

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:)
)
THE VERIFIED JOINT APPLICATION OF)
CLASSIC CONSTRUCTION, INC. AND) **CASE NO. 2016-00222**
KENTUCKY- AMERICAN WATER COMPANY)
FOR THE TRANSFER OF THE RIDGEWOOD)
WASTEWATER ASSETS)

VERIFIED JOINT APPLICATION

Kentucky-American Water Company (“KAW”) Classic Construction, Inc. (“Classic”) state the following:

1. KAW is a corporation organized and existing under the laws of the Commonwealth of Kentucky with its principal office and place of business at 2300 Richmond Road, Lexington, Kentucky 40502. KAW can be contacted by e-mail via the e-mail addresses of its counsel set forth below. KAW was incorporated on February 27, 1882 and is currently in good standing in the Commonwealth of Kentucky.

2. KAW is a wholly-owned subsidiary of American Water Works Company, Inc. (“American Water”) and is engaged in the distribution and sale of water in its Central Division, consisting of Bourbon, Clark, Fayette, Harrison, Jessamine, Nicholas, Scott and Woodford Counties and its Northern Division, consisting of Gallatin, Owen and Grant Counties. KAW currently owns, operates and maintains potable water production, treatment, storage, transmission and distribution systems for the purpose of furnishing potable water for residential, commercial, industrial and governmental users in its service territory. KAW is also engaged in the collection and treatment of wastewater in Owen, Bourbon and Clark Counties.

3. Classic is a corporation organized and existing under the laws of the Commonwealth of Kentucky with its business address of 5312 Sleepy Hollow Drive, Frankfort, Kentucky 40601. Classic's e-mail address is rgcg2011@gmail.com. Classic's telephone number is 502-395-0528 and its fax number is 502-484-1265. Classic was incorporated on January 12, 1999 and is currently in good standing in the Commonwealth of Kentucky. Classic is a utility operating under the jurisdiction of the Public Service Commission ("Commission") for the provision of wastewater utility services in Franklin County, Kentucky via Classic's Ridgewood wastewater system ("Ridgewood").

4. Pursuant to KRS 278.020(6)&(10), KAW and Classic jointly petition the Commission for the approval of the Asset Purchase Agreement ("APA") by which KAW will acquire Classic's Ridgewood assets. A copy of the APA is attached as Exhibit 1. KAW further petitions the Commission upon approval of the APA to permit KAW to operate Ridgewood in accordance with KAW's existing wastewater tariff on file with the Commission along with the proposed modifications reflected in Exhibit 2. Ridgewood customers have been notified of the proposed modifications as set forth in the public notice attached as Exhibit 3.

5. KAW and Classic seek to consummate the purchase by KAW of Classic's Ridgewood's assets no later than October 7, 2016. The proposed purchase includes all of Classic's tangible assets and real property interests devoted to the provision of wastewater services except for the limited exclusions set forth in the APA. KAW and Classic request an Order from the Commission approving their transaction no later than September 30, 2016.

6. From and after the contemplated October 7, 2016 closing, KAW will assume responsibility for the operation of Ridgewood. KAW will make any necessary improvements

over time to ensure that the existing and future customers in Ridgewood are provided with the same quality of service as is currently being provided to KAW customers.


7. KAW has the financial, technical, and managerial abilities to skillfully and efficiently operate Ridgewood as required by KRS 278.020(6). Evidence of KAW's financial integrity to ensure the continuity of wastewater service at Ridgewood as required by KRS 278.020(10) may be found in the KAW annual reports on file with this Commission which were filed in March 2016. To the extent the Commission requires specific evidence of KAW's financial integrity not found in those annual reports, KAW would be happy to provide such information upon Commission request in this matter.

8. This Joint Application is made in accordance with the law, for a proper purpose, and is consistent with public interest, all in accordance with KRS 278.020(6)&(10).

9. WHEREFORE, KAW and Classic ask that the Commission enter an order (1) authorizing the transfer of ownership of Classic's wastewater-related assets for Ridgewood under the terms set forth in the APA and (2) authorizing KAW to provide wastewater services to Ridgewood customers in accordance with KAW's existing wastewater tariff on file with the Commission with the proposed modifications shown in Exhibit 2.

VERIFICATION

I, Nick O. Rowe, President of Kentucky-American Water Company, do hereby state that the statements made in this Joint Application are true and accurate to the best of my knowledge.



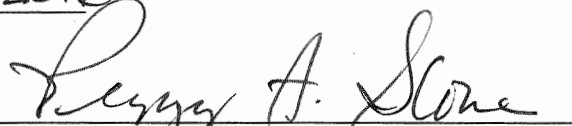
NICK O. ROWE

COMMONWEALTH OF KENTUCKY)

COUNTY OF FAYETTE)

Subscribed, sworn to, and acknowledged before me by Nick O. Rowe, President of Kentucky-American Water Company, for and on behalf of said corporation.

My Commission expires: 10/3/2016



NOTARY PUBLIC, State at Large, Ky.



VERIFICATION

I, Russell Givens, President of Classic Construction, Inc. do hereby state that the statements made in this Joint Application are true and accurate to the best of my knowledge.

Russell Givens
RUSSELL GIVENS

COMMONWEALTH OF KENTUCKY)

COUNTY OF Franklin)

Subscribed, sworn to, and acknowledged before me by Russell Givens, President of Classic Construction, Inc., for and on behalf of said corporation.

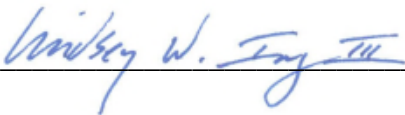
My Commission expires: 7-16-16

Pat Garband
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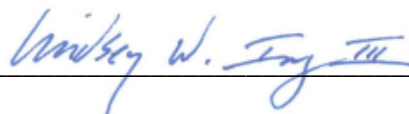
BY:  _____

Attorneys for Kentucky-American Water Company

CERTIFICATE

This certifies that the electronic filing of this document is a true and accurate copy of the documents to be filed in paper medium; that the electronic filing has been transmitted to the Commission on July 7, 2016; that a paper copy of the filing will be delivered to the Commission within two business days of the electronic filing; and that no party has been excused from participation by electronic means.

STOLL KEENON OGDEN PLLC

By 

Attorneys for Kentucky-American Water Company

Exhibit A

ASSET PURCHASE AGREEMENT

May This **Asset Purchase Agreement** ("Agreement") is made and entered into this ^{2nd} day of May, 2016 ("Effective Date") by and between **Kentucky-American Water Company**, a Kentucky public utility corporation ("Buyer"), and **Classic Construction, Inc., a Kentucky Corporation**, ("Seller"). Hereinafter, the Buyer and Seller may be individually referred to as a "party" or jointly as the "parties".

RECITALS:

A. Seller owns and operates a sewer system which provides sewer services to customers located within its service area (the "Service Area") (collectively referred to as the "Business").

B. Buyer desires to acquire and Seller desires to sell the Assets of Seller relating to the Business pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants contained herein and in exchange for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

ARTICLE 1 **Definitions and Related Matters**

For purposes of this Agreement and all documents executed in connection with this Agreement, the capitalized terms shall have the meanings assigned to them herein or in Schedule 1 and the rules of construction set forth in Schedule 1 shall govern.

ARTICLE 2 **Purchase and Sale of Assets; Closing**

2.1 Transfer and Description of Assets. Subject to and upon all other terms and conditions of this Agreement, effective as of the Effective Time on the Closing Date, Seller shall sell, convey, transfer, assign and deliver to Buyer free and clear of all Encumbrances, and Buyer shall acquire from Seller, all of Seller's right, title and interest in and to all of Seller's assets, other than the Excluded Assets, regardless of where located, which are, could be, or in the future would be part of the treatment and collection systems used to provide sewer service to Seller's sewer's customers, including but not limited to the following:

(a) all Real Property including any easements, rights-of-way or rights granted to the Seller in furtherance of the operation of the Business including but not limited to that described in Schedule 3.4;

(b) all Tangible Personal Property, as defined in Schedule 1 Definitions.

(c) all data and Records related to Seller's operation of the Business, including, but not limited to, the customer list which shall include the service and billing address of all customers of the Seller and, subject to applicable Law, copies of all Records described in Section 2.2(b);

(d) all Permits and all pending applications therefore, renewals thereof or exemptions therefrom which are necessary or advisable in the operation of Seller's Business, including but not limited to those listed in Schedule 3.8; and

(e) all of the intangible rights and property of Seller utilized by Seller in the operation of the Business.

All of the foregoing shall be hereinafter referred to collectively as the "Assets".

2.2 Excluded Assets. Notwithstanding anything to the contrary contained in Section 2.1 or elsewhere in this Agreement, the following Assets of Seller are not part of the sale and purchase

contemplated hereunder, are excluded from the Assets, and shall remain the property of Seller after the Closing:

- (a) all insurance policies and rights thereunder;
- (b) all personnel Records and other Records that Seller is required by Law to retain in its possession;
- (c) all office furniture and equipment, including computers, used in the operation of the Business;
- (d) all rights in connection with and assets of the employee benefit plans and employment or independent contractor Contracts;
- (e) all rights of Seller under the Transaction Documents;
- (f) cash, cash equivalents and short-term investments;
- (g) the assets listed on Schedule 2.2;
- (h) accounts receivable arising prior to the Effective Time; and
- (i) Customer Service Connections, which shall remain the property of the customer.

All of the foregoing shall be hereinafter referred to collectively as the "Excluded Assets".

2.3 Consideration. The consideration for the Assets (the "Purchase Price") will be the sum of **Fifteen Thousand Dollars** (\$15,000.00). The Assets shall be in substantially the same condition, absent normal wear and tear, and fully able to perform the functions they are intended to at the time of Closing. If any of the Assets are not able to perform the function they are intended to, the Buyer, at its option, may request an adjustment to the purchase price to compensate for the deterioration or loss of said Asset. In the event the parties are not able to agree to the amount of the adjustment, the adjustment amount shall be the amount necessary to return the Asset to the condition it was in on the Effective Date of this Agreement.

2.4 Liabilities. The Buyer shall not be responsible for any of the Liabilities of Seller, including any that may arise after Closing, and any such Liabilities shall remain the sole responsibility of and shall be retained, paid, performed and discharged solely by Seller.

2.5 Closing. The purchase and sale provided for in this Agreement will take place at a location and time of day agreed upon by the parties (the "Closing"). The date of the Closing shall be no later than thirty days following approval by the Public Service Commission (PSC) or at such later date as is agreed upon by the parties. Closing shall be effective as of 5:00 pm local time (the "Effective Time") on the actual date of Closing (the "Closing Date").

2.6 Closing Obligations.

(a) At or prior to Closing, Seller shall deliver to Buyer the following documents, duly executed:

(i) a Bill of Sale for all of the Assets that are Tangible Personal Property in a form reasonably acceptable to Buyer;

(ii) an assignment of all of the Assets that are intangible personal property in a form reasonably acceptable to Buyer;

(iii) for each interest in Real Property identified on Schedule 3.4, a recordable warranty deed or such other appropriate document or instrument of transfer or approval, as

the case may require, each in form and substance satisfactory to Buyer and its legal counsel. Notwithstanding the fact that the same may not be listed on Schedule 3.4, Seller must provide easements or other transferable property rights to Buyer for all mains used in the Business, which are not located on or in public rights-of-way, and must provide assignments of public rights-of-way Permits with only those conditions acceptable to Buyer for all mains located in municipal, county or state owned public rights-of-way;

(iv) such other deeds, bills of sale, assignments, certificates of title, documents and other instruments of transfer and conveyance as may be reasonably requested by Buyer, each in form and substance satisfactory to Buyer;

(v) a certificate as to the accuracy of Seller's representations and warranties as of the Effective Date of this Agreement and as of Closing in accordance with Section 5.1(a) and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before Closing in accordance with Section 5.1(b);

(vi) a certificate of the Secretary of Seller, dated as of the Closing, certifying: (A) that attached are true copies of the duly adopted resolutions of the Seller's governing body authorizing the execution of this Agreement and the sale of all Assets; and (B) the incumbency, signatures and authority of the governing body members of Seller executing this Agreement or any agreement contemplated hereby on behalf of Seller;

(vii) a general release in a form reasonably acceptable to Buyer;

(viii) a legal opinion of Seller's legal counsel, affirmatively opining to such matters as Buyer or its legal counsel may reasonably request, including but not limited to the due authorization and execution of this Agreement by Seller and the enforceability thereof; and the Seller's compliance with any applicable Kentucky statutes or regulations applicable to its sale of its sewer utility system.

(b) At or prior to Closing, Buyer shall deliver to Seller, the following documents, duly executed, or funds:

(i) The Purchase Price, by wire transfer or other immediately available funds, to an account specified by the Seller;

(ii) a certificate as to the accuracy of Buyer's representations and warranties as of the Effective Date of this Agreement and as of Closing in accordance with Section 5.2(a) and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before Closing in accordance with Section 5.2(b);

(iii) a certificate of the company secretary of Buyer, dated as of the Closing, certifying: (A) that attached are true copies of the duly adopted resolutions of the Buyer's board of directors authorizing this Agreement and the purchase of all Assets; and (B) the incumbency, signatures and authority of the officer or officers of Buyer executing this Agreement or any agreement contemplated hereby on behalf of Buyer; and

(iv) a certificate of existence issued by the Secretary of State of Kentucky with respect to Buyer, dated not earlier than thirty (30) days prior to Closing.

ARTICLE 3 Representations and Warranties of Seller

Seller hereby makes the following representations and warranties to Buyer:

3.1 Organization. Seller is a corporation duly organized and validly existing under the Laws of the State of Kentucky, with full power and authority to conduct the Business as it is now being conducted and to own and operate its Assets.

3.2 Enforcement; Authority; No Conflict.

(a) This Agreement constitutes, and the Transaction Documents (when executed and delivered) will constitute, a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms. Seller has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and the Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder, and such action has been duly authorized by all necessary action by Seller's governing body;

(b) Neither the execution and delivery of this Agreement nor the consummation of the Contemplated Transaction will, directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with, or result in a violation of: (A) any other agreements of Seller; or (B) any resolution adopted by the governing body of Seller;

(ii) contravene, conflict with, or result in a violation of or give any Governmental Authority or other Person the right to challenge any of the Contemplated Transaction or to exercise any remedy or obtain any relief under any Laws or any Order to which Seller or any of the Assets may be subject;

(iii) contravene, conflict with or result in a violation of any of the terms or requirements of or give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate or modify any Permit or other authorization by a Governmental Authority that is held by Seller or that otherwise relates to the Business or any of the Assets;

(iv) contravene, conflict with or result in a violation or breach of any provision of, require the Consent of any Person, or give any Person the right to declare a default or exercise any remedy under or to accelerate the maturity or performance of or to cancel, terminate or modify any Contract, indenture, mortgage, note, lease, bond, grant, or other instrument or document of which Seller is a party or by which any of the Assets are bound; or

(v) result in the imposition or creation of any Encumbrance upon or with respect to any of the Assets, except as contemplated by this Agreement.

3.3 Assets. Seller has good and marketable title to all of the Assets. The Assets are free and clear of any and all Encumbrances whatsoever, including any liens, loans, bonds or grants from any federal or state agency for the purchase or construction of the Assets. None of the Assets are leased or on loan by Seller to any third party. The Assets constitute all property necessary for the operation of the Business in the manner Seller currently operates.

3.4 Real Property; Easements. To Seller's best knowledge and belief, Seller has good and marketable title to, or a valid and binding leasehold interest in, those parcels and tracts of land and those leases, licenses, easements or rights-of-way used in the operation of the Business, together with all fixtures, fittings, buildings, structures and other improvements erected therein or thereon and all appurtenances thereto (the "Real Property"). The Real Property includes but is not necessarily limited to the property described in Schedule 3.4.

3.5 Tangible Personal Property. Tangible Personal Property is all such property as defined in Schedule 1, Definition of Tangible Personal Property.

3.6 Contracts. Set forth on Schedule 3.6 is a complete and correct list of all Contracts related to the Business to which Seller is a party. Seller has delivered or caused to be delivered to Buyer correct and complete copies of each Contract (including all amendments thereto), a description of the terms of each Contract which is not in writing, and all documents affecting the rights or obligations of any party thereto. The Contracts have not been modified or amended except as disclosed on Schedule 3.6. Each Contract is valid and enforceable against Seller in accordance with its terms and is in full force and effect, and each Contract constitutes a legal, valid and binding obligation of the other parties thereto,

enforceable against them in accordance with its terms. No default and no event which, with the giving of notice, lapse of time, or both, would be a default has occurred under any Contract. There are no setoffs, counterclaims or disputes existing or asserted with respect to such Contracts, and Seller has not made any agreement with any other party thereto for any deduction from or increase to any amount payable thereunder. There are no facts, events or occurrences which in any way impair the validity or enforcement of any Contract or tend to reduce or increase the amounts payable thereunder. Seller has not, directly or indirectly, by operation of Law or otherwise, transferred or assigned all or any part of its right, title or interest in and to any Contract to any other Person. There are no Proceedings pending nor threatened against any party to any of the Contracts which relate to the subject matter of the Contracts.

3.7 Environmental Matters.

Except as set forth on Schedule 3.7(a):

(a) Seller is and at all times has been in full compliance with and has not been and is not in violation of or liable under any applicable Environmental Law. Seller has no basis to expect nor has it received any actual or threatened Order, notice or other communication from any Governmental Authority or private citizen acting in the public interest of any actual or potential violation or failure to comply with any Environmental Law or of any actual or threatened obligation to undertake or bear the cost of any Environmental, Health and Safety Liabilities with respect to the Assets or any other properties (whether real, personal or mixed) in which Seller has or has had an interest or with respect to the Real Property or any other real property at or to which Hazardous Materials were generated, manufactured, refined, transferred, imported, used or processed by Seller or any other Person for whose conduct it is or may be held responsible, or from which Hazardous Materials have been transported, treated, stored, handled, transferred, disposed, recycled or received.

(b) There are no pending or threatened claims, Encumbrances or other restrictions of any nature, resulting from any Environmental, Health and Safety Liabilities or arising under or pursuant to any Environmental Law with respect to or affecting the Assets or any other properties (whether real, personal or mixed) in which Seller has or had an interest.

(c) Neither Seller nor any other Person for whose conduct it is or may be held to be responsible has received any citation, directive, inquiry, notice, Order, summons, warning or other communication that relates to Hazardous Activity, Hazardous Materials or any alleged, actual or potential violation or failure to comply with any Environmental Law or of any alleged, actual or potential obligation to undertake or bear the cost of any Environmental, Health and Safety Liabilities with respect to the Assets or any other properties (whether real, personal or mixed) in which Seller has or has had an interest or with respect to any other real property to which Hazardous Materials generated, manufactured, refined, transferred, imported, used or processed by Seller or any other Person for whose conduct it is or may be held responsible, have been transported, treated, stored, handled, transferred, disposed, recycled or received.

(d) Neither Seller nor any other Person for whose conduct it is or may be held to be responsible has any Environmental, Health and Safety Liabilities with respect to the Assets or any other properties (whether real, personal or mixed) in which Seller (or any predecessor) has or has had an interest or at any property geologically or hydrologically adjoining the Assets or any other properties (whether real, personal or mixed).

(e) There are no Hazardous Materials present on or in the Environment at the Real Property or at any geologically or hydrologically adjoining property, including any Hazardous Materials contained in barrels, above or underground storage tanks, landfills, land deposits, dumps, equipment (whether moveable or fixed) or other containers, either temporary or permanent and deposited or located in land, water, sumps or any other part of the Real Property or such adjoining property or incorporated into any structure therein or thereon. Neither Seller nor any other Person for whose conduct it is or may be held to be responsible has permitted or conducted, or is aware of, any Hazardous Activity conducted with respect to the Assets or any other properties (whether real, personal or mixed) in which Seller has or has had an interest except in material compliance with all applicable Environmental Laws.

(f) There has been no Release or threat of Release, of any Hazardous Materials at or from the Assets or any other properties (whether real, personal or mixed) in which Seller has or has had an interest, or any geologically or hydrologically adjoining property, whether by Seller or any other Person.

(g) Seller has delivered to Buyer true and complete copies and results of any reports, studies, analyses, tests or monitoring possessed or initiated by Seller pertaining to Hazardous Materials or Hazardous Activities in, on or under the Real Property, or concerning compliance by Seller or any other Person for whose conduct it is or may be held to be responsible, with Environmental Laws, said reports, studies, etc. to include without limitation, any and all Phase I environmental reports now or hereafter in the possession or control of Seller.

3.8 Permits. Set forth on Schedule 3.8 is a complete and correct list of all Permits used by Seller in the operation of the Business. Such Permits constitute all Permits necessary for the operation of the Business and all such Permits are valid and subsisting and in full force and effect. There exists no fact or circumstance which is reasonably likely to cause any Permit to be revoked or materially altered after the Closing Date.

3.9 Insurance. Seller maintains and has maintained appropriate insurance necessary for the full protection of all of its Assets, Business, operations, products and services. All such policies are in full force and effect and Seller will use commercially reasonable efforts to cause such policies to be outstanding and in full force and effect up to the Effective Time on the Closing Date and the premiums therefor have been paid in full as they become due and payable. There are no pending Proceedings arising out of, based upon or with respect to any of such policies of insurance and no basis for any such Proceedings exists which will result in an Encumbrance against the Assets, Business, operations, products or services. Seller is not in default with respect to any provisions contained in any such insurance policies and no insurance provider is in default with respect to such insurance policies.

3.10 No Material Adverse Change. There have been no material adverse changes in the Business or Assets nor has there been any material adverse change in the relationships Seller maintains with its customers, employees and Governmental Authorities nor are there any events, transactions or other facts which exist or have occurred and which are likely to have an adverse effect on the foregoing.

3.11 Conduct of Business In Ordinary Course. Seller has operated the Business only in the ordinary course of business. Without limitation of the foregoing, since such date, Seller has not entered into, amended, terminated or received notice of termination of any Contract or Permit.

3.12 Proceedings. Other than as set forth on Schedule 3.12, there are no Proceedings pending or threatened against Seller or directly affecting any of the Assets or the Business by or on account of any Person or before any Governmental Authority and there is no valid basis for any such Proceeding. Seller has not been charged with, nor is it under investigation with respect to any charge which has not been resolved to their favor concerning any violation of any applicable Law with respect to any of the Assets or the Business and there is no valid basis for any such charge or investigation. No judgment, Order, writ, injunction, decree, assessment or other command of any Governmental Authority affecting Seller or any of the Assets or the Business has been entered which is presently in effect. There is no Proceeding pending or threatened which challenges the validity of this Agreement or the Contemplated Transaction or otherwise seeks to prevent, directly or indirectly, the consummation of the Contemplated Transaction, nor is there any valid basis for any such Proceeding.

3.13 Compliance with Laws. Seller is in compliance with all Laws applicable to the Assets and the operation of the Business and has not committed any violation of any Law applicable to the Assets and/or operation of the Business. Seller has not received any notice or other communication (whether oral or written) from any Governmental Authority or any other Person regarding (i) any actual, alleged, possible or potential violation of, or failure to comply with, any Law or (ii) any actual, alleged, possible or potential obligation on the part of Seller to undertake, or to bear all or any portion of the cost of, any remedial action of any nature. The Assets, in their current condition, are capable of complying with all Laws.

3.14 Material Omissions. Independent of and in addition to the foregoing representations and warranties contained in this Article 3, neither this Agreement nor any written statement, list, certificate or other information furnished by or on behalf of Seller in response to specific written requests made by Buyer or Buyer's representatives or attorneys contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

ARTICLE 4 Representations and Warranties of Buyer

Buyer hereby makes the following representations and warranties to Seller:

4.1 Organization. Buyer is a duly organized and validly existing public utility corporation under the Laws of the State of Kentucky and at Closing has the power and authority to own, lease and operate its assets and to conduct this Business as it is now being conducted.

4.2 Enforcement; Authority; No Conflict.

(a) This Agreement constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms. Buyer has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and the Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder, and such action has been duly authorized by all necessary action by Buyer's board of directors.

(b) Neither the execution and delivery of this Agreement, nor the consummation of the Contemplated Transaction nor compliance by Buyer with any of the provisions hereof will result in: (i) a violation of or a conflict with any provision of the Organizational Documents of Buyer; (ii) a material breach of or default under any term, condition or provision of any Contract to which Buyer is a party, or an event which, with the giving of notice, lapse of time, or both, would result in any such breach or default; (iii) a material violation of any applicable Law, Order, judgment, writ, injunction, decree or award or any event which, with the giving of notice, lapse of time, or both, would result in any such violation; or (iv) any Person having the right to enjoin, rescind or otherwise prevent or impede the Contemplated Transaction or to obtain Damages from Seller or to obtain any other judicial or administrative relief.

4.3 Proceedings. There is no Proceeding pending nor, to the Knowledge of Buyer, threatened which challenges the validity of this Agreement or the Contemplated Transaction or otherwise seeks to prevent, directly or indirectly, the consummation of such transactions, nor, to the Knowledge of Buyer, is there a valid basis for any such Proceeding.

ARTICLE 5 Conditions Precedent to Closing

5.1 Conditions Precedent to the Obligations of Buyer. Buyer's obligations to consummate the Contemplated Transaction are subject to the satisfaction in full, unless expressly waived in writing by Buyer, of each of the following conditions:

(a) Representations and Warranties. Each of the representations and warranties of Seller contained in Article 3 is true, correct and accurate from the Effective Date of this Agreement and as of the Closing Date shall be true, correct and accurate as though restated on and as of such date (except in the case of any representation and warranty that by its terms is made as of a date specified therein, which shall be accurate as of such date);

(b) Covenants. Seller shall have performed and complied with all covenants required by this Agreement to be performed or complied with by them prior to or at the Closing;

(c) Proceedings. No Order shall be in effect and no Proceeding by any Person shall be threatened or pending before any Governmental Authority, or before any arbitrator, wherein an unfavorable Order would: (i) prevent consummation of the Contemplated Transaction; (ii) have a

likelihood of causing the Contemplated Transaction to be rescinded following consummation; (iii) adversely affect the right of Buyer to own any of the Assets; or (iv) adversely affect the Business prospects, value or condition of any of the Assets or the Business;

(d) Approvals. Buyer shall have received prior to Closing; (i) an Order from the Public Service Commission (PSC) approving the requested change of control and allowing the use of Seller's sewer tariff rates for the provision of sewer service to Seller's customers and the encumbrance of the Real Property with the lien of its mortgage indenture; and (ii) all other regulatory approvals required by any Governmental Authority to operate the Business within the Service Area.

(e) Closing Deliveries. Seller shall have delivered to Buyer the Closing requirements set forth in Section 2.6(a);

(f) Due Diligence. Buyer shall be satisfied, in its sole and absolute discretion, with the results of its due diligence review of the Business, the Assets and the Seller, including without limitation, satisfaction with the results of any environmental assessment performed with respect to the Assets.

(g) No Adverse Change. Buyer has determined that there has not been any adverse change in the Business, the Assets, financial condition or Business prospects of Seller and that there is no adverse change in the relationships maintained by Seller with its employees, suppliers, customers or Governmental Authorities as of Closing;

(h) Peaks Mill Water District. Buyer shall have completed agreements with Peaks Mill Water District for shutting off water service for non-payment of sewer and the provision of water service data for operational purpose.

(i) Board Approval. Buyer shall have obtained approval of the Contemplated Transaction by Buyer's board of directors.

5.2 Conditions Precedent to Obligations of Seller. The Seller's obligation to consummate the Contemplated Transaction is subject to the satisfaction in full, unless expressly waived in writing by Seller, of each of the following conditions:

(a) Representations and Warranties. Each of the representations and warranties of Buyer contained in Article 4 is true, correct and accurate as of the date of this Agreement and, as of the Closing Date, shall be true, correct and accurate as though restated on and as of such date (except in the case of any representation and warranty that by its terms is made as of a date specified therein, which shall be accurate as of such date);

(b) Covenants. Buyer shall have performed and complied with all covenants required by this Agreement to be performed and complied with by Buyer prior to or at Closing;

(c) Buyer's Service Obligations. Seller shall be satisfied that, based on: (i) Buyer's tariff on file with the Kentucky Public Service Commission; (ii) Buyer's statutory obligations under Kentucky Revised Statutes Chapter 278; and (iii) Buyer's regulatory obligations under Chapter 5 of Title 807 of the Kentucky Administrative Regulations, Buyer's service obligations to Seller's sewer customers, including the continuity, reliability and extension of service, will be satisfactory; and

(d) Closing Deliveries. The Buyer shall have delivered to Seller the Closing requirements set forth in Section 2.6(b).

ARTICLE 6 Covenants and Special Agreements

6.1 Covenants of Seller Prior to Closing. Seller covenants and agrees that during the period from the Effective Date hereof until Closing:

(a) Non-Solicitation. Unless and until such time as this Agreement is terminated pursuant to Article 8, Seller shall not, and will cause each employee, officer, governing body, and agent not to, directly or indirectly: (i) submit, solicit, initiate, encourage or discuss any proposal or offer from any Person relating to any sale of all or any portion of the Assets or a sublease or assignment of any lease or any similar transaction involving Seller and the Business or the Assets; (ii) enter into any agreement or commitment related to any such transaction; or (iii) furnish any information with respect to or assist or participate in or facilitate in any other manner any effort or attempt by any Person to do or seek any of the foregoing. Seller shall notify Buyer immediately if any Person makes any proposal, offer, inquiry or contact with respect to any of the foregoing.

(b) Access. Upon reasonable prior notice by Buyer, Seller shall: (i) furnish Buyer and its financial and legal advisors with copies of all such Contracts, books and Records and other existing documents and data as Buyer may reasonably request; (ii) furnish Buyer and its financial and legal advisors with such additional financial, operating and other data and information as Buyer may reasonably request; (iii) permit Buyer or its representatives to conduct such physical inspections and environmental audits of the Real Property, as requested by Buyer; and (iv) permit Buyer or its representatives to conduct interviews of employees of Seller.

(c) Ordinary Course. Seller shall carry on the operation of the Business in the ordinary course of business, consistent with prior practice, not introduce any materially new method of management or operation, and use reasonable efforts to preserve the Business and conserve the goodwill and relationships of Seller's customers, suppliers, Governmental Authorities and others having business relations with it. Seller shall not engage in any activity or transaction which is inconsistent with the terms of this Agreement.

(d) Liens; Encumbrances. Seller shall not enter into or assume any mortgage, pledge, security agreement or other title retention agreement or permit any Encumbrance to attach to any of the Assets, whether now owned or hereafter acquired.

(e) All Reasonable Efforts. Seller will use commercially reasonable efforts to satisfy each of the conditions for Closing of the Buyer set forth in Section 5.1 above.

(f) Further Covenants.

(i) Reports. Seller shall duly and timely file all reports required to be filed with any Governmental Authority and will promptly pay when due all Taxes, assessments and governmental charges including interest and penalties levied or assessed, unless diligently contested in good faith by appropriate Proceedings;

(ii) Condition of Property. Consistent with past practice, Seller shall maintain and keep the Assets in substantially the same condition as of the date hereof, normal wear and tear excepted;

(iii) Insurance. Seller shall maintain in full force and effect all policies of insurance now in effect up and through the Effective Time on the Closing Date, but not thereafter;

(iv) No Breach or Default of Contracts. Seller shall not do any act or omit any act or permit any omission to act which will cause a breach or default by Seller of any Contract;

(v) Supplies. Seller shall keep supplies at a level sufficient to operate the Business in accordance with past practice;

(vi) Contracts. Seller shall not enter into any Contract other than in the ordinary course of business; and

(vii) Related Person Transactions. Seller shall not enter into any transaction with any Related Person.

6.2 Environmental Assessment. Buyer, in its sole discretion and at its sole expense, may conduct a Phase I environmental analysis of any or all of the Real Property, and the Seller shall cooperate and provide access for same. In the event that a Phase I study detects any actual or possible violation of any Environmental Law, the Buyer may, in its sole discretion, terminate this Agreement the effect of which is described in Section 8.2 herein.

6.3 Certain Post-Closing Covenants of Seller.

(a) Seller:

(i) shall pay in a timely manner all Taxes resulting from or payable in connection with the sale of the Assets pursuant to this Agreement, regardless of the Person on whom such Taxes are imposed.

(ii) shall pay, or make adequate provisions for the payment, in full, of all of the retained Liabilities and other Liabilities of Seller under this Agreement.

(iii) hereby agrees to cooperate with Buyer to ensure a proper transition of all customers with respect to billing and customer service activities.

(iv) hereby acknowledges that Buyer must comply with all provisions of its tariffs as filed with and approved by the PSC.

**ARTICLE 7
Indemnification**

7.1 Survival; Right to Indemnification Not Affected by Knowledge. All representations, warranties, covenants and obligations of Seller given in this Agreement and/or any Transaction Document delivered pursuant to this Agreement shall survive Closing. The right to indemnification, payment of Damages or other remedy based on such representations, warranties, covenants and obligations will not be affected by any investigation conducted with respect to or any Knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation. The waiver of any condition based on the accuracy of any representation or warranty or on the performance of or compliance with any covenant or obligation will not affect the right to indemnification, payment of Damages or other remedy based on such representations, warranties, covenants and obligations.

7.2 Indemnification and Payment of Damages by Seller. Seller hereby unconditionally, irrevocably and absolutely agrees to fully pay, protect, defend, indemnify and hold harmless Buyer and Buyer's past, present and future officers, directors, shareholders, employees, agents, attorneys, representatives, successors and assigns (collectively, the "Indemnified Persons"), from any and all manner of actions, suits, debts, sums of money, interest owed, accounts, controversies, agreements, charges, damages, judgments, executions, and reasonably incurred costs, expenses, fees (including reasonable attorneys' fees and court costs), counterclaims, claims, demands, causes of action, liabilities and losses and award all other Liabilities incurred, paid or sustained by any of the foregoing (hereinafter referred to in this Agreement as "Damages"), in each case, arising out of, or caused by: (i) the misrepresentation, breach of warranty or nonfulfillment of any provision of this Agreement by Seller or; (ii) all Liabilities and/or duties of Seller, whether accruing prior to or after the Effective Time on the Closing Date, and any Encumbrance affecting the Assets; (iii) assessments, charges and other similar claims due or owing, directly or indirectly, by Seller or otherwise as a result of or on account of the Assets or the Business at any time prior to the Effective Time on the Closing Date; (iv) the ownership and/or operation of any of the Assets or the Business prior to the Effective Time on the Closing Date; (v) any claim or Proceeding now existing or hereafter arising and relating to the Assets or the Business of Seller and arising from events or matters occurring prior to the Effective Time on the Closing Date; and (vi) any claim by an employee of Seller for any severance payment or arising out of such employee's employment with Seller or under the Worker Adjustment and Retraining Notification Act, COBRA (Sections 601 through

608 of the Employee Retirement Income Security Act of 1974), or under any employee benefit plan or employment Contract to which Seller is a party.

7.3 Indemnification and Payment of Damages by Seller - Environmental Matters. In addition to the provisions of Section 7.2, Seller hereby unconditionally, irrevocably and absolutely agrees to fully pay, protect, defend, indemnify and hold harmless the Indemnified Persons, and will pay to the Indemnified Persons the amount of any Damages (including costs of cleanup, containment or other remediation) arising, directly or indirectly, from or in connection with:

(a) Any Environmental, Health and Safety Liabilities arising out of or relating to: (i) (A) the ownership, operation or condition at any time on or prior to the Effective Time on the Closing Date of the Assets or any other properties (whether real, personal or mixed and whether tangible or intangible) in which Seller has or had an interest; or (B) any Hazardous Materials or other contaminants that were present on or in the Assets or any other properties at any time on or prior to the Effective Time on the Closing Date; or (ii) (A) any Hazardous Materials or other contaminants, wherever located, that were, or were allegedly, generated, transported, stored, treated, Released or otherwise handled by Seller or by any other Person for whose conduct it is or may be held responsible at any time on or prior to the Effective Time on the Closing Date; or (B) any Hazardous Activities that were, or were allegedly, conducted by Seller or by any other Person for whose conduct it is or may be held responsible on or prior to the Effective Time on the Closing Date; or

(b) Any bodily injury (including illness, disability and death), personal injury, property damage (including trespass, nuisance, wrongful eviction and deprivation of the use of real property) or other damage of or to any Person, including any employee or former employee of Seller or any other Person for whose conduct it is or may be held responsible, in any way arising from or allegedly arising from any Hazardous Activity conducted or allegedly conducted with respect to the Assets or the Real Property by Seller prior to the Effective Time on the Closing Date, or from Hazardous Material that was: (i) present or suspected to be present on or before the Effective Time on the Closing Date on or at the Real Property (or present or suspected to be present on any other property, if such Hazardous Material emanated or allegedly emanated from any of the Real Property and was present or suspected to be present on any of the Real Property on or prior to the Effective Time on the Closing Date); or (ii) Released or allegedly Released by Seller or any other Person for whose conduct it is or may be held responsible, at any time on or prior to the Effective Time on the Closing Date.

Buyer shall control any Cleanup, any related Proceeding and, except as provided in the following sentence, any other Proceeding with respect to which indemnity may be sought under this Section 7.3. The procedure described in Section 7.5 will apply to any claim solely for monetary Damages relating to a matter covered by this Section 7.3.

7.4 Indemnification By Buyer. Buyer hereby unconditionally, irrevocably and absolutely agrees to fully pay, protect, defend, indemnify and hold harmless Seller and Seller's past, present and future officers, governing body, employees, agents, attorneys, representatives, successors and assigns from any and all Damages arising out of, or caused by: (i) Buyer's misrepresentation, breach of warranty or nonfulfillment of any provision of this Agreement; (ii) any claim or Proceeding arising after the Effective Time on the Closing Date and relating to events or matters occurring subsequent to the Effective Time on the Closing Date; and (iii) any claim by an employee of Buyer arising out of such employee's employment with Buyer after the Effective Time on the Closing Date.

7.5 Procedure for Indemnification. The procedure for indemnification shall be as follows:

(a) The party claiming indemnification (the "Claimant") shall promptly give notice to the party from whom indemnification is claimed (the "Indemnifying Party") of any claim, whether between the parties or brought by a third party, specifying: (i) the factual basis for such claim; and (ii) the amount of the claim. If the claim relates to a Proceeding filed by a third party against Claimant, Claimant shall give such notice within ten (10) Business Days after written notice of such Proceeding was given to Claimant. Claimant's failure to give the Indemnifying Party such notice shall not preclude Claimant from obtaining indemnification from the Indemnifying Party unless Claimant's failure has materially prejudiced

the Indemnifying Party's ability to defend the claim or litigation, and then the Indemnifying Party's obligation shall be reduced to the extent of such prejudice.

(b) Following receipt of notice from the Claimant of a claim, the Indemnifying Party shall have thirty (30) days to make such investigation of the claim as the Indemnifying Party deems necessary or desirable. For the purposes of such investigation, the Claimant agrees to make available to the Indemnifying Party and/or its authorized representatives the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnifying Party agree at or prior to the expiration of said thirty (30)-day period (or any mutually agreed upon extension thereof) to the validity and amount of such claim, the Indemnifying Party shall immediately pay to the Claimant the full amount of the claim. If the Claimant and the Indemnifying Party do not agree within said period (or any mutually agreed upon extension thereof), the Claimant may seek appropriate legal remedy.

(c) (i) With respect to any claim by a third party as to which the Claimant asserts it is entitled to indemnification hereunder, the Indemnifying Party shall have the right, at its own expense, to participate in or at its election to assume control of the defense of such claim, with counsel reasonably satisfactory to Claimant, subject to reimbursement of Claimant for actual out-of-pocket expenses incurred by Claimant as the result of request by the Indemnifying Party, subject to the following;

(A) The Claimant may retain separate co-counsel at its sole cost and expense and participate in the defense of any such claim by a third party; and

(B) The Indemnifying Party shall conduct the defense of the third party claim actively and diligently thereafter.

(ii) If the Indemnifying Party elects to assume control of the defense of any third party claim pursuant to Section 7.5(c)(i), the Indemnifying Party may nevertheless reserve the right to dispute the amount of indemnification claimed or dispute Claimant's right to be indemnified with respect to all or any portion of the claim. Except with the written Consent of the Claimant, the Indemnifying Party shall not, in defending any claim or any litigation resulting therefrom, consent to entry of any judgment or enter into any settlement which does not release the Claimant from all Liability in respect of such claim or litigation. In the event the Claimant fails to consent to any settlement or compromise which such failure results in Damages in excess of the amount for which Consent was requested, the limitation of the Indemnifying Party's obligations to indemnify the Claimant with respect to the subject matter of the claim shall be the amount of the proposed settlement or compromise rejected by Claimant and the Claimant shall be responsible for, and shall hold harmless the Indemnifying Party from, all Damages (including, without limitation, reasonable attorneys' fees incurred with respect to matters subsequent to the rejection of the settlement by Claimant) in excess of the amount of the proposed settlement or compromise rejected by Claimant.

(d) If a claim, whether between the parties or by a third party, requires immediate action, the parties will make every effort to reach a decision with respect thereto as expeditiously as possible.

7.6 Means of Indemnification and Right to Setoff. In addition to any other right or means Buyer may have to enforce the indemnities provided for in Sections 7.2 and 7.3 hereof, Buyer shall be entitled to set off any amount to which it may be entitled under this Agreement or Damages which Buyer may incur as a result of any breach of this Agreement or any covenant, guaranty or other provision contained within this Agreement against any payments of the Purchase Price and/or any indebtedness or obligation owed to Seller whether under this Agreement or any agreement or document related hereto. Buyer's right to setoff or its exercise thereof shall not prejudice the right of Buyer to pursue, in addition or as an alternative to such right, any other right or means Buyer may have to enforce the indemnification provided for in Sections 7.2 and 7.3 hereof and in no event shall the amount actually setoff limit Buyer's right to indemnification under Sections 7.2 and 7.3 hereof.

ARTICLE 8 Termination

8.1 Termination and Abandonment. This Agreement may be terminated and abandoned at any time prior to the Closing Date:

- (a) by mutual written Consent of Buyer and Seller; or
- (b) by Buyer, if the PSC does not approve the adoption or approval of sewer rates prior to the Closing Date or such other later date as agreed upon in writing.

8.2 Effect of Termination. The right of each party to terminate this Agreement under Section 8.1 is in addition to any other rights such party may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 8.1, all further obligations of the parties under this Agreement will terminate, except that the obligations set forth in Sections 9.9 ("Legal Fees; Costs") and 9.15 ("Publicity; Announcements"); and all other covenants and agreements which by their terms continue after the termination of this Agreement will survive; provided, however, that if this Agreement is terminated by a party because of the breach of the Agreement by another party or because one (1) or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

ARTICLE 9 General Provisions

9.1 Amendment and Modification. No amendment, modification, supplement, termination, Consent or waiver of any section or provision of this Agreement, nor any Consent for departure therefrom, will in any event be effective unless the same is in writing and is signed by the parties. Any waiver of any provision of this Agreement and any Consent to any departure from the terms of any provision of this Agreement is to be effective only in the specific instance and for the specific purpose for which given.

9.2 Assignments. Seller may not assign or transfer any of its rights or obligations under this Agreement to any other Person without the prior written Consent of Buyer. Buyer may assign its rights and obligations under this Agreement to any Related Person or successor in interest without the Consent of Seller.

9.3 Captions. Captions contained in this Agreement and any table of contents preceding this Agreement have been inserted herein only as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

9.4 Counterparts; Electronic Mail. This Agreement may be executed by the parties hereto on any number of separate counterparts, and all such counterparts so executed constitute one agreement binding on all the parties hereto notwithstanding that all the parties hereto are not signatories to the same counterpart. For purposes of this Agreement, a document (or signature page thereto) signed and transmitted in .pdf format by electronic mail is to be treated as an original document. The signature of any party thereon is to be considered as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document. At the request of any party hereto, the .pdf copy is to be re-executed in original form by the parties who executed the .pdf copy. No party hereto may raise the use of a .pdf copy or the fact that any signature was transmitted through the use of electronic mail as a defense to the enforcement of this Agreement or any amendment or other document executed in compliance with this section.

9.5 Entire Agreement. This Agreement and the other Transaction Documents constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersede all prior agreements, letters of intent, understandings, negotiations and discussions of the parties hereto, whether oral or written.

9.6 Exhibits and Schedules. All of the Exhibits and Schedules attached to this Agreement are deemed incorporated herein by reference.

9.7 Failure or Delay. Except as otherwise provided by this Agreement, no failure on the part of any party hereto to exercise, and no delay in exercising, any right, power or privilege hereunder operates as a waiver thereof; nor does any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. No notice to or demand on any party hereto in any case entitles such party to any other or further notice or demand in similar or other circumstances.

9.8 Governing Law. This Agreement and the rights and obligations of the parties hereunder are to be governed by and construed and interpreted in accordance with the Laws of the State of Kentucky applicable to Contracts made and to be performed wholly within Kentucky, without regard to choice or conflict of Laws rules. In the event of any litigation or claim regarding this Agreement, the parties agree that the PSC has jurisdiction to govern all matters involving the Contemplated Transaction and the provision of sewer service by Buyer to the residents located within the Service Area.

9.9 Legal Fees, Costs. All legal, consulting and advisory fees and other costs and expenses incurred in connection with this Agreement and the Contemplated Transaction are to be paid by the party incurring such costs and expenses; provided, however, in the event litigation is instituted by either party to enforce or remedy a breach of any provision of this Agreement, in addition to any other relief therein awarded, the prevailing party shall be entitled to judgment for reasonable attorney's fees and litigation expenses. The term "prevailing party" shall include, but not be limited to, a party who obtains legal counsel or brings an action against the other by reason of the other's breach or default and obtains substantially the relief sought whether by compromise, mediation, settlement, judgment or otherwise.

9.10 Notices. All notices, Consents, requests, demands and other communications hereunder are to be in writing and are deemed to have been duly given, made or delivered: (i) when delivered in person, (ii) three (3) days after deposited in the United States mail, first class postage prepaid, (iii) in the case of telegraph or overnight courier services, one (1) Business Day after delivery to the telegraph company or overnight courier service with payment provided, or (iv) in the case of electronic mail, when sent, verification received, in each case addressed as follows:

if to Seller:

Classic Construction, Inc.
Attn: Russell Givens, President
P.O. Box 4113
Frankfort, KY 40604

if to Buyer:

Attn: President
Kentucky-American Water Company
2300 Richmond Road
Lexington, Kentucky 40502

with a copy to (which shall not constitute notice):

Attn: Corporate Counsel
Kentucky-American Water Company
2300 Richmond Road
Lexington, Kentucky 40502

or to such other address as any party hereto may designate by notice to the other parties in accordance with the terms of this Section. For e-mail, a Party shall contact the other Party to receive the then-applicable e-mail for the person in the position stated above.

9.11 Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction is, as to such jurisdiction, ineffective to the extent of any such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof, or affecting the validity, enforceability or legality of such provision in any other jurisdiction, unless the ineffectiveness of such provision would result in such a material change as to cause completion of the Contemplated Transaction to be unreasonable.

9.12 Specific Performance and Injunctive Relief. The parties hereto recognize that if any or all of them fail to perform, observe or discharge any of their respective obligations under this Agreement, a remedy at Law may not provide adequate relief to the other parties hereto. Therefore, in addition to any other remedy provided for in this Agreement or under applicable Law, any party hereto may demand specific performance of this Agreement, and such party shall be entitled to temporary and permanent injunctive relief, in a court of competent jurisdiction at any time when any of the other parties hereto fail to comply with any of the provisions of this Agreement applicable to such party. To the extent permitted by applicable Law, all parties hereto hereby irrevocably waive any defense based on the adequacy of a remedy at Law which might be asserted as a bar to such party's remedy of specific performance or injunctive relief.

9.13 Successors and Assigns. Subject to Section 9.2, all provisions of this Agreement are binding upon, inure to the benefit of and are enforceable by or against the parties hereto and their respective heirs, executors, administrators or other legal representatives and permitted successors and assigns.

9.14 No Third-Party Beneficiary. This Agreement is solely for the benefit of the parties hereto and their respective successors and permitted assigns, and no other Person has any right, benefit, priority or interest under, or because of the existence of, this Agreement.

9.15 Publicity; Announcements. From the date hereof through and including Closing, no party hereto shall issue, cause or permit the publication by any of their respective Related Persons, agents or representatives, any press release or other public announcement with respect to this Agreement or the Contemplated Transaction except: (i) with the Consent of the other parties hereto (which shall not be unreasonably withheld); or (ii) as required by applicable Law (including, without limitation, any applicable securities Law). Seller will not, without the prior Consent of Buyer, make any announcements to employees of Seller with respect to the Contemplated Transaction and, at such time as an announcement to the employees is made, Buyer shall be allowed to participate in such announcement.

9.16 Cooperation. Any notices or certifications given under this Agreement or any related agreement shall be given in good faith without any intention to unfairly impede or delay the other party. Buyer and Seller shall cooperate fully with each other and their respective counsel and accountants in connection with any actions required to be taken as part of their respective obligations under this Agreement including, without limitation, actions required to be taken with respect to obtaining any applicable regulatory approval of the Contemplated Transaction. Buyer and Seller shall execute such other documents as may be necessary and desirable to the implementation and consummation of this Agreement. Each party agrees to use all reasonable efforts to consummate the Contemplated

Transaction including, without limitation, doing all things reasonably necessary to obtain the requisite regulatory approval.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

Buyer

KENTUCKY-AMERICAN WATER COMPANY, a
Kentucky public utility corporation

By: 

Nick Rowe, President

Seller

CLASSIC CONSTRUCTION, INC., a Kentucky
corporation

By: 

President Russell Groves

Name: 

Title: 

Schedule 1 Definitions

"Assets" as defined in Section 2.1.

"Agreement" as defined in the introductory paragraph.

"Assignment and Assumption Agreement" as defined in Section 2.7(a)(ii).

"Bill of Sale" as defined in Section 2.7(a)(i).

"Business" as defined in the Recitals.

"Business Days" means any day other than (i) Saturday or Sunday, or (ii) any other day on which governmental offices in the State of Indiana are permitted or required to be closed.

"Buyer" as defined in the introductory paragraph.

"Claimant" as defined in Section 7.5(a).

"Closing" as defined in Section 2.6.

"Closing Date" as defined in Section 2.6.

"Confidential Information" means (i) information not available to the general public concerning the Business and financial affairs with respect to a party hereto, and (ii) analyses, compilations, forecasts, studies and other documents prepared on the basis of such information by the parties or their agents, representatives, any Related Person, employees or consultants.

"Consent" means any approval, consent, ratification, waiver or other authorization.

"Contemplated Transaction" means all of the transactions contemplated by this Agreement and the Transaction Documents.

"Contract" means any agreement, contract, obligation, promise or undertaking (whether written or oral and whether express or implied), whether or not legally binding.

"Customer Premises" means a dwelling, building, structure or parcel of real estate which sewer service is provided.

"Customer Service Connection" means that portion of sewer pipe extending from the Customer Premises to the company owned collection system which Customer Service Connection shall be owned and maintained by the customer.

"Damages" as defined in Section 7.2.

"Effective Time" as defined in Section 2.6.

"Encumbrance" means any charge, claim, community property interest, condition, easement, equitable interest, lien, mortgage, option, pledge, security interest, right of first refusal, right of way, servitude or restriction of any kind, including any restriction on use, transfer, receipt of income or exercise of any other attribute of ownership, or any repayment obligation under any grant.

"Environment" means soil, land surface or subsurface strata, surface waters (including navigable waters, ocean waters, streams, ponds, drainage basins and wetlands), groundwater, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life and any other environmental medium or natural resource.

"Environmental, Health and Safety Liabilities" means any cost, Damages, expense, Liability, obligation or other responsibility arising from or under Environmental Law or Occupational Safety and Health Law and consisting of or relating to:

(a) Any environmental, health or safety matters or conditions (including on-site or off-site contamination, occupational safety and health and regulation of chemical substances or products);

(b) Fines, penalties, judgments, awards, settlements, legal or administrative proceedings, Damages, losses, claims, demands and response, investigative, remedial or inspection costs and expenses arising under Environmental Law or Occupational Safety and Health Law;

(c) Financial responsibility under Environmental Law or Occupational Safety and Health Law for cleanup costs or corrective action, including any investigation, cleanup, removal, containment or other remediation or response actions ("Cleanup") required by applicable Environmental Law or Occupational Safety and Health Law (whether or not such Cleanup has been required or requested by any Governmental Authority or any other Person) and for any natural resource Damages; or

(d) Any other compliance, corrective, investigative or remedial measures required under Environmental Law or Occupational Safety and Health Law.

The terms "removal," "remedial," and "response action," include the types of activities covered by the United States Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., as amended ("CERCLA").

"Environmental Law" means any Law that requires or relates to:

(a) Advising appropriate authorities, employees and the public of intended or actual Releases of pollutants or hazardous substances or materials, violations of discharge limits or other prohibitions and of the commencements of activities, such as resource extraction or construction, that could have significant impact on the Environment;

(b) Preventing or reducing to acceptable levels the Release of pollutants or hazardous substances or materials into the Environment;

(c) Reducing the quantities, preventing the release or minimizing the hazardous characteristics of wastes that are generated;

(d) Assuring that products are designed, formulated, packaged and used so that they do not present unreasonable risks to human health or the Environment when used or disposed of;

(e) Protecting resources, species or ecological amenities;

(f) Reducing to acceptable levels the risks inherent in the transportation of hazardous substances, pollutants, oil or other potentially harmful substances;

(g) Cleaning up pollutants that have been Released, preventing the threat of Release or paying the costs of such clean up or prevention; or

(h) Making responsible parties pay private parties, or groups of them, for Damages done to their health or the Environment, or permitting self-appointed representatives of the public interest to recover for injuries done to public assets.

"Excluded Assets" as defined in Section 2.2.

"Governmental Authority(ies)" means any:

(a) Nation, state, county, city, town, village, district or other jurisdiction of any nature;

- (b) Federal, state, local, municipal, foreign or other government;
- (c) Governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official or entity and any court or other tribunal);
- (d) Multi-national organization or body; or
- (e) Body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

"Hazardous Activity" means the distribution, generation, handling, importing, management, manufacturing, processing, production, refinement, Release, storage, transfer, transportation, treatment or use (including any withdrawal or other use of groundwater) of Hazardous Materials in, on, under, about or from the property or any part thereof into the Environment, and any other act, business, operation or thing that increases the danger or risk of danger, or poses an unreasonable risk of harm to persons or property on or off the property, or that may affect the value of the property or Seller.

"Hazardous Materials" means any waste or other substance that is listed, defined, designated or classified as, or otherwise determined to be, hazardous, radioactive or toxic or a pollutant or a contaminant under or pursuant to any Environmental Law, including any admixture or solution thereof, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials.

"Indemnifying Party" as defined in Section 7.5(a).

"Knowledge" means an individual will be deemed to have "Knowledge" of a particular fact or other matter if:

- (a) Such individual is actually aware of such fact or other matter; or
- (b) A prudent individual could be expected to discover or otherwise become aware of such fact or other matter in the course of conducting a reasonable investigation concerning the existence of such fact or other matter.

A Person (other than an individual) will be deemed to have "Knowledge" of a particular fact or other matter if any individual who is serving as a director or officer of such Person (or in any similar executive capacity) has, or at any time had, Knowledge of such fact or other matter.

"Law" means any law, rule, regulation or ordinance of any federal, foreign, state or local Governmental Authority.

"Liability" with respect to any Person any liability or obligation of such Person for any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise and whether or not the same is required to be accrued on the financial statements of such Person.

"Occupational Safety and Health Law" means any Law designed to provide safe and healthful working conditions and to reduce occupational safety and health hazards, and any program, whether governmental or private (including those promulgated or sponsored by industry associations and insurance companies), designed to provide safe and healthful working conditions.

"Order" means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any court, administrative agency or other Governmental Authority or by any arbitrator.

"Organizational Documents" means the articles or certificate of incorporation and the bylaws of a corporation and any amendment thereto.

"Permit" means any approval, Consent, license, permit, waiver or other authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Authority or pursuant to any Law.

"Person" means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Governmental Authority.

"Proceeding" means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Authority or arbitrator.

"Purchase Price" as defined in Section 2.3.

"Real Property" as defined in Section 3.4.

"Records" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

"Related Person" with respect to a particular individual, means:

- (a) Each other member of such individual's Family (as hereinafter defined);
- (b) Any Person that is directly or indirectly controlled by such individual or one or more members of such individual's Family;
- (c) Any Person in which such individual or members of such individual's Family hold (individually or in the aggregate) a Material Interest; and
- (d) Any Person with respect to which such individual or one or more members of such individual's Family serves as a director, officer, partner, executor or trustee (or in a similar capacity).

With respect to a specified Person other than an individual:

- (e) Any Person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with such specified Person;
- (f) Any Person that holds a Material Interest in such specified Person;
- (g) Each Person that serves as a director, officer, partner, executor or trustee of such specified Person (or in a similar capacity);
- (h) Any Person in which such specified Person holds a Material Interest;
- (i) Any Person with respect to which such specified Person serves as a general partner or a trustee (or in a similar capacity); and
- (j) Any Related Person of any individual described in clause (b) or (c).

For purposes of this definition, (i) the "Family" of an individual includes (A) the individual, (B) the individual's spouse, (C) any other natural person who is related to the individual or the individual's spouse within the second degree, and (D) any other natural person who resides with such individual; and (ii) "Material Interest" means direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of voting securities or other voting interests representing at least five percent (5%) of the outstanding equity securities or equity interests in a Person.

"Release" means any spilling, leaking, emitting, discharging, depositing, escaping, leaching, dumping or other releasing into the Environment, whether intentional or unintentional.

"Seller" shall have the meaning given that term in the introductory paragraph.

"Service Area" as defined in the Recitals.

"Service Line" means that portion of water pipe extending from the water main to and including the curb stop and curb box located at or near the property line of a Customer Premises.

"Tangible Personal Property" means all wells, treatment plants, pumps, water transmission and distribution mains, valves and appurtenances, storage tanks, Service Lines, meters, meter installations, hydrants, machinery, equipment, tools, furniture, office equipment, computer hardware, supplies (including chemicals and spare parts), materials, vehicles and other items of tangible personal property of every kind owned or leased by Seller (wherever located and whether or not carried on Seller's books), which are, could be, or in the future would be part of the production, transmission and distribution system utilized to provide water service to Seller's water customers, together with any express or implied warranty by the manufacturers or sellers or lessors of any item or component part thereof, and all maintenance Records and other documents relating thereto.

"Tax" means all taxes, charges, withholdings, fees, levies, penalties, additions, interest or other assessments, including, without limitation, income, gross receipts, excise, property, sales, employment, withholding, social security, occupation, use, service, service use, license, payroll, franchise, transfer and recording taxes, fees and charges, windfall profits, severance, customs, import, export, employment or similar taxes, charges, fees, levies or other assessments, imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or any other basis.

"Transaction Documents" means this Agreement, the Bill of Sale, and all other documents, certificates, assignments and agreements executed and/or delivered in connection with this Agreement in Order to consummate the Contemplated Transaction, as the same may be amended, restated, modified or otherwise replaced by mutual agreement from time to time.

Rules of Construction

For purposes of this Agreement and the other documents executed in connection herewith, the following rules of construction shall apply, unless specifically indicated to the contrary: (i) wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter; (ii) the term "or" is not exclusive; (iii) the term "including" (or any form thereof) shall not be limiting or exclusive; (iv) all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations; (v) all references in this Agreement or in the Schedules to this Agreement to sections, schedules, exhibits and attachments shall refer to the corresponding sections, schedules, exhibits and attachments of or to this Agreement; and (vi) all references to any instruments or agreements, including references to any of the documents executed in connection herewith, shall include any and all modifications or amendments thereto and any and all extensions or renewals thereof.

Schedule 2.2
Excluded Assets

No additional Excluded Assets over and above those listed in Section 2.2.

Schedule 3.4
Real Property and Easements

This schedule will be completed to Buyer's satisfaction prior to closing.

Real Property

Easements

**Schedule 3.6
Contracts**

Seller has no contracts assumed by buyer as part of this agreement.

Schedule 3.7(a)
Environmental Matters

Seller has not environmental matters to disclose to buyer.

Schedule 3.8
Permits

Sewer plant KPDES Permit No. KY0074802 – Authorization to Discharge Under the Kentucky Pollutant Discharge Elimination System.

Exhibit B

P.S.C. Ky. No. 2
Cover Sheet and Original Sheets: Nos. 1-29

KENTUCKY-AMERICAN WATER COMPANY
2300 RICHMOND ROAD, LEXINGTON, KENTUCKY 40502

<http://www.amwater.com/kyaw/>

**RATES, TERMS, AND CONDITIONS FOR SEWER SERVICE IN KENTUCKY COUNTIES OF
BOURBON, CLARK, FRANKLIN AND OWEN**
FILED WITH THE PUBLIC SERVICE COMMISSION OF KENTUCKY

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

Index

Sheet
Number

Territory Served 3
Rules and Regulations 4 to 14

Rule Number

Title

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- 2 Rules and Regulations Governing Rendering of Service
- 3 Applications for Sewer Service
- 4 Discontinuance of Service
- 5 Renewal of Service After Discontinuance
- 6 Installation of Lines
- 7 Plumbing Work Must be Inspected by Company
- 8 Meters, Monitoring of Usage, and Bill Adjustment
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(N) New rate or requirement

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

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Appendix

Industrial/Commercial User Policy

(T) Change in text

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

TERRITORY TO WHICH RULES, REGULATIONS AND SERVICE CLASSIFICATIONS APPLY:

The Rules and Regulations and Service Classifications contained in this tariff apply in the service territory of Kentucky-American Water Company.

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

DEFINITIONS

1. DEFINITIONS APPLICABLE TO RULES AND REGULATIONS

- (a) “Customer” shall mean any person, firm, corporation or municipality that discharges to the Kentucky-American Water Company sewer system pursuant to these Rules and Regulations.
- (b) “Company” shall mean the Kentucky-American Water Company acting through its officers, managers, or other duly authorized employees or agents.
- (c) “Customer’s service line” is the service lateral from the main collection line to the Premises served.
- (d) “Commission” shall mean the Kentucky Public Service Commission.
- (e) “Premises” as contemplated in these Rules, mean and include:
 - (1) A building under one roof and occupied as one business or residence; or
 - (2) A combination of buildings owned or leased by one party in one common enclosure or a single tract of land not crossed by public streets, roads, or ways, and occupied by one family or business; or
 - (3) a building owned or leased by one party, having two or more apartments, offices, or suites of offices, and using one or more halls and entrances in common; or
 - (4) a double house having a solid vertical partition wall or a building erected as a single family residence served through one street service connection and subsequently converted into apartments or offices or a combination of such, and where separate water supply plumbing would not be practicable; or
 - (5) each residential or business single occupancy unit, served through one street service connection in a building which is not a Premise otherwise defined in these Rules.

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

2. RULES AND REGULATIONS GOVERNING RENDERING OF SERVICE

- (a) The Rules and Regulations in their entirety as hereinafter set forth or as they may hereafter be altered or amended in a regular and legal manner shall govern the rendering of sewer service and every customer upon signing of an application for sewer service or upon the taking of sewer service will be bound thereby.
- (b) All billing for service will be rendered on water usage as measured by a water meter. Residential, commercial, industrial and municipal service is only regularly available for single Premises as "Premises" is defined in these Rules. Under special circumstances when the interests of other customers would not be jeopardized or prejudiced, the Company's President or a Vice President may, by writing, authorize service at regular rates to governmental or political corporations, districts, or authorities not qualifying as "Premises" under these rules.

3. APPLICATIONS FOR SEWER SERVICE

- (a) All persons, firms or corporations desiring sewer service, must make written application at the office of the Company on printed forms provided therefore, setting forth in said application all purposes for which sewer can be used upon their Premises.
- (b) Any change in the identity of the contracting Customer at a Premise will require a new application and the Company may after reasonable notice, discontinue the water supply until such new application has been made and accepted, but the former applicant or customer of sewer shall remain liable for sewer services furnished to said Premises until he has given notice in writing to the Company to discontinue the supply. It is the Customer's responsibility to notify the Company if the identity of the person responsible for paying for service changes.

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

4. DISCONTINUANCE OF SERVICE (Con't.)

- (b) The Company will not discontinue service of any Customer for violation of any rule or regulation of the Company or for non-payment of bills, except on written notice of at least ten (10) days mailed to such Customer at his address as shown upon the Company's records, or personally delivered to him or an adult member of his household, advising the Customer in what particular rule has been violated for which water service will be discontinued if the violation is permitted to continue, provided, however, discontinuance of service shall be effected not less than twenty (20) days after the mailing date of the original bill unless, prior to discontinuance, a residential customer presents to the Company a written certificate, signed by a physician, registered nurse or public health officer, that such discontinuance will aggravate an existing illness or infirmity on the affected Premises, in which case discontinuance may not be effected until the effected resident can make other living arrangements or until not less than ten (10) days elapse from the date of the Company's notification without further notice. Subject to the foregoing provisions, water service at the same Premises may be discontinued by the Company for any of the following reasons:
- (1) For failure to protect from injury or damage the sewer lines and appurtenances, or for failure to protect and maintain the Customer service line or fixtures on the property of the Customer, in a condition satisfactory to the Company.
 - (2) For non-payment of any account for sewer service supplied, for sewer service, or for service maintenance, or for any other fee or charge accruing under these Rates, Rules and Regulations.
 - (3) For violation of any other rule or regulation of the Company or state and municipal rules and regulations applying to the Company's sewer service.
- (c) In cases where plumbing has been installed prior to adoption of and not in accordance with these Rules and Regulations, and sewer service is being rendered through a single Customer service line to supply two or more Premises, the Company may enforce compliance with these rules by shutting off water service except that such action will not be taken until the Customers have been given a reasonable notice and opportunity to attach his or her pipes to a separately controlled Customer service line.
- (d) Discontinuing the supply of water to a Premises for any such reason shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of moneys due from the Customer.
- (N) (e) The Franklin County Health Department will be notified for any physical disconnection of the service line to a Ridgewood Subdivision customer.

(N) New Rate or requirement

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

KENTUCKY-AMERICAN WATER COMPANY
Sewer service in Bourbon, Clark, Franklin and Owen Counties

P.S.C. Ky. No. 2
 Original Sheet No. 11

11. SAMPLE BILL



0001012210007823094000000000005895019

6 For Service To: 255 KERRY DR
 8 Check this box for address changes and note new address on back.

Account Number	1012-210007823094
Due Date	March 5, 2015
Total Due	\$58.95
If Paid After Due Date	\$61.90 after 3/5/15

7 Amount Enclosed \$

10 FIRST NAME M. LAST NAME
 445 ELK LAKE RESORT RD
 OWENTON, KY 40359-9163

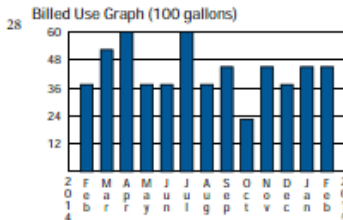
9 KENTUCKY AMERICAN WATER
 PO BOX 371880
 PITTSBURGH, PA 15250-7880



11 Please tear along the dotted line and return this portion with your payment.

12 BILLING PERIOD AND METER READINGS

- 13 • Billing date: February 17, 2015
 - 14 • Due Date: March 5, 2015
 - 15 • Billing period: Jan 14 to Feb 16 (34 Days)
 - 16 • Next reading on or about: Mar 16, 2015
 - 17 • Customer Type: Residential
 - 18 • Meter Reading Measurement:
 1 unit = 100 CF or 748 gallons of water
 - 19 • Billing Measurement: 100 gallons (CGL)
- | | |
|--------------------------------------|-------------------------|
| Meter No. | 078802476J |
| Size of meter | 5/8" |
| Current Read | 665 (Actual) |
| Previous Read | 659 (Actual) |
| Total water used this billing period | 6 units (4,488 gallons) |
- 25 Total Water Use Comparison (in 100 gallons)
 - 26 • Current billing period 2015: 44.88 CGL
 - 27 • Same billing period 2014: 37.40 CGL



13 BILLING SUMMARY

For Service To: 255 KERRY DR
 For Account 1012-210007823094

Prior Balance	
30 • Balance from last bill	38.20
• Payments as of Jan29. Thank you!	-38.20
31 Balance Forward	0.00
32 Current Water Service	
33 • Water Service Charge	12.49
34 • Water Usage Charge (\$0.53004000 x 44.88)	23.79
35 • Total Water Service Related Charges	36.28
36 Current Wastewater Service	
37 • Wastewater Base Service Charge	20.75
38 • Wastewater Usage Charge (\$0.00000000 x 44.88)	0.00
39 • Total Wastewater Service Related Charges	20.75
40 Other Charges	
41 • KRA Withdrawal Fee (\$0.01800000 x 44.88)	0.81
42 • Total Other Charges	0.81
43 Taxes	
44 • School District Tax	1.11
45 • Total Taxes	1.11
46 TOTAL CURRENT CHARGES	58.95
47 TOTAL AMOUNT DUE	\$58.95

48 Important messages from Kentucky American Water

- Local Office: 2300 Richmond Road (Lexington) and 102 Main Street (Owenton).
- Go paperless. Reduce clutter with paperless billing, and save time and money with our automatic payment program. These are convenient, secure and environmentally friendly ways to receive and pay your bill. To get started, log on to www.amwater.com/myh2o.

49 Customer Service: 1-800-678-6301 M-F 7am to 7pm Emergency: 24/7 www.kentuckyamwater.com
 100001320113

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
 Nick O. Rowe
 President
 2300 Richmond Road, Lexington, KY 40502

11. SAMPLE BILL

(Continued)

Here is an explanation of the typical customer's bill.

- | | | | |
|-----|---|-----|--|
| 1. | Assumed Name for Kentucky American Water Company and payment mailing address | 24. | Total Water Used This Billing Period |
| 2. | Customer Account Number – use this when making inquiries | 25. | Total Water Use Comparison (in 100 gallons) |
| 3. | Date Payment is Due | 26. | Current Billing Period Current Year |
| 4. | Total Amount Due or DO NOT PAY (if credit balance or paid through automatic withdrawal) | 27. | Same Billing Period Prior Year |
| 5. | Amount Due if payment is late (with applicable late fee included) | 28. | Billed Use Graph (100 Gallons) |
| 6. | Address when service is received | 29. | Billing Summary |
| 7. | Amount enclosed | 30. | Balance from Last Bill |
| 8. | Are to request a change of address or telephone number | 31. | Balance Forward |
| 9. | Address to mail payment | 32. | Current Water Service |
| 10. | Customer Name and Billing Address | 33. | Water Service Charge |
| 11. | Please return this portion with your payment | 34. | Water Usage |
| 12. | Billing Period & Meter Information | 35. | Total Water Charges |
| 13. | Billing Date | 36. | Current Wastewater Service |
| 14. | Due Date | 37. | Wastewater Base Service Charge |
| 15. | Billing Period and number of days of service | 38. | Wastewater Usage Charge |
| 16. | Next reading on or about | 39. | Total Wastewater Service Related Charges |
| 17. | Customer Type | 40. | Other Charges |
| 18. | Meter Reading Measurement | 41. | KRA (Kentucky River Authority) withdrawal Fee |
| 19. | Billing Measurement | 42. | Total Other Charges |
| 20. | Meter Number | 43. | Taxes |
| 21. | Meter Size | 44. | School District Tax |
| 22. | Current Meter Reading | 45. | Total Taxes |
| 23. | Previous Meter Reading | 46. | Total Current Charges |
| | | 47. | Total Amount Due |
| | | 48. | Messages from Kentucky American Water |
| | | 49. | Customer Service, Emergency Phone Number, and Internet Address |

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

12. LIABILITY OF THE COMPANY

- (a) The Company shall not in any way or under any circumstances be held liable or responsible to any person or persons for any loss or damage resulting from the sewer service, due to any cause whatsoever. The Company will undertake to use reasonable care and diligence in order to prevent and avoid interruptions and fluctuations in the service, but it cannot and does not guarantee that such will not occur.
- (b) The Company will make every effort to maintain the sewer collection system that is required for reasonable service, but it does not guarantee to furnish service at all times.
- (c) The Company shall not be responsible for accidents or damages resulting from the discontinuance of service, nor by reason of the breaking of any main, sewer pipe, fixture or appliance whether owned by the company or Customer, and no person shall be entitled to damages nor have any portion of a payment refunded for any interruption of service. The Company will exercise every care in this matter, and in the event of the necessity of turning off water, every reasonable effort will be made to notify the Customer.
- (d) The Company shall not be considered in any manner an insurer of property or persons. The Company agrees to furnish such sewer service as shall then be available and not other or greater, and it shall be free and exempt from any and all claims for damages on account of any injury to property or persons for any other cause whatsoever.

13. GENERAL

- (a) No person shall connect or disconnect to the sewer main without the consent of the Company. Penalties provided by law for any such action will be rigidly enforced.
- (b) No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the letter or intent of these Rules and Regulations.
- (c) Any complaint against the service or employees of the Company should be made at the office of the Company and preferably in writing. The customer shall give immediate notice to the Company of any irregularities or unsatisfactory service and of any defects known to the Customer.

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

14. APPROVAL OF RULES AND REGULATIONS

- (a) All Rules and Regulations of the Company are subject to the approval of the Public Service Commission of the State of Kentucky, or its successor, and if any part thereof should be adjudged to be in violation of any rule or order made by the Commission, then that particular part shall be ineffective but without in any way affecting the other portions thereof.

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

CLASSIFICATION OF SERVICE – ROCKWELL VILLAGE

Applicable

Applicable to all customers in Rockwell Village Subdivision and the adjoining Industrial Park in western Clark County, Kentucky.

Availability of Service

Available for Residential, Commercial, Industrial, Municipal and All Other Public Authority metered Service, provided that the connection of any additional customer does not exceed the capacity of the plant.

Monthly Rates

For service rendered from July 2, 2015 to July 1, 2016:

First 12,000 gallons (Minimum Bill)	\$23.48
Over 12,000 gallons (per 100 gallons)	\$0.1956

For service rendered from July 2, 2016 to July 1, 2017:

First 12,000 gallons (Minimum Bill)	\$26.57
Over 12,000 gallons (per 100 gallons)	\$0.2213

For service rendered from July 2, 2017 to July 1, 2018:

First 12,000 gallons (Minimum Bill)	\$30.06
Over 12,000 gallons (per 100 gallons)	\$0.2504

For service rendered on and after July 2, 2018:

First 12,000 gallons (Minimum Bill)	\$34.00
Over 12,000 gallons (per 100 gallons)	\$0.2830

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

CLASSIFICATION OF SERVICE – OWENTON

Applicable

Applicable to all customers in the City of Owenton

Availability of Service

Available for Residential, Commercial, Industrial, Municipal and All Other Public Authority service.

Monthly Rates

For service rendered from July 2, 2015 to July 1, 2016:

Within the City Limits

	Per 1,000 gallons		Per 100 gallons
First 2,000 gallons	\$19.54 minimum bill	First 20 100 gallons	\$19.54 minimum bill
Next 1,000 gallons	8.87 per 1,000 gallons	Next 10 100 gallons	0.887 per 100 gallons
Next 2,000 gallons	6.98 per 1,000 gallons	Next 20 100 gallons	0.698 per 100 gallons
Next 5,000 gallons	6.33 per 1,000 gallons	Next 50 100 gallons	0.633 per 100 gallons
Next 10,000 gallons	5.66 per 1,000 gallons	Next 100 100 gallons	0.566 per 100 gallons
Next 20,000 gallons	4.99 per 1,000 gallons	Next 200 100 gallons	0.499 per 100 gallons
All over 40,000 gallons	4.75 per 1,000 gallons	All over 400 100 gallons	0.475 per 100 gallons

Outside the City Limits

First 2,000 gallons	\$24.18 minimum bill	First 20 100 gallons	\$24.18 minimum bill
Next 1,000 gallons	10.98 per 1,000 gallons	Next 10 100 gallons	1.098 per 100 gallons
Next 2,000 gallons	8.65 per 1,000 gallons	Next 20 100 gallons	0.865 per 100 gallons
Next 5,000 gallons	7.82 per 1,000 gallons	Next 50 100 gallons	0.782 per 100 gallons
Next 10,000 gallons	6.99 per 1,000 gallons	Next 100 100 gallons	0.699 per 100 gallons
Next 20,000 gallons	6.17 per 1,000 gallons	Next 200 100 gallons	0.617 per 100 gallons
All over 40,000 gallons	5.88 per 1,000 gallons	All over 400 100 gallons	0.588 per 100 gallons

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

*Issued by authority of an Order of the Public Service Commission
in Case No. 2014-00390 dated July 2, 2015.*

For service rendered from July 2, 2016 to July 1, 2017:

Within the City Limits

	Per 1,000 gallons		Per 100 gallons
First 2,000 gallons	\$22.11 minimum bill	First 20 100 gallons	\$22.11 minimum bill
Next 1,000 gallons	10.04 per 1,000 gallons	Next 10 100 gallons	1.004 per 100 gallons
Next 2,000 gallons	7.90 per 1,000 gallons	Next 20 100 gallons	0.790 per 100 gallons
Next 5,000 gallons	7.16 per 1,000 gallons	Next 50 100 gallons	0.716 per 100 gallons
Next 10,000 gallons	6.40 per 1,000 gallons	Next 100 100 gallons	0.640 per 100 gallons
Next 20,000 gallons	5.65 per 1,000 gallons	Next 200 100 gallons	0.565 per 100 gallons
All over 40,000 gallons	5.37 per 1,000 gallons	All over 400 100 gallons	0.537 per 100 gallons

Outside the City Limits

First 2,000 gallons	\$24.18 minimum bill	First 20 100 gallons	\$24.18 minimum bill
Next 1,000 gallons	10.98 per 1,000 gallons	Next 10 100 gallons	1.098 per 100 gallons
Next 2,000 gallons	8.65 per 1,000 gallons	Next 20 100 gallons	0.865 per 100 gallons
Next 5,000 gallons	7.82 per 1,000 gallons	Next 50 100 gallons	0.782 per 100 gallons
Next 10,000 gallons	6.99 per 1,000 gallons	Next 100 100 gallons	0.699 per 100 gallons
Next 20,000 gallons	6.17 per 1,000 gallons	Next 200 100 gallons	0.617 per 100 gallons
All over 40,000 gallons	5.88 per 1,000 gallons	All over 400 100 gallons	0.588 per 100 gallons

For service rendered from July 2, 2017 to July 1, 2018:

Within and Outside the City Limits

	Per 1,000 gallons		Per 100 gallons
First 2,000 gallons	\$25.02 minimum bill	First 20 100 gallons	\$25.02 minimum bill
Next 1,000 gallons	11.36 per 1,000 gallons	Next 10 100 gallons	1.136 per 100 gallons
Next 2,000 gallons	8.94 per 1,000 gallons	Next 20 100 gallons	0.894 per 100 gallons
Next 5,000 gallons	8.10 per 1,000 gallons	Next 50 100 gallons	0.810 per 100 gallons
Next 10,000 gallons	7.24 per 1,000 gallons	Next 100 100 gallons	0.724 per 100 gallons
Next 20,000 gallons	6.39 per 1,000 gallons	Next 200 100 gallons	0.639 per 100 gallons
All over 40,000 gallons	6.08 per 1,000 gallons	All over 400 100 gallons	0.608 per 100 gallons

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
 Nick O. Rowe
 President
 2300 Richmond Road, Lexington, KY 40502

For service rendered on and after July 2, 2018:

Within and Outside the City Limits

	Per 1,000 gallons		Per 100 gallons
First 2,000 gallons	\$28.29 minimum bill	First 20 100 gallons	\$28.29 minimum bill
Next 1,000 gallons	12.85 per 1,000 gallons	Next 10 100 gallons	1.285 per 100 gallons
Next 2,000 gallons	10.11 per 1,000 gallons	Next 20 100 gallons	1.011 per 100 gallons
Next 5,000 gallons	9.16 per 1,000 gallons	Next 50 100 gallons	0.916 per 100 gallons
Next 10,000 gallons	8.19 per 1,000 gallons	Next 100 100 gallons	0.819 per 100 gallons
Next 20,000 gallons	7.22 per 1,000 gallons	Next 200 100 gallons	0.722 per 100 gallons
All over 40,000 gallons	6.89 per 1,000 gallons	All over 400 100 gallons	0.689 per 100 gallons

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

*Issued by authority of an Order of the Public Service Commission
in Case No. 2014-00390 dated July 2, 2015.*

CLASSIFICATION OF SERVICE - OWENTON

CONNECTION FEE

Applicable

Applicable to all customers in the City of Owenton.

Availability of Service

Available for Residential, Commercial, Industrial, Municipal and All Other Public Authority metered Service.

Residential

Residential – single family residence and duplexes	\$625.00
Apartment buildings having 3 to 8 units	\$1,250.00 per building
Apartment buildings having 9 to 16 units	\$1,500.00 per building
Apartment buildings having 17 or more units	\$125.00 per unit

Commercial and Industrial

Commercial and industrial establishments – establishments placing large amounts of waste in system will be contracted separately	\$3,000.00
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Transient Commercial/Governmental Residential

Transient Commercial/Governmental Residential-type uses and facilities for such use	\$900.00
Each additional room made available for occupancy/use by customers or expected users of a motel, hotel or term-occupant or patients of a hospital, nursing home or extended care facility or each room to be used as a classroom or restroom in an educational building or educational facility	\$100.00 per room

Multi-Use Building or Facilities

Where a building or facility has more than one permitted use, the greater or greatest fee hereunder for such permitted use shall be charged or levied for the sewer connection.

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ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

CLASSIFICATION OF SERVICE – OWENTON

DELIVERED WASTE SERVICE

Applicable

Applicable to all persons delivering waste for deposit and treatment into the Owenton wastewater treatment system located at 385 Carter Lane, Owenton, Kentucky 40359.

Availability of Service

Available to all persons delivering waste for deposit and treatment into the Owenton wastewater treatment system located at 385 Carter Lane, Owenton, Kentucky 40359. The Company reserves the right to refuse or suspend its acceptance of delivered waste.

Rate

The Rate is \$20.00 per thousand gallons of material delivered.

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ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

CLASSIFICATION OF SERVICE - MILLERSBURG

Applicable

Applicable to all customers in the City of Millersburg.

Availability of Service

Available for Residential, Commercial, Industrial, Municipal and All Other Public Authority service.

Monthly Rate

The monthly rate shall be \$11.60 per 1,000 gallons of water used.

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Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

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CLASSIFICATION OF SERVICE – RIDGEWOOD SUBDIVISION

(N) **Applicable**

(N) Applicable to all customers in the Ridgewood Subdivision in Franklin County.

(N) **Availability of Service**

(N) Available for Residential, Commercial, Industrial, Municipal and All Other Public Authority service.

(N) **Monthly Rate**

(N) The monthly rate shall be \$36.57 per month.

(N) **Disconnection Charge**

(N) The charge for the physical disconnection of the sewer service line from the collecting main shall be \$750.

(N) **Connection Charge**

(N) The charge for the physical connection or reconnection of the sewer service line to the collecting main shall be \$750.

(N) New rate or requirement

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ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

CLASSIFICATION OF SERVICE – CUSTOMER CLASSIFICATIONS

Residential – Sales to single Premise residences, or to multiple Premises residences where each Premises is served through a single meter. Sprinkler services added to existing Premises coded as residential would also be coded as residential. For Premises served through a single meter with multiple owners, where usage is primary for residential purposes, and the water is billed to a homeowner association such as a condominium complex they will be classified as residential and charged the residential rate.

Commercial – Sales to multiple Premises residences served through a single meter or battery of meters. This would include two (or more) family houses and apartment houses. Sales to private schools, colleges, hospitals, churches and other private educational, cultural, social or religious organizations. Sales to business or manufacturing establishments where the water is not used principally in manufacturing or processing functions. This would include commercial offices of public utilities. Examples under this category are: stores, laundries, cleaners, shoe repair and other service establishments, garages and service stations, office buildings, sales offices or manufacturing or processing establishments, retail florists, theaters, bowling alleys, swim clubs, golf courses, manufacturing or processing establishment where water is used principally for sanitary purposes, barber shops. Water used for irrigation for agricultural purposes would normally be coded as commercial. Sprinkler services added to existing Premises coded as commercial or industrial would also be coded as commercial.

Industrial – Sales to manufacturing or processing establishments where the water is used principally in manufacturing or processing function. This would include public or private utility plants using water for steam generation, power production, etc.

Other Public Authority or “OPA” – Sales to municipal, county, state or federal agencies (other than the sales of water for resale). Examples under this category are: city buildings, public schools, public housing developments, libraries and hospitals, fire stations, county, state and federal buildings and agencies.

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President
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CLASSIFICATION OF SERVICE – CHARGES, TAXES & OTHER SIMILAR FEES

APPLICABLE

Applicable to the entire Service Territory of Kentucky-American Water Company.

AVAILABILITY OF SERVICE

Available for Residential, Commercial, Industrial, and Other Public Authority customers.

RATES

There shall be added to the Customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise, fee or other similar fee, charge or tax now or hereafter imposed upon the Company by local taxing authorities or the Kentucky River Authority, whether imposed by ordinance, franchise, statute or otherwise, and which fee, tax or charge is based upon Kentucky River water usage or a percentage of the gross receipts, net receipts, or revenues from sales of water or services rendered by the Company to the customer. Where more than one such charge, fee or tax is imposed, the total of such charges, fees or taxes applicable to a Customer may be billed to the customer as a single amount. Charges, Fees or taxes herein referred to shall in all instances be billed to customers on the basis of Company rates or usage effective at the time of billing, and on the basis of the tax rate of usage effective at the time billing is made.

There shall also be added to the Customer's bill, as a separate item, any fee, tax, or charge imposed upon the customer by a municipality or governmental agency, the purpose of which is to allocate among those customers identified by ordinance, franchise, statute or otherwise, the cost of fire hydrants imposed upon the municipality or governmental agency. Failure to pay this charge shall not constitute grounds for termination of service.

If a Customer receives both sewer and water service from the Company, the Customer will not be billed twice for such licenses, fees, charges, or taxes.

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ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

RECONNECTION CHARGE

Applicable

Applicable to the entire Service Territory of Kentucky-American Water Company.

Availability of Service

Available for all customers

When it is necessary to discontinue water service to any Premises because of a violation of the Company's Rules and Regulations on account of nonpayment of any bill for sewer service, a charge of Fifty-six Dollars (\$56.00) will be made to cover the expense of turning on the water service.

If a Customer receives both sewer and water service from the Company, the Customer will only be charged one Reconnection Charge per reconnection.

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Nick O. Rowe
President
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INSUFFICIENT FUNDS CHARGE

In those instances where a customer renders payment to the Company by check or electronic funds transfer which is not honored upon deposit by the Company, the customer will be charged (\$12.00) to cover the processing costs.

If a Customer receives both sewer and water service from the Company, the Customer will only be charged one Insufficient Funds Charge per check or electronic funds transfer that is not honored.

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NEW ACCOUNT SET UP

ACTIVATION FEE

Applicable

Applicable to all customers who request a new account or a change in ownership of an existing account.

Availability of Service.

Available for all customers.

Rate

Any activation fee of Twenty-eight (\$28.00) Dollars shall be charged to set up a new account or change an existing account. The activation fee covers the cost of meter reading and record change.

If a Customer receives both sewer and water service from the Company, the Customer will only be charged one Activation Fee per new account or change in ownership of an existing account.

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ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
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LATE PAYMENT FEE

APPLICABLE

Applicable to the entire Service Territory of Kentucky-American Water Company.

AVAILABILITY OF SERVICE

Available for all customers.

RATES

Kentucky American Water Company shall charge a 5% late fee on all charges that are paid after the due date on the bill. The late payment fee is 5% calculated upon the amounts owed with the exception of any amounts Kentucky-American Water Company collects pursuant to a third-party billing service contract, or on previously assessed late payment fees or other penalty charges. The late payment charge will only be assessed once on any bill for rendered services. Customers who received a pledge for or notice of low income water assistance from an authorized agency will not be assessed or required to pay a late payment charge for the bill for which the pledge or notice is received.

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Nick O. Rowe
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PARTIAL PAYMENT PLANS

A partial payment plan may be negotiated in writing or by phone. The plan will be in the form shown below. If negotiated by phone, on the line for customer's signature, the words "by phone" will be written along with the customer's name and date. A copy will be given to or mailed to the customer. Any outstanding balance must be paid before the next bill is issued.

Account Number _____

Date _____

Address _____

_____ owes Kentucky-American Water Company a bill for service in the amount of \$_____, which covers the period from _____ to _____, and agrees to pay this bill in full before _____ and further agreed to make the following payments:

Date	Amount
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

If payment is not made on the specified date, the water service will be disconnected immediately. In the event service is disconnected, the unpaid balance and a reconnection fee must be paid before service is restored. If more than two extensions for payment are granted in a two-year period, a deposit will be required equal to one and one-third times the estimated average quarterly water bill or two times the estimated average monthly water bill.

Customer's Signature

Kentucky-American Water Company

ISSUED: July 7, 2016
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ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

INDUSTRIAL/COMMERCIAL USER POLICY

1.0 PURPOSE

This Policy sets forth uniform requirements for existing and future Industrial/Commercial Users (referred to as Users throughout the remainder of the document) who discharge directly or indirectly into the wastewater collection and treatment system ("System") of Kentucky American Water ("Utility"). This Policy is designed to ensure that Users take no action which would prevent the Utility from complying with the requirements of the Commonwealth of Kentucky's Division of Water of the Natural Resources and Environmental Protection Cabinet ("DOW").

2.0 OBJECTIVES

The objectives of this Policy are to: (1) prevent the introduction of pollutants or materials into the wastewater system that interfere with the System's operation, contaminate the resulting sludge, pass through the System into the receiving waters or the atmosphere, or otherwise are incompatible with the System; (2) improve the opportunity to recycle and reclaim wastewater and sludge; and (3) ensure equitable distribution of the cost of the treatment and collection system.

3.0 POLICY

All Users that have identified substances which potentially may interfere with the Utility's ability to meet its KPDES Permit requirements are subject to this Policy and shall comply with its terms and those of approved Operating Agreements ("Operating Agreements") between Users and the Utility. Where a conflict between the terms of this Policy and an Operating Agreement occurs, the terms of this Policy shall control.

Users shall arrange and shall cause any required analyses to be performed. A laboratory approved by the Utility shall perform all analyses. Users shall bear all costs associated with these analyses. The Utility may conduct sampling and analysis of a User's effluent discharges at its discretion. Any industrial/commercial user subject to federal and/or state pre-treatment requirements, with discharges to KAW's sanitary waste system, may be subject to a surcharge for additional waste monitoring services to ensure compliance with KAW's KPDES discharge permit. The industrial/commercial discharger surcharge is a method of applying the additional cost of required monitoring to those users whose discharge necessitates the additional activities. The surcharge fee is \$500 per month, with an additional bi-annual fee of \$1,000 (once every two years).

This Policy shall be administered and enforced for the Utility by a registered professional engineer or appropriately certified wastewater treatment plant operator experienced in wastewater and sewer regulation and management.

4.0 SEWER USE

Within 30 days from April 20, 2008, which was the original effective date of the policy, existing Users meeting the criteria shall submit to the Utility a completed User Information Form. Within 30 days of the Utility's receipt of the User Information Form, the Utility and the User shall enter an Operating Agreement incorporating the requirements of this Policy. Users failing to enter such an Operating Agreement within 60 days of the Policy's effective date are subject to termination of service and disconnection from the System.

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ISSUED BY: /s/Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

No prospective User shall connect to or use any existing connection of the system before submitting a completed User Information Form to the Utility and entering an Operating Agreement with the Utility.

The Utility may assess to any User who violates any provision of this Policy or its Agreement a charge equal to the amount of damage to the System or costs incurred by the Utility that result from the violation. Such costs may include, but are not limited to, civil or criminal penalties assessed to the Utility as a result of the User's violation and attorney's fees and other costs incurred in civil and criminal proceedings resulting from the User's violation. The Utility may, at its discretion, also terminate a User's service for violations of this Policy.

Users who discharge only domestic or "restroom waste" into the System shall complete the applicable portions of the User Information Form set forth at Section 9.1 and execute the Operating Agreement set forth at Section 10.1 of this Policy.

All Users shall complete and submit the User Information Form set forth at Section 9.1 in its entirety and shall execute the Operating Agreement set forth at Section 10.2. This Operating Agreement shall be tailored to the User's discharge activity and shall enable the Utility to comply with its Kentucky Pollutant Discharge Elimination System Permit ("KPDES Permit").

No User shall place, deposit, or permit to be deposited into the System any wastewater containing or having:

- any storm water, ground water, roof run-off, subsurface drainage, or cooling water.
- a temperature higher than 104 degrees F.
- any gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquids, solids, or gases; and in no case any pollutant with a closed cup flashpoint of less than 140 degrees F., or which causes the System to exceed 10 percent of the lower explosive limit at any point.
- any garbage that has not been ground by suitable garbage grinders.
- any ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastic, wood, manure, or any other solids or viscous substances capable of causing obstructions or other interferences with proper operation of the System.
- toxic or poisonous substances in sufficient quantity to injure or interfere with any wastewater treatment process, to constitute hazards to humans or animals, or to create any hazard in waters which receive treated effluent from the System.
- noxious or malodorous gases or substances capable of creating a public nuisance including pollutants which result in the presence of toxic gases, vapors, or fumes.
- solids of a character or quantity that require special and unusual attention for their handling.
- any substance which may affect System effluent and cause the Utility to violate the requirements of its Permit.

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Nick O. Rowe
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2300 Richmond Road, Lexington, KY 40502

- any substance which would cause the System to fail to comply with sludge use, recycling, or disposal guidelines or regulations issued pursuant to the federal laws governing air or water quality, the Toxic Substances Act, or any applicable enactment of the Commonwealth of Kentucky.

- color which is not removed in the treatment process.

- medical or infectious wastes, radioactive waste or isotopes, or any pollutant, including BOD pollutants, released at a flow rate or concentration which would interfere with operation of the System.

The Utility may, at reasonable times, inspect the interior or exterior of any building connected or to be connected to the System, inspect and copy appropriate records, and inspect and test sampling equipment. The Utility may, at any reasonable time, perform a smoke test on or test the discharges of any facility connecting a building to the System.

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5.0 USER MANAGEMENT REQUIREMENTS

5.1 Change in Discharge

Users shall at all times comply with Operating Agreements. No facility expansion, production increase, or process modification that will cause a new, different, or increased discharge into the System may be implemented without the Utility's prior approval and until the execution of a written amendment to the User's existing Operating Agreement. Requests for modification of an Operating Agreement must be submitted in writing to the Utility not less than 90 days prior to the User's proposed implementation date. No facility expansion, production increase, or process modification shall be approved that causes a discharge that would cause the Utility to violate its KPDES Permit.

5.2 Non-Compliance Notification

Upon learning that it is not complying with its Operating Agreement or that an unavoidable event will prevent its compliance with its Operating Agreement, the User shall immediately notify the Utility of:

- the nature and cause of the non-complying discharge;
- the time when the non-complying discharge began or is expected to begin and its duration; and
- the steps taken by the User to achieve compliance and prevent a recurrence of the non-complying discharge.

If the User learns of its failure to comply as a result of sampling and analysis, it shall repeat the sampling and analysis within 24 hours of learning of its failure to comply and immediately provide to the Utility the results of the first and second sampling and analysis.

5.3 Termination of Service

After a reasonable attempt to obtain compliance, the Utility may terminate service for:

- Discharges not permitted by the User's Agreement or in excess of those permitted, upon ten days written termination notice;
- Falsification of reports, upon ten days written termination notice;
- Unapproved modification of sampling equipment or methods, upon ten days written termination notice;
- (For customers discharging only domestic or "restroom waste") Refusal to allow the Utility timely access to the User's premises, upon ten days written termination notice;
- (For customers discharging wastes other than domestic or "restroom waste") Refusal to allow the Utility timely access to the User's premises, upon two days written termination notice;
- Any discharge which presents a hazard to public health and safety, the welfare of the local environment, or the System, without advance notice.

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ISSUED BY: /s/Nick O. Rowe
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President
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6.0 OPERATING AGREEMENTS

6.1 Transferability

No Operating Agreement may be transferred without the Utility's prior written approval. No approval will be granted by the Utility unless the transferee has agreed in writing to be bound by the terms of the transferred Agreement.

6.2 Modification

Upon 30 days notice to Users and to the Commission, the Utility may modify or amend existing Operating Agreements to impose additional restrictions, conditions, prohibitions, or monitoring requirements upon Users as may be required of the Utility by DOW as a condition for maintaining or renewing its KPDES Permit.

7.0 MONITORING AND REPORTING

7.1 Representative Samples

Samples shall be representative of the volume and nature of the monitored discharge.

7.2 Reporting

Unless otherwise provided in its Agreement, Users shall submit to the Utility, by the 15th of the first month of each Quarter, User monitoring reports for the preceding Quarter. A completed "Self-monitoring Report Form", as set forth in Section 11.1 of this Policy, shall be filed for each sample taken. Users shall submit with the User monitoring reports a completed "Chain of Custody Form", as set forth in Section 11.2 of this policy, for each sample taken.

7.3 Integrity of Samples

Samples shall be collected, handled, and preserved using methods approved by the U. S. Environmental Protection Agency ("EPA") and shall be analyzed by a Utility-approved laboratory according to methods contained in Title 40, Code of Federal Regulations, Part 136, or otherwise approved by the EPA ("E.P.A approved procedures").

7.4 Chain of Custody

Sample containers shall be labeled at the time of collection and the following information shall be affixed to the label with waterproof ink: sample number, name of collector, and the date, time, and place of collection. The User shall maintain a field log with all information required for the label and the name of the user, location of sampling point, and type of sample. A Chain-of-Custody form containing all information recorded in the field log plus the signature of all persons who have had custody of the sample and the dates of possession shall accompany each sample that is provided to the laboratory. The format of the Chain-of-Custody form is set forth at Section 11.2 of this Policy.

7.5 Record Retention

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ISSUED BY: /s/Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

Users shall maintain records of all monitoring information, including all calibration and maintenance records and all original chart recordings for continuous monitoring instruments, and copies of all reports required by this policy, for at least three years from creation of the record.

7.6 Definitions

- Composite Sample when performed automatically by mechanical instrument shall mean a sample that is collected over time, formed either by continuous sampling or by mixing discrete samples. The sample may be either a time composite sample (composed of discrete sample aliquots collected in one container at constant time intervals providing representative samples irrespective of stream flow) or a flow proportional sample (collected either as a constant sample volume at time intervals proportional to stream flow, or collected by increasing the volume of each aliquot as the flow increases while maintaining a constant time interval between aliquots). Composite samples taken manually shall be comprised of no fewer than four samples of equal volume collected over a 24 hour period at intervals proportionate to discharge flow, or a sample portion collected continuously over a 24 hour period at a rate proportional to the discharge flow. Methods for composite sampling must be approved in advance by the Utility.

- Biochemical Oxygen Demand (BOD or BOD-5) shall mean the measure of decomposable organic matter in wastewater as represented by the oxygen used over a period of five days at 20 degrees C, as determined by E.P.A. approved procedures.

- Total Suspended Solids (TSS) shall mean the insoluble solid matter suspended in wastewater that is separable by laboratory filtration according to E.P.A. approved procedures.

- Oil and Grease (Total) shall mean all vegetable and animal matter, hydrocarbons, waxes, oils, gasoline, heavy fuel, or lubricating oils as determined according to E.P.A. approved procedures.

- Daily Maximum shall mean the maximum allowable discharge of a pollutant during a calendar day. Where daily maximum limitations are expressed in units of mass, the daily discharge is the total mass discharged over the course of the day. Where daily maximum limitations are expressed in terms of concentration, the daily discharge is the arithmetic average measurement of the pollutant concentration derived from all measurements taken that day.

- Grab Sample shall mean an individual sample collected in less than 15 minutes, without regard for flow or time.

- Instantaneous Maximum Concentration shall mean the maximum concentration allowed in any single grab sample.

- Cooling Water, Uncontaminated, shall mean water used for cooling purposes only which has no direct contact with any raw material, intermediate, or final product and which does not contain a level of contaminants detectably higher than that of the intake water.

- Cooling Water, Contaminated, shall mean water used for cooling purposes only which may become contaminated either through the use of water treatment chemicals used as corrosion inhibitors or biocides, or by direct contact with process materials or wastewater.

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- Monthly Average shall mean the arithmetic mean of the values for effluent samples collected during a calendar month or specified 30 day period.

- Weekly Average shall mean the arithmetic mean of the values for effluent samples collected over a period of seven consecutive days.

- Bi-Weekly shall mean once every other week.

- Bi-Monthly shall mean once every other month.

- Quarterly shall mean once every three months.

- By-Pass shall mean the intentional diversion of wastes from any portion of the treatment facility.

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7.7 MONITORING REQUIREMENTS

From the period beginning the effective date of the Operating Agreement, the User shall monitor any designated outfall for the following parameters, at the indicated frequency:

Sample Parameter (Units)	Measurement Location	Frequency	Sample Type
Flow (gpd)	Meter washer	Daily	Meter
Flow (gpd)	Master meter	Continuous	Meter
BOD5	MH 001	4/year	Composite
NH3-N	MH 001	4/year	Composite
TSS	MH 001	4/year	Composite
Total Oil & Grease	MH 001	4/year	Grab
PH	MH 001	4/year	Grab
Phosphorus(T)	MH 001	4/year	Composite
Cadmium (T)	MH 001	4/year	Composite
Chromium (T)	MH 001	4/year	Composite
Copper (T)	MH 001	4/year	Composite
Lead (T)	MH 001	4/year	Composite
Nickel (T)	MH 001	4/year	Composite
Silver (T)	MH 001	4/year	Composite
Zinc (T)	MH 001	4/year	Composite
Cyanide (T)	MH 001	4/year	Grab
TTO	MH 001	2/year	Composite

Daily flows are to be recorded from the Users flow meter.

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ISSUED BY: /s/Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

8.0 DISCHARGE LIMITS

No discharge into the Utility's system may exceed the following limits:

DISCHARGE LIMITATIONS			
PARAMETER	UNIT	24 HOUR MAXIMUM CONCENTRATION (mg/L)	MONTHLY AVERAGE CONCENTRATION (mg/L)
Flow	GPD	Report	Report
Arsenic, total	mg/L	0.10	
Cadmium, total	mg/L	0.06	0.06
Chromium, total	mg/L	1.0	0.84
Chromium, hexavalent	mg/L	0.10	
Copper, total	mg/L	1.1	1.02
Cyanide, total	mg/L	0.1	0.1
Iron, total	mg/L	15.0	
Lead, total	mg/L	0.30	0.21
Mercury, total	mg/L	0.0005	
Nickel, total	mg/L	0.7	0.7
Silver, total	mg/L	0.10	0.1
Zinc, total	mg/L	1.3	0.73
Ammonia Nitrogen	mg/L	30	
Phosphorus	mg/L	1.0	
Oil/Grease, Total	mg/L	100	
PH, S.U.	mg/L	9.5	
TSS	mg/L	250	
BOD-5	mg/L	250	
TTO	mg/L	1.05	

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ISSUED BY: /s/Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

9.0 USER INFORMATION FORM

As set forth in section 3.0 of the Industrial/Commercial User Policy, the following form must be completed and submitted to the Utility by all current users within 30 days from April 20, 2008, which was the original effective date of the policy, and prior to connection to the system by prospective Users.

USER INFORMATION FORM

NOTE: Please read all attached instructions prior to completing this application.

1.1 Facility Name: _____
Operator Name: _____

Is the operator identified the owner of the facility?
Yes () No () If no, provide the name and address of the operator and submit a copy of the contract or other documents indicating the operator's scope of responsibility for the facility

1.2 Facility Address:
Street: _____
City: _____ State: _____ Zip: _____

1.3 Business Mailing Address:
Street: _____
City: _____ State: _____ Zip: _____

1.4 Designated Signatory Authority of the Facility:
(Attach similar information for each authorized representative)
Name: _____
Title: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone Number: _____

1.5 Designated Facility Contact:
Name: _____
Title: _____
Phone Number: _____
Fax Number: _____

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EFFECTIVE: October 7, 2016

ISSUED BY: /s/Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

2.0 *BUSINESS ACTIVITY:*

2.1 *If your facility employs or will employ processes in any of the industrial categories or business activities listed below (regardless of whether they generate wastewater, waste sludge, or hazardous wastes), place a check beside the category of business activity (check all that apply).*

*INDUSTRIAL CATEGORIES**

- | | |
|---|---|
| <input type="checkbox"/> Aluminum Forming | <input type="checkbox"/> Asbestos Manufacturing |
| <input type="checkbox"/> Battery Manufacturing | <input type="checkbox"/> Can Making |
| <input type="checkbox"/> Coal Mining | <input type="checkbox"/> Coil Coating |
| <input type="checkbox"/> Copper Forming | <input type="checkbox"/> Electric and Electronic Components Manufacture |
| <input type="checkbox"/> Electroplating | <input type="checkbox"/> Feedlots |
| <input type="checkbox"/> Fertilizer Manufacturing | <input type="checkbox"/> Foundries (Metal Molding and Casting) |
| <input type="checkbox"/> Glass Manufacturing | <input type="checkbox"/> Grain Mills |
| <input type="checkbox"/> Inorganic Chemicals | <input type="checkbox"/> Iron and Steel |
| <input type="checkbox"/> Leather Tanning and Finishing | <input type="checkbox"/> Metal Finishing |
| <input type="checkbox"/> Nonferrous Meta Forming | <input type="checkbox"/> Nonferrous Metals Manufacturing |
| <input type="checkbox"/> Organic Chemicals Manufacture | <input type="checkbox"/> Paint and Ink Formulating |
| <input type="checkbox"/> Paving and Roofing Manufacture | <input type="checkbox"/> Pesticides Manufacturing |
| <input type="checkbox"/> Petroleum Refining | <input type="checkbox"/> Pharmaceutical |
| <input type="checkbox"/> Plastic, Synthetic Materials Mfgr. | <input type="checkbox"/> Plastics Processing Manufacturing |
| <input type="checkbox"/> Porcelain Enamel | <input type="checkbox"/> Pulp, Paper and Fiberboard Manufacturing |
| <input type="checkbox"/> Rubber | <input type="checkbox"/> Soap and Detergent Manufacturing |
| <input type="checkbox"/> Steam Electric | <input type="checkbox"/> Sugar Processing |
| <input type="checkbox"/> Textile Mills | <input type="checkbox"/> Timber Products |

* *A facility whose processes are within these business areas may be a "categorical user" and subject to Environmental Protection Agency (EPA) categorical pretreatment standards.*

2.2 *Give a brief description of all operations at this facility including primary products or services (attach additional sheets if necessary):*

2.3 *Indicate applicable Standard Industrial Classification (SIC) for all processes. (If more than one applies, list in descending order of importance):*

a. _____ b. _____ c. _____ d. _____ e. _____

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2.4 Product Volume:

PRODUCT (Brandname) (levels with others and no. u.l.)	PAST CALENDAR YEAR Amounts Per Day (Daily Units)		ESTIMATE THIS CALENDAR YEAR Amounts Per Day (Daily Units)	
	Average	Maximum	Average	Maximum

3.0 WATER SUPPLY:

3.1 Water Resources: (check as many as are applicable)

- Private Well Surface Water
 Municipal Water (Specify city): _____
 Other (Specify): _____

3.2 Name on Water Bill: _____
Street: _____ City: _____ State: _____ Zip: _____

3.3 Water Service Account Number: _____

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3.4 *List Average Water Use on Premises: (New facilities may estimate)*

TYPE	AVERAGE WATER USAGE (GPD)	INDICATE (E) ESTIMATED OR (M) MEASURED
a. Contact cooling water		
b. Non-contact cooling water		
c. Boiler feed		
d. Process		
e. Sanitary		
f. Air pollution control		
g. Contained in product		
h. Plant and equipment washdown		
i. Irrigation and lawn watering		
j. Other		
k. TOTAL OF a-j		

4.0 **SEWER INFORMATION:**

4.1 *For an Existing Business:*

Is the building presently connected to the Kentucky American Water sanitary sewer system?

() *Yes: Sanitary sewer account number _____*
() *No: Have you applied for a sanitary sewer hookup? () Yes () No*

For a New Business:

Have you applied for a building permit if a new facility will be constructed? () Yes () No

Will you be connected to the Kentucky American Water sewer system? () Yes () No

4.2 *List size, descriptive location, and flow of each facility sewer that connects to the sewer system. (If more than four, attach additional information on another sheet.)*

<i>Sewer Size</i>	<i>Descriptive Location of Sewer Connection or Discharge Point</i>	<i>Average Flow(GPD)</i>

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5.0 WASTEWATER DISCHARGE INFORMATION:

5.1 Does (or will) this facility discharge any wastewater other than from restrooms to the sewer system?

- () Yes (Complete the remainder of this application.)
- () No (Skip to Section 9.)

5.2 Provide the following information on wastewater flow rate: (New facilities may estimate)

Hours/Day Discharge (e.g., 8 hours/day)

M ____ T ____ W ____ TH ____ F ____ SAT ____ SUN ____

Hours of Discharge (e.g., 9 a.m. to 5 p.m.)

M ____ T ____ W ____ TH ____ F ____ SAT ____ SUN ____

Peak Hourly Flow Rate (Gals) _____ Maximum Daily Flow Rate (Gals) _____
Annual Daily Average (Gals) _____

5.3 If batch discharges occurs or will occur, indicate: (New facilities may estimate)

Number of batch discharges, _____ per day

Average discharge per batch, _____ (Gals)

Time of batch discharges, _____ (days of week) at _____ (hours of day)

Flow Rate, _____ gallons/minute, Percent of total discharge, _____%

5.4 Schematic Flow Diagram - For each major activity in which wastewater is or will be generated, draw a diagram of the flow of material, products, water, and wastewater from the start of the activity to its completion, showing all unit processes. Indicate which processes use water and which generate wastestreams. Include the average daily volume and maximum daily volume of each wastestream (new facilities may estimate). If estimates are used for flow data, this must be indicated. Number each unit process having wastewater discharges to the sewer. Use these numbers when showing the unit processes in the building layout in Section 8. This drawing must be certified by a Kentucky Registered Professional Engineer.

Facilities that checked activities in question 2.1 of Section 2 are considered Categorical Industrial Users and should skip to Section 5.6.

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5.5 For Non-categorical Users Only: List average wastewater discharge, maximum discharge, and type of discharge (batch, continuous or both), for each plant process. Include the reference number from the process schematic that corresponds to each process. (New facilities should provide estimates for each discharge).

No.	Process Description	Average Flow (GPD)	Maximum Flow (GPD)	Type of Discharge (batch, Contin., None)
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Answer questions 5.6 and 5.7 only if you are subject to categorical pretreatment standards

5.6 For Categorical Users: Provide the wastewater discharge flows for each of your processes or proposed processes. Include the reference number from the process schematic that corresponds to each process. (New facilities should provide estimates for each discharge).

No.	Regulated Process	Average Flow (GPD)	Maximum Flow (GPD)	Type of Discharge (batch, Contin., None)
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

No.	Dilution	Average Flow (GPD)	Maximum Flow (GPD)	Type of Discharge (batch, Contin., None)
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

5.7 For Categorical Users subject to Total Toxic Organic (TTO) Requirements: Provide the following TTO information.

Does (or will) this facility use any of the toxic organics that are listed under the TTO standard of the applicable categorical pretreatment standards published by the EPA?

Yes No

Has the baseline monitoring report (BMR) been submitted which contains the TTO information?

Yes No

Has a toxic organic management plan (TOMP) been developed?

Yes, (Please attach a copy) No

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5.8 Do you have, or plan to have, automatic sampling equipment or continuous wastewater flow metering equipment at this facility?

Current: Flow Metering () Yes () No
 Sampling Equipment () Yes () No
Planned: Flow Metering () Yes () No
 Sampling Equipment () Yes () No

If so, please indicate the present or future location of this equipment on the sewer schematic and describe the equipment below:

5.9 Are any process changes or expansions planned during the next three years that could alter wastewater volumes or characteristics? Consider production processes as well as air or water pollution treatment processes that may affect the discharge.

() Yes () No, (skip question 5.10)

5.10 Briefly describe these changes and their effects on the wastewater volume and characteristics: (Attach additional sheets if needed.)

6.0 CHARACTERISTICS OF DISCHARGE

All current industrial/commercial users are required to submit monitoring data on all pollutants that are regulated specific to each process. Use the table at the end of this section to report the analysis of the analytical results. Do Not Leave Blanks. For all other (non-regulated) pollutants, indicate whether the pollutant is known to be present (P), suspected to be present (S), or known not to be present (O), by placing the appropriate letter in the column for average reported values. Indicate on either the top of each table, or on a separate sheet, if necessary, the sample location and type of analysis used. Be sure methods conform to 40 CFR Part 136. If they do not, indicate what method was used.

New users should use the table to indicate what pollutants will be present or are suspected to be present in proposed wastestreams by placing a P (expected to be present), S (may be present), or O (will not be present) under the average reported values.

7.0 TREATMENT

7.1 Is any form of wastewater treatment (see list below) practiced at this facility?

() Yes () No

7.2 Is any form of wastewater treatment (or changes to an existing wastewater treatment) planned for this facility within the next three years?

() Yes () No

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7.3 Treatment devices or processes used or proposed for treating wastewater or sludge (check as many as appropriate).

- | | |
|--|--|
| <input type="checkbox"/> Air Flotation | <input type="checkbox"/> Centrifuge |
| <input type="checkbox"/> Chemical Precipitation | <input type="checkbox"/> Chlorination |
| <input type="checkbox"/> Cyclone | <input type="checkbox"/> Filtration |
| <input type="checkbox"/> Flow Equalization | <input type="checkbox"/> Grease or Oil Separation, type: _____ |
| <input type="checkbox"/> Grease Trap | <input type="checkbox"/> Grinding Filter |
| <input type="checkbox"/> Grit Removal | <input type="checkbox"/> Ion Exchange |
| <input type="checkbox"/> Neutralization, pH correction | <input type="checkbox"/> Ozonation |
| <input type="checkbox"/> Reverse Osmosis | <input type="checkbox"/> Screen |
| <input type="checkbox"/> Sedimentation | <input type="checkbox"/> Septic Tank |
| <input type="checkbox"/> Solvent Separation | <input type="checkbox"/> Spill Protection |
| <input type="checkbox"/> Sump | <input type="checkbox"/> Biological Treatment, type: _____ |
| <input type="checkbox"/> Rainwater Diversion or Storage | <input type="checkbox"/> Other Chemical Treatment, type: _____ |
| <input type="checkbox"/> Other Physical Treatment, type: _____ | <input type="checkbox"/> Other, type: _____ |

7.4 Describe the pollutant loadings, flow rates, design capacity, physical size, and operating procedures of each treatment facility checked above.

7.5 Attach a process flow diagram for each existing treatment system. Include process equipment, by-products, by-product disposal method, waste and by-product volumes, and design and operating conditions.

7.6 Describe any changes in treatment or disposal methods planned or under construction for the wastewater discharge to the sanitary sewer. Please include estimated completion dates.

7.7 Do you have a treatment plant operator? Yes No

(If yes,) Name: _____

Title: _____ Phone: _____

Full time: _____ (specify hours) Part time: _____ (specify hours)

Classification: _____ Certification No. _____

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7.8 *Do you have a manual on the correct operation of your treatment equipment?*
 Yes *No*

7.9 *Do you have a written maintenance schedule for your treatment equipment?*
 Yes *No*

8.0 *FACILITY OPERATIONAL CHARACTERISTICS:*

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8.1 *Shift Information*

<i>Work Days</i>	<i>Mon.</i>	<i>Tues.</i>	<i>Wed.</i>	<i>Thurs.</i>	<i>Fri.</i>	<i>Sat.</i>	<i>Sun.</i>
<i>Shifts per work day:</i>							
<i>Empl's per Shift</i>	<i>1st.</i>						
	<i>2nd.</i>						
	<i>3rd.</i>						
<i>Shift start and end times:</i>	<i>1st</i>						
	<i>2nd</i>						
	<i>3rd</i>						

8.2 *Indicate whether the business activity is:*

- () *Continuous through the year, or*
- () *Seasonal - Circle the months of the year which the business activity occurs:*

<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>June</i>	<i>July</i>	<i>Aug</i>	<i>Sept</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>
<i>Comments:</i>											

8.3 *Indicate whether the facility discharge is:*

- () *Continuous through the year, or*
- () *Seasonal - Circle the months of the year which the business activity occurs:*

<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>June</i>	<i>July</i>	<i>Aug</i>	<i>Sept</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>
<i>Comments:</i>											

8.4 *Does the operation shut down for vacation, maintenance, or other reasons?*
() *Yes, indicate reasons and period when shutdown occurs:*

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8.5 List types and amounts (mass or volume per day) of raw materials used or planned for use (attach list if needed):

8.6 List types and quantity of chemicals used or planned for use during permit period. (attach list if needed). Include copies of Manufacturer's Safety Data Sheets for all chemicals identified:

<i>Chemical</i>	<i>Quantity</i>
<hr/> <hr/>	<hr/> <hr/>

8.7 Building Layout. Draw to scale the location of each building on the premises. Show map orientation and location of all water meters, storm drains, numbered unit processes (from schematic flow diagram), sewer, and each facility sewer line connected to the sewer system. Number each sewer and show existing and proposed sampling locations. A blueprint or drawing of the facilities showing the above items may be attached instead.

9.0 SPILL PREVENTION:

9.1 Do you have chemical storage container, bins or ponds at your facility? () Yes () No

If yes, describe their locations, contents, size, type and frequency and method of cleaning. Also indicate in a diagram or describe below these containers' proximity to a sewer or storm drain. Indicate if buried metal containers have cathodic protection.

9.2 Do you have floor drains in your manufacturing or chemical storage area(s)?

() Yes, Indicate discharge location: _____
() No

9.3 If you have chemical storage containers, bins or ponds in manufacturing area, could an accidental spill lead to a discharge to: (check all that apply)?

- () an onsite disposal system
- () sanitary sewer system (e.g. through a floor drain)
- () storm drain
- () to ground
- () other, specify: _____
- () not applicable, no possible discharge to any of the above routes

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9.4 Do you have an accidental spill prevention plan (ASPP) to prevent spills of chemicals or slug discharges from entering the collection system?

- () Yes - (Attach a copy of the plan) () No
() Not applicable since there are no floor drains and/or the facility discharge(s) only domestic wastes.

9.5 Describe below any previous spill events and remedial measures taken to prevent their recurrence.

10.0 NON-DISCHARGE WASTES:

10.1 Are any waste liquids or sludges generated and not disposed of in the sanitary sewer system?

- () Yes, please describe below
() No, Skip the remainder of Section 10.

Waste Generated	Quantity (per year)	Disposal Method

10.2 Indicate which wastes identified above are disposed of at an off-site treatment facility and which are disposed of on-site.

10.3 If any of your wastes are sent to an off-site centralized waste treatment facility, identify the wastes and the facility.

10.4 If an outside firm removes any of the above checked wastes, state the name(s), and address(es) of all waste haulers:

- A. _____ B. _____

Permit # _____ Permit # _____

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10.5 *Have you ever been issued any Federal, State, or local environmental permits?*
 Yes No

If Yes, please list the permit(s):

11.0 **AUTHORIZED SIGNATURES:**

11.1 **Compliance Certification:**

A. *Are all applicable Federal, State, and local pretreatment standards and requirements being met on a consistent basis?*

Yes No Not yet discharging

B. *If no, what additional operations and maintenance procedures are being considered to bring the facility into compliance? List any additional treatment technology or practice being considered to bring the facility into compliance.*

Provide a schedule for bringing the facility into compliance. Specify major events planned along with reasonable completion dates. Note that if the Kentucky American Water Company enters an agreement with a user, it may establish a schedule for compliance different from the one submitted by the facility.

<i>Milestone Activity</i>	<i>Completion Date</i>

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12.0 AUTHORIZED REPRESENTATIVE STATEMENT:

I hereby swear that: (1) This document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted; (2) Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete; (3) I am aware that submitting false information may lead to termination of sewer service, and civil and/or criminal proceedings by local, state, and federal governments.

Name(s) Title

Signature Date Phone

Subscribed and sworn to by _____, Applicant's Representative, this
____ day of _____, 20__.

My commission expires _____, _____.

Notary Public

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10.0 FORM OPERATING AGREEMENTS

10.1 Operating Agreement for Users whose discharge into the System is limited to **domestic or "restroom wastes."**

OPERATING AGREEMENT

This Agreement is entered between Kentucky American Water (the Utility), and
USER NAME: _____
ADDRESS: _____
TELEPHONE NUMBER: _____
FAX NUMBER: _____

In consideration of the services rendered by the Utility, User agrees to be bound by the provisions of the Utility's tariff on file with the Kentucky Public Service Commission and further agrees that it will not place, deposit, or suffer to be deposited any wastes other than domestic or "restroom wastes" into the Utility's system through any connection to the system from property it uses, rents, owns, or controls.

User specifically acknowledges that placing, depositing, or suffering to be deposited any waste other than domestic or "restroom wastes" in the Utility's system by it or any persons under its control is a violation of the rules and regulations of the Utility for which the Utility may disconnect User's sewer service and recover any damages from User which the Utility may incur as a result of User's violation, including but not limited to any fines or penalties for which Utility may become liable to the Commonwealth of Kentucky, Division of Water of the Natural Resources and Environmental Protection Cabinet, under Utility's Kentucky Pollution Discharge Elimination System Permit.

This Agreement is effective as of the date of the last signature.

Kentucky American Water
By: _____
Title: _____
Date: _____

User: _____
By: _____
Title: _____
Date: _____

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10.2 Operating Agreements for Users who are or will be placing, depositing, or suffering to be deposited wastes **other than domestic or "restroom wastes."**

OPERATING AGREEMENT

This Agreement is entered between Kentucky American Water (the Utility), and
USER: NAME: _____
ADDRESS: _____
TELEPHONE NUMBER: _____
FAX NUMBER: _____

In consideration of the services rendered by the Utility, User agrees to be bound by the provisions of the Utility's tariff on file with the Kentucky Public Service Commission.

1. *User acknowledges that a violation of the Utility's Industrial/Commercial User Policy as contained in the Utility's tariff permits the Utility to disconnect User's sewer service and recover any damages from User which the Utility may incur as a result of User's violation, including but not limited to any fines or penalties for which Utility may become liable to the Commonwealth of Kentucky or the United States of America.*

2. *User is authorized to discharge into the System at the following discharge point(s):*

3. *User shall not exceed the discharge limits set forth in Section 7.0 of the Industrial/Commercial User Policy.*

4. *User shall monitor the following parameters at the indicated frequency using the indicated sampling method, at the location where the waste stream first enters the Utility's System, as shown on the description required by Section 8.7 of the User Information Form. Reports of monitoring and analysis shall be submitted to the Utility as provided in Section 6.2 of the policy.*

<i>Flow, meter washer</i>	<i><u>Daily Total</u></i>	<i>Flow, master meter</i>	<i><u>Continuous Flow</u></i>		
<i>SAMPLE TYPE: 24 Hour Composite</i>					
<i>Cadmium, total</i>	_____	<i>Chromium, total</i>	_____	<i>Copper, total</i>	_____
<i>Lead, total</i>	_____	<i>Nickel, total</i>	_____	<i>Silver, total</i>	_____
<i>Zinc, total</i>	_____	<i>Ammonia Nitrogen</i>	_____	<i>Phosphorus</i>	_____
<i>TTO</i>	_____	<i>BOD-5</i>	_____		
<i>Total Suspended Solids</i>	_____				
<i>SAMPLE TYPE: Grab</i>					
<i>pH, S.U.</i>	_____	<i>Oil/Grease, total</i>	_____	<i>Cyanide, total</i>	_____

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5 Pursuant to Section 5.2 of the policy, the Utility may, upon 30 days notice to Users and to the Commission, impose such additional restrictions, conditions, prohibitions, or monitoring requirements upon User as may be required of the Utility by DOW as a condition for maintaining or renewing its Permit. User further agrees to accept such other modifications proposed by Utility as are required of User or the Utility by local, state or federal law or regulation.

6. User acknowledges its duty to take all reasonable steps to minimize or correct any adverse impact to the System or the environment resulting from its failure to comply with this Agreement and the Utility's tariff, including but not limited to additional or accelerated monitoring as may be necessary to determine the nature and impact of the non-complying discharge.

7. User shall not increase the use of potable or process water or, in any way, attempt to dilute an effluent or discharge as a partial or complete substitute for adequate treatment to achieve compliance with the limitations contained in this Agreement and the Utility's tariff.

8. User shall not by-pass the System unless it is unavoidable to prevent loss of life, personal injury, or severe damage.

9. User shall maintain and operate all facilities and equipment for the treatment and control of wastewater which are installed or used to comply with the policy and this Agreement. If User's facilities or and/or equipment for the treatment of wastewater fails or suffers a reduction in capacity, or if the Utility's system fails, User shall reduce or stop its discharge into the System as necessary until its facilities or equipment or the System is repaired and capable of treating wastewater in compliance with this policy and the Utility's Kentucky Pollutant Discharge Elimination System Permit ("KPDES Permit").

10 User shall dispose of all solids, sludges, backwash, or other pollutants removed in the course of treatment or control of wastewaters in accordance with the Clean Water Act, the Clean Air Act, the Resources Conservation and Recovery Act, and KRS Chapter 224.

11. User shall routinely calibrate, inspect, and maintain all equipment used for sampling and analysis of wastewater. Equipment used for sampling and analysis shall be capable of measuring flows with a maximum deviation of less than 10 percent from true discharge rates throughout the range of expected discharge volumes.

12. User shall include the results of all monitoring done in excess of the requirements of the policy and this Agreement in its monthly reports to the Utility.

13. All reports submitted to the Utility shall contain the following certification and be signed by an authorized representative of user:

I hereby swear under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted, is to the best of my knowledge and belief true, accurate, and complete. I am aware that there are

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significant penalties for submitting false information, including immediate termination of service and the possibility of fines and criminal penalties for knowing violations."

This Agreement is effective as of the date of the last signature.

CERTIFICATION:

User: _____
By: _____
Title: _____
Date: _____

ACCEPTANCE:

Kentucky American Water
By: _____
Title: _____
Date: _____

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President
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11.0 REPORTING FORMS

Users required to monitor wastewater discharge into the system shall use the following forms for reporting to the Utility:

11.1 Self-monitoring Report Form

Kentucky American Water
Self-Monitoring Report Form

Date of this report: _____

Company Name: _____

Address: _____

Company Contact: _____

Telephone: _____

Sampling

Collected by: _____

Collection Date: _____ Time: _____

Sample Point Location: _____

Analysis Performed by: _____

Type of Sample _____ Grab _____ Time Composite _____ Hours

_____ Flow Proportional Composite _____ Hours

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Analysis

Parameter	Unit		Result	Limit	24 Hour Max.
	Avg. Peak	GPD GPD			
Flow					
Arsenic, Tot.		Mg/L			
Cadmium, Tot.		Mg/L			
Chromium, Tot.		Mg/L			
Chromium, Hex.		Mg/L			
Copper, Tot.		Mg/L			
Cyanide, Tot.		Mg/L			
Cyanide, Amen.		Mg/L			
Iron, Tot.		Mg/L			
Lead, Tot.		Mg/L			
Phosphorus, Tot.		Mg/L			
Nickel, Tot.		Mg/L			
Silver, Tot.		Mg/L			
Zinc, Tot.		Mg/L			
Barium		Mg/L			
Selenium		Mg/L			
Magnesium		Mg/L			
Sulfate		Mg/L			
Sulfide		Mg/L			
Chloride		Mg/L			
Fluoride		Mg/L			
Ammonia Nitrogen		Mg/L			
Phenois		Mg/L			
PCBs		Mg/L			

Parameter	Unit	Result	Limit	24 Hr. Max.
TTO	Mg/L			
Boron	Mg/L			
PH	S.U.			
Oil/Grease, Tot.	Mg/L			
BOD-5	Mg/L			
Tot. Susp. Solids	Mg/L			
Tot. Disol. Solids	Mg/L			
Color	ADMI			
Temperature	°F			
Tem	°F			
Arsenic	Mg/L			
Silver	Mg/L			

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

I swear or affirm under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based upon my inquiry of the person or persons who manage the system or those persons directly responsible for gathering the information, the information submitted is to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines for knowing violations.

Name

Title

Signature

Date/Phone

Subscribed and sworn to by _____, Affiant, this ____ day of _____, 20__.

My commission expires _____, _____.

Notary Public

Note: Chain-of-Custody must be attached.

This report shall be postmarked no later than the 15th day of each month following the completed reported period and submitted to:

Kentucky American Water
Attn: Water Quality Supervisor
2300 Richmond Road
Lexington, Kentucky
Attn.: Self-Monitoring

Special Conditions

1. _____
2. _____
3. _____

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

4.

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

11.2 Chain of Custody Form

**KENTUCKY AMERICAN WATER
INDUSTRIAL/COMMERCIAL USER PROGRAM
CHAIN-OF-CUSTODY**

Type of Inspection: Scheduled Unscheduled Demand Self Monitoring

Company: _____ Sample Location _____

Permit Number: _____

Sample No.	Date & Time	Station Description	(grab/composite)	Containers	Preservation	Required Analysis

Sample Collected By (Print): _____ Signature: _____

Reviewed By (Print): _____ Signature: _____

Company Name(Print): _____ Date: _____

Reviewed By (Print): _____ Signature: _____

Company Name(Print): _____ Date: _____

Reviewed By (Print): _____ Signature: _____

ISSUED: **July 7, 2016**
EFFECTIVE: **October 7, 2016**

ISSUED BY: /s/Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

11.3 Wastewater Contribution Monitoring Report Form

WASTEWATER CONTRIBUTION MONITORING REPORT
FACILITY NAME

Parameter	Freq.	Type	Unit	Limit	Test Result	Test Method	Violation
Arsenic	Quarterly	24 Hour Composite	Mg/l	0.10			
Cadmium	Quarterly	24 Hour Composite	Mg/l	0.06			
Chromium	Quarterly	24 Hour Composite	Mg/l	1.0			
Chromium, Hexavalent	Quarterly	24 Hour Composite	Mg/l	0.10			
Copper	Quarterly	24 Hour Composite	Mg/l	1.1			
Cyanide	Quarterly	Grab	Mg/l	0.1			
Iron	Quarterly	24 Hour Composite	Mg/l	15.0			
Lead	Quarterly	24 Hour Composite	Mg/l	0.30			
Phosphorus	Quarterly	24 Hour Composite	Mg/l	1.0			
Nickel	Quarterly	24 Hour Composite	Mg/l	0.7			
Oil/Grease	Quarterly	Grab	Mg/l	100			
Ph, S.U.	Quarterly	Grab	S.U.	9.5			
Silver	Quarterly	24 Hour Composite	Mg/l	0.10			
Zinc	Quarterly	24 Hour Composite	Mg/l	1.3			

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

Surcharge Parameters

Parameter	Freq.	Type	Unit	Limit	Test Result	Test Method	Violation
BOD-5	Quarterly	24 Hour Composite	Mg/l	250			
TSS	Quarterly	24 Hour Composite	Mg/l	250			
Ammonia Nitrogen	Quarterly	24 Hour Composite	Mg/l	30			

Date: _____ By: _____ Grab/Comp Both

I swear under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the System, or those persons directly responsible for gathering the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines for knowing violations.

Signed: _____ Title: _____ Date: _____

Subscribed and sworn to by _____, Affiant, this ____ day of _____, 20__.

My commission expires _____, _____.

Notary Public

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

12.0 EXCESS TREATMENT FEE

Users exceeding the discharge limits for BOD, TSS, or Ammonia Nitrogen set forth in Section 7.0 of this policy must obtain the prior Utility approval before making such discharges and shall pay an excess treatment fee in addition to other specified charges. In no event shall a User's 24-Hour Maximum Daily Concentration (mg/l) exceed 400 mg/L for BOD, 400 mg/l for TSS, or 100 mg/L for Ammonia Nitrogen.

Excess treatment fees shall be as follows:

BOD	\$1.78 per pound in excess of Section 7.0 discharge limit
TSS	\$1.78 per pound in excess of Section 7.0 discharge limit
Ammonia Nitrogen	\$8.36 per pound in excess of Section 7.0 discharge limit

ISSUED: July 7, 2016
EFFECTIVE: October 7, 2016

ISSUED BY: /s/Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502

Exhibit C

NOTICE

On July 7, 2016, Kentucky-American Water Company ("Kentucky American Water") filed an application with the Kentucky Public Service Commission ("PSC") to adopt the Ridgewood Subdivision tariffs as part of a request in Change of Control of the Ridgewood Subdivision wastewater system. Kentucky American Water has requested the proposed rates be effective for service rendered on and after October 7, 2016 to all customer classifications as shown below:

Proposed Rates (Effective for service rendered on and after October 7, 2016):

Monthly Rate

(applicable to all

customer classifications)

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
5/8"	\$36.57	\$36.57	\$0.00	0%

Average Monthly Bills: (Flat fee not based on usage)

	<u>Current Average Bill</u>	<u>Proposed Average Bill</u>	<u>\$ Change</u>	<u>% Change</u>
Residential	\$36.57	\$36.57	\$0.00	0%

Payments and fees:

<u>Description</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
Late Payment	10%	5%		50% Decrease
Insufficient Funds	\$20.00	\$12.00	\$8.00	40% Decrease
Disconnection from main	750.00	750.00	0.00	0%
Reconnection to main	750.00	750.00	0.00	0%
Connection to main	0.00	750.00	750.00	New
Disconnection of water service	0.00	56.00	56.00	New
Activation fee for new account	0.00	28.00	28.00	New

Kentucky American Water has proposed to adopt the current Ridgewood Subdivision monthly rates, disconnection and reconnection fees. Kentucky American Water has proposed to apply other fees, such as the Late Payment Fee, Insufficient Funds Charge, disconnection fee that requires a turn-off of water service, and an activation of account fee as charged to its other sewer customers under Kentucky American Water's current tariffs. Kentucky American Water has also proposed a clarification that the Reconnection fee to physically connect to the collection main also be applied to any new connections.

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

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

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

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

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

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