EXHIBIT A

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
KENTUCKY-AMERICAN WATER COMPANY
ESTABLISHING TERMS OF THE
8.47% SERIES PREFERENCE STOCK

Pursuant to the provisions of Chapter 271B of the Kentucky Revised Statutes, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation:

1. The name of the corporation is Kentucky-American Water Company (the "Company").

2. The Company hereby adopts Articles of Amendment to its Articles of Incorporation pursuant to Kentucky Revised Statutes 271B.6-020 for the purpose of establishing and designating the terms and the relative rights and preferences of a new 8.47% Series of Preference Stock of the Company as follows:

   An additional series of the Preference Stock of the Company is hereby created by designating and classifying 45,000 shares thereof as "Preference Stock, 8.47% Series", with a par value of $100 per share (herein sometimes referred to as the "8.47% Series"). The rights and preferences, and restrictions and qualifications thereof, of the 8.47% Series, in addition to those set forth with respect to the Preference Stock in Paragraph 5 of the Charter and Articles of Incorporation of the Company, as amended (the Charter and Articles of Incorporation as so amended being referred to as the "Articles of Incorporation"), are hereby fixed as follows:

(a) The annual dividend rate payable on shares of the 8.47% Series shall be 8.47% of the par value of said shares, and no more, and the Date of Cumulation (as defined in Paragraph 5 of the Articles of Incorporation) on all shares of the 8.47% Series issued prior to the record date for the first dividend shall be the date of issuance.

(b) (i) The shares of the 8.47% Series shall not be redeemable prior to December 1, 2001 at the option of the Company.

(ii) The shares of the 8.47% Series may be redeemed at any time, or from time to time, on or after December 1, 2001 at the option of the Company, in whole or in part, upon payment of a redemption price equal to the sum of (1) $100 per share plus (2) Accrued Dividends (as defined in Paragraph 5 of the Articles of Incorporation) thereon to the date of redemption plus (3) a premium equal to the Make-Whole Premium (hereinafter defined).

The Make-Whole Premium shall be determined five (5) business days prior to the date fixed for redemption. Notice of the Make-Whole Premium, if any, together with the calculations, in reasonable detail, used to determine any such premium shall be given to each holder of the 8.47% Series on the day it is determined, by telecopy or other same-day communication.

"Make-Whole Premium" shall mean, in connection with any redemption, the excess, if any, of (i) the aggregate present value as of the date of such redemption of the par value of the shares of the

8.47% Series being redeemed and the amount of dividends (exclusive of dividends accumulated to the date of redemption) that would have been payable in respect of such shares if such redemption had not been made (assuming all such shares would otherwise be redeemed on December 1, 2036), said present value to be determined by discounting such amounts at the Reinvestment Rate (hereinafter defined) from the respective dates on which such amounts would have been payable, over (ii) 100% of the par value of the outstanding shares of the 8.47% Series being redeemed. If the Reinvestment Rate is equal to or higher than 8.47%, the Make-Whole Premium shall be zero.

"Reinvestment Rate" shall mean the sum of (i) 0.4% plus (ii) the arithmetic mean of the yields under the respective headings "This Week" and "Last Week" published in the Statistical Release (hereinafter defined) under the caption "Treasury Constant Maturities" for the maturity date of December 1, 2036. If no maturity exactly corresponds to such date, yields for the two published maturities most closely corresponding to such date shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For the purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the premium hereunder shall be used.

"Statistical Release" shall mean the statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which establishes yields on actively traded United States Government Securities adjusted to constant maturities or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by the holders of not less than 66-2/3% of the outstanding shares of the 8.47% Series.

(iii) In addition to the option to redeem granted to the Company in clause (ii) of this subparagraph (b), at any time during the period of twelve (12) consecutive calendar months beginning on December 1, 2011 and ending November 30, 2012, both dates inclusive, and during each like period of twelve (12) consecutive calendar months thereafter so long as any shares of the 8.47% Series remain outstanding, the Company may at its option redeem up to and including, but not exceeding, four thousand five hundred (4,500) shares of the 8.47% Series at a redemption price equal to the sum of (1) $100 per share plus (2) Accrued Dividends thereon to the date of redemption; provided, however, that the option of the Company to redeem up to and including, but not exceeding, four thousand five hundred (4,500) shares of the 8.47% Series during each such twelve (12) consecutive calendar month period at such redemption price shall not be cumulative and any shares redeemed during such period in excess thereof shall be redeemed at the redemption price specified in clause (ii) of this subparagraph (b).

(iv) If less than all outstanding shares of the 8.47% Series shall be redeemed at any time or times pursuant to the provisions of either clause (ii) or clause (iii) of this subparagraph (b), the shares to be redeemed shall be selected on a pro rata basis as nearly as practicable, in full shares only, according to the number of outstanding shares of the 8.47% Series held by each holder thereof.

(v) The Voluntary Liquidation Price (as defined in Paragraph 5 of the Articles of Incorporation) for shares of the 8.47% Series shall be the sum of (1) $100 per share plus (2) Accrued Dividends to the date of redemption.

(vi) All then outstanding shares of the 8.47% Series shall be redeemed by the Company on December 1, 2036 at a redemption price equal to the sum of (1) $100 per share plus (2) Accrued Dividends thereon to the date of redemption; from and after December 1, 2036 and until the first to occur of (a) the date on which all such shares have been redeemed or (b) the Date of Deposit (as defined in Subdivision (5) of Paragraph 5 of the Articles of Incorporation) for the redemption of all such shares (assuming that proper notice of redemption and deposit of moneys has been made by the Company in compliance with Paragraph 5 of the Articles of Incorporation), no dividend shall be paid or declared (except dividends payable solely in the Common Stock of the Company), nor shall any other distribution be made, on any Subordinate Stock (as defined in Paragraph 5 of the Articles of Incorporation) of the Company, nor shall any shares of Subordinated Stock be purchased or otherwise acquired for value by the Company.

(c) There shall not be any sinking, purchase or analogous fund for the redemption of the shares of the 8.47% Series.

(d) The holders of shares of the 8.47% Series shall have no rights of conversion, exchange or participation, nor any other preferences, or relative, participating, optional or other special rights, qualifications, limitations or restrictions other than those specified herein and in the Articles of Incorporation, as amended.

3. The foregoing amendment was duly adopted by the Board of Directors of the Company on October 22, 1991.

IN WITNESS WHEREOF, we have hereunto set our hands and affixed the corporate seal this ____ day of January, 1992.

KENTUCKY-AMERICAN WATER COMPANY

By _____
Its Vice President

and _____
Its Secretary

(CORPORATE SEAL)

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, TO-WIT:

I, Peggy L. Shaffer, a notary public in and for the State and County aforesaid, do hereby certify that on this ____ day of January, 1992, C. E. Sasher and Stephen N. Chambers, who being by me first duly sworn, declared that they are the Vice President and Secretary, respectively, of Kentucky-American Water Company, that they signed the foregoing document as Vice President and Secretary, respectively, of Kentucky-American Water Company, and that the statements therein contained are true.

(NOTARIAL SEAL) _____

My commission expires: January 29, 1996.

EXHIBIT B

KENTUCKY-AMERICAN WATER COMPANY

CLOSING CERTIFICATE

PURSUANT TO PREFERENCE STOCK PURCHASE AGREEMENT

DATED AS OF DECEMBER 1, 1991

WITH

FIRST COLONY LIFE INSURANCE COMPANY

KENTUCKY-AMERICAN WATER COMPANY, a Kentucky corporation (the "Company"), in order to induce the above-named investor (the "Purchaser") to purchase 45,000 shares of the Company's 8.47% Series Preference Stock (the "Preference Stock"), and in compliance with the above-mentioned agreement (the "Agreement"), hereby represents, warrants and certifies to the Purchaser as follows:

1. Financial Statements. The Company has heretofore delivered to the Purchaser its Private Placement Memorandum dated September, 1991 (the "Memorandum"), which contains the Company's Annual Reports for the years ended December 31, 1986 through 1990, each of which contains balance sheets and related statements of income, retained earnings, and either cash flows or changes in financial position for that year and the year immediately prior thereto, all of which financial statements were extracted from statements audited by independent public accountants whose report thereon is included in said Annual Reports. The Memorandum also contains five-year statements of income for the years ending December 31, 1986 through 1990, and balance sheets as at December 31 of the years 1986 through 1990, which said financial statements were extracted from statements audited by independent public accountants. Each of the aforementioned financial statements were prepared in accordance with generally accepted accounting principles consistently applied and are correct and complete and fairly present the financial condition of the Company on the aforesaid basis as of such dates and for such periods.

2. No Adverse Change. There has been no material adverse change in the assets or liabilities or in the condition, financial or otherwise, of the Company from that set forth in the balance sheet as of December 31, 1990, included in the Memorandum previously furnished to the Purchaser; and neither the business nor properties of the Company have been affected in a manner materially adverse as the result of any fire, explosion, earthquake, accident, windstorm, strike, lockout, combination of workmen, priority order of the United States of America or any agency thereof, flood, drought, embargo, confiscation of any plant or of vital materials or inventories by the United States of America or any agency thereof, riot, activities of armed forces, or acts of God or the public enemy.

3. Title to Properties. The Company has good and marketable title (subject to the lien of and the security interest created by an Indenture of Mortgage dated as of May 1, 1968 by and between Lexington Water Company (now Kentucky-American Water Company) and The Fidelity Bank (now Fidelity Bank, National Association), as Trustee, and to exceptions, reservations and conditions set forth therein or permitted thereby) to all properties and other assets reflected in said balance sheet of the Company as at December 31, 1990, except properties and assets, not material in aggregate amount, disposed of in the ordinary course of business subsequent to December 31, 1990.

4. Leases. No substantial assets or properties which are now used by the Company are held by the Company as lessee under any lease.

5. Organization. The Company is a corporation duly incorporated and validly existing under the laws of the Commonwealth of Kentucky; and the Company has, with relatively minor exceptions or qualifications, the power and authority, free from unduly burdensome restrictions, necessary for the adequate conduct of the business in which it is now engaged, which consists of the supplying of water to the public in portions of Bourbon, Fayette, Harrison, Jessamine, Scott and Woodford Counties, Kentucky. The corporate existence of the Company, by the terms of its Charter and Articles of Incorporation, as amended (the Charter and Articles of Incorporation as so amended being referred to as the "Articles of Incorporation"), is perpetual.

6. Holding Company Act Status. The Company is not a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of either a "holding company" or a "subsidiary company" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935.

7. Litigation. There are no actions, suits or proceedings pending or, to the best of the Company's knowledge, after due and diligent inquiry, threatened against or affecting the Company at law or in equity or before or by any governmental authority, which in the Company's opinion involve the possibility of any material judgment against or liability of the Company (unless fully covered by insurance) or may result in any material adverse change in the business, properties or assets or in the condition, financial or otherwise, of the Company.

8. Taxes. The Company has filed all federal and state tax returns which are required to be filed and has paid all taxes which, to the best of the Company's knowledge, after due and diligent inquiry, have been assessed against the Company, other than those not yet subject to penalties or interest or being contested in good faith.

9. Burdensome Agreements. The Company is not a party to any contract or agreement, or subject to any charter or other like corporate restriction, which materially and adversely affects its business, properties or assets, or its condition, financial or otherwise, or conflicts with the provisions of the Agreement, nor is it a party to any material management contract providing for special bonus or profit sharing arrangements.

10. Conformity With Law and Other Agreements; Defaults. The performance of the Agreement and the issuance of the Preference Stock do not violate any provision of law or of the Articles of Incorporation or bylaws of the Company and do not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or

assets of the Company pursuant to the terms of any indenture, mortgage, deed of trust or other agreement or instrument to which the Company is a party. The Company is not, to the best of its knowledge, after due and diligent inquiry, in default under any outstanding indenture, contract or agreement, or provision of its Articles of Incorporation.

11. Offering of the Preference Stock. The Company has been furnished with a statement by Signet Investment Banking, a division of Signet Bank/Virginia ("Signet") that Signet has not, directly or indirectly, sold or offered, or attempted to offer or dispose of, any of the Preference Stock to, or solicited any offers to buy any of said Preference Stock from, or otherwise approached or negotiated in respect thereof with, any person or persons other than the Purchaser and 21 other institutional investors. Relying upon such representations to the extent that the activities of Signet are involved, the Company represents and warrants that it has not, directly or indirectly, sold or offered, or attempted to offer or dispose of, any of such Preference Stock to, or solicited any offers to buy any of such Preference Stock from, or otherwise approached or negotiated in respect thereof with, any person, firm or corporation other than as aforesaid. Signet was the only person engaged in the sale of such securities, and the Company covenants that it will pay all the charges for services of Signet in connection with such sale.

12. Disclosure. All written information describing the Company (other than financial statements and other financial information which speak as of an earlier date) furnished by the Company to the Purchaser, including the Memorandum, is true and correct as of the date of this Certificate, except for changes in the ordinary course of the Company's business, none of which changes individually or in the aggregate are materially adverse. The written materials furnished to the Purchaser do not omit a material fact which is necessary to make the information contained therein or herein not misleading. There is no fact which the Company has not disclosed to you which materially affects

adversely nor, so far as the Company can now foresee, will materially affect adversely the properties, business, prospects, earnings or condition (financial or otherwise) of the Company or the ability of the Company to perform the Agreement.

13. ERISA. The Company has paid its proportionate share to the Pension for Employees of American Water Works Company, Inc. and its Subsidiaries. To the best of the Company's knowledge, after due and diligent inquiry, the Company does not have any accumulated funding deficiency under the Employee Retirement Income Security Act of 1974.

14. Authorization. The Agreement and the Preference Stock have been duly authorized, executed and delivered by the Company and are valid and binding obligations enforceable in accordance with their terms upon the Company.

15. Sale of Additional Bonds. Concurrent with the issue and sale of the Preference Stock, the Company issued and sold $13,000,000 aggregate principal amount of its General Mortgage Bonds, 8.36% Series, due December 1, 2001, to Nationwide Life Insurance Company and Employers Life Insurance Company of Wausau.

16. Definitions. The terms used herein which are defined in the Agreement pursuant to which this Certificate is furnished are used in accordance with the meanings assigned thereto in the Agreement.

17. Captions. The headings preceding the text of the sections hereof are inserted solely for convenience of reference and shall not constitute a part of this Certificate nor affect its meaning, construction or effect.

The foregoing representations supersede any oral or written statements inconsistent therewith.

IN WITNESS WHEREOF, KENTUCKY-AMERICAN WATER COMPANY has caused this Certificate to be signed in its corporate name by its President or a Vice President and its corporate seal to be affixed and attested by its Secretary as of this ____ day of January, 1992.

KENTUCKY-AMERICAN WATER COMPANY

By _____
President

(CORPORATE SEAL)

Attest:

_____
Secretary

EXHIBIT C

LEGAL OPINIONS

A. The opinion of Chapman and Cutler, special counsel for the Purchaser, shall be to the effect that:

1. The Company is a duly incorporated and validly existing corporation under the laws of the Commonwealth of Kentucky; and the corporate existence of the Company by the terms of its Charter and Articles of Incorporation, as amended (the Charter and Articles of Incorporation as so amended being referred to as the "Articles of Incorporation"), is perpetual.

2. The Preference Stock has been duly authorized and validly issued by the Company, and is fully paid and non-assessable.

3. The Agreement: (a) has been duly authorized by all necessary corporate action on the part of the Company; (b) has been duly executed and delivered by an authorized officer of the Company; and (c) constitutes a legal, valid and binding obligation of the Company, enforceable in accordance with its terms, except as hereinafter set forth.

4. The Closing Certificate of the Company delivered to you in the form of Exhibit "B" to the Agreement has been duly authorized, executed and delivered by an authorized officer of the Company and such certificate is an instrument binding upon the Company.

5. The issue and sale of the Preference Stock, to the extent required by law, have been duly authorized by the Public Service Commission of Kentucky, such authorization is in full force and effect and no consent, exemption, approval or authorization by any other governmental authority is required in connection with the execution and delivery of the Agreement or the issue and sale of the Preference Stock.

6. The offering, sale, issuance and delivery of the Preference Stock in the manner contemplated by the Agreement constitute an exempt transaction under the Securities Act of 1933, as amended, which does not require registration of the Preference Stock thereunder.

7. The opinion of Stoll, Keenon & Park, counsel for the Company, delivered pursuant to the Agreement is satisfactory in scope and form and properly may be relied upon.

It is understood that the foregoing opinion may be given subject to the following limitations, qualifications and exceptions: The enforceability of the Agreement, and the rights and obligations of the parties thereunder, are subject to and may be limited by: (a) Bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally from time to time in effect; (b) applicable law of the Commonwealth of Kentucky which may limit, prohibit, delay or otherwise affect the availability or enforcement of certain default, remedy, waiver, notice or other similar provisions therein (but which applicable law of the Commonwealth of Kentucky does not, in such counsel's opinion, make the remedies provided thereunder inadequate for the practical realization of the benefits intended to be provided thereby); (c) general principles of equity and of commercial reasonableness, whether considered in a proceeding in equity or at law; and (d) the discretion of the court in any proceeding seeking the remedy of specific performance or of injunctive or other equitable relief.

The opinion of Chapman and Cutler shall also cover such other matters incident to the transaction contemplated by the Agreement as you may reasonably request.

It is understood that in giving the foregoing opinion, Chapman and Cutler may rely upon the opinion of Stoll, Keenon & Park as to all matters of the laws of the Commonwealth of Kentucky.

B. The opinion of Stoll, Keenon & Park, counsel for the Company, shall cover the matters set forth in paragraphs 1, 2, 3, 4 and 6 above and shall be to the further effect that:

(a) The Preference Stock has been validly created by the Company in accordance with its Articles of Incorporation and the laws of the Commonwealth of Kentucky.

(b) The form of certificate evidencing the Preference Stock is valid and in accordance with the laws of the Commonwealth of Kentucky.

(c) No consent of, approval or authorization by, registration with or notice to any governmental or public regulatory authority or agency is required for the issuance of the Preference Stock or the execution, delivery and performance of the Agreement by the Company other than the authorization of the Public Service Commission of the

Commonwealth of Kentucky (the "Kentucky Commission"), which authorization has been duly obtained pursuant to an Order of the Kentucky Commission dated December 20, 1991 (the "Order"), which Order is in full force and effect, has not been revoked or amended, is final, is not subject to any appeal or modification which would affect the validity or terms of the Preference Stock, and is legally sufficient to authorize the offer, issuance, sale and delivery of the Preference Stock and the execution, delivery and performance of the Agreement by the Company.

(d) The issuance and sale of the Preference Stock do not violate any provisions of law or of the Articles of Incorporation or bylaws of the Company and, to the best of such counsel's knowledge, do not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other agreement relating to the issuance of indebtedness by the Company which by its terms matures more than twelve (12) months after the date of its inception.

(e) The Company has, with relatively minor exceptions or qualifications, the power and authority, free from unduly burdensome restrictions, necessary for the adequate conduct of its business as now conducted.

(f) To the best of such counsel's knowledge, there are no actions, suits or proceedings pending or threatened against or affecting the Company at law or in equity, or before or by any governmental authority, which are likely to involve a material uninsured judgment against or liability of the Company or are likely to result in a material adverse change in the business, properties, assets or condition, financial or otherwise, of the Company.

The opinion of Stoll, Keenon & Park shall also cover such other matters incident to the transaction contemplated by the Agreement as you may reasonably request and may be given subject to the same limitations, qualifications and exceptions as set forth above in Part A hereof with regard to the opinion of Chapman and Cutler.

It is understood that in giving the foregoing opinion, Stoll, Keenon & Park may rely upon statements of fact contained in certificates of officers of the Company; provided that all such certificates so relied upon shall be identified in their opinion and copies thereof shall be delivered to you.