

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

Electronic Proposed Acquisition by Bluegrass)
Water Utility Operating Company, LLC and)
the Transfer of Ownership and Control of)
Assets by: Delaplain Disposal Company;)
Herrington Haven Wastewater Company, Inc.;)
Springcrest Sewer Company, Inc.; and)
Woodland Acres Utilities, LLC)

Case No. 2020-0297

Bluegrass Water’s Motion for Confidential Treatment of Information

Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water”) respectfully submits this Motion pursuant to 807 KAR 5:001, Section 13, for confidential treatment of certain information relating to the Joint Application in this case. In support of this Motion, Bluegrass Water state as follows:

1. On this date, Applicants (including Bluegrass Water) filed with the Commission their Joint Application for approval of an acquisition of ownership and transfer control of utility system assets pursuant to KRS 278.020 (6), (7), and (10).

2. The proposed acquisition that is the subject of the Joint Application will occur, subject to the approval of the Commission, under the terms of purchase agreements between Bluegrass Water and the four transferring utilities. A fully executed copy of each Agreement is attached to the Joint Application as redacted Exhibits G-J. Confidential treatment is sought for certain material in these Agreements — specifically the dollar amounts contained therein. The dollar amounts specifically identified in each Agreement have been redacted in the publicly-filed copies and are highlighted in the unredacted copy filed under seal.

<u>Seller</u>	<u>Date</u>	<u>Exhibit</u>
Delaplain	8/23/19	G
Herrington Haven	12/29/19	H
Springcrest	1/10/2020	I
Woodland Acres	10/17/19	J

3. An additional document for which Bluegrass Water is seeking confidential treatment is redacted Exhibit K attached to the Joint Application. Exhibit K is CSWR, LLC's Consolidated Financials CYE June 30, 2020. This consolidated balance sheet and income statement contains confidential and proprietary information relating to the business of CSWR and its affiliates.

4. Bluegrass Water is also seeking confidential treatment for the engineering reports for each system, attached to the Joint Application as redacted Exhibits C-F. The engineering reports have been redacted in the publicly-filed response; the material for which confidential treatment is sought has been highlighted in the unredacted copy filed under seal. These reports contain confidential and proprietary information regarding the systems and the assets to be acquired.

5. Finally, Bluegrass Water is seeking confidential treatment for redacted portion of Exhibit N of the Joint Application, the Bluegrass Water *pro forma* balance sheet. The *pro forma* statements for Bluegrass Water reflect the purchase prices, costs of planned repairs and improvements, and the most-recently reported annual operating expenses and revenues of the individual transferring utilities.

6. The information in these Exhibits for which Bluegrass Water seeks confidential treatment is not publicly disseminated and public disclosure of this information would harm

Bluegrass Water, CSWR and its affiliates, the transferring utilities, or all of them. The redacted information in Exhibits K and N is treated as confidential by Bluegrass Water and its affiliates, and it is not widely disseminated even among the employees of these companies. Only personnel with a business reason to use it are permitted to view this business information. Exhibit K reveals information regarding the internal financial ability and workings of CSWR and its affiliates; furthermore, CSWR is not a utility and the information disclosed in Exhibit K would not otherwise be subject to disclosure to a regulatory body in the usual course of business. The sensitive, commercially-valuable, financial and inter-affiliate transaction information contained in the Consolidated Financials and the *pro forma* balance sheet statement information in Exhibit N is not publicly distributed or disseminated outside of CSWR and its affiliates. It is provided with the Joint Application to show Bluegrass Water's financial ability (as required by KRS 278.020 (6), (7), and (10)), to give the Commission a fuller picture and background of finances within CSWR and its affiliates, so that it may be confident that financial ability exists for renovating and improving the system assets and for ongoing operations.

7. The risk of harm would be unnecessarily increased if the acquisition amounts and related dollar amounts contained in Exhibits G-J and N are disclosed. Disclosure of the acquisition amounts could create incentives for other potential purchasers to undercut efforts by the Applicants to successfully close this transaction. Furthermore, significant other redactions are required in Exhibits K and N because minimal redaction would allow competitively-sensitive confidential information to be inferred from other information disclosed. In the event that the Commission does not approve the transaction, or in the event that the transaction otherwise does not close, Applicants would suffer harm if this information were made public and therefore accessible to other potential purchasers, as it could lessen competition in a subsequent bidding

process. Such disclosure would also be costly in the future when attempts to acquire similarly distressed systems are made and CSWR's ability to negotiate terms specific to a particular utility and its circumstances has been compromised.

8. The information in the engineering reports contained in Exhibits C-F for which confidential treatment is sought is not publicly disseminated and public disclosure of this information would harm Bluegrass Water. The reports reveal information regarding the internal ability and workings of Bluegrass Water and its affiliates; specifically, how they evaluate potential systems for acquisition and the internal processes by which they respond to various issues that arise in similar wastewater systems. These documents also demonstrate innovative and proprietary technology and processes developed through experience and used by Bluegrass Water and its affiliates and its affiliates to renovate wastewater systems. Such processes are "trade secrets" as defined by KRS 365.880(4) and fall within the scope of the trade secret exemption from disclosure pursuant to KRS 61.878(c). If these trade secrets contained within the engineering reports do not receive confidential treatment, the risk would be unnecessarily increased that Bluegrass Water and its affiliates would suffer a serious business injury and these trade secrets would be misappropriated by other competitors in the wastewater industry.

9. Bluegrass Water further seeks confidential treatment for the engineering reports in Exhibit C-F because these are also proprietary. Bluegrass Water's affiliate, Central States, expended funds with a third party as part of its due diligence in investigating these systems. Bluegrass Water therefore should not be forced to share this information publicly to its possible detriment. If this information were shared publicly, and especially in the event that the Application is denied, Bluegrass Water would suffer harm because it would give other potential purchasers and competitors a "leg-up" with the systems discussed in the report and lessen

competition in a subsequent bidding process. Such disclosure would also be costly in the future when attempts to acquire similarly distressed systems are made and Bluegrass Water's ability to negotiate terms specific to a particular utility and its circumstances has been compromised.

10. The dollar amounts in the Agreements and the information in Exhibits C-F, K, and N could be used by competitors to the business injury of CSWR and its affiliates, including Bluegrass Water, in other ways as well. For example, if disclosed, the purchase prices, plans for the future, and consolidated financials would give competitors sensitive information about CSWR's acquisition strategy and capability and its valuation of systems, their problems, and potential. In addition, the cost estimates in the Exhibit *Npro forma* balance sheet reflect innovative and proprietary technology and processes developed through experience and used by CSWR and its affiliates to renovate wastewater systems.

11. Under KRS 61.878(1)(c)(1), commercial information generally recognized as confidential is protected if disclosure would cause competitive injury and permit competitors an unfair commercial advantage. Public disclosure of the information in the identified Exhibits may cause competitive harm to CSWR and its affiliates as well as the transferring utilities and could cause a lessening of competition in subsequent bidding processes in the event the Commission denies the Joint Application or the proposed acquisition otherwise fails to close.

12. If the Commission disagrees with Bluegrass Water that redacted Exhibits C-K and N are exempt from disclosure as confidential commercial information, it must hold an evidentiary hearing to protect the due process rights of the affected Applicant and permit the opportunity to supply the Commission with a complete record to enable it to reach a decision with regard to this confidentiality request.

13. Bluegrass Water would not object to the disclosure of redacted Exhibits C-K and N pursuant to a confidentiality agreement with any intervenor who can demonstrate a legitimate interest in reviewing the confidential information for the purpose of participating in this proceeding.

14. In compliance with 807 KAR 5:001, Section 8(3) and 13(2)(3), Bluegrass Water is filing with the Commission one paper copy of Exhibits C-K and N, entirely unredacted and with highlighting of the material for which confidential treatment is sought. The unredacted paper copy is filed under seal pursuant to the instructions regarding confidential filings in the 3/24/20 Order issued in Ky. PSC Case No. 2020-00085; redacted pages of the subject Exhibits are being publicly filed with the electronic copy of this Motion.

15. Section 13(2)(a)(2) of 807 KAR 5:001 provides that a motion for confidential treatment shall state the time period in which the material should be treated as confidential and the reasons for this time period. Bluegrass Water respectfully submits that five years from the date of the filing of the Joint Application is a reasonable period of time for the material in Exhibits C-K and N to be treated as confidential in light of the competitive conditions in the wastewater industries.

WHEREFORE, Bluegrass Water respectfully requests that the Commission grant confidential treatment of the information described herein and shown as redacted on the attached publicly-filed Motion Exhibits.

Respectfully submitted,

/s/ Kathryn A. Eckert

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MOTION EXHIBITS

(excerpts from the Joint Application Exhibits, showing all redactions)

- C Engineering Report (Delaplain)
- D Engineering Report (Herrington Haven)
- E Engineering Report (Springcrest)
- F Engineering Report (Woodland Acres)
- G Purchase and Sale Agreement (Delaplain)
- H Agreement for Sale of Utility System (Herrington Haven)
- I Agreement for Sale of Utility System (Springcrest)
- J Agreement for Sate of Utility System (Woodland Acres)
- K CSWR, LLC Consolidated Financials, CYE June 30, 2020
- N Pro Forma Balance Sheet and Income Statement, Bluegrass Water Utility Operating Company, LLC

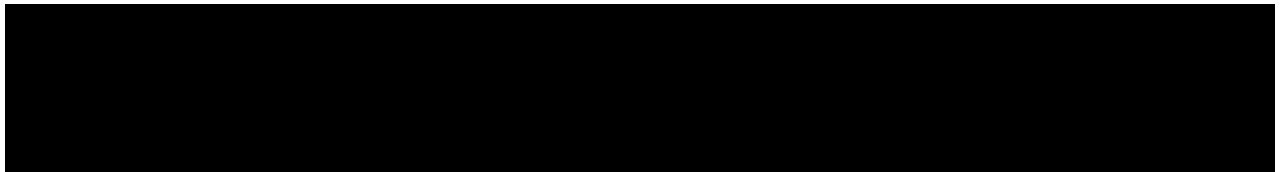
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Surveying & Mapping
Potable Water
Wastewater Treatment



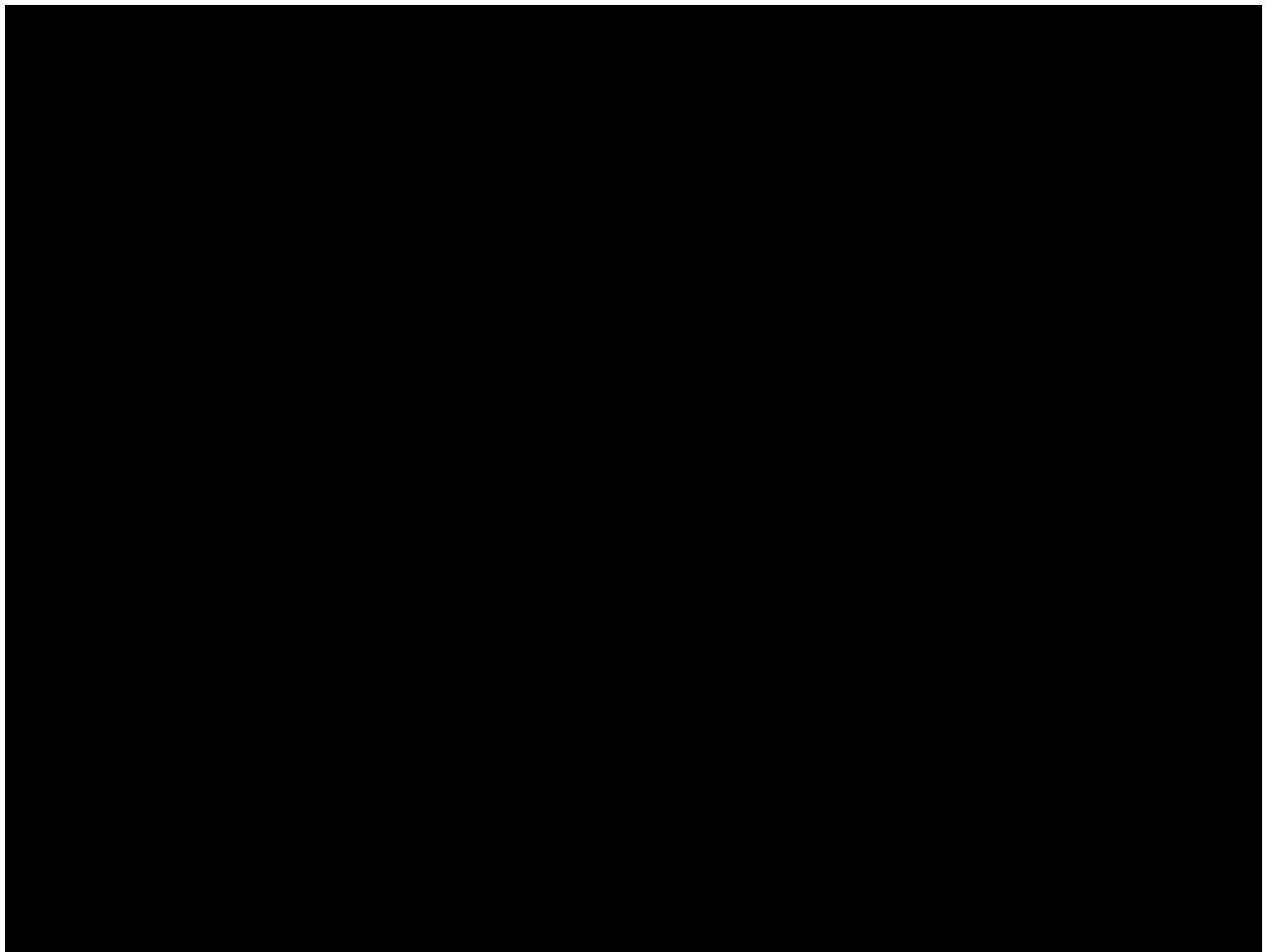
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The Delaplain Disposal – Delaplain WWTP KY0079049
Kentucky
Engineering Memorandum
Date: September 11, 2020

Introduction



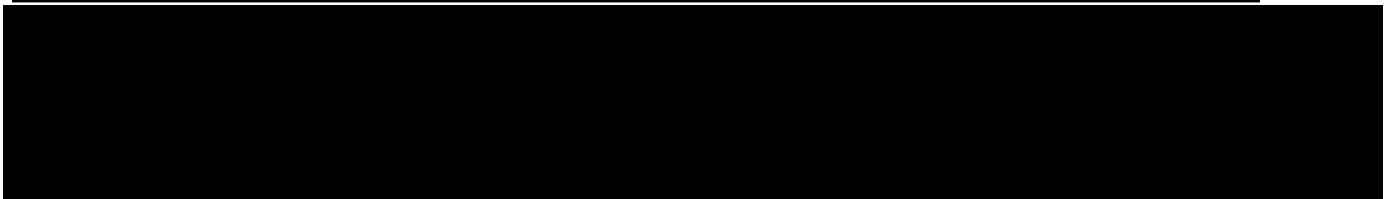
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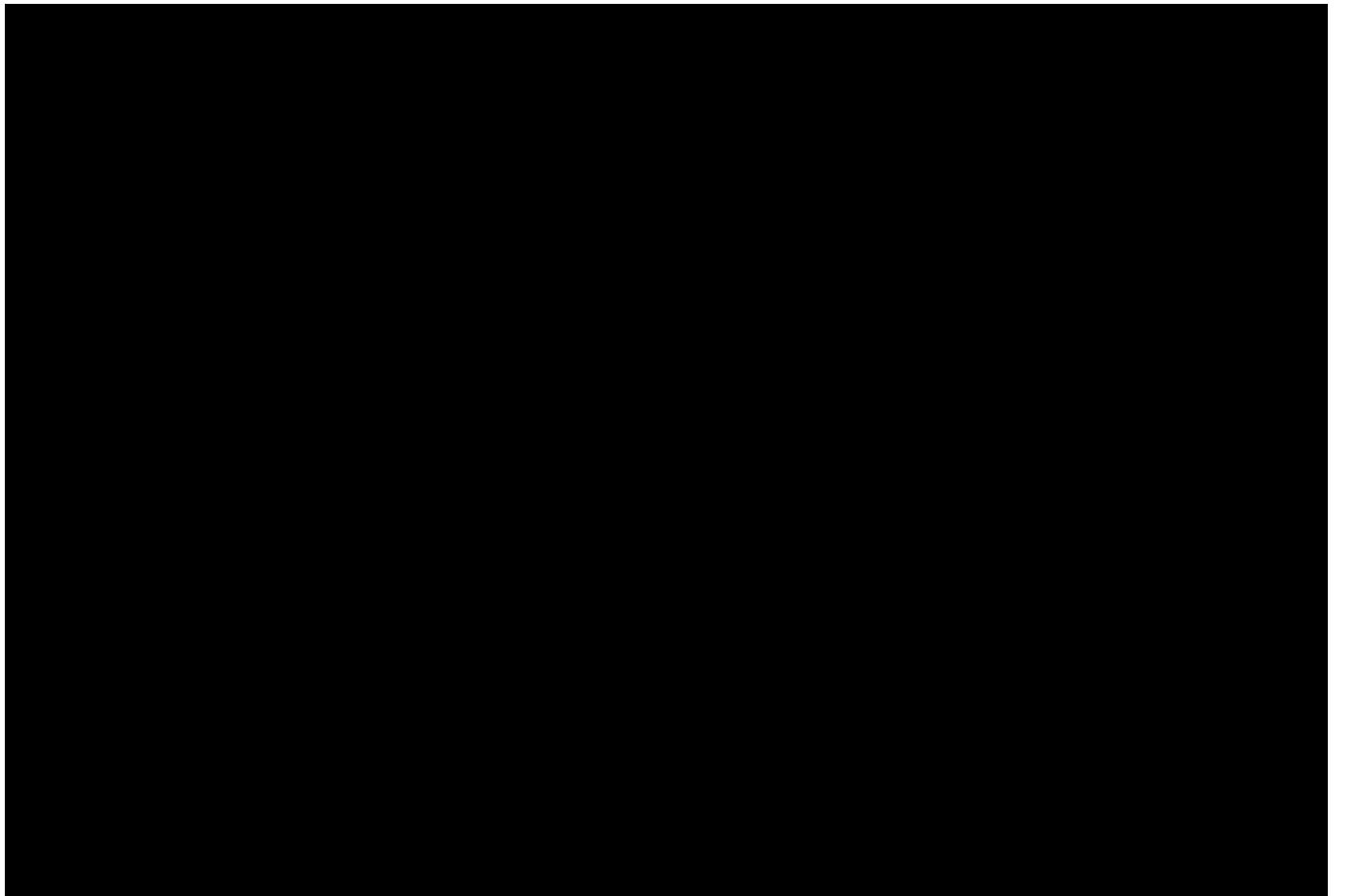
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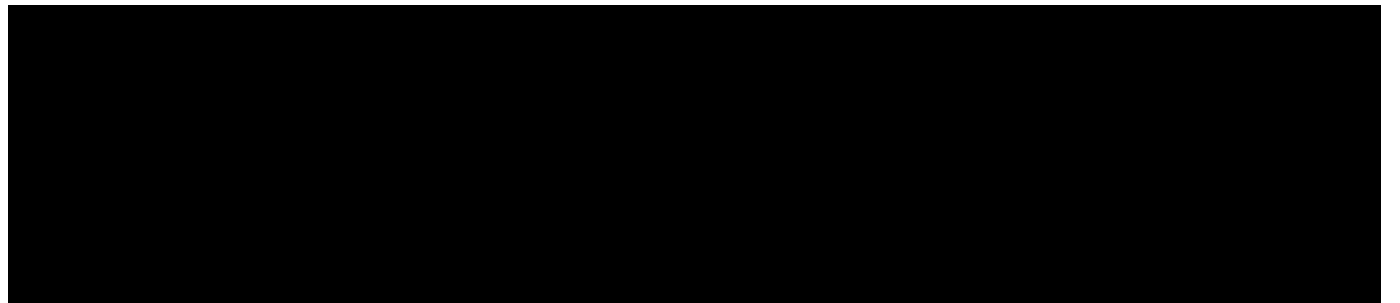
Civil Site Design
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Permit Limitations and Historical Compliance Performance



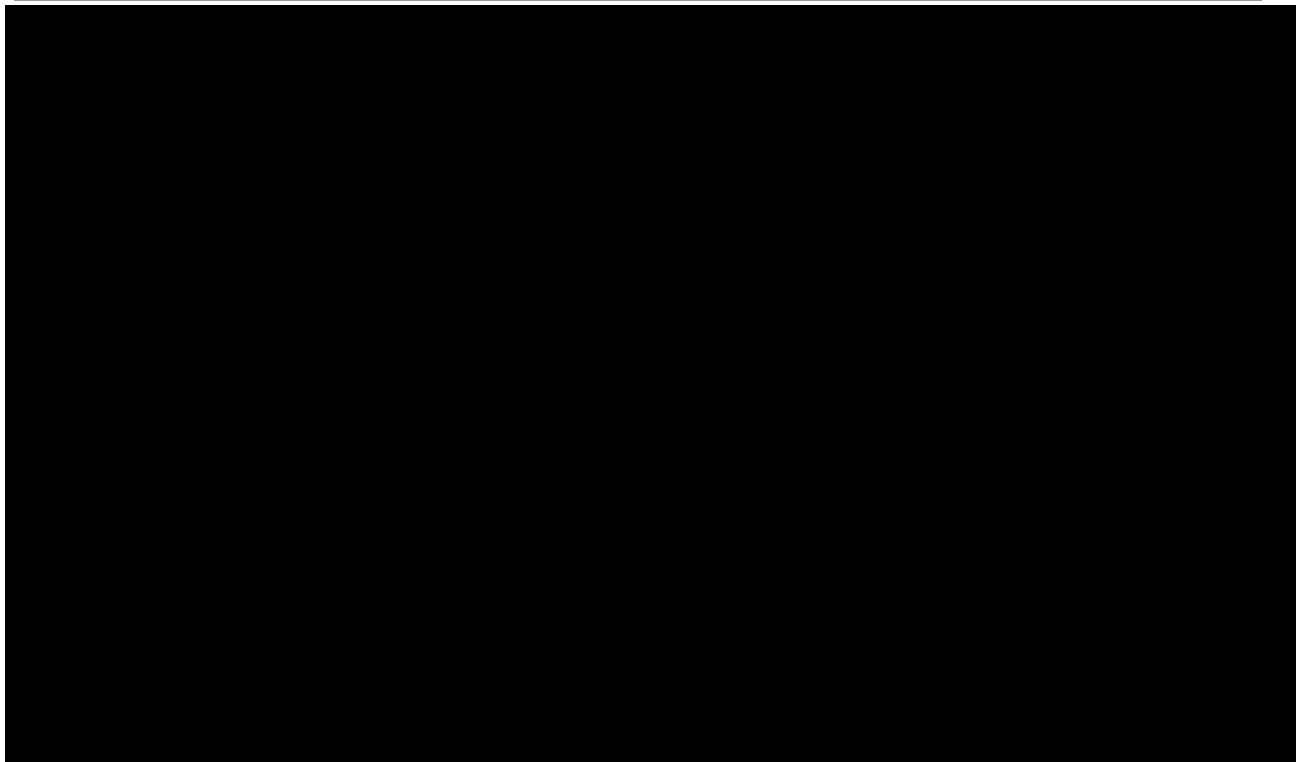
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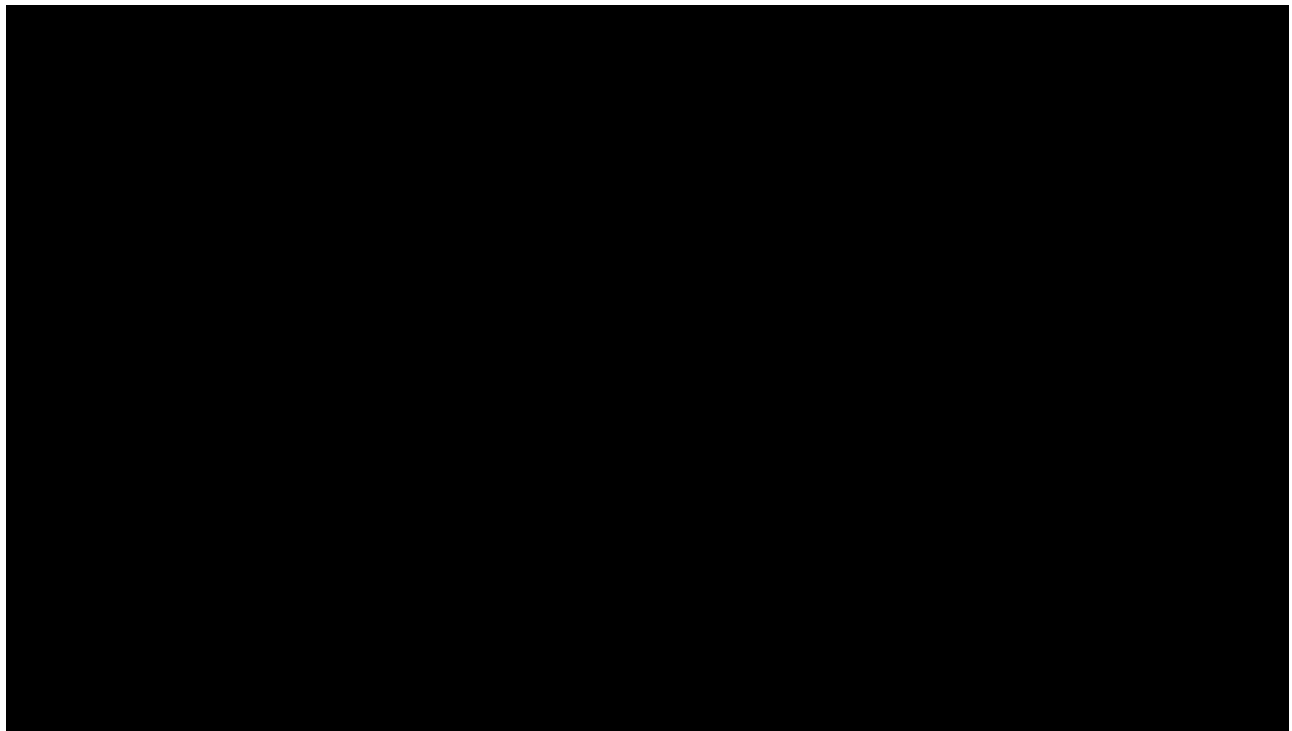
Civil Engineering
Surveying & Mapping
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Civil Site Design
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Functionality of the Existing System



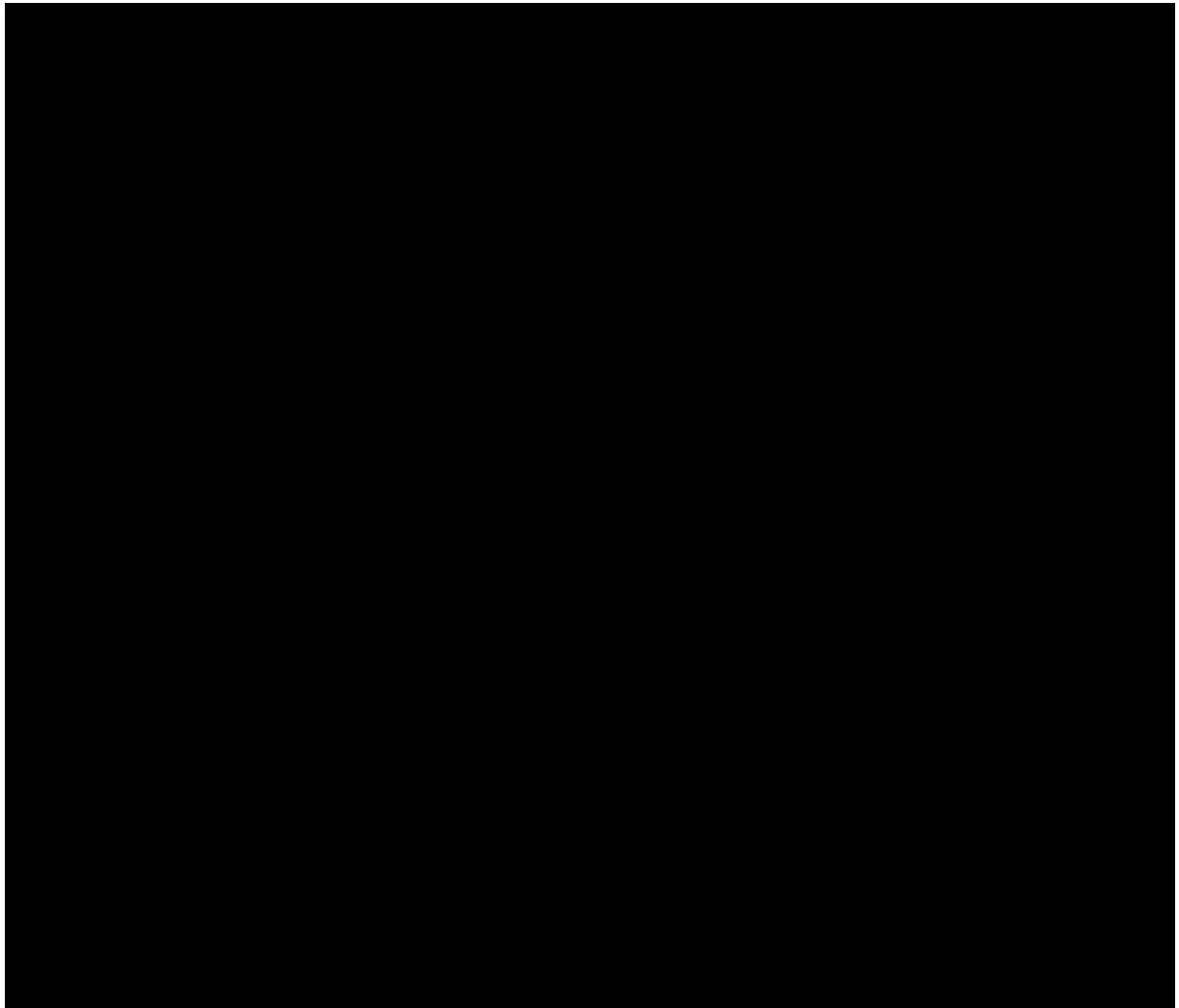
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Civil Site Design
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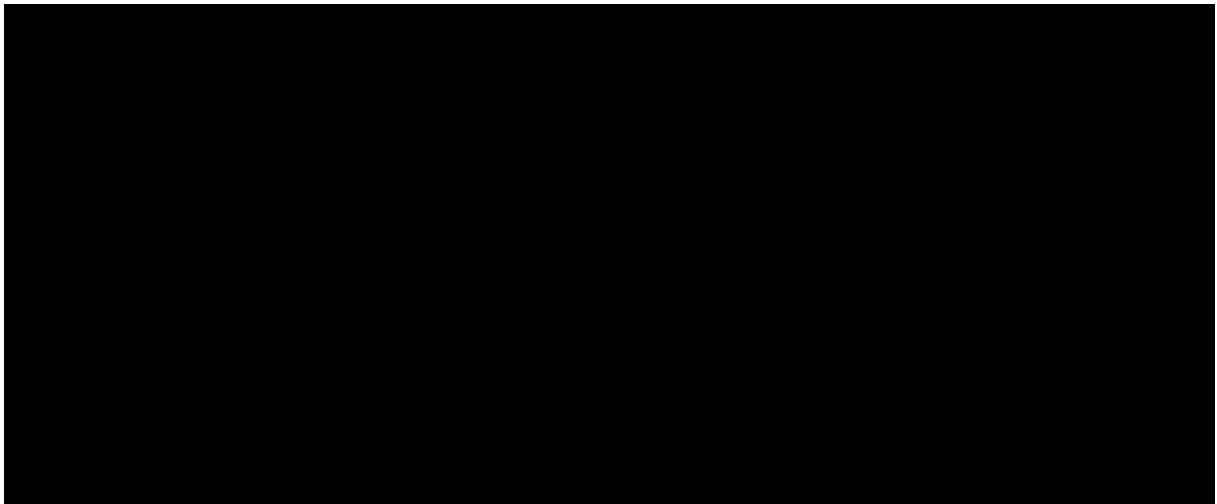
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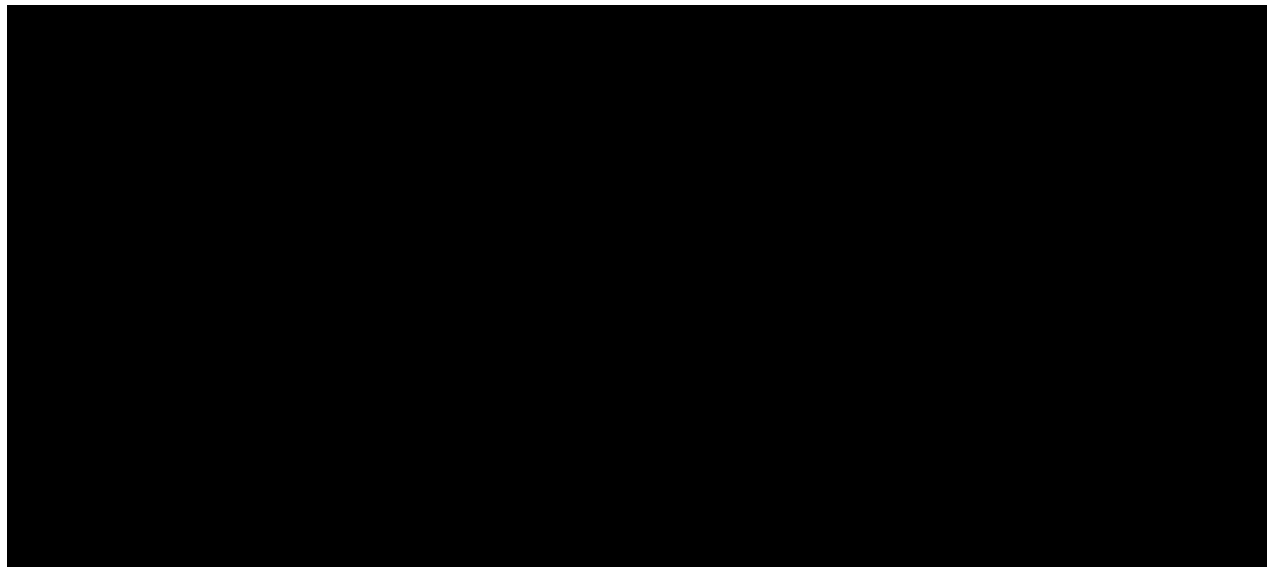
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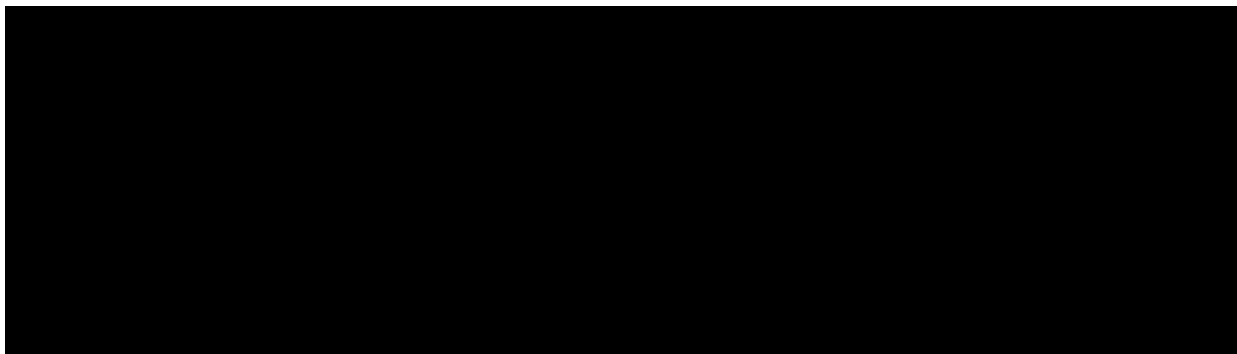
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Wastewater Collection System Understanding



Wastewater Collection System Recommended Improvements

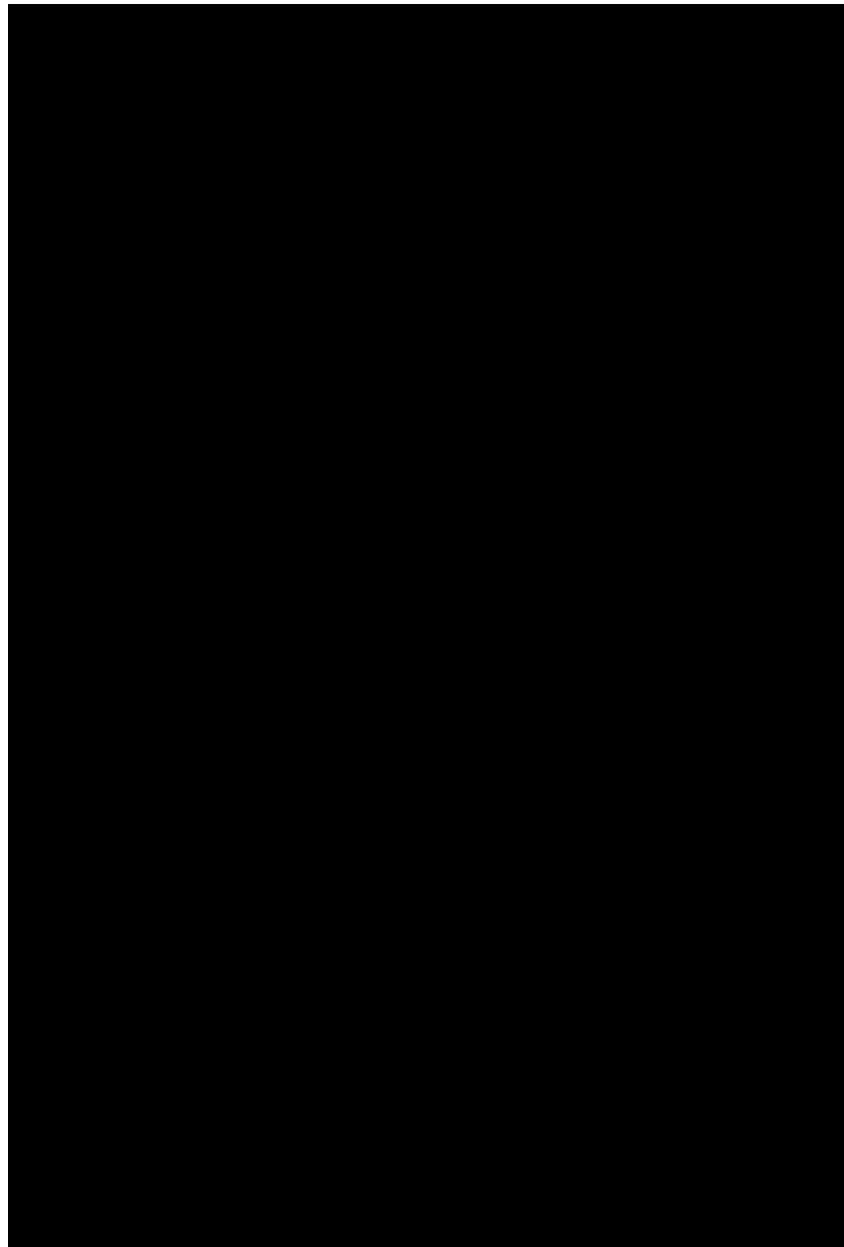


Civil Engineering
Surveying & Mapping
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Civil Site Design
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Total Project Cost Estimate

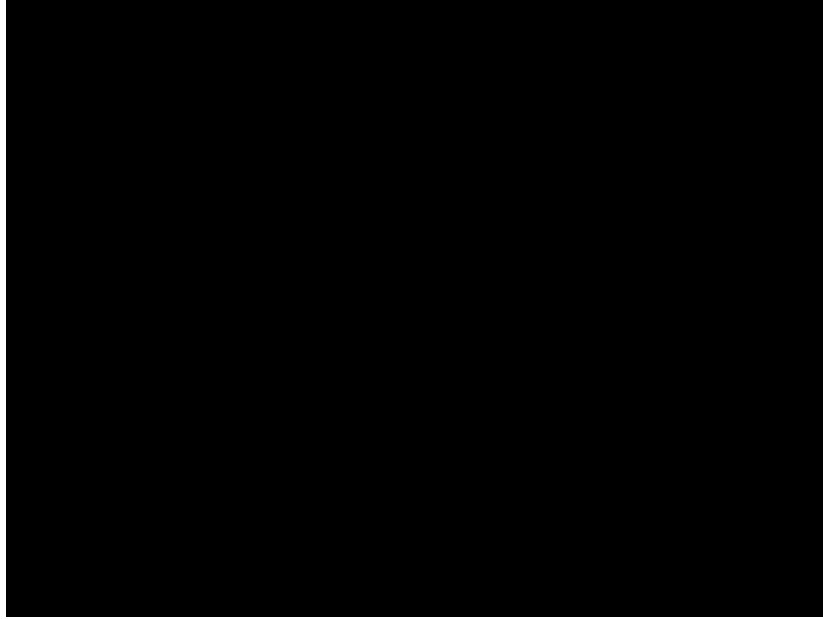


Civil Engineering
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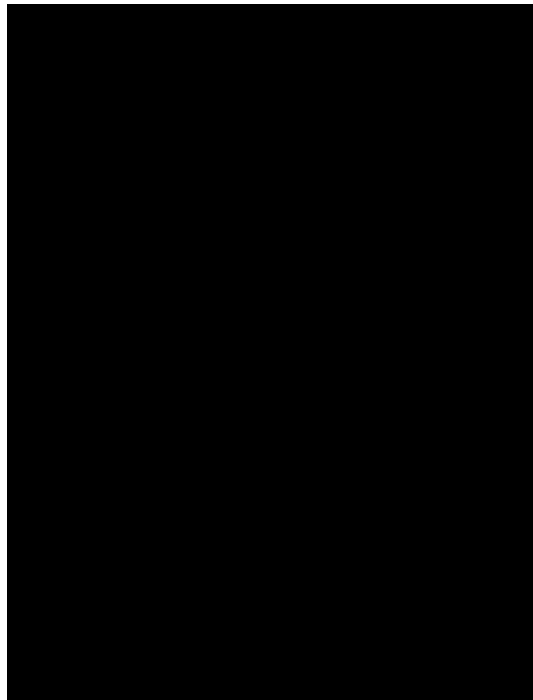


Civil Site Design
Construction Support
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APPENDIX



Aeration Tank

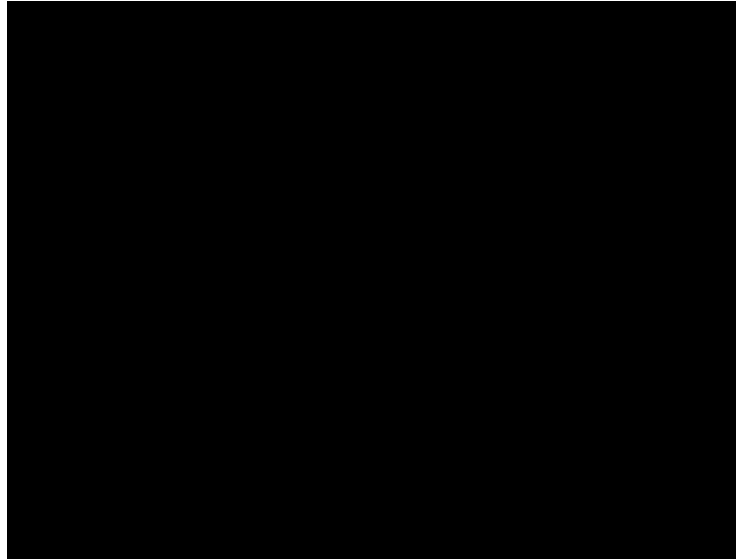


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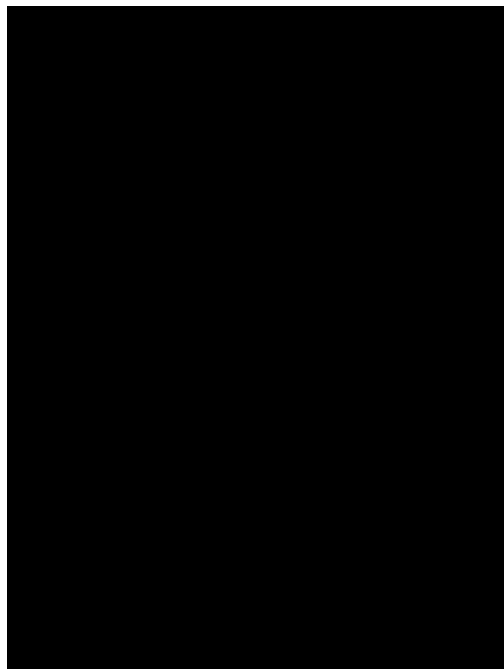
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Civil Site Design
Construction Support
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Bar Screen

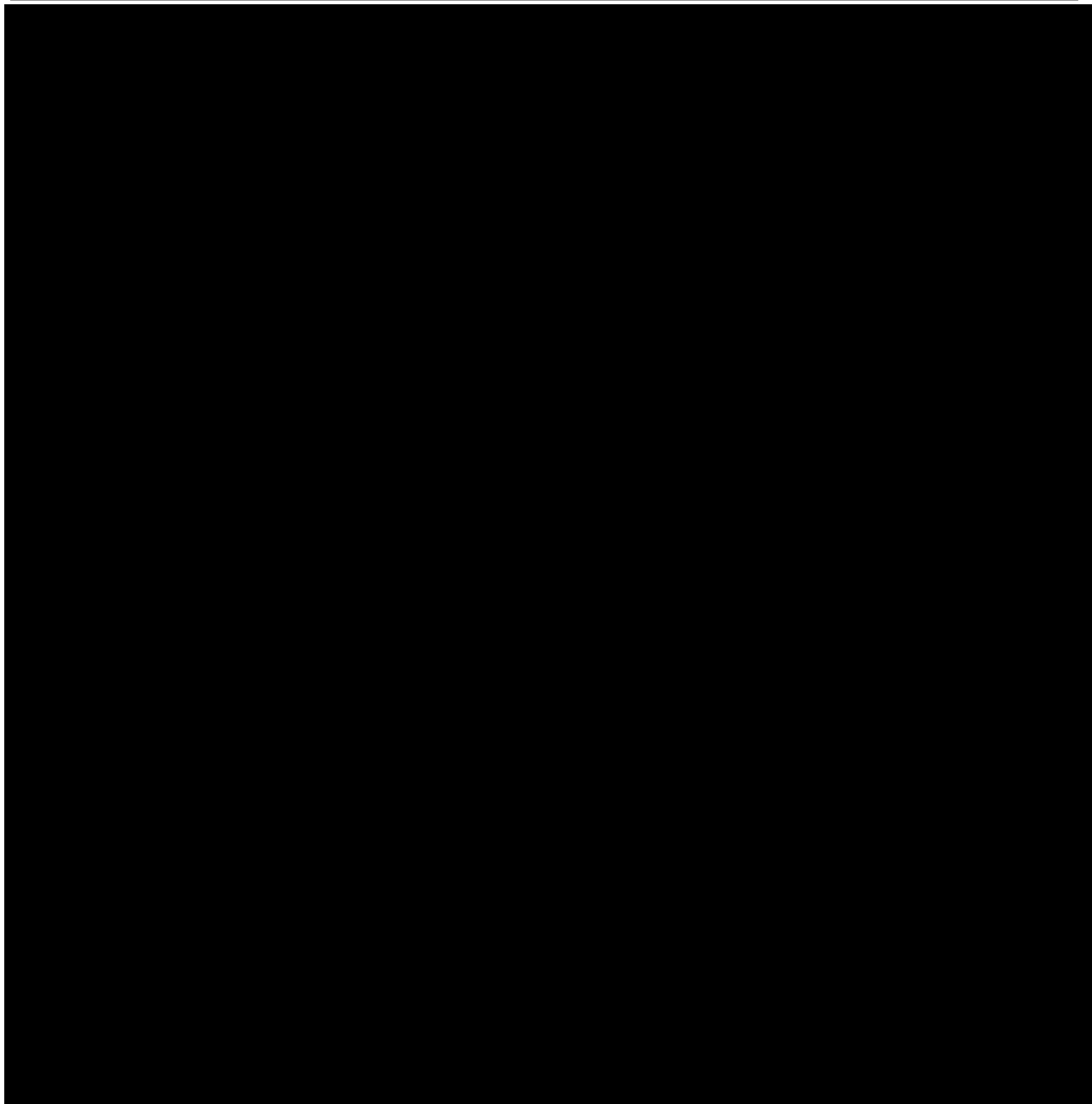


Gaseous Chlorine Storage

Civil Engineering
Surveying & Mapping
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Civil Site Design
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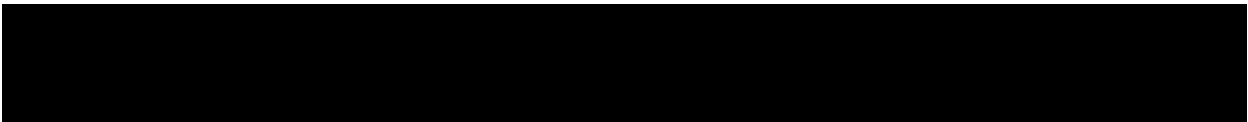
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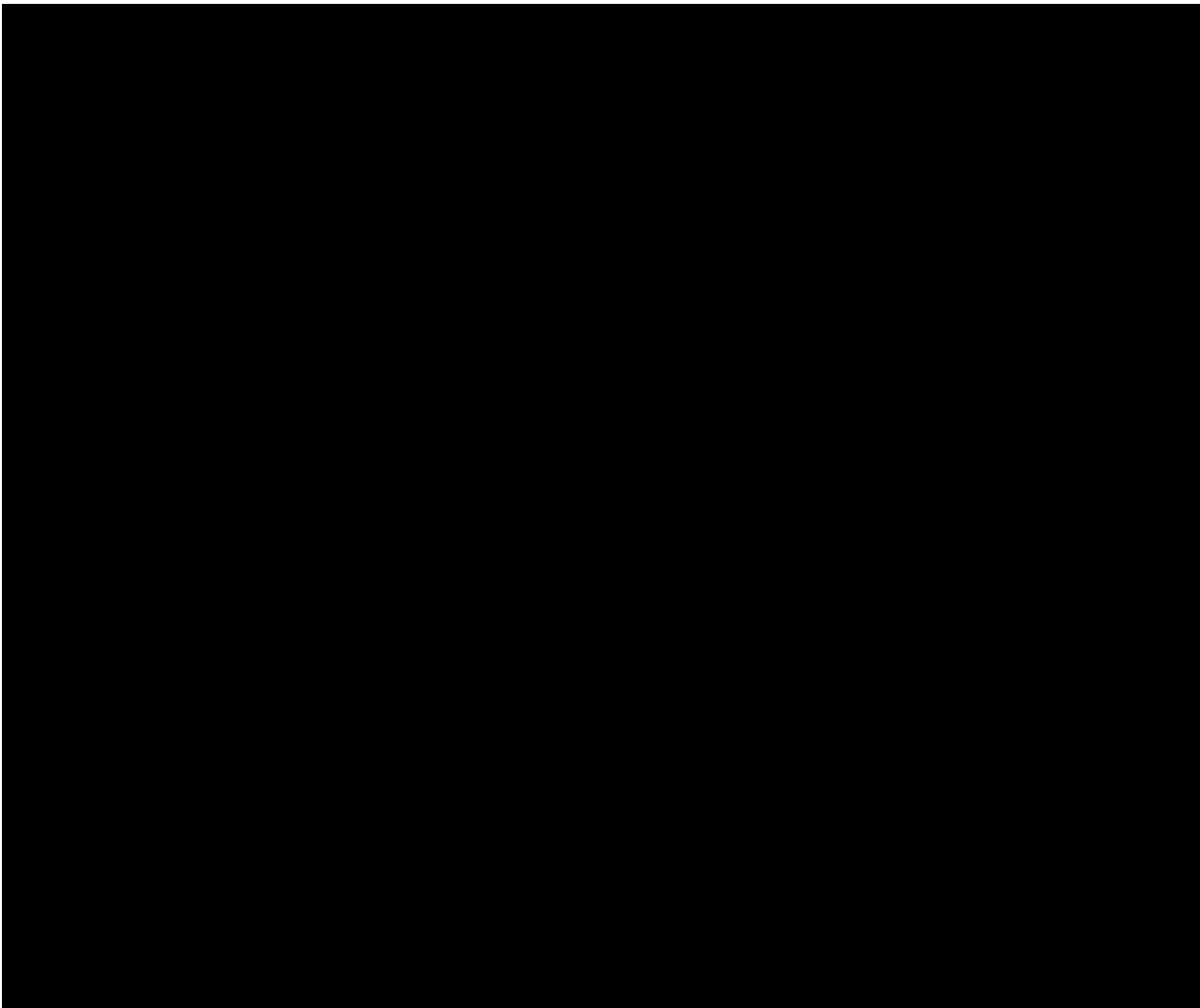
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Herrington Haven Subdivision – Herrington Haven WWTP KY0053431
Kentucky
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Introduction



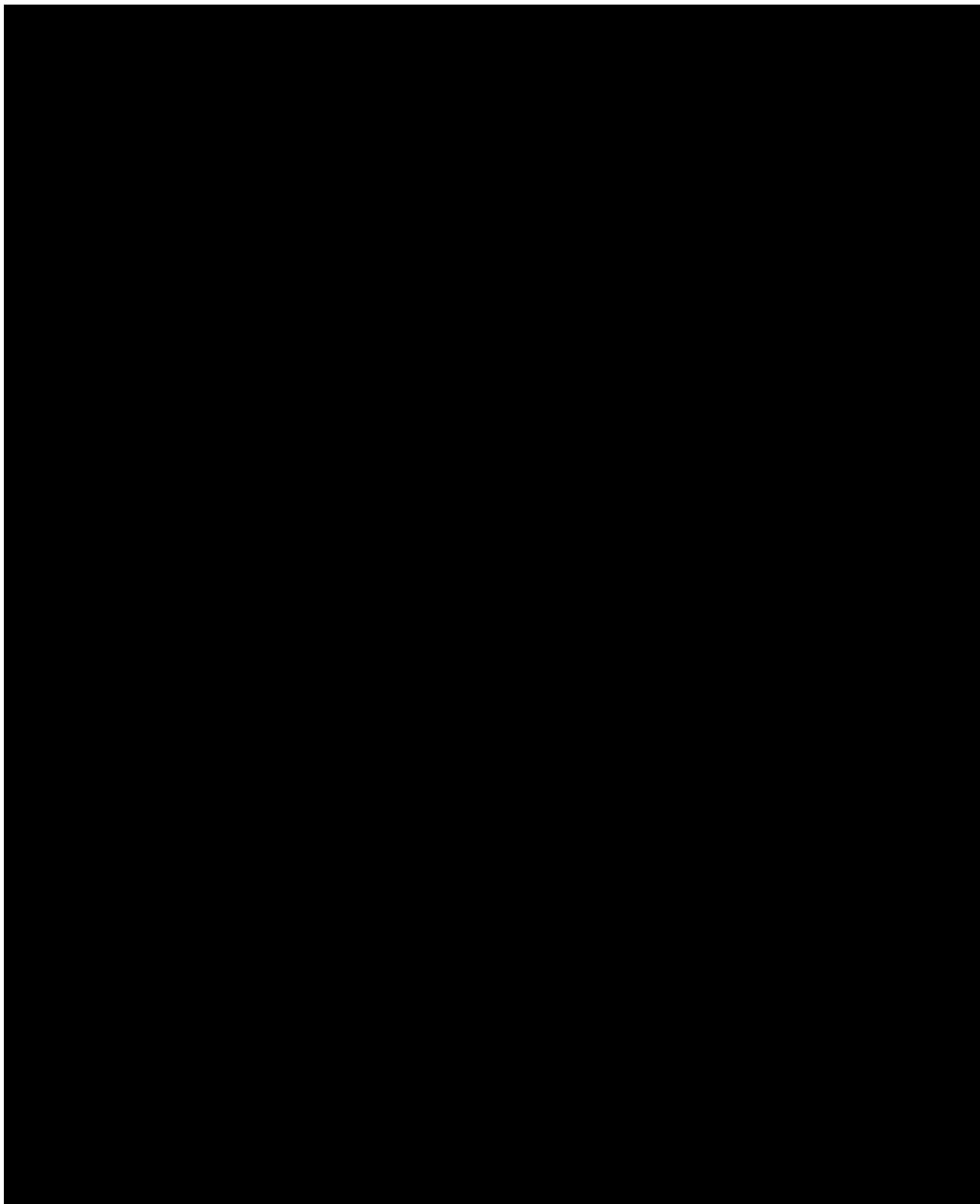
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Civil Engineering
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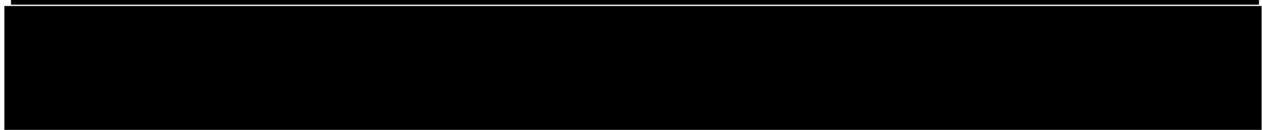
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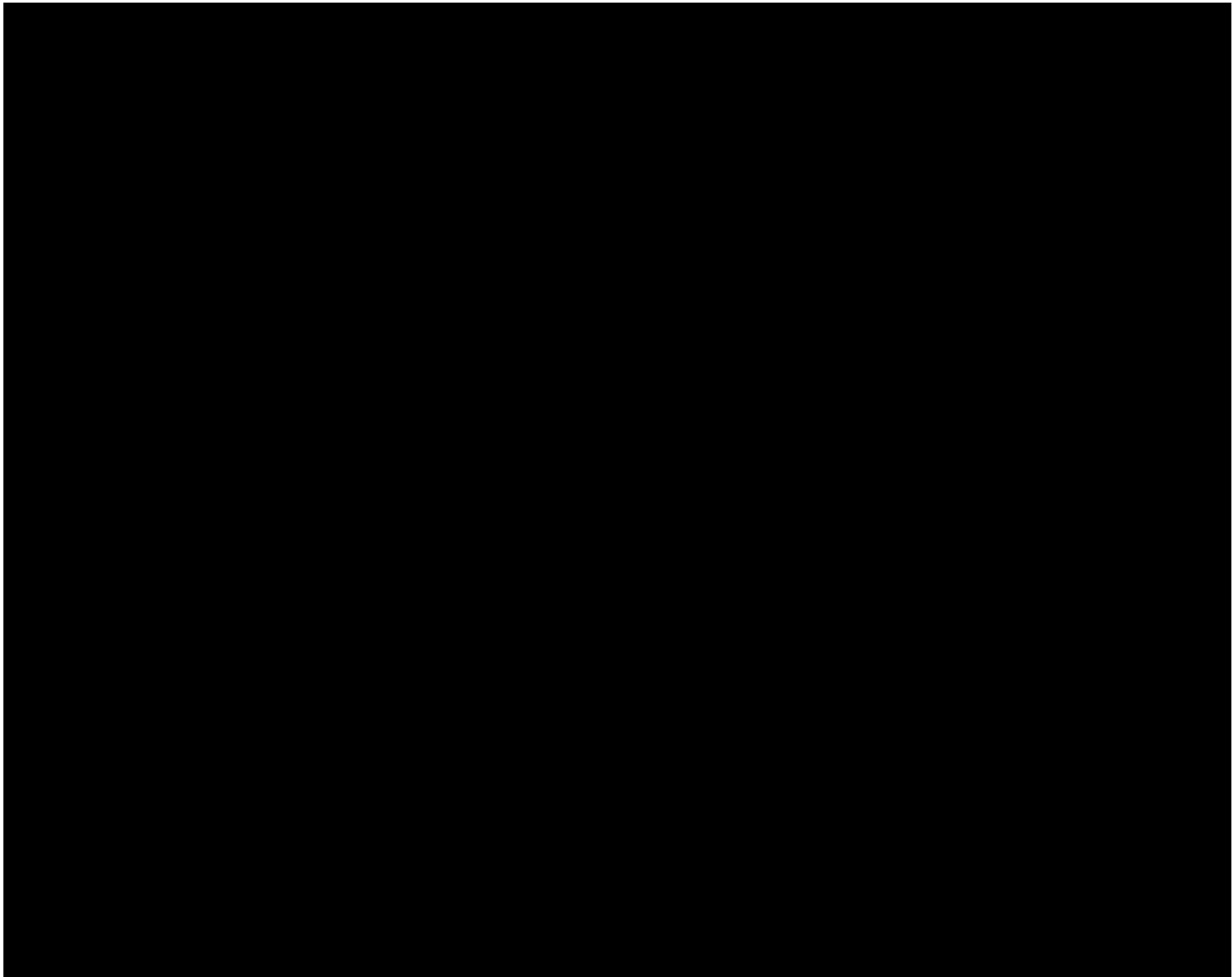
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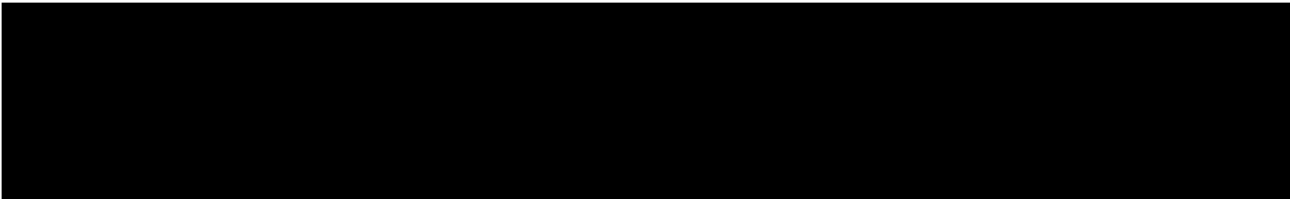
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Wastewater Treatment Facility Recommended Improvements



Wastewater Collection System Understanding

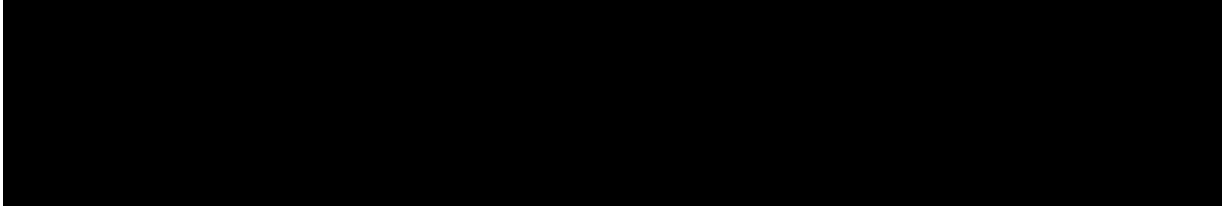


Civil Engineering
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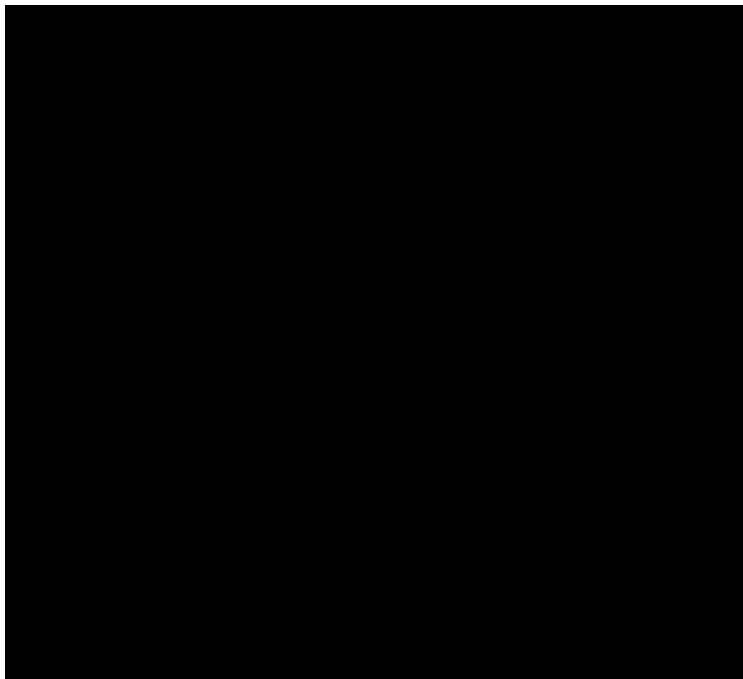


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Wastewater Collection System Recommended Improvements



Total Project Cost Estimate

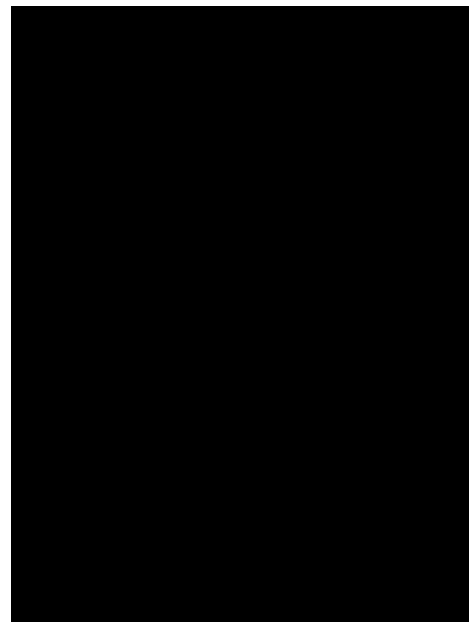
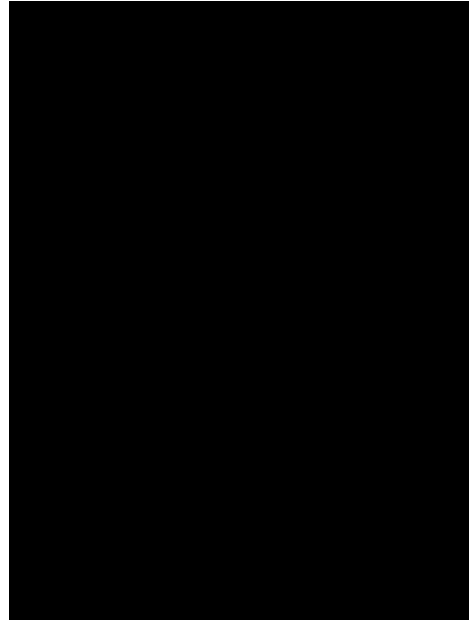


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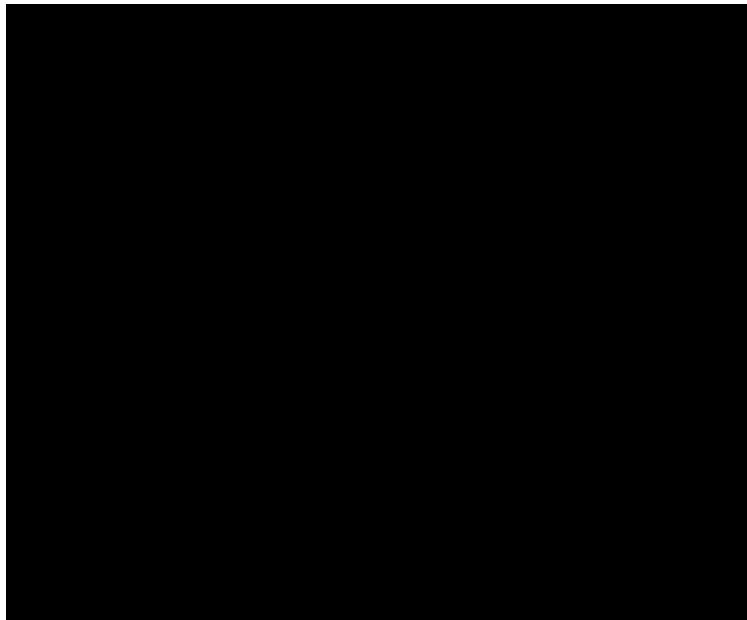
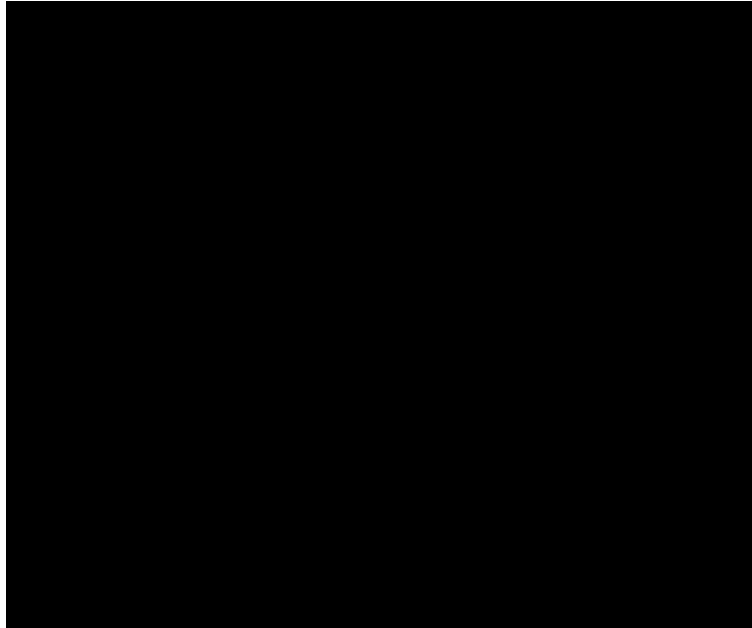
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Civil Site Design
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Civil Engineering
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Civil Site Design
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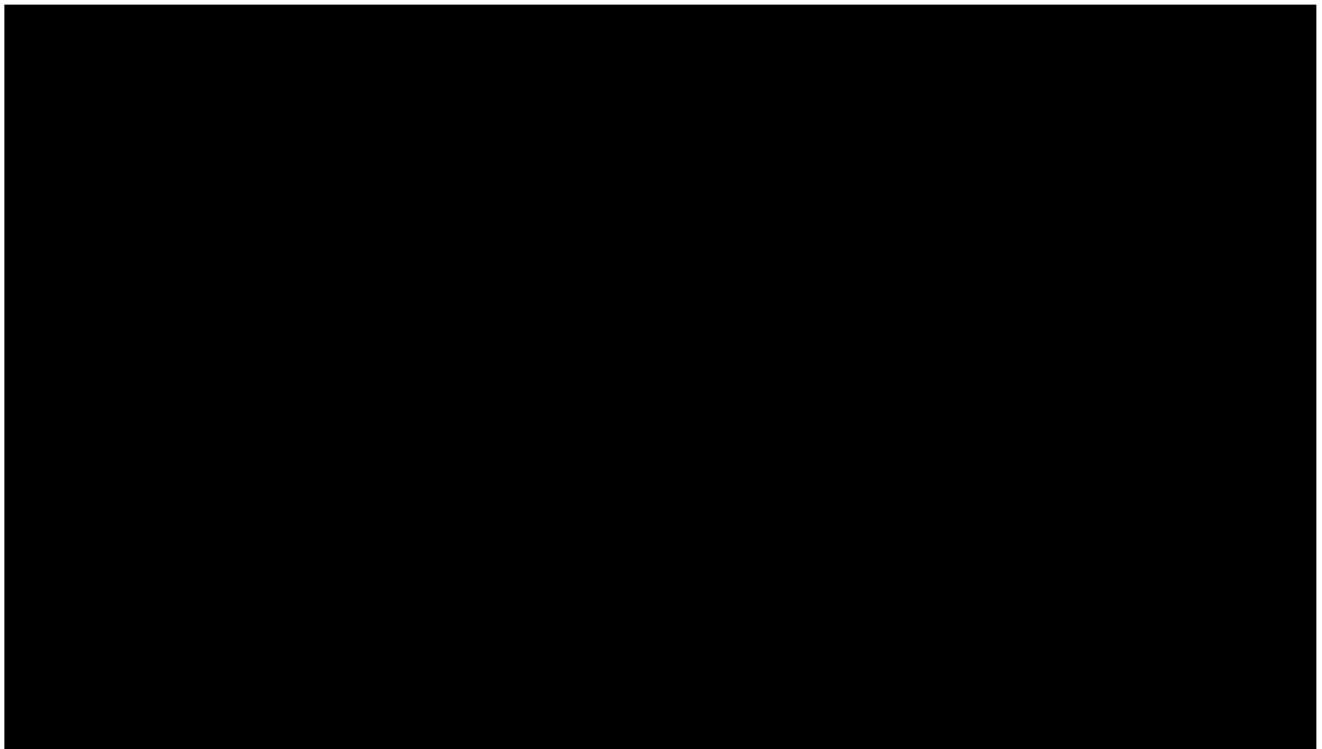
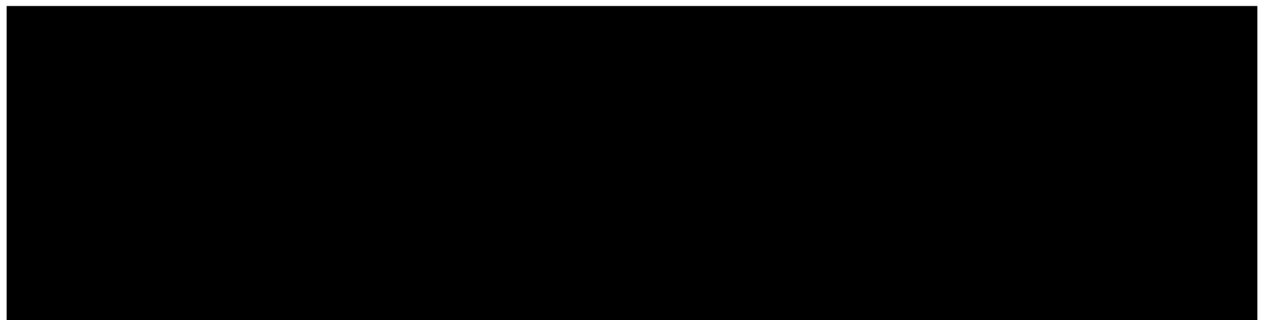
Springcrest Sewer – Springcrest Wastewater Disposal System

Kentucky

Engineering Memorandum

Date: September 11, 2020

Introduction

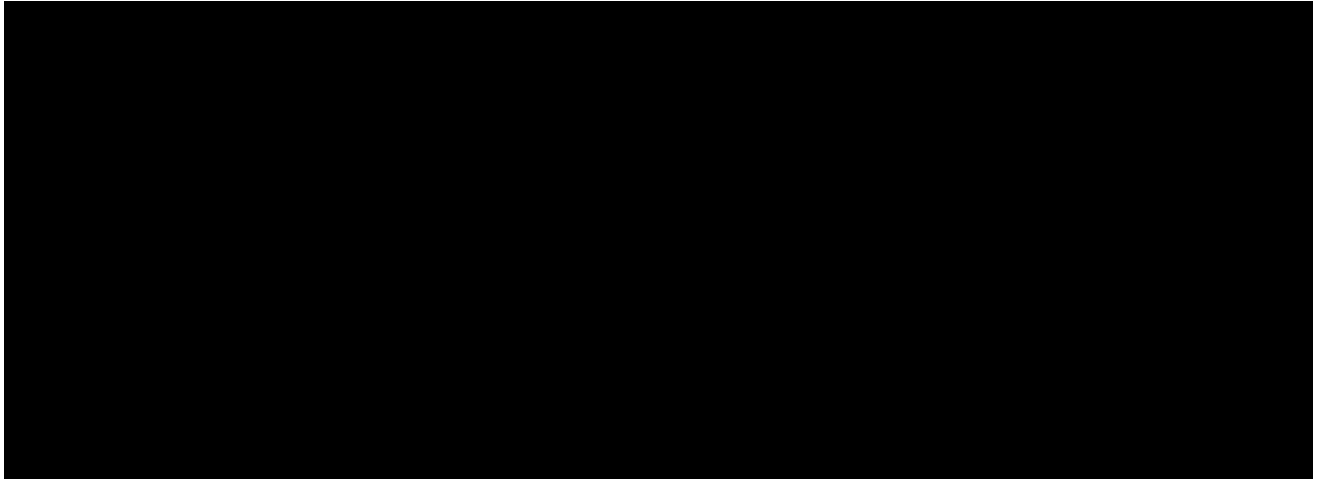


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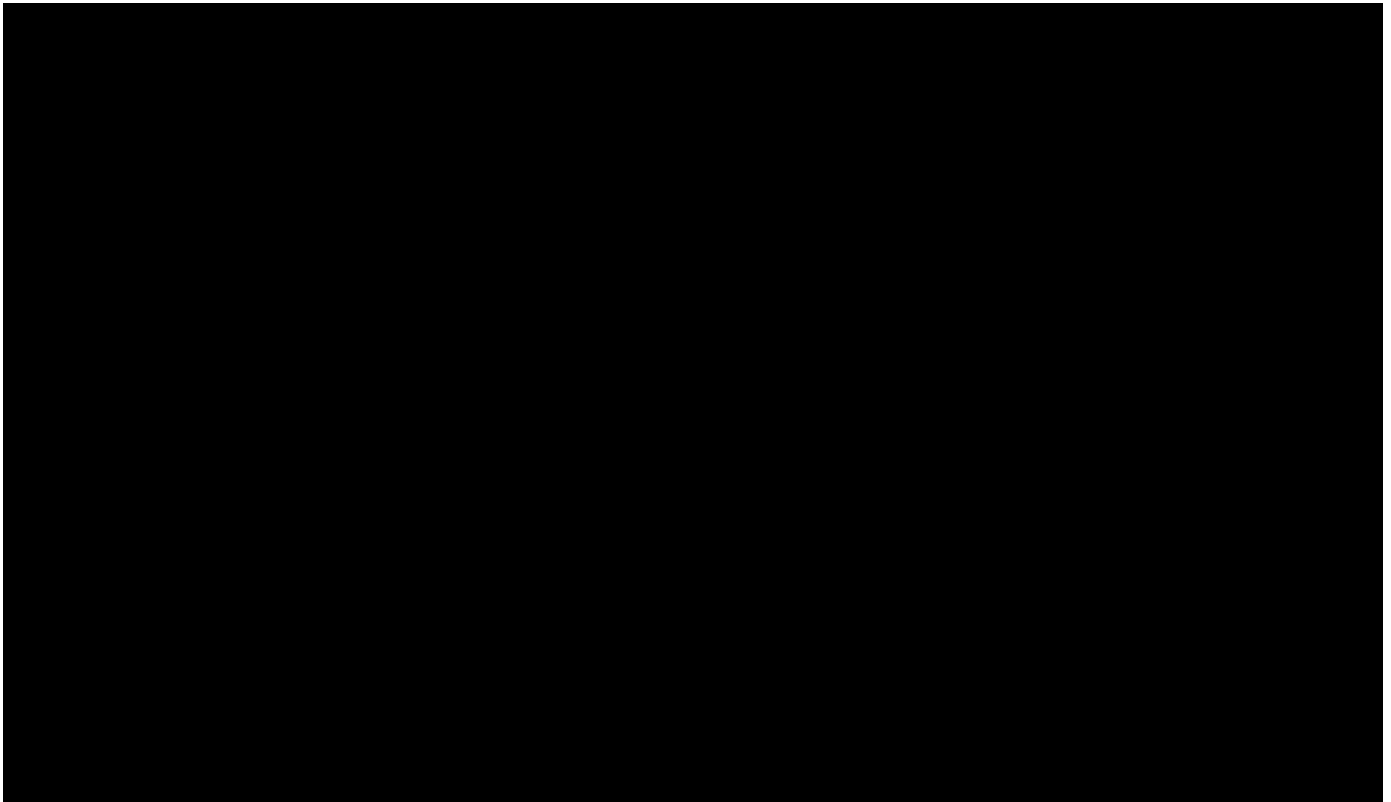


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Wastewater Treatment



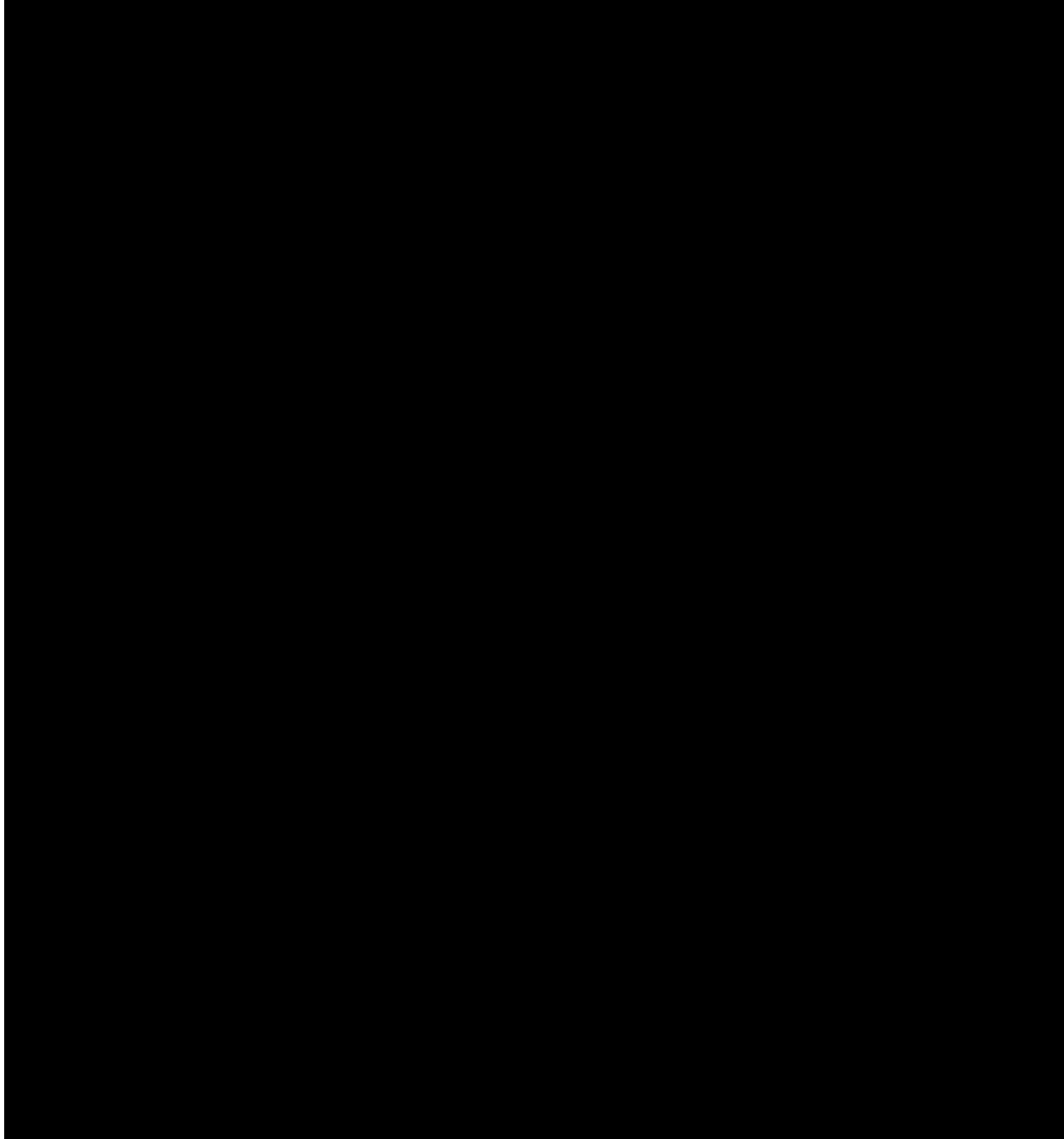
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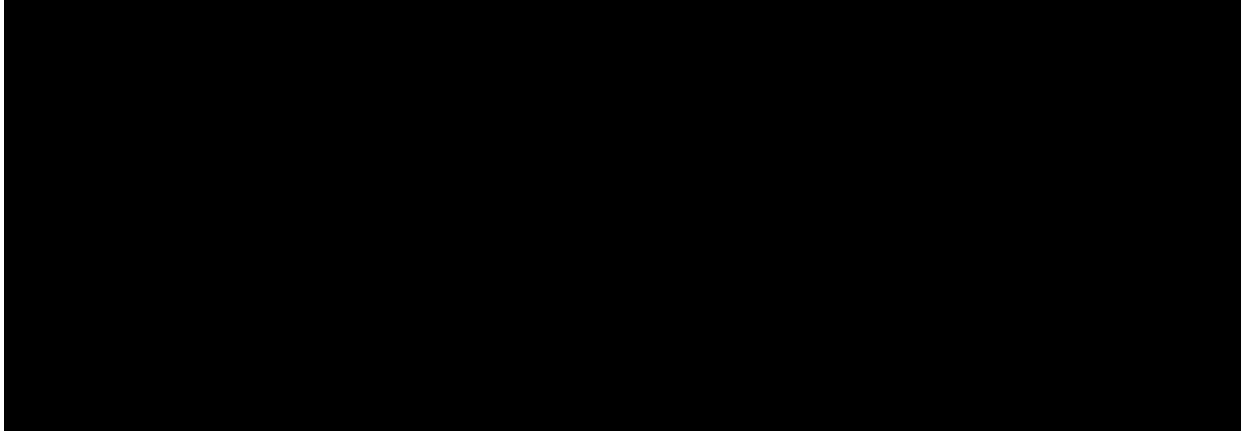


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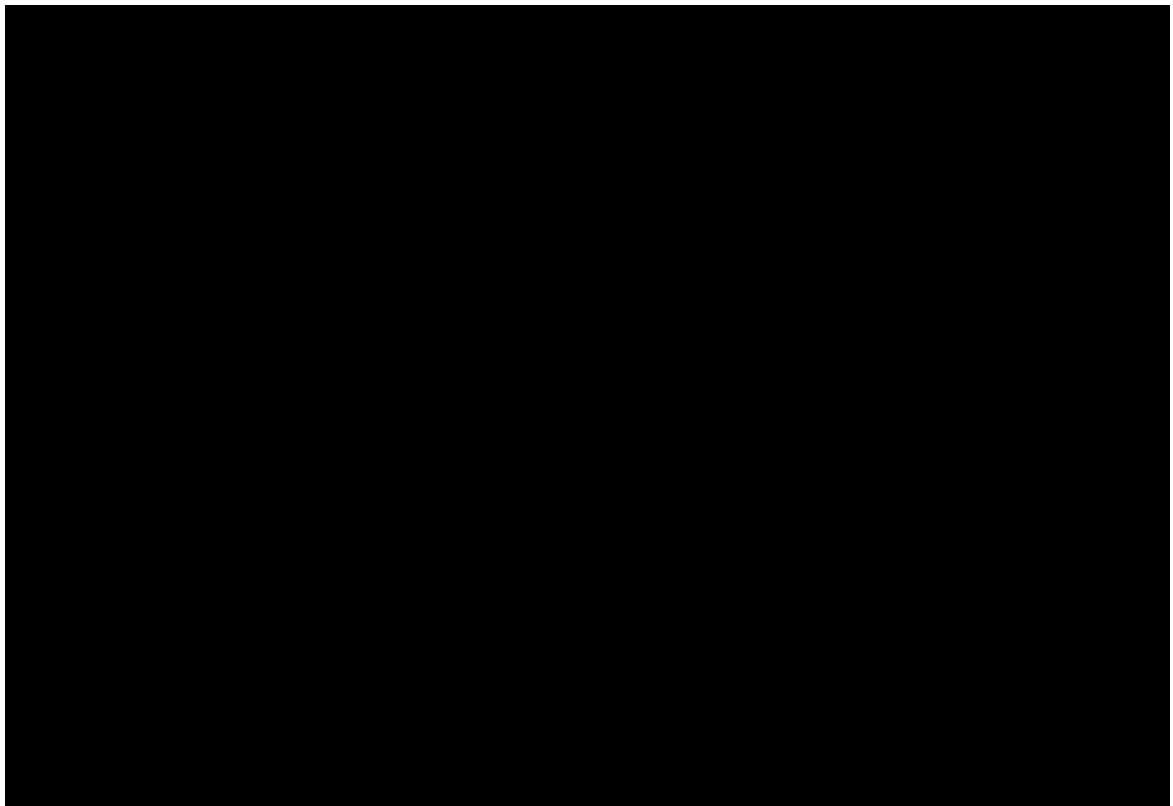


Civil Site Design
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Wastewater Collection System Recommended Improvements



Total Project Cost Estimate

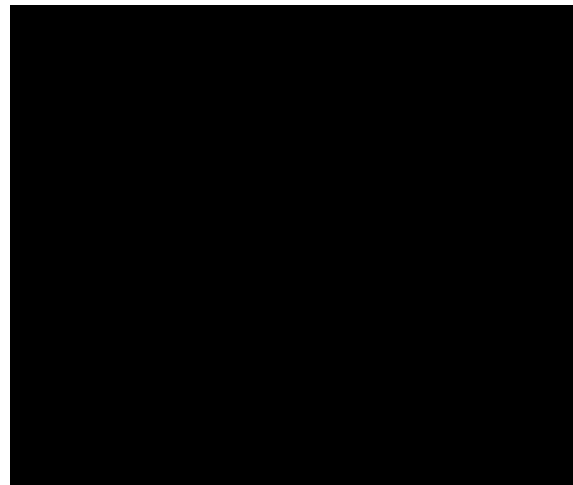


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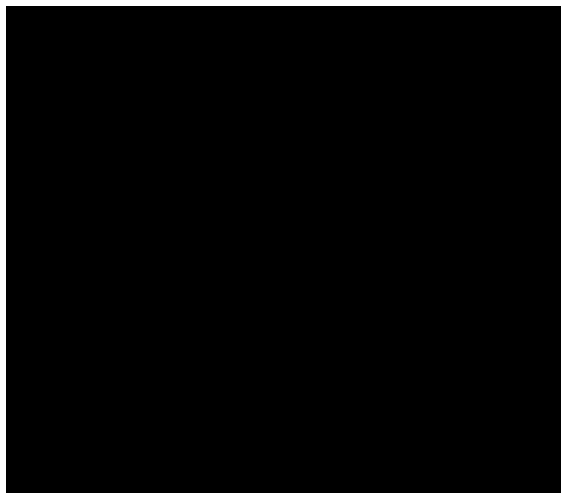
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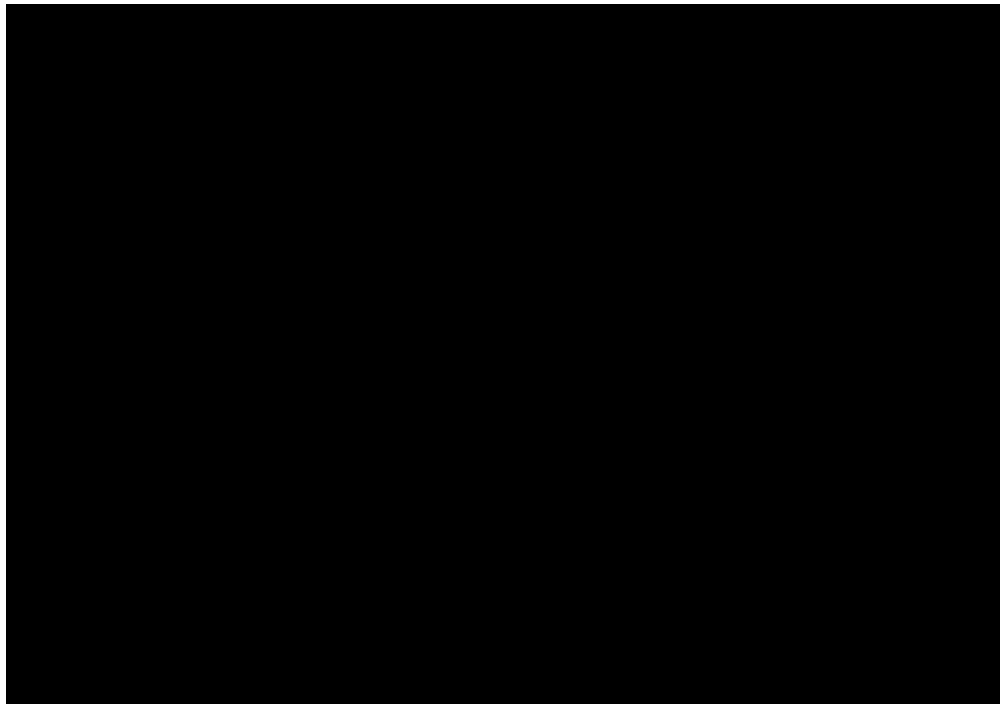
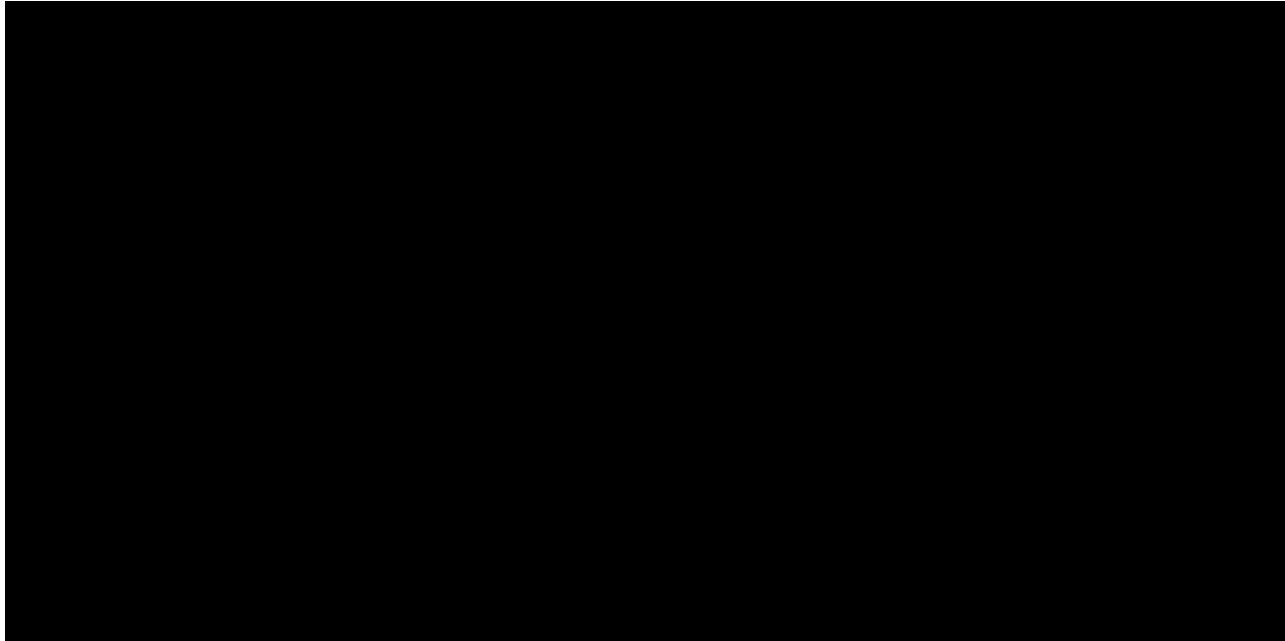
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Civil Site Design
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Civil Engineering
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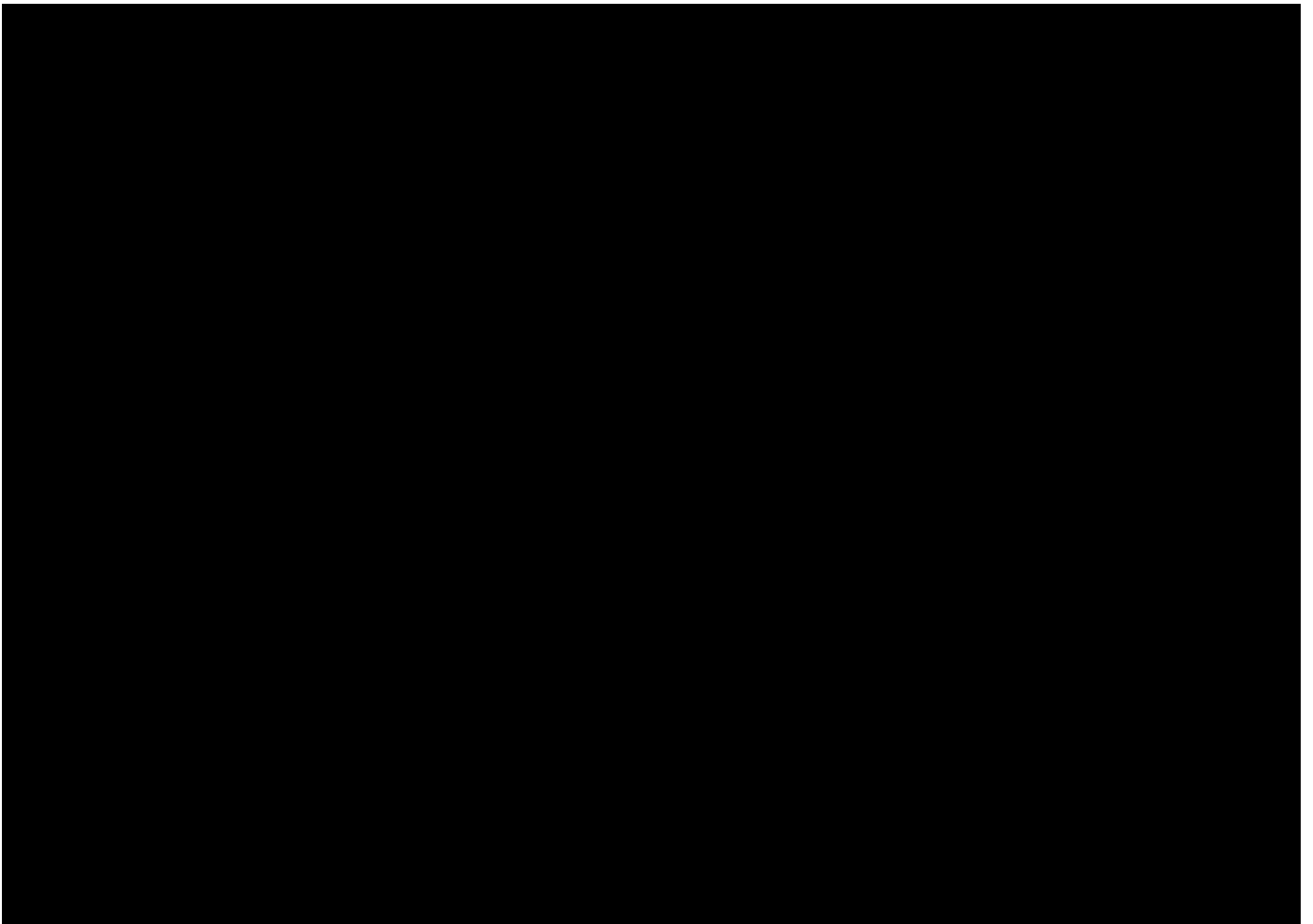
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Woodland Acres – Woodland Acres WWTP KY0096100
Kentucky
Engineering Memorandum
Date: September 11, 2020

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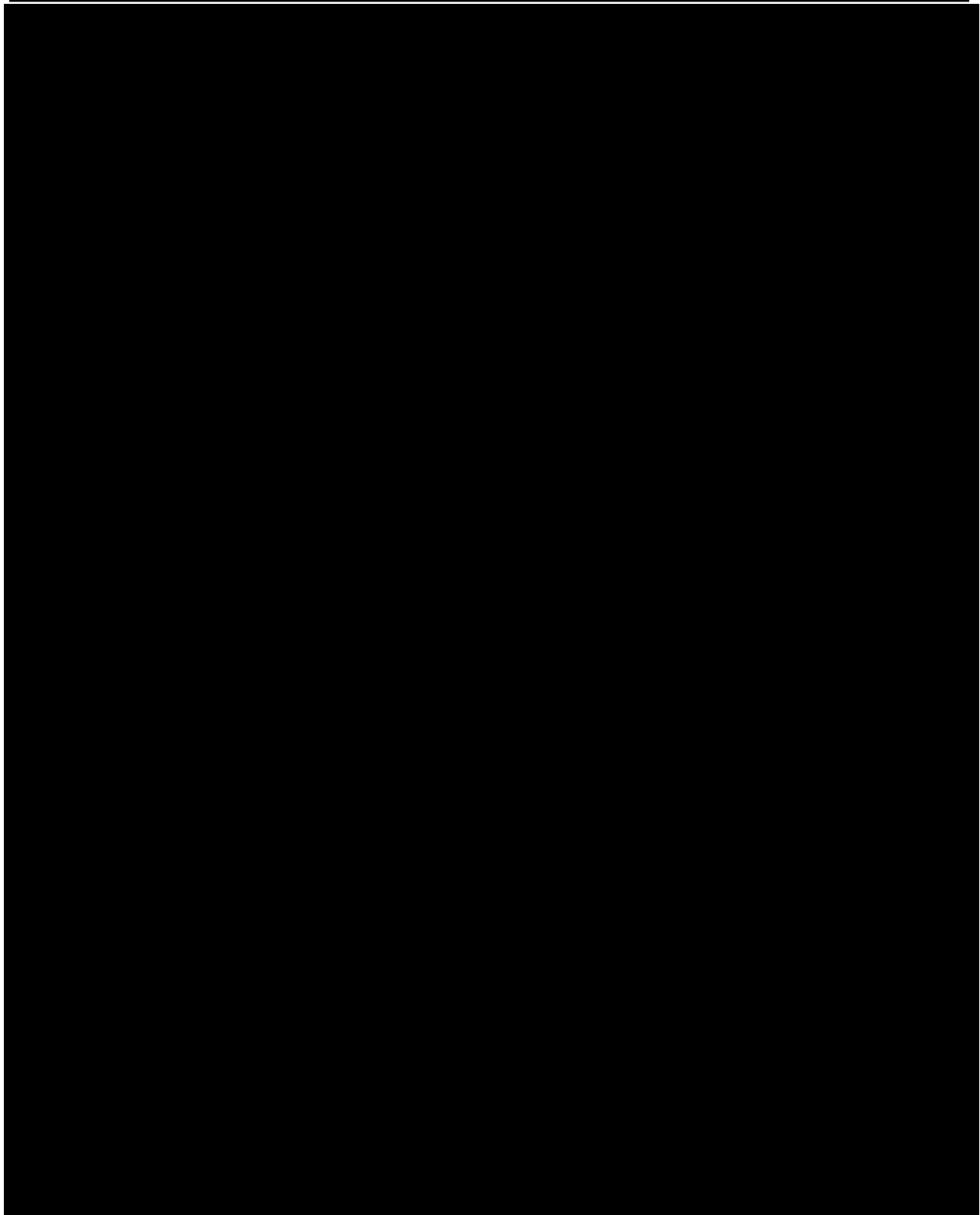
Wastewater Treatment Facility Existing Conditions



Civil Engineering
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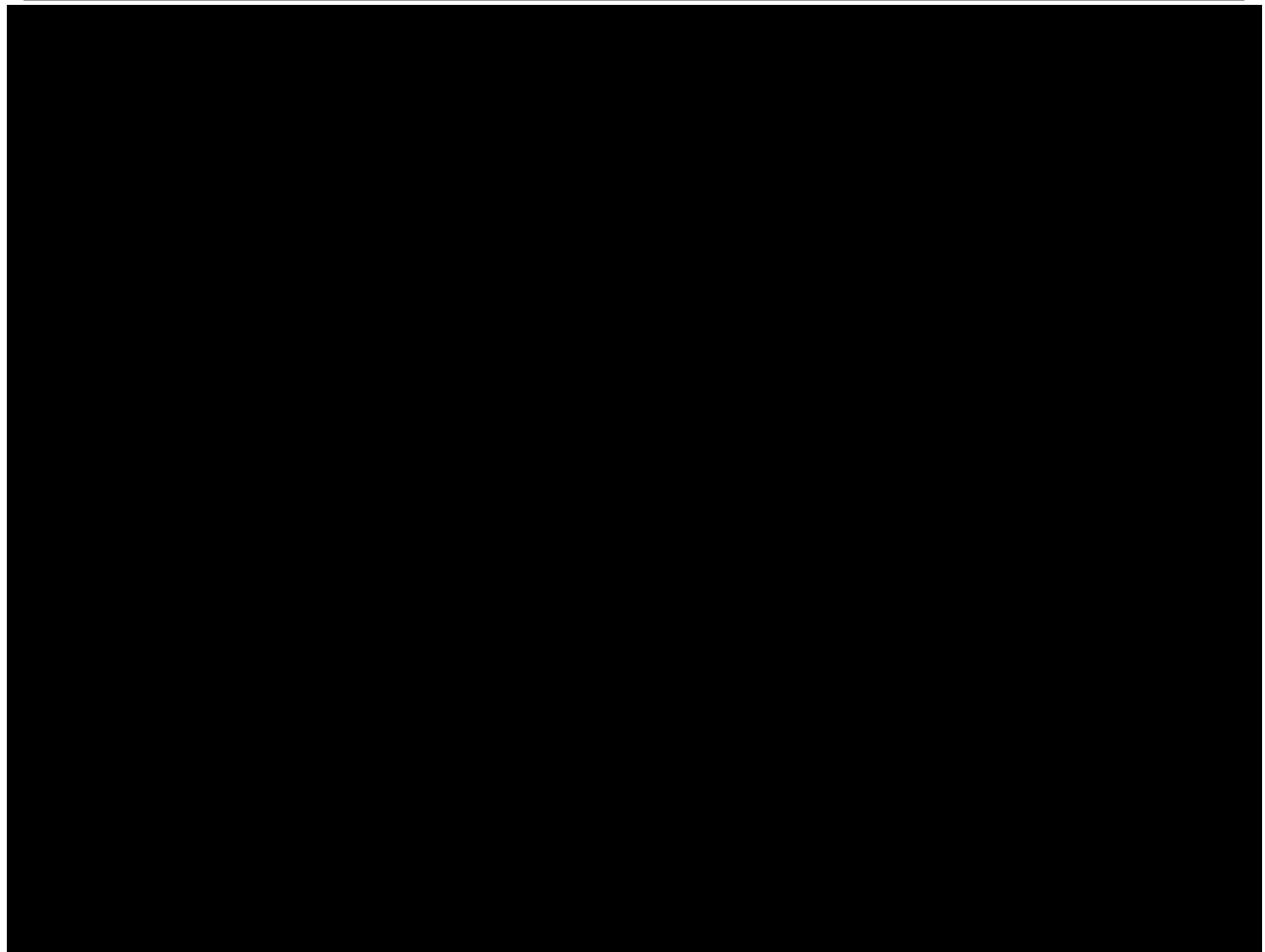
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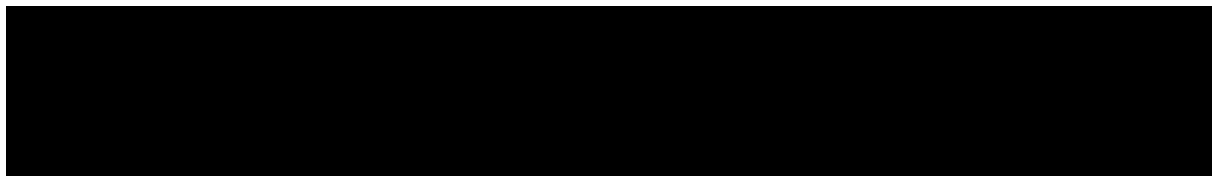
Civil Engineering
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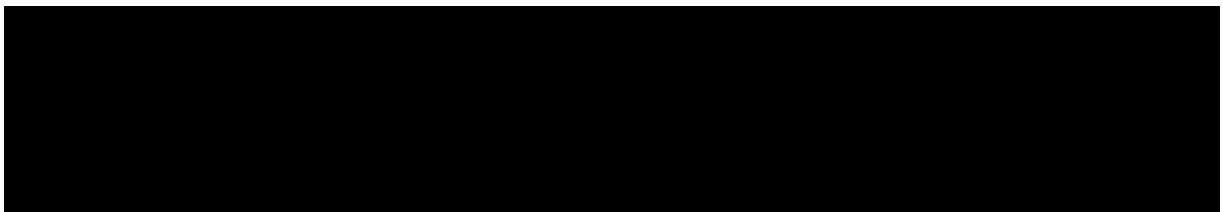
Civil Site Design
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Wastewater Collection System Understanding



Wastewater Collection System Recommended Improvements



Civil Engineering
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Civil Site Design
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Total Project Cost Estimate

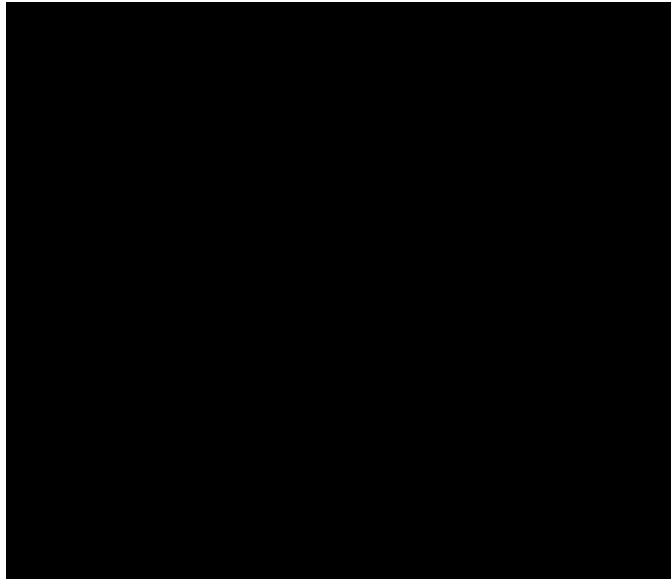


Civil Engineering
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Civil Site Design
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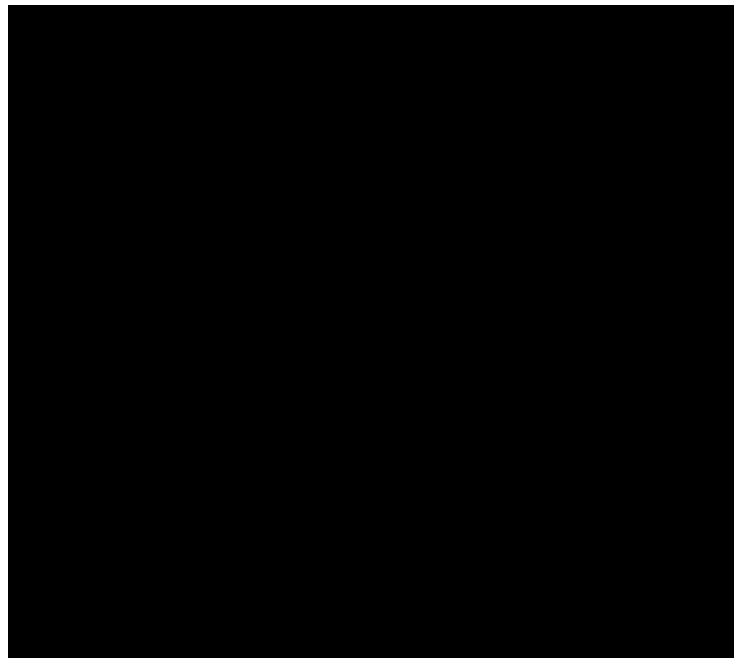
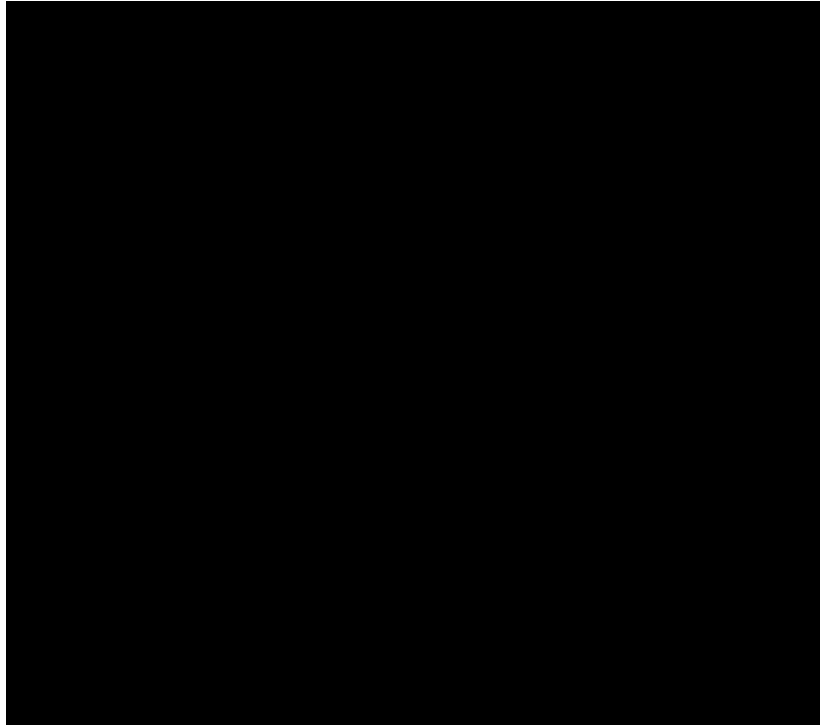
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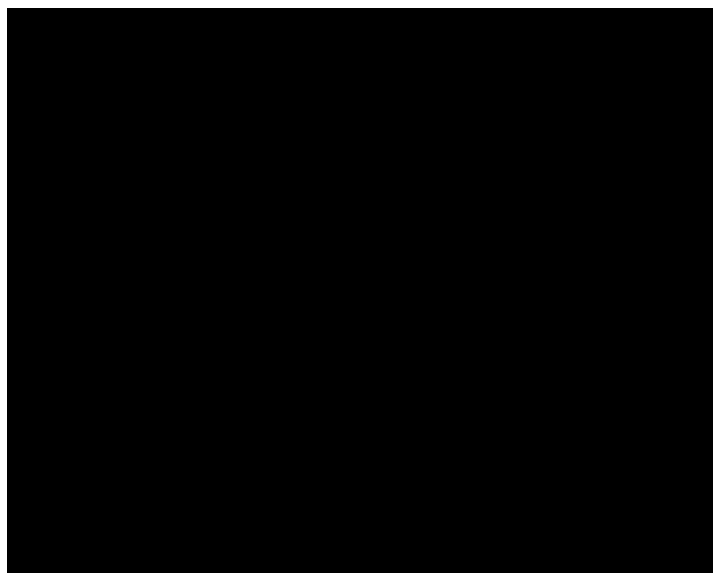
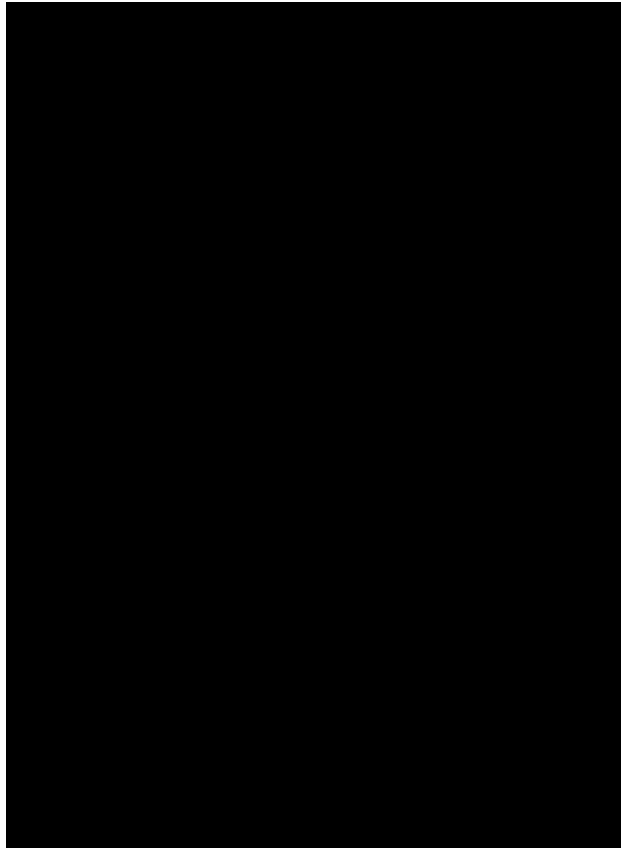
Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made as of the 23rd day of August, 2019 by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its assigns ("Buyer"), and DELAPLAIN DISPOSAL COMPANY, a Kentucky corporation qualified and registered to transact business in the Commonwealth of Kentucky ("Seller").

ARTICLE I
ACQUISITION OF THE PROPERTY

Section 1.01 The Property. Subject to the terms and provisions of this Agreement, Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, all of the following described property (the "Property"):

(a) All immovable property, including all right, title and interest therein, described in EXHIBIT A attached hereto, including but not limited to any mineral and other subsurface rights, together with all buildings and improvements located thereon, and all appurtenant rights relating thereto, including, but not limited to, warranties and guaranties, access easements and other easements and rights relating thereto, access to utilities, rights of way and similar rights located on or within or relating to any of the foregoing (collectively, the "Immovable Property");

(b) All movable property and intangible property used in connection with the ownership and/or operation of the Immovable Property, including, but not limited to, all such property described in EXHIBIT B attached hereto and made a part hereof (collectively, the "Movable Property");

(c) All of Seller's right, title, and interest in and to the area that the System (as defined below) services (the "Service Area"), as determined by Buyer and set forth in EXHIBIT C to be attached hereto prior to the conclusion of the Feasibility Period (as hereinafter defined), including but not limited to, all real property interests such as easements, rights of way, permits and leases related to the System, and including any and all sewer facilities, equipment, lines, plants, pipes, manholes, meters, lift or pump stations and appurtenances; and

(d) All property or rights of whatever nature and kind that Seller owns which in any way is used or is useful in the operation of a sewer utility system located in Scott County, Kentucky (the "System").

Section 1.02 Purchase Price.

(a) The purchase price (the "Purchase Price") for the Property shall be [REDACTED]. The reasonable allocation of the Purchase Price between the categories in Sections 1.01(a) and 1.01(b) of the Property shall be set forth in EXHIBIT D prior to the Closing.

(b) The Purchase Price less any Earnest Money shall be payable in cash at Closing by wired funds and shall be paid by Buyer to Seller (to the account notified by Seller to Buyer prior to the Closing Date) on the Closing Date as defined in Section 4.01.

Section 1.03 Earnest Money. Within fifteen (15) days after the Effective Date (as defined below), Buyer shall deposit with a title company of its choice (the "Title Company") the sum of [REDACTED] as the earnest money under this Agreement (the "Earnest Money"). The Earnest Money shall be returned to Buyer or paid to Seller in accordance with the terms and conditions of this Agreement.

ARTICLE II
SURVEY AND TITLE REVIEW

Section 2.01 Survey. Buyer shall have the right, for its own benefit, to procure one or more ALTA surveys of the Immovable Property, subject to Section 2.03 (the "Survey"). The Survey shall be current, staked, and shall be made on-the-ground and signed, sealed, and certified in favor of Buyer by a duly licensed surveyor selected or approved by Buyer and receipt of the Survey by Buyer prior to Closing, subject to Section 2.03, is a condition to Closing. The cost of the Survey shall be borne by the Buyer.

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 29 day of December, 2019, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and HERRINGTON HAVEN WASTEWATER COMPANY, INC. ("Seller"), collectively ("Parties").

WITNESSETH:

WHEREAS, Seller has developed and operates as a regulated sewer corporation sewer facilities, in the area more particularly described and depicted in the documents attached hereto as *Exhibit "A"*, situated in Garrard County, Kentucky (hereinafter the "System"); and

WHEREAS, Buyer is a corporation, organized and existing under the constitution and the laws of the State of Missouri, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller is a corporation, organized and existing under the constitution and the laws of the Commonwealth of Kentucky, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all the assets, property and real estate connected with the System including, but not limited to, all associated improvements for the conveyance of sewer to each of the customers connected to the service area (defined further below as "Assets"); and

WHEREAS, the parties have reached an understanding with respect to the sale by Seller and the purchase by Buyer of all of the Assets (as hereinafter defined) of the System.

NOW, THEREFORE, it is mutually agreed that:

1. **SALE OF ASSETS.**

For and in consideration of the receipt of the Purchase Price, as set forth below, and the covenants and promises hereinafter set forth, Seller agrees that on the date of the Closing (as hereinafter defined), Seller shall sell, transfer, assign and deliver to Buyer, or Buyer's designated affiliate, all of Seller's then existing assets pertaining to the provision of sewer service in the System located in Garrard County, in the Commonwealth of Kentucky, and related properties, including, without limitation, the following:

A. The land, improvements thereon, easements, rights of way, permits and leases related to the System area depicted in *Exhibit "A"* and/or generally described in *Exhibit*

and defined in the American Land Title Association (“ALTA”) title examination standards (“Title Standards”). After delivery of said title insurance commitment and Buyer’s completion of the examination and/or review of the commitment and other relevant title information, Buyer shall notify Seller, in writing, of any objections thereto (the Parties agreeing that any objection falling within the said Title Standards shall not constitute a valid objection so long as Seller furnishes affidavits or other papers as described in such standards in order for the title company to delete the same). If there shall be no such notice of objection, then any exceptions in such Commitment or deficiencies in the title to the property noted on such Commitment shall be deemed waived and delivery of a deed in compliance with the terms of the Commitment shall be deemed compliance with the terms of this Agreement. If notice of any objections to defects in the title, as defined above, shall be delivered to Seller, then Seller shall have five (5) business days to correct the title and the Closing shall be postponed until such time, if necessary. If Seller elects not to, or cannot, correct such defects, then Buyer, at Buyer’s option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void.

3. **REGULATORY APPROVAL.**

Buyer and Seller shall act diligently and cooperate with each other to obtain any regulatory approvals required from the Kentucky Public Service Commission (“PSC”), Kentucky Pollutant Discharge Elimination System (“KPDES”), or any other regulatory agency in the State of Kentucky, as determined by Buyer in its sole discretion, and to obtain transfer of Seller’s permits, if any.

4. **PURCHASE PRICE.** Buyer agrees to pay to Seller at the Closing [REDACTED] [REDACTED] for purchase of the Assets (“Purchase Price”).

5. **CLOSING.**

The Closing of the sale shall take place at a mutually agreeable location no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller’s Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer’s sole discretion, or at such other time as the parties hereto may mutually agree (the “Closing”). At the Closing, Seller shall have delivered to Buyer such deeds, bills of sale, endorsements, assignments and other sufficient instruments of transfer and conveyance as shall be effective to vest in Buyer such title to the Assets to be sold as provided in this Agreement and as set forth in Section 6.D, and Buyer will deliver to

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 10th day of JANUARY, 2010, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and SPRINGCREST SEWER COMPANY ("Seller"), collectively ("Parties").

WITNESSETH:

WHEREAS, Seller has developed and operates as a regulated sewer corporation sewer facilities, in the area more particularly described and depicted in the documents attached hereto as *Exhibit "A"*, situated in Jessamine County, Kentucky (hereinafter the "System"); and

WHEREAS, Buyer is a corporation, organized and existing under the constitution and the laws of the State of Missouri, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller is a corporation, organized and existing under the constitution and the laws of the Commonwealth of Kentucky, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all the assets, property and real estate connected with the System including, but not limited to, all associated improvements for the conveyance of sewer to each of the customers connected to the service area (defined further below as "Assets"); and

WHEREAS, the parties have reached an understanding with respect to the sale by Seller and the purchase by Buyer of all of the Assets (as hereinafter defined) of the System.

NOW, THEREFORE, it is mutually agreed that:

1. **SALE OF ASSETS.**

For and in consideration of the receipt of the Purchase Price, as set forth below, and the covenants and promises hereinafter set forth, Seller agrees that on the date of the Closing (as hereinafter defined), Seller shall sell, transfer, assign and deliver to Buyer, or Buyer's designated affiliate, all of Seller's then existing assets pertaining to the provision of sewer service in the System located in Jessamine County, in the Commonwealth of Kentucky, and related properties, including, without limitation, the following:

A. The land, improvements thereon, easements, rights of way, permits and leases related to the System area depicted in *Exhibit "A"* and/or generally described in *Exhibit*

and defined in the American Land Title Association (“ALTA”) title examination standards (“Title Standards”). After delivery of said title insurance commitment and Buyer’s completion of the examination and/or review of the commitment and other relevant title information, Buyer shall notify Seller, in writing, of any objections thereto (the Parties agreeing that any objection falling within the said Title Standards shall not constitute a valid objection so long as Seller furnishes affidavits or other papers as described in such standards in order for the title company to delete the same). If there shall be no such notice of objection, then any exceptions in such Commitment or deficiencies in the title to the property noted on such Commitment shall be deemed waived and delivery of a deed in compliance with the terms of the Commitment shall be deemed compliance with the terms of this Agreement. If notice of any objections to defects in the title, as defined above, shall be delivered to Seller, then Seller shall have five (5) business days to correct the title and the Closing shall be postponed until such time, if necessary. If Seller elects not to, or cannot, correct such defects, then Buyer, at Buyer’s option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void.

3. **REGULATORY APPROVAL.**

Buyer and Seller shall act diligently and cooperate with each other to obtain any regulatory approvals required from the Kentucky Public Service Commission (“PSC”), Kentucky Pollutant Discharge Elimination System (“KPDES”), or any other regulatory agency in the State of Kentucky, as determined by Buyer in its sole discretion, and to obtain transfer of Seller’s permits, if any.

4. **PURCHASE PRICE.** Buyer agrees to pay to Seller at the Closing [REDACTED] [REDACTED], for purchase of the Assets (“Purchase Price”).

5. **CLOSING.**

The Closing of the sale shall take place at a mutually agreeable location no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller’s Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer’s sole discretion, or at such other time as the parties hereto may mutually agree (the “Closing”). At the Closing, Seller shall have delivered to Buyer such deeds, bills of sale, endorsements, assignments and other sufficient instruments of transfer and conveyance as shall be effective to vest in Buyer such title to the Assets to be sold as provided in this Agreement and as set forth in Section 6.D, and Buyer will deliver to

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 17 day of October, 2019, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and WOODLAND ACRES UTILITIES, LLC ("Seller"), collectively ("Parties").

WITNESSETH:

WHEREAS, Seller has developed and operates, as a regulated sewer corporation, sewer facilities, in the area more particularly described and depicted in the documents attached hereto as *Exhibit "A"*, situated in Bullitt County, Kentucky (hereinafter the "System"); and

WHEREAS, Buyer is a corporation, organized and existing under the constitution and the laws of the State of Missouri, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller is a limited liability company, organized and existing under the constitution and the laws of the Commonwealth of Kentucky, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all the assets, property and real estate connected with the System including, but not limited to, all associated improvements for the conveyance of sewer to each of the customers connected to the service area (defined further below as "Assets"); and

WHEREAS, the parties have reached an understanding with respect to the sale by Seller and the purchase by Buyer of all of the Assets (as hereinafter defined) of the System.

NOW, THEREFORE, it is mutually agreed that:

1. **SALE OF ASSETS**

For and in consideration of the receipt of the Purchase Price, as set forth below, and the covenants and promises hereinafter set forth, Seller agrees that on the date of the Closing (as hereinafter defined), Seller shall sell, transfer, assign and deliver to Buyer, or Buyer's designated affiliate, all of Seller's then existing assets pertaining to the provision of sewer service in the System located in Bullitt County, in the Commonwealth of Kentucky, and related properties, including, without limitation, the following:

A. The land, improvements thereon, easements, rights of way, permits and leases related to the System area depicted in *Exhibit "A"* and/or generally described in *Exhibit*

and defined in the American Land Title Association (“ALTA”) title examination standards (“Title Standards”). After delivery of said title insurance commitment and Buyer’s completion of the examination and/or review of the commitment and other relevant title information, Buyer shall notify Seller, in writing, of any objections thereto (the Parties agreeing that any objection falling within the said Title Standards shall not constitute a valid objection so long as Seller furnishes affidavits or other papers as described in such standards in order for the title company to delete the same). If there shall be no such notice of objection, then any exceptions in such Commitment or deficiencies in the title to the property noted on such Commitment shall be deemed waived and delivery of a deed in compliance with the terms of the Commitment shall be deemed compliance with the terms of this Agreement. If notice of any objections to defects in the title, as defined above, shall be delivered to Seller, then Seller shall have five (5) business days to correct the title and the Closing shall be postponed until such time, if necessary. If Seller elects not to, or cannot, correct such defects, then Buyer, at Buyer’s option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void.

3. **REGULATORY APPROVAL.**

Buyer and Seller shall act diligently and cooperate with each other to obtain any regulatory approvals required from the Kentucky Public Service Commission (“PSC”), Kentucky Pollutant Discharge Elimination System (“KPDES”), or any other regulatory agency in the State of Kentucky, as determined by Buyer in its sole discretion, and to obtain transfer of Seller’s permits, if any.

4. **PURCHASE PRICE.** Buyer agrees to pay to Seller at the Closing [REDACTED] [REDACTED] for purchase of the Assets (“Purchase Price”).

5. **CLOSING.**

The Closing of the sale shall take place at a mutually agreeable location no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller’s Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer’s sole discretion, or at such other time as the parties hereto may mutually agree (the “Closing”). At the Closing, Seller shall have delivered to Buyer such deeds, bills of sale, endorsements, assignments and other sufficient instruments of transfer and conveyance as shall be effective to vest in Buyer such

Balance Sheet

Current Assets		
	Cash	
	Accounts Receivable	
	Other Current Assets	
Total Current Assets		
Property, Plant & Equipment, Net		
Misc Long-Term Assets		
	Preliminary Survey & Investigation	
	Investment in Associated Companies	
	Unamortized Debt Expense	
	Receivable from Associated Company	
	Goodwill	
	Intangible Assets	
	Other Long-Term Assets	
Total Misc Long-Term Assets		
Deferred Income Tax Asset		
Total Assets		
Current Liabilities		
	Accounts Payable	
	Notes Payable-Current Portion	
	Other Current Liabilities	
Total Current Liabilities		
Long-Term Liabilities		
	Notes Payable	
	Payable to Associated Companies	
	Contributions in Aid of Construction	
	Other Long-Term Liabilities	
Total Long-Term Liabilities		
Deferred Income Tax Liability		
Capitalization		
	Paid-In Capital	
	Retained Earnings	
	Net Income	
Total Capitalization		
Total Liabilities and Capitalization		

Statement of Income

		YTD
Revenues		
	Operating Revenue	
Total Revenue		
Expense		
	Operations & Maintenance	
	General & Administrative	
	Depreciation & Amortization	
Total Expense		
Operating Income (Loss)		
Other Income (Expense)		
Other Revenue		
Interest		
Income Tax		
Net Income(Loss)		

Pro-Forma Balance Sheet - Bluegrass Water Utility Operating Company, LLC

	Bluegrass Water UOC	Herrington Haven Sewer Acquisition	Delaplain Sewer Acquisition	Springcrest Sewer Sewer Acquisition	Woodland Acres Sewer Acquisition	Pro Forma Bluegrass Water UOC Post Acquisition
ASSETS						
Utility Plant In Service:						
Total Plant in Service*	1,979,067 91	\$				\$ 2,868,067 91
Construction Work in Progress**	\$ 1,922,955.40					\$ 3,448,655.40
Utility Plant Acquisition Adjustment	\$ 90,171 27	\$				\$ 90,171 27
Less: Depreciation Reserve	\$ (1,271,681 26)	\$				\$ (1,271,681 26)
Net Plant In Service	\$ 2,720,513 32	\$				\$ 5,135,213 32
Non-Utility Property						
Current Assets:						
Cash and Cash Equivalents	\$ 170,157 91	\$				\$ 170,157 91
Other	\$ 6,930.84	\$				\$ 6,930.84
Current Assets	\$ 177,088.75	\$				\$ 177,088.75
Deferred Debits:						
Deferred Debits	\$ -	\$				\$ -
Other Investments and Long-Term Assets						
Total Assets	\$ 2,897,602 07	\$				\$ 5,312,302 07
LIABILITIES AND CAPITALIZATION						
Company Capitalization:						
Common Stock Equity, Net	\$ 1,546,067 37	\$				\$ 2,632,682 37
Long-term Debt (including current maturities)		\$				\$ 1,328,085 00
Payable to Associate Comp.	\$ 1,297,876.44					\$ 1,297,876.44
Retained Earnings	\$ (401,985 95)					\$ (401,985 95)
Company Capitalization	\$ 2,441,957 86	\$				\$ 4,856,657 86
Current Liabilities:						
Current Liabilities	\$ 416,667.65	\$				\$ 416,667.65
Deferred Credits:						
Deferred Credits	\$ -	\$				\$ -
Contributions in Aid of Construction	\$ 38,975.56					\$ 38,975 56
	\$ -					\$ -
Total Capitalization and Liabilities	\$ 2,897,601 07	\$				\$ 5,312,301 07