

AMENDMENT TO AGREEMENT

THIS AMENDMENT TO AGREEMENT, effective ~~January~~ ^{March 3}, 2016, is made and entered into by and between **Kentucky-American Water Company**, a Kentucky corporation, with offices located at 2300 Richmond Road, Lexington, Kentucky 40502 (the "Company") and the **Lexington-Fayette Urban County Government**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Kentucky 40507 (the "Government").

WITNESSETH:

WHEREAS, the parties previously entered into a Water Data Usage and Shut-off Agreement dated September 1, 2012 (the "Agreement"); and

WHEREAS, the Government is desirous of increasing the number of water shut-offs provided by the Company in order to ensure timely payment of delinquent sewer fees, and the Company is willing to provide the increased water shut-offs under the terms and conditions provided herein.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. The above recitals are incorporated herein by reference as if fully stated.
2. That the following amendments are hereby made to the body of Agreement, with such referenced sections being replaced in their entirety with the language below:

a. Paragraph 2 of **Section III. Shut-off Services.**

In accordance with the "Lexington Fayette Urban County Government Shut-off / Release Procedure," which is attached hereto as Appendix B, and incorporated herein by reference, upon receipt of the written request and certification as set out above, the Company shall, within twenty (20) days, send an employee of the Company to the premises as identified by the Government and terminate the water service to such premises.

b. Paragraph 1 of **Section IV. Shut-Off Services Fees.**

Paragraph 1 of Section IV. Shut-Off Services Fees is removed.

c. Paragraph 2 of **Section IV. Shut-off Services Fees.**

In order to accommodate both parties during the transition period to increased shut-offs, as of the effective date of this Amendment to Agreement the Company will increase performance of shut-offs from the present level of 20 per week up to

40 per week at the rate of \$70 per shut-off and will bill the Government accordingly. It is anticipated that this initial transition period will take approximately 6 weeks. Beginning April 1, 2016, the Company will provide up to and including 100 shut-offs per week. This date shall be the date at which the new billing described below will commence.

The Government shall pay to the Company, within thirty (30) days of receipt of a monthly invoice from the Company for shut-off services actually performed, an Annual Fee in the sum of \$280,000 per year to cover the Company's costs of terminating and restoring water supply to each premise. This fee covers up to and including 100 sewer shut-offs per week for 50 weeks per year at \$56 each. All sewer shutoffs over 100 per week for 50 weeks per year will be billed at the then-applicable PSC approved shut-off tariff rate at the time the shut-off occurred, which is currently \$56 per shutoff. Upon approval by the PSC of a new shut-off tariff rate, the Annual Fee shall be recalculated from the PSC's approval date forward using the newly approved tariff rate.

3. That Appendix B is hereby replaced in its entirety with the attached Appendix B, which is incorporated into the Agreement by reference.
4. That in all other respects, except as specifically modified herein, the terms of the original Agreement shall remain in full force and effect.

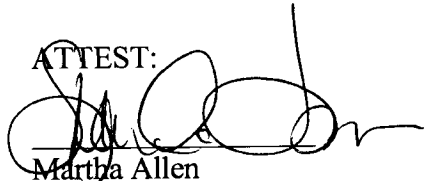
IN WITNESS WHEREOF, the duly authorized representatives of the parties have signed and executed this Amendment to Agreement at Lexington, Kentucky, the date and year first written above.

**LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT**

BY:


JIM GRAY, MAYOR

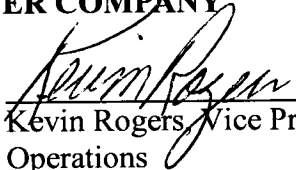
ATTEST:


Martha Allen

Clerk of the Urban County Council

**KENTUCKY-AMERICAN
WATER COMPANY**

By:


Kevin Rogers, Vice President of
Operations

WITNESSED BY:


00514065

APPENDIX B

Lexington-Fayette Urban County Government Shut-off/Release Procedure

1. Lexington-Fayette Urban County Government (the "Government") shall send a water termination notification letter to any User that is eligible for shut-off due to the non-payment of the Government's sewer treatment charges.

- When the Government's User is different from Kentucky American Water Company's ("Company") customer of record (e.g., owners and tenants of a multi-family dwelling), the Government shall also provide appropriate notification to the Company's customer of record.
- Any User who receives a termination notice from the Government shall be afforded a ten (10) day grace period to submit payment to the Government before the actual termination. It is the Government's sole responsibility to keep track of the 10-day grace period and determine whether a premise is eligible for disconnection.

2. All delinquent accounts for which the Government requests water-shutoffs must be provided to the Company's Special Accounts Department by no later than 4 p.m. on a business day. The Company will work the shut-offs into its regular schedule for shut-offs.

3. The Company is committed to completing up to and including one hundred (100) shut-off orders per week for 50 weeks per year for the Government. The Government acknowledges and agrees that additional time will be necessary in order for the Company to meet this level of commitment. Therefore, the parties agree that the full one hundred (100) shut-off level per week does not need to be met until April 1, 2016 but that the Company will make reasonable efforts to increase the number of shut-offs it completes for the Government each week until this time. Section III(5) of the Agreement shall only apply to the extent that the Company is unable to complete up to one hundred (100) requested shut-offs per week for 50 weeks a year after April 1, 2016.

4. The Company's Special Accounts Department will perform an analysis each business day of those accounts provided by the Government for shut-off and notify via e-mail the Government and any billing agent identified by the Government with the status of the account (i.e., shut-off or active) by the close of business.

5. The Company will create a monthly invoice to the Government for the shut-offs completed in the amount of one-twelfth of the Annual Fee, and the then-applicable PSC approved tariff rate for shutoffs times the number of shutoffs completed that are above 100 per week.

To initiate release for turn-on after a customer has paid the outstanding charges:

- The Government will notify the Company that the customer has paid the outstanding charges and get a confirmation that Special Accounts has received their notification by telephone contact ((866)772-2228).

- Note: *Customer turn-on is scheduled under the standard provisions for all Company customers. Order will be scheduled for the same day if placed prior to 2:00 pm. If placed after 2:00 pm the order will be scheduled for the next business day.*
- The Company will immediately update the service order noting that the account has been released for turn-on by the Government and will notify the government and its billing agent via e-mail upon doing so.

CONTACT INFORMATION

LEXINGTON FAYETTE URBAN COUNTY GOVERNMENT

200 East Main Street, Lexington, KY 40507
PHONE 859-258-3340
FAX

KENTUCKY AMERICAN WATER COMPANY

2300 Richmond Road
Lexington, KY 40502

PHONE 859-269-2386 (option 6)

FAX 859-268-6315

SPECIAL ACCOUNTS

PHONE 866-772-2228

FAX _____