

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

1. Refer to the Application, Lubertozi Testimony, pages 9–10. The internship program is described as a way to attract and recruit new talent. Explain more fully how the Company intends to maximize this talent pipeline.
 - a. Does the Company have any issues with employee retention or recruitment to its Operations division? Explain fully and describe any challenges in this area and any other steps it intends to take to mitigate any issues.
 - b. Explain whether the Company has a workforce development program, and if so, how the internship program fits into the overall scheme.

Response:

a. and b. WSCK has not experienced an employee retention issue; however, the utility industry is facing an aging workforce issue, which has been a topic of presentations and discussion at national regulatory conferences and state seminars. As utilities face new challenges from implementing GIS using handheld devices (e.g., cell phones and iPads), it is important to engage a workforce that grew up using technology, and as aging licensed operator plan retirement it is also important to transfer knowledge and skills to the next generations of operators. In addition to the college internship program, WSCK anticipates rolling out an apprentice type program for high school students who may not be interested in college and interested in learning a trade. WSCK's parent company encourages all of its employees in management positions to evaluate their employees from a "ready now" and "ready next" perspective. Additionally, managers are encouraged to meet with their direct reports for regular "one-on-one" meetings to discuss career development and other important business or personnel issues.

Witness: Steve Lubertozi

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2. Refer to the Application, Guttormsen Testimony, pages 7–8. Explain why the Company believes 30 months is a more realistic estimate of the time that will have elapsed between rate cases.
 - a. When does the Company anticipate filing for another rate increase after the current case?
 - b. Does the Company intend to plan on 30 months between all rate cases moving forward?

Response:

- a. WSCK estimates that it will file its next case approximately two years from the date of filing the current case.
- b. Not necessarily. The Company expects that on average, it would file a base rate case every two years. The Company chose 30 months as an amortization period to minimize unamortized rate case expense at each rate case and more closely match revenues and expenses. Please see the response provided in the Staff's second request for information, question 15.

Witness: Rob Guttormsen

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3. Refer to the Application, Miller Testimony, pages 6-7, 14; and WSCK Response to Commission's First Data Request, page 427. Explain the process and timeline the Company used to fully implement the cost reduction for activated carbon material described from when the reduction was first proposed.
 - a. How did the Company go about ensuring that the new carbon material would not materially affect the taste and odor of the water?
 - b. Describe the Company's efforts to reduce operational costs and promote efficiencies going forward and list any specific projects and/or areas the Company has identified as a focus.

Response:

- a. Through extensive jar testing and comparative sampling.
- b. WSCK has optimized all chemical dosages, evaluate vehicle needs and consider more fuel-efficient vehicles when possible, reduce overtime when operating the water plant, and are initiating GIS to better locate and maintain our assets. In addition, we are implementing an Asset Management plan that will be tied into our software system including GIS in order to better track and evaluate maintenance and better plan for capital replacements.

Witness: Mike Miller

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4. Refer to the Application, Miller Testimony, page 9–10, and Guttormsen Testimony, Page 10. Explain the length and terms of the lease for the two new backhoes.
 - a. Explain whether the Company considered purchasing this equipment instead of leasing, and why it decided to lease.
 - b. Provide any relevant cost benefit analyses or discussion of this decision.
 - c. Compare this decision to the purchase of a new service truck.

Response:

Please see the attached document for the length and terms of the lease of the backhoes.

- a. Yes, WSCK evaluated a purchase option but determined that the investment plus the cost of ownership outweighed the rate impact to customers from leasing.
- b. Please see the attached file “Response to AG DR 1-4 (KY Backhoe Analysis)”.
- c. No such document exists, the Company did not evaluate a lease option for the new service truck before purchasing it.

Witness: Steve Lubertozi

AG DR 1-4
CAT Lease

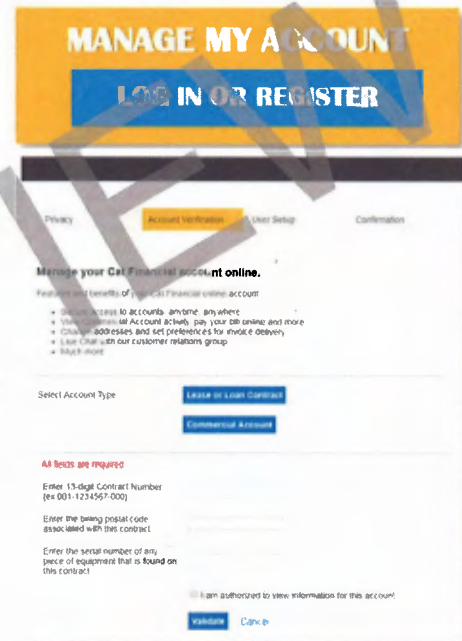
NEXT STEPS

- 1 Complete and sign all documents in this package.
- 2 Submit completed and signed documents.
- 3 Once you receive your confirmation email stating all parties have signed, open your executed doc package.
- 4 The highlighted fields below will populate with your account information. Use this information to register your account on www.catfinancial.com using the below instructions.
- 5 Once you've registered, you will have the opportunity to register for Direct Pay. If you have already completed the Direct Pay form in the following document package, you do not need to resubmit through www.catfinancial.com.



MANAGE YOUR ACCOUNT ONLINE

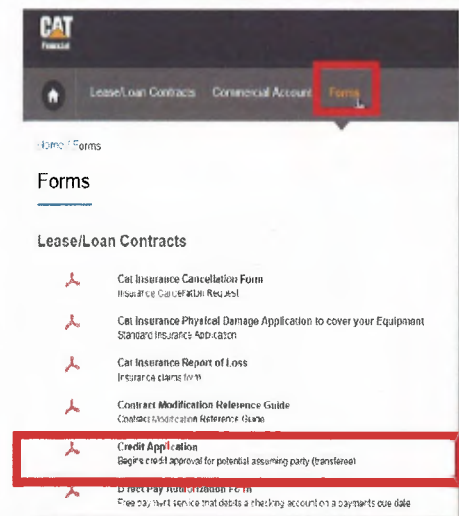
- 1) Go to www.catfinancial.com
- 2) Click LOG IN OR REGISTER in the blue box
- 3) Register your account
 - a. Contract number [REDACTED]
 - b. Serial number [REDACTED]
 - c. Postal code [REDACTED]
- 4) Enjoy features that include:
 - a. 24/7 access to all your accounts
 - b. View payment history
 - c. Calculate early payoff scenarios
 - d. Manage your Commercial Account
 - e. Register for Direct Pay (instructions below)



REGISTER FOR DIRECT PAY

It's fast. It's free. It's easy. Most importantly-It's safe.

- 1) Register account with above instructions
- 2) Click FORMS in the gray toolbar
- 3) Download the DIRECT PAY form
- 4) Return completed form to:
 - a. Email: nabc.directdebit@cat.com
 - b. Fax to: 615-341-3778
 - c. Mail to: Caterpillar Financial Services Corporation Attn: NABC - Cash Applications
2120 West End Avenue, Nashville, TN 37203
- 5) *A Direct Pay form must be completed for each contract you wish to enroll.





Tax Lease
Transaction Number [REDACTED]

1. PARTIES

LESSOR ("we", "us" or "our"):

CATERPILLAR FINANCIAL SERVICES CORPORATION
2120 West End Avenue
Nashville, TN 37203

LESSEE ("you" or "your"):

WATER SERVICE CORPORATION OF KENTUCKY
102 Watre Plant rd
Middlesboro, KY 40965

In reliance on your selection of the equipment described below (each a "Unit"), we have agreed to acquire and lease the Units to you, subject to the terms of this Lease. **Until this Lease has been signed by our duly authorized representative, it will constitute an offer by you to enter into this Lease with us on the terms stated herein.**

2. DESCRIPTION OF THE UNITS

DESCRIPTION OF UNIT(s) Whether the Unit is new or used, the model number, the manufacturer, and the model name.	SERIAL/VIN Unlque ID number for this Unit.	MONTHLY RENT This is due per period, as stated below in Section 4.	OPTION PURCHASE PRICE Payment at end of lease for purchase of Unit (see Section 16).	MAX ANNUAL HOURS/ MILEAGE Maximum annual usage of Unit (see Application Survey).	DELIVERY DATE Enter date machine was delivered to you.
1 New 416F2 Caterpillar Backhoe Loader	[REDACTED]	\$1,473.49	\$54,495.00 (Cat Value Option)	1000	5/31/2018
1 New 416F2 Caterpillar Backhoe Loader	[REDACTED]	\$1,473.49	\$54,495.00 (Cat Value Option)	1000	6/6/2018

LOCATION OF UNITS: 102 WATER PLANT RD
MIDDLESBOROUGH, KY 40965, BELL

You acknowledge that the Units described above were delivered to you in good working condition and that you accepted them on the date indicated.

You agree with us that the Option Purchase Price, if set forth above and identified as a Cat Value Option, is not less than the reasonably expected Residual Value (as defined in Section 10) of such Unit.

The Application Survey ("Application Survey") submitted by you to us for each Unit is made a part of and incorporated into this Lease.

TERMS AND CONDITIONS

3. Lease Term The Lease Term will start on the date we sign the Lease and will continue for 36 months, unless earlier terminated or canceled as permitted herein.

4. Rent You will pay us the Monthly Rent beginning One month after the date we sign this Lease and on the same date of each month thereafter for the entire Lease Term. Monthly Rent will be due without demand. You will also pay us all other amounts payable under the terms of this Lease and under any other document executed in connection with this Lease, including each Application Survey (the "Lease Documents") ("Other Payments", and together with the Monthly Rent, collectively, the "Rent"). You will pay the Rent to us at Caterpillar Financial Services Corporation; PO Box 730669; Dallas, TX 75373-0669 or such other location that we designate in writing. **You agree this Lease constitutes a non-cancelable net lease. You also agree that your duties and liabilities under this Lease and the other Lease Documents are absolute and unconditional. Your payment and performance obligations are not subject to cancellation, reduction, or setoff for any reason. You agree to settle all claims, defenses, setoffs, counterclaims and other disputes you may have with the Supplier (as defined below), the manufacturer of each Unit, or any other**

third party directly with the Supplier, the manufacturer or the third party, as the case may be. You will not assert, allege or make any such claim, defense, setoff, counterclaim or other dispute against us or with respect to the payments due us under this Lease.

5. Late Charges If we do not receive a Rent payment on the date it is due, you will pay us, on demand, a late payment charge equal to five percent (5%) of the late Rent payment.

6. Disclaimer of Warranties You have selected each Unit based upon your own judgment. You understand that we are not the manufacturer or the seller of the Units. **WE MAKE NO WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THIS LEASE OR TO ANY UNIT. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH UNIT IS LEASED "AS IS, WHERE IS."** WE MAKE NO WARRANTIES AS TO THE QUALITY OF MATERIALS OR WORKMANSHIP OR THAT THE MATERIALS OR WORKMANSHIP COMPLY WITH THE TERMS OF ANY PURCHASE ORDER OR AGREEMENT. WE EXPRESSLY DISCLAIM, AND YOU WAIVE ALL OTHER WARRANTIES AND CLAIMS EXPRESS OR IMPLIED.



ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY UNIT OR THIS LEASE, INCLUDING WITHOUT LIMITATION: (A) ANY IMPLIED WARRANTY THAT ANY UNIT IS MERCHANTABLE; (B) ANY IMPLIED WARRANTY THAT ANY UNIT IS FIT FOR A PARTICULAR PURPOSE; (C) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR USAGE OF TRADE; (D) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM, OR REMEDY IN TORT; AND (E) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM, OR REMEDY FOR LOSS OF OR DAMAGE TO ANY UNIT, FOR LOSS OF USE, REVENUE, OR PROFIT WITH RESPECT TO ANY UNIT, FOR ANY LIABILITY TO ANY THIRD PARTY, OR FOR ANY OTHER INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING STRICT OR ABSOLUTE LIABILITY IN TORT. Nothing in this Lease takes away any rights you may have against any other parties (such as the Supplier or the manufacturer of any Unit). You agree to pursue only these third parties for any and all claims concerning any Unit except as to ownership and title. You are entitled to all the promises and warranties made by the Supplier to us with respect to the Units, and you may contact the Supplier in order to receive a description of those promises and warranties.

7. Possession, Use, and Maintenance (a) At your own expense, you will use and keep the Units in good operating order and condition and at least in accordance with Supplier's and manufacturer's recommendations and all maintenance and operating manuals and service agreements, and in accordance with all applicable laws and regulations, including the rules or limits on idling, fleet average or site based exhaust emissions, or operational limitations, for which you have sole responsibility for compliance. (b) You will not abandon a Unit. (c) You will not sublease a Unit or permit the use of a Unit by anyone other than you. (d) You will not change the use of a Unit from that specified in the Application Survey, without our prior written consent. (e) You will not change the Location of a Unit from that specified above without providing us with prompt written notice of such change. (f) You will not remove a Unit from the United States. (g) You will not sell, assign, transfer, create or allow to exist a lien, claim, security interest, or encumbrance on any of your rights under this Lease or with respect to a Unit. Each Unit is and will remain personal property regardless of its use or manner of attachment to realty. We have the right (but not the obligation) to inspect each Unit and its maintenance records. We also have the right to observe the use of each Unit and determine its hours of usage. You will not alter a Unit or affix any accessory or equipment to a Unit if doing so will impair its originally intended function or use or reduce its value. You will not make any "non-severable" addition (as defined for federal income tax purposes) to a Unit without our prior written consent. If added to a Unit, the following will immediately become our property: (i) replacement parts; (ii) parts essential to the operation of the Unit; and (iii) parts that cannot be detached from the Unit without interfering with the operation of the Unit or adversely affecting the value or utility the Unit would have had without the addition. All such parts will be deemed incorporated in the Unit and will be subject to the terms of this Lease as if originally leased under this Lease. If an Event of Default has occurred and is continuing, all parts, accessories, and equipment affixed to a Unit will become our property.

8. Taxes Rent includes all taxes arising from, or due in connection with, this Lease or the Units. You will pay when due, or promptly reimburse us for payment of, all taxes (other than our federal, state, or local net income taxes) imposed on a Unit, or the Rent. You will also pay or reimburse us for all (i) license and registration fees, (ii) fines, penalties, interest, or additions to any tax, (iii) charges similar to those stated in clauses (i) and (ii) that are imposed in connection with the ownership, possession, use, or lease of a Unit from the time we purchase the Unit until it is returned to us or purchased by you. You will remain responsible for the payment, or reimbursement of, any such charges, regardless of when we receive notice of the charge. You will prepare and file, in a manner satisfactory to us, all reports or returns required with respect to a Unit. You will reimburse us in full for any amounts that we pay or advance without regard to early payment discounts. We may estimate the amount of, and bill you periodically in advance for, any charge. You will be responsible, however, for any difference between the estimated amount and the actual amount. Except as provided in this section, you agree that we are entitled to receive any and all federal, state, or local tax credits and benefits, if any, applicable to a Unit. We are entitled to income tax depreciation deduction for each Unit based on the use as described in the Application Survey.

9. Tax Indemnity This Lease is entered into on the basis that we are entitled to claim certain depreciation deductions on the Units in accordance with Section 168(a) of the Internal Revenue Code of 1986, as amended, (the "Code") based upon the applicable depreciation method and recovery period specified in Code Sections 168(b) and (c), and to similar state and local income tax deductions (collectively, the "Tax Benefits"). Our classification of a Unit under Code Section 168(e), our determination of the applicable depreciation method and recovery period, and our claim for an entitlement to the Tax Benefits are based solely upon your representations in Section 7 and the applicable Application Survey. If we do not receive nor retain all of the Tax Benefits anticipated with respect to any Unit (a "Tax Loss"), because (a) of a change in the US federal income tax rate, (b) you move any Unit outside the United States, or (c) you use any Unit for a different purpose than stated in the applicable Application Survey; you will pay us, within thirty (30) days after we provide you written notice of such Tax Loss, an amount which, in our opinion, will cause our net after-tax rate of return over the Lease Term in respect to the Unit to equal the net after-tax rate of return we would have realized if such Tax Loss had not occurred. For purposes of this section, we may be included in any affiliated group (within the meaning of Section 1504 of the Code) of which we are a member for any year in which a consolidated or combined income tax return is filed for the affiliated group.

10. Loss or Damage (a) You bear the risk of loss or damage to a Unit from the time we purchase the Unit (or from the beginning of the Lease Term, if earlier) until the Unit is returned to us or purchased by you in accordance with this Lease. Should any loss or damage occur, you will not be released from your obligations under the Lease or any other Lease Document. (b) You will provide prompt, written notice to us of any Total Loss (as defined below) or any material damage to any Unit. Any such notice will include any damage reports provided to any governmental authority, an insurer, or the Supplier, and any documents pertaining to the repair of such damage, including copies of work orders and all invoices for related charges. (c) Without limiting any other term in this Lease, you will promptly repair all damage that does not constitute a Total Loss, to restore the Unit to the condition required by this Lease. (d) A Unit has incurred a "Total Loss" upon: (i) the disappearance, theft or destruction or any other total loss of such Unit; (ii) damage to the Unit that is uneconomical to repair; or (iii) the condemnation, confiscation, or other taking of title to or use of a Unit or the imposition of any lien on such Unit by any governmental authority. On the next Rent due date following a Total Loss (a "Loss Payment Date"), you will pay us the Monthly Rent due on that date plus the Casualty Loss Value of the Unit with respect to which the Total Loss has occurred (the "Lost Units"), together with any Other Payments due with respect to the Lost Units. Until such payment is made, you will continue to pay us the Monthly Rent on the due dates set forth in Section 4. Upon making the full payment required on the Loss Payment Date, your obligation to pay future Monthly Rent on the Lost Units will terminate, but you will remain liable for all Monthly Rent and all Other Payments on any remaining Units. Furthermore, upon receipt of the full payment required on the Loss Payment Date, we convey to you all of our right, title, and interest in the Lost Units, "AS IS WHERE IS", but subject to the requirements of any third party insurance carrier in order to settle an insurance claim. "Residual Value" means the future fair market value of a Unit at the end of the Lease Term (determined at Lease inception). "Casualty Loss Value" means the sum of: (i) the discounted present value of all unpaid future Rent for the Lost Units; (ii) the discounted present value of the Lost Unit's Residual Value as determined by us; and (iii) all other amounts then due under this Lease with respect to the Lost Units (including all Other Payments then owing and unpaid). If the Total Loss occurs after the final Rent due date of the Lease Term, the Casualty Loss Value will be determined as of the last Monthly Rent due date during the Lease Term. (e) We are not required to pursue any claim against any person in connection with a Total Loss or other loss or damage. (f) If we receive a payment under an insurance policy required under this Lease in connection with any Total Loss or other loss or damage to a Unit, and such payment is both unconditional and indefeasible, then provided you have complied with the applicable provisions of this section, we will either (i) if the payment results from a Total Loss, send you proceeds up to an amount equal to the Casualty Loss

Value you previously paid us, or credit the proceeds against any amounts you owe us or (ii) if the payment results from repairs made pursuant to Section 10(c), send you proceeds up to an amount equal to the amount of your actually incurred costs of repair.

11. Waiver and Indemnity You release and agree to indemnify, defend, and keep harmless, us (including any assignee of ours) and our directors, officers, agents and employees (each, an "Indemnitee"), from and against any and all Claims (defined below) (other than those directly resulting from the actual gross negligence or willful misconduct of the Indemnitee). To meet this obligation, you will pay, on a net after-tax basis, or otherwise discharge such Claims, when and as they become due. We will give you prompt notice of a Claim. You are entitled to control the defense of or to settle a Claim, so long as: (a) no Event of Default has occurred and is then continuing; (b) you are financially capable of satisfying your obligations under this section; and (c) we approve your proposed defense counsel. "Claims" means all claims, allegations, judgments, settlements, suits, actions, damages (whether incidental, consequential or direct), demands (for compensation, indemnification, reimbursement or otherwise), losses, penalties, fines, liabilities (including strict liability), and charges that we incur or for which we are or may be responsible, in the nature of interest, liens, and costs (including attorneys' fees and disbursements and any other legal or non-legal expenses of investigation or defense of any Claim, whether or not the Claim is ultimately defeated, or enforcing the rights, remedies, or indemnities provided for hereunder, or otherwise available at law or in equity to us), of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, by or against any person. Claims include any of the foregoing arising from: (i) a Lease Document; (ii) a Unit, including the contents and any regulated or hazardous substances at any time contained in a Unit or emitted from a Unit, (iii) the premises at which any Unit may be located from time to time; (iv) the ordering, acquisition, delivery, installation, or rejection of a Unit; (v) the possession of a Unit or any property to which the Unit may be attached from time to time; (vi) the maintenance, use, condition, ownership or operation of any Unit, during the Lease Term; (vii) the existence of a latent or other defect (whether or not discoverable by you or us) with respect to a Unit; (viii) any Claim in tort for negligence or strict liability in relation to a Unit; (ix) any Claim for patent, trademark or copyright infringement in relation to a Unit; (x) the Total Loss or damage, return, surrender, sale, or other disposition of any Unit or any part thereof; or (xi) any Claim involving or alleging environmental damage, or any criminal or terrorist act, relating in any way to a Unit. To the extent necessary under law or regulation, in order to eliminate liability for us, we transfer and you accept the transfer from us of any and all liability associated with exhaust emissions in connection with the Units. If any Claim is made against you or an Indemnitee, the party receiving notice of the Claim will promptly notify the other. If the party receiving notice of the Claim fails to notify the other, however, your obligations are still in effect. You agree to be responsible for all costs and expenses, including reasonable attorneys' fees, incurred by us or our directors, officers, employees, agents, or assigns in defending such claims or in enforcing this section. Under no condition or cause of action will we be liable for any loss of actual or anticipated business or profits or any special, indirect, or consequential damages.

12. Insurance You, at your expense, must keep each Unit insured with a commercial insurance policy for our benefit. This insurance must include physical damage insurance that will protect each Unit against all risks for an amount at least equal to the then-applicable Casualty Loss Value. You will also maintain commercial general liability insurance (including product and broad form contractual liability) covering each Unit for at least \$1,000,000 combined coverage for bodily injury and property damage per occurrence. All insurance must be in a form and with companies approved by us. The physical damage insurance shall specify you as named insured and us as loss payee, and the general liability policy shall specify you as named insured and us as additional insured. The insurance shall be primary, without the right of contribution from any insurance carried by us. You must promptly notify us of any occurrence that may become the basis of a claim. You must also provide us with all requested pertinent data. Upon demand, you must promptly deliver to us evidence of insurance coverage.

13. Events of Default Each of the following is an event of default ("Event of Default"): (a) You fail to make a payment when due. (b) A representation or warranty made to us in connection with this Lease is incorrect or misleading. (c) You fail to observe or perform a covenant, agreement, or warranty and the failure continues for ten days after written notice to you. (d) A default occurs under any other agreement between you or a guarantor of this Lease (each a "Guarantor") and us or an affiliate of ours. (e) You, or a Guarantor, cease to do business, die, become insolvent, make an assignment for the benefit of creditors or file a petition or action under a bankruptcy, reorganization, insolvency or moratorium law, or a law for the relief of, or relating to, debtors. (f) Any filing of an involuntary petition under a bankruptcy statute against you or a Guarantor, or appointment of a receiver, trustee, custodian or similar official to take possession of your properties or those of a Guarantor, unless the petition or appointment ceases to be in effect within thirty days after filing or appointment. (g) There is a material adverse change in your, or a Guarantor's, financial condition, business operations or prospects. (h) There is a termination, breach, or repudiation of a Guarantor's guaranty.

14. Remedies (a) If an Event of Default occurs, we will have the rights and remedies provided by this Lease and under the Uniform Commercial Code ("UCC") and any other law. Among these rights and remedies are to: (i) proceed at law or in equity, to enforce specifically your performance or to recover damages; (ii) declare this Lease in default, and cancel this Lease or otherwise terminate your right to use any Unit and your other rights, but not your obligations, (iii) require you to assemble Units and make them available to us at a place we designate; (iv) enter premises where a Unit may be located and take immediate possession of such Unit and remove (or disable in place) such Unit (and any unattached parts) without notice, liability, or legal process; (v) use your premises for storage without liability; (vi) sell or lease any of the Units, whether or not in our possession, at public or private sale, with or without notice to you, and apply or retain the net proceeds of such disposition in accordance with this Lease; (vii) enforce any or all of the preceding remedies with respect to any related collateral, and apply any deposit or other cash collateral, or any proceeds of any such collateral, at any time to reduce any amounts you owe us; (viii) demand and recover from you all Liquidated Damages (as defined below) and all Other Payments whenever they are due; and (ix) if we financed your obligations under a warranty agreement such as an Equipment Protection Plan, Customer Service Agreement, or similar agreement, we may cancel the agreement on your behalf and receive the refund of the fees that we financed but had not received from you as of the date of the Event of Default. As used herein, "Liquidated Damages" means the liquidated damages (all of which, you hereby acknowledge, are damages to be paid in lieu of future Monthly Rent and expected Residual Values and are reasonable in light of the anticipated harm arising by reason of an Event of Default, and are not a penalty) described in the first sentence of parts (i) or (ii) of Section 14(b) below, depending upon the recovery and disposition of the Units.

(b) If an Event of Default occurs and:

(i) we recover a Unit and dispose of it by a lease or elect not to dispose of the Unit after recovery, you will pay us on demand an amount equal to the *sum* of (A) any accrued and unpaid Rent as of the date we recover the Unit, *plus* (B) the present value as of such date of the total Monthly Rent for the then remaining Lease Term, *minus* (C) either (1) the present value, as of the commencement date of any substantially similar re-lease of the Unit, of the re-lease rent payable to us for the period, commencing on such commencement date, which is comparable to the then remaining Lease Term or (2) the present value of the "market rent" for such Unit (as computed pursuant to Article 2A of the UCC ("Article 2A")) in the continental United States as of the date on which we have a reasonable opportunity to remarket the Unit for the period, commencing on such date, which is comparable to the then remaining Lease Term, as applicable; provided, however, you acknowledge that if we are unable after a reasonable effort to dispose of the Unit at a reasonable price and pursuant to other reasonable terms, or the circumstances reasonably indicate that

such an effort will be unavailing, the "market rent" in such event will be deemed to be \$0.00, but in the event that we do eventually re-lease or otherwise dispose of the Unit, we will apply the net proceeds of such disposition, to the extent received in good and indefeasible funds, as a credit or reimbursement, as applicable, in a manner consistent with the terms of this Lease and the applicable provisions of Article 2A. Any amounts discounted to present value, shall be discounted at the rate of three percent (3%) per annum, compounded annually;

(ii) you fail to return a Unit in the manner and condition required by this Lease, or we recover and sell the Unit, you will pay to us on demand an amount calculated as the Casualty Loss Value of the Unit (determined as of the next Monthly Rent payment date after the date of the Event of Default), together with all costs and expenses (as defined below), less a credit for any disposition proceeds, if applicable pursuant to the application provisions in the next sentence. If we demand the Liquidated Damages under this part (ii) and recover and sell the Unit, we will apply any proceeds received in good and indefeasible funds: first, to pay all costs and expenses not already paid; second, to pay us an amount equal to any unpaid Rent due and payable, together with the Liquidated Damage amounts specified in this part (ii), to the extent not previously paid; third, to pay us any interest accruing on the amounts covered by the preceding clauses, plus late charges, from and after the date the same becomes due, through the date of payment; fourth, to pay us an amount equal to any remaining obligations that you owe us under this Lease.

The remedies provided to us are cumulative and in addition to all other remedies at law or in equity. You will remain liable for any deficiency and we will retain any excess after our exercise of these remedies. To the extent you are entitled to a refund from us, you agree we have the right to offset any obligation that you have with us or our affiliates with such refund.

15. Return of Unit On expiration of the Lease Term or if we demand possession of a Unit pursuant to the terms of the Lease, you will, at your expense, promptly deliver the Unit to us properly protected and in the condition required by Section 7 and the applicable Application Survey. You will deliver the Unit, at our option, (a) to the nearest Caterpillar dealer selling equipment of the same type as the Unit; or (b) on board a carrier named by us and shipping the Unit, freight collect, to a destination designated by us. If the Unit is not in the condition required by Section 7 and the applicable Application Survey, you must pay us, on demand, all costs and expenses incurred by us to bring the Unit into the required condition. You are obligated to pay holdover rent in the amount equal to 1/30th of the Monthly Rent plus any other costs and expenses for each day following the end of the Lease Term on any Unit that is not returned or purchased pursuant to the terms of this Lease.

16. Purchase Option At the expiration of the Lease, if no Event of Default has occurred and is continuing, you may choose to purchase any Unit for the Option Purchase Price set forth on the front of this Lease if this Lease includes an Option Purchase Price. In order to exercise a purchase option, you must send written notice to us at least sixty (60) days prior to the end of the Lease Term. Upon receipt of the Option Purchase Price and all other amounts owing under the Lease, plus any taxes or our other costs and expenses arising from the sale of the Unit or the delivery of the bill of sale, we will deliver to you, upon request, a bill of sale without warranties except that the Unit is free of all encumbrances of any person claiming through us. You agree to purchase the Unit **"AS IS, WHERE IS, WITH ALL FAULTS."** Any applicable purchase option must be exercised as of the last day of the Lease Term and it is not available during any holdover period.

17. Your Assurances and Representations Each of us intends that:
(i) this Lease constitutes a true "lease" and a "finance lease" as such terms are defined in Article 2A and not a sale or retention of a

security interest; (ii) you have selected the "Supplier" (as defined in Article 2A) and have directed us to purchase each Unit (excluding any Additional Collateral) from this Supplier; (iii) you were informed, before your execution of this Lease and are hereby informed in writing that you are entitled under Article 2A to the promises and warranties, including those of any third party, provided to us by the Supplier in connection with or as part of the purchase of the Units, and that you may communicate directly with the Supplier and receive an accurate and complete statement of those promises and warranties, including any disclaimers and limitations on remedies relating thereto; and (iv) we are and shall remain the owner of each Unit (unless sold by us pursuant to any Lease Document), and you shall not acquire any right, title or interest in or to such Unit except the right to use it in accordance with the terms hereof.

You represent and warrant to us that: (a) You will use each Unit for business purposes only and not for personal, family or household use. (b) You will provide all financial information and reporting as we may reasonably require. (c) All credit, financial and other information submitted by you or on your behalf to us in connection with this Lease is and shall be true, correct and complete. (d) You will not change your name, principal place of business or primary residence and, if you are a business entity, your state of formation or form of business organization (including by merger, consolidation, reincorporation or restructure) without prior written notice to us. (e) We may share any of your information provided by you, or gathered by us, with any affiliate of ours that has or may extend credit to you. (f) You will not assign this Lease or any right or obligation under it without our prior written consent.

You agree, at your expense, to do any act and execute, acknowledge, authorize, deliver, file, register, and record any documents that we deem desirable in our reasonable discretion to protect our title or rights in a Unit and our rights and benefits under this Lease. You hereby irrevocably appoint us as your attorney-in-fact for the signing and filing of such documents and authorize us to delegate these limited powers.

You will not remove, disable, or impair any Unit monitoring system such as Cat[®] Product Link, if the Unit is equipped with such system. You agree to permit Caterpillar Inc. or its subsidiaries or affiliates, including us (collectively "Caterpillar") and Caterpillar dealers to access data concerning the Unit, its condition, and its operation transmitted from the monitoring system. The information may be used: (1) to administer, implement, and enforce the terms of this Lease, (2) to recover the Unit if necessary, and (3) to improve Caterpillar's products and services. You agree that information transmitted may include, among other things, the serial number, VIN, location, and operational and other data, including but not limited to fault codes, emissions data, fuel usage, service meter hours, software and hardware version numbers, and installed attachments.

18. Assignment; Counterparts We may assign, sell or encumber all or any part of this Lease, the Rent, and the Units with or without notice to you. THE RIGHTS OF ANY SUCH ASSIGNEE WILL NOT BE SUBJECT TO ANY DEFENSE, COUNTERCLAIM OR SET OFF WHICH YOU MAY HAVE AGAINST US. If requested by us, you will assist us in the assignment of any of our rights under this Lease. If requested by us, you will also sign a notice of assignment in a form approved by us. If notified by us, you will make all payments due under this Lease to the party designated in the notice without offset or deduction. In connection with any potential or actual assignment, you consent to the sharing of your credit file information, including personal information relating to your principals, with any potential assignee. Upon any assignment by us of our rights under this Lease, and except as may otherwise be provided herein, all references in this Lease to "Lessor", "we", "us", and "our" will mean the assignee. This Lease is for the benefit of, and is binding upon, your and our respective successors and assigns. Though multiple counterparts of this document may be signed, only the counterpart accepted, acknowledged, and certified by us on the signature page as the original will constitute original chattel paper. A photocopy or facsimile of this Lease will be legally admissible under the "best evidence rule." A signed copy of this Lease and any related document sent electronically will be treated as an original document and will be admissible as evidence thereof, and all signatures thereon will be

binding as if manual signatures were personally delivered. You are hereby notified that we may assign our rights (but not our obligations) under this Lease and in the Units to CF Exchange, LLC, a qualified intermediary, as part of a 1031 exchange.

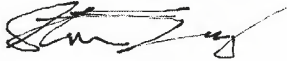
19. Effect of Waiver; Entire Agreement; Notices; Applicable Law Our delay or omission in exercising any right or remedy will not impair such right or remedy. A delay or omission by us will not be construed as a waiver of any Event of Default. Any waiver or consent by us must be in writing. This Lease and the Lease Documents completely state our and your rights and supersedes all prior agreements with respect to a Unit. All notices must be in writing, addressed to the other party at the address stated on the front of this Lease or at such other address as may be furnished in writing. This Lease is governed by and construed under the laws of the State of Tennessee, without giving effect to the conflict-of-laws principles. You consent to the jurisdiction of any state or federal court located within the State of Tennessee. **THE PARTIES WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATED TO THIS LEASE, THE OBLIGATIONS, OR THE UNITS.**

20. No Agency; Modification of Lease; Miscellaneous No person or entity, including, without limitation, the supplier or the manufacturer of the Units, is authorized to act as our agent regarding this Lease. No waiver, modification, or change in this Lease will bind us unless provided by us in writing. Oral agreements are not binding. You agree that we may correct patent errors in this Lease and the Lease Documents and fill in blanks including for example correcting or filling in serial numbers, VIN numbers, and dates. Headings in this Lease are inserted for convenience only. Headings do not affect the meaning or interpretation of this Lease. If a provision of this Lease is invalid under any law, it shall be deemed omitted. Any such omission will not invalidate the remaining provisions. To the extent any payment due us under this Lease is deemed to be usurious, the payment obligation shall be amended and limited to the maximum lawful amount. All obligations under this Lease survive the expiration or termination of the Lease if necessary to give full effect to the terms of this Lease.

By signing this Lease, you certify that you have read this Lease and all the other Lease Documents, including each Application Survey.

SIGNATURES

LESSOR
Caterpillar Financial Services Corporation



Documentation Manager
8/9/2018 | 10:39 AM CDT

LESSEE
WATER SERVICE CORPORATION OF KENTUCKY



Name: Justin Kersey
Title: Vice President

COPY VIEW



Construction Equipment Application Survey

Customer Name: WATER SERVICE CORPORATION OF KENTUCKY Location: 102 WATER PLANT RD, , MIDDLESBOROUGH, KY 40965
Make: Caterpillar Model: 416F2 Quantity: 1 Serial Number: [REDACTED] VIN #:
Monthly Usage: 83.33 Current Hours: 0.00 Dealer: WHAYNE SUPPLY COMPANY Dealer Location: LOUISVILLE, KY

***** IMPORTANT INFORMATION *****

RESIDUAL EXCEPTION REQUESTS must be submitted to Lessor for the following applications: landfill, transfer and recycling stations; demolition, scrap yards and steel mills; salt, chemical, and corrosive environments such as feed lots, dairy farms, rendering plants, mushroom farms, fertilizer and lime handling, salt water areas and all hazardous waste handling; dusty or poor underfoot conditions; all mining applications. Any applications requiring unusual attachments, unit modifications or that involve non-traditional use of the unit. Any transaction with ten or more of one model.

MAJOR ATTACHMENTS:

Ride Control E-Stick Extendable Cab
4x4

BLADES/BUCKETS/RIPPERS:

General Purpose Bucket Backhoe Bucket

MARKET CATEGORIES:

Standard Environment - Agricultural-Crop, Ag Non-Manure, Road Building, Utilities, Dams & Bridges, Airport, Site Prep Landfill, Landscaping, Pipeline, Commercial Residential, Site Development.

IF "SEVERE" OR "OTHER" DESCRIPTION OF ACTUAL APPLICATION REQUIRED:

MAXIMUM USAGE:

The model listed and equipped as stated above will be operated an estimated total of **83.33 hours per month** over a term of **36 months** for total usage during the lease term of **3000.00 hours**. This total usage combined with any accumulated hours prior to the Lease inception date, as stated above under current hours, will be the **total allowable machine hours** for the life of the Lease and the basis for any overuse charges.

Total Lease Hours 3000.00 + Current Hours 0.00 = Total Allowable Machine Hours 3000.00

OVERUSE CALCULATION:

In addition to Lessor's other rights hereunder and not in lieu thereof, Lessee shall pay Lessor additional rent for each hour in excess of the Total Allowable Machine Hours established for the Lease as stated above. This hourly rate shall be \$8.88 per hour.

Please note: To avoid overuse charges, notify Lessor immediately of any increase in machine usage that will cause the total usage to exceed the "Total Allowable Machine Hours" as stated above. The Lease may be adjusted to reflect the correct hour usage.

REMEDY FOR RETURN CONDITIONS:

Lessee will be invoiced for the parts and labor based on your local Caterpillar dealer's retail prices and retail labor rates to replace tires, undercarriage components, belts and all other non-conforming components as outlined in the "REMAINING LIFE REQUIREMENTS" section of the Mandatory Condition of the Unit Upon Return. The invoiced amounts will be based on the following percentages of remaining life and is payable upon receipt of invoice:

Life Remaining	Charge to Lessee
50% or greater	No charge to Lessee
31% to 49%	50% charge to Lessee
0% to 30%	70% charge to Lessee

SEE PAGE TWO FOR ADDITIONAL TERMS AND CONDITIONS WHICH ARE PART OF THIS APPLICATION SURVEY.



LESSOR RETAINS THE RIGHT TO ASK FOR ANY AND ALL REPAIR AND MAINTENANCE RECORDS DURING THE LEASE TERM AND/OR LEASE TERMINATION. A FULL UNIT INSPECTION MAY BE CONDUCTED AT LESSEE'S EXPENSE AT ANY TIME EVIDENCE DEMONSTRATES THAT THE UNIT(S) ARE BEING ABUSED FROM NEGLIGENCE OR MISAPPLICATION.

MANDATORY CONDITION OF EQUIPMENT UPON RETURN:

Notwithstanding the provisions of: Sections 7 and 15 of the Tax Lease, Lessee agrees that each Unit, upon its return, shall:

MAINTENANCE AND GENERAL REQUIREMENTS:

- Give Lessor sixty (60) days notice prior to the Lease termination date of Lessee's intention to return any and all Units to Lessor.
- Return the Units in the same configuration, with all attachments, as when delivered at lease inception. Lessee is responsible for costs, including but not limited to, fees, taxes and duties associated with tear down, loading, shipping and unloading of Units to a site designated by Lessor.
- Ensure the Units upon return are thoroughly cleaned, steam cleaned if available, and free from all oil, hydraulic and fuel leaks.
- Operate and maintain all Units in accordance with Caterpillar Lubrication and Maintenance and Operators guide books, and insure all maintenance is performed at recommended intervals and only genuine Caterpillar filters and parts are used for all maintenance and repairs. All Units must be in good operating condition and be able to perform all tasks under rated load.
- Enroll all Units in a Caterpillar dealer Scheduled Oil Sampling (SOS) or comparable program, where available, for the entire lease, and insure all fuels, lubricants, additives, and radiator water is clean and complies with Caterpillar recommended standards.
- Ensure all Units are operated only in the applications for which they were designed and manufactured.
- Maintain a working engine hour meter at all times. Keep complete records of all hour meter changes along with major component change outs and routine maintenance and repair records.
- Ensure all service contracts are fully implemented and all maintenance and repairs are made on schedule. Product Improvement Programs (PIP's) must be complete before the Units are returned. **ATTACH A COPY OF ANY AND ALL REPAIR AND MAINTENANCE CONTRACTS AND PLANNED COMPONENT REPLACEMENT PROGRAMS.**
- Provide a secured place to store off-lease Units upon request from the Lessor. Provide access to the Units for purposes of maintenance or demonstration to prospective buyers at Lessor's request.

- Ensure all window glass is clear, and free from cracks and major pits, all window frames, doors and weather stripping are complete, and all service access compartment covers and doors, fenders, and other flat metal or plastic surfaces are in good working order and free from dents and cracks.
- Ensure all standard Caterpillar and non-Caterpillar safety items are complete and in good working order, including but not limited to, roll over protection (ROPS) and falling object protection (FOPS) systems, seat belts, steps, safety rails, grab irons, cat walks, fire suppression systems, warning alarms, cameras and monitors.
- Ensure all electrical components, including but not limited to, wiring harness, batteries, alternators, drive belts, lighting and air conditioning systems are complete and in good working order.
- Ensure all repairs made to main structures, including but not limited to, main frames, roller frames, car bodies, swing gears, drawbars, circles, component housings, loader arms, booms, sticks, tag links, loader linkages, truck bodies, buckets, rippers, and arches must be accomplished in accordance with factory recommended materials and repair procedures.

REMAINING LIFE REQUIREMENTS:

- Ensure all ground engaging tools, including but not limited to, buckets, dozer blades, base cutting edges, rippers, scarifiers, drums, feet, tines, screeds, elevator flights, forks, and top clamps have good structural integrity and have fifty percent (50%) minimum remaining life.
- Return all track and rubber belted Units with a minimum of fifty percent (50%) remaining life on each and every component, including but not limited to, track shoes, links, pins, bushings, idlers, bogies, sprockets, carrier rollers, and track rollers. Belts cannot have any cuts that extend into the cords and must not be missing guide blocks or grouser bars (lugs). Charges will be assessed for each component not meeting the requirement.
- Return all rubber tire Units with a minimum of fifty percent (50%) remaining life of the original tread life of each tire. Recapped tires are not acceptable substitutes. All tires must be a matched set with the same tread type and pattern and have no significant cuts or chunking of the tread or side walls.

SPECIFIC TINWARE AND SAFETY REQUIREMENTS:

- Ensure the operator's compartment is clean, and all switches, monitoring systems (EMS, VIMS, VIDS), gages, control levers, pedals, radio, mirrors, seats, insulation and all other contents are complete and in good working order.

SIGNATURES

This Application Survey is considered to be an integral part of the Lease between Lessor and Lessee. The information obtained from this Application Survey will be of primary importance in the Lease payment schedule. Any change in the location, severity of application, annual hourly usage and/or attachments or configuration must be approved in writing by Lessor.

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WATER SERVICE CORPORATION OF KENTUCKY
LESSEE

Justin Kersey

Name: Justin Kersey
Title: Vice President



Construction Equipment Application Survey

Customer Name: WATER SERVICE CORPORATION OF KENTUCKY Location: , , ,
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MAJOR ATTACHMENTS:

Ride Control 4x4 E-Stick Extendable Cab

BLADES/BUCKETS/RIPPERS:

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MARKET CATEGORIES:

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- Operate and maintain all Units in accordance with Caterpillar Lubrication and Maintenance and Operators guide books, and insure all maintenance is performed at recommended intervals and only genuine Caterpillar filters and parts are used for all maintenance and repairs. All Units must be in good operating condition and be able to perform all tasks under rated load.
- Enroll all Units in a Caterpillar dealer Scheduled Oil Sampling (SOS) or comparable program, where available, for the entire lease, and insure all fuels, lubricants, additives, and radiator water is clean and complies with Caterpillar recommended standards.
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- Ensure all electrical components, including but not limited to, wiring harness, batteries, alternators, drive belts, lighting and air conditioning systems are complete and in good working order.
- Ensure all repairs made to main structures, including but not limited to, main frames, roller frames, car bodies, swing gears, drawbars, circles, component housings, loader arms, booms, sticks, tag links, loader linkages, truck bodies, buckets, rippers, and arches must be accomplished in accordance with factory recommended materials and repair procedures.

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SIGNATURES

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SEE PAGE ONE FOR ADDITIONAL TERMS AND CONDITIONS WHICH ARE PART OF THIS APPLICATION SURVEY.

WATER SERVICE CORPORATION OF KENTUCKY

LESSEE

Justin Kersey

Name: Justin Kersey

Title: Vice President



CORPORATE RESOLUTION TO LEASE, PURCHASE AND/OR FINANCE

WHEREAS, the Corporation (as defined below) wants to lease, purchase and/or finance equipment ("Equipment") from **Caterpillar Financial Services Corporation** and/or an authorized Caterpillar dealer ("Caterpillar").

RESOLVED, that the persons listed below, who are employees of the Corporation (the "Authorized Persons");

Name (Print or Type)	Title (Print or Type)
_____	_____
_____	_____
_____	_____

be, and each is, authorized, directed and empowered, on behalf of the Corporation, to take the following actions:

- to sign and deliver to Caterpillar (i) any contracts, notes or related documents that Caterpillar requires to lease, sell or finance the Equipment to the Corporation (the "Contracts") and (ii) from time to time, renewals, amendments or extensions of the Contracts;
- to grant a lien on any of the Corporation's real or personal property for Caterpillar's benefit;
- to deliver written instruments, or take other action as may otherwise be required by Caterpillar, and its successors and assigns, to secure the payment of the Corporation's obligations under the Contracts, including ship mortgages and security agreements; and
- to take all actions and sign and deliver all documents which the Corporation deems necessary to carry out these resolutions;

and

that (i) all actions the Authorized Persons took prior to the date of these resolutions in executing the Contracts be, and are, ratified and approved and (ii) the Contracts are adopted as binding obligations of the Corporation; and

that (i) Caterpillar is authorized to act upon these resolutions until it receives written notice of their revocation from the Corporation and (ii) revocation of the resolutions will not affect Contracts accepted by Caterpillar, or any actions taken by Caterpillar, before it receives the revocation; and

that the authority granted by these resolutions will apply equally and with the same effect to the successors in office of the Authorized Persons.

I, _____ of WATER SERVICE CORPORATION OF KENTUCKY, a corporation incorporated under the laws of the State of _____ (the "Corporation"), certify that the resolutions above are a full, true and correct copy of resolutions of the Board of Directors of the Corporation. I also certify that the resolutions were duly and regularly passed and adopted at a meeting of the Board of Directors of the Corporation. I also certify that such meeting was duly and regularly called and held in all respects as required by law, and by the bylaws of the Corporation, at the Corporation's office. I also certify that at such meeting, a majority of the Board of Directors of the Corporation was present and voted in favor of these resolutions.

I also certify that these resolutions are still in full force and effect and have not been amended or revoked.

IN WITNESS of these resolutions, the officer named below executes this document on behalf of the Corporation.

Justin Kersey

Name: Justin Kersey
Title: Vice President

Affix Corporate Seal



CUSTOMER INFORMATION VERIFICATION

In an effort to continue providing timely customer service, we need your assistance confirming the following information. If any information is incorrect or missing, please note the necessary changes below and return this form with your signed documents. In addition, please review the Data Privacy Notice stated below. Thank you in advance for your cooperation.

Current Information on file **Please make corrections here**

Customer Name: **WATER SERVICE CORPORATION OF KENTUCKY**

Physical Address: **102 Watre Plant rd** 102 water Plant Rd.
Middlesboro, KY 40965

Mailing Address: **2335 SANDERS ROAD**
Northbrook, IL 60062

Equipment Location: **102 WATER PLANT RD**
MIDDLESBOROUGH, KY 40965, BELL

Business Phone: **(847)498-6440**

E-mail Address:

Accounts Payable Contact Name and Phone:

Tax Information

Sales Tax Rate: **6**
(Please note: Sales Tax Rate, includes all applicable State, County, and City sales tax)

City Limits **Asset outside the City Limits? Yes No**

Tax Exemption Status

Please indicate if you are tax exempt. Exempt*
 Non-Exempt

***A Tax Exemption Certificate is required for all tax exempt customers. If you are tax exempt - please enclose a current tax exemption certificate to be returned with your documents.**

Electronic Copy Available Upon Funding

If you would like an electronic copy of your contract, please provide a valid email address below (one letter per line).

The information above has been reviewed and is accurate to the best of my knowledge with exception of any corrections as noted.

***SHOULD THE ABOVE CHANGES APPLY TO ALL OF YOUR CONTRACTS, OR FOR THIS CONTRACT ONLY?**

- ALL CONTRACTS**
- THIS CONTRACT ONLY**

Jk

Data Privacy Notice: This notice pertains to personal data supplied in connection with your credit application. By providing your information to Caterpillar Inc. or any of its subsidiaries or affiliates, including Caterpillar Financial Services Corporation (collectively "Caterpillar"), you are agreeing that the information may be shared among Caterpillar and its partners and dealers, and used to process your applications for credit and other orders and to improve or market Caterpillar products and services. If you have any questions pertaining to this notice, please contact the Data Privacy Coordinator at 615-341-8222.

DIRECT PAY AUTHORIZATION FORM
 Caterpillar Financial Services Corporation

CUSTOMER INFORMATION - (Please Type or Print Legibly)

Name _____
 Company Name _____
 Address _____
 City _____ State _____ Zip Code _____ Phone Number _____

BANKING INFORMATION - Please attach a voided check or complete the following section

(Checking account only)

Bank Name _____ Account Name (exactly as it appears on Check) _____

Routing Number _____

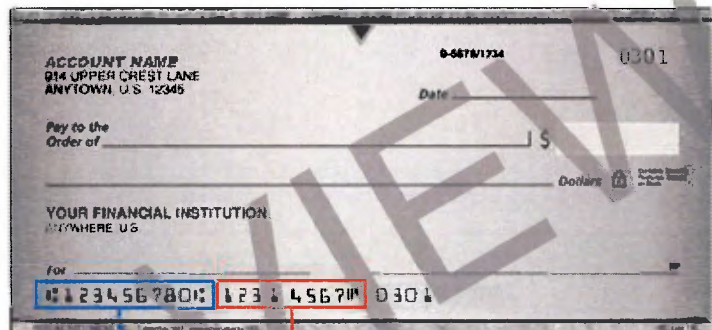
■ 9 digits

Account Number _____

■ 3-17 digits

Re-Enter Account Number _____

■ 3-17 digits



Routing Number Account Number

CONTRACT(S) to be set up on Direct Debit

If you would also like existing contracts with Caterpillar Financial set up to have the payment debited each month, please do so by listing the contract numbers in the space provided below.

Start Month: _____

Please initial the preceding line if you would like monthly invoices mailed to you for your contract(s). If you do not initial this line, you will not receive monthly invoices while paying your contract(s) via direct pay.

SIGNATURES

- I decline direct debit authorization at this time.
- I request and authorize Caterpillar Financial Services Corporation to begin debiting my account, with debits made to my account and withdrawn by Cat Financial, provided my account has sufficient collected funds to pay the debit when presented. I agree that Cat Financial's rights relating to each debit will be the same as if I had personally signed a check. I agree that I will be liable to make payment promptly, including any applicable late fees, if any debit is not paid, unless Cat Financial or its agents or affiliates are directly responsible for the nonpayment.

Justin Kersey

Name: Justin Kersey
 Title: Vice President

*As it appears at your bank. For a joint account, all depositors must sign if more than one signature is required on checks issued against the account.

Please return form with document package or by fax to 615-341-3778 or by e-mail to nabc.directdebit@cat.com or by mail to Caterpillar Financial Services Corporation - Attn: NABC - Cash Applications 2120 West End Avenue, Nashville, TN 37203.

For questions, please contact Customer Service Tel: 1-800-651-0567 and ask to speak with a Cash Application Specialist





CATERPILLAR INSURANCE COMPANY (CIC) SELECTION FORM

Before financing your equipment, you must arrange physical damage insurance on the equipment identified below. The insurance may be provided through an insurance agent or insurance company of your choice, provided the insurance company satisfies minimum financial requirements.

As an alternative to obtaining your own insurance, you may elect to have your equipment insured under coverage arranged by Caterpillar Insurance Services Corporation, that has been designed specifically for the purchasers of Cat® equipment.

Please complete this form if you elect to insure your equipment with Caterpillar Insurance Company (CIC).

CIC Physical Damage Insurance Policy Summary

Please note: This is only a brief description of the CIC Physical Damage Insurance Program. Contractual provisions contained in the policy will govern.

Coverage

CIC Physical Damage Insurance protects your equipment against physical damage losses, including collision, fire, theft, vandalism, upset or overturn, floods, sinking, earthquakes and other unfortunate acts of nature. The protection has been designed for owners of heavy equipment and provides superior benefits you most likely would not find in other plans.

The CIC Physical Damage Insurance does include normal exclusions. Some important exclusions are wear and tear, rust, loss of income, war, nuclear damage, and mechanical breakdown, automobiles, watercraft, waterborne shipments, tires or tubes or mobile track belts damaged by blow-out, puncture, and road damage.

Repairs

When a covered loss occurs, this plan will pay for Cat® replacement parts on all your new or used Caterpillar equipment. On all equipment from other manufacturers, the plan will pay for comparable replacement parts.

Transportation

Your CIC plan will pay for round-trip transportation of covered damaged equipment to and from your Cat dealer's repair facility, up to \$2,500 limit.

Rental Reimbursement

The plan allows for rental costs up to \$2,500 that you incur to rent similar equipment following a covered loss. You are automatically protected with up to \$100,000 of coverage for damage to the similar equipment you rent.

Claims

In the event of a total loss, the policy will pay the greatest of the following:

- The payoff value of the loan on the damaged parts or equipment as of the date of loss or
- The actual cash value of that covered property; or
- The cost of replacing that property with property of like kind and quality

The policy will pay 10% of scheduled loss, up to a \$10,000 maximum for debris removal.

The policy will pay fire department service fees up to \$5,000.

Deductible

\$1,000 Construction and Agricultural Equipment Deductibles:

\$5,000 deductible all logging Equipment

Customer Service

If you have any questions or need additional details, see your Authorized Cat Dealer or call CIC toll free at **1-800-248-4228**.

You may also e-mail CIC at physicaldamage@cat.com

POLICYHOLDER DISCLOSURE

NOTICE OF TERRORISM RISK INSURANCE ACT OF 2002

(as extended by the Terrorism Risk Insurance Extension Act of 2005, and as amended in 2007)

You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury - in concurrence with the Secretary of State, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended in 2007. However, your policy may contain other exclusions, which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced. The portion of your premium that is attributable to coverage for terrorist acts certified under the Act is: \$0.00



APPLICATION FOR CIC PHYSICAL DAMAGE INSURANCE

Model #	Equipment Description	Serial #	VIN	Value Including Total Tax	Pymt Method-3 Total Premium	Pymt Method-1 Finance Pymt
1. 416F2	Caterpillar Backhoe Loader	[REDACTED]		\$88,835.00	\$4,158.00	\$129.91
2. 416F2	Caterpillar Backhoe Loader	[REDACTED]		\$88,835.00	\$4,158.00	\$129.91

Marsha Blaisdell

Marsha Blaisdell, Authorized Insurance Producer

Arranged by Caterpillar Insurance Services Corporation

I understand that the total insurance premium for 36 months will be \$8,316.00, which is \$2,772.00 per year based upon the total equipment value of \$177,670.00.

- Method 1 I will finance the insurance premium, including finance charges, of \$259.83 per scheduled equipment payment. The finance charge is calculated at **7.80%** per annum on the total insurance premium covering the full term of the finance agreement. By choosing Method 1 and signing this document you are agreeing to finance the insurance along with the equipment payments with Caterpillar Financial Services Corporation.
- Method 2 I desire coverage for an initial 12 month term. I will pay the \$2,772.00 premium and return the payment with the signed equipment documents. Please make check payable to CIC.
- Method 3 I will pay the total premium and return the payment with the signed equipment documents. Please make check payable to CIC.
- Method 4 I decline Caterpillar Insurance. I elect to obtain my own commercial insurance on the equipment shown from an agent or insurance company of my choice.

I understand that the quote I receive is not a binder of insurance. If I elect to obtain coverage from CIC, coverage will be effective in accordance with the terms and conditions of the issued Policy and that I may terminate the coverage at any time with advance written notice.

I acknowledge that I have been notified that, under the TERRORISM RISK INSURANCE ACT of 2002 (as extended by the Terrorism Risk Insurance Extension Act of 2005), any losses caused by certified acts of terrorism under my policy will result in coverage under my policy that will be partially reimbursed by the United States as outlined in the attached policyholder disclosure notification.

I also acknowledge I have been advised that, if I accept this insurance, an appointed licensed insurance producer will receive commission compensation.

Customer Name: WATER SERVICE CORPORATION OF KENTUCKY

Dealer Name: WHAYNE SUPPLY COMPANY

Please note: If you would like a no obligation quote on your additional equipment, call 1-800-248-4228 extension 5754.

Justin Kersey

Name: Justin Kersey
 Title: Vice President



Fraud Warning:

Applicable in AL, AR, DC, LA, MD, NM, RI and WV: Any person who knowingly (or willfully)* presents a false or fraudulent claim for payment of a loss or benefit or knowingly (or willfully)* presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. *Applies in MD Only.

Applicable in CO: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

Applicable in FL and OK: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony (of the third degree)*. *Applies in FL Only.

Applicable in KS: Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act.

Applicable in KY, NY, OH and PA: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties (not to exceed five thousand dollars and the stated value of the claim for each such violation)*. *Applies in NY Only.

Applicable in ME, TN, VA and WA: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties (may)* include imprisonment, fines and denial of insurance benefits. *Applies in ME Only.

Applicable in NJ: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

Applicable in OR: Any person who knowingly and with intent to defraud or solicit another to defraud the insurer by submitting an application containing a false statement as to any material fact may be violating state law.

Applicable in PR: Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances [be] present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.





INSURANCE SELECTION FORM-OUTSIDE INSURANCE CARRIER

Per your Lease agreement with us, you must arrange physical damage and general liability insurance on the equipment identified below. The insurance may be provided through an insurance agent or insurance company of your choice, provided the insurance company satisfies minimum financial requirements.

Physical Damage coverage must show that Caterpillar Financial Services Corporation has been named as loss payee for the equipment's replacement value. The deductible must be shown. Liability Coverage must be a minimum of \$1,000,000 or combined coverage for bodily injury and property damage per occurrence. Caterpillar Financial Services Corporation must be named as additional insured.

As an alternative to obtaining your own Physical Damage coverage, you may elect to have your equipment insured under coverage arranged by Caterpillar Insurance Services Corporation designed specifically for the purchasers of Caterpillar equipment. If a quote is not included in your document package, please contact your Caterpillar Dealer, call **1-800-248-4228**, or e-mail Cat.Insurance@cat.com.

Please complete this form to provide contact information for your liability coverage as well as your physical damage coverage if you did not elect Caterpillar Insurance for physical damage.

Transaction Number: [REDACTED] Dealer Name: **WHAYNE SUPPLY COMPANY**
 Customer's Name: **WATER SERVICE CORPORATION OF KENTUCKY**
 Address: **102 Watre Plant rd**
Middlesboro, KY 40965

I have entered into the above agreement under which **I am responsible for providing insurance** against **ALL RISKS** of direct physical loss or damage for the actual cash value of the following equipment, subject to common exclusions such as damage caused by corrosion, rust, mechanical or electrical breakdown, etc.

Model #	Equipment Description	Serial #	VIN #	Value Including Tax
1. 416F2	2018 Caterpillar Backhoe Loader	[REDACTED]		\$88,835.00
2. 416F2	2018 Caterpillar Backhoe Loader	[REDACTED]		\$88,835.00

Danielle webster
 Insurance Agency _____ Insurance Agent's Name _____
 Street Address _____
 City _____ State _____ Zip _____
 (832) 485-4000
 Agent's Phone Number _____ Fax Number _____ E-mail Address _____

TO CUSTOMER'S INSURANCE AGENT

I hereby instruct you to add Caterpillar Financial Services Corporation and its successors and/or assigns as a Loss Payee for physical damage and as an Additional Insured for general liability:

- To my existing policy number(s) _____ which now provide the coverage required, or
- To a policy or policies which you are authorized to issue in the name listed above which will provide the coverage required.

- I do not need outside insurance coverage at this time.
- I have outside insurance coverage and have provided agency information or a copy of the insurance certificate.



THIS IS A COPY
This is a copy view of the Authoritative Copy held
by the designated custodian

Justin Kersey

Name: Justin Kersey

Title: Vice President

PROCESSING OF THIS TRANSACTION MAY BE HELD PENDING RECEIPT OF THIS INFORMATION

**PLEASE FORWARD A COPY OF THE CERTIFICATE OR BINDER EVIDENCING COVERAGE TO:
CATERPILLAR FINANCIAL SERVICES CORPORATION
2120 West End Avenue
Nashville, TN 37203**

PLEASE ATTACH A COPY OF THIS NOTICE TO PROOF OF INSURANCE

COPY VIEW

AG DR 1-4
KY Backhoe Analysis

WSCKY Backhoe Lease Analysis

	Lease		Purchase		
	O&M		Cost to Own	Capital	
Cost	\$	36,966	\$	17,952	\$ 188,330
Op Revenue Deductions for Return	\$	36,966	\$	17,952	\$ 18,833
Op Revenue needed for 88%	\$	5,041	\$	2,448	\$ 2,568
Tax effect Revenue	\$	6,788	\$	3,297	\$ 3,458
Interest effect	\$	-	\$	-	\$ 5,650
Estimated Annual Impact	\$	43,755	\$	21,248	\$ 27,941
Approximate Ratepayers		7,107		7,107	7,107
Impact Per Customer		6.16		2.99	3.93

Assumptions:

ROE	0.00%	[1]
COD	6.00%	
Equity Weight	50.00%	
Debt Weight	50.00%	
FIT	21.00%	
SIT	6.00%	
Depreciation Rate	10.00%	[2]
Blended Tax Rate	25.74%	
Rate	13.00%	
Ratio	7.69	
Operating Margin	88.00%	

[1] ROE set to \$0 because we do not earn a return on capital in KY

[2] KY composite until we go through a D&A study in the upcoming rate case

Cost of Ownership Assumption	Cost
Insurance	\$ 3,049.44
PM Parts & Labor	\$ 9,990.00
Tires	\$ 4,500.00
Teeth/Cutting Edge	\$ 412.50
Total Cost to Own	<u>\$ 17,951.94</u>

Backhoe Operating Costs: Include the wages

Tom Jackson | December 16, 2013



OPERATING COSTS

Op. wages/benefits	\$118,000	\$33 (\$20 hr. pay/ \$11 benefits)
Fuel, \$3.50 gal.	\$22,680	
PMs parts/labor	\$6,660	
Tires (2WD)	\$3,000	
Teeth/cutting edge	\$275	

Clearly, paying your operator is your top expense when it comes to running this machine. Some contractors may not think wages should be included in an O&O calculation, but that's how it's done in most heavy equipment fleets. This is especially helpful in determining how much to charge per hour of time a backhoe spends on a job. Now lets add things up...

<https://www.equipmentworld.com/oo-costs-backhoes-2/>

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

5. Refer to the Application, Guttormsen Testimony, page 7. Fully explain how WSCK calculated that performing its salary analyses internally saved ratepayers “in excess of \$30,000 in rate-case expenses.”
- a. Identify the total costs of the salary analyses from the last two rate cases in which an outside consultant performed the studies and provide a breakdown of the costs of same.

Response: The Company obtained an external bid for services to perform a salary study and upfront costs were \$26,800 which did not include post filing work to respond to data requests, file rebuttal testimony, attend a hearing, and post hearing briefs and orders.

- a. The analysis in Case No. 2010-00476 cost \$16,369 and the analysis in Case No. 2013-00237 cost \$40,455. The Company performed its salary analysis in-house in the previous rate case, Case No. 2015-00382.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

6. Refer to the Application, Dmitrenko Testimony, pages 4–6. Confirm that within the salary and wage reasonableness analysis, which used historical data from 20 Kentucky water utility companies of similar size to project 2017-2018 salary levels, WSCK's 2018 rate case filing projection was the maximum amount for salaries and wages of officers and directors at \$150,736.
 - a. Refer to the Staff DR 1.13 Employee Salary and Benefits Study, Tab Summary 2018. This document seems to refer to 2017 Annual Report Data, and notes WSCK's salaries and wages for officers as \$34,626. Fully explain the projected increase from this number to the prior referenced \$150,736 and the methodology behind the calculations.
 - b. Refer to the Staff DR 1.13 Employee Salary and Benefits Study, Tab Summary 2019. Explain why the amount for WSCK's salaries and wages for officers is projected as \$31,621 for both 2019 and a proposed 2020 rate case filing and reconcile this projection with the \$150,736 number above.

Response:

- a. In its salary analysis, the Company erroneously classified its Shared Services salaries to "Officers, Directors". The classification oversight does not change the total salaries expenses included in the WSCK's revenue requirement or the amount included in Dmitrenko's analysis testimony. Please see the attached file "Response to AG DR 1-6 (Petitioner's Exhibit AD-3 - Revised)" which shows the reclassified salaries.
- b. An incorrect electronic draft version of the salary analysis was provided in response to Staff DR 1.13. Please see the file "Supplemental Response to PSC DR 1-13 (Petitioner's Exhibit AD-3 - Original)" for the supplement that will be provided to Staff DR 1.13. Tab "Summary 2019" of the information provided was not part of WSCK's salary analysis.

Witness: Rob Guttormsen

AG DR 1-6
List of KY Water Companies

WSCK ERC Count ± 2,500
ERC < WSCK + 2,500
and
ERC > WSCK - 2,500

Company	Utility ID	ERC 2016 Year End	ERC < WSCK + 2,500 and ERC > WSCK - 2,500
Water Service Corporation of Kentucky	6000800	7,199	TRUE
Adair County Water District	18100	7,858	TRUE
Allen County Water District	18200	6,760	TRUE
Barkley Lake Water District	18500	5,335	TRUE
Bath County Water District	18600	3,833	FALSE
Beech Grove Water System Inc	33200	624	FALSE
Big Sandy Water District	18800	4,789	TRUE
Black Mountain Utility District	20000	3,394	FALSE
Boone County Water District	18900	25,406	FALSE
Bracken County Water District	19050	2,517	FALSE
Breathitt County Water District	7000700	1,782	FALSE
Bronston Water Association Inc	33500	1,794	FALSE
Buffalo Trail Water Association Inc	33600	1,481	FALSE
Bullock Pen Water District	19200	6,921	TRUE
Butler County Water System Inc	33700	4,816	TRUE
Caldwell County Water District	19201	2,019	FALSE
Cannonsburg Water District	19500	3,944	FALSE
Carroll County Water District 1	19600	2,958	FALSE
Cawood Water District	19650	1,627	FALSE
Center Ridge Water District No 2	6000700	339	FALSE
Christian County Water District	19700	6,083	TRUE
Corinth Water District	19900	1,154	FALSE
Crittenden-Livingston County Water District	20100	3,549	FALSE
Cumberland County Water District	20150	2,489	FALSE
Cumberland Falls Highway Water District	20200	3,269	FALSE
Dexter-Almo Heights Water District	20600	805	FALSE
East Casey County Water District	20700	4,643	FALSE
East Clark County Water District	20800	2,410	FALSE
East Daviess County Water Association Inc	33800	4,530	FALSE
East Laurel Water District	21000	5,510	TRUE
East Logan Water District Inc	21100	3,014	FALSE
East Pendleton Water District	21200	1,958	FALSE
Eastern Rockcastle Water Association Inc	35650	610	FALSE
Edmonson County Water District	21300	10,291	FALSE
Elkhorn Water District	21400	585	FALSE
Estill County Water District 1	21500	3,763	FALSE
Farmdale Water District	21700	2,623	FALSE
Fern Lake Company	15100	1	FALSE
Fleming County Water Association Inc	34000	4,087	FALSE
Fountain Run Water District 1	21800	524	FALSE
Francis Water Company Inc	15200	270	FALSE
Gallatin County Water District	21850	1,966	FALSE
Garrard County Water Association Inc	34100	5,598	TRUE
Grayson County Water District	22000	6,650	TRUE
Green River Valley Water District	22200	14,029	FALSE
Green-Taylor Water District	22300	4,952	TRUE
Hardin County Water District 1	22500	10,084	FALSE
Hardin County Water District 2	22600	27,451	FALSE
Harrison County Water Association Inc	34200	5,808	TRUE
Henderson County Water District	22700	6,454	TRUE
Henry County Water District 2	23000	6,439	TRUE
Hyden-Leslie County Water District	23300	3,673	FALSE
Jackson County Water Association Inc	34500	4,627	FALSE
Jessamine County Water District 1	23400	2,081	FALSE
Jessamine-South Elkhorn Water District	24300	2,927	FALSE
Jonathan Creek Water District	23550	2,408	FALSE
Judy Water Association Inc	34650	1,956	FALSE
Kentucky-American Water Company aka Kentucky American Water	15800	129,232	FALSE
Kirksville Water Association Inc	34700	1,836	FALSE
Knott County Water and Sewer District	19400	2,844	FALSE
Knox County Utility Commission	7001000	2,830	FALSE
Lake Village Water Association Inc	34800	2,195	FALSE
Larue County Water District 1	24000	3,514	FALSE
Laurel County Water District 2	24100	5,997	TRUE
Ledbetter Water District	24200	1,258	FALSE
Letcher County Water and Sewer District	7000300	2,916	FALSE
Levee Road Water Association Inc	34900	854	FALSE
Lyon County Water District	24500	2,561	FALSE
Madison County Utilities District	7000100	11,246	FALSE

WSCK ERC Count ± 2,500
ERC < WSCK + 2,500
and
ERC > WSCK - 2,500

Company	Utility ID	ERC 2016 Year End	ERC < WSCK + 2,500	ERC > WSCK - 2,500
Magoffin County Water District	24600	3,443	FALSE	
Marion County Water District	24700	5,927	TRUE	
Martin County Water District	25000	3,243	FALSE	
McCreary County Water District	25200	6,149	TRUE	
McKinney Water District	25300	1,833	FALSE	
Meade County Water District	25305	5,082	TRUE	
Milburn Water District	25400	132	FALSE	
Montgomery County Water District 1	25600	686	FALSE	
Morgan County Water District	25603	2,731	FALSE	
Mountain Water District	25605	16,701	FALSE	
Muhlenberg County Water District	25800	5,944	TRUE	
Muhlenberg County Water District 3	26000	2,115	FALSE	
Nebo Water District	26400	1,570	FALSE	
North Hopkins Water District	26600	1,285	FALSE	
North Logan Water District 1	26700	549	FALSE	
North Manchester Water Association Inc	35300	1,922	FALSE	
North Marshall Water District	26800	5,496	TRUE	
North McLean County Water District	26900	1,298	FALSE	
North Mercer Water District	27000	4,580	FALSE	
North Nelson Water District	27100	4,589	FALSE	
North Shelby Water Company	35400	5,023	TRUE	
Northeast Woodford County Water District	27300	1,003	FALSE	
Northern Kentucky Water District	7000200	82,328	FALSE	
Ohio County Water District	27500	5,924	TRUE	
Oldham County Water District	27600	8,192	TRUE	
Parksville Water District	27800	1,586	FALSE	
Peaks Mill Water District	27900	1,175	FALSE	
Pendleton County Water District	28000	2,360	FALSE	
Powell's Valley Water District	28300	2,355	FALSE	
Rattlesnake Ridge Water District	28600	4,015	FALSE	
Reid Village Water District	28700	1,134	FALSE	
Rowan Water Inc	35800	7,143	TRUE	
Sandy Hook Water District	29200	1,196	FALSE	
Sedalia Water District	29400	242	FALSE	
Sharpsburg Water District	29500	1,422	FALSE	
Simpson County Water District	29700	3,375	FALSE	
South 641 Water District	30300	361	FALSE	
South Anderson Water District	29800	2,920	FALSE	
South Eastern Water Association Inc	36150	7,454	TRUE	
South Hopkins Water District	30100	2,963	FALSE	
South Logan Water Association Inc	36000	1,683	FALSE	
South Woodford Water District	30400	1,597	FALSE	
Southeast Daviess County Water District	30500	7,246	TRUE	
Southern Madison Water District	30600	5,140	TRUE	
Southern Water and Sewer District	7000900	6,661	TRUE	
Symsonia Water District	31000	322	FALSE	
Todd County Water District	31100	3,466	FALSE	
Trimble County Water District 1	31200	1,415	FALSE	
U S 60 Water District of Shelby and Franklin Counties	31500	2,419	FALSE	
Union County Water District	31400	2,250	FALSE	
Warren County Water District	31700	28,021	FALSE	
Webster County Water District	31800	2,035	FALSE	
West Carroll Water District	31900	959	FALSE	
West Daviess County Water District	32000	5,092	TRUE	
West Laurel Water Association Inc	36300	5,148	TRUE	
West McCracken County Water District	32200	1,517	FALSE	
West Shelby Water District	32300	2,120	FALSE	
Western Fleming County Water District	32500	1,483	FALSE	
Western Lewis-Rectorville Water and Gas District	22206700	2,266	FALSE	
Western Mason County Water District	32700	1,180	FALSE	
Western Pulaski County Water District	7000500	8,524	TRUE	
Western Rockcastle Water Association Inc	36400	4,118	FALSE	
Whitley County Water District 1	32900	3,642	FALSE	
Wood Creek Water District	33000	5,280	TRUE	

WSCKY ERC Count \pm 2,500 ERC < WSCKY + 2,500 and ERC > WSCKY - 2,500
FALSE
TRUE

Row Labels	ERC 2016 Year End
Adair County Water District	7,858
Allen County Water District	6,760
Barkley Lake Water District	5,335
Big Sandy Water District	4,789
Bullock Pen Water District	6,921
Butler County Water System Inc	4,816
Christian County Water District	6,083
East Laurel Water District	5,510
Garrard County Water Association Inc	5,598
Grayson County Water District	6,650
Green-Taylor Water District	4,952
Harrison County Water Association Inc	5,808
Henderson County Water District	6,454
Henry County Water District 2	6,439
Laurel County Water District 2	5,997
Marion County Water District	5,927
McCreary County Water District	6,149
Meade County Water District	5,082
Muhlenberg County Water District	5,944
North Marshall Water District	5,496
North Shelby Water Company	5,023
Ohio County Water District	5,924
Oldham County Water District	8,192
Rowan Water Inc	7,143
South Eastern Water Association Inc	7,454
Southeast Daviess County Water District	7,246
Southern Madison Water District	5,140
Southern Water and Sewer District	6,661
Water Service Corporation of Kentucky	7,199
West Daviess County Water District	5,092
West Laurel Water Association Inc	5,148
Western Pulaski County Water District	8,524
Wood Creek Water District	5,280

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)	
2012	1	Adair County Water District		7,681	775,818	121,044	314,380	55,566	\$ 1,266,808	\$ 164.93	\$ 13.74
2012	2	Allen County Water District		5,437	438,962	18,000	309,931	35,072	\$ 801,965	\$ 147.50	\$ 12.29
2012	3	Barkley Lake Water District		5,169	600,508	8,850	283,035	46,009	\$ 938,402	\$ 181.54	\$ 15.13
2012	4	Big Sandy Water District		4,562	312,506	30,000	142,860	25,325	\$ 510,691	\$ 111.94	\$ 9.33
2012	5	Bullock Pen Water District		6,742	656,865	13,000	416,967	48,493	\$ 1,135,325	\$ 168.40	\$ 14.03
2012	6	Butler County Water System Inc		4,804	361,705	-	215,290	-	\$ 576,995	\$ 120.11	\$ 10.01
2012	7	Christian County Water District		5,759	498,156	30,000	93,522	40,500	\$ 662,178	\$ 114.98	\$ 9.58
2012	8	East Laurel Water District		5,377	-	-	-	270	\$ 270	\$ 0.05	\$ 0.00
2012	9	Garrard County Water Association Inc		5,476	222,453	99,400	38,724	25,265	\$ 385,842	\$ 70.46	\$ 5.87
2012	10	Grayson County Water District		6,392	-	-	-	-	\$ -	\$ -	\$ -
2012	11	Green-Taylor Water District		4,881	405,548	-	233,854	30,707	\$ 670,109	\$ 137.29	\$ 11.44
2012	12	Harrison County Water Association Inc		5,634	352,474	12,600	123,177	-	\$ 488,251	\$ 86.66	\$ 7.22
2012	13	Henderson County Water District		6,384	385,983	10,500	207,291	31,915	\$ 635,689	\$ 99.58	\$ 8.30
2012	14	Henry County Water District 2		6,343	680,532	24,750	337,768	57,423	\$ 1,100,473	\$ 173.49	\$ 14.46
2012	15	Laurel County Water District 2		5,848	473,561	18,000	250,762	37,555	\$ 779,878	\$ 133.36	\$ 11.11
2012	16	Marion County Water District		5,719	225,289	35,693	92,902	19,427	\$ 373,311	\$ 65.28	\$ 5.44
2012	17	McCreary County Water District		6,159	754,916	18,540	440,799	59,044	\$ 1,273,299	\$ 206.74	\$ 17.23
2012	18	Meade County Water District		4,405	367,413	27,500	203,611	36,051	\$ 634,575	\$ 144.06	\$ 12.00
2012	19	Muhlenberg County Water District		5,975	763,918	18,000	489,851	60,787	\$ 1,332,556	\$ 223.02	\$ 18.59
2012	20	North Marshall Water District		5,357	406,834	-	161,160	-	\$ 567,994	\$ 106.03	\$ 8.84
2012	21	North Shelby Water Company		4,875	315,761	33,150	173,124	30,326	\$ 552,361	\$ 113.30	\$ 9.44
2012	22	Ohio County Water District		5,848	730,498	-	320,934	58,860	\$ 1,110,292	\$ 189.86	\$ 15.82
2012	23	Oldham County Water District		7,802	802,357	30,000	555,841	67,351	\$ 1,455,549	\$ 186.56	\$ 15.55
2012	24	Rowan Water Inc		6,857	514,079	20,211	291,591	41,001	\$ 866,882	\$ 126.42	\$ 10.54
2012	25	South Eastern Water Association Inc		7,811	302,453	36,650	5,721	25,784	\$ 370,608	\$ 47.45	\$ 3.95
2012	26	Southeast Daviess County Water District		6,702	268,069	60,609	139,502	24,703	\$ 492,883	\$ 73.54	\$ 6.13
2012	27	Southern Madison Water District		4,892	319,861	14,400	115,312	25,165	\$ 474,738	\$ 97.04	\$ 8.09
2012	28	Southern Water and Sewer District		7,033	655,458	11,200	277,288	75,133	\$ 1,019,079	\$ 144.90	\$ 12.07
2012	29	Water Service Corporation of Kentucky		7,362	511,151	46,296	124,367	49,454	\$ 731,268	\$ 99.33	\$ 8.28
2012	30	West Daviess County Water District		4,801	219,944	51,408	113,215	20,317	\$ 404,884	\$ 84.33	\$ 7.03
2012	31	West Laurel Water Association Inc		5,023	-	-	-	-	\$ -	\$ -	\$ -
2012	32	Western Pulaski County Water District		8,165	252,324	12,400	80,044	24,890	\$ 369,658	\$ 45.27	\$ 3.77
2012	33	Wood Creek Water District		5,198	1,358,318	-	-	-	\$ 1,358,318	\$ 261.32	\$ 21.78
2013	1	Adair County Water District		7,718	720,137	119,169	316,231	50,271	\$ 1,205,808	\$ 156.23	\$ 13.02
2013	2	Allen County Water District		5,531	439,897	18,000	306,057	34,825	\$ 798,780	\$ 144.42	\$ 12.03
2013	3	Barkley Lake Water District		5,243	577,302	8,850	299,403	45,853	\$ 931,408	\$ 177.65	\$ 14.80
2013	4	Big Sandy Water District		4,591	303,927	30,000	149,081	28,560	\$ 511,568	\$ 111.43	\$ 9.29
2013	5	Bullock Pen Water District		6,704	743,139	13,700	429,041	50,296	\$ 1,236,176	\$ 184.39	\$ 15.37
2013	6	Butler County Water System Inc		4,813	343,909	7,500	217,989	-	\$ 569,398	\$ 118.30	\$ 9.86
2013	7	Christian County Water District		5,773	511,742	30,000	99,332	40,602	\$ 681,676	\$ 118.08	\$ 9.84
2013	8	East Laurel Water District		5,410	-	-	-	308	\$ 308	\$ 0.06	\$ 0.00
2013	9	Garrard County Water Association Inc		5,490	235,643	111,391	36,294	27,436	\$ 410,763	\$ 74.82	\$ 6.24
2013	10	Grayson County Water District		6,426	-	-	-	-	\$ -	\$ -	\$ -
2013	11	Green-Taylor Water District		5,018	427,515	-	256,160	28,018	\$ 711,693	\$ 141.83	\$ 11.82
2013	12	Harrison County Water Association Inc		5,653	356,611	12,075	141,080	-	\$ 509,766	\$ 90.18	\$ 7.51
2013	13	Henderson County Water District		6,416	344,961	13,350	196,621	32,291	\$ 587,223	\$ 91.52	\$ 7.63
2013	14	Henry County Water District 2		6,340	716,747	24,525	315,376	60,104	\$ 1,116,752	\$ 176.14	\$ 14.68

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)
2013	15	Laurel County Water District 2	5,906	535,621	18,000	285,962	41,448	\$ 881,031	\$ 149.18	\$ 12.43
2013	16	Marion County Water District	5,757	242,759	36,475	96,448	21,072	\$ 396,754	\$ 68.92	\$ 5.74
2013	17	McCreary County Water District	6,151	762,404	16,340	493,118	64,007	\$ 1,335,869	\$ 217.18	\$ 18.10
2013	18	Meade County Water District	4,489	390,431	30,000	199,161	32,307	\$ 651,899	\$ 145.22	\$ 12.10
2013	19	Muhlenberg County Water District	5,938	762,960	13,200	556,254	59,630	\$ 1,392,044	\$ 234.43	\$ 19.54
2013	20	North Marshall Water District	5,372	418,906	-	178,076	-	\$ 596,982	\$ 111.13	\$ 9.26
2013	21	North Shelby Water Company	4,926	333,733	33,700	193,319	32,135	\$ 592,887	\$ 120.36	\$ 10.03
2013	22	Ohio County Water District	5,857	766,610	-	283,765	56,469	\$ 1,106,844	\$ 188.98	\$ 15.75
2013	23	Oldham County Water District	7,859	825,947	30,000	618,264	62,207	\$ 1,536,418	\$ 195.50	\$ 16.29
2013	24	Rowan Water Inc	6,942	509,959	19,662	299,658	54,737	\$ 884,016	\$ 127.34	\$ 10.61
2013	25	South Eastern Water Association Inc	7,313	303,899	34,400	9,752	26,931	\$ 374,982	\$ 51.28	\$ 4.27
2013	26	Southeast Daviess County Water District	6,826	328,320	9,000	153,816	25,461	\$ 516,597	\$ 75.68	\$ 6.31
2013	27	Southern Madison Water District	4,896	356,537	14,400	129,731	27,146	\$ 527,814	\$ 107.81	\$ 8.98
2013	28	Southern Water and Sewer District	7,004	769,152	6,200	277,102	73,982	\$ 1,126,436	\$ 160.83	\$ 13.40
2013	29	Water Service Corporation of Kentucky	7,331	457,098	48,656	133,568	47,758	\$ 687,080	\$ 93.72	\$ 7.81
2013	30	West Daviess County Water District	4,861	269,447	9,000	124,603	20,957	\$ 424,007	\$ 87.23	\$ 7.27
2013	31	West Laurel Water Association Inc	5,024	-	-	-	-	\$ -	\$ -	\$ -
2013	32	Western Pulaski County Water District	8,226	276,311	12,200	99,019	23,695	\$ 411,225	\$ 49.99	\$ 4.17
2013	33	Wood Creek Water District	5,251	1,368,026	-	-	-	\$ 1,368,026	\$ 260.53	\$ 21.71

2014	1	Adair County Water District	7,749	715,094	119,206	308,488	45,101	\$ 1,187,889	\$ 153.30	\$ 12.77
2014	2	Allen County Water District	6,584	477,394	16,800	318,444	37,450	\$ 850,088	\$ 129.11	\$ 10.76
2014	3	Barkley Lake Water District	5,239	630,468	9,000	314,506	50,584	\$ 1,004,558	\$ 191.75	\$ 15.98
2014	4	Big Sandy Water District	4,634	337,546	29,500	135,763	-	\$ 502,809	\$ 108.50	\$ 9.04
2014	5	Bullock Pen Water District	6,723	705,195	12,800	363,374	51,495	\$ 1,132,864	\$ 168.51	\$ 14.04
2014	6	Butler County Water System Inc	4,794	357,618	17,400	227,486	-	\$ 602,504	\$ 125.68	\$ 10.47
2014	7	Christian County Water District	5,871	514,639	30,000	91,267	39,620	\$ 675,526	\$ 115.06	\$ 9.59
2014	8	East Laurel Water District	5,449	-	-	-	308	\$ 308	\$ 0.06	\$ 0.00
2014	9	Garrard County Water Association Inc	5,490	265,611	89,631	38,799	28,768	\$ 422,809	\$ 77.01	\$ 6.42
2014	10	Grayson County Water District	6,476	-	-	-	-	\$ -	\$ -	\$ -
2014	11	Green-Taylor Water District	5,044	444,962	-	276,515	30,275	\$ 751,752	\$ 149.04	\$ 12.42
2014	12	Harrison County Water Association Inc	5,647	360,968	12,600	159,889	-	\$ 533,457	\$ 94.47	\$ 7.87
2014	13	Henderson County Water District	6,424	411,052	9,750	160,981	30,910	\$ 612,693	\$ 95.38	\$ 7.95
2014	14	Henry County Water District 2	6,353	733,406	32,700	326,773	60,839	\$ 1,153,718	\$ 181.60	\$ 15.13
2014	15	Laurel County Water District 2	5,939	590,066	18,000	361,427	47,563	\$ 1,017,056	\$ 171.25	\$ 14.27
2014	16	Marion County Water District	5,832	250,033	37,037	100,341	21,449	\$ 408,860	\$ 70.11	\$ 5.84
2014	17	McCreary County Water District	6,164	793,772	20,000	451,274	62,445	\$ 1,327,491	\$ 215.36	\$ 17.95
2014	18	Meade County Water District	4,577	424,624	30,000	200,046	35,357	\$ 690,027	\$ 150.76	\$ 12.56
2014	19	Muhlenberg County Water District	5,921	776,518	18,000	390,347	62,510	\$ 1,247,375	\$ 210.67	\$ 17.56
2014	20	North Marshall Water District	5,454	461,736	-	198,308	-	\$ 660,044	\$ 121.02	\$ 10.09
2014	21	North Shelby Water Company	4,930	348,450	33,600	201,365	34,071	\$ 617,486	\$ 125.25	\$ 10.44
2014	22	Ohio County Water District	5,860	759,275	-	273,271	92,932	\$ 1,125,478	\$ 192.06	\$ 16.01
2014	23	Oldham County Water District	7,946	873,564	30,000	630,277	65,503	\$ 1,599,344	\$ 201.28	\$ 16.77
2014	24	Rowan Water Inc	7,028	474,478	20,340	316,147	39,969	\$ 850,934	\$ 121.08	\$ 10.09
2014	25	South Eastern Water Association Inc	7,440	319,258	36,500	7,269	28,804	\$ 391,831	\$ 52.67	\$ 4.39
2014	26	Southeast Daviess County Water District	6,959	335,067	9,000	152,693	25,633	\$ 522,393	\$ 75.07	\$ 6.26
2014	27	Southern Madison Water District	4,936	331,960	14,400	121,198	25,964	\$ 493,522	\$ 99.98	\$ 8.33
2014	28	Southern Water and Sewer District	6,798	877,991	12,200	295,415	83,296	\$ 1,268,902	\$ 186.66	\$ 15.55
2014	29	Water Service Corporation of Kentucky	7,280	465,057	29,108	144,660	56,741	\$ 695,566	\$ 95.54	\$ 7.96

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)
2014	30	West Daviess County Water District	4,922	274,139	8,750	124,327	20,972	\$ 428,188	\$ 86.99	\$ 7.25
2014	31	West Laurel Water Association Inc	5,068	-	-	-	-	\$ -	\$ -	\$ -
2014	32	Western Pulaski County Water District	8,251	302,748	12,200	96,095	24,029	\$ 435,072	\$ 52.73	\$ 4.39
2014	33	Wood Creek Water District	5,234	1,448,934	-	-	-	\$ 1,448,934	\$ 276.83	\$ 23.07
2015	1	Adair County Water District	7,776	677,042	118,010	468,652	55,601	\$ 1,319,305	\$ 169.66	\$ 14.14
2015	2	Allen County Water District	6,672	501,458	16,200	308,118	39,627	\$ 865,403	\$ 129.71	\$ 10.81
2015	3	Barkley Lake Water District	5,303	656,815	9,000	489,755	52,121	\$ 1,207,691	\$ 227.74	\$ 18.98
2015	4	Big Sandy Water District	4,630	357,696	30,000	168,512	-	\$ 556,208	\$ 120.13	\$ 10.01
2015	5	Bullock Pen Water District	6,820	733,369	13,500	578,792	52,974	\$ 1,378,635	\$ 202.15	\$ 16.85
2015	6	Butler County Water System Inc	4,813	368,700	18,000	235,124	-	\$ 621,824	\$ 129.20	\$ 10.77
2015	7	Christian County Water District	5,934	543,401	30,000	154,029	41,580	\$ 769,010	\$ 129.59	\$ 10.80
2015	8	East Laurel Water District	-	-	-	-	666	\$ 666	\$ -	\$ -
2015	9	Garrard County Water Association Inc	5,540	281,522	22,500	45,961	23,770	\$ 373,753	\$ 67.46	\$ 5.62
2015	10	Grayson County Water District	6,543	-	-	-	-	\$ -	\$ -	\$ -
2015	11	Green-Taylor Water District	5,160	461,797	-	393,983	31,386	\$ 887,166	\$ 171.93	\$ 14.33
2015	12	Harrison County Water Association Inc	5,729	380,745	12,475	198,070	27,622	\$ 618,912	\$ 108.03	\$ 9.00
2015	13	Henderson County Water District	6,439	415,764	9,525	170,417	33,561	\$ 629,266	\$ 97.73	\$ 8.14
2015	14	Henry County Water District 2	6,413	763,497	33,900	327,973	66,432	\$ 1,191,802	\$ 185.84	\$ 15.49
2015	15	Laurel County Water District 2	5,960	584,165	19,000	389,303	46,698	\$ 1,039,166	\$ 174.36	\$ 14.53
2015	16	Marion County Water District	5,900	252,523	41,104	82,127	21,684	\$ 397,438	\$ 67.36	\$ 5.61
2015	17	McCreary County Water District	6,170	796,777	21,650	452,999	64,255	\$ 1,335,681	\$ 216.48	\$ 18.04
2015	18	Meade County Water District	4,950	440,795	30,000	151,488	34,507	\$ 656,790	\$ 132.68	\$ 11.06
2015	19	Muhlenberg County Water District	2,113	237,996	18,000	63,276	21,389	\$ 340,661	\$ 161.22	\$ 13.44
2015	20	North Marshall Water District	5,464	492,409	-	237,603	-	\$ 730,012	\$ 133.60	\$ 11.13
2015	21	North Shelby Water Company	4,981	359,032	32,600	261,083	33,899	\$ 686,614	\$ 137.85	\$ 11.49
2015	22	Ohio County Water District	5,891	808,488	-	329,446	-	\$ 1,137,934	\$ 193.16	\$ 16.10
2015	23	Oldham County Water District	8,041	876,991	30,200	659,849	63,313	\$ 1,630,353	\$ 202.76	\$ 16.90
2015	24	Rowan Water Inc	7,118	479,630	23,205	287,675	39,667	\$ 830,177	\$ 116.63	\$ 9.72
2015	25	South Eastern Water Association Inc	7,447	344,818	37,000	13,828	28,914	\$ 424,559	\$ 57.01	\$ 4.75
2015	26	Southeast Daviess County Water District	7,078	341,969	9,000	160,960	26,788	\$ 538,717	\$ 76.11	\$ 6.34
2015	27	Southern Madison Water District	4,985	350,444	14,400	98,397	26,244	\$ 489,485	\$ 98.19	\$ 8.18
2015	28	Southern Water and Sewer District	6,724	784,821	20,400	244,770	74,466	\$ 1,124,457	\$ 167.23	\$ 13.94
2015	29	Water Service Corporation of Kentucky	7,199	490,139	22,817	164,829	54,815	\$ 732,600	\$ 101.76	\$ 8.48
2015	30	West Daviess County Water District	4,985	280,014	9,000	130,811	22,018	\$ 441,843	\$ 88.63	\$ 7.39
2015	31	West Laurel Water Association Inc	5,084	-	-	-	-	\$ -	\$ -	\$ -
2015	32	Western Pulaski County Water District	8,408	294,793	12,400	90,908	25,542	\$ 423,643	\$ 50.39	\$ 4.20
2015	33	Wood Creek Water District	5,280	1,468,853	-	-	-	\$ 1,468,853	\$ 278.19	\$ 23.18
2016	1	Adair County Water District	7,858	674,494	116,870	240,840	68,085	\$ 1,100,289	\$ 140.02	\$ 11.67
2016	2	Allen County Water District	6,760	511,411	17,400	315,650	39,558	\$ 884,019	\$ 130.77	\$ 10.90
2016	3	Barkley Lake Water District	5,335	654,812	9,000	517,615	51,996	\$ 1,233,423	\$ 231.19	\$ 19.27
2016	4	Big Sandy Water District	4,789	359,430	30,000	190,374	-	\$ 579,804	\$ 121.07	\$ 10.09
2016	5	Bullock Pen Water District	6,921	749,546	12,800	503,375	54,170	\$ 1,319,891	\$ 190.71	\$ 15.89
2016	6	Butler County Water System Inc	4,816	366,534	18,000	240,434	-	\$ 624,967	\$ 129.77	\$ 10.81
2016	7	Christian County Water District	6,083	528,246	30,000	91,700	41,245	\$ 691,191	\$ 113.63	\$ 9.47
2016	8	East Laurel Water District	5,510	-	-	-	-	\$ -	\$ -	\$ -
2016	9	Garrard County Water Association Inc	5,598	288,496	22,250	48,628	24,852	\$ 384,226	\$ 68.64	\$ 5.72
2016	10	Grayson County Water District	6,650	-	-	-	-	\$ -	\$ -	\$ -

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)
2016	11	Green-Taylor Water District	4,952	449,218	-	292,796	34,358	\$ 776,372	\$ 156.78	\$ 13.06
2016	12	Harrison County Water Association Inc	5,808	379,494	20,300	198,072	28,120	\$ 625,986	\$ 107.78	\$ 8.98
2016	13	Henderson County Water District	6,454	420,475	9,300	179,852	36,211	\$ 645,838	\$ 100.07	\$ 8.34
2016	14	Henry County Water District 2	6,439	779,186	32,400	431,060	68,070	\$ 1,310,716	\$ 203.56	\$ 16.96
2016	15	Laurel County Water District 2	5,997	593,194	30,000	497,587	47,948	\$ 1,168,729	\$ 194.89	\$ 16.24
2016	16	Marion County Water District	5,927	248,398	42,246	84,389	21,036	\$ 396,069	\$ 66.82	\$ 5.57
2016	17	McCreary County Water District	6,149	764,091	20,000	500,949	57,962	\$ 1,343,002	\$ 218.41	\$ 18.20
2016	18	Meade County Water District	5,082	414,299	30,000	187,072	31,538	\$ 662,909	\$ 130.44	\$ 10.87
2016	19	Muhlenberg County Water District	5,944	691,240	18,000	432,189	57,591	\$ 1,199,020	\$ 201.72	\$ 16.81
2016	20	North Marshall Water District	5,496	483,143	-	271,499	-	\$ 754,642	\$ 137.31	\$ 11.44
2016	21	North Shelby Water Company	5,023	372,624	33,800	301,667	34,859	\$ 742,950	\$ 147.91	\$ 12.33
2016	22	Ohio County Water District	5,924	852,375	-	402,616	-	\$ 1,254,991	\$ 211.85	\$ 17.65
2016	23	Oldham County Water District	8,192	955,974	30,000	551,322	71,042	\$ 1,608,338	\$ 196.33	\$ 16.36
2016	24	Rowan Water Inc	7,143	505,930	21,600	286,035	32,657	\$ 846,222	\$ 118.47	\$ 9.87
2016	25	South Eastern Water Association Inc	7,454	384,200	39,500	23,293	30,645	\$ 477,637	\$ 64.08	\$ 5.34
2016	26	Southeast Daviess County Water District	7,246	351,594	8,750	149,292	29,284	\$ 538,920	\$ 74.37	\$ 6.20
2016	27	Southern Madison Water District	5,140	324,995	14,400	125,781	24,226	\$ 489,402	\$ 95.21	\$ 7.93
2016	28	Southern Water and Sewer District	6,661	882,672	23,500	345,068	80,181	\$ 1,331,421	\$ 199.88	\$ 16.66
2016	29	Water Service Corporation of Kentucky	7,199	586,464	29,254	154,998	54,922	\$ 825,638	\$ 114.69	\$ 9.56
2016	30	West Daviess County Water District	5,092	287,446	9,000	120,070	23,194	\$ 439,710	\$ 86.35	\$ 7.20
2016	31	West Laurel Water Association Inc	5,148	-	-	-	-	\$ -	\$ -	\$ -
2016	32	Western Pulaski County Water District	8,524	310,065	12,600	162,390	27,883	\$ 512,938	\$ 60.18	\$ 5.01
2016	33	Wood Creek Water District	5,280	1,534,511	-	-	-	\$ 1,534,511	\$ 290.63	\$ 24.22

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)	Clinton Mgmt. Fee
2012	1	Adair County Water District	7,681	775,818	121,044	314,380	55,566	\$ 1,266,808	\$ 164.93	\$ 13.74	
2012	2	Allen County Water District	5,437	438,962	18,000	309,931	35,072	\$ 801,965	\$ 147.50	\$ 12.29	
2012	3	Barkley Lake Water District	5,169	600,508	8,850	283,035	46,009	\$ 938,402	\$ 181.54	\$ 15.13	
2012	4	Bullock Pen Water District	6,742	656,865	13,000	416,967	48,493	\$ 1,135,325	\$ 168.40	\$ 14.03	
2012	5	Christian County Water District	5,759	498,156	30,000	93,522	40,500	\$ 662,178	\$ 114.98	\$ 9.58	
2012	6	Garrard County Water Association Inc	5,476	222,453	99,400	38,724	25,265	\$ 385,842	\$ 70.46	\$ 5.87	
2012	7	Henderson County Water District	6,384	385,983	10,500	207,291	31,915	\$ 635,689	\$ 99.58	\$ 8.30	
2012	8	Henry County Water District 2	6,343	680,532	24,750	337,768	57,423	\$ 1,100,473	\$ 173.49	\$ 14.46	
2012	9	Laurel County Water District 2	5,848	473,561	18,000	250,762	37,555	\$ 779,878	\$ 133.36	\$ 11.11	
2012	10	Marion County Water District	5,719	225,289	35,693	92,902	19,427	\$ 373,311	\$ 65.28	\$ 5.44	
2012	11	McCreary County Water District	6,159	754,916	18,540	440,799	59,044	\$ 1,273,299	\$ 206.74	\$ 17.23	
2012	12	Meade County Water District	4,405	367,413	27,500	203,611	36,051	\$ 634,575	\$ 144.06	\$ 12.00	
2012	13	Muhlenberg County Water District	5,975	763,918	18,000	489,851	60,787	\$ 1,332,556	\$ 223.02	\$ 18.59	
2012	14	North Shelby Water Company	4,875	315,761	33,150	173,124	30,326	\$ 552,361	\$ 113.30	\$ 9.44	
2012	15	Oldham County Water District	7,802	802,357	30,000	555,841	67,351	\$ 1,455,549	\$ 186.56	\$ 15.55	
2012	16	Rowan Water Inc	6,857	514,079	20,211	291,591	41,001	\$ 866,882	\$ 126.42	\$ 10.54	
2012	17	South Eastern Water Association Inc	7,811	302,453	36,650	5,721	25,784	\$ 370,608	\$ 47.45	\$ 3.95	
2012	18	Southern Madison Water District	4,892	319,861	14,400	115,312	25,165	\$ 474,738	\$ 97.04	\$ 8.09	
2012	19	Southern Water and Sewer District	7,033	655,458	11,200	277,288	75,133	\$ 1,019,079	\$ 144.90	\$ 12.07	
2012	20	Water Service Corporation of Kentucky	7,362	511,151	46,296	124,367	49,454	\$ 663,069	\$ 90.07	\$ 7.51	68,199
2012	21	Western Pulaski County Water District	8,165	252,324	12,400	80,044	24,890	\$ 369,658	\$ 45.27	\$ 3.77	
2013	1	Adair County Water District	7,718	720,137	119,169	316,231	50,271	\$ 1,205,808	\$ 156.23	\$ 13.02	
2013	2	Allen County Water District	5,531	439,897	18,000	306,057	34,825	\$ 798,780	\$ 144.42	\$ 12.03	
2013	3	Barkley Lake Water District	5,243	577,302	8,850	299,403	45,853	\$ 931,408	\$ 177.65	\$ 14.80	
2013	4	Bullock Pen Water District	6,704	743,139	13,700	429,041	50,296	\$ 1,236,176	\$ 184.39	\$ 15.37	
2013	5	Christian County Water District	5,773	511,742	30,000	99,332	40,602	\$ 681,676	\$ 118.08	\$ 9.84	
2013	6	Garrard County Water Association Inc	5,490	235,643	111,391	36,294	27,436	\$ 410,763	\$ 74.82	\$ 6.24	
2013	7	Henderson County Water District	6,416	344,961	13,350	196,621	32,291	\$ 587,223	\$ 91.52	\$ 7.63	
2013	8	Henry County Water District 2	6,340	716,747	24,525	315,376	60,104	\$ 1,116,752	\$ 176.14	\$ 14.68	
2013	9	Laurel County Water District 2	5,906	535,621	18,000	285,962	41,448	\$ 881,031	\$ 149.18	\$ 12.43	
2013	10	Marion County Water District	5,757	242,759	36,475	96,448	21,072	\$ 396,754	\$ 68.92	\$ 5.74	
2013	11	McCreary County Water District	6,151	762,404	16,340	493,118	64,007	\$ 1,335,869	\$ 217.18	\$ 18.10	
2013	12	Meade County Water District	4,489	390,431	30,000	199,161	32,307	\$ 651,899	\$ 145.22	\$ 12.10	
2013	13	Muhlenberg County Water District	5,938	762,960	13,200	556,254	59,630	\$ 1,392,044	\$ 234.43	\$ 19.54	
2013	14	North Shelby Water Company	4,926	333,733	33,700	193,319	32,135	\$ 592,887	\$ 120.36	\$ 10.03	
2013	15	Oldham County Water District	7,859	825,947	30,000	618,264	62,207	\$ 1,536,418	\$ 195.50	\$ 16.29	
2013	16	Rowan Water Inc	6,942	509,959	19,662	299,658	54,737	\$ 884,016	\$ 127.34	\$ 10.61	
2013	17	South Eastern Water Association Inc	7,313	303,899	34,400	9,752	26,931	\$ 374,982	\$ 51.28	\$ 4.27	
2013	18	Southern Madison Water District	4,896	356,537	14,400	129,731	27,146	\$ 527,814	\$ 107.81	\$ 8.98	
2013	19	Southern Water and Sewer District	7,004	769,152	6,200	277,102	73,982	\$ 1,126,436	\$ 160.83	\$ 13.40	
2013	20	Water Service Corporation of Kentucky	7,331	457,098	48,656	133,568	47,758	\$ 605,051	\$ 82.53	\$ 6.88	82,029
2013	21	Western Pulaski County Water District	8,226	276,311	12,200	99,019	23,695	\$ 411,225	\$ 49.99	\$ 4.17	
2014	1	Adair County Water District	7,749	715,094	119,206	308,488	45,101	\$ 1,187,889	\$ 153.30	\$ 12.77	
2014	2	Allen County Water District	6,584	477,394	16,800	318,444	37,450	\$ 850,088	\$ 129.11	\$ 10.76	
2014	3	Barkley Lake Water District	5,239	630,468	9,000	314,506	50,584	\$ 1,004,558	\$ 191.75	\$ 15.98	
2014	4	Bullock Pen Water District	6,723	705,195	12,800	363,374	51,495	\$ 1,132,864	\$ 168.51	\$ 14.04	

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)	Clinton Mgmt. Fee
2014	5	Christian County Water District	5,871	514,639	30,000	91,267	39,620	\$ 675,526	\$ 115.06	\$ 9.59	
2014	6	Garrard County Water Association Inc	5,490	265,611	89,631	38,799	28,768	\$ 422,809	\$ 77.01	\$ 6.42	
2014	7	Henderson County Water District	6,424	411,052	9,750	160,981	30,910	\$ 612,693	\$ 95.38	\$ 7.95	
2014	8	Henry County Water District 2	6,353	733,406	32,700	326,773	60,839	\$ 1,153,718	\$ 181.60	\$ 15.13	
2014	9	Laurel County Water District 2	5,939	590,066	18,000	361,427	47,563	\$ 1,017,056	\$ 171.25	\$ 14.27	
2014	10	Marion County Water District	5,832	250,033	37,037	100,341	21,449	\$ 408,860	\$ 70.11	\$ 5.84	
2014	11	McCreary County Water District	6,164	793,772	20,000	451,274	62,445	\$ 1,327,491	\$ 215.36	\$ 17.95	
2014	12	Meade County Water District	4,577	424,624	30,000	200,046	35,357	\$ 690,027	\$ 150.76	\$ 12.56	
2014	13	Muhlenberg County Water District	5,921	776,518	18,000	390,347	62,510	\$ 1,247,375	\$ 210.67	\$ 17.56	
2014	14	North Shelby Water Company	4,930	348,450	33,600	201,365	34,071	\$ 617,486	\$ 125.25	\$ 10.44	
2014	15	Oldham County Water District	7,946	873,564	30,000	630,277	65,503	\$ 1,599,344	\$ 201.28	\$ 16.77	
2014	16	Rowan Water Inc	7,028	474,478	20,340	316,147	39,969	\$ 850,934	\$ 121.08	\$ 10.09	
2014	17	South Eastern Water Association Inc	7,440	319,258	36,500	7,269	28,804	\$ 391,831	\$ 52.67	\$ 4.39	
2014	18	Southern Madison Water District	4,936	331,960	14,400	121,198	25,964	\$ 493,522	\$ 99.98	\$ 8.33	
2014	19	Southern Water and Sewer District	6,798	877,991	12,200	295,415	83,296	\$ 1,268,902	\$ 186.66	\$ 15.55	
2014	20	Water Service Corporation of Kentucky	7,280	465,057	29,108	144,660	56,741	\$ 620,637	\$ 85.25	\$ 7.10	74,929
2014	21	Western Pulaski County Water District	8,251	302,748	12,200	96,095	24,029	\$ 435,072	\$ 52.73	\$ 4.39	
2015	1	Adair County Water District	7,776	677,042	118,010	468,652	55,601	\$ 1,319,305	\$ 169.66	\$ 14.14	
2015	2	Allen County Water District	6,672	501,458	16,200	308,118	39,627	\$ 865,403	\$ 129.71	\$ 10.81	
2015	3	Barkley Lake Water District	5,303	656,815	9,000	489,755	52,121	\$ 1,207,691	\$ 227.74	\$ 18.98	
2015	4	Bullock Pen Water District	6,820	733,369	13,500	578,792	52,974	\$ 1,378,635	\$ 202.15	\$ 16.85	
2015	5	Christian County Water District	5,934	543,401	30,000	154,029	41,580	\$ 769,010	\$ 129.59	\$ 10.80	
2015	6	Garrard County Water Association Inc	5,540	281,522	22,500	45,961	23,770	\$ 373,753	\$ 67.46	\$ 5.62	
2015	7	Henderson County Water District	6,439	415,764	9,525	170,417	33,561	\$ 629,266	\$ 97.73	\$ 8.14	
2015	8	Henry County Water District 2	6,413	763,497	33,900	327,973	66,432	\$ 1,191,802	\$ 185.84	\$ 15.49	
2015	9	Laurel County Water District 2	5,960	584,165	19,000	389,303	46,698	\$ 1,039,166	\$ 174.36	\$ 14.53	
2015	10	Marion County Water District	5,900	252,523	41,104	82,127	21,684	\$ 397,438	\$ 67.36	\$ 5.61	
2015	11	McCreary County Water District	6,170	796,777	21,650	452,999	64,255	\$ 1,335,681	\$ 216.48	\$ 18.04	
2015	12	Meade County Water District	4,950	440,795	30,000	151,488	34,507	\$ 656,790	\$ 132.68	\$ 11.06	
2015	13	Muhlenberg County Water District	2,113	237,996	18,000	63,276	21,389	\$ 340,661	\$ 161.22	\$ 13.44	
2015	14	North Shelby Water Company	4,981	359,032	32,600	261,083	33,899	\$ 686,614	\$ 137.85	\$ 11.49	
2015	15	Oldham County Water District	8,041	876,991	30,200	659,849	63,313	\$ 1,630,353	\$ 202.76	\$ 16.90	
2015	16	Rowan Water Inc	7,118	479,630	23,205	287,675	39,667	\$ 830,177	\$ 116.63	\$ 9.72	
2015	17	South Eastern Water Association Inc	7,447	344,818	37,000	13,828	28,914	\$ 424,559	\$ 57.01	\$ 4.75	
2015	18	Southern Madison Water District	4,985	350,444	14,400	98,397	26,244	\$ 489,485	\$ 98.19	\$ 8.18	
2015	19	Southern Water and Sewer District	6,724	784,821	20,400	244,770	74,466	\$ 1,124,457	\$ 167.23	\$ 13.94	
2015	20	Water Service Corporation of Kentucky	7,199	490,139	22,817	164,829	54,815	\$ 659,263	\$ 91.58	\$ 7.63	73,337
2015	21	Western Pulaski County Water District	8,408	294,793	12,400	90,908	25,542	\$ 423,643	\$ 50.39	\$ 4.20	
2016	1	Adair County Water District	7,858	674,494	116,870	240,840	68,085	\$ 1,100,289	\$ 140.02	\$ 11.67	
2016	2	Allen County Water District	6,760	511,411	17,400	315,650	39,558	\$ 884,019	\$ 130.77	\$ 10.90	
2016	3	Barkley Lake Water District	5,335	654,812	9,000	517,615	51,996	\$ 1,233,423	\$ 231.19	\$ 19.27	
2016	4	Bullock Pen Water District	6,921	749,546	12,800	503,375	54,170	\$ 1,319,891	\$ 190.71	\$ 15.89	
2016	5	Christian County Water District	6,083	528,246	30,000	91,700	41,245	\$ 691,191	\$ 113.63	\$ 9.47	
2016	6	Garrard County Water Association Inc	5,598	288,496	22,250	48,628	24,852	\$ 384,226	\$ 68.64	\$ 5.72	
2016	7	Henderson County Water District	6,454	420,475	9,300	179,852	36,211	\$ 645,838	\$ 100.07	\$ 8.34	
2016	8	Henry County Water District 2	6,439	779,186	32,400	431,060	68,070	\$ 1,310,716	\$ 203.56	\$ 16.96	
2016	9	Laurel County Water District 2	5,997	593,194	30,000	497,587	47,948	\$ 1,168,729	\$ 194.89	\$ 16.24	

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)	Clinton Mgmt. Fee
2016	10	Marion County Water District	5,927	248,398	42,246	84,389	21,036	\$ 396,069	\$ 66.82	\$ 5.57	
2016	11	McCreary County Water District	6,149	764,091	20,000	500,949	57,962	\$ 1,343,002	\$ 218.41	\$ 18.20	
2016	12	Meade County Water District	5,082	414,299	30,000	187,072	31,538	\$ 662,909	\$ 130.44	\$ 10.87	
2016	13	Muhlenberg County Water District	5,944	691,240	18,000	432,189	57,591	\$ 1,199,020	\$ 201.72	\$ 16.81	
2016	14	North Shelby Water Company	5,023	372,624	33,800	301,667	34,859	\$ 742,950	\$ 147.91	\$ 12.33	
2016	15	Oldham County Water District	8,192	955,974	30,000	551,322	71,042	\$ 1,608,338	\$ 196.33	\$ 16.36	
2016	16	Rowan Water Inc	7,143	505,930	21,600	286,035	32,657	\$ 846,222	\$ 118.47	\$ 9.87	
2016	17	South Eastern Water Association Inc	7,454	384,200	39,500	23,293	30,645	\$ 477,637	\$ 64.08	\$ 5.34	
2016	18	Southern Madison Water District	5,140	324,995	14,400	125,781	24,226	\$ 489,402	\$ 95.21	\$ 7.93	
2016	19	Southern Water and Sewer District	6,661	882,672	23,500	345,068	80,181	\$ 1,331,421	\$ 199.88	\$ 16.66	
2016	20	Water Service Corporation of Kentucky	7,199	586,464	29,254	154,998	54,922	\$ 750,311	\$ 104.22	\$ 8.69	75,327
2016	21	Western Pulaski County Water District	8,524	310,065	12,600	162,390	27,883	\$ 512,938	\$ 60.18	\$ 5.01	
2017	1	Adair County Water District	7,902	649,163	115,827	222,455	71,215	\$ 1,058,659	\$ 133.97	\$ 11.16	
2017	2	Allen County Water District	7,091	529,523	17,250	317,080	40,679	\$ 904,532	\$ 127.57	\$ 10.63	
2017	3	Barkley Lake Water District	5,377	668,388	9,038	576,260	53,493	\$ 1,307,178	\$ 243.13	\$ 20.26	
2017	4	Bullock Pen Water District	6,966	772,716	12,750	524,977	55,589	\$ 1,366,033	\$ 196.11	\$ 16.34	
2017	5	Christian County Water District	6,164	535,769	30,000	91,245	41,431	\$ 698,444	\$ 113.31	\$ 9.44	
2017	6	Garrard County Water Association Inc	5,629	305,007	2,963	51,104	24,749	\$ 383,822	\$ 68.19	\$ 5.68	
2017	7	Henderson County Water District	6,472	429,098	9,000	172,992	37,285	\$ 648,375	\$ 100.19	\$ 8.35	
2017	8	Henry County Water District 2	6,463	803,850	34,313	454,383	70,732	\$ 1,363,277	\$ 210.94	\$ 17.58	
2017	9	Laurel County Water District 2	6,034	623,102	33,000	559,293	50,546	\$ 1,265,942	\$ 209.79	\$ 17.48	
2017	10	Marion County Water District	5,979	254,175	43,884	82,261	21,438	\$ 401,759	\$ 67.19	\$ 5.60	
2017	11	McCreary County Water District	6,147	766,385	20,365	515,986	57,692	\$ 1,360,428	\$ 221.33	\$ 18.44	
2017	12	Meade County Water District	5,251	426,021	30,625	182,937	30,410	\$ 669,993	\$ 127.59	\$ 10.63	
2017	13	Muhlenberg County Water District	5,936	673,071	18,000	417,774	56,792	\$ 1,165,636	\$ 196.36	\$ 16.36	
2017	14	North Shelby Water Company	5,060	386,840	33,963	333,803	35,992	\$ 790,597	\$ 156.24	\$ 13.02	
2017	15	Oldham County Water District	8,290	994,378	30,000	550,192	71,965	\$ 1,646,535	\$ 198.63	\$ 16.55	
2017	16	Rowan Water Inc	7,215	503,893	21,947	284,646	30,571	\$ 841,057	\$ 116.58	\$ 9.71	
2017	17	South Eastern Water Association Inc	7,365	404,636	40,213	27,686	31,860	\$ 504,395	\$ 68.49	\$ 5.71	
2017	18	Southern Madison Water District	5,202	326,279	14,400	128,398	23,991	\$ 493,068	\$ 94.78	\$ 7.90	
2017	19	Southern Water and Sewer District	6,568	939,476	26,575	362,013	81,443	\$ 1,409,507	\$ 214.60	\$ 17.88	
2017	20	Water Service Corporation of Kentucky	7,872	645,480	34,626	190,195	58,386	\$ 849,670	\$ 107.93	\$ 8.99	79,017
2017	21	Western Pulaski County Water District	8,614	324,500	12,650	182,977	28,631	\$ 548,758	\$ 63.71	\$ 5.31	
2018	1	Adair County Water District	7,947	623,832	114,783	204,070	74,345	\$ 1,017,030	\$ 127.98	\$ 10.67	
2018	2	Allen County Water District	7,422	547,635	17,100	318,510	41,800	\$ 925,045	\$ 124.64	\$ 10.39	
2018	3	Barkley Lake Water District	5,418	681,964	9,075	634,905	54,990	\$ 1,380,934	\$ 254.88	\$ 21.24	
2018	4	Bullock Pen Water District	7,011	795,887	12,700	546,579	57,009	\$ 1,412,174	\$ 201.44	\$ 16.79	
2018	5	Christian County Water District	6,245	543,291	30,000	90,789	41,618	\$ 705,698	\$ 113.00	\$ 9.42	
2018	6	Garrard County Water Association Inc	5,659	321,518	(16,325)	53,579	24,646	\$ 383,418	\$ 67.75	\$ 5.65	
2018	7	Henderson County Water District	6,489	437,721	8,700	166,133	38,359	\$ 650,913	\$ 100.31	\$ 8.36	
2018	8	Henry County Water District 2	6,487	828,513	36,225	477,706	73,394	\$ 1,415,838	\$ 218.26	\$ 18.19	
2018	9	Laurel County Water District 2	6,072	653,011	36,000	621,000	53,145	\$ 1,363,155	\$ 224.52	\$ 18.71	
2018	10	Marion County Water District	6,031	259,953	45,523	80,133	21,841	\$ 407,448	\$ 67.56	\$ 5.63	
2018	11	McCreary County Water District	6,144	768,679	20,730	531,024	57,421	\$ 1,377,853	\$ 224.26	\$ 18.69	
2018	12	Meade County Water District	5,421	437,742	31,250	178,803	29,282	\$ 677,076	\$ 124.91	\$ 10.41	
2018	13	Muhlenberg County Water District	5,929	654,901	18,000	403,358	55,993	\$ 1,132,252	\$ 190.98	\$ 15.92	
2018	14	North Shelby Water Company	5,097	401,056	34,125	365,939	37,126	\$ 838,245	\$ 164.46	\$ 13.70	

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)	Clinton Mgmt. Fee
2018	15	Oldham County Water District	8,387	1,032,783	30,000	549,063	72,888	\$ 1,684,733	\$ 200.87	\$ 16.74	
2018	16	Rowan Water Inc	7,286	501,856	22,295	283,257	28,485	\$ 835,892	\$ 114.73	\$ 9.56	
2018	17	South Eastern Water Association Inc	7,276	425,073	40,925	32,079	33,075	\$ 531,152	\$ 73.01	\$ 6.08	
2018	18	Southern Madison Water District	5,264	327,562	14,400	131,016	23,757	\$ 496,734	\$ 94.36	\$ 7.86	
2018	19	Southern Water and Sewer District	6,475	996,279	29,650	378,958	82,705	\$ 1,487,592	\$ 229.74	\$ 19.15	
2018	20	Water Service Corporation of Kentucky	7,107	862,044	34,626	240,725	77,401	\$ 1,139,323	\$ 160.31	\$ 13.36	75,473
2018	21	Western Pulaski County Water District	8,704	338,936	12,700	203,563	29,380	\$ 584,578	\$ 67.17	\$ 5.60	

	Companies Removed From The Sample	Reason For Removal
1	Big Sandy Water District	Reported Zero For Payroll Taxes (2014 - 2016)
2	Butler County Water System Inc	Reported Zero For Payroll Taxes (2012 - 2016)
3	East Laurel Water District	Missing Crucial Data For Every Year
4	Grayson County Water District	Missing Crucial Data For Every Year
5	Green-Taylor Water District	Reported Zero For Officers & Directors (2012 - 2016)
6	North Marshall Water District	Reported Zero For Payroll Taxes And Officers & Director (2012 - 2016)
7	Harrison County Water Association Inc	Reported Zero For Payroll Taxes (2012 - 2014)
8	Ohio County Water District	Reported Zero For Officers & Directors (2012 - 2016); Reported Zero For Payroll Taxes (2015 - 2016)
9	Southeast Daviess County Water District	Has A Highly Fluctuating Data During The Periods 2012 Through 2016
10	West Daviess County Water District	Has A Highly Fluctuating Data During The Periods 2012 Through 2016
11	West Laurel Water Association Inc	Missing Crucial Data For Every Year
12	Wood Creek Water District	Reported Zero For Payroll Taxes, Officers & Director, And Pension & Benefits (2012 - 2016)

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A	B	C	D	E	F	G	H	I	J	K	L	M	N
		State	Total Proforma Salary	FICA 7.65%	FUTA 7,000 @ .8%	SUTA	Total Taxes	12/31/2017 Health Insurance	401(k) at 3%	Company Contribution at 4%	12/31/2017 Other	Total Benefits	Percentage Allocated WSCK
Line	Maintenance												
1.		KY	47,938	3,667	42	122	3,831	11,033	1,438	1,918	232	14,621	100.00%
2.		KY	32,821	2,511	42	122	2,675	11,033	985	1,313	232	13,563	100.00%
3.		KY	61,441	4,700	42	122	4,864	11,033	1,843	2,458	232	15,566	100.00%
4.		KY	44,393	3,396	42	122	3,560	11,033	1,332	1,776	232	14,373	100.00%
5.		KY	61,457	4,701	42	122	4,865	11,033	1,844	2,458	232	15,567	100.00%
6.		KY	33,056	2,529	42	122	2,693	11,033	992	1,322	232	13,579	100.00%
7.		KY	35,555	2,720	42	122	2,884	11,033	1,067	1,422	232	13,754	100.00%
8.		KY	51,867	3,968	42	122	4,132	11,033	1,556	2,075	232	14,896	100.00%
9.		KY	33,289	2,547	42	122	2,711	11,033	999	1,332	232	13,595	100.00%
10.		KY	33,289	2,547	42	122	2,711	11,033	999	1,332	232	13,595	100.00%
11.		KY	48,747	3,729	42	122	3,893	11,033	1,462	1,950	232	14,677	100.00%
12.		KY	71,565	5,475	42	122	5,639	11,033	2,147	2,863	232	16,275	100.00%
13.		KY	6,600	-	-	-	-	-	-	-	-	-	100.00%
14.		KY	6,600	-	-	-	-	-	-	-	-	-	100.00%
15.		IL	119,995	9,180	42	6,026	15,248	11,033	3,600	4,800	232	19,665	20.45%
16.		IL	44,658	3,416	42	6,026	9,484	11,033	1,340	1,786	232	14,391	20.45%
17.		IL	75,000	5,737	42	6,026	11,805	11,033	2,250	3,000	232	16,515	13.55%
18.		IL	118,450	9,061	42	6,026	15,129	11,033	3,554	4,738	232	19,557	13.55%
19.		IL	57,750	4,418	42	6,026	10,486	11,033	1,733	2,310	232	15,308	13.55%
20.		IL	57,574	4,404	42	6,026	10,472	11,033	1,727	2,303	232	15,295	13.55%
21.		IL	68,200	5,217	42	6,026	11,285	11,033	2,046	2,728	232	16,039	13.55%
22.		IL	80,000	6,120	42	6,026	12,188	11,033	2,400	3,200	232	16,865	13.55%
23.		IL	121,800	9,318	42	6,026	15,386	11,033	3,654	4,872	232	19,791	13.55%
24.		IL	162,062	10,236	42	6,026	16,304	11,033	4,862	6,482	232	22,610	13.55%
25.		IL	319,596	12,521	42	6,026	18,589	11,033	9,588	12,784	232	33,637	13.55%
26.													
27.	Total Operator Salary		1,793,703	122,118	966	67,759	190,843	253,769	53,415	71,220	5,330	383,734	
28.													
29.													
30.	Operator Allocation												
31.													
32.		KY	47,938	3,667	42	122	3,831	11,033	1,438	1,918	232	14,621	
33.		KY	32,821	2,511	42	122	2,675	11,033	985	1,313	232	13,563	
34.		KY	61,441	4,700	42	122	4,864	11,033	1,843	2,458	232	15,566	
35.		KY	44,393	3,396	42	122	3,560	11,033	1,332	1,776	232	14,373	
36.		KY	61,457	4,701	42	122	4,865	11,033	1,844	2,458	232	15,567	
37.		KY	33,056	2,529	42	122	2,693	11,033	992	1,322	232	13,579	
38.		KY	35,555	2,720	42	122	2,884	11,033	1,067	1,422	232	13,754	
39.		KY	51,867	3,968	42	122	4,132	11,033	1,556	2,075	232	14,896	
40.		KY	33,289	2,547	42	122	2,711	11,033	999	1,332	232	13,595	
41.		KY	33,289	2,547	42	122	2,711	11,033	999	1,332	232	13,595	
42.		KY	48,747	3,729	42	122	3,893	11,033	1,462	1,950	232	14,677	
43.		KY	71,565	5,475	42	122	5,639	11,033	2,147	2,863	232	16,275	
44.		KY	6,600	-	-	-	-	-	-	-	-	-	
45.		KY	6,600	-	-	-	-	-	-	-	-	-	
46.		IL	24,536	1,877	9	1,232	3,118	2,256	736	981	47	4,021	
47.		IL	9,131	698	9	1,232	1,939	2,256	274	365	47	2,943	
48.		IL	10,160	777	6	816	1,599	1,495	305	406	31	2,237	
49.		IL	16,046	1,227	6	816	2,049	1,495	481	642	31	2,649	
50.		IL	7,823	598	6	816	1,421	1,495	235	313	31	2,074	

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Line		State	Total Proforma Salary	FICA 7.65%	FUTA 7,000 @ .8%	SUTA	Total Taxes	12/31/2017 Health Insurance	401(k) at 3%	Company Contribution at 4%	12/31/2017 Other	Total Benefits	Percentage Allocated WSKK
51.	Maintenance	IL	7,799	597	6	816	1,419	1,495	234	312	31	2,072	
52.		IL	9,239	707	6	816	1,529	1,495	277	370	31	2,173	
53.		IL	10,837	829	6	816	1,651	1,495	325	433	31	2,285	
54.		IL	16,499	1,262	6	816	2,084	1,495	495	660	31	2,681	
55.		IL	21,954	1,387	6	816	2,209	1,495	659	878	31	3,063	
56.		IL	43,294	1,696	6	816	2,518	1,495	1,299	1,732	31	4,557	
57.													
58.	Total Operator Allocation		<u>745,934</u>	<u>54,146</u>	<u>572</u>	<u>11,280</u>	<u>65,999</u>	<u>150,365</u>	<u>21,982</u>	<u>29,309</u>	<u>3,158</u>	<u>204,815</u>	
59.			22,378										
60.													

A	B	C	D	E	F	G	H	I	J	K	L	M	N
		State	Total Proforma Salary	FICA 7.65%	FUTA 7,000 @ .8%	SUTA	Total Taxes	12/31/2017 Health Insurance	401(k) at 3%	Company Contribution at 4%	12/31/2017 Other	Total Benefits	Percentage Allocated WSCK
Line	Maintenance												
61.													
62.													
63.													
64.			Salaries (Ops & Mgmt)	Salaries (Shared Services)		Payroll Taxes		Benefits					
			100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%			
65.	Operations & Mangement		745,934	-	-	-	65,999	-	204,815	-			
66.	Shared Services Personnel		-	-	150,736	-	11,402	-	35,911	-			
67.	Total		745,934	-	150,736	-	77,401	-	240,725	-		1,214,796	
68.													
69.	Test Year		653,429	-	137,409	-	58,386	-	183,280	-		1,032,504	
70.													
71.	Adjustments (Water/Sewer)		92,505	-	13,327	-	19,015	-	57,445	-		182,292	
72.			W	S	W	S	W	S	W	S			

<i>2018 Annual Report Data</i>		Customers	Salaries & Wages					Statistics	
Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)
1	Adair County Water District	7,947	\$ 623,832	\$ 114,783	\$ 204,070	\$ 74,345	\$ 1,017,030	\$ 127.98	10.67
2	Allen County Water District	7,422	\$ 547,635	\$ 17,100	\$ 318,510	\$ 41,800	\$ 925,045	\$ 124.64	10.39
3	Barkley Lake Water District	5,418	\$ 681,964	\$ 9,075	\$ 634,905	\$ 54,990	\$ 1,380,934	\$ 254.88	21.24
4	Bullock Pen Water District	7,011	\$ 795,887	\$ 12,700	\$ 546,579	\$ 57,009	\$ 1,412,174	\$ 201.44	16.79
5	Christian County Water District	6,245	\$ 543,291	\$ 30,000	\$ 90,789	\$ 41,618	\$ 705,698	\$ 113.00	9.42
6	Garrard County Water Association Inc	5,659	\$ 321,518	\$ (16,325)	\$ 53,579	\$ 24,646	\$ 383,418	\$ 67.75	5.65
7	Henderson County Water District	6,489	\$ 437,721	\$ 8,700	\$ 166,133	\$ 38,359	\$ 650,913	\$ 100.31	8.36
8	Henry County Water District 2	6,487	\$ 828,513	\$ 36,225	\$ 477,706	\$ 73,394	\$ 1,415,838	\$ 218.26	18.19
9	Laurel County Water District 2	6,072	\$ 653,011	\$ 36,000	\$ 621,000	\$ 53,145	\$ 1,363,155	\$ 224.52	18.71
10	Marion County Water District	6,031	\$ 259,953	\$ 45,523	\$ 80,133	\$ 21,841	\$ 407,448	\$ 67.56	5.63
11	McCreary County Water District	6,144	\$ 768,679	\$ 20,730	\$ 531,024	\$ 57,421	\$ 1,377,853	\$ 224.26	18.69
12	Meade County Water District	5,421	\$ 437,742	\$ 31,250	\$ 178,803	\$ 29,282	\$ 677,076	\$ 124.91	10.41
13	Muhlenberg County Water District	5,929	\$ 654,901	\$ 18,000	\$ 403,358	\$ 55,993	\$ 1,132,252	\$ 190.98	15.92
14	North Shelby Water Company	5,097	\$ 401,056	\$ 34,125	\$ 365,939	\$ 37,126	\$ 838,245	\$ 164.46	13.70
15	Oldham County Water District	8,387	\$ 1,032,783	\$ 30,000	\$ 549,063	\$ 72,888	\$ 1,684,733	\$ 200.87	16.74
16	Rowan Water Inc	7,286	\$ 501,856	\$ 22,295	\$ 283,257	\$ 28,485	\$ 835,892	\$ 114.73	9.56
17	South Eastern Water Association Inc	7,276	\$ 425,073	\$ 40,925	\$ 32,079	\$ 33,075	\$ 531,152	\$ 73.01	6.08
18	Southern Madison Water District	5,264	\$ 327,562	\$ 14,400	\$ 131,016	\$ 23,757	\$ 496,734	\$ 94.36	7.86
19	Southern Water and Sewer District	6,475	\$ 996,279	\$ 29,650	\$ 378,958	\$ 82,705	\$ 1,487,592	\$ 229.74	19.15
20	Water Service Corporation of Kentucky	7,107	\$ 862,044	\$ 34,626	\$ 240,725	\$ 77,401	\$ 1,139,323	\$ 160.31	13.36
21	Western Pulaski County Water District	8,704	\$ 338,936	\$ 12,700	\$ 203,563	\$ 29,380	\$ 584,578	\$ 67.17	5.60
31	Minimum	5,097	\$ 259,953	\$ (16,325)	\$ 32,079	\$ 21,841	\$ 383,418	\$ 67.17	\$ 5.60
32	Maximum	8,704	\$ 1,032,783	\$ 114,783	\$ 634,905	\$ 82,705	\$ 1,684,733	\$ 254.88	\$ 21.24
33	Average	6,565	\$ 592,392	\$ 27,737	\$ 309,104	\$ 48,031	\$ 973,670	\$ 149.77	\$ 12.48

Year End	Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Customer (Monthly)	
<i>Per 2018 KY RC Filing</i>									
34	Water Service Corporation of Kentucky	7,107	\$ 862,044	\$ 34,626	\$ 240,725	\$ 77,401	\$ 1,139,323	\$ 160.31	\$ 13.36
35	WSCK vs. Average of Sample - B/(W)	(542)				\$ (165,652)	\$ (10.54)	\$ (0.88)	

Standard Deviation 5.16

Settings

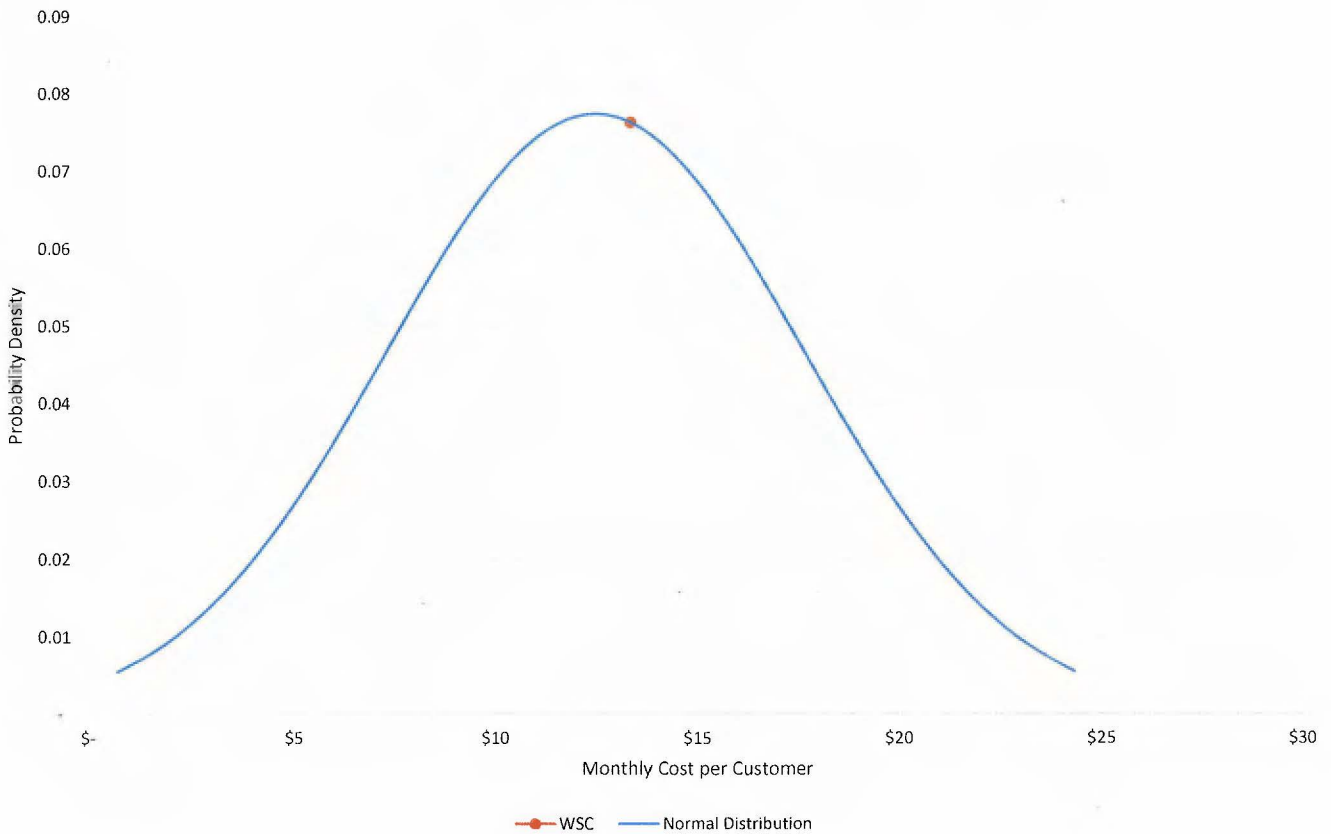
Mean	12.48
Std	5.157189
NumRows	10
Zmin	-2.3
Zmax	2.3
PctClear	0.25
PctShade	0.75

Calculations

Shade Left	9.00
Shade Right	15.96
CurveMin	0.62
CurveMax	24.34

Sequence	Z	X	Y	Area
1	(2.30)	\$ 1	0.01	#N/A
2	(2.14)	\$ 1	0.01	#N/A
3	(1.98)	\$ 2	0.01	#N/A
4	(1.82)	\$ 3	0.01	#N/A
5	(1.67)	\$ 4	0.02	#N/A
6	(1.51)	\$ 5	0.02	#N/A
7	(1.35)	\$ 6	0.03	#N/A
8	(1.19)	\$ 6	0.04	#N/A
9	(1.03)	\$ 7	0.05	#N/A
10	(0.87)	\$ 8	0.05	#N/A
11	(0.71)	\$ 9	0.06	#N/A
12	(0.56)	\$ 10	0.07	0.066308
13	(0.40)	\$ 10	0.07	0.071507
14	(0.24)	\$ 11	0.08	0.075198
15	(0.08)	\$ 12	0.08	0.077114
16	0.08	\$ 13	0.08	0.077114
17	0.24	\$ 14	0.08	0.075198
18	0.40	\$ 15	0.07	0.071507
19	0.56	\$ 15	0.07	0.066308
20	0.71	\$ 16	0.06	#N/A
21	0.87	\$ 17	0.05	#N/A
22	1.03	\$ 18	0.05	#N/A
23	1.19	\$ 19	0.04	#N/A
24	1.35	\$ 19	0.03	#N/A
25	1.51	\$ 20	0.02	#N/A
26	1.67	\$ 21	0.02	#N/A
27	1.82	\$ 22	0.01	#N/A
28	1.98	\$ 23	0.01	#N/A
29	2.14	\$ 24	0.01	#N/A
30	2.30	\$ 24	0.01	#N/A
		\$ 13	0.08	

Normal Distribution



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.16419
R Square	0.02696
Adjusted R Square	-0.02425
Standard Error	5.21604
Observations	21

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	14.32196379	14.32196379	0.526405145	0.476964414
Residual	19	516.9351303	27.20711212		
Total	20	531.2570941			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	17.74937319	7.434578593	2.387408105	0.02751571	2.188621363	33.31012502	2.188621363	33.31012502
Year End Customers	-0.00080746	0.001112912	-0.725537831	0.476964414	-0.003136811	0.001521892	-0.003136811	0.001521892

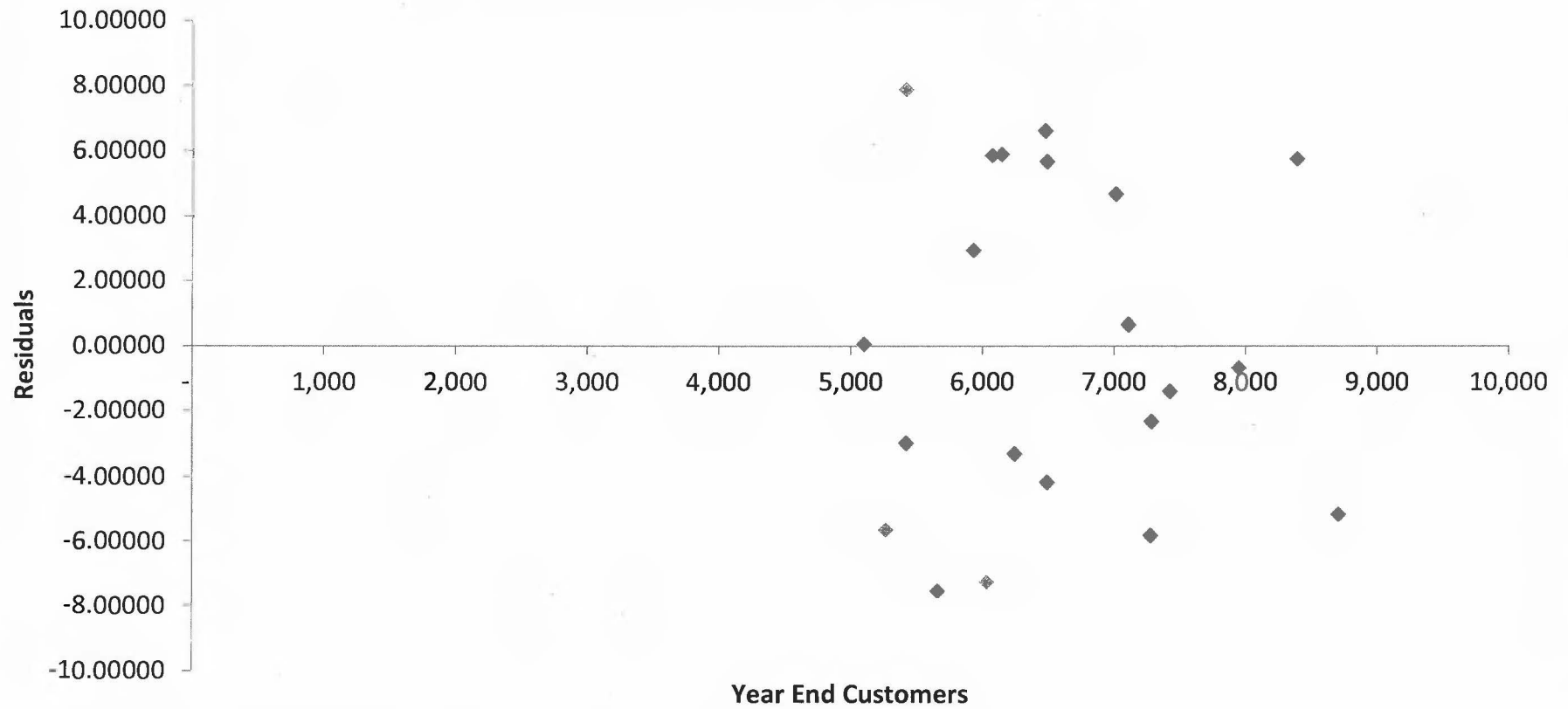
RESIDUAL OUTPUT

Observation	Predicted Cast Per Customer (Monthly)	Residuals	Standard Residuals
1	11.33289	-0.66751	-0.13130
2	11.75681	-1.36981	-0.26944
3	13.37456	7.86535	1.54709
4	12.08868	4.69774	0.92403
5	12.70679	-3.28995	-0.64712
6	13.17996	-7.53383	-1.48188
7	12.50977	-4.15059	-0.81641
8	12.51138	5.67676	1.11660
9	12.84688	5.86286	1.15321
10	12.87958	-7.24967	-1.42599
11	12.78834	5.89999	1.16051
12	13.37254	-2.96335	-0.58288
13	12.96235	2.95303	0.58085
14	13.63375	0.07112	0.01399
15	10.97721	5.76231	1.13343
16	11.86622	-2.30574	-0.45353
17	11.87470	-5.79090	-1.13905
18	13.49891	-5.63521	-1.10843
19	12.52107	6.62426	1.30297
20	11.39281	0.66765	0.13132
21	10.72165	-5.12449	-1.00797

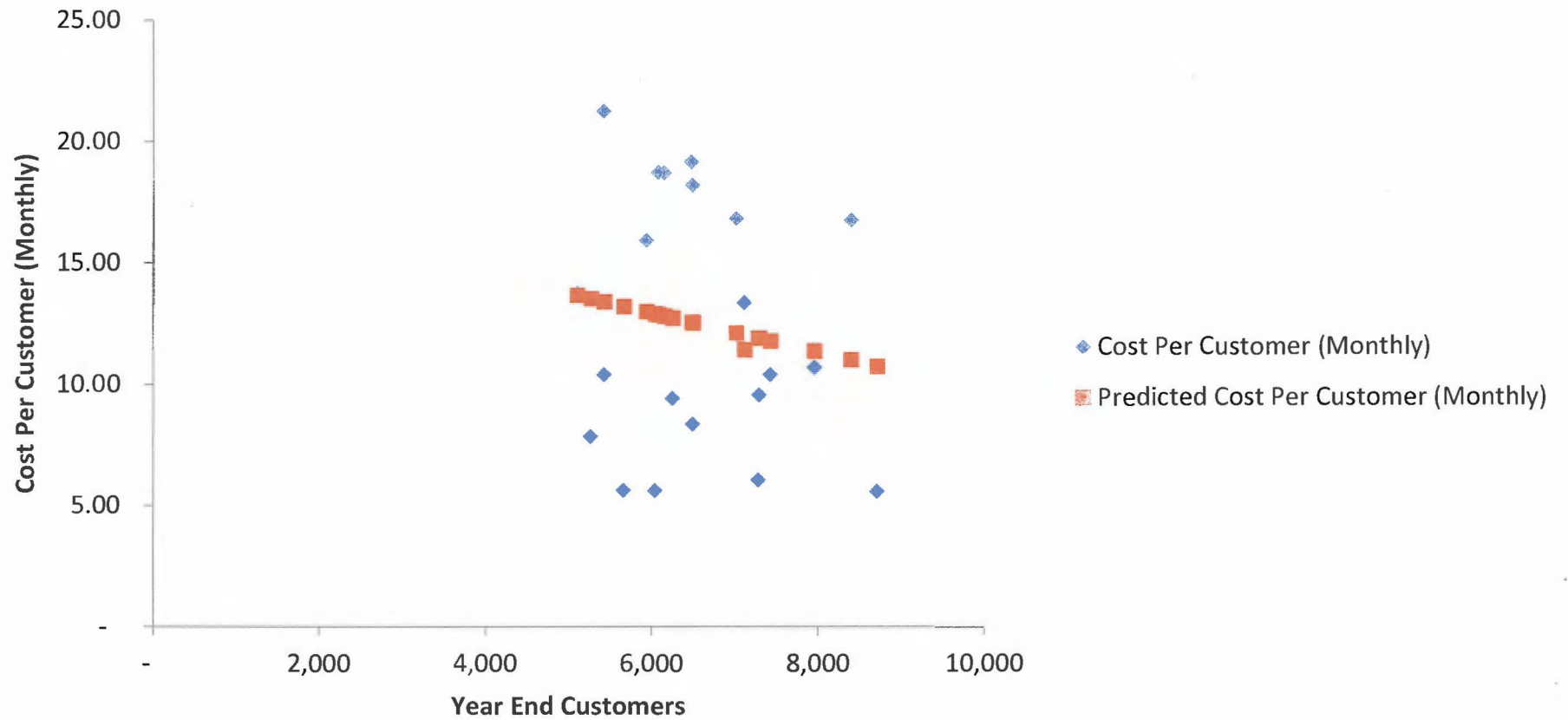
PROBABILITY OUTPUT

Percentile	Cost Per Customer (Monthly)
2.38095	5.59715
7.14286	5.62991
11.90476	5.64613
16.66667	6.08380
21.42857	7.86370
26.19048	8.35918
30.95238	9.41683
35.71429	9.56048
40.47619	10.38700
45.23810	10.40919
50.00000	10.66538
54.76190	12.06046
59.52381	13.70487
64.28571	15.91538
69.04762	16.73952
73.80952	16.78642
78.57143	18.18814
83.33333	18.68833
88.09524	18.70974
92.85714	19.14533
97.61905	21.23990

Year End Customers Residual Plot



Year End Customers Line Fit Plot



CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

7. Explain whether any bonuses (as opposed to incentive compensation) have been included in the Company's claim in this case. If so, explain how the amount of bonuses paid is determined and provide copies of all Board of Director minutes in which proposed bonuses were discussed.

Response: No bonuses have been included in the Company's revenue request in this case.

Witness: Robert Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

8. Provide a description of all incentive compensation programs provided to employees (non-officers). For each program, provide:
- a. A description of the program;
 - b. the amount included in the Company's claim; and
 - c. the actual amount incurred in each of the past three years.

Response:

WSCK has not included any incentive compensation in its claim. The other requested information in this item is, therefore, not relevant to this matter, and WSCK objects to providing responses thereto.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

9. Provide a description of all incentive compensation programs provided to officers. For each program, provide:
- a. a description of the program;
 - b. the performance criteria factors used to determine awards;
 - c. the amount included in the Company's claim;
 - d. the actual amount incurred in each of the past three years; and
 - e. by title, a list of all officers eligible to participate.

Response:

Please see the response to question 8 above.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

10. Describe any changes to employee incentive programs over the past five years or any that are currently projected for the future.

Response:

Please see the response to question 8 above.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

11. Identify and quantify all officer compensation by component, including incentive awards and bonuses, paid in each of the past three years and indicate the portion of each component that is included in the Company's proposed revenue requirement. Also identify, by title, the officers whose compensation is included in this response. Include both WSCK officers as well as officers of affiliates whose costs are allocated to WSCK in your response.

Response:

Please see the response to question 8 above.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

12. Fully describe any Supplemental Executive Retirement Plan (“SERP”)—or similar retirement compensation program—the benefits of which costs are included in the Company’s claim. Quantify any SERP costs included in the Company’s filing, and describe how the Company’s claim for SERP costs was determined. Include both costs that are directly incurred by WSCK as well as costs allocated to the Company.

Response:

No SERP was included in the Company’s revenue request.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

13. Identify all compensation, bonuses, and benefits provided to Directors in each of the last three years and as included in the Company's filing.

Response:

The Board of Directors are not paid a separate compensation bonus or benefit for being a member on the Board.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

14. Of the increase sought in the instant case, detail how much is charged by affiliated entities.

Response:

Please refer to Exhibit 16 filed with the Company's Application for a detailed breakout of test year allocations.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

15. Does the Company have interconnections with other water companies? If so, identify all other water systems with which WSCK is interconnected.

Response:

Yes. Pineville Utility Commission.

Witness: Stephen Vaughn

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

16. Identify all of the Company's Kentucky wholesale customers.

Response:

Pineville Utility Commission. Water is only sold to PUC on an emergency basis.

Witness: Stephen Vaughn

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

17. Reference Case No. 2012-00133.

- a. Can the Company certify that neither Corix Utilities nor Utilities, Inc. pushed down to Water Service Corporation any transaction-related costs or any premium that Corix Utilities may have paid for Hydro Star stock? If not, provide all sums that have been pushed down.
- b. Can Water Service Corp. certify that it did not incur any additional indebtedness, issue any additional securities, or pledge any assets to finance any part of the acquisition of Hydro Star? If not, provide the amount(s) of any such additional indebtedness, additional securities, or assets used to finance that acquisition.

Response:

- a. Yes.
- b. Yes.

Witness: Steve Lubertozi

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

18. Reference Case No. 2012-00133, order dated Aug. 13, 2012, ordering paragraph 24.
Provide a copy of the last report referenced in this paragraph.

Response:

This requested information was provided in the WSCK's 2017 annual report filed with the Commission. Please see the attached file "Response to AG DR 1-18 (Compliance Reporting)".

Witness: Steve Lubertozi

AG DR 1-18
Compliance Reporting

UTILITY NAME: Water Service Corp of Kentucky

YEAR OF REPORT
12/31/2017

- | | |
|--|-------------------------------------|
| 1.) Water Quality Standard Imposed by law: | <u>None</u> |
| 2.) Water Service Interruptions: | <u>Middlesboro - 5, Clinton - 0</u> |
| 3.) Average Employee response Time to Water Service Interruptions: | <u>20-30 Minutes</u> |
| 4.) Number of Customer Compliants: | <u>34</u> |
| 5.) Customer Inquiry Response Time for 2016: | <u>Within 24 Hours</u> |

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

19. Provide the most recent WSKC two-year capital and O&M budget.

Response: Please see below:

Capital

Description	2018	2019	2020	2021	2022
Project Outlays	408,032	303,550	262,951	121,287	121,287
GL Capital	359,684	278,548	287,837	325,575	307,784
Deferred Maintenance	-	532,229	-	-	-
SS Allocation	88,703	39,023	52,375	65,346	65,346
Total	\$ 856,419	\$ 1,153,349	\$ 603,163	\$ 512,207	\$ 494,416

Opex

2018 - \$1,059,873

2019 - \$1,148,163

2020 - \$1,207,648

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

20. Refer to Application Exhibit 11. Provide copies of WSCK's audit reports from 2013–2015, so that the audit reports for the last five (5) years are available.

Response:

No such document exists for WSCK. Please see attached for the UI Audited financial statement for the past 5 years.

Witness: Rob Guttormsen

AG DR 1-20
(2013 UI AUDIT)

Utilities, Inc. and Subsidiaries

Consolidated Financial Statements
December 31, 2013 and 2012

CONFIDENTIAL

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Consolidated Balance Sheets as of December 31, 2013 and 2012	4
Consolidated Statements of Changes in Shareholder's Equity For the Years Ended December 31, 2013 and 2012	5
Consolidated Statements of Cash Flows For the Years Ended December 31, 2013 and 2012	6
Notes to Consolidated Financial Statements	7

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Ernst & Young LLP
155 N Wacker Dr
Chicago, IL
60606

Tel: (312) 879 2000
ey.com

Report of Independent Auditors

To the Board of Directors and Shareholder of Utilities, Inc.

We have audited the accompanying consolidated financial statements of Utilities, Inc. and subsidiaries, which comprise the consolidated balance sheet as of December 31, 2013, and the related consolidated statements of operations, changes in shareholder equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Utilities, Inc. and subsidiaries at December 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

March 7, 2014



Independent Auditor's Report

To the Board of Directors and Shareholders of Utilities, Inc.

We have audited the accompanying consolidated financial statements of Utilities, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2012, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the year then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Utilities, Inc. and its subsidiaries at December 31, 2012, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

March 4, 2013 (except for Note 2, as to which date is March 7, 2014)

Utilities, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands)

	Year Ended December 31,	
	2013	2012
Operating revenues:		
Water	\$ 66,090	\$ 66,087
Wastewater	50,209	49,386
Other	2,365	2,343
Non-regulated services	726	702
Total	119,390	118,518
Operating expenses:		
Operations and maintenance	69,387	67,131
Cost associated with sale of Company	-	8,909
Depreciation and amortization	16,210	14,404
Taxes other than income	10,386	10,235
Provision for income taxes	4,103	2,677
Total	100,086	103,356
Operating income	19,304	15,162
Non-operating expense (income):		
Interest expense, net	12,637	12,232
Allowance for funds used during construction	(626)	(430)
Total	12,011	11,802
(Loss) gain on sale of utility systems	(2,082)	18,816
Income taxes related to sale of utility systems	(750)	7,267
Net (loss) gain on sale of utility systems	(1,332)	11,549
Net income	\$ 5,961	\$ 14,909

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

	December 31,	
	2013	2012
Property, plant and equipment:		
Property, plant and equipment, at cost	\$ 835,622	\$ 796,984
Less accumulated depreciation	142,976	130,135
Property, plant and equipment, net	692,646	666,849
Current assets:		
Cash and cash equivalents	502	686
Restricted cash	434	437
Accounts receivable, net	13,897	13,747
Prepayments and other assets	3,019	4,114
Total	17,852	18,984
Regulatory and other assets:		
Regulatory assets	11,270	11,179
Deferred charges	7,289	5,507
Goodwill	17,238	17,238
Total	35,797	33,924
Total assets	\$ 746,295	\$ 719,757
Equity:		
Common shares \$.10 par value, 1,000 shares authorized and issued	\$ -	\$ -
Paid-in capital	124,123	106,623
Retained earnings	53,002	53,541
Total	177,125	160,164
Long-term debt	185,700	180,000
Commitments and contingencies (See Note 16)	-	-
Current liabilities:		
Short-term debt	-	500
Accounts payable	10,907	12,679
Customer deposits	1,443	2,553
Accrued taxes	983	1,561
Accrued interest	5,715	5,912
Other	188	198
Total	19,236	23,403
Deferred credits and other liabilities:		
Deferred income taxes	47,693	49,077
Deferred investment tax credits	780	813
Regulatory liabilities (See Note 5)	2,506	-
Due to parent	3,480	-
Total	54,459	49,890
Contributions in aid of construction	305,708	302,806
Advances in aid of construction	4,067	3,494
Total capitalization and liabilities	\$ 746,295	\$ 719,757

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries**Consolidated Statements of Changes in Shareholder's Equity**

(Dollars in thousands)

	Common Shares		Paid-in Capital	Retained Earnings	Total
	Shares	Amount			
Balance at December 31, 2011	1,000	\$ -	\$ 99,112	\$ 73,732	\$ 172,844
Net income	-	-	-	14,909	14,909
Dividend to parent	-	-	-	(35,100)	(35,100)
Contribution from parent	-	-	7,511	-	7,511
Balance at December 31, 2012	1,000	-	106,623	53,541	160,164
Net income	-	-	-	5,961	5,961
Dividend to parent	-	-	-	(6,500)	(6,500)
Contribution from parent	-	-	17,500	-	17,500
Balance at December 31, 2013	1,000	\$ -	\$ 124,123	\$ 53,002	\$ 177,125

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,	
	2013	2012
Cash flows from operating activities:		
Net income	\$ 5,961	\$ 14,909
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,210	14,404
Deferred income taxes and investment tax credits, net	(1,418)	8,062
Amortization of deferred charges and regulatory assets	3,155	3,139
Amortization of debt cost	79	39
Allowance for funds used during construction-equity	(315)	(190)
Disallowed utility plant in service	503	-
Loss (gain) on sale of utility systems	2,081	(18,816)
Other, net	1,574	964
Changes in assets and liabilities:		
Accounts receivable, net	(150)	855
Prepayments	1,037	(1,188)
Additions to deferred charges being amortized	(1,353)	(2,340)
Regulatory assets and liabilities	(2,263)	(1,597)
Accounts payable and accrued liabilities	(1,774)	2,273
Accrued taxes and interest	2,768	883
Other assets and liabilities, net	(1,127)	178
Net cash provided by operating activities	24,968	21,575
Cash flows from investing activities:		
Capital expenditures	(45,671)	(29,892)
Acquisition expenditures	(660)	(53)
Change in restricted cash	3	3
Proceeds from the sale of utility systems	202	28,036
Net cash used in investing activities	(46,126)	(1,906)
Cash flows from financing activities:		
Contributions and advances in aid of construction, net	4,774	1,852
Dividend to parent	(6,500)	(35,100)
Contribution from parent	17,500	7,511
Borrowings under revolving credit facility	27,200	14,000
Repayments of revolving credit facility	(22,000)	(13,500)
Net cash provided by (used in) financing activities	20,974	(25,237)
Net decrease in cash and cash equivalents	(184)	(5,568)
Cash and cash equivalents at beginning of period	686	6,254
Cash and cash equivalents at end of period	\$ 502	\$ 686
Supplemental cash flow information:		
Interest paid (net of amounts capitalized)	\$ 11,790	\$ 11,753
Income taxes paid	\$ 2,165	\$ 1,879
Non-cash property, plant and equipment contributions	\$ 894	\$ 896

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

1. Basis of Presentation

Business Description

Utilities, Inc. (the "Company") is a holding company, which, at December 31, 2013, owned and operated approximately 500 regulated water and wastewater utility systems through 75 subsidiary operating companies. The Company operates in 15 states with primary service areas in Florida, North Carolina, South Carolina, Nevada and Louisiana.

Principles of Consolidation

The consolidated financial statements of the Company and its wholly owned subsidiaries have been prepared using accounting principles generally accepted in the United States of America ("GAAP"). The presentation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and certain financial statement disclosures.

2. Revision of Prior Period Financial Statements

During the year ended December 31, 2012, the Company's current management identified what it believes to be errors related to rate orders issued in rate case proceedings finalized prior to 2012 for which it appears that prior management did not previously record the accounting impacts. These errors related to years ending December 31, 2008 or prior and were not significant to any given year. The cumulative impact of these errors was recorded in 2012 which decreased net income by \$744. The impact of these items on the financial statements, whether taken individually or in the aggregate, is not considered material to any period presented.

Subsequent to the issuance of its 2012 financial statements, the Company's current management identified what it believes to be additional errors in its prior financial statements related to its accounting for the impact of certain rate orders issued in rate case proceedings finalized prior to 2009. Certain of these errors related to utility systems that were sold in 2012. These errors accumulated over time, dating as far back as 1987, such that the impact of these errors was not significant in any given year. However, the cumulative impact of these errors would be material if they were recorded entirely in 2013.

As a result, the Company has revised its 2012 financial statements for the combined impact of the combined errors described above as follows:

	As Reported	As Revised
Operations and maintenance	\$ 67,977	\$ 67,131
Depreciation and amortization	15,292	14,404
Taxes other than income	10,179	10,235
Provision for income taxes	2,024	2,677
Operating income	14,137	15,162

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

	As Reported	As Revised
Allowance for funds used during construction	389	430
Net gain on sale of utility systems	11,546	11,549
Net income	13,840	14,909
Property, plant and equipment, net	667,981	666,849
Deferred charges	5,496	5,507
Contributions in aid of construction	298,792	302,806
Advances in aid of construction	3,631	3,494
Deferred income taxes	50,982	49,077
Equity	163,258	160,164

Note: The 2012 revisions had no impact on cash flows.

3. Summary of Significant Accounting Policies

Regulation

Most of the Company's operations are subject to regulation by the public utility commissions of the states in which they operate. The extent of a commission's jurisdiction varies from state to state and usually includes the regulation of rates, accounting policies, financing, rules of service, sales and purchases of property, mergers and acquisitions, and the determination of service areas.

Utilities are generally subject to regulation, which is relied upon in lieu of the economic controls of competition in assuring fair prices and adequate service. Rates are based on the allocation of costs to customers who cause their incurrence. These rates are generally set to provide the utility the opportunity to recover its allowable operating expenses, including depreciation and taxes, and a return on the debt and equity capital invested.

The accounting practices of utility companies differ in certain aspects from those of other businesses not subject to regulation. GAAP applies to utilities just as it does to other industries, although the application at times may be different. The economic effect of regulation can result in a utility deferring costs or revenues that have been, or are expected to be, allowed in the ratemaking process in future periods. As a result, regulated entities record assets and liabilities resulting from the ratemaking process that would generally not be recorded by a non-regulated entity. These regulatory assets and liabilities are then reflected in the statement of operations in the periods in which the costs and credits are reflected in the rates charged for services.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivables, accounts payable and short-term debt are stated at carrying value, which reasonably approximates fair market value due to the nature and short term duration of these items.

Property, Plant and Equipment

All costs incurred to bring an asset to the condition and location necessary for its intended use are capitalized. Costs include contracted labor, direct labor, materials, and indirect costs including an allowance for funds used during construction.

Expenditures for repairs and maintenance are expensed in accordance with the system of accounts prescribed by the public utility commissions of the states in which the Company operates. These expenditures are typically expensed as incurred but, in certain jurisdictions, may be deferred and amortized over the period of recovery.

Property in service is generally depreciated using the straight-line method over the estimated useful lives of the related property. Depreciation rates typically range between 1.5% and 5.0% per year. The majority of property in service is depreciated at approximately 2.0% per year. In certain instances, the composite or group method is used in which a single depreciation rate is applied to the total cost of a particular property class. This method pools similar assets and depreciates each group as a whole. Depreciation expense is a recoverable cost of service included in rates charged to customers. Under this method, when assets are replaced, retired or abandoned, the recorded value of the asset is reduced to zero with a corresponding reduction in accumulated depreciation. As a result, neither a gain nor loss is recognized.

Long-lived assets are reviewed for potential impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. When it becomes probable that a portion of the cost of a long-lived asset will be disallowed for ratemaking purposes such amounts are deducted from the reported cost of the asset and recognized as a loss.

Plant Acquisition Adjustments

For utility plant subject to traditional cost-of-service regulation, the depreciated original cost of an acquired asset is considered to equal its fair value. To the extent an amount paid for utility plant differs from its depreciated original cost, and that amount is included for ratemaking purposes, the fair value is deemed to have been increased (or decreased) and an acquisition adjustment is recorded as a component of utility plant. If the excess amount paid is not included in future rates, the amount is recorded as goodwill.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Restricted Cash

The Company receives cash from real estate developers and builders to finance the construction of water and wastewater systems. In certain jurisdictions, such cash is restricted and can only be spent in connection with that specific project.

Accounts Receivable

The Company's accounts receivable primarily consists of trade receivables. The allowance for doubtful accounts is developed based upon several factors including the age of the Company's accounts receivable, historical write-off experience and specific account analysis. The Company writes off accounts when they become uncollectible.

Regulatory Assets and Deferred Charges

Regulatory assets primarily consist of costs related to the rate filing process for which the Company has received or expects to receive prospective rate recovery. Deferred charges primarily consist of repair and maintenance costs incurred in jurisdictions where these expenditures may be deferred and amortized over the period of rate recovery.

Goodwill

The Company evaluates its goodwill for impairment on an annual basis during the fourth quarter, or whenever indicators of impairment exist. The initial step of the impairment test is a thorough assessment of qualitative factors to determine the existence of events or circumstances that would indicate that it is not more likely than not that the fair value of the Company exceeds its carrying amount, including goodwill. If the qualitative test indicates that it is more likely than not that the fair value of the Company exceeds its carrying value, a quantitative assessment is not required.

A quantitative test, if required, determines the fair value of the Company using a discounted cash flow model. If the carrying amount exceeds the fair value, goodwill would be considered impaired. To measure the amount of the impairment loss, the implied fair value of goodwill is compared to the carrying amount of goodwill. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination is determined.

Customer Deposits

In certain jurisdictions, customers are required to remit a deposit equal to their estimated monthly bill. These deposits earn interest and are returned to the customer either when the customer demonstrates a history of timely payments or when the customer no longer requires service.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Advances and Contributions in Aid of Construction

The Company receives cash advances and property and cash contributions from real estate developers and builders to fund construction necessary to extend service to their properties. Advances for construction are refundable for limited periods of time as new customers begin to receive service. Advances that are no longer refundable are reclassified as contributions. Contributed property is depreciated at the same rate that the related contribution in aid of construction is amortized. As a result, a return is not earned on contributed property.

Revenue Recognition

Customers are billed for residential water and wastewater services on a monthly, bimonthly or quarterly cycle. Revenues include amounts billed to customers and unbilled amounts based on estimated usage from the last billing date to the end of the accounting period.

Allowance for Funds Used During Construction

The allowance for funds used during construction ("AFUDC") represents the capitalized cost of funds used to finance the construction of utility plant. AFUDC is not applied to projects funded by advances and contributions in aid of construction. AFUDC is recovered through rate base as the utility plant is depreciated. The AFUDC rate approximated 8.9% and 8.4% during 2013 and 2012, respectively.

Income Taxes

Prior to its acquisition by Corix Utilities (Illinois) LLC ("Corix Utilities") (see Note 4), the Company was a wholly owned subsidiary of Hydro Star Holdings Corporation ("HSHC") whose parent is Hydro Star, LLC. The Company was included in the consolidated federal income tax return of Hydro Star, LLC. At that time, subsidiaries of Hydro Star, LLC contributed to the consolidated tax liability based on their share of taxable income or loss for each period under a tax allocation arrangement. In the Company's financial statements, income tax expense and income taxes payable have been determined on a separate return basis. After the acquisition, the Company will be included in the federal income tax return of Corix Utilities and is part of its tax allocation arrangement which is similar to the arrangement previously in place.

Investment tax credits are deferred and amortized over the estimated useful lives used for financial reporting purposes of the related properties.

Deferred tax assets and liabilities are recorded for all temporary differences between the tax basis of assets and liabilities and the amounts reported in the financial statements, measured at the currently enacted statutory income tax rate, which is also the rate that is expected to be in effect when the temporary items reverse. Certain temporary differences have not been recognized as deferred income tax expense for ratemaking purposes. In situations when such timing differences reverse and become currently payable, and it is probable that the higher income taxes will be

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

recoverable through rates charged customers, a net regulatory asset has been established to recognize this expected regulatory treatment.

Deferred taxes are recorded for differences that result from accelerated depreciation, contributions in aid of construction for certain contributions received from 1986 to 1996, and 2001 to 2007, investment tax credits, certain deferred charges and certain other differences in the recognition of income and expense for tax and financial reporting purposes.

Financial Accounting Standards to be Adopted

In July 2013, the Financial Accounting Standards Board issued Accounting Standards Update No. 2013-11, "Income Taxes: Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists". This update requires that an unrecognized tax benefit should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward when settlement in this manner is available under the law. This update is effective prospectively for reporting periods beginning after December 15, 2013. The adoption of this update is not expected to have a material impact on the Company's consolidated results of operations or consolidated financial position.

4. Acquisition of Utilities, Inc.

On December 18, 2012, Corix Utilities acquired 100% of the membership interests in Hydro Star, LLC from Highstar Capital Fund II, L.P. and certain of its affiliates and co-investors ("Highstar Capital"). Hydro Star, LLC, through its wholly owned subsidiary, Hydro Star Holdings Corporation, was the sole shareholder of Utilities, Inc.

In connection with the acquisition, the Company recorded \$8,909 of transaction related expenses, the most significant of which were payments made under the Value Creation Shares Plan (see Note 17) and other retention bonuses. In order to fund these payments, Highstar Capital made an equity contribution to the Company of \$7,511.

5. Acquisitions and Dispositions

The Company completed the acquisition of three utility systems in 2013 for a combined purchase price of \$660 which approximated the fair value of the assets acquired. The revenues of the acquired systems, which are included in the consolidated financial statements of the Company from the date of acquisition, were \$50. The pro forma effect of the utility systems is not material to the Company's results of operations.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

In 2012, four of the Company's subsidiaries sold utility systems with a combined net book value of \$9,207. Net proceeds from the sales were \$27,834. Revenues related to these utility systems were \$377 for the year ended December 31, 2012.

In connection with one of the four utility systems sold in 2012, the local utility commission ruled that a portion of the gain on sale should flow back to rate payers over a five year period. On January 23, 2012 the Company filed a Notice of Appeal and Exception. On January 15, 2013, the State Court of Appeals issued a decision upholding the local commission's ruling. On February 19, 2013, the Company filed a Notice of Appeal and Petition for Discretionary Review with the Supreme Court of North Carolina. On April 11, 2013, the Supreme Court of North Carolina dismissed the Notice of Appeal and denied the Company's Petition for Discretionary Review.

The Company filed a rate case with the local utility commission on June 28, 2013, which included the flow back of a portion of the gain on sale that was previously ordered. Although this rate case is still pending, a settlement agreement was reached in December 2013. The estimated amount of the flow back of the gain of \$2,506 has been recorded as a regulatory liability at December 31, 2013. This amount will systematically flow back through customers' rates beginning with the next rate increase anticipated to go into effect in April 2014 and extent through November 2016. The regulatory liability will be amortized over this period and recognized as a component of revenue.

6. Property, Plant and Equipment

The components of property, plant and equipment at December 31, are as follows:

	2013	2012
Plant in service		
Water	\$ 427,033	\$ 404,708
Wastewater	380,043	363,011
Other	42,772	39,952
Total	849,848	807,671
Plant under construction	8,212	12,755
Accumulated depreciation	(142,976)	(130,135)
Plant acquisition adjustments, net	(22,438)	(23,442)
Property, plant and equipment, net	\$ 692,646	\$ 666,849

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

7. Accounts Receivable

The components of accounts receivable at December 31, are as follows:

	2013	2012
Billed utility revenue	\$ 9,489	\$ 8,961
Unbilled utility revenue	5,422	5,697
Total	14,911	14,658
Less allowance for doubtful accounts	1,014	911
Accounts receivable, net	\$ 13,897	\$ 13,747

The following table summarizes the activity of the allowance for doubtful accounts for the years ended December 31:

	2013	2012
Balance at January 1,	\$ 911	\$ 1,193
Amounts charged to expense	769	730
Amounts written off	(666)	(1,012)
Balance at December 31,	\$ 1,014	\$ 911

8. Goodwill

A qualitative goodwill impairment test was performed at December 31, 2013, which indicated that it was not more likely than not that the fair value of the Company was less than its carrying value and therefore, a quantitative test was not performed.

There were no changes in the carrying amounts of goodwill during 2013 and there are no accumulated impairment losses.

9. Regulatory Assets and Deferred Charges

The components of regulatory assets and deferred charges at December 31, are as follows:

	2013	2012
Regulatory assets		
Rate case filing expenses	\$ 7,655	\$ 7,676
Deferred income taxes recoverable through rates	3,615	3,503
Total	\$ 11,270	\$ 11,179

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

	2013	2012
Deferred charges		
Debt acquisition expense	\$ 1,084	\$ 1,003
Maintenance and testing	2,780	2,291
Other	3,425	2,213
Total	\$ 7,289	\$ 5,507

The regulatory assets related to deferred income taxes will be adjusted as the amounts reverse and are included in income tax expense for regulatory purposes. Other regulatory assets and deferred charges are being amortized over periods that typically range from 3 to 12 years, corresponding to the period of rate recovery.

10. Debt

Lines of Credit

At December 31, 2012 the Company had a \$25,000 unsecured revolving credit facility (the "Credit Facility") with a maturity date of July 8, 2013. Borrowings under the existing Credit Facility bear interest at the existing prime rate or LIBOR plus a spread of between 195 and 245 basis points (depending on the Company's debt to capitalization ratio), at the option of the Company. Under the terms of the Credit Facility, the Company is subject to financial covenants which consist of a debt to capitalization ratio and a minimum interest coverage ratio.

Consistent with historic practice, the Company negotiated with its current lender to amend and extend the Credit Facility prior to its maturity date. On March 4, 2013, the Company amended the current Credit Facility, at terms consistent with or favorable to the prior terms, extending it through April 3, 2017 and increasing the borrowing capacity to \$40,000.

Outstanding borrowings under the Credit Facility were \$5,700 and \$500 at December 31, 2013 and 2012, respectively. The Company also has letters of credit outstanding against the Credit Facility in the amount of \$6,649 and \$6,599 at December 31, 2013 and 2012, respectively. During 2013 and 2012, the Company was in compliance with the financial covenants of the Credit Facility.

At December 31, 2013, the Company did not intend to repay the outstanding borrowings under the Credit Facility within the following year. Therefore, the outstanding balance of \$5,700 was classified as non-current at December 31, 2013.

Long-term Debt

In July 2006, the Company entered into a Master Note Purchase Agreement for the issuance, in series, of collateral trust notes in an aggregate amount of up to \$400,000. The initial issuance of

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

\$180,000 6.58% notes are due July 21, 2036. Interest is payable semi-annually in January and July. Annual principal payments of \$9,000 are due beginning in 2017 and continue through 2036.

The common stock and indebtedness of subsidiary companies have been pledged as collateral for the long-term debt.

The fair value of the long-term debt has been determined by discounting the future cash flows using current market interest rates for similar financial instruments of the same duration.

The following table summarizes the carrying amounts and fair value of long-term debt at December 31:

	2013	2012
Carrying value	\$ 185,700	\$ 180,000
Fair value	\$ 236,449	\$ 244,720

11. Dividends

During 2013, the Company paid quarterly dividends to Corix Utilities. Each dividend was in the amount of \$1,625. The dividends were funded by a combination of cash flows from ongoing operations and short-term borrowings.

In February 2012, the Company paid a dividend of \$26,100 to HSHC, the parent of the Company at that time. The dividend was funded by the proceeds from the sale of one of the Company's utility systems in January 2012.

In July 2012, the Company paid a second dividend of \$9,000 to HSHC. Approximately \$1,000 of the dividend was funded by the proceeds from the sale of certain of the Company's utility systems and the remainder was funded by ongoing operations.

12. Capital Contribution

In September 2013, the Company received a capital contribution from Corix Utilities which was used to fund ongoing capital projects.

13. Asset Retirement Obligation

Potential future asset retirement costs relating to certain water and wastewater properties have been identified. However, the Company has determined that it does not have any legal obligations to retire assets. In addition, the Company intends on using its assets indefinitely. Therefore, the Company has not recognized a liability for these potential asset retirement costs at December 31, 2013.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

14. Employee Benefit Plans

The Company maintains a 401(k) plan. Under the terms of the plan, the Company will match \$.50 on every \$1.00 contributed by participants up to a maximum contribution equal to 3% of eligible compensation per participant or to the maximum permitted by law. The Company match expense was \$303 and \$271 for the years ended December 31, 2013 and 2012, respectively. The plan also includes a non elective Company contribution made annually on 4% of eligible wages. The non elective contribution was \$813 and \$890 for the years ended December 31, 2013 and 2012, respectively.

15. Income Taxes

The provision for income taxes related to operations for the years ended December 31, is as follows:

	2013	2012
Current		
Federal	\$ 4,220	\$ -
State and local	1,560	329
Deferred		
Federal	660	1,928
State and local	(2,337)	420
Provision for income taxes	\$ 4,103	\$ 2,677

The provision for (benefit from) income taxes related to the disposal of utility systems for the years ended December 31, is as follows:

	2013	2012
Current		
Federal	\$ 19	\$ 262
State and local	-	1,363
Deferred		
Federal	(769)	5,688
State and local	-	(46)
Provision for (benefit from) income taxes	\$ (750)	\$ 7,267

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

A reconciliation of the statutory federal income tax rate to the effective income tax rate for the years ended December 31, is as follows:

	2013	2012
Statutory federal income tax rate	34.0%	34.0%
State income taxes, net of federal tax benefit	4.2	4.9
Valuation allowance on state net operating losses	(12.4)	1.1
Equity component of AFUDC, not subject to tax	(0.4)	-
Amortization of investment tax credits	(0.3)	(0.2)
Rate changes	(1.0)	-
True up prior year balances	17.6	-
Other	(5.7)	0.2
Effective income tax rate	36.0%	40.0%

The deferred tax assets and liabilities are attributable to the following components at December 31:

	2013	2012
Deferred tax assets		
State net operating losses	\$ 3,325	\$ 3,591
Federal net operating losses	3,976	1,238
Valuation allowances related to state net operating losses	(1,368)	(3,414)
Regulatory liability	907	-
Alternative minimum taxes	-	951
Bad debt	432	394
Other	497	218
Total	\$ 7,769	\$ 2,978
Deferred tax liabilities		
Plant related differences	\$ 43,595	\$ 40,763
Deferred charges	5,446	4,623
Regulatory assets	3,615	3,503
Organizational costs	2,806	3,166
Total	\$ 55,462	\$ 52,055
Net deferred tax liability	\$ 47,693	\$ 49,077

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

The accumulated deferred tax liability attributed to regulatory assets reflects the probable future regulatory treatment afforded certain temporary differences such as the tax effect of investment tax credits, the equity component of AFUDC and other regulatory actions.

The federal net operating loss carry forward expires in 2030. A deferred tax asset related to state net operating losses, which vary in different amounts over different periods, has been recorded. The state net operating losses expire generally from 2014 to 2030. Alternative minimum tax credits can be carried forward indefinitely. The Company does not expect that the change in ownership will impact the full utilization of the federal net operating losses within the carry forward period.

The Company evaluates the realizability of its deferred tax assets on an annual basis. A valuation allowance is established when it is "more likely than not" that all or a portion of deferred tax assets will not be realized. The Company has established a valuation allowance related to certain of its state net operating losses based on estimates of future taxable income in these jurisdictions.

In evaluating its various tax filing positions, the Company records tax benefits only if management determines that they are more likely than not to be realized. Adjustments are made to the Company's liability for unrecognized tax benefits in the period in which an issue is settled with the respective tax authorities, the statute of limitations expires for the return containing the tax position or when new information becomes available. The Company has not identified any material uncertainties for the periods presented.

In 2013, the Company recorded an intercompany payable to its parent in the amount of \$3,480 which represents its use of net operating losses from other members of the consolidated federal income tax group offset by the Company's alternative minimum tax credit used by those members.

16. Commitments and Contingencies

Operating Leases

The Company leases office space in various buildings for its own use. Most of the lease terms are for relatively short periods of time, many of which are less than two years. The Company also leases parcels of land on which treatment plants and other facilities are situated. These land leases expire at various dates through 2085. Rent expense, for both office and land, was \$375 and \$396 for the years ended December 31, 2013 and 2012, respectively.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Minimum future lease payments due in each of the next five years and thereafter are as follows:

	Office Leases	Land Leases	Total
Year ended December 31,			
2014	\$ 208	\$ 32	\$ 240
2015	92	1	93
2016	58	1	59
2017	46	2	48
2018	14	2	16
Thereafter	-	334	334
Total	\$ 418	\$ 372	\$ 790

Litigation

The Company is subject to various claims and other litigation matters arising in the ordinary course of the Company's business. Some of these matters are covered by insurance. Although the Company's ultimate liability in these matters cannot be determined, based upon information currently available, the Company believes that the resolution of such claims and litigation will not have a material adverse effect on its financial condition, results of operations or liquidity.

Contingencies

In the normal course of business, the Company may enter into agreements with real estate developers related to the provision of water and/or wastewater service. These agreements may require payments to these developers that are contingent upon the number of customers added to the systems of the various operating companies. Connection charges are collected from customers as they sign up for service. Amounts due to developers are accrued as new customers are added. Amounts paid to developers were \$155 and \$64 for the years ended December 31, 2013 and 2012, respectively.

On December 18, 2012, Nye County Nevada filed an action in Nye County District Court against, among other defendants, Utilities, Inc. of Central Nevada ("UICN"), a subsidiary of the Company, and other parties in connection with damage to a county road in the Pahrump Nevada area following a significant rain event in December 2010. The County's complaint alleges, among other things, that the road damage was caused by the negligence by UICN, Corrections Corporation of America ("CCA") and their respective contractors in connection with the construction of offsite improvements related to a new detention facility constructed and operated by CCA, and provided with water and sewer service by UICN. On December 21, 2012, UICN filed a partial answer and counterclaims against Nye County for the County's own negligence in overseeing the project, and for interfering with the work at issue. No trial date been set in the County's lawsuit as all parties agreed to engage in discovery necessary for a mediation that occurred in October 2013 and

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

continued in December 2013. To date, that mediation has not been successful but has not concluded and, therefore, the Nye County action has not been set for trial.

In addition to the County's lawsuit, on December 18, 2012, several business owners filed an action naming UICN, among others, and claiming lost profits during the time Blagg Road was closed as a result of the damage that occurred following the rain event and road damage. UICN successfully sought dismissal of the business owner claims. The Nye County District Court's order dismissing the claims against UICN was entered on September 6, 2013. The business owners appealed that decision to the Nevada Supreme Court. The appeal is pending.

At this time, there is not sufficient information to estimate the Company's exposure or the potential amount of any loss that may be incurred. The Company expects that its insurance coverage, and that of its contractors and the other parties to the litigation, will mitigate most of its exposure in this matter. Given the uncertainty of events, the Company believes it is reasonably possible that a material loss may be incurred. As of December 31, 2013, no amounts have been accrued for this loss contingency.

17. Value Creation Shares Plan

The Company's Board of Directors (the "Board") approved a Value Creation Shares Plan, (the "Plan") on May 1, 2006 and has subsequently amended the Plan on two occasions, most recently on May 21, 2010. The Plan provides for the issuance of Value Creation Shares ("VCS") that entitle participants, subject to vesting restrictions, to receive an amount equal to the difference between the VCS award value of \$1.40 per share and the fair market value of a VCS upon a liquidity event, based on a formula set forth in the Plan. A liquidity event is defined in the Plan as a "change in control event" as defined for purposes of Internal Revenue Code Section 409A. Holders of VCS will have no equity interest in the Company and, therefore, no rights as shareholders.

VCS awards vest at such time and are subject to the restrictions and conditions as set forth in each award agreement, the form of which has been approved by the Board. All VCS awards granted before December 31, 2010 and outstanding on May 1, 2011, the fifth anniversary of the Plan's effective date, became vested at that time. All VCS awards granted after December 31, 2010 and outstanding at December 31, 2011 become fully vested upon any of the following events:

- a) On the eighth anniversary of the Plan's effective date if the participant has remained in employment with the Company continuously until that date.
- b) Upon a liquidity event, if the participant has remained in employment with the Company continuously until that date.

VCS awards may also become partially vested if the participant's employment with the Company terminates due to disability or death, or if the participant's employment with the Company is terminated without cause.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Under the Plan, 10,000,000 VCS were authorized for issuance. The following table summarizes VCS activity for the year ended December 31, 2012:

	Number of Value Creation Shares
Outstanding at December 31, 2011	8,116,270
Granted	1,429,427
Forfeited	(25,300)
Final plan adjustments	(24,473)
Settled	(9,495,924)
Outstanding at December 31, 2012	-

As a result of the acquisition of the Company by Corix Utilities on December 18, 2012, the Company recorded \$6,010 of expense related to the awards that were vested and settled in cash at that time. All VSC awards were satisfied and cancelled at closing and no awards remained outstanding at December 31, 2012.

18. Subsequent Events

On February 3, 2014, a regulated operating subsidiary of the Company entered into a Consent Order with the South Carolina Department of Health and Environmental Control requiring, among other items, the establishment of a corrective action plan ("CAP") that will ensure compliance with the South Carolina Pollution Control Act (2008). The Company is currently working on engineering studies to determine the scale and scope of the various projects as required by the CAP. Although the final spending requirements may be significant, a reasonable estimate of the total project cost cannot be made at this time.

The Company has evaluated events and transaction subsequent to the balance sheet date through March 7, 2014, the date the financial statements were available to be issued. Based on this evaluation, the Company is not aware of any additional events or transactions that occurred subsequent to the balance sheet date but prior to March 7, 2014 that would require recognition or disclosure in its Consolidated Financial Statements.

AG DR 1-20
(2014 UI AUDIT)

Utilities, Inc. and Subsidiaries

Consolidated Financial Statements
December 31, 2014 and 2013

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Report of Independent Auditors

To the Board of Directors and Shareholder of Utilities, Inc.

We have audited the accompanying consolidated financial statements of Utilities, Inc. and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in shareholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Utilities, Inc. and subsidiaries at December 31, 2014, and 2013, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

March 6, 2015

Utilities, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands)

	Year Ended December 31,	
	2014	2013
Operating revenues:		
Water	\$ 69,249	\$ 66,090
Wastewater	52,722	50,209
Other	2,549	2,365
Non-regulated services	985	726
Total	125,505	119,390
Operating expenses:		
Operations and maintenance	71,883	69,387
Depreciation and amortization	18,051	16,210
Taxes other than income	9,729	10,386
Total	99,663	95,983
Operating income	25,842	23,407
Non-operating expense (income):		
Interest expense, net	12,426	12,637
Allowance for funds used during construction	(667)	(626)
Loss on sale of utility systems and other assets	1,419	2,082
Total	13,178	14,093
Income before taxes	12,664	9,314
Provision for income taxes	5,045	3,353
Net income	\$ 7,619	\$ 5,961

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries**Consolidated Balance Sheets**

(In thousands, except share and per share amounts)

	December 31,	
	2014	2013
Property, plant and equipment:		
Property, plant and equipment, at cost	\$ 857,545	\$ 835,622
Less accumulated depreciation	156,243	142,976
Property, plant and equipment, net	701,302	692,646
Current assets:		
Cash and cash equivalents	194	502
Restricted cash	431	434
Accounts receivable, net	14,434	13,897
Prepayments and other assets	2,224	3,019
Total	17,283	17,852
Regulatory and other assets:		
Regulatory assets (See Note 7)	9,631	10,490
Deferred charges (See Note 7)	8,756	7,289
Goodwill	16,953	17,238
Total	35,340	35,017
Total assets	\$ 753,925	\$ 745,515
Equity:		
Common shares \$.10 par value, 1,000 shares authorized and issued	\$ -	\$ -
Paid-in capital	139,123	124,123
Retained earnings	48,321	53,002
Total	187,444	177,125
Long-term debt	182,300	185,700
Commitments and contingencies (See Note 14)	-	-
Current liabilities:		
Accounts payable	12,766	10,907
Customer deposits	1,393	1,443
Accrued taxes	638	983
Accrued interest	5,588	5,715
Other	168	188
Total	20,553	19,236
Deferred credits and other liabilities:		
Deferred income taxes	51,992	46,913
Regulatory liabilities (See Note 9)	1,972	2,506
Due to parent	2,702	3,480
Other liabilities and deferred credits	1,065	780
Total	57,731	53,679
Contributions in aid of construction	301,838	305,708
Advances in aid of construction	4,059	4,067
Total capitalization and liabilities	\$ 753,925	\$ 745,515

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries**Consolidated Statements of Changes in Shareholder's Equity**

(Dollars in thousands)

	Common Shares		Paid-in Capital	Retained Earnings	Total
	Shares	Amount			
Balance at January 1, 2013	1,000	\$ -	\$ 106,623	\$ 53,541	\$ 160,164
Net income	-	-	-	5,961	5,961
Dividend to parent	-	-	-	(6,500)	(6,500)
Contribution from parent	-	-	17,500	-	17,500
Balance at December 31, 2013	1,000	-	124,123	53,002	177,125
Net income	-	-	-	7,619	7,619
Dividend to parent	-	-	-	(12,300)	(12,300)
Contribution from parent	-	-	15,000	-	15,000
Balance at December 31, 2014	1,000	\$ -	\$ 139,123	\$ 48,321	\$ 187,444

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,	
	2014	2013
Cash flows from operating activities:		
Net income	\$ 7,619	\$ 5,961
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,051	16,210
Deferred income taxes and credits, net	4,584	(1,418)
Amortization of deferred charges and regulatory assets	3,791	3,155
Amortization of debt acquisition cost	83	79
Allowance for funds used during construction-equity	(340)	(310)
Disallowed utility plant in service	-	503
Loss on sale of utility systems and other assets	1,419	2,082
Other, net	(234)	1,573
Changes in assets and liabilities:		
Accounts receivable, net	(543)	(150)
Prepayments	685	1,037
Additions to deferred charges being amortized	(2,483)	(1,353)
Regulatory assets and liabilities	(648)	(2,263)
Accounts payable and accrued liabilities	1,861	(1,774)
Accrued taxes and interest	(1,250)	2,768
Other assets and liabilities, net	(61)	(1,127)
Net cash provided by operating activities	32,534	24,973
Cash flows from investing activities:		
Capital expenditures	(40,118)	(45,676)
Acquisition expenditures	(3,437)	(660)
Change in restricted cash	3	3
Proceeds from the sale of utility systems and other assets	8,095	202
Net cash used in investing activities	(35,457)	(46,131)
Cash flows from financing activities:		
Contributions and advances in aid of construction, net	3,315	4,774
Dividend to parent	(12,300)	(6,500)
Contribution from parent	15,000	17,500
Borrowings under revolving credit facility	16,800	27,200
Repayments of revolving credit facility	(20,200)	(22,000)
Net cash provided by financing activities	2,615	20,974
Net decrease in cash and cash equivalents	(308)	(184)
Cash and cash equivalents at beginning of year	502	686
Cash and cash equivalents at end of year	\$ 194	\$ 502
Supplemental cash flow information:		
Interest paid (net of amounts capitalized)	\$ 11,840	\$ 11,790
Income taxes paid	\$ 704	\$ 2,165
Non-cash property, plant and equipment contributions	\$ 1,304	\$ 894

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

1. Basis of Presentation

Business Description

Utilities, Inc. (the "Company") is a holding company, which, at December 31, 2014, owned and operated approximately 500 regulated water and wastewater utility systems through 52 subsidiary operating companies. The Company operates in 15 states with primary service areas in Florida, North Carolina, South Carolina, Nevada, and Louisiana.

Principles of Consolidation

The consolidated financial statements of the Company and its wholly owned subsidiaries have been prepared using accounting principles generally accepted in the United States of America ("GAAP"). The presentation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and certain financial statement disclosures.

Certain reclassifications have been made to prior year financial statements to conform to current year presentations, which had no impact on the Consolidated Statement of Operations for 2013.

2. Summary of Significant Accounting Policies

Regulation

Most of the Company's operations are subject to regulation by the public utility commissions of the states in which they operate. The extent of a commission's jurisdiction varies from state to state and usually includes the regulation of rates, accounting policies, financing, rules of service, sales, and purchases of property, mergers and acquisitions, and the determination of service areas.

Utilities are generally subject to regulation, which is relied upon in lieu of the economic controls of competition in assuring fair prices and adequate service. Rates are based on the allocation of costs to customers who cause their incurrence. These rates are generally set to provide the utility the opportunity to recover its allowable operating expenses, including depreciation and taxes, and a return on the debt and equity capital invested.

The accounting practices of utility companies differ in certain aspects from those of other businesses not subject to regulation. GAAP applies to utilities just as it does to other industries, although the application at times may be different. The economic effect of regulation can result in a utility deferring costs or revenues that have been, or are expected to be, allowed in the ratemaking process in future periods. As a result, regulated entities record assets and liabilities resulting from the ratemaking process that would generally not be recorded by a non-regulated entity. These regulatory assets and liabilities are then reflected in the statement of operations in the periods in which the costs and credits are reflected in the rates charged for services.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Property, Plant and Equipment

All costs incurred to bring an asset to the condition and location necessary for its intended use are capitalized. Costs include contracted labor, direct labor, materials, and indirect costs including an allowance for funds used during construction.

Expenditures for repairs and maintenance are expensed in accordance with the system of accounts prescribed by the public utility commissions of the states in which the Company operates. These expenditures are typically expensed as incurred but, in certain jurisdictions, may be deferred and amortized over the period of recovery.

Property in service is generally depreciated using the straight-line method over the estimated useful lives of the related property. Depreciation rates typically range between 1.5% and 5.0% per year. The majority of property in service is depreciated at approximately 2.0% per year. In certain instances, the composite or group method is used in which a single depreciation rate is applied to the total cost of a particular property class. This method pools similar assets and depreciates each group as a whole. Depreciation expense is a recoverable cost of service included in rates charged to customers. Under this method, when assets are replaced, retired or abandoned, the recorded value of the asset is reduced to zero with a corresponding reduction in accumulated depreciation. As a result, neither a gain nor loss is recognized.

Long-lived assets are reviewed for potential impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. When it becomes probable that a portion of the cost of a long-lived asset will be disallowed for ratemaking purposes such amounts are deducted from the reported cost of the asset and recognized as a loss.

Plant Acquisition Adjustments

For utility plant subject to traditional cost-of-service regulation, the depreciated original cost of an acquired asset is considered to equal its fair value. To the extent an amount paid for utility plant differs from its depreciated original cost, and that amount is included for ratemaking purposes, the fair value is deemed to have been increased (or decreased) and an acquisition adjustment is recorded as a component of utility plant. If the excess amount paid is not included in future rates, the amount is recorded as goodwill.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Restricted Cash

The Company receives cash from real estate developers and builders to finance the construction of water and wastewater systems. In certain jurisdictions, such cash is restricted and can only be spent in connection with that specific project.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Accounts Receivable

The Company's accounts receivable primarily consists of trade receivables. The allowance for doubtful accounts is developed based upon several factors including the age of the Company's accounts receivable, historical write-off experience and specific account analysis. The Company writes off accounts when they become uncollectible.

Regulatory Assets and Deferred Charges

Regulatory assets primarily consist of costs related to the rate filing process for which the Company has received or expects to receive prospective rate recovery. Deferred charges primarily consist of repair and maintenance costs incurred in jurisdictions where these expenditures may be deferred and amortized over the period of rate recovery.

Goodwill

The Company evaluates its goodwill for impairment on an annual basis during the fourth quarter, or whenever indicators of impairment exist. In 2013, the Company performed a qualitative (step zero) test at a company level to determine the existence of events or circumstances that would indicate that it is not more likely than not that the fair value of the Company exceeds its carrying amount, including goodwill. If the qualitative test indicates that it is more likely than not that the fair value of the Company exceeds its carrying value, a quantitative assessment (step one) is not required.

A quantitative test, if required, determines the fair value of the Company using recent comparable transactions in the water utility sector. If the carrying amount exceeds the fair value, goodwill would be considered impaired. To measure the amount of the impairment loss, the implied fair value of goodwill is compared to the carrying amount of goodwill. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination is determined.

In 2014, the Company was reorganized into six business units. Each business unit meets the definition of an operating segment and is considered a reporting unit for goodwill impairment testing purposes. Because of the change in reporting units during the year, a quantitative assessment was performed at a reporting unit level at December 31, 2014.

Customer Deposits

In certain jurisdictions, customers are required to remit a deposit equal to their estimated monthly bill. These deposits earn interest and are returned to the customer either when the customer demonstrates a history of timely payments or when the customer no longer requires service.

Advances and Contributions in Aid of Construction

The Company receives cash advances and property and cash contributions from real estate developers and builders to fund construction necessary to extend service to their properties.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Advances for construction are refundable for limited periods of time as new customers begin to receive service. Advances that are no longer refundable are reclassified as contributions. Contributed property is depreciated at the same rate that the related contribution in aid of construction is amortized. As a result, a return is not earned on contributed property.

Revenue Recognition

Customers are billed for residential water and wastewater services on a monthly, bimonthly, or quarterly cycle. Revenues include amounts billed to customers and unbilled amounts based on estimated usage from the last billing date to the end of the accounting period.

Allowance for Funds Used During Construction

The allowance for funds used during construction ("AFUDC") represents the capitalized cost of funds used to finance the construction of utility plant. AFUDC is not applied to projects funded by advances and contributions in aid of construction. AFUDC is recovered through rate base as the utility plant is depreciated. The AFUDC rate approximated 8.9% during 2014 and 2013.

Income Taxes

The Company is a wholly owned subsidiary of Corix Utilities (Illinois) LLC ("Corix Utilities") whose parent is Corix Infrastructure (US) Inc. The Company is included in the consolidated federal income tax return of Corix Infrastructure (US) Inc., whereby subsidiaries contribute to the consolidated tax liability based on their share of taxable income or loss for each period under a tax allocation arrangement. In the Company's financial statements, income tax expense and income taxes payable have been determined on a separate return basis.

Investment tax credits are deferred and amortized over the estimated useful lives used for financial reporting purposes of the related properties.

Deferred tax assets and liabilities are recorded for all temporary differences between the tax basis of assets and liabilities and the amounts reported in the financial statements, measured at the currently enacted statutory income tax rate, which is also the rate that is expected to be in effect when the temporary items reverse. Certain temporary differences have not been recognized as deferred income tax expense for ratemaking purposes. In situations when such timing differences reverse and become currently payable, and it is probable that the higher income taxes will be recoverable through rates charged customers, a net regulatory asset has been established to recognize this expected regulatory treatment.

Deferred taxes are recorded for differences that result from accelerated depreciation, contributions in aid of construction for certain contributions received from 1986 to 1996, and 2001 to 2007, investment tax credits, certain deferred charges and certain other differences in the recognition of income and expense for tax and financial reporting purposes.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Judgment is required in evaluating the Company's federal and state tax positions. Despite management's belief that the Company's tax return positions are fully supportable, the Company establishes reserves when it believes that its tax positions are likely to be challenged and it may not fully prevail in these challenges. The Company recognized accrued interest and penalties related to tax positions as a component of income tax expense.

New Accounting Standards

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-11, *Income Taxes: Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. This update requires that an unrecognized tax benefit should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward when settlement in this manner is available under the law. This update is effective prospectively for reporting periods beginning after December 15, 2014. The Company does not expect this update to have a material impact on the Company's consolidated results of operations or consolidated financial position.

In April 2014, the FASB issued ASU No. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. This update amends the requirements for reporting and disclosing discontinued operations. Under ASU No. 2014-08, a disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on the entity's operations and financial results. ASU No. 2014-18 is effective for annual periods beginning after December 15, 2014, with early adoption permitted and is to be applied prospectively. The Company adopted the provisions of this update for its annual reporting period beginning January 1, 2014. The adoption of this update did not have a material impact on the Company's consolidated results of operations or consolidated financial position.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which will replace most existing revenue recognition guidance in U.S. Generally Accepted Accounting Principles and is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers. Under the new rules, an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects to receive in exchange for the goods or services. The rules also require more detailed disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including significant judgments and changes in judgments. ASU No. 2014-09 allows for both retrospective and prospective methods of adoption. These rules are effective for the Company for annual periods beginning after December 15, 2017. ASU 2014-09 also allows non-public companies the option to early adopt for fiscal years beginning after December 15, 2016. The Company does not expect this new guidance to have a material impact on the Company's consolidated results of operations or consolidated financial position.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

In August 2014, the FASB issued guidance that explicitly requires an entity's management to assess the entity's ability to continue as a going concern. The new guidance requires an entity to evaluate, at each interim and annual period, whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued (or are available to be issued) and to provide related disclosures, if applicable. The new guidance is effective for annual periods ending after December 15, 2016 and for interim and annual periods thereafter. Early adoption is permitted. The Company does not expect this new guidance to have a material impact on the Company's consolidated results of operations or consolidated financial position.

3. Acquisitions and Dispositions

The Company completed the acquisition of six utility systems in 2014 for a combined purchase price of \$3,437, which was paid in cash and approximated the respective fair values of the assets acquired. These transactions met the definition of a business combination as defined in Accounting Standards Codification ("ASC") 805, *Business Combinations*. The purchase price was primarily allocated to property, plant and equipment and related accounts. A plant acquisition adjustment was recognized to the extent that the purchase price differed from the depreciated original cost of the acquired assets. Accordingly, no goodwill was recognized as a result of these transactions. The Company incurred acquisition expenses of \$33 related to these acquisitions.

During 2013, the Company completed the acquisition of three utility systems for a combined purchase price of \$660, which was paid in cash and approximated the respective fair values of the assets acquired. These transactions met the definition of a business combination as defined in ASC 805. The purchase price was primarily allocated to property, plant and equipment and related accounts. A plant acquisition adjustment was recognized to the extent that the purchase price differed from the depreciated original cost of the acquired assets. Accordingly, no goodwill was recognized as a result of these transactions. The Company incurred acquisition expenses of \$59 related to these acquisitions.

In 2014, the Company (or one of its subsidiaries) sold utility systems with a combined net book value of \$9,277. Net proceeds from the sales were \$8,003 resulting in the recognition of a loss on the sale of \$1,274. The utility systems that were sold represented approximately two percent of the Company's total assets.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

4. Property, Plant and Equipment

The components of property, plant and equipment at December 31, are as follows:

	2014	2013
Plant in service		
Water	\$ 444,270	\$ 427,033
Wastewater	383,068	380,043
Other	45,079	42,772
Total	872,417	849,848
Plant under construction	6,988	8,212
Accumulated depreciation	(156,243)	(142,976)
Plant acquisition adjustments, net	(21,860)	(22,438)
Property, plant and equipment, net	\$ 701,302	\$ 692,646

5. Accounts Receivable

The components of accounts receivable at December 31, are as follows:

	2014	2013
Billed utility revenue	\$ 9,799	\$ 9,489
Unbilled utility revenue	5,833	5,422
Total	15,632	14,911
Less allowance for doubtful accounts	1,198	1,014
Accounts receivable, net	\$ 14,434	\$ 13,897

The following table summarizes the activity of the allowance for doubtful accounts for the years ended December 31:

	2014	2013
Balance at January 1,	\$ 1,014	\$ 911
Amounts charged to expense	861	769
Amounts written off	(677)	(666)
Balance at December 31,	\$ 1,198	\$ 1,014

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

6. Goodwill

A qualitative goodwill impairment test was performed at a company level at December 31, 2013, which indicated that it was not more likely than not that the fair value of the Company was less than its carrying value and therefore, a quantitative test was not performed.

In 2014, the Company was reorganized into six business units. Each business unit meets the definition of an operating segment and is considered a reporting unit for goodwill impairment testing purposes. Because of the change in reporting units during the year, a quantitative assessment was performed at a reporting unit level at December 31, 2014. The fair value of each reporting unit was estimated using recent comparable transactions in the water utility sector. The estimated fair value of each reporting unit exceeded its carrying amount.

The goodwill associated with a utility system that was sold in 2014, in the amount of \$285, was written-off and included in determining the net loss on disposal. There were no changes in the carrying amounts of goodwill during 2013 and there are no accumulated impairment losses.

7. Regulatory Assets and Deferred Charges

The components of regulatory assets and deferred charges at December 31, are as follows:

	2014	2013
Regulatory assets		
Rate case filing expenses	\$ 6,693	\$ 7,655
Deferred income taxes recoverable through rates	2,938	2,835
Total	\$ 9,631	\$ 10,490
	2014	2013
Deferred charges		
Debt acquisition cost	\$ 1,001	\$ 1,084
Maintenance and testing	3,716	2,780
Other	4,039	3,425
Total	\$ 8,756	\$ 7,289

The regulatory assets related to deferred income taxes will be adjusted as the amounts reverse and are included in income tax expense for regulatory purposes. Other regulatory assets and deferred charges are being amortized over periods that typically range from 3 to 12 years, corresponding to the period of rate recovery.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

8. Debt

Lines of Credit

At December 31, 2014 and 2013, the Company had a \$40,000 unsecured revolving credit facility (the "Credit Facility") with a maturity date of April 3, 2017. Borrowings under the existing Credit Facility bear interest at the existing prime rate or LIBOR plus a spread of between 195 and 245 basis points (depending on the Company's debt to capitalization ratio), at the option of the Company. Under the terms of the Credit Facility, the Company is subject to financial covenants, which consist of a debt to capitalization ratio and a minimum interest coverage ratio.

Outstanding borrowings under the Credit Facility were \$2,300 and \$5,700 at December 31, 2014 and 2013, respectively. The Company also has letters of credit outstanding against the Credit Facility in the amount of \$6,069 and \$6,649 at December 31, 2014 and 2013, respectively. During 2014 and 2013, the Company was in compliance with the financial covenants of the Credit Facility.

At December 31, 2014 and 2013, the outstanding balances of \$2,300 and \$5,700 were classified as non-current at December 31, 2014 and 2013, respectively.

Long-term Debt

In July 2006, the Company entered into a Master Note Purchase Agreement for the issuance, in series, of collateral trust notes in an aggregate amount of up to \$400,000. The initial issuance of \$180,000 6.58% notes are due July 21, 2036. Interest is payable semi-annually in January and July. Annual principal payments of \$9,000 are due beginning in 2017 and continue through 2036.

The common stock and indebtedness of subsidiary companies have been pledged as collateral for the long-term debt.

The fair value of the long-term debt, which is classified as Level 2, has been determined by discounting the future cash flows using current market interest rates for similar financial instruments of the same duration.

The following table summarizes the carrying amounts and fair value of long-term debt at December 31:

	2014	2013
Carrying value	\$ 182,300	\$ 185,700
Fair value	\$ 245,012	\$ 236,449

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

The following table summarizes the maturity of the Company's long-term debt over the next five years:

	Amount
Year ended December 31,	
2015	\$ -
2016	-
2017	9,000
2018	9,000
2019	9,000
Thereafter	155,300
Total	\$ 182,300

9. Regulatory Liability

In connection with the sale of a utility system in 2012, the local utility commission ruled that a portion of the gain on sale should flow back to ratepayers over a five-year period. At December 31, 2013, the Company recorded a regulatory liability of \$2,506 for the estimated amount of the gain to be flown back to customers. The amount was originally expected to flow back through customers' rates beginning in April 2014 and extending through November 2016.

In March 2014, the regulatory liability was increased to \$2,743 based on the final rate order. The regulatory liability will be amortized from March 2014 through January 2017. For the year ended December 31, 2014, the Company recorded amortization of \$771 resulting in a liability balance of \$1,972 at December 31, 2014.

10. Dividends

During 2014 and 2013, the Company paid quarterly dividends of \$1,625 to Corix Utilities. The dividends were funded by a combination of cash flows from ongoing operations and short-term borrowings.

In June 2014, the Company paid an additional dividend of \$5,800 to Corix Utilities, which was funded by the proceeds from the sale of certain of the Company's utility systems.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

11. Capital Contribution

In December 2014 and September 2013, the Company received capital contributions of \$15,000 and \$17,500, respectively, from Corix Utilities, which was used to fund ongoing capital projects and acquisitions.

12. Employee Benefit Plans

The Company maintains a 401(k) plan. Under the terms of the plan, the Company will match \$.50 on every \$1.00 contributed by participants up to a maximum contribution equal to 3% of eligible compensation per participant or to the maximum permitted by law. The Company match expense was \$321 and \$303 for the years ended December 31, 2014 and 2013, respectively. The plan also includes a non-elective Company contribution made annually on 4% of eligible wages. The non-elective contribution was \$841 and \$813 for the years ended December 31, 2014 and 2013, respectively.

13. Income Taxes

The provision for income taxes related to operations for the years ended December 31, is as follows:

	2014	2013
Current		
Federal	\$ 164	\$ 4,239
State and local	626	1,560
Deferred		
Federal	4,442	(109)
State and local	(187)	(2,337)
Provision for income taxes	\$ 5,045	\$ 3,353

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

A reconciliation of the statutory federal income tax rate to the effective income tax rate for the years ended December 31, is as follows:

	2014	2013
Statutory federal income tax rate	34.0%	34.0%
State income taxes, net of federal tax benefit	2.6	4.2
Valuation allowance on state net operating losses	(1.3)	(12.4)
Equity component of AFUDC, not subject to tax	(0.4)	(0.4)
Amortization of investment tax credits	(0.3)	(0.3)
Rate changes	(0.1)	(1.0)
Uncertain tax position	2.1	-
True up prior year balances	2.1	17.6
Other	1.9	(5.7)
Effective income tax rate	40.6%	36.0%

The deferred tax assets and liabilities are attributable to the following components at December 31:

	2014	2013
Deferred tax assets		
State net operating losses	\$ 2,294	\$ 3,325
Federal net operating losses	6,945	3,976
Valuation allowances related to state net operating losses	(722)	(1,368)
Regulatory liability	747	907
Bad debt	454	432
Other	887	497
Total	\$ 10,605	\$ 7,769
Deferred tax liabilities		
Plant-related differences	\$ 51,076	\$ 43,595
Deferred charges	5,482	5,446
Regulatory assets	2,938	2,835
Organizational costs	3,101	2,806
Total	\$ 62,597	\$ 54,682
Net deferred tax liability	\$ 51,992	\$ 46,913

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

The accumulated deferred tax liability attributed to regulatory assets reflects the probable future regulatory treatment afforded certain temporary differences such as the tax effect of investment tax credits, the equity component of AFUDC and other regulatory actions.

The federal net operating loss carry forward of \$20,427 will expire in 2033 and 2034. A deferred tax asset related to state net operating losses, which vary in different amounts over different periods, has been recorded. The state net operating losses of \$58,850 expire generally between 2015 and 2030. Alternative minimum tax credits can be carried forward indefinitely.

State income tax returns are generally subject to examination for a period of three to four years after the filing of the respective returns. The state impact of amended federal returns remain subject to examination by various states for a period of up to one year after formal notification of such amendments to the states. The consolidated federal income tax returns of Corix Infrastructure (US) Inc., of which the Company is a part of, remain subject to examination by the Internal Revenue Service for tax years 2011, 2012 and 2013.

The Company evaluates the realizability of its deferred tax assets on an annual basis. A valuation allowance is established when it is "more likely than not" that all or a portion of deferred tax assets will not be realized. The Company has established a valuation allowance related to certain of its state net operating losses based on estimates of future taxable income in these jurisdictions.

In evaluating its various tax filing positions, the Company records tax benefits only if management determines that they are more likely than not to be realized. Adjustments are made to the Company's liability for unrecognized tax benefits in the period in which an issue is settled with the respective tax authorities, the statute of limitations expires for the return containing the tax position or when new information becomes available.

At December 31, 2014 and 2013, the Company recorded intercompany payables to its parent of \$2,702 and \$3,480, respectively, which represents its use of net operating losses from other members of the consolidated federal income tax group offset by the Company's alternative minimum tax credit used by those members.

14. Commitments and Contingencies

Operating Leases

The Company leases office space in various buildings for its own use. Most of the lease terms are for relatively short periods of time, many of which are less than two years. The Company also leases parcels of land on which treatment plants and other facilities are situated. These land leases expire at various dates through 2085. Rent expense, for both office and land, was \$387 and \$375 for the years ended December 31, 2014 and 2013, respectively.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Minimum future lease payments due in each of the next five years and thereafter are as follows:

	Office Leases	Land Leases	Total
Year ended December 31,			
2015	\$ 238	\$ 3	\$ 241
2016	167	3	170
2017	103	3	106
2018	14	3	17
2019	-	3	3
Thereafter	-	339	339
Total	\$ 522	\$ 354	\$ 876

Litigation

The Company is subject to various claims and other litigation matters arising in the ordinary course of the Company's business. Some of these matters are covered by insurance. Although the Company's ultimate liability in these matters cannot be determined, based upon information currently available, the Company believes that the resolution of such claims and litigation will not have a material adverse effect on its financial condition, results of operations or liquidity.

Contingencies

In the normal course of business, the Company may enter into agreements with real estate developers related to the provision of water and/or wastewater service. These agreements may require payments to these developers that are contingent upon the number of customers added to the systems of the various operating companies. Connection charges are collected from customers as they sign up for service. Amounts due to developers are accrued as new customers are added. Amounts paid to developers were \$100 and \$155 for the years ended December 31, 2014 and 2013, respectively.

Potential future asset retirement costs relating to certain water and wastewater properties have been identified. However, the Company has determined that it does not have any legal obligations to retire assets. In addition, the Company intends on using its assets indefinitely. Therefore, the Company has not recognized a liability for these potential asset retirement costs at December 31, 2014.

On December 18, 2012, Nye County Nevada filed an action in Nye County District Court against, among other defendants, Utilities, Inc. of Central Nevada ("UICN"), a subsidiary of the Company, and other parties in connection with damage to a county road in the Pahrump Nevada area following a significant rain event in December 2010. The County's complaint alleges, among other things, that the road damage was caused by the negligence by UICN, Corrections Corporation of America

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

("CCA") and their respective contractors in connection with the construction of offsite improvements related to a new detention facility constructed and operated by CCA, and provided with water and sewer service by UICN. On December 21, 2012, UICN filed a partial answer and counterclaims against Nye County for the County's own negligence in overseeing the project, and for interfering with the work at issue. This matter was settled in October 2014 without liability to UICN or the Company.

In addition to the County's lawsuit, on December 18, 2012, several business owners filed an action naming UICN, among others, and claiming lost profits during the time Blagg Road was closed because of the damage that occurred following the rain event and road damage. UICN successfully sought dismissal of the business owner claims. The Nye County District Court's order dismissing the claims against UICN was entered on September 6, 2013. The business owners appealed that decision to the Nevada Supreme Court. This matter was settled in April 2014 and the appeal was dismissed with prejudice at that time. UICN's contribution to the property owners' settlement was \$3.

18. Subsequent Events

Acquisition

On January 12, 2015, Utilities, Inc. of Louisiana, a wholly owned subsidiary of the Company, purchased the assets of Density Utilities of Louisiana, LLC ("Density"), which serves 2,400 wastewater customers across seven parishes in southern Louisiana, for cash consideration of \$1,206. The transaction met the definition of a business combination as defined in ASC 805. Acquisition costs of \$465 and \$51 were expensed as incurred during 2014 and 2013, respectively.

The Louisiana Public Service Commission approved the asset sale in November 2014 and determined that the rate base for the acquisition would include the cash purchase price and related acquisition costs. At December 31, 2014, the accumulated transaction costs were considered a contingent asset.

ASC 980, *Regulatory Operations*, provides criteria for deferring costs that would otherwise be charged to expense by non-regulated enterprises. This accounting standard allows for the deferral of costs as long as it is probable that those specific deferred costs are subject to recovery in future revenues. The term probable is defined in the glossary to ASC 450, *Contingencies*, as "the future event or events are likely to occur." At December 31, 2014, the Company did not believe that the acquisition was probable. Once the transaction closed in January 2015, all previously expensed acquisition costs were capitalized.

Litigation

On January 14, 2015, the Congaree Riverkeeper, Inc. ("CRK") filed an action against Carolina Water Service, Inc. ("CWS"), a subsidiary of the Company, in United States District Court for the District of

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

South Carolina. The action alleges violations of the Federal Clean Water Act with respect to the operation of the wastewater treatment facility located in Lexington County, South Carolina. Specifically, the claims made in this civil action allege that CWS has violated the terms of its National Pollutant Discharge Eliminations System ("NPDES") permit because (A) it has not eliminated the treated wastewater discharge by CWS from the facility into its receiving stream, the Lower Saluda River, by connecting to facilities owned by the Town of Lexington and (B) it has on occasion discharged treated wastewater into such stream which exceeded the discharge constituent permit limits set out in the CWS NPDES permit. The relief sought by the complaint in the Action includes a request that the court impose a civil penalty of up to \$37 per violation per day for nineteen violations that occurred during different time periods between January of 2009 and May of 2013. The number of days a violation is alleged to have persisted will be a matter that is required to be litigated and is therefore currently unknown to CWS. CWS has until March 16, 2015, to answer, move, or otherwise plead in response to the complaint in the Action. CWS will dispute that a basis exists for the imposition of penalties by the District Court under the Clean Water Act for the matters alleged in the action and intends to vigorously contest the allegations described in the complaint. The Company believes that the likelihood of an unfavorable outcome in this matter is not probable and that the amount of any potential loss cannot be reasonably estimated.

Other Events

The Company has evaluated events and transaction subsequent to the balance sheet date through March 6, 2015, the date the financial statements were available to be issued. Based on this evaluation, the Company is not aware of any additional events or transactions that occurred subsequent to the balance sheet date but prior to March 6, 2015 that would require recognition or disclosure in its Consolidated Financial Statements.

AG DR 1-20
(2015 UI AUDIT)

Utilities, Inc. and Subsidiaries

Consolidated Financial Statements
December 31, 2015 and 2014

CONFIDENTIAL

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Report of Independent Auditors

To the Board of Directors and Shareholder of Utilities, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Utilities, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations, changes in shareholder's equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Utilities, Inc. and Subsidiaries at December 31, 2015, and 2014, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

March 9, 2016

Utilities, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands)

	Year Ended December 31,	
	2015	2014
Operating revenues:		
Water	\$ 72,594	\$ 69,249
Wastewater	56,212	52,722
Other	2,717	2,549
Non-regulated services	1,099	985
Total	132,622	125,505
Operating expenses:		
Operations and maintenance	71,311	71,883
Depreciation and amortization	18,629	18,051
Taxes other than income taxes	9,840	9,729
Total	99,780	99,663
Operating income	32,842	25,842
Non-operating expense (income):		
Interest expense, net	12,551	12,426
Allowance for funds used during construction	(891)	(667)
(Gain) loss on sale of utility systems and other assets	633	1,419
Total	12,293	13,178
Income before taxes	20,549	12,664
Provision for income taxes	9,558	5,045
Net income	\$ 10,991	\$ 7,619

Utilities, Inc. and Subsidiaries

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

	December 31,	
	2015	2014
Property, plant and equipment:		
Property, plant and equipment, at cost	\$ 904,774	\$ 857,545
Less accumulated depreciation	166,261	156,243
Property, plant and equipment, net	738,513	701,302
Current assets:		
Cash and cash equivalents	355	194
Restricted cash	425	431
Accounts receivable, net	18,118	15,100
Prepayments and other assets	2,221	2,224
Total	21,119	17,949
Regulatory and other assets:		
Regulatory assets (See Note 7)	10,479	9,631
Deferred charges (See Note 7)	9,544	8,756
Goodwill	16,953	16,953
Total	36,976	35,340
Total assets	\$ 796,608	\$ 754,591
Shareholder's Equity:		
Common shares \$.10 par value, 1,000 shares authorized and issued	\$ -	\$ -
Paid-in capital	149,123	139,123
Retained earnings	52,812	48,321
Total	201,935	187,444
Long-term debt	197,000	182,300
Commitments and contingencies (See Note 14)	-	-
Current liabilities:		
Accounts payable	12,595	13,432
Customer deposits	1,403	1,393
Accrued taxes	393	638
Accrued interest	5,600	5,588
Other	187	168
Total	20,178	21,219
Deferred credits and other liabilities:		
Deferred income taxes	61,385	51,992
Regulatory liabilities (See Note 9)	1,408	1,972
Due to parent	2,702	2,702
Other liabilities and deferred credits	995	1,065
Total	66,490	57,731
Contributions in aid of construction	307,266	301,838
Advances in aid of construction	3,739	4,059
Total capitalization and liabilities	\$ 796,608	\$ 754,591

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries**Consolidated Statements of Changes in Shareholder's Equity**

(Dollars in thousands)

	Common Shares		Paid-in Capital	Retained Earnings	Total
	Shares	Amount			
Balance at January 1, 2014	1,000	\$ -	\$ 124,123	\$ 53,002	\$ 177,125
Net income	-	-	-	7,619	7,619
Dividend to parent	-	-	-	(12,300)	(12,300)
Contribution from parent	-	-	15,000	-	15,000
Balance at December 31, 2014	1,000	-	139,123	48,321	187,444
Net income	-	-	-	10,991	10,991
Dividend to parent	-	-	-	(6,500)	(6,500)
Contribution from parent	-	-	10,000	-	10,000
Balance at December 31, 2015	1,000	\$ -	\$ 149,123	\$ 52,812	\$ 201,935

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 10,991	\$ 7,619
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,629	18,051
Deferred income taxes and credits, net	9,324	4,584
Amortization of deferred charges and regulatory assets	3,444	3,791
Amortization of debt acquisition costs	143	83
Amortization of regulatory liabilities	(957)	(771)
Allowance for funds used during construction-equity	(474)	(340)
(Gain) loss on sale of utility systems and other assets	633	1,419
Other, net	(490)	537
Changes in assets and liabilities:		
Accounts receivable, net	(3,019)	(558)
Prepayments and other assets	(20)	685
Additions to deferred charges being amortized	(2,238)	(2,483)
Regulatory assets	(3,103)	(648)
Regulatory liabilities	393	-
Accounts payable and accrued liabilities	(838)	1,876
Accrued taxes and interest	(247)	(1,250)
Other assets and liabilities, net	27	(61)
Net cash provided by operating activities	32,198	32,534
Cash flows from investing activities:		
Capital expenditures	(50,151)	(40,118)
Acquisitions	(3,162)	(3,437)
Proceeds from the sale of utility systems and other assets	14	8,095
Change in restricted cash	6	3
Net cash used in investing activities	(53,293)	(35,457)
Cash flows from financing activities:		
Contributions and advances in aid of construction, net	3,056	3,315
Dividends to parent	(6,500)	(12,300)
Contributions from parent	10,000	15,000
Borrowings under revolving credit facility	26,700	16,800
Repayments of revolving credit facility	(12,000)	(20,200)
Net cash provided by financing activities	21,256	2,615
Net increase (decrease) in cash and cash equivalents	161	(308)
Cash and cash equivalents at beginning of year	194	502
Cash and cash equivalents at end of year	\$ 355	\$ 194
Supplemental cash flow information:		
Interest paid (net of amounts capitalized)	\$ 11,819	\$ 11,840
Income taxes paid	\$ 771	\$ 704
Non-cash property, plant and equipment contributions	\$ 1,342	\$ 1,304

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

1. Basis of Presentation

Business Description

Utilities, Inc. (the "Company") is a holding company, which, at December 31, 2015, owned and operated approximately 550 regulated water and wastewater utility systems through 43 subsidiary operating companies. The Company operates in 15 states with primary service areas in Florida, North Carolina, South Carolina, Nevada, and Louisiana.

Principles of Consolidation

The consolidated financial statements of the Company and its wholly owned subsidiaries have been prepared using accounting principles generally accepted in the United States of America ("GAAP"). The presentation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and certain financial statement disclosures.

Certain reclassifications have been made to the prior year financial statements to conform to current year presentations. These reclassifications had no impact on the Consolidated Statement of Operations for 2014.

2. Summary of Significant Accounting Policies

Regulation

Most of the Company's operations are subject to regulation by the public utility commissions of the states in which they operate. The extent of a commission's jurisdiction varies from state to state and usually includes the regulation of rates, accounting policies, financing, rules of service, sales and purchases of property, mergers and acquisitions, and the determination of service areas.

Utilities are generally subject to regulation, which is relied upon in lieu of the economic controls of competition in assuring fair prices and adequate service. Rates are based on the allocation of costs to customers who cause their incurrence. These rates are generally set to provide the utility the opportunity to recover its allowable operating expenses, including depreciation and taxes, and a return on the debt and equity capital invested.

The accounting practices of utility companies differ in certain aspects from those of other businesses not subject to regulation. GAAP applies to utilities just as it does to other industries, although the application at times may be different. The economic effect of regulation can result in a utility deferring costs or revenues that have been, or are expected to be, allowed in the ratemaking process in future periods. As a result, regulated entities record assets and liabilities resulting from the ratemaking process that would generally not be recorded by a non-regulated entity. These regulatory assets and liabilities are then reflected in the statement of operations in the periods in which the costs and credits are reflected in the rates charged for services.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Property, Plant and Equipment

All costs incurred to bring an asset to the condition and location necessary for its intended use are capitalized. Costs include contracted labor, direct labor, materials, and indirect costs including an allowance for funds used during construction.

Expenditures for repairs and maintenance are expensed in accordance with the system of accounts prescribed by the public utility commissions of the states in which the Company operates. These expenditures are typically expensed as incurred but, in certain jurisdictions, may be deferred and amortized over the period of recovery.

Property in service is generally depreciated using the straight-line method over the estimated useful lives of the related property. Depreciation rates typically range between 1.5% and 5.0% per year. The majority of property in service is depreciated at approximately 2.0% per year. In certain instances, the composite or group method is used in which a single depreciation rate is applied to the total cost of a particular property class. This method pools similar assets and depreciates each group as a whole. Depreciation expense is a recoverable cost of service included in rates charged to customers. Under this method, when assets are replaced, retired or abandoned, the recorded value of the asset is reduced to zero with a corresponding reduction in accumulated depreciation, and as a result, neither a gain nor loss is recognized.

Long-lived assets are reviewed for potential impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. When it becomes probable that a portion of the cost of a long-lived asset will be disallowed for ratemaking purposes, such amounts are deducted from the reported cost of the asset and recognized as a loss.

Plant Acquisition Adjustments

For utility plant subject to traditional cost-of-service regulation, the depreciated original cost of an acquired asset is considered to equal its fair value. To the extent an amount paid for utility plant differs from its depreciated original cost, and that amount is included for ratemaking purposes, the fair value is deemed to have been increased (or decreased) and an acquisition adjustment is recorded as a component of utility plant. If the excess amount paid is not included in future rates, the amount is recorded as goodwill.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Restricted Cash

The Company receives cash from real estate developers and builders to finance the construction of water and wastewater systems. In certain jurisdictions, such cash is restricted and can only be spent in connection with that specific project.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Accounts Receivable

The Company's accounts receivable primarily consists of trade receivables. The allowance for doubtful accounts is developed based upon several factors including the age of the Company's accounts receivable, historical write-off experience and specific account analysis. The Company writes off accounts when they become uncollectible.

Regulatory Assets and Deferred Charges

Regulatory assets primarily consist of costs related to the rate filing process for which the Company has received or expects to receive prospective rate recovery. Deferred charges primarily consist of repair and maintenance costs incurred in jurisdictions where these expenditures may be deferred and amortized over the period of rate recovery.

Goodwill

The Company evaluates its goodwill for impairment on an annual basis during the fourth quarter or whenever indicators of impairment exist. The initial step of the impairment test is a thorough assessment of qualitative factors to determine the existence of events or circumstances that would indicate that it is not more likely than not that the fair value of the Company exceeds its carrying amount, including goodwill. If the qualitative test indicates that it is more likely than not that the fair value of the Company exceeds its carrying value, a quantitative assessment is not required.

A quantitative test, if required, determines the fair value of the Company using recent comparable transactions in the water utility sector. If the carrying amount exceeds the fair value, goodwill would be considered impaired. To measure the amount of the impairment loss, the implied fair value of goodwill is compared to the carrying amount of goodwill. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination is determined.

Customer Deposits

In certain jurisdictions, customers are required to remit a deposit equal to their estimated monthly bill. These deposits earn interest and are returned to the customer either when the customer demonstrates a history of timely payments or when the customer no longer requires service.

Advances and Contributions in Aid of Construction

The Company receives cash advances and property and cash contributions from real estate developers and builders to fund construction necessary to extend service to their properties. Advances for construction are refundable for limited periods of time as new customers begin to receive service. Advances that are no longer refundable are reclassified as contributions. Contributed property is depreciated at the same rate that the related contribution in aid of construction is amortized. As a result, a return is not earned on contributed property.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Revenue Recognition

Customers are billed for residential water and wastewater services on a monthly, bimonthly, or quarterly cycle. Revenues include amounts billed to customers and unbilled amounts based on estimated usage from the last billing date to the end of the accounting period.

Allowance for Funds Used During Construction

The allowance for funds used during construction ("AFUDC") represents the capitalized cost of funds used to finance the construction of utility plant. AFUDC is not applied to projects funded by advances and contributions in aid of construction. AFUDC is recovered through rate base as the utility plant is depreciated. The AFUDC rate approximated 8.8% and 8.9% during 2015 and 2014, respectively.

Income Taxes

The Company is a wholly owned subsidiary of Corix Utilities (Illinois) LLC ("Corix Utilities") whose parent is Corix Infrastructure (US) Inc. The Company is included in the consolidated federal income tax return of Corix Infrastructure (US) Inc., whereby subsidiaries contribute to the consolidated tax liability based on their share of taxable income or loss for each period under a tax allocation arrangement. In the Company's financial statements, income tax expense and income taxes payable have been determined on a separate return basis.

Investment tax credits are deferred and amortized over the estimated useful lives used for financial reporting purposes of the related properties.

Deferred tax assets and liabilities are recorded for all temporary differences between the tax basis of assets and liabilities and the amounts reported in the financial statements, measured at the currently enacted statutory rates that are expected to apply to taxable income in the periods in which the temporary differences are expected to be realized or settled. Certain temporary differences have not been recognized as deferred income tax expense for ratemaking purposes. In situations when such timing differences are realized or settled and become currently payable, and it is probable that the higher income taxes will be recoverable through rates charged to customers, a net regulatory asset has been established to recognize this expected regulatory treatment.

Deferred taxes are recorded for differences that result from accelerated depreciation, contributions in aid of construction for certain contributions received from 1986 to 1996, and 2001 to 2007, investment tax credits, certain deferred charges and certain other differences in the recognition of income and expense for tax and financial reporting purposes.

Judgment is required in evaluating the Company's federal and state tax positions. Despite management's belief that the Company's tax return positions are fully supportable, the Company establishes reserves when it believes that its tax positions are likely to be challenged and it may not fully prevail in these challenges. The Company recognizes accrued interest and penalties related to tax positions as a component of income tax expense.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

New Accounting Standards

In July 2013, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2013-11, *Income Taxes: Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. This update requires that an unrecognized tax benefit should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward when settlement in this manner is available under the law. This update is effective prospectively for reporting periods beginning after December 15, 2014. The adoption of this update in 2015 did not have a material impact on the Company’s consolidated results of operations or consolidated financial position.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which will replace most existing revenue recognition guidance in U.S. Generally Accepted Accounting Principles and is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers. Under the new rules, an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects to receive in exchange for the goods or services. The rules also require more detailed disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including significant judgments and changes in judgments. ASU No. 2014-09 allows for both retrospective and prospective methods of adoption. These rules are effective for the Company for annual periods beginning after December 15, 2018. ASU 2014-09 also allows non-public companies the option to early adopt for fiscal years beginning after December 15, 2016. The Company does not expect this new guidance to have a material impact on the Company’s consolidated results of operations or consolidated financial position.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial statements – Going Concern (Subtopic) 205-40: Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern*. This guidance requires an entity to evaluate, at each interim and annual period, whether there are conditions or events that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the date the financial statements are issued (or are available to be issued) and to provide related disclosures, if applicable. The new guidance is effective for annual periods ending after December 15, 2016 and for interim and annual periods thereafter. Early adoption is permitted. The Company does not expect this new guidance to have a material impact on the Company’s consolidated results of operations or consolidated financial position.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740), Balance Sheet Classification of Deferred Taxes*. The amendments under the new guidance require that deferred tax assets and liabilities be classified as noncurrent in a classified statement of financial position. The guidance is effective for financial statements issued for annual periods, beginning after December 15, 2017, and interim periods within those annual periods. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. The amendments in this ASU may be applied either prospectively to all deferred tax assets and liabilities

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

or retrospectively to all periods presented. The Company has early adopted this guidance effective December 31, 2015 on a retrospective basis. The adoption of this update did not have a material impact on the Company's consolidated results of operations or consolidated financial position.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs (ASU 2015-03)*. ASU No. 2015-03 amends the guidance within ASC Topic 835, "Interest", to require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt premiums and discounts. The new guidance is effective for annual periods beginning after December 15, 2015, and is required to be applied retroactively. Early adoption is permitted. In August 2015, the FASB further clarified their views on debt costs incurred in connection with a line of credit arrangement by issuing ASU No. 2015-15, *Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements (ASU 2015-15)*. ASU No. 2015-15 amends the guidance within ASC Topic 835, "Interest", to allow an entity to defer and present debt issuance costs associated with a line of credit arrangement as an asset, regardless of whether there are any outstanding borrowings on the line of credit arrangement. The adoption of this update is not expected to have a material impact on the Company's consolidated results of operations or consolidated financial position.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This update requires the recognition of lease assets and lease liabilities on the balance sheet and the disclosure of key information about leasing arrangements. The guidance is effective for financial statements issued for annual periods, beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. The adoption of this update is not expected to have a material impact on the Company's consolidated results of operations or consolidated financial position.

3. Acquisitions and Dispositions

The Company completed the acquisition of five utility systems in 2015 and six utility systems in 2014 for a combined purchase price of \$3,162 and \$3,437, respectively, which was paid in cash and approximated the respective fair values of the assets acquired. These transactions met the definition of a business combination as defined in Accounting Standards Codification ("ASC") 805, *Business Combinations*. The purchase price was primarily allocated to property, plant and equipment and related accounts. A plant acquisition adjustment was recognized to the extent that the purchase price differed from the depreciated original cost of the acquired assets. Accordingly, no goodwill was recognized as a result of these transactions.

In 2014, the Company (or one of its subsidiaries) sold utility systems with a combined net book value of \$9,277 that resulted in the recognition of a loss on the sale of \$1,274. The utility systems that were sold represented approximately two percent of the Company's total assets.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

4. Property, Plant and Equipment

The components of property, plant and equipment at December 31, are as follows:

	2015	2014
Plant in service		
Water	\$ 462,710	\$ 444,270
Wastewater	407,506	383,068
Other	47,347	45,079
Total	917,563	872,417
Plant under construction	6,411	6,988
Accumulated depreciation	(166,261)	(156,243)
Plant acquisition adjustments, net	(19,200)	(21,860)
Property, plant and equipment, net	\$ 738,513	\$ 701,302

5. Accounts Receivable

The components of accounts receivable at December 31, are as follows:

	2015	2014
Billed utility revenue	\$ 12,348	\$ 10,465
Unbilled utility revenue	7,147	5,833
Total	19,495	16,298
Less allowance for doubtful accounts	1,377	1,198
Accounts receivable, net	\$ 18,118	\$ 15,100

The following table summarizes the activity of the allowance for doubtful accounts for the years ended December 31:

	2015	2014
Balance at January 1,	\$ 1,198	\$ 1,014
Amounts charged to expense	883	861
Amounts written off	(704)	(677)
Balance at December 31,	\$ 1,377	\$ 1,198

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

6. Goodwill

In 2014, the Company was reorganized into six business units. Each business unit meets the definition of an operating segment and is considered a reporting unit for goodwill impairment testing purposes. Because of the change in reporting, a quantitative assessment was performed at a reporting unit level at December 31, 2014. The fair value of each reporting unit was estimated using recent comparable transactions in the water utility sector. The estimated fair value of each reporting unit exceeded its carrying amount.

Goodwill of \$285, associated with a utility system that was sold in 2014, was written-off and included in determining the net loss on disposal.

A qualitative goodwill impairment test was performed at a reporting unit level at December 31, 2015, which indicated that it was not more likely than not that the fair values of the Company's reporting units were less than their carrying values and, therefore, quantitative tests were not performed.

There were no changes in the carrying amounts of goodwill during 2015 and there are no accumulated impairment losses.

7. Regulatory Assets and Deferred Charges

The components of regulatory assets and deferred charges at December 31, are as follows:

	2015	2014
Regulatory assets		
Rate case filing expenses	\$ 7,169	\$ 6,693
Deferred income taxes recoverable through rates	3,310	2,938
Total	\$ 10,479	\$ 9,631
	2015	2014
Deferred charges		
Debt acquisition cost	\$ 1,225	\$ 1,001
Maintenance and testing	4,460	3,716
Other	3,859	4,039
Total	\$ 9,544	\$ 8,756

The regulatory assets related to deferred income taxes will be adjusted as the amounts reverse and are included in income tax expense for regulatory purposes. Other regulatory assets and deferred charges are being amortized over periods that typically range from 3 to 5 years, corresponding to the period of rate recovery.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

8. Debt

Lines of Credit

At December 31, 2014, the Company had a \$40,000 unsecured revolving credit facility with a maturity date of April 3, 2017. Borrowings under this credit facility bear interest at the existing prime rate or LIBOR plus a spread of between 125 and 200 basis points (depending on the Company's debt to capitalization ratio), at the option of the Company.

On October 23, 2015, the Company entered into a new \$80,000 revolving credit facility with a maturity date of October 23, 2020. Borrowings under this credit facility bear interest at the existing prime rate or LIBOR plus a spread of between 120 and 200 basis points (depending on the Company's debt to capitalization ratio), at the option of the Company. Under the terms of the credit facility, the Company is subject to financial covenants, which consist of a debt to capitalization ratio and a minimum interest coverage ratio.

Outstanding borrowings under the credit facilities were \$17,000 and \$2,300 at December 31, 2015 and 2014, respectively, and were classified as non-current. The Company also has letters of credit outstanding against the credit facilities in the amount of \$4,949 and \$6,069 at December 31, 2015 and 2014, respectively. During 2015 and 2014, the Company was in compliance with the financial covenants of the credit facilities.

Long-term Debt

In July 2006, the Company entered into a Master Note Purchase Agreement for the issuance, in series, of collateral trust notes in an aggregate amount of up to \$400,000. The initial issuance of \$180,000 6.58% notes are due July 21, 2036. Interest is payable semi-annually in January and July. Annual principal payments of \$9,000 are due beginning in 2017 and continue through 2036.

The common stock and indebtedness of subsidiary companies have been pledged as collateral for the long-term debt.

The fair value of the term notes, which is classified as Level 2, has been determined by discounting the future cash flows using current market interest rates for similar financial instruments of the same duration. The recorded value of the revolving credit facility is considered to approximate its fair value based on its short-term nature.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

The following table summarizes the carrying amounts and fair value of long-term debt at December 31:

	2015	2014
Term Notes		
Carrying value	\$ 180,000	\$ 180,000
Fair value	233,199	242,712
Revolving Credit Facility		
Carrying value	17,000	2,300
Fair value	17,000	2,300

The following table summarizes the maturity of the Company's long-term debt over the next five years and thereafter:

	Amount
Year ended December 31,	
2016	\$ -
2017	9,000
2018	9,000
2019	9,000
2020	26,000
Thereafter	144,000
Total	\$ 197,000

9. Regulatory Liabilities

In connection with the sale of a utility system in 2012, the local utility commission ruled that a portion of the gain on sale should flow back to ratepayers. A regulatory liability was recognized for \$2,743 based on the final rate order. The amortization period began in March 2014 and was scheduled to extend through January 2017. The Company recorded amortization of \$957 and \$771 for the years ended December 31, 2015 and 2014, respectively.

In the subsequent rate case that was finalized in December 2015, the local utility commission determined that the remaining regulatory liability of \$1,015 should be amortized over a three-year period beginning January 1, 2016.

In 2015, the Company established other regulatory liabilities of \$393 that will amortize over three-year periods beginning at various dates that are dependent upon the timing of future rate filings.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

10. Dividends

During 2015 and 2014, the Company paid quarterly dividends of \$1,625 to Corix Utilities. The dividends were funded by a combination of cash flows from ongoing operations and short-term borrowings.

In June 2014, the Company paid an additional dividend of \$5,800 to Corix Utilities, which was funded by the proceeds from the sale of certain of the Company's utility systems.

11. Parent Contribution

In December 2015 and 2014, the Company received capital contributions of \$10,000 and \$15,000, respectively, from Corix Utilities, which was used to fund ongoing capital projects and acquisitions.

12. Employee Benefit Plans

The Company maintains a 401(k) plan. Under the terms of the plan, the Company will match fifty cents on every dollar contributed by participants up to a maximum contribution equal to 3% of eligible compensation per participant or to the maximum permitted by law. The Company match expense was \$333 and \$321 for the years ended December 31, 2015 and 2014, respectively. The plan also includes a non-elective Company contribution made annually on 4% of eligible wages. The non-elective contribution was \$878 and \$841 for the years ended December 31, 2015 and 2014, respectively.

13. Income Taxes

The provision for (benefit from) income taxes related to operations for the years ended December 31, is as follows:

	2015	2014
Current		
Federal	\$ (27)	\$ 164
State and local	303	626
Deferred		
Federal	8,494	4,442
State and local	788	(187)
Provision for income taxes	\$ 9,558	\$ 5,045

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

A reconciliation of the statutory federal income tax rate to the effective income tax rate for the years ended December 31, is as follows:

	2015	2014
Statutory federal income tax rate	34.0%	34.0%
State income taxes, net of federal tax benefit	4.9	2.6
Valuation allowance on state net operating losses	(0.9)	(1.3)
Equity component of AFUDC, not subject to tax	(0.5)	(0.4)
Amortization of investment tax credits	(0.1)	(0.3)
Rate changes	8.8	(0.1)
Uncertain tax position	(0.2)	2.1
True up prior year balances	-	2.1
Other	0.5	1.1
Effective income tax rate	46.5%	39.8%

The deferred tax assets and liabilities are attributable to the following components at December 31:

	2015	2014
Deferred tax assets		
State net operating losses	\$ 2,306	\$ 2,294
Federal net operating losses	9,760	6,945
Valuation allowances related to state net operating losses	(550)	(722)
Regulatory liabilities	544	747
Bad debt	534	454
Other	850	887
Total	\$ 13,444	\$ 10,605
Deferred tax liabilities		
Plant-related differences	\$ 62,387	\$ 51,076
Deferred charges	6,052	5,482
Regulatory assets	3,310	2,938
Organizational costs	3,080	3,101
Total	\$ 74,829	\$ 62,597
Net deferred tax liability	\$ 61,385	\$ 51,992

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

The accumulated deferred tax liability attributed to regulatory assets reflects the probable future regulatory treatment afforded certain temporary differences such as the tax effect of investment tax credits, the equity component of AFUDC and other regulatory actions.

The federal net operating loss carry forward of \$28,704 will expire in 2033 and 2035. A deferred tax asset related to state net operating losses, which vary in different amounts over different periods, has been recorded. The state net operating losses of \$60,010 expire generally between 2016 and 2035. Alternative minimum tax credits can be carried forward indefinitely.

State income tax returns are generally subject to examination for a period of three to four years after the filing of the respective returns. The state impact of amended federal returns remain subject to examination by various states for a period of up to one year after formal notification of such amendments to the states. The consolidated federal income tax returns of Corix Infrastructure (US) Inc., of which the Company is a part of, remain subject to examination by the Internal Revenue Service for tax years 2012, 2013 and 2014.

The Company evaluates the realizability of its deferred tax assets on an annual basis. A valuation allowance is established when it is "more likely than not" that all or a portion of deferred tax assets will not be realized. The Company has established a valuation allowance related to certain of its state net operating losses based on estimates of future taxable income in these jurisdictions.

In evaluating its various tax filing positions, the Company records tax benefits only if management determines that they are more likely than not to be realized. Adjustments are made to the Company's liability for unrecognized tax benefits in the period in which an issue is settled with the respective tax authorities, the statute of limitations expires for the return containing the tax position or when new information becomes available.

At December 31 2015 and 2014, the Company recorded an intercompany payable to its parent of \$2,702 that represents its use of net operating losses from other members of the consolidated federal income tax group offset by the Company's alternative minimum tax credit used by those members.

14. Commitments and Contingencies

Operating Leases

The Company leases office space in various buildings for its own use. Most of the lease terms are for relatively short periods, many of which are less than two years. The Company also leases parcels of land on which treatment plants and other facilities are situated. These land leases expire at various dates through 2085. Rent expense, for both office and land, was \$416 and \$387 for the years ended December 31, 2015 and 2014, respectively.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Minimum future lease payments due in each of the next five years and thereafter are as follows:

	Office Leases	Land Leases	Total
Year ended December 31,			
2016	\$ 213	\$ 59	\$ 272
2017	131	30	161
2018	44	1	45
2019	32	2	34
2020	33	2	35
Thereafter	43	313	356
Total	\$ 496	\$ 407	\$ 903

Litigation

The Company is subject to various claims and other litigation matters arising in the ordinary course of business. Some of these matters are covered by insurance. Although the Company's ultimate liability in these matters cannot be determined, based upon information currently available, the Company believes that the resolution of such claims and litigation will not have a material adverse effect on its financial condition, results of operations or liquidity.

Contingencies

In the normal course of business, the Company may enter into agreements with real estate developers related to the provision of water and/or wastewater service. These agreements may require payments to these developers that are contingent upon the number of customers added to the systems of the various operating companies. Connection charges are collected from customers as they sign up for service. Amounts due to developers are accrued as new customers are added. Amounts paid to developers were \$77 and \$100 for the years ended December 31, 2015 and 2014, respectively.

Potential future asset retirement costs relating to certain water and wastewater properties have been identified. However, the Company has determined that it does not have any legal obligations to retire assets. In addition, the Company intends on using its assets indefinitely. Therefore, the Company has not recognized a liability for these potential asset retirement costs at December 31, 2015.

On January 14, 2015, the Congaree Riverkeeper, Inc. filed an action against Carolina Water Service, Inc. ("CWS"), a subsidiary of the Company, in the United States District Court for the District of South Carolina. The action alleges violations of the Federal Clean Water Act with respect to the operation of the wastewater treatment facility located in Lexington County, South Carolina. Specifically, the claims made in this civil action allege that CWS has violated the terms of its National

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Pollutant Discharge Eliminations System (“NPDES”) permit because (A) it has not eliminated the treated wastewater discharge by CWS from the facility into its receiving stream, the Lower Saluda River, by connecting to facilities owned by the Town of Lexington and (B) it has on occasion discharged treated wastewater into such stream which exceeded the discharge constituent permit limits set out in the CWS NPDES permit. The relief sought by the complaint in the action includes a request that the court impose a civil penalty of up to \$37.5 per violation per day for nineteen violations that occurred during different time periods between January of 2009 and May of 2013. The number of days a violation is alleged to have persisted will be a matter that is required to be litigated and is therefore currently unknown to CWS. CWS disputes that a basis exists for the imposition of penalties by the District Court under the Clean Water Act for the matters alleged in the action and intends to vigorously contest the allegations described in the complaint. The Company believes that the likelihood of an unfavorable outcome in this matter is not probable and that the amount of any potential loss cannot be reasonably estimated.

15. Subsequent Events

The Company has evaluated events and transaction subsequent to the balance sheet date through March 9, 2016, the date the financial statements were available to be issued. Based on this evaluation, the Company is not aware of any additional events or transactions that occurred subsequent to the balance sheet date but prior to March 9, 2016 that would require recognition or disclosure in its Consolidated Financial Statements.

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

21. Reference Case No. 2013-00237, Order dated July 24, 2014, page 30. Has WSCK complied with ordering paragraph 20 of the Final Order in Case No. 2012-00133, requiring WSCK to hold annual public meetings with its ratepayers in Clinton and Middlesboro? If so, provide complete details. If not, why not?

Response:

No, however this issue was addressed in Case No. 2014-00272. Please see the attached order. WSCK has held annual public meetings in Clinton and Middlesboro from 2014 to the present.

Witness: Stephen Vaughn

AG DR 1-21
20150202 PSC Order

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF THE FAILURE OF WATER)	
SERVICE CORPORATION OF KENTUCKY TO)	CASE NO.
HOLD ANNUAL PUBLIC MEETINGS IN THE)	2014-00272
CITIES OF CLINTON AND MIDDLESBORO)	

ORDER

On August 7, 2014, the Commission issued an Order directing Water Service Corporation of Kentucky ("WSCK") to show cause why it should not be subject to the penalties prescribed in KRS 278.990(1) for WSCK's failure to comply with the Commission's August 13, 2012 Order in Case No. 2012-00133¹ by not hosting annual public meetings in the cities of Clinton and Middlesboro, Kentucky. WSCK filed a response on August 27, 2014. The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General") is the only intervenor in this case.

The Commission held an evidentiary hearing in this matter on November 6, 2014. Testifying at the hearing were: Jeff Derouen, executive director of the Public Service Commission; Kathy Gillum, paralegal with the Public Service Commission; Steven M. Lubertozzi, WSCK president; and M. Todd Osterloh, counsel for WSCK.

WSCK and the Attorney General simultaneously filed post-hearing briefs on November 26, 2014. In his post-hearing brief, the Attorney General states that in

¹ Case No 2012-00133, *Joint Application of Corix Utilities (Illinois) LLC; Hydro Star, LLC; Utilities, Inc.; and Water Service Corporation of Kentucky for the Transfer and Acquisition of Control Pursuant to KRS 278.020*, Final Order (Ky. PSC Aug. 13, 2012).

addition to assessing a penalty against WSCK, Mr. Osterloh should “be fined . . . due to his efforts to both aid and abet the [utility’s] violation of the Commission’s 2012 Order.”²

BACKGROUND

On August 13, 2012, the Commission entered an Order in Case No. 2012-00133 approving the transfer of control of WSCK from Hydro Star, LLC to Corix Utilities (Illinois) LLC and Corix Infrastructure Inc. through Corix Utilities (Illinois) LLC’s acquisition of ownership and control of Hydro Star, LLC.³ Ordering paragraph 20 of the August 13, 2012 Order states:

To provide a forum for customers to communicate with utility management, Corix Utilities and Utilities, Inc. shall host annual public meetings in Clinton and Middlesboro, Kentucky, at which the senior officers from the regional office of Utilities, Inc. that oversees [WSCK’s] operations will attend and participate.⁴

Additionally, paragraph 16 in the Appendix to the August 13, 2012 Order states:

Corix Utilities and Utilities, Inc. will host annual public meetings in Clinton and Middlesboro to provide a forum for customers to communicate with utility management.⁵

Pursuant to ordering paragraph 2 of the August 13, 2012 Order,⁶ written acknowledgement, acceptance, and agreement to be bound by the commitments set forth in the Appendix to the August 13, 2012 Order in Case No. 2012-00133 were filed on behalf of Corix Infrastructure, Inc., Corix Utilities (Illinois) LLC., Utilities, Inc., and

² Attorney General’s Post Hearing Brief at 11 (filed Nov. 26, 2014).

³ Case No. 2012-00133, Final Order (Ky. PSC Aug. 13, 2012).

⁴ *Id.* at 11.

⁵ *Id.*, Appendix at 3.

⁶ *Id.* at 8.

WSCK on August 20, 2012.⁷ These commitments included Commitment 16, in which Corix Utilities (Illinois), LLC and Utilities, Inc. agreed to “host annual public meetings in Clinton and Middlesboro to provide a forum for customers to communicate with utility management.”⁸ The transfer of WSCK as approved in the August 13, 2012 Order in Case No 2012-00133 did not close until December 18, 2012.⁹

WSCK filed an application for a rate increase in Case No. 2013-00237 on September 27, 2013.¹⁰ Testimony during the April 9, 2014 evidentiary hearing in the rate case¹¹ revealed that WSCK had not held any public meetings in the cities of Clinton or Middlesboro since entry of the August 13, 2012 Order in Case No. 2012-00133.¹²

PROCEDURE

In its August 27, 2014 Response, WSCK acknowledged its failure to timely host annual public meetings, but claimed that it could not be penalized under KRS

⁷ *Id.*, Acknowledgement and Acceptance of the Commitments Identified in Commission’s Final Order by Corix Infrastructure, Inc. (filed Aug. 20, 2012).

⁸ *Id.*, Appendix at 3 (Ky. PSC Aug. 13, 2012).

⁹ *Id.*, Letter from M. Todd Osterloh, Sturgill, Turner, Barker & Moloney, PLLC, to Jeff Derouen, Executive Director Public Service Commission (filed Dec. 26, 2012).

¹⁰ Case No. 2013-00237, *Application of Water Service Corporation of Kentucky for an Adjustment of Rates* (filed Sept. 27, 2013).

¹¹ *Id.*

¹² *Id.*, Apr. 9, 2014 Hearing, Video Transcript at 15:41:40 – 15:45:59.

278.990(1)¹³ because its action was not willful. In support of WSCK's claim, Mr. Osterloh filed an affidavit on October 29, 2014, detailing the actions taken on behalf of WSCK regarding scheduling of the required annual meetings.

In his Affidavit, Mr. Osterloh explained that on November 19, 2013, he discussed with Gerald Wuetcher, Commission Staff executive advisor/attorney, a proposal that WSCK host its required annual public meetings in the cities of Clinton and Middlesboro on the same day as any public meetings held by the Commission in those cities on the then-pending rate case. Per Mr. Osterloh's Affidavit, Mr. Wuetcher instructed Mr. Osterloh to send a letter to the Commission's executive director outlining Mr. Osterloh's proposal. Attached to Mr. Osterloh's Affidavit is a copy of electronic correspondence from Mr. Osterloh to Mr. Lubertozi dated November 19, 2013,¹⁴ that purportedly relays the content of Mr. Osterloh's conversation with Mr. Wuetcher.

¹³ KRS 278.990(1) states:

Any officer, agent, or employee of a utility, as defined in KRS 278.010, and any other person who willfully violates any of the provisions of this chapter or any regulation promulgated pursuant to this chapter, or fails to obey any order of the commission from which all rights of appeal have been exhausted, or who procures, aids, or abets a violation by any utility, shall be subject to either a civil penalty to be assessed by the commission not to exceed two thousand five hundred dollars (\$2,500) for each offense or a criminal penalty of imprisonment for not more than six (6) months, or both. If any utility willfully violates any of the provisions of this chapter or any regulation promulgated pursuant to this chapter, or does any act therein prohibited, or fails to perform any duty imposed upon it under those sections for which no penalty has been provided by law, or fails to obey any order of the commission from which all rights of appeal have been exhausted, the utility shall be subject to a civil penalty to be assessed by the commission for each offense not less than twenty-five dollars (\$25) nor more than two thousand five hundred dollars (\$2,500). Each act, omission, or failure by an officer, agent, or other person acting for or employed by a utility and acting within the scope of his employment shall be deemed to be the act, omission, or failure of the utility.

¹⁴ Electronic mail dated November 19, 2013 from M. Todd Osterloh, Sturgill, Turner, Barker & Moloney, PLLC to Steve Lubertozi, president, WSCK (filed Oct. 29, 2014 as Exhibit 1).

Attached to Mr. Osterloh's October 29, 2014 Affidavit is a copy of his December 3, 2013 Letter addressed to Mr. Derouen¹⁵ inquiring if the Commission intended to hold public meetings in the cities of Clinton or Middlesboro in relation to the then-pending rate case, Case No. 2013-00237. Mr. Osterloh stated in his December 3, 2013 Letter that the Commission did hold public meetings in the cities of Clinton and Middlesboro for WSCK's two prior rate cases.

Mr. Osterloh indicated in his December 3, 2013 Letter his anticipation that any public meetings held by the Commission in relation to the then-pending rate case would not be held until March or early April 2014. Mr. Osterloh proposed that WSCK host its annual public meetings required by the August 13, 2012 Order in Case No. 2012-00133 on the same day as any public meetings the Commission intended to hold in the cities of Clinton or Middlesboro in relation to the then pending rate case. The purpose of Mr. Osterloh's proposal, as stated in his December 3, 2013 Letter, was to prevent two meetings from being held approximately three months apart in which the subject of the meetings would likely involve the proposed rate increase. Mr. Osterloh concluded his December 3, 2013 Letter by requesting he be advised whether his proposal was acceptable to the Commission and Commission Staff. Although the Attorney General was a party in Case No. 2012-00133, Mr. Osterloh did not copy the Attorney General on the December 3, 2013 Letter.

Also attached to Mr. Osterloh's October 29, 2014 Affidavit was a copy of electronic correspondence between Mr. Osterloh and James R. Wood, staff attorney for

¹⁵ Letter dated December 3, 2013, sent via electronic mail and United States Postal Service, from M. Todd Osterloh, Sturgill, Turner, Barker & Moloney, PLLC, to Jeff Derouen, Executive Director, Public Service Commission (filed Aug. 27, 2014, as Exhibit 1, and Oct. 29, 2014, as Exhibit 2).

the Commission. In a December 3, 2013 electronic mail, Mr. Wood indicated that Mr. Osterloh's proposal was being discussed, and that Mr. Wood would "get back with [Mr. Osterloh] later on that issue."¹⁶

In its August 27, 2014 Response to the Commission's Order initiating this show cause proceeding, WSCK advised that it hosted a public meeting in the city of Clinton on June 17, 2014, and in the city of Middlesboro on July 10, 2014. A copy of the sign in sheet for each meeting was attached to WSCK's August 27, 2014 Response.

During the November 6, 2014 Hearing, Mr. Derouen acknowledged that he never responded to Mr. Osterloh's December 3, 2013 Letter.¹⁷ Mr. Derouen further stated that he had no authority to waive a requirement of an order issued by the Commission.¹⁸ Mr. Derouen indicated that the proper method to waive a requirement of an order issued by the Commission is to file a motion, and that no motion was filed in Case No. 2012-00133 regarding the requirement for WSCK to host annual public meetings in the cities of Clinton and Middlesboro.¹⁹

In its post-hearing brief, WSCK acknowledges it failed to further contact Commission Staff regarding a response to Mr. Osterloh's December 3, 2013 Letter.²⁰

¹⁶ Electronic mail dated December 3, 2013 from James R. Wood, Public Service Commission, to M. Todd Osterloh, Sturgill, Turner, Barker & Moloney, PLLC (filed Aug. 27, 2014 and Oct. 29, 2014 as Exhibit 2).

¹⁷ Nov. 6, 2014 Hearing, Video Transcript at 10:42:59 – 10:43:12.

¹⁸ *Id.* at 10:43:18 – 10:43:32.

¹⁹ *Id.* at 10:48:10 – 10:48:39.

²⁰ WSCK's Post Hearing Brief at 4 (filed Nov. 26, 2014).

WSCK further acknowledges that the Commission did not hold public hearings in the cities of Clinton or Middlesboro regarding Case No. 2013-00237.²¹

FINDINGS

The Commission does not take the failure to comply with a Commission Order lightly; however, after consideration of the evidence of record and being otherwise advised, finds that:

1. The term “annual” is not defined in the August 13, 2012 Order in Case No. 2012-00133.

2. The transfer as authorized in Case No. 2012-00133 did not close until December 18, 2012.

3. Based on the language in the August 13, 2012 Order in Case No. 2012-00133, WSCK should have hosted one public meeting in the city of Clinton and one public meeting in the city of Middlesboro during the 2013 calendar year.

4. Prior to the close of 2013, Mr. Osterloh, on behalf of WSCK, requested information from Commission Staff regarding the proper procedure to propose that WSCK's required 2013 annual public meetings be held on the same day as any meeting the Commission might hold in March or early April 2014 in the then pending rate case.

5. A Commission Staff member advised Mr. Osterloh to write a letter to the Commission's executive director proposing that WSCK host its required 2013 annual public meetings in the cities of Clinton and Middlesboro on the same day as any public meeting that might be held by the Commission in March or early April 2014 regarding the then-pending rate case.

²¹ *Id.* at 2.

6. Mr. Osterloh, as counsel for WSCK, sent a letter on December 3, 2013, to the Commission's executive director, as instructed by a Commission Staff member, proposing that WSCK host its required 2013 annual public meetings in the cities of Clinton and Middlesboro on the same day as any public meeting that might be held by the Commission in March or early April 2014 regarding the then-pending rate case.

7. Mr. Osterloh concluded his December 3, 2013 Letter by requesting that he be advised whether his proposal was acceptable to the Commission and Commission Staff.

8. On December 3, 2013, a Commission Staff member acknowledged receipt of Mr. Osterloh's proposal, indicated that the proposal was being discussed, and further indicated that a response would be forthcoming.

9. A response was never sent to Mr. Osterloh indicating whether the proposal in his December 3, 2013 Letter was acceptable to the Commission or Commission Staff.

10. WSCK's reliance on the Commission Staff member's December 3, 2013 acknowledgement of WSCK's proposal and indication that a response would be forthcoming was reasonable.

11. Based on WSCK's reasonable reliance on a Commission Staff member's December 3, 2013 documented correspondence that WSCK's proposal to host its required 2013 public meeting on the same day as any public meeting that might be held by the Commission in March or early April 2014 was being considered and that a response would be forthcoming, WSCK's failure to host public meetings in the cities of

Clinton or Middlesboro during 2013 is not a willful violation of the August 13, 2012 Order in Case No. 2012-00133.

12. The actions taken by Mr. Osterloh in his representation of WSCK relating to WSCK's obligation to host annual public meetings in the cities of Clinton and Middlesboro do not constitute a willful violation of the August 13, 2012 Order in Case No. 2012-00133.

13. The August 13, 2012 Order in Case No. 2012-00133 does not require WSCK to copy the Attorney General on correspondence between WSCK and Commission Staff regarding WSCK's proposal to delay hosting the 2013 public meetings required by the August 13, 2012 Order until March or early April, 2014 when the Commission might hold public meetings relating to the then pending rate case.

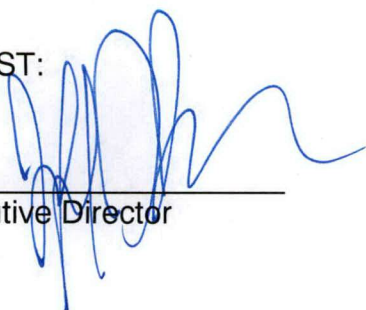
14. Based on the findings above that there are no willful violations of the August 13, 2012 Order in Case No. 2012-00133, the Commission further finds that no basis exists to impose any penalty on WSCK or Mr. Osterloh under KRS 278.990(1).

IT IS THEREFORE ORDERED that:

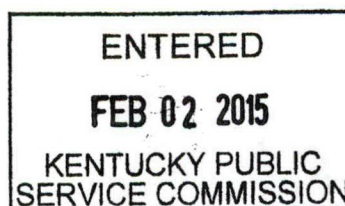
1. No penalty shall be imposed on WSCK under KRS 278.990(1).
2. No penalty shall be imposed on Mr. Osterloh under KRS 278.990(1).
3. This case is closed and removed from the Commission's docket.

By the Commission

ATTEST:



Executive Director



Gregory T Dutton
Assistant Attorney General
Office of the Attorney General Utility & Rate
1024 Capital Center Drive
Suite 200
Frankfort, KENTUCKY 40601-8204

James Leonard
Regional Manager
Water Service Corporation of Kentucky
1221 East Cumberland Avenue
Middlesboro, KY 40965

M. Todd Osterloh
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KENTUCKY 40507

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

22. Identify and provide a breakdown of any and all advertising and charitable expenses for which WSCK seeks recovery in the instant case.

Response:

Please see the attached file "Response to AG DR 1-22 (Advertising)".

Witness: Rob Guttormsen

AG DR 1-22
Advertising

3057933

RECEIVED

002INV.csv-4452-000001114


West
Middlesboro Daily News
PO Box 690
Miamisburg, OH 45343

JUL 06 2017

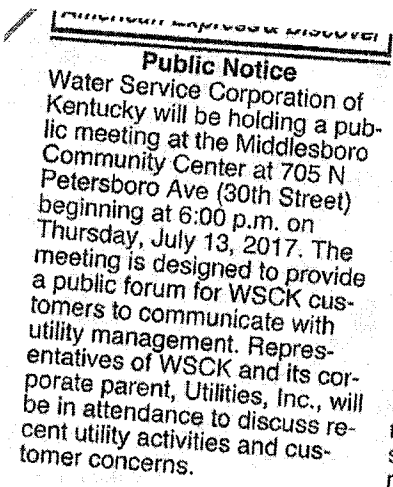
ADVERTISING INVOICE / STATEMENT

1/1

004452 000001114

BILLED ACCOUNT	
	
STEVE VAUGHN WATER SERVICE CORP. OF KY 102 WATER PLANT PO BOX 818 MIDDLESBORO KY 40965-0818	

ACCOUNT #	
00161119	
NAME OF AGENCY/CLIENT	
Water Service Corp. of KY 102 Water Plant Road	

DATE	TRANS #	DESCRIPTION-AD NUMBER	INS	SAU	UNITS	RATE	AMOUNT
06/28/2017	301956472	Balance Forward					0.00
		728-public meeting 7/13/17 - 60726509 728-public meeting	1	1 x 1.9	1.90	33.61	69.00
		 <p>Public Notice Water Service Corporation of Kentucky will be holding a public meeting at the Middlesboro Community Center at 705 N. Petersboro Ave (30th Street) beginning at 6:00 p.m. on Thursday, July 13, 2017. The meeting is designed to provide a public forum for WSCK customers to communicate with utility management. Representatives of WSCK and its corporate parent, Utilities, Inc., will be in attendance to discuss recent utility activities and customer concerns.</p>	BU#345102		Batch		
					Doc	877739	

Current	AGING			
	1-30	31-60	61-90	91+
\$ 69.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

TOTAL NET AMOUNT DUE
\$ 69.00

PLEASE RETURN THIS PORTION WITH YOUR REMITTANCE

If you desire to charge this amount to your credit card, please complete the following information and return to the address below: Visa Mastercard Discover

Acct# _____ Exp Date: _____

Signature _____

ACCOUNT TYPE	ACCOUNT #	BILLED ACCOUNT NAME	AMOUNT REMITTED
RETL	00161119	Water Service Corp. of KY 102 Water Plant	

REMIT TO
Middlesboro Daily News PO Box 690 Miamisburg, OH 45343 Phone: 606-248-1010 Fax: 606-248-7614

Payment in full is due upon receipt of the statement. A service charge on all balances over 30 days will be computed by a 'Periodic Rate' of 1-1/2% per month, which is an ANNUAL PERCENTAGE RATE OF 18%, this applies to the previous balance after deducting current payments and credits appearing on your statement.

ADVERTISING INCLUDES DIGITIZATION SEARCH ENGINE OPTIMIZATION (SEO)

0211110016111900006900000000000000

Annette Zavilla

From: Stephen R. Vaughn
Sent: Thursday, July 06, 2017 7:26 AM
To: Annette Zavilla
Cc: James Leonard
Subject: Civitas Media Invoice
Attachments: Civitas Media Invoice.pdf

Good Morning Annette,

Attached is an invoice from Civitas Media, owners of the local newspaper in Middlesboro. I put a copy of the ad on the invoice.

Have a great day!

Stephen Vaughn
Lead Operator
Utilities, Inc.
102 Water Plant Road
Middlesboro, KY 40965
P 606-248-2306
F 606-248-0180
M 606-269-1533
srvaughn@uiwater.com

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

23. State the uncollectible rate WSCK used to calculate uncollectible expense.
- a. Explain how WSCK determined this was the appropriate rate to use.
 - b. Since the last WSCK general rate case, what additional steps has WSCK taken to limit uncollectible accounts?

Response:

- a. The uncollectible rate WSCK used to calculate uncollectible expense is calculated by dividing test year Uncollectible Expense by test year Service Revenues, or $\$39,271 \div \$2,414,588$, which equals approximately 1.63%. The Company has adjusted test year bad debt for the reclassification of Ambleside fire hydrant charges assuming that the Commission approves the reclassification. Since Ambleside was not previously paying the hydrant charges, bad debt expense was higher, if the Commission approves the fire hydrant part of the cost of service study these accounts will no longer need to be written off to bad debt expense. If the hydrant reclassification is not approved, bad debt should not be adjusted.
- b. WSCK has taken additional steps since the last general rate case to limit the uncollectable accounts. For customers served by WSCK, Customer Service agents for UI are running the "Active Collections Process" report once per week. The agent will place courtesy calls to WSCK customers with past due accounts that have been already been issued a "10-day Collection Letter". After the courtesy call has been placed, the agent will follow up on the account to ensure the payment has been applied to the account or check the account to see if any further action is necessary to collect any past due payments owed to WSCK. Also, customers requesting new service must pay a deposit and set up fees prior to service being turned on

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

24. Provide a description and dollar amount for the three largest expense increases – in order from greatest to least – WSCK has incurred since their last general rate case.
- a. Explain any and all steps the Company has taken to mitigate such increases.

Response: Case No. 2015-00382 resulted in a black box settlement. Therefore, the Company lists the comparison from the per book 2015-00382 figures to the proforma figures in the immediate proceeding below.

1. Salaries – Approximately \$220,000. The Company has provided evidence in this case demonstrating the reasonableness of salaries expense included in its revenue requirement.
2. Capitalized time – Approximately \$152,000. The Company has justified its position regarding captime removal in this case previously.
3. Depreciation – Approximately \$127,000. The Company's depreciation expert has put forth new depreciation rates and has provided evidence supporting proposed rates.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

25. Is any portion of the Phoenix Project included in the Company's rate base or are costs expensed through Service Company charges? If the former, quantify the amount included in rate base. If the latter, provide the amount incurred by WSCK in each year since 2008.

Response: Project Phoenix is fully amortized so there is no net amount included in rate base.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

26. Provide the total amount of employee severance expenses in each of the last three years and as reflected in the filing.
- a. Provide the amount of any severance expense amortizations claimed in the filing and indicate when such costs were incurred and when any amortization will cease.

Response: There are none.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

27. Provide the total relocation expenses in each of the last three years and as reflected in the filing.

Response: There are none.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

28. Provide copies of the most recent actuarial reports for FAS 87 and FAS 106 costs.

Response: FAS 87 relates to pensions which the Company does not have. FAS 106 refers primarily to Retiree Health Insurance, which the Company does not offer.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

29. For each of the past five years, provide:
- a. the actual pension cost booked by the Company; and
 - b. the amount of any contributions to the pension fund.

Response: The Company does not offer pension benefits.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

30. For each of the last five years, provide:

- a. the actual post-retirement benefit cost booked by the Company;
- b. the amount of any contributions to a post-retirement benefit fund; and
- c. the amount actually paid out in OPEB benefits.

Response: The Company does not offer post-retirement benefits.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

31. Explain how the Company determines the respective employee and employer healthcare benefit contribution costs.

Response: Our benefits broker, Hays Companies, performs a weighted analysis of claims data for both current year and previous plan year claims. This data is used to determine a projected cost for an employee on the plan on a Per Employee, Per Month or PEPM basis. After the PEPM is forecasted for the upcoming plan year, we utilize benchmark data to determine the appropriate employee contribution. We have determined that 20% of the PEPM forecast is appropriate to set as the employee contribution for tier levels within the plan.

WSCK's Shared Services (WSC) benefits planning committee compares our employee out of pocket costs to other similarly situated companies and works closely with our healthcare broker to identify cost saving opportunities in our healthcare plan and implements those measures where appropriate. Below is a list of some of the programs and services that have been implemented with the goal to contain costs.

1. Teledoc—Allows members to call a doctor and be treated over the phone. This can reduce unnecessary emergency room and ready-care trips.
2. Benefits value advisor—Medical costs advisors available to our members to find less expensive treatment options.
3. Mail order medication (Rx and Go)—Offers low costs generic drugs to our members delivered to their home.
4. Spousal Surcharge—Program to discourage spouses of our employees from joining our plan if their employer offers them healthcare.
5. Risk pool management practices to incentivize high claimants to seek medical coverage elsewhere.
6. Wellness Plan—Program to encourage regular health reviews (physical and blood draw) with their doctor to catch and treat illnesses before they become more serious.
7. Step Therapy for newly prescribed medications—Members must try the generic, less expensive drug first before moving on to the more expensive option.
8. Prior Authorization Program – Require patients to use the drug as intended by the manufacturer and the FDA and requires patients to meet certain criteria before particular drugs are covered.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

32. Provide a list of all benefits offered to employees.

Response: Please see the attached files.

Witness: Rob Guttormsen

AG DR 1-32
Benefits Guides



Employee Benefits Guide



2013

Plan Year - 1/01/2013 - 12/31/2013

For Full Time Employees Only
Except where noted herein

Employee Benefit Summary/Contents Page

Benefit	Description	Cost to Employee/Requirement	Eligibility	Page															
Medical Insurance	Medical insurance provides cost-effective medical care through Blue Cross Blue Shield. The PPO plans feature a network of participating doctors, hospitals, and facilities to provide health care services to plan members at reduced rates.	<p>Monthly Employee Deductions</p> <p>The deductions below include a preventive incentive. See page 5 for details on how to qualify for the preventive incentive.</p> <table border="1"> <thead> <tr> <th></th> <th>Plan A</th> <th>Plan B</th> </tr> </thead> <tbody> <tr> <td>Employee Only</td> <td>\$95.00</td> <td>\$83.59</td> </tr> <tr> <td>Employee + Spouse</td> <td>\$249.30</td> <td>\$218.13</td> </tr> <tr> <td>Employee + Child(ren)</td> <td>\$209.82</td> <td>\$183.60</td> </tr> <tr> <td>Family</td> <td>\$363.56</td> <td>\$318.11</td> </tr> </tbody> </table>		Plan A	Plan B	Employee Only	\$95.00	\$83.59	Employee + Spouse	\$249.30	\$218.13	Employee + Child(ren)	\$209.82	\$183.60	Family	\$363.56	\$318.11	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Life Qualifying Event (LQE). Benefit begins on the 31st day of employment, the date of a LQE or January 1st for open enrollment. Enrollment form required and located in the HR folder on the UIWatermain.	4
	Plan A	Plan B																	
Employee Only	\$95.00	\$83.59																	
Employee + Spouse	\$249.30	\$218.13																	
Employee + Child(ren)	\$209.82	\$183.60																	
Family	\$363.56	\$318.11																	
Dental Insurance	Dental insurance provides cost-effective dental care through Delta Dental. While there are no restrictions on your choice of dentist, using a Delta network dentist enhances your benefit.	<p>Monthly Employee Deductions</p> <table border="1"> <tbody> <tr> <td>Employee Only</td> <td>\$10</td> </tr> <tr> <td>Employee + Spouse</td> <td>\$22.35</td> </tr> <tr> <td>Employee + Child(ren)</td> <td>\$16.76</td> </tr> <tr> <td>Family</td> <td>\$33.52</td> </tr> </tbody> </table>	Employee Only	\$10	Employee + Spouse	\$22.35	Employee + Child(ren)	\$16.76	Family	\$33.52	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Life Qualifying Event (LQE). Benefit begins on the 31st day of employment the date of a LQE or January 1st for open enrollment. Enrollment form required and located in the HR folder on the UIWatermain.	6							
Employee Only	\$10																		
Employee + Spouse	\$22.35																		
Employee + Child(ren)	\$16.76																		
Family	\$33.52																		
Vision Insurance	Vision insurance is provided through Vision Service Plan. Many services from a network provider are covered in full after a nominal co-pay.	This is a Company paid benefit contingent upon your enrollment into a medical plan.	Benefit begins on the day Medical Insurance is effective. Automatic enrollment with enrollment into a medical plan.	7															
Flexible Spending Account (FSA)	UI provides a FSA program designed to save you money on out-of-pocket expenses incurred for health and dependent care. Employees can save up to 30% on eligible expenses by using tax-free dollars.	Employees may contribute pre-tax dollars, through payroll, up to \$2,500 for health care expenses and up to \$5,000 for dependent care expenses.	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Life Qualifying Event (LQE). Benefit begins on the 31st day of employment, the date of a LQE or January 1st for open enrollment. Enrollment form required and located in the HR folder on the UIWatermain.	7															
Life and Accidental Death and Dismemberment (AD&D) Insurance	Life and AD&D insurance through MetLife provides financial aid for your family if you die or are seriously injured in an accident. The life benefit equates to 1.5 times your annual salary plus \$10,000. The AD&D benefit is the same amount.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	8															
Short-Term Disability Benefit	The short-term disability (STD) benefit provides 100% of your pre-disability base income if you are unable to work due to illness or injury. The duration of the benefit is based upon your years of service.	This is a Company paid benefit.	Automatic enrollment after one year of employment.	8															
Long-Term Disability Benefit	The long-term disability benefit provides income to employees who are disabled beyond six months of short term disability. The benefit includes 50% of pre-disability monthly earnings less income offsets.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment. Benefit has a 180 day waiting period.	8															
Voluntary Life Insurance	Supplemental term life insurance offers you and your dependents the opportunity to purchase additional life insurance.	Employee costs are based upon age and the elected benefit amount.	Available the first day of the month following 30 days of employment or the receipt and acceptance of your enrollment form by MetLife at any time following your initial 30 days of employment. Located in the HR folder on the UIWatermain.	9															
Supplemental Travel/Accident Insurance	Supplemental travel/accident insurance through ACE American Insurance Company provides an additional amount of insurance whether on personal or work-related business.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	9															
Employee Assistance Program (EAP)	UI provides an EAP for employees and their immediate families who are dealing with personal issues.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	10															
Patient Advocacy	Provides a confidential resource to assist with claims and benefit issues, help with locating providers and scheduling procedures and appointments.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	10															
Education Assistance	UI offers up to 90% reimbursement of tuition costs for work related courses pre-approved by the Executive Team.	Reimbursement of tuition expenses are determined by Executive Team approval, course completion, and grades.	Available after 1 year of employment with required approvals.	11															
Certification Bonus	UI offers a certification bonus for licenses and certifications for work related education and development based on the level of the certification.	A pre-approved list of bonus amounts by state and level are listed in the Payroll folder on the UIWaterMain.	Requires Director level approval	11															
401(k) Retirement Plan	<p>401(k) Performance Based Company Contribution</p> <p>Upon Board of Directors' approval, UI may make an annual contribution to your 401(k) account based on Company performance.</p> <p>Employee Contribution & Employer Match</p> <p>Employees may contribute to the 401(k) plan to save for their retirement. UI will match 50% of employee contributions up to 6% of your annualized base salary.</p>	Entitlement to employer contributions is subject to a vesting schedule. Please refer to the Summary Plan Description for more details.	<p>401(k) Performance Based Company Contribution</p> <p>After one year of service</p> <p>Employee Deferral & Employer Match</p> <p>After 90 days of service</p> <p>Online enrollment required at www.retirementlink.jpmorgan.com</p>	12															
Vacation Pay	We have a market based schedule for vacation. Please see the " Vacation Accrual " schedule for further details.	This is a Company paid benefit.	Employees accrue vacation time dependent on their hire date. There is a 30-day waiting period after your hire date to use vacation time.	13															
Holiday Pay	UI offers 8 paid holidays each year.	This is a Company paid benefit.	Eligible 30 days after your hire date.	13															
Contact Information				14															

Eligibility

An employee is eligible to participate in the Utilities, Inc. Benefit Programs if you are classified as a full-time employee scheduled to work a minimum of 30 hours per week (with the exceptions for Limited Eligibility noted below).

Temporary, seasonal and agency employees are not eligible to participate in the benefit programs offered through the Company.

Eligible full-time employees can also enroll a legal spouse and dependent child(ren) for coverage. A "dependent child" is the subscriber's or spouse's natural child, stepchild, foster child or legally adopted child.

Children are generally considered dependents until:

- Age 26
- Any age, if they are mentally or physically disabled, chiefly dependent on the employee for support, and not capable of self-sustaining employment.
- Age 30 if enlisted in Military

Limited Eligibility

An employee classified as part-time scheduled to work less than 30 hours per week and a minimum of 1,000 hours per calendar year qualifies for participation in the 401(k) plan and is entitled to paid vacation time (see "Vacation Pay" for explanation of paid part-time vacation balance accrual).

A brief summary of the various benefits offered by Utilities, Inc. are shown in this guide. If an employee does not elect to enroll in any plan during the open enrollment period or when the employee first becomes eligible for benefits, the employee will not be allowed to enroll until the next open enrollment period unless the employee has a special enrollment event as defined by HIPAA (see "Life Qualifying Events" below).

When Coverage Begins:

Employees must enroll for medical, dental, vision, choose to participate in the reimbursement accounts, and/or elect Voluntary Life and AD&D benefits within 30 days of the employee's initial eligibility date. Health benefits begin on the first day following the 30 day waiting period. Enrollment in employer paid benefits is automatic.

New Hires:

Eligible new hires are required to select or waive coverage within 30 days of their initial eligibility date. Employees failing to select coverage under one or more of the optional plans within this time will be deemed to have voluntarily waived eligibility for coverage for the entire plan year. Once made, selections are irrevocable and remain in effect for the plan year unless a qualified status change occurs.

Life Qualifying Events

Your initial new hire eligibility period allows you thirty (30) days from your hire date to submit enrollment forms for the benefits you wish to enroll in. You are allowed to change your enrollment during the plan year only when you have a life qualifying event that significantly affects your benefit needs. Life events can include:

1. Marriage or Divorce
2. Birth or adoption of a child or placement of a child for adoption
3. Death of a child or spouse
4. Loss of or obtainment of other coverage.

An employee wanting to change elections due to a life qualifying event should contact Human Resources as soon as possible following the event, but no later than 30 days following the event. Appropriate documentation will be required to substantiate a change and must be received within 30 days of the life qualifying event. Effective date for changes will be the actual date of the event. Any change reported or supporting documentation received after 30 days following the life qualifying event will not be accepted. In such an instance, the next opportunity to make a change will be during the next open enrollment period. The open enrollment period is the time employee's may make changes (such as moving from one plan to another, adding dependents, etc.) Freely without supporting documentation. The next open enrollment date is January 1st.

Medical and Dental Premiums

The employee medical and dental premiums are listed below. Utilities Inc. covers 100% of the cost for vision insurance upon enrollment to a medical plan. Utilities, Inc. also covers 100% of the cost of basic life and AD&D insurance, short term disability insurance and long term disability insurance.

	With Preventive Incentive		Without Preventive Incentive	
Medical Insurance - PPO Plan A	Hourly Employees	Salaried Employees	Hourly Employees	Salaried Employees
	(26 pays per year)	(24 pays per year)	(26 pays per year)	(24 pays per year)
Employee Only	\$43.85	\$47.50	\$226.56	\$245.45
Employee + Spouse	\$115.06	\$124.65	\$543.76	\$589.08
Employee + Child(ren)	\$96.84	\$104.91	\$457.67	\$495.81
Family	\$167.80	\$181.78	\$792.98	\$859.07
* Working Dependent Surcharge	\$129.23	\$140.00	\$129.23	\$140.00
	With Preventive Incentive		Without Preventive Incentive	
Medical Insurance - PPO Plan B	Hourly Employees	Salaried Employees	Hourly Employees	Salaried Employees
	(26 pays per year)	(24 pays per year)	(26 pays per year)	(24 pays per year)
Employee Only	\$38.58	\$41.80	\$198.24	\$214.77
Employee + Spouse	\$100.68	\$109.07	\$475.79	\$515.44
Employee + Child(ren)	\$84.74	\$91.80	\$400.46	\$433.83
Family	\$146.82	\$159.06	\$693.86	\$751.68
* Working Dependent Surcharge	\$129.23	\$140.00	\$129.23	\$140.00
Dental Insurance	Hourly Employees	Salaried Employees		
	(26 pays per year)	(24 pays per year)		
Employee Only	\$4.62	\$5.00		
Employee + Spouse	\$10.31	\$11.17		
Employee + Child(ren)	\$7.74	\$8.38		
Family	\$15.47	\$16.76		

Pre-Tax/Post-Tax Contributions

Generally, the cost to participate in Utilities, Inc.' Health plan and/or reimbursement accounts is taken from the employee's paycheck on a **pre-tax basis**. This means the employee does not pay Federal Income Tax, Social Security Tax, and in most cases state/local taxes on those contributions.

*Working Dependent Surcharge

A working dependent surcharge is an additional contribution that Utilities, Inc. will charge an employee to cover a working dependent that has other health coverage available, such as through his or her own employer, and chooses not to enroll in that coverage. The surcharge amount listed above will be applied to each dependent you choose to cover that has other coverage available (ex: if you choose to cover a spouse and a dependent child that both have other health coverage available, you will be charged the applicable surcharge times two.). The dependent surcharge does not apply to dependents who are unemployed or whose employers do not offer health insurance. The surcharge is designed to encourage dependents to use the health coverage available through their own employer. The surcharge is used to contribute to the added cost of covering dependents on our plan who choose not to participate in their employer's coverage. Every employee choosing to enroll in a medical plan with UI, and is covering a dependent, must complete the Working Dependent Medical Plan Affidavit. All forms must be returned to the Human Resources Department. The surcharge will automatically be charged to all employees choosing to cover a working dependent that did not return the Working Dependent Medical Plan Affidavit with the medical enrollment form.

Preventive Incentive

In an effort to promote a healthy lifestyle, we encourage our employee's to receive a routine annual physical with blood draw. It is important to maintain a healthy lifestyle and monitor your health on a regular basis. Having an annual physical is the first step toward taking control of your health.

If you choose to enroll in the medical insurance and complete a routine annual physical with blood draw, you will enjoy employee premium amounts less than the standard premium. Depending on the plan you choose and the number of dependents you cover, this incentive could save you anywhere from \$4,700 to \$16,000 per year!

Both medical plans offer a benefit to cover the cost of your physical and blood draw under the Preventive Care benefit. The plan will pay 100% with no co-payment. Please note the following tips to keep in mind to ensure you receive this level of benefit:

1. You must receive these services by an in-network provider
2. All services billed on the date you obtain your annual routine physical with blood draw must be billed as "routine". Any services billed on this date of service that are not "routine" will be subject to co-pays and deductibles.
3. You are allowed one routine annual physical per calendar year.

In order to qualify for the preventive incentive, you and your spouse, if you choose to cover your spouse, must have a routine physical with blood draw documented with a date of service within 60 days of your insurance becoming effective. A Routine Physical Verification Form must be completed for both yourself and your spouse by the physician and returned to the HR Department within the time frame. Routine Physical Verification Forms received after 60 days of your insurance becoming effective will not be accepted and your insurance premiums will increase effective the 61st day of your insurance being effective.

Medical Plans A & B

Utilities, Inc. provides a choice of two PPO Medical plans to all eligible employees effective the 31st day of employment.

	PPO Plan - A - Group #P17022		PPO Plan - B - Group #P17023	
	In-network	Non-network	In-network	Non-network
Deductible	\$400 Individual \$1,200 Family	\$800 Individual \$2,400 Family	\$1,500 Individual \$4,500 Family	\$4,500 Individual \$13,500 Family
Out-of-Pocket Maximum Excludes deductibles and co-pays	\$1,750 Individual \$5,250 Family	\$3,500 Individual \$10,500 Family	\$3,500 Individual \$7,000 Family	\$10,500 Individual \$21,000 Family
Physician Office Visits One co-payment per day when you receive services from a Family Practice, Internal Medicine, OB/GYN, or Pediatrician. Surgeries, therapies and certain diagnostic procedures performed in a physician's office may be subject to the deductible and/or coinsurance, including mental health and substance abuse services.	\$15 co-pay for PCP \$25 co-pay for Specialist; then 100%	60% after deductible	\$35 co-pay for PCP \$45 co-pay for Specialist; then 100%	50% after deductible
Preventive Care Routine annual physicals, well-baby exam, annual vision and hearing exams, immunizations, and other preventive health services as determined by the USPSTF.	100%	60% after deductible	100%	50% after deductible
Maternity Services Co-payment applies to first prenatal visit. All other maternity physician covered services are paid the same as Medical/Surgical Services	\$15 co-pay for PCP \$25 co-pay for Specialist; then 100%	60% after deductible	\$35 co-pay for PCP \$45 co-pay for Specialist; then 100%	50% after deductible
Medical/Surgical Services Coverage for surgical procedures, inpatient visits, therapies, allergy injections or treatments, and certain diagnostic procedures as well as other physician services.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Hospital Admission Deductible (Maximum 3 days/calendar year)	\$100 per day	\$100 per day	\$100 per day	\$100 per day
Inpatient Hospital Services Coverage includes services received in a hospital, skilled nursing facility, coordinated home care and hospice. Room allowances based on the hospital's most common semi-private room rates.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Outpatient Hospital Services Coverage for services includes, but is not limited to outpatient or ambulatory surgical procedures, x-ray, lab tests, chemotherapy, radiation therapy, renal dialysis, and mammograms performed in a hospital or ambulatory surgical center. Routine mammograms performed in an in-network outpatient hospital setting are payable at 100%, no deductible will apply.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Outpatient Emergency Care (Accident or Illness) The co-payment applies to both in and out of network emergency room visits. The co-payment is waived if the member is admitted to the hospital.	\$100 co-pay	\$100 co-pay	\$100 co-pay	\$100 co-pay
Muscle Manipulation Services* Coverage for spinal and muscle manipulation services provided by a physician or chiropractor. Related office visits are paid the same as other Physician Office Visits. Limited to 30 visits per calendar year.	\$25 co-pay; then 100%	60% after deductible	\$45 co-pay; then 100%	50% after deductible
Therapy Services - Speech, Occupational and Physical Coverage for services provided by a physician or therapist.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Temporomandibular Joint (TMJ) Dysfunction and Related Disorders	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Other Covered Services - Private Duty Nursing - Naprapathic Services* up to \$3,000 max per calendar year - Blood and blood components - Ambulance Services - Medical Supplies	80% after deductible	80% after deductible	60% after deductible	60% after deductible

Prescription Drug Benefit for Medical Plans A & B

	Generic	Formulary Brand	Non-Formulary Brand
Contracting Retail Pharmacy Up to a 34-day supply. Includes diabetic supplies: blood glucose test strips, lancets, diagnostic agents used with urine testing and glucagon.	\$10	25% Minimum Co-pay \$25 Maximum Co-pay \$75	50% Minimum Co-pay \$25 Maximum Co-pay \$75
Mail Service Up to a 90-day supply.	\$20	25% Minimum Co-pay \$50 Maximum Co-pay \$150	50% Minimum Co-pay \$50 Maximum Co-pay \$150
Contraceptives Available at retail and mail service at the appropriate co-payment level based on drug classification.	As Indicated Above		
Self-Injectables Available at retail and mail service at the appropriate co-payment level.	As Indicated Above		

FREE Generic Mail Order Pharmacy Plan Option

Utilities, Inc. employees and their enrolled dependents are eligible to receive free generic maintenance medication by utilizing the Rx 'n Go mail order pharmacy service. Rx 'n Go offers a comprehensive listing of nearly 1,200 available generic maintenance medications. By filling your generic maintenance medication through Rx 'n Go, Utilities, Inc. will pay the entire cost of the medication. A ninety (90) day supply of medication will arrive directly at the member's home address or designated delivery location.

Please consult with your physician or health care provider if you are not currently taking a generic medication to determine if any of the prescriptions offered through the Rx 'n Go pharmacy may be an option.

Interested plan members are required to have their health care provider submit a completed Rx 'n Go prescription order form via e-mail or fax (or the member may mail the original order form via regular mail.) The order form is available in the HR/Payroll>Enrollment Forms>Prescription Drug folder on the UIWaterMain to take to your provider's office.

Dental Plan - Delta Dental Group #20159

	PPO	Premier	Out-of-Network
Annual Maximum	\$1,000 per person		
Annual Deductible Applies only to Basic and Major Services. Charged one time per calendar year.	\$25 per person; \$75 per family		
Preventative/Diagnostic Services <ul style="list-style-type: none"> • Oral evaluations up to two times per benefit year • X-Rays (bitewings up to two per benefit year; full mouth - once every three years) • Prophylaxis (cleaning up to two per benefit year) • Flouride treatments up to once per benefit year for children under age 19 • Space Maintainers • Sealants 	100% of reduced fee ¹ No Deductible	100% of MPA ² No Deductible	100% of MPA ³ No Deductible
Basic Services <ul style="list-style-type: none"> • Fillings • Oral Surgery • Periodontics • Endodontics • General Anesthesia in conjunction with oral surgery • Recementing of crowns and bridges 	80% of reduced fee ¹ Deductible Applies	80% of MPA ² Deductible Applies	80% of MPA ³ Deductible Applies
Major Services <ul style="list-style-type: none"> • Crowns, jackets, cast restorations • Fixed and removable bridges • Partial and full dentures • Implants 	50% of reduced fee ¹ Deductible Applies	50% of MPA ² Deductible Applies	50% of MPA ³ Deductible Applies
¹ You will not be "balance billed" for charges exceeding Delta Dental's allowed PPO fee.			
² You will not be "balance billed" for charges exceeding Delta Dental's maximum plan allowances (MPAs).			
³ You are responsible for charges exceeding Delta Dental's maximum plan allowances (MPAs).			
Your dentist chooses the Delta Network they participate in whether it is PPO, Premier, Both or Neither. Consult your dentist to determine which network they participate in and how insurance is applied to that coverage. In the event your dentist participates in the PPO and Premier Networks, PPO becomes the default network.			
The preceding information is a brief summary of the Utilities, Inc. Dental Plan and the services it covers. If you have specific questions regarding benefit coverage, limitations or exclusions, contact Delta Dental at (800) 323-1743.			

Flexible Spending Accounts (FSA) – Paychex

Employees are eligible to participate in the Flexible Spending Account after thirty (30) days of employment. An FSA allows you to set aside pre-tax dollars from your paycheck to pay for eligible health and dependent care expenses, lowering your taxable income and increasing your take home pay. The plan year for this benefit is January 1 thru December 31.

[Health Care Flexible Spending Account](#)

A Health Care FSA reimburses you for eligible medical care expenses incurred for yourself, your spouse and your dependents. This account can be used to pay for qualified, medically necessary medical, dental or vision expenses not covered by your insurance. Physician office visit and prescription co-payments are some examples of qualified expenses. The IRS allows up to \$2,500 to be contributed to this account per plan year.

[Dependent Care Flexible Spending Account](#)

A Dependent Care FSA helps you pay for child or elder care services so you can work. The IRS allows up to \$5,000 to be contributed to this account per plan year.

NOTE: If you are married and file jointly, your combined contributions may not exceed \$5,000. If you are married and file separately, your individual contributions may not exceed \$2,500.

Upon enrollment to an FSA, you will elect an annual contribution amount to participate in one or both of the FSA's. This election and contribution amount is binding for the entire plan year. Only a LIFE QUALIFYING EVENT will allow you to change an FSA election. Your annual contribution amount must be used for expenses incurred within that plan year. Any dollar amount not reimbursed for expenses during the plan year will be forfeited. This is known as the “use it or lose it” rule.

- If you are enrolled in one of the Blue Cross Blue Shield medical plan options, you may elect automatic claim submission of your medical expenses not paid after a claim is filed to your healthcare FSA. Enrollment in this feature allows reimbursement for out of pocket expenses without having to submit a claim form.
- If you enroll in either the healthcare or dependent care FSA, you may also enroll in direct deposit to have your reimbursements directly deposited into the bank account of your choice.

Vision Benefits – Vision Service Plan (VSP) Group #12159678

100% Employer Paid

Enrollment in the vision plan through Vision Service Plan is automatic with enrollment in either of the medical plans and is effective on the 31st day of employment. Utilities, Inc. pays the entire cost of this benefit. Please note, VSP does not provide member ID cards.

	In-Network	Out-of-Network	Frequency
	Co-pay	Reimbursement	Once
Exams	\$10	Up to \$25.00	Every 12 months
Prescription Glasses (Including Lenses and Frame)	\$25		
<i>Lenses</i>			
Single vision		Up to \$30.00	
Lined Bifocal		Up to \$35.00	
Lined Trifocal		Up to \$45.00	
<i>Frames</i>		Up to \$45.00	Every 24 months
Contacts (in lieu of glasses)	\$0	Up to \$105.00	Every 12 months

Short - Term Disability Insurance

100% Employer Paid

Utilities, Inc. provides short-term disability insurance to all eligible employees after one year of employment. This benefit is paid at 100% income replacement in accordance to the regular payroll schedule based on years of service. Short-term disability insurance is to provide paid leave for off-the-job sickness, injury or pregnancy. To qualify for this benefit, a Certification of Health Care Provider Form (found on the UIWaterMain) must be completed by your physician to establish a "serious health condition" for sickness or injury. For pregnancy/maternity leave, paid short-term disability time is available to eligible employees. Employee eligibility for paid time uses the same schedule as the short-term disability benefit. A Certification of Health Care Provider Form is required for any paid short-term disability time while on pregnancy/maternity leave. At the end of your paid short-term disability, whether eligible paid time has exhausted or your medical provider's certification period expires, you may be required to use your accrued vacation time for any additional time off.

1 - less than 2 Years of service	1 week of income replacement per rolling 12 month period from the first day of paid short term disability
2 years, but less than 4 years of service	3 weeks of income replacement per rolling 12 month period from the first day of paid short term disability
4 years, but less than 6 years of service	6 weeks of income replacement per rolling 12 month period from the first day of paid short term disability
6 years, but less than 12 years of service	2 weeks of income replacement per year of service per rolling 12 month period from the first day of paid short term disability
12 years of service or more	6 months of income replacement per rolling 12 month period from the first day of paid short term disability

Long - Term Disability Insurance - MetLife Group #95164

100% Employer Paid

Utilities, Inc. provides long-term disability insurance to all eligible employees effective first of the month following thirty days of employment. In order to receive benefits under this plan, you must satisfy requirements set by MetLife during the application process. In the event of a disability, it is suggested that you begin the application process to receive benefits no later than your twelfth week of continuous disability to ensure sufficient time for review.

Benefits Begin	After 180 days of continuous disability
Monthly Benefit	50% of base pre-disability earnings
Minimum Monthly Benefit	\$100
Maximum Monthly Benefit	\$10,000

Life and AD&D Insurance - MetLife Group #95164

100% Employer Paid

Utilities, Inc. provides both Basic Life and Accidental Death and Dismemberment insurance to all eligible employees effective first of the month following thirty days of employment. The Basic Life benefit amount is equal to 1 ½ times your base annual salary plus \$10,000. The Accidental Death and Dismemberment amount is the same. These benefits are convertible to an individual policy upon termination. Requests to convert these benefits must be made to HR within 30 days of your termination date.

Voluntary Life Insurance – MetLife Group #95164

Utilities, Inc. offers the option of purchasing additional life insurance for yourself, your spouse and/or your child(ren). These benefits are available for purchase on a post-tax basis. Paying tax on the premiums allows benefit payments to be tax-free. The table below illustrates a summary of these benefits. Please note that MetLife requires the purchase of coverage in stated increments. Employees must purchase coverage for themselves before they are able to purchase coverage on dependents. Requests to enroll in this benefit must be made during your first 30 days with the Company to take advantage of the guarantee issue amounts. If you wish to enroll in this benefit after your new hire eligibility period, you may do so during any Open Enrollment period or within 30 days of a Life Qualifying Event as defined earlier. Enrollments in conjunction with an Open Enrollment period or Life Qualifying Event will require a Statement of Health and approval from the MetLife underwriting department before the benefit can be issued. This benefit is portable upon termination. Requests to port this benefit must be made to HR within 30 days of your termination.

Voluntary Benefit Amounts

Employee	Sold in increments of \$10,000 Maximum issue amount = \$300,000
Spouse	Sold in increments of \$10,000 up to a maximum of \$150,000 Maximum issue amount = 100% of the voluntary employee life amount of \$150,000; whichever is less
Child(ren)	Issued as a flat amount equal to \$10,000

Guarantee Issue Amount*

Employee	\$50,000
Spouse	\$10,000
Child(ren)	Entire Benefit Amount

* Guarantee Issue refers to the amount of coverage you are eligible to purchase during your initial enrollment period without providing evidence of “good health”. However, if you do not enroll when initially eligible, you will be required to provide evidence of “good health” for any amount elected by completing a Statement of Health form. The Statement of Health form will be submitted to the underwriting department at MetLife for approval before the benefit can be issued.

Monthly Premiums for Voluntary Life Insurance

	Employee Cost	Spouse Cost
Age	Per \$10,000 of Coverage	
Under 30	\$0.94	\$0.94
30 - 34	\$1.16	\$1.16
35 - 39	\$1.59	\$1.59
40 - 44	\$2.20	\$2.20
45 - 49	\$3.95	\$3.95
50 - 54	\$5.89	\$5.89
55 - 59	\$8.24	\$8.24
60 - 64	\$12.96	\$12.96
65 - 69	\$20.06	\$20.06
Over 69	\$40.00	\$40.00
Monthly Cost for the Child(ren) Life equal to \$10,000 is \$1.19		

Supplemental Travel/Accident Insurance - ACE American Insurance

100% Company Paid

Plan Number: 01AH585

Policy Number: ADD N01062487

Utilities, Inc. provides travel accident insurance to further financially assist your family members in the event of loss of life while traveling for business.

The value of this benefit is based your position classification.

	Employee	Spouse	Dependents
Operations & Field	\$100,000	\$25,000	\$10,000
Office & Clerical	\$50,000	\$25,000	\$10,000

Employee Assistance Program (EAP) – MetLife

100% Employer Paid

The EAP is a confidential and professional service that provides information, referral services and telephonic counseling by licensed professionals to all employees and members of their immediate families who may be experiencing personal difficulties in their lives.

The EAP provides confidential services without cost to employees and their immediate family members for a variety of work/life related issues including legal and financial issues, child and elder care assistance, identity theft recovery services, relationship, marriage or family issues, and alcohol and drug dependency.

To obtain these services, you can call the confidential hot-line (800) 511-3920 24 hours a day, 7 days a week.

Patient Advocacy - Health Advocate

100% Employer Paid

Health Advocate is a company that provides employees with access to trained professionals who understand the intricacies of the healthcare system and assist you in navigating through it.

Health Advocate services are provided by professional Health Advocates, typically registered nurses, backed up by a team of medical directors and administrative experts who will help you, your spouse, dependent children, parents or parents in-law.

You Are Already Enrolled At No Cost To You!

The Top 10 Reasons to Call Health Advocate

- **Find the best doctors**, hospitals, dentists and other leading healthcare providers anywhere in the country. This includes locating providers in the BlueCross BlueShield of Illinois network.
- **Schedule appointments** with providers including hard to reach specialists and critical care providers and arrange for specialized treatments and tests.
- **Help resolve insurance claims** and assist with negotiating billing and payment arrangements, and related administrative issues.
- **Assist with elder care** and related healthcare issues facing your parents and parents in-law.
- **Obtain unbiased health information** to help you make an informed decision. This includes pricing for an elective procedure to ensure you are controlling your healthcare expenses.
- **Work with insurance companies** to obtain appropriate approvals for needed services and to foster communications between physicians and insurance companies.
- **Answer questions** about test results, treatment recommendations and medications recommended or prescribed by your physician.
- **Assist in the transfer of medical records**, x-rays and lab results.
- **Locate and research the newest treatments** for a medical condition.
- **Assist and initiate appeals** for denied claims, disputes and issues related to care received. Providing members with guidance in filing a grievance or complaint to the insurance company.

This service is completely confidential and no information is exchanged between Health Advocate and Utilities, Inc. Advocates are available Monday through Friday from 9 a.m. To 8 P.m. Central time. An advocate is also available 24 hours a day, seven days a week to provide assistance that needs attention during non-business hours.

Help is just a phone call or click away.

Visit their website at <http://www.healthadvocate.com> or contact them at 1-866-695-8622

Education Assistance

Full-time employees may continue their education in a related field, and Utilities, Inc. may reimburse some of the tuition costs. All courses and costs must be pre-approved by the manager and the Executive Team before taking the class and must be completed on the employee's own time. Once the course is complete, a certified transcript of your grades and the receipts for your expenses must be submitted. Utilities, Inc. will reimburse you for the portion of the tuition that was pre-approved on the following course by course basis:

Grade	Reimbursement
A	90% of the amount that was pre-approved
B	75% of the amount that was pre-approved
C	50% of the amount that was pre-approved

In cases where classes are graded based on a pass or fail, a passing grade will be reimbursed at 90% of the amount that was pre-approved.

In order to qualify for this education assistance benefit you must:

- Advise your manager, prior to enrolling for the class that you intend to take a particular course. Your manager will advise you whether the course is of a nature that Utilities, Inc. will approve for reimbursement of tuition.
- The course must be job oriented and offered by an approved education institution.
- The course and maximum reimbursement amount must be approved by the Executive Team prior to the start of the course.
- You must receive a passing grade of "C" or better.
- You must have at least one (1) full year of prior service with Utilities, Inc.
- If you are eligible to receive educational benefits from other sources, such as the Veterans Administration, Utilities, Inc. will only consider some reimbursement of the part that remains unpaid after application of those benefits for your educational expenses.

Utilities, Inc. will require you to sign an agreement stating that if you leave the Company within 12 months of completing a class, you will repay the amount you were reimbursed.

For income tax free purposes the course must meet IRS section 127 rules that state the education is required by the employer or by law for the employee to keep his or her present salary, status, or job. The required education must serve a bona fide business purpose of the employer or the education maintains or improves skills needed in the job.

Certification Bonus

Utilities, Inc. requires certain positions to have the proper license and/or certifications for certain job titles. These requirements are listed on the job description for each title, which can be found on the HR/Payroll>Communications folder on the UIWaterMain. Bonus amounts are listed in the HR/Payroll>Payroll>General Information folder on the UIWaterMain, as well as a bonus check request.

Adoption Benefit

Adoption benefits are available to full-time employees after one year of service. The adopted child must be 18 years of age or younger unless the child is physically or mentally incapable of caring for himself or herself. Eligible adoption related expenses will be reimbursed as they are incurred during the adoption process up to a maximum of \$5,000 per child.

401(k) Plan – JP Morgan

Employer Matching – You are eligible to contribute 100% of your salary up to the IRS maximum through pre-tax payroll deductions for your 401(k) Plan as long as you are at least 21 years of age and have satisfied ninety (90) days of employment. If you are 50 years of age or older, you are allowed an additional \$5,500 in catch up contributions to the plan. If you elect to make contributions to the 401(k) Plan, the company will make a matching contribution to your 401(k) account. Prior to the beginning of each year, the Company will announce the applicable matching level and cap for that year. For 2013, the Company will match \$.50 on every \$1.00 you contribute to the 401(k) Plan up to a maximum contribution equal to 3% of your base annual compensation. Matching contributions will be made in the same pay period in which you make your contributions. If you do not contribute to the 401(k) Plan you will not be eligible for a matching contribution.

401(k) Performance Based Company Contribution – Contributions will be based upon the performance of the Company. The Company will determine the amount of the 401(k) Performance Based Company Contribution, if any, at the end of each year when final performance results become available. If a Contribution is made, it will be added to your account regardless of whether you have contributed any savings of your own.

You are always 100% vested in your contributions to the plan. Both the Employer Matching & 401(k) Performance Based Company Contributions to your 401(k) Plan are vested based on your years of service at Utilities, Inc. For employees hired on or after January 1, 2010, your “vested percentage” is as follows:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6	100%

To enroll in this benefit, you must login to the JP Morgan website at www.retirementlink.jpmorgan.com. To login for the first time, you will use your 9 digit social security number as your user name with your birth date (MMDDYYYY) as your password.

For more detailed plan and ERISA information, please refer to the Summary Plan Description and 204(h). These documents can be obtained from HR or on the UIWatermain.

Vacation Pay

Vacation is a time for you to rest, relax, and pursue special interests. Utilities, Inc. has provided paid vacation as one of the many ways in which we show our appreciation for your loyalty and continued service. Only full-time employees and eligible part-time employees are entitled to paid vacation. You are eligible to accrue paid vacation within your first completed month of service; however, you may not take paid vacation until you have completed 30 days of employment.

Vacation Accrual	Hourly Employees (Full-time)	Hourly Employees (Part-time)	Salaried Employees
First Month of Employment	If hired on or between the 1st and 15th - 8 hours	If hired on or between the 1st and 15th - 4 hours	If hired on or between the 1st and 15th - 1 day
	If hired on or between the 16th and 31st - 4 hours	If hired on or between the 16th or 31st - 2 hours	If hired on or between the 16th or 31st - 1/2 day
Less than 1 Year	8 hours for each completed calendar month of service	4 hours for each completed calendar month of service	1 day for each completed calendar month of service
1 year to less than 6 years	96 hours annually	48 hours annually	12 Days annually
6 years to less than 15 years	96 hours annually plus 8 hours for each year of service over 5 years	48 hours annually plus 4 hours for each year of service over 5 years	12 Days annually plus 1 Day for each year of service over 5 years
15 years or more	176 hours	88 hours	22 Days

Unused Vacation Time

Employees are encouraged to use their paid vacation time each year. However, Utilities, Inc. does acknowledge that circumstances may arise which do not make that possible. If an employee has unused vacation time remaining at year-end, employees may carry up to 5 days (40 hours for full time/20 hours for part time). Carry-over vacation time must be used the following year, unless an exception is pre-approved by your manager and the HR manager. Unused roll-over vacation time is not paid out upon termination.

Part-Time Employees

Part-time employees are entitled to vacation time and pay unless they are disqualified for this benefit by working less than 1,000 hours in the current calendar year.

Terminated Employees

At the time of employment termination, the amount of vacation pay accrued will be calculated by taking the number of full months worked during the current year times the amount of vacation time earned in one month. Any unused time will be prorated and paid upon termination. Unused vacation days which rolled-over from the previous year will not be paid.

Holiday Pay

For 2013, Utilities, Inc. is recognizing the following holidays:

New Year's Day – Tuesday, January 1st
 Memorial Day – Monday, May 27th
 Independence Day – Thursday, July 4th
 Labor Day – Monday, September 2nd
 Thanksgiving Day – Thursday, November 28th
 Day after Thanksgiving Day – Friday, November 29th
 Christmas Eve - Tuesday, December 24th
 Christmas Day - Wednesday, December 25th

All full-time employees receive the Company selected holiday benefit. Please note that the designated holidays may change each year. Be sure to watch for a revised holiday schedule prior to each New Year.

You may take time off to observe religious holidays. If available, a vacation day may be used for this purpose, otherwise the time off is without pay. You must notify your manager in advance.

Only full-time employees are eligible for holiday pay. You are not eligible to receive holiday pay during the first thirty (30) days of your employment, nor are you eligible to receive holiday pay if you are a part-time employee or a temporary employee.

Holiday Policies

If a holiday occurs during your scheduled vacation, you are permitted to take an extra day of vacation. In order to qualify for holiday pay, you must work the scheduled workday immediately before and after the holiday. Only scheduled vacation will be considered exceptions to this policy.

Contact Information

Vendor/Resource	Telephone	Website
BlueCross BlueShield of Illinois - Medical		
Medical Claim and Benefit Information	(800) 828-3116	www.bcbsil.com
Prime Therapeutics - Prescription Drugs		
Pharmacy and Prescription Drug Inquiries	(800) 423-1973	www.myprime.com
Rx 'n Go Free Generic Mail Order Maintenance Pharmacy		
Rx 'n Go/PBM Plus	(888) 697-0646	www.rxngo.com
Delta Dental of Illinois - Dental		
Dental Claim and Benefit Information	(800) 323-1743	www.deltadentalil.com
MetLife - Life and Accidental Death & Dismemberment		
Life and AD&D Claims and Benefit Information	(800) 638-6420	www.metlife.com
MetLife - Long-Term Disability		
Disability Claims and Benefit Information	(800) 300-4296	www.metlife.com
Paychex - Flexible Spending Accounts		
Healthcare and Dependent Day Care FSA Questions, Account Balances and Information	(888) 712-0088	www.mypaychex.com
Ace American Insurance - Travel Accident		
Inside the United States	(800) 243-6124	www.ACETravelAssistance.com
Outside the United States Call Collect	(202) 659-7803	
MetLife - Employee Assistance Program		
Confidential assistance with personal, legal, financial or elder care issues.	(800) 511-3920	www.metlife.com
JP Morgan - 401(k) Retirement		
Plan Details Enrollment Account/Balance Information	(800) 854 -0647	www.retirementlink.jpmorgan.com
Health Advocate - Patient Advocacy		
Confidential assistance with medical/dental claim issues Medical or dental benefit questions Assistance scheduling medical procedures	(866) 695-8622	www.healthadvocate.com
Human Resources		
Director of Human Resources	(847) 897-6503	jpdevine@uiwater.com

This Employee Benefits Guide has been prepared to help you review and understand the key factors associated with our benefit plans. This guide does not provide all of the provisions, limitations and exclusions included in our benefit plans and policies and should be considered only as a summary of our current benefits. If any differences exist between this summary and the official plan documents, the official plan documents shall control. Additionally, the benefits described herein are subject to change without notice. Neither this Employee Benefits Guide nor any of the benefits described herein constitute a contract of employment, nor should they be construed as giving you any legal rights to continue to be employed. Your employment with the Company is and will continue to be "at will."

Rescission of Coverage

Utilities, Inc. reserves the right to terminate the health coverage of you/and your dependent(s) prospectively without notice for cause (as determined by **Utilities, Inc.**), if you and/or your dependent(s) are otherwise determined to be ineligible for coverage under the plan. In addition, if you or your dependent commits fraud or intentional misrepresentation in an application for health coverage under the plan, in connection with a benefit claim or appeal, or in response to any request for information by **Utilities, Inc.** Or its delegees (including **BlueCross BlueShield of Illinois**) **Utilities, Inc.** may terminate your coverage retroactively upon 30 days of notice. Failure to inform **Utilities, Inc.** that you or your dependent is covered under another group health plan or knowingly providing false information in order to obtain coverage for an ineligible dependent are examples of actions that constitute fraud under the plan.



2335 Sanders Road, Northbrook, IL 60062-6196



Employee Benefits Guide



2014

Plan Year - 1/01/2014 - 12/31/2014

For Full Time Employees Only
Except where noted herein

Employee Benefit Summary/Contents Page

Benefit	Description	Cost to Employee/Requirement	Eligibility	Page															
Medical Insurance	Medical insurance provides cost-effective medical care through Blue Cross Blue Shield. The PPO plans feature a network of participating doctors, hospitals, and facilities to provide health care services to plan members at reduced rates.	<p>Monthly Employee Deductions</p> <p>The deductions below include a preventive incentive. See page 4 for details on how to qualify for the preventive incentive.</p> <table border="1"> <thead> <tr> <th></th> <th>Plan A</th> <th>Plan B</th> </tr> </thead> <tbody> <tr> <td>Employee Only</td> <td>\$105.03</td> <td>\$92.41</td> </tr> <tr> <td>Employee + Spouse</td> <td>\$275.62</td> <td>\$241.16</td> </tr> <tr> <td>Employee + Child(ren)</td> <td>\$231.97</td> <td>\$202.98</td> </tr> <tr> <td>Family</td> <td>\$401.94</td> <td>\$351.69</td> </tr> </tbody> </table>		Plan A	Plan B	Employee Only	\$105.03	\$92.41	Employee + Spouse	\$275.62	\$241.16	Employee + Child(ren)	\$231.97	\$202.98	Family	\$401.94	\$351.69	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Life Qualifying Event (LQE). Benefit begins on the 31st day of employment, the date of a LQE or January 1st for open enrollment.	4
	Plan A	Plan B																	
Employee Only	\$105.03	\$92.41																	
Employee + Spouse	\$275.62	\$241.16																	
Employee + Child(ren)	\$231.97	\$202.98																	
Family	\$401.94	\$351.69																	
Dental Insurance	Dental insurance provides cost-effective dental care through Delta Dental. While there are no restrictions on your choice of dentist, using a Delta network dentist enhances your benefit.	<p>Monthly Employee Deductions</p> <table border="1"> <tbody> <tr> <td>Employee Only</td> <td>\$10.75</td> </tr> <tr> <td>Employee + Spouse</td> <td>\$24.01</td> </tr> <tr> <td>Employee + Child(ren)</td> <td>\$18.02</td> </tr> <tr> <td>Family</td> <td>\$35.84</td> </tr> </tbody> </table>	Employee Only	\$10.75	Employee + Spouse	\$24.01	Employee + Child(ren)	\$18.02	Family	\$35.84	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Life Qualifying Event (LQE). Benefit begins on the 31st day of employment the date of a LQE or January 1st for open enrollment.	6							
Employee Only	\$10.75																		
Employee + Spouse	\$24.01																		
Employee + Child(ren)	\$18.02																		
Family	\$35.84																		
Vision Insurance	Vision insurance is provided through Vision Service Plan. Many services from a network provider are covered in full after a nominal co-pay.	This is a Company paid benefit contingent upon your enrollment into a medical plan.	Benefit begins on the day Medical Insurance is effective. Automatic enrollment with enrollment into a medical plan.	7															
Flexible Spending Account (FSA)	UI provides a FSA program designed to save you money on out-of-pocket expenses incurred for health and dependent care. Employees can save up to 30% on eligible expenses by using tax-free dollars.	Employees may contribute pre-tax dollars, through payroll, up to \$2,500 for health care expenses and up to \$5,000 for dependent care expenses.	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Life Qualifying Event (LQE). Benefit begins on the 31st day of employment, the date of a LQE or January 1st for open enrollment.	7															
Life and Accidental Death and Dismemberment (AD&D) Insurance	Life and AD&D insurance through MetLife provides financial aid for your family if you die or are seriously injured in an accident. The life benefit equates to 1.5 times your annual salary plus \$10,000. The AD&D benefit is the same amount.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	8															
Short-Term Disability Benefit	The short-term disability (STD) benefit provides 100% of your pre-disability base income if you are unable to work due to illness or injury. The duration of the benefit is based upon your years of service.	This is a Company paid benefit.	Automatic enrollment after one year of employment.	8															
Long-Term Disability Benefit	The long-term disability benefit provides income to employees who are disabled beyond six months of short term disability. The benefit includes 50% of pre-disability monthly earnings less income offsets.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment. Benefit has a 180 day waiting period.	8															
Voluntary Life Insurance	Supplemental term life insurance offers you and your dependents the opportunity to purchase additional life insurance.	Employee costs are based upon age and the elected benefit amount.	Available the first day of the month following 30 days of employment or the receipt and acceptance of your enrollment form by MetLife at any time following your initial 30 days of employment.	9															
Supplemental Travel/Accident Insurance	Supplemental travel/accident insurance through ACE American Insurance Company provides an additional amount of insurance whether on personal or work-related business.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	9															
Employee Assistance Program (EAP)	UI provides an EAP for employees and their immediate families who are dealing with personal issues.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	10															
Patient Advocacy	Provides a confidential resource to assist with claims and benefit issues, help with locating providers and scheduling procedures and appointments.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	10															
Education Assistance	UI offers up to 90% reimbursement of tuition costs for work related courses pre-approved by the Executive Team.	Reimbursement of tuition expenses are determined by Executive Team approval, course completion, and grades.	Available after 1 year of employment with required approvals.	11															
Certification Bonus	UI offers a certification bonus for licenses and certifications for work related education and development based on the level of the certification.	A pre-approved list of bonus amounts by state and level are listed in the Payroll folder on the UIWaterMain.	Requires Director level approval	11															
401(k) Retirement Plan	<p>Non Elective Company Contribution</p> <p>The Company will contribute 4% of your total eligible plan year wages on an annual basis.</p> <p>Employee Contribution & Employer Match</p> <p>Employees may contribute to the 401(k) plan to save for their retirement. UI will match 50% of employee contributions up to 6% of your annualized base salary.</p>	Entitlement to employer contributions is subject to a vesting schedule. Please refer to the Summary Plan Description for more details.	<p>Non Elective Company Contribution</p> <p>After one year of service and end of the year employment.</p> <p>Employee Deferral & Employer Match</p> <p>After 90 days of service</p> <p>Online enrollment required at www.retirementlink.jpmorgan.com</p>	12															
Vacation Pay	Please see the "Vacation Accrual" schedule for further details.	This is a Company paid benefit.	Employees accrue vacation time dependent on their hire date. There is a 30-day waiting period after your hire date to use vacation time.	13															
Holiday Pay	UI offers 8 paid holidays each year.	This is a Company paid benefit.	Eligible 30 days after your hire date.	13															
Contact Information				14															

Eligibility

An employee is eligible to participate in the Utilities, Inc. Benefit Programs if he/she is classified as a full-time employee scheduled to work a minimum of 30 hours per week (with the exceptions for Limited Eligibility noted below).

Temporary, seasonal and agency employees are not eligible to participate in the benefit programs offered through the Company.

Eligible full-time employees can also enroll a legal spouse and dependent child(ren) for coverage. A "dependent child" is the subscriber's or spouse's natural child, stepchild, foster child or legally adopted child.

Children are generally considered dependents until:

- Age 26
- Any age, if they are mentally or physically disabled, chiefly dependent on the employee for support, and not capable of self-sustaining employment.
- Age 30 if enlisted in Military

Limited Eligibility

An employee classified as part-time scheduled to work less than 30 hours per week and a minimum of 1,000 hours per calendar year qualifies for participation in the 401(k) plan and is entitled to paid vacation time (see "Vacation Pay" for explanation of paid part-time vacation balance accrual).

A brief summary of the various benefits offered by Utilities, Inc. are shown in this guide. If an employee does not elect to enroll in any plan during the open enrollment period or when the employee first becomes eligible for benefits, the employee will not be allowed to enroll until the next open enrollment period unless the employee has a special enrollment event as defined by HIPAA (see "Life Qualifying Events" below).

When Coverage Begins:

Employees must enroll for medical, dental, vision, choose to participate in the reimbursement accounts, and/or elect Voluntary Life and AD&D benefits within 30 days of the employee's initial eligibility date. Health benefits begin on the first day following the 30 day waiting period. Enrollment in employer paid benefits is automatic.

New Hires:

Eligible new hires are required to select or waive coverage within 30 days of their initial eligibility date. Employees failing to select coverage under one or more of the optional plans within this time will be deemed to have voluntarily waived eligibility for coverage for the entire plan year. Once made, selections are irrevocable and remain in effect for the plan year unless a qualified status change occurs.

Life Qualifying Events

Your initial new hire eligibility period allows you thirty (30) days from your hire date to submit enrollment forms for the benefits you wish to enroll in. You are allowed to change your enrollment during the plan year only when you have a life qualifying event that significantly affects your benefit needs. Life events can include:

1. Marriage or Divorce
2. Birth or adoption of a child or placement of a child for adoption
3. Death of a child or spouse
4. Loss of or obtainment of other coverage.

An employee wanting to change elections due to a life qualifying event should contact Human Resources as soon as possible following the event, but no later than 30 days following the event. Appropriate documentation will be required to substantiate a change and must be received within 30 days of the life qualifying event. Effective date for changes will be the actual date of the event. Any change reported or supporting documentation received after 30 days following the life qualifying event will not be accepted. In such an instance, the next opportunity to make a change will be during the next open enrollment period. The open enrollment period is the time employee's may make changes (such as moving from one plan to another, adding dependents, etc.) Freely without supporting documentation. The next open enrollment date is January 1st.

Medical and Dental Premiums

The employee medical and dental premiums are listed below. Utilities Inc. covers 100% of the cost for vision insurance upon enrollment to a medical plan. Utilities, Inc. also covers 100% of the cost of basic life and AD&D insurance, short term disability insurance and long term disability insurance.

	With Preventive Incentive		Without Preventive Incentive	
Medical Insurance - PPO Plan A	Hourly Employees	Salaried Employees	Hourly Employees	Salaried Employees
	(26 pays per year)	(24 pays per year)	(26 pays per year)	(24 pays per year)
Employee Only	\$48.48	\$52.51	\$250.48	\$271.35
Employee + Spouse	\$127.21	\$137.81	\$601.16	\$651.26
Employee + Child(ren)	\$107.06	\$115.98	\$505.97	\$548.14
Family	\$185.51	\$200.97	\$876.69	\$949.75
* Working Spousal Surcharge	\$129.23	\$140.00	\$129.23	\$140.00
	With Preventive Incentive		Without Preventive Incentive	
Medical Insurance - PPO Plan B	Hourly Employees	Salaried Employees	Hourly Employees	Salaried Employees
	(26 pays per year)	(24 pays per year)	(26 pays per year)	(24 pays per year)
Employee Only	\$42.65	\$46.21	\$219.17	\$237.44
Employee + Spouse	\$111.30	\$120.58	\$526.01	\$569.85
Employee + Child(ren)	\$93.68	\$101.49	\$442.73	\$479.62
Family	\$162.32	\$175.85	\$767.10	\$831.03
* Working Spouse Surcharge	\$129.23	\$140.00	\$129.23	\$140.00
Dental Insurance	Hourly Employees	Salaried Employees		
	(26 pays per year)	(24 pays per year)		
Employee Only	\$4.97	\$5.37		
Employee + Spouse	\$11.08	\$12.01		
Employee + Child(ren)	\$8.32	\$9.01		
Family	\$16.63	\$17.92		

Pre-Tax/Post-Tax Contributions

Generally, the cost to participate in Utilities, Inc.' Health plan and/or reimbursement accounts is taken from the employee's paycheck on a **pre-tax basis**. This means the employee does not pay Federal Income Tax, Social Security Tax, and in most cases state/local taxes on those contributions.

*Working Spouse Surcharge

A working spouse surcharge is an additional contribution that Utilities, Inc. will charge an employee to cover a working spouse that has other health coverage available, such as through his or her own employer, and chooses not to enroll in that coverage. The spouse surcharge does not apply to spouses who are unemployed or whose employers do not offer health insurance. The surcharge is designed to encourage spouses to use the health coverage available through their own employer. The surcharge is used to contribute to the added cost of covering spouses on our plan who choose not to participate in their employer's coverage. Every employee choosing to enroll in a medical plan with UI, and is covering a spouse, must complete the Working Spouse Medical Plan Affidavit. All forms must be returned to the Human Resources Department. The surcharge will automatically be charged to all employees choosing to cover a working spouse that did not return the Working Spouse Medical Plan Affidavit with the medical enrollment form.

Preventive Incentive

In an effort to promote a healthy lifestyle, we encourage our employee's to receive a routine annual physical with blood draw at initial eligibility and at least once every three (3) years. It is important to maintain a healthy lifestyle and monitor your health on a regular basis. Having an annual physical is the first step toward taking control of your health.

If you choose to enroll in the medical insurance and complete a routine annual physical with blood draw, you will enjoy employee premium amounts less than the standard premium. Depending on the plan you choose and the number of dependents you cover, this incentive could save you anywhere from \$4,700 to \$16,000 per year!

Both medical plans offer a benefit to cover the cost of your physical and blood draw under the Preventive Care benefit. The plan will pay 100% with no co-payment. Please note the following tips to keep in mind to ensure you receive this level of benefit:

1. You must receive these services by an in-network provider
2. All services billed on the date you obtain your annual routine physical with blood draw must be billed as "routine". Any services billed on this date of service that are not "routine" will be subject to co-pays and deductibles.
3. You are allowed one routine annual physical per calendar year.

In order to qualify for the preventive incentive, you and your spouse, if you choose to cover your spouse, must have a routine physical with blood draw documented with a date of service within 60 days of your insurance becoming effective. A Routine Physical Verification Form must be completed for both yourself and your spouse by the physician and returned to the HR Department within the time frame. If the form is not received in that time frame, your premiums will increase on the 61st day from the effective date, to the "NON Preventive" rates (until the verification form is received by HR to reduce the rates to "Preventive.")

Medical Plans A & B

Utilities, Inc. provides a choice of two PPO Medical plans to all eligible employees effective the 31st day of employment.

	PPO Plan - A - Group #P17022		PPO Plan - B - Group #P17023	
	In-network	Non-network	In-network	Non-network
Deductible	\$400 Individual \$1,200 Family	\$800 Individual \$2,400 Family	\$1,500 Individual \$4,500 Family	\$4,500 Individual \$13,500 Family
Out-of-Pocket Maximum Includes deductibles and co-pays	\$2,150 Individual \$6,450 Family	\$4,300 Individual \$12,900 Family	\$5,000 Individual \$11,500 Family	\$15,000 Individual \$34,500 Family
Physician Office Visits One co-payment per day when you receive services from a Family Practice, Internal Medicine, OB/GYN, or Pediatrician. Surgeries, therapies and certain diagnostic procedures performed in a physician's office may be subject to the deductible and/or coinsurance, including mental health and substance abuse services.	\$15 co-pay for PCP \$25 co-pay for Specialist; then 100%	60% after deductible	\$35 co-pay for PCP \$45 co-pay for Specialist; then 100%	50% after deductible
Preventive Care Routine annual physicals, well-baby exam, annual vision and hearing exams, immunizations, and other preventive health services as determined by the USPSTF.	100%	60% after deductible	100%	50% after deductible
Maternity Services Co-payment applies to first prenatal visit. All other maternity physician covered services are paid the same as Medical/Surgical Services	\$15 co-pay for PCP \$25 co-pay for Specialist; then 100%	60% after deductible	\$35 co-pay for PCP \$45 co-pay for Specialist; then 100%	50% after deductible
Medical/Surgical Services Coverage for surgical procedures, inpatient visits, therapies, allergy injections or treatments, and certain diagnostic procedures as well as other physician services.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Hospital Admission Deductible (Maximum 3 days/calendar year)	\$100 per day	\$100 per day	\$100 per day	\$100 per day
Inpatient Hospital Services Coverage includes services received in a hospital, skilled nursing facility, coordinated home care and hospice. Room allowances based on the hospital's most common semi-private room rates.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Outpatient Hospital Services Coverage for services includes, but is not limited to outpatient or ambulatory surgical procedures, x-ray, lab tests, chemotherapy, radiation therapy, renal dialysis, and mammograms performed in a hospital or ambulatory surgical center. Routine mammograms performed in an in-network outpatient hospital setting are payable at 100%, no deductible will apply.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Outpatient Emergency Care (Accident or Illness) The co-payment applies to both in and out of network emergency room visits. The co-payment is waived if the member is admitted to the hospital.	\$100 co-pay	\$100 co-pay	\$100 co-pay	\$100 co-pay
Muscle Manipulation Services* Coverage for spinal and muscle manipulation services provided by a physician or chiropractor. Related office visits are paid the same as other Physician Office Visits. Limited to 30 visits per calendar year.	\$25 co-pay; then 100%	60% after deductible	\$45 co-pay; then 100%	50% after deductible
Therapy Services - Speech, Occupational and Physical Coverage for services provided by a physician or therapist.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Temporomandibular Joint (TMJ) Dysfunction and Related Disorders	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Other Covered Services - Private Duty Nursing - Naprapathic Services up to 30 visit max per calendar year - Blood and blood components - Ambulance Services - Medical Supplies	80% after deductible	80% after deductible	60% after deductible	60% after deductible

Prescription Drug Benefit for Medical Plans A & B

	Generic	Formulary Brand	Non-Formulary Brand
Contracting Retail Pharmacy Up to a 34-day supply. Includes diabetic supplies: blood glucose test strips, lancets, diagnostic agents used with urine testing and glucagon.	\$10	25% Minimum Co-pay \$25 Maximum Co-pay \$75	50% Minimum Co-pay \$25 Maximum Co-pay \$75
Mail Service Up to a 90-day supply.	\$20	25% Minimum Co-pay \$50 Maximum Co-pay \$150	50% Minimum Co-pay \$50 Maximum Co-pay \$150
Contraceptives Available at retail and mail service at the appropriate co-payment level based on drug classification.	As Indicated Above		
Self-Injectables Available at retail and mail service at the appropriate co-payment level.	As Indicated Above		

FREE Generic Mail Order Pharmacy Plan Option

Utilities, Inc. employees and their enrolled dependents are eligible to receive free generic maintenance medication by utilizing the Rx 'n Go mail order pharmacy service. Rx 'n Go offers a comprehensive listing of nearly 1,200 available generic maintenance medications. By filling your generic maintenance medication through Rx 'n Go, Utilities, Inc. will pay the entire cost of the medication. A ninety (90) day supply of medication will arrive directly at the member's home address or designated delivery location.

Please consult with your physician or health care provider if you are not currently taking a generic medication to determine if any of the prescriptions offered through the Rx 'n Go pharmacy may be an option.

Interested plan members are required to have their health care provider submit a completed Rx 'n Go prescription order form via e-mail or fax (or the member may mail the original order form via regular mail.) The order form is available in the HR/Payroll>Enrollment Forms>Prescription Drug folder on the UIWaterMain to take to your provider's office.

Dental Plan - Delta Dental Group #20159

	PPO	Premier	Out-of-Network
Annual Maximum	\$1,000 per person		
Annual Deductible Applies only to Basic and Major Services. Charged one time per calendar year.	\$25 per person; \$75 per family		
Preventative/Diagnostic Services <ul style="list-style-type: none"> • Oral evaluations up to two times per benefit year • X-Rays (bitewings up to two per benefit year; full mouth - once every three years) • Prophylaxis (cleaning up to two per benefit year) • Flouride treatments up to once per benefit year for children under age 19 • Space Maintainers • Sealants 	100% of reduced fee ¹ No Deductible	100% of MPA ² No Deductible	100% of MPA ³ No Deductible
Basic Services <ul style="list-style-type: none"> • Fillings • Oral Surgery • Periodontics • Endodontics • General Anesthesia in conjunction with oral surgery • Recementing of crowns and bridges 	80% of reduced fee ¹ Deductible Applies	80% of MPA ² Deductible Applies	80% of MPA ³ Deductible Applies
Major Services <ul style="list-style-type: none"> • Crowns, jackets, cast restorations • Fixed and removable bridges • Partial and full dentures • Implants 	50% of reduced fee ¹ Deductible Applies	50% of MPA ² Deductible Applies	50% of MPA ³ Deductible Applies
¹ You will not be "balance billed" for charges exceeding Delta Dental's allowed PPO fee.			
² You will not be "balance billed" for charges exceeding Delta Dental's maximum plan allowances (MPAs).			
³ You are responsible for charges exceeding Delta Dental's maximum plan allowances (MPAs).			
Your dentist chooses the Delta Network they participate in whether it is PPO, Premier, Both or Neither. Consult your dentist to determine which network they participate in and how insurance is applied to that coverage. In the event your dentist participates in the PPO and Premier Networks, PPO becomes the default network.			
The preceding information is a brief summary of the Utilities, Inc. Dental Plan and the services it covers. If you have specific questions regarding benefit coverage, limitations or exclusions, contact Delta Dental at (800) 323-1743.			

Flexible Spending Accounts (FSA) – Paychex

Employees are eligible to participate in the Flexible Spending Account after thirty (30) days of employment. An FSA allows you to set aside pre-tax dollars from your paycheck to pay for eligible health and dependent care expenses, lowering your taxable income and increasing your take home pay. The plan year for this benefit is January 1 thru December 31.

[Health Care Flexible Spending Account](#)

A Health Care FSA reimburses you for eligible medical care expenses incurred for yourself, your spouse and your dependents. This account can be used to pay for qualified, medically necessary medical, dental or vision expenses not covered by your insurance. Physician office visit and prescription co-payments are some examples of qualified expenses. The IRS allows up to \$2,500 to be contributed to this account per plan year.

[Dependent Care Flexible Spending Account](#)

A Dependent Care FSA helps you pay for child or elder care services so you can work. The IRS allows up to \$5,000 to be contributed to this account per plan year.

NOTE: If you are married and file jointly, your combined contributions may not exceed \$5,000. If you are married and file separately, your individual contributions may not exceed \$2,500.

Upon enrollment to an FSA, you will elect an annual contribution amount to participate in one or both of the FSA's. This election and contribution amount is binding for the entire plan year. Only a LIFE QUALIFYING EVENT will allow you to change an FSA election. Your annual contribution amount must be used for expenses incurred within that plan year. Any dollar amount not reimbursed for expenses during the plan year will be forfeited. This is known as the “use it or lose it” rule.

- If you are enrolled in one of the Blue Cross Blue Shield medical plan options, you may elect automatic claim submission of your medical expenses not paid after a claim is filed to your healthcare FSA. Enrollment in this feature allows reimbursement for out of pocket expenses without having to submit a claim form.
- If you enroll in either the healthcare or dependent care FSA, you may also enroll in direct deposit to have your reimbursements directly deposited into the bank account of your choice.

Vision Benefits – Vision Service Plan (VSP) Group #12159678

100% Employer Paid

Enrollment in the vision plan through Vision Service Plan is automatic with enrollment in either of the medical plans and is effective on the 31st day of employment. Utilities, Inc. pays the entire cost of this benefit. Please note, VSP does not provide member ID cards.

	In-Network	Out-of-Network	Frequency
	Co-pay	Reimbursement	Once
Exams	\$10	Up to \$25.00	Every 12 months
Prescription Glasses (Including Lenses and Frame)	\$25		
<i>Lenses</i>			
Single vision		Up to \$30.00	
Lined Bifocal		Up to \$35.00	
Lined Trifocal		Up to \$45.00	
<i>Frames</i>		Up to \$45.00	Every 24 months
Contacts (in lieu of glasses)	\$0	Up to \$105.00	Every 12 months

Short - Term Disability Insurance

100% Employer Paid

Utilities, Inc. provides short-term disability insurance to all eligible employees after one year of employment. This benefit is paid at 100% income replacement in accordance to the regular payroll schedule based on years of service. Short-term disability insurance is to provide paid leave for off-the-job sickness, injury or pregnancy. To qualify for this benefit, a Certification of Health Care Provider Form (found on the UIWaterMain) must be completed by your physician to establish a "serious health condition" for sickness or injury. For pregnancy/maternity leave, paid short-term disability time is available to eligible employees. Employee eligibility for paid time uses the same schedule as the short-term disability benefit. A Certification of Health Care Provider Form is required for any paid short-term disability time while on pregnancy/maternity leave. At the end of your paid short-term disability, whether eligible paid time has exhausted or your medical provider's certification period expires, you may be required to use your accrued vacation time for any additional time off.

1 - less than 2 Years of service	1 week of income replacement per rolling 12 month period from the first day of paid short term disability
2 years, but less than 4 years of service	3 weeks of income replacement per rolling 12 month period from the first day of paid short term disability
4 years, but less than 6 years of service	6 weeks of income replacement per rolling 12 month period from the first day of paid short term disability
6 years, but less than 12 years of service	2 weeks of income replacement per year of service per rolling 12 month period from the first day of paid short term disability
12 years of service or more	6 months of income replacement per rolling 12 month period from the first day of paid short term disability

Long - Term Disability Insurance - MetLife Group #95164

100% Employer Paid

Utilities, Inc. provides long-term disability insurance to all eligible employees effective first of the month following thirty days of employment. In order to receive benefits under this plan, you must satisfy requirements set by MetLife during the application process. In the event of a disability, it is suggested that you begin the application process to receive benefits no later than your twelfth week of continuous disability to ensure sufficient time for review.

Benefits Begin	After 180 days of continuous disability
Monthly Benefit	50% of base pre-disability earnings
Minimum Monthly Benefit	\$100
Maximum Monthly Benefit	\$10,000

Life and AD&D Insurance - MetLife Group #95164

100% Employer Paid

Utilities, Inc. provides both Basic Life and Accidental Death and Dismemberment insurance to all eligible employees effective first of the month following thirty days of employment. The Basic Life benefit amount is equal to 1 ½ times your base annual salary plus \$10,000. The Accidental Death and Dismemberment amount is the same. These benefits are convertible to an individual policy upon termination. Requests to convert these benefits must be made to HR within 30 days of your termination date.

Voluntary Life Insurance – MetLife Group #95164

Utilities, Inc. offers the option of purchasing additional life insurance for yourself, your spouse and/or your child(ren). These benefits are available for purchase on a post-tax basis. Paying tax on the premiums allows benefit payments to be tax-free. The table below illustrates a summary of these benefits. Please note that MetLife requires the purchase of coverage in stated increments. Employees must purchase coverage for themselves before they are able to purchase coverage on dependents. Requests to enroll in this benefit must be made during your first 30 days with the Company to take advantage of the guarantee issue amounts. If you wish to enroll in this benefit after your new hire eligibility period, you may do so during any Open Enrollment period or within 30 days of a Life Qualifying Event as defined earlier. Enrollments in conjunction with an Open Enrollment period or Life Qualifying Event will require a Statement of Health and approval from the MetLife underwriting department before the benefit can be issued. This benefit is portable upon termination. Requests to port this benefit must be made to HR within 30 days of your termination.

Voluntary Benefit Amounts

Employee	Sold in increments of \$10,000 Maximum issue amount = \$300,000
Spouse	Sold in increments of \$10,000 up to a maximum of \$150,000 Maximum issue amount = 100% of the voluntary employee life amount of \$150,000; whichever is less
Child(ren)	Issued as a flat amount equal to \$10,000

Guarantee Issue Amount*

Employee	\$50,000
Spouse	\$10,000
Child(ren)	Entire Benefit Amount

* Guarantee Issue refers to the amount of coverage you are eligible to purchase during your initial enrollment period without providing evidence of “good health”. However, if you do not enroll when initially eligible, you will be required to provide evidence of “good health” for any amount elected by completing a Statement of Health form. The Statement of Health form will be submitted to the underwriting department at MetLife for approval before the benefit can be issued.

Monthly Premiums for Voluntary Life Insurance

	Employee Cost	Spouse Cost
Age	Per \$10,000 of Coverage	
Under 30	\$0.94	\$0.94
30 - 34	\$1.16	\$1.16
35 - 39	\$1.59	\$1.59
40 - 44	\$2.20	\$2.20
45 - 49	\$3.95	\$3.95
50 - 54	\$5.89	\$5.89
55 - 59	\$8.24	\$8.24
60 - 64	\$12.96	\$12.96
65 - 69	\$20.06	\$20.06
Over 69	\$40.00	\$40.00
Monthly Cost for the Child(ren) Life equal to \$10,000 is \$1.19		

Supplemental Travel/Accident Insurance - ACE American Insurance

100% Company Paid

Plan Number: 01AH585

Policy Number: ADD N01062487

Utilities, Inc. provides travel accident insurance to further financially assist your family members in the event of loss of life while traveling for business.

The value of this benefit is based your position classification.

	Employee	Spouse	Dependents
Operations & Field	\$100,000	\$25,000	\$10,000
Office & Clerical	\$50,000	\$25,000	\$10,000

Employee Assistance Program (EAP) – MetLife

100% Employer Paid

The EAP is a confidential and professional service that provides information, referral services and telephonic counseling by licensed professionals to all employees and members of their immediate families who may be experiencing personal difficulties in their lives.

The EAP provides confidential services without cost to employees and their immediate family members for a variety of work/life related issues including legal and financial issues, child and elder care assistance, identity theft recovery services, relationship, marriage or family issues, and alcohol and drug dependency.

To obtain these services, you can call the confidential hot-line (800) 511-3920 24 hours a day, 7 days a week.

Patient Advocacy - Health Advocate

100% Employer Paid

Health Advocate is a company that provides employees with access to trained professionals who understand the intricacies of the healthcare system and assist you in navigating through it.

Health Advocate services are provided by professional Health Advocates, typically registered nurses, backed up by a team of medical directors and administrative experts who will help you, your spouse, dependent children, parents or parents in-law.

You Are Already Enrolled At No Cost To You!

The Top 10 Reasons to Call Health Advocate

- **Find the best doctors**, hospitals, dentists and other leading healthcare providers anywhere in the country. This includes locating providers in the BlueCross BlueShield of Illinois network.
- **Schedule appointments** with providers including hard to reach specialists and critical care providers and arrange for specialized treatments and tests.
- **Help resolve insurance claims** and assist with negotiating billing and payment arrangements, and related administrative issues.
- **Assist with elder care** and related healthcare issues facing your parents and parents in-law.
- **Obtain unbiased health information** to help you make an informed decision. This includes pricing for an elective procedure to ensure you are controlling your healthcare expenses.
- **Work with insurance companies** to obtain appropriate approvals for needed services and to foster communications between physicians and insurance companies.
- **Answer questions** about test results, treatment recommendations and medications recommended or prescribed by your physician.
- **Assist in the transfer of medical records**, x-rays and lab results.
- **Locate and research the newest treatments** for a medical condition.
- **Assist and initiate appeals** for denied claims, disputes and issues related to care received. Providing members with guidance in filing a grievance or complaint to the insurance company.

This service is completely confidential and no information is exchanged between Health Advocate and Utilities, Inc. Advocates are available Monday through Friday from 9 a.m. To 8 P.m. Central time. An advocate is also available 24 hours a day, seven days a week to provide assistance that needs attention during non-business hours.

Help is just a phone call or click away.

Visit their website at <http://www.healthadvocate.com> or contact them at 1-866-695-8622

Education Assistance

Full-time employees may continue their education in a related field, and Utilities, Inc. may reimburse some of the tuition costs. All courses and costs must be pre-approved by the manager and the Executive Team before taking the class and must be completed on the employee's own time. Once the course is complete, a certified transcript of your grades and the receipts for your expenses must be submitted. Utilities, Inc. will reimburse you for the portion of the tuition that was pre-approved on the following course by course basis:

Grade	Reimbursement
A	90% of the amount that was pre-approved
B	75% of the amount that was pre-approved
C	50% of the amount that was pre-approved

In cases where classes are graded based on a pass or fail, a passing grade will be reimbursed at 90% of the amount that was pre-approved.

In order to qualify for this education assistance benefit you must:

- Advise your manager, prior to enrolling for the class that you intend to take a particular course. Your manager will advise you whether the course is of a nature that Utilities, Inc. will approve for reimbursement of tuition.
- The course must be job oriented and offered by an approved education institution.
- The course and maximum reimbursement amount must be approved by the Executive Team prior to the start of the course.
- You must receive a passing grade of "C" or better.
- You must have at least one (1) full year of prior service with Utilities, Inc.
- If you are eligible to receive educational benefits from other sources, such as the Veterans Administration, Utilities, Inc. will only consider some reimbursement of the part that remains unpaid after application of those benefits for your educational expenses.

Utilities, Inc. will require you to sign an agreement stating that if you leave the Company within 12 months of completing a class, you will repay the amount you were reimbursed.

For income tax free purposes the course must meet IRS section 127 rules that state the education is required by the employer or by law for the employee to keep his or her present salary, status, or job. The required education must serve a bona fide business purpose of the employer or the education maintains or improves skills needed in the job.

Certification Bonus

Utilities, Inc. requires certain positions to have the proper license and/or certifications for certain job titles. These requirements are listed on the job description for each title, which can be found on the HR/Payroll>Communications folder on the UIWaterMain. Bonus amounts are listed in the HR/Payroll>Payroll>General Information folder on the UIWaterMain, as well as a bonus check request.

Adoption Benefit

Adoption benefits are available to full-time employees after one year of service. The adopted child must be 17 years of age or younger unless the child is physically or mentally incapable of caring for himself or herself. Eligible adoption related expenses will be reimbursed as they are incurred during the adoption process up to a maximum of \$5,000 per child.

401(k) Plan – JP Morgan

Employer Matching – You are eligible to contribute 100% of your salary up to the IRS maximum through pre-tax payroll deductions for your 401(k) Plan as long as you are at least 21 years of age and have satisfied ninety (90) days of employment. If you are 50 years of age or older, you are allowed an additional \$5,500 in catch up contributions to the plan. If you elect to make contributions to the 401(k) Plan, the company will make a matching contribution to your 401(k) account. Prior to the beginning of each year, the Company will announce the applicable matching level and cap for that year. For 2014, the Company will match \$.50 on every \$1.00 you contribute to the 401(k) Plan up to a maximum contribution on 6% (equal to 3%) of your base annual compensation. Matching contributions will be made in the same pay period in which you make your contributions. If you do not contribute to the 401(k) Plan you will not be eligible for a matching contribution.

Non Elective Company Contribution – A non elective Company contribution is made annually on 4% of your eligible wages for each plan year into your 401(k) account regardless of whether you have contributed any savings of your own.

You are always 100% vested in your contributions to the plan. Both the Employer Matching & 401(k) Non Elective Company Contributions to your 401(k) Plan are vested based on your years of service at Utilities, Inc. For employees hired on or after January 1, 2010, your “vested percentage” is as follows:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6	100%

To enroll in this benefit, you must login to the JP Morgan website at www.retirementlink.jpmorgan.com. To login for the first time, you will need your PIN which will be sent to you in the mail a month prior to initial eligibility to your home address. Information can be found on the UIWatermain in the HR/Payroll drop down under “Benefits”, “Forms” then “401(k).”

For more detailed plan and ERISA information, please refer to the Summary Plan Description and 204(h). These documents can be obtained from HR or on the UIWatermain.

Vacation Pay

Vacation is a time for you to rest, relax, and pursue special interests. Utilities, Inc. has provided paid vacation as one of the many ways in which we show our appreciation for your loyalty and continued service. Only full-time employees and eligible part-time employees are entitled to paid vacation. You are eligible to accrue paid vacation within your first completed month of service; however, you may not take paid vacation until you have completed 30 days of employment.

Vacation Accrual	Hourly Employees (Full-time)	Hourly Employees (Part-time)	Salaried Employees
First Month of Employment	If hired on or between the 1st and 15th - 8 hours	If hired on or between the 1st and 15th - 4 hours	If hired on or between the 1st and 15th - 1 day
	If hired on or between the 16th and 31st - 4 hours	If hired on or between the 16th or 31st - 2 hours	If hired on or between the 16th or 31st - 1/2 day
Less than 1 Year	8 hours for each completed calendar month of service	4 hours for each completed calendar month of service	1 day for each completed calendar month of service
1 year to less than 6 years	96 hours annually	48 hours annually	12 Days annually
6 years to less than 15 years	96 hours annually plus 8 hours for each year of service over 5 years	48 hours annually plus 4 hours for each year of service over 5 years	12 Days annually plus 1 Day for each year of service over 5 years
15 years or more	176 hours	88 hours	22 Days

Unused Vacation Time

Employees are encouraged to use their paid vacation time each year. However, Utilities, Inc. does acknowledge that circumstances may arise which do not make that possible. If an employee has unused vacation time remaining at year-end, employees may carry up to 5 days (40 hours for full time/20 hours for part time). Carry-over vacation time must be used the following year, unless an exception is pre-approved by your manager and the HR manager. Unused roll-over vacation time is not paid out upon termination.

Part-Time Employees

Part-time employees are entitled to vacation time and pay unless they are disqualified for this benefit by working less than 1,000 hours in the current calendar year.

Terminated Employees

At the time of employment termination, the amount of vacation pay accrued will be calculated by taking the number of full months worked during the current year times the amount of vacation time earned in one month. Any unused time will be prorated and paid upon termination. Unused vacation days which rolled-over from the previous year will not be paid.

Holiday Pay

For 2014, Utilities, Inc. is recognizing the following holidays:

New Year's Day – Wednesday, January 1st
 Memorial Day – Monday, May 26th
 Independence Day – Friday, July 4th
 Labor Day – Monday, September 1st
 Thanksgiving Day – Thursday, November 27th
 Day after Thanksgiving Day – Friday, November 28th
 Christmas Eve - Wednesday, December 24th
 Christmas Day - Thursday, December 25th

All full-time employees receive the Company selected holiday benefit. Please note that the designated holidays may change each year. Be sure to watch for a revised holiday schedule prior to each New Year.

You may take time off to observe religious holidays. If available, a vacation day may be used for this purpose, otherwise the time off is without pay. You must notify your manager in advance.

Only full-time employees are eligible for holiday pay. You are not eligible to receive holiday pay during the first thirty (30) days of your employment, nor are you eligible to receive holiday pay if you are a part-time employee or a temporary employee.

Holiday Policies

If a holiday occurs during your scheduled vacation, you are permitted to take an extra day of vacation. In order to qualify for holiday pay, you must work the scheduled workday immediately before and after the holiday. Only scheduled vacation will be considered exceptions to this policy.

Contact Information

Vendor/Resource	Telephone	Website
BlueCross BlueShield of Illinois - Medical		
Medical Claim and Benefit Information	(800) 828-3116	www.bcbsil.com
Prime Therapeutics - Prescription Drugs		
Pharmacy and Prescription Drug Inquiries	(800) 423-1973	www.myprime.com
Rx 'n Go Free Generic Mail Order Maintenance Pharmacy		
Rx 'n Go/PBM Plus	(888) 697-9646	www.rxngo.com
Delta Dental of Illinois - Dental		
Dental Claim and Benefit Information	(800) 323-1743	www.deltadentalil.com
MetLife - Life and Accidental Death & Dismemberment		
Life and AD&D Claims and Benefit Information	(800) 638-6420	www.metlife.com
MetLife - Long-Term Disability		
Disability Claims and Benefit Information	(800) 300-4296	www.metlife.com
Paychex - Flexible Spending Accounts		
Healthcare and Dependent Day Care FSA Questions, Account Balances and Information	(888) 712-0088	www.mypaychex.com
Ace American Insurance - Travel Accident		
Inside the United States	(800) 243-6124	www.ACETravelAssistance.com
Outside the United States Call Collect	(202) 659-7803	
MetLife - Employee Assistance Program		
Confidential assistance with personal, legal, financial or elder care issues.	(800) 511-3920	www.metlife.com
JP Morgan - 401(k) Retirement		
Plan Details Enrollment Account/Balance Information	(800) 854 -0647	www.retirementlink.jpmorgan.com
Health Advocate - Patient Advocacy		
Confidential assistance with medical/dental claim issues Medical or dental benefit questions Assistance scheduling medical procedures	(866) 695-8622	www.healthadvocate.com
Human Resources		
Director of Human Resources	(847) 897-6503	jpdevine@uiwater.com

This Employee Benefits Guide has been prepared to help you review and understand the key factors associated with our benefit plans. This guide does not provide all of the provisions, limitations and exclusions included in our benefit plans and policies and should be considered only as a summary of our current benefits. If any differences exist between this summary and the official plan documents, the official plan documents shall control. Additionally, the benefits described herein are subject to change without notice. Neither this Employee Benefits Guide nor any of the benefits described herein constitute a contract of employment, nor should they be construed as giving you any legal rights to continue to be employed. Your employment with the Company is and will continue to be "at will."

Rescission of Coverage

Utilities, Inc. reserves the right to terminate the health coverage of you/and your dependent(s) prospectively without notice for cause (as determined by **Utilities, Inc.**), if you and/or your dependent(s) are otherwise determined to be ineligible for coverage under the plan. In addition, if you or your dependent commits fraud or intentional misrepresentation in an application for health coverage under the plan, in connection with a benefit claim or appeal, or in response to any request for information by **Utilities, Inc.** Or its delegates (including **BlueCross BlueShield of Illinois**) **Utilities, Inc.** may terminate your coverage retroactively upon 30 days of notice. Failure to inform **Utilities, Inc.** that you or your dependent is covered under another group health plan or knowingly providing false information in order to obtain coverage for an ineligible dependent are examples of actions that constitute fraud under the plan.



2335 Sanders Road, Northbrook, IL 60062-6196



Employee Benefits Guide



2015

Plan Year - 1/01/2015 - 12/31/2015

For Full Time Employees Only
Except where noted herein

Employee Benefit Summary/Contents Page

Benefit	Description	Cost to Employee/Requirement	Eligibility	Page															
Medical Insurance	Medical insurance provides cost-effective medical care through Blue Cross Blue Shield. The PPO plans feature a network of participating doctors, hospitals, and facilities to provide health care services to plan members at reduced rates.	<p>Monthly Employee Deductions</p> <p>The deductions below include a preventive incentive. See page 4 for details on how to qualify for the preventive incentive.</p> <table border="1"> <thead> <tr> <th></th> <th>Plan A</th> <th>Plan B</th> </tr> </thead> <tbody> <tr> <td>Employee Only</td> <td>\$108.47</td> <td>\$95.44</td> </tr> <tr> <td>Employee + Spouse</td> <td>\$284.65</td> <td>\$249.07</td> </tr> <tr> <td>Employee + Child(ren)</td> <td>\$239.58</td> <td>\$209.64</td> </tr> <tr> <td>Family</td> <td>\$415.12</td> <td>\$363.22</td> </tr> </tbody> </table>		Plan A	Plan B	Employee Only	\$108.47	\$95.44	Employee + Spouse	\$284.65	\$249.07	Employee + Child(ren)	\$239.58	\$209.64	Family	\$415.12	\$363.22	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Qualifying Life Event (QLE). Benefit begins on the 31st day of employment, the date of a LQE or January 1st for open enrollment.	4
	Plan A	Plan B																	
Employee Only	\$108.47	\$95.44																	
Employee + Spouse	\$284.65	\$249.07																	
Employee + Child(ren)	\$239.58	\$209.64																	
Family	\$415.12	\$363.22																	
Dental Insurance	Dental insurance provides cost-effective dental care through Delta Dental. While there are no restrictions on your choice of dentist, using a Delta network dentist enhances your benefit.	<p>Monthly Employee Deductions</p> <table border="1"> <tbody> <tr> <td>Employee Only</td> <td>\$10.75</td> </tr> <tr> <td>Employee + Spouse</td> <td>\$24.01</td> </tr> <tr> <td>Employee + Child(ren)</td> <td>\$18.02</td> </tr> <tr> <td>Family</td> <td>\$35.84</td> </tr> </tbody> </table>	Employee Only	\$10.75	Employee + Spouse	\$24.01	Employee + Child(ren)	\$18.02	Family	\$35.84	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Qualifying Life Event (QLE). Benefit begins on the 31st day of employment the date of a QLE or January 1st for open enrollment.	6							
Employee Only	\$10.75																		
Employee + Spouse	\$24.01																		
Employee + Child(ren)	\$18.02																		
Family	\$35.84																		
Vision Insurance	Vision insurance is provided through Vision Service Plan. Many services from a network provider are covered in full after a nominal co-pay.	This is a Company paid benefit contingent upon your enrollment into a medical plan.	Benefit begins on the day Medical Insurance is effective. Automatic enrollment with enrollment into a medical plan.	7															
Flexible Spending Account (FSA)	UI provides a FSA program designed to save you money on out-of-pocket expenses incurred for health and dependent care. Employees can save up to 30% on eligible expenses by using tax-free dollars.	Employees may contribute pre-tax dollars, through payroll, up to \$2,500 for health care expenses and up to \$5,000 for dependent care expenses.	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Qualifying Life Event. Benefit begins on the 31st day of employment, the date of a LQE or January 1st for open enrollment.	7															
Life and Accidental Death and Dismemberment (AD&D) Insurance	Life and AD&D insurance through MetLife provides financial aid for your family if you die or are seriously injured in an accident. The life benefit equates to 1.5 times your annual salary plus \$10,000. The AD&D benefit is the same amount.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	8															
Short-Term Disability Benefit	The short-term disability (STD) benefit provides 100% of your pre-disability base income if you are unable to work due to illness or injury. The duration of the benefit is based upon your years of service.	This is a Company paid benefit.	Automatic enrollment after one year of employment.	8															
Long-Term Disability Benefit	The long-term disability benefit provides income to employees who are disabled beyond six months of short term disability. The benefit includes 50% of pre-disability monthly earnings less income offsets.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment. Benefit has a 180 day waiting period.	8															
Voluntary Life Insurance	Supplemental term life insurance offers you and your dependents the opportunity to purchase additional life insurance.	Employee costs are based upon age and the elected benefit amount.	Available the first day of the month following 30 days of employment or the receipt and acceptance of your enrollment form by MetLife at any time following your initial 30 days of employment.	9															
Supplemental Travel/Accident Insurance	Supplemental travel/accident insurance through ACE American Insurance Company provides an additional amount of insurance whether on personal or work-related business.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	9															
Employee Assistance Program (EAP)	UI provides an EAP for employees and their immediate families who are dealing with personal issues.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	10															
Patient Advocacy	Provides a confidential resource to assist with claims and benefit issues, help with locating providers and scheduling procedures and appointments.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	10															
Education Assistance	UI offers up to 90% reimbursement of tuition costs for work related courses pre-approved by the Executive Team.	Reimbursement of tuition expenses are determined by Executive Team approval, course completion, and grades.	Available after 1 year of employment with required approvals.	11															
Certification Bonus	UI offers a certification bonus for licenses and certifications for work related education and development based on the level of the certification.	A pre-approved list of bonus amounts by state and level are listed in the Payroll folder on the UIWaterMain.	Requires BU executive approval	11															
401(k) Retirement Plan	<p>Non Elective Company Contribution</p> <p>The Company will contribute 4% of your total eligible plan year wages on an annual basis.</p> <p>Employee Contribution & Employer Match</p> <p>Employees may contribute to the 401(k) plan to save for their retirement. UI will match 50% of employee contributions up to 6% of your annualized base salary.</p>	Entitlement to employer contributions is subject to a vesting schedule. Please refer to the Summary Plan Description for more details.	<p>Non Elective Company Contribution</p> <p>After one year of service and end of the year employment.</p> <p>Employee Deferral & Employer Match</p> <p>After 90 days of service</p> <p>Online enrollment required at www.retirementlink.ipmorgan.com</p>	12															
Vacation Pay	Please see the "Vacation Accrual" schedule for further details.	This is a Company paid benefit.	Employees accrue vacation time dependent on their hire date. There is a 30-day waiting period after your hire date to use vacation time.	13															
Holiday Pay	UI offers 8 paid holidays each year.	This is a Company paid benefit.	Eligible 30 days after your hire date.	13															
Contact Information				14															

Eligibility

An employee is eligible to participate in the Utilities, Inc. Benefit Programs if he/she is classified as a full-time employee scheduled to work a minimum of 30 hours per week (with the exceptions for Limited Eligibility noted below).

Temporary, seasonal and agency employees are not eligible to participate in the benefit programs offered through the Company.

Eligible full-time employees can also enroll a legal spouse and dependent child(ren) for coverage. A "dependent child" is the subscriber's or spouse's natural child, stepchild, foster child or legally adopted child.

Children are generally considered dependents until:

- Age 26
- Any age, if they are mentally or physically disabled, chiefly dependent on the employee for support, and not capable of self-sustaining employment.
- Age 30 if enlisted in Military

Limited Eligibility

An employee classified as part-time scheduled to work less than 30 hours per week and a minimum of 1,000 hours per calendar year qualifies for participation in the 401(k) plan and is entitled to paid vacation time (see "Vacation Pay" for explanation of paid part-time vacation balance accrual).

A brief summary of the various benefits offered by Utilities, Inc. are shown in this guide. If an employee does not elect to enroll in any plan during the open enrollment period or when the employee first becomes eligible for benefits, the employee will not be allowed to enroll until the next open enrollment period unless the employee has a special enrollment event as defined by HIPAA (see "Qualifying Life Events" below).

When Coverage Begins:

Employees must enroll for medical, dental, vision, choose to participate in the reimbursement accounts, and/or elect Voluntary Life and AD&D benefits within 30 days of the employee's initial eligibility date. Health benefits begin on the first day following the 30 day waiting period. Enrollment in employer paid benefits is automatic.

New Hires:

Eligible new hires are required to select or waive coverage within 30 days of their initial eligibility date. Employees failing to select coverage under one or more of the optional plans within this time will be deemed to have voluntarily waived eligibility for coverage for the entire plan year. Once made, selections are irrevocable and remain in effect for the plan year unless a QLE change occurs.

Qualifying Life Events

Your initial new hire eligibility period allows you thirty (30) days from your hire date to submit enrollment forms for the benefits you wish to enroll in. You are allowed to change your enrollment during the plan year only when you have a qualifying life event that significantly affects your benefit needs. Life events can include:

1. Marriage or Divorce
2. Birth or adoption of a child or placement of a child for adoption
3. Death of a child or spouse
4. Loss of or obtainment of other coverage.

An employee wanting to change elections due to a qualifying life event should contact Human Resources as soon as possible following the event, but no later than 30 days following the event. Appropriate documentation will be required to substantiate a change and must be received within 30 days of the qualifying life event. Effective date for changes will be the actual date of the event. Any change reported or supporting documentation received after 30 days following the qualifying life event will not be accepted. In such an instance, the next opportunity to make a change will be during the next open enrollment period. The open enrollment period is the time employee's may make changes (such as moving from one plan to another, adding dependents, etc.) freely without supporting documentation. The next open enrollment period will be in December 2015 for plan year beginning January 1, 2016.

Medical and Dental Premiums

The employee medical and dental premiums are listed below. Utilities Inc. covers 100% of the cost for vision insurance upon enrollment to a medical plan. Utilities, Inc. also covers 100% of the cost of basic life and AD&D insurance, short term disability insurance and long term disability insurance.

	With Preventive Incentive		Without Preventive Incentive	
Medical Insurance - PPO Plan A	Hourly Employees	Salaried Employees	Hourly Employees	Salaried Employees
	(26 pays per year)	(24 pays per year)	(26 pays per year)	(24 pays per year)
Employee Only	\$50.06	\$54.24	\$258.70	\$280.26
Employee + Spouse	\$131.38	\$142.33	\$620.87	\$672.60
Employee + Child(ren)	\$110.58	\$119.79	\$522.56	\$566.11
Family	\$191.59	\$207.56	\$905.43	\$980.89
* Working Spousal Surcharge	\$129.23	\$140.00	\$129.23	\$140.00
	With Preventive Incentive		Without Preventive Incentive	
Medical Insurance - PPO Plan B	Hourly Employees	Salaried Employees	Hourly Employees	Salaried Employees
	(26 pays per year)	(24 pays per year)	(26 pays per year)	(24 pays per year)
Employee Only	\$44.05	\$47.72	\$226.36	\$245.22
Employee + Spouse	\$114.96	\$124.54	\$543.26	\$588.53
Employee + Child(ren)	\$96.76	\$104.82	\$457.24	\$495.35
Family	\$167.64	\$181.61	\$792.25	\$858.26
* Working Spouse Surcharge	\$129.23	\$140.00	\$129.23	\$140.00
Dental Insurance	Hourly Employees	Salaried Employees		
	(26 pays per year)	(24 pays per year)		
Employee Only	\$4.97	\$5.37		
Employee + Spouse	\$11.08	\$12.01		
Employee + Child(ren)	\$8.32	\$9.01		
Family	\$16.54	\$17.92		

Pre-Tax/Post-Tax Contributions

Generally, the cost to participate in Utilities, Inc.' Health plan and/or reimbursement accounts is taken from the employee's paycheck on a **pre-tax basis**. This means the employee does not pay Federal Income Tax, Social Security Tax, and in most cases state/local taxes on those contributions.

*Working Spouse Surcharge

A working spouse surcharge is an additional contribution that Utilities, Inc. will charge an employee to cover a working spouse that has other health coverage available, such as through his or her own employer, and chooses not to enroll in that coverage. The spouse surcharge does not apply to spouses who are unemployed or whose employers do not offer health insurance. The surcharge is designed to encourage spouses to use the health coverage available through their own employer. The surcharge is used to contribute to the added cost of covering spouses on our plan who choose not to participate in their employer's coverage. Every employee choosing to enroll in a medical plan with UI, and is covering a spouse, must complete the Working Spouse Medical Plan Affidavit. All forms must be returned to the Human Resources Department. The surcharge will automatically be charged to all employees choosing to cover a working spouse that did not return the Working Spouse Medical Plan Affidavit with the medical enrollment form.

Preventive Incentive

In an effort to promote a healthy lifestyle, we encourage our employee's to receive a routine annual physical with blood draw at initial eligibility and at least once every three (3) years. It is important to maintain a healthy lifestyle and monitor your health on a regular basis. Having a routine preventative physical is the first step toward taking control of your health.

If you choose to enroll in the medical insurance and complete a routine annual physical with blood draw, you will enjoy employee premium amounts less than the standard premium. Depending on the plan you choose and the number of dependents you cover, this incentive could save you anywhere from \$5,000 to \$18,000 per year!

Both medical plans offer a benefit to cover the cost of your physical and blood draw under the Preventive Care benefit. The plan will pay 100% with no co-payment. Please note the following tips to keep in mind to ensure you receive this level of benefit:

1. You must receive these services by an in-network provider
2. All services billed on the date you obtain your annual routine physical with blood draw must be billed as “preventative.” Any services billed on this date of service that are not “preventative” will be subject to co-pays and deductibles.
3. You are allowed one routine annual physical per calendar year.

In order to qualify for the preventive incentive, you and your spouse, if you choose to cover your spouse, must have a routine physical with blood draw documented with a date of service within 60 days of your insurance becoming effective. A Routine Physical Verification Form must be completed for both yourself and your spouse by the physician and returned to the HR Department within the time frame. If the form is not received in that time frame, your premiums will increase on the 61st day from the effective date, to the “NON Preventive” rates (until the verification form is received by HR to reduce the rates to “Preventive.”)

Medical Plans A & B

Utilities, Inc. provides a choice of two PPO Medical plans to all eligible employees effective the 31st day of employment.

	PPO Plan - A - Group #P17022		PPO Plan - B - Group #P17023	
	In-network	Non-network	In-network	Non-network
Deductible	\$400 Individual \$1,200 Family	\$800 Individual \$2,400 Family	\$1,500 Individual \$4,500 Family	\$4,500 Individual \$13,500 Family
Out-of-Pocket Maximum Includes deductibles and co-pays	\$2,150 Individual \$6,450 Family	\$4,300 Individual \$12,900 Family	\$5,000 Individual \$11,500 Family	\$15,000 Individual \$34,500 Family
Physician Office Visits One co-payment per day when you receive services from a Family Practice, Internal Medicine, OB/GYN, or Pediatrician. Surgeries, therapies and certain diagnostic procedures performed in a physician’s office may be subject to the deductible and/or coinsurance, including mental health and substance abuse services.	\$15 co-pay for PCP \$25 co-pay for Specialist; then 100%	60% after deductible	\$35 co-pay for PCP \$45 co-pay for Specialist; then 100%	50% after deductible
Preventive Care Routine annual physicals, well-baby exam, annual vision and hearing exams, immunizations, and other preventive health services as determined by the USPSTF.	100%	60% after deductible	100%	50% after deductible
Maternity Services Co-payment applies to first prenatal visit. All other maternity physician covered services are paid the same as Medical/Surgical Services	\$15 co-pay for PCP \$25 co-pay for Specialist; then 100%	60% after deductible	\$35 co-pay for PCP \$45 co-pay for Specialist; then 100%	50% after deductible
Medical/Surgical Services Coverage for surgical procedures, inpatient visits, therapies, allergy injections or treatments, and certain diagnostic procedures as well as other physician services.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Hospital Admission Deductible (Maximum 3 days/calendar year)	\$100 per day	\$100 per day	\$100 per day	\$100 per day
Inpatient Hospital Services Coverage includes services received in a hospital, skilled nursing facility, coordinated home care and hospice. Room allowances based on the hospital’s most common semi-private room rates.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Outpatient Hospital Services Coverage for services includes, but is not limited to outpatient or ambulatory surgical procedures, x-ray, lab tests, chemotherapy, radiation therapy, renal dialysis, and mammograms performed in a hospital or ambulatory surgical center. Routine mammograms performed in an in-network outpatient hospital setting are payable at 100%, no deductible will apply.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Outpatient Emergency Care (Accident or Illness) The co-payment applies to both in and out of network emergency room visits. The co-payment is waived if the member is admitted to the hospital.	\$100 co-pay	\$100 co-pay	\$100 co-pay	\$100 co-pay
Muscle Manipulation Services* Coverage for spinal and muscle manipulation services provided by a physician or chiropractor. Related office visits are paid the same as other Physician Office Visits. Limited to 30 visits per calendar year.	\$25 co-pay; then 100%	60% after deductible	\$45 co-pay; then 100%	50% after deductible
Therapy Services - Speech, Occupational and Physical Coverage for services provided by a physician or therapist.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Temporomandibular Joint (TMJ) Dysfunction and Related Disorders	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Other Covered Services - Private Duty Nursing - Naprapathic Services up to 30 visit max per calendar year - Blood and blood components - Ambulance Services - Medical Supplies	80% after deductible	80% after deductible	60% after deductible	60% after deductible

Prescription Drug Benefit for Medical Plans A & B

	Generic	Formulary Brand	Non-Formulary Brand
Contracting Retail Pharmacy Up to a 34-day supply. Includes diabetic supplies: blood glucose test strips, lancets, diagnostic agents used with urine testing and glucagon.	\$10	25% Minimum Co-pay \$25 Maximum Co-pay \$75	50% Minimum Co-pay \$25 Maximum Co-pay \$75
Mail Service Up to a 90-day supply.	\$20	25% Minimum Co-pay \$50 Maximum Co-pay \$150	50% Minimum Co-pay \$50 Maximum Co-pay \$150
Contraceptives Available at retail and mail service at the appropriate co-payment level based on drug classification.	As Indicated Above		
Self-Injectables Available at retail and mail service at the appropriate co-payment level.	As Indicated Above		

FREE Generic Mail Order Pharmacy Plan Option

Utilities, Inc. employees and their enrolled dependents are eligible to receive free generic maintenance medication by utilizing the Rx 'n Go mail order pharmacy service. Rx 'n Go offers a comprehensive listing of nearly 1,200 available generic maintenance medications. By filling your generic maintenance medication through Rx 'n Go, Utilities, Inc. will pay the entire cost of the medication. A ninety (90) day supply of medication will arrive directly at the member's home address or designated delivery location.

Please consult with your physician or health care provider if you are not currently taking a generic medication to determine if any of the prescriptions offered through the Rx 'n Go pharmacy may be an option.

Interested plan members are required to have their health care provider submit a completed Rx 'n Go prescription order form via e-mail or fax (or the member may mail the original order form via regular mail.) The order form is available in the HR/Payroll>Enrollment Forms>Prescription Drug folder on the UIWaterMain to take to your provider's office.

Dental Plan – Delta Dental Group #20159

	PPO	Premier	Out-of-Network
Annual Maximum	\$1,000 per person		
Annual Deductible Applies only to Basic and Major Services. Charged one time per calendar year.	\$25 per person; \$75 per family		
Preventative/Diagnostic Services <ul style="list-style-type: none"> • Oral evaluations up to two times per benefit year • X-Rays (bitewings up to two per benefit year; full mouth - once every three years) • Prophylaxis (cleaning up to two per benefit year) • Flouride treatments up to once per benefit year for children under age 19 • Space Maintainers • Sealants 	100% of reduced fee ¹ No Deductible	100% of MPA ² No Deductible	100% of MPA ³ No Deductible
Basic Services <ul style="list-style-type: none"> • Fillings • Oral Surgery • Periodontics • Endodontics • General Anesthesia in conjunction with oral surgery • Recementing of crowns and bridges 	80% of reduced fee ¹ Deductible Applies	80% of MPA ² Deductible Applies	80% of MPA ³ Deductible Applies
Major Services <ul style="list-style-type: none"> • Crowns, jackets, cast restorations • Fixed and removable bridges • Partial and full dentures • Implants 	50% of reduced fee ¹ Deductible Applies	50% of MPA ² Deductible Applies	50% of MPA ³ Deductible Applies
¹ You will not be "balance billed" for charges exceeding Delta Dental's allowed PPO fee.			
² You will not be "balance billed" for charges exceeding Delta Dental's maximum plan allowances (MPAs).			
³ You are responsible for charges exceeding Delta Dental's maximum plan allowances (MPAs).			
Your dentist chooses the Delta Network they participate in whether it is PPO, Premier, Both or Neither. Consult your dentist to determine which network they participate in and how insurance is applied to that coverage. In the event your dentist participates in the PPO and Premier Networks, PPO becomes the default network.			
The preceding information is a brief summary of the Utilities, Inc. Dental Plan and the services it covers. If you have specific questions regarding benefit coverage, limitations or exclusions, contact Delta Dental at (800) 323-1743.			

Flexible Spending Accounts (FSA) – Paychex

Employees are eligible to participate in the Flexible Spending Account after thirty (30) days of employment. An FSA allows you to set aside pre-tax dollars from your paycheck to pay for eligible health and dependent care expenses, lowering your taxable income and increasing your take home pay. The plan year for this benefit is January 1 thru December 31.

[Health Care Flexible Spending Account](#)

A Health Care FSA reimburses you for eligible medical care expenses incurred for yourself, your spouse and your dependents. This account can be used to pay for qualified, medically necessary medical, dental or vision expenses not covered by your insurance. Physician office visit and prescription co-payments are some examples of qualified expenses. The IRS allows up to \$2,500 to be contributed to this account per plan year.

[Dependent Care Flexible Spending Account](#)

A Dependent Care FSA helps you pay for child or elder care services so you can work. The IRS allows up to \$5,000 to be contributed to this account per plan year.

NOTE: If you are married and file jointly, your combined contributions may not exceed \$5,000. If you are married and file separately, your individual contributions may not exceed \$2,500.

Upon enrollment to an FSA, you will elect an annual contribution amount to participate in one or both of the FSA's. This election and contribution amount is binding for the entire plan year. Only a QUALIFYING LIFE EVENT will allow you to change an FSA election. Your annual contribution amount must be used for expenses incurred within that plan year. Any dollar amount not reimbursed for expenses during the plan year will be forfeited. This is known as the "use it or lose it" rule.

- If you are enrolled in one of the Blue Cross Blue Shield medical plan options, you may elect automatic claim submission of your medical expenses not paid after a claim is filed to your healthcare FSA. Enrollment in this feature allows reimbursement for out of pocket expenses without having to submit a claim form.
- If you enroll in either the healthcare or dependent care FSA, you may also enroll in direct deposit to have your reimbursements directly deposited into the bank account of your choice.
- There is a grace period from January 1, 2016 through March 15, 2016 to incur expenses for the 2015 plan year. The deadline to submit all claims for the 2015 plan year is March 31, 2016.

Vision Benefits – Vision Service Plan (VSP) Group #12159678

100% Employer Paid

Enrollment in the vision plan through Vision Service Plan is automatic with enrollment in either of the medical plans and is effective on the 31st day of employment. Utilities, Inc. pays the entire cost of this benefit. Please note, VSP does not provide member ID cards.

	In-Network	Out-of-Network	Frequency
	Co-pay	Reimbursement	Once
Exams	\$10	Up to \$25.00	Every 12 months
Prescription Glasses (Including Lenses and Frame)	\$25		
<u>Lenses</u>			
Single vision		Up to \$30.00	
Lined Bifocal		Up to \$35.00	
Lined Trifocal		Up to \$45.00	
<u>Frames</u>		Up to \$45.00	Every 24 months
Contacts (in lieu of glasses)	\$0	Up to \$105.00	Every 12 months

Short - Term Disability Insurance

100% Employer Paid

Utilities, Inc. provides short-term disability insurance to all eligible employees after one year of employment. This benefit is paid at 100% income replacement in accordance to the regular payroll schedule based on years of service. Short-term disability insurance is to provide paid leave for off-the-job sickness, injury or pregnancy. To qualify for this benefit, a Certification of Health Care Provider Form (found on the UIWaterMain) must be completed by your physician to establish a "serious health condition" for sickness or injury. For pregnancy/maternity leave, paid short-term disability time is available to eligible employees. Employee eligibility for paid time uses the same schedule as the short-term disability benefit. A Certification of Health Care Provider Form is required for any paid short-term disability time while on pregnancy/maternity leave. At the end of your paid short-term disability, whether eligible paid time has exhausted or your medical provider's certification period expires, you may be required to use your accrued vacation time for any additional time off.

1 - less than 2 Years of service	1 week of income replacement per rolling 12 month period from the first day of paid short term disability
2 years, but less than 4 years of service	3 weeks of income replacement per rolling 12 month period from the first day of paid short term disability
4 years, but less than 6 years of service	6 weeks of income replacement per rolling 12 month period from the first day of paid short term disability
6 years, but less than 12 years of service	2 weeks of income replacement per year of service per rolling 12 month period from the first day of paid short term disability
12 years of service or more	6 months of income replacement per rolling 12 month period from the first day of paid short term disability

Long - Term Disability Insurance - MetLife Group #95164

100% Employer Paid

Utilities, Inc. provides long-term disability insurance to all eligible employees effective first of the month following thirty days of employment. In order to receive benefits under this plan, you must satisfy requirements set by MetLife during the application process. In the event of a disability, it is suggested that you begin the application process to receive benefits no later than your twelfth week of continuous disability to ensure sufficient time for review.

Benefits Begin	After 180 days of continuous disability
Monthly Benefit	50% of base pre-disability earnings
Minimum Monthly Benefit	\$100
Maximum Monthly Benefit	\$10,000

Life and AD&D Insurance - MetLife Group #95164

100% Employer Paid

Utilities, Inc. provides both Basic Life and Accidental Death and Dismemberment insurance to all eligible employees effective first of the month following thirty days of employment. The Basic Life benefit amount is equal to 1 ½ times your base annual salary plus \$10,000. The Accidental Death and Dismemberment amount is the same. These benefits are convertible to an individual policy upon termination. Requests to convert these benefits must be made to HR within 30 days of your termination date.

Voluntary Life Insurance – MetLife Group #95164

Utilities, Inc. offers the option of purchasing additional life insurance for yourself, your spouse and/or your child(ren). These benefits are available for purchase on a post-tax basis. Paying tax on the premiums allows benefit payments to be tax-free. The table below illustrates a summary of these benefits. Please note that MetLife requires the purchase of coverage in stated increments. Employees must purchase coverage for themselves before they are able to purchase coverage on dependents. Requests to enroll in this benefit must be made during your first 30 days with the Company to take advantage of the guarantee issue amounts. If you wish to enroll in this benefit after your new hire eligibility period, you may do so during any Open Enrollment period or within 30 days of a Qualifying Life Event as defined earlier. Enrollments in conjunction with an Open Enrollment period or Qualifying Life Event will require a Statement of Health and approval from the MetLife underwriting department before the benefit can be issued.

This benefit is portable upon termination. Requests to port this benefit must be made to HR within 30 days of your termination.

Voluntary Benefit Amounts

Employee	Sold in increments of \$10,000 Maximum issue amount = \$300,000
Spouse	Sold in increments of \$10,000 up to a maximum of \$150,000 Maximum issue amount = 100% of the voluntary employee life amount of \$150,000; whichever is less
Child(ren)	Issued as a flat amount equal to \$10,000

Guarantee Issue Amount*

Employee	\$50,000
Spouse	\$10,000
Child(ren)	Entire Benefit Amount

* Guarantee Issue refers to the amount of coverage you are eligible to purchase during your initial enrollment period without providing evidence of “good health”. However, if you do not enroll when initially eligible, you will be required to provide evidence of “good health” for any amount elected by completing a Statement of Health form. The Statement of Health form will be submitted to the underwriting department at MetLife for approval before the benefit can be issued.

Monthly Premiums for Voluntary Life Insurance

	Employee Cost	Spouse Cost
Age	Per \$10,000 of Coverage	
Under 30	\$0.94	\$0.94
30 - 34	\$1.16	\$1.16
35 - 39	\$1.59	\$1.59
40 - 44	\$2.20	\$2.20
45 - 49	\$3.95	\$3.95
50 - 54	\$5.89	\$5.89
55 - 59	\$8.24	\$8.24
60 - 64	\$12.96	\$12.96
65 - 69	\$20.06	\$20.06
Over 69	\$40.00	\$40.00
Monthly Cost for the Child(ren) Life equal to \$10,000 is \$1.19		

Supplemental Travel/Accident Insurance - ACE American Insurance

100% Company Paid

Plan Number: 01AH585

Policy Number: ADD N01062487

Utilities, Inc. provides travel accident insurance to further financially assist your family members in the event of loss of life while traveling for business.

The value of this benefit is based your position classification.

	Employee	Spouse	Dependents
Operations & Field	\$100,000	\$25,000	\$10,000
Office & Clerical	\$50,000	\$25,000	\$10,000

Employee Assistance Program (EAP) – MetLife

100% Employer Paid

The EAP is a confidential and professional service that provides information, referral services and telephonic counseling by licensed professionals to all employees and members of their immediate families who may be experiencing personal difficulties in their lives.

The EAP provides confidential services without cost to employees and their immediate family members for a variety of work/life related issues including legal and financial issues, child and elder care assistance, identity theft recovery services, relationship, marriage or family issues, and alcohol and drug dependency.

To obtain these services, you can call the confidential hot-line (800) 511-3920 24 hours a day, 7 days a week.

Patient Advocacy - Health Advocate

100% Employer Paid

Health Advocate is a company that provides employees with access to trained professionals who understand the intricacies of the healthcare system and assist you in navigating through it.

Health Advocate services are provided by professional Health Advocates, typically registered nurses, backed up by a team of medical directors and administrative experts who will help you, your spouse, dependent children, parents or parents in-law.

You Are Already Enrolled At No Cost To You!

The Top 10 Reasons to Call Health Advocate

- **Find the best doctors**, hospitals, dentists and other leading healthcare providers anywhere in the country. This includes locating providers in the BlueCross BlueShield of Illinois network.
- **Schedule appointments** with providers including hard to reach specialists and critical care providers and arrange for specialized treatments and tests.
- **Help resolve insurance claims** and assist with negotiating billing and payment arrangements, and related administrative issues.
- **Assist with elder care** and related healthcare issues facing your parents and parents in-law.
- **Obtain unbiased health information** to help you make an informed decision. This includes pricing for an elective procedure to ensure you are controlling your healthcare expenses.
- **Work with insurance companies** to obtain appropriate approvals for needed services and to foster communications between physicians and insurance companies.
- **Answer questions** about test results, treatment recommendations and medications recommended or prescribed by your physician.
- **Assist in the transfer of medical records**, x-rays and lab results.
- **Locate and research the newest treatments** for a medical condition.
- **Assist and initiate appeals** for denied claims, disputes and issues related to care received. Providing members with guidance in filing a grievance or complaint to the insurance company.

This service is completely confidential and no information is exchanged between Health Advocate and Utilities, Inc. Advocates are available Monday through Friday from 9 a.m. To 8 P.m. Central time. An advocate is also available 24 hours a day, seven days a week to provide assistance that needs attention during non-business hours.

Help is just a phone call or click away.

Visit their website at <http://www.healthadvocate.com> or contact them at 1-866-695-8622

Education Assistance

Full-time employees may continue their education in a related field, and Utilities, Inc. may reimburse some of the tuition costs. All courses and costs must be pre-approved by the manager and the Executive Team before taking the class and must be completed on the employee's own time. Once the course is complete, a certified transcript of your grades and the receipts for your expenses must be submitted. Utilities, Inc. will reimburse you for the portion of the tuition that was pre-approved on the following course by course basis:

Grade	Reimbursement
A	90% of the amount that was pre-approved
B	75% of the amount that was pre-approved
C	50% of the amount that was pre-approved

In cases where classes are graded based on a pass or fail, a passing grade will be reimbursed at 90% of the amount that was pre-approved.

In order to qualify for this education assistance benefit you must:

- Advise your manager, prior to enrolling for the class that you intend to take a particular course. Your manager will advise you whether the course is of a nature that Utilities, Inc. will approve for reimbursement of tuition.
- The course must be job oriented and offered by an approved education institution.
- The course and maximum reimbursement amount must be approved by the Executive Team prior to the start of the course.
- You must receive a passing grade of "C" or better.
- You must have at least one (1) full year of prior service with Utilities, Inc.
- If you are eligible to receive educational benefits from other sources, such as the Veterans Administration, Utilities, Inc. will only consider some reimbursement of the part that remains unpaid after application of those benefits for your educational expenses.

Utilities, Inc. will require you to sign an agreement stating that if you leave the Company within 12 months of completing a class, you will repay the amount you were reimbursed.

For income tax free purposes the course must meet IRS section 127 rules that state the education is required by the employer or by law for the employee to keep his or her present salary, status, or job. The required education must serve a bona fide business purpose of the employer or the education maintains or improves skills needed in the job.

Certification Bonus

Utilities, Inc. requires certain positions to have the proper license and/or certifications for certain job titles. These requirements are listed on the job description for each title, which can be found on the HR/Payroll>Communications folder on the UIWaterMain. Bonus amounts are listed in the HR/Payroll>Payroll>General Information folder on the UIWaterMain, as well as a bonus check request.

Adoption Benefit

Adoption benefits are available to full-time employees after one year of service. The adopted child must be 17 years of age or younger unless the child is physically or mentally incapable of caring for himself or herself. Eligible adoption related expenses will be reimbursed as they are incurred during the adoption process up to a maximum of \$5,000 per child.

401(k) Plan – JP Morgan

Employer Matching – You are eligible to contribute 100% of your salary up to the IRS maximum through pre-tax payroll deductions for your 401(k) Plan as long as you are at least 21 years of age and have satisfied ninety (90) days of employment. If you are 50 years of age or older, you are allowed an additional \$5,500 in catch up contributions to the plan. If you elect to make contributions to the 401(k) Plan, the company will make a matching contribution to your 401(k) account. Prior to the beginning of each year, the Company will announce the applicable matching level and cap for that year. For 2014, the Company will match \$.50 on every \$1.00 you contribute to the 401(k) Plan up to a maximum contribution on 6% (equal to 3%) of your base annual compensation. Matching contributions will be made in the same pay period in which you make your contributions. If you do not contribute to the 401(k) Plan you will not be eligible for a matching contribution.

Non Elective Company Contribution – A non elective Company contribution is made annually on 4% of your eligible wages for each plan year into your 401(k) account regardless of whether you have contributed any savings of your own.

You are always 100% vested in your contributions to the plan. Both the Employer Matching & 401(k) Non Elective Company Contributions to your 401(k) Plan are vested based on your years of service at Utilities, Inc. For employees hired on or after January 1, 2010, your “vested percentage” is as follows:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6	100%

To enroll in this benefit, you must login to the JP Morgan website at www.retirementlink.jpmorgan.com. To login for the first time, you will need your PIN which will be sent to you in the mail a month prior to initial eligibility to your home address. Information can be found on the UIWatermain in the HR/Payroll drop down under “Benefits”, “Forms” then “401(k).”

For more detailed plan and ERISA information, please refer to the Summary Plan Description and 204(h). These documents can be obtained from HR or on the UIWatermain.

Vacation Pay

Vacation is a time for you to rest, relax, and pursue special interests. Utilities, Inc. has provided paid vacation as one of the many ways in which we show our appreciation for your loyalty and continued service. Only full-time employees and eligible part-time employees are entitled to paid vacation. You are eligible to accrue paid vacation within your first completed month of service; however, you may not take paid vacation until you have completed 30 days of employment.

Vacation Accrual	Hourly Employees (Full-time)	Hourly Employees (Part-time)	Salaried Employees
First Month of Employment	If hired on or between the 1st and 15th - 8 hours	If hired on or between the 1st and 15th - 4 hours	If hired on or between the 1st and 15th - 1 day
	If hired on or between the 16th and 31st - 4 hours	If hired on or between the 16th or 31st - 2 hours	If hired on or between the 16th or 31st - 1/2 day
Less than 1 Year	8 hours for each completed calendar month of service	4 hours for each completed calendar month of service	1 day for each completed calendar month of service
1 year to less than 6 years	96 hours annually	48 hours annually	12 Days annually
6 years to less than 15 years	96 hours annually plus 8 hours for each year of service over 5 years	48 hours annually plus 4 hours for each year of service over 5 years	12 Days annually plus 1 Day for each year of service over 5 years
15 years or more	176 hours	88 hours	22 Days

[Unused Vacation Time](#)

Employees are encouraged to use their paid vacation time each year. However, Utilities, Inc. does acknowledge that circumstances may arise which do not make that possible. If an employee has unused vacation time remaining at year-end, employees may carry up to 5 days (40 hours for full time/20 hours for part time). Carry-over vacation time must be used the following year, unless an exception is pre-approved by your manager and the HR manager. Unused roll-over vacation time is not paid out upon termination.

[Part-Time Employees](#)

Part-time employees are entitled to vacation time and pay unless they are disqualified for this benefit by working less than 1,000 hours in the current calendar year.

[Terminated Employees](#)

At the time of employment termination, the amount of vacation pay accrued will be calculated by taking the number of full months worked during the current year times the amount of vacation time earned in one month. Any unused time will be prorated and paid upon termination. Unused vacation days which rolled-over from the previous year will not be paid.

Holiday Pay

For 2015, Utilities, Inc. is recognizing the following holidays:

- New Year's Day – Thursday, January 1st
- Memorial Day – Monday, May 25th
- Independence Day – Friday, July 3rd (observed)
- Labor Day – Monday, September 7th
- Thanksgiving Day – Thursday, November 26th
- Day after Thanksgiving Day – Friday, November 27th
- Christmas Eve - Thursday, December 24th
- Christmas Day - Friday, December 25th

All full-time employees receive the Company selected holiday benefit. Please note that the designated holidays may change each year. Be sure to watch for a revised holiday schedule prior to each New Year.

You may take time off to observe religious holidays. If available, a vacation day may be used for this purpose, otherwise the time off is without pay. You must notify your manager in advance.

Only full-time employees are eligible for holiday pay. You are not eligible to receive holiday pay during the first thirty (30) days of your employment, nor are you eligible to receive holiday pay if you are a part-time employee or a temporary employee.

[Holiday Policies](#)

If a holiday occurs during your scheduled vacation, you are permitted to take an extra day of vacation. In order to qualify for holiday pay, you must work the scheduled workday immediately before and after the holiday. Only scheduled vacation will be considered exceptions to this policy.

Contact Information

Vendor/Resource	Telephone	Website
BlueCross BlueShield of Illinois - Medical		
Medical Claim and Benefit Information	(800) 828-3116	www.bcbsil.com
Prime Therapeutics - Prescription Drugs		
Pharmacy and Prescription Drug Inquiries	(800) 423-1973	www.myprime.com
Rx 'n Go Free Generic Mail Order Maintenance Pharmacy		
Rx 'n Go/PBM Plus	(888) 697-9646	www.rxngo.com
Delta Dental of Illinois - Dental		
Dental Claim and Benefit Information	(800) 323-1743	www.deltadentalil.com
MetLife - Life and Accidental Death & Dismemberment		
Life and AD&D Claims and Benefit Information	(800) 638-6420	www.metlife.com
MetLife - Long-Term Disability		
Disability Claims and Benefit Information	(800) 300-4296	www.metlife.com
Paychex - Flexible Spending Accounts		
Healthcare and Dependent Day Care FSA Questions, Account Balances and Information	(888) 712-0088	www.mypaychex.com
Ace American Insurance - Travel Accident		
Inside the United States	(800) 243-6124	www.ACETravelAssistance.com
Outside the United States Call Collect	(202) 659-7803	
MetLife - Employee Assistance Program		
Confidential assistance with personal, legal, financial or elder care issues.	(800) 511-3920	www.metlife.com
JP Morgan - 401(k) Retirement		
Plan Details Enrollment Account/Balance Information	(800) 854 -0647	www.retirementlink.jpmorgan.com
Health Advocate - Patient Advocacy		
Confidential assistance with medical/dental claim issues Medical or dental benefit questions Assistance scheduling medical procedures	(866) 695-8622	www.healthadvocate.com
Human Resources		
Nate Meyers	(847) 897-6443	nkmeyers@uiwater.com

This Employee Benefits Guide has been prepared to help you review and understand the key factors associated with our benefit plans. This guide does not provide all of the provisions, limitations and exclusions included in our benefit plans and policies and should be considered only as a summary of our current benefits. If any differences exist between this summary and the official plan documents, the official plan documents shall control. Additionally, the benefits described herein are subject to change without notice. Neither this Employee Benefits Guide nor any of the benefits described herein constitute a contract of employment, nor should they be construed as giving you any legal rights to continue to be employed. Your employment with the Company is and will continue to be "at will."

Rescission of Coverage

Utilities, Inc. reserves the right to terminate the health coverage of you/and your dependent(s) prospectively without notice for cause (as determined by **Utilities, Inc.**), if you and/or your dependent(s) are otherwise determined to be ineligible for coverage under the plan. In addition, if you or your dependent commits fraud or intentional misrepresentation in an application for health coverage under the plan, in connection with a benefit claim or appeal, or in response to any request for information by **Utilities, Inc.** Or its delegates (including **BlueCross BlueShield of Illinois**) **Utilities, Inc.** may terminate your coverage retroactively upon 30 days of notice. Failure to inform **Utilities, Inc.** that you or your dependent is covered under another group health plan or knowingly providing false information in order to obtain coverage for an ineligible dependent are examples of actions that constitute fraud under the plan.



2335 Sanders Road, Northbrook, IL 60062-6196



Employee Benefits Guide



2016

Plan Year - 1/01/2016 - 12/31/2016

For Full Time Employees Only
Except where noted herein

Employee Benefit Summary/Contents Page

Benefit	Description	Cost to Employee/Requirement	Eligibility	Page
Medical Insurance	Medical insurance provides cost-effective medical care through Blue Cross Blue Shield. The PPO plans feature a network of participating doctors, hospitals, and facilities to provide health care services to plan members at reduced rates.	The employee deductions vary by pay schedule. Please see page 4 for the deduction grid as well as details on how to qualify for the preventive incentive.	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Qualifying Life Event (QLE). Benefit begins on the 31st day of employment, the date of a QLE or January 1st for open enrollment.	4
Teladoc	Teladoc is a free (no-co-pay) convenient service that employees and eligible dependents can access for consultations and treatment (including prescriptions) for a wide range of medical conditions.	This is a company paid benefit	Automatic enrollment for Utilities, Inc. employees and their eligible dependents enrolled in the BCBS medical plan.	7
Dental Insurance	Dental insurance provides cost-effective dental care through Delta Dental. While there are no restrictions on your choice of dentist, using a Delta network dentist enhances your benefit.	The employee deductions vary by pay schedule. Please see page 4 for the deduction grid.	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Qualifying Life Event (QLE). Benefit begins on the 31st day of employment the date of a QLE or January 1st for open enrollment.	6
Vision Insurance	Vision insurance is provided through Vision Service Plan. Many services from a network provider are covered in full after a nominal co-pay.	This is a Company paid benefit contingent upon your enrollment into a medical plan.	Benefit begins on the day Medical Insurance is effective. Automatic enrollment with enrollment into a medical plan.	8
Flexible Spending Account (FSA)	UI provides a FSA program designed to save you money on out-of-pocket expenses incurred for health and dependent care. Employees can save up to 30% on eligible expenses by using tax-free dollars.	The annual dollar limit on employee contributions to employer-sponsored health care FSA is \$2,550 in 2016. The annual limit for dependent care FSAs is \$5,000.	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Qualifying Life Event. Benefit begins on the 31st day of employment, the date of a QLE or January 1st for open enrollment.	8
Life and Accidental Death and Dismemberment (AD&D) Insurance	Life and AD&D insurance through MetLife provides financial aid for your family if you die or are seriously injured in an accident. The life benefit equates to 1.5 times your annual salary plus \$10,000. The AD&D benefit is the same amount.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	9
Short-Term Disability Benefit	The short-term disability (STD) benefit provides 100% of your pre-disability base income if you are unable to work due to illness or injury. The duration of the benefit is based upon your years of service.	This is a Company paid benefit.	Automatic enrollment after one year of employment.	9
Long-Term Disability Benefit	The long-term disability benefit provides income to employees who are disabled beyond six months of short term disability. The benefit includes 50% of pre-disability monthly earnings less income offsets.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment. Benefit has a 180 day waiting period.	9
Voluntary Life Insurance	Supplemental term life insurance offers you and your dependents the opportunity to purchase additional life insurance.	Employee costs are based upon age and the elected benefit amount.	Available the first day of the month following 30 days of employment or the receipt and acceptance of your enrollment form by MetLife at any time following your initial 30 days of employment.	10
Supplemental Travel/Accident Insurance	Supplemental travel/accident insurance through ACE American Insurance Company provides an additional amount of insurance whether on personal or work-related business.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	10
Employee Assistance Program (EAP)	UI provides an EAP for employees and their immediate families who are dealing with personal issues.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	11
Patient Advocacy	Provides a confidential resource to assist with claims and benefit issues, help with locating providers and scheduling procedures and appointments.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	11
Education Assistance	UI offers up to 90% reimbursement of tuition costs for work related courses pre-approved by the Executive Team.	Reimbursement of tuition expenses are determined by Executive Team approval, course completion, and grades.	Available after 1 year of employment with required approvals.	12
Certification Bonus	UI offers a certification bonus for licenses and certifications for work related education and development based on the level of the certification.	A pre-approved list of bonus amounts by state and level are listed in the Payroll folder on the UIWaterMain.	Requires Director level approval	12
401(k) Retirement Plan	Non Elective Company Contribution The Company will contribute 4% of your total eligible plan year wages on an annual basis. Employee Contribution & Employer Match Employees may contribute to the 401(k) plan to save for their retirement. UI will match 50% of employee contributions up to 6% of your annualized base salary.	Entitlement to employer contributions is subject to a vesting schedule. Please refer to the Summary Plan Description for more details.	Non Elective Company Contribution After one year of service and end of the year employment. Employee Deferral & Employer Match After 90 days of service Online enrollment required at www.retirementlink.jpmorgan.com	13
Vacation Pay	Please see the " Vacation Accrual " schedule for further details.	This is a Company paid benefit.	Employees accrue vacation time dependent on their hire date. There is a 30-day waiting period after your hire date to use vacation time.	14
Holiday Pay	UI offers 8 paid holidays each year.	This is a Company paid benefit.	Eligible 30 days after your hire date.	14
Contact Information				15

Eligibility

An employee is eligible to participate in the Utilities, Inc. Benefit Programs if he/she is classified as a full-time employee scheduled to work a minimum of 30 hours per week (with the exceptions for Limited Eligibility noted below).

Temporary, seasonal and agency employees are not eligible to participate in the benefit programs offered through the Company.

Eligible full-time employees can also enroll a legal spouse and dependent child(ren) for coverage. A "dependent child" is the subscriber's or spouse's natural child, stepchild, foster child or legally adopted child.

Children are generally considered dependents until:

- Age 26
- Any age, if they are mentally or physically disabled, chiefly dependent on the employee for support, and not capable of self-sustaining employment.
- Age 30 if enlisted in Military



Limited Eligibility

An employee classified as part-time scheduled to work less than 30 hours per week and a minimum of 1,000 hours per calendar year qualifies for participation in the 401(k) plan and is entitled to paid vacation time (see "Vacation Pay" for explanation of paid part-time vacation balance accrual).

A brief summary of the various benefits offered by Utilities, Inc. are shown in this guide. If an employee does not elect to enroll in any plan during the open enrollment period or when the employee first becomes eligible for benefits, the employee will not be allowed to enroll until the next open enrollment period unless the employee has a special enrollment event as defined by HIPAA (see "Qualifying Life Events" below).

When Coverage Begins:

Employees must enroll for medical, dental, vision, choose to participate in the reimbursement accounts, and/or elect Voluntary Life and AD&D benefits within 30 days of the employee's initial eligibility date. Health benefits begin on the first day following the 30 day waiting period. Enrollment in employer paid benefits is automatic.

New Hires:

Eligible new hires are required to select or waive coverage within 30 days of their initial eligibility date. Employees failing to select coverage under one or more of the optional plans within this time will be deemed to have voluntarily waived eligibility for coverage for the entire plan year. Once made, selections are irrevocable and remain in effect for the plan year unless a QLE change occurs.

Qualifying Life Events

Your initial new hire eligibility period allows you thirty (30) days from your hire date to submit enrollment forms for the benefits you wish to enroll in. You are allowed to change your enrollment during the plan year only when you have a qualifying life event that significantly affects your benefit needs. Life events can include:

1. Marriage or Divorce
2. Birth or adoption of a child or placement of a child for adoption
3. Death of a child or spouse
4. Loss of or obtainment of other coverage

An employee wanting to change elections due to a qualifying life event should contact Human Resources as soon as possible following the event, but no later than 30 days following the event. Appropriate documentation will be required to substantiate a change and must be received within 30 days of the qualifying life event. Effective date for changes will be the actual date of the event. Any change reported or supporting documentation received after 30 days following the qualifying life event will not be accepted. In such an instance, the next opportunity to make a change will be during the next open enrollment period. The open enrollment period is the time employee's may make changes (such as moving from one plan to another, adding dependents, etc.) Freely without supporting documentation. The next open enrollment period will be in December 2015 for plan year beginning January 1, 2016.



Medical and Dental Premiums

The employee medical and dental premiums are listed below. Utilities Inc. covers 100% of the cost for vision insurance upon enrollment to a medical plan. Utilities, Inc. also covers 100% of the cost of basic life and AD&D insurance, short term disability insurance and long term disability insurance.

	With Preventive Incentive		Without Preventive Incentive	
Medical Insurance - Platinum Plan	Hourly Employees	Salaried Employees	Hourly Employees	Salaried Employees
	(26 pays per year)	(24 pays per year)	(26 pays per year)	(24 pays per year)
Employee Only	\$53.93	\$58.43	\$287.74	\$311.72
Employee + Spouse	\$141.52	\$153.32	\$690.57	\$748.12
Employee + Child(ren)	\$119.11	\$129.04	\$581.23	\$629.67
Family	\$206.39	\$223.59	\$1007.08	\$1091.01
* Working Spousal Surcharge	\$129.23	\$140.00	\$129.23	\$140.00
	With Preventive Incentive		Without Preventive Incentive	
Medical Insurance - Gold Plan	Hourly Employees	Salaried Employees	Hourly Employees	Salaried Employees
	(26 pays per year)	(24 pays per year)	(26 pays per year)	(24 pays per year)
Employee Only	\$47.45	\$51.41	\$251.77	\$272.75
Employee + Spouse	\$123.83	\$134.15	\$604.25	\$654.60
Employee + Child(ren)	\$104.22	\$112.91	\$508.57	\$550.96
Family	\$180.59	\$195.64	\$881.20	\$954.63
* Working Spouse Surcharge	\$129.23	\$140.00	\$129.23	\$140.00
Dental Insurance	Hourly Employees	Salaried Employees		
	(26 pays per year)	(24 pays per year)		
Employee Only	\$4.97	\$5.37		
Employee + Spouse	\$11.08	\$12.01		
Employee + Child(ren)	\$8.32	\$9.01		
Family	\$16.54	\$17.92		

Pre-Tax/Post-Tax Contributions



Generally, the cost to participate in Utilities, Inc.' Health plan and/or reimbursement accounts is taken from the employee's paycheck on a **pre-tax basis**. This means the employee does not pay Federal Income Tax, Social Security Tax, and in most cases state/local taxes on those contributions.

*Working Spouse Surcharge

A working spouse surcharge is an additional contribution that Utilities, Inc. will charge an employee to cover a working spouse that has other health coverage available, such as through his or her own employer, and chooses not to enroll in that coverage. The spouse surcharge does not apply to spouses who are unemployed or whose employers do not offer health insurance. The surcharge is designed to encourage spouses to use the health coverage available through their own employer. The surcharge is used to contribute to the added cost of covering spouses on our plan who choose not to participate in their employer's coverage. Every employee choosing to enroll in a medical plan with UI, and is covering a spouse, must complete the Working Spouse Medical Plan Affidavit. All forms must be returned to the Human Resources Department. The surcharge will automatically be charged to all employees choosing to cover a working spouse that did not return the Working Spouse Medical Plan Affidavit with the medical enrollment form.

Preventive Incentive

In an effort to promote a healthy lifestyle, we encourage our employee's to receive a routine annual physical with blood draw at initial eligibility and at least once every three (3) years. It is important to maintain a healthy lifestyle and monitor your health on a regular basis. Having a routine preventative physical is the first step toward taking control of your health.

If you choose to enroll in the medical insurance and complete a routine annual physical with blood draw, you will enjoy employee premium amounts less than the standard premium. Depending on the plan you choose and the number of dependents you cover, this incentive could save you anywhere from \$5,000 to \$18,000 per year!

Both medical plans offer a benefit to cover the cost of your physical and blood draw under the Preventive Care benefit. The plan will pay 100% with no co-payment. Please note the following tips to keep in mind to ensure you receive this level of benefit:

1. You must receive these services by an in-network provider
2. All services billed on the date you obtain your annual routine physical with blood draw must be billed as "preventative". Any services billed on this date of service that are not "preventative" will be subject to co-pays and deductibles.
3. You are allowed one routine annual physical per calendar year.

In order to qualify for the preventive incentive, you and your spouse, if you choose to cover your spouse, must have a routine physical with blood draw documented with a date of service within 60 days of your insurance becoming effective. A Routine Physical Verification Form must be completed for both yourself and your spouse by the physician and returned to the HR Department within the time frame. If the form is not received in that time frame, your premiums will increase on the 61st day from the effective date, to the "NON Preventive" rates (until the verification form is received by HR to reduce the rates to "Preventive.")



Medical Plans Platinum PPO & Gold PPO

Utilities, Inc. provides a choice of two PPO Medical plans to all eligible employees effective the 31st day of employment.

	Platinum Plan - Group #P17022		Gold Plan - Group #P17023	
	In-network	Non-network	In-network	Non-network
Deductible	\$400 Individual \$1,200 Family	\$800 Individual \$2,400 Family	\$1,500 Individual \$4,500 Family	\$4,500 Individual \$13,500 Family
Out-of-Pocket Maximum Includes deductibles and co-pays	\$4,000 Individual \$8,000 Family	\$8,000 Individual \$16,000 Family	\$5,000 Individual \$11,500 Family	\$15,000 Individual \$34,500 Family
Out-of-Pocket Maximum Rx includes deductibles and co-pays	\$500 Individual Rx \$1,500 Family Rx	\$500 Individual Rx \$1,500 Family Rx	\$1,000 Individual Rx \$1,700 Family Rx	\$1,000 Individual Rx \$1,700 Family Rx
Physician Office Visits One co-payment per day when you receive services from a Family Practice, Internal Medicine, OB/GYN, or Pediatrician. Surgeries, therapies and certain diagnostic procedures performed in a physician's office may be subject to the deductible and/or coinsurance, including mental health and substance abuse services.	\$15 co-pay for PCP \$25 co-pay for Specialist; then 100%	60% after deductible	\$35 co-pay for PCP \$45 co-pay for Specialist; then 100%	50% after deductible
Preventive Care Routine annual physicals, well-baby exam, annual vision and hearing exams, immunizations, and other preventive health services as determined by the USPSTF.	100%	60% after deductible	100%	50% after deductible
Maternity Services Co-payment applies to first prenatal visit. All other maternity physician covered services are paid the same as Medical/Surgical Services	\$15 co-pay for PCP \$25 co-pay for Specialist; then 100%	60% after deductible	\$35 co-pay for PCP \$45 co-pay for Specialist; then 100%	50% after deductible
Medical/Surgical Services Coverage for surgical procedures, inpatient visits, therapies, allergy injections or treatments, and certain diagnostic procedures as well as other physician services.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Hospital Admission Deductible (Maximum 3 days/calendar year)	\$100 per day	\$100 per day	\$100 per day	\$100 per day
Inpatient Hospital Services Coverage includes services received in a hospital, skilled nursing facility, coordinated home care and hospice. Room allowances based on the hospital's most common semi-private room rates.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Outpatient Hospital Services Coverage for services includes, but is not limited to outpatient or ambulatory surgical procedures, x-ray, lab tests, chemotherapy, radiation therapy, renal dialysis, and mammograms performed in a hospital or ambulatory surgical center. Routine mammograms performed in an in-network outpatient hospital setting are payable at 100%, no deductible will apply.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Outpatient Emergency Care (Accident or Illness) The co-payment applies to both in and out of network emergency room visits. The co-payment is waived if the member is admitted to the hospital.	\$100 co-pay	\$100 co-pay	\$100 co-pay	\$100 co-pay
Muscle Manipulation Services* Coverage for spinal and muscle manipulation services provided by a physician or chiropractor. Related office visits are paid the same as other Physician Office Visits. Limited to 30 visits per calendar year.	\$25 co-pay; then 100%	60% after deductible	\$45 co-pay; then 100%	50% after deductible
Therapy Services - Speech, Occupational and Physical Coverage for services provided by a physician or therapist.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Temporomandibular Joint (TMJ) Dysfunction and Related Disorders	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Other Covered Services -Private Duty Nursing -Naparapathic Services up to 30 visit max per calander year -Blood and blood components -Ambulance Services -Medical Supplies	80% after deductible	80% after deductible	60% after deductible	60% after deductible

Prescription Drug Benefit for Medical Plans Platinum & Gold

	Generic	Formulary Brand	Non-Formulary Brand
Contracting Retail Pharmacy Up to a 34-day supply. Includes diabetic supplies: blood glucose test strips, lancets, diagnostic agents used with urine testing and glucagon.	\$10	25% Minimum Co-pay \$25 Maximum Co-pay \$75	50% Minimum Co-pay \$25 Maximum Co-pay \$75
Mail Service Up to a 90-day supply.	\$20	25% Minimum Co-pay \$50 Maximum Co-pay \$150	50% Minimum Co-pay \$50 Maximum Co-pay \$150
Contraceptives Available at retail and mail service at the appropriate co-payment level based on drug classification.	As Indicated Above		
Self-Injectables Available at retail and mail service at the appropriate co-payment level.	As Indicated Above		

FREE Generic Mail Order Pharmacy Plan Option



Utilities, Inc. employees and their enrolled dependents are eligible to receive free generic maintenance medication by utilizing the Rx 'n Go mail order pharmacy service. Rx 'n Go offers a comprehensive listing of nearly 1,200 available generic maintenance medications. By filling your generic maintenance medication through Rx 'n Go, Utilities, Inc. will pay the entire cost of the medication. A ninety (90) day supply of medication will arrive directly at the member's home address or designated delivery location.

Please consult with your physician or health care provider if you are not currently taking a generic medication to determine if any of the prescriptions offered through the Rx 'n Go pharmacy may be an option.

Interested plan members are required to have their health care provider submit a completed Rx 'n Go prescription order form via e-mail or fax (or the member may mail the original order form via regular mail.) The order form is available in the HR/Payroll>Enrollment Forms>Prescription Drug folder on the UIWaterMain to take to your provider's office.

Dental Plan – Delta Dental Group #20159



	PPO	Premier	Out-of-Network
Annual Maximum	\$1,500 per person		
Annual Deductible Applies only to Basic and Major Services. Charged one time per calendar year	\$25 per person, \$75 per family		
Preventative/Diagnostic Services <ul style="list-style-type: none"> • Oral evaluations up to two times per benefit year • X-rays (bitewings up to two per benefit year; full mouth - once every three weeks) • Prophylaxis (cleaning up to two per benefit year) • Fluoride treatments up to once per benefit year for children under age 19 • Space Maintainers • Sealants 	100% of reduced fee ¹ No Deductible	100% of MPA ² No Deductible	100% of MPA ³ No Deductible
Basic Services <ul style="list-style-type: none"> • Fillings • Oral Surgery • Endodontics • General Anesthesia in conjunction with oral surgery • Recementing of crowns and bridges 	80% of reduced fee ¹ Deductible Applies	80% of MPA ² Deductible Applies	80% of MPA ³ Deductible Applies
Major Services <ul style="list-style-type: none"> • Crowns, jackets, cast restorations • Fixed and removable bridges • Partial and full dentures • Implants 	50% of reduced fee ¹ Deductible Applies	50% of MPA ² Deductible Applies	50% of MPA ³ Deductible Applies
Child Orthodontics (19 & Under)	\$1,000 Lifetime Benefit		
	50% of reduced fee ¹ No Deductible	50% of MPA ² No Deductible	50% of MPA ³ No Deductible

¹You will not be "balance billed" for charges exceeding Delta Dental's allowed PPO Fee.

²You will not be "balance billed" for charges exceeding Delta Dental's maximum plan allowances (MPAs).

³You are responsible for charges exceeding Delta Dental's maximum plan allowances (MPAs).

Your dentist chooses the Delta Network they participate in whether it is PPO, Premier, Both or Neither. Consult your dentist to determine which network they participate in and how insurance is applied to that coverage. In the event your dentist participates in the PPO and Premier Networks, PPO becomes the default network.

The preceding information is a brief summary of the Utilities, Inc. Dental Plan and the services it covers. If you have specific questions benefit coverage, limitations or exclusions, contact Delta Dental at (800) 323-1743

Utilities employees and their eligible dependents enrolled in the BCBS medical plan are now eligible for the new Teladoc medical benefit. Teladoc allows you to talk to a doctor anytime, anywhere by phone or video consult. Teladoc is a **FREE (no co-pay)** convenient service that employees and eligible dependents can access for consultations and treatment (including prescriptions) for a wide range of medical conditions.

Speak with a physician with no co-pay!

- **Feel better fast...** It's simple. Teladoc provides access to U.S. board-certified physicians who can resolve most non-emergent medical issues via phone or online video.
- **Available when you need care...** Teladoc is a convenient alternative to urgent care or ER visits. Their physicians are available anytime, anywhere.
- **An alternative you can trust...** Teladoc is the first, largest and fastest growing provider of telehealth medical consultations, serving millions nation wide.
- **With proven results...** With Teladoc, it costs less to feel better. Teladoc significantly lowers your costs and improves access to care by providing an alternative to urgent care or ER usage.

Getting started is simple:

Set Up Your Account:

1. Visit the [Teladoc website](#), and begin the registration process by clicking on "Set Up Account" to advance to the [registration page](#).
2. Enter your first name, last name, date of birth, company code, member ID or promotional code. Then click "Continue".
3. Follow the directions online to complete account setup and to provide your medical history.

Request a Consult

Once your account is set up, a doctor is always just a call or click away.

1. Visit the [Teladoc website](#) and click "Request a consult."
2. Select the type of consult you want.
3. Talk to a doctor within an hour.

Visit their website at <http://www.teladoc.com> or contact them at 1-800-Teladoc

Flexible Spending Accounts (FSA) – Paychex



Employees are eligible to participate in the Flexible Spending Account after thirty (30) days of employment. An FSA allows you to set aside pre-tax dollars from your paycheck to pay for eligible health and dependent care expenses, lowering your taxable income and increasing your take home pay. The plan year for this benefit is January 1 thru December 31.

Health Care Flexible Spending Account

A Health Care FSA reimburses you for eligible medical care expenses incurred for yourself, your spouse and your dependents. This account can be used to pay for qualified, medically necessary medical, dental or vision expenses not covered by your insurance. Physician office visit and prescription co-payments are some examples of qualified expenses. The annual dollar limit on employee contributions to employer-sponsored health care FSAs is \$2,550 for 2016.

Dependent Care Flexible Spending Account

A Dependent Care FSA helps you pay for child or elder care services so you can work. The annual limit for dependent care FSAs will remain \$5,000 for calendar year 2016.

NOTE: If you are married and file jointly, your combined contributions may not exceed \$5,000. If you are married and file separately, your individual contributions may not exceed \$2,500.

Upon enrollment to an FSA, you will elect an annual contribution amount to participate in one or both of the FSA's. This election and contribution amount is binding for the entire plan year. Only a QUALIFYING LIFE EVENT will allow you to change an FSA election. Your annual contribution amount must be used for expenses incurred within that plan year. Any dollar amount not reimbursed for expenses during the plan year will be forfeited. This is known as the "use it or lose it" rule.

- If you are enrolled in one of the Blue Cross Blue Shield medical plan options, you may elect automatic claim submission of your medical expenses not paid after a claim is filed to your healthcare FSA. Enrollment in this feature allows reimbursement for out of pocket expenses without having to submit a claim form.
- If you enroll in either the healthcare or dependent care FSA, you may also enroll in direct deposit to have your reimbursements directly deposited into the bank account of your choice.
- There is a grace period from January 1, 2017 through March 15, 2017 to incur expenses for the 2016 plan year. The deadline to submit all claims for the 2016 plan year is March 31, 2017.



Vision Benefits – Vision Service Plan (VSP) Group #12159678

100% Employer Paid

Enrollment in the vision plan through Vision Service Plan is automatic with enrollment in either of the medical plans and is effective on the 31st day of employment. Utilities, Inc. pays the entire cost of this benefit. Please note, VSP does not provide member ID cards.

	In-Network	Out-of-Network	Frequency
	Co-pay	Reimbursement	Once
Exams	\$10	Up to \$25.00	Every 12 months
Prescription Glasses (Including Lenses and Frame)	\$25		
<u>Lenses</u>			
Single vision		Up to \$30.00	
Lined Bifocal		Up to \$35.00	
Lined Trifocal		Up to \$45.00	
<u>Frames</u>		Up to \$45.00	Every 24 months
Contacts (in lieu of glasses)	\$0	Up to \$105.00	Every 12 months

Short - Term Disability Insurance

100% Employer Paid

Utilities, Inc. provides short-term disability insurance to all eligible employees after one year of employment. This benefit is paid at 100% income replacement in accordance to the regular payroll schedule based on years of service. Short-term disability insurance is to provide paid leave for off-the-job sickness, injury or pregnancy. To qualify for this benefit, a Certification of Health Care Provider Form (found on the UIWaterMain) must be completed by your physician to establish a "serious health condition" for sickness or injury. For pregnancy/maternity leave, paid short-term disability time is available to eligible employees. Employee eligibility for paid time uses the same schedule as the short-term disability benefit. A Certification of Health Care Provider Form is required for any paid short-term disability time while on pregnancy/maternity leave. At the end of your paid short-term disability, whether eligible paid time has exhausted or your medical provider's certification period expires, you may be required to use your accrued vacation time for any additional time off.

1 - less than 2 Years of service	1 week of income replacement per rolling 12 month period from the first day of paid short term disability
2 years, but less than 4 years of service	3 weeks of income replacement per rolling 12 month period from the first day of paid short term disability
4 years, but less than 6 years of service	6 weeks of income replacement per rolling 12 month period from the first day of paid short term disability
6 years, but less than 12 years of service	2 weeks of income replacement per year of service per rolling 12 month period from the first day of paid short term disability
12 years of service or more	6 months of income replacement per rolling 12 month period from the first day of paid short term disability

California employees are not eligible to receive short-term disability benefits through UI plan as stated above. All California employees will receive short-term disability coverage through the California State SDI (www.edd.ca.gov/Disability) plan at no additional cost. For more information please contact HR.

Long - Term Disability Insurance - MetLife Group #95164



100% Employer Paid

Utilities, Inc. provides long-term disability insurance to all eligible employees effective first of the month following thirty days of employment. In order to receive benefits under this plan, you must satisfy requirements set by MetLife during the application process. In the event of a disability, it is suggested that you begin the application process to receive benefits no later than your twelfth week of continuous disability to ensure sufficient time for review.

Benefits Begin	After 180 days of continuous disability
Monthly Benefit	50% of base pre-disability earnings
Minimum Monthly Benefit	\$100
Maximum Monthly Benefit	\$10,000

Life and AD&D Insurance - MetLife Group #95164

100% Employer Paid

Utilities, Inc. provides both Basic Life and Accidental Death and Dismemberment insurance to all eligible employees effective first of the month following thirty days of employment. The Basic Life benefit amount is equal to 1 ½ times your base annual salary plus \$10,000. The Accidental Death and Dismemberment amount is the same.

Voluntary Life Insurance – MetLife Group #95164

Utilities, Inc. offers the option of purchasing additional life insurance for yourself, your spouse and/or your child(ren). These benefits are available for purchase on a post-tax basis. Paying tax on the premiums allows benefit payments to be tax-free. The table below illustrates a summary of these benefits. Please note that MetLife requires the purchase of coverage in stated increments. Employees must purchase coverage for themselves before they are able to purchase coverage on dependents. Requests to enroll in this benefit must be made during your first 30 days with the Company to take advantage of the guarantee issue amounts. If you wish to enroll in this benefit after your new hire eligibility period, you may do so during any Open Enrollment period or within 30 days of a Qualifying Life Event as defined earlier. Enrollments in conjunction with an Open Enrollment period or Qualifying Life Event will require a Statement of Health and approval from the MetLife underwriting department before the benefit can be issued. This benefit is portable upon termination. Requests to port this benefit must be made to HR within 30 days of your termination.

Voluntary Benefit Amounts

Employee	Sold in increments of \$10,000 Maximum issue amount = \$300,000
Spouse	Sold in increments of \$10,000 up to a maximum of \$150,000 Maximum issue amount = 100% of the voluntary employee life amount of \$150,000; whichever is less
Child(ren)	Issued as a flat amount equal to \$10,000

Guarantee Issue Amount*

Employee	\$50,000
Spouse	\$10,000
Child(ren)	Entire Benefit Amount

* Guarantee Issue refers to the amount of coverage you are eligible to purchase during your initial enrollment period without providing evidence of “good health”. However, if you do not enroll when initially eligible, you will be required to provide evidence of “good health” for any amount elected by completing a Statement of Health form. The Statement of Health form will be submitted to the underwriting department at MetLife for approval before the benefit can be issued.

Monthly Premiums for Voluntary Life Insurance

	Employee Cost	Spouse Cost
Age	Per \$10,000 of Coverage	
Under 30	\$0.94	\$0.94
30 - 34	\$1.16	\$1.16
35 - 39	\$1.59	\$1.59
40 - 44	\$2.20	\$2.20
45 - 49	\$3.95	\$3.95
50 - 54	\$5.89	\$5.89
55 - 59	\$8.24	\$8.24
60 - 64	\$12.96	\$12.96
65 - 69	\$20.06	\$20.06
Over 69	\$40.00	\$40.00
Monthly Cost for the Child(ren) Life equal to \$10,000 is \$1.19		

Supplemental Travel/Accident Insurance - ACE American Insurance

100% Company Paid

Plan Number: 01AH585

Policy Number: ADD N01062487



Utilities, Inc. provides travel accident insurance to further financially assist your family members in the event of loss of life while traveling for business.

The value of this benefit is based your position classification.

	Employee	Spouse	Dependents
Operations & Field	\$100,000	\$25,000	\$10,000
Office & Clerical	\$50,000	\$25,000	\$10,000

Employee Assistance Program (EAP) – MetLife

100% Employer Paid



The EAP is a confidential and professional service that provides information, referral services and telephonic counseling by licensed professionals to all employees and members of their immediate families who may be experiencing personal difficulties in their lives.

The EAP provides confidential services without cost to employees and their immediate family members for a variety of work/life related issues including legal and financial issues, child and elder care assistance, identity theft recovery services, relationship, marriage or family issues, and alcohol and drug dependency.

To obtain these services, you can call the confidential hot-line (800) 511-3920 24 hours a day, 7 days a week.

Patient Advocacy - Health Advocate

100% Employer Paid



Health Advocate is a company that provides employees with access to trained professionals who understand the intricacies of the healthcare system and assist you in navigating through it.

Health Advocate services are provided by professional Health Advocates, typically registered nurses, backed up by a team of medical directors and administrative experts who will help you, your spouse, dependent children, parents or parents in-law.

You Are Already Enrolled At No Cost To You!

The Top 10 Reasons to Call Health Advocate

- **Find the best doctors**, hospitals, dentists and other leading healthcare providers anywhere in the country. This includes locating providers in the BlueCross BlueShield of Illinois network.
- **Schedule appointments** with providers including hard to reach specialists and critical care providers and arrange for specialized treatments and tests.
- **Help resolve insurance claims** and assist with negotiating billing and payment arrangements, and related administrative issues.
- **Assist with elder care** and related healthcare issues facing your parents and parents in-law.
- **Obtain unbiased health information** to help you make an informed decision. This includes pricing for an elective procedure to ensure you are controlling your healthcare expenses.
- **Work with insurance companies** to obtain appropriate approvals for needed services and to foster communications between physicians and insurance companies.
- **Answer questions** about test results, treatment recommendations and medications recommended or prescribed by your physician.
- **Assist in the transfer of medical records**, x-rays and lab results.
- **Locate and research the newest treatments** for a medical condition.
- **Assist and initiate appeals** for denied claims, disputes and issues related to care received. Providing members with guidance in filing a grievance or complaint to the insurance company.

This service is completely confidential and no information is exchanged between Health Advocate and Utilities, Inc. Advocates are available Monday through Friday from 9 a.m. To 8 P.m. Central time. An advocate is also available 24 hours a day, seven days a week to provide assistance that needs attention during non-business hours.

Help is just a phone call or click away.

Visit their website at <http://www.healthadvocate.com> or contact them at 1-866-695-8622

Education Assistance

Full-time employees may continue their education in a related field, and Utilities, Inc. may reimburse some of the tuition costs. All courses and costs must be pre-approved by the manager and the Executive Team before taking the class and must be completed on the employee's own time. Once the course is complete, a certified transcript of your grades and the receipts for your expenses must be submitted. Utilities, Inc. will reimburse you for the portion of the tuition that was pre-approved on the following course by course basis:

Grade	Reimbursement
A	90% of the amount that was pre-approved
B	75% of the amount that was pre-approved
C	50% of the amount that was pre-approved

In cases where classes are graded based on a pass or fail, a passing grade will be reimbursed at 90% of the amount that was pre-approved.

In order to qualify for this education assistance benefit you must:

- Advise your manager, prior to enrolling for the class that you intend to take a particular course. Your manager will advise you whether the course is of a nature that Utilities, Inc. will approve for reimbursement of tuition.
- The course must be job oriented and offered by an approved education institution.
- The course and maximum reimbursement amount must be approved by the Executive Team prior to the start of the course.
- You must receive a passing grade of "C" or better.
- You must have at least one (1) full year of prior service with Utilities, Inc.
- If you are eligible to receive educational benefits from other sources, such as the Veterans Administration, Utilities, Inc. will only consider some reimbursement of the part that remains unpaid after application of those benefits for your educational expenses.

Utilities, Inc. will require you to sign an agreement stating that if you leave the Company within 12 months of completing a class, you will repay the amount you were reimbursed.

For income tax free purposes the course must meet IRS section 127 rules that state the education is required by the employer or by law for the employee to keep his or her present salary, status, or job. The required education must serve a bona fide business purpose of the employer or the education maintains or improves skills needed in the job.

Certification Bonus

Utilities, Inc. requires certain positions to have the proper license and/or certifications for certain job titles. These requirements are listed on the job description for each title, which can be found on the HR/Payroll>Communications folder on the UIWaterMain. Bonus amounts are listed in the HR/Payroll>Payroll>General Information folder on the UIWaterMain, as well as a bonus check request.

Adoption Benefit

Adoption benefits are available to full-time employees after one year of service. The adopted child must be 17 years of age or younger unless the child is physically or mentally incapable of caring for himself or herself. Eligible adoption related expenses will be reimbursed as they are incurred during the adoption process up to a maximum of \$5,000 per child.

401(k) Plan – JP Morgan

Employer Matching – You are eligible to contribute 100% of your salary up to the IRS maximum through pre-tax payroll deductions for your 401(k) Plan as long as you are at least 21 years of age and have satisfied ninety (90) days of employment. If you are 50 years of age or older, you are allowed an additional \$6,000 in catch up contributions to the plan. If you elect to make contributions to the 401(k) Plan, the company will make a matching contribution to your 401(k) account. Prior to the beginning of each year, the Company will announce the applicable matching level and cap for that year. For 2016, the Company will match \$.50 on every \$1.00 you contribute to the 401(k) Plan up to a maximum contribution on 6% (equal to 3%) of your base annual compensation. Matching contributions will be made in the same pay period in which you make your contributions. If you do not contribute to the 401(k) Plan you will not be eligible for a matching contribution.

Non Elective Company Contribution – A non elective Company contribution is made annually on 4% of your eligible wages for each plan year into your 401(k) account regardless of whether you have contributed any savings of your own as eligibility requirements have been satisfied (see above).

You are always 100% vested in your contributions to the plan. Both the Employer Matching & 401(k) Non Elective Company Contributions to your 401(k) Plan are vested based on your years of service at Utilities, Inc. For employees hired on or after January 1, 2010, your “vested percentage” is as follows:

Years of Service	Vested Percentage
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6	100%

To enroll in this benefit, you must login to the JP Morgan website at www.retirementlink.jpmorgan.com. To login for the first time, you will need your PIN which will be sent to you in the mail a month prior to initial eligibility to your home address. Information can be found on the UIWatermain in the HR/Payroll drop down under “Benefits”, “Forms” then “401(k).”

For more detailed plan and ERISA information, please refer to the Summary Plan Description and 204(h). These documents can be obtained from HR or on the UIWatermain.

Vacation Pay

Vacation is a time for you to rest, relax, and pursue special interests. Utilities, Inc. has provided paid vacation as one of the many ways in which we show our appreciation for your loyalty and continued service. Only full-time employees and eligible part-time employees are entitled to paid vacation. You are eligible to accrue paid vacation within your first completed month of service; however, you may not take paid vacation until you have completed 30 days of employment.

Vacation Accrual	Hourly Employees (Full-time)	Hourly Employees (Part-time)	Salaried Employees
First Month of Employment	If hired on or between the 1st and 15th - 8 hours	If hired on or between the 1st and 15th - 4 hours	If hired on or between the 1st and 15th - 1 day
	If hired on or between the 16th and 31st - 4 hours	If hired on or between the 16th or 31st - 2 hours	If hired on or between the 16th or 31st - 1/2 day
Less than 1 Year	8 hours for each completed calendar month of service	4 hours for each completed calendar month of service	1 day for each completed calendar month of service
1 year to less than 6 years	96 hours annually	48 hours annually	12 Days annually
6 years to less than 15 years	96 hours annually plus 8 hours for each year of service over 5 years	48 hours annually plus 4 hours for each year of service over 5 years	12 Days annually plus 1 Day for each year of service over 5 years
15 years or more	176 hours	88 hours	22 Days

**Annual vacation balances (including rollover) may not exceed a maximum total of 216 hours. Exceptions to the maximum limit may only occur as the result of extraordinary circumstances and require BU President approval and HR notification.*

[Unused Vacation Time](#)

Employees are encouraged to use their paid vacation time each year. However, Utilities, Inc. does acknowledge that circumstances may arise which do not make that possible. If an employee has unused vacation time remaining at year-end, employees may carry up to 5 days (40 hours for full time/20 hours for part time). Carry-over vacation time must be used the following year, unless an exception is pre-approved by your manager and the HR manager. Unused roll-over vacation time is not paid out upon termination.

[Part-Time Employees](#)

Part-time employees are entitled to vacation time and pay unless they are disqualified for this benefit by working less than 1,000 hours in the current calendar year.

[Terminated Employees](#)

At the time of employment termination, the amount of vacation pay accrued will be calculated by taking the number of full months worked during the current year times the amount of vacation time earned in one month. Any unused time will be prorated and paid upon termination. Unused vacation days which rolled-over from the previous year will not be paid.

Holiday Pay

For 2016, Utilities, Inc. is recognizing the following holidays:

- New Year's Day – Friday, January 1st
- Memorial Day – Monday, May 30th
- Independence Day – Monday, July 4th
- Labor Day – Monday, September 5th
- Thanksgiving Day – Thursday, November 24th
- Day after Thanksgiving Day – Friday, November 25th
- Christmas Eve - Friday, December 23rd
- Christmas Day - Monday, December 26th

All full-time employees receive the Company selected holiday benefit. Please note that the designated holidays may change each year. Be sure to watch for a revised holiday schedule prior to each New Year.

You may take time off to observe religious holidays. If available, a vacation day may be used for this purpose, otherwise the time off is without pay. You must notify your manager in advance.

Only full-time employees are eligible for holiday pay. You are not eligible to receive holiday pay during the first thirty (30) days of your employment, nor are you eligible to receive holiday pay if you are a part-time employee or a temporary employee.

[Holiday Policies](#)

If a holiday occurs during your scheduled vacation, you are permitted to take an extra day of vacation. In order to qualify for holiday pay, you must work the scheduled workday immediately before and after the holiday. Only scheduled vacation will be considered exceptions to this policy.

Contact Information

Vendor/Resource	Telephone	Website
BlueCross BlueShield of Illinois - Medical		
Medical Claim and Benefit Information	(800) 828-3116	www.bcbsil.com
Prime Therapeutics - Prescription Drugs		
Pharmacy and Prescription Drug Inquiries	(800) 423-1973	www.myprime.com
Rx 'n Go Free Generic Mail Order Maintenance Pharmacy		
Rx 'n Go/PBM Plus	(888) 697-9646	www.rxngo.com
Teladoc	1-800-Teladoc	www.teladoc.com
Delta Dental of Illinois - Dental		
Dental Claim and Benefit Information	(800) 323-1743	www.deltadentalil.com
VSP Vision Benefits - Vision		
Vision Claim and Benefit Information	(800) 877-7195	www.vsp.com
MetLife - Life and Accidental Death & Dismemberment		
Life and AD&D Claims and Benefit Information	(800) 638-6420	www.metlife.com
MetLife - Long-Term Disability		
Disability Claims and Benefit Information	(800) 300-4296	www.metlife.com
Paychex - Flexible Spending Accounts		
Healthcare and Dependent Day Care FSA Questions, Account Balances and Information	(888) 712-0088	www.mypaychex.com
Ace American Insurance - Travel Accident		
Inside the United States	(800) 243-6124	www.ACETravelAssistance.com
Outside the United States Call Collect	(202) 659-7803	
MetLife - Employee Assistance Program		
Confidential assistance with personal, legal, financial or elder care issues.	(800) 511-3920	www.metlife.com
JP Morgan - 401(k) Retirement		
Plan Details Enrollment Account/Balance Information	(800) 854 -0647	www.retirementlink.jpmorgan.com
Health Advocate - Patient Advocacy		

This Employee Benefits Guide has been prepared to help you review and understand the key factors associated with our benefit plans. This guide does not provide all of the provisions, limitations and exclusions included in our benefit plans and policies and should be considered only as a summary of our current benefits. If any differences exist between this summary and the official plan documents, the official plan documents shall control. Additionally, the benefits described herein are subject to change without notice. Neither this Employee Benefits Guide nor any of the benefits described herein constitute a contract of employment, nor should they be construed as giving you any legal rights to continue to be employed. Your employment with the Company is and will continue to be "at will."

Rescission of Coverage

Utilities, Inc. reserves the right to terminate the health coverage of you/and your dependent(s) prospectively without notice for cause (as determined by **Utilities, Inc.**), if you and/or your dependent(s) are otherwise determined to be ineligible for coverage under the plan. In addition, if you or your dependent commits fraud or intentional misrepresentation in an application for health coverage under the plan, in connection with a benefit claim or appeal, or in response to any request for information by **Utilities, Inc.** Or its delegates (including **BlueCross BlueShield of Illinois**) **Utilities, Inc.** may terminate your coverage retroactively upon 30 days of notice. Failure to inform **Utilities, Inc.** that you or your dependent is covered under another group health plan or knowingly providing false information in order to obtain coverage for an ineligible dependent are examples of actions that constitute fraud under the plan.



2335 Sanders Road, Northbrook, IL 60062-6196



Employee Benefits Guide



2017

Plan Year - 1/01/2017 - 12/31/2017

For Full Time Employees Only
Except where noted herein

Employee Benefit Summary/Contents Page

Benefit	Description	Cost to Employee/Requirement	Eligibility	Page
Medical Insurance	Medical insurance provides cost-effective medical care through Blue Cross Blue Shield. The PPO plans feature a network of participating doctors, hospitals, and facilities to provide health care services to plan members at reduced rates.	The employee deductions vary by pay schedule. Please see page 4 for the deduction grid as well as details on how to qualify for the preventive incentive.	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Qualifying Life Event (QLE). Benefit begins on the 31st day of employment, the date of a QLE or January 1st for open enrollment.	4
Dental Insurance	Dental insurance provides cost-effective dental care through Delta Dental. While there are no restrictions on your choice of dentist, using a Delta network dentist enhances your benefit.	The employee deductions vary by pay schedule. Please see page 4 for the deduction grid.	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Qualifying Life Event (QLE). Benefit begins on the 31st day of employment the	6
Teladoc	Teladoc is a free (no-co-pay) convenient service that employees and eligible dependents can access for consultations and treatment (including prescriptions) for a wide range of medical conditions.	This is a company paid benefit	Automatic enrollment for Utilities, Inc. employees and their eligible dependents enrolled in the BCBS medical plan.	7
Benefits Value Advisor (BVA)	Benefits Value Advisor (BVA) is a consumer advocacy program that guides members through the universe of health care, prompting them to examine and weigh every aspect of their health care decisions. It is a one-call solution, providing members with access to specially trained advisors who can assist them.	This is a company paid benefit.	Automatic enrollment for Utilities, Inc. employees and their eligible dependents enrolled in the BCBS medical plan.	7
Flexible Spending Account (FSA)	UI provides a FSA program designed to save you money on out-of-pocket expenses incurred for health and dependent care. Employees can save up to 30% on eligible expenses by using tax-free dollars.	The annual dollar limit on employee contributions to employer-sponsored health care FSA is \$2,550 in 2016. The annual limit for dependent care FSAs is \$5,000.	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Qualifying Life Event. Benefit begins on the 31st day of employment, the date of a QLE or January 1st for open enrollment.	8
Vision Insurance	Vision insurance is provided through Vision Service Plan. Many services from a network provider are covered in full after a nominal co-pay.	This is a Company paid benefit contingent upon your enrollment into a medical plan.	Benefit begins on the day Medical Insurance is effective. Automatic enrollment with enrollment into a medical plan.	8
Short-Term Disability Benefit	The short-term disability (STD) benefit provides a percentage of your pre-disability base income for up to 26 weeks if you are unable to work due to illness or injury.	This is a Company paid benefit.	Automatic enrollment after one year of employment.	9
Parental Leave	Parental Leave offers up to 6 weeks of paid time off to care for a child following birth or adoption.	This is a Company Paid benefit.	Available after 1 year of employment.	9
Long-Term Disability Benefit	The long-term disability benefit provides income to employees who are disabled beyond six months of short term disability. The benefit includes 50% of pre-disability monthly earnings less income offsets.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment. Benefit has a 180 day waiting period.	10
Life and Accidental Death and Dismemberment (AD&D) Insurance	Life and AD&D insurance through MetLife provides financial aid for your family if you die or are seriously injured in an accident. The life benefit equates to 1.5 times your annual salary plus \$10,000. The AD&D benefit is the same amount.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	10
Voluntary Life Insurance	Supplemental term life insurance offers you and your dependents the opportunity to purchase additional life insurance.	Employee costs are based upon age and the elected benefit amount.	Available the first day of the month following 30 days of employment or the receipt and acceptance of your enrollment form by MetLife at any time following your initial 30 days of employment.	10
Supplemental Travel/Accident Insurance	Supplemental travel/accident insurance through ACE American Insurance Company provides an additional amount of insurance whether on personal or work-related business.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	11
Aflac	Aflac's voluntary payroll deduction insurance coverage pays cash benefits when a policyholder has a covered accident or illness.	Employee costs are based upon age and the elected benefit amount.	Voluntary enrollment effective the first day of the month following 30 days of employment.	11
Employee Assistance Program (EAP)	UI provides an EAP for employees and their immediate families who are dealing with personal issues.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	13
Patient Advocacy	Provides a confidential resource to assist with claims and benefit issues, help with locating providers and scheduling procedures and appointments.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	13
Certification/Licensing Resources & Compensation	UI offers certification pay for licenses and certifications for work related education and development based on the level of the certification.	A pre-approved list of amounts by state and cert level are listed in the Payroll folder on the WaterMain .	Requires BU Leadership approval.	14
Education Assistance	UI offers up to 90% reimbursement of tuition costs for work related courses pre-approved by the Executive Team.	Reimbursement of tuition expenses are determined by Executive Team approval, course completion, and grades.	Available after 1 year of employment with required BU Executive approvals.	14
401(k) Retirement Plan	Employee Contribution & Employer Match Employees may contribute to the 401(k) plan to save for their retirement. First 3% of deferral matched dollar for dollar. Next 2% of deferral matched at \$0.50 for each dollar up to a maximum UI Match of 4% of eligible earnings. Non Elective Company Contribution The Company will contribute 3% of your total eligible plan year wages on an annual basis.	New employees are automatically enrolled at a 3% contribution rate; these employees have the option to "opt out" of enrollment during open enrollment. All Employer contributions vest at 100%. Please refer to the Summary Plan Description for more details.	Non Elective Company Contribution After one year of service and end of the year employment. Employee Deferral & Employer Match 1 st of the month, after 30 days of service Online enrollment required at www.retirementlink.jpmorgan.com	15
Paid Time Off (PTO)	Please see the " Paid Time Off (PTO) " schedule for further details.	This is a Company paid benefit.	Employees accrue PTO dependent on their hire date. There is a 30-day waiting period after your hire date to use paid time off.	16
Holiday Pay	UI offers 8 paid holidays each year.	This is a Company paid benefit.	Eligible 30 days after your hire date.	16
Contact Information				17

Eligibility

An employee is eligible to participate in the Utilities, Inc. Benefit Programs if he/she is classified as a full-time employee scheduled to work a minimum of 30 hours per week (with the exceptions for Limited Eligibility noted below).

Temporary, seasonal and agency employees are not eligible to participate in the benefit programs offered through the Company.

Eligible full-time employees can also enroll a legal spouse and dependent child(ren) for coverage. A “dependent child” is the subscriber’s or spouse’s natural child, stepchild, foster child or legally adopted child.

Children are generally considered dependents until:

- Age 26
- Any age, if they are mentally or physically disabled, chiefly dependent on the employee for support, and not capable of self-sustaining employment.
- Age 30 if enlisted in Military



Limited Eligibility

An employee classified as part-time scheduled to work less than 30 hours per week and a minimum of 1,000 hours per calendar year qualifies for participation in the 401(k) plan.

A brief summary of the various benefits offered by Utilities, Inc. are shown in this guide. If an employee does not elect to enroll in any plan during the open enrollment period or when the employee first becomes eligible for benefits, the employee will not be allowed to enroll until the next open enrollment period unless the employee has a special enrollment event as defined by HIPAA (see “Qualifying Life Events” below).

When Coverage Begins:

Employees must enroll for medical, dental, vision, choose to participate in the reimbursement accounts, and/or elect Voluntary Life and AD&D benefits within 30 days of the employee’s initial eligibility date. Health benefits begin on the first day following the 30 day waiting period. Enrollment in employer paid benefits is automatic.

New Hires:

Eligible new hires are required to select or waive coverage within 30 days of their initial eligibility date. Employees failing to select coverage under one or more of the optional plans within this time will be deemed to have voluntarily waived eligibility for coverage for the entire plan year. Once made, selections are irrevocable and remain in effect for the plan year unless a QLE change occurs.

Qualifying Life Events

Your initial new hire eligibility period allows you thirty (30) days from your hire date to submit enrollment forms for the benefits you wish to enroll in. You are allowed to change your enrollment during the plan year only when you have a qualifying life event that significantly affects your benefit needs. Life events can include:

1. Marriage or Divorce
2. Birth or adoption of a child or placement of a child for adoption
3. Death of a child or spouse
4. Loss of or obtainment of other coverage

An employee wanting to change elections due to a qualifying life event should contact Human Resources as soon as possible following the event, but no later than 30 days following the event. Appropriate documentation will be required to substantiate a change and must be received within 30 days of the qualifying life event. Effective date for changes will be the actual date of the event. Any change reported or supporting documentation received after 30 days following the qualifying life event will not be accepted. In such an instance, the next opportunity to make a change will be during the next open enrollment period. The open enrollment period is the time employees may make changes (such as moving from one plan to another, adding dependents, etc.) Freely without supporting documentation. The next open enrollment period will be in December 2017 for plan year beginning January 1, 2018.



Medical and Dental Premiums

The employee medical and dental premiums are listed below. Utilities Inc. covers 100% of the cost for vision insurance upon enrollment to a medical plan. Utilities, Inc. also covers 100% of the cost of basic life and AD&D insurance, short term disability insurance and long term disability insurance.

	With Preventive Incentive		Without Preventive Incentive	
Medical Insurance - Platinum Plan	Hourly Employees	Salaried Employees	Hourly Employees	Salaried Employees
	(26 pays per year)	(24 pays per year)	(26 pays per year)	(24 pays per year)
Employee Only	\$53.93	\$58.43	\$129.46	\$140.25
Employee + Spouse	\$141.52	\$153.32	\$292.58	\$316.97
Employee + Child(ren)	\$119.11	\$129.04	\$194.64	\$210.86
Family	\$206.39	\$223.59	\$357.45	\$387.24
* Working Spousal Surcharge	\$129.23	\$140.00	\$129.23	\$140.00
	With Preventive Incentive		Without Preventive Incentive	
Medical Insurance - Gold Plan	Hourly Employees	Salaried Employees	Hourly Employees	Salaried Employees
	(26 pays per year)	(24 pays per year)	(26 pays per year)	(24 pays per year)
Employee Only	\$47.45	\$51.41	\$98.06	\$106.24
Employee + Spouse	\$123.83	\$134.15	\$274.89	\$297.80
Employee + Child(ren)	\$104.22	\$112.91	\$179.76	\$194.74
Family	\$180.59	\$195.64	\$331.65	\$359.29
* Working Spouse Surcharge	\$129.23	\$140.00	\$129.23	\$140.00
Dental Insurance	Hourly Employees	Salaried Employees		
	(26 pays per year)	(24 pays per year)		
Employee Only	\$4.97	\$5.37		
Employee + Spouse	\$11.08	\$12.01		
Employee + Child(ren)	\$8.32	\$9.01		
Family	\$16.54	\$17.92		

Pre-Tax/Post-Tax Contributions



Generally, the cost to participate in Utilities, Inc.' Health plan and/or reimbursement accounts is taken from the employee's paycheck on a **pre-tax basis**. This means the employee does not pay Federal Income Tax, Social Security Tax, and in most cases state/local taxes on those contributions.

*Working Spouse Surcharge

A working spouse surcharge is an additional contribution that Utilities, Inc. will charge an employee to cover a working spouse that has other health coverage available, such as through his or her own employer, and chooses not to enroll in that coverage. The spouse surcharge does not apply to spouses who are unemployed or whose employers do not offer health insurance. The surcharge is designed to encourage spouses to use the health coverage available through their own employer. The surcharge is used to contribute to the added cost of covering spouses on our plan who choose not to participate in their employer's coverage. Every employee choosing to enroll in a medical plan with UI, and is covering a spouse, must complete the Working Spouse Medical Plan Affidavit. All forms must be returned to the Human Resources Department. The surcharge will automatically be charged to all employees choosing to cover a working spouse that did not return the Working Spouse Medical Plan Affidavit with the medical enrollment form.

Preventive Incentive

In an effort to promote a healthy lifestyle, we encourage our employee's to receive a routine annual physical with blood draw at initial eligibility and at least once every three (3) years. It is important to maintain a healthy lifestyle and monitor your health on a regular basis. Having a routine preventative physical is the first step toward taking control of your health. To view a notice regarding our preventative incentive, [click here](#).

If you choose to enroll in the medical insurance and complete a routine annual physical with blood draw, you will enjoy employee premium amounts less than the standard premium as stated above.

Both medical plans offer a benefit to cover the cost of your physical and blood draw under the Preventive Care benefit. The plan will pay 100% with no co-payment. Please note the following tips to keep in mind to ensure you receive this level of benefit:

1. You must receive these services by an in-network provider
2. All services billed on the date you obtain your annual routine physical with blood draw must be billed as "preventative". Any services billed on this date of service that are not "preventative" will be subject to co-pays and deductibles.
3. You are allowed one routine annual physical per calendar year.

In order to qualify for the preventive incentive, you and your spouse, if you choose to cover your spouse, must have a routine physical with blood draw documented with a date of service within 60 days of your insurance becoming effective. A Routine Physical Verification Form must be completed for both yourself and your spouse by the physician and returned to the HR Department within the time frame. If the form is not received in that time frame, your premiums will increase on the 61st day from the effective date, to the "NON Preventive" rates (until the verification form is received by HR to reduce the rates to "Preventive.")



Medical Plans Platinum PPO & Gold PPO

Utilities, Inc. provides a choice of two PPO Medical plans to all eligible employees effective the 31st day of employment.

	Platinum Plan - Group #P17022		Gold Plan - Group #P17023	
	In-network	Non-network	In-network	Non-network
Deductible	\$400 Individual \$1,200 Family	\$800 Individual \$2,400 Family	\$1,500 Individual \$4,500 Family	\$4,500 Individual \$13,500 Family
Out-of-Pocket Maximum Includes deductibles and co-pays	\$4,000 Individual \$8,000 Family	\$8,000 Individual \$16,000 Family	\$5,000 Individual \$11,500 Family	\$15,000 Individual \$34,500 Family
Out-of-Pocket Maximum Rx includes deductibles and co-pays	\$500 Individual Rx \$1,500 Family Rx	\$500 Individual Rx \$1,500 Family Rx	\$1,000 Individual Rx \$1,700 Family Rx	\$1,000 Individual Rx \$1,700 Family Rx
Physician Office Visits One co-payment per day when you receive services from a Family Practice, Internal Medicine, OB/GYN, or Pediatrician. Surgeries, therapies and certain diagnostic procedures performed in a physician's office may be subject to the deductible and/or coinsurance, including mental health and substance abuse services.	\$15 co-pay for PCP \$25 co-pay for Specialist; then 100%	60% after deductible	\$35 co-pay for PCP \$45 co-pay for Specialist; then 100%	50% after deductible
Preventive Care Routine annual physicals, well-baby exam, annual vision and hearing exams, immunizations, and other preventive health services as determined by the USPSTF.	100%	60% after deductible	100%	50% after deductible
Maternity Services Co-payment applies to first prenatal visit. All other maternity physician covered services are paid the same as Medical/Surgical Services	\$15 co-pay for PCP \$25 co-pay for Specialist; then 100%	60% after deductible	\$35 co-pay for PCP \$45 co-pay for Specialist; then 100%	50% after deductible
Medical/Surgical Services Coverage for surgical procedures, inpatient visits, therapies, allergy injections or treatments, and certain diagnostic procedures as well as other physician services.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Hospital Admission Deductible (Maximum 3 days/calendar year)	\$100 per day	\$100 per day	\$100 per day	\$100 per day
Inpatient Hospital Services Coverage includes services received in a hospital, skilled nursing facility, coordinated home care and hospice. Room allowances based on the hospital's most common semi-private room rates.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Outpatient Hospital Services Coverage for services includes, but is not limited to outpatient or ambulatory surgical procedures, x-ray, lab tests, chemotherapy, radiation therapy, renal dialysis, and mammograms performed in a hospital or ambulatory surgical center. Routine mammograms performed in an in-network outpatient hospital setting are payable at 100%, no deductible will apply.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Outpatient Emergency Care (Accident or Illness) The co-payment applies to both in and out of network emergency room visits. The co-payment is waived if the member is admitted to the hospital.	\$100 co-pay	\$100 co-pay	\$100 co-pay	\$100 co-pay
Muscle Manipulation Services* Coverage for spinal and muscle manipulation services provided by a physician or chiropractor. Related office visits are paid the same as other Physician Office Visits. Limited to 30 visits per calendar year.	\$25 co-pay; then 100%	60% after deductible	\$45 co-pay; then 100%	50% after deductible
Therapy Services - Speech, Occupational and Physical Coverage for services provided by a physician or therapist.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Temporomandibular Joint (TMJ) Dysfunction and Related Disorders	80% after deductible	60% after deductible	70% after deductible	50% after deductible

Prescription Drug Benefit for Medical Plans Platinum & Gold

	Generic	Formulary Brand	Non-Formulary Brand
Contracting Retail Pharmacy Up to a 34-day supply. Includes diabetic supplies: blood glucose test strips, lancets, diagnostic agents used with urine testing and glucagon.	\$10	25% Minimum Co-pay \$25 Maximum Co-pay \$75	50% Minimum Co-pay \$25 Maximum Co-pay \$75
Mail Service Up to a 90-day supply.	\$20	25% Minimum Co-pay \$50 Maximum Co-pay \$150	50% Minimum Co-pay \$50 Maximum Co-pay \$150
Contraceptives Available at retail and mail service at the appropriate co-payment level based on drug classification.	As Indicated Above		
Self-Injectables Available at retail and mail service at the appropriate co-payment level.	As Indicated Above		

FREE Generic Mail Order Pharmacy Plan Option



Utilities, Inc. employees and their enrolled dependents are eligible to receive free generic maintenance medication by utilizing the Rx 'n Go mail order pharmacy service. Rx 'n Go offers a comprehensive listing of nearly 1,200 available generic maintenance medications. By filling your generic maintenance medication through Rx 'n Go, Utilities, Inc. will pay the entire cost of the medication. A ninety (90) day supply of medication will arrive directly at the member's home address or designated delivery location.

Please consult with your physician or health care provider if you are not currently taking a generic medication to determine if any of the prescriptions offered through the Rx 'n Go pharmacy may be an option.

Interested plan members are required to have their health care provider submit a completed Rx 'n Go prescription order form via e-mail or fax (or the member may mail the original order form via regular mail.) The order form is available in the Shared Services > Human Resources > Shared Services Documents > Benefits > Benefit Forms > Prescription Drug - Rx folder on the [WaterMain](#) to take to your provider's office.

Dental Plan - Delta Dental Group #20159



	PPO	Premier	Out-of-Network
Annual Maximum	\$1,500 per person		
Annual Deductible Applies only to Basic and Major Services. Charged one time per calendar year	\$25 per person, \$75 per family		
Preventative/Diagnostic Services • Oral evaluations up to two times per benefit year • X-rays (bitewings up to two per benefit year; full mouth - once every three weeks) • Prophylaxis (cleaning up to two per benefit year) • Flouride treatments up to once per benefit year for children under age 19 • Space Maintainers • Sealants	100% of reduced fee ¹ No Deductible	100% of MPA ² No Deductible	100% of MPA ³ No Deductible
Basic Services • Fillings • Oral Surgery • Endodontics • General Anesthesia in conjunction with oral surgery • Recementing of crowns and bridges	80% of reduced fee ¹ Deductible Applies	80% of MPA ² Deductible Applies	80% of MPA ³ Deductible Applies
Major Services • Crowns, jackets, cast restorations • Fixed and removable bridges • Partial and full dentures • Implants	50% of reduced fee ¹ Deductible Applies	50% of MPA ² Deductible Applies	50% of MPA ³ Deductible Applies
Child Orthodontics (19 & Under)	\$1,000 Lifetime Benefit		
	50% of reduced fee ¹ No Deductible	50% of MPA ² No Deductible	50% of MPA ³ No Deductible

¹You will not be "balance billed" for charges exceeding Delta Dental's allowed PPO Fee.

²You will not be "balance billed" for charges exceeding Delta Dental's maximum plan allowances (MPAs).

³You are responsible for charges exceeding Delta Dental's maximum plan allowances (MPAs).

Your dentist chooses the Delta Network they participate in whether it is PPO, Premier, Both or Neither. Consult your dentist to determine which network they participate in and how insurance is applied to that coverage. In the event your dentist participates in the PPO and Premier Networks, PPO becomes the default network.

The preceding information is a brief summary of the Utilities, Inc. Dental Plan and the services it covers. If you have specific questions benefit coverage, limitations or exclusions, contact Delta Dental at (800) 323-1743

Telemedicine - Teladoc™



100% Employer Paid

Utilities employees and their eligible dependents enrolled in the BCBS medical plan are now eligible for the new Teladoc medical benefit. Teladoc allows you to talk to a doctor anytime, anywhere by phone or video consult. Teladoc is a **FREE (no co-pay)** convenient service that employees and eligible dependents can access for consultations and treatment (including prescriptions) for a wide range of medical conditions.

Speak with a physician with no co-pay!

- **Feel better fast...** It's simple. Teladoc provides access to U.S. board-certified physicians who can resolve most non-emergent medical issues via phone or online video.
- **Available when you need care...** Teladoc is a convenient alternative to urgent care or ER visits. Their physicians are available anytime, anywhere.
- **An alternative you can trust...** Teladoc is the first, largest and fastest growing provider of telehealth medical consultations, serving millions nationwide.
- **With proven results...** With Teladoc, it costs less to feel better. Teladoc significantly lowers your costs and improves access to care by providing an alternative to urgent care or ER usage.

Getting started is simple:

Set Up Your Account:

1. Visit the [Teladoc website](#), and begin the registration process by clicking on "Set Up Account" to advance to the [registration page](#).
2. Enter your first name, last name, date of birth, company code, member ID or promotional code. Then click "Continue".
3. Follow the directions online to complete account setup and to provide your medical history.

Request a Consult

Once your account is set up, a doctor is always just a call or click away.

1. Visit the [Teladoc website](#) and click "Request a consult."
2. Select the type of consult you want.
3. Talk to a doctor within an hour.

Visit their website at <http://www.teladoc.com> or contact them at 1-800-Teladoc

BCBS Benefits Value Advisor (BVA)



100% Employer Paid

Benefits Value Advisor (BVA) is a consumer advocacy program that guides members through the universe of health care, prompting them to examine and weigh every aspect of their health care decisions. It is a one-call solution, providing members with access to specially trained advisors who can assist them. Want to know more? [Check out this short video on BVA from the BCBS of Illinois website.](#)

Spend your health care dollars wisely.

When you purchase big ticket items like a TV or a new washing machine you shop around for the best price, right? So why not do the same for your medical procedure. Often times your care comes with choices. The price between an MRI at two different clinics in the same town can vary by several hundred, or even thousands of dollars. A quick call to BVA will help you identify the best price and save you money! According to BCBS, 90% of member calls to BVA resulted in lower cost options for their care.

What can Benefits Value Advisor do for you?

- Assist in helping you locate doctors and treatment centers and compare costs.
- Connect you with clinical program staff and provide online educational tools to learn more about your condition.
- Coordinate pre-certification for procedures.
- Help you schedule appointments.
- Understand claims, explain coverage guidelines, order ID cards and much more...

Before your next procedure...

Call the Customer Service number on the back of your BCBS member ID card and speak with a Benefits Value Advisor!

Flexible Spending Accounts (FSA) – Discovery Benefits

Employees are eligible to participate in the Flexible Spending Account after thirty (30) days of employment. An FSA allows you to set aside pre-tax dollars from your paycheck to pay for eligible health and dependent care expenses, lowering your taxable income and increasing your take home pay. The plan year for this benefit is January 1 thru December 31.

Health Care Flexible Spending Account

A Health Care FSA reimburses you for eligible medical care expenses incurred for yourself, your spouse and your dependents. This account can be used to pay for qualified, medically necessary medical, dental or vision expenses not covered by your insurance. Physician office visit and prescription co-payments are some examples of qualified expenses. The annual dollar limit on employee contributions to employer-sponsored health care FSAs is \$2,600 for 2017.

Dependent Care Flexible Spending Account

A Dependent Care FSA helps you pay for child or elder care services so you can work. The annual limit for dependent care FSAs will remain \$5,000 for calendar year 2017.

NOTE: If you are married and file jointly, your combined contributions may not exceed \$5,000. If you are married and file separately, your individual contributions may not exceed \$2,500.

Upon enrollment to an FSA, you will elect an annual contribution amount to participate in one or both of the FSA's. This election and contribution amount is binding for the entire plan year. Only a QUALIFYING LIFE EVENT will allow you to change an FSA election. Your annual contribution amount must be used for expenses incurred within that plan year. Any dollar amount not reimbursed for expenses during the plan year will be forfeited. This is known as the "use it or lose it" rule.

- If you are enrolled in one of the Blue Cross Blue Shield medical plan options, you may elect automatic claim submission of your medical expenses not paid after a claim is filed to your healthcare FSA. Enrollment in this feature allows reimbursement for out of pocket expenses without having to submit a claim form.
- If you enroll in either the healthcare or dependent care FSA, you may also enroll in direct deposit to have your reimbursements directly deposited into the bank account of your choice.
- There is a grace period from January 1, 2018 through March 15, 2018 to incur expenses for the 2017 plan year. The deadline to submit all claims for the 2016 plan year is March 31, 2018.



Vision Benefits – Vision Service Plan (VSP) Group #12159678

100% Employer Paid

Enrollment in the vision plan through Vision Service Plan is automatic with enrollment in either of the medical plans and is effective on the 31st day of employment. Utilities, Inc. pays the entire cost of this benefit. Please note, VSP does not provide member ID cards.

	In-Network	Out-of-Network	Frequency
	Co-pay	Reimbursement	Once
Exams	\$10	Up to \$25.00	Every 12 months
Prescription Glasses (Including Lenses and Frame)	\$25		
<u>Lenses</u>			
Single vision		Up to \$30.00	
Lined Bifocal		Up to \$35.00	
Lined Trifocal		Up to \$45.00	
<u>Frames</u>		Up to \$45.00	Every 24 months
Contacts (in lieu of glasses)	\$0	Up to \$105.00	Every 12 months

Short – Term Disability Insurance

100% Employer Paid

Utilities, Inc. provides short-term disability insurance to all full-time employees. Short-term disability insurance is to provide paid leave for off- the-job sickness or injury. To qualify for this benefit, a Certification of Health Care Provider Form ([found on the WaterMain](#)) must be completed by your physician to establish a “serious health condition” for sickness or injury. At the end of your paid short- term disability, whether eligible paid time has exhausted or your medical provider’s certification period expires, you may be required to use your accrued Paid Time Off (PTO) for any additional time off. This benefit is paid according to the following schedules based on employee start date in accordance with the regular pay schedule.

Employees Hired On or After 1/1/2017

Short Term Disability Benefit
Up to 26 weeks of Short Term Disability at 60% of your weekly earnings.

Employees Hired On or Before 12/31/2016

Completed Years of Service	Short Term Disability Benefit
0 – 5 Years	Up to 26 weeks of Short Term Disability at 60% of your weekly earnings.
6 Years	Up to 26 weeks of Short Term Disability at 65% of your weekly earnings.
7 Years	Up to 26 weeks of Short Term Disability at 70% of your weekly earnings.
8 Years	Up to 26 weeks of Short Term Disability at 75% of your weekly earnings.
9 Years	Up to 26 weeks of Short Term Disability at 80% of your weekly earnings.
10 Years	Up to 26 weeks of Short Term Disability at 85% of your weekly earnings.
11 Years	Up to 26 weeks of Short Term Disability at 90% of your weekly earnings.
12 or More Years	Up to 26 weeks of Short Term Disability at 100% of your weekly earnings.

Short Term Disability Benefit Waiting Period	
STD leave for Injury or Pregnancy	0 Days
STD leave for Illness	8 Days

California employees are not eligible to receive short-term disability benefits through UI plan as stated above. All California employees will receive short-term disability coverage through the California State SDI (www.edd.ca.gov/Disability) plan at no additional cost. For more information please contact HR.

Parental Leave Benefit

100% Employer Paid

Utilities, Inc. provides up to six weeks of parental leave paid at 100% following the birth of an employee’s child or the placement of a child with an employee in connection with adoption or foster care. The purpose of paid parental leave is to enable the employee to care for and bond with a newborn or a newly adopted or newly placed child. This policy will run concurrently with Family and Medical Leave Act (FMLA) leave, as applicable. This policy will be in effect for births, adoptions or placements of foster children occurring on or after 1/1/2017.

- Parental Leave benefits are available to full-time employees after one year of service. Employees with less than one year of service are eligible for leave for medical reasons for the birth of a child as outlined under Short-Term Disability Insurance.
- In no case will an employee receive more than six weeks of paid parental leave in a rolling 12-month period, regardless of whether more than one birth, adoption or foster care placement event occurs within that 12-month time frame.
- Approved Parental Leave begins on the day the child is born or adopted and must be taken within 60 calendar days of that event.
- Parental Leave can be taken in increments of no less than one hour (for hourly employees) or (one half day for salaried employees).
- Any necessary leave required beyond the 6 weeks provided for Parental leave will be covered as outlined for medical reasons under Short-Term Disability Insurance and will require a completed Certification of Healthcare Provider Form.
- The employee will provide his or her Manager and the Human Resource department with notice of the request for leave at least 30 days prior to the proposed date of the leave (or if the leave was not foreseeable, as soon as possible). The employee must complete the necessary HR forms and provide all documentation as required by the HR department to substantiate the request.
- As is the case with all company policies, the organization has the exclusive right to interpret this policy.
- For employees on an unrelated Short-Term Disability Leave when Parental Leave would begin, the guidelines of the STD benefit supersede those for Parental Leave.

Adoption Benefit

Adoption benefits are available to full-time employees after one year of service. The adopted child must be 17 years of age or younger unless the child is physically or mentally incapable of caring for himself or herself. *Eligible adoption related expenses** will be reimbursed as they are incurred during the adoption process up to a maximum of \$5,000 perchild.

*Adoption related expenses include lawyer fees, private and/or public agency fees, foreign adoption fees, temporary foster care charges, transportation costs, counseling fees associated with placement and costs related to pre-placement visitation.

Long - Term Disability Insurance - MetLife Group #95164



100% Employer Paid

Utilities, Inc. provides long-term disability insurance to all eligible employees effective first of the month following thirty days of employment. To receive benefits under this plan, you must satisfy requirements set by MetLife during the application process. In the event of a disability, it is suggested that you begin the application process to receive benefits no later than your twelfth week of continuous disability to ensure sufficient time for review.

Benefits Begin	After 180 days of continuous disability
Monthly Benefit	50% of base pre-disability earnings
Minimum Monthly Benefit	\$100
Maximum Monthly Benefit	\$10,000

Life and AD&D Insurance - MetLife Group #95164

100% Employer Paid

Utilities, Inc. offers both Basic Life and Accidental Death and Dismemberment insurance to all eligible employees effective first of the month following thirty days of employment. The Basic Life benefit amount is equal to 1 ½ times your base annual salary plus \$10,000. The Accidental Death and Dismemberment amount is the same.

Voluntary Life Insurance - MetLife Group #95164

Utilities, Inc. offers the option of purchasing additional life insurance for yourself, your spouse and/or your child(ren). These benefits are available for purchase on a post-tax basis. Paying tax on the premiums allows benefit payments to be tax-free. The table below illustrates a summary of these benefits. Please note that MetLife requires the purchase of coverage in stated increments. Employees must purchase coverage for themselves before they are able to purchase coverage on dependents. Requests to enroll in this benefit must be made during your first 30 days with the Company to take advantage of the guarantee issue amounts. If you wish to enroll in this benefit after your new hire eligibility period, you may do so during any Open Enrollment period or within 30 days of a Qualifying Life Event as defined earlier. Enrollments in conjunction with an Open Enrollment period or Qualifying Life Event will require a Statement of Health and approval from the MetLife underwriting department before the benefit can be issued.

This benefit is portable upon termination. Requests to port this benefit must be made to HR within 30 days of your termination.

Voluntary Benefit Amounts

Employee	Sold in increments of \$10,000 Maximum issue amount = \$300,000
Spouse	Sold in increments of \$10,000 up to a maximum of \$150,000 Maximum issue amount = 100% of the voluntary employee life amount of \$150,000; whichever is less
Child(ren)	Issued as a flat amount equal to \$10,000

Guarantee Issue Amount*

Employee	\$50,000
Spouse	\$10,000
Child(ren)	Entire Benefit Amount

* Guarantee Issue refers to the amount of coverage you are eligible to purchase during your initial enrollment period without providing evidence of "good health". However, if you do not enroll when initially eligible, you will be required to provide evidence of "good health" for any amount elected by completing a Statement of Health form. The Statement of Health form will be submitted to the underwriting department at MetLife for approval before the benefit can be issued.

Monthly Premiums for Voluntary Life Insurance

	Employee Cost	Spouse Cost
Age	Per \$10,000 of Coverage	
Under 30	\$0.94	\$0.94
30 - 34	\$1.16	\$1.16
35 - 39	\$1.59	\$1.59
40 - 44	\$2.20	\$2.20
45 - 49	\$3.95	\$3.95
50 - 54	\$5.89	\$5.89
55 - 59	\$8.24	\$8.24
60 - 64	\$12.96	\$12.96
65 - 69	\$20.06	\$20.06
Over 69	\$40.00	\$40.00

Monthly Cost for the Child(ren) Life equal to \$10,000 is \$1.19



Supplemental Travel/Accident Insurance - ACE American Insurance

100% Company Paid

Plan Number: 01AH585

Policy Number: ADDN01062487

Utilities, Inc. provides travel accident insurance to further financially assist your family members in the event of loss of life while traveling for business.

The value of this benefit is based your position classification.

	Employee	Spouse	Dependents
Operations & Field	\$100,000	\$25,000	\$10,000
Office & Clerical	\$50,000	\$25,000	\$10,000



Aflac Supplemental Insurance Coverage*

Over 50 Million people worldwide have chosen Aflac supplemental insurance products because of their commitment to providing customers with the confidence that comes from knowing they have assistance in being prepared for whatever life may bring. Aflac's voluntary payroll deduction insurance coverage pays cash benefits when a policyholder has a covered accident or illness. UI offers two forms of voluntary, supplemental coverage as outlined below. Each plan offers employees the following:

- Receive cash benefits are paid directly to you, unless otherwise assigned.
- Collect paid benefits regardless of any other insurance you may have.
- Additional coverage free without deductibles or copayments.
- No provider network restrictions.
- Freedom to choose any provider.
- Ability to use the cash benefits however you want.

***NOTE: UI can only offer voluntary coverage through Aflac for either plan if the minimum enrollment of 25 employees elect coverage in given plan year.**

Aflac Accident Advantage Plus Plan

100% Voluntary

After an accident, you may have expenses you've never thought about. Can your finances handle them? It's reassuring to know that an accident insurance plan can be there for you through the many stages of care, from the initial emergency treatment or hospitalization, to follow-up treatments or physical therapy.

In addition, your regular bills, such as the mortgage or rent, car payments and utility bills, don't stop when you're injured after a covered accident. Group accident insurance from Aflac offers benefits that are paid directly to you (unless you choose otherwise), so you can use them to help with your normal bills as well.

Benefit Summary

More than 50 events that trigger benefits payments, including fractures, dislocations, medical fees, hospital admission, ambulance, and physical therapy, among others.

- Medical Fees Benefit
- Accidental-Death Benefit
- Hospital Admission Benefit
- Hospital Confinement Benefit and more
- Accidental-death coverage.
- Wellness Benefit
- Guaranteed- issue coverage with no underwriting required.
- Portable coverage that allows employees to retain coverage at the same rate if their employment status changes (with certain stipulations).

To view a detailed plan description for the Aflac Accident Advantage Plus plan on the WaterMain, [please click here](#).

Aflac Critical Illness Advantage

100% Voluntary

The Aflac group critical illness insurance plan can help with the treatment costs of covered critical illnesses, such as cancer, a heart attack, or a stroke. More importantly, the plan helps you focus on recuperation instead of the distraction and stress over the costs of medical and personal bills. With the group critical illness insurance, you receive cash benefits directly (unless otherwise assigned) - giving you the flexibility to help pay bills related to treatment or to help with everyday living expenses.

Features and Plan Provisions	
Benefit Amounts	Employee: \$5,000 - \$30,000 Spouse: \$5,000 - \$15,000 Child: Up to 50% of the employee's face amount
Spouse Coverage	Up to 50% of the face amount elected by the employee
Guaranteed Issue Amounts	Employee: Up to \$30,000 Spouse: Up to \$15,000 Participation Requirement: % Guaranteed for 2 years
Pre-existing Condition Exclusion	None
Waiting Period	None
Rate Guarantee	2 Years
Eligibility	Work Week Hours: Employee must work at least 30 hours per week. Length of Employment: 30 days. Coverage begins 1st of month after 30 days.
Waiver of Premium	After 90 days of total disability for an employee due to a covered critical illness, premiums waived for the insured and any covered dependents up to 24 months
Separation Period - Additional Diagnosis/ Reoccurrence	Additional Diagnosis: 6 consecutive months Reoccurrence: 6 consecutive months <i>(for a cancer diagnosis, treatment-free from cancer for at least 12 months and in complete remission before the date of a subsequent cancer diagnosis)</i>
Issue Ages	Employee: 18+ Spouse: 18+ Children: Under age 26

Benefit Summary

- Lump-sum benefit for a covered critical illness such as: cancer, heart attack, stroke, major organ transplant, and end-stage renal failure
- Benefit for a recurrence of the same critical illness if separated by at least 12 months or an additional occurrence of a different critical illness if separated by at least 6 months, with no lifetime maximum

Coverage Type	Covered Conditions and Additional Benefits	Benefit Amount
Base Benefits	Coronary Artery Bypass Surgery, Non-Invasive Cancer	25%
	Heart Attack, Stroke, Kidney Failure (End-Stage Renal Failure), Major Organ Transplant, Bone Marrow Transplant (Stem Cell Transplant), Sudden Cardiac Arrest, Cancer (Internal or Invasive)	100%
Skin Cancer	Skin Cancer Diagnosis	\$250 per calendar year
Health Screening Benefit	Payable for health screening tests performed as the result of preventive care. Not payable for dependent children.	\$50 per calendar year
Additional Base Benefits	Coma, Severe Burns, Paralysis, Loss of Sight, Loss of Speech, Loss of Hearing	100%

Benefits will be based on the face amount in effect on the critical illness date of diagnosis.

To view a detailed plan description for the Aflac Critical Illness Advantage plan on the WaterMain, [please click here](#).

Aflac Employee Premium Information

Aflac Accident Advantage Plus Plan

To view employee premiums for the Accident Advantage Plus Plan [click here for Bi-Weekly \(Hourly\)](#) or [click here for Semi-Monthly \(Salaried\)](#).

Aflac Critical Illness Advantage Plan

To view employee premiums for the Critical Illness Advantage Plan [click here for Bi-Weekly \(Hourly\)](#) or [click here for Semi-Monthly \(Salaried\)](#).

Employee Assistance Program (EAP) – MetLife

100% Employer Paid



The EAP is a confidential and professional service that provides information, referral services and telephonic counseling by licensed professionals to all employees and members of their immediate families who may be experiencing personal difficulties in their lives.

The EAP provides confidential services without cost to employees and their immediate family members for a variety of work/life related issues including legal and financial issues, child and elder care assistance, identity theft recovery services, relationship, marriage or family issues, and alcohol and drug dependency.

To obtain these services, you can call the confidential hot-line (800) 511-3920 24 hours a day, 7 days a week.

Patient Advocacy - Health Advocate



100% Employer Paid

Health Advocate is a company that provides employees with access to trained professionals who understand the intricacies of the healthcare system and assist you in navigating through it.

Health Advocate services are provided by professional Health Advocates, typically registered nurses, backed up by a team of medical directors and administrative experts who will help you, your spouse, dependent children, parents or parents-in-law.

You Are Already Enrolled At No Cost To You!

The Top 10 Reasons to Call Health Advocate

- **Find the best doctors**, hospitals, dentists and other leading healthcare providers anywhere in the country. This includes locating providers in the BlueCross BlueShield of Illinois network.
- **Schedule appointments** with providers including hard to reach specialists and critical care providers and arrange for specialized treatments and tests.
- **Help resolve insurance claims** and assist with negotiating billing and payment arrangements, and related administrative issues.
- **Assist with elder care** and related healthcare issues facing your parents and parents-in-law.
- **Obtain unbiased health information** to help you make an informed decision. This includes pricing for an elective procedure to ensure you are controlling your healthcare expenses.
- **Work with insurance companies** to obtain appropriate approvals for needed services and to foster communications between physicians and insurance companies.
- **Answer questions** about test results, treatment recommendations and medications recommended or prescribed by your physician.
- **Assist in the transfer of medical records**, x-rays and lab results.
- **Locate and research the newest treatments** for a medical condition.
- **Assist and initiate appeals** for denied claims, disputes and issues related to care received. Providing members with guidance in filing a grievance or complaint to the insurance company.

This service is completely confidential and no information is exchanged between Health Advocate and Utilities, Inc. Advocates are available Monday through Friday from 9 a.m. To 8 P.m. Central time. An advocate is also available 24 hours a day, seven days a week to provide assistance that needs attention during non-business hours.

Help is just a phone call or click away.

Visit their website at <http://www.healthadvocate.com> or contact them at 1-866-695-8622

Professional Certification/Licensing, Training and Education Resources

Utilities, Inc. offers an environment where employees can advance through their career and develop professionally. To support that environment, full-time employees have a variety of options for Company sponsored professional development. Whether it is through certifications, licensing or training courses, we are committed to providing the resources described below in order ensure our employees have the skills and tools they need for their job as well as advancement and development opportunities.

Professional Certifications & Licenses

Utilities, Inc. requires certain positions to have the proper license and/or certifications for certain job titles (Water/Wastewater Operators, Staff Accountants, Financial Analysts, Etc.). These requirements are listed on the job description for each position, which are [located here on the WaterMain](#). Please contact a BU Executive about approval for any professional license or certification not identified below.

Coursework & Training

Utilities, Inc. will cover 100% of the costs associated with an employee's first attempt at any job-required or job-related coursework related to obtaining a professional certification or license. This coursework must be approved by a BU Executive prior to any classes being scheduled and/or taken. Should the employee need to retake the course, the cost associated with additional attempts will be the responsibility of the employee.

Exams

Utilities, Inc. will cover 100% of the costs associated with an employee's first attempt at completing an exam required to successfully obtain a professional certification or license. Should an employee not pass the exam on their first attempt, the cost associated with additional attempts will be the responsibility of the employee.

Certification/Licensing Pay

Some certifications and/or licenses qualify for additional compensation or "Certification Pay" upon being obtained or re-certified. Certification pay is a one-time payment per qualifying event. Certification Pay amounts vary depending on the level of that certification or license and the state in which they are obtained. Specific certification pay amounts are [listed here on the WaterMain](#). In order for an employee to be compensated for their achievement, a BU executive must submit approval via a [certification pay check request](#).

CPA Review & Exam Reimbursement

Utilities, Inc., at its sole discretion, may agree to reimburse an employee for CPA Review courses and/or CPA Exam fees that are deemed to be beneficial for the employee and the Company. This reimbursement would be subject to the stipulations outlined in the CPA Review & Reimbursement Agreement, [found here on the WaterMain](#).

Continuing Education Units or Credits (CEUs or CECs)

Utilities, Inc. will cover 100% of the costs associated CEUs or CECs needed to maintain a professional license. CEUs or CECs must be approved by a BU Executive to ensure that the license meets a business need or is relevant to that employee's position with UI.

Education Assistance

Full-time employees may continue their education in a related field, and Utilities, Inc. may reimburse some of the tuition costs. All courses and costs must be pre-approved by the manager and a BU Executive before taking the class and must be completed on the employee's own time. Once the course is complete, a certified transcript of your grades and the receipts for your expenses must be submitted. Utilities, Inc. will reimburse you for the portion of the tuition that was pre-approved on the following course by course basis:

Grade	Reimbursement
A	90% of the amount that was pre-approved
B	75% of the amount that was pre-approved
C	50% of the amount that was pre-approved

In cases where classes are graded based on a pass or fail, a passing grade will be reimbursed at 90% of the amount that was pre-approved. In order to qualify for this education assistance benefit you must:

- Advise your manager, prior to enrolling for the class that you intend to take a particular course. Your manager will advise you whether the course is of a nature that Utilities, Inc. will approve for reimbursement of tuition.
- The course must be job oriented and offered by an approved education institution.
- The course and maximum reimbursement amount must be approved by a BU Executive prior to the start of the course.
- You must receive a passing grade of "C" or better.
- You must have at least one (1) full year of prior service with Utilities, Inc.
- If you are eligible to receive educational benefits from other sources, such as the Veterans Administration, Utilities, Inc. will only consider some reimbursement of the part that remains unpaid after application of those benefits for your educational expenses.
- Utilities, Inc. will require you to sign an agreement stating that if you leave the Company within 12 months of completing a class, you will repay the amount you were reimbursed.

For income tax free purposes the course must meet IRS section 127 rules that state the education is required by the employer or by law for the employee to keep his or her present salary, status, or job. The required education must serve a bona fide business purpose of the employer or the education maintains or improves skills needed in the job.

Corix Affiliated Companies (US) 401(k) Plan – JP Morgan Plan Number 168231-01



Employer Matching – You are eligible to contribute 100% of your salary up to the IRS maximum through pre-tax payroll deductions for your 401(k) Plan as long as you are at least 21 years of age and have completed one month of employment. If you are 50 years of age or older, you are allowed an additional \$6,000 in catch up contributions to the plan. If you elect to make contributions to the 401(k) Plan, the company will make a matching contribution to your 401(k) account. Prior to the beginning of each year, the Company will announce the applicable matching level and cap for that year. For 2017, the Company will match employee contributions using the following formula:

UI will match your contributions 100%, dollar for dollar, on the first 3% you contribute to the 401(k) plan. UI will make an additional matching contribution of \$.50 on every \$1.00 you contribute to the 401(k) Plan up to a maximum contribution on 5% (equal to 4%) of your base annual compensation. Matching contributions will be made in the same pay period in which you make your contributions. If you do not contribute to the 401(k) Plan you will not be eligible for a matching contribution.

Non Elective Company Contribution – A non-elective Company contribution is made annually on 3% of your eligible wages for each plan year into your 401(k) account regardless of whether you have contributed any savings of your own as eligibility requirements have been satisfied (see above).

Automatic Enrollment – As of 1/1/2017, new hires are automatically enrolled in the plan with a default deferral of 3%. A new employee may opt out or increase their deferral at the time of hire. These contributions will begin on the 1st of the month following the completion of one month of service.

Vesting – All contributions made to the 401(k) plan are vested at 100%. This includes both the Employer Matching contributions & 401(k) Non Elective Company contributions made by the Company.

To enroll in this benefit, you must login to the JP Morgan website at www.retirementlink.jpmorgan.com. To login for the first time, you will need your PIN which will be sent to you in the mail a month prior to initial eligibility to your home address. Information can be found on the Watermain in the HR/Payroll drop down under “Benefits”, “Forms” then “401(k).”

For more detailed plan and ERISA information, please refer to the Summary Plan Description. These documents can be obtained from HR, viewed on the Watermain or accessed via the JP Morgan website.

Paid Time Off (PTO)

Paid Time Off (PTO) is a time for you to rest, relax, pursue special interests, meet personal needs or care for a covered family member. The Company provides PTO to eligible employees as one of the many ways in which we show our appreciation for your loyalty and continued service. Only full-time employees and part-time employees are entitled to PTO. You are eligible to begin accruing PTO upon commencing employment and completing your first within your first completed month of service; however, you may not take PTO until you have completed 30 days of employment. View our complete PTO policy on the WaterMain.

Paid Time Off (PTO) Accrual*	Hourly Employees (Full-time)	Hourly Employees (Part-time)	Salaried Employees
First Month of Employment	If hired on or between the 1st and 15th - 8 hours	If hired on or between the 1st and 15th - 4 hours	If hired on or between the 1st and 15th - 1 day
	If hired on or between the 16th and 31st - 4 hours	If hired on or between the 16th or 31st - 2 hours	If hired on or between the 16th or 31st - 1/2 day
Less than 1 Year	8 hours for each completed calendar month of service	4 hours for each completed calendar month of service	1 day for each completed calendar month of service
1 year to less than 6 years	96 hours annually	48 hours annually	12 Days annually
6 years to less than 15 years	96 hours annually plus 8 hours for each year of service over 5 years	48 hours annually plus 4 hours for each year of service over 5 years	12 Days annually plus 1 Day for each year of service over 5 years
15 years or more	176 hours	88 hours	22 Days

* PTO Totals listed in the chart above represent annualized values, not a guaranteed amount. Employees accrue PTO on a monthly basis, for each month of service completed over the calendar year.

**Annual PTO accrual balances may not exceed a maximum total of 176 hours (22 days). Annual PTO balances including rollover (up to 5 days), may not exceed a maximum total of 216 hours. Exceptions to the maximum limit may only occur as the result of extraordinary circumstances during the plan year and require HR consultation and BU President approval.

Unused PTO Time

Employees are encouraged to use their paid time off each year. However, Utilities, Inc. does acknowledge that circumstances may arise which do not make that possible. If an employee has unused PTO time remaining at year-end, employees may carry up to 5 days (40 hours for full time/20 hours for part time), except where otherwise legally required by state or local law. Carry-over PTO must be used the following year, unless an exception is pre-approved by your manager and the HR manager. Unused roll-over PTO is not paid out upon termination.

Terminated Employees

At the time of employment termination, the amount of PTO accrued will be calculated by taking the number of full months worked during the current year times the amount of PTO time earned in one month. Any unused time will be prorated and paid upon termination. Unused PTO which rolled-over from the previous year will not be paid.

Holiday Pay

Utilities, Inc. is recognizing the following holidays: New Year's Day – Monday, January 2nd
 Memorial Day - Monday, May 29th
 Independence Day – Tuesday, July 4th
 Labor Day – Monday, September 4th
 Thanksgiving Day – Thursday, November 23th
 Day after Thanksgiving Day – Friday, November 24th
 Christmas Eve - Friday, December 22nd
 Christmas Day - Monday, December 25th

All full-time employees receive the Company selected holiday benefit. Please note that the designated holidays may change each year. Be sure to watch for a revised holiday schedule prior to each New Year.

You may take time off to observe religious holidays. If available, PTO may be used for this purpose, otherwise the time off is without pay. You must notify your manager in advance.

Only full-time employees are eligible for holiday pay. You are not eligible to receive holiday pay during the first thirty (30) days of your employment, nor are you eligible to receive holiday pay if you are a part-time employee or a temporary employee.

Holiday Policies

If a holiday occurs during your scheduled PTO, you are permitted to take an extra day of PTO. To qualify for holiday pay, you must work the scheduled workday immediately before and after the holiday. Only scheduled PTO will be considered exceptions to this policy.

Contact Information

Vendor/Resource	Telephone	Website
BlueCross BlueShield of Illinois - Medical		
Medical Claim and Benefit Information	(800) 828-3116	www.bcbsil.com
Prime Therapeutics - Prescription Drugs		
Pharmacy and Prescription Drug Inquiries	(800) 423-1973	www.myprime.com
Rx 'n Go Free Generic Mail Order Maintenance Pharmacy		
Rx 'n Go/PBM Plus	(888) 697-9646	www.rxngo.com
Teladoc	1-800-Teladoc	www.teladoc.com
Benefits Value Advisor	(800) 828-3116	
Delta Dental of Illinois - Dental		
Dental Claim and Benefit Information	(800) 323-1743	www.deltadentalil.com
VSP Vision Benefits - Vision		
Vision Claim and Benefit Information	(800) 877-7195	www.vsp.com
MetLife - Life and Accidental Death & Dismemberment		
Life and AD&D Claims and Benefit Information	(800) 638-6420	www.metlife.com
MetLife - Long-Term Disability		
Disability Claims and Benefit Information	(800) 300-4296	www.metlife.com
Discovery Benefits - Flexible Spending Accounts		
Healthcare and Dependent Day Care FSA Questions, Account Balances and Information	(866) 451-3399	www.discoverybenefits.com
Ace American Insurance - Travel Accident		
Inside the United States	(800) 243-6124	www.ACETravelAssistance.com
Outside the United States Call Collect	(202) 659-7803	
Aflac – Supplemental Accident & Critical Illness Insurance	(800) 433-3036	www.aflac.com/UI
MetLife - Employee Assistance Program		
Confidential assistance with personal, legal, financial or elder care issues.	(800) 511-3920	www.metlife.com
JP Morgan - 401(k) Retirement		
Plan Details Enrollment Account/Balance Information	(855) 576-7526	www.retirementlink.jpmorgan.com
Health Advocate - Patient Advocacy	(866) 695-8622	http://www.healthadvocate.com

This Employee Benefits Guide has been prepared to help you review and understand the key factors associated with our benefit plans. This guide does not provide all the provisions, limitations and exclusions included in our benefit plans and policies and should be considered only as a summary of our current benefits. If any differences exist between this summary and the official plan documents, the official plan documents shall control. Additionally, the benefits described herein are subject to change without notice. Neither this Employee Benefits Guide nor any of the benefits described herein constitute a contract of employment, nor should they be construed as giving you any legal rights to continue to be employed. Your employment with the Company is and will continue to be “at will.”

Rescission of Coverage

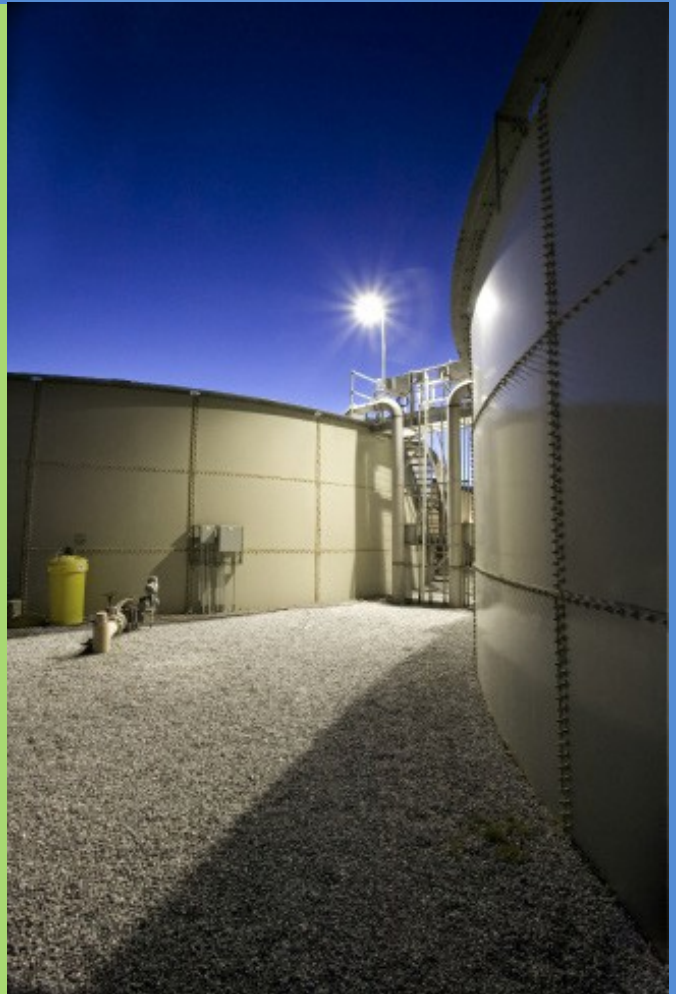
Utilities, Inc. reserves the right to terminate the health coverage of you/and your dependent(s) prospectively without notice for cause (as determined by **Utilities, Inc.**), if you and/or your dependent(s) are otherwise determined to be ineligible for coverage under the plan. In addition, if you or your dependent commits fraud or intentional misrepresentation in an application for health coverage under the plan, in connection with a benefit claim or appeal, or in response to any request for information by **Utilities, Inc.** or its delegates (including **BlueCross BlueShield of Illinois Utilities, Inc.** may terminate your coverage retroactively upon 30 days of notice. Failure to inform **Utilities, Inc.** that you or your dependent is covered under another group health plan or knowingly providing false information to obtain coverage for an ineligible dependent are examples of actions that constitute fraud under the plan.



2335 Sanders Road, Northbrook, IL 60062-6196



Employee Benefits Guide



2018

Plan Year - 1/01/2018 - 12/31/2018

For Full Time Employees Only
Except where noted herein

Employee Benefit Summary/Contents Page

Benefit	Description	Cost to Employee/Requirement	Eligibility	Page
Medical Insurance	Medical insurance provides cost-effective medical care through Blue Cross Blue Shield. The PPO plans feature a network of participating doctors, hospitals, and facilities to provide health care services to plan members at reduced rates.	The employee deductions vary by pay schedule. Please see page 4 for the deduction grid as well as details on how to qualify for the preventive incentive.	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Qualifying Life Event (QLE). Benefit begins on the 31st day of employment, the date of a QLE or January 1st for open enrollment.	4
Dental Insurance	Dental insurance provides cost-effective dental care through Delta Dental. While there are no restrictions on your choice of dentist, using a Delta network dentist enhances your benefit.	The employee deductions vary by pay schedule. Please see page 4 for the deduction grid.	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Qualifying Life Event (QLE). Benefit begins on the 31st day of Employment.	6
Teladoc	Teladoc is a free (no-co-pay) convenient service that employees and eligible dependents can access for consultations and treatment (including prescriptions) for a wide range of medical conditions.	This is a company paid benefit	Automatic enrollment for Utilities, Inc. employees and their eligible dependents enrolled in the BCBS medical plan.	7
Benefits Value Advisor (BVA)	Benefits Value Advisor (BVA) is a consumer advocacy program that guides members through the universe of health care, prompting them to examine and weigh every aspect of their health care decisions. It is a one-call solution, providing members with access to specially trained advisors who can assist them.	This is a company paid benefit.	Automatic enrollment for Utilities, Inc. employees and their eligible dependents enrolled in the BCBS medical plan.	7
Flexible Spending Account (FSA)	UI provides a FSA program designed to save you money on out-of-pocket expenses incurred for health and dependent care. Employees can save up to 30% on eligible expenses by using tax-free dollars.	The annual dollar limit on employee contributions to employer-sponsored health care FSA is \$2,650 in 2018. The annual limit for dependent care FSAs is \$5,000.	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Qualifying Life Event. Benefit begins on the 31st day of employment, the date of a QLE or January 1st for open enrollment.	8
Vision Insurance	Vision insurance is provided through Vision Service Plan. Many services from a network provider are covered in full after a nominal co-pay.	Enrollment in the vision plan through Vision Service Plan is voluntary and is effective on the 31st day of employment. This is a Company paid benefit.	Enrollment is available within the first 30 days of your employment, during open enrollment, or in the first 30 days following a Qualifying Life Event (QLE). Benefit begins on the 31st day of employment, the date of a QLE or January 1st for open enrollment.	8
Short-Term Disability Benefit	The short-term disability (STD) benefit provides a percentage of your pre-disability base income for up to 26 weeks if you are unable to work due to illness or injury.	This is a Company paid benefit.	Automatic enrollment after one year of employment.	9
Parental Leave	Parental Leave offers up to 6 weeks of paid time off to care for a child following birth or adoption.	This is a Company Paid benefit.	Available after 1 year of employment.	9
Long-Term Disability Benefit	The long-term disability benefit provides income to employees who are disabled beyond six months of short term disability. The benefit includes 50% of pre-disability monthly earnings less income offsets.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment. Benefit has a 180 day waiting period.	10
Life and Accidental Death and Dismemberment (AD&D) Insurance	Life and AD&D insurance through MetLife provides financial aid for your family if you die or are seriously injured in an accident. The life benefit equates to 1.5 times your annual salary plus \$10,000. The AD&D benefit is the same amount.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	10
Voluntary Life Insurance	Supplemental term life insurance offers you and your dependents the opportunity to purchase additional life insurance.	Employee costs are based upon age and the elected benefit amount.	Available the first day of the month following 30 days of employment or the receipt and acceptance of your enrollment form by MetLife at any time following your initial 30 days of employment.	10
Supplemental Travel/Accident Insurance	Supplemental travel/accident insurance through ACE American Insurance Company provides an additional amount of insurance whether on personal or work-related business.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	11
Aflac	Aflac's voluntary payroll deduction insurance coverage pays cash benefits when a policyholder has a covered accident or illness.	Employee costs are based upon age and the elected benefit amount.	Voluntary enrollment effective the first day of the month following 30 days of employment.	11
Employee Assistance Program (EAP)	UI provides an EAP for employees and their immediate families who are dealing with personal issues.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	14
Patient Advocacy	Provides a confidential resource to assist with claims and benefit issues, help with locating providers and scheduling procedures and appointments.	This is a Company paid benefit.	Automatic enrollment effective the first day of the month following 30 days of employment.	14
Certification/Licensing Resources & Compensation	UI offers certification pay for licenses and certifications for work related education and development based on the level of the certification.	A pre-approved list of amounts by state and cert level are listed in the Payroll folder on the WaterMain .	Requires BU Leadership approval.	15
Education Assistance	UI offers up to 90% reimbursement of tuition costs for work related courses pre-approved by the Executive Team.	Reimbursement of tuition expenses are determined by Executive Team approval, course completion, and grades.	Available after 1 year of employment with required BU Executive approvals.	15
401(k) Retirement Plan	Employee Contribution & Employer Match Employees may contribute to the 401(k) plan to save for their retirement. First 3% of deferral matched dollar for dollar. Next 2% of deferral matched at \$0.50 for each dollar up to a maximum UI Match of 4% of eligible earnings. Non Elective Company Contribution The Company will contribute 3% of your total eligible wages on a per pay period basis.	New employees are automatically enrolled at a 3% contribution rate; these employees have the option to "opt out" of enrollment during open enrollment. All Employer contributions vest at 100%. Please refer to the Summary Plan Description for more details.	Non Elective Company Contribution New hires are eligible to receive the NEC on a per pay period basis beginning on the plan entry dates of January 1 or July 1 following the date in which the participant has reached age 21 and has completed 12 months of service. Employee Deferral & Employer Match 1 of the month, after 30 days of service Online enrollment required at www.retirementlink.jpmorgan.com	16
401(k) Plan Participant Services	TRU Retirement offers FREE, comprehensive retirement plan consulting and wealth management services to businesses, organizations and individuals across the US.	This is a Company paid benefit.	1 st of the month, after 30 days of service.	16
Paid Time Off (PTO)	Please see the " Paid Time Off (PTO) " schedule for further details.	This is a Company paid benefit.	Employees accrue PTO dependent on their hire date. There is a 30-day waiting period after your hire date to use paid time off.	17
Holiday Pay	UI offers 8 paid holidays each year.	This is a Company paid benefit.	Eligible 30 days after your hire date.	17
LifeLock	LifeLock provides a host of credit monitoring and identity theft protection services and features to its subscribers.	This is a voluntary, employee paid benefit. Employee deductions vary by pay schedule.	Available the first day of the month following 30 days of employment or at any time following your initial 30 days of employment.	18
PetFirst Pet Insurance	Pet insurance is actually a form of property and casualty (P&C) insurance. PetFirst reimburses the owner after the pet has received care and the owner submits a claim.	This is a voluntary, employee paid benefit. Premiums paid directly by employee to PetFirst.	Enroll at any time. Coverage for accidents begins at midnight EST following the activation of the policy, while illness coverage begins 14-days later.	19
Contact Information				20

Eligibility

An employee is eligible to participate in the Utilities, Inc. Benefit Programs if he/she is classified as a full-time employee scheduled to work a minimum of 30 hours per week (with the exceptions for Limited Eligibility noted below).

Temporary, seasonal and agency employees are not eligible to participate in the benefit programs offered through the Company.

Eligible full-time employees can also enroll a legal spouse and dependent child(ren) for coverage. A “dependent child” is the subscriber’s or spouse’s natural child, stepchild, foster child or legally adopted child.

Children are generally considered dependents until:

- Age 26
- Any age, if they are mentally or physically disabled, chiefly dependent on the employee for support, and not capable of self-sustaining employment
- Age 30 if enlisted in Military



Limited Eligibility

An employee classified as part-time scheduled to work less than 30 hours per week and a minimum of 1,000 hours per calendar year qualifies for participation in the 401(k) plan.

A brief summary of the various benefits offered by Utilities, Inc. are shown in this guide. If an employee does not elect to enroll in any plan during the open enrollment period or when the employee first becomes eligible for benefits, the employee will not be allowed to enroll until the next open enrollment period unless the employee has a special enrollment event as defined by HIPAA (see “Qualifying Life Events” below).

When Coverage Begins:

Employees must enroll for medical, dental, vision, choose to participate in the reimbursement accounts, and/or elect Voluntary Life and AD&D benefits within 30 days of the employee’s initial eligibility date. Health benefits begin on the first day following the 30 day waiting period. Enrollment in employer paid benefits is automatic.

New Hires:

Eligible new hires are required to select or waive coverage within 30 days of their initial eligibility date. Employees failing to select coverage under one or more of the optional plans within this time will be deemed to have voluntarily waived eligibility for coverage for the entire plan year. Once made, selections are irrevocable and remain in effect for the plan year unless a QLE change occurs.

Qualifying Life Events

Your initial new hire eligibility period allows you thirty (30) days from your hire date to submit enrollment forms for the benefits you wish to enroll in. You are allowed to change your enrollment during the plan year only when you have a qualifying life event that significantly affects your benefit needs. Life events can include:

1. Marriage or Divorce
2. Birth or adoption of a child or placement of a child for adoption
3. Death of a child or spouse
4. Loss of or obtainment of other coverage

An employee wanting to change elections due to a qualifying life event should contact Human Resources as soon as possible following the event, but no later than 30 days following the event. Appropriate documentation will be required to substantiate a change and must be received within 30 days of the qualifying life event. Effective date for changes will be the actual date of the event. Any change reported or supporting documentation received after 30 days following the qualifying life event will not be accepted. In such an instance, the next opportunity to make a change will be during the next open enrollment period. The open enrollment period is the time employees may make changes (such as moving from one plan to another, adding dependents, etc.) Freely without supporting documentation. The next open enrollment period will be in December 2018 for plan year beginning January 1, 2019.

Important Plan Notices for 2018

Federal regulations require that plan sponsors, such as Utilities, Inc. (UI) to provide various notices to their employees. In keeping with these requirements, we are providing the copies of the following notices outlined below, [here on the WaterMain](#).

General Notice of COBRA Continuation Rights * HIPAA Special Enrollment Notice * HIPAA Privacy Notice * Medicare Part D Notice, Medicaid and the Children’s Health Insurance Program (CHIP) Notice * Women’s Health and Cancer Rights Notice * Newborns’ and Mothers’ Health protection Act of 1996 * Genetic Information Non-discrimination Act of 2008 * Uniform Service Employment & Reemployment Rights Act (USERRA) * New Health Insurance Marketplace Coverage Options and Your Health Coverage * Notice Regarding Wellness Program * The Mental Health Parity and Addiction Equity Act of 2008

Medical and Dental Premiums

The employee medical and dental premiums are listed below. Utilities Inc. covers 100% of the cost for vision insurance upon enrollment to a medical plan. Utilities, Inc. also covers 100% of the cost of basic life and AD&D insurance, short term disability insurance and long term disability insurance.

	With Preventive Incentive		Without Preventive Incentive	
Medical Insurance - Platinum Plan	Hourly Employees	Salaried Employees	Hourly Employees	Salaried Employees
	(26 pays per year)	(24 pays per year)	(26 pays per year)	(24 pays per year)
Employee Only	\$57.41	\$62.20	\$137.82	\$149.30
Employee + Spouse	\$150.66	\$163.21	\$311.47	\$337.42
Employee + Child(ren)	\$126.80	\$137.37	\$207.20	\$224.47
Family	\$219.71	\$238.02	\$380.52	\$412.23
* Working Spousal Surcharge	\$129.23	\$140.00	\$129.23	\$140.00
	With Preventive Incentive		Without Preventive Incentive	
Medical Insurance - Gold Plan	Hourly Employees	Salaried Employees	Hourly Employees	Salaried Employees
	(26 pays per year)	(24 pays per year)	(26 pays per year)	(24 pays per year)
Employee Only	\$50.52	\$54.73	\$95.60	\$103.57
Employee + Spouse	\$131.82	\$142.81	\$292.63	\$317.02
Employee + Child(ren)	\$110.95	\$120.20	\$191.36	\$207.31
Family	\$192.24	\$208.27	\$353.06	\$382.48
* Working Spouse Surcharge	\$129.23	\$140.00	\$129.23	\$140.00
Dental Insurance	Hourly Employees	Salaried Employees		
	(26 pays per year)	(24 pays per year)		
Employee Only	\$4.97	\$5.37		
Employee + Spouse	\$11.08	\$12.01		
Employee + Child(ren)	\$8.32	\$9.01		
Family	\$16.54	\$17.92		

Pre-Tax/Post-Tax Contributions



Generally, the cost to participate in Utilities, Inc.' Health plan and/or reimbursement accounts is taken from the employee's paycheck on a **pre-tax basis**. This means the employee does not pay Federal Income Tax, Social Security Tax, and in most cases state/local taxes on those contributions.

*Working Spouse Surcharge

A working spouse surcharge is an additional contribution that Utilities, Inc. will charge an employee to cover a working spouse that has other health coverage available, such as through his or her own employer, and chooses not to enroll in that coverage. The spouse surcharge does not apply to spouses who are unemployed or whose employers do not offer health insurance. The surcharge is designed to encourage spouses to use the health coverage available through their own employer. The surcharge is used to contribute to the added cost of covering spouses on our plan who choose not to participate in their employer's coverage. Every employee choosing to enroll in a medical plan with UI, and is covering a spouse, must complete the Working Spouse Medical Plan Affidavit. All forms must be returned to the Human Resources Department. The surcharge will automatically be charged to all employees choosing to cover a working spouse that did not return the Working Spouse Medical Plan Affidavit with the medical enrollment form.

Preventive Incentive

In an effort to promote a healthy lifestyle, we encourage our employees to receive a routine annual physical with blood draw at initial eligibility and at least once every three (3) years. It is important to maintain a healthy lifestyle and monitor your health on a regular basis. Having a routine preventive physical is the first step toward taking control of your health. To view a notice regarding our preventive incentive, [click here](#).

If you choose to enroll in the medical insurance and complete a routine annual physical with blood draw, you will enjoy employee premium amounts less than the standard premium as stated above.

Both medical plans offer a benefit to cover the cost of your physical and blood draw under the Preventive Care benefit. The plan will pay 100% with no co-payment. Please note the following tips to keep in mind to ensure you receive this level of benefit:

1. You must receive these services by an in-network provider
2. All services billed on the date you obtain your annual routine physical with blood draw must be billed as "preventive". Any services billed on this date of service that are not "preventive" will be subject to co-pays and deductibles.
3. You are allowed one routine annual physical per calendar year.

In order to qualify for the preventive incentive, you and your spouse, if you choose to cover your spouse, must have a routine physical with blood draw documented with a date of service within 60 days of your insurance becoming effective. A Routine Physical Verification Form must be completed for both yourself and your spouse by the physician and returned to the HR Department within the time frame. If the form is not received in that time frame, your premiums will increase on the 61st day from the effective date, to the "NON Preventive" rates (until the verification form is received by HR to reduce the rates to "Preventive.")



Medical Plans Platinum PPO & Gold PPO

Utilities, Inc. provides a choice of two PPO Medical plans to all eligible employees effective the 31st day of employment.

	Platinum Plan - Group #P17022		Gold Plan - Group#P17023	
	In-network	Non-network	In-network	Non-network
Deductible	\$400 Individual \$1,200 Family	\$800 Individual \$2,400 Family	\$1,500 Individual \$4,500 Family	\$4,500 Individual \$13,500 Family
Out-of-Pocket Maximum Includes deductibles and co-pays	\$4,000 Individual \$8,000 Family	\$8,000 Individual \$16,000 Family	\$5,000 Individual \$11,500 Family	\$15,000 Individual \$34,500 Family
Out-of-Pocket Maximum Rx includes deductibles and co-pays	\$500 Individual Rx \$1,500 Family Rx	\$500 Individual Rx \$1,500 Family Rx	\$1,000 Individual Rx \$1,700 Family Rx	\$1,000 Individual Rx \$1,700 Family Rx
Physician Office Visits One co-payment per day when you receive services from a Family Practice, Internal Medicine, OB/GYN, or Pediatrician. Surgeries, therapies and certain diagnostic procedures performed in a physician's office may be subject to the deductible and/or coinsurance, including mental health and substance abuse services.	\$15 co-pay for PCP \$25 co-pay for Specialist; then 100%	60% after deductible	\$35 co-pay for PCP \$45 co-pay for Specialist; then 100%	50% after deductible
Preventive Care Routine annual physicals, well-baby exam, annual vision and hearing exams, immunizations, and other preventive health services as determined by the USPSTF.	100%	60% after deductible	100%	50% after deductible
Maternity Services Co-payment applies to first prenatal visit. All other maternity physician covered services are paid the same as Medical/Surgical Services	\$15 co-pay for PCP \$25 co-pay for Specialist; then 100%	60% after deductible	\$35 co-pay for PCP \$45 co-pay for Specialist; then 100%	50% after deductible
Medical/Surgical Services Coverage for surgical procedures, inpatient visits, therapies, allergy injections or treatments, and certain diagnostic procedures as well as other physician services.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Hospital Admission Deductible (Maximum 3 days/calendar year)	\$100 per day	\$100 per day	\$100 per day	\$100 per day
Inpatient Hospital Services Coverage includes services received in a hospital, skilled nursing facility, coordinated home care and hospice. Room allowances based on the hospital's most common semi-private room rates.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Outpatient Hospital Services Coverage for services includes, but is not limited to outpatient or ambulatory surgical procedures, x-ray, lab tests, chemotherapy, radiation therapy, renal dialysis, and mammograms performed in a hospital or ambulatory surgical center. Routine mammograms performed in an in-network outpatient hospital setting are payable at 100%, no deductible will apply.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Outpatient Emergency Care (Accident or Illness) The co-payment applies to both in and out of network emergency room visits. The co-payment is waived if the member is admitted to the hospital.	\$150 co-pay	\$150 co-pay	\$150 co-pay	\$150 co-pay
Muscle Manipulation Services* Coverage for spinal and muscle manipulation services provided by a physician or chiropractor. Related office visits are paid the same as other Physician Office Visits. Limited to 30 visits per calendar year.	\$25 co-pay; then 100%	60% after deductible	\$45 co-pay; then 100%	50% after deductible
Therapy Services - Speech, Occupational and Physical Coverage for services provided by a physician or therapist.	80% after deductible	60% after deductible	70% after deductible	50% after deductible
Temporomandibular Joint (TMJ) Dysfunction and Related Disorders	80% after deductible	60% after deductible	70% after deductible	50% after deductible

Prescription Drug Benefit for Medical Plans Platinum & Gold

	Generic	Formulary Brand	Non-Formulary Brand
Contracting Retail Pharmacy Up to a 34-day supply. Includes diabetic supplies: blood glucose test strips, lancets, diagnostic agents used with urine testing and glucagon.	\$10	25% Minimum Co-pay \$25 Maximum Co-pay \$75	50% Minimum Co-pay \$25 Maximum Co-pay \$75
Mail Service Up to a 90-day supply.	\$20	25% Minimum Co-pay \$50 Maximum Co-pay \$150	50% Minimum Co-pay \$50 Maximum Co-pay \$150
Contraceptives Available at retail and mail service at the appropriate co-payment level based on drug classification.	As Indicated Above		
Self-Injectables Available at retail and mail service at the appropriate co-payment level.	As Indicated Above		

FREE Generic Mail Order Pharmacy Plan Option



Utilities, Inc. employees and their enrolled dependents are eligible to receive free generic maintenance medication by utilizing the Rx 'n Go mail order pharmacy service. Rx 'n Go offers a comprehensive listing of nearly 1,200 available generic maintenance medications. By filling your generic maintenance medication through Rx 'n Go, Utilities, Inc. will pay the entire cost of the medication. A ninety (90) day supply of medication will arrive directly at the member's home address or designated delivery location.

Please consult with your physician or health care provider if you are not currently taking a generic medication to determine if any of the prescriptions offered through the Rx 'n Go pharmacy may be an option.

Interested plan members are required to have their health care provider submit a completed Rx 'n Go prescription order form via e-mail or fax (or the member may mail the original order form via regular mail.) The order form is available in the Shared Services > Human Resources > Shared Services Documents > [Benefits Plan folder on the WaterMain](#) to take to your provider's office.

Dental Plan - Delta Dental Group #20159



	PPO	Premier	Out-of-Network
Annual Maximum	\$1,500 per person		
Annual Deductible Applies only to Basic and Major Services. Charged one time per calendar year	\$25 per person, \$75 per family		
Preventive/Diagnostic Services <ul style="list-style-type: none"> • Oral evaluations up to two times per benefit year • X-rays (bitewings up to two per benefit year; full mouth - once every three weeks) • Prophylaxis (cleaning up to two per benefit year) • Fluoride treatments up to once per benefit year for children under age 19 • Space Maintainers • Sealants 	100% of reduced fee ¹ No Deductible	100% of MPA ² No Deductible	100% of MPA ³ No Deductible
Basic Services <ul style="list-style-type: none"> • Fillings • Oral Surgery • Endodontics • General Anesthesia in conjunction with oral surgery • Recementing of crowns and bridges 	80% of reduced fee ¹ Deductible Applies	80% of MPA ² Deductible Applies	80% of MPA ³ Deductible Applies
Major Services <ul style="list-style-type: none"> • Crowns, jackets, cast restorations • Fixed and removable bridges • Partial and full dentures • Implants 	50% of reduced fee ¹ Deductible Applies	50% of MPA ² Deductible Applies	50% of MPA ³ Deductible Applies
Child Orthodontics (19 & Under)	\$1,000 Lifetime Benefit		
	50% of reduced fee ¹ No Deductible	50% of MPA ² No Deductible	50% of MPA ³ No Deductible

¹You will not be "balance billed" for charges exceeding Delta Dental's allowed PPO Fee.

²You will not be "balance billed" for charges exceeding Delta Dental's maximum plan allowances (MPAs).

³You are responsible for charges exceeding Delta Dental's maximum plan allowances (MPAs).

Your dentist chooses the Delta Network they participate in whether it is PPO, Premier, Both or Neither. Consult your dentist to determine which network they participate in and how insurance is applied to that coverage. In the event your dentist participates in the PPO and Premier Networks, PPO becomes the default network.

The preceding information is a brief summary of the Utilities, Inc. Dental Plan and the services it covers. If you have specific questions benefit coverage, limitations or exclusions, contact Delta Dental at (800) 323-1743

Telemedicine - Teladoc™



100% Employer Paid

Utilities employees and their eligible dependents enrolled in the BCBS medical plan are now eligible for the new Teladoc medical benefit. Teladoc allows you to talk to a doctor anytime, anywhere by phone or video consult. Teladoc is a **FREE (no co-pay)** convenient service that employees and eligible dependents can access for consultations and treatment (including prescriptions) for a wide range of medical conditions.

Speak with a physician with no co-pay!

- **Feel better fast...** It's simple. Teladoc provides access to U.S. board-certified physicians who can resolve most non-emergent medical issues via phone or online video.
- **Available when you need care...** Teladoc is a convenient alternative to urgent care or ER visits. Their physicians are available anytime, anywhere.
- **An alternative you can trust...** Teladoc is the first, largest and fastest growing provider of telehealth medical consultations, serving millions nationwide.
- **With proven results...** With Teladoc, it costs less to feel better. Teladoc significantly lowers your costs and improves access to care by providing an alternative to urgent care or ER usage.

Getting started is simple:

Set Up Your Account:

1. Visit the [Teladoc website](#), and begin the registration process by clicking on "Set Up Account" to advance to the [registration page](#).
2. Enter your first name, last name, date of birth, company code, member ID or promotional code. Then click "Continue".
3. Follow the directions online to complete account setup and to provide your medical history.

Request a Consult

Once your account is set up, a doctor is always just a call or click away.

1. Visit the [Teladoc website](#) and click "Request a consult."
2. Select the type of consult you want.
3. Talk to a doctor within an hour.

Visit their website at <http://www.teladoc.com> or contact them at 1-800-Teladoc

BCBS Benefits Value Advisor (BVA)



100% Employer Paid

Benefits Value Advisor (BVA) is a consumer advocacy program that guides members through the universe of health care, prompting them to examine and weigh every aspect of their health care decisions. It is a one-call solution, providing members with access to specially trained advisors who can assist them. Want to know more? [Check out this short video on BVA from the BCBS of Illinois website.](#)

Spend your health care dollars wisely.

When you purchase big ticket items like a TV or a new washing machine you shop around for the best price, right? So why not do the same for your medical procedure. Often times your care comes with choices. The price between an MRI at two different clinics in the same town can vary by several hundred, or even thousands of dollars. A quick call to BVA will help you identify the best price and save you money! According to BCBS, 90% of member calls to BVA resulted in lower cost options for their care.

What can Benefits Value Advisor do for you?

- Assist in helping you locate doctors and treatment centers and compare costs.
- Connect you with clinical program staff and provide online educational tools to learn more about your condition.
- Coordinate pre-certification for procedures.
- Help you schedule appointments.
- Understand claims, explain coverage guidelines, order ID cards and much more...

Before your next procedure...

Call the Customer Service number on the back of your BCBS member ID card and speak with a Benefits Value Advisor!

Flexible Spending Accounts (FSA) – Discovery Benefits

Employees are eligible to participate in the Flexible Spending Account after thirty (30) days of employment. An FSA allows you to set aside pre-tax dollars from your paycheck to pay for eligible health and dependent care expenses, lowering your taxable income and increasing your take home pay. The plan year for this benefit is January 1 thru December 31.

Health Care Flexible Spending Account

A Health Care FSA reimburses you for eligible medical care expenses incurred for yourself, your spouse and your dependents. This account can be used to pay for qualified, medically necessary medical, dental or vision expenses not covered by your insurance. Physician office visit and prescription co-payments are some examples of qualified expenses. The annual dollar limit on employee contributions to employer-sponsored health care FSAs is \$2,650 for 2018.

Dependent Care Flexible Spending Account

A Dependent Care FSA helps you pay for child or elder care services so you can work. The annual limit for dependent care FSAs will remain \$5,000 for calendar year 2018.

NOTE: If you are married and file jointly, your combined contributions may not exceed \$5,000. If you are married and file separately, your individual contributions may not exceed \$2,500.

Upon enrollment to an FSA, you will elect an annual contribution amount to participate in one or both of the FSA's. This election and contribution amount is binding for the entire plan year. Only a QUALIFYING LIFE EVENT will allow you to change an FSA election. Your annual contribution amount must be used for expenses incurred within that plan year. Any dollar amount not reimbursed for expenses during the plan year will be forfeited. This is known as the "use it or lose it" rule.

- If you are enrolled in one of the Blue Cross Blue Shield medical plan options, you may elect automatic claim submission of your medical expenses not paid after a claim is filed to your healthcare FSA. Enrollment in this feature allows reimbursement for out of pocket expenses without having to submit a claim form.
- If you enroll in either the healthcare or dependent care FSA, you may also enroll in direct deposit to have your reimbursements directly deposited into the bank account of your choice.
- There is a grace period from January 1, 2019 through March 15, 2019 to incur expenses for the 2018 plan year. The deadline to submit all claims for the 2017 plan year is March 31, 2018.



Vision Benefits – Vision Service Plan (VSP) Group #12159678

100% Employer Paid

Enrollment in the vision plan through Vision Service Plan is voluntary and is effective on the 31st day of employment. Utilities, Inc. pays the entire cost of this benefit. Please note, VSP does not provide member ID cards.

	In-Network	Out-of-Network	Frequency
	Co-pay	Reimbursement	Once
Exams	\$10	Up to \$25.00	Every 12 months
Prescription Glasses (Including Lenses and Frame)	\$25		
<i>Lenses</i>			
Single vision		Up to \$30.00	
Lined Bifocal		Up to \$35.00	
Lined Trifocal		Up to \$45.00	
<i>Frames</i>		Up to \$45.00	Every 24 months
Contacts (in lieu of glasses)	\$0	Up to \$105.00	Every 12 months

Short – Term Disability Insurance

100% Employer Paid



Utilities, Inc. provides short-term disability insurance to all full-time employees. Short-term disability (STD) insurance is to provide paid leave for off- the- job sickness or injury. To qualify for Short-Term Disability Insurance, employees must file a claim with MetLife (our STD claims processor) and submit written proof of their disability from a treatment provider(s). Employees may also need to provide MetLife with additional medical records concerning the details of their disability during the claims process. Once approved, STD claims are paid by Utilities, Inc. At the end of your paid short- term disability, whether eligible paid time has exhausted or your medical provider’s certification period expires, you may be required to use your accrued Paid Time Off (PTO) for any additional time off. This benefit is paid according to the following schedules based on employee start date in accordance with the regular pay schedule.

Employees Hired On or After 1/1/2017

Short Term Disability Benefit
Up to 26 weeks of Short Term Disability at 60% of your weekly earnings.

Employees Hired On or Before 12/31/2016

Completed Years of Service	Short Term Disability Benefit
0 – 5 Years	Up to 26 weeks of Short Term Disability at 60% of your weekly earnings.
6 Years	Up to 26 weeks of Short Term Disability at 65% of your weekly earnings.
7 Years	Up to 26 weeks of Short Term Disability at 70% of your weekly earnings.
8 Years	Up to 26 weeks of Short Term Disability at 75% of your weekly earnings.
9 Years	Up to 26 weeks of Short Term Disability at 80% of your weekly earnings.
10 Years	Up to 26 weeks of Short Term Disability at 85% of your weekly earnings.
11 Years	Up to 26 weeks of Short Term Disability at 90% of your weekly earnings.
12 or More Years	Up to 26 weeks of Short Term Disability at 100% of your weekly earnings.

Short Term Disability Benefit Waiting Period	
STD leave for Injury or Pregnancy	0 Days
STD leave for Illness	8 Days

Parental Leave Benefit

100% Employer Paid

Utilities, Inc. provides up to six weeks of parental leave paid at 100% following the birth of an employee’s child or the placement of a child with an employee in connection with adoption or foster care. The purpose of paid parental leave is to enable the employee to care for and bond with a newborn or a newly adopted or newly placed child. This policy will run concurrently with Family and Medical Leave Act (FMLA) leave, as applicable.

- Parental Leave benefits are available to full-time employees after one year of service. Employees with less than one year of service are eligible for leave for medical reasons for the birth of a child as outlined under Short-Term Disability Insurance.
- In no case will an employee receive more than six weeks of paid parental leave in a rolling 12-month period, regardless of whether more than one birth, adoption or foster care placement event occurs within that 12-month time frame.
- Approved Parental Leave begins on the day the child is born* or adopted and must be taken within 90 calendar days of that event. Parental Leave can be taken in increments of no less than one hour (for hourly employees) or (one half day for salaried employees).
- Any necessary leave required beyond the 6 weeks provided for Parental leave will be covered as outlined for medical reasons under Short-Term Disability Insurance and will require a completed Certification of Healthcare Provider Form.
- The employee will provide his or her Manager and the Human Resource department with notice of the request for leave at least 30 days prior to the proposed date of the leave (or if the leave was not foreseeable, as soon as possible). The employee must complete the necessary HR forms and provide all documentation as required by the HR department to substantiate the request.
- As is the case with all company policies, the organization has the exclusive right to interpret this policy.
- For employees on an unrelated Short-Term Disability Leave when Parental Leave would begin, the guidelines of the STD benefit supersede those for Parental Leave.

* When complications or pre-mature birth occur and require extended hospitalization of a new born child, the 90 day parental leave eligibility period will begin on the date of discharge from the hospital. Documentation and HR Approval required.

Adoption Benefit

Adoption benefits are available to full-time employees after one year of service. The adopted child must be 17 years of age or younger unless the child is physically or mentally incapable of caring for himself or herself. *Eligible adoption related expenses** will be reimbursed as they are incurred during the adoption process up to a maximum of \$5,000 per child.

*Adoption related expenses include lawyer fees, private and/or public agency fees, foreign adoption fees, temporary foster care charges, transportation costs, counseling fees associated with placement and costs related to pre-placement visitation.

Long – Term Disability Insurance – MetLife Group #95164

100% Employer Paid

Utilities, Inc. provides long-term disability insurance to all eligible employees effective first of the month following thirty days of employment. To receive benefits under this plan, you must satisfy requirements set by MetLife during the application process. In the event of a disability, it is suggested that you begin the application process to receive benefits no later than your twelfth week of continuous disability to ensure sufficient time for review.



Benefits Begin	After 180 days of continuous disability
Monthly Benefit	50% of base pre-disability earnings
Minimum Monthly Benefit	\$100
Maximum Monthly Benefit	\$10,000

Life and AD&D Insurance – MetLife Group #95164

100% Employer Paid

Utilities, Inc. provides both Basic Life and Accidental Death and Dismemberment insurance to all eligible employees effective first of the month following thirty days of employment. The Basic Life benefit amount is equal to 1 ½ times your base annual salary plus \$10,000. The Accidental Death and Dismemberment amount is the same.

Voluntary Life Insurance – MetLife Group #95164

Utilities, Inc. offers the option of purchasing additional life insurance for yourself, your spouse and/or your child(ren). These benefits are available for purchase on a post-tax basis. Paying tax on the premiums allows benefit payments to be tax-free. The table below illustrates a summary of these benefits. Please note that MetLife requires the purchase of coverage in stated increments. Employees must purchase coverage for themselves before they are able to purchase coverage on dependents. Requests to enroll in this benefit must be made during your first 30 days with the Company to take advantage of the guarantee issue amounts. If you wish to enroll in this benefit after your new hire eligibility period, you may do so during any Open Enrollment period or within 30 days of a Qualifying Life Event as defined earlier. Enrollments in conjunction with an Open Enrollment period or Qualifying Life Event will require a Statement of Health and approval from the MetLife underwriting department before the benefit can be issued.

This benefit is portable upon termination. Requests to port this benefit must be made to HR within 30 days of your termination.

Voluntary Benefit Amounts

Employee	Sold in increments of \$10,000 Maximum issue amount = \$300,000
Spouse	Sold in increments of \$10,000 up to a maximum of \$150,000 Maximum issue amount = 100% of the voluntary employee life amount of \$150,000; whichever is less
Child(ren)	Issued as a flat amount equal to \$10,000

Guarantee Issue Amount*

Employee	\$50,000
Spouse	\$10,000
Child(ren)	Entire Benefit Amount

* Guarantee Issue refers to the amount of coverage you are eligible to purchase during your initial enrollment period without providing evidence of “good health”. However, if you do not enroll when initially eligible, you will be required to provide evidence of “good health” for any amount elected by completing a Statement of Health form. The Statement of Health form will be submitted to the underwriting department at MetLife for approval before the benefit can be issued.

Monthly Premiums for Voluntary Life Insurance

	Employee Cost	Spouse Cost
Age	Per \$10,000 of Coverage	
Under 30	\$0.94	\$0.94
30 - 34	\$1.16	\$1.16
35 - 39	\$1.59	\$1.59
40 - 44	\$2.20	\$2.20
45 - 49	\$3.95	\$3.95
50 - 54	\$5.89	\$5.89
55 - 59	\$8.24	\$8.24
60 - 64	\$12.96	\$12.96
65 - 69	\$20.06	\$20.06
Over 69	\$40.00	\$40.00
Monthly Cost for the Child(ren) Life equal to \$10,000 is \$1.19		



Supplemental Travel/Accident Insurance - ACE American Insurance

100% Company Paid

Plan Number: 01AH585

Policy Number: ADDN01062487

Utilities, Inc. provides travel accident insurance to further financially assist your family members in the event of loss of life while traveling for business.

The value of this benefit is based your position classification.

	Employee	Spouse	Dependents
Operations & Field	\$100,000	\$25,000	\$10,000
Office & Clerical	\$50,000	\$25,000	\$10,000



Aflac Supplemental Insurance Coverage*

Over 50 Million people worldwide have chosen Aflac supplemental insurance products because of their commitment to providing customers with the confidence that comes from knowing they have assistance in being prepared for whatever life may bring. Aflac's voluntary payroll deduction insurance coverage pays cash benefits when a policyholder has a covered accident or illness. UI offers two forms of voluntary, supplemental coverage as outlined below. Each plan offers employees the following:

- Receive cash benefits are paid directly to you, unless other wise assigned.
- Collect paid benefits regardless of any other insurance you may have.
- Additional coverage free without deductibles or copayments.
- No provider network restrictions.
- Freedom to choose any provider.
- Ability to use the cash benefits however you want.

***NOTE: UI can only offer voluntary coverage through Aflac for either plan if the minimum enrollment of 25 employees elect coverage in given plan year.**

Aflac Accident Advantage Plus Plan - Group Policy #23188

100% Voluntary

After an accident, you may have expenses you've never thought about. Can your finances handle them? It's reassuring to know that an accident insurance plan can be there for you through the many stages of care, from the initial emergency treatment or hospitalization, to follow-up treatments or physical therapy.

In addition, your regular bills, such as the mortgage or rent, car payments and utility bills, don't stop when you're injured after a covered accident. Group accident insurance from Aflac offers benefits that are paid directly to you (unless you choose otherwise), so you can use them to help with your normal bills as well.

Benefit Summary

More than 50 events that trigger benefits payments, including fractures, dislocations, medical fees, hospital admission, ambulance, and physical therapy, among others.

- Medical Fees Benefit
- Accidental-Death Benefit
- Hospital Admission Benefit
- Hospital Confinement Benefit and more
- Accidental-death coverage.
- Wellness Benefit
- Guaranteed- issue coverage with no underwriting required.
- Portable coverage that allows employees to retain coverage at the same rate if their employment status changes (with certain stipulations).

To view a detailed plan description for the Aflac Accident Advantage Plus plan on the WaterMain, [please click here](#).

Aflac Critical Illness Advantage - Group Policy #23188

100% Voluntary

The Aflac group critical illness insurance plan can help with the treatment costs of covered critical illnesses, such as cancer, a heart attack, or a stroke. More importantly, the plan helps you focus on recuperation instead of the distraction and stress over the costs of medical and personal bills. With the group critical illness insurance, you receive cash benefits directly (unless otherwise assigned) - giving you the flexibility to help pay bills related to treatment or to help with everyday living expenses.



Features and Plan Provisions	
Benefit Amounts	Employee: \$5,000 - \$30,000 Spouse: \$5,000 - \$15,000 Child: Up to 50% of the employee's face amount
Spouse Coverage	Up to 50% of the face amount elected by the employee
Guaranteed Issue Amounts	Employee: Up to \$30,000 Spouse: Up to \$15,000 Participation Requirement: % Guaranteed for 2 years
Pre-existing Condition Exclusion	None
Waiting Period	None
Eligibility	Work Week Hours: Employee must work at least 30 hours per week. Length of Employment: 30 days. Coverage begins 1st of month after 30 days.
Waiver of Premium	After 90 days of total disability for an employee due to a covered critical illness, premiums waived for the insured and any covered dependents up to 24 months
Separation Period - Additional Diagnosis/ Reoccurrence	Additional Diagnosis: 6 consecutive months Reoccurrence: 6 consecutive months <i>(for a cancer diagnosis, treatment-free from cancer for at least 12 months and in complete remission before the date of a subsequent cancer diagnosis)</i>
Issue Ages	Employee: 18+ Spouse: 18+ Children: Under age 26

Benefit Summary

- Lump-sum benefit for a covered critical illness such as: cancer, heart attack, stroke, major organ transplant, and end-stage renal failure
- Benefit for a recurrence of the same critical illness if separated by at least 12 months or an additional occurrence of a different critical illness if separated by at least 6 months, with no lifetime maximum

Coverage Type	Covered Conditions and Additional Benefits	Benefit Amount
Base Benefits	Coronary Artery Bypass Surgery, Non-Invasive Cancer	25%
	Heart Attack, Stroke, Kidney Failure (End-Stage Renal Failure), Major Organ Transplant, Bone Marrow Transplant (Stem Cell Transplant), Sudden Cardiac Arrest, Cancer (Internal or Invasive)	100%
Skin Cancer	Skin Cancer Diagnosis	\$250 per calendar year
Health Screening Benefit	Payable for health screening tests performed as the result of preventive care. Not payable for dependent children.	\$50 per calendar year
Additional Base Benefits	Coma, Severe Burns, Paralysis, Loss of Sight, Loss of Speech, Loss of Hearing	100%

Benefits will be based on the face amount in effect on the critical illness date of diagnosis.

To view a detailed plan description for the Aflac Critical Illness Advantage plan on the WaterMain, [please click here.](#)

Aflac Hospital Indemnity Coverage - Group Policy #23188

100% Voluntary

The Aflac Group Hospital Indemnity Plan provides cash benefits *directly to you* (unless otherwise assigned) that help pay for some of the costs - medical and nonmedical - associated with a covered hospital stay due to a sickness or accidental injury.



Features and Plan Provisions	
Coverage	Available for all family members. Spouse-only and Child-only coverage is not available
Guaranteed Issue Amounts	Guaranteed-issue coverage is offered to all eligible applicants during the initial enrollment and for new hires thereafter. At the group's first anniversary, late enrollees are eligible to enroll on a guaranteed-issue basis.
Enrollment	Enrollments take place once each 12-month period. Late enrollees cannot enroll outside of an annual enrollment period.
Pre-existing Condition Exclusion	None
Pregnancy Limitation	None
Waiting Period	None
Eligibility	Work Week Hours: Employee must work at least 30 hours per week. Length of Employment: 30 days. Coverage begins 1st of month after 30 days.
Issue Ages	Employee: 18+ Spouse: 18+ Children: Under age 26

Benefit Summary

Coverage Type	Covered Conditions and Additional Benefits	Benefit Amount
Hospital Admission (per confinement)	Once per covered sickness or accident per calendar year	\$1,000
Hospital Confinement (per day)	Maximum confinement period: 31 days per covered sickness or covered accident	\$150
Hospital Intensive Care (per day)	Maximum confinement period: 10 days per covered sickness or covered accident	\$150
Intermediate Intensive Care Step-Down Unit (per day)	Maximum confinement period: 10 days per covered sickness or covered accident	\$75
Health Screening Benefit	Payable once per calendar year per insured.	\$50

To view a detailed plan description for the Aflac Hospital Indemnity plan on the WaterMain, [please click here](#).

Aflac Employee Premium Information

Aflac Accident Advantage Plus Plan

To view employee premiums for the Accident Advantage Plus Plan [click here for Bi-Weekly \(Hourly\)](#) or [click here for Semi-Monthly \(Salaried\)](#).

Aflac Critical Illness Advantage Plan

To view employee premiums for the Critical Illness Advantage Plan [click here for Bi-Weekly \(Hourly\)](#) or [click here for Semi-Monthly \(Salaried\)](#).

Aflac Hospital Indemnity Plan

To view employee premiums for the Hospital Indemnity Plan [click here for Bi-Weekly \(Hourly\)](#) or [click here for Semi-Monthly \(Salaried\)](#).

Employee Assistance Program (EAP) – MetLife

100% Employer Paid



The EAP is a confidential and professional service that provides information, referral services and telephonic counseling by licensed professionals to all employees and members of their immediate families who may be experiencing personal difficulties in their lives.

The EAP provides confidential services without cost to employees and their immediate family members for a variety of work/life related issues including legal and financial issues, child and elder care assistance, identity theft recovery services, relationship, marriage or family issues, and alcohol and drug dependency.

To obtain these services, you can call the confidential hot-line (888) 319-7819 24 hours a day, 7 days a week.

Patient Advocacy - Health Advocate

100% Employer Paid



Health Advocate is a company that provides employees with access to trained professionals who understand the intricacies of the healthcare system and assist you in navigating through it.

Health Advocate services are provided by professional Health Advocates, typically registered nurses, backed up by a team of medical directors and administrative experts who will help you, your spouse, dependent children, parents or parents in-law.

You Are Already Enrolled At No Cost To You!

The Top 10 Reasons to Call Health Advocate

- **Find the best doctors**, hospitals, dentists and other leading healthcare providers anywhere in the country. This includes locating providers in the BlueCross BlueShield of Illinois network.
- **Schedule appointments** with providers including hard to reach specialists and critical care providers and arrange for specialized treatments and tests.
- **Help resolve insurance claims** and assist with negotiating billing and payment arrangements, and related administrative issues.
- **Assist with elder care** and related healthcare issues facing your parents and parents in-law.
- **Obtain unbiased health information** to help you make an informed decision. This includes pricing for an elective procedure to ensure you are controlling your healthcare expenses.
- **Work with insurance companies** to obtain appropriate approvals for needed services and to foster communications between physicians and insurance companies.
- **Answer questions** about test results, treatment recommendations and medications recommended or prescribed by your physician.
- **Assist in the transfer of medical records**, x-rays and lab results.
- **Locate and research the newest treatments** for a medical condition.
- **Assist and initiate appeals** for denied claims, disputes and issues related to care received. Providing members with guidance in filing a grievance or complaint to the insurance company.

This service is completely confidential and no information is exchanged between Health Advocate and Utilities, Inc. Advocates are available Monday through Friday from 9 a.m. To 8 P.m. Central time. An advocate is also available 24 hours a day, seven days a week to provide assistance that needs attention during non-business hours.

Help is just a phone call or click away.

Visit their website at <http://www.healthadvocate.com> or contact them at 1-866-695-8622

Professional Certification/Licensing, Training and Education Resources

Utilities, Inc. offers an environment where employees can advance through their career and develop professionally. To support that environment, full-time employees have a variety of options for Company sponsored professional development. Whether it is through certifications, licensing or training courses, we are committed to providing the resources described below in order ensure our employees have the skills and tools they need for their job as well as advancement and development opportunities.

Professional Certifications & Licenses

Utilities, Inc. requires certain positions to have the proper license and/or certifications for certain job titles (Water/Wastewater Operators, Staff Accountants, Financial Analysts, Etc.). These requirements are listed on the job description for each position, which are [located here on the WaterMain](#). Please contact a BU Executive about approval for any professional license or certification not identified below.

Coursework & Training

Utilities, Inc. will cover 100% of the costs associated with an employee's first attempt at any job-required or job-related coursework related to obtaining a professional certification or license. This coursework must be approved by a BU Executive prior to any classes being scheduled and/or taken. Should the employee need to retake the course, the cost associated with additional attempts will be the responsibility of the employee.

Exams

Utilities, Inc. will cover 100% of the costs associated with an employee's first attempt at completing an exam required to successfully obtain a professional certification or license. Should an employee not pass the exam on their first attempt, the cost associated with additional attempts will be the responsibility of the employee.

Certification/Licensing Pay

Some certifications and/or licenses qualify for additional compensation or "Certification Pay" upon being obtained or re-certified. Certification pay is a one-time payment per qualifying event. Certification Pay amounts vary depending on the level of that certification or license and the state in which they are obtained. Specific certification pay amounts are [listed here on the WaterMain](#). In order for an employee to be compensated for their achievement, a BU executive must submit approval via a [certification pay check request](#).

CPA Review & Exam Reimbursement

Utilities, Inc., at its sole discretion, may agree to reimburse an employee for CPA Review courses and/or CPA Exam fees that are deemed to be beneficial for the employee and the Company. This reimbursement would be subject to the stipulations outlined in the CPA Review & Reimbursement Agreement, [found here on the WaterMain](#).

Continuing Education Units or Credits (CEUs or CECs)

Utilities, Inc. will cover 100% of the costs associated CEUs or CECs needed to maintain a professional license. CEUs or CECs must be approved by a BU Executive to ensure that the license meets a business need or is relevant to that employee's position with UI.

Education Assistance

Full-time employees may continue their education in a related field, and Utilities, Inc. may reimburse some of the tuition costs. All courses and costs must be pre-approved by the manager and a BU Executive before taking the class and must be completed on the employee's own time. Once the course is complete, a certified transcript of your grades and the receipts for your expenses must be submitted. Utilities, Inc. will reimburse you for the portion of the tuition that was pre-approved on the following course by course basis:

Grade	Reimbursement
A	90% of the amount that was pre-approved
B	75% of the amount that was pre-approved
C	50% of the amount that was pre-approved

In cases where classes are graded based on a pass or fail, a passing grade will be reimbursed at 90% of the amount that was pre-approved. In order to qualify for this education assistance benefit you must:

- Advise your manager, prior to enrolling for the class that you intend to take a particular course. Your manager will advise you whether the course is of a nature that Utilities, Inc. will approve for reimbursement of tuition.
- The course must be job oriented and offered by an approved education institution.
- The course and maximum reimbursement amount must be approved by a BU Executive prior to the start of the course.
- You must receive a passing grade of "C" or better.
- You must have at least one (1) full year of prior service with Utilities, Inc.
- If you are eligible to receive educational benefits from other sources, such as the Veterans Administration, Utilities, Inc. will only consider some reimbursement of the part that remains unpaid after application of those benefits for your educational expenses.
- Utilities, Inc. will require you to sign an agreement stating that if you leave the Company within 12 months of completing a class, you will repay the amount you were reimbursed.

For income tax free purposes the course must meet IRS section 127 rules that state the education is required by the employer or by law for the employee to keep his or her present salary, status, or job. The required education must serve a bona fide business purpose of the employer or the education maintains or improves skills needed in the job.

Corix Affiliated Companies (US) 401(k) Plan – JP Morgan Plan Number 168231-01



Employer Matching – You are eligible to contribute 100% of your salary up to the IRS maximum through pre-tax payroll deductions for your 401(k) Plan as long as you are at least 21 years of age and have completed one month of employment. If you are 50 years of age or older, you are allowed an additional \$6,000 in catch up contributions to the plan. If you elect to make contributions to the 401(k) Plan, the company will make a matching contribution to your 401(k) account. Prior to the beginning of each year, the Company will announce the applicable matching level and cap for that year. For 2017, the Company will match employee contributions using the following formula:

UI will match your contributions 100%, dollar for dollar, on the first 3% you contribute to the 401(k) plan. UI will make an additional matching contribution of \$.50 on every \$1.00 you contribute to the 401(k) Plan up to a maximum contribution on 5% (equal to 4%) of your base annual compensation. Matching contributions will be made in the same pay period in which you make your contributions. If you do not contribute to the 401(k) Plan you will not be eligible for a matching contribution.

Non-Elective Company Contribution – For employees hired on or before 11/30/2017, a non-elective contribution (NEC) by the Company equal to 3% of your eligible wages will be deposited into your 401(k) account on a per pay period basis regardless of whether you have contributed any savings of your own as long as the NEC eligibility requirements have been satisfied (see below).

New Hire Non-Elective Eligibility Requirements – Employees hired on or after 12/1/2017, are eligible to receive the NEC on a per pay period basis beginning on the plan entry dates of January 1 or July 1 following the date in which the participant has reached age 21 and has completed 12 months of service.

Automatic Enrollment – New hires are automatically enrolled in the plan with a default deferral of 3%. A new employee may opt out or increase their deferral at the time of hire. These contributions will begin on the 1st of the month following the completion of one month of service.

Vesting – All contributions made to the 401(k) plan are vested at 100%. This includes both the Employer Matching contributions & 401(k) Non Elective Company contributions made by the Company.

To enroll in this benefit, you must login to the JP Morgan website at www.retirementlink.jpmorgan.com. To login for the first time, you will need your PIN which will be sent to you in the mail a month prior to initial eligibility to your home address. Information can be found on the Watermain in the HR/Payroll drop down under “Benefits”, “Forms” then “401(k).”

For more detailed plan and ERISA information, please refer to the Summary Plan Description. These documents can be obtained from HR, viewed on the Watermain or accessed via the JP Morgan website.

401(k) Plan Participant Services

TRUretirement offers FREE, comprehensive retirement plan consulting and wealth management services to businesses, organizations and individuals across the US. The company provides comprehensive investment fiduciary services for the company and are experienced at creating efficient plans for participants. They also provide educational tools and one-on-one financial planning.



TRUretirement Can Help

- Understanding the investment choices available within your retirement plan
- Determining your Investment Objective and Risk Tolerance
- Deciding how much to contribute from your paycheck into your Retirement Plan
- Investment Allocation based on your needs and Risk Tolerance

TRUretirement Provides

- Comprehensive Investment Review
- Complete Retirement Planning
- College Financial Planning
- Estate Planning
- Individual Retirement Accounts (IRAs)
- Consolidation of your Investment Accounts

Contact TRUretirement

Office: (425)454-401k

Toll Free: (800)303-1856

www.trueretirement.com

Paid Time Off (PTO)

Paid Time Off (PTO) is a time for you to rest, relax, pursue special interests, meet personal needs or care for a covered family member. The Company provides PTO to eligible employees as one of the many ways in which we show our appreciation for your loyalty and continued service. Only full-time employees and part-time employees are entitled to PTO. You are eligible to begin accruing PTO upon commencing employment and completing your first within your first completed month of service; however, you may not take PTO until you have completed 30 days of employment. View our complete [PTO policy on the WaterMain](#).

Completed Service Time (continuous years)	Hourly Employees (Full-time)* PTO Accrual	Hourly Employees (Part-time)* PTO Accrual	Salaried Employees* PTO Accrual
First Month of Employment	If hired on or between the 1st and 15th - 8 hours	If hired on or between the 1st and 15th - 4 hours	If hired on or between the 1st and 15th - 1 day
	If hired on or between the 16th and 31st - 4 hours	If hired on or between the 16th or 31st - 2 hours	If hired on or between the 16th or 31st - 1/2 day
Less than 2 Years of Service	8 hours for each completed calendar month of service	4 hours for each completed calendar month of service	1 day for each completed calendar month of service
2 Years of Service	104 hours annually (13 days)	52 hours annually	13 days annually
3 Years of Service	112 hours annually (14 days)	56 hours annually	14 days annually
4 Years of Service	120 hours annually (15 days)	60 hours annually	15 days annually
5 Years of Service	128 hours annually (16 days)	64 hours annually	16 days annually
6 Years of Service	136 hours annually (17 days)	68 hours annually	17 days annually
7 Years of Service	144 hours annually (18 days)	72 hours annually	18 days annually
8 Years of Service	152 hours annually (19 days)	76 hours annually	19 days annually
9 Years of Service	160 hours annually (20 days)	80 hours annually	20 days annually
10 Years of Service	168 hours annually (21 days)	84 hours annually	21 days annually
11 (or more) Years of Service	176 hours annually (22 days)	88 hours annually	22 days annually

* PTO Totals listed in the chart above represent annualized values, not a guaranteed amount. Employees accrue PTO on a monthly basis, for each month of service completed over the calendar year.

**Annual PTO accrual balances may not exceed a maximum total of 176 hours (22 days). Annual PTO balances including rollover (up to 5 days), may not exceed a maximum total of 216 hours. Exceptions to the maximum limit may only occur as the result of extraordinary circumstances during the plan year and require HR consultation and BU President approval.

Unused PTO Time

Employees are encouraged to use their paid time off each year. However, Utilities, Inc. does acknowledge that circumstances may arise which do not make that possible. If an employee has unused PTO time remaining at year-end, employees may carry up to 5 days (40 hours for full time/20 hours for part time), except where otherwise legally required by state or local law. Carry-over PTO must be used the following year, unless an exception is pre-approved by your manager and the HR manager. Unused roll-over PTO is not paid out upon termination.

Terminated Employees

At the time of employment termination, the amount of PTO accrued will be calculated by taking the number of full months worked during the current year times the amount of PTO time earned in one month. Any unused time will be prorated and paid upon termination. Unused PTO which rolled-over from the previous year will not be paid.

Holiday Pay

Utilities, Inc. is recognizing the following eight (8) holidays:

NEW YEAR'S DAY – Monday, January 1st • **MEMORIAL DAY** – Monday, May 28th • **INDEPENDENCE DAY** – Wednesday, July 4th

LABOR DAY – Monday, September 3rd • **THANKSGIVING DAY** – Thursday, November 22nd • **DAY AFTER THANKSGIVING** – Friday, November 23rd

CHRISTMAS EVE - Monday, December 24th • **CHRISTMAS DAY** - Tuesday, December 25th

All full-time employees receive the Company selected holiday benefit. Please note that the designated holidays may change each year. Be sure to watch for a revised holiday schedule prior to each New Year.

You may take time off to observe religious holidays. If available, PTO may be used for this purpose, otherwise the time off is without pay. You must notify your manager in advance.

Only full-time employees are eligible for holiday pay. You are not eligible to receive holiday pay during the first thirty (30) days of your employment, nor are you eligible to receive holiday pay if you are a part-time employee or a temporary employee.

Holiday Policies

If a holiday occurs during your scheduled PTO, you are permitted to take an extra day of PTO. To qualify for holiday pay, you must work the scheduled workday immediately before and after the holiday. Only scheduled PTO will be considered exceptions to this policy.

LifeLock Identity Theft Coverage

100% Voluntary



In today's world of online shopping, using public Wi-Fi and giving out Social Security numbers as a form of ID, our personal information can be exposed. Unfortunately, free credit monitoring simply alerts you to credit issues. LifeLock not only has proprietary technology to detect a range of identity threats, if you do have an identity theft problem, our U.S.-based team of Identity Restoration Specialists can help fix it. It pays to have the comprehensive protection of LifeLock.



Benefit Summary

Choose the LifeLock service that's right for you. To learn more about the features of each plan, [view the LifeLock Benefit Overview on the WaterMain](#).

- LIFELOCK BENEFIT ELITE** (only available as a payroll deducted employee benefit) includes searching millions of transactions per second every day for potential threats to your identity and to financial assets – your 401(k) and investment accounts.†
 LifeLock Benefit Elite also includes scanning for misuse of your Social Security number, change of address and court records scanning for use of your identity to commit crimes.
- LIFELOCK ULTIMATE PLUS™** membership provides some peace of mind knowing you have LifeLock's most comprehensive identity theft protection available. Enhanced services include bank account application and takeover alerts, online credit reports and credit scores.†
- LIFELOCK JUNIOR®** (if dependents under age 18 are enrolled) protection helps safeguard your child's Social Security number and good name with proactive identity theft protection designed specifically for children.†† To learn more about LifeLock Junior® service, please visit LifeLock.com/products/lifelock-junior.

LifeLock Premium Rates

Bi-Weekly Premium Rates		
	LifeLock Benefit Elite	LifeLock Ultimate Plus
Employee Only (18 and Over)	\$3.92/Pay Period	\$11.77/Pay Period
Employee Plus (Employee plus up to 6 adult dependents and 6 Junior memberships)	\$7.84/Pay Period	\$23.52/Pay Period

Semi -Monthly Premium Rates		
	LifeLock Benefit Elite	LifeLock Ultimate Plus
Employee Only (18 and Over)	\$4.25/Pay Period	\$12.75/Pay Period
Employee Plus (Employee plus up to 6 adult dependents and 6 Junior memberships)	\$8.49/Pay Period	\$25.49/Pay Period

Discounted Pet Insurance

100% Voluntary

Should your pet ever get sick or have a serious accident, PetFirst's comprehensive pet insurance plans are always here for you. PetFirst strives to make the best pet insurance plans available to dogs and cats of all ages and breeds, providing them access to the best medical coverage and veterinary care options. Now, giving your loved ones the best pet insurance coverage is as easy as growing old together!



By enrolling through our Company's exclusive PetFirst site, employees will receive a **10% discount on pet insurance premiums!**

PetFirst calculates premium rates its policies based on age, breed and location of the pet. Their premium formula allows PetFirst's premiums to sustain over time and mitigates the possibility of extreme rate increases. PetFirst guarantees the premium price at the point of enrollment for a 12-month period. *(This discount is not available in Alaska, Hawaii, Maryland, Oregon or Tennessee).*

How Does Pet Insurance Work?

Pet insurance for dogs and cats works vastly different than human healthcare plans. Medical insurance for pets is owner reimbursement based. This works in favor for pet parents since it allows you to use any licensed veterinarian, emergency clinic or specialist in the United States. You don't have to worry if a provider is "in-network", because there are no networks. Click here to learn more.



Plan Options

What plan options are available for your pet? Review the [PetFirst Program Overview on the WaterMain](#) or [visit our dedicated PetFirst site](#) to review plan options and receive a premium quote for that special cat or dog in your life. Coverage for accidents begins at midnight EST following the activation of the policy, while illness coverage begins 14-days later.

How to Enroll

Employees have two different options to enroll their furry, four-legged family members in PetFirst:

- **Online** – [Click here to visit our Company's exclusive PetFirst site](#) to review plan options and enroll your pet in an insurance plan.
- **Phone** – Call PetFirst's knowledgeable associates to ask questions, discuss plan options and enroll your pet by telephone Monday-Friday, 8 am – 9 pm EST and Saturday, 10 am – 6 pm EST.

Billing

PetFirst directly bills members for this benefit. PetFirst accepts payment via credit card, debit card or auto-draft (ACH).



Contact Information

Vendor/Resource	Telephone	Website
BlueCross BlueShield of Illinois - Medical		
Medical Claim and Benefit Information	(800) 828-3116	www.bcbsil.com
Prime Therapeutics - Prescription Drugs		
Pharmacy and Prescription Drug Inquiries	(800) 423-1973	www.myprime.com
Rx 'n Go Free Generic Mail Order Maintenance Pharmacy		
Rx 'n Go/PBM Plus	(888) 697-9646	www.rxngo.com
Teladoc	1-800-Teladoc	www.teladoc.com
Benefits Value Advisor	(800) 828-3116	
Delta Dental of Illinois - Dental		
Dental Claim and Benefit Information	(800) 323-1743	www.deltadentalil.com
VSP Vision Benefits - Vision		
Vision Claim and Benefit Information	(800) 877-7195	www.vsp.com
MetLife - Life and Accidental Death & Dismemberment		
Life and AD&D Claims and Benefit Information	(800) 638-6420	www.metlife.com
MetLife - Short-Term Disability		
MetLife - Long-Term Disability		
Disability Claims and Benefit Information	(800) 300-4296	www.metlife.com
Discovery Benefits - Flexible Spending Accounts		
Healthcare and Dependent Day Care FSA Questions, Account Balances and Information	(866) 451-3399	www.discoverybenefits.com
Ace American Insurance - Travel Accident		
Inside the United States	(800) 243-6124	www.ACETravelAssistance.com
Outside the United States Call Collect	(202) 659-7803	
Aflac – Supplemental Accident, Critical Illness & Hospital Indemnity Coverage	(800) 433-3036	www.aflac.com/UI
MetLife - Employee Assistance Program Confidential assistance with personal, legal, financial or elder care issues.	(888) 319 - 7819	metlifeeap.lifeworks.com username: <i>metlifeeap</i> password: <i>eap</i>
JP Morgan - 401(k) Retirement		
Plan Details Enrollment Account/Balance Information	(855) 576-7526	www.retirementlink.jpmorgan.com
Health Advocate - Patient Advocacy	(866) 695-8622	www.healthadvocate.com
TRUeretirement – 401(k) Plan Participant Services	(800) 303-1856	www.trueretirement.com
LifeLock - Identity Theft Protection	(800) 416-0599	www.lifelock.com
PetFirst – Pet Insurance	(800) 416-0599	www.petfirst.com/utilities

This Employee Benefits Guide has been prepared to help you review and understand the key factors associated with our benefit plans. This guide does not provide all the provisions, limitations and exclusions included in our benefit plans and policies and should be considered only as a summary of our current benefits. If any differences exist between this summary and the official plan documents, the official plan documents shall control. Additionally, the benefits described herein are subject to change without notice. Neither this Employee Benefits Guide nor any of the benefits described herein constitute a contract of employment, nor should they be construed as giving you any legal rights to continue to be employed. Your employment with the Company is and will continue to be “at will.”

Rescission of Coverage

Utilities, Inc. reserves the right to terminate the health coverage of you/and your dependent(s) prospectively without notice for cause (as determined by **Utilities, Inc.**), if you and/or your dependent(s) are otherwise determined to be ineligible for coverage under the plan. In addition, if you or your dependent commits fraud or intentional misrepresentation in an application for health coverage under the plan, in connection with a benefit claim or appeal, or in response to any request for information by **Utilities, Inc.** Or its delegees (including **BlueCross BlueShield of Illinois Utilities, Inc.** may terminate your coverage retroactively upon 30 days of notice. Failure to inform **Utilities, Inc.** that you or your dependent is covered under another group health plan or knowingly providing false information to obtain coverage for an ineligible dependent are examples of actions that constitute fraud under the plan.



2335 Sanders Road, Northbrook, IL 60062-6196

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

33. Provide a list of all benefits offered to officers.

Response: In addition to the benefits listed within the Benefits Guide provided in response to question 32 above, Officers of the Company are eligible to Participate in an Employee Incentive Plan (EIP). No EIP costs have been included in WSCK's revenue requirement in this case.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

34. Describe any changes in benefits offered to
- a. officers; or
 - b. employees in any of the past 5 years or projected for the future.

Response: Reference the attached 2013 – 2018 Employee Benefits Guides provided in response to Item 32 above which reflect year to year changes in benefits offered to officers and employees of the Company.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

35. Provide a three-year history of legal costs.

Response: Please see below:

		2014		2015		2016		Grand Total
Legal Expense	\$	14,152	\$	1,295	\$	765	\$	16,212

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

36. Provide a three-year history of any legal settlements paid or received and explain how such amounts are reflected in the filing.

Response: There are no costs included for legal settlements included in this rate case.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

37. Provide, for each of the past three years:
- a. the amount of bad debts written-off;
 - b. the amount of bad debts written off that were subsequently recovered;
 - c. the amount of any additions to a bad debt reserve, if applicable; and
 - d. the total revenues from water sales.

Response:

Data Request		Sub	Description	2015	2016	2017
AG Set 1-37	a.		Bad Debt Write-off	\$ 66,717	\$ 48,448	\$ 97,362
AG Set 1-37	b.		Write-off Chargebacks	\$ 6,725	\$ 10,236	\$ 8,754
AG Set 1-37	c.		Bad Debt Reserve	\$ 12,987	\$ 5,088	\$ (7,238)
AG Set 1-37	d.		Revenue*	\$ 2,091,767	\$ 2,251,320	\$ 2,378,060

* Does not include Revenue Accruals or Miscellaneous Revenue

Witness: Perry Brown

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

38. Identify any reserves (Uncollectibles, injuries and damages, storm damage, etc.) maintained by the Company. For each such reserve:
- a. provide the balance at December 31 for each of the past three years;
 - b. identify any reserve additions included in the Company's filing; and
 - c. state how the annual reserve additions are determined.

Response:

- a. Please see the table below

AG DR 1.38

Bad Debt Reserve

	2013	2014	2015	2016	2017
5515 A/R UNCOLL RESERVE	3,116	5,864	12,987	5,088	(7,238)

- b. The Company included the test year amount of -\$7,238 for bad debt reserve. Please refer to the response to AG 1.23 for a description of the expense for uncollectible accounts was figured into WSCK's revenue requirement.
- c. The amount included in the reserve is dependent on the date of each receivable. Each date range is then multiplied by the percentage for that particular date range. The date range and percentages are as followed.

0-30 days old - .25% moved to uncollectible
31-60 days old - .50% moved to uncollectible
61-90 days old – 1.00% moved to uncollectible
91-180 days old – 20% moved to uncollectible
181+ days old – 85% moved to uncollectible

Witness: Perry Brown

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39. Provide a three-year history of injuries and damages expenses.

Response:

There are none.

Witness: Rob Guttormsen

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WATER SERVICE CORPORATION OF KENTUCKY
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40. For each of the past three WSCK rate case filings, provide:
- a. the amount of the increase requested;
 - b. the percentage increase requested;
 - c. the amount of increase granted;
 - d. whether the case was litigated or settled;
 - e. the total rate case costs incurred; and
 - f. the effective date of new rates.

Response:

Please refer to the table below for the Company's response.

Response to AG DR 1.40

	Case No. 2015-00382	Case No. 2013-00237	Case No. 2010-00476
Amount of Increase Requested	\$ 516,989	\$ 233,411	\$ 448,723
Percentage Increase Requested	24.62%	11.10%	22.00%
Amount of Increase Granted	\$ 361,892	\$ 84,719	\$ 68,898
Litigated or Settled?	Settled	Litigated	Litigated
Rate Case Costs Incurred	\$ 215,645	\$ 255,488	\$ 129,630
Effective Date of New Rates	5/31/2016	7/24/2014	11/23/2011

Witness: Rob Guttormsen

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WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

41. Provide a detailed accounting of outside services expense for the test year and the past three years, showing the amounts paid by vendor and a description of the nature of the services provided. Include both costs that are directly incurred by WSCK as well as costs allocated to the Company.

Response:

Please see the attached files "Response to AG DR 1-41 (Outside Services Expense)" and "Response to AG DR 1-41 (Outside Service Expense (Cost Center))". Amounts allocated from the Water Service Corp corporate cost center (WSC) at approximately 2.5% and the transactions that are allocated out of the Regional Vice President cost center (RVP) at approximately 13.5%. The transactions that are allocated out of the State cost center are at 100%.

Witness: Rob Guttormsen

CASE NO. 2018-00208
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RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

42. Provide the amount of expenses for memberships and dues included in the filing indicating the organization paid and the employees who participate (union, management, directors, etc.). Include both costs that are directly incurred by WSCK as well as costs allocated to the Company.

Response:

Please see the attached GL of the direct transactions as well as the transactions that are allocated out of the Water Service Corp corporate cost center (WSC) at approximately 2.5% and the transactions that are allocated out of the Regional Vice President cost center (RVP) at approximately 13.5%.

Witness: Rob Guttormsen

AG DR 1-42
2017 Memberships

Business Unit	Amount	G/L Date	Region	Name	Function	Explanation Alpha Name	Explanation -Remark-
102109	2,295	4/18/2017	Corporate	Mary Rollins	Shared Services Employee	J J KELLER & ASSOCIATES INC	3YR Membership thru 6/30/2020
700100	2,295	11/14/2017	Midwest	Justin Kersey	Operations Leadership	AMERICAN MANAGEMENT ASSOC	AMA Membership
102107	38,092	3/7/2017	Corporate	Deborah Ring	Shared Services Employee	WATER RESEARCH FOUNDATION	
102103	61	3/9/2017	Corporate	Nate Meyers	Shared Services Employee	CARDMEMBER SERVICE	
102103	199	3/9/2017	Corporate	Jennifer Ortega	Shared Services Employee	CARDMEMBER SERVICE	
700100	491	3/12/2017	Midwest	John Norton	Operations Leadership	Norton, John	
102107	16,065	4/6/2017	Corporate	Lisa Sparrow	Shared Services Employee	VISTAGE WORLDWIDE INC.	
700100	206	4/26/2017	Midwest	John Norton	Operations Leadership	Norton, John	
102107	695	5/10/2017	Corporate	Lisa Sparrow	Shared Services Employee	CARDMEMBER SERVICE	
102103	199	5/10/2017	Corporate	No Invoice	Shared Services Employee	CARDMEMBER SERVICE	
102107	104	6/12/2017	Corporate	Deborah Ring	Shared Services Employee	CARDMEMBER SERVICE	
102101	490	7/19/2017	Corporate	Charlene Auyeung	Shared Services Employee	Auyeung, Charlene	
102103	199	7/25/2017	Corporate	Krzysztof Malecki	Shared Services Employee	SHRM	10/01/17 TO 9/30/18
700100	445	8/3/2017	Midwest	Ramil Cabrera	Operations Leadership	Cabrera, Ramil	
102107	206	8/11/2017	Corporate	Lisa Sparrow	Shared Services Employee	CARDMEMBER SERVICE	
102107	10,000	8/16/2017	Corporate	Lisa Sparrow	Shared Services Employee	EMERGING ISSUES POLICY FORUM I	
102107	425	8/17/2017	Corporate	Saravanan Rajendran	Shared Services Employee	Rajendran, Saravanan	
700100	435	8/31/2017	Midwest	Steven Lubertozzi	Operations Leadership	Lubertozzi, Steven M.	
102107	199	9/12/2017	Corporate	Jim Devine	Shared Services Employee	CARDMEMBER SERVICE	
700100	20	9/28/2017	Midwest	Samantha Morrow	Operations Leadership	Morrow, Samantha	
700100	99	9/28/2017	Midwest	Sean Carbonaro	Operations Leadership	Carbonaro, Sean	
102107	10	10/3/2017	Corporate	Deborah Ring	Shared Services Employee	COOK COUNTY CLERK	
700100	1,210	11/8/2017	Midwest	Steven Lubertozzi	Operations Leadership	Lubertozzi, Steven M.	
102107	2,500	12/5/2017	Corporate	Lisa Sparrow	Shared Services Employee	WOMEN'S ENERGY NETWORK-CHICAGO	
102103	179	12/13/2017	Corporate	Laura Villegas	Shared Services Employee	CARDMEMBER SERVICE	
102108	192	12/21/2017	Corporate	Stephani Jackson	Shared Services Employee	Jackson, Stephani	
102107	15,000	12/31/2017	Corporate	Lisa Sparrow	Shared Services Employee	UNIVERSITY OF MISSOURI-FRI/PUD	

Co	Business Unit	Obj Acct	Amount	G/L Date	Region	Name	Function	Explanation Alpha Name
345	345102	5810	40	1/24/2017	Midwest	Colby Wilson	KY Operations	KWWOA
345	345102	5810	206	1/24/2017	Midwest	James Leanord	KY Operations	AMERICAN WATER WORKS ASSOCIATI
345	345100	5810	3,693	6/8/2017	Midwest	All	All	NAWC

Explanation -Remark-	Asset ID	Document Number	Batch Number	Purchase Order	PO Originator	PO Do Ty	Do Ty	Address Number	LT
		834494	257278				PV	3005157	AA
		834502	257278				PV	3006788	AA
		871131	272437				PV	3013849	AA

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43. For each entity for which dues and membership expenses are included in the filing, identify any portion of dues or membership fees that are directed toward lobbying activities by the organization.

Response:

\$590.88 was included in the test year for both direct (\$0) and allocated (\$590.88) memberships.

Witness: Rob Guttormsen

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44. Identify all lobbying costs incurred by the Company in the test year and identify the amount of lobbying costs, if any, included in the Company's claim. Include both costs that are directly incurred by WSCK as well as costs allocated to the Company.

Response:

\$590.88 was included in the test year for both direct (\$0) and allocated (\$590.88).

Witness: Rob Guttormsen

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45. Provide the December 31 balances for customer deposits at December 31, 2010, 2011, and 2012, as well as the latest amount available.

Response:

12/31/2010 - \$38,719.10

12/31/2011 - \$51,643.94

12/31/2012 - \$56,298.68

7/31/2018 - \$48,911.48

Witness: Rob Guttormsen

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46. For each of the past three years, provide:
- a. the capital budget as approved by the Board of Directors; and
 - b. the actual capital expenditures.

Response:

WSCK Capital Investments

	2015	2016	2017
Budget	\$ 494,805	\$ 190,924	\$ 363,295
Actual	\$ 721,858	\$ 366,358	\$ 357,654

Witness: Rob Guttormsen

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RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

47. For each of the past three years, provide:
- a. actual plant-in-service additions; and
 - b. actual retirements.

Response: Please see the attached document that shows the past three years' actual plant-in-service additions and actual retirements.

Witness: Rob Guttormsen

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48. Provide a description of major assets included in intangible plant.

Response:

Organization costs are the costs included in intangible plant and associated with the acquisition of WSCK. The purpose of organizational costs is to organize the Company. These costs were capitalized by the, Aqua/KWS, Inc. and Utilities of Kentucky, Inc., which were acquired by WSCK on August 18, 1992.

Witness: Rob Guttormsen

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49. Provide the balance in intangible plant in each of the last three years.

Response:

The balance in WSCCK's organization account has not changed from \$164,394.10 in the last three years.

Witness: Rob Guttormsen

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50. Identify any plant held for future use included in the Company's rate base. For each such plant asset, include:
- a. the date that the asset was acquired;
 - b. a description of the asset and its eventual use;
 - c. the date by which the asset is expected to be put into service; and
 - d. a description of any current activities relating to preparing the asset to enter utility service.

Response:

There are none.

Witness: Rob Guttormsen

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51. Does WSCK file its income taxes as part of a consolidated income tax group? If so, provide a list of all companies included in the consolidated income tax return of which WSCK is a member.

Response: Yes. Please see below for the list as of 12/31/2017:

1. Corix Infrastructure (US) Inc.
2. Corix Infrastructure Services (US) Inc.
3. Corix Utility Systems (US) Inc.
4. Inland Pacific Resources Inc.
5. Corix Utility Systems (Washington) Inc.
6. Corix Utility Systems (Georgia) Inc.
7. Corix Utility Systems (Hawaii) Inc.
8. Corix Utility Systems (Alaska) Inc.
9. Corix Utilities (Texas) Inc.
10. Tribus Services, Inc.
11. Fairbanks Sewer & Water Inc.
12. Golden Heart Utilities, Inc.
13. College Utilities Corporation
14. Utility Services of Alaska, Inc.
15. Rural Utility Services of Alaska, Inc.
16. Corix NewHoldCo Inc.
17. Corix Utilities (Oklahoma) Inc.
18. Corix Utilities (Cleveland) Inc.
19. Hydro Star, LLC
20. Hydro Star Holdings Corporation
21. Utilities, Inc.
22. Water Service Corporation
23. American Resources Development Company
24. Holiday Service Corp.
25. Carolina Water Service, Inc. of North Carolina
26. North Topsail Utilities, Inc.
27. Tennessee Water Service, Inc.
28. Utilities, Inc. of Florida
29. ACME Water Supply and Management Company
30. Green Ridge Utilities, Incorporated
31. Provinces Utilities, Inc.
32. Maryland Water Service, Inc.
33. Montague Water Co., Inc.
34. Montague Sewer Co., Inc.
35. Colchester Utilities, Inc.
36. Massanutten Public Service Corporation
37. Water Service Corporation of Kentucky

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38. Utilities, Inc. of Louisiana
39. Charleston Utilities Inc.
40. Utilities, Inc. of Georgia
41. Water Service Company of Georgia, Inc.
42. Carolina Water Service, Inc.
43. Tega Cay Water Service, Inc.
44. Bermuda Water Company, Inc.
45. Perkins Mountain Water Company
46. Perkins Mountain Utility Company
47. Great Basin Water Co.
48. UICN Real Estate Holdings, Inc.
49. Community Utilities of South Carolina, Inc.
50. Community Utilities of Florida Inc.
51. Community Utilities of Georgia Inc.
52. Community Utilities of Maryland Inc.
53. Community Utilities of New York Inc.
54. Utility Services of Illinois, Inc.
55. Community Utilities of Louisiana, Inc.
56. Community Utilities of Indiana Inc.
57. Community Utilities of Pennsylvania Inc.
58. Community Utilities of Alabama Inc.

Witness: Rob Guttormsen

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52. For each company listed in the response to the previous question:
- a. state if the company is regulated or non-regulated; and
 - b. provide a brief description of the services provided by each company.

Response:

Please refer to the attached file.

Witness: Rob Guttormsen

AG DR 1-52
Taxes

Legal Entity Name	Status	Description
Corix Infrastructure (US) Inc.	Non-regulated	Holding Co
Corix Infrastructure Services (US) Inc.	Non-regulated	Office Administrative Services
Corix Utility Systems (US) Inc.	Non-regulated	Holding Co
Inland Pacific Resources Inc.	Non-regulated	Holding Co
Corix Utility Systems (Washington) Inc.	Non-regulated	Holding Co
Corix Utility Systems (Georgia) Inc.	Non-regulated	Utility Operations
Corix Utility Systems (Hawaii) Inc.	Non-regulated	Holding Co
Corix Utility Systems (Alaska) Inc.	Non-regulated	Holding Co
Corix Utilities (Texas) Inc.	Regulated	Water/Wastewater Utility
Tribus Services, Inc. (f/k/a Corix Utility Services (US) Inc.)	Non-regulated	Utility Services
Fairbanks Sewer & Water Inc.	Non-regulated	Holding Co
Golden Heart Utilities, Inc.	Regulated	Water/Wastewater Utility
College Utilities Corporation	Regulated	Water/Wastewater Utility
Utility Services of Alaska, Inc.	Non-regulated	Office Administrative Services
Rural Utility Services of Alaska, Inc.	Non-regulated	Inactive
Corix NewHoldCo Inc.	Non-regulated	Holding Co
Corix Utilities (Oklahoma) Inc.	Non-regulated	Utility Operations
Corix Utilities (Cleveland) Inc.	Non-regulated	Utility Operations
Hydro Star, LLC	Non-regulated	Holding Co
Hydro Star Holdings Corporation	Non-regulated	Holding Co
Utilities, Inc.	Non-regulated	Holding Co
Water Service Corporation	Non-regulated	Shared Services
American Resources Development Company	Non-regulated	Holding Co
Holiday Service Corp.	Regulated	Inactive
Carolina Water Service, Inc. of North Carolina	Regulated	Water/Wastewater Utility
North Topsail Utilities, Inc.	Regulated	Inactive
Tennessee Water Service, Inc.	Regulated	Water/Wastewater Utility
Utilities, Inc. of Florida	Regulated	Water/Wastewater Utility
ACME Water Supply and Management Company	Non-regulated	Water/Wastewater Utility
Green Ridge Utilities, Incorporated	Regulated	Water/Wastewater Utility
Provinces Utilities, Inc.	Regulated	Water/Wastewater Utility
Maryland Water Service, Inc.	Regulated	Water/Wastewater Utility
Montague Water Co., Inc.	Regulated	Water Utility
Montague Sewer Co., Inc.	Regulated	Wastewater Utility
Colchester Utilities, Inc.	Non-regulated	Water/Wastewater Utility
Massanutten Public Service Corporation	Regulated	Water/Wastewater Utility
Water Service Corporation of Kentucky	Regulated	Water/Wastewater Utility
Utilities, Inc. of Louisiana	Regulated	Water/Wastewater Utility
Charleston Utilities Inc.	Regulated	Inactive
Utilities, Inc. of Georgia	Non-regulated	Water/Wastewater Utility
Water Service Company of Georgia, Inc.	Non-regulated	Water/Wastewater Utility
Carolina Water Service, Inc.	Regulated	Water/Wastewater Utility
Tega Cay Water Service, Inc.	Regulated	Inactive
Bermuda Water Company, Inc.	Regulated	Water/Wastewater Utility
Perkins Mountain Water Company	Regulated	Water/Wastewater Utility
Perkins Mountain Utility Company	Regulated	Water/Wastewater Utility
Great Basin Water Co.	Regulated	Water/Wastewater Utility
UICN Real Estate Holdings, Inc.	Non-regulated	Real Estate Holding Co
Community Utilities of South Carolina, Inc.	Non-regulated	Holding Co
Community Utilities of Florida Inc.	Non-regulated	Holding Co
Community Utilities of Georgia Inc.	Non-regulated	Holding Co
Community Utilities of Maryland Inc.	Non-regulated	Holding Co
Community Utilities of New York Inc.	Non-regulated	Holding Co
Utility Services of Illinois, Inc.	Regulated	Water/Wastewater Utility
Community Utilities of Louisiana, Inc.	Regulated	Water/Wastewater Utility
Community Utilities of Indiana Inc.	Regulated	Water/Wastewater Utility
Community Utilities of Pennsylvania Inc.	Regulated	Water/Wastewater Utility
Community Utilities of Alabama Inc.	Regulated	Water/Wastewater Utility

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RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

53. If the Company files its taxes as part of a consolidated group, provide a copy of the tax sharing agreement that determines how payments of each entity to the parent company are determined.

Response:

There is no formal current tax sharing agreement that determines how payments of each entity to the parent company are determined. However, an informal agreement is in place that continues to follow what was currently in place before 12/19/2012. Please see the attached file for the agreement and any subsequent addendums to that agreement.

Witness: Rob Guttormsen

AG DR 1-53
UI Tax Allocation Agreement

TAX ALLOCATION AGREEMENT

The parties to this agreement, effective as of August 1, 2006, are Hydro Star, LLC, a Delaware limited liability company ("Hydro Star"), Hydro Star Holdings Corporation, a Delaware corporation ("Holdings"), and Utilities, Inc., an Illinois corporation ("UI").

Hydro Star, Holdings, UI and each of the corporations listed on Schedule 1 attached hereto (those corporations, collectively, the "Subsidiaries", and, along with Hydro Star, Holdings and UI, the "Members") are members of an affiliated group of corporations, as defined in Section 1504(a) of the Internal Revenue Code of 1986, as amended (the "Code"), of which Hydro Star is the common parent (the "Hydro Star Affiliated Group"). Hydro Star, Holdings and UI desire to agree upon an equitable method for determining certain matters, including the financial consequences of Holdings, UI and the Subsidiaries filing consolidated federal income tax returns (and any analogous combined, consolidated, or unitary state, local, or foreign income tax returns) with Hydro Star.

The parties accordingly agree as follows:

1. Filing of Consolidated Federal Income Tax Returns and Payment of Taxes.

(a) Filing by Hydro Star. Hydro Star will file consolidated federal income tax returns (including estimated tax returns) on behalf of the Hydro Star Affiliated Group for each taxable year ending after the date hereof during which Hydro Star, Holdings, UI and/or any one or more of the Subsidiaries are members of the Hydro Star Affiliated Group, and Hydro Star will pay all taxes shown to be due thereon.

(b) Obligation to Make Tax Sharing Payments. For each taxable year during which Hydro Star, Holdings, UI and/or any one or more of the Subsidiaries are members of the Hydro Star Affiliated Group, (i) Holdings will pay to Hydro Star its Separate Return Tax Amount for that taxable year in accordance with this Section 1, and (ii) UI will pay to Hydro Star the Separate Return Tax Amount for UI and for each of the Subsidiaries included in the Hydro Star Affiliated Group consolidated federal income tax return for that taxable year in accordance with this Section 1. For these purposes, a Member's "Separate Return Tax Amount" for a taxable year means an amount, not less than zero, equal to the federal income tax liability of that Member for that year if (a) that Member did not join (and had never joined) in the filing of a consolidated federal income tax return with the Hydro Star Affiliated Group (but taking into account all other relevant facts, including, without limitation, any limitations under Section 382 of the Code and any separate return year limitation restrictions), and (b) such federal income tax liability were computed on a separate return for that Member (the assumptions in the foregoing clauses (a) and (b) are referred to below as the "Separate Return Assumptions").

(c) Estimated and Final Tax Sharing Payments. On any date on which Hydro Star is required to make an estimated payment of the consolidated federal income tax liability of the Hydro Star Affiliated Group under Code Section 6655, (i) Holdings will

make a payment to Hydro Star in an amount equal to the estimated payment of federal income tax liability (but not less than zero) that it would be required to make under Code Section 6655 and the Separate Return Assumptions, determined in a manner consistent with subsection (b) above, and (ii) UI will make a payment to Hydro Star in an amount equal to the sum of the estimated payments of federal income tax liability (but not less than zero in any case) that UI and each other Subsidiary included in the Hydro Star Affiliated Group consolidated federal income tax return would be required to make under Code Section 6655 and the Separate Return Assumptions, determined in a manner consistent with subsection (b) above. If the total of such estimated payments made by Holdings or UI, as applicable, with respect to a taxable year is less than its liability ultimately determined under subsection (b) above with respect to that taxable year, Holdings or UI, as applicable, will pay any remaining amount to Hydro Star on the unextended due date on which Hydro Star is required to file the Hydro Star Affiliated Group's consolidated federal income tax return for the taxable year along with its share of any applicable interest and/or additions to tax resulting from any underpayment of estimated taxes by the Hydro Star Affiliated Group for the taxable year. If the total of such estimated payments made by Holdings or UI, as applicable, with respect to a taxable year is in excess of its liability ultimately determined under subsection (b) above with respect to that taxable year, Hydro Star will pay the amount of the excess to Holdings or UI, as applicable, at such time as Hydro Star files the Hydro Star Affiliated Group's consolidated federal income tax return for the taxable year; provided, that if such tax return shows that Hydro Star is entitled to (and if Hydro Star so requests) a refund of federal income taxes, Hydro Star may, in its sole discretion, delay such payment until its actual receipt of such refund.

(d) Indemnity. Except for the payments required to be made by Holdings and UI hereunder, Hydro Star will indemnify and hold harmless each other Member from and against any and all liabilities for federal income taxes (including estimated taxes, interest, and penalties thereon) with respect to any taxable year of the applicable Member to which this agreement applies.

(e) Refunds. All refunds of federal income taxes due to the Hydro Star Affiliated Group shall be paid to Hydro Star, and no other Member may receive any refunds of such federal income taxes directly from the Internal Revenue Service (and Holdings shall, and UI shall, and shall cause each other Subsidiary to, pay over any refunds so received by it to Hydro Star, without regard to whether the recipient Member is then a party to this agreement taking into account the application of Section 6(f) hereof).

2. Agency and Information. Holdings and UI, on behalf of itself and each other Subsidiary, hereby designates Hydro Star as its exclusive agent for the purpose of taking any and all actions necessary, appropriate, or incidental to the filing of the tax returns contemplated by Section 1 and to Hydro Star's, Holdings', UI's and the Subsidiaries' relationship as members of an affiliated group of corporations (including without limitation and in Hydro Star's absolute discretion making any elections required or permitted by Code or the permanent and temporary Treasury Regulations promulgated thereunder) and to the handling of any audit, appeals conference, litigation, or other proceeding relating

thereto (including any settlement agreed to by Hydro Star in its sole discretion of any issue or issues raised in such audit, conference, litigation, or other proceeding), and Holdings agrees to furnish, and UI agrees to furnish and to cause each other Subsidiary to furnish, to Hydro Star any information (and otherwise to cooperate with Hydro Star), and to execute and deliver to Hydro Star any returns, forms, or other documents, as may be necessary or appropriate to give effect to the foregoing, in each case without regard to whether the applicable Member is then a party to this agreement taking into account the application of Section 6(f) hereof.

3. Adjustments.

(a) Carryback of Losses or Credits. If in any taxable year Holdings or a Subsidiary would be entitled to a tax refund under the Separate Return Assumptions by reason of a loss or credit carryback (a "Separate Return Refund Amount"), and if the loss or credit so carried back actually reduces or has actually reduced the consolidated federal income tax liability of, or results in the receipt of a tax refund by, the Hydro Star Affiliated Group in such taxable year or in any other tax year, then, at such time (including without limitation in any later taxable year or years) as the Hydro Star Affiliated Group actually receives such a refund or at the time the Hydro Star Affiliated Group files the applicable tax return or returns (including any amended tax returns) reflecting that reduced consolidated federal income tax liability, as applicable, the payments required to be made by Holdings or UI, as applicable, with respect to the Separate Return Tax Amount of Holdings or the applicable Subsidiary under Section 1 will be recomputed for all affected taxable years (but shall not be reduced as to Holdings or any Subsidiary below an aggregate net amount of zero for those years), and Hydro Star will pay Holdings or UI, as applicable, the difference between the aggregate amounts previously paid by Holdings with respect thereto or by UI for that Subsidiary with respect thereto and the amount recomputed hereunder; provided, that Hydro Star may determine which Hydro Star Affiliated Group members' losses, deductions, or credits are the losses, deductions, or credits carried back or forward in any instance, such determination to be made in Hydro Star's sole discretion (but consistent with applicable limitations, such as any separate return limitation year restrictions and the provisions of Section 382 of the Code).

(b) Redetermination of Tax Liability. The computations set out in Section 1 will be adjusted appropriately to reflect any redetermination in the consolidated federal income tax liability of the Hydro Star Affiliated Group or any adjustment that would affect the Separate Return Tax Amount or Separate Return Refund Amount of any Member made by the Internal Revenue Service and agreed to by Hydro Star or resulting from applicable judicial or administrative proceedings. The parties will make payments (including payments in respect of interest and additions to tax applied with respect to such redeterminations or adjustments) to each other to the extent necessary to give effect to the provisions of this subsection (b) promptly without regard to whether any applicable party is then a party to this agreement taking into account the application of Section 6(f) hereof.

4. Other Taxes.

(a) Alternative Minimum Tax. The provisions hereof shall be applied *mutatis mutandis* in the case of the consolidated alternative minimum tax liability, if any, of the Hydro Star Affiliated Group.

(b) State, Local or Foreign Taxes. The provisions hereof shall be applied *mutatis mutandis* in the case of any tax return that may be filed by Hydro Star as the parent of any combined, consolidated, or unitary group of corporations for state, local, or foreign income, franchise, or similar tax purposes.

5. Inclusion or Removal of Subsidiaries. To the extent necessary, UI shall update Schedule 1 as appropriate to reflect the inclusion or removal of Subsidiaries.

6. Miscellaneous.

(a) Interest on Overdue Payments. Any amounts payable by any party to another hereunder and not paid within thirty (30) days of the date such amounts are due will bear interest from and after the due date at an annual rate equal to the rate of interest announced from time to time by Bank of America (or any successor institution) as its "Prime Rate" plus one percent (1%), compounded annually.

(b) Disputes. Any dispute concerning the calculation or basis of determination of any payments among the parties hereunder shall be resolved by Hydro Star's independent accounting firm of national reputation, whose resolution shall be conclusive and binding upon the parties.

(c) Further Assurances. Each of the parties shall, without further consideration, execute and deliver to any other party hereto such other instruments, documents, agreements, consents, and elections, and shall take such other action, as such other party may reasonably request to carry out the transactions and arrangements contemplated by this agreement.

(d) Entire Agreement. The parties hereto acknowledge that this agreement, together with the Schedules and Exhibits hereto, contains the entire agreement and understanding among the parties with respect to the subject matter hereof, and supersedes any and all prior agreements or understandings among the parties.

(e) Amendment. Except as otherwise expressly provided herein, this agreement may be amended only by a written instrument executed in one or more counterparts by Hydro Star, Holdings and UI.

(f) Term and Termination. This agreement shall take effect as of the date hereof and shall continue until terminated by the mutual written agreement of the parties. The termination of this agreement as to any party shall not affect the rights and obligations of that party under this agreement that arose prior to the date of such termination.

(g) Notices. All notices and other communications hereunder shall be deemed adequately given if in writing and delivered by hand or sent by certified or registered mail, postage prepaid, by nationally recognized overnight courier (e.g., FedEx), or by facsimile confirmed by one of the other methods for giving notice hereunder, to the party or parties for whom such notices are intended. Any such notice shall be effective upon receipt.

(h) Binding Agreement; Successors and Assigns. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(i) No Third-Party Beneficiaries. This agreement shall not confer upon any third party (including any Subsidiary other than UI) any right, benefit, cause of action, or remedy of any nature whatsoever.

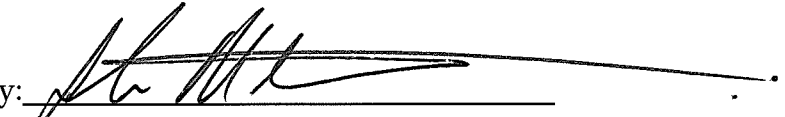
(j) Headings; Terms; Governing Law. The headings of sections and subsections of this agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this agreement or to affect the meaning of any of its provisions. Any reference herein to any gender or number shall not, unless the context otherwise requires, affect the construction hereof and the same shall be interchangeable with any other gender or number, as the case may be. This agreement and the rights and obligations of the parties hereunder shall be construed, interpreted and determined in accordance with the internal substantive laws of the State of Delaware.

(k) Counterparts. This agreement may be executed in any number of counterparts, each of which shall be an original and all of which, taken together, shall constitute one and the same instrument. In making proof of this agreement it shall not be necessary to produce or account for more than one such counterpart.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this agreement has been executed by Hydro Star, Holdings and UI, by a duly authorized officer in each case, and is effective as of the date first above written.

HYDRO STAR, LLC

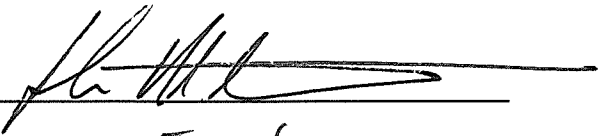
By: 

Print Name: JOAN STOKES

Title: PRESIDENT

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

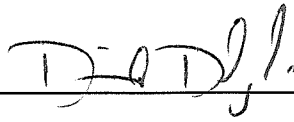
HYDRO STAR HOLDINGS CORPORATION

By: 

Print Name: JOAN STOKES

Title: PRESIDENT

UTILITIES, INC.

By: 

Print Name: DANIEL DELGADO

Title: CFD

UTILITIES, INC. AND SUBSIDIARIES

TAX ALLOCATION AGREEMENT

<u>Name of Subsidiary</u>	<u>State of Incorporation</u>
Alafaya Utilities, Inc.	Florida
American Resources Development Co.	Nevada
Apple Canyon Utility Company	Illinois
Bayside Utility Services, Inc.	Florida
Bermuda Water Company, Inc.	Arizona
Belvedere Utility Company (Inactive Subsidiary)	North Carolina
Bio Tech, Inc.	South Carolina
Bradfield Farms Water Co.	North Carolina
Camelot Utilities, Inc.	Illinois
Carolina Pines Utilities, Inc.	North Carolina
Carolina Trace Utilities, Inc.	North Carolina
Carolina Water Service, Inc.	Delaware
Carolina Water Service, Inc. of North Carolina	North Carolina
Cedar Bluff Utilities, Inc.	Illinois
Charleston Utilities, Inc.	Mississippi
Charmar Water Company	Illinois
Cherry Hill Water Company	Illinois
Clarendon Water Company	Illinois
Colchester Public Service Corp.	Virginia
County Line Water Company	Illinois
CWS Systems, Inc.	North Carolina
Cypress Lake Utilities, Inc.	Florida
Del-Mar Water Company	Illinois
Eastlake Water Service, Inc.	Florida
Elk River Utilities, Inc.	North Carolina
Ferson Creek Utilities Co.	Illinois
Galena Territory Utilities, Inc.	Illinois
Great Northern Utilities, Inc.	Illinois
Greenridge Utilities, Inc.	Maryland
Harbor Ridge Utilities, Inc.	Illinois
Holiday Hills Utilities, Inc.	Illinois
Holiday Service Corp.	Ohio
Hutchinson Island Irrigation Company	Florida
Indiana Water Service, Inc.	Indiana
Killarney Water Co.	Illinois

<u>Name of Subsidiary</u>	<u>State of Incorporation</u>
Labrador Utilities, Inc.	Florida
Lake Groves Utilities, Inc. (Inactive Subsidiary)	Florida
Lake Holiday Utilities Corp.	Illinois
Lake Marian Water Corp.	Illinois
Lake Placid Utilities, Inc.	Florida
Lake Utility Services, Inc.	Florida
Lake Wildwood Utilities Corp.	Illinois
Louisiana Water Service, Inc.	Louisiana
Maryland Water Service, Inc.	Maryland
Massanutten Public Service Corporation	Virginia
Medina Utilities Corporation	Illinois
Mid-County Services, Inc.	Florida
Miles Grant Water and Sewer Company	Florida
Montague Sewer Company	New Jersey
Montague Water Company	New Jersey
Nero Utility Services, Inc.	North Carolina
North Topsail Utilities, Inc.	North Carolina
Northern Hills Water and Sewer Company	Illinois
Pebble Creek Utilities, Inc.	Florida
Penn Estates Utilities, Inc.	Pennsylvania
Provinces Utilities, Inc.	Maryland
Queens Harbor Utility, Inc. (Inactive Subsidiary)	North Carolina
Riverpointe Utility Corp.	North Carolina
Sandy Creek Utility Services, Inc.	Florida
Sanlando Utilities Corporation	Florida
Sky Ranch Water Service Corp.	Nevada
South Carolina Utilities, Inc.	South Carolina
South Gate Utilities, Inc.	Florida
Southland Utilities, Inc.	South Carolina
Spring Creek Utilities Co.	Nevada
Tega Cay Water Service, Inc.	South Carolina
Tennessee Water Service, Inc.	Tennessee
Tierre Verde Utilities, Inc.	Florida
Transylvania Utilities, Inc.	North Carolina
Twin Lakes Utilities, Inc.	Indiana
United Utility Companies, Inc.	South Carolina
Utilities, Inc.-Blue Mountain Lake	Pennsylvania
Utilities, Inc. of Central Nevada	Nevada
Utilities, Inc. of Eagle Ridge	Florida
Utilities, Inc. of Georgia	Georgia

Name of Subsidiary	State of Incorporation
Utilities, Inc. of Hutchinson Island	Florida
Utilities, Inc. of Longwood	Florida
Utilities, Inc. of Louisiana	Louisiana
Utilities, Inc. of Maryland	Maryland
Utilities, Inc. of Nevada	Nevada
Utilities, Inc. of Pennbrooke	Florida
Utilities, Inc. of Pennsylvania	Pennsylvania
Utilities, Inc. of Sandalhaven	Florida
Utilities, Inc.-Westgate	Pennsylvania
Utilities Services of South Carolina, Inc.	South Carolina
Valentine Water Service, Inc.	Illinois
Walk-Up Woods Water Co.	Illinois
Watauga Vista Water Corp.	North Carolina
Water Service Company of Georgia	Georgia
Water Service Company of Indiana, Inc.	Indiana
Water Service Corporation	Delaware
Water Service Corporation of Kentucky	Kentucky
Wedgfield Utilities, Inc.	Florida
Westlake Utilities, Inc.	Illinois
Whispering Hills Water Co.	Illinois
Wildwood Water Service. Co.	Illinois

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

54. If the Company files a consolidated income tax return, provide the taxable income or tax loss incurred by each company included in the consolidated income tax return of which WSCK was a member for each of the past five years.

Response:

Please refer to the attached documents :

“DR 54 010112-121812”

“DR 54 129112-123112”

“DR 54 2013”

“DR 54 2014”

“DR 54 2015”

“DR 54 2016”

Witness: Rob Guttormsen

AG DR 1-54
DR 54 010112-121812
DR 54 129112-123112
DR 54 2013
DR 54 2014
DR 54 2015
DR 54 2016

Legal Entity Name	Taxable Income/(Loss)
Corix Infrastructure (US) Inc.	(3,429,667)
Inland Pacific Resources Inc.	(9,807,426)
Corix Utilities (Texas) Inc.	744,310
Corix Utilities (US) Inc.	18,014,947
Fairbanks Sewer & Water Inc.	(8,337,603)
Golden Heart Utilities, Inc.	460,293
College Utilities Corporation	(395,458)
Utility Services of Alaska, Inc.	241,894
Rural Utility Services of Alaska, Inc.	0
Blu Vu, Inc.	0
U-Liner North, Inc.	0
Corix Utilities (Oklahoma) Inc.	8,400,481
Hydro Star, LLC	0
Hydro Star Holdings Corporation	0
ACME Water Supply and Management Company	7,770
Alafaya Utilities, Inc.	(1)
American Resources Development Company	0
Apple Canyon Utility Company	(2,935)
Bayside Utility Services, Inc.	(446)
Bermuda Water Company, Inc.	(31,656)
Bio Tech, Inc.	(854)
Bradfield Farms Water Company	(18,286)
Camelot Utilities, Inc.	(4,534)
Carolina Trace - Utilities, Inc.	(10,076)
Carolina Water Service, Inc.	(130,393)
Carolina Water Service, Inc. of North Carolina	(55,880)
Cedar Bluff Utilities, Inc.	(892)
Charleston Utilities Inc.	0
Charmar Water Company	(527)
Cherry Hill Water Company	92
Clarendon Water Company	1,028
Colchester Utilities, Inc.	803
County Line Water Company	0
CWS Systems, Inc.	(49,794)
Cypress Lakes Utilities, Inc.	2,904
Del-Mar Water Company	(12,664)
Eastlake Water Service, Inc.	0
Elk River Utilities, Inc.	(506)
Ferson Creek Utilities Company	(1,266)
Galena Territory Utilities, Inc.	(8,164)
Great Northern Utilities, Inc.	1,249
Green Ridge Utilities, Incorporated	(10,923)
Harbor Ridge Utilities, Inc.	(5,711)
Holiday Hills Utilities, Inc.	(3,561)
Holiday Service Corp.	0
Indiana Water Service, Inc.	(17,648)

Legal Entity Name	Taxable Income/(Loss)
Utilities, Inc. - Westgate	144
Utilities Services of South Carolina, Inc.	(66,926)
Valentine Water Service Inc.	(1,603)
Walk-Up Woods Water Company	(2,495)
Water Service Company of Georgia, Inc.	5,415
Water Service Company of Indiana, Inc.	(17,798)
Water Service Corporation	(539)
Water Service Corporation of Kentucky	(45,253)
Wedgefield Utilities, Inc.	0
Westlake Utilities, Inc.	1,017
Whispering Hills Water Co.	(3,466)
Wildwood Water Service Company	(1,102)
	596,267

No tax due on the Form 1120

Legal Entity Name	Taxable Income/(Loss)
Hydro Star, LLC	2,223,609
Hydro Star Holdings Corporation	(15,489,189)
ACME Water Supply and Management Company	149,802
Alafaya Utilities, Inc.	(2,958)
American Resources Development Company	0
Apple Canyon Utility Company	(62,866)
Bayside Utility Services, Inc.	138,018
Bermuda Water Company, Inc.	539,083
Bio Tech, Inc.	23
Bradfield Farms Water Company	(15,967)
Camelot Utilities, Inc.	158,455
Carolina Trace - Utilities, Inc.	165,056
Carolina Water Service, Inc.	(570,189)
Carolina Water Service, Inc. of North Carolina	24,168,483
Cedar Bluff Utilities, Inc.	(14,793)
Charleston Utilities Inc.	0
Charmar Water Company	(152,655)
Cherry Hill Water Company	(193,207)
Clarendon Water Company	9,394
Colchester Utilities, Inc.	136,151
County Line Water Company	0
CWS Systems, Inc.	(437,159)
Cypress Lakes Utilities, Inc.	97,989
Del-Mar Water Company	(118,307)
Eastlake Water Service, Inc.	1
Elk River Utilities, Inc.	(19,705)
Ferson Creek Utilities Company	(26,166)
Galena Territory Utilities, Inc.	133,651
Great Northern Utilities, Inc.	76,516
Green Ridge Utilities, Incorporated	(104,093)
Harbor Ridge Utilities, Inc.	(271,206)
Holiday Hills Utilities, Inc.	(120,910)
Holiday Service Corp.	0
Indiana Water Service, Inc.	(382,388)
Killarney Water Co.	(234,327)
Labrador Utilities, Inc.	36,267
Lake Holiday Utilities Corporation	99,694
Lake Marian Water Corporation	(41,668)
Lake Placid Utilities, Inc.	(1,787)
Lake Utility Services, Inc.	1,878,274
Lake Wildwood Utilities Corporation	(41,666)
Louisiana Water Service, Inc.	15,319
Maryland Water Service, Inc.	(221,393)
Massanutten Public Service Corporation	354,316
Medina Utilities Corp.	71,399
Mid-County Services, Inc.	170,219
Miles Grant Water and Sewer Company	(270)
Montague Sewer Co., Inc.	0
Montague Water Co., Inc.	(95,574)
North Topsail Utilities, Inc.	(1)
Northern Hills Water and Sewer Company	98,901

Legal Entity Name	Taxable Income/(Loss)
Pebble Creek Utilities, Inc.	(1)
Penn Estates Utilities, Inc.	(84,654)
Perkins Mountain Utility Company	(67,921)
Perkins Mountain Water Company	(73,593)
Provinces Utilities, Inc.	(15,751)
Sandy Creek Utility Services, Inc.	(1,174,164)
Sanlando Utilities Corp.	572,149
Sky Ranch Water Service Corp.	71,208
South Gate Utilities, Inc.	0
Southland Utilities, Inc.	(12,482)
Spring Creek Utilities Co.	(1,522,878)
Tega Cay Water Service, Inc.	(860,559)
Tennessee Water Service, Inc.	56,348
Tierra Verde Utilities, Inc.	112,898
Transylvania Utilities, Inc.	16,220
Twin Lakes Utilities Inc.	68,602
United Utility Companies, Inc.	(189,955)
Utilities, Inc.	(3,710,738)
Utilities, Inc. of Central Nevada	(463,412)
Utilities, Inc. of Eagle Ridge	(247,505)
Utilities, Inc. of Florida	(67,732)
Utilities, Inc. of Georgia	1,824,337
Utilities, Inc. of Hutchinson Island	(7)
Utilities, Inc. of Longwood	121,193
Utilities, Inc. of Louisiana	(821,808)
Utilities Inc. of Nevada	135,935
Utilities, Inc. of Pennbrooke	25,109
Utilities, Inc. of Pennsylvania	58,936
Utilities, Inc. of Sandalhaven	(1,098,341)
Utilities, Inc. - Westgate	(39,652)
Utilities Services of South Carolina, Inc.	(765,669)
Valentine Water Service Inc.	(8,385)
Walk-Up Woods Water Company	(35,594)
Water Service Company of Georgia, Inc.	439,287
Water Service Company of Indiana, Inc.	(235,902)
Water Service Corporation	(15,375)
Water Service Corporation of Kentucky	(188,574)
Wedgefield Utilities, Inc.	(91)
Westlake Utilities, Inc.	68,894
Whispering Hills Water Co.	25,682
Wildwood Water Service Company	(54,873)

3,943,358

Paid AMT tax of \$85,489

Legal Entity Name	Taxable Income/(Loss)
Corix Infrastructure (US) Inc.	(27,048,498)
Corix Infrastructure Services (US) Inc.	(1,668,643)
Corix Utility Systems (US) Inc.	(2,572)
Inland Pacific Resources Inc.	(3,319,013)
Corix Utility Systems (Washington) Inc.	0
Corix Utility Systems (Georgia) Inc.	49,329
Corix Utility Systems (Hawaii) Inc.	0
Corix Utility Systems (Alaska) Inc.	(50)
Corix Utilities (Texas) Inc.	(1,062,079)
Corix Utility Services (US) Inc. (f/k/a Corix Utilities (US) Inc.)	470,202
Fairbanks Sewer & Water Inc.	12,607,452
Golden Heart Utilities, Inc.	1,627,370
College Utilities Corporation	1,320,112
Utility Services of Alaska, Inc.	302,570
Rural Utility Services of Alaska, Inc.	0
Corix NewHoldCo Inc.	245,520
Corix Utilities (Oklahoma) Inc.	7,710,927
Corix Utilities (Cleveland) Inc.	(6,030,462)
Hydro Star, LLC	(1,018)
Hydro Star Holdings Corporation	(1,018)
ACME Water Supply and Management Company	307,912
Alafaya Utilities, Inc.	0
American Resources Development Company	(50)
Bayside Utility Services, Inc.	0
Bermuda Water Company, Inc.	1,175,288
Bradfield Farms Water Company	(27,906)
Carolina Trace - Utilities, Inc.	121,366
Carolina Water Service, Inc.	(58,726)
Carolina Water Service, Inc. of North Carolina	151,448
Charleston Utilities Inc.	0
Colchester Utilities, Inc.	168,072
Community Utilities of Alabama Inc.	(313)
Community Utilities of Florida Inc.	0
Community Utilities of Georgia Inc.	(153)
Community Utilities of Indiana Inc.	348,863
Community Utilities of Louisiana, Inc.	(2,610,299)
Community Utilities of Maryland Inc.	0
Community Utilities of New York Inc.	(118)
Community Utilities of Pennsylvania Inc.	(32,657)
Community Utilities of South Carolina, Inc.	0
CWS Systems, Inc.	(331,826)
Cypress Lakes Utilities, Inc.	0
Eastlake Water Service, Inc.	0
Elk River Utilities, Inc.	(225,245)
Great Basin Water Co. (f/k/a Utilities, Inc. of Central Nevada)	(1,306,619)
Green Ridge Utilities, Incorporated	20,723
Holiday Service Corp.	0
Labrador Utilities, Inc.	0
Lake Placid Utilities, Inc.	0
Lake Utility Services, Inc.	0
Louisiana Water Service, Inc.	142,143

Legal Entity Name	Taxable Income/(Loss)
Maryland Water Service, Inc.	(338,411)
Massanutten Public Service Corporation	495,506
Mid-County Services, Inc.	0
Miles Grant Water and Sewer Company	0
Montague Sewer Co., Inc.	0
Montague Water Co., Inc.	68,206
North Topsail Utilities, Inc.	(8,002)
Pebble Creek Utilities, Inc.	0
Perkins Mountain Utility Company	(1,488)
Perkins Mountain Water Company	(2,043)
Provinces Utilities, Inc.	39,299
Sandy Creek Utility Services, Inc.	0
Sanlando Utilities Corp.	0
Sky Ranch Water Service Corp.	(9,906)
South Gate Utilities, Inc.	0
Spring Creek Utilities Co.	1,035,378
Tega Cay Water Service, Inc.	0
Tennessee Water Service, Inc.	23,654
Tierra Verde Utilities, Inc.	0
Transylvania Utilities, Inc.	(46,318)
UICN Real Estate Holdings, Inc.	(93)
Utilities, Inc.	913,090
Utilities, Inc. of Eagle Ridge	0
Utilities, Inc. of Florida	1,532,909
Utilities, Inc. of Georgia	1,397,035
Utilities, Inc. of Hutchinson Island	0
Utilities, Inc. of Longwood	0
Utilities, Inc. of Louisiana	1,715,681
Utilities Inc. of Nevada	(155,113)
Utilities, Inc. of Pennbrooke	0
Utilities, Inc. of Sandalhaven	0
Utility Services of Illinois, Inc.	2,148,878
Water Service Company of Georgia, Inc.	422,770
Water Service Corporation	(826,579)
Water Service Corporation of Kentucky	11,925
Wedgefield Utilities, Inc.	0
	<u>(8,541,590)</u>

No tax due on the Form 1120

Legal Entity Name	Taxable Income/(Loss)
Corix Infrastructure (US) Inc.	(15,720,997)
Corix Infrastructure Services (US) Inc.	(806,635)
Corix Utility Systems (US) Inc.	0
Inland Pacific Resources Inc.	(4,572,676)
Corix Utility Systems (Washington) Inc.	0
Corix Utility Systems (Georgia) Inc.	0
Corix Utilities (Texas) Inc.	(1,464,965)
Corix Utilities (US) Inc.	4,140,114
Fairbanks Sewer & Water Inc.	6,461,110
Golden Heart Utilities, Inc.	370,678
College Utilities Corporation	691,664
Utility Services of Alaska, Inc.	290,865
Rural Utility Services of Alaska, Inc.	0
Corix Utilities (Oklahoma) Inc.	8,409,264
Corix Utilities (Cleveland) Inc.	(1,275,695)
Hydro Star, LLC	(962)
Hydro Star Holdings Corporation	(962)
ACME Water Supply and Management Company	280,990
Alafaya Utilities, Inc.	0
American Resources Development Company	0
Bayside Utility Services, Inc.	0
Bermuda Water Company, Inc.	548,106
Bradfield Farms Water Company	(181,711)
Carolina Trace - Utilities, Inc.	163,599
Carolina Water Service, Inc.	(2,456,232)
Carolina Water Service, Inc. of North Carolina	(4,351,773)
Charleston Utilities Inc.	0
Colchester Utilities, Inc.	111,211
Community Utilities of Alabama Inc.	(926)
Community Utilities of Florida Inc.	0
Community Utilities of Georgia Inc.	0
Community Utilities of Indiana Inc.	(320,753)
Community Utilities of Louisiana, Inc.	(1,434,824)
Community Utilities of Maryland Inc.	0
Community Utilities of New York Inc.	(124)
Community Utilities of Pennsylvania Inc.	230
Community Utilities of South Carolina, Inc. (f/k/a Bio Tech, Inc.)	0
CWS Systems, Inc.	(1,234,679)
Cypress Lakes Utilities, Inc.	128,064
Eastlake Water Service, Inc.	(3)
Elk River Utilities, Inc.	(71,664)
Green Ridge Utilities, Incorporated	1,049
Holiday Service Corp.	0
Indiana Water Service, Inc.	(93,193)
Labrador Utilities, Inc.	65,575
Lake Placid Utilities, Inc.	(6,998)
Lake Utility Services, Inc.	840,789
Louisiana Water Service, Inc.	200,379
Maryland Water Service, Inc.	(51,667)
Massanutten Public Service Corporation	362,838
Mid-County Services, Inc.	130,205

Legal Entity Name	Taxable Income/(Loss)
Miles Grant Water and Sewer Company	0
Montague Sewer Co., Inc.	0
Montague Water Co., Inc.	(20,691)
North Topsail Utilities, Inc.	(16,046)
Pebble Creek Utilities, Inc.	0
Penn Estates Utilities, Inc.	26,156
Perkins Mountain Utility Company	(557)
Perkins Mountain Water Company	(602)
Provinces Utilities, Inc.	19,322
Sandy Creek Utility Services, Inc.	0
Sanlando Utilities Corp.	(1,145,591)
Sky Ranch Water Service Corp.	(51,207)
South Gate Utilities, Inc.	0
Southland Utilities, Inc.	(4,797)
Spring Creek Utilities Co.	650,839
Tega Cay Water Service, Inc.	(35,854)
Tennessee Water Service, Inc.	30,085
Tierra Verde Utilities, Inc.	20,542
Transylvania Utilities, Inc.	6,086
Twin Lakes Utilities Inc.	(281,800)
UICN Real Estate Holdings, Inc.	(325)
United Utility Companies, Inc.	(30,807)
Utilities, Inc.	773,127
Utilities, Inc. of Central Nevada	738
Utilities, Inc. of Eagle Ridge	142,353
Utilities, Inc. of Florida	(69,301)
Utilities, Inc. of Georgia	1,740,773
Utilities, Inc. of Hutchinson Island	0
Utilities, Inc. of Longwood	133,176
Utilities, Inc. of Louisiana	(52,897)
Utilities Inc. of Nevada	24,138
Utilities, Inc. of Pennbrooke	10,947
Utilities, Inc. of Pennsylvania	87,153
Utilities, Inc. of Sandalhaven	(1,032,845)
Utilities, Inc. - Westgate	(107,571)
Utilities Services of South Carolina, Inc.	(588,255)
Utility Services of Illinois, Inc.	(412,654)
Water Service Company of Georgia, Inc.	227,775
Water Service Company of Indiana, Inc.	(54,733)
Water Service Corporation	(62,671)
Water Service Corporation of Kentucky	(490,076)
Wedgefield Utilities, Inc.	(1)
	(11,416,780)

No tax due on the Form 1120

Legal Entity Name	Taxable Income/(Loss)
Corix Infrastructure (US) Inc.	(5,495,260)
Corix Infrastructure Services (US) Inc.	(1,729,994)
Inland Pacific Resources Inc.	(7,275,498)
Corix Utilities (Texas) Inc.	2,565,897
Corix Utilities (US) Inc.	(10,843,249)
Fairbanks Sewer & Water Inc.	364,401
Golden Heart Utilities, Inc.	848,430
College Utilities Corporation	25,779
Utility Services of Alaska, Inc.	(75,551)
Rural Utility Services of Alaska, Inc.	0
Blu Vu, Inc.	0
U-Liner North, Inc.	0
Corix Utilities (Oklahoma) Inc.	8,086,461
Hydro Star, LLC	(946)
Hydro Star Holdings Corporation	(942)
ACME Water Supply and Management Company	151,699
Alafaya Utilities, Inc.	(46)
American Resources Development Company	0
Apple Canyon Utility Company	14,697
Bayside Utility Services, Inc.	(10)
Bermuda Water Company, Inc.	408,073
Bio Tech, Inc.	(3,617)
Bradfield Farms Water Company	(595,509)
Camelot Utilities, Inc.	50,754
Carolina Trace - Utilities, Inc.	193,665
Carolina Water Service, Inc.	(1,917,221)
Carolina Water Service, Inc. of North Carolina	(1,930,171)
Cedar Bluff Utilities, Inc.	(7,230)
Charleston Utilities Inc.	0
Charmar Water Company	4,138
Cherry Hill Water Company	18,765
Clarendon Water Company	(74,799)
Colchester Utilities, Inc.	121,296
Community Utilities of Florida Inc.	0
Community Utilities of Georgia Inc.	0
Community Utilities of Louisiana, Inc.	0
Community Utilities of Maryland Inc.	0
Community Utilities of New York Inc.	(13)
CWS Systems, Inc.	(743,126)
Cypress Lakes Utilities, Inc.	41,602
Del-Mar Water Company	16,772
Eastlake Water Service, Inc.	(125)
Elk River Utilities, Inc.	(44,414)
Ferson Creek Utilities Company	(15,293)
Galena Territory Utilities, Inc.	(491,046)
Great Northern Utilities, Inc.	(123,391)

Legal Entity Name	Taxable Income/(Loss)
Green Ridge Utilities, Incorporated	(208,560)
Harbor Ridge Utilities, Inc.	(24,699)
Holiday Hills Utilities, Inc.	52,438
Holiday Service Corp.	0
Indiana Water Service, Inc.	(360,524)
Killarney Water Co.	43,053
Labrador Utilities, Inc.	(411,745)
Lake Holiday Utilities Corporation	2,779
Lake Marian Water Corporation	(934)
Lake Placid Utilities, Inc.	(22,518)
Lake Utility Services, Inc.	241,890
Lake Wildwood Utilities Corporation	(46,496)
Louisiana Water Service, Inc.	(1,546,460)
Maryland Water Service, Inc.	(227,853)
Massanutten Public Service Corporation	(368,918)
Medina Utilities Corp.	44,116
Mid-County Services, Inc.	376,585
Miles Grant Water and Sewer Company	(163)
Montague Sewer Co., Inc.	0
Montague Water Co., Inc.	(32,024)
North Topsail Utilities, Inc.	(8,038)
Northern Hills Water and Sewer Company	51,130
Pebble Creek Utilities, Inc.	(223)
Penn Estates Utilities, Inc.	(97,884)
Perkins Mountain Utility Company	(822)
Perkins Mountain Water Company	(624)
Provinces Utilities, Inc.	9,732
Sandy Creek Utility Services, Inc.	0
Sanlando Utilities Corp.	(258,043)
Sky Ranch Water Service Corp.	51,355
South Gate Utilities, Inc.	(2,445)
Southland Utilities, Inc.	(20,447)
Spring Creek Utilities Co.	1,045,988
Tega Cay Water Service, Inc.	2,043,878
Tennessee Water Service, Inc.	36,854
Tierra Verde Utilities, Inc.	52,436
Transylvania Utilities, Inc.	(31,481)
Twin Lakes Utilities Inc.	(467,017)
UICN Real Estate Holdings, Inc.	0
United Utility Companies, Inc.	1,522,367
Utilities, Inc.	689,257
Utilities, Inc. of Central Nevada	270,418
Utilities, Inc. of Eagle Ridge	93,944
Utilities, Inc. of Florida	(282,679)
Utilities, Inc. of Georgia	1,791,190
Utilities, Inc. of Hutchinson Island	0

Legal Entity Name	Taxable Income/(Loss)
Utilities, Inc. of Longwood	156,912
Utilities, Inc. of Louisiana	(742,392)
Utilities Inc. of Nevada	107,124
Utilities, Inc. of Pennbrooke	17,650
Utilities, Inc. of Pennsylvania	(25,426)
Utilities, Inc. of Sandalhaven	(384,640)
Utilities, Inc. - Westgate	(88,372)
Utilities Services of South Carolina, Inc.	(873,395)
Utility Services of Illinois, Inc.	(154,497)
Valentine Water Service Inc.	(11,526)
Walk-Up Woods Water Company	(163,485)
Water Service Company of Georgia, Inc.	215,567
Water Service Company of Indiana, Inc.	42,338
Water Service Corporation	(87,727)
Water Service Corporation of Kentucky	(336,273)
Wedgefield Utilities, Inc.	(228)
Westlake Utilities, Inc.	33,247
Whispering Hills Water Co.	915
Wildwood Water Service Company	(36,303)
	<u>(16,786,720)</u>

No tax due on the Form 1120

Legal Entity Name	Taxable Income/(Loss)
Corix Infrastructure (US) Inc.	(1,103,836)
Corix Infrastructure Services (US) Inc.	(326,162)
Inland Pacific Resources Inc.	(10,439,697)
Corix Utilities (Texas) Inc.	470,501
Corix Utilities (US) Inc.	(852,783)
Fairbanks Sewer & Water Inc.	(34,410)
Golden Heart Utilities, Inc.	1,790,837
College Utilities Corporation	520,038
Utility Services of Alaska, Inc.	(5,269)
Rural Utility Services of Alaska, Inc.	0
Blu Vu, Inc.	0
U-Liner North, Inc.	0
Corix Utilities (Oklahoma) Inc.	7,810,891
Hydro Star, LLC	(454)
Hydro Star Holdings Corporation	(454)
ACME Water Supply and Management Company	209,338
Alafaya Utilities, Inc.	(1,158,642)
American Resources Development Company	0
Apple Canyon Utility Company	(207,990)
Bayside Utility Services, Inc.	632
Bermuda Water Company, Inc.	651,057
Bio Tech, Inc.	48,694
Bradfield Farms Water Company	(348,760)
Camelot Utilities, Inc.	(194,043)
Carolina Trace - Utilities, Inc.	108,072
Carolina Water Service, Inc.	(1,668,603)
Carolina Water Service, Inc. of North Carolina	(6,081,231)
Cedar Bluff Utilities, Inc.	(9,784)
Charleston Utilities Inc.	(5,642)
Charmar Water Company	8,149
Cherry Hill Water Company	22,809
Clarendon Water Company	38,268
Colchester Utilities, Inc.	145,319
County Line Water Company	12
Community Utilities of Florida Inc.	0
Community Utilities of Georgia Inc.	0
Community Utilities of Maryland Inc.	0
Community Utilities of New York Inc.	0
CWS Systems, Inc.	(1,037,843)
Cypress Lakes Utilities, Inc.	(73,705)
Del-Mar Water Company	(16,658)
Eastlake Water Service, Inc.	3,184
Elk River Utilities, Inc.	(15,436)
Ferson Creek Utilities Company	19,088
Galena Territory Utilities, Inc.	79,274
Great Northern Utilities, Inc.	47,271

Legal Entity Name	Taxable Income/(Loss)
Green Ridge Utilities, Incorporated	(50,969)
Harbor Ridge Utilities, Inc.	43,529
Holiday Hills Utilities, Inc.	21,788
Holiday Service Corp.	139
Indiana Water Service, Inc.	(315,323)
Killarney Water Co.	58,705
Labrador Utilities, Inc.	(102,065)
Lake Holiday Utilities Corporation	(115,987)
Lake Marian Water Corporation	29,821
Lake Placid Utilities, Inc.	(14,339)
Lake Utility Services, Inc.	1,341,650
Lake Wildwood Utilities Corporation	(116,274)
Louisiana Water Service, Inc.	(1,139,646)
Maryland Water Service, Inc.	(265,332)
Massanutten Public Service Corporation	(137,235)
Medina Utilities Corp.	36,789
Mid-County Services, Inc.	381,547
Miles Grant Water and Sewer Company	2,971
Montague Sewer Co., Inc.	0
Montague Water Co., Inc.	(217,482)
North Topsail Utilities, Inc.	7,092
Northern Hills Water and Sewer Company	(111,787)
Pebble Creek Utilities, Inc.	1,798
Penn Estates Utilities, Inc.	(257,560)
Perkins Mountain Utility Company	(16,709)
Perkins Mountain Water Company	(16,709)
Provinces Utilities, Inc.	(86,482)
Sandy Creek Utility Services, Inc.	1,114
Sanlando Utilities Corp.	(427,748)
Sky Ranch Water Service Corp.	88,521
South Gate Utilities, Inc.	43,919
Southland Utilities, Inc.	(6,863)
Spring Creek Utilities Co.	(226,087)
Tega Cay Water Service, Inc.	(1,561,164)
Tennessee Water Service, Inc.	64,869
Tierra Verde Utilities, Inc.	149,012
Transylvania Utilities, Inc.	210,644
Twin Lakes Utilities Inc.	(399,898)
United Utility Companies, Inc.	(577,876)
Utilities, Inc.	1,235,978
Utilities, Inc. of Central Nevada	(1,295,342)
Utilities, Inc. of Eagle Ridge	163,071
Utilities, Inc. of Florida	(467,199)
Utilities, Inc. of Georgia	1,712,215
Utilities, Inc. of Hutchinson Island	(11,612)
Utilities, Inc. of Longwood	170,827

Legal Entity Name	Taxable Income/(Loss)
Utilities, Inc. of Louisiana	852,445
Utilities Inc. of Nevada	65,448
Utilities, Inc. of Pennbrooke	(91,503)
Utilities, Inc. of Pennsylvania	31,977
Utilities, Inc. of Sandalhaven	(364,570)
Utilities, Inc. - Westgate	(95,039)
Utilities Services of South Carolina, Inc.	(1,502,991)
Utility Services of Illinois, Inc.	0
Valentine Water Service Inc.	(17,821)
Walk-Up Woods Water Company	(45,759)
Water Service Company of Georgia, Inc.	153,581
Water Service Company of Indiana, Inc.	(627,390)
Water Service Corporation	(17,081)
Water Service Corporation of Kentucky	(189,437)
Wedgefield Utilities, Inc.	4,536
Westlake Utilities, Inc.	65,712
Whispering Hills Water Co.	11,357
Wildwood Water Service Company	7,680
	<u>(15,538,512)</u>

No tax due on the Form 1120

Legal Entity Name	Taxable Income/(Loss)
Killarney Water Co.	47
Labrador Utilities, Inc.	8,019
Lake Holiday Utilities Corporation	(4,650)
Lake Marian Water Corporation	(2,598)
Lake Placid Utilities, Inc.	1,154
Lake Utility Services, Inc.	(13,260)
Lake Wildwood Utilities Corporation	(6,852)
Louisiana Water Service, Inc.	(33,872)
Maryland Water Service, Inc.	(37,210)
Massanutten Public Service Corporation	(22,077)
Medina Utilities Corp.	1,529
Mid-County Services, Inc.	277
Miles Grant Water and Sewer Company	0
Montague Sewer Co., Inc.	0
Montague Water Co., Inc.	(2,193)
North Topsail Utilities, Inc.	1
Northern Hills Water and Sewer Company	(148)
Pebble Creek Utilities, Inc.	1
Penn Estates Utilities, Inc.	(12,552)
Perkins Mountain Utility Company	(2,480)
Perkins Mountain Water Company	(2,516)
Provinces Utilities, Inc.	(20,133)
Sandy Creek Utility Services, Inc.	(1,829)
Sanlando Utilities Corp.	(6,417)
Sky Ranch Water Service Corp.	(5,027)
South Gate Utilities, Inc.	0
Southland Utilities, Inc.	(3,007)
Spring Creek Utilities Co.	(57,496)
Tega Cay Water Service, Inc.	(48,805)
Tennessee Water Service, Inc.	(5,202)
Tierra Verde Utilities, Inc.	35
Transylvania Utilities, Inc.	(6,275)
Twin Lakes Utilities Inc.	(28,403)
United Utility Companies, Inc.	(19,589)
Utilities, Inc.	(4,263,079)
Utilities, Inc. of Central Nevada	(86,096)
Utilities, Inc. of Eagle Ridge	3,588
Utilities, Inc. of Florida	(22,276)
Utilities, Inc. of Georgia	28,306
Utilities, Inc. of Hutchinson Island	0
Utilities, Inc. of Longwood	3,296
Utilities, Inc. of Louisiana	(107,433)
Utilities Inc. of Nevada	(14,611)
Utilities, Inc. of Pennbrooke	(7,325)
Utilities, Inc. of Pennsylvania	(2,073)
Utilities, Inc. of Sandalhaven	(10,796)

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

55. If the Company files a consolidated income tax return, provide, for each of the past five years, the actual income taxes paid by the consolidated group to the IRS.

Response:

No actual income taxes were paid to the IRS by the consolidated group for any of the past five years, except on one return filed (AMT tax of \$85,489) for the short tax year ending 12/18/2012 return.

Witness: Rob Guttormsen

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

56. If the Company files a consolidated income tax return, provide, for each of the past five years:
- a. the federal income taxes booked by WSCK; and
 - b. the amount of any payment made by WSCK to the parent company or other entity relating to the tax sharing agreement among members of the consolidated group.

Response:

Please refer to the attached file. With regard to item b, no payments were made to the parent company or other entity relating to the tax sharing agreement among members of the consolidated group.

Witness: Rob Guttormsen

AG DR 1-56a
Federal Incomes Taxes Booked

	WUCKY			
	Federal Income Taxes			
	Booked		Current	Deferred
	<hr/>		<hr/>	<hr/>
12/18/2012	28,185		(75,242)	103,427
12/31/2012	(3,205)		(3,205)	0
12/31/2013	50,980		0	50,980
12/31/2014	99,758		0	99,758
12/31/2015	104,366		0	104,366
12/31/2016	85,862		(834)	86,696

CASE NO. 2018-00208
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST INFORMATION REQUESTS

57. If the Company files a consolidated income tax return, quantify the amount of any tax loss carryforward currently available to the consolidated group, and identify the period(s) over which these tax loss carryforwards are available to be used by the consolidated group.

Response: Please refer to the attached file.

Witness: Rob Guttormsen

AG DR 1-57
Consolidated Federal Return

Consolidated Federal Return

		Non-SRLY Original NOL	SRLY Original NOL	Section 382 Original NOL	Unused NOL	20 Year Carryforward
1/1/2006	4/18/2006		(966,138)		(966,138)	thru 2026
4/19/2006	12/31/2006			(13,082,812)	(13,082,812)	thru 2026
1/1/2007	12/31/2007			(6,476,836)	(6,476,836)	thru 2027
1/1/2008	12/31/2008			(10,907,681)	(10,907,681)	thru 2028
1/1/2009	12/31/2009			(1,023,013)	(1,023,013)	thru 2029
1/1/2010	12/31/2010	(6,248,956)		(18,457,119)	(24,706,075)	thru 2030
1/1/2011	12/31/2011	(3,908,931)		(1,010,944)	(4,919,875)	thru 2031
1/1/2012	12/31/2012	(16,846,334)			(16,846,334)	thru 2032
1/1/2013	12/31/2013	(21,387,801)			(21,387,801)	thru 2033
1/1/2014	12/31/2014	(16,447,197)			(16,447,197)	thru 2034
1/1/2015	12/31/2015	(11,388,903)			(11,388,903)	thru 2035
1/1/2016	12/31/2016	(8,404,900)			(8,404,900)	thru 2036
		<u>(84,633,022)</u>	<u>(966,138)</u>	<u>(50,958,405)</u>	<u>(136,557,565)</u>	