition such that:

- Care cannot safely and adequately be provided other than in a hospital; or
- Adequate care is not available at the time and place it is needed.

Emergency Condition

The sudden and, at that time, unexpected onset of a change in a person's physical or mental condition which, if the procedure or treatment were not performed right away could reasonably be expected to result in:

- Loss of life or limb;
- Significant impairment to bodily function; or
- Permanent dysfunction of a body part.

Family and Medical Leave Act of 1993 (FMLA)

FMLA provides unpaid, job-protected leave for a period of:

- 12 weeks for incapacity due to pregnancy, prenatal medical care, or childbirth.
- 12 weeks to care for your child after birth, or placement for adoption or foster care.
- 12 weeks to care for your own or your spouse's, son or daughter's, or parent's serious health condition.
- 26 weeks if you are caring for a family member in the Armed Forces (including the National Guard and Reserves), who suffered an injury or illness while on active duty that may render the person unable to perform the duties of his or her office, grade, rank, or rating.

Additionally, in compliance with the National Defense Authorization Act of 2008, if you are an eligible employee, you can take up to 12 combined weeks of FMLA leave in a single 12-month period for a "qualifying exigency" to spend time with a spouse, son, daughter, or parent on active duty or notified of call to duty. Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.

Home Health Care Agency

An agency that:

- Mainly provides skilled nursing and other therapeutic services;
- Is associated with a professional group which makes policy (this group must have at least one doctor and one RN);
- Has full-time supervision by a doctor or RN;
- Keeps complete medical records on each person;
- Has a full-time administrator; and
- Meets licensing standards.

Home Health Care Plan

A plan that provides for care and treatment of an illness or injury. The care and treatment must be:

- Prescribed in writing by the attending doctor; and
- An alternative to confinement in a hospital or Skilled Nursing/Convalescent Facility.

Hospice Care

Care given to a terminally ill person by or under arrangements with a Hospice Care Agency as part of a Hospice Care Program.

Hospice Care Agency

An agency or organization which:

- Has Hospice Care available 24 hours a day.
- Meets any licensing or certification standards set forth by the jurisdiction where it is.
- Provides:
 - Skilled nursing services;
 - Medical social services;
 - Psychological and dietary counseling; and
 - Bereavement counseling for the immediate family.
- Provides or arranges for other services which include:
 - Services of a doctor;
 - Physical or occupational therapy;
 - Part-time home health aide services which mainly consist of caring for terminally ill persons; and
 - Inpatient care in a facility when needed for pain control and acute and chronic symptom management.

- Has personnel which include at least:
 - One doctor;
 - One RN;
 - One licensed or certified social worker employed by the agency; and
 - One pastoral or other counselor.
- Establishes policies governing the provision of Hospice Care.
- Assesses the patient's medical and social needs.
- Develops a Hospice Care Program to meet those needs.
- Provides an ongoing quality assurance program. This includes reviews by doctors, other than those who own or direct the Agency.
- Permits all area medical personnel to utilize its services for their patients.
- Keeps a medical record on each patient.
- Utilizes volunteers trained in providing services for non-medical needs.
- Has a full-time administrator.

Hospice Care Facility

A facility, or a distinct part of one, which:

- Mainly provides inpatient Hospice Care to terminally ill persons.
- Charges its patients.
- Meets any licensing or certification standards set forth by the jurisdiction where it is.
- Keeps a medical record on each patient.
- Provides an ongoing quality assurance program; this includes reviews by doctors other than those who own or direct the facility.
- Is run by a staff of doctors; at least one such doctor must be on call at all times.
- Provides 24-hour-a-day nursing services under the direction of an RN.
- Has a full-time administrator.

Hospice Care Program

A written plan of Hospice Care, which:

- Is established by and reviewed from time to time by:
 - A doctor attending the person; and
 - Appropriate personnel of a Hospice Care Agency.
- Is designed to provide palliative and supportive care to terminally ill persons, and supportive care to their families.
- Includes an assessment of the person's medical and social needs, and a description of the care to be given to meet those needs.

Hospital

A place that:

- Provides mainly inpatient facilities for the surgical and medical diagnosis, treatment, and care of injured and sick persons.
- Is supervised by a staff of doctors.
- Provides 24-hour-a-day RN services.
- Is not mainly a place for rest, for the aged, for drug addicts, for alcoholics, or a nursing home.
- Makes charges for services rendered.

In-Network Care

A health care service or supply furnished by a Network Provider.

LPN

A licensed practical nurse.

Mental Disorder

An illness commonly understood to be a mental disorder whether or not it has a physiological or organic basis and for which treatment is generally provided by or under the direction of a mental health professional such as a psychiatrist, a psychologist, or a psychiatric social worker. A mental or nervous disorder includes, but is not limited to:

- Alcoholism and drug abuse.
- Schizophrenia.
- Bipolar disorder.
- Pervasive mental developmental disorder (Autism).
- Panic disorder.
- Major depressive disorder.

- Psychotic depression.
- Obsessive compulsive disorder.

Mental disorders will not include alcoholism and drug abuse if a separate benefit applies to treatment of alcoholism and drug abuse.

Necessary

A service or supply furnished by a particular provider is necessary if Horizon determines that it is appropriate for the diagnosis, care, or treatment of the illness or injury involved.

To be appropriate, the service or supply must:

- Be care or treatment, as likely to produce a significant positive outcome as, and no more likely to produce a negative outcome than, any alternative service or supply, both as to the illness or injury involved and the person's overall health condition;
- Be a diagnostic procedure, indicated by the health status of the person and be as likely to result in information that could affect the course of treatment as, and no more likely to produce a negative outcome than, any alternative service or supply, both as to the illness or injury involved and the person's overall health condition; and
- As to diagnosis, care, and treatment be no more costly (taking into account all health expenses incurred in connection with the service or supply) than any alternative service or supply that meets the above tests

In determining whether a service or supply is appropriate under the circumstances, Horizon will take into consideration:

- Information provided on the affected person's health status;
- Reports in peer reviewed medical literature;
- Reports and guidelines published by nationally recognized health care organizations that include supporting scientific data;
- Generally recognized professional standards of safety and effectiveness in the United States for diagnosis, care, or treatment;
- The opinion of health professionals in the generally recognized health specialty involved; and
- Any other relevant information brought to Horizon's attention.

In no event will the following services or supplies be considered to be necessary:

- Those that do not require the technical skills of a medical, mental health, or dental professional;
- Those furnished mainly for the personal comfort or convenience of the person, any person who cares for him or her, any person who is part of his or her family, any health care provider or health care facility;
- Those furnished solely because the person is an inpatient on any day on which the person's illness or injury could safely and adequately be diagnosed or treated while not confined; or
- Those furnished solely because of the setting if the service or supply could safely and adequately be furnished in a doctor's or a dentist's office or other less costly setting.

Negotiated Charge

The maximum charge a Network Provider has agreed to make as to any service or supply for the purpose of the benefits under this Plan.

Network Provider

A health care provider that has contracted to furnish services or supplies for a Negotiated Charge, but only if the provider is, with Horizon's consent, included in the Directory as a Network Provider for:

- The service or supply involved; and
- The class of employees of which you are a member.

Non-Occupational Illness

A non-occupational illness is an illness that does not:

- Arise out of (or in the course of) any work for pay or profit; or
- Result in any way from an illness that does.

An illness will be deemed to be non-occupational regardless of cause if proof is furnished that the person:

- Is covered under any type of Workers' Compensation law; and
- Is not covered for that illness under such law.

Non-Occupational Injury

A non-occupational injury is an accidental bodily injury that does not:

- Arise out of (or in the course of) any work for pay or profit; or
- Result in any way from an injury, which does.

Orthodontic Treatment

Any:

- Medical service or supply;
- Dental service or supply, furnished to prevent or to diagnose or to correct a misalignment:
 - Of the teeth;
 - Of the bite; or
 - Of the jaws or jaw joint relationship, whether or not for the purpose of relieving pain.

Not included is:

- The installation of a space maintainer; or
- A surgical procedure to correct malocclusion.

Out-of-Network

A health care service or supply furnished by a health care provider that is not in the network.

Out-of-Network Provider

A health care provider that has not contracted to furnish services or supplies at a Negotiated Charge.

Reasonable and Customary Charge

Only that part of a charge considered “reasonable” is covered. The reasonable charge for a service or supply is the lower of:

- The provider’s usual charge for furnishing it; or
- The charge Horizon determines to be the prevailing charge level made for it in the geographic area where it is furnished.

In determining the reasonable charge for a service or supply that is unusual, not often provided in the area, or provided by only a small number of providers in the area, Horizon may take into account such factors as:

- The complexity of the service or supply;
- The degree of skill needed;
- The type of specialty of the provider;
- The range of services or supplies provided by a facility; and
- The prevailing charge in other areas.

RN

A registered nurse.

Room and Board Charges

Charges made by an institution for room and board and other necessary services and supplies. They must be made regularly at a daily or weekly rate.

Semi-Private Rate

The charge for room and board, which an institution applies to the most beds in its semi-private rooms with two or more beds. If there are no such rooms, Horizon will use the rate most commonly charged by similar institutions in the same geographic area.

Service Area

The geographic area in which Network Providers for this Plan are located, as determined by Horizon.

Skilled Nursing/Convalescent Facility

An institution that:

- Is licensed to provide, and does provide, the following on an inpatient basis for persons convalescing from illness or injury:
 - Professional nursing care by an RN, or by an LPN directed by a full-time RN; and
 - Physical restoration services to help patients to meet a goal of self-care in daily living activities.
- Provides 24-hour-a-day nursing care by licensed nurses directed by a full-time RN.
- Is supervised full-time by a doctor or RN.
- Keeps a complete medical record on each patient.
- Has a utilization review plan.
- Is not mainly a place for rest, for the aged, for drug addicts, for alcoholics, for mentally retarded persons, for custodial or educational care, or for care of mental disorders.
- Makes charges for services rendered.

Terminally Ill

A medical prognosis of six months or less to live.

Totally Disabled

“Totally disabled” means that because of injury or illness:

- You are unable to engage in your customary occupation and are not working for pay or profit.
- Your eligible spouse or eligible child is unable to engage in most of the normal activities of a person of like age and sex in good health.



AMERICAN WATER

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

Witness: Donald J. Petry

25. a. Provide a copy of the most recent actuarial study that was performed to calculate Kentucky-American's annual accrual of pension costs and OPEB costs for accounting purposes.
- b. If not already provided in response to Item 3 herein, provide the analysis used to determine the pension costs and OPEB costs that are included in the forecasted test year. This analysis should clearly state all assumptions used in the analysis.
- c. Explain any differences in the assumptions used in the actuarial study provided in response to part a. above and the assumptions used in the analysis provided in response to part b. above.
- d. Provide a summary of all changes that have been made to Kentucky- American's pension plans and OPEB plans during the previous ten years that were intended to mitigate their costs.
- e. State and explain all future changes that are anticipated to be made to Kentucky-American's current pension plans and OPEB plans that are intended to mitigate their future costs.

Response:

- a. Please see the attached. The attached study contains confidential information, and the Company is requesting confidential treatment of this study. The Company will provide copies of the information to all parties in this case upon execution of an appropriate confidentiality agreement.
- b. Please refer to Item 3, Workpaper 3-1a and 3-1c. Costs included in the forecasted test year were calculated using the same assumptions and methodologies used in the forecast prepared for use by management.
- c. There are no differences in the assumptions used in the actuarial study provided in response to part a. above and the assumptions used in the analysis provided in response to part b. above.

- d. The Defined Benefit Pension Plan and the Retiree Welfare (OPEB) Plan were closed for any employee hired on or after January 1, 2006, with the exception of union employees at the national customer service centers which was closed to new participants effective January 1, 2013. The plan is now closed to all new hires. Union employees (except those at the national customer service centers) hired on or after January 1, 2001 had their accrued benefit frozen at December 31, 2005 and will be able to receive their benefit as a lump sum upon termination or retirement. The Company also offered a one-time lump sum cash out for terminated vested pension eligible employees which occurred in November 2014.
- e. There are no anticipated changes to be made to the current pension plans and OPEB plans.

**ATTACHMENT TO ITEM 25
FILED UNDER SEAL PURSUANT TO PETITION FOR
CONFIDENTIAL TREATMENT FILED ON FEBRUARY 12, 2016**

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

Witness: Linda C. Bridwell

26. a. Provide for each major functional plant property group or account, in the format shown in Schedule 5, the following:
- (1) Plant beginning balances;
 - (2) Plant ending balances;
 - (3) Gross additions occurring in the forecasted test period;
 - (4) Retirements occurring in the forecasted test period; and
 - (5) Transfers for Kentucky-American occurring in the forecasted test period.
- b. For any account in which transfers regularly occur in the normal course of business, provide a general description of the nature of the transfers.

Response:

- a. Please refer to Exhibit 37, Schedule B-2.3 of the Company's filing. The electronic version is in file KAW_APP_EX37B_012916.pdf
- b. Please refer to Exhibit 37, Schedule B-2.3 of the Company's filing, which reflects transfers, for which there are none.

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

Witness: Linda C. Bridwell

27. Provide in the format shown in Schedule 6, for each property leased to the utility or improvement to leased property, the following:
- a. An identification or reference number;
 - b. A description of the property's type and use;
 - c. The name of the lessor;
 - d. The frequency of lease payments;
 - e. The amount of each lease payment;
 - f. The original value of the property, together with annual lease payments; and
 - g. An explanation of the method that Kentucky-American uses to capitalize the lease payment.

Response:

Please see the attachment for a complete list of property leased to the utility, which includes all details (a-g) referenced above.

Kentucky-American Water Company
Case No. 2015-00418
Leased Property
(Total Company)
As of December 31, 2015

Data: X Base Period ___ Forecasted Period
Type of Filing: X Original ___ Updated ___ Revised
Workpaper Reference No(s): W/P 3-11

Schedule 6
Page 1 of 2
Witness Responsible
Linda Bridwell

(a.) Reference/ID	(b.) Description	(c.) Lessor	(d.) Payment Frequency	(e.) Lease Payment	(f.) Dollar* Value of Property	(g.) Method of Capitalization
GQM51020	Copier - Operations Building	Canon	Monthly	\$296	\$14,226	Not Capitalized
GQM56323	Copier - 2300 Richmond Ave	Canon	Monthly	311	14,928	Not Capitalized
DHK11721	Copier - 16035 HWY 127 S	Canon	Monthly	164	7,872	Not Capitalized
LYD51761	Copier - 1 Main St	Canon	Monthly	117	5,616	Not Capitalized
N14062451	Postage Meter	Neopost	Monthly	76	3,648	Not Capitalized
CSX639630	Pipeline Crossing	CSX	Annually	2,400	24,000	Not Capitalized
CSX639630	Pipeline Crossing	CSX	Annually	203	2,026	Not Capitalized
CSX639630	Pipeline Crossing	CSX	Annually	350	3,500	Not Capitalized
CSX639340	Pipeline Crossing	CSX	Annually	220	2,195	Not Capitalized
SBD002789	Pipeline Crossing	CSX	2 Year	100	1,000	Not Capitalized
LN 057734	Pipeline Crossing	CSX	2 Year	100	1,000	Not Capitalized
LN 057735	Pipeline Crossing	CSX	Annually	100	1,000	Not Capitalized
LN 057736	Pipeline Crossing	CSX	2 Year	100	1,000	Not Capitalized
SBD09896	Pipeline Crossing	CSX	Annually	263	2,628	Not Capitalized
LN 042107	Pipeline Crossing	CSX	2 Year	100	1,000	Not Capitalized
LN 049058	Pipeline Crossing	CSX	2 Year	100	1,000	Not Capitalized
LN 043097	Pipeline Crossing	CSX	2 Year	100	1,000	Not Capitalized
CO L26263	Pipeline Crossing	CSX	Annually	100	1,000	Not Capitalized
CO L19937	Pipeline Crossing	CSX	2 Year	100	1,000	Not Capitalized
LN 035376	Pipeline Crossing	CSX	2 Year	100	1,000	Not Capitalized
LN 059376	Pipeline Crossing	CSX	2 Year	100	1,000	Not Capitalized
CO L14022	Pipeline Crossing	CSX	5 Year	50	500	Not Capitalized
RJCC028387	Milepost 93-94 Lex Yard	RJC	Annually	226	2,264	Not Capitalized
RJCC065583	Milepost 96-97 Lex Yard	RJC	Annually	523	5,226	Not Capitalized
RJCC61872	8' Water Pipeline	RJC	Annually	689	6,888	Not Capitalized

Data: X Base Period ___ Forecasted Period
 Type of Filing: X Original ___ Updated ___ Revised
 Workpaper Reference No(s): W/P 3-11

Schedule 6
 Page 2 of 2
 Witness Responsible
 Linda Bridwell

(a.) Reference/ID	(b.) Description	(c.) Lessor	(d.) Payment Frequency	(e.) Lease Payment	(f.) Dollar* Value of Property	(g.) Method of Capitalization
RJA6500001	Lexington Milepost 82	NS	Annually	15	150	Not Capitalized
C-60418	Rogers Gap Milepost 63	NS	Annually	150	1,500	Not Capitalized
C-60418	Lex Milepost 81	NS	Annually	150	1,500	Not Capitalized
C-60418	High Street & Cox Street	NS	Annually	150	1,500	Not Capitalized
C-60418	Delaplain Milepost 66	NS	Annually	100	1,000	Not Capitalized
C-85443	Milepost 57 Minus 1793Ft	NS	Annually	150	1,500	Not Capitalized
C-70729	Deroode Street	NS	Annually	150	1,500	Not Capitalized
C-70729	Lex Milepost 82	NS	Annually	150	1,500	Not Capitalized
C-60418	Delaplain Milepost 65	NS	Annually	150	1,500	Not Capitalized

CO - Chesapeake & Ohio Railroad
 SBD - Seaboard Systems Railroad
 LN - Louisville & Nashville Railroad
 RJC/RJCC - R.J. Corman Railroad Company - Central Kentucky Line
 NS - Norfolk Southern Railroad

* If information not available, estimates derived

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

Witness: Linda C. Bridwell / Brent E. O'Neill

- 28.** Provide in the format shown in Schedule 7, for each property held for future use, the following:
- a. A description of the property;
 - b. The date of its acquisition;
 - c. Its original cost;
 - d. Its accumulated depreciation;
 - e. Its expected in-service date; and
 - f. Its expected use.

Response:

There was no property held for future use included in rate base. Please refer to Exhibit 37, Schedule B-2.6 of the Company's filing.

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

Witness: Linda C. Bridwell

- 29.** Provide in the format shown in Schedule 8, the information regarding Certain Deferred Credits, Accumulated Deferred Income Taxes, and Other Rate Base items included in the forecasted test-period rate base.

Response:

Please refer to Exhibit 37, Schedule B-6 of the Company's filing for information pertaining to Deferred Credits and Accumulated Deferred Income Taxes. For information pertaining to Other Rate Base items, please see attached schedule.

Kentucky American Water Company
Case No. 2015-00418
Other Net Rate Base Elements
As of August 31, 2017

DATA: ☒ BASE PERIOD ☐ FORECASTED PERIOD
 TYPE OF FILING: ☒ ORIGINAL ☐ UPDATED ☐ REVISED

Schedule 8
 KAW_PSCDR1_NUM 29
 PAGE 1 OF 1
 Witness: L. Bridwell

Line No.	Acct No.		Workpaper Reference	End of Base Period Amount	Adjustment	Forecast Period
1	231	Contract Retentions	W/P 1-12	(\$729)		(\$729)
2						
3	241	Unclaimed Extension Deposit Refunds	W/P 1-12	(7,118)		(7,118)
4						
5	2532	Accrued Pensions, Net of Tax	W/P 1-12	1,237,196	(108,937)	1,128,259
6						
7						
8						
9		Total Other Net Rate Base Elements		<u>\$1,229,349</u>	<u>(\$108,937)</u>	<u>\$1,120,412</u>

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

Witness: Linda C. Bridwell / Brent E. O'Neill

- 30.** Provide the following (original cost) monthly account balances and a calculation of the average (13-month) account balances for total company and jurisdictional operations:
- a. Plant in Service;
 - b. Plant Purchased or Sold;
 - c. Property Held for Future Use;
 - d. Construction Work in Progress ("CWIP") (Separate this balance into CWIP eligible for capitalized interest and other CWIP.);
 - e. Completed Construction Not Classified;
 - f. Accumulated Depreciation and Amortization;
 - g. Plant Acquisition Adjustment;
 - h. Amortization of Utility Plant Acquisition Adjustment;
 - i. Materials and Supplies;
 - j. Balance in Accounts Payable Applicable to each account in (i) above (If actual cannot be determined, give reasonable estimate.);
 - k. Unamortized Investment Tax Credit-Pre-Revenue Act of 1971;
 - l. Unamortized Investment Tax Credit-Revenue Act of 1971;
 - m. Accumulated Deferred Income Taxes;
 - n. Summary of Customer Deposits;
 - o. Computation and Development of Minimum Cash Requirements;
 - p. Balance in Accounts Payable Applicable to amounts included in utility plant in service (If actual cannot be determined, provide a reasonable estimate.);
 - q. Balance in Accounts Payable Applicable to prepayments by major category or subaccount;
 - r. Balance in Accounts Payable applicable to amounts included in plant under construction (If actual cannot be determined, provide a reasonable estimate.); and
 - s. All Current Assets and Current Liability accounts not included above.

Response:

Please refer to Exhibit 37, Schedules B-1 and B-8 for the account balances at the end of the base period, the calculated thirteen month average, and the forecasted balance. Please refer to Work paper WP-1 schedules that are provided in response to Item 3 of this same data request for each of the monthly balances through the forecasted period.

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

Witness: Linda C. Bridwell

- 31.** Provide a calculation of federal and state income tax expense, including a reconciliation of book to taxable income, for the base period and the forecasted period in the format shown in Schedule 9.

Response:

Please refer to the attachment. This information is also available on Schedules E-1.1 through E-1.4 of Exhibit 37 of the Company's filing.

Kentucky-American Water Company
Case No. 2015-00418
Adjusted Jurisdictional Federal Income Taxes
For the 12 Months Ending August 31, 2017

Data: ☒ Base ☒ Forecasted Period
Type of Filing: ☒ Original ☐ Updated ☐ Revised
Workpaper Reference No(s): W/P

Page 1 of 6
Witness Responsible: Linda Bridwell
Schedule 9

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted (1)	Adjustments (2)	Adjusted (3)	Adjustments (4)	Adjusted (5)
1	Operating Income Before Income Taxes	\$36,131,093	\$0	\$36,131,093	\$12,142,027	\$43,706,623
2	Reconciling Items (Permanent)					
3	Non-Deductible Meals	18,678	-	18,678	-	17,963
4	Non-Deductible Penalties and Mandatory Dividends	191,023	-	191,023	-	191,050
5	Interest Charges	12,226,347	-	12,226,347	-	12,463,394
6	Tax Accelerated Depreciation	15,680,284	-	15,680,284	-	19,341,921
7	Book Depreciation	12,909,086	-	12,909,086	-	13,912,201
8	Excess of Tax Over Book Depreciation	2,771,198	-	2,771,198	-	5,429,720
9	Other Reconciling Items					
10	Reverse Deduction of Amortization of Property Losses	57,084	-	57,084	-	57,088
11	Reverse Deduction of Deferred Maintenance Amortization	439,721	-	439,721	-	450,622
12	Deduct Actual Deferred Maintenance Expenditures	(\$3,991,675)	-	(3,991,675)	-	(3,570,000)
13	Reverse All CIAC Amortization Credits	(1,580,754)	-	(1,580,754)	-	(1,800,094)
14	Reflect Actual Taxable CIAC Received	(154,899)	-	(154,899)	-	115,320
15	Reflect Repairs Deduction	(3,138,966)	-	(3,138,966)	-	3,242,573
16	Reverse Book Cost of Removal	2,207,298	-	2,207,298	-	2,835,988
17	Reflect Actual Cost of Removal	(473,912)	-	(473,912)	-	(767,335)
18	Total Reconciling Items	<u>(\$21,423,948)</u>	<u>\$0</u>	<u>(\$21,423,948)</u>	<u>\$0</u>	<u>(\$17,119,939)</u>

Kentucky-American Water Company
Case No. 2015-00418
Adjusted Jurisdictional Federal Income Taxes
For the 12 Months Ending August 31, 2017

Data: ☒ Base ☒ Forecasted Period
Type of Filing: ☒ Original ☐ Updated ☐ Revised
Workpaper Reference No(s): W/P

Page 2 of 6
Witness Responsible: Linda Bridwell
Schedule 9

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted (1)	Adjustments (2)	Adjusted (3)	Adjustments (4)	Adjusted (5)
19	Taxable Income	\$14,707,145	\$0	\$14,707,145	\$12,142,027	\$26,586,684
20	Income Tax Rates:					
21	All Income Taxed at @ 35%					
22	Federal Income Tax Liability	5,147,501	-	5,147,501	4,249,709	9,305,339
23	Adjustment for Tax Provision	1,057,879	-	1,057,879	-	-
24	Less: Prior Year Adjustment	659,862	(659,862)	-	-	-
25	Investment Tax Credits	-	-	-	-	-
26	Federal Income Taxes - Current	5,545,518	659,862	6,205,380	4,249,709	9,305,339
27	Deferred Income Taxes	3,386,101	(695,310)	2,690,791	-	1,671,352
28	Tax Accelerated Depreciation	15,680,284	-	15,680,284	-	19,341,921
29	Tax Straight-Line Depreciation	12,909,086	-	12,909,086	-	13,912,201
30	Excess of Accelerated Over Straight-Line Depreciation	2,771,198	-	2,771,198	-	5,429,720
31	Deferred Income Taxes @ 35%	969,919	-	969,919	-	1,900,402

Kentucky-American Water Company
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For the 12 Months Ending August 31, 2017

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Workpaper Reference No(s): W/P

Page 3 of 6
Witness Responsible: Linda Bridwell
Schedule 9

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted (1)	Adjustments (2)	Adjusted (3)	Adjustments (4)	Adjusted (5)
32	Amortization of Prior Years Deferred Income Taxes	\$141,318	-	\$141,318	-	(\$167,106)
33	Net Deferred Income Taxes Resulting from Depreciation	1,111,237	-	1,111,237	-	1,733,296
34	Investment Tax Credit Deferred	-	-	-	-	-
35	Amortization of Prior Years ITC	(84,792)	-	(84,792)	-	(76,468)
36	Investment Tax Credit - Net	(84,792)	-	(84,792)	-	(76,468)
37	Other Tax Deferrals	-	-	-	-	-
38	Total Deferred Income Taxes	3,442,627	(695,310)	2,747,317	-	1,427,778
39	Total Federal Income Taxes	8,988,145	(35,448)	8,952,697	4,249,709	10,733,117

Kentucky-American Water Company
Case No. 2015-00418
Adjusted Jurisdictional State Income Taxes
For the 12 Months Ending August 31, 2017

Data: ☒ Base Period ☒ Forecasted Period
Type of Filing: ☒ Original ☐ Updated ☐ Revised
Workpaper Reference No(s): W/P

Page 4 of 6
Witness Responsible: Linda Bridwell
Schedule 9

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted (1)	Adjustments (2)	Adjusted (3)	Adjustments (4)	Adjusted (5)
1	Operating Income Before Income Taxes	\$37,091,932	\$0	\$ 37,091,932	\$12,657,929	\$45,429,862
2	Reconciling Items (Permanent)					
3	Non-Deductible Meals	18,678	-	18,678	-	17,963
4	Non-Deductible Penalties and Mandatory Dividends	191,050	-	191,050	-	191,050
5	Interest Charges	12,226,347	-	12,226,347	-	12,463,394
6	Tax Accelerated Depreciation	15,334,307	-	15,334,307	-	15,980,824
7	Book Depreciation	12,909,086	-	12,909,086	-	13,912,201
8	Excess of Tax Over Book Depreciation	2,425,221	-	2,425,221	-	2,068,623
9	Other Reconciling Items					
10	Reverse Deduction of Amortization of Property Losses	57,084	-	57,084	-	57,088
11	Reverse Deduction of Deferred Maintenance Amortization	439,721	-	439,721	-	450,622
12	Deduct Actual Deferred Maintenance Expenditures	(\$3,991,675)	-	(3,991,675)	-	(3,570,000)
13	Reverse All CIAC Amortization Credits	(1,580,754)	-	(1,580,754)	-	(1,800,094)
14	Reflect Actual Taxable CIAC Received	(154,899)	-	(154,899)	-	115,320
15	Reflect Repairs Deduction	(3,138,966)	-	(3,138,966)	-	3,242,573
16	Reverse Book Cost of Removal	2,207,298	-	2,207,298	-	2,835,988
17	Reflect Actual Cost of Removal	(473,912)	-	(473,912)	-	(767,335)
18	Total Reconciling Items	(21,077,944)	-	(21,077,944)	-	(13,758,842)

Kentucky-American Water Company
Case No. 2015-00418
Adjusted Jurisdictional State Income Taxes
For the 12 Months Ending August 31, 2017

Data: X Base Period X Forecasted Period
Type of Filing: X Original Updated Revised
Workpaper Reference No(s): W/P

Page 5 of 6
Witness Responsible: Linda Bridwell
Schedule 9

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted (1)	Adjustments (2)	Adjusted (3)	Adjustments (4)	Adjusted (5)
19	Taxable Income	\$16,013,988	\$0	\$16,013,988	\$12,657,929	\$31,671,020
20	Income Tax Rates:					
21	All Income Taxed @ 6%					
22	State Income Tax Liability	960,839	-	960,839	759,476	1,900,261
23	Adjustment for Tax Provision	162,914	-	162,914	-	-
24	Less: Prior Year Adjustment	72,535	(72,535)	-	-	-
25	Investment Tax Credits	-	-	-	-	-
26	State Income Taxes - Current	1,051,218	72,535	1,123,753	759,476	1,900,261
27	Deferred Income Taxes	\$484,558	\$472,654	957,212	\$0	\$90,268
28	Tax Accelerated Depreciation	15,334,307	-	15,334,307	-	15,980,824
29	Tax Straight-Line Depreciation	12,909,086	-	12,909,086	-	13,912,201
30	Excess of Accelerated Over Straight-Line Depreciation	2,425,221	-	2,425,221	-	2,068,623
31	Deferred Income Taxes @ 6%	145,513	-	145,513	-	124,117

Kentucky-American Water Company
Case No. 2015-00418
Adjusted Jurisdictional State Income Taxes
For the 12 Months Ending August 31, 2017

Data: ☒ Base Period ☒ Forecasted Period
Type of Filing: ☒ Original ☐ Updated ☐ Revised
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Page 6 of 6
Witness Responsible: Linda Bridwell
Schedule 9

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted (1)	Adjustments (2)	Adjusted (3)	Adjustments (4)	Adjusted (5)
32	Amortization of Prior Years Deferred Income Taxes	\$7,740	\$0	\$7,740	\$0	(\$66,551)
33	Net Deferred Income Taxes Resulting from Depreciation	153,253	-	153,253	-	57,566
34	Other Tax Deferrals	-	-	-	-	-
35	Total Deferred Income Taxes	492,298	472,654	964,952	-	23,717
36	Total State Income Taxes	1,543,516	545,189	2,088,705	759,476	1,923,978

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

Witness: Linda C. Bridwell

32. Provide a trial balance as of the last day of the base period showing account number, account title, and actual base period accounts. All income statement accounts should show activity for 12 months.

Response:

Please see the attached trial balance for the base period months of May 2015 through December 2015. January 2016 through April 2016 will be provided as they become available. Please refer to the response to Item KAW_R_PSCDR1_NUM006 of this same data response for the income statement account activity.

Kentucky American Water Company
 Trial Balance
 May - December 2015

NARUC	Account	Account Description	May 2015	June 2015	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015
C3011	10130100	10130100 UPIS - Organization	\$37,450	\$37,450	\$37,450	\$37,450	\$37,450	\$37,450	\$37,450	\$37,450
C3021	10130200	10130200 UPIS - Franchises	70,261	70,261	70,261	70,261	70,261	70,261	70,261	70,261
C3032	10130320	10130320 UPIS - Land & Land Rights - Source of Supply	1,078,374	1,078,374	1,078,374	1,078,374	1,078,374	1,078,374	1,078,374	1,078,374
C3032	10130330	10130330 UPIS - Land & Land Rights - Pumping	195,966	277,216	277,216	277,216	277,216	277,216	277,216	277,216
C3033	10130340	10130340 UPIS - Land & Land Rights - Water Treatment	800,183	800,183	800,183	800,183	800,183	800,183	800,183	800,183
C3034	10130350	10130350 UPIS - Land & Land Rights - Transmission & Distrib	7,473,931	7,473,931	7,473,931	7,473,931	7,473,931	7,473,931	7,473,931	7,473,931
C3042	10130410	10130410 UPIS - Struct & Imp - Source of Supply	19,318,896	19,318,896	19,325,904	19,329,282	19,345,560	19,345,560	19,345,560	19,346,536
C3042	10130420	10130420 UPIS - Struct & Imp - Pumping	9,551,289	10,100,553	10,100,553	10,100,553	10,100,553	10,100,553	10,100,553	10,100,553
C3043	10130430	10130430 UPIS - Struct & Imp - Water Treatment	36,742,171	36,749,314	36,747,812	36,747,812	36,747,812	36,747,812	36,747,812	36,747,812
C3044	10130440	10130440 UPIS - Struct & Imp - Transmission & Distribution	917,659	922,085	922,085	922,085	922,085	922,085	922,085	922,085
C3045	10130450	10130450 UPIS - Struct & Imp - Admin & General	13,499,432	13,509,730	13,509,730	13,626,133	13,633,078	13,656,659	13,656,659	13,658,591
C3052	10130500	10130500 UPIS - Collect & Impounding	854,646	854,646	853,646	853,646	853,536	853,536	853,536	853,536
C3062	10130600	10130600 UPIS - Lake & River & Other	1,630,116	1,630,116	1,630,116	1,630,116	1,630,116	1,630,116	1,630,116	1,630,116
C3092	10130900	10130900 UPIS - Supply Mains	18,570,673	18,570,673	18,570,673	18,570,673	18,570,673	18,570,673	18,570,673	18,570,673
C3102	10131000	10131000 UPIS - Power Generation Equipment	2,798,263	3,017,279	3,017,279	3,017,279	3,008,603	3,008,603	3,008,603	3,020,768
C3112	10131120	10131120 UPIS - Pumping Equipment - Electric	14,909,619	14,950,480	14,952,929	14,955,344	14,933,344	14,933,344	14,933,344	14,957,761
C3112	10131130	10131130 UPIS - Pumping Equipment - Diesel	433,456	433,456	433,456	433,456	433,456	433,456	433,456	433,456
C3112	10131140	10131140 UPIS - Pumping Equipment - Hydraulic	7,728	7,728	7,728	7,728	7,728	7,728	7,728	7,728
C3112	10131152	10131152 UPIS - Pumping Equipment - Source of Supply	11,823,512	12,057,406	12,097,516	12,097,516	12,102,128	12,102,128	12,102,128	12,216,868
C3114	10131154	10131154 UPIS - Pumping Equipment - Transmission & Distrib	94,347	94,347	94,347	94,347	96,467	96,827	96,827	96,827
C3203	10132010	10132010 UPIS - Water Treatment Equipment	39,748,454	39,721,007	39,718,334	39,710,121	39,823,781	39,831,302	39,844,667	39,898,807
C3304	10133000	10133000 UPIS - Distribution Reservoirs & Standpipes	15,676,127	19,480,228	19,478,978	19,478,978	19,478,978	19,478,978	19,478,978	19,478,978
C3314	10133100	10133100 UPIS - Transmission & Distribution Mains	267,284,458	268,072,246	269,128,151	269,310,111	269,373,582	269,955,027	270,056,109	270,167,312
C3334	10133300	10133300 UPIS - Services	48,474,687	48,528,438	48,704,165	48,711,665	48,729,659	48,866,544	48,875,417	48,915,964
C3344	10133410	10133410 UPIS - Meters	24,384,757	24,446,202	24,452,958	24,463,705	24,463,198	24,467,783	24,475,063	24,477,199
C3344	10133420	10133420 UPIS - Meter Installations	23,204,841	23,425,956	23,561,464	23,585,376	23,607,014	23,797,286	23,873,196	23,897,131
C3354	10133500	10133500 UPIS - Hydrants	16,197,881	16,492,558	16,898,704	17,044,427	17,073,919	17,381,171	17,514,021	17,854,556
C3391	10133910	10133910 UPIS - Other P/E - Intangible	326,542	364,510	364,510	364,510	356,135	365,163	365,163	411,331
C3405	10134010	10134010 UPIS - Office Furniture & Equipment	15,363,438	15,364,010	15,365,116	15,364,947	14,162,843	14,181,855	14,420,107	14,418,787
C3415	10134100	10134100 UPIS - Transportation Equipment	4,877,007	4,877,007	4,903,544	4,903,544	4,850,402	4,901,526	4,901,526	5,042,766
C3425	10134200	10134200 UPIS - Stores Equipment	80,384	80,384	80,384	80,384	29,909	29,909	29,909	29,909
C3435	10134300	10134300 UPIS - Tools-Shop-Garage Equipment	2,481,936	2,481,403	2,483,982	2,483,982	2,173,479	2,181,294	2,181,294	2,301,190
C3445	10134400	10134400 UPIS - Laboratory Equipment	1,278,540	1,278,450	1,274,450	1,274,450	1,267,550	1,267,550	1,267,550	1,267,550
C3455	10134500	10134500 UPIS - Power Operated Equipment	1,370,184	1,370,184	1,370,184	1,370,184	1,370,184	1,370,184	1,370,184	1,370,184
C3465	10134600	10134600 UPIS - Communication Equipment	3,522,838	3,925,727	3,925,727	3,925,727	3,771,108	3,771,108	3,791,388	3,791,388
C3475	10134700	10134700 UPIS - Misc Equipment	1,716,944	1,718,114	1,718,114	1,721,651	1,693,307	1,693,307	1,693,307	1,700,702
C3485	10134800	10134800 UPIS - Other Tangible Property	128,266	128,266	128,266	128,266	117,628	117,628	117,628	117,628
C3537	10135350	10135350 UPIS - WW Land & Land Rights - General	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250
C3542	10135420	10135420 UPIS - WW Struct & Imp - Coll	88,786	88,786	88,786	88,786	88,786	88,786	88,786	88,786
C3543	10135430	10135430 UPIS - WW Struct & Imp - SPP	1,724,715	1,724,715	1,724,415	1,724,415	1,723,415	1,723,415	1,723,415	1,723,415
C3544	10135440	10135440 UPIS - WW Struct & Imp - TDP	2,104,481	2,105,203	2,105,203	2,105,203	2,105,203	2,105,203	2,105,203	2,106,193
C3547	10135450	10135450 UPIS - WW Struct & Imp - General	51,849	51,849	51,849	51,849	51,849	51,849	51,849	51,849
C3602	10136000	10136000 UPIS - WW Collection Sewers	1,056,957	1,056,957	1,056,957	1,056,957	1,056,957	1,056,957	1,056,957	1,056,957
C3612	10136110	10136110 UPIS - WW Collecting Mains	708,264	708,264	708,264	708,264	708,264	708,264	708,264	708,264
C3632	10136300	10136300 UPIS - WW Services Sewer	95,946	95,946	101,341	121,073	121,073	121,073	121,073	121,073
C3642	10136400	10136400 UPIS - WW Flow Measuring Device	13,069	13,069	9,435	9,435	9,435	9,435	9,435	9,435
C3713	10137110	10137110 UPIS - WW Pump Equipment - Elect	245,152	290,035	290,035	290,035	294,563	294,563	294,563	294,563
C3713	10137120	10137120 UPIS - WW Pump Equipment - Oth Pwr	3,646	3,646	3,646	3,646	3,646	3,646	3,646	3,646
C3804	10138000	10138000 UPIS - WW - Transmission & D244Distribution Equip	359,688	359,688	391,554	391,554	409,697	414,423	414,423	454,953
C3907	10139000	10139000 UPIS - WW Office Furniture	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800
C3927	10139200	10139200 UPIS - WW Stores Equipment	7,426	7,426	7,426	7,426	7,426	7,426	7,426	7,426
C3937	10139300	10139300 UPIS - WW Tool Shop & Garage	6,278	6,278	6,278	6,278	6,278	6,278	6,278	6,278
C3947	10139400	10139400 UPIS - WW Laboratory Equipment	52,417	52,417	52,417	52,417	52,417	52,417	52,417	52,417
C3957	10139500	10139500 UPIS - WW Power Operated Equipment	54,824	54,824	54,824	49,824	49,824	49,824	49,824	49,824
C3977	10139700	10139700 UPIS - WW Misc Equipment	5,291	5,291	5,291	5,291	5,291	5,291	5,291	5,291
C101	10190000	10190000 Reg Asset-AFUDC-Debt	272,637	272,637	272,637	272,637	272,637	272,637	272,637	272,637
C103	10300000	10300000 Property Held Future	114,076	114,076	114,076	114,076	114,076	114,076	114,076	114,076
C3032	10630320	10630320 CCNC Land & Land Rights - Source of Supply	0	36,339	39,428	39,167	39,167	39,167	39,084	39,125
C3032	10630330	10630330 CCNC Land & Land Rights - Pumping	(124,204)	0	0	0	0	0	0	0
C3034	10630350	10630350 CCNC Land & Land Rights - Transmssn & Distr	9,195,122	1,022	1,022	1,022	1,022	1,022	1,022	1,022
C3042	10630410	10630410 CCNC Struct & Imp - Source of Supply	758,866	778,070	771,794	768,416	759,456	759,446	759,516	809,996
C3042	10630420	10630420 CCNC Struct & Imp - Pumping	(983,357)	0	0	0	0	0	8,873	7,442
C3043	10630430	10630430 CCNC Struct & Imp - Water Treatment	7,905	666	666	666	666	666	16,274	48,906
C3044	10630440	10630440 CCNC Struct & Imp - Transmission & Distribution	4,426	0	0	0	0	14,934	14,934	18,268
C3045	10630450	10630450 CCNC Struct & Imp - Admin & General	133,432	128,580	128,580	20,168	12,178	6,135	64,266	114,809
C3062	10630600	10630600 CCNC Lake - River & Other	762	666	666	666	666	666	666	666
C3092	10630900	10630900 CCNC Supply Mains	762	666	666	666	666	666	666	666
C3102	10631000	10631000 CCNC Power Generation Equipment	(391,015)	333	333	333	11,836	11,836	25,426	13,262
C3112	10631120	10631120 CCNC Pumping Equipment - Electric	(65,745)	7,125	3,081	666	52,041	52,041	54,201	56,852
C3112	10631152	10631152 CCNC Pumping Equipment - Source of Supply	279,121	49,539	10,280	10,286	115,499	115,499	189,008	91,605
C3114	10631154	10631154 CCNC Pumping Equipment - Transmssn & Distr	0	1,102	2,119	2,119	0	0	0	0
C3203	10632010	10632010 CCNC - Water Treatment Equipment - Non-Media	26,063	111,467	118,572	135,784	76,028	68,506	111,767	76,635
C3304	10633000	10633000 CCNC - Distribution Reservoirs & Standpipes	(5,814,817)	333	333	333	25,699	25,668	25,940	25,940
C3314	10633100	10633100 CCNC - Transmssn & Distr Mains Not Classified	18,532,739	14,394,745	16,612,291	16,729,941	16,650,553	16,427,929	16,665,478	17,122,614
C3334	10633300	10633300 CCNC Services	921,980	1,047,183	916,837	941,191	1,014,198	982,332	1,015,571	999,537
C3344	10633410	10633410 CCNC Meters	647,076	477,945	526,440	524,309	529,548	534,629	532,269	585,880
C3344	10633420	10633420 CCNC Meter Installations	315,286	209,619	181,877	238,356	321,235	178,922	235,541	360,557
C3354	10633500	10633500 CCNC Hydrants	1,737,846	1,298,485	1,185,403	1,204,095	1,322,377	1,274,117	1,293,183	1,355,816
C3391	10633910	10633910 CCNC Other P/E Intangible	379,461	341,494	343,744	343,862	346,710	346,710	346,710	300,542
C3405	10634010	10634010 CCNC Office Furniture & Equipment	1,398,935	1,437,716	1,597,743	1,599,793	1,516,320	1,498,651	2,000,195	2,714,406
C3415	10634100	10634100 CCNC Transportation Equipment Not Classified	163,767	193,966	167,429	471,076	549,880	508,402	484,149	703,529
C3425	10634200	10634200 CCNC Stores Equipment	381	333	333	333	333	35,333	333	36,625
C3435	10634300	10634300 CCNC Tools-Shop-Garage Equipment	61,273	203,239	215,260	219,492	219,492	209,967		

Kentucky American Water Company
 Trial Balance
 May - December 2015

NARUC	Account	Account Description	May 2015	June 2015	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015
C3475	10634700	10634700 CCNC Misc Equipment	33,468	26,081	26,081	22,544	10,067	10,067	10,067	11,365
C3543	10635430	10635430 CCNC WW Struct & Imp - SPP	0	0	0	0	0	0	5,601	5,601
C3544	10635440	10635440 CCNC WW Struct & Imp - TDP	722	0	0	0	0	0	22,405	58,059
C3632	10636300	10636300 CCNC WW Services Sewer	1,135	1,135	19,731	0	0	0	0	0
C3642	10636400	10636400 CCNC WW Flow Measuring De	0	0	0	0	0	0	0	11,322
C3713	10637110	10637110 CCNC WW Pump Equipment - Elect	25,914	4,528	4,528	4,528	0	0	0	0
C3804	10638000	10638000 CCNC WW TD Equipment	31,866	50,009	22,869	33,057	43,939	39,213	40,495	0
C3937	10639300	10639300 CCNC WW Tool Shop & Garage Equip	45,679	45,679	45,679	45,679	45,679	45,679	45,679	45,679
C105	10700000	10700000 CWIP	13,558,802	15,562,242	15,056,601	16,869,764	19,695,488	21,892,393	23,842,453	27,261,678
C105	10780000	10780000 CWIP - Workbasket Accrual	0	0	0	0	0	0	219,100	0
C105	10780110	10780110 CWIP - Eng Clearing Dist Overhead	545,149	534,647	543,592	589,752	568,140	589,108	549,680	0
C105	10780130	10780130 CWIP - Management Study - AMR	699	806	400	915	904	388	924	0
C105	10780140	10780140 CWIP - Management Study - Pipe	344	281	501	494	506	508	848	0
C1081	10801000	10801000 Accum Depreciation - Utility Plant in Service	(167,203,280)	(168,217,893)	(169,331,312)	(170,450,505)	(171,250,560)	(172,376,079)	(173,502,278)	(174,639,912)
C1081	10802000	10802000 Accum Depreciation - Salvage/Scrap	(1,288,562)	(1,293,791)	(1,294,970)	(1,306,970)	(1,306,970)	(1,312,677)	(1,324,007)	(1,324,157)
C1081	10803000	10803000 Accum Depreciation - Asset Sale	(2,491)	(2,491)	(2,491)	(2,491)	(2,491)	(2,491)	(2,491)	(2,491)
C1081	10804000	10804000 Accum Depreciation - Original Cost	49,835,804	49,900,308	49,920,073	49,942,249	52,173,120	52,189,269	51,951,017	52,028,805
C1081	10810000	10810000 Accum Depreciation - Reg Asset	(154,664)	(155,239)	(155,814)	(156,389)	(156,964)	(157,539)	(158,114)	(158,689)
C114	11410000	11410000 UPAA - Above The Line	455,951	455,951	455,951	455,951	455,951	455,951	455,951	455,951
C115	11415000	11415000 UPAA - Above The Line - Accum Amortization	(233,020)	(233,698)	(234,376)	(235,054)	(235,732)	(236,410)	(237,088)	(237,766)
C121	12110000	12110000 Non-Utility Property - Land	249,738	249,738	249,738	249,738	249,738	249,738	249,738	249,738
C1312	13121200	13121200 BNYM KY	2,000	2,000	2,000	2,000	2,070	1,885	2,000	2,032
C1312	13121208	13121208 BNYM KY - Customer Lockbox	216,247	114,022	30,616	6,496	115,218	7,406	25,507	74,891
C1312	13121209	13121209 BNYM KY - Credit Card and E-Checks	108,602	143,086	111,932	172,052	107,755	137,331	170,359	87,269
C1312	13121211	13121211 BNYM KY - FiServ (fka CheckFree)	16,708	65,148	34,271	104,605	25,333	35,331	5,576	24,800
C1312	13121212	13121212 BNYM KY - Penn Credit	237	0	200	412	0	219	63	157
C1312	13121213	13121213 BNYM KY - E-Return - Mellon	(26)	0	0	61	61	10	(32)	0
C1312	13121214	13121214 BNYM KY - Credit Card & Echeck E>Returns	(3,548)	(2,240)	(3,535)	(3,499)	(4,109)	(4,039)	(6,698)	(1,088)
C1312	13121215	13121215 BNYM KY - Customer A/R Ck Conversion	54,041	18,451	19,451	43,061	27,910	31,699	45,118	5,865
C1312	13121216	13121216 BNYM KY - NSF Return Payments	0	0	0	(25)	(204)	0	0	87
C1312	13121217	13121217 BNYM KY - Misc Debits/Credits	0	400	0	0	0	0	0	3,442
C1312	13121218	13121218 BNYM KY - Client Services - 3rd Party Collections	0	0	282	0	0	262	0	84
C1312	13122816	13122816 BNYM WV - NSF Return Payments	0	0	0	25	0	0	0	0
C234	13140103	13140103 PNC AWCC-Accounts Payable - Outbound Check	(595,520)	(1,412,628)	(631,476)	(1,820,974)	(843,217)	(1,006,824)	(1,179,309)	(815,104)
C234	13140200	13140200 PNC AWCC-Payroll	(1,738)	(1,738)	(1,738)	(1,738)	(1,738)	(1,738)	(1,738)	0
C234	13140202	13140202 PNC AWCC-Payroll - Outbound ACH	(90)	(90)	0	0	2,132	2,268	0	0
C234	13140203	13140203 PNC AWCC-Payroll - Outbound Check	(1,232)	(19,295)	0	0	0	(11,905)	(38)	(7,362)
C234	13140300	13140300 PNC AWCC-Customer Refund	(3,432)	(3,432)	(3,432)	(3,432)	(3,432)	(3,432)	(3,432)	0
C234	13140303	13140303 PNC AWCC-Customer Refund - Outbound Check	(100,964)	(89,915)	(90,895)	(96,717)	(104,974)	(104,002)	(108,359)	(104,742)
C1312	13199002	13199002 Cash Clearing - Mixed Payments	153	280	0	(728)	0	0	0	0
C1312	13199004	13199004 Cash Clearing - MI's	(30,477)	(47,707)	(53,171)	(54,670)	(48,722)	(51,798)	(54,670)	(40,311)
C1312	13199005	13199005 Cash Clearing - ORCOM	0	0	0	(1,145)	0	0	0	0
C134	13500000	13500000 Petty Cash	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
C141	14100000	14100000 A/R - Customer - CIS Reconciliation	5,473,153	5,810,227	5,485,084	5,748,431	6,163,362	5,866,619	5,376,771	5,188,480
C141	14100003	14100003 A/R - Customer - ECIS	483,892	483,892	483,892	483,892	1,513	1,513	1,513	0
C141	14100998	14100998 A/R - Customer - Payment Clarification	(36,472)	(32,173)	(14,159)	(15,348)	(9,354)	(19,870)	(9,874)	(1,758)
C141	14100999	14100999 A/R - Customer - Returns Clarification	3,857	0	1,478	1,145	0	0	324	5
C145	14510000	14510000 A/R Assoc Cos - Miscellaneous	(179)	(179)	0	0	0	0	0	0
C145	14510100	14510100 A/R Assoc Cos - Reconciliation Account	22,750	80,434	31,907	258,361	301,030	5,848	85,204	20,903
C145	14511001	14511001 A/R Assoc Cos - Service Company Bill	25,439	87,177	15,266	15,354	45,617	46,372	33,768	46,056
C145	14573000	14573000 A/R Assoc Cos - Dividend Equivalents	6,491	7,191	7,719	8,279	8,623	8,496	8,964	9,580
C142	14610000	14610000 Misc A/R - Reconciliation Account	366,133	318,975	304,614	326,804	637,742	669,073	660,356	702,208
C142	14611000	14611000 Misc A/R - Manual	12,783	21,050	17,895	10,229	23,390	26,828	12,800	56,785
C142	14611300	14611300 Misc A/R - Liability Insurance	0	145,766	0	0	165,829	0	0	156,709
C142	14611500	14611500 Misc A/R - Medicare Subsidy	51,261	45,592	49,976	54,361	58,745	63,130	67,514	71,899
C142	14613000	14613000 Misc A/R - Employees	0	0	0	(12)	(12)	(12)	(8)	(8)
C142	14613100	14613100 Misc A/R - Employees Payroll	25	25	0	0	0	0	0	0
C143	14300000	14300000 Allowance for Uncollectible Accounts	(869,517)	(874,819)	(852,214)	(877,069)	(862,750)	(891,868)	(848,191)	(714,879)
C143	14399999	14399999 Allowance for Uncollectable Accts - CIS Conversion	0	0	0	0	0	82	0	0
C142	14620000	14620000 Misc Rec - Allow for Uncollectible Accts	(26,642)	(23,793)	(37,021)	(34,008)	(102,798)	(102,798)	(92,025)	(92,025)
C173	14400000	14400000 Unbilled Utility Revenue	4,064,514	3,987,831	4,138,734	4,396,643	4,675,532	4,504,941	4,378,444	4,231,934
C151	15110000	15110000 Inventory - Plant Material	640,644	479,721	543,279	564,047	587,601	595,161	696,487	671,461
C151	15130000	15130000 Inventory - Chemicals	226,493	254,066	226,352	213,613	242,534	226,332	207,142	240,314
C153	15140000	15140000 Inventory - Other Materials & Supplies	10,621	9,260	338	222	2,924	921	339	2,221
C162	16520000	16520000 Prepaid Insurance	170,976	114,065	88,382	114,387	89,518	85,043	59,868	34,389
C162	16525000	16525000 Prepaid Insurance - Intercompany	0	0	(29,243)	(58,487)	(0)	(29,243)	29,243	0
C162	16530000	16530000 Prepaid PUC/PSC Assessment	13,606	(0)	154,707	140,643	126,579	112,514	98,450	84,386
C162	16540000	16540000 Prepaid Audit Fees	19,892	11,735	15,647	7,823	11,735	3,911	7,823	11,735
C162	16550000	16550000 Prepaid Other	43,184	37,135	31,085	25,036	18,986	12,937	6,887	838
C162	16550010	16550010 Prepaid Other - Global	198,095	180,255	159,350	127,393	97,671	90,920	96,100	164,396
C1863	18503000	18503000 Reg Asset-Inc Tax Rec Thru Rates-AFUDC Equity CWIP	153,803	174,018	199,849	226,832	256,682	292,547	331,277	377,168
C1863	18503500	18503500 Reg Asset-Inc Tax Rec Thru Rates-AFUDC Equity	6,632,166	6,632,166	6,632,166	6,632,166	6,632,166	6,632,166	6,632,166	6,632,166
C1863	18504000	18504000 Reg Asset-Inc Tax Rec Thru Rates-Plant Flow Thru	310,698	266,313	221,927	177,542	133,157	88,771	44,386	0
C1863	18504500	18504500 Reg Asset-Inc Tax Rec Thru Rates-Other	(298,496)	(296,487)	(294,479)	(292,471)	(290,462)	(288,454)	(286,446)	(284,437)
C1863	18505500	18505500 Reg Asset-Inc Tax Rec Thru Rates-Acc Amort	(1,297,421)	(1,311,238)	(1,325,055)	(1,338,872)	(1,352,689)	(1,366,506)	(1,380,323)	(1,394,140)
C181	18661000	18661000 Reg Asset - Unamortized Debt Exp	90,246	89,581	88,915	88,250	87,585	86,920	86,255	85,590
C181	18661500	18661500 Reg Asset - Unamortized Debt Exp Interco	1,455,875	1,450,726	1,445,577	1,440,428	1,435,279	1,430,130	1,424,981	1,419,832
C181	18662000	18662000 Reg Asset - Unamortized Preferred Stock Exp	16,574	16,510	16,445	16,381	16,317	16,253	16,188	8,079
C1862	18610000	18610000 Reg Asset - Deferred Programmed Maint	7,719,599	7,976,310	7,948,248	7,916,123	7,875,529	7,848,140	7,814,801	7,789,204
C1861	18620000	18620000 Reg Asset - Deferred Rate Case	388,952	406,547	355,531	343,567	326,874	338,974	417,001	430,988
C174	18680101	18680101 Reg Asset - Deferred Vacation Pay	518,163	355,818	488,149	488,149	351,091	483,421	483,421	324,731
C1862	18680126	18680126 Reg Asset - FAS112 Costs	61,130	61,130	61,130	61,130	61,130	61,130	61,130	61,130
C1862	18680131	18680131 Reg Asset - Depreciation Study	2,469	1,852	1,234	617	0	0	0	0
C1862	18680144	18680144 Reg Asset - Waste Disposal	16,667	8,333	0	0	0	0	191,667	183,333
C1862	18689900	18689900 Reg Asset - Other	1,460,298	1,455,541	1,450,784	1,446,028	1,441,271	1,436,514	1,431,758	1,427,001

Kentucky American Water Company
Trial Balance
May - December 2015

NARUC	Account	Account Description	May 2015	June 2015	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015
C183	18713000	18713000 LT Asset - Prelim Survey & Investigation	52,204	52,204	52,204	52,204	52,204	52,204	52,204	52,204
C181	18715700	18715700 LT Asset - Unamort Debt In - Revolver	69,016	131,507	128,754	126,001	123,248	120,495	117,742	114,989
C201	20120000	20120000 Common Stock - Subs Intercompany	(36,568,777)	(36,568,777)	(36,568,777)	(36,568,777)	(36,568,777)	(36,568,777)	(36,568,777)	(36,568,777)
C207	20510000	20510000 Paid-in Capital - Subs Minority Interest	(6,330)	(6,330)	(6,330)	(6,330)	(6,330)	(6,330)	(6,330)	(6,330)
C211	20520000	20520000 Paid-in Capital - Subs Intercompany	(79,036,299)	(79,044,200)	(79,051,033)	(79,057,901)	(79,065,605)	(79,055,197)	(79,060,855)	(79,068,702)
C215	21021000	21021000 Retained Earnings at Acquisition Intercompany	(343,498)	(343,498)	(343,498)	(343,498)	(343,498)	(343,498)	(343,498)	(343,498)
C215	21024000	21024000 Retained Earnings Since Acquisition	(51,791,766)	(51,791,766)	(51,791,766)	(51,791,766)	(51,791,766)	(51,791,766)	(51,791,766)	(51,791,766)
C221	22110000	22110000 Bonds	(23,500,000)	(23,500,000)	(23,500,000)	(23,500,000)	(23,500,000)	(23,500,000)	(23,500,000)	(23,500,000)
C221	22115000	22115000 Bonds - Interco	(172,249,000)	(172,249,000)	(172,249,000)	(172,249,000)	(172,249,000)	(172,249,000)	(172,249,000)	(172,249,000)
C204	21510000	21510000 Preferred Stock - Redeemable	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(2,250,000)
C234	23121000	23121000 In-House Cash Center Bank	(21,498,090)	(23,049,373)	(21,087,765)	(19,728,172)	(22,293,139)	(21,463,018)	(19,717,483)	(28,318,094)
C234	23121001	23121001 IHC Clearing - Outgoing Payment	34,237	189,262	20,663	3,122	887	9,666	(517,782)	(15,458)
C234	23121003	23121003 In-House Cash Center - Payment Clearing	3,149,018	3,149,018	3,149,018	3,149,018	3,149,018	3,149,018	3,149,018	3,149,018
C234	23121005	23121005 IHC Clearing - Intermediate	(2,795)	(2,795)	(2,795)	(2,795)	(2,795)	(2,795)	(2,795)	0
C231	23410000	23410000 A/P - Reconciliation Account	(480,345)	(537,973)	(959,920)	(587,473)	(703,660)	(774,012)	(974,021)	(1,830,926)
C233	23410100	23410100 A/P Intercompany - Reconciliation Account	(448,755)	(306,253)	(299,776)	(167,870)	(437,467)	(202,684)	(280,045)	(396,434)
C231	23411000	23411000 A/P - Pcard	(95,164)	(37,181)	(39,207)	3,644	1,281	1,281	0	0
C231	23411001	23411001 PCard Distributed-Clearing for Mapped Transactions	0	0	(427)	(40,322)	(16,495)	(24,353)	(19,610)	(19,267)
C231	23412200	23412200 A/P - Contracted Services	0	(2,489)	(3,152)	0	0	0	(1,070)	0
C231	23430000	23430000 A/P - Miscellaneous	(25,709)	(44,889)	(63,186)	(2,879)	(14,751)	(17,900)	(29,867)	47,897
C231	23430600	23430600 A/P - Workbasket Accrual	(68,730)	(67,711)	(46,615)	(49,775)	(42,255)	(22,839)	(127,092)	(85,874)
C231	23430700	23430700 A/P - Pcard Accrual	(35,714)	(41,370)	(54,875)	(50,858)	(72,424)	(71,526)	(54,170)	(70,380)
C231	23431000	23431000 A/P - Misc Global	(135,552)	(121,380)	(125,682)	(109,496)	(196,922)	(121,454)	(282,957)	(278,024)
C231	23435000	23435000 A/P - Project Cost Accrual	(2,440,260)	(2,453,234)	(2,765,578)	(3,261,590)	(3,296,690)	(3,471,638)	(3,931,469)	(3,735,746)
C231	23436000	23436000 A/P-GRIR Capital Services	(794,836)	(1,124,251)	(1,043,130)	(1,054,248)	(1,529,529)	(736,762)	(878,400)	(662,866)
C233	23510000	23510000 A/P Associated Companies	(33,889)	(1,103)	(3,829)	(30,081)	(3,333)	(5,216)	(32,698)	(4,148,707)
C233	23520000	23520000 A/P Associated Companies - Service Co Bill	835,716	854,475	890,956	911,173	912,959	790,821	896,068	806,132
C233	23520001	23520001 A/P Associated Companies - Service Co Bill	(879,914)	(978,133)	(926,439)	(928,313)	(836,437)	(942,440)	(839,900)	(994,420)
C233	23599999	23599999 Intercompany System Clearing	(179)	(179)	0	0	0	11,905	0	0
C23612	23621000	23621000 Accrued FIT - Current Year	2,366,183	1,732,779	2,110,396	1,515,251	2,461,898	1,826,534	1,135,339	(1,239,827)
C23612	23622000	23622000 Accrued FIT - Prior Years	(2,664,371)	(2,664,371)	(2,664,371)	(2,664,371)	(2,004,509)	(2,004,509)	(2,098,445)	(68,549)
C23612	23631000	23631000 Accrued SIT - Current Year	247,343	141,949	42,355	(63,579)	(55,158)	(168,324)	(226,533)	(328,598)
C23612	23632000	23632000 Accrued SIT - Prior Years	716,201	716,201	716,201	716,201	788,736	788,736	1,057,124	527,639
C23611	23652000	23652000 Accrued Tax - FUTA	0	0	0	(16)	(16)	(16)	16	16
C23611	23652100	23652100 Accrued Tax - FICA	(20,195)	(25,996)	(34,050)	(40,817)	(47,883)	(30,472)	(34,272)	(38,455)
C23611	23652200	23652200 Accrued Tax - SUTA	0	0	0	(44)	(44)	(44)	(23)	21
C23611	23653000	23653000 Accrued Tax - Property Tax	(2,233,277)	(2,663,595)	(3,093,912)	(2,527,474)	(2,961,901)	(3,369,481)	(2,188,627)	(78,303)
C23611	23654000	23654000 Accrued Tax - Use Tax	(594,853)	(411,490)	(413,538)	(412,175)	(404,828)	(413,865)	(412,838)	(418,757)
C23611	23659000	23659000 Accrued Tax - Other	(584,272)	(584,272)	(584,272)	(584,272)	(584,272)	(584,272)	(584,272)	(584,272)
C2371	23720000	23720000 Interest Accrued - LTD	(732,310)	(311,872)	(449,585)	(319,172)	(456,885)	(594,597)	(732,310)	(311,872)
C2371	23730000	23730000 Interest Accrued - LTD Interco	(3,019,872)	(1,746,013)	(2,589,342)	(3,432,670)	(3,544,749)	(2,176,543)	(3,019,872)	(1,746,013)
C241	23740000	23740000 Interest Accrued - Redeemable Preferred Dividends	(95,288)	(31,763)	(63,525)	(95,288)	(31,763)	(63,525)	(95,288)	(8,470)
C241	24120000	24120000 Accrued Vacation Pay	(518,163)	(355,818)	(488,149)	(488,149)	(351,091)	(483,421)	(483,421)	(324,731)
C241	24120100	24120100 Accrued Water Purchases	(22,841)	(23,977)	(29,107)	(27,488)	(28,990)	(30,557)	(30,309)	(22,569)
C241	24120200	24120200 Accrued Power	(371,175)	(406,707)	(356,143)	(437,333)	(457,601)	(621,837)	(312,995)	(97,781)
C241	24120300	24120300 Accrued Legal	(17,399)	(42,680)	(9,387)	(13,819)	0	(19,682)	(15,780)	(36,633)
C241	24120600	24120600 Accrued Wages	(164,086)	(231,344)	(320,336)	(365,897)	(436,540)	(178,180)	(250,774)	(361,658)
C241	24120700	24120700 Accrued Insurance	(58,220)	(214,981)	(86,038)	(92,663)	(270,445)	(30,219)	(37,223)	(212,565)
C241	24120710	24120710 Accrued Insurance Retro Adjustment	(147,751)	(199,721)	(199,721)	(199,721)	(268,993)	(268,993)	(268,993)	(403,487)
C241	24121000	24121000 Accrued Waste Disposal	(56,250)	(62,500)	(68,750)	(75,000)	(81,250)	(87,500)	(93,750)	(100,000)
C241	24121100	24121100 Accrued Retiree Medical	(6,498)	(7,500)	(8,827)	(10,039)	(11,250)	(12,511)	(14,080)	(20,000)
C241	24121200	24121200 Accrued DCP - Contribution	(11,165)	(12,682)	(7,571)	(8,407)	(10,083)	(12,429)	(13,935)	(7,936)
C241	24121400	24121400 Accrued Bank Fees	(18,302)	(23,997)	(23,871)	(32,531)	(25,924)	(31,302)	(24,210)	(18,797)
C241	24121800	24121800 Accrued Severance	0	(194)	4,455	4,067	3,680	3,099	(92,009)	2,324
C241	24122700	24122700 Accrued Employer 401k Match	(10,472)	(12,207)	(7,102)	(7,850)	(9,414)	(10,884)	(11,983)	(6,552)
C241	24123000	24123000 Accrued Incentive Plan Cash	(113,812)	(132,606)	(154,499)	(176,392)	(204,156)	(224,167)	(240,569)	(222,977)
C241	24126000	24126000 Miscellaneous Deposits Payable	(84,127)	(84,534)	(81,534)	(86,034)	(82,500)	(82,500)	(82,500)	(88,500)
C241	24126200	24126200 Accrued Paving	(75,091)	(63,808)	(52,527)	(55,649)	(24,366)	(29,250)	(25,000)	(34,443)
C241	24133000	24133000 Unclaimed Customer Credits	(22,063)	(29,735)	(30,368)	(30,571)	(30,430)	(21,220)	(21,236)	(21,255)
C241	24133200	24133200 Unclaimed A/P Checks	(4,388)	(4,388)	(4,388)	(4,388)	(4,388)	(2,323)	(2,323)	(5,117)
C241	24133300	24133300 Unclaimed Wages	(284)	(284)	(284)	(284)	(284)	(284)	(284)	(284)
C241	24142001	24142001 WH PR - Union Dues	819	819	819	819	819	819	819	(35)
C241	24142005	24142005 WH PR - Flex Spending	0	0	0	0	0	(77)	(154)	(231)
C241	24142006	24142006 WH PR - 401k Contributions	(24,244)	(24,700)	0	0	0	(23,226)	(25,147)	0
C241	24142002	24142002 WH PR - Charity Contributions	0	0	(20)	0	0	0	0	0
C241	24142008	24142008 WH PR - Garnishments	0	0	0	0	0	0	0	(878)
C241	24142009	24142009 WH PR - Life Insurance	0	0	(2)	(2)	(3)	(8)	(14)	242
C241	24142010	24142010 WH PR - Tax Coll Pay FIT	5,877	5,877	5,877	0	253	253	253	(122)
C241	24142012	24142012 WH PR - Tax Coll Pay LIT	3,436	3,436	3,934	3,374	3,033	3,018	3,000	2,949
C241	24142013	24142013 WH PR - Tax Coll Pay FICA	1,798	1,798	1,798	0	233	200	(73)	(215)
C241	24142014	24142014 WH PR - ESPP	0	(6,540)	(13,010)	(39)	(6,491)	(16,099)	(39)	(5,424)
C241	24142100	24142100 WH PR - Tax Coll SIT	65	65	65	(1,300)	(1,300)	(1,306)	(1,313)	(87)
C241	24161000	24161000 GRIR - Stock E (Materials)	(69,073)	(140,534)	(45,052)	(196,645)	(66,339)	(105,326)	(83,362)	(10,781)
C241	24163000	24163000 GRIR - Stock C (Chemicals)	(80,219)	(88,807)	(83,644)	(87,944)	(76,875)	(48,800)	(85,520)	(122,528)
C241	24164000	24164000 GRIR - Non-inventory	(176,711)	(224,752)	(94,925)	(57,259)	(75,742)	(69,040)	(279,183)	(433,436)
C241	24171006	24171006 CFO Customer Assistance Pledged	(58)	(87)	(29)	(58)	(87)	(116)	(29)	(58)
C241	24171011	24171011 CFO MC/Sewer Revenue/Cash	(6,396)	(6,576)	(6,649)	(6,544)	(6,594)	(6,678)	(6,665)	(6,736)
C241	24172000	24172000 CFO Sales Tax	2,625,840	3,103,409	3,260,688	3,394,646	3,540,714	3,687,380	3,844,679	3,973,577
C241	24172100	24172100 CFO Sales Tax - from CIS	(3,032,030)	(3,177,376)	(3,314,078)	(3,459,869)	(3,607,159)	(3,758,410)	(3,895,345)	(4,015,377)
C241	24173000	24173000 CFO Gross Receipts Tax	3,955,534	3,955,534	3,955,122	4,456,845	4,455,215	5,012,049	5,012,049	5,009,975
C241	24173100	24173100 CFO Gross Receipts Tax - from CIS	(4,269,440)	(4,457,256)	(4,644,385)	(4,819,433)	(5,012,049)	(5,217,608)	(5,381,872)	(5,540,957)
C241	24174000	24174000 CFO Municipal Tax	4,951,623	5,147,959	5,389,075	5,628,978	5,855,732	6,104,107	6,359,902	6,568,635
C241	24174100	24174100 CFO Municipal Tax - from CIS	(5,147,959)	(5,389,074)	(5,628,978)	(5,856,978)	(6,104,106)	(6,359,908)	(6,568,635)	(6,771,622)
C241	24199800	24199800 Other Current Liabilities - Tax Sensitive	412,108	193,842	(18,145)	272,210	69,119	(158,685)	244,307	72,419
C241	24199900	24199900 Other Current Liabilities - Non-Tax Sensitive	(482,406)	(482,406)	(482,406)	(482,406)	0	0	0	0

Kentucky American Water Company
Trial Balance
May - December 2015

NARUC	Account	Account Description	May 2015	June 2015	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015
C252	25299900	25299900 Advances for Construction - Current	(1,001,000)	(1,001,000)	(1,001,000)	(1,001,000)	(1,001,000)	(1,001,000)	(1,001,000)	(1,001,000)
C252	25211000	25211000 Advances for Construction - NT Mains	(234,145)	(234,145)	(234,145)	(234,145)	(234,145)	(234,145)	(229,653)	(222,915)
C252	25212000	25212000 Advances for Construction - NT Ext Deposits	(10,477,103)	(10,302,963)	(10,262,191)	(10,215,332)	(10,141,866)	(10,031,047)	(12,494,019)	(12,211,515)
C252	25217000	25217000 Advances for Construction - NT WIP	(2,183,955)	(2,514,577)	(2,568,695)	(2,804,463)	(3,021,817)	(3,205,787)	(804,052)	(1,033,152)
C252	25280000	25280000 Advances for Construction - Reclassed to Current	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000
C23612	25340000	25340000 Deferred FIT Liability - Current	0	0	0	0	(198,817)	(198,817)	(198,817)	0
C174	25349000	25349000 Deferred SIT Asset - Current	414,521	414,521	414,521	414,521	414,521	414,521	414,521	0
C174	25359000	25359000 Deferred SIT Asset - Current	75,597	75,597	75,597	75,597	75,597	75,597	75,597	0
C283	25311000	25311000 Deferred FIT Liability - Other	(62,827,982)	(62,816,080)	(63,168,131)	(63,543,645)	(65,015,459)	(65,516,571)	(65,706,459)	(65,942,827)
C283	25321000	25321000 Deferred SIT Liability - Other	(8,758,648)	(8,577,575)	(8,633,314)	(8,692,685)	(8,871,269)	(8,952,521)	(9,164,728)	(9,187,162)
C2551	25510100	25510100 Unamortized ITC - 3%	(45,073)	(44,436)	(43,798)	(43,160)	(42,523)	(41,885)	(41,247)	(40,610)
C2551	25510200	25510200 Unamortized ITC - 4%	(14,397)	(13,871)	(13,346)	(12,821)	(12,295)	(11,770)	(11,244)	(10,719)
C2551	25510300	25510300 Unamortized ITC - 10%	(529,430)	(523,527)	(517,623)	(511,720)	(505,817)	(499,913)	(494,010)	(488,107)
C1081	25700000	25700000 Reg Liab - Cost of Removal	(18,225,758)	(18,255,369)	(18,271,732)	(18,448,405)	(18,609,243)	(18,744,967)	(18,914,412)	(19,076,721)
C1862	25710000	25710000 Reg Liab - Cost of Removal RWIP	655,833	597,609	481,627	594,597	676,541	673,826	797,889	808,038
C2531	25621200	25621200 Reg Liab-Inc Tax Rec Thru Rates-Exc Def Depr FIT	(381,308)	(369,575)	(357,841)	(346,107)	(334,374)	(322,640)	(310,907)	(299,173)
C2531	25622000	25622000 Reg Liab-Inc Tax Rec Thru Rates-Deficit Def	74,459	72,163	69,866	67,570	65,273	62,977	60,680	58,384
C2531	25623200	25623200 Reg Liab-Inc Tax Rec Thru Rates-Exc Def Dep SIT	(1,256,808)	(1,252,751)	(1,248,694)	(1,244,637)	(1,240,580)	(1,236,523)	(1,232,466)	(1,228,409)
C2531	25626000	25626000 Reg Liab-Inc Tax Rec Thru Rates-ITC Gross-Up 3%	(30,537)	(30,105)	(29,673)	(29,241)	(28,809)	(28,377)	(27,945)	(27,513)
C2531	25626100	25626100 Reg Liab-Inc Tax Rec Thru Rates-ITC Gross-Up 4%	(9,750)	(9,394)	(9,038)	(8,682)	(8,326)	(7,970)	(7,615)	(7,259)
C2531	25626200	25626200 Reg Liab-Inc Tax Rec Thru Rates-ITC Gross-Up 10%	(291,681)	(288,428)	(285,176)	(281,924)	(278,671)	(275,419)	(272,167)	(268,914)
C2532	26212000	26212000 Accrued Pension Expense	2,336,588	2,273,011	2,209,434	2,285,687	2,222,110	2,158,533	2,234,786	2,171,209
C2532	26221000	26221000 Accrued OPEB NEI	(239,605)	(299,735)	(359,866)	(239,605)	(299,735)	(359,866)	(239,605)	(299,735)
C2532	26221500	26221500 Accrued OPEB Medicare Subsidy	(432,694)	(427,025)	(431,409)	(435,794)	(440,178)	(444,563)	(448,947)	(453,332)
C2532	26237100	26237100 Deferred Revenue	0	0	(292,204)	0	0	(261,189)	(250,741)	(282,444)
C265	26580000	26580000 FIN 48 Reserve - Federal	(1,648,870)	(1,965,857)	(1,965,857)	(1,965,857)	(1,792,673)	(1,792,673)	(1,792,673)	(1,251,913)
C265	26581000	26581000 FIN 48 Reserve - State	(254,114)	(525,147)	(525,147)	(525,147)	(487,955)	(487,955)	(487,955)	(371,764)
C2532	26281300	26281300 Deferred FAS 112 Costs	(61,130)	(61,130)	(61,130)	(61,130)	(61,130)	(61,130)	(61,130)	(61,130)
C2532	26281500	26281500 Accrued Dividend Equivalents	(6,491)	(7,191)	(7,719)	(8,279)	(8,623)	(8,496)	(8,964)	(9,580)
C271	27111000	27111000 CIAC-Non Taxable - Mains	(21,172,845)	(21,826,425)	(21,830,129)	(21,830,129)	(21,797,882)	(21,797,882)	(21,797,882)	(21,797,882)
C271	27112000	27112000 CIAC-Non Taxable - Ext Dep	(14,212,779)	(14,351,321)	(14,351,321)	(14,351,321)	(14,351,321)	(14,351,321)	(14,351,321)	(14,429,603)
C271	27113000	27113000 CIAC-Non Taxable - Services	(8,341,235)	(9,291,150)	(9,351,200)	(9,375,485)	(9,502,885)	(9,536,195)	(9,536,195)	(9,535,505)
C271	27114000	27114000 CIAC-Non Taxable - Meters	(15,070,495)	(15,164,308)	(15,212,065)	(15,235,990)	(15,363,389)	(15,369,519)	(15,369,519)	(15,369,519)
C271	27115000	27115000 CIAC-Non Taxable - Hydrants	(2,059,807)	(2,425,747)	(2,444,309)	(2,444,309)	(2,444,456)	(2,442,940)	(2,442,940)	(2,468,488)
C271	27116000	27116000 CIAC-Non Taxable - Other	(4,739,486)	(4,761,797)	(4,809,577)	(4,833,496)	(4,960,897)	(4,970,489)	(4,970,489)	(4,970,489)
C271	27117000	27117000 CIAC-Non Taxable - WIP	(3,116,295)	(1,221,437)	(1,225,807)	(1,462,642)	(1,535,476)	(1,643,219)	(1,887,342)	(1,882,880)
C271	27118000	27118000 CIAC-Non Taxable - Non-Utility Property Property	(249,725)	(249,725)	(249,725)	(249,725)	(249,725)	(249,725)	(249,725)	(249,725)
C271	27121000	27121000 CIAC-Taxable - Mains	(1,998,493)	(1,998,493)	(1,998,493)	(1,998,493)	(1,998,493)	(1,998,493)	(1,998,493)	(1,998,493)
C271	27122000	27122000 CIAC-Taxable - Ext Dep	(766,586)	(766,586)	(766,586)	(766,586)	(766,586)	(766,586)	(766,586)	(766,586)
C271	27123000	27123000 CIAC-Taxable - Services	(7,556,492)	(7,593,064)	(7,593,080)	(7,594,655)	(7,595,655)	(7,595,655)	(7,611,771)	(7,605,886)
C271	27124000	27124000 CIAC-Taxable - Meters	(3,299)	(3,299)	(3,299)	(3,299)	(3,299)	(3,299)	(3,299)	(3,299)
C271	27125000	27125000 CIAC-Taxable - Hydrants	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)	(487,487)
C271	27126000	27126000 CIAC-Taxable - Other	(430,476)	(430,476)	(430,476)	(430,476)	(430,476)	(430,476)	(430,476)	(430,476)
C271	27127000	27127000 CIAC-Taxable - WIP	(54,816)	(24,976)	(33,444)	(38,011)	(43,401)	(48,791)	(51,791)	(44,479)
C272	27206000	27206000 Accum Amort CIAC - Other	20,564,944	20,678,160	20,795,527	20,913,200	21,030,998	21,149,409	21,267,919	21,384,873
C272	27210000	27210000 Accum Amort CIAC - Tax	2,297,333	2,321,473	2,345,704	2,369,936	2,394,171	2,418,409	2,442,647	2,466,880

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

Witness: Linda C. Bridwell / Donald J. Petry

- 33.** Provide a copy of the current service contract between Kentucky-American and American Water.

Response:

Please see the attached copy of the agreement between Kentucky-American and American Water Works Service Company, Inc.

AGREEMENT

Agreement dated January 1, 1989, between AMERICAN WATER WORKS SERVICE COMPANY, INC., a Delaware corporation (hereinafter "Service Company"), and KENTUCKY-AMERICAN WATER COMPANY, a Kentucky corporation (hereinafter "Water Company").

The background of this Agreement is that:

1. Both Service Company and Water Company are subsidiaries of American Water Works Company, Inc., a Delaware corporation (hereinafter "American").
2. Water Company has been organized for and is presently engaged in the business of providing potable water as a public utility in the State of Kentucky.
3. Service Company maintains an organization whose officers and employees are familiar with all facets of the water utility business, including the development, business and property of Water Company, and are experienced in the efficient management, financing, accounting and operation of water utility properties and the extension and improvement thereof. The officers and employees of Service Company are qualified to aid, assist and advise Water Company in its business operations through the services to be performed under this Agreement.
4. Service Company has provided administrative and operating services to Water Company for many years, the past 17 years pursuant to an agreement dated January 1,

1971. Because Water Company is of the opinion that it cannot obtain the same quality and diversification of services on a comparable economic basis elsewhere, it proposes to enter into a new agreement with Service Company more specifically defining the types of services available to it.

5. Service Company has entered or proposes to enter into agreements similar to this agreement with other affiliated water companies (hereinafter collectively "Water Companies").

6. The services to be rendered under this agreement are to be rendered by Service Company to Water Companies at their cost to Service Company, as hereinafter provided.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained, the Water Company and Service Company agree that:

ARTICLE 1. PERSONNEL AND SERVICES TO BE PROVIDED

1.1 During the term of this agreement and upon the terms and conditions hereinafter set forth, Service Company shall provide corporate guidance for Water Company. In addition to the guidance provided by the officers and employees of Service Company through the coordination of functional activities for all subsidiaries of American, the officers and employees of Service Company shall furnish and Water Company shall purchase from Service Company, the following services: Accounting, Administration, Communication, Corporate Secretarial, Engineering, Financial, Human Resources,

Information Systems, Operation, Rates and Revenue, Risk Management and Water Quality, together with such other services as Water Company and Service Company may agree; provided, however, that Water Company may perform the service with its own personnel or engage another company or person to provide those services on its behalf. Service Company by mutual consent may engage another Company or person to provide such services on its behalf.

1.2 Service Company shall employ qualified officers and employees and those persons shall be available for election by Water Company to serve as officers of Water Company.

1.3 Without limitation, services to be provided by the Service Company shall be rendered as follows:

A. Accounting: Service Company shall assist in the preparation and implementation of accounting methods and procedures to determine that they conform fully to the requirements, rules and regulations of governmental authorities having jurisdiction and review Water Company's monthly financial reports, annual reports and other reports to stockholders and to any governmental authorities. It shall advise and assist in the establishment and maintenance of current record keeping techniques; review accounting procedures, methods and forms; and evaluate systems of internal control for receipt and disbursement of funds, materials and supplies, and other assets. Service Company shall maintain accounting records as required by Water Company. When appropriate, Service Company shall cooperate and consult with Water Company's independent certified public accountants.

Service Company shall assist in the preparation of operating and construction budgets and monitor the control over such budgets by comparing experienced costs to the projections.

Service Company shall prepare or assist in the preparation of federal, state and local tax returns for and to the extent required by Water Company.

B. Administration: Service Company shall make qualified employees available to perform or assist in the performance of Water Company's corporate activities. Those employees shall keep themselves informed on all aspects of Water Company's operations and shall regularly visit Water Company's facilities. They shall make recommendations to Water Company for operating expenditures and for additions to and improvements of property, plant and equipment. They shall keep abreast of economic, regulatory, governmental and operational developments and conditions that may affect Water Company; and advise Water Company of any such developments and conditions to the extent that they may be important to Water Company. Service Company shall provide an internal audit staff for periodic audits of accounts, records, policies and procedures of Water Company and submit reports thereon.

C. Communications: Service Company shall recommend procedures to promote satisfactory relations with employees, customers, communities and the general public and assist in the preparation of communication materials, (including press releases, brochures, audio visual presentations and speeches) plant tours, public exhibits and displays and other related services to inform the public.

D. Corporate Secretarial: Service Company shall maintain, in such places and manner as may be required by applicable law, documents of Water Company, such as minute books, charters, by-laws, contracts, deeds and other corporate records, and shall administer an orderly program of records retention. It shall maintain, or arrange for the maintenance of, records of stockholders of Water Company, prepare or arrange for the preparation of stock certificates, perform duties relating to the transfer of stock and perform other corporate secretarial functions as required including preparation of notices of stockholder and director meetings and the minutes thereof.

Service Company shall review and may assist in the preparation of documents and reports required by Water Company such as deeds, easements, contracts, charters, franchises, trust indentures and regulatory reports and filings.

E. Engineering: Service Company shall advise, and provide engineering services to assist Water Company in planning for, operating, maintaining and constructing its facilities.

It shall conduct distribution system surveys and hydraulic analyses and prepare or review maps, charts, operating statistics, reports and other pertinent data.

It shall assist Water Company in the proper maintenance and protection of Water Company properties by periodic inspection of its structures, tanks, reservoirs, dams, wells and electrical and mechanical equipment.

The engineering services provided by Service Company shall also include the conduct of field investigations as necessary to

obtain engineering information and, when required, the preparation of studies, reports, designs, drawings, cost estimates, specifications, and contracts for the construction of additions to or improvements of Water Company's source of supply, treatment plant, pumping stations, distribution system, and such other facilities as Water Company may request. Service Company shall provide a Materials Management Program to arrange for the purchase of equipment, materials, and supplies in volume on a basis advantageous to Water Company and assist in the evaluation of new and existing products and application procedures.

F. Financial: Service Company shall assist in the development and implementation of financing programs for Water Company, including the furnishing of advice from time to time on securities market conditions and the form and timing of financing; advise concerning arrangements for the sale of its securities; and assist in the preparation of necessary papers, documents, registration statements, prospectuses, petitions, applications and declarations. It shall prepare reports to be filed with, and reply to inquiries made by, security holders and bond and mortgage trustees.

Service Company shall assist Water Company in cash management including arrangements for bank credit lines, establishment of collection policies, and development of temporary investment programs.

Service Company shall provide assistance to Water Company in the preparation of all financial reports.

G. Human Resources: Service Company shall assist in obtaining qualified personnel for Water Company; in establishing appropriate rates of pay for those employees; and in negotiating with bargaining units representing Water Company employees. It shall carry out training programs for the development of personnel and advise and assist Water Company regarding personnel. It shall also advise and assist Water Company in regard to group employee insurance, pension and benefit plans and in the drafting or revising of those plans when required. It will keep Water Company apprised of all employment laws and develop procedures and controls to assure compliance.

H. Information Systems: Service Company shall make available to Water Company electronic data processing services. Those services shall include customer billing and accounting, preparation of financial statements and other reports including those required by Federal and State agencies.

I. Operation: Service Company shall develop and assist in the implementation of operating procedures to promote the efficient and economic operation of Water Company. Periodic operational reviews will be performed by Service Company personnel and any deviations from adopted procedures will be reported to Water Company.

J. Rates and Revenue: Service Company personnel shall make recommendations for changes in rates, rules and regulations and shall assist Water Company in the conduct of proceedings before, and in its compliance with the rulings of, regulatory bodies having jurisdiction over its operation. These personnel

shall keep abreast of economic and regulatory developments and conditions that may affect Water Company; and advise Water Company of any such developments and conditions to the extent that they may be important to Water Company. Rates and Revenue personnel shall assist in the preparation of rate filings or applications and the supporting documents and exhibits requested or required by the Water Company and their respective regulatory commissions. Service Company shall also provide qualified personnel to testify on Water Company's behalf as required during any regulatory proceedings.

K. Risk Management: Service Company shall provide a Risk Management Program to review the exposures to accidental loss of the Water Company, recommend efficient methods of protection either through the purchase of insurance, self-insurance or other risk management techniques and arrange for the purchase of insurance coverage. It shall also supervise investigation procedures; review claims; and negotiate and assist in, and evaluate proposals for, settlement at the request of Water Company. It shall assist in the establishment of safety and security programs to avoid or minimize risk and loss.

L. Water Quality: Service Company shall assist Water Company to comply with standards of governmental agencies and establish and attain water quality objectives of the Water Company. It shall assist in providing design criteria for processes, coordinating with public agencies, developing approaches and solutions to water quality problems, and providing

technical assistance and general direction for Water Company personnel.

It shall also provide laboratory services for programmed analyses as required by drinking water regulations, and special analyses as required by Water Company.

ARTICLE II. PAYMENT FOR SERVICES

2.1 In consideration for the services to be rendered by Service Company as hereinabove provided, Water Company agrees to pay to Service Company the cost thereof determined as provided in this Article II and in Article III.

2.2 All costs of service rendered by Service Company personnel for Water Company or in common with other Water Companies shall be charged to Water Company based on actual time spent by those personnel as reflected in their daily time sheets or other mutually acceptable means of determination.

2.3 All costs of Service Company incurred in connection with services rendered by Service Company which can be identified and related exclusively to Water Company, shall be charged directly to Water Company.

2.4 All costs incurred in rendering services to Water Company in common with similar services to other Water Companies which cannot be identified and related exclusively to services rendered to a particular Water Company, shall be allocated among all Water Companies so served, or, in the case of costs incurred with respect to services rendered to a particular group of Water

Companies, among the members of such group, based on the number of customers served at the immediately preceding calendar year end.

2.5 Cost for support personnel (secretaries, clerical personnel, clerks, messengers, telephone operators, mail clerks, and other incidental support personnel of the Service Company) as well as the cost of lease payments, depreciation, utilities and other costs associated with leasing office space and equipment by Service Company shall be allocated among the Water Companies on the basis of the proportion of the aggregate cost allocated under Sections 2.3 and 2.4.

ARTICLE III. ALLOWANCE FOR OVERHEAD

3.1 In determining the cost to be assessed by Service Company for the rendering of services to Water Company as herein provided, there shall be added to the salaries of all officers and employees for whose services charges are to be made, a percentage sufficient to cover the general overhead of Service Company, as defined below, properly allocable thereto. Such percentage shall be calculated each month and shall be the ratio of the total general overhead of the Service Company for the month to the total salaries of the employees for whose service charges are to be made to the Water Companies. No general overhead of Service Company shall be added to costs incurred for services of non-affiliated consultants employed by Service Company.

3.2 The term "general overhead" shall include:

- (a) pension and insurance premiums paid for the benefit of Service Company employees,

- (b) legal and other fees for services rendered to the Service Company,
- (c) taxes,
- (d) other general office supplies and other similar expenses, and
- (e) interest on working capital.

ARTICLE IV. BILLING PROCEDURES AND BOOKS AND RECORDS

4.1 As soon as practicable after the last day of each month, Service Company shall render a bill to Water Company for all amounts due from Water Company for services and expenses for such month plus an amount equal to the estimated cost of such services and expenses for the current month, all computed pursuant to Articles II and III. Such bill shall be in sufficient detail to show separately the charge for each class of service rendered. All amounts so billed shall reflect the credit for payments made on the estimated portion of the prior bill and shall be paid by Water Company within a reasonable time after receipt of the bill therefore.

4.2 Service Company agrees to keep its books and records available at all times for inspection by representatives of Water Company or by regulatory bodies having jurisdiction over Water Company.

4.3 Service Company shall at any time, upon request of Water Company, furnish any and all information required by Water Company with respect to the services rendered by Service Company

hereunder, the costs thereof, and the allocation of such costs among Water Companies.

ARTICLE V. OTHER AGREEMENTS

5.1 It is understood by Water Company that Service Company has entered or may enter into similar agreements with other Water Companies that are affiliated with American to which similar services are to be furnished. Service Company will not enter into agreements to perform similar services for other companies on terms more favorable than those provided herein.

5.2 It is understood by Water Company that Service Company has entered or may enter into an agreement or agreements with American and certain other companies not engaged in the water or sewer service business to which limited services are to be furnished; Water Company consents to such additional agreements, provided, however, that no part of the cost of furnishing such services will be charged to Water Company.

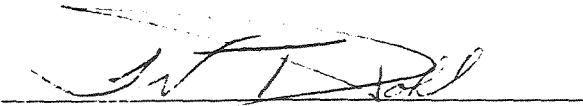
ARTICLE VI. TERM OF AGREEMENT

This agreement shall become effective as of the later of (a) the date first mentioned above or (b) the date the parties receive the last of any necessary approvals of governmental regulatory agencies having jurisdiction in the premises. Upon becoming effective, this agreement shall be the sole agreement between the parties concerning the subject matter hereof and shall supersede all prior agreements, written or oral, including the agreement dated January 1, 1971, which shall terminate on the date this

agreement becomes effective. This agreement shall continue in full force and effect until terminated by either of the parties hereto giving the other party hereto ninety day's notice in writing; provided, however, that this agreement shall terminate as of the date Water Company or Service Company ceases to be an affiliate of American.

IN WITNESS WHEREOF, Service Company and Water Company have caused this agreement to be signed in their respective corporate names by their respective Presidents or Vice Presidents, and impressed with their respective corporate seals attested by their respective Secretaries or Assistant Secretaries, all as of the day and year first above written.

ATTEST:



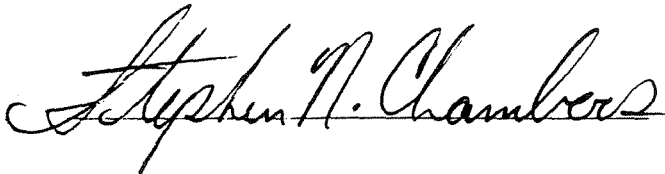
AMERICAN WATER WORKS SERVICE
COMPANY, INC.

By

President



ATTEST:



KENTUCKY-AMERICAN WATER COMPANY

By

President



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

Witness: Kevin N. Rogers / Donald J. Petry

34. a. Provide a copy of each service agreement or contract that Kentucky-American has with an affiliate company.
- b. Describe in detail the pricing policies of Kentucky-American and its affiliates with regard to affiliate company transactions.

Response:

- a. Please refer to Staff's request 33 for the agreement between American Water Works Service Company (AWWSC) and Kentucky-American. Please see the attached for the additional agreements between the Company and affiliated companies.
- b. **American Water Capital Corporation** (AWCC) - Costs of AWCC are billed as outlined in the Services Agreement between KAWC and AWCC as approved by the Commission. As outlined in the Service Agreement, KAWC will pay AWCC a portion of the costs and appropriate overhead incurred by AWCC in providing services as follows. The cost incurred by AWCC in connection with its bank credit lines and short-term public borrowing will be divided amount the Co-Participants in proportion to the maximum principal amount that each Co-Participant requests be made available to it during the course of a year. The costs incurred by AWWC in connection with each long-term borrowing by AWCC will be divided among each Co-Participant in proportion to the principal amount of that borrowing that is loaned to that Co-Participant. AWCC's overhead will be allocated among the Co-Participants in the same proportion as each Co-Participant's long-term and maximum, requested short-term borrowings and investments in a calendar year bear to all the long and maximum short-term borrowings and investments by all Co-Participants during the same year.

American Water Works Service Company (Service Company agreement) – AWWSC provides administrative and operating services to the Company. The payment and pricing terms are contained in Article II of the AWWSC agreement, refer to Staff's request 33.

American Water Works Service Company (Lease agreement) - AWWSC leases space from KAWC for office space for the Service Company employees located in

the Lexington Office. The payment and pricing terms are contained in Section 3 of the Lease.

FINANCIAL SERVICES AGREEMENT

THIS AGREEMENT, dated as of June 15, 2000, by and between Kentucky-American Water Company (the "Company") and American Water Capital Corp. ("AWCC").

B A C K G R O U N D

The Company currently performs its own financial services.

However, the Company has determined that it can obtain these services more efficiently through the consolidation of certain necessary management and staff functions with those performed for other entities that may enter into agreement with AWCC substantially similar to this one ("Co-Participants").

AWCC is dedicated to performing such consolidated functions.

Accordingly, the parties have determined to enter into this Agreement for the provision of financial services by AWCC to the Company and for the proper determination and allocation of the costs of providing such services.

Therefore, the parties agree as follows:

A G R E E M E N T

1. Services. AWCC will provide, either directly or through arrangements with third parties for the benefit of the Company, such financial services as the Company and AWCC may from time to time agree, including but not limited to those more fully described in Appendix I attached to this Agreement.

2. Costs. In consideration of the provision of the services contemplated by paragraph 1, the Company agrees to pay AWCC a portion of the costs and appropriate overhead incurred by AWCC in providing those services, as follows. The costs incurred by AWCC in connection with its bank credit lines and short-term public borrowings will be divided among the Co-Participants in proportion to the maximum principal amount that each Co-Participant requests be made available to it during the course of a year. The costs incurred by AWCC in connection with each long-term borrowing by AWCC will be divided among each Co-Participant in proportion to the principal amount of that borrowing that is loaned to that Co-Participant. AWCC's overhead will be allocated among the Co-Participants in the same proportion as each Co-Participant's long-term and maximum, requested short-term borrowings and investments in a calendar year bear to all of the long and maximum short-term borrowings and investments by all Co-Participants during the same year.

3. Statements. AWCC will prepare and deliver to the Company monthly statements of the services provided by AWCC and amounts payable to AWCC, giving effect to

all the provisions of this Agreement. The Company shall pay the net amount shown on its statement within thirty (30) days after the billing date.

4. Inspection. Upon reasonable notice, AWCC will make available to the Company for its inspection AWCC's books, records, bills, accounts and any other documents which describe or support the costs allocated to the Company under this Agreement.

5. Obligations Not Joint. AWCC and the Company expressly agree: (a) that the obligations of the Company and each Co-Participant to AWCC are several and not joint; (b) that the Company will not be responsible to any Co-Participant, to AWCC or to any assignee or creditor of AWCC for any payment in excess of payments due by the Company to AWCC under this Agreement or a Note in the form attached to this Agreement; and (c) that no Co-Participant will be responsible to the Company, to any other Co-Participant, to AWCC or to any assignee or creditor of AWCC for any payment in excess of payments due by that Co-Participant to AWCC under any agreement substantially similar to this Agreement or under any Note attached to that other agreement. AWCC covenants and agrees that it will require, as a condition to its entering into any such other agreement with a Co-Participant, that such other agreement contains the same provision as that contained in the immediately preceding sentence.

6. Notes. The Company's borrowings under this Agreement will be evidenced by one or more promissory notes in the form of Exhibit A or Exhibit B attached to this Agreement.

7. Non-Exclusivity. Nothing in this Agreement prohibits or restricts the Company from borrowing from third parties, or obtaining services described in this Agreement from third parties, whenever and on whatever terms it deems appropriate.

8. Effectiveness. This Agreement shall be effective as of June 15, 2000, provided that, if prior approval by the regulatory commission of any jurisdiction is required before this Agreement may become effective as to the Company, or before AWCC may provide a particular service hereunder to the Company, this Agreement shall not be effective as to the Company or as to that service, as the case may be, unless and until the required approval has been obtained. Unless and until this Agreement becomes effective as to the Company in whole or in part, the Company shall not be entitled to the benefits of, nor shall it have any rights or duties under, this Agreement. This Agreement may be amended or rescinded only by written instrument signed by the Company and AWCC.

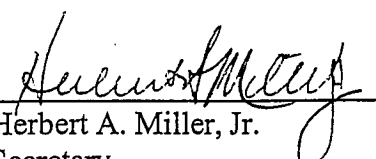
9. Termination. The Company may terminate its participation in this Agreement by giving ten (10) days prior written notice of such termination to AWCC; and (b) AWCC may terminate this Agreement by giving ninety (90) days prior written notice of such termination to the Company. Termination of this Agreement will not affect: (a) the Company's obligations under any Promissory Notes; (b) any party's obligations with respect to any amounts owing under Sections 2 and 3 of this Agreement (including such amounts attributable to obligations of any terminating party under any Promissory Notes that remain outstanding after this Agreement is terminated as to that party); or (c) AWCC's obligations to repay any investments made by a Company pursuant to Appendix I.

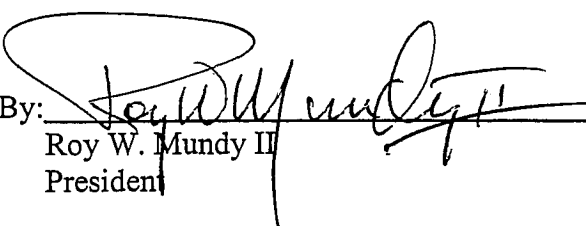
10. Copies. This Agreement may be executed by the parties in one or more copies and each executed copy shall be considered an original.

In witness of the foregoing, each of the Company and AWCC has caused its respective corporate seal to be affixed to this Agreement and has caused this Agreement to be signed on its behalf by its duly authorized officers.

ATTEST:

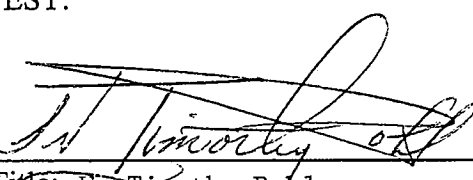
KENTUCKY-AMERICAN WATER COMPANY

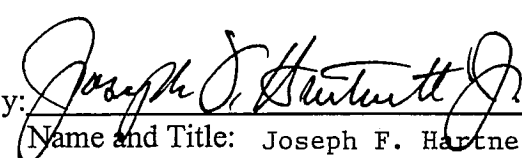
By: 
Herbert A. Miller, Jr.
Secretary

By: 
Roy W. Mundy II
President

ATTEST:

AMERICAN WATER CAPITAL CORP.

By: 
Title: W. Timothy Pohl
Vice President and Secretary

By: 
Name and Title: Joseph F. Hartnett, Jr.
Vice President and Treasurer

APPENDIX I

DESCRIPTION OF FINANCIAL SERVICES

Set forth below is a list of the services which AWCC agrees to provide to the Company upon its request pursuant to the Agreement to which this Appendix is attached.

1. Short-Term Loans. AWCC will provide Short-Term Loans to the Company pursuant to the terms set forth in the promissory notes to be issued by the Company to AWCC, each substantially in the form attached to this Agreement as Exhibit A.

2. Long-Term Borrowings. AWCC will provide loans other than Short-Term Loans to the Company pursuant to the terms set forth in the promissory notes to be issued by the Company to AWCC, each substantially in the form attached hereto as Exhibit B.

3. Cash Management. Cash not required by the Company to pay its daily disbursements or to pay when due the principal of and interest on, the Company's borrowings from AWCC other than Short-Term Loans will be used by AWCC first to reduce the outstanding principal balance of the Company's Short-Term Loans owing to AWCC and any excess will be deemed to be invested with AWCC and will earn a daily rate of interest that is equal to the interest income earned by AWCC on those funds. Upon the request of that Company, AWCC shall execute one or more promissory notes in favor of the Company, in form and substance substantially similar to the Promissory Note attached as Exhibit A to the Agreement as evidence of such investment.

EXHIBIT A
PROMISSORY NOTE
FOR SHORT-TERM LOANS

\$ _____, 2000

FOR VALUE RECEIVED, [NAME OF COMPANY], a _____ corporation (herein "Borrower") hereby promises to pay ON DEMAND to the order of American Water Capital Corp., a Delaware corporation ("Lender"), in same day funds at its offices at Voorhees, New Jersey or such other place as Lender may from time to time designate, the principal sum of _____ dollars (\$ _____) (the "Maximum Principal Sum"), or such lesser amount as shall equal the aggregate unpaid principal amount of the loans made by Lender to Borrower (other than loans evidenced by a promissory note under which the principal amount is due and payable in one or more scheduled installments more than one year after the date of its issue), together with interest thereon from the date hereof until paid in full. Interest will be charged on the unpaid outstanding principal balance of this Note at a rate per annum equal to Lender's actual cost of funds to make such loan, such rate to change as Lender's actual cost of funds changes. Interest on borrowings shall be due and payable on the first business day of each month, commencing with the first business day of the month after the month in which this Note is executed. In the absence of manifest error, the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

Borrower may borrow, repay and reborrow hereunder in amounts which do not, in the aggregate outstanding at any time, exceed the Maximum Principal Sum.

The occurrence of one or more of any of the following shall constitute an event of default hereunder:

(a) Borrower shall fail to make any payment of principal and/or interest due hereunder or under any other promissory note between Lender and Borrower within five business days after the same shall become due and payable, whether at maturity or by acceleration or otherwise;

(b) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, admit in writing its inability to pay its debts as they mature, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by Borrower for the purposes of effecting any of the foregoing; or

(c) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of the assets of Borrower, or appointing a receiver, trustee or liquidator of

Borrower or any of its property, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days.

Upon the occurrence of any event of default, the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Lender hereunder shall, at the option of Lender, become due and payable immediately. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender by law, equity, statute or otherwise.

Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Following the occurrence of any event of default, Borrower will pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, and other advisors employed by Lender), incurred by Lender in the exercise of any of its rights, remedies or powers hereunder with respect to such event of default, and any amount thereof not paid promptly following demand therefor shall be added to the principal sum hereunder and will bear interest at the contract rate set forth herein from the date of such demand until paid in full. In connection with and as part of the foregoing, in the event that this Note is placed in the hands of an attorney for the collection of any sum payable hereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed hereunder, as well as all costs, disbursements and allowances provided by law.

If for any reason one or more of the provisions of this Note or their application to any entity or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Promissory Note is one of the promissory notes referred to in the Financial Services Agreement dated as of June 15, 2000 between Borrower and Lender to which reference is made for a statement of additional rights and obligations of the parties hereto.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note the day and year first written above.

[BORROWER]

By: _____
Name and Title:

EXHIBIT B
PROMISSORY NOTE
FOR LONG-TERM BORROWINGS

\$ _____, 2000

FOR VALUE RECEIVED, [NAME OF COMPANY], a _____ corporation (herein "Borrower") hereby promises to pay to the order of American Water Capital Corp., a Delaware corporation ("Lender"), in same day funds at its offices at _____ or such other place as Lender may from time to time designate, the principal sum of _____ dollars (\$ _____), together with interest thereon from the date hereof until paid in full. Interest shall be charged on the unpaid outstanding principal balance hereof at a rate per annum equal to the rate paid and to be paid by Lender with respect to the borrowings it made in order to provide funds to Borrower hereunder. Interest on borrowings shall be due and payable in immediately available funds on the same business day on which the Lender must pay interest on the borrowings it made in order to provide funds to the Borrower hereunder. The principal amount hereof shall be due and payable hereunder at such times and in such amounts and in such installments hereunder as the Lender must pay with respect to the borrowings it made in order to provide funds to the Borrower hereunder. Lender has provided Borrower with a copy of the documentation evidencing the borrowings made by Lender in order to provide funds to Borrower hereunder. In the absence of manifest error, such documentation and the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

The occurrence of one or more of any of the following shall constitute an event of default hereunder:

(a) Borrower shall fail to make any payment of principal and/or interest due hereunder or under any other promissory note between Lender and Borrower within five business days after the same shall become due and payable, whether at maturity or by acceleration or otherwise;

(b) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, admit in writing its inability to pay its debts as they mature, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by Borrower for the purposes of effecting any of the foregoing; or

(c) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of the assets of Borrower, or appointing a receiver, trustee or liquidator of Borrower or any of its property, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days.

Upon the occurrence of any event of default, the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Lender hereunder shall, at the option of Lender, become due and payable immediately. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender by law, equity, statute or otherwise.

Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Following the occurrence of any event of default, Borrower will pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, and other advisors employed by Lender), incurred by Lender in the exercise of any of its rights, remedies or powers hereunder with respect to such event of default, and any amount thereof not paid promptly following demand therefor shall be added to the principal sum hereunder and will bear interest at the contract rate set forth herein from the date of such demand until paid in full. In connection with and as part of the foregoing, in the event that this Note is placed in the hands of an attorney for the collection of any sum payable hereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed hereunder, as well as all costs, disbursements and allowances provided by law.

If for any reason one or more of the provisions of this Note or their application to any entity or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the words "Lender" and "Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Promissory Note is one of the promissory notes referred to in the Financial Services Agreement dated as of June 15, 2000 between Borrower and Lender to which reference is made for a statement of additional rights and obligations of Lender and Borrower.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note the day and year first written above.

[BORROWER]

By: _____
Name and Title:

PROMISSORY NOTE
FOR SHORT-TERM LOANS

\$17,872,000.00

June 15, 2000

FOR VALUE RECEIVED, KENTUCKY-AMERICAN WATER COMPANY, a Kentucky corporation (herein "Borrower") hereby promises to pay ON DEMAND to the order of American Water Capital Corp., a Delaware corporation ("Lender"), in same day funds at its offices at Voorhees, New Jersey or such other place as Lender may from time to time designate, the principal sum of SEVENTEEN MILLION, EIGHT-HUNDRED SEVENTY-TWO THOUSAND dollars (\$17,872,000.00) (the "Maximum Principal Sum"), or such lesser amount as shall equal the aggregate unpaid principal amount of the loans made by Lender to Borrower (other than loans evidenced by a promissory note under which the principal amount is due and payable in one or more scheduled installments more than one year after the date of its issue), together with interest thereon from the date hereof until paid in full. Interest will be charged on the unpaid outstanding principal balance of this Note at a rate per annum equal to Lender's actual cost of funds to make such loan, such rate to change as Lender's actual cost of funds changes. Interest on borrowings shall be due and payable on the first business day of each month, commencing with the first business day of the month after the month in which this Note is executed. In the absence of manifest error, the records maintained by Lender of the amount and term, if any, of borrowings hereunder shall be deemed conclusive.

Borrower may borrow, repay and reborrow hereunder in amounts which do not, in the aggregate outstanding at any time, exceed the Maximum Principal Sum.

The occurrence of one or more of any of the following shall constitute an event of default hereunder:

- (a) Borrower shall fail to make any payment of principal and/or interest due hereunder or under any other promissory note between Lender and Borrower within five business days after the same shall become due and payable, whether at maturity or by acceleration or otherwise;
- (b) Borrower shall apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, admit in writing its inability to pay its debts as they mature, make a general assignment for the benefit of creditors, be adjudicated a bankrupt or insolvent or file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation of law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such

law, or if action shall be taken by Borrower for the purposes of effecting any of the foregoing; or

- (c) Any order, judgment or decree shall be entered by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower or all or a substantial part of the assets of Borrower, or appointing a receiver, trustee or liquidator of Borrower or any of its property, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days.

Upon the occurrence of any event of default, the entire unpaid principal sum hereunder plus all interest accrued thereon plus all other sums due and payable to Lender hereunder shall, at the option of Lender, become due and payable immediately. In addition to the foregoing, upon the occurrence of any event of default, Lender may forthwith exercise singly, concurrently, successively or otherwise any and all rights and remedies available to Lender by law, equity, statute or otherwise.

Borrower hereby waives presentment, demand, notice of nonpayment, protest, notice of protest or other notice of dishonor in connection with any default in the payment of, or any enforcement of the payment of, all amounts due hereunder. To the extent permitted by law, Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

Following the occurrence of any event of default, Borrower will pay upon demand all costs and expenses (including all amounts paid to attorneys, accountants, and other advisors employed by Lender), incurred by Lender in the exercise of any of its rights, remedies or powers hereunder with respect to such event of default, and any amount thereof not paid promptly following demand therefor shall be added to the principal sum hereunder and will bear interest at the contract rate set forth herein from the date of such demand until paid in full. In connection with and as part of the foregoing, in the event that this Note is placed in the hands of an attorney for the collection of any sum payable hereunder, Borrower agrees to pay reasonable attorneys' fees for the collection of the amount being claimed hereunder, as well as all costs, disbursements and allowances provided by law.

If for any reason one or more of the provisions of this Note or their application to any entity or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provisions shall nevertheless remain valid, legal and enforceable in all such other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

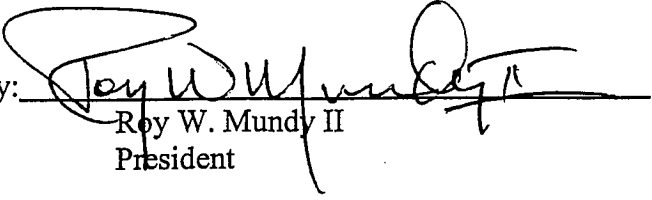
This Note inures to the benefit of Lender and binds Borrower and Lender's and Borrower's respective successors and assigns, and the words "Lender" and

"Borrower" whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

This Promissory Note is one of the promissory notes referred to in the Financial Services Agreement dated as of June 15, 2000, between Borrower and Lender to which reference is made for a statement of additional rights and obligations of the parties hereto.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note the day and year first written above.

KENTUCKY-AMERICAN WATER COMPANY

By: 

Roy W. Mundy II
President

LEASE

This Agreement made this 11th day of September, 2009, between KENTUCKY AMERICAN WATER COMPANY, a Kentucky corporation (LESSOR), and AMERICAN WATER WORKS SERVICE COMPANY, INC., a Delaware corporation (LESSEE):

In consideration of the rent and other mutual terms, covenants, agreements and conditions set forth in this Lease, the parties agree that the LESSOR has agreed to let to the LESSEE, and the LESSEE has agreed to lease from the LESSOR, the Premises described in Section 1.

1. Premises

a. By this Agreement, LESSOR is leasing to LESSEE, and LESSEE is renting from LESSOR, that certain space located on the third (3rd) floor of the Building, shown on the floor plan attached as Exhibit "A" ("Premises"). The term "Building" shall mean the three story office building located at 2300 Richmond Road, Lexington, Kentucky. The total agreed square footage of the Premises, in rentable square feet which includes LESSEE's proportionate share of the common areas and core space of the Building, is approximately 3,520 square feet. LESSOR expressly reserves the right to change the name of the Building without notice to LESSEE.

b. In addition, LESSOR further grants to LESSEE limited use of conference rooms, restrooms, and similar common areas located in the Building. LESSEE will be responsible to schedule the use of the Conference Rooms via Lotus Notes or the then-current electronic method for doing so. LESSOR also grants LESSEE access to and use of the surrounding grounds and parking areas.

c. LESSEE will be responsible for any and all damage, normal wear and tear excepted, that occurs or results from LESSEE's use or occupancy of any of Building. LESSEE will also be responsible for any special, additional janitorial service required or incurred as a result of LESSEE's use of the Building.

2. Term of Lease

The term of this Lease shall be for a period of five (5) years ~~beginning the August 1, 2009~~. The term shall automatically renew for successive five (5) year periods unless otherwise terminated by either party by giving the other party written notice at least one hundred eighty (180) days prior to the end of the then current period (the original term and all successive terms shall be referred to herein as the "Term").

3. Rent

LESSEE shall pay LESSOR or LESSOR'S agent as rent for the Premises an Annual Rent of \$158,748 to pay by monthly installments equaling \$13,229. This amount is the base rent.

If LESSEE exercises its option to renew this Lease for the renewal term(s), the rent for the renewal term(s) shall be determined by then current market rates for similar commercial property in the area.

This initial Annual Rent is based on the percentage of Building occupied by LESSEE, currently 24%. This calculation will be confirmed annually, and the Annual Rent shall be adjusted if the space requirements of LESSEE increase or decrease from that current percentage.

4. Taxes

It is further agreed between the parties that real estate taxes are included in the rental amount that LESSEE pays.

5. Condition and Upkeep of Premises

LESSEE will examine the condition of the Premises and will acknowledge in writing that it has received the same in good order and repair prior to assuming possession of the Premises. LESSEE further acknowledges that no representations as to the condition and repair thereof have been made by LESSOR, or its agent, prior to or at the execution of this Lease that are not herein expressed. LESSEE will keep, at its own expense, the Premises including all appurtenances, in good repair, replacing all broken glass with glass of the same size and quality as that broken, and will replace all damaged plumbing fixtures with others of equal quality, and will keep the Premises, including adjoining lands, in a clean and healthful condition according to the applicable municipal and/or county ordinances and the direction of the proper public officers during the term of this Lease at LESSEE'S expense. LESSOR will remove all snow and ice from the sidewalk and parking lots of the Premises when necessary and will have the grass mowed when necessary. Upon the termination of this Lease, in any way, LESSEE will yield up the Premises to LESSOR, in good condition and repair, loss by fire and ordinary wear excepted, and will deliver the keys to the Premises at the place of payment of said rent.

6. LESSEE Not to Misuse; Sublet; Assignment

LESSEE will not allow the Premises to be used for any purpose other than an office/service center complex, and will not load floors with machinery or goods beyond the floor load rating prescribed by applicable municipal and/or county ordinances, and will not allow the Premises to be occupied in whole, or in part, by any other person, and will not sublet the same or any part thereof, nor assign this Lease without in each case the written consent of the LESSOR, which will not be unreasonably withheld. LESSEE will not permit any transfer by operation of law of the interest in the Premises acquired through this Lease, and will not permit the Premises to be used for any unlawful purpose, or for any purpose that will injure the reputation of the building or increase the fire hazard of the building, or disturb the neighborhood, and will not permit the same to

remain vacant or unoccupied for more than ten (10) consecutive days. Except as approved by LESSOR, LESSEE will not allow any signs, cards or placards to be posted, or placed on the building.

7. Mechanic's Lien

LESSEE will not permit any mechanic's lien or liens to be placed upon the Premises or any building or improvement thereon during the term hereof, and in case of the filing of any such lien LESSEE will promptly pay same. If default in payment thereof shall continue for thirty (30) days after written notice thereof from LESSOR to the LESSEE, the LESSOR shall have the right and privilege at LESSOR'S option of paying the same or any portion thereof without inquiry as to the validity thereof, and any amounts so paid, including expenses and interest, shall be so much additional indebtedness hereunder due from LESSEE to LESSOR and shall be repaid to LESSOR immediately on rendition of a bill therefore.

8. Indemnity for Accidents

LESSEE covenants and agrees that it will protect and save and keep the LESSOR forever harmless and indemnified against and from any penalty or damages or charges imposed for any violation of any laws or ordinances, whether occasioned by the neglect of LESSEE or those holding under LESSEE, and the LESSEE will at all times protect, indemnify and save and keep harmless the LESSOR against and from any and all loss, cost, damage or expense, arising out of or from any accident or other occurrence on or about the Premises, causing injury to any person or property whomsoever or whatsoever and will protect, indemnify and save and keep harmless the LESSOR against and from any and all claims and against and from any and all loss, cost, damage or expense to the extent arising out of any failure of LESSEE in any respect to comply with and perform all the requirements and provisions hereof and excluding any such loss, cost, damage or expense caused by LESSOR's negligence or intentional misconduct.

9. Non-Liability of LESSOR

a. LESSOR shall not be liable for any damage to, or loss of, property in the Premises belonging to LESSEE, its employees, agents, visitors, licensees or other persons in or about the Premises, or for damage or loss suffered by the business of LESSEE, from any cause whatsoever, including, without limiting the generality thereof, such damage or loss resulting from fire, steam, smoke, electricity, gas, water, rain, ice or snow, which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction or other defects of the pipes, wires, appliances, plumbing, air-conditioning or lighting fixtures of the same, whether the said damage or injury results from conditions arising upon the Premises or upon other portions of the Building of which the Premises are a part, or from other sources unless caused solely by the negligence or willful misconduct of LESSOR. LESSOR shall not be liable in any manner to LESSEE, its agents, employees, invitees or visitors for any injury or damage to LESSEE, LESSEE's agents, employees, invitees or visitors, or their property, caused by the criminal or intentional misconduct, or by any act or neglect of third parties or of LESSEE, LESSEE's agents, employees, invitees or visitors, or of any other LESSEE of the Building.

LESSEE covenants that no claim shall be made against LESSOR by LESSEE, or by any agent or servant of LESSEE, or by others claiming the right to be in the Premises or in the Building through or under LESSEE, for any injury, loss or damage to the Premises or to any person or property occurring upon the Premises from any cause other than the sole negligence or willful misconduct of LESSOR. In no event shall LESSOR be liable to LESSEE for any consequential damages sustained by LESSEE arising out of the loss or damage to any property of LESSEE.

b. LESSEE covenants and agrees to save LESSOR and LESSOR's agent harmless and indemnified, and to defend LESSOR and LESSOR's agent from all loss, damage, liability or expense of any kind including without limitation attorneys' fees and court costs incurred, suffered or claimed by any person whomsoever, or for any damage or injury to any persons or property from any cause whatsoever, by reason of the use or occupancy by LESSEE, its agents, employees, invitees or visitors of the Premises, or of the Building unless and to the extent caused by the negligence or willful misconduct of LESSOR.

10. LESSOR'S Services

LESSOR covenants and agrees that it shall furnish appropriate operations and maintenance (O&M) services, such as: (a) heat and air-conditioning to maintain the Premises at a reasonably comfortable temperature during LESSEE's normal business hours, which LESSOR understands will be all day and night, every day of the year; (b) electricity for lighting purposes and operation of ordinary office equipment and computers, excluding supplemental HVAC and other equipment requiring heavier than normal office use of electricity; (c) elevator service, (d) janitor and cleaning services Monday through Friday of each week, except holidays recognized by the U. S. Government, and (e) lawn services to the grounds, as needed. LESSEE acknowledges and agrees that LESSOR shall not be liable in any way for any damage or inconvenience caused by the cessation or interruption of heating, air-conditioning, electricity, elevator, janitor or cleaning service occasioned by fire, accident, strikes, necessary maintenance, alterations or repairs, or other causes beyond LESSOR's control and LESSEE shall not be entitled to any abatement or reduction of Rent by reason thereof, except if the interruption continues beyond fifteen (15) business days.

LESSOR reserves the right to erect, use, connect to, maintain and repair pipes, ducts conduits, cables, plumbing, vents and wires in, to and through the Premises as and to the extent that LESSOR believes necessary or appropriate for the proper operation and maintenance of the Building and the right at all times to transmit water, heat, air-conditioning and electric current through the pipes, ducts, conduits, cables, plumbing, vents and wires, provided LESSOR shall not unreasonably interfere with LESSEE's operations.

11. LESSEE'S Duties

LESSEE covenants and agrees: (a) not to obstruct or interfere with the rights of other occupants, or injure or annoy them or those having business with them, or conflict with the fire laws or regulations, or with any insurance policy upon the Building or any part of

the Premises, or with any statutes, rules or regulations now existing or subsequently enacted or established by the local, state or federal governments and LESSEE shall be answerable for all nuisances caused or suffered on the Premises, or caused by LESSEE in the Building, or on the approaches to it; (b) not to place a load on any floor exceeding the floor load which such floor was designed to carry in accordance with the plans and specifications of the Building, and not to install, operate or maintain in the Premises any safe or heavy item of equipment except in the manner and location as LESSOR prescribes so as to achieve a proper distribution of weight; (c) not to strip, overload, damage or deface the Premises, hallways, stairways, elevators, parking facilities or other public areas of the Building, or the related fixtures; (d) not to permit any trade or occupation to be carried on or use made of the Premises which is unlawful, noisy, offensive, or injurious to any person or property, or such as to increase the danger of fire or affect or make void or voidable any insurance on the Building, or which may render any increased or extra premium payable for such insurance, or which is contrary to any law or ordinance, rule or regulation from time to time established by any public authority; (e) not to move any furniture or equipment into or out of the Premises except at the times and in the manner as LESSOR may from time to time designate; (f) not to place upon the interior or exterior of the Building, or any window or door of the Premises, any placard, sign, lettering, window covering or drapes, except as first approved in writing by LESSOR; (g) to park vehicles only in the area from time to time designated by LESSOR; (h) to conform to all rules and regulations from time to time established by the appropriate insurance rating organization and to all reasonable rules and regulations from time to time established by LESSOR; and (i) not to conduct or permit in the Premises either the generation, treatment, storage or disposal of any hazardous substances and materials or toxic substances of any kind as described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. 6901 et seq.), any regulations adopted under these acts, or any other present or future federal, state, county or local laws or regulations concerning environmental protection, except for typical amounts of these hazardous or toxic substances, the presence or use of which is necessary or convenient for the conduct of LESSEE's particular business within the Premises and is not in violation of applicable environmental laws and regulations, and LESSEE shall prohibit its assignees, sublessees, employees, agents and contractors (collectively, "Permittees") from doing so and LESSEE shall indemnify, defend and hold LESSOR and its agents harmless from all loss, costs, foreseeable and unforeseeable, direct or consequential; damages; liability; fines; prosecutions; judgments; litigation; and expenses, including, clean-up costs, court costs and reasonable attorneys' fees arising out of any violation of the provisions of this Article by LESSEE or its Permittees.

In addition to the base rent set in Paragraph 3 of this Lease, LESSEE shall pay a percentage of the appropriate O&M expenses of the Building, examples of which are specified in Paragraph 10. The percentage is calculated based on the percentage of building occupied by LESSEE, currently 24%. Such calculation will be confirmed annually. LESSOR shall provide bills for those expenses to LESSEE on a monthly basis, and LESSEE shall pay its share with its next succeeding base rental payment.

12. Access to Premises

LESSEE will allow LESSOR free access to the Premises for the purpose of examining or exhibiting them, or to make any needful repairs, or alterations that LESSOR may see fit to make.

13. Holding Over

LESSEE will, at the termination of this Lease by lapse of time or otherwise, yield up immediate possession to LESSOR, and failing to do so, will pay as liquidated damages, for the whole time such possession is withheld, the sum of Four Hundred Fifty and no/100 Dollars (\$450.00) per day. These daily liquidated damages shall escalate proportionately to increases in Annual Base Rent under Section 3 (i.e., a 10% increase in Annual Base Rent, as compared to the initial Annual Base Rent, shall result in a 10% increase in the daily liquidated damages, as compared to the initial \$450.00 per day). The provisions of this clause shall not be held as a waiver by LESSOR of any right of re-entry; nor shall the receipt of the rent or any part thereof, or any other act in apparent affirmance of tenancy, operate as a waiver of the right to forfeit this Lease and the term granted for the period still unexpired, for a breach of any of the covenants of the Lease Agreement.

14. Inflammable or Explosive Materials

LESSEE shall not keep or use any inflammable or explosive liquids or materials on the Premises. LESSEE shall be liable for and shall assume all obligations and costs associated with any environmental or other damages and cleanup or leakage associated with any activity by LESSEE or releases by LESSEE that occur on the Premises during the term of this lease. This liability shall survive the term of this Lease and the parties specifically waive any applicable statute of limitations that might otherwise bar any claim by LESSOR under this paragraph.

15. Re-Entry

If LESSEE is in default in the payment of the rent, in whole or in part, or in any of the covenants to be kept by the LESSEE, it shall be lawful for LESSOR at any time at its election, without notice, to declare the lease term ended, and to re-enter the Premises, in whole or in part, with or without process of law, and to remove LESSEE, or any persons occupying the same, without prejudice to any remedies which might otherwise be used for arrears of rent, and LESSOR shall have at all times the right to distrain for rent due.

16. Confession of Judgment

[INTENTIONALLY OMITTED]

17. Fire and Casualty

In case the Premises shall be rendered untenable by fire, or other casualty, LESSOR may, at its option, terminate this Lease, or repair the Premises within sixty (60) days, and failing so to do, or upon the destruction of the Premises by fire or other casualty, the term created shall terminate.

18. Payment of Fees

LESSEE will pay and discharge all reasonable costs, attorney's fees and expenses that may be incurred by LESSOR in enforcing the covenants and agreements of this Lease, and this Lease and all covenants and agreements contained in it shall be binding upon, apply, and inure to the benefit of the respective heirs, executors, successors, administrators, and assigns of all parties to this Lease.

19. Insurance

a. Public Liability and Property Damage Insurance. LESSEE shall procure a public liability and property damage insurance policy to protect the LESSOR against loss or damage occasioned by any person or corporation, or to any property of any person or corporation, by, through, or under any act, occasioned by the LESSEE, its agents, or employees, or arising out of or in any way pertaining to the operation of the demised Premises. This policy shall contain minimum limits of \$1,000,000 per person and \$2,000,000 combined single limit per occurrence for personal injuries and \$1,000,000 for property damage. In the event that LESSEE shall fail to obtain said policy or shall fail to renew said policy at any time during the term of this Lease, or extension thereof, the LESSOR shall have the right to obtain said policy and pay the premium therefore, and the amount of said premium so paid is declared to be so much additional rent and payable with the installment of rent next due after such payment.

b. Extended Coverage. In the event that the rates on LESSOR'S fire and extended coverage insurance on the building on the Premises are increased by reason of LESSEE'S use and occupancy of the Premises contrary to the use contemplated under this Lease, the LESSEE agrees to pay the additional premiums caused by these increased rates during the term of this Lease and any extensions of it. LESSEE'S failure to pay these additional premiums shall constitute a failure to pay the rent on the Premises.

c. Fire and Casualty Insurance. LESSEE shall maintain fire and casualty insurance in a company or companies approved by LESSOR in an adequate amount to protect the LESSOR and LESSEE, as their interests may appear, and LESSEE, upon request by LESSOR, shall furnish to LESSOR originals or certificates of these policies. The policies shall be noncancelable except upon ten (10) days' notice to LESSOR.

20. Assignment

LESSEE may not assign its rights under this Lease without the express written consent of LESSOR. LESSOR may assign its rights under this Lease.

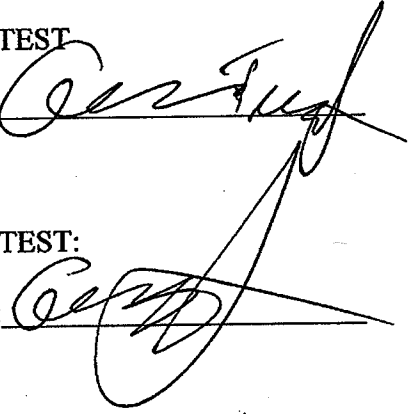
21. General

Where in this instrument masculine pronouns are used, or words indicating the singular number appear, these words shall be considered as if feminine or neuter pronouns or words indicating the plural number had been used, where the context indicates the propriety of such use.

Where in this instrument rights are given to either LESSOR or LESSEE, those rights shall extend to the agents, employees, or representatives of those persons.

IN WITNESS WHEREOF, the parties by their duly authorized officers have executed this instrument this day and year first above written.

ATTEST

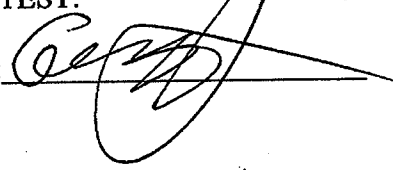
By: 

(LESSOR)

KENTUCKY AMERICAN WATER COMPANY

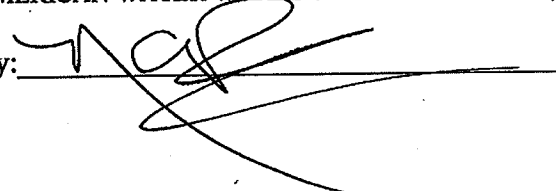
By: 

ATTEST:

By: 

(LESSEE)

AMERICAN WATER WORKS SERVICE COMPANY, INC.

By: 

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

Witness: Kevin N. Rogers / Donald J. Petry

35. a. List and describe each service that each affiliated company renders to Kentucky-American.
- b. For each service listed above, describe the benefit(s), if any, that Kentucky-American derives from the provision of this service from the affiliate.

Response:

- a. Please refer to Exhibit 35 of the KAW's Application for a list of and detailed description of services rendered to KAW by American Water Works Service Company ("AWWSC"). A copy of the AWWSC agreement with KAW is attached to the response to Item 33 of this same Data Request.
- b. AWWSC provides a wide spectrum of cost-effective, value-added services that enable KAW to fulfill its public utility responsibilities in a more cost effective manner. These services include customer service, water quality testing, innovation and environmental stewardship, human resources, communications, information technology, finance, accounting, tax, legal, engineering, supply chain, and risk management services. AWWSC operates customer service centers in Alton, Illinois and Pensacola, Florida that handle customer calls, billing, and collection activities for KAW and its public utility affiliates. The customer service centers handle customer inquiries and correspondence and process service order requests. In addition, AWWSC operates two Field Resource Coordination Centers responsible for tracking and dispatching service orders for our field representatives and distribution crews. AWWSC employees have expertise in water quality, testing, compliance and treatment. AWWSC facilitates compliance with environmental laws and regulations, and effective use of natural resources. AWWSC's Information Technology Services provides effective information technology support and solutions that are innovative, flexible, scalable, and secure to meet KAW's business needs through standardized technology and processes. AWWSC also provides a variety of financial and accounting services for KAW, including payroll, human resources data management, utility plant accounting, cash management, general accounting and reporting, accounts payable, tax, and risk management services.

As described in previous cases, KAW receives these services at or below market cost. AWWSC provides KAW with full-time equivalent ("FTE") personnel and expertise

on a shared basis in many areas critical to the provision of water service that would not be possible to replicate in the local marketplace. Because KAW has these services available on a shared basis through AWWSC, it receives the services and expertise in many cases on a partial FTE basis.

American Water Capital Corp. ("AWCC") provides KAW with short-term loans, long-term borrowings, and cash management services. KAW and its customers have benefited from interest savings resulting from pooling the capital requirements of the American Water system subsidiaries through AWCC, through long-term debt issues from AWCC that have been less costly than those available on the private placement market, and through daily cash management capabilities. In addition, the pooling and bidding of the credit lines has lowered the cost for short-term debt, and AWCC's access to commercial paper market has generated additional savings. A copy of the agreement with AWCC is attached to the response to Item 34 of this same Data Request.

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

Witness: Kevin N. Rogers / Donald J. Petry

- 36.** Provide a comprehensive list and detailed description of the services that Kentucky-American has provided to affiliated companies.

Response:

The Company provides workspace for a number of employees on the payroll of American Water Works Service Company ("AWWSC"). Refer to the response to Item 34 of this same Data Request for a copy of the lease. Office space and overheads related to the space utilized by these employees was billed to AWWSC at cost. For the year 2015, KAWC billed AWWSC \$61,218 for utilization of the KAW office space.

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

Witness: Kevin N. Rogers / Brent E. O'Neill

37. Provide a list, with descriptions, of all activities, initiatives, or programs undertaken or continued by Kentucky-American since its last general rate case for the purpose of minimizing costs or improving the efficiency of its operations or maintenance activities.

Response:

Kentucky American Water culture encourages its front line employees, supervisors and management to look for opportunities to continuously improve efficiencies in its operations as a normal course of business. As such it would be difficult to provide an all-inclusive list, as some actions and changes would simply be implemented without widespread visibility. We have continued our pursuit of operational excellence with 34 employees completing lean training and attaining their yellow belts. Listed below are many activities that occurred within that improvement framework since the last rate case:

In the area of water treatment chemistry and system water quality:

1. Lean leader concepts also resulted in a reevaluation of water quality process testing, resulting in a reduction in expenses around our central lab process testing and local sampling for bacteria.
2. Reviewed our process to reduce time in calculating Contact Time and improving accuracy.
3. Adjusted our process to reduce and optimize chemical feed associated with the waste disposal process at KRS I.

A number of initiatives focused on energy related themes:

4. Replaced some HVAC units with roof top units.
5. Began installing VFDs as recommended by our Comprehensive Planning Study as well as the Kentucky Pollution Prevention Center.
6. Added KRS II as a participant in time of day and load shedding programs with electric providers.
7. Changed out older lights on the front of our Richmond Road office with more efficient LED lights.

8. Completed additional window replacements in the Richmond Road office building with more energy efficient windows.
9. Installed motion sensors for lights in the Richmond Road campus.

Other process improvements across operations include:

10. Reduced our mowing and landscaping expense by managing our grounds differently.
11. Reviewed and optimized our preventative maintenance process for maintaining diesel generators.
12. Reviewed our Hydraulic Modeling process and reduced costs by reducing use of external engineering firms.
13. Continued to assess fleet requirements and made additional reductions in our fleet. Overall we have reduced our fleet another 11% from 2012.
14. Reviewed janitorial services and reduced our costs.
15. Renegotiated lower rental charges on 30-yard open trash container
16. Reduced the number of printers and printing costs by eliminating desk top printers.
17. Reviewed the cost of our construction process and added an internal construction crew for small diameter main replacement projects.
18. Reviewed gas cylinder rental agreements.
19. Reviewed cost analysis of imaging tap service orders with internal labor vs using an outside vendor.

Again, the list is not all inclusive but provides a representative sampling of the types of activities that occur as a normal course of managing the business. Also see the efficiencies discussed generally in the Direct Testimony of Nick Rowe, Kevin Rogers, and Brent O'Neill.

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

Witness: Kevin N. Rogers / Brent E. O'Neill

- 38.** State whether Kentucky-American has developed a written plan or procedure for managing its electricity usage. Provide a copy of this plan or procedure. If no plan or procedure exists, explain why Kentucky-American lacks a written plan.

Response:

No, KAW has not developed a written plan or procedure for managing its electricity usage. However, KAW has been managing electricity usage as one of the most important focus areas as a normal course of business. Plant and management personnel review unit production cost results and an energy usage index metric routinely. It is core to production management, given the relative impact of electricity costs as a component of overall production expenses. However, the decisions on managing electricity usage are extremely complex based on overall system demands, time of day, time of year, water quality of both the source and raw water, and ongoing maintenance within the system. For example, low system pressure in one area of the distribution system may result in a decision to turn on a booster pump one day, while it may need additional plant delivery for the same issue on another day. The amount of electricity usage is a part of that decision, and it's imperative that the production staff from supervisors to operators understand the impact to electric use, chemical use, system demands and water quality with each of these decisions. Consequently, there is not a plan or procedure separate and distinct for electric usage from the costs being incorporated in normal day to day management. Plant supervisors are tasked with understanding their respective plants and supervising the operations of the plants in the most efficient and economic means practical while meeting system demand and water quality parameters. Each supervisor has an annual goal associated with KAW's unit production cost. Practices around managing electricity are also embedded as a normal course of business. For example, optimizing the usage of Jacobson Reservoir as a water supply source (with its lower intake pumping energy usage) and filling tanks at night (when energy demand pricing is lower) contribute to optimizing electric use and electric costs. However, Jacobson Reservoir usage has to be balanced with chemical costs due to seasonal taste and odor issues with the reservoir as a water supply source and therefore decisions cannot be based on electric usage alone. KAW participates in both time of day and load shedding programs offered by electric suppliers and has reviewed contracts and tariffs across facilities to ensure the most advantageous agreements.

A component of the 2012 Comprehensive Planning Study (CPS) was an evaluation to optimize the delivery of water by saving energy and energy costs. This study provided recommendations to assist with the optimization of production and delivery of water within the system. Following the evaluation by the 2012 CPS, KAW has continued to look at opportunities to expand the ability to optimize the cost of the delivery of water. An integral part of this effort is the start of a collaboration with CitiLogic to develop operational metrics that can be analyzed and integrated within the asset management decisions to further enhance optimization of the delivery of water.

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

Witness: Kevin N. Rogers / Brent E. O'Neill

- 39.** State whether Kentucky-American has had a comprehensive energy audit performed on its facilities and operations. If an audit has been performed, provide a copy of the audit report. If no comprehensive energy audit has been performed, explain why Kentucky-American has not performed such an audit.

Response:

Kentucky American Water has engaged with a number of partners to conduct various audits in the past. Since our 2012 filing we have received results from the study performed by the Kentucky Pollution Prevention Center and our Comprehensive Planning Study. These include recommendations on energy savings projects which we have begun to implement. The study by the KPPC is attached. The section of the 2012 CPS addressing energy is included in the attachment beginning at page 36 of the .pdf file. The full study has previously been filed with the PSC.

Environmental Sustainability Assessment Report:

On Site Opportunities



Prepared for:
Kentucky American Water
Lexington, Kentucky

March 6, 2013
Prepared by:
Kentucky Pollution Prevention Center
J.B. Speed School of Engineering
University of Louisville

DISCLAIMER

This report is provided as a service of **KPPC**, a state-mandated technical assistance program that helps organizations improve their environmental performance. The Center is located at the University of Louisville within the J.B. Speed School of Engineering. KPPC is primarily funded by the hazardous waste assessment fee paid by Kentucky businesses that generate hazardous waste. KPPC's services are **FREE**, **CONFIDENTIAL** and **NON-REGULATORY**.

The enclosed report is offered solely as a guidance document. The University of Louisville and KPPC, their employees, sponsors, and all technical sources referenced in this report do not: (a) make any warranty or representation, expressed or implied, with respect to the accuracy, completeness, or usefulness of the information contained in this report; and (b) assume any liabilities with respect to the use of or for damages resulting from the use of any information, apparatus, method or process disclosed in this report. This report does not reflect official views or policies of the previously mentioned parties. Mention of trade names, commercial products, or services does not constitute endorsement or recommendation of use.

The recommendations made herein do not address compliance with local, state and federal regulations pertaining to the handling or processing of hazardous materials and waste or to the health effects of such substances. Therefore, follow-up evaluations by qualified facility personnel or outside consultants are recommended to ensure compliance with all applicable regulations and to address safety and health concerns. Recommendations are based on general design and size information and are provided for reference only. Qualified facility personnel or consultants should be engaged to conduct detailed engineering design and economic feasibility analyses prior to implementing recommendations contained in this report.

For questions, please call KPPC at (502) 852-0965.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	22
1.0 INTRODUCTION	25
2.0 ENERGY BILL ANALYSIS.....	25
2.1 Energy Analysis of Office.....	25
2.2 Energy Analysis of Pump Station.....	29
3.0 UTILITY RATE TARIFF ANALYSIS	33
3.1 Office	33
3.1.1 Office Electricity	33
3.1.2 Office Natural Gas	34
3.2 Pump Station	34
4.0 DEMAND	35
4.1 Office Demand	35
4.2 Pump Station Demand	36
5.0 SYSTEM-SPECIFIC ENERGY EFFICIENCY ANALYSIS	37
5.1 Major Energy Consuming Equipment: Office	37
5.1.1 Office Electricity	37
5.1.2 Office Natural Gas	38
5.2 Major Energy Consuming Equipment: Pump Station	39
6.0 ENVIRONMENTAL SUSTAINABILITY OPPORTUNITIES	41
6.1 Office ESOs.....	41
6.1.1 ESO No. 1O: Implement an Energy Management Program.....	42
6.1.2 ESO No. 2O: Implement Programmable Thermostat Setback Program	43
6.1.3 ESO No. 3O: Implement a Computer Hibernation Policy	43
6.1.4 ESO No. 4O: Reduce Stairwell Light Usage	44
6.1.5 ESO No. 5O: Unplug Equipment on 2 nd Floor	44
6.1.6 ESO No. 6O: Reduce Operating Temperature of Water Heaters	44
6.1.7 ESO No. 7O: Re-commission Office HVAC equipment	45
6.1.8 ESO No. 8O: Replace Existing Water Heater with Tankless Water Heater	46
6.2 Pump Station ESOs.....	47
6.2.1 ESO No. 1P: Implement an Energy Management Program	47
6.2.2 ESO No. 2P: Turn-Off Exhaust Fans	48
6.2.3 ESO No. 3P: Reduce Operating Temperature of Water Heaters	48
6.2.4 ESO No. 4P: Remove Unnecessary Lighting	48
6.2.5 ESO No. 5P: Replace Existing Water Heater with Tankless Water Heater	49
6.2.6 ESO No. 6P: Investigate the Use of Variable Frequency Drives on Pump Motors	49
6.3 Additional ESO Considerations.....	50
7.0 GREEN HOUSE GAS EMISSIONS	51

Tables

Table 1: Summary of Potential Environmental Sustainability Opportunities.....	22
Table 2: Energy Summary Table.....	29
Table 3: Energy Summary Table.....	32
Table 4: KU PS Historical Rate Charges.....	33
Table 5: PS Historical Rate Charges.....	34
Table 6: Electric Inventory Summary - Office.....	38
Table 7: Equipment Inventory Summary.....	38
Table 8: Electric Inventory Summary – Pump Station.....	40
Table 9: Effective Rates for ESOs.....	41
Table 10: Best Energy Practices.....	41
Table 11: 500 HP VFD Load Reductions.....	50

Figures

Figure 1: Energy Usage Data - Office.....	26
Figure 2: Energy Cost Data - Office.....	26
Figure 3: Monthly Climate and Energy Usage Data - Office.....	27
Figure 4: Monthly Climate and Energy Cost Data - Office.....	28
Figure 5: KAW's Office Energy Cost Profile.....	29
Figure 6: Energy Usage Data - Pump Station.....	30
Figure 7: Energy Cost Data - Pump Station.....	30
Figure 8: Monthly Climate and Energy Usage Data – Pump Station.....	31
Figure 9: KAW's Pump Station Energy Cost Profile.....	32
Figure 10: KAW's Office Monthly Peak Demand.....	35
Figure 11: KAW's Pump Station Monthly Peak Demand.....	36
Figure 12: KAW's Office Annual Energy Usage (MMBtu/yr).....	37
Figure 13: Annual Energy Usage (MMBtu/yr) Breakdown by Equipment – Pump Station ...	39

EXECUTIVE SUMMARY

Kentucky American Water (KAW) contacted KPPC for technical assistance in identifying Environmental Sustainability Opportunities (ESOs) at two of the Lexington, Kentucky facilities. Utility and facility information was obtained for the period from October 2011 through September 2012 and used to identify general and specific ESOs that could reduce energy usage and lower operating expenses at KAW.

Findings from the Environmental Sustainability Assessment are shown in **Table 1**. ESOs were categorized by facility and relative to their payback period; with those having the shortest payback appearing first.

Table 1: Summary of Potential Environmental Sustainability Opportunities

Environmental Sustainability Opportunities	Investment Cost	Annual Savings				Payback
		Demand	Energy	Financial	Environmental Usage Reduction	
Office ESOs						
1O: Implement an Energy Management Program	\$0	-	102.3 MMBtu	\$2,388	67.8 MetricTons CO ₂ e	Immediate
2O: Thermostat Setback Program	\$0	-	388.6 MMBtu	\$8,330	228.2 MetricTons CO ₂ e	Immediate
3O: Computer Hibernation Policy	\$0	-	60.8 MMBtu	\$1,810	55.9 MetricTons CO ₂ e	Immediate
4O: Reduce Stairwell Light Usage	\$0	-	12.1 MMBtu	\$361	11.1 MetricTons CO ₂ e	Immediate
5O: Unplug Equipment on 2 nd Floor	\$0	-	11.4 MMBtu	\$339	10.5 MetricTons CO ₂ e	Immediate
6O: Reduce Operating Temperature of Water Heater	\$0	-	14 MMBtu	\$113	9.9 MetricTons CO ₂ e	Immediate
7O: Re-commission Office HVAC Equipment	\$8,128	-	511.4 MMBtu	\$11,937	339.2 MetricTons CO ₂ e	0.7 years
8O: Replace Water Heater with Tankless Unit	\$1,100	-	50 MMBtu	\$403	35.5 MetricTons CO ₂ e	2.7 years
Office TOTAL	\$9,228	-	1,150.5	\$25,681	758.1	4.3 months

Pump Station ESOs						
1P: Implement an Energy Management Program	\$0	888 kW	-	\$9,101	-	Immediate
2P: Turn Off Exhaust Fans	\$0	-	83 MMBtu	\$1,572	76.3 MetricTons CO _{2e}	Immediate
3P: Reduce Operating Temperature of Water Heater	\$0	-	19.3 MMBtu	\$365	17.7 MetricTons CO _{2e}	Immediate
4P: Remove Unnecessary Lighting	\$108	5.6 kW	13.8 MMBtu	\$292	12.8 MetricTons CO _{2e}	0.37 years
5P: Replace Water Heater with Tankless Unit	\$1,200	-	97 MMBtu	\$943	89.3 MetricTons CO _{2e}	1.3 years
6P: Investigate VFD on Motors	\$95,000	222kW	3,717 MMBtu	\$70,350	3,415 MetricTons CO _{2e}	0.74 years
Pump Station TOTAL	\$96,308	1,151kW	3,930 MMBtu	\$82,623	3,612 MetricTons CO_{2e}	1.16 years
COMBINED TOTAL	\$105,536	1,151 kW	5,080.5 MMBtu	\$108,305	4,370 MetricTons CO_{2e}	1 year

*Includes other environmental savings (i.e. water, solid waste, labor, etc.)

- Environmental Sustainability Opportunity – Energy**

As provided within Table 1, KPPC has identified twelve energy ESOs totaling 5,080.5 MMBtu in annual energy use reduction. Implementation of the identified ESOs would reduce annual energy costs by approximately 30% equating to \$108,305 in savings, and would provide a simple payback within one year. Because savings for each ESO are identified independently, the total savings realized for all ESOs may be less than identified as some opportunities are potentially mutually exclusive. Section 6.0 provides more detailed information about these ESOs.

- Summary of Energy Bill Analysis**

KPPC completed an energy bill analysis for the Main Office (Office) and for the Pump Station. Annual energy usage for KAW's Office operations was equivalent to 3,409 MMBtu/yr, with energy costs totaling \$79,583. Electricity accounted for an annual cost of \$71,451, while the annual natural gas costs totaled \$8,132. KAW paid an average of \$29.78/MMBtu for electric usage (\$0.102/kWh), including \$12.21/kW for electric demand. For natural gas usage, KAW paid an average of \$8.06/MMBtu (\$8.22/ccf).

Annual energy usage for KAW's Pump Station operations was equivalent to 12,879 MMBtu/yr, with energy costs totaling \$243,726. Electricity accounts for this total annual cost. Annual natural gas costs were not included in the scope of this report. KAW currently pays an

average \$18.92/MMBtu for electric usage (\$0.065/kWh), including \$10.25/kW for electric demand. Additional information regarding KAW's energy usage is available in **Section 2.0**.

- **Summary of Utility Rate Structure Analysis**

Electric

KAW purchases electricity through Kentucky Utilities (KU) and has one account 3000-0669-5278 for the Office with the utility (billed under Power Service – Primary) and one account 3000-0192-4921 for the Pump Station (billed under Secondary Service – Time of Day).

KU offers several electric rates available to KAW. However, the current rate tariffs are the most economical at this point in time.

Natural Gas

KAW purchases natural gas through Columbia Gas of Kentucky (CG) and has one central account 10653370-001-000-6 for the office space with the utility billed under General Service, which is available to commercial and industrial customers. Currently, General Service is the best available rate for KAW. More information concerning the alternate rates and services offered by the utility providers can be found in **Section 3.0**.

- **Summary of Demand**

Demand

The peak demand is the highest average load, measured in kilowatts (kW), required for a given billing period. For the 12-month period from October 2011 through September 2012 KAW Office was billed for 2,250 kW of demand (an average of 188 kW/month) at a cost of \$27,476, which constitutes 35% of the total electrical cost. For the same time frame, KAW Pump Station was billed for 9,796 kW of demand (an average of 816 kW/month) at a cost of \$100,394 which constitutes 41% of the total electrical cost. **Section 4.0** provides more detailed information on demand.

- **Summary of System-Specific Energy Efficiency Analysis**

The primary purposes of a system-specific energy efficiency analysis are to identify predominant energy consuming equipment, calculate the associated costs in relation to other operations and identify ESO recommendations for specific equipment systems.

Heating and Cooling (HVAC) constitutes a majority of KAW's Office annual energy usage at 2,159 MMBtu/yr, which represents 63% of KAW's Office total annual energy usages. The next largest equipment energy users are lighting, plug load, water heating and pumps and motors, using 19%, 10%, 5% and 2% of KAW Office's total annual energy usage, respectively.

Pumps and motors constitute a majority of the Pump Station's annual energy usage at 10,325 MMBtu/yr, which represents 80% of the Pump Station's total annual energy usages. The next largest equipment energy users are HVAC, plug load, lighting and hot water heating, using 6%, 5%, 4% and 2%, respectively.

1.0 INTRODUCTION

Kentucky American Water (KAW) operates multiple operations and facilities in Lexington, Kentucky. The scope of this assessment was narrowed down to the Main Office and Pump Station. The Main Office operations include commercial business office activities and customer service and payment areas for consumers. The Main Office (Office) employs approximately 128 workers and operates from 8am until 5pm, five days a week. The Pump Station operations include managing the flow of water at the facility with large pumps and a control station and quality control activities. The Pump Station operates 24 hours per day, seven days a week.

KAW contacted KPPC for technical assistance with reviewing operations for Environmental Sustainability Opportunities (ESOs). As part of the Environmental Sustainability (ES) Assessment, KPPC reviewed facility utility bills, performed a utility rate structure analysis, and conducted an onsite assessment. The site visit was completed on November 8, 2012. Utility and facility information provided by KAW's personnel was used to identify general ESOs that are applicable to reduce energy usage and reduce costs at the facility.

2.0 ENERGY BILL ANALYSIS

An essential component of any energy management program is a continuing account of energy use and cost. Keeping up-to-date records of monthly energy consumption and associated costs will help create a baseline to which ES retrofits can be benchmarked. When utility bills are received, the energy use and costs should be recorded as soon as possible. A separate record will be required for each type of energy used (natural gas and electricity). A single energy unit should be used to express the heating values of the various fuel sources so that a meaningful comparison of fuel types and fuel combinations can be made. The primary energy unit used in this report is the Btu (British thermal unit) or million Btu (MMBtu).

A separate energy bill analysis was completed for the Main Office and the Pump Station. Each facility has variations in operation, usage and demand resulting in different rate tariffs. The energy bill analysis for each of these facilities is detailed below.

2.1 Energy Analysis of Office

The total monthly energy usage and costs for KAW's Office are shown in **Figure 1** and **Figure 2**, respectively. For the period from October 2011 through September 2012, the annual energy usage for the Office was 3,409 MMBtu/yr, with a corresponding total cost of \$79,583. Electricity accounted for approximately 70% (703,320 kWh/yr) of the total annual energy consumed, and approximately 90% (\$71,451) of the total annual energy cost.

Monthly electricity usage varied from 132 MMBtu (September 2012) to 238 MMBtu (November 2011). The highest energy usage months were November, December, June and July. Since these months are high heating and high cooling months, it's estimated the larger electricity usage is estimated to be related to HVAC operations.

Natural gas accounted for approximately 30% (1,009 MMBtu/yr) of the total annual energy consumed, and approximately 10% (\$8,132) of the total annual energy cost. Monthly natural gas consumption varied from 78 MMBtu (May 2012) to 157 MMBtu in December 2011.

Figure 1: Energy Usage Data - Office

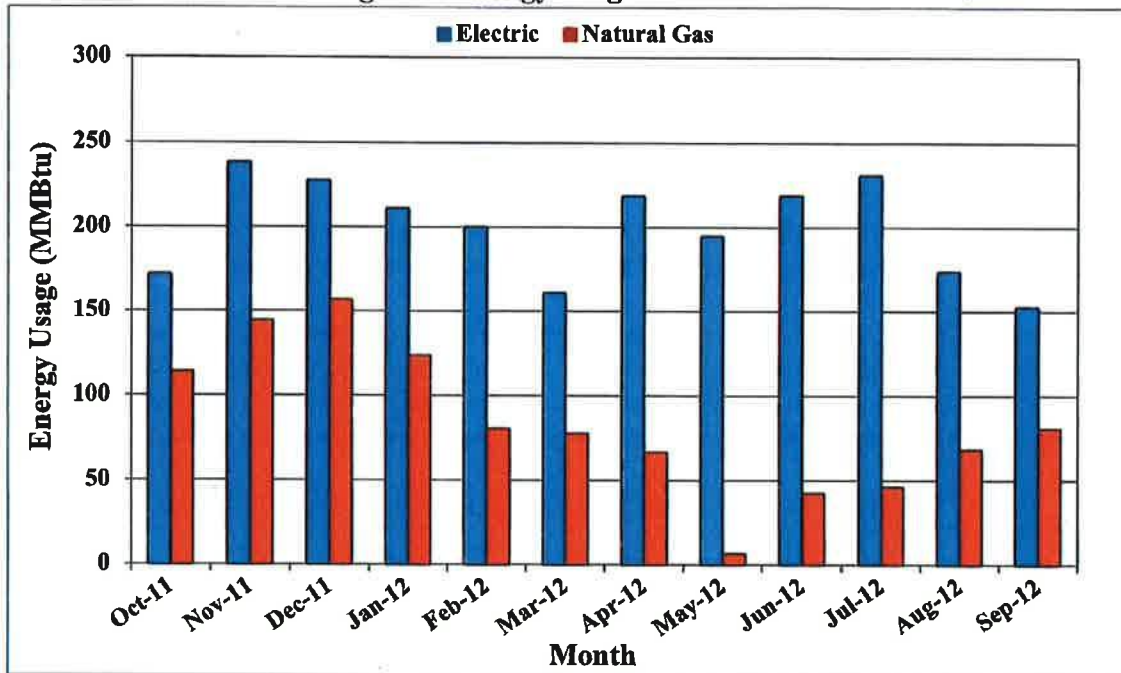
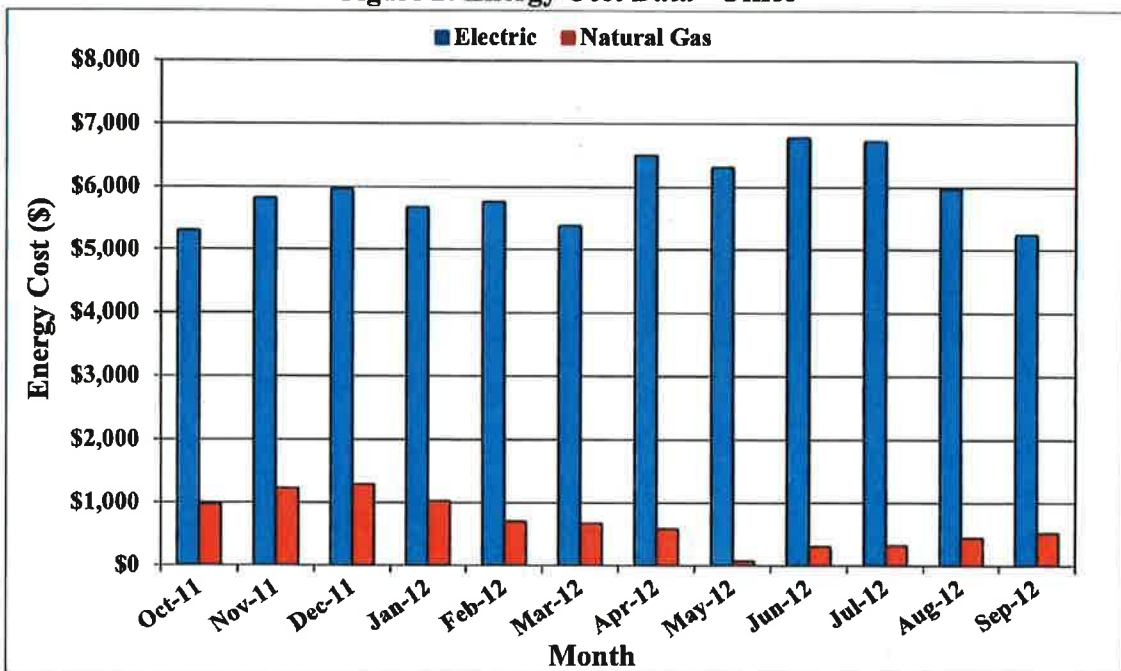


Figure 2: Energy Cost Data - Office



Besides plotting monthly energy consumption and cost, plotting the monthly energy consumption along with monthly climate data may also be useful. Using an appropriate unit of measure for tracking energy consumption is essential. The same period should be used for energy consumption and climate conditions. From these figures, trends and irregularities in energy usage and costs with respect to conditions become apparent.

For KAW's Office operations, monthly climate analysis offers a suitable measure to analyze energy usage and cost. KAW's climate index for energy use and energy costs is provided in **Figure 3** and **Figure 4**, respectively. As shown, climate data is tracked according to cooling degree days (CDD) and heating degree days (HDD). Cooling and heating degree days are defined relative to a base temperature, which is the outside temperature above which a building needs no cooling or heating, respectively. Typically, CDD and HDD are often made available with base temperatures of 65°F, which is appropriate for a good proportion of buildings.

As shown in **Figure 3**, there is a correlation between climate and overall energy usage. While there is less of a correlation between climate and electricity cost (**Figure 4**), there does appear to be a direct relationship between climate and natural gas usage as depicted in **Figure 3**. This is likely due to the fact that the facility utilized natural gas as a primary means of heating.

Figure 3: Monthly Climate and Energy Usage Data - Office

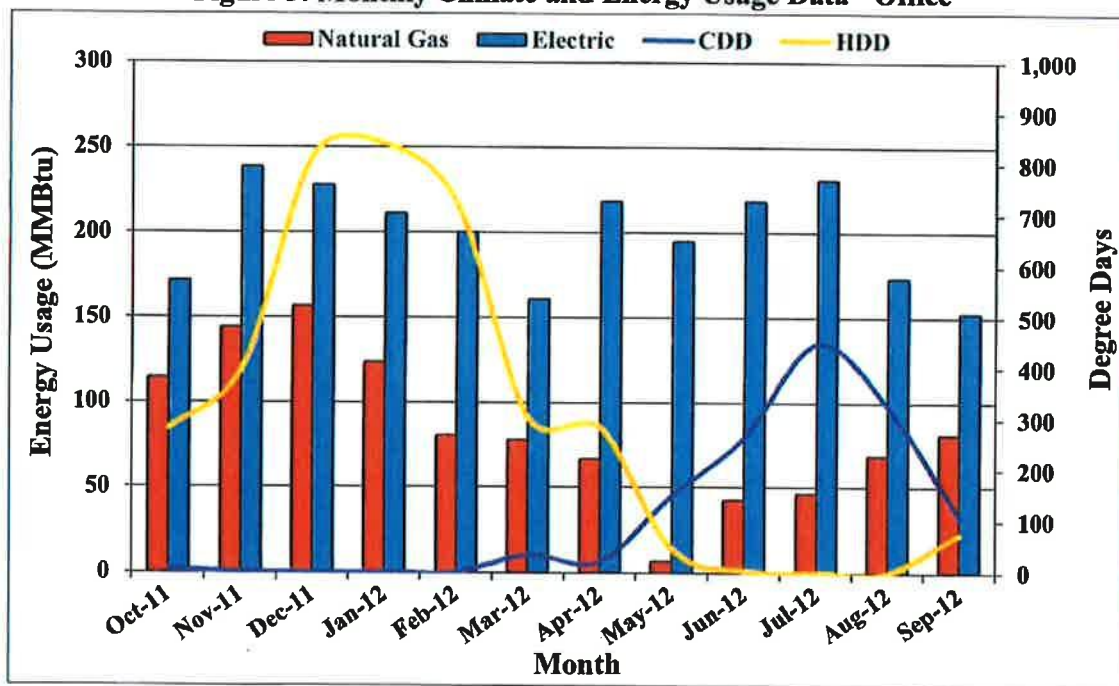
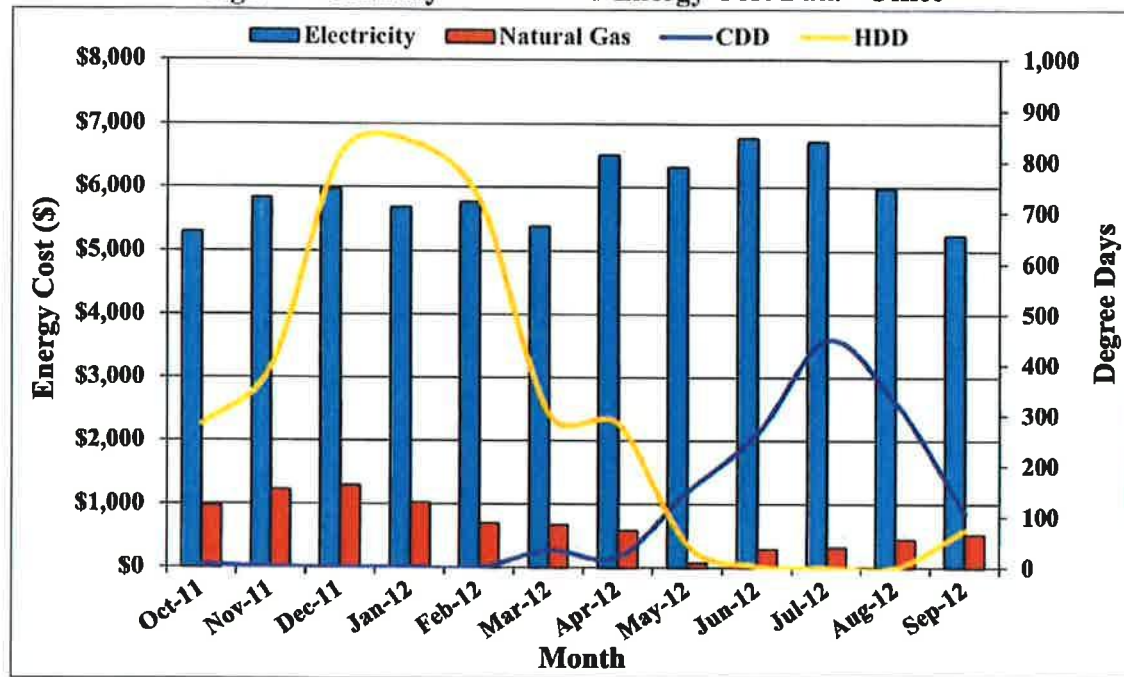
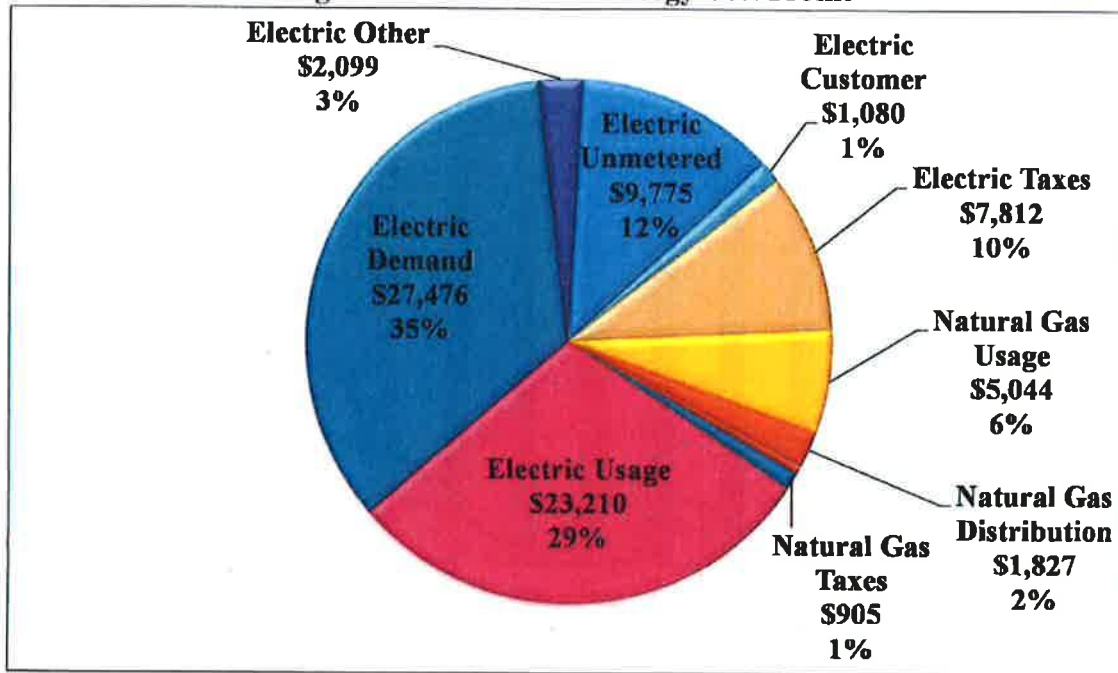


Figure 4: Monthly Climate and Energy Cost Data - Office

A summary graph of KAW's annual energy costs for the Office is provided in **Figure 5**. As shown in the figure, electricity accounted for approximately 90% of the total energy cost. Electric demand was the largest electricity cost with an average unit cost of \$12.21/kW, resulting in a total usage cost of \$27,476 (35%). Electric Usage was the next largest electricity cost with an average unit cost of \$0.033/kWh, resulting in a total electric usage cost of \$23,210 (29%).

Natural gas accounts for approximately 9% of the total energy cost. The unit natural gas usage and distribution cost was \$5.10/ccf and \$1.85/ccf respectively, resulting in a total usage and distribution cost of \$6,871. Natural Gas Usage and Distribution costs accounted for 6% (\$5,044) and 2% (\$1,827), respectively.

Figure 5: KAW's Office Energy Cost Profile

A breakdown of the unit cost and effective costs for electric and natural gas service is provided in **Table 2**. Unit cost expressed in MMBtu allows for direct comparison of energy sources. The effective energy costs include all associated cost with purchasing the energy. As shown, the effective unit electric usage cost is approximately 3.5 times greater than the effective unit natural gas cost.

Table 2: Energy Summary Table

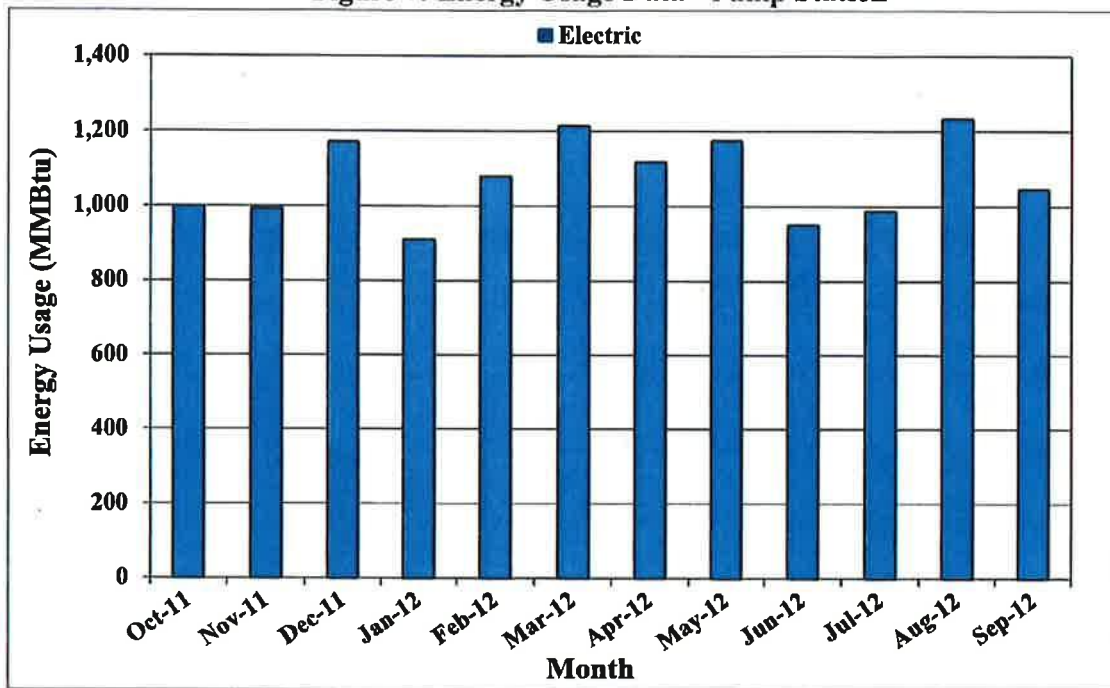
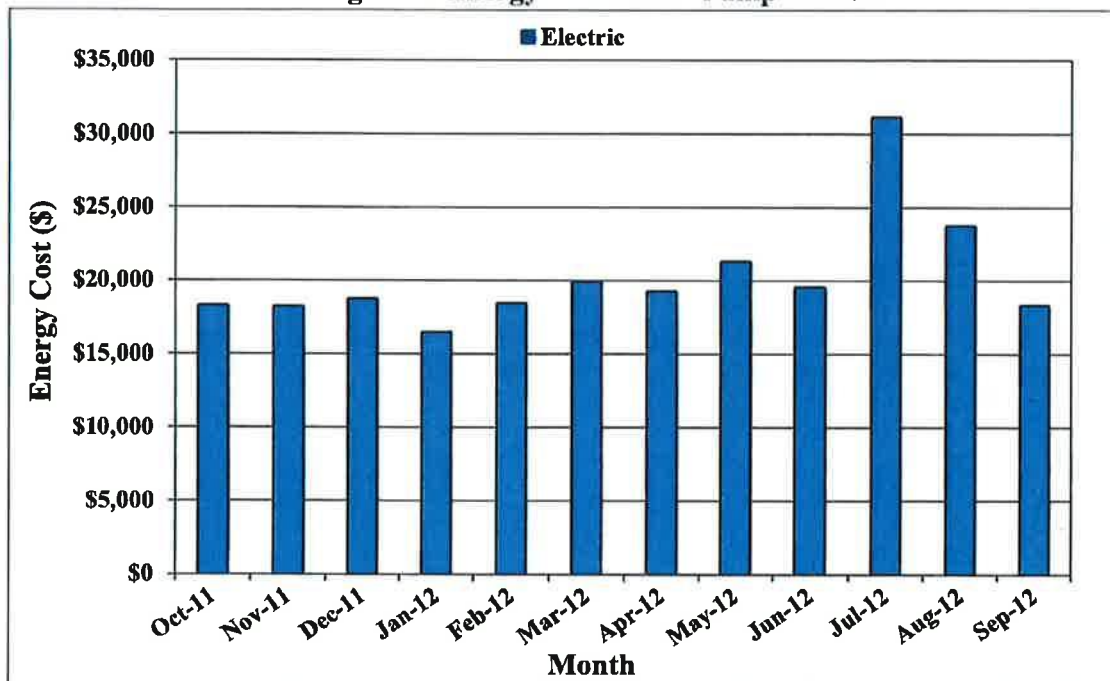
Energy Source	Effective Unit Energy Cost (\$/MMBtu)	Total Annual Energy Cost
Electric Service	\$29.78*	\$71,451
Natural Gas Service	\$8.06**	\$8,132

* Includes demand, taxes, fees, unmetered and other charges

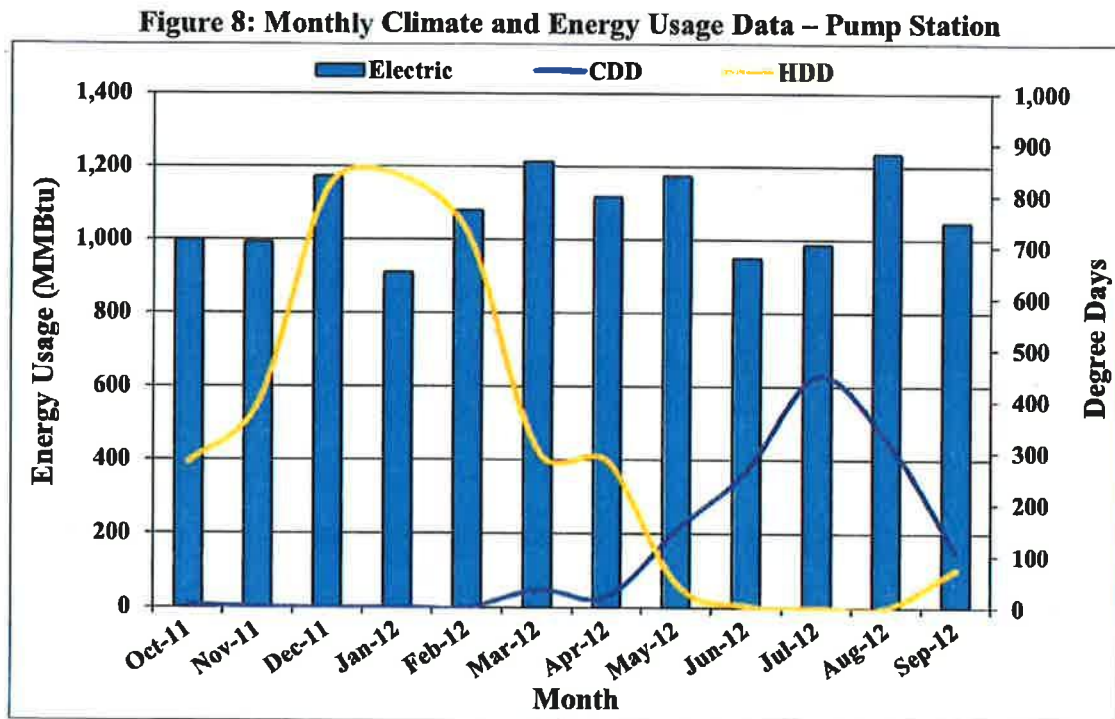
** Includes distribution, taxes and other charges

2.2 Energy Analysis of Pump Station

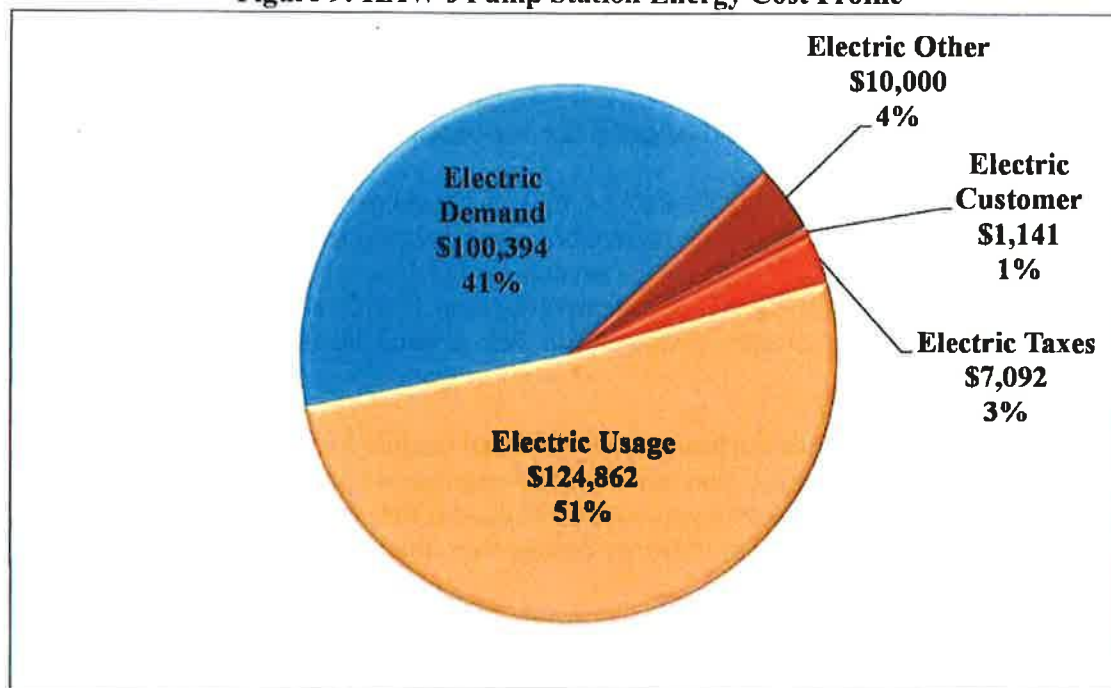
At the request of KAW, KPPC limited the scope of the Pump Station Energy Analysis to electricity only. The total monthly energy usage and costs for KAW's pump station are shown **Figure 6 and Figure 7**. For the period from October 2011 through September 2012, the annual energy usage for KAW Pump Station was 3,774,600 kWh/yr (12,879 MMBtu/yr), with a corresponding total cost of \$243,726. The months with the highest energy consumption include December, March, May and August. The highest energy cost was for the month of August, due to the extra demand fees. Electricity is primarily consumed by the pump motors.

Figure 6: Energy Usage Data - Pump Station**Figure 7: Energy Cost Data - Pump Station**

For KAW's Pump Station operations, monthly climate analysis did not offer a suitable measure to analyze energy usage and cost. KAW's climate index for energy use is provided in **Figure 8**. The energy consumption does not have a direct correlation with degree days. Site personnel indicated that at least one pump is operational almost 24 hours/day, seven days a week, regardless of temperature.



A summary graph of KAW's Pump Station annual energy costs is provided in **Figure 9**. Electric usage was the largest electricity cost with an average unit cost of \$0.033/kWh, resulting in a total usage cost of \$124,862. Electric demand was the next largest electricity cost with an average unit cost of \$10.25/kW, resulting in a total electric demand cost of \$100,394. **Figure 9** depicts that 41% of the Pump Station's energy cost is based upon demand fees.

Figure 9: KAW's Pump Station Energy Cost Profile

A breakdown of the unit cost and effective costs for electric and natural gas service for both facilities is provided in **Table 3**. Unit cost expressed in MMBtu allows for direct comparison of energy sources. The effective energy costs include all associated cost with purchasing the energy. As shown, the effective unit electric usage cost for the Office is approximately 57% greater than the effective unit electric cost for the Pump Station, due to the different tariff rates.

Table 3: Energy Summary Table

Energy Source	Effective Unit Energy Cost (\$/MMBtu)	Total Annual Energy Cost
Electric Service – Pump Station	\$18.924*	\$243,726
Electric Service – Office	\$29.78*	\$71,451
Natural Gas Service - Office	\$8.06**	\$8,132

* Includes demand, taxes, fees, unmetered and other charges

** Includes distribution, taxes and other charges

3.0 UTILITY RATE TARIFF ANALYSIS

KPPC performed a utility rate structure analysis as part of the ES Assessment. A utility rate structure analysis is performed to determine if the designated rate structure for KAW is appropriate for the facility type and to identify any associated opportunities.

KAW purchases electricity through Kentucky Utility (KU) and natural gas through Columbia Gas of Kentucky (CG). KPPC analyzed the tariff rates currently provided by KU and CG. It appears that no standard electric service will provide savings for KAW at this time. KPPC recommends KAW periodically speak with the KU representative, Curtis Warren at (859) 367-1291 and discuss new applicable rate structures which would best fit the company's usage, as it may change over time.

Other rates from CG are available; however, KAW is not eligible for these rates since the facility's natural gas consumption does not meet the usage requirements. KPPC recommends KAW periodically speak with customer service, and discuss new applicable rate structures which would best fit the facility's need, as they may change over time.

3.1 Office

KAW purchases electricity through Kentucky Utility (KU) and natural gas through Columbia Gas of Kentucky (CG). Since the consumption of electricity and natural gas at the Office is relatively low, the tariff options are limited.

3.1.1 Office Electricity

KAW purchases electricity through KU and is billed under Rate Power Service - Secondary. KAW has multiple accounts with the utility, however only one account is associated with the Office facility (account 3000-0669-5278). Under Rate Power Service, KAW pays a customer charge, electrical usage charge, demand charge, fuel adjustment charge, DSM charge and environmental surcharge. Under PS, KAW pays a demand charge of \$13.90 kW in the summer months (May through September) and pay \$11.65 kW in the winter months (October through April).

Historical rate charges for KAW under PS, from October 2011 to September 2012, are provided within **Table 4**. The unit demand charge changed from the winter of 2011 to the winter of 2012 and the DSM charge changed two times. The electrical costs provided within the energy bill analysis are based upon the rates applied during the specified month.

Table 4: KU PS Historical Rate Charges

Type of Charge	Last Month of Old Charge	Old Charge	First Month of New Charge	New Charge
Demand	Jan 2012	\$10.53/kW	Feb 2012	\$11.65/kW
DSM	Nov 2011	\$0.00023/kWh	Dec 2011	\$0.00017/kWh
DSM	Feb 2012	\$0.00017/kWh	March 2012	\$0.00048/kWh

3.1.2 Office Natural Gas

Currently, KAW purchases natural gas through Columbia Gas of Kentucky (CG). KAW has multiple accounts with the utility, however only one account is associated with the Office facility. KAW's account 10653370-001-000-6 receives service under the General Service (GS) which is available to commercial and industrial customers. Under this rate KAW receives a customer charge, natural gas usage charge, distribution charge, Accelerated Main Replacement Program charge and Research & Development charge. For the first 50 Mcf per month, KAW is charged \$1.87/Mcf. For anything over 50 Mcf, KAW is charged \$1.82/Mcf.

3.2 Pump Station

KAW Pump Station purchases electricity through Kentucky Utility (KU). KAW opted to exclude natural gas at the Pump Station from the scope of this assessment due to its relatively small quantities of consumption.

The Pump Station purchased electricity from October 2011 through August 2012 under Power Service (PS) – Secondary Power Factor Adjusted. In September 2012, the Pump Station switched their rate to Power Service Secondary – Time-of-Day. KAW's Pump Station has one account (3000-0192-4921).

Historical rate charges for KAW Pump Station, from October 2011 to August 2012, are provided within **Table 5**. The demand side management (DSM) charge and demand charge changed two times. The electrical costs provided within the energy bill analysis are based upon the rates applied during the specified month. Costs or savings calculated within the ESO analysis are based on the current rates being charged to KAW.

Table 5: PS Historical Rate Charges

Type of Charge	Last Month of Old Charge	Old Charge	First Month of New Charge	New Charge
Demand	Feb 2012	\$10.53/kW	March 2012	\$11.65/kW
DSM	Dec 2011	\$0.00023/kWh	Jan 2012	\$0.00017/kWh
DSM	March 2012	\$0.00017/kWh	April 2012	\$0.00048/kWh

As noted above, KAW switched to Power Service Secondary – Time-of-Day in September 2012. With the new tariff structure, the facility pays a higher energy charge (\$/kW), but is now billed different rates for peak demand, intermediate demand and base demand. Since the Pump Station operations 24 hours/day, the facility should realize reduced demand fees by utilizing the Time-of-Day tariff structure.

4.0 DEMAND

The peak demand is the highest average load, measured in kilowatts (kW), consumed for the demand intervals within a given billing period. Demand is defined mathematically as the average energy used during the measured time interval, as follows:

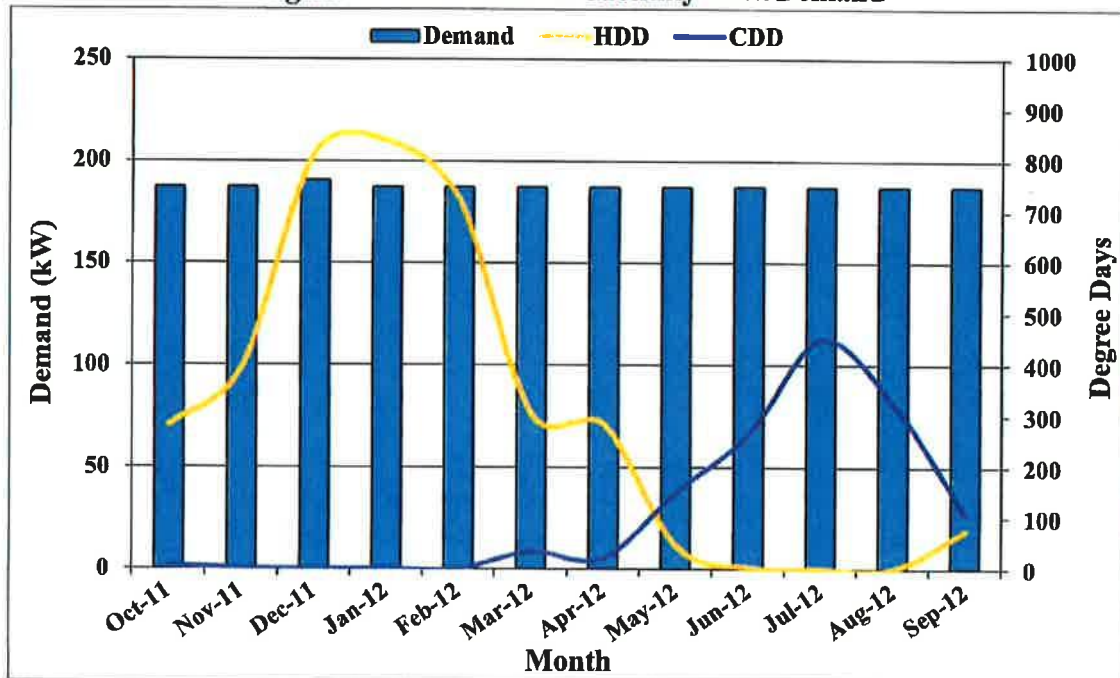
$$\text{Demand, kW} = \frac{\text{kWh used during demand interval}}{\text{Length of demand period, h}} = \frac{\text{kWh}}{\text{(h)}}$$

Demand charges are generally measured with a demand meter that registers the maximum demand or maximum average demand in any 15-, 30-, or 60-minute period in the billing month. KU measures demand at KAW in 15-minute intervals.

4.1 Office Demand

The peak monthly demand for KAW Office from October 2011 through September 2012 is illustrated in **Figure 10**. The highest peak demand was 191 kW, which was established in December 2011. The demand for the remaining eleven months was 187 kW per month. As shown in **Figure 10**, there is no correlation between demand and climate. Based upon the flat demand charges, it appears that the facility is not meeting a contract minimum, resulting in a rate higher than the actual demand amount. KPPC recommends that KAW examine the contract regarding demand for the Office account.

Figure 10: KAW's Office Monthly Peak Demand

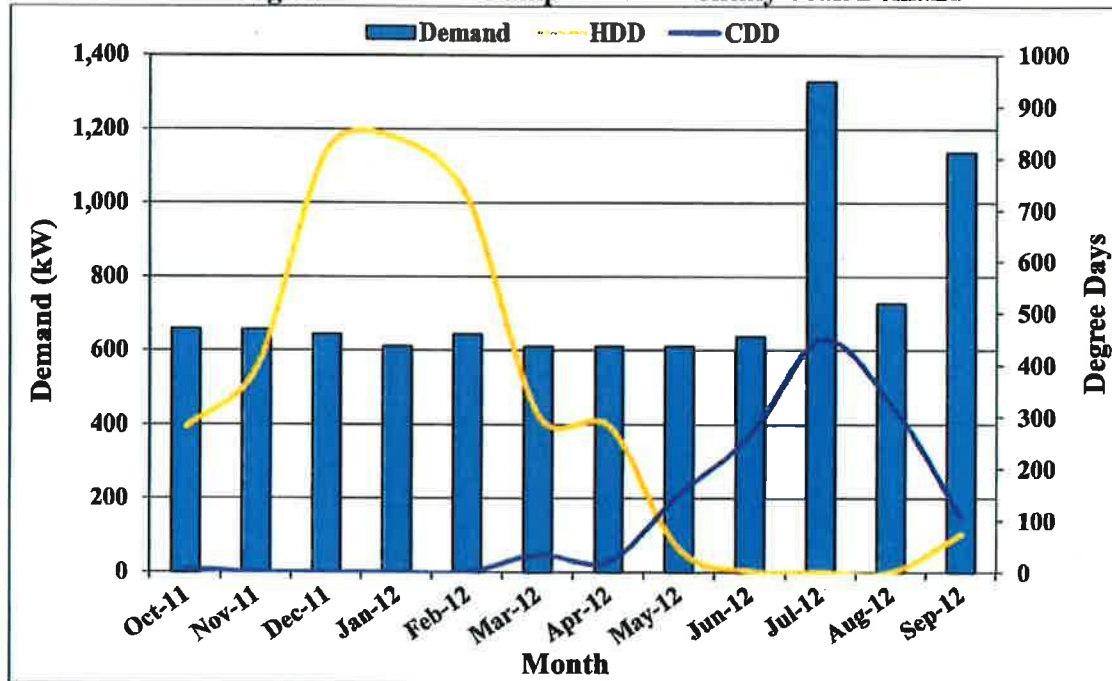


4.2 Pump Station Demand

The peak monthly demand for KAW Pump Station from October 2011 through September 2012 is illustrated in **Figure 11**. The highest peak demand was 1,330 kW, which was established in July 2012. As shown in **Figure 11**, there is no correlation between demand and climate. Based upon conversations with KAW personnel and information obtained about the facility, the demand for this facility is set by the large pump motors utilized onsite.

Site personnel indicated that in July and September of 2012, the facility operated and/or started multiple pumps at one time in order to meet the operation needs. By operating multiple pumps simultaneously (mainly during startup/shutdown), the demand doubled approximately 600 to 650kW to 1,330 kW. KPPC recommends implementing startup/shut down procedures (Section 6.0) to reduce excess demand charges.

Figure 11: KAW's Pump Station Monthly Peak Demand

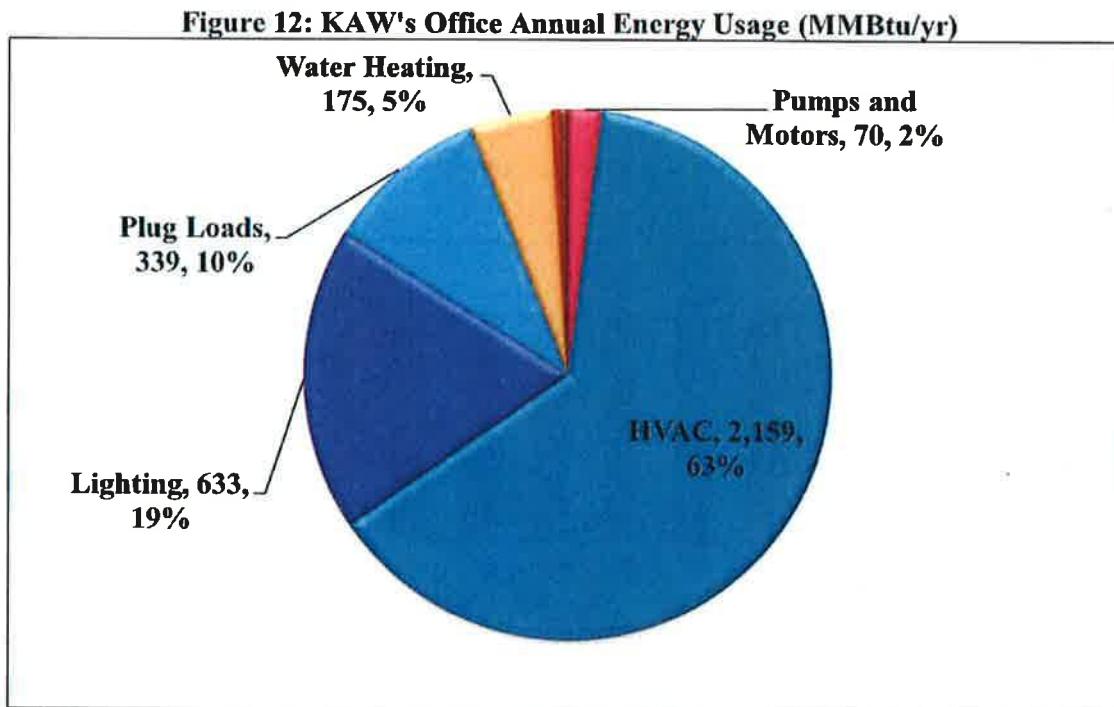


5.0 SYSTEM-SPECIFIC ENERGY EFFICIENCY ANALYSIS

The primary purpose of system-specific environmental sustainability analysis is to identify predominant energy consuming equipment and calculate the associated costs in relation to other operations. Although electricity and natural gas energy was used at both facilities, the scope of this assessment excluded natural gas for the Pump Station due to de minimis usage.

5.1 Major Energy Consuming Equipment: Office

KAW's Office consumed 2,400 MMBTU of electricity and 1,009 MMBTU of natural gas for a total of 3,409 MMBTU October 2011 to September 2012. A pie chart illustrating the percentage of energy use for various functions at KAW's Office is shown in **Figure 12**. Heating and cooling (HVAC) operations for the facility accounted for 63% of the total energy usage for the facility. Lighting accounted for 19%, plug load 10%, water heating 5%, and pumps and motors 2%. Miscellaneous activities were 1% of the total energy consumed.



5.1.1 Office Electricity

Electricity represented 70% of the energy consumed by the Office. Electricity was used for heating and cooling systems (HVAC), facility lighting, plug load, motors and miscellaneous. Equipment items that utilize electricity and their total annual energy usage (kWh/yr) are listed in **Table 6**.

Table 6: Electric Inventory Summary - Office

Unit	Total Annual Energy Usage (kWh/yr)
HVAC	389,651
Lighting	185,446
Plug Load	99,340
Pumps and Motors	20,394
Miscellaneous	8,549
TOTAL	703,380

HVAC heating equipment included furnace electric resistance heaters and a heat pump. Cooling equipment include eight (8) units: 4 package units, 2 split systems, 1 packaged terminal air conditioner (PTAC) and a chiller system. The chiller system accounted for approximately 68% of the electricity used for cooling the Office.

Lighting at the Office was in the process of being replaced during the KPPC site visit. The original fixtures were included in the energy balance. Lighting electric consumption should be reduced now that fixture replacement has been completed.

Plug Load included office and cafeteria equipment, household items, data centers and computers. Computer usage was the largest plug load consumer, accounting for approximately 62% of the plug load energy consumption. Cafeteria/break room equipment accounted for approximately 9%, the second highest consumer of electricity within the plug load category.

The elevator motor accounted for the motor energy usage, which was approximately 2% of the total energy used by the Office. Miscellaneous category included the sidewalk heaters and any miscellaneous items KPPC was unable to tabulate the energy usage from. Sidewalk heaters were estimated to consume approximately 13 MMBTU/annual, approximately 0.4% of the total energy consumption for KAW Office.

5.1.2 Office Natural Gas

Natural gas accounted for 30% of the total energy consumption for the Office. Total annual energy usage (MMBtu/yr) for the natural gas-fired equipment items is provided within Table 7.

Table 7: Equipment Inventory Summary

Equipment Type	Total Annual Energy Usage (MMBtu/yr)
HVAC	829.6
Water Heating	175
Miscellaneous	4.7
TOTAL	1009.3

HVAC operations utilized approximately 82% of the natural gas consumed. HVAC systems using natural gas included four package units and one package boiler unit. The boiler unit used approximately 94% of the natural used by all HVAC system. KAW should prioritize optimizing the boiler package unit and its control system.

A large water heater was observed in the Penthouse. KPPC estimated that if the unit heater operates approximately 10% of the time, then the unit would consume 175 MMBTU of natural gas annually.

5.2 Major Energy Consuming Equipment: Pump Station

KAW's Pump Station consumed 12,879 MMBTU of electricity October, 2011 to September, 2012. A pie chart illustrating the percentage of energy use for various functions at KAW's Pump Station is shown in **Figure 13**. Pumps and motors usage accounted for approximately 80% of the total energy usage for the facility. Other energy consuming equipment included HVAC operations for 6%, plug load for 5%, lighting for 4% and hot water heating for 2%. Miscellaneous items such as electronic controls and other items not itemized were included in the 3% miscellaneous category. Equipment items that utilize electricity and their total annual energy usage (kWh/yr) are listed in **Table 8**.

Figure 13: KAW's Pump Station Annual Energy Usage (MMBtu/yr)

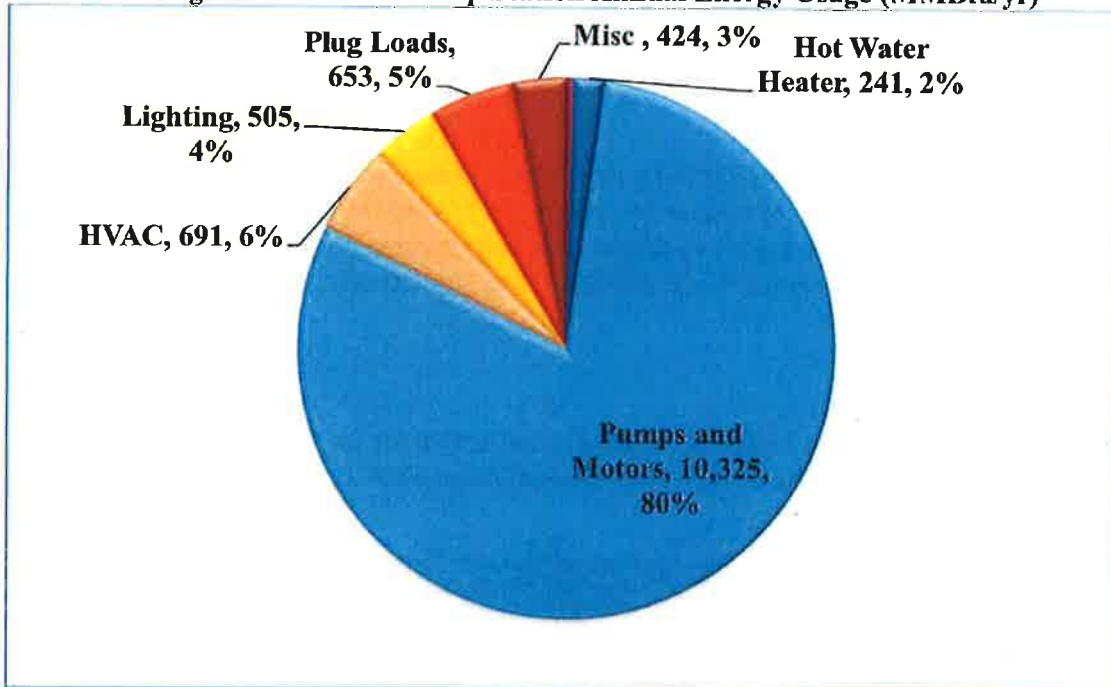


Table 8: Electric Inventory Summary – Pump Station

Unit	Total Annual Energy Usage (kWh/yr)
Pumps and Motors	3,025,964
HVAC	202,060
Plug Load	191,470
Lighting	147,861
Water Heater	70,735
Miscellaneous	136,510
TOTAL	3,774,600

KAW provided usage hours of three large pump motors (200, 250 and 500 HP). The operation of three motors accounted for 80% of the total amount of electricity consumed by the Pump Station. Pump #7 (500 HP) was the largest pump motor and also the most operated motor. The operation of this motor accounted for approximately 76% of the total energy consumed by the Pumps and Motors and 60% of the total amount of electricity consumed by the Pump Station.

Heating and cooling operations (HVAC) included the use of two package units, a split system, a central air conditioner, and a heat pump. HVAC electric consumption was estimated as 47.5% heating, 26.9% cooling and 25.6% HVAC motors.

Lab equipment energy consumption accounted for 85% of the plug load total energy usage. Cafeteria equipment accounted for 8% and computers accounted for 4%. Data center and office equipment accounted for the remaining 3% of Plug Load energy usage.

Lighting at the Pump Station was in the process of being replaced during the KPPC site visit. The original fixtures were included in the energy balance. One hot water heater was estimated to consume 70,735 kWh annually. Miscellaneous equipment (3.6%) included one small compressor (40 MMBTU/annually) and any equipment not inventoried during the site visit.

6.0 ENVIRONMENTAL SUSTAINABILITY OPPORTUNITIES

The following section discusses ESOs related to energy management for KAW's Office and Pump Station. These ESOs may include the current practice, proposed opportunities, and anticipated savings, implementation costs and estimated payback periods. Estimations documented in the ESOs are based upon information provided by the facility or external sources, such as vendors. Engineering assumptions are made when necessary information is not readily available. ESOs for the Office are designated with an "O" and those for the Pump Station are designated with a "P."

ESOs calculated for the Office and for the Pump Station were based upon the following rates, as noted in the utility analysis (Section 2.0) and in Table 9, below.

Table 9: Effective Rates for ESOs

Energy Source	Effective Unit Energy Cost (\$/MMBtu)	Unit Energy Cost (\$/kWh or \$/MMBtu)	Demand Cost (\$/kW)
Electric Service – Office	\$29.78*	\$0.033/kWh	\$12.211
Natural Gas Service - Office	\$8.06**	\$4.998/MMBtu	N/A
Electric Service – Pump Station	\$18.924*	\$0.033/ kWh	\$10.249

* Includes demand, taxes, fees, unmetered and other charges

** Includes distribution, taxes and other charges

Practices or procedures already in place as shown in Table 10 help reduce the facility's energy consumption.

Table 10: Best Energy Practices

Energy Practice	Result
T8 light fixtures are used in the office areas	Increased luminance and reduced electricity and demand consumption
Light Sensors are installed	Reduce lights from operating when the area is vacant
Developed an Energy Team	Communication and team effort strengthens implementation of the program
Completed Energy Team Training	Increased awareness and knowledge of identifying energy savings

6.1 Office ESOs

KPPC quantified eight ESOs for the Office at KAW. Estimated savings include 221,438 kWh of electricity, 395 MMBtu of natural gas and an annual savings of \$25,680.

6.1.1 ESO No. 10: Implement an Energy Management Program

Current Practice: Energy policies and plans are loosely followed

Proposed ESO: Establish and implement an Energy Management Program

Anticipated Annual Electricity Savings: 72 MMBtu (21,101 kWh)

Anticipated Annual Natural Gas Savings: 30.3 MMBtu

Anticipated Annual Cost Savings: \$2,388

Implementation Cost: Minimal

Payback: Immediate

CO₂e Footprint Reduction: 67.8

In order to effectively manage a facility's energy usage, an Energy Management Program (EMP) should be developed that has the support from top leadership and is driven by a cross-functional team. While a leader is necessary to spearhead the effort, identifying and selecting a cross-functional team is critical to an EMP's success. The team should have representatives from all of the major departments within the facility. KPPC recommends that several tasks be addressed to help the team launch EMP initiatives:

- **Develop a Plug Load Management Program:** KPPC suggests KAW conduct an assessment of non-essential items being left on or plugged in during times of non-use or during times of temporary shutdowns (i.e. nights and weekends). Electrical power consumed by electronic appliances while switched off or in standby mode is called phantom load. Take inventory of non-essential equipment left on and address these items with the appropriate department teams. KPPC identified numerous appliances which were reported to remain plugged into an outlet at all times. The water sprinkler system was reported to be plugged in at all times. KAW could unplug the water sprinklers during the winter months. In addition, there are areas of the facility which are no longer in use. KAW would realize additional savings by unplugging and removing items in these locations.
- **Equipment Shutdown and Developing a Load Strategy:** KPPC recommends KAW investigate equipment items being left on during temporary shutdowns (i.e. nights and weekends), during longer shutdowns (holiday breaks), and during times of non-use. Take inventory of non-essential equipment left on and address these items with the appropriate department teams. Once equipment is identified, develop a policy to turn off select equipment. By turning off equipment when not in use, KAW can reduce their energy usage and demand load. For example, KAW could save an estimate 688 kWh by turning off the stairwell heater motors for nights and weekends during no-winter months.

Typically, EMPs that are developed with top leadership support and utilize a cross-functional team provide a conservative financial savings of 3% of the facility's total energy usage cost. By developing a fully functioning EMP, KAW would realize an approximate annual electric savings of 21,101 kWh/yr (72 MMBtu/yr) and an approximate total annual financial savings of \$2,388. While this effort would require internal resources and employees' time, the cost to implement such an effort would be small in comparison to the potential savings. Payback for this effort is essentially immediate.

6.1.2 ESO No. 20: Implement Programmable Thermostat Setback Program

Current Practice: Programmable thermostats are not fully utilized

Proposed ESO: Implement night and weekend setback control for Office HVAC units

Anticipated Annual Electrical Energy Savings: 70,137.2 kWh (239.3 MMBtu)

Anticipated Annual Natural Gas Energy Savings: 149.3 MMBtu

Anticipated Annual Cost Savings: \$8,330

Implementation Cost: None

Payback: Immediate

Greenhouse Gas Reduction: 228.2 metric tons CO_{2e}

KAW currently has programmable thermostats controlling the main HVAC system and several packaged HVAC units. Programmable thermostats offer a low cost option to providing scheduled heating/cooling operations with minimal maintenance and increased energy savings. According to the United States Department of Energy (DOE), turning thermostats back 10°F - 15°F for eight hours can save as much as 1% per degree on annual energy costs. Thus, by setting back the temperature 10 °F, the energy usage is reduced by $(10^{\circ}\text{F} \times 1\% / ^{\circ}\text{F}) = 10\%$ per eight-hour period.

Programmable thermostats could be used in both the winter and the summer periods to set back temperatures in areas when not in use and during longer shut down periods. In the summer, the thermostats could be used to reduce the air conditioning system demand during unoccupied periods of the summer season. Morning temperatures during the summer are generally cool enough that no cooling should be needed prior to occupied hours to keep the space temperature at the desired level. It may be advisable to gradually change the thermostat settings to allow any remaining building occupants to adjust to the new building set points.

The estimated annual energy savings to be realized by implementing thermostat setbacks of approximately 10°F in the Office during unoccupied periods (15 hours/day) is approximately 70,137 kWh/yr in electric savings and 149.3 MMBtu in natural gas savings. The total estimated annual cost savings associated with a thermostat setback program is \$8,330.

6.1.3 ESO No. 30: Implement a Computer Hibernation Policy

Current Practice: Computers are left on when not in use

Proposed ESO: Utilize hibernation mode feature on computers and monitors

Anticipated Annual Electrical Energy Savings: 17,816.8 kWh (60.8 MMBtu)

Anticipated Annual Cost Savings: \$1,810

Implementation Cost: Minimal

Payback: Immediate

Greenhouse Gas Reduction: 55.9 metric tons CO_{2e}

Computers consume about 175 watts of energy in normal mode. It is possible to setup computers to "Hibernate Mode" overnight or when not in use. Hibernate Mode is one of the power saving states of the computer that powers down the monitor to about four watts and the Central Processing Unit (CPU) to 2.3 watts.

Computers consume zero power only if they are unplugged. Otherwise, the CPU utilizes "phantom power," of about 2.3 Watts, to maintain local-area network connectivity, among other things. In "Hibernate Mode" the CPU uses the same 2.3 Watts. To enable "hibernate," simply go to your Control Panel, click on "power options," and set the computer to "hibernate" after a specified time.

By setting all of the computers and monitors to hibernate mode during nonworking hours, KAW will save approximately 17,816.8 kWh (60.8 MMBtu) and \$1,810 annually. Payback would be immediate.

6.1.4 ESO No. 40: Reduce Stairwell Light Usage

Current Practice: Stairwell lighting remain on 100% of the time

Proposed ESO: Reduce the amount of lights on by 50% due to daylighting

Anticipated Annual Electrical Energy Savings: 3,548 kWh (12.1 MMBtu)

Anticipated Annual Cost Savings: \$361

Implementation Cost: Minimal

Payback: Immediate

Greenhouse Gas Reduction: 11.1 metric tons CO_{2e}

The stairwells are well lite with day lighting from the large windows located in the stairwells. KPPC recommends turning off stairwell lights during brightly light days. If 50% of the lights could remain off, on average, for the year, KAW could save approximately 3,548 kWh/yr in energy consumption and \$361 in energy costs.

6.1.5 ESO No. 50: Unplug Equipment on 2nd Floor

Current Practice: Only one office on the second floor is used but the entire space contains office equipment

Proposed ESO: Unplug all of the unused office equipment

Anticipated Annual Electrical Energy Savings: 3,336.6kWh (11.4 MMBtu)

Anticipated Annual Cost Savings: \$339

Implementation Cost: Minimal

Payback: Immediate

Greenhouse Gas Reduction: 10.5 metric tons CO_{2e}

Currently, only one office is utilized on the second floor. The remaining offices include computers, lighting, and miscellaneous office equipment plugged into the outlets. During the site visit, some of the equipment (computer monitors) were even left on. By unplugging all of the equipment in offices no longer utilized, KAW could save 3,336.6 kWh and \$339.

6.1.6 ESO No. 60: Reduce Operating Temperature of Water Heaters

Current Practice: Water heater set point is likely higher than necessary

Proposed ESO: Reduce water heater operational set point

Anticipated Annual Natural Gas Energy Savings: 14 MMBtu

Anticipated Annual Cost Savings: \$113

Implementation Cost: None

Payback: Immediate

Greenhouse Gas Reduction: 9.9 metric tons CO₂e

KAW utilizes one water heater that is located in the Penthouse. KPPC assumed that this water heater is set at an operational temperature higher than what is recommended by the Department of Energy (DOE). For optimal energy performance, it is suggested that hot water temperatures be between 110°F and 120°F. According to the DOE, a temperature reduction of 10°F will result in energy savings of approximately 3-5%. KPPC estimates that KAW could save 14 MMBtu in energy and \$113/yr in cost by reducing the hot water temperature set points.

6.1.7 ESO No. 70: Re-commission Office HVAC Equipment

Current Practice: Excessive or inadequate HVAC performance throughout main office

Proposed ESO: Re-commission office HVAC equipment

Anticipated Annual Electrical Energy Savings: 105,498 (360 MMBtu)

Anticipated Annual Natural Gas Energy Savings: 151.4 MMBtu

Anticipated Annual Cost Savings: \$11,937

Implementation Cost: \$8,128

Payback: 0.7 Years

Greenhouse Gas Reduction: 339.2 metric tons CO₂e

Numerous office renovations have occurred since the main office building was originally constructed. As a result of these additions, HVAC loading and distribution are no longer at optimal levels, causing some areas to experience excessive or inadequate comfort control.

KPPC recommends that the building undergo a Re-Commission or Retro-Commission. Commissioning is typically performed at the completion of a project and is defined as the process of ensuring that systems are designed, installed, functionally tested, and capable of being operated and maintained to perform in conformity with the design intent. Retro-Commissioning is defined as the process of periodically repeating commissioning activities as needed when buildings are modified, additions are made and/or significant time has passed. Retro-Commissioning helps existing building attain a higher level of effectiveness and efficiency by ensuring all systems operate as intended.

Benefits of Commissioning and Retro-Commissioning include:

- Equipment and systems operate as close to original design as possible
- Maintenance has better understanding of how to operate the building effectively
- Greater occupant comfort
- More satisfied and productive occupants
- Reduced energy consumption and lower operational costs

While a Retro-Commissioning project will require both funds and labor, the financial payback is typically under two years and results in extending the life of existing equipment, thereby reducing or delaying additional capital investment. Based on a median cost of \$0.27/sq. ft. and a total office area of 30,105 sq. ft., KAW can expect to pay an estimated \$8,100 to Retro-Commission the office building. A typical Retro-Commission will result in a 15% reduction in building energy consumption. With a total annual energy cost of \$79,583 for the office, a 15% savings equates to \$11,937. Therefore, this project would produce a payback in 0.7 years.

6.1.8 ESO No. 80: Replace Existing Water Heater with Tankless Water Heater

Current Practice: Inefficient water heater

Proposed ESO: Replace current water heater with point-of-use tankless water heater

Anticipated Annual Electrical Energy Savings: 50 MMBtu

Anticipated Annual Cost Savings: \$403

Implementation Cost: \$1,100

Payback: 2.7 years

Greenhouse Gas Reduction: 35.5 metric tons CO_{2e}

KAW currently utilizes one electric hot water heater in the pump house area. The existing water heater services the restrooms and break room. The annual electric energy usage consumed by the existing water heater is approximately 70,735 kWh, with an approximate annual usage cost of \$2,340.

The US EPA estimates that demand (tankless) water heaters consume 45% - 60% less energy than standard water heaters. Manufacturers typically claim savings in the 40% - 60% range as well. Due to inefficiencies, KPPC recommends replacing the water heater with one point-of-use, tankless, electric water heater. By replacing the current hot water heater with a tankless water heater, KAW can expect to see an annual energy savings of 28,499 kWh (97 MMBtu) and an annual cost savings of \$942.73. The estimated purchase price of a point-of-use hot water heater is \$1,000. Total implementation cost, including installation, would be approximately \$1,200, resulting in a payback of 1.3 years.

6.2 Pump Station ESOs

KPPC quantified six ESOs for the Pump Station at KAW. Estimated savings include 1,152,131 kWh of electricity and \$82,624 per year savings.

6.2.1 ESO No. 1P: Implement an Energy Management Program

Current Practice: No demand management or shutdown/startup procedures

Proposed ESO: Establish and implement an Energy Management Program

Anticipated Annual Electrical Demand Savings: 888 kW

Anticipated Annual Cost Savings: \$9,101

Implementation Cost: Minimal

Payback: Immediate

In order to effectively manage a facility's energy usage, an Energy Management Program (EMP) should be developed that has the support from top leadership and is driven by a cross-functional team. While a leader is necessary to spearhead the effort, identifying and selecting a cross-functional team is critical to an EMP's success. The team should have representatives from all of the major departments within the facility. KPPC recommends that several tasks be addressed to help the team launch EMP initiatives:

- **Incorporate Demand Reduction Strategies:** An overall demand management system for this facility should be determined and implemented. This would reduce the electrical demand of the facility, thus reducing the overall cost of electrical bills. Demand at the Pump Station is set with the pump motor usage. High demand charges can result from a high rate of energy usage for short periods of time; such is the case if three pump motors are all turned on at the same time. Another possible solution may be to utilize the pumps during off peak demand hours, reducing costs.
- **Equipment Shutdown and Developing a Load Strategy:** KPPC recommends KAW investigate the best procedures for startup and shutdown of motors during initial operations, pump switching operations and emergency operations. These procedures should be documented and communicated to all applicable employees. In 2012, due to multiple motors operating during startup/shut down operations, in one month (July) the excessive demand charge was approximately 600 kW and \$6,180.

Typically, EMPs that are developed with top leadership support and utilize a cross-functional team(s) provide a financial savings of 10% of the facility's total demand cost. By developing a fully functioning EMP, KAW would realize an approximate annual billed demand savings of 888 kW and an approximate total annual financial savings of \$9,101. While this effort would require internal resources and employees' time, the cost to implement such an effort would be small in comparison to the potential savings.

6.2.2 ESO No. 2P: Turn-Off Exhaust Fans

Current Practice: Three vent exhaust fans run 24/7

Proposed ESO: Shut off two exhaust fans and only use on an "as needed" basis

Anticipated Annual Electrical Energy Savings: 24,348 kWh (83 MMBtu)

Anticipated Annual Electrical Demand Savings: 35.8 kW

Anticipated Annual Cost Savings: \$1,572

Implementation Cost: None

Payback: Immediate

Greenhouse Gas Reduction: 76.3 metric tons CO_{2e}

Currently, KAW operates three exhaust fans in the pump house to circulate air. Based on KPPC's site assessment findings, these fans are in continuous operation throughout the year. KPPC recommends shutting down two of the three fans while keeping one fan in operation. If KAW determines that additional air circulation is needed, turning on additional fans on "as needed" basis is also recommended. Immediate energy savings could be realized by turning off two of the pump house's exhaust fans. KPPC estimated that KAW has the potential to save 24,348 kWh/yr. resulting in a cost savings of \$1,572.

6.2.3 ESO No. 3P: Reduce Operating Temperature of Water Heaters

Current Practice: Water heater set point is likely higher than necessary

Proposed ESO: Reduce water heater operational set point

Anticipated Annual Electrical Energy Savings: 5,658 (19.3 MMBtu)

Anticipated Annual Cost Savings: \$365

Implementation Cost: None

Payback: Immediate

Greenhouse Gas Reduction: 17.7 metric tons CO_{2e}

KAW utilizes one water heater that services the break room and bathrooms. KPPC assumed that this water heater is set at an operational temperature higher than what is recommended by the Department of Energy (DOE). For optimal energy performance, it is suggested that hot water temperatures be between 110°F and 120°F. According to the DOE, a temperature reduction of 10°F will result in energy savings of approximately 3-5%. KPPC estimates that KAW could save 5,658 kWh/yr in energy and \$187/yr in cost by reducing the hot water temperature set points.

6.2.4 ESO No. 4P: Remove Unnecessary Lighting

Current Practice: Excess lighting is currently used in multiple areas

Proposed ESO: Remove inefficient lighting fixtures and change exit sign lighting to LED

Anticipated Annual Electrical Energy Savings: 4,074 kWh (13.8 MMBtu)

Anticipated Annual Electrical Demand Savings: 5.6 kW

Anticipated Annual Cost Savings: \$292

Implementation Cost: \$108

Payback: 0.37 Years

Greenhouse Gas Reduction: 12.8 metric tons CO_{2e}

KPPC recommends removing several lighting fixtures located in the pump house. During the site assessment, it was observed that unnecessary lighting could be removed from the bulletin boards, the refrigerator, and the vending machine. In addition, KPPC recommends retrofitting the existing incandescent Exit Sign lights with LED lights. By removing a total of four lighting fixtures and retrofitting four exit signs with LEDs, KAW could save approximately 4,047 kWh/yr. in energy consumption and \$292 in energy costs. The implementation cost for the LED retrofit kits would be \$108, yielding a payback in 4.5 months.

6.2.5 ESO No. 5P: Replace Existing Water Heater with Tankless Water Heater

Current Practice: Inefficient water heater

Proposed ESO: Replace current water heater with point-of-use tankless water heater

Anticipated Annual Electrical Energy Savings: 28,499 kWh (97 MMBtu)

Anticipated Annual Cost Savings: \$942.73

Implementation Cost: \$1200

Payback: 1.3 years

Greenhouse Gas Reduction: 89.3 metric tons CO_{2e}

KAW currently utilizes one electric hot water heater in the pump house area. The existing water heater services the restrooms and break room. The annual electric energy usage consumed by the existing water heater is approximately 70,735 kWh, with an approximate annual usage cost of \$2,340.

The US EPA estimates that demand (tankless) water heaters consume 45% - 60% less energy than standard water heaters. Manufacturers typically claim savings in the 40% - 60% range as well. Due to inefficiencies, KPPC recommends replacing the water heater with one point-of-use, tankless, electric water heater. By replacing the current hot water heater with a tankless water heater, KAW can expect to see an annual energy savings of 28,499 kWh (97 MMBtu) and an annual cost savings of \$942.73. The estimated purchase price of a point-of-use hot water heater is \$1,000. Total implementation cost, including installation, would be approximately \$1,200, resulting in a payback of 1.3 years.

6.2.6 ESO No. 6P: Investigate the Use of Variable Frequency Drives on Pump Motors

Current Practice: Pumps are operated on an on/off basis

Proposed ESO: Install VFDs in order to control flow demands

Anticipated Annual Electrical Energy Savings: 1,089,552 (3,717 MMBtu)

Anticipated Annual Electrical Demand Savings: 222 kW

Anticipated Annual Cost Savings: \$70,350

Implementation Cost: \$95,000

Payback: 0.74 Years

Greenhouse Gas Reduction: 3,415 metric tons CO_{2e}

Based on KPPC's site assessment findings, four pump motors ranging from 250 HP to 500 HP are utilized on an "as needed" basis. These pumps could benefit from the installation of Variable Frequency Drives (VFDs). VFDs allow motors to respond, and fluctuate, to changes in flow

(demand) requirements rather than operating at full load regardless of the actual requirement. Having the ability to adjust a motor's output to meet the actual flow requirements will result in energy and demand savings.

Using fan affinity laws, if the flow requirements, or load factor, of a motor is reduced by 20% of the rated RPM, the horsepower required would be almost 33% of the current horsepower rating. Assuming a 20% reduction in flow for three of the running motors, the energy savings potential is approximately 1,089,552 kWh/yr (3,717 MMBtu/yr) with a demand savings of 222 kW/yr. The annual energy and demand cost savings that would be realized is approximately \$70,350. Implementation costs for three VFDs (200, 250, and 500 HP) is estimated to be \$95,000, providing an average payback of 0.74 years.

Table 11 provides estimates for alternate flow rate reductions for the 500 HP motor.

Table 11: 500 HP VFD Load Reductions

Percentage RPM Reduction	Energy Savings (kWh/yr)	Demand Savings (kW/yr)	Cost Savings (\$/yr)	Payback (yrs)
10%	202,848	8.5	\$13,097	3.8
20%	824,119	117	\$53,213	0.9
30%	1,307,966	201.5	\$84,445	0.6

6.3 Additional ESO Considerations

The purpose of this section is to provide general guidance concerning additional ESOs at this facility that are not addressed elsewhere in this report. These opportunities may have a payback period greater than KAW's acceptable range, not save a significant amount of energy, have insufficient data to complete or be beyond the scope of this report. Calculations of savings and costs for these items are not included in the main body of the report, but results are summarized here for information purposes. Should more detail relating to these items be required, please contact KPPC.

Window Film: Placing window film over glass exposed to sunlight can save up to 1 ton of air condition per 100 square feet of windows. KPPC estimated that KAW could potentially save 41,870kWh and \$2,276 annually in heating and cooling cost with the installation of window film over the exposed windows. The price of window film varies greatly and would impact the payback of this project.

Automatic Doors: During the site visit, both vestibule doors opened at the same time, resulting in heating and cooling losses. By having the doors open individually, KAW would save on heating and cooling costs. In addition, there were cracks around these doors at the entry. KPPC recommends that weather stripping is added to the doors.

7.0 GREENHOUSE GAS EMISSIONS

To evaluate the environmental benefit associated with reduced energy consumption at Kentucky American Water's Greenhouse Gas (GHG) emissions were calculated. A GHG is a gas in the atmosphere that absorbs and emits radiation. The most common GHGs are carbon-dioxide, methane, and nitrous-oxide. The following emission factor is based on the generation of electricity at a coal-fired power plant:

- One metric ton of carbon-dioxide equivalent (MTCO₂e), which includes carbon-dioxide, methane, and nitrous-oxide, is released with the generation of 0.319 MWh of electricity.

The emission factor for natural gas combustion is:

- One metric ton of carbon-dioxide equivalent (MTCO₂e), which including carbon-dioxide, methane, and nitrous-oxide, is released with the combustion of 17.9 MMBtu of natural gas.

Based on the ESOs found in this report, an estimated electricity savings of 1,352,468 kWh/yr, and natural gas savings of 364.7 MMBtu/yr, carbon-dioxide equivalent emissions could be reduced by 4,370 metric tons.

SECTION 7

ENERGY EVALUATION AND OPTIMIZATION

Under separate cover, KAW's system was evaluated with the purpose of optimizing the delivery of water by saving energy and energy costs (*Kentucky American Water Energy Optimization, January 2011*). Highlights from the document are summarized below.

From an energy perspective, the costs were divided into two categories: 1) energy demand (kW), and 2) energy use (kWh). While the two share some overlap, they are largely exclusive of each other and can be treated as two distinct areas of savings. KAW has over 100 accounts, which were lumped into the four categories of "Major Pumps", "RRS Buildings", "Distribution Pumps," and "Remaining Facilities". An assessment of total billings from July 2011 through June 2012 indicates that approximately 86% of the total billings (energy plus demand) is from low and high service pumping (and transfer pumps).

The period from July 2011 through June 2012 was evaluated, inclusive of KRS-2 operations. The analysis indicated that KAW expended a statewide total of 46,866,367 kWh of energy during that time period. Total electric billings, including energy plus demand, rolled up to \$3.7M, of which approximately 85% is due to "major pumps" (raw water pumps, finished water pumps and transfer pumps). Energy costs for the major pumps from July 2011 through June 2012 as shown in **Table 7-1**.

Table 7-1 KAW "Major Pumps" By Facility				
Facility	Energy Use (\$)	Energy Demand (\$)	Remaining Charges (\$)	Total Electric Costs
KRS-1	\$959,604	\$525,062	\$142,151	\$1,676,818
KRS-1 Delivery⁽¹⁾	\$959,604	\$525,062	\$142,151	\$1,672,667
RRS	\$126,700	\$93,478	\$15,455	\$235,633
Jacobson	\$67,876	\$39,118	\$13,150	\$120,144
Transfer	\$60,297	\$33,016	\$50,000 ⁽¹⁾	\$143,313
RRS Delivery	\$254,873	\$165,613	\$78,604	\$499,090
KRS-2	\$364,889	\$101,585	\$137,475	\$603,949
Woodlake	\$106,364	\$74,743	\$12,193	\$193,300
KRS-2 Delivery	\$471,253	\$176,328	\$149,668	\$797,249
Owenton	\$47,940	\$4,691	\$541	\$53,172
Severn	\$63,728	\$10,633	\$12,268	\$86,629
North Delivery	\$111,668	\$15,324	\$12,809	\$139,801

1. A portion of the KRS-1 billings is from pumping to RRS.

Energy Demand Costs- Energy demand is the amount charged to KAW, and is based on the peak amount of power that was utilized, during any 15-minute interval, within the monthly billing period. Energy demand is computed differently among the three plants. KRS-1, Jacobson Pumps and Woodlake Pump Station are serviced by Kentucky Utilities (KU) and are all on Time of Day Service ("TODS"), which divides the day into the three periods of base demand, intermediate demand and peak demand, with peak being almost three times more expensive than base. RRS is also serviced by KU but energy demand is calculated using the single "Power Service" rate which varies between winter and summer. KRS-2 is serviced by Owen Electric and is calculated using a single "Large Industrial Rate", which is also time of day and varies with season.

Demand costs at all facilities were based on the average of instantaneous demands during the highest 15-minute interval of each billing period. The actual demand cost for that billing period was the highest of either 1) a percentage of the demand set by an elevated demand from the previous 11 months, or 2) the actual demand for that month. In most cases, demand costs for

each month were set by the actual demand for that month, and not by the preceding billing periods. There are some instances where a demand “floor” has been set by a previous billing period and the water company is paying for unused demand. The greatest potential for energy demand cost savings could be incurred by shifting peak loads to less costly demand periods. There appears to be enough “stray” 15-minute intervals to consider this, however operations personnel would need to assess how this might impact the delivery of water.

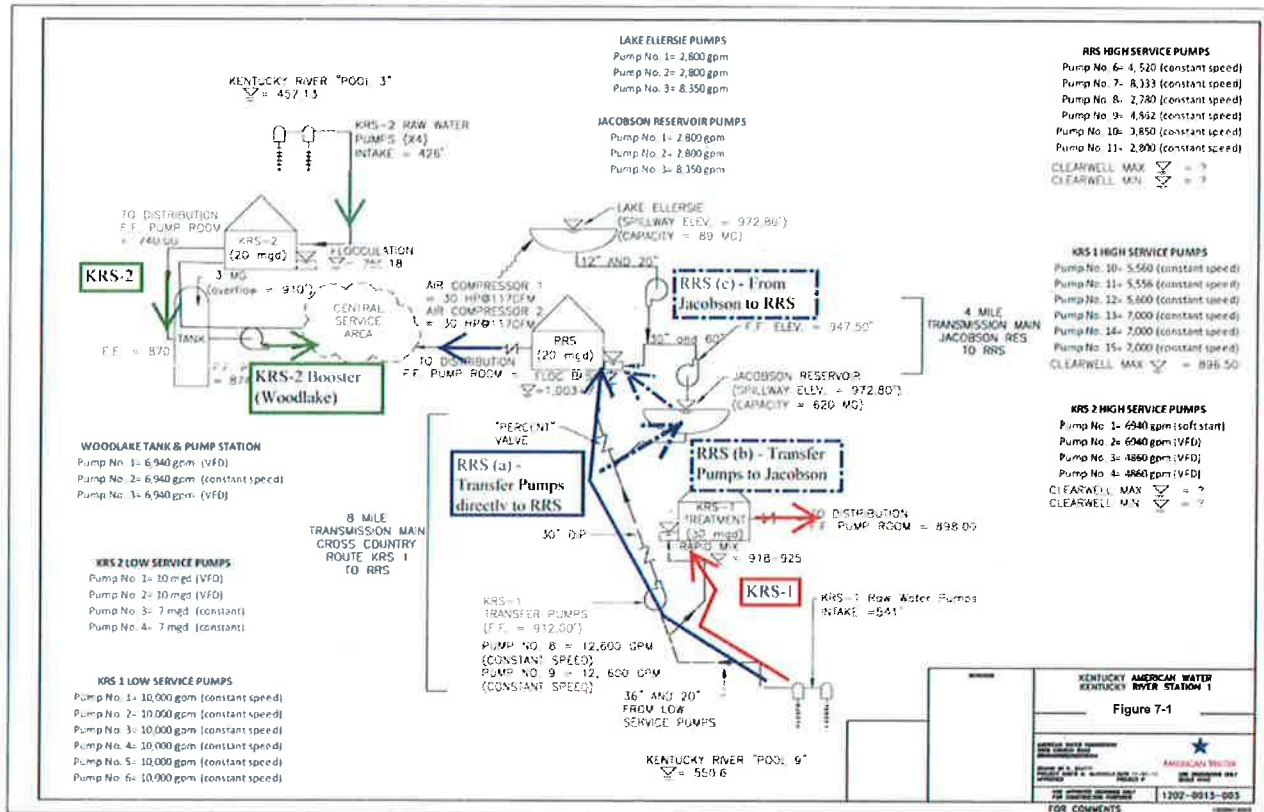
An analysis evaluated several methods for potentially decreasing energy demand at all of the plants, primarily through load shifting. Load shifting has the potential to reduce overall energy costs (i.e., total billed costs, including energy use, demand and “other costs) between 3% to 5% per year. These estimates are very preliminary and largely depend upon close coordination with operations personnel (i.e., load shifting, staggered equipment run time, real time SCADA monitoring). Note also, that there may be an overall energy use savings as well, however load shifting at the same kW to a less costly demand period but still at the same kW, will not reduce energy use.

Energy Use Savings - Energy use is the total energy used for the entire monthly billing period and is primarily determined by the efficiency of system operations (ie; hydraulic efficiency) and the efficiency of the mechanical equipment. Mechanical efficiency is primarily measured by pump efficiency. Wire to water pump testing has identified several pumps with efficiencies in the 50% to 60% range versus typical efficiencies of 75 to 85% for highly efficient pumps of this type. Recommendations have been made to rehabilitate or replace nine pumps (five at KRS-1 and four at RRS) for a potential system-wide efficiency gain of approximately 5%, or, based on actual billings, approximately 3% per year. A cost calculation indicates a potential composite “simple” payback of 7 to 10 years, depending on the frequency of run time for the rehabilitated pumps.

Hydraulic efficiency was evaluated using a hydraulic model of the system. Hydraulic modeling indicated that by stopping throttling of the transfer pump (and adding a VFD), a 1% to 2% per year overall energy savings could be achieved. Utilizing this model, the energy efficiency for the major pumps was calculated for each of the facilities by apportioning the pumping energy use required to deliver water for each treatment plant based on the three existing routes of raw and treated water delivery, as shown below. Route 1 is Pool #9 to KRS-1 to the system. Route 2 is Pool #9 to Transfer Pumps to RRS to the system (with variations to Jacobson), and Route 3 is

Pool #3 to KRS-2 to Woodlake pump station to the system. The three routes of delivery are shown on **Exhibit 7-1**.

**Exhibit 7-1
KAW Hydraulic Flow Split**



Note that there are three possible routes of raw water delivery to RRS. Raw water can either be delivered directly from the Kentucky River via the KRS-1 raw water pumps, or directly from the Jacobson Reservoir via the Jacobson pumps, or a combination of the two (i.e., double pumped). The least expensive route to RRS is directly from Jacobson and the most expensive is double pumping from the Kentucky River to Jacobson and from Jacobson to RRS.

Total gallons pumped from July 2011 through April 2012 was calculated from KAW's pumpage reports and total kWh consumed during the same period was obtained from KAW's electrical bills. A cost per million gallons (kWh/MG) was then calculated for each of the three routes, as listed in **Table 7-2** below. Note that the billings for RRS represent an average of the three routes, and will vary depending on how much water is obtained from the Jacobson Reservoir versus the other flow routes.

Table 7-2			
Actual kWh/MG Consumed (Jul '11 through Apr '12)			
	kWh	MG Treated	kWh/MG
KRS-1⁽¹⁾	19,667,878	5,746	3,300 - 3,500
RRS⁽²⁾	7,247,122	3,436	2,109
KRS-2⁽³⁾	9,233,296	2,036	4,534

1. "KRS-1" billings only (range is due to an estimate of how much energy should be allocated to RRS pumping).
2. "Transfer + Jacobson + RRS" billings.
3. "KRS-2 + Woodlake" billings.

Jacobson Reservoir - The reliability of the Jacobson Reservoir was evaluated from a pure average rainfall and average day withdrawal perspective. A simple withdrawal rate versus refill rate of the reservoir indicates that, in an average rainfall year (assumed to be spread evenly throughout the year) the Jacobson Reservoir would be capable of sustaining approximately 8 mgd over 30 days (approximately 250,000 gallons/month). Note that this is not the same as a Safe Yield analysis, which would take drought and excessive rainfall years into account and result in less than the 8 mgd during dry periods and more than 8 mgd during wet periods. The analysis does, however, provide an estimate supporting the viability of natural recharge.

Chemical Costs - Chemical costs were obtained from the Monthly Operating Reports ("MORs"). The maximum cost from each month was summarized, then each monthly maximum was averaged for the year. Results are shown below in **Table 7-3**.

Table 7-3			
Chemical Costs			
MONTH	KRS-1	KRS-2	RRS
July	\$97.65	\$141.62	\$161.39
Aug	\$84.56	\$161.04	\$112.24
Sep	\$96.07	\$149.21	\$142.82
Oct	\$83.85	\$92.85	\$159.44
Nov	\$108.33	\$105.09	\$144.51
Dec	\$101.37	\$111.32	\$162.25
Jan	\$94.65	\$105.76	\$132.14
Feb	\$73.33	\$71.34	\$142.00
Mar	\$99.63	\$97.93	\$141.99
Apr	\$82.18	\$68.79	\$131.70
May	\$94.59	\$100.09	\$112.96
Jun	\$71.10	\$107.48	\$140.33
Jul	\$85.95	\$139.87	\$97.02
AVG	\$90.25	\$111.72	\$136.98

The cost per million gallons for chemical use ranges from \$90.25 (KRS-1) to \$136.98 (RRS) for the study period.

Carbon Footprint - Scope 1 and Scope 2 greenhouse gas direct emissions were evaluated. The Greenhouse Gas ("GHG") Protocol defines direct and indirect emissions as follows:

- Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity.
- Indirect GHG emissions are emissions that are a consequence of the activities of the reporting entity, but occur at sources owned or controlled by another entity.

The GHG Protocol further categorizes these direct and indirect emissions into three broad scopes:

- Scope 1: All direct GHG emissions.
- Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam.
- Scope 3: Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

The analysis indicates that KAW emitted approximately 32,630 tonnes of CO₂ between July 2011 and June 2012, which equates to about 4.74 lbs/kgal delivered.

Table 7-4 Carbon Emissions	
Emissions Source	Emissions (metric tons CO₂e)
Direct Emissions	
Stationary combustion	73
Mobile sources	23
Process/fugitive	0
Refrigerant	4
Subtotal	99
Indirect Emissions	
Electricity	32,531
Purchased steam	0
Purchased chilled water	0
Subtotal	32,531

Alternative Energy Evaluation - In addition to load shifting and energy efficiency opportunities, alternative energy sources provide another option to address peak loading. Three of the most common currently being utilized are solar, wind and fuel cells. Another potential source of energy are micro-turbines. The cost of energy at KAW is currently \$0.0330/kWh at RRS, \$0.03522/kWh at KRS-1 and \$0.04993/kWh at KRS-2. These prices are very reasonable with any source available on the market today, thus any form of alternative energy would have a difficult time competing with these prices. Energy subsidies and carbon offset credits can not be discounted however, and can often provide enough assistance to render an otherwise unfeasible project to be cost-competitive. Within that context the four technologies were evaluated from a technical perspective, keeping in mind that pure CapEx costs would not be competitive with current electric costs, however grants and credits may offset costs enough to provide a reasonable payback. This would entail research at the State and Federal level.

- Wind - Based on wind measurements conducted at the Bluegrass International Airport, wind speeds do not appear to be sufficient to support the desired capacity at KRS-1. If the option is ever considered in the future, however, a more detailed wind analysis should be conducted over the course of a year. To generate enough substantial load, an average wind speed of approximately 22 to 24 mph at the height of the turbine (> 200') would be required. Wind monitoring at the Blue Grass International Airport in Lexington, KY indicates that over the course of the year typical wind speeds vary from 0 mph to 16 mph (calm to moderate breeze), rarely exceeding 23 mph (fresh breeze).
- Fuel Cells - Fuel cells are a technically feasible option. Assuming the KRS-1 site currently has gas service, installation is simple and involves a water and gas connection along with the electrical connectivity work on site. The space requirement is small and the carbon footprint is greatly reduced. While technically feasible, this technology is still the most expensive.
- Solar Photovoltaics - and fuel cells are technically feasible assuming enough area is available (initially appears to be approximately 10,000 square feet).
- Microturbines - are technically feasible as long as there is sufficient flow and head, and the location is close to a receiving entity (ie; close to the treatment plant). The cost

feasibility would depend upon to what extent these parameters are met and how much energy could be generated. An initial evaluation of the system did not reveal any viable locations.

Summary - An analysis of KAW's energy use was conducted for the 12 month period from July 2011 through June 2012. The analysis indicated several opportunities for cost savings and energy savings through operational adjustments (kW) and mechanical retrofits (kWh). It is recommended that KAW consider incorporating these measures as indicated in **Table 7-5**. Recommendations containing capital costs are included in **Section 1** of this CPS.

Table 7-5		
Energy and Cost Conservation Opportunities		
Measure	Description	Current Status
Projects Recommended or Started		
Energy Efficiency	VFD on Transfer Pump	CPS Project A-8
Energy Demand	Load Shifting	Program Underway ⁽¹⁾
Lighting	See Study	Implemented in 2011
Pump Rehabilitation	Increase Pump Efficiency	CPS Projects A-1 and A-8
Projects for Consideration		
HVAC Controls ⁽²⁾	HVAC efficiency	Recommendation
Jacobson on/off aeration ⁽³⁾	Off during peak demands	
Generator Testing ⁽⁴⁾	Shave peak during monthly exercising	Recommendation
Stagger Equipment Loadings ⁽⁵⁾	Reduce Peak Demands	Recommendation

1. Operational adjustments require input of operations staff. Meetings were held in June 2013 to kick off program.
2. A more detailed evaluation of a single line diagram is required.
3. Perform in parallel with Jacobson Reservoir Study.
4. Exercise generators during peak demand periods.
5. Discuss alternatives with KAW staff to decrease demand charges.

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

Witness: Kevin N. Rogers / Brent E. O'Neill

- 40.** a. Describe in detail each target and goal that Kentucky-American has established to reduce:
- (1) Electricity Usage;
 - (2) Electric Demand; and
 - (3) Power Purchase Costs.
- b. Identify all specific performance measures Kentucky-American will use to evaluate its progress towards meeting the targets established in part a. above. Include a description of the process Kentucky-American used in developing its targets and goals.
- c. State whether Kentucky-American has a written procedure to monitor its progress in meeting the targets and goals listed in part a. above. Provide a copy if a written procedure exists.

Response:

The largest component of KAW's energy consumption and costs are attributable to pumps and motors that move water from the source to the treatment plants, and then from the plants out to the distribution system. At the macro level, the focus is on the energy component of unit production costs, and controlling the drivers of those costs, including peak demand periods, utilization of time of day rates and as possible, energy consumption.

- a. KAW has established the following targets and goals:
- 1. KAW has completed a Comprehensive Planning Study which included a review of energy management projects. An aspirational target of that program is to reduce energy usage by 3% each year.
 - 2. There is currently not a specific demand reduction target in place, although demand levels projected within the budget require management of operations to meet overall electric costs from equipment dispatch, water source and time of day perspectives.
 - 3. Power purchase costs are embedded in the budget, which reflects a management of electricity purchases. KAW is seeking to influence the drivers of costs that it can influence in an effort to mitigate the impact of rising electricity prices. A specific cost reduction is not targeted within

- the budget.
4. KAW also has an aspirational goal of reducing the operations' carbon footprint and lowering greenhouse gas emissions. The target is an improving trend.
- b. KAW has used unit production costs as a primary indicator of the effectiveness of optimizing overall costs, of which the energy cost component is a large component. (Optimizing may mean dispatching from a higher energy consuming plant in order to meet water quality requirements or lessen chemical costs.) Electric usage and demand are the drivers of purchased power costs, which are all reflected in the unit cost metric. Energy usage index, a measure of kilowatt hours consumed per volume of water sold, is another measure used to assess improving energy efficiency of operations.
 - c. KAW's practice is to review unit production cost and energy usage index results monthly. The practice is aided by reports for those metrics. The discussion and assessment of progress in these areas is routinely a matter of discussion in the normal course of managing those areas of the business. The annual performance review process formally documents goals for individuals, and unit production costs are included across the production operations. KAW does not have a written procedure to monitor the targets and goals referenced in 39(a) above.

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

Witness: Kevin N. Rogers / Brent E. O'Neill

- 41.** Describe how Kentucky-American evaluates electricity use and cost criteria when developing its capital improvement plan.

Response:

When determining which projects to pursue, electrical use has been one of the factors during the development and evaluation of the capital improvement plan but it has not historically been an overriding factor due to the historical low cost of electricity in Kentucky. Factors such as customer and employee safety, regulatory compliance and asset replacement have typically seen greater importance due to the historical low cost of energy. Understanding that electric rates will continue to rise, a greater emphasis has been placed upon energy efficiency. This effort coincides with the initiatives on behalf of American Water to increase sustainability efforts as part of operations and capital improvements decisions. The 2012 Comprehensive Planning Study ("CPS") further developed this initiative as it provided an energy evaluation with the purpose of optimizing the delivery of water. The CPS provided recommendations and opportunities for KAW that could improve our sustainability efforts and reduce electrical usage. KAW has undertaken several of projects listed in the recommendations and continues to address the large motor and pump replacement through ongoing capital projects such as the KRS High Service Pumps Replacement project and future projects identified in the Strategic Capital Expenditure Plan.

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

Witness: Kevin N. Rogers / Brent E. O'Neill

- 42.** Describe how Kentucky-American evaluates electricity use when considering the construction of new treatment systems.

Response:

Please see the response to Item 41 of this same data request.

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

Witness: Linda C. Bridwell / Donald J. Petry

43. a. Provide a detailed description of each reorganization that has occurred either at the corporate or service company level that has affected Kentucky-American's operations.
- b. Quantify the effect that each reorganization has had on Kentucky-American's reallocation of costs from the corporate or service company level. Provide all workpapers, show all calculations, and state assumptions use to prepare the response.

Response:

- a. At the time of the completion of the Kentucky-American Water's Rate Case No. 2012-00520, approved by the Kentucky PSC on October 25, 2013, American Water Works still maintained the four divisional structure consisting of the following: 1) the Northeast Division, consisting of regulated operating companies in New York and New Jersey; 2) the Mid-Atlantic Division, consisting of regulated operating companies in Pennsylvania, Maryland, Virginia, and West Virginia; 3) the Central Division, consisting of Iowa, Illinois, Missouri, Michigan, Indiana, Tennessee and Kentucky; and 4) two standalone operating companies, California and Hawaii. In 2016, the Central Division has reorganized its structure to the following states: Indiana, Kentucky, Tennessee and Michigan. The former Central Division operating company of Missouri becomes a standalone and the operating companies of Illinois and Iowa combined become a standalone. The other divisional structures remain the in effect.
- b. Service Company charges to Kentucky-American are either direct charged or allocated. Direct charges for work performed by Service Company for the Company were not affected by the reorganization mentioned above. The majority of allocated Service Company charges based on national customer counts pursuant to the Service Agreement would also not have been affected by the reorganization. The portions of allocated Service Company charges, based on divisional customer count level, were impacted from the new alignment. The Company made up 9.69% of the former Central Division customers and 25.35% of the current Central Division customers.

In 2015, KY was charged \$438,561 from the Service Company based on the Central Division Work Breakdown Structure (WBS) element. Assuming the reorganization of the Central Division happened in 2015, the Company would have paid approximately \$440,526 in Service Company expenses. The increase of \$1,965 to the Central Division allocation is offset with the reduction of Service Company's overall decrease. The table below displays the estimated calculation of the Company's costs assuming the reorganization happened in 2015.

		Service Company O&M costs (regulated)	Remove new standalone State costs			New Central Division costs			
WBS Element	WBS Element Description	2015	MAWC @ 35.17%	ILAWC @ 21.54%	IAWC @ 4.79%	Adjusted 2015	KAW @ 25.35%	Actual KAW 2015	Increase/ (Decrease)
SE-3300-0432	CD-ALL REG CO'S(W & WW)	\$3,765,017	\$1,324,157	\$810,985	\$180,344	\$1,449,532	\$367,456	\$365,817	\$1,639
SE-3300-9433	CD-ALL REG CO'S CAPEX	748,681	263,311	161,266	35,862	288,242	73,069	72,743	326
Total		\$4,513,698	\$1,587,468	\$972,251	\$216,206	\$1,737,774	\$440,526	\$438,561	\$1,965