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PUBLIC SERVICE
COMMISSION

MOUNTAIN WATER DISTRICT
PIKE COUNTY, KY

ATTORNEY GENERAL
FIRST REQUEST FOR
INFORMATION

CASE NO. 2014-00342

Vol. 1 of 2



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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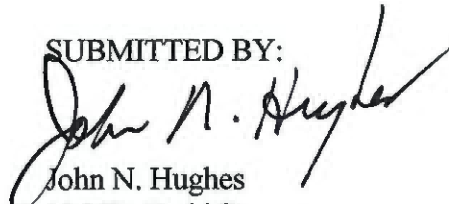
In the Matter of:

APPLICATION OF MOUNTAIN)
WATER DISTRICT FOR) Case No. 2014-00342
AN ADJUSTMENT OF WATER AND)
SEWER RATES)

RESPONSE TO ATTORNEY GENERAL'S FIRST DATA REQUEST

Mountain Water District (MWD), by counsel submits the responses to the Attorney General's First Data Request.

SUBMITTED BY:



John N. Hughes
124 W. Todd St.
Frankfort, KY 40601
502 227 7270
jnhughes@fewpb.net

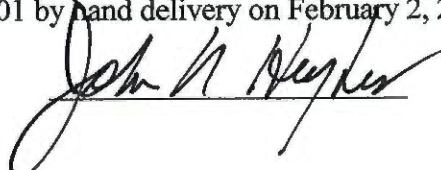
and

Daniel P. Stratton
Stratton Law Firm PSC
Post Office Box 1530
Pikeville, Kentucky 41502
Telephone: (606) 437-7800
Facsimile: (606) 437-7569
dpstratton@setel.com

Attorneys for Mountain Water District

Certification:

I certify that a copy of this response was served on the Office of Attorney General, Division of Rate Intervention, 1024 Capital Center Dr., Frankfort, KY 40601 by hand delivery on February 2, 2015.



AFFIDAVIT

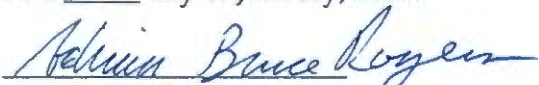
COMMONWEALTH OF KENTUCKY

COUNTY OF FAYETTE

Affiant, Kevin Howard, P.E. appearing personally before me a notary public for and of the Commonwealth of Kentucky and after being first sworn, deposes, states, acknowledges, affirms and declares that he is authorized to submit this Response on behalf of Mountain Water District and that the information contained in the Response is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.

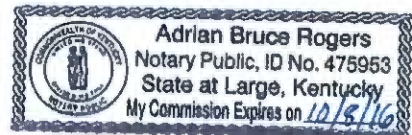

Kevin Howard, P. E.

This instrument was produced, signed, acknowledged and declared by Kevin Howard, P.E. to be his act and deed the 21 day of January, 2015.


Notary Public

Registration Number: 475953

My Commission expires: 10/8/16



AFFIDAVIT

COMMONWEALTH OF KENTUCKY

COUNTY OF FLOYD

Affiant, Michael Spears, CPA appearing personally before me a notary public for and of the Commonwealth of Kentucky and after being first sworn, deposes, states, acknowledges, affirms and declares that he is authorized to submit this Response on behalf of Mountain Water District and that the information contained in the Response is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.

Michael Spears
Michael Spears, CPA

This instrument was produced, signed, acknowledged and declared by Michael Spears to be his act and deed the 21st day of January, 2015.

Jeffrey S. Reed
Notary Public
Registration Number: 446483

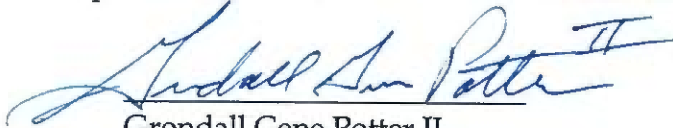
My Commission expires: 7-11-15

AFFIDAVIT

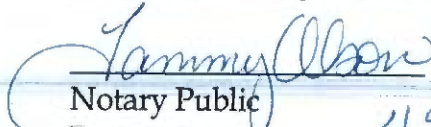
COMMONWEALTH OF KENTUCKY

COUNTY OF PIKE

Affiant, Grondall Gene Potter II, appearing personally before me a notary public for and of the Commonwealth of Kentucky and after being first sworn, deposes, states, acknowledges, affirms and declares that he is authorized to submit Responses of Utility Management Group on behalf of Mountain Water District and that the information contained in the Response is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.


Grondall Gene Potter II

This instrument was produced, signed, acknowledged and declared by Grondall Gene Potter II to be his act and deed the 28th day of January, 2015.


Notary Public
Registration Number: 457689

My Commission expires: January 16, 2016

AFFIDAVIT

COMMONWEALTH OF KENTUCKY

COUNTY OF PIKE

Affiant, Roy Sawyers, appearing personally before me a notary public for and of the Commonwealth of Kentucky and after being first sworn, deposes, states, acknowledges, affirms and declares that he is District Administrator, that he is authorized to submit this Response on behalf of Mountain Water District, and that the information contained in the Response is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.

Roy B. Sawyers
Roy Sawyers

This instrument was produced, signed, acknowledged and declared by Roy Sawyers to be his act and deed the 28th day of January, 2015.

Tammy Olson
Notary Public
Registration Number: 457689

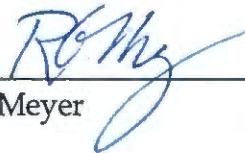
My Commission expires: January 16, 2016

AFFIDAVIT

COMMONWEALTH OF KENTUCKY

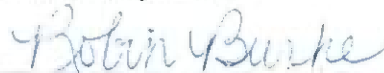
COUNTY OF PIKE

Affiant, Bob Meyer, appearing personally before me a notary public for and of the Commonwealth of Kentucky and after being first sworn, deposes, states, acknowledges, affirms and declares that he is authorized to submit Responses of **Utility Management Group on behalf of Mountain Water District** and that the information contained in the Responses is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.



Bob Meyer

This instrument was produced, signed, acknowledged and declared by Bob Meyer to be his act and deed the 22 day of January, 2015.



Notary Public
Registration Number: 472769

My Commission expires: August 13, 2016

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General First Data Request

Q 1. Please reference the Mountain Water District ["MWD"] Application generally. Please provide all tables and exhibits referenced in or supporting the Application and testimony in their native electronic format (i.e. Microsoft Word, Microsoft Excel), with data including formulae in all cells and rows fully intact and fully accessible.

- a. Please provide all relevant and supporting worksheets in electronic format with data including formulae in all cells and rows fully intact and fully accessible.

WITNESS: Howard

RESPONSE:

We have duplicated the disk provided to PSC and attached it hereto. The spreadsheets on this disk are complete with excel formulas.

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General First Data Request

Q 2. Please reference the MWD Application at p. 2, paragraph 5. As to the statement that MWD's last general rate case was filed in 1997, please explain in detail why MWD did not file a rate case before now with the Commission, which in turn may have allowed for a more gradual rate increases.

WITNESS : Sawyer

RESPONSE :

MWD has not filed for a rate increase since 1997 for a number of reasons. First, in the late 1990's and the early 2000's, we were experiencing substantial growth through expansion of the system, and additional customers help pay for the increased cost. Over the last three to five years, that growth has leveled off. We also had Rural Development loans ("RD loans") which funded the growth, and allowed us to increase rates.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

Q.

3. Please reference the MWD Application at p. 2, paragraph 5. As to the statement that MWD's water and sewer rates were last increased in 2008 and 2006 respectively, pursuant to loan agreements with Rural Development:

- a. Explain what the original loan agreements covered and why it was necessary to obtain the loans?
- b. Please explain in detail the water and sewer rate increases that occurred in 2008 and 2006 respectively.
- c. Identify what specific situation pursuant to the loan agreements caused the rate increases, for example did MWD refinance loans, interest rates increase, etc.?
- d. Explain whether the rate increases were 100% due to the loan agreement change of terms, or if there were any other reasons for the rate increase.
- e. Identify for what period of time the increases were effective.

WITNESS: Spears/ Sawyers

RESPONSE:

- a. The attached orders describe the purpose of the loans, the amount and the source of the funding. The loans were necessary to fund the projects as MWD had no other means of financing.
- b. The water and sewer rate increases were necessitated by the financing, the need for additional revenue and the conditions imposed by the funding agencies. The tariff sheets attached to the orders provide the rate changes associated with each loan agreement.
- c. The financing of the construction projects necessitated the rate increases.
- d. The rate increases were due to the financing of the projects.
- e. The rate increases were effective until changed by a subsequent rate adjustment.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General First Data Request

Exhibit

Q 3 a.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MOUNTAIN WATER)	
DISTRICT OF PIKE COUNTY, KENTUCKY, FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE, TO)	
CONSTRUCT A SEWER CONSTRUCTION)	
PROJECT, CONSISTING OF EXTENSIONS,)	CASE NO.
ADDITIONS AND IMPROVEMENTS TO THE)	2006-00438
EXISTING SEWER SYSTEM, AN ORDER)	
APPROVING INCREASED RATES AND APPROVAL)	
OF THE PROPOSED PLAN OF FINANCING THE)	
PROJECT, PURSUANT TO KRS 278.023)	

O R D E R

On October 6, 2006, Mountain Water District ("Mountain Water") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$2,010,920 sewer system improvement project. The project consists of the extension of sewer service to the residents of Cowpen Creek and Harmons Branch, and the redirection of sewer flow from the Mossy Bottom Sewer Treatment Plant to the City of Pikeville Treatment Plant.

Mountain Water proposes to finance the construction of the project through the issuance of \$650,000 of its Sewer System Revenue Bonds; a Rural Development ("RD") grant in the amount of \$250,000; an Environmental Protection Agency ("EPA") grant in the amount of \$967,800; and a contribution from the city of Pikeville in the amount of \$143,120. Mountain Water has a commitment from RD to purchase \$650,000 of bonds maturing over a 40-year period, at an interest rate not exceeding 4.25 percent per annum.

Mountain Water District also requests approval of the proposed schedule of sewer rates and charges as set forth in Appendix A. The imposition of these rates is a condition of the financing agreement of RD and Mountain Water.

Mountain Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U. S. Department of Agriculture or the U.S. Department of Housing and Urban Development, and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on October 9, 2006, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Mountain Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Mountain Water's proposed plan of financing is accepted.
3. Mountain Water is authorized to issue Sewer System Revenue Bonds, in the amount of \$650,000 maturing over 40 years and at an interest rate not exceeding 4.25 percent per annum.
4. The proceeds from the revenue bond issuance shall be used only for the purposes specified in Mountain Water's application.
5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Mountain Water may use such surplus to construct additional plant facility if RD approves of the use, and the additional

construction will not result in a change in Mountain Water's rates for service. The utility shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Mountain Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

7. Mountain Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

8. Three years from the effective date of this Order, Mountain Water shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the proposed water rates are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty on the part of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 1st day of November, 2006.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00438 DATED November 1, 2006

The following rates and charges are prescribed for the customers in the area served by Mountain Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Sewer Rates

First	2,000 Gallons	\$ 14.00	Minimum Bill
All Over	2,000 Gallons	6.00	per 1,000 Gallons

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MOUNTAIN WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO)	2005-00436
CONSTRUCT, FINANCE AND INCREASE RATES)	
PURSUANT TO KRS 278.023)	

O R D E R

On October 24, 2005, Mountain Water District ("Mountain Water") submitted an application for a Certificate of Public Convenience and Necessity to construct, finance, and increase rates for a \$3,750,000 waterworks improvement project. This project consists of the installation of approximately 19 miles of 8-inch through 4-inch water transmission main, two booster pumping stations, two 20,000-gallon water storage tanks, and related appurtenances. Project funding includes the issuance of \$1,650,000 of its Water System Revenue Bonds to the U.S. Department of Agriculture's Rural Development ("RD"), a \$600,000 grant from RD, a \$500,000 grant from the Appalachian Regional Commission, and a Community Development Block Grant in the amount of \$1,000,000.

Mountain Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on October 24, 2005, KRS 278.023 does not

grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Mountain Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Mountain Water's proposed plan of financing with RD is accepted.
3. Mountain Water is authorized to issue \$1,650,000 of Water System Revenue Bonds at an interest rate not to exceed 4.50 percent per annum for 40 years.
4. The proceeds from the issuance of revenue bonds shall be used only for the purposes specified in Mountain Water's application.
5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Mountain Water may use such surplus to construct additional plant facility if RD approves of the use and the additional construction will not result in a change in Mountain Water's rates for service. Mountain Water shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.
6. Mountain Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certified herein.
7. Mountain Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section

5(1), Mountain Water shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

8. Mountain Water shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

9. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

10. Within 30 days of the date of this Order, Mountain Water shall file with the Commission its revised tariffs setting out the rates approved herein.

11. Three years from the effective date of this Order, Mountain Water shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 14th day of November, 2005.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2005-00436 DATED November 14, 2005

The following rates and charges are prescribed for the customers in the area served by Mountain Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

<u>5/8" x 3/4" Meter</u>			<u>Rate</u>	
First	2,000	Gallons @	\$18.06	Minimum Bill
Next	8,000	Gallons @	\$6.03	Per 1,000 gallons
All Over	10,000	Gallons @	\$5.24	Per 1,000 gallons
<u>1" Meter</u>				
First	5,000	Gallons @	\$36.15	Minimum Bill
Next	5,000	Gallons @	\$6.03	Per 1,000 gallons
All Over	10,000	Gallons @	\$5.24	Per 1,000 gallons
<u>2" Meter</u>				
First	20,000	Gallons @	\$118.70	Minimum Bill
All Over	20,000	Gallons @	\$5.24	Per 1,000 gallons
<u>3" Meter</u>				
First	30,000	Gallons @	\$171.10	Minimum Bill
All Over	30,000	Gallons @	\$5.24	Per 1,000 gallons
<u>4" Meter</u>				
First	50,000	Gallons @	\$275.90	Minimum Bill
All Over	50,000	Gallons @	\$5.24	Per 1,000 gallons
<u>6" Meter</u>				
First	100,000	Gallons @	\$537.90	Minimum Bill
All Over	100,000	Gallons @	\$5.24	Per 1,000 gallons

5/8" X 3/4" tap-on fees \$675; all larger size meter tap-on fees will be actual cost.

Line Leak Adjustment Rate: \$3.37 – per 1,000 gallons.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MOUNTAIN WATER DISTRICT)	
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)	CASE NO.
AND NECESSITY TO CONSTRUCT, FINANCE, AND)	2008-00052
INCREASE RATES PURSUANT TO KRS 278.023)	

O R D E R

On February 11, 2008, Mountain Water District ("Mountain Water") applied for a Certificate of Public Convenience and Necessity to construct a waterworks improvement project, authority to issue revenue bonds, and an adjustment in rates for service. The proposed project consists of the construction and installation of a new 2,600 gallon per minute pump station and certain renovations to the Russell Fork Water Treatment Plant. Project funding consists of a \$650,000 loan from the U.S. Department of Agriculture's Rural Development ("RD").

Mountain Water's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on February 11, 2008, KRS 278.023 does not

grant the Commission any discretionary authority to modify or reject any portion of this agreement.¹

The Commission notes that, in addition to Mountain Water's rates for general service and for wholesale transactions, RD has required adjustments to Mountain Water's Line Leak Adjustment Rate. We have on previous occasions expressed our concern to RD regarding the use of RD funding to subvert and circumvent the Commission's authority over a water utility's rates and recommended that RD refrain from conditioning its loans and grants upon adjustments to non-recurring rates that are unrelated to the financing of a waterworks improvement project.

IT IS THEREFORE ORDERED that:

1. Mountain Water is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Mountain Water's proposed plan of financing with RD is accepted.
3. Mountain Water is authorized to issue its Waterworks Revenue Bonds to RD in the amount of \$650,000 at an interest rate not exceeding 4.5 percent per annum, maturing over 40 years.
4. The proceeds from the proposed bond issuance shall be used only for the purposes specified in Mountain Water's application.

¹ The Commission notes that, in addition to Mountain Water's rates for general service and for wholesale transactions, RD has required adjustments to Mountain Water's Line Leak Adjustment Rate. We have on previous occasions expressed our concern to RD regarding the use of RD funding to subvert and circumvent the Commission's authority over a water utility's rates and recommended that RD refrain from conditioning its loans and grants upon adjustments to non-recurring rates that are unrelated to the financing of a waterworks improvement project. See e.g., Case No. 2007-00385, The Application of Rowan Water, Inc. of Rowan County, Kentucky for a Certificate of Public Convenience and Necessity to Construct, Finance, and Increase Rates Pursuant to KRS 278.023 (Ky. PSC Oct 12, 2007). We offer the same recommendation in this proceeding.

5. Notwithstanding Ordering Paragraph 4, if surplus funds remain after the approved construction has been completed, Mountain Water may use such surplus to construct additional plant facility if RD approves of the use, and the additional construction will not result in a change in Mountain Water's rates for service. Mountain Water shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 3.

6. Mountain Water shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certified herein.

7. Mountain Water shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Mountain Water shall take immediate action to ensure that the level of service conforms to the regulations of the Commission.

8. Mountain Water shall notify the Commission one week prior to the actual start of construction and at the fifty percent completion point.

9. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

10. Within 30 days of the date of this Order, Mountain Water shall file with the Commission its revised tariffs setting out the rates approved herein.

11. Three years from the date of this Order, Mountain Water shall file an income statement, along with any pro forma adjustments, in sufficient detail to

demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

12. The Executive Director shall serve a copy of this Order upon the RD's State Director.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 12th day of March, 2008.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00052 DATED MARCH 12, 2008

The following rates and charges are prescribed for the customers in the area served by Mountain Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8" Inch Meter

First	2,000 Gallons	\$20.02	Minimum Bill
Next	8,000 Gallons	7.01	Per 1,000 Gallons
All Over	10,000 Gallons	6.22	Per 1,000 Gallons

1" Meter

First	5,000 Gallons	\$ 42.00	Minimum Bill
Next	5,000 Gallons	7.01	Per 1,000 Gallons
All Over	10,000 Gallons	6.22	Per 1,000 Gallons

2 " Meter

First	20,000 Gallons	\$ 130.00	Minimum Bill
All Over	20,000 Gallons	6.22	Per 1,000 Gallons

3 " Meter

First	30,000 Gallons	\$ 190.00	Minimum Bill
All Over	30,000 Gallons	6.22	Per 1,000 Gallons

4 " Meter

First	50,000 Gallons	\$ 300.00	Minimum Bill
All Over	50,000 Gallons	6.22	Per 1,000 Gallons

6 " Meter

First	100,000 Gallons	\$ 595.00	Minimum Bill
All Over	100,000 Gallons	6.22	Per 1,000 Gallons

Wholesale Rates

Martin County Water District	\$2.40	Per 1,000 Gallons
Mingo County Public Service	3.75	Per 1,000 Gallons
Nolin Public Service District	2.40	Per 1,000 Gallons

City of Elkhorn

First 215,000 Gallons Per Day	\$2.25	Per 1,000 Gallons
All over 215,000 Gallons Per Day	2.40	Per 1,000 Gallons
Line Leak Adjustment Rate	\$3.60	Per 1,000 Gallons

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

Q 4 Provide copies of all studies that MWD conducted addressing the impact that the proposed rate design, and rate increase for both water and sewer rates will have on the elderly, low income, fixed income and home bound segments of its ratepayer base. Please provide detailed information for each specified group.

Witness: Sawyers

Response: No studies were conducted regarding the impact of an increase to the District's ratepayer base. The District sympathizes with its customers and understands that a rate increase is unwelcome news; however the issue of not wanting to burden our customers with an increase is the reason the District has not had a formal increase since 1997. This rate increase is much needed to provide quality service to its customers; it is a direct reflection of the increased cost to operate the system; the much needed replacement of aging infrastructure; and the upgrades necessary to meet the ever changing environmental regulations.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

Q 5 Does MWD anticipate any changes in any existing contracts as a result of any change in its rate structure/potential rate increase (e.g., engineering, information technology, maintenance, etc.)?

Witness: Sawyers

Response: None anticipated.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

Q 6 Does MWD maintain any contracts with vendors whose principals are in any manner related, by blood or marriage, to MWD's officers, Water Commissioners, members of its Board, its employees, its independent contractors or consultants? If yes:

Witness: Sawyers

Response: None; Mountain Water District's Board of Commissioners or its employees have no conflict of interest with its vendors. Mountain Water District does not have information of the relationship of their vendors to third party contractors and consultants. Please see attached conflict of interest statements from Mountain Water District's Board of Commissioners; employees; legal counsel; and accounting services noted as Exhibit 6.

Q 6(a) Please provide copies of any such contract, and a breakdown of how much money was spent per contract per year for the last ten (10) calendar years; and

Witness: Sawyers

Response: N/A

Q 6(b) Please state whether the contracts were awarded pursuant to a sealed bid process, and if so, provide specifics of that bid process.

Witness: Sawyers

Response: N/A

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

EXHIBIT 6

**MOUNTAIN WATER DISTRICT
CONFLICT OF INTEREST STATEMENT FOR DIRECTORS AND OFFICERS**

For this purpose, a conflict of interest is a situation in which financial or other personal considerations may compromise, or have the appearance of compromising, an individual's judgment or objectivity regarding matters in which Mountain Water District is involved.

Please check one of the following boxes and , if applicable, provide the relevant disclosures:

Neither I nor any member of my immediate family has any interest, financial or otherwise, as legal counsel, employee, officer, director, partner, consultant, manager, or owner in any organization of which I am aware, that has created or is likely to create a conflict of interest with my responsibility for effective, prudent, and ethical stewardship of Mountain Water District.

I or a member of my immediate family have or may have the following conflict(s) of interest:

The foregoing representations are correct and complete to the best of my knowledge and belief.

Ancie Casey
Signature

1-22-15
Date

ANCIE CASEY
Printed name

Please return your signed and dated statement to Roy Sawyers, District Administrator, at your earliest convenience.

**MOUNTAIN WATER DISTRICT
CONFLICT OF INTEREST STATEMENT FOR DIRECTORS AND OFFICERS**

For this purpose, a conflict of interest is a situation in which financial or other personal considerations may compromise, or have the appearance of compromising, an individual's judgment or objectivity regarding matters in which Mountain Water District is involved.

Please check one of the following boxes and, if applicable, provide the relevant disclosures:

- Neither I nor any member of my immediate family has any interest, financial or otherwise, as legal counsel, employee, officer, director, partner, consultant, manager, or owner in any organization of which I am aware, that has created or is likely to create a conflict of interest with my responsibility for effective, prudent, and ethical stewardship of Mountain Water District.

- I or a member of my immediate family have or may have the following conflict(s) of interest:

The foregoing representations are correct and complete to the best of my knowledge and belief.

Roy B. Sawyers
Signature
ROY B. SAWYERS
Printed name

12/30/14
Date

Please return your signed and dated statement to Roy Sawyers, District Administrator, at your earliest convenience.

**MOUNTAIN WATER DISTRICT
CONFLICT OF INTEREST STATEMENT FOR DIRECTORS AND OFFICERS**

For this purpose, a conflict of interest is a situation in which financial or other personal considerations may compromise, or have the appearance of compromising, an individual's judgment or objectivity regarding matters in which Mountain Water District is involved.

Please check one of the following boxes and , if applicable, provide the relevant disclosures:

- Neither I nor any member of my immediate family has any interest, financial or otherwise, as legal counsel, employee, officer, director, partner, consultant, manager, or owner in any organization of which I am aware, that has created or is likely to create a conflict of interest with my responsibility for effective, prudent, and ethical stewardship of Mountain Water District.
- I or a member of my immediate family have or may have the following conflict(s) of interest:

The foregoing representations are correct and complete to the best of my knowledge and belief.

Carrie Hattfield
Signature
Carrie Hattfield
Printed name

1/20/15
Date

Please return your signed and dated statement to Roy Sawyers, District Administrator, at your earliest convenience.

**MOUNTAIN WATER DISTRICT
CONFLICT OF INTEREST STATEMENT FOR DIRECTORS AND OFFICERS**

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Please check one of the following boxes and , if applicable, provide the relevant disclosures:

- Neither I nor any member of my immediate family has any interest, financial or otherwise, as legal counsel, employee, officer, director, partner, consultant, manager, or owner in any organization of which I am aware, that has created or is likely to create a conflict of interest with my responsibility for effective, prudent, and ethical stewardship of Mountain Water District.
- I or a member of my immediate family have or may have the following conflict(s) of interest:

I was employed by the Pike County Fiscal Court
until 1/5/2015.

The foregoing representations are correct and complete to the best of my knowledge and belief.

Rhonda James
Signature

1/20/2015
Date

Rhonda James
Printed name

Please return your signed and dated statement to Roy Sawyers, District Administrator, at your earliest convenience.

**MOUNTAIN WATER DISTRICT
CONFLICT OF INTEREST STATEMENT FOR DIRECTORS AND OFFICERS**

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Please check one of the following boxes and , if applicable, provide the relevant disclosures:

- Neither I nor any member of my immediate family has any interest, financial or otherwise, as legal counsel, employee, officer, director, partner, consultant, manager, or owner in any organization of which I am aware, that has created or is likely to create a conflict of interest with my responsibility for effective, prudent, and ethical stewardship of Mountain Water District.
- I or a member of my immediate family have or may have the following conflict(s) of interest:

TRI COUNTY AUTO & TRUCK PARTS, INC.
TRI COUNTY HARDWARE

The foregoing representations are correct and complete to the best of my knowledge and belief.

Prentis R. Adkins
Signature

12-30-2014
Date

PRENTIS R. ADKINS
Printed name

Please return your signed and dated statement to Roy Sawyers, District Administrator, at your earliest convenience.

**MOUNTAIN WATER DISTRICT
CONFLICT OF INTEREST STATEMENT FOR DIRECTORS AND OFFICERS**

For this purpose, a conflict of interest is a situation in which financial or other personal considerations may compromise, or have the appearance of compromising, an individual's judgment or objectivity regarding matters in which Mountain Water District is involved.

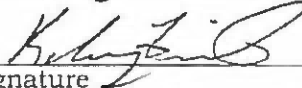
Please check one of the following boxes and , if applicable, provide the relevant disclosures:

- Neither I nor any member of my immediate family has any interest, financial or otherwise, as legal counsel, employee, officer, director, partner, consultant, manager, or owner in any organization of which I am aware, that has created or is likely to create a conflict of interest with my responsibility for effective, prudent, and ethical stewardship of Mountain Water District.
- I or a member of my immediate family have or may have the following conflict(s) of interest:

ELL 100

I am a current employee of Elliott Companies.

The foregoing representations are correct and complete to the best of my knowledge and belief.


Signature

12/30/14
Date

Kelsey Friend
Printed name

Please return your signed and dated statement to Roy Sawyers, District Administrator, at your earliest convenience.

**MOUNTAIN WATER DISTRICT
CONFLICT OF INTEREST STATEMENT FOR DIRECTORS AND OFFICERS**

For this purpose, a conflict of interest is a situation in which financial or other personal considerations may compromise, or have the appearance of compromising, an individual's judgment or objectivity regarding matters in which Mountain Water District is involved.

Please check one of the following boxes and , if applicable, provide the relevant disclosures:

- Neither I nor any member of my immediate family has any interest, financial or otherwise, as legal counsel, employee, officer, director, partner, consultant, manager, or owner in any organization of which I am aware, that has created or is likely to create a conflict of interest with my responsibility for effective, prudent, and ethical stewardship of Mountain Water District.

- I or a member of my immediate family have or may have the following conflict(s) of interest:

N/A

The foregoing representations are correct and complete to the best of my knowledge and belief.

Lester Collins
Signature
Lester Collins
Printed name

12/30/2010
Date

Please return your signed and dated statement to Roy Sawyers, District Administrator, at your earliest convenience.

**MOUNTAIN WATER DISTRICT
CONFLICT OF INTEREST STATEMENT FOR DIRECTORS AND OFFICERS**

For this purpose, a conflict of interest is a situation in which financial or other personal considerations may compromise, or have the appearance of compromising, an individual's judgment or objectivity regarding matters in which Mountain Water District is involved.

Please check one of the following boxes and , if applicable, provide the relevant disclosures:

- Neither I nor any member of my immediate family has any interest, financial or otherwise, as legal counsel, employee, officer, director, partner, consultant, manager, or owner in any organization of which I am aware, that has created or is likely to create a conflict of interest with my responsibility for effective, prudent, and ethical stewardship of Mountain Water District.
- I or a member of my immediate family have or may have the following conflict(s) of interest:

I am a partner in Stratton Law Firm, P. S.C., which provides legal services to the District. The firm currently represents the following companies who are listed as vendors for and on behalf of Mountain Water District. They are as follows:

Eastern Telephone
Mayhorn's Inc.
Worldwide Equipment
Cardinal Glass, Inc.

The foregoing representations are correct and complete to the best of my knowledge and belief.

Daniel P. Stratton
Signature

12-30-14
Date

Daniel P. Stratton
Printed name

Please return your signed and dated statement to Grondall Potter at your earliest convenience.

**MOUNTAIN WATER DISTRICT
CONFLICT OF INTEREST STATEMENT FOR DIRECTORS AND OFFICERS**

For this purpose, a conflict of interest is a situation in which financial or other personal considerations may compromise, or have the appearance of compromising, an individual's judgment or objectivity regarding matters in which Mountain Water District is involved.

Please check one of the following boxes and , if applicable, provide the relevant disclosures:

- Neither I nor any member of my immediate family has any interest, financial or otherwise, as legal counsel, employee, officer, director, partner, consultant, manager, or owner in any organization of which I am aware, that has created or is likely to create a conflict of interest with my responsibility for effective, prudent, and ethical stewardship of Mountain Water District.

- I or a member of my immediate family have or may have the following conflict(s) of interest:

The foregoing representations are correct and complete to the best of my knowledge and belief.

Michael R. Seams
Signature

12 31 17
Date

Michael R. Seams
Printed name

Please return your signed and dated statement to Roy Sawyers, District Administrator, at your earliest convenience.

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General First Data Request

Q 7. Does MWD have any anti-nepotism policies in place? If so, provide copies of any and all such policies, and/or memoranda referring to such policies.

WITNESS : Sawyer

RESPONSE :

MWD only has two (2) employees, and does not have anti-nepotism policies in place. MWD has an Ethics Policy, which requires disclosure by the Board, and professionals that work with the company, of any conflict of interest. All operating personnel are employees of UMG.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

Q 8 Does MWD employ the relatives of:

Q 8(a) Any MWD board member;

Witness: Sawyers

Response: None

Q 8(b) Any MWD officer;

Witness: Sawyers

Response: None

Q 8(c) Any MWD consultant; and/or

Witness: Sawyers

Response: None

Q 8(d) Any other MWD employee?

Witness: Sawyers

Response: None

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

Q 9 If so, please provide specific details. Does Utility Management Group ["UMG"] employ the relatives of:

- a. Any MWD board member;
- b. Any MWD officer;
- c. Any MWD consultant; and/or
- d. Any other MWD employee?

If so, please provide specific details.

Witness: Meyers

Response: 9a

To UMG's knowledge, there are no UMG employees who are relatives of any Mountain Water District Commissioners.

Response: 9b

To UMG's knowledge, there are no UMG employees who are relatives of any Mountain Water District officer.

Response: 9c

To UMG's knowledge, there are no UMG employees who are relatives of any Mountain Water District consultant.

Response: 9d

To UMG's knowledge, there are no UMG employees who are relatives of any Mountain Water District employee.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

Q 10 Has any member of MWD's Board ever served on the Board of any other business entity? If so, please state:

Witness: Sawyers

Response: John Collins served as Deputy Judge Executive from 2003 to 2006 for Pike County and at the request of the Judge Executive served on Pike County Health Department's board as his proxy vote.

Q 10(a) the name and address of each such entity, and the nature of that business; and

Witness: Sawyers

Response: Pike County Health Department; 119 River Drive, Pikeville, KY 41501

Q 10(b) the length of time they served on the other entity's board.

Witness: Sawyers

Response: Four Years

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

Q 11 Please reference the Application generally. Please state whether MWD intends to seek recovery of any performance bonus expenses, that have been given since the last rate case, for ratemaking purposes of either MWD employees and/or UMG employees, and if so provide the following:

Witness: Sawyers

Response: Mountain Water District doesn't utilize a performance bonus program.

Q 11(a) A quantification of the amount of the bonus with the recipient(s) if officers, directors, or management;

Witness: Sawyers

Response: N/A

Q 11(b) A quantification of how many employees received a performance bonus and the amount of each; and

Witness: Sawyers

Response: N/A

Q 11(c) A complete justification for recovering such expense.

Witness: Sawyers

Response: N/A

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

Q 12 Please reference Exhibit B-1, Schedule W-A, p. 1 of 1 of the Application. Please explain in detail why MWD chose the proposed water rate alternate 1 which is an across-the-board rate increase, opposed to the proposed rate alternate 2 which is a cost of service increase.

Witness: Sawyers

Response: Please refer to page five (5) of the testimony provided in the application by Roy Sawyers.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General First Data Request

Q 13. Please reference Exhibit B-1, Schedule W-A, p. 1 of 1 of the Application. Please confirm that if the proposed rate alternate 2 – cost of service were used, the customer class that would receive the highest percentage change would be the wholesale rates with an increase of 98%.

- a. Has MWD performed a study or research to determine how its wholesale water rates compare to other wholesale rates in the state of Kentucky? If so, please provide copies of all such studies.
- b. Please confirm that the other customer classifications are paying higher rates and essentially subsidizing the wholesale customer rates to keep it artificially low. Please explain your answer in detail.
- c. Has MWD performed a study or research to determine how its rates for the residential, commercial, multi-family, industrial, and public authority classes compare to the rates that the wholesale customers charge to its ratepayers? Please explain your answer in detail.

WITNESS: Howard

RESPONSE:

13. Yes – the cost of service technique would impact the wholesale customer class.

13A. No – MWD has not compared wholesale rates to other local utilities.

13B. Since MWD adopted an “across the board rate increase” the proposed rates maintain the current cost allocations among customer classes.

13C. No – MWD has not researched this issue.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General First Data Request

Q 14. Please reference Exhibit B-2, Schedule W-B, p.1 of 3 of the Application. Please confirm that there were zero ("0") new water customers added in the test year of 7/1/13 to 6/30/14, even though there have been expansions to the Pikeville Medical Center, University of Pikeville's College of Osteopathic Medical School, commercial businesses, as well as new apartments and homes being built in the service area.

WITNESS: Howard

RESPONSE:

The question confuses the Pikeville water service boundary and the Mountain Water District service boundary. The Pikeville Medical Center and University of Pikeville are located within the boundary of the City of Pikeville water utility. Pikeville is currently experiencing growth as a result of capital improvements at these institutions. However, the County which is served by Mountain Water District is actively losing customers as they relocate from the eastern Coal Field to the western Coal Field. New customer additions balanced losses for a net new customer count of zero.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General First Data Request

Q 15. Please reference Exhibit B-2, Schedule W-B, p. 1 of 3 of the Application. Please explain why the wholesale water revenues are not included in the revenue section and instead indicates "Incl. in Public Auth."

WITNESS: Howard

RESPONSE:

The "Incl. in Public Auth." is the result of a mis-communication with MWD accounting. The reference should say "included in Item O.6 – Page 2 of 3 of this Schedule W-B".

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General First Data Request

Q 16. Please reference the Application generally. How did MWD establish the average water and sewer usage? Please provide any and all data and work papers used to support this finding, with data in all cells and rows fully intact and fully accessible.

WITNESS: Howard

RESPONSE:

The DVD provided in response to Q1 has copies of all pertinent schedules. With regard to average monthly water use refer to Exhibit 'B' - Schedule W-M (same worksheet on DVD), the math for the average monthly water consumption for each meter class is provided in column f, row 7, 40, 77 etc. The equation is (historic year total consumption for class)/ (total bills for historic year for class).

With regard to average monthly sewer use refer to Exhibit 'B' - Schedule S-G (same worksheet on DVD), the math for the average monthly sewer consumption is provided in column d, row10. The equation is (historic year total sewer use)/12/(number of metered customers). As there is no distinction in rates between sewer class, there was no information with which to provide a class based average. Remember – flat rate sewer rates are based on average monthly residential water consumption not on average monthly sewer use.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General First Data Request

Q17. Please reference Exhibit B-2, Schedule W-B, pp. 1 and 2 of 3 of the Application. Please explain the disparity in that MWD does not list any depreciation information under "Expenses" but does list Depreciation expenses on the following page.

WITNESS: Howard

RESPONSE:

We should have provided a cross reference on Page 1 to our detailed list of depreciation expenses on Page 2. Depreciation was included in total expenses.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

Q 18 Please reference Exhibit B-2, Schedule W-B, p. 1 of 3 of the Application. Explain what salaries are included under the expenses "Compensation – Administration" for \$124,224. Please provide a full breakdown of what this amount constitutes.

Witness: Sawyers

Response: Please see attached employee check register report noted as Exhibit 18.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

EXHIBIT 18

MOUNTAIN WATER DISTRICT
Employee Check Record

Check #	Date	Reg Hrs.	Prem. Hrs.	Wages	Prem. Wages	Tips	Gross Earnings	FICA	Fed W/H	St W/H	Local W/H	Oth. Ded.	Net Pay
9 - Sawyers, Roy B													
438	07/15/13	80.00	0.00	2,875.00	0.00	0.00	2,875.00	210.37	323.44	146.13	0.00	125.00	2,070.06
445	07/31/13	80.00	0.00	2,875.00	0.00	0.00	2,875.00	210.38	323.44	146.13	0.00	125.00	2,070.05
447	08/15/13	80.00	0.00	2,875.00	0.00	0.00	2,875.00	210.37	323.44	146.13	0.00	125.00	2,070.06
454	08/31/13	80.00	0.00	2,875.00	0.00	0.00	2,875.00	210.38	323.44	146.13	0.00	125.00	2,070.05
456	09/13/13	80.00	0.00	2,875.00	0.00	0.00	2,875.00	210.37	323.44	146.13	0.00	125.00	2,070.06
463	09/30/13	80.00	0.00	2,875.00	0.00	0.00	2,875.00	210.38	323.44	146.13	0.00	125.00	2,070.05
465	10/15/13	80.00	0.00	2,875.00	0.00	0.00	2,875.00	210.37	323.44	146.13	0.00	125.00	2,070.06
472	10/30/13	80.00	0.00	2,875.00	0.00	0.00	2,875.00	210.38	323.44	146.13	0.00	125.00	2,070.05
474	11/15/13	80.00	0.00	2,875.00	0.00	0.00	2,875.00	210.37	323.44	146.13	0.00	125.00	2,070.06
481	11/27/13	80.00	0.00	2,875.00	0.00	0.00	2,875.00	210.38	323.44	146.13	0.00	125.00	2,070.05
483	12/15/13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00 VOID
485	12/12/13	80.00	0.00	2,875.00	0.00	0.00	2,875.00	210.37	323.44	146.13	0.00	125.00	2,070.06
492	12/30/13	80.00	0.00	2,875.00	0.00	0.00	2,875.00	210.38	323.44	146.13	0.00	125.00	2,070.05
10 - Hatfield, Carrie L													
439	07/15/13	80.00	0.00	2,253.33	0.00	0.00	2,253.33	163.76	232.04	110.79	0.00	112.67	1,634.07
446	07/31/13	80.00	0.00	2,253.33	0.00	0.00	2,253.33	163.76	232.04	110.79	0.00	112.67	1,634.07
448	08/15/13	80.00	0.00	2,253.33	0.00	0.00	2,253.33	163.76	232.04	110.79	0.00	112.67	1,634.07
455	08/31/13	80.00	0.00	2,253.33	0.00	0.00	2,253.33	163.76	232.04	110.79	0.00	112.67	1,634.07
457	09/13/13	80.00	0.00	2,253.33	0.00	0.00	2,253.33	163.76	232.04	110.79	0.00	112.67	1,634.07
464	09/30/13	80.00	0.00	2,253.33	0.00	0.00	2,253.33	163.76	232.04	110.79	0.00	112.67	1,634.07
466	10/15/13	80.00	0.00	2,253.33	0.00	0.00	2,253.33	163.76	232.04	110.79	0.00	112.67	1,634.07
473	10/30/13	80.00	0.00	2,253.33	0.00	0.00	2,253.33	163.76	232.04	110.79	0.00	112.67	1,634.07
475	11/15/13	80.00	0.00	2,253.33	0.00	0.00	2,253.33	163.76	232.04	110.79	0.00	112.67	1,634.07
482	11/27/13	80.00	0.00	2,253.33	0.00	0.00	2,253.33	163.76	232.04	110.79	0.00	112.67	1,634.07
484	12/15/13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00 VOID
486	12/12/13	80.00	0.00	2,253.33	0.00	0.00	2,253.33	163.76	232.04	110.79	0.00	112.67	1,634.07
493	12/30/13	80.00	0.00	2,253.33	0.00	0.00	2,253.33	163.76	232.04	110.79	0.00	112.67	1,634.07

MOUNTAIN WATER DISTRICT
Employee Check Record

Company Totals

	January	February	March	QTD	April	May	June	QTD	
Regular Hours	56.00	160.00	240.00	456.00	320.00	157.00	320.00	797.00	
Premium Hours	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Wages	9,750.00	10,763.32	10,256.66	30,769.98	10,256.66	10,256.66	10,256.66	30,769.98	
Premium Wages	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Tips	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Gross Earnings	9,750.00	10,763.32	10,256.66	30,769.98	10,256.66	10,256.66	10,256.66	30,769.98	
FICA	711.45	785.09	748.27	2,244.81	748.28	748.27	748.27	2,244.82	
Federal W/H	1,043.13	1,110.96	1,110.96	3,265.05	1,110.96	1,110.96	1,110.96	3,332.88	
State W/H	486.26	521.09	513.84	1,521.19	513.84	513.84	513.84	1,541.52	
Local W/H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Other Deductions	450.00	500.68	475.34	1,426.02	475.34	475.34	475.34	1,426.02	
Net Pay	7,059.16	7,845.50	7,408.25	22,312.91	7,408.24	7,408.25	7,408.25	22,224.74	
	July	August	September	QTD	October	November	December	QTD	YTD
Regular Hours	320.00	320.00	320.00	960.00	320.00	320.00	320.00	960.00	3,173.00
Premium Hours	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Wages	10,256.66	10,256.66	10,256.66	30,769.98	10,256.66	10,256.66	10,256.66	30,769.98	123,079.92
Premium Wages	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tips	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Earnings	10,256.66	10,256.66	10,256.66	30,769.98	10,256.66	10,256.66	10,256.66	30,769.98	123,079.92
FICA	748.27	748.27	748.27	2,244.81	748.27	748.27	748.27	2,244.81	8,979.25
Federal W/H	1,110.96	1,110.96	1,110.96	3,332.88	1,110.96	1,110.96	1,110.96	3,332.88	13,263.69
State W/H	513.84	513.84	513.84	1,541.52	513.84	513.84	513.84	1,541.52	6,145.75
Local W/H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Deductions	475.34	475.34	475.34	1,426.02	475.34	475.34	475.34	1,426.02	5,704.08
Net Pay	7,408.25	7,408.25	7,408.25	22,224.75	7,408.25	7,408.25	7,408.25	22,224.75	88,987.15

MOUNTAIN WATER DISTRICT
Employee Check Record

Check #	Date	Reg.Hrs.	Wages	FICA	Fed W/H	St W/H	Local W/H	Oth. Ded.	Net Pay
9 - Sawyers, Roy B									
494	01/15/14	80.00	2,925.00	214.01	329.00	148.79	0.00	127.50	2,105.70
501	01/31/14	80.00	2,925.00	214.01	329.00	148.79	0.00	127.50	2,105.70
MTD	01/31/14	160.00	5,850.00	428.02	658.00	297.58	0.00	255.00	4,211.40
503	02/14/14	80.00	2,925.00	214.01	329.00	148.79	0.00	127.50	2,105.70
510	02/28/14	80.00	2,925.00	214.01	329.00	148.79	0.00	127.50	2,105.70
MTD	02/28/14	160.00	5,850.00	428.02	658.00	297.58	0.00	255.00	4,211.40
512	03/14/14	80.00	2,925.00	214.00	329.00	148.79	0.00	127.50	2,105.71
519	03/26/14	80.00	2,925.00	214.01	329.00	148.79	0.00	127.50	2,105.70
MTD	03/31/14	160.00	5,850.00	428.01	658.00	297.58	0.00	255.00	4,211.41
QTD	03/31/14	480.00	17,550.00	1,284.05	1,974.00	892.74	0.00	765.00	12,634.21
521	04/15/14	80.00	2,925.00	214.01	329.00	148.79	0.00	127.50	2,105.70
528	04/30/14	80.00	2,925.00	214.01	329.00	148.79	0.00	127.50	2,105.70
MTD	04/30/14	160.00	5,850.00	428.02	658.00	297.58	0.00	255.00	4,211.40
530	05/15/14	80.00	2,925.00	214.01	329.00	148.79	0.00	127.50	2,105.70
537	05/28/14	80.00	2,925.00	214.01	329.00	148.79	0.00	127.50	2,105.70
MTD	05/31/14	160.00	5,850.00	428.02	658.00	297.58	0.00	255.00	4,211.40
539	06/13/14	80.00	2,925.00	214.01	329.00	148.79	0.00	127.50	2,105.70
541	06/30/14	80.00	2,925.00	214.01	329.00	148.79	0.00	127.50	2,105.70
MTD	06/30/14	160.00	5,850.00	428.02	658.00	297.58	0.00	255.00	4,211.40
QTD	06/30/14	480.00	17,550.00	1,284.06	1,974.00	892.74	0.00	765.00	12,634.20
YTD	12/31/14	1,840.00	70,200.00	5,136.21	7,896.00	3,570.96	0.00	3,060.00	50,536.83
10 - Hatfield, Carrie L									
495	01/15/14	80.00	2,298.40	167.04	236.90	113.18	0.00	114.92	1,666.36
502	01/31/14	80.00	2,298.40	167.03	236.90	113.18	0.00	114.92	1,666.37
MTD	01/31/14	160.00	4,596.80	334.07	473.80	226.36	0.00	229.84	3,332.73
504	02/14/14	80.00	2,298.40	167.04	236.90	113.18	0.00	114.92	1,666.36
511	02/28/14	80.00	2,298.40	167.03	236.90	113.18	0.00	114.92	1,666.37
MTD	02/28/14	160.00	4,596.80	334.07	473.80	226.36	0.00	229.84	3,332.73
513	03/14/14	80.00	2,298.40	167.04	236.90	113.18	0.00	114.92	1,666.36
520	03/26/14	80.00	2,298.40	167.04	236.90	113.18	0.00	114.92	1,666.36
MTD	03/31/14	160.00	4,596.80	334.08	473.80	226.36	0.00	229.84	3,332.72
QTD	03/31/14	480.00	13,790.40	1,002.22	1,421.40	679.08	0.00	689.52	9,998.18
521	04/15/14	80.00	2,298.40	167.03	236.90	113.18	0.00	114.92	1,666.37
528	04/30/14	80.00	2,298.40	167.04	236.90	113.18	0.00	114.92	1,666.36
MTD	04/30/14	160.00	4,596.80	334.07	473.80	226.36	0.00	229.84	3,332.73
531	05/15/14	80.00	2,298.40	167.04	236.90	113.18	0.00	114.92	1,666.36

MOUNTAIN WATER DISTRICT
Employee Check Record

Check #	Date	Reg.Hrs.	Wages	FICA	Fed W/H	St W/H	Local W/H	Oth. Ded.	Net Pay
530	05 28 14	80.00	2,298.40	167.03	236.90	113.18	0.00	114.92	1,666.37
MTD	05 31 14	160.00	4,596.80	334.07	473.80	226.36	0.00	229.84	3,332.73
540	06 13 14	80.00	2,298.40	167.04	236.90	113.18	0.00	114.92	1,666.36
542	06 30 14	80.00	2,298.40	167.03	236.90	113.18	0.00	114.92	1,666.37
MTD	06 30 14	160.00	4,596.80	334.07	473.80	226.36	0.00	229.84	3,332.73
QTD	06 30 14	480.00	13,790.40	1,002.21	1,421.40	679.08	0.00	689.52	9,998.19
YTD	12 31 14	1,840.00	55,161.60	4,008.88	5,685.60	2,716.32	0.00	2,758.08	39,992.72

MOUNTAIN WATER DISTRICT
Employee Check Record

Company Totals

	January	February	March	QTD	
Regular Hours	320.00	320.00	320.00	960.00	
Wages	10,446.80	10,446.80	10,446.80	31,340.40	
FICA	762.09	762.09	762.09	2,286.27	
Federal W H	1,131.80	1,131.80	1,131.80	3,395.40	
State W H	523.94	523.94	523.94	1,571.82	
Local W/H	0.00	0.00	0.00	0.00	
Other Deductions	484.84	484.84	484.84	1,454.52	
Net Pay	7,544.13	7,544.13	7,544.13	22,632.39	
	April	May	June	QTD	
Regular Hours	320.00	320.00	320.00	960.00	
Wages	10,446.80	10,446.80	10,446.80	31,340.40	
FICA	762.09	762.09	762.09	2,286.27	
Federal W H	1,131.80	1,131.80	1,131.80	3,395.40	
State W H	523.94	523.94	523.94	1,571.82	
Local W/H	0.00	0.00	0.00	0.00	
Other Deductions	484.84	484.84	484.84	1,454.52	
Net Pay	7,544.13	7,544.13	7,544.13	22,632.39	
	July	August	September	QTD	
Regular Hours	320.00	320.00	320.00	960.00	
Wages	10,446.80	10,446.80	10,446.80	31,340.40	
FICA	762.09	762.09	762.09	2,286.27	
Federal W H	1,131.80	1,131.80	1,131.80	3,395.40	
State W H	523.94	523.94	523.94	1,571.82	
Local W/H	0.00	0.00	0.00	0.00	
Other Deductions	484.84	484.84	484.84	1,454.52	
Net Pay	7,544.13	7,544.13	7,544.13	22,632.39	
	October	November	December	QTD	YTD
Regular Hours	320.00	320.00	160.00	800.00	3,680.00
Wages	10,446.80	10,446.80	10,446.80	31,340.40	125,361.60
FICA	762.09	762.09	762.10	2,286.28	9,145.09
Federal W H	1,131.80	1,131.80	1,131.80	3,395.40	13,581.60
State W H	523.94	523.94	523.94	1,571.82	6,287.28
Local W H	0.00	0.00	0.00	0.00	0.00
Other Deductions	484.84	484.84	484.84	1,454.52	5,818.08
Net Pay	7,544.13	7,544.13	7,544.12	22,632.38	90,529.55

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

Q 19 Please reference Exhibit B-2 Schedule W-B, p. 1 of 3 of the Application. Please explain what salaries are included under the expenses "Compensation-Commissioners".

Witness: Sawyers

Response: Commissioner's salary.

Q 19(a) Please explain if the \$30,000 figure is the salary per each MWD Commissioner, or if it is the cumulative salary of all five Commissioners.

Witness: Sawyers

Response: Each commissioner receives an annual salary of \$6,000.

Q 19(b) List any and all additional/fringe benefits that are provided to the Commissioners such as vehicles to drive, meals paid for, etc.

Witness: Sawyers

Response: The commissioners are entitled to reimbursement of expenses for mileage and food for continuing education and training requirements.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

Q 20 Reference Exhibit B-2, Schedule W-B, p. 1 of 3 of the Application. Please provide a breakdown of expenses listed under "Contract Services – Accounting and Audit" for the figure of \$72,550.

Witness: Sawyers

Response: Please see attached expense list for contract services accounting and audit noted as Exhibit 20.

Q 20(a) Did MWD engage in competitive bidding when awarding this contract to ensure that this is the most cost effective option for its customers?

Witness: Sawyers

Response: No

Q 20(a)(i) If so, please provide all documentation pertaining to the competitive bidding process, including but not limited to any and all internal emails, memoranda, and correspondence. If any RFPs were issued, provide any and all documents with such, and identify all parties to whom any RFPs were forwarded.

Witness: Sawyers

Response: N/A

Q 20(a)(ii) If not, why not? Please explain your answer in detail.

Witness: Sawyers

Response: The Kentucky Model Procurement Code doesn't require bidding for professional services as they may be awarded based on qualifications after negotiation of fair and reasonable compensation.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Attorney General First Data Request

EXHIBIT 20

MOUNTAIN WATER DISTRICT
General Ledger

Date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
	6320.08	CONTRACT SERVICE - ACCOUNTING	18,438.00			
07/31/13	73456	Michael R. Spears, CPA		6,125.00		
07/31/13	73473	Mike Spears, CPA		2,200.00		
		July		8,325.00	26,763.00	
08/21/13	73492	Michael Spears, CPA		2,200.00		
08/21/13	73510	Michael R. Spears, CPA		4,085.00		
		August		6,285.00	33,048.00	
09/23/13	73532	Mike Spears, CPA		2,200.00		
09/23/13	73539	Michael R. Spears, CPA		1,780.00		
		September		3,980.00	37,028.00	
10/29/13	73574	Griffith, Delaney, Hillman, & Co		23,217.49		
10/29/13	73585	Michael R. Spears		1,204.00		
10/29/13	73599	Michael R. Spears		2,200.00		
		October		26,621.49	63,649.49	
11/27/13	73619	Michael R. Spears, CPA		2,012.00		
11/27/13	73633	MICHAEL R. SPEARS, CPA		2,200.00		
		November		4,212.00	67,861.49	
12/20/13	73655	Michael R. Spears		840.00		
12/20/13	73660	Mike Spears, CPA		2,200.00		
		December		3,040.00	70,901.49	
01/29/14	73675	MIKE SPEARS, CPA		2,200.00		
01/29/14	73682	Michael R. Spears, CPA		1,222.00		
		January		3,422.00	74,323.49	
02/26/14	73729	Michael R. Spears		1,628.00		
02/26/14	73735	Michael R. Spears, CPA		2,200.00		
		February		3,828.00	78,151.49	
03/26/14	73754	Michael R. Spears		1,782.00		
03/26/14	73763	Mike Spears, CPA		2,200.00		
		March		3,982.00	82,133.49	
04/30/14	73778	MICHAEL R. SPEARS, CPA		684.00		
04/30/14	73791	Mike Spears, CPA		2,200.00		
		April		2,884.00	85,017.49	
05/28/14	73819	Mike Spears, CPA		2,200.00		
05/28/14	73820	Michael R. Spears, CPA		321.00		
		May		2,521.00	87,538.49	
06/30/14	10 J	R/C Mike Spears Acct. Service for June 2014		2,200.00		
06/25/14	73856	Michael R. Spears, CPA		1,250.00		
		June		3,450.00	90,988.49	
				<u>72,550.49</u>		<u>90,988.49</u>

Range of Accounts Specified:

Total Profit (Loss) (72,550.49)

Number of Transactions 25

The General Ledger is in balance 0.00

MOUNTAIN WATER DISTRICT
General Ledger

Date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
------	-------------	-------------	----------------------	-------------------	----------------------	----------------

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
06/25/14

Pay
the
order of

Michael R. Spears, CPA

\$ 2,200.00

Twenty-two Hundred And 00/100 Dollars***

Michael R. Spears, CPA

Robert R. Allen
Cashier

[Redacted]

[Redacted]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 06/25/14
Check Number: 73862
Amount: 2,200.00

Memo:
Monthly Accounting Services
Operating Account

73862

Michael R. Spears, CPA
Monthly Accounting Services
Operating Account

Date: 06/25/14
Check Number: 73862
Amount: 2,200.00

Year to Date Paid:
0.00

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
06/25/14

Pay to the order of Michael R. Spears, CPA \$ 1,250.00
Twelve Hundred Fifty And 00/100 Dollars

Michael R. Spears, CPA
P.O. Box 1270
Prestonsburg, KY 41653

Robert R. Adkins
Robert R. Adkins



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 06/25/14
Check Number: 73856
Amount: 1,250.00

Memo:
401
Operating Account

Michael R. Spears, CPA
17401
Operating Account

73856

Date: 06/25/14
Check Number: 73856
Amount: 1,250.00

Year to Date Paid:
0 00

MICHAEL R. SPEARS, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 1270
PRESTONSBURG, KY 41653

MOUNTAIN WATER DISTRICT
P. O. BOX 3607
PIKEVILLE, KY 41501

Client #: 33050

Invoice # 17401

May 31, 2014

For Professional Services Rendered:

MONTHLY ACCOUNTING SERVICES FOR MAY

1,250.00

Total Due

\$1,250.00
=====



MICHAEL R. SPEARS, CPA, PSC
 CERTIFIED PUBLIC ACCOUNTANT
 P. O. BOX 1270
 PRESTONSBURG, KY 41653

MOUNTAIN WATER DISTRICT
 P. O. BOX 3607
 PIKEVILLE, KY 41501

May 31, 2014

Statement

Client #: 33050

		Charge	Credit	Balance
		-----	-----	-----
03/31/14	Invoice # 17061	684.00		
05/02/14	Receipt		684.00-	
	Unpaid Balance			0.00
04/30/14	Invoice # 17212	321.00		
05/30/14	Receipt		321.00-	
	Unpaid Balance			0.00
05/31/14	Invoice # 17401	1,250.00		
	Unpaid Balance			1,250.00
Balance Due				----- \$1,250.00 =====


0 - 30	31 - 60	61 - 90	91 - 120	>120	Total
1,250.00	0.00	0.00	0.00	0.00	1,250.00

Amount due is payable upon receipt of invoice. Amount past due will incur a monthly finance charge of 0.00 percent.



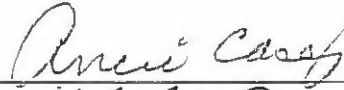
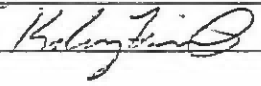
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
05/28/14

 Mike Spears, CPA \$ 2,200.00


Twenty-two Hundred And 00/100 Dollars***

Mike Spears, CPA

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 05/28/14
Check Number: 73819
Amount: 2,200.00

Memo:
 Monthly Accounting Services
Operating Account

Mike Spears, CPA
Monthly Accounting Services
Operating Account

73819

Date: 05/28/14
Check Number: 73819
Amount: 2,200.00

Year to Date Paid:
0.00

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
05/28/14

Pay
the
order of

Michael R. Spears, CPA

\$

321.00

Three Hundred Twenty-one And 00/100 Dollars***

Michael R. Spears, CPA

Anna Casey
Kelvin B

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 05/28/14
Check Number: 73820
Amount: 321.00

Memo:
Monthly Accounting Services for April 2014
Operating Account

Michael R. Spears, CPA
Monthly Accounting Services for April 2014
Operating Account

73820

Date: 05/28/14
Check Number: 73820
Amount: 321.00

Year to Date Paid.
0.00



MICHAEL R. SPEARS, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 1270
PRESTONSBURG, KY 41653

MOUNTAIN WATER DISTRICT
P. O. BOX 3607
PIKEVILLE, KY 41501

Client #: 33050

Invoice # 17212

April 30, 2014

For Professional Services Rendered:

MONTHLY ACCOUNTING SERVICES FOR APRIL

321.00

Total Due

\$321.00
=====

MICHAEL R. SPEARS, CPA, PSC
 CERTIFIED PUBLIC ACCOUNTANT
 P. O. BOX 1270
 PRESTONSBURG, KY 41653

MOUNTAIN WATER DISTRICT
 P. O. BOX 3607
 PIKEVILLE, KY 41501

April 30, 2014

Statement

Client #: 33050

		Charge	Credit	Balance
03/31/14	Invoice # 17061	684.00		
	Unpaid Balance			684.00
04/30/14	Invoice # 17212	321.00		
	Unpaid Balance			321.00
Balance Due				\$1,005.00

 \$1,005.00
 =====
 -684.00

\$321.00

* payment of \$684.00
 was received on 5/2/14.

0 - 30	31 - 60	61 - 90	91 - 120	>120	Total
1,005.00	0.00	0.00	0.00	0.00	1,005.00

Amount due is payable upon receipt of invoice. Amount past due will incur a monthly finance charge of 0.00 percent.

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73791

Date
04/30/14

Pay
to the
order of

Mike Spears, CPA

\$ 2,200.00

Twenty-two Hundred And 00/100 Dollars***

Mike Spears, CPA

Armed Casey

K. H. ...



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 04/30/14
Check Number: 73791
Amount: 2,200.00

Memo:
Monthly Accounting Services
Operating Account

Mike Spears, CPA
Monthly Accounting Services
Operating Account

73791

Date: 04/30/14
Check Number: 73791
Amount: 2,200.00

Year to Date Paid:
0.00

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73778

Date
04/30/14

Pay
to the
order of

MICHAEL R. SPEARS, CPA

\$

684.00

Six Hundred Eighty-four And 00/100 Dollars***

MICHAEL R. SPEARS, CPA
P.O. BOX 1270
Prestonsburg, KY 41653

Archie Casey
K. J. B.

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 04/30/14
Check Number: 73778
Amount: 684.00

Memo:
17061
Operating Account

MICHAEL R. SPEARS, CPA
17061
Operating Account

73778

Date: 04/30/14
Check Number: 73778
Amount: 684.00

Year to Date Paid:
0.00

MICHAEL R. SPEARS, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 1270
PRESTONSBURG, KY 41653

MOUNTAIN WATER DISTRICT
P. O. BOX 3607
PIKEVILLE, KY 41501

Client #: 33050

Invoice # 17061

March 31, 2014

For Professional Services Rendered:

MEETINGS WITH UMG

684.00

Total Due

\$684.00
=====

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
03/26/14

By
the
order of

Mike Spears, CPA

\$ 2,200.00

Twenty-two Hundred And 00/100 Dollars***

Mike Spears, CPA

Quaid Casey
Quaid Casey

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 03/26/14
Check Number: 73763
Amount: 2,200.00

Memo:
March Accounting Services
Operating Account

Mike Spears, CPA
March Accounting Services
Operating Account

73763

Date: 03/26/14
Check Number: 73763
Amount: 2,200.00

Year to Date Paid:
0.00

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
03/26/14

Pay
to the
order of

Michael R. Spears

\$

1,782.00

Seventeen Hundred Eighty-two And 00/100 Dollars***

Michael R. Spears
P.O. Box 1270
Prestonsburg, KY 41653

Arvid Casey
Printer R. Spears

[Redacted]

[Redacted]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 03/26/14
Check Number: 73754
Amount: 1,782.00

Memo:
16997
Operating Account

Michael R. Spears
16997
Operating Account

73754

Date: 03/26/14
Check Number: 73754
Amount: 1,782.00

Year to Date Paid:
0.00

MICHAEL R. SPEARS, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 1270
PRESTONSBURG, KY 41653

MOUNTAIN WATER DISTRICT
P. O. BOX 3607
PIKEVILLE, KY 41501

Client #: 33050

Invoice # 16997

February 28, 2014

For Professional Services Rendered:

UMG NEGOTIATIONS & BILLING ISSUES

1,782.00

Total Due

\$1,782.00
=====

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

PROPERTY OF BANK OF AMERICA

13735

Date
02/26/14

to the
order of

Micheal R. Spears, CPA

\$ 2,200.00

Twenty-two Hundred And 00/100 Dollars***

Micheal R. Spears, CPA

[Handwritten Signature]

[Handwritten Signature]

[Redacted]

[Redacted]

[Redacted]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 02/26/14
Check Number: 73735
Amount: 2,200.00

to:
Montly Accounting Services
Operating Account

Micheal R. Spears, CPA
Montly Accounting Services
Operating Account

73735

Date: 02/26/14
Check Number: 73735
Amount: 2,200.00

Year to Date Paid:
0.00

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

PRINTED BY THE BANK OF MONTANA

10122

Date
02/26/14



order of Michael R. Spears

\$ 1,628.00

Sixteen Hundred Twenty-eight And 00/100 Dollars***

Michael R. Spears
P.O. Box 1270
Prestonsburg, KY 41653

Handwritten signature

Handwritten signature



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 02/26/14
Check Number: 73729
Amount: 1,628.00

Memo:
1659
Operating Account

Michael R. Spears
16859
Operating Account

73729

Date: 02/26/14
Check Number: 73729
Amount: 1,628.00

Year to Date Paid:
0.00



MICHAEL R. SPEARS, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 1270
PRESTONSBURG, KY 41653

MOUNTAIN WATER DISTRICT
P. O. BOX 3607
PIKEVILLE, KY 41501

Client #: 33050

Invoice # 16859

January 31, 2014

For Professional Services Rendered:

CUSTOMER BILLING ISSUE, CASH FLOW
PROJECTION AND MEETING

1,628.00

Total Due

\$1,628.00
=====

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
01/29/14

Order of

MIKE SPEARS, CPA

\$ 2,200.00

Twenty-two Hundred And 00/100 Dollars***

MIKE SPEARS, CPA

Prentis R. Allen

Religious

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 01/29/14
Check Number: 73675
Amount: 2,200.00

To:
ACCOUNTING SERVICES FOR JAN. 2014
Operating Account

MIKE SPEARS, CPA
ACCOUNTING SERVICES FOR JAN. 2014
Operating Account

73675

Date: 01/29/14
Check Number: 73675
Amount: 2,200.00

Year to Date Paid:
0.00

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
01/29/14

By
order of

Michael R. Spears, CPA

\$ 1,222.00

Twelve Hundred Twenty-two And 00/100 Dollars

Michael R. Spears, CPA
P.O. Box 1270
Prestonsburg, KY 41653

[Handwritten Signature]

Michael R. Spears

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 01/29/14
Check Number: 73682
Amount: 1,222.00

Memo:
16795 montly acct. services
Operating Account

Michael R. Spears, CPA
16795 montly acct. services
Operating Account

73682

Date: 01/29/14
Check Number: 73682
Amount: 1,222.00

Year to Date Paid:
0.00

MICHAEL R. SPEARS, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 1270
PRESTONSBURG, KY 41653

MOUNTAIN WATER DISTRICT
P. O. BOX 3607
PIKEVILLE, KY 41501

Client #: 33050

Invoice # 16795

December 31, 2013

For Professional Services Rendered:

CASH FLOW PROJECTION & CORRESP W/UMG

1,222.00

AND MONTHLY ACCOUNTING SERVICES

Total Due

\$1,222.00
=====

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73655

Date
12/20/13

Pay to the order of Michael R. Spears \$ 840.00
Eight Hundred Forty And 00/100 Dollars***

Michael R. Spears
P.O. Box 1270
Prestonsburg, KY 41653

Arcie Casey
President R. Albright

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 12/20/13
Check Number: 73655
Amount: 840.00

Memo:
Accounting services # 16748
Operating Account

MICHAEL R. SPEARS, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 1270
PRESTONSBURG, KY 41653

MOUNTAIN WATER DISTRICT
P. O. BOX 3607
PIKEVILLE, KY 41501

Client #: 33050

Invoice # 16748

November 30, 2013

For Professional Services Rendered:

MONTHLY ACCOUNTING SERVICES FOR
NOVEMBER

840.00

Total Due

\$840.00
=====

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK 73660

Date
12/20/13

Pay to the order of Mike Spears, CPA \$ 2,200.00
Twenty-two Hundred And 00/100 Dollars

Mike Spears, CPA

Rhonda Gabe
Rhonda Gabe

[REDACTED]

From: Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502
Memo: Dec. 2013 Accounting Services
Operating Account

Date: 12/20/13
Check Number: 73660
Amount: 2,200.00

Mountain Water District

COMMUNITY TRUST BANK

73633

Operating Account
P.O. Box 3157
Fikeville, KY 41502

Date
11/27/13

Pay to the order of MICHAEL R. SPEARS, CPA \$ 2,200.00

Twenty-two Hundred And 00/100 Dollars***

MICHAEL R. SPEARS, CPA

Aurie Casey

[Signature]



From: Mountain Water District
Operating Account
P.O. Box 3157
Fikeville, KY 41502

Date: 11/27/13
Check Number: 73633
Amount: 2,200.00

Remo: ACCOUNTING SERVICES
Operating Account

MICHAEL R. SPEARS, CPA
ACCOUNTING SERVICES
Operating Account

73633

Date: 11/27/13
Check Number: 73633
Amount: 2,200.00

Year to Date Paid:
0.00

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73619

Date
11/27/13

Pay
to the
order of

Michael R. Spears, CPA

\$ 2,012.00

Two Thousand Twelve And 00/100 Dollars***

Michael R. Spears, CPA
P.O. Box 1270
Prestonsburg, KY 41653

Anne Casey
Helene B



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 11/27/13
Check Number: 73619
Amount: 2,012.00

To:
\$ 16689
Operating Account

Michael R. Spears, CPA
\$ 16689
Operating Account

73619

Date: 11/27/13
Check Number: 73619
Amount: 2,012.00

Year to Date Paid:
0.00

MICHAEL R. SPEARS, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 1270
PRESTONSBURG, KY 41653

MOUNTAIN WATER DISTRICT
P. O. BOX 3607
PIKEVILLE, KY 41501

Client #: 33050

Invoice # 16689

October 31, 2013

For Professional Services Rendered:

MEETINGS & PSC REVIEW

2,012.00

Total Due

\$2,012.00
=====

Mountain Water District

COMMUNITY TRUST BANK

73599

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
10/29/13

Pay to the order of Michael R. Spears \$ 2,200.00

Twenty-two Hundred And 00/100 Dollars***

Michael R. Spears

Arnell Casey
Kelley



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 10/29/13
Check Number: 73599
Amount: 2,200.00

Memo:
Monthly accounting services
Operating Account

Michael R. Spears
Monthly accounting services
Operating Account

73599

Date: 10/29/13
Check Number: 73599
Amount: 2,200.00

Year to Date Paid:
0.00

Mountain Water District

IMMUNITY TRUST BANK

73585

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
10/29/13

Pay
to the
order of

Michael R. Spears

\$

1,204.00

Twelve Hundred Four And 00/100 Dollars***

Michael R. Spears
P.O. Box 1270
Prestonsburg, KY 41653

Arno Coates
Kelley Smith

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 10/29/13
Check Number: 73585
Amount: 1,204.00

Memo:
Professional Service for audit and psc report
Operating Account

Michael R. Spears
Professional Service for audit and psc report
Operating Account

73585

Date: 10/29/13
Check Number: 73585
Amount: 1,204.00

Year to Date Paid:
0.00

MICHAEL R. SPEARS, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 1270
PRESTONSBURG, KY 41653

MOUNTAIN WATER DISTRICT
P. O. BOX 3607
PIKEVILLE, KY 41501

Client #: 33050

Invoice # 16605

September 30, 2013

For Professional Services Rendered:

AUDIT & PSC REPORT PREP

1,204.00

Total Due

\$1,204.00

=====

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
09/23/13

by
the
order of
Mike Spears, CPA

\$ 2,200.00

Twenty-two Hundred And 00/100 Dollars***

Mike Spears, CPA

Ancie Casey
Printer



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 09/23/13
Check Number: 73532
Amount: 2,200.00

Memo:
Accounting Services
Operating Account

Mike Spears, CPA
Accounting Services
Operating Account

73532

Date: 09/23/13
Check Number: 73532
Amount: 2,200.00

Year to Date Paid:
0.00

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

INSURANCE TRUST BANK

10007

Date
09/23/13

Pay
to the
order of

Michael R. Spears, CPA

\$ 1,780.00

Seventeen Hundred Eighty And 00/100 Dollars***

Michael R. Spears, CPA
P.O. Box 1270
Prestonsburg, KY 41653

Opie Casey
Michael R. Spears

[REDACTED]

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 09/23/13
Check Number: 73539
Amount: 1,780.00

To:
16548 For Audit
Operating Account

Michael R. Spears, CPA
16548 For Audit
Operating Account

73539

Date: 09/23/13
Check Number: 73539
Amount: 1,780.00

Year to Date Paid:
0.00

MICHAEL R. SPEARS, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 1270
PRESTONSBURG, KY 41653

MOUNTAIN WATER DISTRICT
P. O. BOX 3607
PIKEVILLE, KY 41501

Client #: 33050

Invoice # 16548

August 31, 2013

For Professional Services Rendered:

REGIONS BANK REC & UMG, OTHER REVENUE
REC FOR AUDIT

1,780.00

Total Due

\$1,780.00
=====

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

IMMUNITY TRUST BANK

73492

Date
08/21/13

to the
order of

Michael Spears, CPA

\$ 2,200.00

Twenty-two Hundred And 00/100 Dollars***

Michael Spears, CPA

Angie Casey

Robert J. Casey

[REDACTED]

[REDACTED]

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 08/21/13
Check Number: 73492
Amount: 2,200.00

M:
Accounting Services
Operating Account

Michael Spears, CPA
Accounting Services
Operating Account

73492

Date: 08/21/13
Check Number: 73492
Amount: 2,200.00

Year to Date Paid:
0.00

IMMUNITY TRUST BANK

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

IMMUNITY TRUST BANK

73510

Date
08/21/13

to the
order of

Michael R. Spears, CPA

\$ 4,085.00

Four Thousand Eighty-five And 00/100 Dollars***

Michael R. Spears, CPA
P.O.Box 1270
Prestonsburg, KY 41653

Ancie Casey
Robert J. [unclear]

[REDACTED]

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 08/21/13
Check Number: 73510
Amount: 4,085.00

16496
Operating Account

Michael R. Spears, CPA
16496
Operating Account

73510

Date: 08/21/13
Check Number: 73510
Amount: 4,085.00

Year to Date Paid:
0.00

MICHAEL R. SPEARS, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 1270
PRESTONSBURG, KY 41653

MOUNTAIN WATER DISTRICT
P. O. BOX 3607
PIKEVILLE, KY 41501

Client #: 33050

Invoice # 16496

July 31, 2013

For Professional Services Rendered:

2012 PSC REPORT	2,500.00
2011 AMENDED PSC	900.00
UMG MEETINGS	685.00

Total Due

\$4,085.00
=====

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

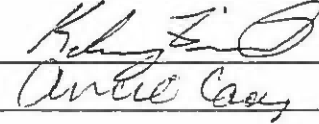
COMMUNITY TRUST BANK

73473

Date
07/31/13

 *in the order of* Mike Spears, CPA \$ 2,200.00
Twenty-two Hundred And 00/100 Dollars***

Mike Spears, CPA



Arnie Coakley

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 07/31/13
Check Number: 73473
Amount: 2,200.00

:
Accounting Services
Operating Account

Mike Spears, CPA
Accounting Services
Operating Account

73473

Date: 07/31/13
Check Number: 73473
Amount: 2,200.00

Year to Date Paid:
0.00

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
07/31/13



order of Michael R. Spears, CPA

\$ 6,125.00

Sixty-one Hundred Twenty-five And 00/100 Dollars***

Michael R. Spears, CPA

Robert R. Adams

Robert R. Adams



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 07/31/13
Check Number: 73456
Amount: 6,125.00

Memo:
16440
Operating Account

Michael R. Spears, CPA
16440
Operating Account

73456

Date: 07/31/13
Check Number: 73456
Amount: 6,125.00

Year to Date Paid:
0.00



MICHAEL R. SPEARS, CPA, PSC
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 1270
PRESTONSBURG, KY 41653

MOUNTAIN WATER DISTRICT
P. O. BOX 3607
PIKEVILLE, KY 41501

Client #: 33050

Invoice # 16440

June 30, 2013

For Professional Services Rendered:

UMG NEGOTIATION, YEAR END, AUDIT PREP

6,125.00

Total Due

\$6,125.00

=====

Mountain Water District

COMMUNITY TRUST BANK

73574

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
10/29/13

Pay
to the
order of

Griffith, Delaney, Hillman, & Co

\$ 23,217.49

Twenty-three Thousand Two Hundred Seventeen And 49/100 Dollars***

Griffith, Delaney, Hillman, & Co
P.O. Box 1360
ASHLAND, KY 41105-1360

Ancie Casey
President R. Adams



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 10/29/13
Check Number: 73574
Amount: 23,217.49

Memo:
2012 audit
Operating Account

Griffith, Delaney, Hillman, & Co
2012 audit
Operating Account

73574

Date: 10/29/13
Check Number: 73574
Amount: 23,217.49

Year to Date Paid:
0.00

GRIFFITH, DELANEY, HILLMAN & CO.
429 13TH STREET
P.O. BOX 1360
ASHLAND, KY 41105-1360

(606) 329-1656

MOUNTAIN WATER DISTRICT
P.O. BOX 3157

PIKEVILLE, KY 41502-3157
CONTACT:

INVOICE NO.: 0004351-IN
DATE: 09/25/13
CLIENT CODE: 0001545

PAGE NO.: 1

FOR PROFESSIONAL SERVICES RENDERED:

PREPARATION OF AUDIT FOR THE YEAR
ENDED DECEMBER 31, 2012 PER ENGAGEMENT
LETTER. \$22,000.00

OUT-OF-POCKET COSTS (TRAVEL, POSTAGE,
COPIES, ETC.). 1,217.49

AMOUNT DUE: 23217.49

A 1 1/2% MONTHLY FINANCE CHARGE WILL BE ASSESSED
ON ALL ACCOUNTS OVER 30 DAYS OLD.

=====

CURRENT	OVER 30	OVER 60	OVER 90	OVER 120	BALANCE DUE
23217.49					23217.49

=====

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General First Data Request

Q 21. Please reference Exhibit B-2, Schedule W-B, p. 1 of 3 of the Application. Provide a breakdown of expenses listed under "Contract Services - Legal" for \$39,034.

- a) Did MWD engage in competitive bidding when awarding this contract to ensure that this is the most cost effective option for its customers?
 - i) If so, please provide all documentation pertaining to the competitive bidding process, including but not limited to any and all internal emails, memoranda, and correspondence. If any RFPs were issued, provide any and all documents with such, and identify all parties to whom any RFPs were forwarded.
 - ii) If not, why not? Please explain your answer in detail.

WITNESS : Sawyer

RESPONSE : 21

See attached Exhibit 21.

RESPONSE : 21(a)

No.

RESPONSE : 21(a)(i)

Not applicable.

RESPONSE : 21(a)(ii)

The Kentucky Model Procurement Code does not require bidding for professional services as they may be awarded based on qualifications after negotiation of fair and reasonable compensation.

EXHIBIT

21

MOUNTAIN WATER DISTRICT
General Ledger

ite	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
	6330.08	CONTRACT SERVICE - LEGAL	18,472.75			
07/31/13	73458	Stratton Law		507.50		
07/31/13	73459	Stratton Law Firm		507.50		
07/31/13	73460	Stratton Law Firm		2,465.00		
07/31/13	73461	Stratton Law Firm		362.50		
			July	3,842.50	22,315.25	
08/21/13	73488	Stratton Law Firm		1,181.75		
08/21/13	73489	Stratton Law Firm		580.00		
08/21/13	73490	Stratton Law Firm		616.25		
08/21/13	73491	Stratton Law Firm		833.75		
			August	3,211.75	25,527.00	
09/23/13	73535	Stratton Law Firm		398.75		
09/23/13	73536	Stratton Law Firm		1,015.00		
09/23/13	73537	Stratton Law Firm		36.25		
09/25/13	73561	Stratton Law Firm		580.00		
			September	2,030.00	27,557.00	
10/29/13	73577	Stratton Law Firm		543.75		
10/29/13	73578	Stratton Law Firm		145.00		
10/29/13	73579	Stratton Law Firm		1,160.00		
10/29/13	73580	Stratton Law Firm		145.00		
			October	1,993.75	29,550.75	
11/27/13	73616	Stratton Law Firm		507.50		
11/27/13	73617	Stratton Law Firm		1,848.75		
11/27/13	73618	Stratton Law Firm		3,625.00		
11/27/13	73635	Stratton Law Firm		725.00		
			November	6,706.25	36,257.00	
12/20/13	73646	Stratton Law Firm, P.S.C.		471.25		
12/20/13	73647	Stratton Law Firm, P.S.C.		797.50		
12/20/13	73648	Stratton Law Firm, P.S.C.		507.50		
12/20/13	73649	Stratton Law Firm, P.S.C.		616.25		
			December	2,392.50	38,649.50	
01/29/14	73684	Stratton Law Firm, P.S.C.		580.00		
01/29/14	73686	Stratton Law Firm, P.S.C.		528.75		
01/29/14	73687	Stratton Law Firm, P.S.C.		435.00		
01/29/14	73692	Stratton Law Firm		1,123.75		
			January	2,667.50	41,317.00	
02/26/14	73723	Stratton Law Firm, P.S.C.		1,123.75		
02/26/14	73724	Stratton Law Firm, P.S.C.		870.00		
02/26/14	73725	Stratton Law Firm, P.S.C.		398.75		
02/26/14	73726	Stratton Law Firm		362.50		
02/26/14	73727	Stratton Law Firm		108.75		
			February	2,863.75	44,180.75	
03/26/14	73755	Stratton Law Firm, P.S.C.		1,993.75		
03/26/14	73756	Stratton Law Firm, P.S.C.		688.75		
03/26/14	73757	Stratton Law Firm, P.S.C.		217.50		
03/26/14	73758	Stratton Law Firm, P.S.C.		688.75		
03/26/14	73759	Stratton Law Firm, P.S.C.		761.25		
			March	4,350.00	48,530.75	
04/30/14	73780	Stratton Law Firm, P.S.C.		72.50		
04/30/14	73781	Stratton Law Firm		1,305.00		
04/30/14	73782	Stratton Law Firm, P.S.C.		1,087.50		

**MOUNTAIN WATER DISTRICT
General Ledger**

Date	Reference T	Description	Beginning Balance	Current Amount	Period End Amount	YTD Balance
	6330.08	CONTRACT SERVICE - LEGAL (cont.)				
04/30/14	73783	Stratton Law Firm, P.S.C.		145.00		
04/30/14	73784	Stratton Law Firm, P.S.C.		580.00		
			April	<u>3,190.00</u>	51,720.75	
05/28/14	73815	Stratton Law Firm, P.S.C.		1,413.75		
05/28/14	73816	Stratton Law Firm, P.S.C.		145.00		
05/28/14	73817	Stratton Law Firm, P.S.C.		435.00		
05/28/14	73818	Stratton Law Firm, P.S.C.		543.75		
05/28/14	73837	Stratton Law Firm, P.S.C.		398.75		
			May	<u>2,936.25</u>	54,657.00	
06/25/14	73852	Stratton Law Firm, P.S.C.		906.25		
06/25/14	73853	Stratton Law Firm, P.S.C.		253.75		
06/25/14	73854	Stratton Law Firm, P.S.C.		636.25		
06/25/14	73855	Stratton Law Firm, P.S.C.		1,051.25		
			June	<u>2,847.50</u>	57,504.50	
				<u>39,031.75</u>		<u>57,504.50</u>

Range of Accounts Specified:

Total Profit/(Loss) (39,031.75)

Number of Transactions 52

The General Ledger is in balance 0.00

Mountain Water District

COMMUNITY TRUST BANK

73852

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
06/25/14

Pay to the order of Stratton Law Firm, P.S.C. \$ 906.25
Nine Hundred Six And 25/100 Dollars***

Stratton Law Firm, P.S.C.
P.O. Box 3157
Pikeville, KY 41502

Robert N. Alkove
K. J. D.

[REDACTED]

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 06/25/14
Check Number: 73852
Amount: 906.25

Memo:
HEM3005-186
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-186
Operating Account

73852

Date: 06/25/14
Check Number: 73852
Amount: 906.25

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606 437 7800

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-186

Statement Date: 05/31/2014

Statement No. 13

RE: Pond Creek Sewer Project

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

05/07/2014	DPS	Call to Hensley; Email to Roy	0.25	
05/09/2014	DPS	E-mail sent to Rick Keene	0.25	
05/12/2014	DPS	E-mail sent to and call from Rick Keene	0.25	
05/14/2014	DPS	1st draft of contract for real estate purchase	0.50	
	DPS	Calls to Rick Keene; Call to Jodi and Roy; Letter to Neal Smith, Pike County Board	0.75	
05/15/2014	DPS	Call from Rick Keene; Email to Roy and Jody	0.25	
	DPS	Exchange emails with Roy and Judy; Reply emails	0.25	
05/16/2014	DPS	Receipt and review of emails from Roy and Jody; Email to Rick Keene	0.25	
05/19/2014	DPS	E-mail received from Roy re: meeting on Tierney property; Call from Roy	0.25	
05/20/2014	DPS	Meet with Rick Keene, Jody H. and Tim C.	1.00	
	DPS	1st draft of purchase contract	0.75	
05/21/2014	DPS	Second draft of Tierney sells contract	0.75	
	DPS	Revise sales agreement with Tierney	0.50	
05/28/2014	DPS	Call from Rick Keene; Review contract change	0.25	
		For Current Services Rendered	6.25	906.25
		Previous Balance		\$398.75

Mountain Water District
Account No. HEM3005.186
RE: Pond Creek Sewer Project

Statement Date: 05/31/2014
Statement No. 13
Page No. 2

Total Current Work 906.25

Payments

06/03/2014 Payment - THANK YOU -398.75

Balance Due \$906.25

<u>Billing History</u>				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
4,168.75	800.00	0.00	0.00	4,062.50

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73853

Date
06/25/14



Pay
to the
order of

Stratton Law Firm, P.S.C.

\$

253.75

Two Hundred Fifty-three And 75/100 Dollars***

Stratton Law Firm, P.S.C.

Robert R. Adkins

Robert R. Adkins



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 06/25/14
Check Number: 73853
Amount: 253.75

Memo:
HEM3005-013
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-013
Operating Account

73853

Date: 06/25/14
Check Number: 73853
Amount: 253.75

Year to Date Paid:
0.00



STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606 437 7800

STATEMENT

Federal ID No. 31-1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-013

Statement Date: 05/31/2014
Statement No. 17
Page No. 1

RE: Williamson Utility Board

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
05/07/2014	DPS	Review contract; Call to Robert Rodecker	0.25	
	DPS	Receipt and review of revised agreement from Robert Rodecker	0.25	
05/08/2014	DPS	Call from Robert Rodecker; Call to Roy	0.25	
05/10/2014	DPS	Call to PSC re: jurisdiction	0.25	
05/22/2014	DPS	Call to WV PSC; Work on revising their contract	0.50	
05/28/2014	DPS	Call from WV PSC	0.25	
		For Current Services Rendered	1.75	253.75
		Previous Balance		\$543.75
		Total Current Work		253.75

Payments

06/03/2014	Payment - THANK YOU	-543.75
	Balance Due	\$253.75

		Billing History			
	<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
	3,150.00	1.10	0.00	0.00	2,897.35

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District

COMMUNITY TRUSTBANK

73854

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
06/25/14

Pay
to the
order of
Stratton Law Firm, P.S.C.

\$ 636.25

Six Hundred Thirty-six And 25/100 Dollars***

Stratton Law Firm, P.S.C.

Robert R. Allen

Robert R. Allen



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 06/25/14
Check Number: 73854
Amount: 636.25

Memo:
HEM3005-001
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-001
Operating Account

73854

Date: 06/25/14
Check Number: 73854
Amount: 636.25

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
 Pikeville, KY 41502
 (606) 437-7800

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-001

Statement Date: 05/31/2014

Statement No. 136

RE: Monthly Meeting Attendance

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
05/21/2014	DPS	Call from Roy re: agenda	0.25	
05/28/2014	DPS	Receipt and review of financial report; Call to Roy; Call to Tammy re: board report; Second call to Tammy	0.50	
	DPS	Call to Roy re: agenda	0.25	
	DPS	Prepared for board meeting in legal issue	0.50	
	DPS	Attended Committee and Board Meeting	2.75	
		For Current Services Rendered	4.25	616.25
		Previous Balance		\$455.00
		Total Current Work		616.25

Payments

06/03/2014	Payment - THANK YOU	-435.00
	Balance Due	<u>\$636.25</u>

Aged Due Amounts

<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-120</u>	<u>121-180</u>	<u>181+</u>
0.00	0.00	0.00	20.00	0.00	0.00

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
67,197.50	90.80	0.00	0.00	66,652.05

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Account No. HEM3005.001
RE: Monthly Meeting Attendance

Statement Date: 05/31/2014
Statement No. 136
Page No. 2

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73855

Date
06/25/14

Pay to the order of **Stratton Law Firm, P.S.C.** \$ **1,051.25**

****One Thousand Fifty-one And 25/100 Dollars*******

Stratton Law Firm, P.S.C.

Robert R. Allison
K. L. Field



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 06/25/14
Check Number: 73855
Amount: 1,051.25

Memo:
HEM3005-00
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-00
Operating Account

73855

Date: 06/25/14
Check Number: 73855
Amount: 1,051.25

Year to Date Paid:
0.00



STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606 437 7800

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-000

Statement Date: 05/31/2014

Statement No. 133

RE: General Matters

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

05/01/2014	DPS	Call from Rhonda James re: customer issue	0.25
05/02/2014	DPS	Call from Kevin and Roy re: Joe Smith; Letter to Joe Smith	0.50
	DPS	Call from Roy revise letter to Smith; Call from Roy re: PSC	0.25
05/03/2014	DPS	Draft letter to Shadd Owens and Roger Adkins	0.25
05/05/2014	DPS	Call from Roy; Work on Joe Smith Response to BBB	0.75
	DPS	Receipt and review of emails re: Joe Smith	0.25
	DPS	Revise draft Response to BBB on Joe Smith claim	0.25
05/06/2014	DPS	Meet with Roy; Call Kevin re: Joe Smith; Letter to Joe Smith; Revise BBB response	0.50
	DPS	E-mail received from Roy re: Joe Smith	0.25
05/07/2014	DPS	E-mail received from and to Roy re: Joe Smith	0.25
	DPS	Call from Roy re; Joe Smith	0.25
	DPS	Call from Roy; Email from Tammy re: Joe Smith	0.25
05/08/2014	DPS	Call from Roy re: Joe Smith	0.25
	DPS	Review emails re: Joe Smith from Tammy and Roy	0.25
05/09/2014	DPS	E-mail received from and to Tammy re: Joe Smith	0.25
	DPS	Call from Tammy re: Joe Smith	0.25
05/12/2014	DPS	Receipt and review of two emails from Tammy re: Joe Smith; Email to	

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

		Hours	
	Tammy; Letter to BBB	0.50	
05/13/2014	DPS E-mail received from Tammy re: boil water advisory	0.25	
05/15/2014	DPS E-mail received from Tammy re: Joe Smith	0.25	
05/22/2014	DPS Call from Rhonda re: Amended to MOA for Kinzer sewer	0.25	
05/29/2014	DPS Meet with Roy re: South Williamson Sewer issue	0.25	
	DPS Call from Roy; Letter to Roy re: Summitt Engineer contract	0.50	
	BMS Research SOL for property damage and contracts in writing; Phone call to Roy re: SOL	0.25	
	For Current Services Rendered	7.25	1,051.2
	Previous Balance		\$1,413.7
	Total Current Work		1,051.2
	<u>Payments</u>		
06/03/2014	Payment - THANK YOU		-1,413.7
	Balance Due		<u>\$1,051.2</u>

Billing History				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
139,870.25	2,823.59	0.00	0.00	141,642.59

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73815

Date
05/28/14

Pay to the order of Stratton Law Firm, P.S.C. \$ 1,413.75
Fourteen Hundred Thirteen And 75/100 Dollars***

Stratton Law Firm, P.S.C.
P.O. Box 1530
Pikeville, KY 41502

Ronnie Casey
Kelley

[REDACTED]

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 05/28/14
Check Number: 73815
Amount: 1,413.75

Memo:
HEM3005-000
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-000
Operating Account

73815

Date: 05/28/14
Check Number: 73815
Amount: 1,413.75

Year to Date Paid:
0.00

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-000

Statement Date: 04/30/2014

Statement No. 132

RE: General Matters

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

04/03/2014	DPS	Receipt and review of bid via UPS from Randy Marion Chevrolet	0.25
04/04/2014	DPS	Open Bills for (3) tracts; Email to Roy	0.25
	DPS	Prepared bid spreadsheet. Prepared letter to Roy Sawyers attaching the same, along with the scanned bid packets from each bidder.	0.50
04/08/2014	DPS	Call from Jody H. and Roy S. re: bidding issue	0.25
04/09/2014	DPS	Call from Tammy re: track bids	0.25
04/15/2014	DPS	Meet with Roy re: customer complaint; Call from Roy	0.50
04/16/2014	DPS	Review materials provided by Roy; Call to Tammy; Letter to Joe Smith	1.00
	DPS	Revise letter to Joe Smith; Email to Roy; Call from Roy	0.50
	BMS	Review Williamson contract for change to what we sent them	0.75
04/17/2014	DPS	Receipt and review via email, revised letter from Roy Sawyers. Printed and faxed the same to Joe Smith. Hard copy sent via first class mail.	0.25
	DPS	E-mail received from Tammy re: Joe Smith	0.25
	DPS	Call from Roy re: Joe Smith provide requested information	0.25
	DPS	Meet with Roy re: Joe Smith letter	0.25
04/21/2014	DPS	E-mail sent to Roy to set up meeting	0.25
	DPS	Receipt and review of email from Flora re: (3) more faxes from Joe Smith	0.25
	DPS	Call from Mike re: rate study	0.25

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

			Hours	
04/20/2014	DPS	E-mail sent to Kevin Lowe at MWD for contact information as to where, and whose attention, these copies should be sent at the PSC.	0.25	
	DPS	Call from Roy and Joe Smith; Receipt and review of email; Review PSC Complaint	0.50	
	DPS	Meet with Roy re: customer issues and tarriff amendments	0.75	
04/23/2014	DPS	Call from Roy re: Joe Smith	0.25	
	DPS	Receipt and review of email from Kevin re: Joe Smith	0.25	
04/24/2014	DPS	E-mail received from BBB re: Joe Smith; Email to BBB; Email to Roy; Call from Roy	0.50	
	DPS	Exchange emails with BBB	0.25	
04/29/2014	DPS	E-mail received from Jack H. re: PSC rate issue; email to Roy and Mike	0.25	
	DPS	Receipt and review of email from Jack H.; Review PSC Order; Call to Jack	0.50	
04/30/2014	DPS	Call to Roy, customer complaint	0.25	
		For Current Services Rendered	9.75	1,413.75
		Previous Balance		\$1,087.50
		Total Current Work		1,413.75
<u>Payments</u>				
05/02/2014		Payment - THANK YOU		-1,087.50
		Balance Due		<u>\$1,413.75</u>

Billing History				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
138,819.00	2,823.59	0.00	0.00	140,228.84

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUSTBANK

73816

Date
05/28/14

Pay
to the
order of

Stratton Law Firm, P.S.C.

\$ 145.00

One Hundred Forty-five And 00/100 Dollars***

Stratton Law Firm, P.S.C.

Amos Casey
Kelley

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 05/28/14
Check Number: 73816
Amount: 145.00

Memo:
HEM3005-191
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-191
Operating Account

73816

Date: 05/28/14
Check Number: 73816
Amount: 145.00

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606 437 7800

Fax: 606 437 7560

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-191

Statement Date: 04/30/2014

Statement No. 47

RE: UMG - contract

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

04/01/2014	DPS	Receipt and review via hand delivery from Bob Meyer, Agreement for Operations, Maintenance and Management Services signed by Greg May.	0.25	
04/02/2014	DPS	Meet with Rhonda to sign contract; Email to Roy and Mike; Email to Bob and Greg	0.50	
04/03/2014	DPS	Call from Roy re: clarification For Current Services Rendered	0.25 1.00	145.00
		Previous Balance		\$1,305.00
		Total Current Work		<u>145.00</u>

Payments

05/02/2014		Payment - THANK YOU		-1,305.00
		Balance Due		<u>\$145.00</u>

			Billing History		
	<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
	52,620.00	6.00	0.00	0.00	52,481.00

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73817

Date
05/28/14

Pay to the order of Stratton Law Firm, P.S.C. \$ 435.00
Four Hundred Thirty-five And 00/100 Dollars***

Stratton Law Firm, P.S.C.

Annex Casey

Kelley...

[REDACTED]

[REDACTED]

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 05/28/14
Check Number: 73817
Amount: 435.00

MEM3005-001
Operating Account

Stratton Law Firm, P.S.C.
MEM3005-001
Operating Account

73817

Date: 05/28/14
Check Number: 73817
Amount: 435.00

Year to Date Paid:
0.00



STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
 Pikeville, KY 41502
 (606) 437-7800

STATEMENT

Federal ID No. 31-1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-001

Statement Date: 04/30/2014

Statement No. 135

RE: Monthly Meeting Attendance

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

04/29/2014	DPS	Receipt and review of materials; Prepare for board meeting; Call from and to Roy	0.50	
	DPS	Attended committee and board meeting	2.50	
		For Current Services Rendered	3.00	435.00
		Previous Balance		\$600.00
		Total Current Work		<u>435.00</u>

Payments

05/02/2014		Payment - THANK YOU		-580.00
		Balance Due		<u>\$455.00</u>

Aged Due Amounts

<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-120</u>	<u>121-180</u>	<u>181+</u>
0.00	0.00	20.00	0.00	0.00	0.00

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
66,581.25	90.80	0.00	0.00	66,217.05

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73818

Date
05/28/14

Pay to the order of Stratton Law Firm, P.S.C. \$ 543.75
Five Hundred Forty-three And 75/100 Dollars***

Stratton Law Firm, P.S.C.

Annie Coody
Rechnung



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 05/28/14
Check Number: 73818
Amount: 543.75

to:
HEM3005-013
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-013
Operating Account

73818

Date: 05/28/14
Check Number: 73818
Amount: 543.75

Year to Date Paid.
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606.437.7800

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 311556382

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-013

Statement Date: 04/30/2014

Statement No. 16

RE: Williamson Utility Board

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

04/03/2014	DPS	Call from Roy re: update	0.25	
04/07/2014	DPS	E-mail received from R. Rodecker, Email to Roy	0.25	
04/16/2014	DPS	Receipt and review of email with agreement from R. Rodecker	0.25	
	DPS	E-mail sent to Robert R.; Email to Roy	0.25	
04/16/2014	DPS	Review agreements; Letter to R. Rodecker; Letter to Roy	0.75	
04/22/2014	DPS	E-mail received from and to R. Rodecker	0.25	
	DPS	Revise WV - PSC rules on water sewer cut off	0.50	
	DPS	Meet with Roy and Kevin - review contract issues	0.75	
04/23/2014	DPS	Call from Roy re: # of customers and delinquents	0.25	
04/24/2014	DPS	E-mail received from Roy re: CVS lift action	0.25	
		For Current Services Rendered	3.75	543.75
		Previous Balance		\$145.00
		Total Current Work		543.75

Payments

05/02/2014 Payment - THANK YOU -145.00

Balance Due \$543.75

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Account No. HEM3005.013
RE: Williamson Utility Board

Statement Date: 04/30/2014
Statement No. 16
Page No. 2

Billing History				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
2,896.25	1.10	0.00	0.00	2,353.60

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73837

Date
05/28/14

Pay
to the
order of

Stratton Law Firm, P.S.C.

Three Hundred Ninety-eight And 75/100 Dollars*** \$ 398.75

Stratton Law Firm, P.S.C.

Ancie Casey
Kelley



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 05/28/14
Check Number: 73837
Amount: 398.75

Memo:
HEM3005-186
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-186
Operating Account

73837

Date: 05/28/14
Check Number: 73837
Amount: 398.75

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606 437 7800

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-186

Statement Date: 04/30/2014

Statement No. 12

RE: Pond Creek Sewer Project

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

12/02/2013	DPS	Call from Roy; Email from Roy	0.25	
02/12/2014	DPS	Call to Rick Keene re: property acquisitions	0.25	
02/18/2014	DPS	Meet with Roy; Call t Jody; Call to Rick Keene; Email to Jody	0.50	
	DPS	E-mail sent to Rhonda and Roy and Mike re: money for real estate purchase	0.25	
02/19/2014	DPS	Receipt and review of email with maps and description from Judy Stewart	0.25	
03/19/2014	DPS	Call to Rhonda James and Jodi Hunt; 1st draft of letter to Rick Keene	0.50	
04/04/2014	DPS	Receipt and review of email from Rick Keene re: Tierny's counter-offer	0.25	
	DPS	Letter to Roy re: Terry Coal	0.25	
04/29/2014	DPS	Call to Rick Keene; Receipt and review of email	0.25	
		For Current Services Rendered	2.75	398.75
		Total Current Work		398.75
		Balance Due		<u>\$398.75</u>

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
3,262.50	800.00	0.00	0.00	3,663.75

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73784

Date
04/30/14

Pay
to the
order of

Strattom Law Firm, P.S.C.

\$ 580.00

Five Hundred Eighty And 00/100 Dollars***

Strattom Law Firm, P.S.C.

Archie Casey
H. [Signature]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 04/30/14
Check Number: 73784
Amount: 580.00

Memo:
HEM3005-001
Operating Account

Strattom Law Firm, P.S.C.
HEM3005-001
Operating Account

73784

Date: 04/30/14
Check Number: 73784
Amount: 580.00

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
 Pikeville, KY 41502
 (606) 437-7800

Lin (606) 437-5611

STATEMENT

Federal ID No. 31-1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-001

Statement Date: 03/31/2014

Statement No. 134

RE: Monthly Meeting Attendance

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
03/24/2014	DPS	Call from Roy re: agenda items	0.25	
	DPS	Receipt and review of board package	0.50	
	DPS	Call to Roy	0.25	
03/25/2014	DPS	Receipt and review of financials	0.25	
03/26/2014	DPS	Prepared documents for board	0.25	
	DPS	Attended committee and board meeting	2.50	
		For Current Services Rendered	4.00	580.00
		Previous Balance		\$688.75
		Total Current Work		580.00

Payments

03/31/2014		Payment - THANK YOU		-668.75
		Balance Due		<u>\$600.00</u>

Aged Due Amounts

<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-120</u>	<u>121-180</u>	<u>181+</u>
0.00	20.00	0.00	0.00	0.00	0.00

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
66,146.25	90.80	0.00	0.00	65,637.05

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Account No. HEM3005.001
RE: Monthly Meeting Attendance

Statement Date: 03/31/2014
Statement No. 134
Page No. 2

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
03/26/14

Pay
to the
order of

Stratton Law Firm, P.S.C.

\$ 688.75

Six Hundred Eighty-eight And 75/100 Dollars***

Stratton Law Firm, P.S.C.

Archie Casey
President P.S.C.

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 03/26/14
Check Number: 73758
Amount: 688.75

Memo:
M3005-191-45
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-191-45
Operating Account

73758

Date: 03/26/14
Check Number: 73758
Amount: 688.75

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606 437 7800

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-191

Statement Date: 02/28/2014

Statement No. 45

RE: UMG - contract

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

		Hours	
02/18/2014	DPS Meet with Roy re: update	0.25	
	DPS E-mail sent to and from Mike re: UMG contract issues	0.25	
02/19/2014	DPS Call from Mike; Email from Mike	0.75	
	DPS Second call and email from Mike	0.25	
	DPS Meet with Roy re: UMG's offer issues	0.50	
	DPS Call from Mike - changes needed to their proposal	0.25	
02/20/2014	DPS E-mail received from and call from Mike re: update	0.25	
02/24/2014	DPS Call from Mike re: question about captial expense	0.25	
02/26/2014	DPS Call from Mike	0.25	
	DPS E-mail received from Mike re: UMG approval	0.25	
02/27/2014	DPS 1st draft of contract revisions	0.75	
	DPS draft letters to Rhonda and Roy	0.25	
	DPS Second draft of contract and letters	0.50	
	For Current Services Rendered	4.75	688.75
	Previous Balance		\$362.50
	Total Current Work		688.75

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Account No. HEM3005.191
RE: UMG - contract

Statement Date: 02/28/2014
Statement No. 45
Page No. 2

02/28/2014

Payments

Payment - THANK YOU -362.3

Balance Due \$688.7

<u>Billing History</u>				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
51,170.00	6.00	0.00	0.00	50,487.25

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

IMMUNITY TRUST BANK

73780

Date
04/30/14

Pay
to the
order of

Stratton Law Firm, P.S.C.

\$ 72.50

Seventy-two And 50/100 Dollars***

Stratton Law Firm, P.S.C.
111 Pike St. P.O. Box 1530
Pikeville, KY 41502

Arac Casey
Kelly Finley



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 04/30/14
Check Number: 73780
Amount: 72.50

Memo:
HEM3005-218
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-218
Operating Account

73780

Date: 04/30/14
Check Number: 73780
Amount: 72.50

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606.437.7800

STATEMENT

Federal ID No. 31-1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-218

Statement Date: 03/31/2014

Statement No. 12

RE: PSC - Complaint - McCoy, et al

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

03/25/2014	DPS	Call from Roy Sawyers regarding date the order was entered by the PSC. Reviewed file, located two orders, original entered 1-29-14 and corrected order entered 2-3-14. Scanned both and emailed to Roy.	0.50	
		For Current Services Rendered	0.50	72.50
		Previous Balance		\$761.25
		Total Current Work		72.50

Payments

03/31/2014		Payment - THANK YOU		-761.25
		Balance Due		<u>\$72.50</u>

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
7,975.00	0.00	0.00	0.00	7,902.50

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
04/30/14

\$ 1,305.00

Pay to the order of
Stratton Law Firm

**Thirteen Hundred Five And 00/100 Dollars

Stratton Law Firm

[Handwritten Signature]
[Handwritten Signature]



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 04/30/14
Check Number: 73781
Amount: 1,305.00

Memo:
HEM3005-191
Operating Account

73781

Stratton Law Firm
HEM3005-191
Operating Account

Date: 04/30/14
Check Number: 73781
Amount: 1,305.00

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606.437.7800

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-191

Statement Date: 03/31/2014

Statement No. 46

RE: UMG - contract

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

03/05/2014	DPS	E-mail sent to Rhonda, Roy & Mike	0.25
03/07/2014	DPS	Review UMG contract changes with Roy	0.25
03/10/2014	DPS	Call from Mike with change to draft	0.25
03/13/2014	DPS	E-mail received from Bob re: issue; Email to group re: Bob's memo	0.25
	DPS	Review Bob M. memo for contract changes; Draft memo to group with comments	0.50
	DPS	Revise memo to MWD re: Bob Myers comments	0.50
	DPS	Call from Mike re: Bob Myers; Email for changes; Receipt and review of email for Mike; Email to Rhonda	0.50
03/14/2014	DPS	E-mail sent to and from Rhonda re: set up meeting	0.25
	DPS	Prepared for meeting with Rhonda; Email to Rhonda	0.50
	DPS	Meet with Rhonda	0.75
	DPS	Letter to Bob and Greg with UMG contract admendment	0.50
03/17/2014	DPS	Call from Roy	0.25
03/18/2014	DPS	Receipt and review of emial from Bob M.; Email to Roy, Mike and Rhonda	0.50
	DPS	Call from Roy re: Bob M. memo	0.25
	DPS	Draft letter to Greg and Bob; Letter to Rhonda, Roy & Mike; Revise contract; Letter to the board	0.75
03/19/2014	DPS	Revise letter to UMG and Board	0.25

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
 Account No. HEM3005.191
 RE: UMG - contract

Statement Date: 03/31/2014
 Statement No. 46
 Page No. 2

		Hours	
	DPS Call from Mike; Call to Bob M.; Email package to the board	0.50	
3/26/2014	DPS E-mail sent to Bob	0.25	
3/27/2014	DPS Call from Rhonda; Call to ANE; Call to Rhonda, Mike, Roy and Jack	0.50	
	DPS Call from Roy	0.25	
3/28/2014	DPS Letter to Bob and Greg	0.25	
	DPS Review final draft of contract	0.50	
	DPS Memo to file re: meeting with Rhonda	0.25	
	For Current Services Rendered	9.00	1,305.00
	Previous Balance		\$688.75
	Total Current Work		1,305.00
	<u>Payments</u>		
03/28/2014	Payment - THANK YOU		-688.75
	Balance Due		<u>\$1,305.00</u>

Billing History				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
52,475.00	6.00	0.00	0.00	51,176.00

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

IMMUNITY TRUST BANK

73782

Date
04/30/14

Pay
to the
order of

Stratton Law Firm, P.S.C.

\$ 1,087.50

One Thousand Eighty-seven And 50/100 Dollars***

Stratton Law Firm, P.S.C.

Arnell May
Kelly

[REDACTED]

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 04/30/14
Check Number: 73782
Amount: 1,087.50

Memo:
HEM3005-000
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-000
Operating Account

73782

Date: 04/30/14
Check Number: 73782
Amount: 1,087.50

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606 437 3800

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-000

Statement Date: 03/31/2014

Statement No. 131

RE: General Matters

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours
03/04/2014	DPS	Call from Roy re: James Hamilton	0.25
	DPS	Receipt and review of email from Kevin L. re: James Hamilton	0.25
03/05/2014	DPS	Call to Kenny; Call to Jimmy Hamilton; Call to Kevin	0.50
03/06/2014	BMS	Meet with Jim Hamilton; Prepare notes on meeting with Jim; Call from Roy Sawyers; Prepare email to Roy; Scan in pictures to attach with email, also attach notes from meeting with Jim in email to Roy	1.75
03/07/2014	DPS	Call from Roy - miscellaneous issue	0.25
	DPS	Meet with Roy	0.25
	DPS	Call to Nancy Yost	0.25
	DPS	Call from Roy re: easement issue	0.25
03/13/2014	DPS	Review DOT contracts for line relocation and Bent Branch; Email to Roy	0.50
	DPS	Call to Kevin; Call to Jimmy Hamilton	0.25
3/17/2014	DPS	Call from Jim Hamilton; Call to Roy	0.25
	DPS	Call from Roy re: bid opening dates	0.25
3/21/2014	DPS	Call from Roy Sawyers requesting a copy of his and Carrie Hatfield's employment contract with MWD. Emailed (unsigned) copies of Amended Employment Contract prepared 2/7/13 to each.	0.50
3/25/2014	DPS	Call from Mike; Call to Jack H.; Letter to PSC; Email draft to Jack	0.50
	DPS	E-mail received from Jack re: letter to PSC	0.25

Mountain Water District
 Account No. HEM3005.000
 RE: General Matters

Statement Date: 03/31/2014
 Statement No. 131
 Page No. 2

			Hours	
03/26/2014	DPS	Received 3 sealed bids from Bruce Walters Ford Sales, Inc.	0.25	
03/27/2014	DPS	Meet with Roy to sign documents	0.25	
	DPS	Letter to legislative body re: PSC	0.25	
03/28/2014	DPS	Meet with Rhonda	0.50	
		For Current Services Rendered	7.50	1,087.50
		Previous Balance		\$1,993.75
		Total Current Work		1,087.50
<u>Payments</u>				
03/31/2014		Payment - THANK YOU		-1,993.75
		Balance Due		<u>\$1,087.50</u>

Billing History				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
137,405.25	2,823.59	0.00	0.00	139,141.34

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73783

Date
04/30/14

Pay
to the
order of

Stratton Law Firm, P.S.C.

\$ 145.00

One Hundred Forty-five And 00/100 Dollars***

Stratton Law Firm, P.S.C.

Armed Casey
K. Casey

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 04/30/14
Check Number: 73783
Amount: 145.00

Memo:
HEM3005-013
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-013
Operating Account

73783

Date: 04/30/14
Check Number: 73783
Amount: 145.00

Year to Date Paid:
0.00

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-013

Statement Date: 03/31/2014

Statement No. 15

RE: Williamson Utility Board

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
03/18/2014	DPS	E-mail sent to Robert R. re: status	0.25	
03/24/2014	DPS	E-mail received from Roy; Email to Robert R.	0.25	
03/25/2014	DPS	Email update from R. Rodecker; Reply email	0.25	
	DPS	Call from Roy; Email to Robert Rodecker re: billing issue	0.25	
		For Current Services Rendered	1.00	145.00
		Previous Balance		\$217.50
		Total Current Work		145.00

Payments

03/31/2014		Payment - THANK YOU		-217.50
		Balance Due		<u>\$145.00</u>

		Billing History			
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>	
2,352.50	1.10	0.00	0.00	2,208.60	

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks Thank you

Mountain Water DISTRICT
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73755

Date
03/26/14

Pay
to the
order of

Stratton Law Firm, P.S.C.

\$ 1,993.75

Nineteen Hundred Ninety-three And 75/100 Dollars***

Stratton Law Firm, P.S.C.
P.O. Box 1530
Pikeville, KY 41502

Arcio Casey
President

[REDACTED]

[REDACTED]

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 03/26/14
Check Number: 73755
Amount: 1,993.75

to:
HEM3005-000-130
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-000-130
Operating Account

73755

Date: 03/26/14
Check Number: 73755
Amount: 1,993.75

Year to Date Paid:
0.00

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-000

Statement Date: 02/28/2014

Statement No. 130

RE: General Matters

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours
01/31/2014	DPS	Receipt and review email with documents from Tim Campoy	0.25
	DPS	Research Tariff on meter lease; Letter to Glenn Patton; Email to Roy	0.50
	DPS	Letter to Shirley Phillips re: water leak	0.25
	DPS	Call from Roy re: open records request	0.25
02/02/2014	DPS	Research law on open records; Email to Roy	0.50
02/03/2014	DPS	Letter to Roy re: (2) customer letters	0.25
	DPS	Letter to Roy; Call to Roy re: Anderson Branch assignment; Revise assignment	0.50
	DPS	Meet with Rhonda	0.50
02/04/2014	DPS	Review contract documents from H2Order for Phelps WWTP project; Email to Jody and Roy	0.25
	DPS	Review contract documents for Forrest Hills odor control; Email to Jody	0.25
02/05/2014	BMS	Receive phone call from Roy and get answer from Dan RE: Anderson Branch Property and if Dan had sent a copy of the easement to Cam.	0.25
	DPS	Call from Roy - miscellaneous	0.25
	DPS	Call from Roy re: Anderson Branch	0.25
02/06/2014	DPS	Call from Roy re: Belfry/Pond Creek grant	0.25
02/07/2014	DPS	Calls from Roy re: Nancy Caudill Yost illegal hookup	0.50
02/08/2014	DPS	Call from Roy re: Nancy Caudil Yost	0.25

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

		Hours
	DPS Call to Nancy Yost Caudill and Roy; Call to Kevin	0.50
	DPS Call from Roy re: Nancy Yost	0.25
02/11/2014	DPS Call from Roy; Call to Rhonda; Call to Nancy Yost re: settlement; Letter to Nancy	0.50
02/12/2014	DPS Letter to Glen Pope re: Anderson Branch agreement	0.25
	DPS Call from Nancy Yost; Call to Roy; Call to Tammy	0.25
02/19/2014	DPS Memo to file re: accounting issues and board duties related thereto	0.50
	DPS Two calls from Roy; Call to Jeff V re: cut-off of water meter; Call to Roy	0.50
02/20/2014	DPS E-mail sent to CAM re: Anderson Branch easement	0.25
	DPS Call from Roy re: Anderson Branch	0.25
02/21/2014	DPS E-mail received from and to Glenn Pope re: Anderson Branch	0.25
	DPS Meet with Roy to review deed	0.25
	DPS Receipt and review of CAM agreement	0.25
02/22/2014	BMS Miscellaneous review requested by board; Review of Tariff for customer's excessive water supply and back billing	0.75
	DPS Call from Roy (x2) re: issues of people stealing water	0.25
	DPS Meet with Roy re: cut-off of meter	0.25
	DPS E-mail sent to Tim Campoy re: Cabin Knoll project	0.25
	DPS Letter to Patrick Spence	0.25
	DPS E-mail received from Tim Campoy re: contract	0.25
	DPS Review tarriff for issue of late notice of broken pipes; Review Brandt's research	0.50
	DPS Review EDC engineer contract for Cabin Knoll; Email to Tim	0.50
02/25/2014	DPS Call to Kevin re: Spence account	0.25
	DPS Call from Roy re: easement issue	0.25
02/27/2014	DPS Email and letter to Glass Pipe re: Anderson Branch easement	0.25
	DPS Call from Ira Branham - Ruby Olson - Hellier; Call to Roy; Call to Kevin	0.50

Mountain Water District
 Account No. HEM3005.000
 RE: General Matters

Statement Date: 02/28/2014
 Statement No. 130
 Page No. 3

	DPS	Call from Kevin and Roy re: Ruby Olson; Call to Ruby For Current Services Rendered	Hours 0.25 <u>13.75</u>	1,993.7
		Previous Balance		\$1,123.7
		Total Current Work		<u>1,993.7</u>
		<u>Payments</u>		
02/28/2014		Payment - THANK YOU		-1,123.7
		Balance Due		<u>\$1,993.7</u>

	<u>Billing History</u>				
	<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
	136,317.75	2,823.59	0.00	0.00	137,147.59

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU

MOUNTAIN WATER DISTRICT
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73756

Date
03/26/14

Pay
to the
order of

Stratton Law Firm, P.S.C.

\$ 688.75

Six Hundred Eighty-eight And 75/100 Dollars***

Stratton Law Firm, P.S.C.

Arcie Casey
President R. M.D.

[REDACTED]

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 03/26/14
Check Number: 73756
Amount: 688.75

Memo:
HEM3005-001-133
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-001-133
Operating Account

73756

Date: 03/26/14
Check Number: 73756
Amount: 688.75

Year to Date Paid:
0.00

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-001

Statement Date: 02/28/2014

Statement No. 133

RE: Monthly Meeting Attendance

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
02/22/2014	DPS	Review files for board report	0.75	
	DPS	Receipt and review of board materials	0.50	
02/25/2014	DPS	Receipt and review of financials from Mike	0.25	
02/26/2014	DPS	Review and prepare for meeting issues	0.25	
	DPS	Attended board meeting	3.00	
		For Current Services Rendered	4.75	688.75
		Previous Balance		\$870.00
		Total Current Work		688.75

Payments

02/28/2014		Payment - THANK YOU		-870.00
		Balance Due		<u>\$688.75</u>

		Billing History		
Fees	Expenses	Advances	Finance Charge	Payments
65,566.25	90.80	0.00	0.00	64,968.30

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73757

Date
03/26/14

Pay
to the
order of

Stratton Law Firm, P.S.C.

\$ 217.50

Two Hundred Seventeen And 50/100 Dollars***

Stratton Law Firm, P.S.C.

Amy Casey
Forster R. Adams



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 03/26/14
Check Number: 73757
Amount: 217.50

Memo:
HEM3005-013-14
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-013-14
Operating Account

73757

Date: 03/26/14
Check Number: 73757
Amount: 217.50

Year to Date Paid:
0.00

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-013

Statement Date: 02/28/2014

Statement No. 14

RE: Williamson Utility Board

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
01/31/2014	DPS	E-mail sent to Robert Rodecker re: agreement on new meter	0.25	
02/01/2014	DPS	Draft of follow-up agreement; Review agreement on billing issue	0.50	
02/04/2014	DPS	Letter to Roy; Letter to Robert Rodecker	0.25	
02/05/2014	DPS	E-mail received from and to Roy re: agreement	0.25	
02/13/2014	DPS	E-mail received from and to Robert Rodecker	0.25	
		For Current Services Rendered	1.50	217.50
		Previous Balance		\$398.75
		Total Current Work		217.50

Payments

02/28/2014		Payment - THANK YOU		-398.75
		Balance Due		<u>\$217.50</u>

		Billing History			
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>	
2,207.50	1.10	0.00	0.00	1,991.10	

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
03/26/14

Pay
to the
order of

Stratton Law Firm, P.S.C.

\$ 761.25

Seven Hundred Sixty-one And 25/100 Dollars***

Stratton Law Firm, P.S.C.

Amie Casey
Parvinder R. Gill

[REDACTED]

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 03/26/14
Check Number: 73759
Amount: 761.25

Memo:
M3005-218-11
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-218-11
Operating Account

73759

Date: 03/26/14
Check Number: 73759
Amount: 761.25

Year to Date Paid:
0.00

STATEMENT

Federal ID No. 31 1536382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-218

Statement Date: 02/28/2014

Statement No. 11

RE: PSC - Complaint - McCoy, et al

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours
02/01/2014	DPS	E-mail received from and to Jack; Email to Chris H.	0.25
02/04/2014	DPS	E-mail received from and to Jack re: Amended Order	0.25
02/05/2014	DPS	Receipt and review Amended Order in regarding to the eighth bullet paragraph on page 3.	0.25
	DPS	Re-draft NUC Pro Tunc Order to correct error in court's Order; Letter to Chris Harris	0.50
02/06/2014	DPS	Call from Rhonda	0.25
02/07/2014	DPS	Calls x3 to John Hughes; Email to John	0.50
02/10/2014	DPS	Two emails from John	0.25
02/11/2014	DPS	E-mail received from John H. and Chris H.	0.25
02/12/2014	DPS	E-mail received from John H.	0.25
02/14/2014	DPS	Call from Mike; Call to Rhonda; Receipt and review of email re: UMG counter	0.50
02/17/2014	DPS	E-mail received from and to Jack	0.25
	DPS	Call to Mike	0.25
02/18/2014	DPS	E-mail received from and to Mike re: meeting with UMG	0.25
02/22/2014	DPS	Review press release; Email to Jack for copy of final Order as Amended	0.25
	DPS	E-mail sent to Roy and Rhonda re: press release; Email from Rhonda	0.25
02/24/2014	DPS	Receipt and review of final Order; Email to Chris Harris	0.50

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
 Account No. HEM3005.218
 RE: PSC - Complaint - McCoy, et al

Statement Date: 02/28/2014
 Statement No. 11
 Page No. 2

	DPS	E-mail received from Chris H.; Email to Roy and Rhonda; Email from Rhonda	Hours	
		For Current Services Rendered	0.25	
			<u>5.25</u>	761.2
		Previous Balance		\$108.7
		Total Current Work		761.2
		<u>Payments</u>		
02/28/2014		Payment - THANK YOU		-108.7
		Balance Due		<u>\$761.2</u>

	<u>Billing History</u>				
	<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
	7,902.50	0.00	0.00	0.00	7,141.25

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU

MOUNTAIN WATER DISTRICT
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73723

Date
02/26/14

Pay
the
order of

Stratton Law Firm, P.S.C.

\$ 1,123.75

Eleven Hundred Twenty-three And 75/100 Dollars***

Stratton Law Firm, P.S.C.

K. Casey
Casey

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 02/26/14
Check Number: 73723
Amount: 1,123.75

Memo:
HEM3005-000-129
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-000-129
Operating Account

73723

Date: 02/26/14
Check Number: 73723
Amount: 1,123.75

Year to Date Paid:
0.00

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
(606) 437-7800

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 311556382

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-000

Statement Date: 01/31/2014

Statement No. 129

RE: General Matters

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
01/08/2014	BMS	Research on signature needed for a check	1.00	
01/10/2014	DPS	Attended bid opening for Douglas WWTP	0.25	
	DPS	Meet with Roy various issue	0.50	
	BMS	Research statutes for how MWD can pay for expenses	1.00	
	BMS	Gather bids together for bid opening	0.25	
01/13/2014	DPS	Call from Mike	0.25	
01/15/2014	DPS	Receipt and review of email from Bob Myers re: R & D expenses for 2013	0.25	
01/20/2014	DPS	Call from Roy re: Phelps Sewer	0.25	
01/21/2014	DPS	E-mail sent to Roy re: Phelps Sewer issues	0.25	
	DPS	Meet with Roy various issues	1.50	
01/30/2014	DPS	Meet with Brandt to review research on duty to disclose certain matters	0.25	
	BMS	Research duties of public officials	1.50	
	BMS	Additional research on the duties placed upon a entity with public funds	0.50	
		For Current Services Rendered	7.75	1,123.75
		Previous Balance		\$1,631.25
		Total Current Work		1,123.75

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Account No. HEM3005.000
RE: General Matters

Statement Date: 01/31/2014
Statement No. 129
Page No. 2

Payments

01/22/2014
01/31/2014

Payment - THANK YOU	-507.5
Payment - THANK YOU	-1,123.7
Total Payments	-1,631.2
Balance Due	<u>\$1,123.7</u>

<u>Billing History</u>				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
134,324.00	2,823.59	0.00	0.00	136,023.84

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Operating Account
P.O. Box 3157
Pikeville, KY 41502

15724

Date
02/26/14

Pay the order of Stratton Law Firm, P.S.C. \$ 870.00
Eight Hundred Seventy And 00/100 Dollars***

Stratton Law Firm, P.S.C.
P.O. Box 1530
Pikeville, KY 41502

[Handwritten Signature]

[Handwritten Signature]



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 02/26/14
Check Number: 73724
Amount: 870.00

Memo:
13005-001-132
Operating Account

Stratton Law Firm, P.S.C.
HFM3005-001-132
Operating Account

73724

Date: 02/26/14
Check Number: 73724
Amount: 870.00

Year to Date Paid:
0.00



STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-001

Statement Date: 01/31/2014

Statement No. 132

RE: Monthly Meeting Attendance

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
01/23/2014	DPS	Receipt and review of board materials	0.50	
01/27/2014	DPS	Receipt and review of financial	0.25	
01/28/2014	DPS	Call to Roy re: agenda issue	0.25	
	DPS	Prepared for board meeting; Call to Mike	0.50	
01/31/2014	DPS	Attended committee and board meeting	4.50	
		For Current Services Rendered	6.00	870.00
		Previous Balance		\$1,196.25
		Total Current Work		870.00

Payments

01/22/2014	Payment - THANK YOU	-616.25
01/31/2014	Payment - THANK YOU	-580.00
	Total Payments	-1,196.25
	Balance Due	\$870.00

Billing History					
Fees	Expenses	Advances	Finance Charge	Payments	
64,877.50	90.80	0.00	0.00	64,098.30	

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-013

Statement Date: 01/31/2014

Statement No. 13

RE: Williamson Utility Board

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
01/02/2014	DPS	E-mail sent to Roy re: meeting time and date; Call from Roy; Call to Tammy; Email to Robert T.	0.25	
01/07/2014	DPS	Call to Roy	0.25	
	DPS	Prepared for meeting with parties	0.25	
	DPS	Meet with Roy, Grondall and Tammy; Meet with City of Williamson official	1.50	
	DPS	Memo of meeting	0.25	
01/17/2014	DPS	E-mail sent to Rober Rolecker For Current Services Rendered	0.25 2.75	398.75
		Previous Balance		\$528.75
		<u>Total Current Work</u>		<u>398.75</u>

Payments

01/31/2014		Payment - THANK YOU		-528.75
		Balance Due		<u>\$398.75</u>

Billing History					
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>	
1,990.00	1.10	0.00	0.00	1,592.35	

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-191

Statement Date: 01/31/2014

Statement No. 44

RE: UMG - contract

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
01/15/2014	DPS	E-mail received from and to John Hughes	0.25	
	DPS	Call from Mike re: UMG letter of debt	0.25	
01/16/2014	DPS	Letter to Mike	0.25	
	DPS	Call from Mike	0.25	
01/17/2014	DPS	Review options on tables	0.50	
	DPS	Review contract re: expense controls	0.25	
01/30/2014	DPS	Call to Roy	0.25	
	DPS	Call from Mike	0.25	
	DPS	Call from Roy	0.25	
		For Current Services Rendered	2.50	362.50
		Previous Balance		\$1,232.50
		Total Current Work		362.50

Payments

01/22/2014	Payment - THANK YOU	-797.50
01/31/2014	Payment - THANK YOU	-435.00
	Total Payments	-1,232.50
	Balance Due	<u>\$362.50</u>

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Account No. HEM3005.191
RE: UMG - contract

Statement Date: 01/31/2014
Statement No. 44
Page No. 2

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
50,481.25	6.00	0.00	0.00	50,124.75

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU**

Operating Account
P.O. Box 3157
Pikeville, KY 41502

INSURANCE TRUST BAP

73727

Date
02/26/14

Pay
to the
order of

Stratton Law Firm

\$ 108.75

One Hundred Eight And 75/100 Dollars***

Stratton Law Firm

Richard B. Casey
Richard B. Casey

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 02/26/14
Check Number: 73727
Amount: 108.75

memo:
M3005-218-10
Operating Account

Stratton Law Firm
HEM3005-218-10
Operating Account

73727

Date: 02/26/14
Check Number: 73727
Amount: 108.75

Year to Date Paid:
0.00

STATEMENT

Federal ID No. 311556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-218

Statement Date: 01/31/2014

Statement No. 10

RE: PSC - Complaint - McCoy, et al

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
01/30/2014	DPS	Receipt and review of Order; Call to Jack H.; Email to Roy & Rhonda	0.50	
	DPS	E-mail received from Jack H.; Email to Rhonda & Roy	0.25	
		For Current Services Rendered	0.75	108.7
		Previous Balance		\$4,096.2
		Total Current Work		108.7

Payments

12/20/2013	Payment - THANK YOU	-3,625.00
01/22/2014	Payment - THANK YOU	-471.25
	Total Payments	-4,096.25
	Balance Due	<u>\$108.75</u>

<u>Billing History</u>				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
7,141.25	0.00	0.00	0.00	7,032.50

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

IMMUNITY TRUST BANK

73684

Date
01/29/14

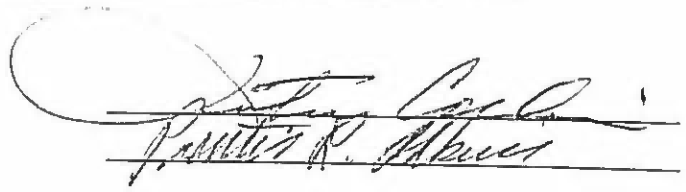
Pay
to the
order of

Stratton Law Firm, P.S.C.

\$ 580.00

Five Hundred Eighty And 00/100 Dollars***

Stratton Law Firm, P.S.C.
P.O. Box 1530
Pikeville, KY 41502



[REDACTED]

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 01/29/14
Check Number: 73684
Amount: 580.00

To:
HEM3005-001 # 131
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-001 # 131
Operating Account

73684

Date: 01/29/14
Check Number: 73684
Amount: 580.00

Year to Date Paid:
0.00

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-001

Statement Date: 12/31/2013

Statement No. 131

RE: Monthly Meeting Attendance

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
12/16/2013	DPS	Receipt and review of board materials; Prepare for board meeting	0.50	
12/18/2013	DPS	Receipt and review of financials from Mike	0.25	
12/19/2013	DPS	Call from Roy to review agenda changes	0.25	
12/20/2013	DPS	Attended committee and board meeting	3.00	
		For Current Services Rendered	4.00	580.00
		Previous Balance		\$1,341.25
		Total Current Work		580.00

Payments

12/20/2013		Payment - THANK YOU		-725.00
		Balance Due		<u>\$1,196.25</u>

Aged Due Amounts

<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-120</u>	<u>121-180</u>	<u>181+</u>
0.00	616.25	0.00	0.00	0.00	0.00

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
64,007.50	90.80	0.00	0.00	62,902.05

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73686

Date
01/29/14

Pay
to the
order of

Stratton Law Firm, P.S.C.

\$ 528.75

Five Hundred Twenty-eight And 75/100 Dollars***

Stratton Law Firm, P.S.C.

Justin Cook
President R. Adams

[REDACTED]

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 01/29/14
Check Number: 73686
Amount: 528.75

to:
HEM3005-013
Operating Account

Stratton Law Firm, P.S.C.
HEM3005-013
Operating Account

73686

Date: 01/29/14
Check Number: 73686
Amount: 528.75

Year to Date Paid:
0.00

STATEMENT

PRIVILEGED & CONFIDENTIAL

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-013

Statement Date: 12/31/2013

Statement No. 12

RE: South Williamson/Williamson Utility Board

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
12/02/2013	DPS	Letter to Robert Rodecker	0.25	
12/10/2013	DPS	E-mail received from Robert Rodecker; Email to Roy	0.25	
12/11/2013	DPS	Letter to Robert Rodecker; Email to Roy and Rhonda; Call to Rhonda	0.50	
	DPS	E-mail sent to Roy and Rhonda; Call to Robert Rodecker; Call from Roy; Email to Roy Rodecker	0.50	
12/16/2013	DPS	Letter to Robert Rodecker	0.25	
12/17/2013	DPS	E-mail sent to Robert Rodecker	0.25	
12/19/2013	RAS	Research on utility law	1.00	
12/20/2013	DPS	Researc for WV PSC attorney	0.50	
12/31/2013	DPS	E-mail sent to and from Robert Rodecker	0.25	
		For Current Services Rendered	3.75	528.75
		Total Current Work		528.75
		Balance Due		528.75

		Billing History			
Fees	Expenses	Advances	Finance Charge	Payments	
1,591.25	1.10	0.00	0.00	1,063.60	

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73687

Date
01/29/14

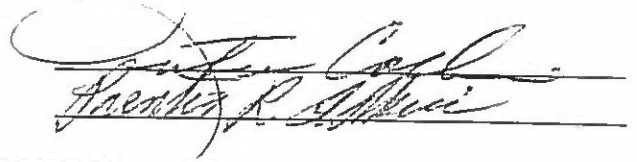
Pay
to the
order of

Stratton Law Firm, P.S.C.

\$ 435.00

Four Hundred Thirty-five And 00/100 Dollars***

Stratton Law Firm, P.S.C.



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 01/29/14
Check Number: 73687
Amount: 435.00

no:
hem3005-191
Operating Account

Stratton Law Firm, P.S.C.
hem3005-191
Operating Account

73687

Date: 01/29/14
Check Number: 73687
Amount: 435.00

Year to Date Paid:
0.00

STATEMENT

PRIVILEGED & CONFIDENTIAL

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-191

Statement Date: 12/31/2013

Statement No. 43

RE: UMG - contract

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
12/05/2013	DPS	Call from Mike; Memo to file	0.50	
12/17/2013	DPS	Receipt and review of (2) emails from Mike re: financial projection; Call to Mike	0.75	
12/18/2013	DPS	Draft timeline for board	0.75	
12/19/2013	DPS	Meet with Mike; Call to Rhonda	0.50	
	DPS	Revise report to board	0.25	
	DPS	Call from Mike	0.25	
		For Current Services Rendered	3.00	435.00
		Previous Balance		\$2,646.25
		Total Current Work		435.00

Payments

12/20/2013	Payment - THANK YOU	-1,848.75
	Balance Due	<u>\$1,232.50</u>

Aged Due Amounts

<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-120</u>	<u>121-180</u>	<u>181+</u>
0.00	797.50	0.00	0.00	0.00	0.00

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
50,118.75	6.00	0.00	0.00	48,892.25

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Account No. HEM3005.191
RE: UMG - contract

Statement Date: 12/31/2013
Statement No. 43
Page No. 2

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU**

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73692

Date
01/29/14

Pay
To the
order of

Stratton Law Firm

\$ 1,123.75

Eleven Hundred Twenty-three And 75/100 Dollars***

Stratton Law Firm

Robert R. Albright
Kelley D.

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 01/29/14
Check Number: 73692
Amount: 1,123.75

no:
HEM3005-000 # 128
Operating Account

Stratton Law Firm
HEM3005-000 # 128
Operating Account

73692

Date: 01/29/14
Check Number: 73692
Amount: 1,123.75

Year to Date Paid:
0.00

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-000

Statement Date: 12/31/2013

Statement No. 128

RE: General Matters

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours
12/02/2013	DPS	E-mail sent to and from Tammy re: conflicts statement to Tammy	0.25
	DPS	Meet with Roy re: easement and miscellaneous; Call from Roy	0.50
	DPS	Draft easement for BPS; Receipt and review of emailed map	0.50
12/03/2013	DPS	Receipt and review of deed; Revise easement	0.25
	DPS	Call from Roy re: easement	0.25
12/10/2013	DPS	Call from Roy	0.25
12/11/2013	DPS	Meet with Roy re: various issues	0.25
12/16/2013	DPS	Meet with Brandt to outline review of Kenviorns contracts	0.25
	BMS	Read board minutes to prepare for read of contracts	0.25
12/17/2013	DPS	Meet with Brandt to review statute of limitations for malpractice	0.25
	DPS	Review documents; Call to Kim for contract with Kenviorns	0.25
	BMS	Review Phelps contract; See what engineers responsibilities were	2.50
12/19/2013	DPS	Call from Kevin; Call to Mike	0.25
12/23/2013	DPS	Call to Roy; Email to Robert Rodecker re: meeting; Reply email from Robert	0.25
	DPS	Letter to Roy re: possible suit for engineering malpractice re: Phelps WWTP	0.50
	BMS	Review engineering contract for standards for the engineer who created Phelps system	1.00
		For Current Services Rendered	7.75
			1,123.75

Mountain Water District
 Account No. HEM3005.000
 RE: General Matters

Statement Date: 12/31/2013
 Statement No. 128
 Page No. 2

Previous Balance \$1,015.0
 Total Current Work 1,123.7

Payments

12/20/2013 Payment - THANK YOU -507.50

Balance Due \$1,631.20

Aged Due Amounts

<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-120</u>	<u>121-180</u>	<u>181+</u>
0.00	507.50	0.00	0.00	0.00	0.00

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
133,200.25	2,823.59	0.00	0.00	134,392.59

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73648

Date
12/20/13

Pay
to the order of
Stratton Law Firm , P.S.C.

\$ 507.50

Five Hundred Seven And 50/100 Dollars***

Stratton Law Firm , P.S.C.

Gracie Casey
Paul R. Allen

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502
Memo:
HEM3005-000
Operating Account

Date: 12/20/13
Check Number: 73648
Amount: 507.50

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
 Pikeville, KY 41502
 (606) 437-7800

FAX (606) 437-7569

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-001

Statement Date: 11/30/2013

Statement No. 130

RE: Monthly Meeting Attendance

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

		Hours	
11/20/2013	DPS Receipt and review of board package	0.50	
11/25/2013	DPS Call to Roy re: board agenda	0.25	
	DPS Prepared for board meeting	0.50	
11/26/2013	DPS Receipt and review of financial statements	0.25	
11/27/2013	DPS Attended committee and board meetings	2.75	
	For Current Services Rendered	<u>4.25</u>	616.25
	Previous Balance		<u>\$725.00</u>
	Total Current Work		616.25
	Balance Due		<u>\$1,341.25</u>

Aged Due Amounts

<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-120</u>	<u>121-180</u>	<u>181+</u>
725.00	0.00	0.00	0.00	0.00	0.00

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
63,427.50	90.80	0.00	0.00	62,177.05

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks Thank you

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

IMMUNITY TRUST BANK

73649

Date
12/20/13

Pay
to the
order of

Stratton Law Firm, P.S.C.

\$ 616.25

Six Hundred Sixteen And 25/100 Dollars***

Stratton Law Firm, P.S.C.

Ancie Casey
Shula Jones

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502
Memo:
HEM3005-001
Operating Account

Date: 12/20/13
Check Number: 73649
Amount: 616.25

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606 437 7800

Fax: 606 437 7569

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-000

Statement Date: 11/30/2013

Statement No. 127

RE: General Matters

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
11/04/2013	DPS	Call from Roy re: release to J. S. Walters	0.25	
	DPS	E-mail sent to Roy and Tammy re: release to J. S. Walters; Receipt and review of email from Roy; Email to Roy with revised release	0.50	
	DPS	Meet with Roy; Call to Mid Way Industries	0.25	
	DPS	Call from Bod @ Midway; Call to Roy re: cancellation of Order	0.25	
	DPS	Receipt and review of fax from Midway Industries; Email to Roy	0.25	
11/11/2013	DPS	Receipt and review of bid package; Call to Roy	0.25	
11/12/2013	DPS	Attended bid opening for various short lines projects	0.50	
11/20/2013	DPS	Call from Roy, procurement issue; Research issue	0.50	
	DPS	Call from Roy	0.25	
	DPS	Call to Roy on procurement issue; memo to file	0.25	
11/25/2013	DPS	Call to their attorney Robert Rodacker RE: CITY OF WILLIAMSON	0.25	
		For Current Services Rendered	3.50	507.50
		Previous Balance		\$507.50
		Total Current Work		507.50
		Balance Due		<u>\$1,015.00</u>

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

IMMUNITY TRUST BANK

73647

Date
12/20/13

Pay to the order of Stratton Law Firm, P.S.C. \$ 797.50
Seven Hundred Ninety-seven And 50/100 Dollars***

Stratton Law Firm, P.S.C.
P.O. Box 1530
Pikeville, KY 41502

Annie Casey
Robert R. Allen

[REDACTED]

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502
Memo:
HEM3005-191 # 42
Operating Account

Date: 12/20/13
Check Number: 73647
Amount: 797.50

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606-437-7800

Fax 606-437-7562

STATEMENT

Federal ID No. 31-1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-191

Statement Date: 11/30/2013

Statement No. 42

RE: UMG - contract

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

11/04/2013	DPS	Call to Mike; Call to UMG; Email to Roy and Mike	0.25	
	DPS	Call to Greg; Email to Roy and Mike	0.25	
11/05/2013	DPS	Prepared for UMG meeting	0.50	
	DPS	Meet with UMG on contract	0.75	
11/06/2013	DPS	Call from Mike; Call to Roy; Call to Jack H.	0.50	
	DPS	Call from Mike; Receipt and review of (2) email from Mike; Revise memo to file	0.50	
	DPS	Call from Mike; Call from Roy re: update	0.50	
11/07/2013	DPS	Call from Mike x2; Call to Roy; Call to Jack H.	0.75	
	DPS	Conference call with Roy and Mike	0.50	
11/25/2013	DPS	Call to Mike re: update	0.25	
	DPS	Call from Roy, UMG contract update	0.25	
11/26/2013	DPS	E-mail received from Mike re: RFM cost over runs; Reply email	0.25	
	DPS	Call from Mike Spears re: financial; Review UMG contract re: maintenance issue	0.25	
		For Current Services Rendered	5.50	797.50
		Previous Balance		\$1,848.75
		Total Current Work		797.50

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

MINIUNITY TRUST BANK

73646

Date
12/20/13

Pay to the order of Stratton Law Firm, P.S.C. \$ 471.25
Four Hundred Seventy-one And 25/100 Dollars***

Stratton Law Firm, P.S.C.

Amelia Casey
President & Treasurer

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 12/20/13
Check Number: 73646
Amount: 471.25

Memo:
HEM3005-218 # 9
Operating Account

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606-437-7800

Fax 606-437-7569

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-218

Statement Date: 11/30/2013

Statement No. 9

RE: PSC - Complaint - McCoy, et al

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

11/01/2013	DPS	Receipt and review email from Chris Harris attaching Plaintiffs' proposed press release. 11/4/13 - R/R hard copy.	0.25	
11/04/2013	DPS	Receipt and review letter from Chris H.	0.50	
	DPS	Call from Roy; Letter to Chris Harris	0.25	
11/01/2013	DPS	Receipt and review email from Chris Harris requesting a copy of the map corresponding with the option chosen in the agreement. Prepared email to Chris attaching the same.	0.50	
	DPS	Letter to Chris re: settlement	0.25	
	DPS	Draft memo to file	0.50	
11/11/2013	DPS	Receipt and review of original signed documents for settlement	0.25	
	DPS	E-mail received from Jack; Email to Roy	0.25	
11/13/2013	DPS	E-mail received from and to Jack re: settlement agreement	0.25	
11/18/2013	DPS	Receipt and review of email from Jack re: settlement; Email to Roy and Rhonda; Email to Jack	0.25	
		For Current Services Rendered	3.25	471.25
		Previous Balance		\$3,625.00
		Total Current Work		471.25
		Balance Due		<u>\$4,096.25</u>

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Operating Account
PO Box 3157
Peweeville, KY 41502

COMMUNITY TRUST BANK

73635

Date
11/27/13

Pay to the order of Stratton Law Firm \$ 725.00

Seven Hundred Twenty-five And 00/100 Dollars***

Stratton Law Firm

Arcie Casey

Kelley B

[REDACTED]

From:
Mountain Water District
Operating Account
PO Box 3157
Peweeville, KY 41502

Date: 11/27/13
Check Number: 73635
Amount: 725.00

To:
MEM 005-001-129
Operating Account

73635

Stratton Law Firm
MEM 005-001-129
Operating Account

Date: 11/27/13
Check Number: 73635
Amount: 725.00

Year to Date Paid:
0.00

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-001

Statement Date: 10/31/2013

Statement No. 129

RE: Monthly Meeting Attendance

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

10/24/2013	DPS	Call from Roy re: agenda items	0.25	
10/25/2013	DPS	Receipt and review of board package; Reply email	0.50	
10/28/2013	DPS	Receipt and review of financials	0.25	
10/29/2013	DPS	Prepared reports for board on litigation issues	0.50	
10/30/2013	DPS	Document prep for the board meeting	0.25	
	DPS	Meet with Roy; Attend committee and board meeting	3.25	
		For Current Services Rendered	5.00	725.00
		Previous Balance		\$543.75
		Total Current Work		725.00

Payments

11/07/2013		Payment - THANK YOU		-543.75
		Balance Due		<u>\$725.00</u>

	<u>Fees</u>	<u>Expenses</u>	<u>Billing History</u>	<u>Finance Charge</u>	<u>Payments</u>
	62,811.25	90.80	Advances 0.00	0.00	62,177.05

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

Mountain Water District

Operating Account
P.O. Box 3157
Pikeville, KY 41502

IMMUNITY TRUST BANK

1/2010

Date
11/27/13

Pay
to the
order of

Stratton Law Firm

\$ 3,625.00

Thirty-six Hundred Twenty-five And 00/100 Dollars

Stratton Law Firm

Alvin Casey
Katherine B.

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 11/27/13
Check Number: 73618
Amount: 3,625.00

to:
HEM3005-218 # 8
Operating Account

Stratton Law Firm
HEM3005-218 # 8
Operating Account

73618

Date: 11/27/13
Check Number: 73618
Amount: 3,625.00

Year to Date Paid:
0.00

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-218

Statement Date: 10/31/2013

Statement No. 8

RE: PSC - Complaint - McCoy, et al

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

		Hours
10/01/2013	DPS Call to Jack H.; Conference call with Roy re: purpose for hearing	1.00
	DPS Call to Jody Hunt	0.25
	DPS Call to Rick Keene re: update Tierney; Call from Roy; Email from Roy	0.50
	DPS Receipt and review of email from the PSC re: hearing information	0.25
	DPS Meet with Roy and Jody; Call to Rhonda; Receipt and review of email with map from Summitt	1.00
	DPS Call to Jack; Prepare for hearing	0.50
10/02/2013	DPS Attended PSC phone conference	1.25
	DPS Receipt and review of Order rescheduling hearing to 23rd of Oct.	0.25
	DPS Call from Roy; Call to Mike update	0.25
	DPS Meet with Rhonda and Roy	1.50
10/03/2013	DPS Receipt and review order from P.S.C. stating that hearing for October 16th was rescheduled to October 23rd.	0.25
10/04/2013	DPS Call from Chris re: settlement	0.50
	DPS E-mail received from PSC re: video conference; Email to Jody and Roy	0.25
10/07/2013	DPS Receipt and review correspondence from Christian Harris, Esq.	0.25
	DPS Email from Jody; Email to Rhonda, Mike and Jody	0.25
	DPS Call from Roy	0.25

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

		Hours
	DPS Receipt and review of settlement purposed from Chris H. ; Letter to Rhonda, Roy and Jack	0.25
	DPS Revise memo to Mike and Roy	0.25
10/08/2013	DPS Call to Rhonda	0.25
	DPS Call from Rhonda; Call to Jack H.	0.25
10/09/2013	DPS Draft Response to Chris H. settlement letter; Letter to Rhonda and Roy	0.50
10/10/2013	DPS Call from Rhonda; Revise settlement letter; Letter to the Commissioner's	0.75
	DPS Call from Roy; Email from Roy	0.25
	DPS Call and email from Roy; Revise letter to Chris Harris	0.50
10/14/2013	DPS Receipt and review of emails from Rhonda and John	0.25
	DPS Call from Chris Harris; Email to Chris	0.25
10/15/2013	DPS Receipt and review of (3) emails from PSC	0.25
	DPS Call from Chris Harris; Receipt and review of fax; Call to Rhonda	0.50
10/17/2013	DPS Prepared email to Roy Sawyers attaching Chris Harris's October 14th correspondence.	0.25
	DPS Receipt and review hard copy of correspondence from Chris Harris dated October 14, 2013.	0.25
	DPS E-mail received from PSC continuing hearing; Email to MWD	0.25
	DPS E-mail received from and to Jack Hughes	0.25
	DPS Call to Rhonda	0.25
	DPS Letter to Chris Harris	0.25
10/18/2013	DPS Call to Mike & Roy; Letter to board	0.50
10/22/2013	DPS Call from Roy; Call to Jack; Call to Roy	0.25
	DPS Revise report to board	0.25
	DPS Meet with Rhonda to review; Letter to Chris; Revise letter to Chris	0.75
10/25/2013	DPS Call from Roy	0.25
	DPS Call from Chris; Conference call to Jack H.; Call to Roy; Email from Chris re: settlement	0.50

		Hours	
	DPS 1st draft settlement agreement	0.25	
10/28/2013	DPS Receipt and review correspondence from Christian Harris advising his clients are agreeable to the terms and conditions of our last settlement negotiations.	0.25	
	DPS Second draft Agreed Order	0.50	
	DPS E-mail received from PSC on Order to hold hearing in abeyance	0.25	
	DPS Receipt and review of Order from PSC; Email to Jack	0.25	
	DPS Call to Roy & Chris; Call to Jody Hunt re: settlement	0.75	
	DPS Revision of agreement; Second letter to Chris	0.50	
	DPS Call from Chris	0.50	
	DPS Meet with Rhonda; Call to Roy to review agreement	1.25	
	DPS Letter to Chris; New revisions to agreement	0.75	
10/29/2013	DPS Receipt and review of email from Jack; Revise settlement per Jack's directions; Email to Jack with Rhonda & Roy; Letter to Chris	0.75	
10/30/2013	DPS Receipt and review order from the PSC acknowledging that the parties were negotiating a settlement of the matter, and giving the parties until November 27th to file the settlement agreement with the PSC.	0.25	
	DPS Call from Chris Harris re: settlement	0.25	
	DPS 1st draft of press release	0.25	
	DPS Call to Jack Hughes	0.25	
10/31/2013	DPS Call from Roy	0.25	
	DPS 2nd draft of press release	0.25	
	DPS Call to Jack; Revise press release; Letter to Rhonda and Roy; Letter to Chris	0.75	
	For Current Services Rendered	25.00	3,625.00
	Previous Balance		\$145.00
	Total Current Work		3,625.00
	<u>Payments</u>		
11/07/2013	Payment - THANK YOU		-145.00
	Balance Due		<u>\$3,625.00</u>

Mountain Water District
Account No. HEM3005.218
RE: PSC - Complaint - McCoy, et al

Statement Date: 10/31/2013
Statement No. 8
Page No. 4

Billing History				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
6,561.25	0.00	0.00	0.00	2,936.25

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
11/27/13



order of Stratton Law Firm

\$ 1,848.75

Eighteen Hundred Forty-eight And 75/100 Dollars***

Stratton Law Firm

Archie Casey

Robert Smith



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 11/27/13
Check Number: 73617
Amount: 1,848.75

Map:
HEM3005-191- # 41
Operating Account

Stratton Law Firm
HEM3005-191- # 41
Operating Account

73617

Date: 11/27/13
Check Number: 73617
Amount: 1,848.75

Year to Date Paid:
0.00



STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-191

Statement Date: 10/31/2013

Statement No. 41

RE: UMG - contract

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

10/02/2013	DPS	Call from Mike	0.25
10/05/2013	DPS	Draft memo of issues for meeting with Bob and Greg	0.50
	DPS	Research issue for Rhonda; Email to Rhonda	0.25
10/07/2013	DPS	Meet with Roy & Mike; Meet with Bob and Greg	2.50
	DPS	E-mail sent to Rhonda; Review UMG 2011 contract	0.25
10/08/2013	DPS	E-mail sent to Rhonda	0.25
	DPS	Memo of meeting with Bob's Eng. to file	0.25
	DPS	E-mail sent to Bob Myers	0.25
10/09/2013	DPS	Call to Jack re: settlement; Email from PSC	0.50
10/15/2013	DPS	Call to Mike of Roy	0.25
	DPS	Call from Rhonda	0.25
	DPS	Call from Roy	0.25
	DPS	Call from Kelsey Friend	0.25
	DPS	Memo to file	0.25
	DPS	Call to Prentis, Roy and John to set up meeting	0.25
10/16/2013	DPS	E-mail received from and to Roy	0.25
10/17/2013	DPS	Meet with Roy & Mike and others to review proposal	1.75

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

		Hours	
	DPS Meet with Roy & Mike	0.50	
10/21/2013	DPS E-mail sent to Mike and Roy	0.25	
	DPS Call to Rhonda	0.25	
	DPS Call to Rhonda	0.25	
	DPS Exchange emails with Mike; Review file for information for Mike	0.25	
	DPS Meet with Roy & Mike; Mutilple calls to Rhonda; Call to Robin; Email to commissioner's	1.50	
10/22/2013	DPS Call from Mike	0.25	
10/31/2013	DPS Call from Mike; Call to Bob Myers re: meeting	0.25	
	DPS Call to Jack H. re: Call to PSC; Call to Rhonda; Memo to file For Current Services Rendered	0.75	
		<u>12.75</u>	<u>1,848.75</u>
	Previous Balance		\$145.00
	Total Current Work		1,848.75
	<u>Payments</u>		
11/1/2013	Payment - THANK YOU		-145.00
	Balance Due		<u>\$1,848.75</u>

Billing History				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
48,886.25	6.00	0.00	0.00	47,043.50

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
11/27/13

Pay to the order of Stratton Law Firm \$ 507.50
Five Hundred Seven And 50/100 Dollars***

Stratton Law Firm
P.O. Box 1530
Pikeville, KY 41502

Arnell Casey
K. J. [Signature]



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 11/27/13
Check Number: 73616
Amount: 507.50

To:
HEM3005-000
Operating Account

73616

Stratton Law Firm
HEM3005-000
Operating Account

Date: 11/27/13
Check Number: 73616
Amount: 507.50

Year to Date Paid:
0.00

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-000

Statement Date: 10/31/2013
Statement No. 126
Page No. 1

RE: General Matters

Payments received after 10th of month may not appear on this statement

Fees

Hours

10/01/2013	DPS	Call from Summitt to move bid opening on Phelps WWTP	0.25	
10/04/2013	DPS	E-mail sent to and call from Tammy to review letter; Email to and from Rhonda	0.50	
10/08/2013	DPS	Call from Roy re: church easement	0.25	
10/09/2013	DPS	Receipt and review of email and documents for Tammy	0.25	
10/10/2013	DPS	Attended bid opening re: Phelps WWTP repairs	0.50	
10/16/2013	DPS	Call to Roy re: Tammy's email	0.25	
10/17/2013	DPS	Receipt and review correspondence from Robert R. Rodecker concerning the City of Williamson's proposed resolution.	0.25	
10/18/2013	DPS	Call to Roy; letter to Williamson's attorney	0.50	
10/28/2013	DPS	Call from Roy re: procurement issue	0.25	
10/30/2013	DPS	Letter to Robert Rodecher re: MWD Response; Letter to Roy	0.50	
		For Current Services Rendered	3.50	507.50
		Previous Balance		\$1,160.00
		Total Current Work		507.50

Payments

11/07/2013		Payment - THANK YOU		-1,160.00
		Balance Due		<u>\$507.50</u>

Mountain Water District
Account No. HEM3005.000
RE: General Matters

Statement Date: 10/31/2013
Statement No. 126
Page No. 2

	<u>Fees</u>	<u>Expenses</u>	<u>Billing History</u> <u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
	131,569.00	2,823.59	0.00	0.00	133,885.09

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Mountain Water District

IMMUNITY TRUST BANK

73580

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
10/29/13

Pay
to the
order of
Stratton Law Firm

\$ 145.00

One Hundred Forty-five And 00/100 Dollars***

Stratton Law Firm

Randy Casey
Randy H. Casey



From:
Mountain Water District
Operating Account
Box 3157
Pikeville, KY 41502

Date: 10/29/13
Check Number: 73580
Amount: 145.00

Memo:
HEM3005-218
Operating Account

Stratton Law Firm
HEM3005-218
Operating Account

73580

Date: 10/29/13
Check Number: 73580
Amount: 145.00

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606 437 7800

L.P. 606 437 7569

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-218

Statement Date: 09/30/2013

Statement No. 7

RE: PSC - Complaint - McCoy, et al

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
09/13/2013	DPS	Call to Rhonda re: update	0.25	
	DPS	E-mail received from and to Roy	0.25	
09/19/2013	DPS	E-mail sent to Roy & Judy re: heavy	0.25	
09/20/2013	DPS	Exchange emails with Jack re: conference call to prepare for hearing	0.25	
		For Current Services Rendered	1.00	145.00
		Previous Balance		\$398.75
		Total Current Work		145.00

Payments

09/30/2013		Payment - THANK YOU		-398.75
		Balance Due		<u>\$145.00</u>

		Billing History			
	<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
	2,936.25	0.00	0.00	0.00	2,791.25

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District

IMMUNITY TRUST BANK

73579

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
10/29/13

Pay to the order of **Stratton Law Firm** \$ 1,160.00

****Eleven Hundred Sixty And 00/100 Dollars****

Stratton Law Firm

Amelia Casey
President R. Adkins

[REDACTED]

From:
Mountain Water District
Operating Account
Box 3157
Pikeville, KY 41502

Date: 10/29/13
Check Number: 73579
Amount: 1,160.00

Memo:
HEM3005-000-125
Operating Account

Stratton Law Firm
HEM3005-000-125
Operating Account

73579

Date: 10/29/13
Check Number: 73579
Amount: 1,160.00

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606-437-7800

Fax 606-437-7569

STATEMENT

Federal ID No. 31-1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-000

Statement Date: 09/30/2013

Statement No. 125

RE: General Matters

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

09/03/2013	DPS	Call from Roy Sawyers; Changes need to made to the letter to Jason Allen; Converted letter from wpd to doc format and emailed the same to him; Roy needed a couple small changes to the two Layne letters, which were done and sent to him for approval	0.50
09/04/2013	DPS	Call from Tammy at Mountain Water to schedule a bid opening for surplus vehicles. Scheduled for September 17th at 10:30 am.	0.25
	DPS	Meet with Roy various issues	0.50
	DPS	Receipt and review of email from Rhonda re: Williamson Utility issue	0.25
09/05/2013	DPS	Call from Roy re: Belfry Sewer	0.25
	DPS	Receipt and review of audit letter; Research file; Call Don Jones, insurance lawyer; Draft letter to auditors	0.75
09/06/2013	DPS	Second call to Don Jones re: cases for audit letter	0.25
09/10/2013	DPS	Call to Don Jones re: Audit letter; Revise audit letter	0.25
09/12/2013	DPS	Receipt and review of email from Carrie; Draft letter for R.D. re: Belfry Pond Creek Sewer	0.25
09/13/2013	DPS	Receipt and review sealed package from Cann Tech out of Lawrenceburg, Kentucky.	0.25
	DPS	Call to Roy - audit letter	0.25
09/16/2013	DPS	Receipt and review statement of qualifications for the 2nd Magisterail District various water line extension projects FedEx from Bell Engineering; Receipt and review bid package via Express Mail from Howerton Engineering & Surveying, PLLC	0.25

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

		Hours	
	DPS Call to Roy	0.25	
09/17/2013	DPS Open (5) RFQ for Engineer Services - waterline extension; Call to Roy	0.25	
	DPS Receipt and review of bid on surplus vehicle	0.25	
	DPS Deliver bids to Roy	0.25	
09/19/2013	DPS Call from Roy	0.25	
09/20/2013	DPS Receipt and review of financial statements	0.25	
09/24/2013	DPS Receipt and review of (3) bids for Forest Hills odor control	0.25	
	DPS Attend bid opening for Forest Hills odor control	0.25	
09/26/2013	DPS Call from Mike re: bidding for RFP; Review federal statute	0.50	
	DPS Call from City of Williamson, PSC attorney	0.25	
	BMS Research on Brooks Act	0.75	
09/27/2013	DPS Call to Roy re: City of Williamson	0.50	
	For Current Services Rendered	8.00	1,160.00
	Previous Balance		\$1,015.00
	Total Current Work		1,160.00
	<u>Payments</u>		
09/30/2013	Payment - THANK YOU		-1,015.00
	Balance Due		<u>\$1,160.00</u>

Billing History				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
131,061.50	2,823.59	0.00	0.00	132,725.09

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73578

Date
10/29/13

Pay to the order of Stratton Law Firm \$ 145.00
One Hundred Forty-five And 00/100 Dollars***

Stratton Law Firm

Arvid Case
President R. Aldred

From:
Mountain Water District
Operating Account
Box 3157
Pikeville, KY 41502

Date: 10/29/13
Check Number: 73578
Amount: 145.00

Memo:
HEM3005-191 -40
Operating Account

Stratton Law Firm
HEM3005-191 -40
Operating Account

73578

Date: 10/29/13
Check Number: 73578
Amount: 145.00

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606 437 7800

For 606 437 7569

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-191

RE: UMG - contract

Statement Date: 09/30/2013
Statement No. 40
Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
09/06/2013	DPS	Meet with Mike to review options	0.25	
09/17/2013	DPS	Call to Mike re: audit	0.25	
09/24/2013	DPS	Review contract and calculate various returns	0.50	
		For Current Services Rendered	1.00	145.00
		Previous Balance		\$36.25
		Total Current Work		145.00

Payments

09/30/2013	Payment - THANK YOU			-36.25
	Balance Due			<u>\$145.00</u>

		Billing History		
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
47,037.50	6.00	0.00	0.00	46,898.50

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

Mountain Water District

IMMUNITY TRUST BANK

73577

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
10/29/13

Pay to the order of Stratton Law Firm \$ 543.75
Five Hundred Forty-three And 75/100 Dollars***

Stratton Law Firm
P.O. Box 1530
Pikeville, KY 41502

Quero Casey
Frankie R. Adams



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502
Memo:
hem3005-001-128
Operating Account

Date: 10/29/13
Check Number: 73577
Amount: 543.75

Stratton Law Firm
hem3005-001-128
Operating Account

73577

Date: 10/29/13
Check Number: 73577
Amount: 543.75

Year to Date Paid:
0.00

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-001

Statement Date: 09/30/2013
Statement No. 128
Page No. 1

RE: Monthly Meeting Attendance

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
09/19/2013	DPS	Receipt and review board package	0.50	
09/24/2013	DPS	Receipt and review of financial statements	0.25	
09/25/2013	DPS	Attended board meeting	3.00	
		For Current Services Rendered	3.75	543.75
		Previous Balance		\$580.00
		Total Current Work		543.75

Payments

09/30/2013		Payment - THANK YOU		-580.00
		Balance Due		<u>543.75</u>

1993.75

Fees
62,086.25

Payments
61,633.30

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

Mountain Water District

INMUNITY TRUST BANK

73537

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
09/23/13

Pay
to the
order of

Stratton Law Firm

\$ 36.25

Thirty-six And 25/100 Dollars***

Stratton Law Firm

Arcie Casey
President R. Adams

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 09/23/13
Check Number: 73537
Amount: 36.25

to:
Acc# HEM3005-191-39
Operating Account

Stratton Law Firm
Acc# HEM3005-191-39
Operating Account

73537

Date: 09/23/13
Check Number: 73537
Amount: 36.25

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606 437 7800

Fax 606 437 7569

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-191

Statement Date: 08/31/2013

Statement No. 39

RE: UMG - contract

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
08/20/2013	DPS	Meet with Mike - options for board to consider	0.25	
		For Current Services Rendered	0.25	36.25
		Previous Balance		\$3,081.25
		Total Current Work		36.25

Payments

08/26/2013		Payment - THANK YOU		-2,465.00
08/26/2013		Payment - THANK YOU		-616.25
		Total Payments		-3,081.25
		Balance Due		<u>\$36.25</u>

Billing History					
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>	
46,892.50	6.00	0.00	0.00	46,862.25	

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

Mountain Water District

Operating Account

P.O. Box 3157

Pikeville, KY 41502

IMMUNITY TRUST BANK

73535

Date
09/23/13

Pay
to the
order of

Stratton Law Firm

\$

398.75

Three Hundred Ninety-eight And 75/100 Dollars***

Stratton Law Firm

P.O. Box 1530

Pikeville, KY 41502

Annie Casey
President R. Adams



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 09/23/13
Check Number: 73535
Amount: 398.75

no:
Acc# HEM3005-218 - 6
Operating Account

Stratton Law Firm
Acc# HEM3005-218 - 6
Operating Account

73535

Date: 09/23/13
Check Number: 73535
Amount: 398.75

Year to Date Paid:
0.00



STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-218

Statement Date: 08/31/2013

Statement No. 6

RE: PSC - Complaint - McCoy, et al

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

08/01/2013	DPS	Call from Jody Hunt - testimony ok; Email to Jody	0.25	
08/05/2013	DPS	Roy Sawyers in office, made changes to and signed Testimony. R/R via hand delivery from Jody Hunt, the notarized affidavit to attach to his testimony. Scanned and emailed testimony of Roy Sawyers and Jody Hunt to John "Jack" Hughs in Frankfort.	0.50	
	DPS	Receipt and review of Roy's email re: his testimony re: draft with changes; Email to Roy	0.50	
	DPS	Receipt and review of email from Jack Hughes, forward to Jody and Roy	0.25	
08/09/2013	DPS	Receipt and review invoice from John Hughes. Scanned and emailed to Roy Sawyers to pay.	0.50	
08/12/2013	DPS	E-mail received from John H.; Reply email re: discovery	0.25	
08/28/2013	DPS	E-mail received from and to Jack Hughes; Call to Jack Hughes	0.50	
		For Current Services Rendered	2.75	398.75
		Previous Balance		\$1,196.25
		Total Current Work		398.75

Payments

08/26/2013		Payment - THANK YOU		-362.50
08/26/2013		Payment - THANK YOU		-833.75
		Total Payments		-1,196.25
		Balance Due		<u>\$398.75</u>

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

Mountain Water District
Account No. HEM3005.218
RE: PSC - Complaint - McCoy, et al

Statement Date: 08/31/2013
Statement No.
Page No. 2

6

Billing History				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
2,791.25	0.00	0.00	0.00	2,392.50

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Mountain Water District

IMMUNITY TRUST BOND

73536

Operating Account

P.O. Box 3157

Pikeville, KY 41502

Date
09/23/13

Pay
to the
order of

Stratton Law Firm

\$ 1,015.00

One Thousand Fifteen And 00/100 Dollars***

Stratton Law Firm

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 09/23/13
Check Number: 73536
Amount: 1,015.00

to:
Acc# HEM3005-000-124
Operating Account

Stratton Law Firm
Acc# HEM3005-000-124
Operating Account

73536

Date: 09/23/13
Check Number: 73536
Amount: 1,015.00

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606 437 7800

Fax 606 437 7569

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-000

Statement Date: 08/31/2013

Statement No. 124

RE: General Matters

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours
08/01/2013	DPS	Review So. Corroision contract amendment	0.25
08/02/2013	DPS	Call from Roy re: So. Corrosion contract	0.25
	DPS	Call from Roy re: So. Corrosion contract; Memo to file; Letter to Jim Shelton	0.50
08/06/2013	DPS	Call from Roy and various matters	0.25
	DPS	Call from Roy re: easement issue for BPS	0.25
08/08/2013	DPS	Receipt and review correspondence from James Skilton with Southern Corrosion, enclosing two original signed Second Amended Water Tank Management Agreements. He would like one original back after the same is signed by MWD.	0.25
08/09/2013	DPS	Take So. Corrosion amended contract to Rhonda	0.50
	DPS	Call to Mike Spears	0.25
08/11/2013	DPS	Second draft letters to Roy and Rhonda	0.50
08/12/2013	DPS	Call from Roy, tap fee issue on possible trespass	0.25
	DPS	Review Wright Construction bond for Bad Fork project; Call to Summitt	0.50
	DPS	Call from Roy re: easement issue	0.25
08/13/2013	DPS	Meet with Prentice; Letter to So. Corrosion re: contract amendment; Call to Roy	0.50
08/21/2013	DPS	Call from Roy re: letter to Williamson	0.25
08/22/2013	DPS	Call from Roy	0.25

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

		Hours	
08/22/2013	DPS Attended bid opening for lift status; Call and letter to Roy	0.50	
08/27/2013	DPS Call from Carrie re: bid opening	0.25	
	DPS Draft letter to City of Williamson re: water meter	0.25	
08/28/2013	DPS Draft letters to Layne's for water pressure damages; Letter to Roy	0.50	
08/29/2013	DPS Visit with Rhonda; Call to Mike	0.25	
08/30/2013	DPS Call from Roy	<u>0.25</u>	
	For Current Services Rendered	7.00	<u>1,015.00</u>
	Previous Balance		\$1,689.25
	Total Current Work		1,015.00
<u>Payments</u>			
08/26/2013	Payment - THANK YOU		-507.50
08/26/2013	Payment - THANK YOU		<u>-1,181.75</u>
	Total Payments		-1,689.25
	Balance Due		<u>\$1,015.00</u>

Billing History				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
129,901.50	2,823.59	0.00	0.00	131,710.09

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Mountain Water District

Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73561

Date
09/25/13

to the
order of

Stratton Law Firm

\$ 580.00

Five Hundred Eighty And 00/100 Dollars***

Stratton Law Firm

Ann Casey

President R. Miller

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 09/25/13
Check Number: 73561
Amount: 580.00

to:
Acc# HEM3005-001-127
Operating Account

Stratton Law Firm
Acc# HEM3005-001-127
Operating Account

73561

Date: 09/25/13
Check Number: 73561
Amount: 580.00

Year to Date Paid:
0.00

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-001

Statement Date: 08/31/2013

Statement No. 127

RE: Monthly Meeting Attendance

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

08/15/2013	DPS	Call from Roy re: board agenda; Receipt and review of board agenda; Review minutes	0.50	
08/20/2013	DPS	Receipt and review of financial report	0.25	
08/21/2013	DPS	Attended committee and board meeting	3.00	
08/31/2013	DPS	Call from Roy re: easement issue	0.25	
		For Current Services Rendered	4.00	580.00
		Previous Balance		\$1,087.50
		Total Current Work		580.00

Payments

08/26/2013	Payment - THANK YOU	-507.50
08/26/2013	Payment - THANK YOU	-580.00
	Total Payments	-1,087.50
	Balance Due	<u>\$580.00</u>

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
61,542.50	90.80	0.00	0.00	61,053.30

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73488

Date
08/21/13

Pay to the order of **Stratton Law Firm** \$ 1,181.75
Eleven Hundred Eighty-one And 75/100 Dollars

Stratton Law Firm
P.O. Box 1530
Pikeville, KY 41502

Renee Casey
K. King

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502
no:
HEM3005-000-#123
Operating Account

Date: 08/21/13
Check Number: 73488
Amount: 1,181.75

Stratton Law Firm
HEM3005-000-#123
Operating Account

73488

Date: 08/21/13
Check Number: 73488
Amount: 1,181.75

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606-437-7800

Fax 606-437-7569

STATEMENT

Federal ID No. 31-1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-000

Statement Date: 07/31/2013

Statement No. 123

RE: General Matters

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours
07/01/2013	DPS	Meet with Roy; Review City of Williamson letter; Outline options; Review Vaughn Melton contract	0.50
07/03/2013	DPS	E-mail received from Kevin re: Cheynne Output agreement; Reply email	0.25
07/10/2013	DPS	Call from Russ Cassady; Review KRS; Calls to Mike, Roy and Rhonda; Call to Appalachian News-Express	0.75
07/11/2013	DPS	Receipt and review of letter from Bob Myers re: Cory Miller suit and new claim by Jean Wassell	0.25
	DPS	E-mail received from Roy and Grondall; Reply email re: Wassell claim	0.25
07/17/2013	DPS	Call from Roy	0.25
07/19/2013	DPS	Receipt and review of email from Tammy; Call to Larry Fleming re: accident; Call to Tammy	0.50
07/24/2013	DPS	Call from Roy re: easement issue	0.25
	DPS	Talk to Tammy re: Calloway sewer claim	0.25
	DPS	E-mail received from Tammy re: Calloway Branch sewer issue	0.25
07/26/2013	DPS	Call from Roy re: So. Corrosion contract	0.25
	DPS	Review So. Corrosion contract; Call to Roy; Call to Rhonda; Email from Roy	0.75
07/29/2013	DPS	Meet with Roy re: So. Corr. contract; Call to Mike	0.50
	DPS	Meet with Rhonda re: So. Corrosion contract	0.50
	DPS	Research testimony of Plaintiff's; Email to Jack; Email to Roy and Jody	0.40

		Hours	
	DPS Call from So. Corrison re: amendment to contract is O.K.	0.25	
07/30/2013	DPS E-mail sent to Rhonda, Roy & Mike re: So. Corrison contract; Reply email from Rhonda	0.25	
	DPS Review all contracts re: Calloway Prospect sent by Roy	0.50	
	DPS Call from Roy re: So. Corroison and Calloway project	0.25	
	DPS Call from Shelton	0.25	
07/31/2013	DPS 1st draft of Amendment to So. Corrison contract	0.50	
	DPS Call from Roy	0.25	
	For Current Services Rendered	8.15	1,181.75
	Previous Balance		\$507.50
	Total Current Work		1,181.75
	Balance Due		<u>\$1,181.75</u>

PAID

Aged Due Amounts

<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-120</u>	<u>121-180</u>	<u>181+</u>
0.00	507.50	0.00	0.00	0.00	0.00

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
128,886.50	2,823.59	0.00	0.00	130,020.84

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU

Mountain Water District

IMMUNITY TRUST BANK

73489

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
08/21/13

Pay to the order of **Stratton Law Firm** \$ **580.00**
Five Hundred Eighty And 00/100 Dollars***

Stratton Law Firm

Archie Casey
Kelvin B.

[REDACTED]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 08/21/13
Check Number: 73489
Amount: 580.00

to:
HEM3005-001 # 126
Operating Account

Stratton Law Firm
HEM3005-001 # 126
Operating Account

73489

Date: 08/21/13
Check Number: 73489
Amount: 580.00

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
 Pikeville, KY 41502
 606-437-7800

STATEMENT

606-437-7569

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-001

Statement Date: 07/31/2013

Statement No. 126

RE: Monthly Meeting Attendance

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
07/24/2013	DPS	Receipt and review of board package; Call Tammy	0.50	
07/30/2013	DPS	Receipt and review of financial statements	0.25	
07/31/2013	DPS	Call from ANE re: changes of August meeting date	0.25	
	DPS	Attended committee - board meeting	3.00	
		For Current Services Rendered	4.00	580.00
	Previous Balance	<i>PAID</i>		5507.50
	Total Current Work			580.00
	Balance Due			<i>\$580.00</i> <u>\$1,087.50</u>

Aged Due Amounts

<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-120</u>	<u>121-180</u>	<u>181+</u>
0.00	507.50	0.00	0.00	0.00	0.00

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
60,962.50	90.80	0.00	0.00	59,965.80

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73490

Date
08/21/13

Pay to the order of **Stratton Law Firm** \$ 616.25
Six Hundred Sixteen And 25/100 Dollars***

Stratton Law Firm

Ancie Casey
K. J. Finley



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 08/21/13
Check Number: 73490
Amount: 616.25

To:
HEM3005-191
Operating Account

Stratton Law Firm
HEM3005-191
Operating Account

73490

Date: 08/21/13
Check Number: 73490
Amount: 616.25

Year to Date Paid:
0.00



STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-191

Statement Date: 07/31/2013

Statement No. 38

RE: UMG - contract

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
07/15/2013	DPS	Call to Roy; Call to Mike	0.50	
07/16/2013	DPS	Call from Mike re: contract adjustment	0.25	
07/18/2013	DPS	Meet with Mike re: 2014 payment adjustment	0.50	
07/24/2013	DPS	Call to Mike; Progress report on meeting ith Bob on numbers	0.25	
07/25/2013	DPS	Call from Roy - reschedule meeting	0.25	
	DPS	Call from Mike re: Request from Bob	0.25	
07/26/2013	DPS	E-mail received from Roy re: meeting	0.25	
07/29/2013	DPS	Call from Roy; Prepared for meeting	0.50	
	DPS	Outline options if no agreement is reached for the board; Identify time deadlines	0.50	
07/30/2013	DPS	Call from Mike	0.25	
	DPS	Review options outline; Call to Jack Hughes	0.75	
		For Current Services Rendered	4.25	616.25
	Previous Balance			\$2,465.00
	Total Current Work			616.25
	Balance Due			616.25 <u>\$3,081.25</u>

PAID

Mountain Water District
Account No. HEM3005.191
RE: UMG - contract

Statement Date: 07/31/2013
Statement No. 38
Page No. 2

Aged Due Amounts

<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-120</u>	<u>121-180</u>	<u>181+</u>
0.00	2,465.00	0.00	0.00	0.00	0.00

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
46,856.25	6.00	0.00	0.00	43,781.00

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
08/21/13

Pay to the order of Stratton Law Firm \$ 833.75
Eight Hundred Thirty-three And 75/100 Dollars***

Stratton Law Firm

Oracio Casey
K. Casey

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 08/21/13
Check Number: 73491
Amount: 833.75

To:
HEM3005-218 # 5
Operating Account

Stratton Law Firm
HEM3005-218 # 5
Operating Account

73491

Date: 08/21/13
Check Number: 73491
Amount: 833.75

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606.437.7800

La. 606.437.3569

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556382

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-218

Statement Date: 07/31/2013

Statement No. 5

RE: PSC - Complaint - McCoy, et al

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
07/02/2013	DPS	Receipt and review of email from Jack Hughes	0.25	
	DPS	Meet with Rhonda; Email to Jack H.	0.50	
07/03/2013	DPS	E-mail received from Jack H.	0.25	
07/20/2013	DPS	Receipt and review of email from John Hughes; Review testimony; Email to Roy and Jody	0.50	
07/23/2013	DPS	Call from Roy to cancel appointment	0.25	
	DPS	Call from Jody Hunt re: renewal appointment	0.25	
07/29/2013	DPS	Meet with Roy and Jody re: testimony before the PSC	2.00	
	DPS	Draft Answers for Jody Hunt	0.50	
	DPS	Draft of Roy's testimony for PSC	0.50	
07/30/2013	DPS	E-mail received from Jack Hughes	0.25	
	DPS	Revise draft testimony for Roy and Jody; Memo to Roy and Jody	0.50	
		For Current Services Rendered	5.75	833.75
		Previous Balance		362.50
		Total Current Work		833.75
		Balance Due		<u>833.75</u> 1,196.25

PAID

Mountain Water District
Account No. HEM3005.218
RE: PSC - Complaint - McCoy, et al

Statement Date: 07/31/2013
Statement No.
Page No. 2

5

Aged Due Amounts

<u>0-30</u>	<u>31-60</u>	<u>61-90</u>	<u>91-120</u>	<u>121-180</u>	<u>181+</u>
0.00	362.50	0.00	0.00	0.00	0.00

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
2,392.50	0.00	0.00	0.00	1,196.25

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Mountain Water District

Operating Account
P.O. Box 3157
Pikeville, KY 41502

IMMUNITY PROCEEDINGS

73458

Date
07/31/13

Pay
to the
order of

Stratton Law

\$ 507.50

*****Five Hundred Seven And 50/100 Dollars*****

Stratton Law
P.O. Box 1530
Pikeville, KY 41502

Robert R. Adkins

Robert R. Adkins



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 07/31/13
Check Number: 73458
Amount: 507.50

to:
Inv HEM3005-000 #122
Operating Account

Stratton Law
Inv HEM3005-000 #122
Operating Account

73458

Date: 07/31/13
Check Number: 73458
Amount: 507.50

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606-437-7800

Fax

606-437-7569

STATEMENT

Federal ID No. 31-1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-000

Statement Date: 06/30/2013

Statement No. 122

RE: General Matters

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

06/06/2013	DPS	Receipt and review of email from Roy re: Vaughn Melton contracts	0.25	
	DPS	Call from Roy re: miscellaneous issues	0.25	
	DPS	Receipt and review of email from Roy re: City of Williamson issue; Letter to Roy	0.50	
06/07/2013	DPS	Call from Roy and Vaughn Melton contract	0.25	
06/11/2013	DPS	Receipt and review of email from Roy re: letter to City of Williamson; Reply email to Roy	0.25	
	DPS	Letter from Jack re: draft settlement to Chris Harris	0.25	
	DPS	Review revised Vaughn Melton contract	0.50	
06/17/2013	DPS	Receipt and review of email from Roy re: City of Williamson issue	0.25	
06/21/2013	DPS	E-mail received from Jody H. re: engineer's Affidavit	0.25	
06/25/2013	DPS	Receipt and review of email from Tim Campoy	0.25	
06/27/2013	DPS	Review contract for EDC; Email to Tim and Roy	0.50	
		For Current Services Rendered	3.50	507.50
		Previous Balance		\$2,138.75
		Total Current Work		<u>507.50</u>

Payments

06/28/2013		Payment - THANK YOU		-1,268.75
06/29/2013		Payment - THANK YOU		-870.00

To ensure proper credit, please include account number and statement date on remittance checks Thank you

Mountain Water District
Account No. HEM3005.000
RE: General Matters

Statement Date: 06/30/2013
Statement No. 122
Page No. 2

Total Payments	-2,138.75
Balance Due	<u>\$507.50</u>

Billing History				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
127,704.75	2,823.59	0.00	0.00	130,020.84

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU

Mountain Water District

COMMUNITY TRUST BANK

73459

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
07/31/13

Pay
to the
order of

Stratton Law Firm

\$ 507.50

Five Hundred Seven And 50/100 Dollars***

Stratton Law Firm

Kelly L. B.
Christi N. Adams



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 07/31/13
Check Number: 73459
Amount: 507.50

MEMO:
HEM3005-001 # 125
Operating Account

Stratton Law Firm
HEM3005-001 # 125
Operating Account

73459

Date: 07/31/13
Check Number: 73459
Amount: 507.50

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

11 Pike St., P.O. Box 1530
Pikeville, KY 41502
606-437-7800

Fax 606-437-7569

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-001

Statement Date: 06/30/2013

Statement No. 125

RE: Monthly Meeting Attendance

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

06/21/2013	DPS	Receipt and review of board agenda	0.25	
06/25/2013	DPS	Call from Tammy re: agenda	0.25	
	DPS	Receipt and review of board materials; Prepare for meeting	0.50	
	DPS	Attended committee and board meeting	2.50	
		For Current Services Rendered	3.50	507.50
		Previous Balance		\$1,051.25
		Total Current Work		507.50

Payments

06/28/2013	Payment - THANK YOU	-507.50
06/28/2013	Payment - THANK YOU	-543.75
	Total Payments	-1,051.25
	Balance Due	<u>\$507.50</u>

Billing History

<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
60,382.50	90.80	0.00	0.00	59,965.80

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
PAYMENT DUE UPON RECEIPT
NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date
07/31/13



Stratton Law Firm

\$ 2,465.00

Twenty-four Hundred Sixty-five And 00/100 Dollars***

Stratton Law Firm

Robert J. B...
President R. B...



From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 07/31/13
Check Number: 73460
Amount: 2,465.00

Memo:
K 3005-191 # 37
Operating Account

Stratton Law Firm
HEM3005-191 # 37
Operating Account

73460

Date: 07/31/13
Check Number: 73460
Amount: 2,465.00

Year to Date Paid:
0.00



STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
Pikeville, KY 41502
606 437 7800

U.S. 606 437 7569

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-191

Statement Date: 06/30/2013

Statement No. 37

RE: UMG - contract

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

06/10/2013	DPS	Call to Roy	0.25
	DPS	E-mail sent to Mike S.	0.25
06/11/2013	DPS	Prepared for meeting with committee; Draft financial summaries	1.25
	DPS	Meet with committee to review option	1.00
06/12/2013	DPS	E-mail sent to and from John Hughes	0.25
06/13/2013	DPS	Call to Roy and Mike re: following a committee report	0.25
	DPS	Calculate 2% rate increase; Draft memo to commisssons	0.50
	DPS	Draft memo to UMG; Revise proposal	2.25
06/14/2013	DPS	Call to Mike; Email to Roy and Mike	0.25
	DPS	Prepared for meeting with commissioners	0.50
06/17/2013	DPS	Call from Roy; Meet with Roy; Call to Mike	0.50
	DPS	Revise memo and contract per committee suggestion from Roy and Mike	0.50
	DPS	Meet with Roy, Mike and Ancey	0.75
	DPS	Meet with Mike, Roy and Kelsey	0.50
06/18/2013	DPS	Meet with Roy, Mike and Prentice	0.75
	DPS	Meet with Roy and Mike; Call to Greg and Rhonda	0.50
	DPS	Revise memo to Greg; Email to Greg and Bob	0.50

To ensure proper credit, please include account number and statement date on remittance checks. Thank you

		Hours	
	DPS Revise memorandum; Email Memo and Contract Amendment to Bob	0.25	
06/21/2013	DPS Meet with Bob and Greg; Meet with Roy and Mike; Call to Rhonda	2.50	
	DPS Draft memo to UMG contract file	0.50	
06/24/2013	DPS Call from Mike; Call to Roy	0.25	
	DPS Call from Roy; Call to A. Bob M.; Call to Roy	0.25	
	DPS Call from Roy; Call to John Hughes; Call to Roy; Memo to file	0.75	
	DPS Call from Roy; Email to Bob, Mike and Roy	0.25	
06/25/2013	DPS Call to Bob; Memo to Roy and Mike	0.50	
	DPS Two calls from Roy	0.25	
	DPS Call to Bob M.; Memo to file	0.50	
	DPS Call from Mike	0.25	
	For Current Services Rendered	17.00	2,465.00
	Previous Balance		\$2,610.00
	Total Current Work		2,465.00

Payments

06/28/2013	Payment - THANK YOU	-1,957.50
06/28/2013	Payment - THANK YOU	-652.50
	Total Payments	-2,610.00
	Balance Due	<u>\$2,465.00</u>

<u>Billing History</u>				
<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Finance Charge</u>	<u>Payments</u>
46,240.00	6.00	0.00	0.00	43,781.00

MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU

Mountain Water District

Operating Account
P.O. Box 3157
Pikeville, KY 41502

COMMUNITY TRUST BANK

73459

Date
07/31/13

Pay
to the
order of

Stratton Law Firm

\$ 507.50

Five Hundred Seven And 50/100 Dollars***

Stratton Law Firm

Kelly L. B.
Paarti N. Sharma

[Redacted]

[Redacted]

[Redacted]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 07/31/13
Check Number: 73459
Amount: 507.50

Memo:
HEM3005-001 # 125
Operating Account

Stratton Law Firm
HEM3005-001 # 125
Operating Account

73459

Date: 07/31/13
Check Number: 73459
Amount: 507.50

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
 Pikeville, KY 41502
 606-437-7800

Fax 606-437-7569

STATEMENT

Federal ID No. 31 1556382

PRIVILEGED & CONFIDENTIAL

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-001

Statement Date: 06/30/2013

Statement No. 125

RE: Monthly Meeting Attendance

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

Hours

06/21/2013	DPS	Receipt and review of board agenda	0.25	
06/25/2013	DPS	Call from Tammy re: agenda	0.25	
	DPS	Receipt and review of board materials; Prepare for meeting	0.50	
	DPS	Attended committee and board meeting	2.50	
		For Current Services Rendered	3.50	507.50
		Previous Balance		\$1,051.25
		Total Current Work		507.50

Payments

06/28/2013	Payment - THANK YOU	-507.50
06/28/2013	Payment - THANK YOU	-543.75
	Total Payments	-1,051.25
	Balance Due	<u>\$507.50</u>

	<u>Fees</u>	<u>Expenses</u>	<u>Billing History</u>	<u>Finance Charge</u>	<u>Payments</u>
	60,382.50	90.80	<u>Advances</u> 0.00	0.00	59,965.80

**MAKE CHECK PAYABLE TO STRATTON LAW FIRM, PSC
 PAYMENT DUE UPON RECEIPT
 NOW ACCEPTING MASTERCARD, VISA AND DISCOVER
 THANK YOU**

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

IMMUNITY TRUST BANK

10701

Date
07/31/13

Pay
to the
order of

Stratton Law Firm

\$ 362.50

Three Hundred Sixty-two And 50/100 Dollars***

Stratton Law Firm

[Handwritten Signature]

[Handwritten Signature]

From:
Mountain Water District
Operating Account
P.O. Box 3157
Pikeville, KY 41502

Date: 07/31/13
Check Number: 73461
Amount: 362.50

to:
HEM3005-218 # 4
Operating Account

Stratton Law Firm
HEM3005-218 # 4
Operating Account

73461

Date: 07/31/13
Check Number: 73461
Amount: 362.50

Year to Date Paid:
0.00

STRATTON LAW FIRM, P.S.C.

111 Pike St., P.O. Box 1530
 Pikeville, KY 41502
 (606) 437-7800

STATEMENT

PRIVILEGED & CONFIDENTIAL

Federal ID No. 31 1556182

Mountain Water District
 P.O. Box 3157
 Pikeville, KY 41502

ATTN: ROY SAWYERS

Account No. HEM3005-218

Statement Date: 06/30/2013

Statement No. 4

RE: PSC - Complaint - McCoy, et al

Page No. 1

Payments received after 10th of month may not appear on this statement

Fees

			Hours	
06/04/2013	DPS	Receipt and review copy of correspondence from Christian R. Harris to John Hughes, enclosing Plaintiffs answers to Defendant (MWD) first set of interrogatories and request for production of documents.	0.25	
06/07/2013	DPS	Returned call to Jack Hughes	0.25	
	DPS	Call to Rhonda; Call to Roy	0.50	
	DPS	Letter to Jack re: Notice to Chris Harris	0.25	
06/10/2013	DPS	Call from Roy; Email to John Hughes	0.25	
06/13/2013	DPS	E-mail received from Jack Hughes; Call to Jody Hunt	0.25	
	DPS	Receipt and review of emails from Summitt	0.25	
2013	DPS	E-mail received from and to Roy	0.25	
	DPS	Review of Roy's letter to Chris Harris; Email to Roy	0.25	
		For Current Services Rendered	<u>2.50</u>	<u>362.50</u>
		Previous Balance		\$181.25
		Total Current Work		<u>362.50</u>

Payments

THANK YOU	-108.75
THANK YOU	-72.50
	-181.25
	<u>\$362.50</u>

Please include account number and statement date on remittance checks. Thank you

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General First Data Request

Q 22. Please reference Exhibit B-2, Schedule W-B, p. 1 of 3 of the Application. Provide a breakdown of expenses by category listed under "Contract Services - UMG Management" for \$5,812,426 as well as the pro forma adjustment for \$5,870,550.

- a) Did MWD engage in competitive bidding when awarding this contract to ensure that this is the most cost effective option for its customers?
 - i) If so, please provide all documentation pertaining to the competitive bidding process, including but not limited to any and all internal emails, memoranda, and correspondence. If any RFPs were issued, provide any and all documents with such, and identify all parties to whom any RFPs were forwarded.
 - ii) If not, why not? Please explain your answer in detail.

WITNESS : Sawyer.

RESPONSE : 22

See Response to PSC Request No. 1, Item 7, p. 286-287, Acct. No: 6360.08.

RESPONSE : 22(a)

Yes. MWD did engage in competitive bidding, when awarding the original UMG contract in July of 2005.

RESPONSE : 22(a)(i)

The available records for the 2005 bidding process of the UMG Contract are attached as Exhibit 22 (a)(i).

RESPONSE : 22(a)(ii)

Not applicable.

EXHIBIT

22(a)(i)

**STATE OF KENTUCKY
COUNTY OF FAYETTE**

Before me, a Notary Public, and for said County and State, this 8 day
of April, 2005 came Christine Templin

Personally known to me, who, being duly sworn, states as follows:

That she is Account Executive of
Lexington Herald-Leader, and that said publication date of
April 8, 2005 carried the advertising
of Mountain Water District
occupying the following space 4.53 in.

By Christine Templin

(SEAL)

Lue H. Napier
Notary Public

MENT TO BID
EA 2C REGIONAL DETENTION BASIN C6
IG ESTATES DEVELOPMENT, LLC

be received by DeLong Development, LLC at the
 ea Road, Suite 100, Lexington, KY 40511, until
 i, for furnishing labor and materials and perform-
 for Bids, General Conditions, Specifications and
 ic. Immediately following the scheduled closing
 ch have been submitted in accordance with the
 read aloud. The opening of bids will take place
 Bull Lea Road, Suite 100, Lexington, KY 40511.
 llowing: Constructing one stormwater detention
 ation, storm sewer and other related appurte-
 Drawings and Specifications.

Issuing Office which is Strand Associates, Inc.,
 Y 40511 (859-225-8500) upon receipt of a nony-
 ng for each complete set of Drawings and Spec-
 ed at the following places: AGC/McGraw-Hill
 100, Lexington, KY 40505, 859-425-6630 and
 Rd., Bldg. B., Suite 112, Lexington, KY 40505,

cations will not be furnished to interested parties,
 tract, CONTRACTOR will be furnished, without
 ecifications needed to execute the work. Subcon-
 obtain plans and specifications from CONTRAC-
 be clearly marked on the outside of the container
 ea 2C Regional Detention Basin C6 - Contract
 cal Time, Friday, April 22, 2005."

dar days. Bids shall be accompanied by a certifi-
 CATER, in an amount not less than five percent (5%)
 Bid is accepted Bidder will execute and file the
 nent Bonds within fifteen days after the Notice of
 r a period of ninety (90) days after the date Bids
 Bid at any time prior to the time and date sched-
 postponement thereof. Any Bid received after the
 ed and will be returned unopened to the Bidder.
 ts noted on the Bid Form. The successful bidder
 rdinances of the Lexington-Fayette Urban County
 made to the lowest, responsive responsible bid-
 specific requirements. All requests for interpreta-
 riate, responses and addenda will be issued to
 ns concerning interpretation of the Drawings and
 el A. Woolum, P.E., Project Manager, Strand As-
), Lexington, KY 40511, Phone 859-225-8500.

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174 LEGAL NOTICES

ADVERTISEMENT FOR BIDS

The Fayette County Board of Education will receive sealed bids in the Purchasing Office, 701 East Main Street, Room 110, until Monday, April 18, 2005, 1:30 p.m. E.S.T., for the Sale of Surplus Used Books. Bids should be sealed and marked Bid 12-05. Bid forms and specifications may be obtained at 701 East Main Street, Room 110 from 8:00 a.m. until 4:00 p.m., weekdays. 327450

FOR SALE

1995 Ford Mustang, VIN # 1FALP4044SF269255 to be sold to recover losses for towing & storage. Cost pursuant to KRS 376.275. Date of sale will be 4/22/05. Time 12 noon at location of Glencoe Tire-Towing-Truck & Auto Repair Inc., 4170 Hwy 127, Glencoe, KY 41046. Seller has minimum reserve bid on vehicle. 304368

174 LEGAL NOTICES

REQUEST FOR QUALIFICATIONS/ PROPOSALS

The Board of Commissioners of the Mountain Water District requests statement of qualifications and price proposals (RFQ/P) from capable governmental entities, non-profit corporations, or private companies interested in providing operations, maintenance, and management services to the Mountain Water District by means of a contractual agreement. The Mountain Water District will accept RFQ/P submittals until 2:00 pm, April 25, 2005.

An RFQ/P packet containing information about the project and criteria, which may be used to select the management firm may be obtained by contacting Kimberly Hunt at the Mountain Water District, at 606-631-9162, extension 303.

The Mountain Water District is an Equal Opportunity Employer and encourages responses from all qualified firms. The Mountain Water District reserves the right to reject any or all submittals.

Will Brown
 Mountain Water District
 326865

Careerbuilder
 The world's largest job seekers' Every Sunday.
 Careerbuilder.com - 8761

UK DIVISION OF COMMUNICATION DISORDERS

PUBLIC MEETING
 Monday, April 18, 2005
 4:30 - 5:00 p.m.

University of Kentucky
 Charles T. Wellington, Jr.
 Building
 900 South Limestone
 Thomas C. Robinson
 Commons, Room 127
 Lexington, KY

Relating to Application for Re-accreditation submitted to the Council on Academic Accreditation of the American Speech-Language-Hearing Association

Who can submit comments:

Public comments related to programs may include remarks submitted by interested parties such as faculty, students, program administrators, related organizations, or individuals receiving clinical services.

Types of comments considered:

Comments should relate to a program's

174 LEGAL NOTICES

ADVERTISEMENT FOR BID

Bids will be received in the Office of Support Services at Morehead State University, Support Services Complex located at 606 West Main Street, Morehead, Kentucky, for the department indicated no later than the date below:

INVITATION TO BID#
 RFP-01-06

COMMODITY DESCRIPTION
 COLLECTION SERVICES - PERKINS LOAN ACCOUNTS

CLOSING DATE
 05/10/05 4 PM

REQUESTING DEPARTMENT
 ACCOUNTING & BUDGETARY CONTROL

Bids will open at date, time and place shown above. Any one wishing to bid may do so by contacting Morehead State University, LADONNA PURCELL, SUPPORT SERVICES SPECIALIST IV, OFFICE OF SUPPORT SERVICES MOREHEAD STATE UNIVERSITY 327668

INVITATION TO BID

NOTICE is hereby given by the Lexington-Fayette Urban County Government that bids will be received in the Office of the Director of Central Purchasing, 200 East Main Street, Lexington, Kentucky, for:

Invitation to Bid #60-2005 Industrial Metal Shelving For Furrows Building

Bids will be received until 2:00 P.M. on 4/18/2005 at which time they will be opened and read aloud. If mailed, bids should be addressed to DIVISION OF CENTRAL PURCHASING, 200 E. Main Street, Lexington, KY, 40507. Bid Invitation Numbers MUST APPEAR on the outside of the envelope.

Bid forms and other specifications may be obtained from the Director of Central Purchasing. 325661

NOTICE

Choes Pub Restaurant LLC, mailing address 2628 Richmond Rd, Lexington, KY 40509 hereby declares intentions to apply for a Restaurant Liquor & Beer License, no later than 4/8/05, the business to be licensed will be located at 2628 Richmond Rd, Lexington, KY

174 LEGAL NOTICES

REQUEST FOR PROPOSAL

Notice is hereby given by the Lexington-Fayette Urban County Government that proposals will be received in the Office of the Director of Central Purchasing, 200 East Main Street, Lexington, Kentucky for:

Request for Proposal: #12-2005 ERP Software and Implementation Services

Proposals will be received until 2:00 PM local time on 4-22-2005 at which time they will be reviewed. If mailed, proposals should be addressed to DIVISION OF CENTRAL PURCHASING, 200 East Main Street, Lexington KY 40507.

Proposal forms and other specifications may be obtained from the Division of Central Purchasing by calling (859) 258-3320. 307424

BUSINESS 452 OPPORTUNITIES/ FRANCHISES

DON'T PAY FOR A PROMISE, especially one relating to business opportunities or franchises. Before you do business with a company, check it out with the Better Business Bureau at 252-9-1008 or 1-800-866-6668. For free information about buying a biz opp or franchise without getting scammed, write the Federal Trade Commission at Washington, DC 20580 or call the National Fraud Information Center, 1-800-876-7060.

CatchScam NETWORK
 312959

454 BUSINESSES FOR SALE

MY PLACE RESTAURANT & PUB 859-619-1084 325369

SALON, Spacious, Prized right. PO. Box 910039 Lex, 40591 321020.

456 CREDIT

ADVANCE FEE LOANS OR CREDIT OFFERS

Companies that do business by phone can't ask you to pay for credit before you get it. For more info, call toll-free 1-877-FTC-HELP. A public service message from the Lexington Herald-Leader and the FTC.

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650 - LEGALS

**ADVERTISE-
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FOR BID**

The Pike County Fiscal Court is accepting sealed bids for Franchises for Cable Television Systems that wish to operate within the confines of Pike County, Kentucky, pursuant to Ordinance Number 06-07-04.014, and must meet all the terms and conditions of the ordinance.

Sealed bids will be accepted until 10:00 a.m., local time, on April 14, 2005. Franchise(s) awarded pursuant to this request will be non-exclusive for a ten (10) year period.

Bids must be returned to Rose Farley, Fiscal Court Clerk of the Pike County Fiscal Court, 146 Main Street, Pikeville, KY 41501.

Sealed bids must be clearly marked "Cable Television Franchise Proposal".

650 - LEGALS

**ADVERTISE-
MENT
FOR BID**

The Pike County Fiscal Court is accepting sealed bids for the purchase of the following:

Six (6) new 2005
tandem axle
dump trucks

Bids will be accepted until 11:00 a.m., local time, April 14, 2005. The method of award will be the lowest evaluated bid.

Specifications and bid forms may be obtained Monday through Friday from 8:00 a.m. to 4:30 p.m., local time from Karen Friend, Director of Purchasing, Pike County Courthouse, 146 Main Street, Pikeville, Kentucky, or by calling (606) 432-6288. Bid forms must be returned to Rose Farley, Fiscal Court Clerk of the Pike County Fiscal Court, 146 Main Street, Pikeville, KY 41501.

The bid opening will be April 14, 2005, at 11:00 a.m., local time in the courtroom, located on the second floor

650 - LEGALS

**REQUEST FOR
QUALIFICA-
TIONS/
PROPOSALS**

The Board of Commissioners of the Mountain Water District requests statements of qualifications and price proposals (RFQ/P) from capable governmental entities, non-profit corporations, or private companies interested in providing operations, maintenance, and management services to the Mountain Water District by means of a contractual agreement. The Mountain Water District will accept RFQ/P submittals until 2:00 pm, April 25, 2005. An RFQ/P packet containing information about the project and criteria, which may be used to select the management firm may be obtained by contacting Kimberly Hunt at the Mountain Water District, at 606-631-9162, extension 303. The Mountain Water District is an Equal Opportunity

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REQUEST FOR QUALIFICATIONS/PROPOSALS

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The Mountain Water District is an Equal Opportunity Employer and encourages responses from all qualified firms. The Mountain Water District reserves the right to reject any or all submittals.

Will Brown
Mountain Water District

MOUNTAIN WATER DISTRICT

P.O. BOX 3157
PIKEVILLE, KY 41501
606/631-9162 - PHONE
606/631-3087 - FAX

FACSIMILE TRANSMITTAL SHEET

TO: DANNY - LEGAL ADS DEPT.	FROM: KIMBERLY HUNT
COMPANY: LEXINGTON HERALD LEADER	DATE: APRIL 6, 2005
FAX NUMBER: 859/231-1371	TOTAL NO. OF PAGES INCLUDING COVER: 2
PHONE NUMBER: 859/231-3100	SENDER'S REFERENCE NUMBER:
RE: LEGAL AD	YOUR REFERENCE NUMBER:

Please publish the attached legal ad in the Friday, April 8, 2005 edition of the Lexington Herald Leader. Please use purchase order no. 49406. We will require a tear sheet and affidavit after publication.

If you have any questions, please don't hesitate to contact myself or Tammy Olsen at 606/631-9162, extensions 303 or 302 respectively.

Thank you,

Kimberly R. Hunt
Executive Assistant

CONFIDENTIALITY NOTICE

The information contained in this facsimile message and in any accompanying documents contain confidential communication which belong to Mountain Water District. This information is intended for the use of the individual or entity named above. If this communication has been obtained by you or if you are not the named recipient of this information, you are notified that any disclosure, use, copying, distribution or the taking of any action based on this information is prohibited. If you received this message in error, please call 606/631-9162 to arrange to return it. Thank you.

TRANSMISSION VERIFICATION REPORT

TIME : 04/06/2005 14:11
 NAME : MT WATER
 FAX : 6066313087
 TEL : 6066319162
 SER.# : XXXXXXXXXX

DATE, TIME : 04/06 14:10
 FAX NO./NAME : 18592311371
 DURATION : 00:00:19
 PAGE(S) : 02
 RESULT : OK
 MODE : STANDARD
 ECM

MOUNTAIN WATER DISTRICT

P.O. BOX 3157
 PIKEVILLE, KY 41501
 606/631-9162-PHONE
 606/631-3087-FAX

FACSIMILE TRANSMITTAL SHEET

TO: DANNY - LEGAL ADS DEPT.	FROM: KIMBERLY HUNT
COMPANY: LEXINGTON HERALD LEADER	DATE: APRIL 6, 2005
FAX NUMBER: 859/231-1371	TOTAL NO. OF PAGES INCLUDING COVER: 2
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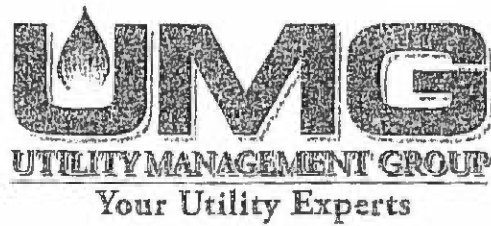
Thank you,

Kimberly R. Hunt
 Executive Assistant

**MOUNTAIN WATER DISTRICT
MANAGEMENT REQUEST FOR QUALIFICATIONS/PROPOSALS
PRE-PROPOSAL CONFERENCE & INSPECTION TOUR
APRIL 18, 2005 - 10:00 a.m.**

Attendance Record:

1.	Craig Edlund	Alliance Water Resources
2.	Dale Wagner	" " "
3.	Bob Hathcock	" " "
4.	GREG May	Utility Management Group
5.	Norma Chay	MWD
6.	Randall Patta	MWD
7.	Mara Keane	MWD
8.	Paul Brown	MWD
9.	Kimberly R Hunt	MWD
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April 25, 2005

Board of Commissioners
Mountain Water District
P.O. Box 3157
Pikeville, KY 41501

Dear Commissioner:

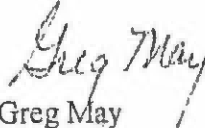
Enclosed please find the proposal for the Operations, Maintenance and Management of the Mountain Water District. As the primary provider of potable water and wastewater treatment services in Pike County, Kentucky, Mountain Water District consists of a integrated system of treatment plants, both water and wastewater, storage tanks, pump and pressure reducing stations and miles of distribution and collection lines. These attributes, coupled with the rugged topography of this large county, make the operations of the system difficult.

Utility Management Group offers years of experience in the operations and management of just such systems. Though a newly formed company, the key personnel possess an energy and mode of forward thinking, as well as decades of combined experience, that will allow the District to expand while reaching new levels of service.

You will find the information in our proposal follows the direction of your Request for Proposals, in a clear and concise format for ease of review. We look forward to the opportunity to work with you in this collaborative partnership.

If you have any questions or need further information, please contact me at your convenience at (606) 437-7454.

Sincerely,


Greg May
Utilities Management Group

Utilities Management Group

Statement of Qualifications

Table of Contents

Section I	Executive Summary
Section II	Statement of Qualifications
	A.1 General Statement of Qualifications
	A.2 Key Personnel Experience
	Greg May
	Archie Marr
	A.3 Contract Experience
	A.4 Assigned Staff
	Organizational Chart
	A.5 Operations, Maintenance and Management Experience
	Representative Project Profiles
	A.6 Subcontractors
	A.7 Non-monetary terms
Section III	Operations Plan
	A. Staffing Plan
	B. Daily Operations
	C. Initial System Enhancements
	D. Additional Services
Section IV	Transition Plan
Section V	Professional References
	▪ Reference List
	▪ Letters of Recommendation



Section VI

Price Proposal

1. Personal Services
2. Utilities
3. Chemicals
4. Equipment
5. Material & Supplies
6. Outside Services
7. Maintenance Repair
8. Capital Costs & Long Term Debt Recovery
9. Profit

Appendix A

Supplemental Information

- Certificate of Incorporation
- Certificate of Insurances
- Bond Capacity
- Resumes
- Public Service Commission statement



Appendix B

Draft Contract





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EXECUTIVE SUMMARY

Utility Management Group LLC, (UMG) proposes to contract with the Mountain Water District (District) to provide all services required for proper and professional operations, maintenance and management of the District's water and wastewater treatment facilities and distribution and collection systems. As proposed, the District will retain ownership of all facilities and equipment and complete control of its finances.

UMG is a new corporation focused solely on the provision of cost effective and efficient operation and management services of rural water and wastewater utilities. Though recently incorporated, the company boasts the varied experience and tested expertise of its chief operating officer, a public utility manager, Mr. Greg May, and owner/manager, a business and financial planner, Mr. Archie Marr, CPA.

UMG proposes to offer positions to the District's superintendent and all other current employees of the District. Using tested up-grade training methods and by increasing employee benefits, the corporation seeks to build an energized personnel team fully capable of maintaining and expanding the District's excellent service record while keeping pace with one of the highest demands for water and wastewater service development in Kentucky. As proposed UMG will be able to provide all services and accomplish all management goals within the District's current budget amount.

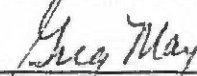
UMG is familiar with all regulatory requirements under which the District must operate and assures full and consistent compliance with both water quality and service quality standards as established by the Kentucky Division of Water and the Kentucky Public Service Commission, respectively and those of the District.

Finally, UMG is owned and directed by professionals who are Kentuckians. Corporation principals know of and place high value on the commitment and dedication of citizens who serve on water district boards of commissioners and other public bodies.

In closing, UMG pledges to provide open and constant communication to the Mountain Water District board of commissioners and to report routinely and as requested regarding the business status and operational condition of the system while shouldering all of the day to day personnel management obligations and operational liabilities of the system.



Mr. Archie Marr



Mr. Greg May

Date 4-26-05



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GENERAL STATEMENT OF QUALIFICATIONS

The following Statement of Qualifications complies with the directive set out in the District's RFQ/P, Section VI and all entries will be marked accordingly.

A.1 Contractor Information

Name and Address

Utility Management Group, LLC
500 Summit Drive
P.O. Box 663
Corbin, Kentucky 40702

Phone Number: 606-528-2454
Fax Number: 606-528-1770

e-mail: archiemarr@umgllc.net

Utility Management Group, LLC
258 Town Mountain Road
Suite 101
Pikeville, Kentucky 41501

Phone Number: 606-437-4754
Fax/ Number: 606-437-5083

e-mail: gregmay@umgllc.net

Name and Date of Incorporation

Utility Management Group, LLC

February 12, 2005

State of Incorporation

Commonwealth of Kentucky

Type of Entity

Limited liability corporation

Name of Owner/Manager

Archie L. Marr

FEIN Number

20-2621526

A.2 Key Personnel Experience

Utility Management Group (UMG) is a newly formed company located in Eastern Kentucky. The company is committed to managing and staffing projects using local resources and other expertise to manage and maintain water and wastewater utilities throughout Eastern Kentucky. As described in detail below, the founder and operating officer have the necessary experience in the utility management and financial fields to effectively optimize existing facilities and to develop approaches to cost effectively meet changing regulatory requirements, discharge standards and operational requirements.

Greg May

The Utility Management Group team will be lead by Project Developer and Chief Operating Officer Mr. Greg May. Mr. May brings to this role a unique blend of management experience, from the mining industry and utility distribution, as well as organizational skills and project development experience. He served as Executive Assistant to the Pike County Judge-Executive for three years. Prior to joining Utility Management Group he served as Area Vice President for Veolia Water, the largest contract management company in the world. He first served as project manager for the Pikeville public works project which included a 6 MGD water plant, 18 water storage tanks, 14 water pump stations, 74 miles of water distribution lines, 2 MGD wastewater plant, 14 pump stations and 54 miles of collection lines. The scope of the Pikeville Project also included full public works such as customer service, meter reading and meter replacement program, natural gas distribution, sanitation services (collection and transfer station), handling industrial leachate, parks maintenance and street maintenance. After becoming Area Vice President of Operations for Veolia Water serving Kentucky, Virginia and West Virginia Mr. May managed water and/or wastewater utilities in 13 cities and water districts as well as one state of the art private industrial wastewater plant. These projects had combined operation revenues of 14 million per year and approximately 220 employees. Mr. May took the lead role in developing and doing the 'due diligence' analysis on the one billion dollar contract for operations and maintenance for the water and sewer systems for the Norfolk Naval Yard for Veolia Water. Mr. May helped coordinate a distribution system expansion for Southern Water in Floyd County growing a customer base from 3,800 to more that 7,000.

Archie Marr

Another key member of the team will be Archie L. Marr, president of Marr, Miller & Myers, PSC. Mr. Marr is a Certified Public Accountant and has great expertise in management advisory services, business and financial planning, acquisition and valuation strategies, and immense knowledge of auditing. Mr. Miller was also director of training for Monroe Shine & Company, CPA's. Mr. Miller resides in Corbin, Kentucky and has experience throughout eastern Kentucky managing and auditing special projects for large corporations. Mr. Miller will serve as CEO/CFO of Utility Management Group, LLC.

A full resume of Mr. May and Mr. Marr is provided in Appendix A.

A.3 Contract Management Experience & Amounts

Utility Management Group, LLC, was incorporated in February 2005. The contract proposed with Mountain Water District will be the corporation's first full service contract for operations, maintenance and management. The demonstrated business experience and expertise of the owner, Mr. Archie Marr and the demonstrated utility management experience and expertise of Mr. Greg May and the extensive on-site project management experience and expertise of Mr. Will Brown ---serving jointly as the on-site project leadership team --assures the District that it is placing its facilities in the hands of professional utility managers.

More specifically, over the last five years Mr. May oversaw four operation and management contracts amounting to approximately \$14m annually and oversaw the implementation of capital infrastructure projects in excess of \$53m. Similarly, during the same time period, Mr. Brown managed the District's operations at an annual average of approximately \$7m while administering capital improvement projects amounting to nearly \$50m.

A.4 Assigned Staff

The Chief Operating Officer for Utility Management Group will be Greg May. Mr. May has a vast amount of experience in the operations of water and wastewater utilities. In the past six years, Mr. May has been the senior manager over operation and maintenance of utilities for 13 different cities and water districts throughout

Kentucky, Virginia and West Virginia. The projects vary in size from three (3) employees to sixty (60) employees and in wastewater plant size from 100 thousand gallons per day to 2 million gallons per day and in water plant size from 250 thousand gallon per day to 6 millions gallon per day. These systems contain over 200 sewer lift stations, 75 water pumping stations and tanks, 800 miles of water line, varying from 1.5" to 16" in size, and approximately 300 miles of sewer line. Mr. May has proven to be an effective manager to municipal facility owners in developing and enhancing existing water and wastewater systems. The focus will be delivering the maximum value while minimizing major capital expenditures. During the operations stage, Mr. May will work with the owner to optimize existing facilities and to develop approaches to cost-effectively meet changing regulatory requirements, and operational requirements.

Another member of the team will be Will Brown, current Superintendent of Mountain Water District. Mr. Brown has more than nineteen (19) years of Management/Supervisory experience in water distribution operations, including booster pump station installation and maintenance, storage tank maintenance, water main construction, corrosion control, meter reading, billing, budgeting, water treatment, wastewater treatment operations and maintenance, design and construction of both water treatment and wastewater treatment system projects using recently developed technological advances in the treatment scheme. In the event of contract award Mr. Brown will continue to serve as Project Manager/Superintendent for Utility Management Group.

A full resume of Mr. Brown is provided in Appendix A.

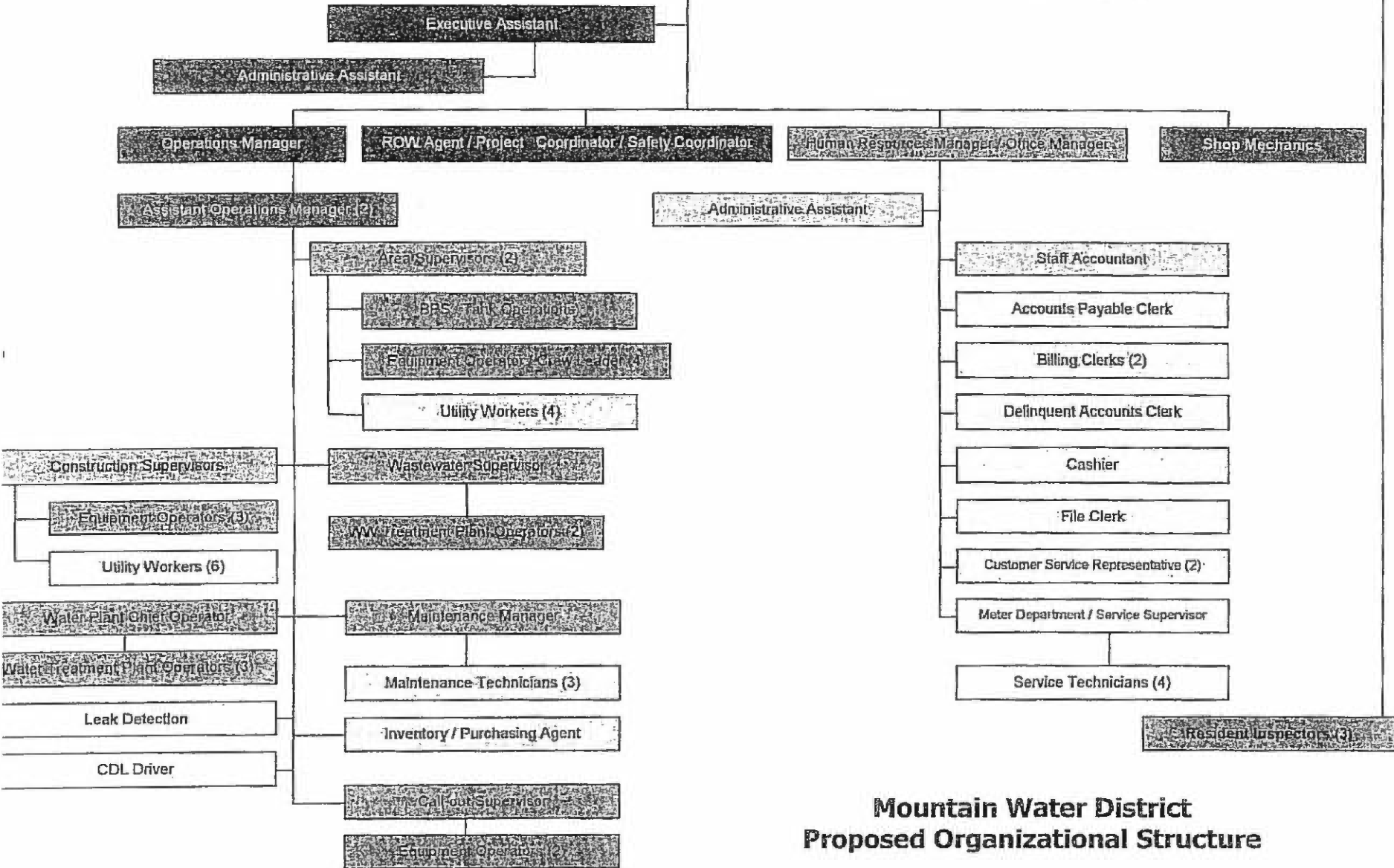
A key component of the UMG staffing and management plan for this project involves employing all of the District's existing staff. These individuals know in-place operational methods and their participation is critically important to assure seamless continuity in service delivery as the District transitions to contract services.

UMG will offer in writing a position to each employee currently working at Mountain Water District in Pike County. Each employee will be paid their current wage and be provided a benefit package that exceeds that which is currently provided.

UMG's proposed organizational structure is fully illustrated in the following Figure 1.



Board of Directors
 Utility Management Group
 Superintendent / Project Manager



**Mountain Water District
 Proposed Organizational Structure**

Figure 1

A.5 Operations, Maintenance and Management Experience

The following table illustrates the clients for which operations, maintenance and management services involving water systems similar to Mountain Water District's have been provided service in the past 5 years, under the direction and/or supervision of Mr. May.

Project	Location	Contact
<u>Southern Floyd County Water & Sewer</u>	Floyd County, KY	Paul Hunt Thompson Floyd County Fiscal Court 149 S. Central Ave Prestonsburg, KY 41635 606-886-9193
<u>City of Williamson</u>	Williamson, WV	Sam Kapourales, Former Mayor 566 Maple Street Williamson, WV 24620 304-949-3265
<u>Pikeville Public Works</u>	Pikeville, KY	Frank Justice, DVM, Mayor 118 College Street Pikeville, KY 41501 606-437-5100
<u>Town of Clintwood</u>	Clintwood, VA	Donald Baker, Mayor P.O. Box 456 Clintwood, VA 24228 276-926-8383
<u>CDR Pigments</u>	Elizabethtown, KY	Ken Horton 305 Ring Road Elizabethtown, KY 42701 270-737-1700
<u>Hardinsburg Public Works</u>	Hardinsburg, KY	Wayne Macy, Mayor 220 S Main Street Hardinsburg, KY 40143 270-756-2213

Detailed information on these clients provided in Project Profiles sheets found at the end of Section II.

A.6 Subcontractors

Water Quality Analysis

UMG will negotiate with all qualified laboratories located in or adjacent to the District service area to secure contract(s) for independent water quality testing and reporting services. It is reasonable to expect that contracts will be secure with one or more of the following firms:

Appalachian States Analytical Services
181 Long View Drive
Pikeville, Kentucky 41501

McCoy & McCoy Environmental Services
173 Island Creek Road
Pikeville, Kentucky 41501

Insurance

UMG has secured a competitive array of insurance products that will guarantee a sound employee benefits package, provide for corporate liability and vehicle coverage and provide for workman's comp.

These include the following:

Health:	Blue Cross & Blue Shield
Dental:	Delta Dental
General Liability:	Acordia of Kentucky (\$2m)
Workman's Comp:	AIG
Corporate Vehicle:	AIG
Umbrella Policy:	Acordia of Kentucky

Note: documentation relating to each type of insurance provided in Appendix A.

Quality Testing

UMG will contract with Analytical Products Group, Inc., to provide water quality sampling method testing for all employees engaged in the water treatment or wastewater treatment processes.

Analytical Products Group, Inc.
2730 Washington Boulevard
Belpre, Ohio 45714
Phone: 800-272-4442

A.7 Non-monetary Terms and Conditions

The following constitute the only non-monetary terms and conditions proposed by UMG and subject to negotiation with the District that are to be incorporated into the contract agreement to be executed by the District and UMG.

a. Retention / Dismissal of Employees

Pursuant to the proposed contract agreement between the District and UMG, UMG agrees to employ all current employees of the District at the time of contract signing and continue to employ these individuals for a period of least six (6) months. During this period, UMG will conduct interviews, review records, conduct drug tests, and implement other procedures to assess personnel resources and measure productivity. The information obtained from this activity will be used to develop up-grade training programs for employees.

However, at any time during the initial six (6) month period of the contract, if any employee engages in any publicly reprehensible act, such as harming or threatening to harm others, lewdness, destruction of property, or is convicted of theft, public intoxication, or other act which grossly violates the proper demeanor and deportment of an individual representing either the District or UMG, such employee may be dismissed immediately.

b. Selection/Elimination of Vehicles, Tools and Equipment

Due to the health and safety concerns associated with the condition and state of repair of vehicles, tools and equipment belonging to the District and to be used or intended for use by UMG in carrying out its obligations to operate and maintain the District's facilities, UMG reserves the right to evaluate, and accept or reject any item or items as it deems appropriate.

c. Undisclosed Regulatory Violations, Lawsuits or Other Similar Matter

UMG shall not be liable for nor in any way be responsible to resolve, correct, settle, or pursue redress on behalf of the District for any undisclosed violation(s) of regulation(s), law suits, complaints, or similar matter that is not fully disclosed by the District prior to the time of contract signing.

**PROJECT
PROFILES**



OPERATIONS AND MANAGEMENT

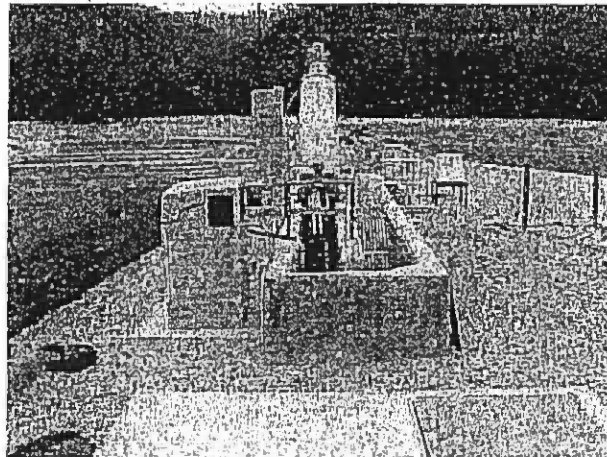
Municipal Wastewater Project

CLIENT: City of Clintwood

LOCATION: Clintwood, KY

BUDGET: \$110,000 / year

PROJECT DESCRIPTION:



Greg May led the team of professionals who negotiated, and put into application the plan for operations, maintenance and management (O&M) of a 0.5-MGD oxidation ditch type wastewater treatment plant for the Town of Clintwood, Virginia. This project also includes O&M responsibility for sludge land application operations; processing 71-dry-tons-per-year of sludge, as well as septic waste receiving and effluent reuse operations.

Under his leadership the city was able to finance more than \$50,000 in project improvements after contracting for O&M responsibility of the Town's wastewater facilities.

To achieve a stronger and more efficient system, the team also completed a vibration analysis on all major equipment. As a result, some equipment was scheduled for repair by the manufacturer while still covered under warranty.

Additionally, Mr. May instituted a *Safety First Program*, which is practiced in earnest at the Clintwood project. Staff has operated more than 12 years without a lost-time accident.

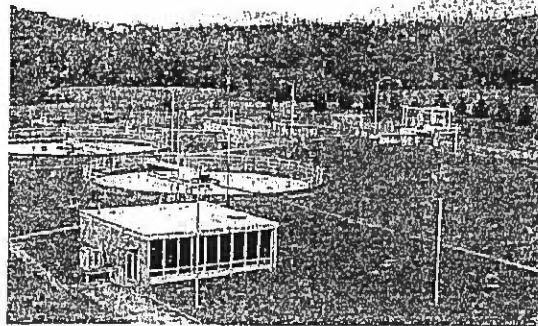
Facilities	0.5-MGD Oxidation Ditch WWTP
Scope of Services	<ul style="list-style-type: none">• Operate/Maintain/Manage• Land Application of Biosolids — 71 dry tons per year• Septage Receiving• Effluent Reuse
Start Date	1989
Population Served	1,250

Experience gained while with previous employer

OPERATIONS AND MANAGEMENT

Pikeville Public Works

CLIENT: City of Pikeville
LOCATION: Pikeville, KY
BUDGET: \$4,000,000 / year



PROJECT DESCRIPTION:

Greg May was instrumental in developing this Public-Private Partnership, which began in 1987 with a contract for the operations, maintenance and management (O&M) of the City's wastewater system, now involves the operation and management of the public works and utility systems (water, wastewater, natural gas, and sanitation), systems that serve a population of more than 7,000.

Under his leadership the City's contract was been renewed or extended seven times, He managed personnel who provided O&M for the City of Pikeville's utility systems, including water, wastewater, natural gas, and sanitation. Our first contract with the City was in 1987, and involved providing complete O&M services for the City's existing trickling filter wastewater treatment plant, as well as their 4.8-MGD water treatment facility.

Awards and Recognitions:

- Governor's Environmental Award for Best Operated Water Treatment Facilities.
- KNREP Outstanding Community Water Management Award
- AWWA Top 5 small plants in state

- | | |
|------------------------------|---|
| Wastewater Facilities | <ul style="list-style-type: none"> • 2-MGD Extended Aeration Wastewater Treatment Plant • Sludge Disposal — 388 dtpy • 14 Pump Stations • Collection System (54 miles) |
| Water Facilities | <ul style="list-style-type: none"> • 6-MGD Surface WTP • Raw Water Pump Station (4 MGD) • 18 Water Towers • 14 Water Pump Stations • Distribution System (74 miles) |
| Scope of Services | <ul style="list-style-type: none"> • Operate/Maintain/Manage • Full Public Works • Customer Service • Meter Reading and Meter Replacement Program (Water) • Collection and Distribution System Rehabilitation • Septage Receiving • Natural gas distribution • Sanitation (collection and transfer station) • Industrial Leachate • Customer Service • Parks/Cemetery Maintenance & Landscaping • Swimming Pool • Ballfield Scheduling |
| Start Date | 1987 - Ongoing |
| Population Served | 7,000 |

* Experience gained while with previous employer

OPERATIONS AND MANAGEMENT

Industrial Water Reclamation Facility

CLIENT: CDR Pigments

LOCATION: Elizabethtown, KY

BUDGET: \$ 3,400,000 / year

Facilities 0.55-MGD industrial water reclamation facility

Scope of Services

- Design/Build
- Financing
- Lease/Ownership
- Operate/Maintain/Manage

Start Date 2000

PROJECT DESCRIPTION:

Greg May was instrumental in providing design/build/finance/own/operate/maintain/manage services upgrades to an industrial water reclamation facility treating industrial wastewater to process water quality. Memtek® microfiltration, reverse osmosis, crystallization, salt dewatering, cooling towers and boilers are critical components in the treatment process.

Additional responsibilities exceeding management included financing , design, and construction of many system improvements and upgrades.

Experience gained while with previous employer

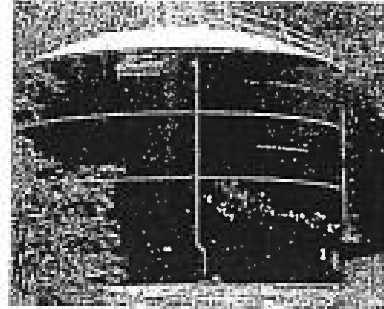
OPERATIONS AND MANAGEMENT

Southern Floyd County Water & Wastewater

CLIENT: Southern Water & Sewer District

LOCATION: Floyd County, KY

BUDGET: \$ 1,300,000 / year



PROJECT DESCRIPTION:

Under a contract that began in 2000, Greg May assisted the Southern Water and Sewer District of Floyd County, Kentucky, as they contracted for private management and operations to expand the District's water system and find solutions to water losses.

A public-private partnership was formed in May 2000 to expand the District's water system and find solutions to water losses. Under this long-term, 20-year, contract, he lead the efforts to the design, financing and construction of 24 miles of new distribution system, adding three pumps and three tanks, to bring 500 additional connections into the water and sewer district. A second expansion project followed to bring additional customers onto the system. A third segment is underway that will bring the total of additional lines to approximately 100 miles and new connections to some 1,500.

Additionally, Mr. May has implemented a management program to help integrate the Beaver-Elkorn and Mud Creek water districts into the newly formed Southern Water and Sewer District.

Most importantly he developed an innovative plan to reduce the financial impact of the improvements and expansion on the District and the residents.

Facilities	<ul style="list-style-type: none">• 2-MGD Surface Water Treatment Plant• Distribution System (285 miles)• 25 Pump Stations• 24 Water Storage Tanks (2.8 MG)• 0.1-MGD Extended Aeration Wastewater Treatment Plant (startup 3/05)
Scope of Services	<ul style="list-style-type: none">• Operate/Maintain/Manage• Design/Build Services• Project Financing• Purchase 0.3 MGD• Meter Reading• Meter Replacement Program• Billing/Collection• Customer Service• Security Vulnerability Assessment• Capital Expansion Program
Start Date	2000 – Ongoing through 2020
Population Served	18,090

Experience gained while with previous employer

OPERATIONS AND MANAGEMENT

Regional Water & Wastewater

CLIENT: City of Williamson

LOCATION: Williamson, WV

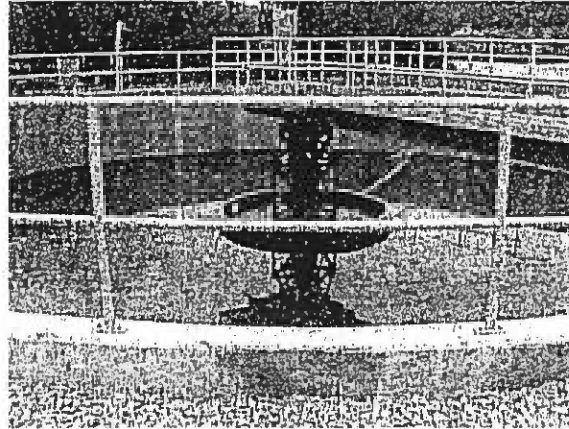
BUDGET: \$ 1,800,000 / year

PROJECT DESCRIPTION:

Greg managed the effort leading to a successful negotiated contract providing contract operations, maintenance and management (O&M) services for the utility facilities serving Williamson as well as customers in Kentucky. His staff provided comprehensive management and operations services to Williamson's utility and public works departments.

He also fostered the development of customer service program 24-hours-a-day, 7-days-a-week to ensure that emergency repairs to the system are made promptly, year-round, day or night.

Working with the utility clerk and a contract computer vendor his provided oversight to the installation of a new system in just three days so that billing could go out on time. This new system added many features that the previous system lacked, including a work order tracking program to monitor customer requests.



- | | |
|--------------------------|--|
| Facilities | <ul style="list-style-type: none">• 1.5-MGD Envirex Activated Sludge WWTP• 13 Lift Stations• Collection System (23 miles)• 4.2-MGD Surface WTP• 5 Pump Stations• 2 Booster Stations• Distribution System (75 miles)• Distribution System Rehabilitation• 7 Water Storage Tanks |
| Scope of Services | <ul style="list-style-type: none">• Operate/Maintain/Manage• Meter Reading (water)• Meter Replacement Program (water)• Customer Service (water)• Full Public Works• Fleet Maintenance• Solid Waste Collection• Land Application Program - 90 dry tons per year |

Start Date 1999

Population Served 4,250

Experience gained while with previous employer

OPERATIONS AND MANAGEMENT

Hardinsburg Public Works

CLIENT: City of Hardinsburg

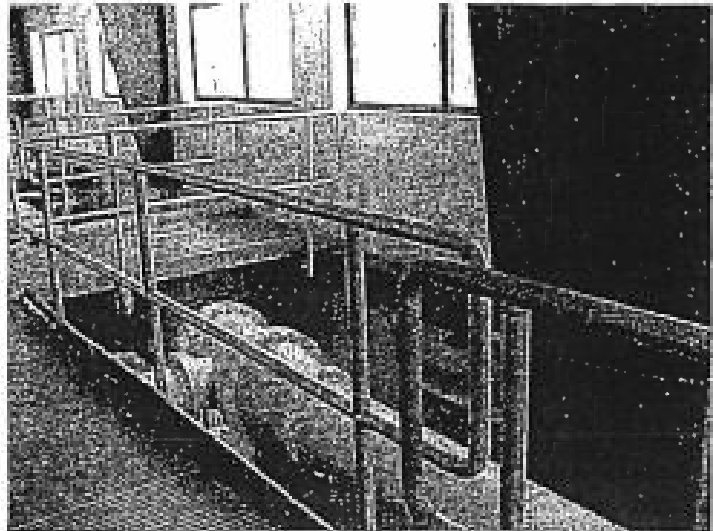
LOCATION: Hardinsburg, KY

BUDGET: \$ 1,300,000 / year

PROJECT DESCRIPTION:

Greg May assisted in the development of a broad scope contract with the City of Hardinsburg. This contract encompasses O&M of the wastewater and water systems, including treatment, collection and distribution systems, water meter reading and beneficial use of wastewater residuals. We also manage the Public Works Department, including streets and sanitation. This includes O&M of a 0.732-MGD oxidation ditch activated sludge wastewater treatment facility with processes including clarification, disinfection, dechlorination, and reaeration. The 1.2-MGD water plant removes iron and manganese from raw lake water treated through chemical coagulation, ClariCone™ clarification, dual-media sand filtration, disinfection, post-disinfection, and lime softening.

Under this contract his staff also acted as the City's agent for FEMA coordination following disastrous weather events, and also provided expert input for water intake studies to resolve the raw water quality issues.



Facilities

- 0.732-MGD Extended Aeration, Oxidation Ditch WWTP
- 5 Pump Stations
- Collection System (20 miles)
- 1.2-MGD Surface WTP
- 2 Pump Stations
- Distribution System (300 miles)
- 3 Elevated Water Towers
- 2 Standpipes
- Clear Well (1.7 MG)

Scope of Services

- Operate/Maintain/Manage
- Public Works Department
- Sanitation
- Meter Reading
- Meter Replacement Program
- Liquid Land Application of Class B Biosolids — 7.3 dry tons per year

Start Date 1995

Population Served 10,000

Experience gained while with previous employer



12/20/2017

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OPERATIONS PLAN

The following **Operations Plan** complies with the directive set out in the District's RFQ/P, Section VI, A8, and all entries will be marked accordingly.

A. Staffing Plan

The UMG on-site management team will consist of Mr. Greg May, Chief Operating Officer and Mr. Will Brown, Project Manager/Superintendent.

Generally, Mr. May will engage in methods of operation analyses, and will devise adaptations and modifications to current methods to better assure achievement of economies of scale, and conservation of resources. Additionally, Mr. May will be charged with identifying and securing funding for system component rehabilitation and up-grade, line extensions and other capital improvements on the District's system.

Mr. Brown will continue to oversee the treatment plants for water and wastewater, the distribution and collection systems, all tanks and pumping stations, and new line construction activities.

To assure continuity of service and smooth transition of staff from public management to private management, all members of the District's current staff -- administrative, treatment, distribution and collection and construction -- will be retained in their present positions and carry their current job duties and responsibilities. System maintenance employees will be configured into teams, initially conforming to the regions currently utilized by the District.

Thirty days after the start-date of system operations and management by UMG, the District's board of commissioners will be provided a comprehensive organizational chart illustrating assignments of all personnel.

B. Description of Daily Operational Routine

The typical work day will start promptly at 8:00 a.m. and continue until 5:00 p.m., with 30 minutes for a lunch break. Routine maintenance work tasks will be carried out as per assignment and by schedule established by the management team. All non-routine maintenance activities, including response to customer service calls, will be tracked electronically via a work order data base and management tool, coordinated through the District's administrative office.

All customer communication will continue to be logged and all customer accounting transactions will be handled by the administrative office and tracked through the work order software program and the District's accounting software. UMG personnel will conduct all components of the billing and bookkeeping operation and make daily deposits to that bank(s) and account(s) as determined by the District.

All emergencies, such as line breaks, pump failure and similar occurrence that interrupts routine service will result in suspension of routine maintenance work tasks to allow for appropriate and timely response by personnel. UMG will respond immediately and make all necessary expenditures and invest whatever amount of time and personnel necessary to restore service, if and when service is interrupted. As per contract, the management team will provide timely communication to members of the District's board of commissioners if and when an outage occurs and inform same when service is restored.

Generally, UMG will carry out all the day-to-day activities presently performed by the staff of Mountain Water District. This work will involve the operation and maintenance of all District facilities including its 2 mgd water treatment plant, 107 water pump stations, 97 water storage tanks, 31 pressure regulator stations, 23 master meter stations, 18 wastewater treatment plants, 25 sewer lift stations, 899 miles of water distribution line and 29 miles of sewer collection line.

UMG will provide all required personnel, equipment, parts, supplies and other specialty services needed to implement this project.

C. Enhancements to Operations and Maintenance of District Facilities

As the District's contracted operation and maintenance service provider, UMG commits to:

Improved operational and maintenance efficiency within the water treatment and distribution system and the wastewater treatment and collection systems to ensure the delivery of high quality, professional service.

Conduct all customer service activities in a civil, polite and professional manner, maintaining the District's "good neighbor" relationship with consumers throughout the service area.

Guarantee compliance with the District's water withdrawal and discharge permits, and all other State of Kentucky and Federal regulatory requirements.

Foster and maintain positive working relationships with staff of regulatory, infrastructure planning and funding agencies at all levels.

Maintain the District's facilities so as to ensure their longer-term viability and proper return on the public's investment.

Actively pursue greater efficiency in all aspects of the District's water and wastewater systems, especially in their operations and maintenance systems and methods.

Guarantee the safe operation of all facilities, protecting the employees and customers of the system.

Foster effective communication and cooperation among all State, County, Area and Municipal service entities.

Devise workable Operation and Maintenance Plans for the District's water treatment plant and distribution system and wastewater plants and collection systems.

D. Additional Services

Water & Wastewater Plant Laboratory Testing and Verification.

The water quality is most affected by the operation of the water plant. Operating the plant involves monitoring, sampling, testing, analyzing and reporting on the makeup of the water both before and after treatment to determine what chemicals to add. The results of this testing are then passed on to the State and Federal government for review. The accuracy of the testing is checked both by the State and the company. This verification of test results is important because of public health.

UMG will implement a quality assurance/quality control program to handle this verification. This program will include performing tests in-house and contracting with a local lab. UMG will train the operators in the most current laboratory techniques to ensure proper testing procedures.

Process Control Management will be a major part of the Project Manager's responsibilities. Training will be conducted to allow each

plant operator to timely assess whether unit processes are in or out of control without being overly committed day-to-day involvement. Monitoring effluent or finished water is not an effective "Control Plan" because, at this point, serious trouble may already exist and prevention control steps are limited. This will be the primary goal.

The secondary goal is to provide a process whereby other UMG management personnel are notified when "exceptions" to normal conditions occur. Timely notification is essential in keeping management informed so that resources can be provided to assist in correction of minor issues before they become major ones.

UMG will use the "Top Down" approach to process management. This approach, and the data analysis structure that supports it, allows management to routinely review and to respond to as necessary the few leading or critical parameters rather than having to analyze all process data.

Maintenance

UMG will carry out all the maintenance activities required by the District. The effort will include both on-site staff and or special contractors who are needed say to pull a large raw water pump. The maintenance work will involve the water plant, wastewater plants, distribution system pipes pumps and tanks, sewer collection pipes, sewer collection lines, tanks, customer meters and vehicle fleet. The maintenance work covers four different situations.

- *Preventive* -- includes oil and filter changes and similar actions.
- *Predictive* -- scheduled work that prevents outages.
- *Corrective* -- involves fixing a problem.
- *Emergency* -- repairs such as a water or wastewater line break.

UMG will follow the highest standards for maintenance as prescribed by the equipment manufactures and accepted engineering practices.

The best method of providing for compliance and monitoring the proper administration of these standards is the use of Computerized Maintenance

System. This system is used to document the procedures and completion of a Preventive Maintenance and Predictive Maintenance tasks. The Computerized System is a computer software program that will automate preventive and predictive maintenance scheduling and track distribution system work orders, maintenance histories and costs. Work orders for all areas of the water and wastewater system will be tracked on the maintenance management system. In addition, through the computerized system, information obtained from the maintenance surveys and indicators will be stored, tracked and utilized to identify trends or pending equipment failures.

Some examples of equipment monitored will include:

- Water Plant
 - Motors
 - Valves
 - Telemetry

- Distribution Systems
 - Pumps
 - Tanks
 - Valves
 - Hydrants

- Vehicles

The system can also be set up to remind operators about water testing and hydrant flushing schedules.

Warranty Activities

UMG will also conduct preventive maintenance such as oil changes, grease application, cleaning, changing filter elements and inspections at scheduled intervals as recommended by the manufacturer. To maintain the area equipment in the optimum condition, UMG will follow appropriate manufacturer-recommended service intervals, which are usually based on operating hours.

Computer-Aided O&M Management System

Almost every aspect of day-to-day management at the District will be assisted with computer technology. Many of these are not currently being used, but should help reduce the workload and improve customer service. Among the computer programs and systems that UMG will implement as a part of this contract are those for:

- Water Plant Operations
- Maintenance
- Distribution System Monitoring
- Inventory Control
- Meter Reading
- Billing

Annually a report will be compiled recapping the activities of the previous year, and laying out the planned activities for the upcoming year. These activities will include any major maintenance, or capital expenditures anticipated.

Safety

Safety will be our NUMBER ONE concern, and we will practice it daily. UMG will implement one of the best safety programs in the industry. UMG will develop site specific programs and procedures such as a Lockout for electrical motors etc., Confined Space Entry and Traffic Control etc.. The training is provided monthly or more often depending on the work scheduled to be completed. A new or difficult task might be reviewed by the safety coordinator and training provided to the employees before performing the work. The safety coordinator is also responsible for making sure proper safety equipment is provided to the employees. This equipment involves safety shoes, hard hats and glasses, as well as making sure signs are available for traffic control, warning lights are on all vehicles, a trench box is provided for any deep or unstable trenches and confined space gas monitoring and recovery gear is available.



TRANSITION PLAN

UMG is aware that the proposed contract for operation and maintenance of District facilities will involve a significant amount of change for current employees of the District and a lesser, though significant change for the District's customers. Acknowledging that change can prompt anxiety, UMG is committed to taking all reasonable steps to assure that the transition from public to private management of the District's facilities will go smoothly and as painlessly as possible. Proper and timely communication with District employees and District customers will resolve nearly all concern regarding the transition. UMG will coordinate closely with the District's board of commissioners regarding any and all employee notification and any public notice(s) or other method of communicating the change in operation and maintenance responsibilities.

To better assure that the transition will occur with ease, UMG proposes the following:

1. The District's board of commissioners and UMG will conduct an informational meeting for all employees, their spouses and other interested family members prior to contract signing. All aspects of the contract affecting employees will be explained in full and Commissioners and members of the management team will address any and all questions.
2. There will be no change in the hours of operation of the District office.
3. All phone numbers will remain the same, and phone salutations identifying "Mountain Water District" will continue, unchanged.
4. All vehicle and equipment logos designating ownership by the District will remain unchanged.
5. The format of all customer billings and other office-generated customer notices will carry the District's logo and the signature of the chairperson of the board of commissioners, as appropriate.



REFERENCES

Former Governor Paul E Patton
151 North Mayo Trail
Pikeville, KY 41501
606-432-2214

Frank Welch, Superintendent
Pike County Board of Education
PO Box 3097
Pikeville, KY 41502
606-433-9700

John Cecil
Regional Manager
KVAT Food Stores
PO Box 1158
Abingdon, VA 24212
276-628-8173

Ron M Johnson, PE, LS
3376 Rt 550E
Hindman, KY 41822
606-785-5926

Walter E May, CEO
Pikeville Medical Center
911 By Pass Road
Pikeville, KY 41501
606-432-2646

Danl Hall, Chief Engineer
Kentucky Department of Transportation,
District 12
109 Lorraine Street
Pikeville, Ky 41501
606-433-7791

William E. Deskins
Pike County Judge Executive
146 Main Street
Pikeville, KY 41501
606-432-6247

Roger Recktenwald
804 Honeysuckle Lane
Lawrenceburg, KY 40342
502-859-9666

Senator Ray S Jones, II
31st District
PO Box 3850
Pikeville, KY 41502
502-564-8100 Frankfort
606-432-5777 Pikeville

Honorable Steven D. Combs
35th Judicial Circuit, Division 2
Hall of Justice
172 Division Street
Pikeville, KY 41501
606-433-7554



SOUTHERN WATER & SEWER DISTRICT

P.O. Box 610 / 245 Ky Route 680
McDowell, KY 41647
606.377.9296 Fax 606.377.9286

April 20, 2005

TO WHOM IT MAY CONCERN:

Re: Recommendation for Mr. Greg May

Please accept this correspondence as a positive reference for and endorsement of Mr. Greg May who now serves as the Chief Operating Officer of Utility Management Group, LLC. Mr. May previously served as Area Manager for Veolia Water North America (formerly U.S. Filter), a utility services contractor. During his tenure with Veolia Water, he coordinated Southern Water & Sewer's transition to private contract management. As Chairman of Southern Water & Sewer District, I worked closely with Greg and came to appreciate and respect both his work ethic and genuine interest in the success of our utility services and expansion programs.

Without any hesitation, I recommend Mr. May to you and would expect that you will find him to be as energetic and solicitous about your system as he has been with ours. Please don't hesitate to call me at home (606.285.3754) should you wish to discuss this further.

Sincerely,



Hubert Halbert, Chairman
Southern Water & Sewer District

SAM KAPOURALES
215 LOGAN STREET, SUITE 10
WILLIAMSON, WV 25661
PHONE: 304-235-5395
FAX: 304-235-1258

April 22, 2005

To Whom It May Concern:

Be advised that Mr. Greg May, City of Williamson, has my confidence and Support in his new venture in Utilities Management Group, LLC. Throughout his time working with our water and sewer systems, he was constantly finding ways for us to reduce costs and operate more efficiently. His employees worked hard and with little exception expressed appreciation for his firm but tempered guidance.

I regret that he is no longer working with us and assure you that you and your customers will be proud to have him on board.

Sincerely,


Sam Kapourales

SK/nv

HARDINSBURG CITY HALL

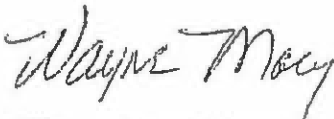
April 22, 2005

To Whom It May Concern:

This letter is provided for a positive reference for Mr. Greg May who is now Chief Operating Officer for Utility Management Group, LLC. Mr. May was previously Area Manager for Veolia Water North America utility management group. While serving at in that capacity he worked closely with the city Council, and myself to improve and maintain our cities utilities and public works. I appreciate his concern, knowledge and work ethic while working with us.

I recommend Mr. May to anyone with the desire to have expert management for their utilities. You may call me at any time. @ 270-156-2213

SINCERELY,



Wayne Macy, Mayor



CITY OF PIKEVILLE

118 College Street
Pikeville, Kentucky 41501
(606) 437-5100
Fax Number (606) 437-5106

Frank Justice, II
Mayor

Donovan Blackburn
City Manager

April 22, 2005

To: Whom it May Concern

Fr: Donovan Blackburn
City Manager – Pikeville, KY

Ref: Greg May Recommendation

I would like to give my complete endorsement and appreciation of Greg May who now serves as the Chief Operating Officer for Utility Management Group, LCC. Mr. May previously served the City of Pikeville as the Area Manger with Veolia Water. His previous position served the cities water, sewer, trash, gas, streets and parks systems. His leadership and management abilities not only offered the city exceptional services, but allowed the city to expand and grow as it was needed. Mr. May's commitment to his job and more important his client was like no other I have experienced. Any issue was handled at a moments notice with great concern to ensure total satisfaction. As City Manager I have enjoyed a great professional and what has become a personal relationship. He has earned the respect of the city, commission and community.

I would strongly state that any organization that uses Mr. May's professional services will greatly be rewarded with accomplishment. Mr. May has all the qualities, experience and desire to make whatever he manages work. If you have any questions or would like to discuss this matter further, please don't hesitate to give me a call.

Sincerely,

Donovan Blackburn
City Manager – Pikeville, KY
Phone (606) 437-5100





PRICE PROPOSAL

For First Full Year of Operations

JULY, 2005 TO JUNE, 2006

1. Personnel Services	\$ <u>2,681,000</u>
2. Utilities	\$ <u>1,560,232</u>
3. Chemicals	\$ <u>106,400</u>
4. Equipment	\$ <u>469,973</u>
5. Materials/Supplies	\$ <u>386,619</u>
6. Outside Services	\$ <u>393,950</u>
7. Maintenance and Repair	\$ <u>456,140</u>
8. Capital Costs	\$ <u>415,140</u>
9. Profit	\$ <u>350,243</u>
10. TOTAL	\$<u>6,820,000</u>

Notes Regarding Bid Prices

1. Personnel Services

All wages, salaries and fringe benefits including Workers Compensation, Life, Health, Dental and LTD insurance, uniforms, safety shoes, 401K retirement.

2. Utilities

Cost of electricity, purchased water, and wastewater treatment services, solid waste service and sludge disposal costs.

3. Chemicals

Chemicals for water and waste water treatment, odor control, etc.

4. Equipment
Vehicle and equipment costs, fuel and insurance. Does not include repair and maintenance (listed under maintenance and repair)
 5. Materials /Supplies
Laboratory, office supplies, postage, dues and subscriptions, telephone, pager, professional and certification fees, other fees.
 6. Outside Services
General liability insurance, Other insurance, Consultants, Drug testing, Legal, Training, CCR mailing, etc.
 7. Maintenance and Repair
Parts and supplies for field maintenance, water treatment plant, booster pumping stations, water tanks, electrical, telemetry, wastewater plant, lift stations, vehicles and equipment. (\$356,140 for field maintenance, \$100,000 for vehicles and equipment maintenance).
 8. Capital Costs
Startup costs, pay off all short term debt, buy out all accrued time for each employee exceeding 100 hours, each employee may carry over up to 100 hours of accrued time to UMG. Reimburse non vested employees for all accrued assets in CERS. Pay off A/P, 3 new utility vehicles, 2 new supervisor vehicles, 1 air compressor and additional safety equipment . startup of full time sewer construction crew (5 employees). Replace 3 backhoes with backhoes or excavators as determined for construction crew(s).
- Note: UMG recommends consolidation of A/P and as identified on attached Figure 2 as a convenience to district. Such action is solely at District discretion.*
9. Profit
Calculated at 5.14% total O M & M budget.

Current construction crews will be funded fully out of construction dollars. (not included in O&M budget). Expect to add another construction crew (5 people) for construction out of coal severance sewer funds.

Resident Inspectors employment will remain with District.

Figure 2

**Utility Management Group
Mountain Water District
Schedule of Long Term Debt**

<u>Description</u>	<u>Original Issue Amount</u>	<u>Projected Beginning Balance</u>	<u>Projected Principal Payments</u>	<u>Projected Ending Balance</u>
Mountain Water A/P				
BB&T Mortgage	63,115.00	43,163.00	5,847.00	37,316.00
BB&T 36m Cap Lease Skid Steer	18,285.00	4,637.00	5,146.00	
BB&T Inst Ln-Boring Machine	19,700.00	8,518.00	5,259.00	3,259.00
Case Credit 60M 5.5% BH #12	44,842.00	20,000.00	7,674.00	12,326.00
Chrysler Financial 36M Veh #89	16,400.00	4,874.00	4,515.00	358.00
Chrysler Financial Lease-Veh #74	27,950.00	5,237.00	5,146.00	91.00
Chrysler Financial Lease-Veh #75	27,950.00	5,237.00	5,146.00	91.00
Chrysler Financial Lease-Veh #76	27,950.00	5,237.00	5,146.00	91.00
Chrysler Fin 60M Lease Veh #83	18,500.00	9,931.00	3,212.00	6,719.00
Chrysler Fin 60M Lease Veh #84	18,500.00	9,932.00	3,213.00	6,719.00
Chrysler Fin 60M Lease Veh #86	23,600.00	13,428.00	4,084.00	9,344.00
Chrysler Fin 60M Lease Veh #87	23,600.00	13,428.00	4,084.00	9,344.00
Loan#6 Comm Trust 01 S10 48m	12,013.00	2,468.00	2,468.00	
Loan#7 Comm Trust 01 Dump 60m	50,528.00	19,594.00	9,028.00	10,566.00
CTB Inst Ln 36m Vibratory Plow	29,800.00	3,658.00	3,658.00	
CTB Ln 36m Truck-Mounted Holst	8,015.00	967.00	967.00	
CTB Loan 36m S10 Pickup Veh 82	12,391.00	2,629.00	2,629.00	
CTB Consolidation Ln 60m 4.25%	330,020.00	222,523.00	55,138.00	167,385.00
Comm Trust 36m Inst-Veh #90	15,084.00	8,227.00	4,052.00	4,174.00
Comm Trust-60m-Veh#92	16,172.00	14,025.00	2,787.00	11,238.00
Comm Trust 60m-Veh 93	19,474.00	18,054.00	3,373.00	14,680.00
Comm Trust Ln-Veh #94	24,777.00	23,690.00	4,269.00	19,421.00
Lease 01 Escape #5066511 48mon	19,234.00	1,789.00	1,789.00	
GMAC 60m Lease 2002 Chevy #85	28,300.00	16,039.00	4,854.00	11,185.00
GMAC 36m Lease 2002 S-10 #88	13,115.00	3,119.00	3,119.00	
GMAC 60M 0% Veh 91	22,300.00	15,982.00	3,345.00	12,637.00
New Holland Lease-Backhoe#11	51,450.00	1,295.00	1,295.00	
New Holland Lease-Skid Steer	17,940.00	686.00	686.00	
Total Long Term Debt	1,001,005.00	498,367.00	161,929.00	336,944.00



11/11/11



The following items of evidentiary documentation is provided in Appendix A and complies with the directive set out in the District's RFQ/P, Section II.

- A. Certificate of Incorporation
- B. Certificate of Insurance
 - General Liability
 - Commercial Automobile
 - Workman Comp Insurance
 - Umbrella Liability
 - Group Medical Coverage
 - Group Life, Disability, Dental and 401(k)
- C. Bond Capacity
- D. PSC or similar report

Draft Service contract is attached in Appendix B

**CERTIFICATE
OF
INCORPORATION**



Commonwealth of Kentucky
Trey Grayson
Secretary of State

Certificate of Existence

I, Trey Grayson, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

UTILITY MANAGEMENT GROUP, LLC

is a limited liability company duly organized and existing under KRS Chapter 275, whose date of organization is August 10, 2004.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 275.190 has been delivered to the Secretary of State.

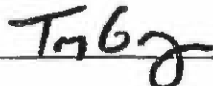
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 23rd day of April, 2005.

Certificate Number: 13554

Jurisdiction: Utility Management Group

Visit <http://www.sos.ky.gov/obdb/certvalidate.aspx> to validate the authenticity of this certificate.





Trey Grayson
Secretary of State
Commonwealth of Kentucky
13554/0592196

**CERTIFICATES
OF
INSURANCE**



220 Lexington Green Circle
Suite 410
Lexington, KY 40503-3330
Voice: 859.273.6600
Fax: 859.273.5998

www.acordia.com



April 19, 2005

Re: Utility Management Group, LLC - Commercial Insurance Programs

To Whom It May Concern:

Acordia of Kentucky, Inc has presented a Proposal to Utility Management Group, LLC for various commercial insurance coverages. This letter will confirm that we are prepared to bind and put into effect these coverages as outlined in our Proposal:

- **Commercial General Liability:** \$1,000,000 Each Occurrence Limit / \$2,000,000 General Aggregate Limit.
- **Commercial Automobile:** \$1,000,000 Each Accident Combined Single Limit, plus other ancillary policy coverages related to ownership and use of vehicles.
- **Workers Compensation & Employers Liability:** Kentucky Statutory Limits for Workers Compensation; \$100,000 / \$500,000 / \$100,000 for Employers Liability.
- **Umbrella Liability:** \$1,000,000 Each Occurrence Limit / \$1,000,000 Aggregate Limit excess/follow-form over CGL and Automobile Liability.

Subject to receipt of final underwriting information, we are prepared to effect:

- **Group Major Medical coverage.**
- **Group Life, Dental, Long-Term Disability, Voluntary Short-Term Disability, and 401 (k) Plans.**

Our binding of coverage will take effect at the time of commencement of operations by Utility Management Group, LLC. The carriers utilized meet the financial security requirements of the Carrier Security Committee of Acordia, Inc.

Please feel free to contact our office if additional information is needed on this matter

Very truly yours,

A handwritten signature in cursive script, appearing to read "Chip Harkins".

Chip Harkins, CPCU, CIC
Vice President

**Performance
Bond
Capacity**



220 Lexington Green Circle
Suite 410
Lexington, KY 40503-3330
Voice: 859.273.6600
Fax: 859.273.5998
www.acordia.com

April 21, 2005

Greg May
Utility Management Group
4546 Raccoon Road
Raccoon, KY 41557

Re: Bonding

Dear Greg:

Per our discussion, pending receipt and approval of all the required financial information, I can provide a Performance and Payment Bond in the amount of \$2,000,000.

Please advise if we need to discuss further.

Sincerely,

Fred Orthmeyer

FO/jl

RESUMES



Greg May



Profile

Mr. May is the new Chief Operating Officer for Utility Management Group, LLC. He will provide oversight and management of operations, maintenance and management of (O&M) projects and client services in the region. Mr. May has more than 20 years of experience in public works and has managed O&M projects for water distribution, natural gas distribution and other utility systems.

Experience

1999– April 2005 Veolia Water North America Kentucky,
West Virginia and Virginia

Area Vice President

- Managed 3 Total Public Works Contracts
 - Water plants
 - Wastewater plants
 - Collection and distribution systems
 - One industrial wastewater plant
 - Several other wastewater plants
- Contract renewals
- New business development
- Management projects for 13 different areas
- Lead role in due diligence analysis of \$1 billion dollar contract for O&M for Norfolk, VA Naval Yard's water and wastewater utilities
- Helped coordinated distribution system expansion for Southern Water & Sewer District in Floyd County, KY

1996–1999 Veolia Water Pikeville, KY

Project Manager

- Managed O*M contract for City of Pikeville
 - 6 MGD water treatment plant
 - 2 MGD wastewater treatment plant
- Managed the operation and maintenance for the City's public works, water distribution and natural gas distribution

1996–1999 PSG Clintwood VA

Project Manager

- Manager of operations contract
 - 0.5 MGD oxidation ditch wastewater treatment plant.

1993-1996 Pike County Fiscal Court Pikeville, KY

Executive Assistant to Judge/Executive

- Development and execution of orders and policies of the Fiscal Court and Judge/Executive
- Supervised administrative assistants whose duties included operation county solid waste pickup, 650 miles of road maintenance, equipment repair shop, self-contained landfill, parks crew and building and grounds crew.

1993-1996 Pike County Fiscal Court Pikeville, KY

Floodplain Administrator for \$49 million Flood Control Project

- Floodplain Administrator
- CRS Coordinator
- Liaison to the Army Corps of Engineers
- Assistant DES Director

1988-1993 American Electric Power Kentucky

Lineman - electrical transmission and distribution facilities

- Installation
- Rearrangement
- Maintenance
- Operation
- Removal
- Inspection

1987-1988 McCoy Elkhorn Coal Company Kimper, KY

Mine Foreman

- Supervised production crew on continuous miner section
- Supervisor over conveyor belt maintenance crew

Education

Liberal Arts Coursework - Prestonsburg Community College
State Hazard Mitigation Planning, Federal Emergency Management Agency
Mitigating Business Disaster Effects, Federal emergency Management Agency
Liability issues, Federal Emergency Management Agency
Managing Floodplain Development, Federal Emergency Management Agency
Community Rating System, Federal Emergency Management Agency

Certifications

Mine Foreman Certification, Kentucky
Mine Inspector Certification, Kentucky
Mine Electrician (surface and underground), Kentucky and U.S.

**Professional
Affiliations**

Kentucky Gas Association
Kentucky Rural Water Association
Big Sandy Transportation Committee
Kentucky Industrial Development Council
Pike County Chamber of Commerce



MOUNTAIN WATER
DISTRICT

Will Brown

Profile

Mr. Brown has more than 19 years of management and supervisory experience in water distribution operations. His experience includes booster pump station installation and maintenance, storage tank maintenance, water main construction, corrosion control, meter reading, billing, budgeting, water treatment, water treatment operations and maintenance, design and construction of both water treatment and wastewater treatment system projects using recently developed technological advances in the treatment scheme.

Experience

1996–Present Mountain Water District Pikeville, KY

Superintendent

- Responsible for daily operation, maintenance and management of the 2nd largest rural water system in Kentucky
- Develops and implements operating and maintenance budgets
- Directs construction of "in house" projects through the 2 full time construction crews
- Operating budget expanded from \$2.9 million to \$7.3 million
- Capital construction budget increased from \$3 million to more than \$8 million annually
- Water customers increased from 8,500 in 1995 to 14,000 in 2005
- Sewer customers increased from 110 to 1400
- Employees increased from 52 to 73
- Water loss reduced from 35-43% to 12-14%
- Developed and implemented preventive maintenance program
- Developed training program for operators
- Purchased for district 2 state of the art correlator leak detection machines, first in the state
- Improved billing which improved cash flow
- Consolidated 2 log term construction bonds saving \$1.1 million

1993–1994 Professional Services Group, Inc. Roanoke, AL

Project Manager

- Responsible for overall operations maintenance and management of the 1.3 MGD primary wastewater treatment plant, 2 MGD water treatment plant, pump stations, collection and distribution systems, meter reading, customer service, billing and gas distribution.
- Responsible for Public Works Department (120 miles of paved streets) and sanitation department including operations of a sanitary and inert landfill, construction and operation of a transfer station for the City of Roanoke and Randolph County.
- Responsible for development of annual operations and maintenance budget for the utilities and public works.

- Manger of 35 employees.

1989–1993 Professional Services Group, Inc. Pikeville, KY

Utilities Manager

- Responsible for direct supervision and management of the water distribution and natural gas systems.
- Supervisor of all field maintenance for water mains, new services, meter testing and meter replacement.
- Responsible for maintenance of water storage tanks, installation and maintenance of booster pumping station and maintenance for the pumping station telemetry.
- Directly supervised the gas distribution system including metering stations, regulatory stations, gas mains and services and meter testing and replacements
- Duties also included gas and water meter reading and interfacing of reading with the utilities billing department
- Directly responsible for developing annual budgets, O & M, billing, safety, drug testing, personnel policy, etc.
- Manager of 48 employees.

1984–1989 Water Resource Corporation Prestonsburg, KY

Superintendent of Water Distribution System O & M

- Responsible for overseeing complete renovation of a water distribution system including replacement of mains, meters, valves, pumping station and tank repair.
- Responsible for developing the water distribution system O & M budget.
- Served as technical advisor to rural and municipal water systems interfaced through the Big Sandy Area Development District.

Education

Certified, Professional Utility Manager, Western Kentucky University

- Attended Pikeville College
- Graduate, Air Force School of Electronics
- Graduate, Capital Engineering Institute,
 - Major, Electronic Engineering Technology
- University of California, Sacramento
 - 6 ceu – Water Treatment
 - 6 ceu - Water Distribution
 - 6 ceu – Wastewater Treatment
 - 3 ceu – Advanced Wastewater Treatment

**Professional
Affiliations**

American Water Works Association
National Rural Water Association
Kentucky rural Water Association
East Kentucky Water and Wastewater Association

American Public Gas Association
Kentucky gas Association
Kentucky Backflow Prevention Association
American Public Works Association
National Association of County Engineers
International Association of Electrical Inspectors
Member, Water Environment Federation
Affiliate Member American Society of Civil Engineers
Former Class IIIA Water Plant Operator
Former Class III Water Distribution Operator
Former Class III Wastewater Treatment Operator

Computer Literacy

Lotus for Windows
Microsoft Excel
Word Perfect for Windows
Microsoft Word

**Public
Service
Commisison**



Public Service Commission Report

While principals have been involved in both regulated and non-regulated utilities in Kentucky as well in other states.

However, due to this being a newly formed company, this is the first contractual relationship between UMG and a utility in Kentucky



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Agreement For Operations,
Maintenance and Management Services

DRAFT

THIS AGREEMENT is entered into this 12th day of January, 2005, by and between:

Mountain Water District, with its principal address at P.O. Box 3157,
Pikeville, Kentucky 41502 (hereinafter "DISTRICT")

AND

UTILITIES MANAGEMENT GROUP LLC. (UMG) with its principal
address at 500 Summit Drive, P.O. Box 663, Corbin, KY (hereinafter
"UMG").

WHEREAS, DISTRICT owns and provides for the operation of water, wastewater
and related treatment, collection and distribution facilities; and,

WHEREAS, DISTRICT desires to employ the services of UMG in the
management, operation, maintenance and management of these facilities and UMG
desires to perform such services for the compensation provided for herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements
hereinafter set forth, DISTRICT and UMG agree as follows:

1. GENERAL

- 1.1 Definitions of words and phrases used in this Agreement
and the attachments are contained in Appendix A.
- 1.2 All land, buildings, facilities, easements, licenses, rights-of-way,
equipment and vehicles presently or hereinafter acquired or owned by
DISTRICT shall remain the exclusive property of DISTRICT unless
specifically provided for otherwise in this Agreement.
- 1.3 This Agreement shall be governed by and interpreted in accordance
with the laws of the State of Kentucky.
- 1.4 This Agreement shall be binding upon the successors and assigns of
each of the parties, but neither party shall assign this Agreement
without the prior written consent of the other party. Consent shall not
be unreasonably withheld.

DRAFT

- 1.5 All notices shall be in writing and transmitted to the party's address stated above: All notices shall be deemed effectively given when delivered, if delivered personally or by courier mail service, i.e., Federal Express or Airborne Express, delivered after such notice has been deposited in the United States mail postage prepaid, if mailed certified or registered U.S. mail, return receipt required; or received by the party for which notice is intended if given in any other manner.
- 1.6 This Agreement, including appendices, is the entire Agreement between the parties. This Agreement may be modified only by written agreement signed by both parties. Wherever used, the terms "UMG" and "DISTRICT" shall include the respective officers, agents, directors, elected or appointed officials and employees and, where appropriate, subcontractors or anyone acting on their behalf.
- 1.7 If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.
- 1.8 It is understood that the relationship of UMG to DISTRICT is that of independent contractor. The services provided under this Agreement are of a professional nature and shall be performed in accordance with good and accepted industry practices for contract operators similarly situated. However, such services shall not be considered engineering services and nothing herein is intended to imply that UMG is to supply professional engineering services to DISTRICT unless specifically stated in this Agreement to the contrary.
- 1.9 If any litigation is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees which are directly attributed to such litigation in addition to any other relief to which it may be entitled.
- 1.10 Nothing in this Agreement shall be construed to create in any third party or in favor of any third party any right(s), license(s), power(s) or privilege(s).
- 1.11 Prior to the commencement of work under this Agreement, each party shall designate in writing an employee or other representative of the designating party who shall have full authority to approve changes in the Scope of Work and compensation therefore, execute written Change Orders reflecting such changes, render decisions promptly, and furnish information expeditiously to the other party when necessary.

2.1 UMG's SERVICES - GENERAL

DRAFT

- 2.1 UMG will offer employment to all personnel of DISTRICT assigned full-time to the Project as of the effective date of this Agreement if they take and successfully pass a drug screen test to be administered by UMG. UMG will provide said employees with a wage and benefits package comparable to the wage and benefits package provided by DISTRICT. Specific personnel issues are addressed in Appendix G. UMG will continue to provide employment to all personnel who accept employment with UMG so long as their positions are necessary to UMG's performance under this Agreement and they continue to perform their duties in a satisfactory manner.
- 2.2 Within a reasonable time after startup, UMG will staff the Project with employees who have met appropriate licensing and certification requirements of the State of Kentucky.
- 2.3 UMG shall provide ongoing training and education for appropriate personnel in all necessary areas of modern water and/or wastewater process control, operations, maintenance, safety, and supervisory skills.
- 2.4 UMG shall develop and/or supply and utilize computerized programs for maintenance, process monitoring and financial control.
- 2.5 Within forty-five (45) days after UMG begins service under this Agreement, UMG will provide a physical inventory of DISTRICT'S vehicles and equipment in use at the Project and a general statement as to the condition of each vehicle or piece of equipment.
- 2.6 UMG will provide DISTRICT with a physical inventory of chemicals and other consumables on hand when UMG begins services under this Agreement. UMG will provide DISTRICT with the same quantity of chemicals or equivalent upon termination of this Agreement.
- 2.7 UMG shall be responsible for maintaining all manufacturers' warranties on new equipment purchased by DISTRICT and assist DISTRICT in enforcing existing equipment warranties and guarantees.
- 2.8 UMG shall provide the DISTRICT with documentation that preventive maintenance is being performed on DISTRICT'S owned equipment in accordance with manufacturer's recommendations at intervals and in sufficient detail as may be feasibility determined by the DISTRICT. Such a maintenance program shall include documentation of corrective and preventive maintenance.

DRAFT

- 2.9 UMG shall operate, maintain and/or monitor the Project on a 24 hour per day, seven-day per week schedule.
- 2.10 Visits may be made at a reasonable time by DISTRICT'S employees so designated by DISTRICT'S representative. Keys for the Project shall be provided to DISTRICT by UMG for such visits. All visitors to the Project shall comply with UMG's operating and safety procedures.
- 2.11 UMG shall provide a 24 hour/day customer service phone number.
- 2.12 UMG will implement and maintain an employee safety program in compliance with applicable laws, rules and regulations and make recommendations to DISTRICT regarding the need, if any, for DISTRICT to rehabilitate, expand or modify the Project to comply with governmental safety regulations applicable to UMG's operations hereunder and with federal regulations promulgated pursuant to the Americans With Disability Act ("ADA").
- 2.13 UMG may modify the process and/or facilities to achieve the objectives of this Agreement; provided, however, no modification shall be without DISTRICT'S prior written approval if the complete modification Cost shall be in excess of Twenty Thousand Dollars (\$20,000.00).
- 2.14 In any emergency affecting the safety of persons or property, UMG may act without written amendment or change order, at UMG's discretion, to prevent threatened damage, injury or loss. UMG shall be compensated by DISTRICT for any such emergency work notwithstanding the lack of a written amendment. Such compensation shall include UMG's Costs for the emergency.
- 2.15 As required by law, permit or court order, UMG will prepare plant performance reports and submit them to DISTRICT for signature and transmittal to appropriate authorities.
- 2.16 UMG will provide laboratory testing and sampling presently required by plant performance portions of the NPDES permit, the Clean Water Act, the Safe Drinking Water Act, and/or any federal, state or local rules and regulations, statutes or ordinances, permit or license requirements or judicial and regulatory orders and decrees.
- 2.17 UMG will provide for the collection and hauling of solid waste, screenings, grit, sludge and scum ("Waste") to DISTRICT'S existing or approved disposal sites. It shall be the sole right and responsibility of DISTRICT to designate, approve or select disposal sites to be used by UMG for DISTRICT'S Waste. All Waste and/or byproduct treated and/or generated during UMG's performance of

services is and shall remain the sole and exclusive property of DISTRICT.

DRAFT

- 2.18 UMG shall provide all the administrative and financial functions as currently provided by the DISTRICT'S staff.
- 2.19 UMG shall consult with the DISTRICT of Commissioners prior to any replacement of the Project Manager, Operations Manager and Controller.
- 2.20 UMG shall submit to the DISTRICT monthly, all reports of project activities in accordance with the DISTRICT's policies and formats.
- 2.21 UMG shall provide for monthly meter reading and billing. Customer Services offices shall be maintained at locations approved by the DISTRICT.
- 2.22 UMG shall provide best effort in controlling unaccounted for water loss. A monthly report of system accounted for/unaccounted for water loss shall be submitted to the DISTRICT.
- 2.24 UMG shall provide such Capital Expenditure as authorized by the DISTRICT and will invoice the DISTRICT monthly or upon completion.
- 2.25 UMG will provide additional funding to DISTRICT upon negotiating mutually acceptable terms and conditions of such funding.
- 2.26 UMG will seek sources of government grants and loans for consideration by the DISTRICT. The DISTRICT must approve in advance all application for such funding.
- 2.27 To protect the District and allow for continuity of service UMG will post a letter of credit or other surety in the amount of \$2,000,000 to ensure faithful performance of its contract obligations.

3. UMG's SCOPE OF SERVICES - WASTEWATER

- 3.1 This Article shall apply to UMG's OM&M services for the DISTRICT'S wastewater systems.
- 3.2 Within the design capacity and capabilities of the Waste Treatment, Plant(s) described in Appendix B, UMG will manage, operate and maintain the Plant(s) so that effluent discharged from the Plant's outfalls meets the requirements specified in Appendix C-I.

DRAFT

3.3 UMG will perform all Maintenance and Repairs for the Project, and submit a monthly accounting to DISTRICT, along with a detailed invoice for any DISTRICT approved repair or replacement that exceeds Twenty Thousand Dollars (\$20,000.00) defined as capital.

3.4 UMG will pay all Costs incurred in normal water and wastewater utility operations.

4. UMG's SCOPE OF SERVICES - WATER

4.1 This Article shall apply to UMG's OM&M services for the DISTRICT'S drinking water treatment system.

4.2 Within the design capacity and capabilities of the Water Treatment Plant(s) described in Appendix B, UMG will manage, operate and maintain the Plant(s) so that water produced from the Plant(s) meets the requirements specified in Appendix C-2.

4.3 UMG shall operate the water treatment plant(s), pump station(s), and provide for all laboratory testing requirements.

4.4 UMG will perform all Maintenance and Repairs for the Project, and submit a monthly accounting to DISTRICT.

4.5 UMG will pay all Costs incurred in normal Water operations.

5. UMG's SCOPE OF SERVICES - WASTEWATER COLLECTION SYSTEM AND WATER DISTRIBUTION SYSTEM

5.1 This Article shall apply to UMG's services for the DISTRICT'S wastewater collection system and potable water distribution system.

5.2 The scope of UMG's services for the maintenance and repair of the collection system and the distribution system are set forth in Appendices C-3 and C-4, respectively.

5.3 UMG shall provide for all daily operation and maintenance functions such as line repairs, customer connections, line and tank maintenance, meter replacement, leak detection, line flushing, valve exercise, system inspection, line locations, and emergency call-outs, etc.

6. DISTRICT'S DUTIES

6.1 The DISTRICT shall fund all necessary Capital Expenditures. Priority shall be given to safety and the ADA related expenses described in Section 2.12. Any loss, damage, or injury resulting from DISTRICT'S failure to provide capital when reasonably required by UMG shall be the sole responsibility of DISTRICT.

6.2 The DISTRICT shall keep in force all Project warranties, guarantees, easements and licenses that have been granted to DISTRICT and are not transferred to UMG under this Agreement.

6.3 The DISTRICT shall pay all ad valorem, property, franchise, occupational and disposal taxes, or other taxes associated with the Project other than taxes imposed upon UMG's net income and/or payroll taxes for UMG employees.

In the event UMG is required to pay any sales tax or use taxes on the value of the services provided by UMG hereunder or the services provided by any subcontractor of UMG, such payments shall be reimbursed by the DISTRICT unless the DISTRICT furnishes a valid and properly executed exemption certificate relieving the DISTRICT and UMG of the obligation for such taxes.

6.4 The DISTRICT shall provide UMG with full use of any and all pieces of DISTRICT'S heavy equipment that is available so that UMG may discharge its obligations under this Agreement in the most cost-effective manner.

6.5 DISTRICT shall provide all registrations and licenses for DISTRICT'S vehicles used in connection with the Project.

6.6 DISTRICT shall provide for UMG's exclusive use of all vehicles and equipment presently in full time use at the Project.

6.7 DISTRICT shall provide for UMG access to all easements, right-of-ways, and access to discharge UMG's obligation under this agreement.

6.8 DISTRICT warrants that during the interim period between the initial Project inspection by UMG and the commencement date specified in Section 11.1, the plant, facilities and equipment have been operated only in the normal course of business, all scheduled and proper maintenance has been performed and there are no issues known to DISTRICT regarding the condition of the Project, and Facility composing the Project and/or any equipment used by the Project.

7. COMPENSATION

7.1 UMG's compensation under this Agreement shall consist of an Annual Fee. The Annual Fee for the period July 1, 2005 through June 30, 2010 shall be \$6,870,000. The Maintenance and Repair Limit included in the Annual Fee is \$456,140. to be used as specified and set out herein during the period.

7.2 If actual Maintenance and Repair expenditures are less than the

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Maintenance and Repair Limit for any Agreement year, UMG will rebate the entire difference to the District in accordance with Section 8.3. If actual Maintenance and Repair expenditures exceed the Maintenance and Repair Limit, the District shall pay the excess to UMG in accordance with Section 8.2. UMG will notify the District when actual Maintenance and Repair expenditures equal eighty percent (80%) of the Maintenance and Repair Limit in each year throughout the contract period.

- 7.3 The services being provided under this Agreement are based on reasonably expected overtime for repair of line breaks, other emergencies or routine services required after hours. Any additional expenses, incurred by UMG including regular or overtime wages as a result of severe weather, a disaster or other unplanned events (in which funds may be recovered through billing a third party including the State or Federal Government such as through the FEMA program or other source) will be invoiced by UMG to the District for reimbursement in accordance with Section 8.2.
- 7.4 The Annual Fee (and Maintenance and Repair Limit included therein) shall be negotiated each year at least three (3) months prior to the anniversary of this Agreement's effective date. Should the District and UMG fail to agree, the Annual Fee (and Maintenance and Repair Limit included therein) will be adjusted by multiplying the existing Annual Fee by the percentage increase in the Consumer Price Index for the preceding twelve months each year.

8. PAYMENT OF COMPENSATION

- 8.1 One twenty-fourth (1/24) of the Annual Fee for the current year shall be due and payable on the 15th and the last day of each month for service provided in accordance to Articles 7.1 and 7.2 of this agreement.
- 8.2 All other compensation to UMG is due upon receipt of UMG's invoice and payable within fifteen (15) days.
- 8.3 DISTRICT shall pay interest at an annual rate equal to the District's designated financial institution's prime rate plus two percent (2.0%), said rate of interest not to exceed any limitation provided by law on payments not paid and received within fifteen (15) calendar days of the due date, such interest being calculated from the due date of the payment. In the event the charges hereunder might exceed any limitation provided by law, such charges shall be reduced to the highest rate or amount within such limitation.

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9. SCOPE CHANGES

- 9.1. A Change in Scope of services shall occur when and as UMG's costs of providing services under this Agreement change as a result of:
 - 9.1.1 Any change in Project operations, personnel qualifications or staffing or other cost which is mandated or otherwise required, by a change in law, rule or regulation or an action or forbearance of any governmental body having jurisdiction to order, dictate or require such change;
 - 9.1.2 Increases or decreases in rates or other related charges (including taxes) imposed upon UMG by a utility provider (see Section 9.4 below) or taxing authority - excluding taxes based on UMG's net income; and/or
 - 9.1.3 DISTRICT'S request of UMG and UMG's consent to provide additional services.
- 9.2 For Changes in Scope described in Sections 9.1.1 through and including 9.1.3, the Annual Fee shall be increased (or decreased) by an amount equal to UMG's additional (reduced) Cost associated with the Change in Scope plus ten percent (10%). Modifications of the Annual Fee as a result of conditions described in Section 9.1.3 shall be retroactive to the beginning of the twelve month comparison period.

10. INDEMNITY AND LIABILITY INSURANCE

- 10.1 UMG hereby agrees to indemnify and hold DISTRICT harmless from any liability or damages for bodily injury, including death, which may arise from UMG's negligence or willful misconduct under this Agreement; provided, UMG shall be liable only for that percentage of total damages that corresponds to its percentage of total negligence or fault.
- 10.2 DISTRICT agrees to indemnify and hold UMG harmless from any liability or damage or bodily injury, including death, which may arise from all causes of any kind other than UMG's negligence or willful misconduct including, but not limited to, breach of a DISTRICT warranty.
- 10.3 UMG shall be liable for those fines or civil penalties imposed by a regulatory or enforcement agency for violations occurring on or after (contract date) , of the effluent quality requirements provided for in Appendices C-1 and C-2 that are a result of UMG's negligence. DISTRICT will assist UMG in contesting any such fines in

administrative proceedings and/or in court prior to any payment by
UMG. UMG shall pay the cost of any such contest

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- 10.4 DISTRICT shall be liable for those fines or civil penalties imposed by any regulatory or enforcement agencies on DISTRICT and/or UMG that are not a result of UMG's negligence or are otherwise directly related to the ownership of the Project and shall indemnify and hold UMG harmless from the payment of any such fines and/or penalties.
- 10.5 Indemnity agreements provided for in this Agreement shall survive the termination of the Agreement.
- 10.6 Each party shall obtain and maintain insurance coverage of a type and in the amounts described in Appendix E. Each party shall provide the other party with satisfactory proof of insurance.

11. TERM, TERMINATION AND DEFAULT

- 11.1 The initial term of this Agreement shall be five (5) years commencing July 1, 2005. The DISTRICT shall have the right, without cause, to terminate at the end of the third agreement year upon repayment of the unamortized capital investment made by UMG, if any. Notice of termination shall be given in writing ninety (90) days in advance of the effective date of termination.
- 11.2 A party may terminate this Agreement only for a material breach of the agreement by the other party except as provided in Section 11.1 only after giving written notice of breach; and, except in case of a breach by DISTRICT for non-payment of UMG's invoices, in which case termination may be immediate by UMG, only after allowing the other party thirty (30) days to cure or commence taking reasonable steps to cure the breach.
- 11.3 In the event that this Agreement is terminated for any reason prior to the termination date of the initial term, DISTRICT shall pay to UMG a termination fee based on the remaining unamortized balance of start-up costs and capital expenditures made by UMG - all as set forth in Appendix F.
- 11.4 Upon notice of termination by DISTRICT, UMG shall assist DISTRICT in assuming operation of the Project. If additional Cost is incurred by UMG at request of DISTRICT, DISTRICT shall pay UMG such Cost within 15 days of invoice receipt.
- 11.5 Upon termination of this agreement and all renewals and extensions of it, UMG will return the Project to DISTRICT in the same condition as it was upon the effective date of this Agreement, ordinary wear and tear

excepted. Equipment and other personal property purchased by UMG for use in the operation or maintenance of the Project shall remain the property of UMG upon termination of this Agreement unless the property was directly paid for by DISTRICT or DISTRICT specifically reimbursed UMG for the cost incurred to purchase the property or this Agreement provides to the contrary.

- 11.6 The DISTRICT shall have the exclusive right during the contract term to repay any unamortized capital investment made by UMG as shown in Appendix F.

12. DISPUTES AND FORCE MAJEURE

- 12.1 In the event activities by employee groups or unions unrelated to UMG cause a disruption in UMG's ability to perform at the Project, DISTRICT, with UMG's assistance or UMG at its own option, may seek appropriate injunctive court orders. During any such disruption, UMG shall operate the facilities on a best-efforts basis until any such disruptions cease.
- 12.2 Neither party shall be liable for its failure to perform its obligations under this Agreement if such failure is due to any Unforeseen Circumstances beyond its reasonable control or force majeure. However, this section may not be used by either party to avoid, delay or otherwise affect any payments due to the other party.

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This agreement is subject to approval by Mountain Water DISTRICT.

Both parties indicate their approval of this Agreement by their signatures below, and each party warrants that all corporate or governmental action necessary to bind the parties to the terms of this Agreement has been and will be taken.

MOUNTAIN WATER DISTRICT

UTILITIES MANAGEMENT GROUP, INC.

By:

By:

Name:

Name:

Title: _____

Title:

Date: _____

Date: _____

The undersigned, as counsel for the Mountain Water Utility District in this transaction, hereby certifies that (s)he has examined the circumstances surrounding the selection of UTILITIES MANAGEMENT GROUP, INC (UMG) and the award and letting of the foregoing contract to UMG by DISTRICT and has found that said selection and award process comply with the procurement laws of the State of Kentucky and DISTRICT.

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APPENDIX A

DEFINITIONS

A. 1 "Adequate Nutrients" means plant influent nitrogen, phosphorus and iron contents proportional to BODs in the ratio of five (5) parts nitrogen, one (1) part phosphorus, and one-half (0.5) part iron for each one hundred (100) parts BODs.

A.2 "Annual Fee" means a predetermined, fixed sum for UMG's services. The Annual Fee includes Cost and profit.

A.3 Definitions:

"Biologically Toxic Substances" means any substance or combination of substances contained in the plant influent in sufficiently high concentration so as to interfere with the biological processes necessary for the removal of the organic and chemical constituents of the wastewater required to meet the discharge requirements of DISTRICT'S NPDES Permit. Biologically toxic substances include, but are not limited to, heavy metals, phenols, cyanides, pesticides and herbicides.

A. 7 "Capital Expenditures " means any expenditures for (1) the purchase of new equipment or facility items that cost more than TEN Thousand Hundred Dollars (\$10,000); or (2) major repairs which significantly extend equipment or facility service life and cost more than TEN Thousand Dollars (\$10,000) or (3) expenditures that are planned, non-routine and budgeted by DISTRICT.

A.8 "Cost" means all Direct Cost and indirect cost determined on an accrual basis in accordance with generally accepted accounting principles.

A.9 "Direct Cost" means the actual cost incurred for the direct benefit of the Project including, but not limited to, expenditures for project management and labor, employee benefits, chemicals, lab supplies, repairs, repair parts, maintenance parts, safety supplies, gasoline, oil, equipment rental, legal and professional services, quality assurance, travel, office supplies, other supplies, uniforms, telephone, postage, utilities, tools, memberships and training supplies.

APPENDIX B DESCRIPTION
OF PROJECT

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UMG agrees to provide the services necessary for the management, operation and maintenance of the following.

- a. All equipment, vehicles, grounds and facilities now existing within the present property boundaries of or being used to operate DISTRICT'S Water Treatment Plant located at:

P.O. Box 3157, Pikeville, Kentucky 41502

- b. All equipment, grounds and facilities now existing within the present property boundaries of pumping stations described as follows:

AS ATTACHED - Eighty-eight (88) Pumping Stations of gravity sewers, four (299) miles of force mains, and forty-two (42) manholes in service on the effective date of this Agreement.

Six hundred (899) miles of water lines, three hundred (300) hydrants and valves in services on the effective date of this Agreement.

APPENDIX C-I
NPDES PERMIT AND
PROJECT CHARACTERISTICS

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C.1 UMG will operate so that effluent will meet the requirement of NPDES permit No. (AS ATTACHED) issued on (AS ATTACHED) a full and complete copy of which is adopted by reference herein as of the date hereof. UMG shall be responsible for meeting the effluent quality requirements of the Permit unless one or more of the following occurs: (1) the project influent does not contain Adequate Nutrients to support operation of Project biological processes and/or contains Biologically Toxic Substances which cannot be removed by the existing process and facilities; (2) dischargers into DISTRICT'S sewer system violate any or all regulations as stated in DISTRICT'S Industrial Water and Sewer Ordinance(s) or as required by law; (3) the flow or influent BODs and/or suspended solids exceeds the Project design parameters which are (AS ATTACHED) million gallons of flow per day, (AS ATTACHED) pounds of BODs per day, (AS ATTACHED) pounds of suspended solids and a daily peaking factor of (AS ATTACHED) times flow; (4) if the Project is inoperable or can operate only at a reduced capacity on account of construction activities, fire, flood, adverse weather conditions, labor disputes or other causes beyond UMG's control.

C.2 In the event any one of the Project influent characteristics, suspended solids, BOD_j or flow, exceeds the design parameters stated above, UMG shall return the plant effluent to the characteristics required by NPDES in accordance with the following schedule after Project influent characteristics return to within design parameters.

10% or Less	5
Above 10% Less than 20%	days
20% and Above	10

Notwithstanding the above schedule, if the failure to meet effluent quality limitations is caused by the presence of Biologically Toxic Substances or the lack of Adequate Nutrients in the influent, then UMG will have a thirty (30) day recovery period after the influent is free from said substances or contains Adequate Nutrients.

- C.3 UMG shall not be responsible for fines or legal action as a result of discharge violations within the period that influent exceeds design parameters, does not contain Adequate Nutrients, contains Biologically Toxic Substances or is inoperable, and the subsequent recovery period.
- C.4 UMG's compensation shall be based on a minimum of 14,542 water customers and 299 sewer customers

APPENDIX C-2

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PROJECT CHARACTERISTICS.

C.1 The Project has the following design characteristics:

[Describe parameters of influent which will be treated to specifications without additional charges to customer.]

A capacity of 2.0 MGD of finished water production with an ability for chemical additions, flocculation, sedimentation and filtration based on 2 gallons per minute per square foot of filter area. The Project has the capability for post treatment by chlorination and fluoridation.

C.2 UMG will operate the Project so that water treated will meet the current Provincial Drinking Water Standards. UMG's Annual Fee includes all costs for treating an average daily flow of 2.0 MGD of raw water per day to the standards specified below.

Turbidity	0.5NTU
Iron	<0.3 mg/L
Manganese	<0.05
Fluoride	mg/L
pH	0.8 average
Color	mg/L >7.0
Corrosivity	<15 color units
Odor	Non-corrosive
E. Coli	<3.0TON

C.3 If any of the following contaminants in the raw water causes the finished water to exceed the maximum Contaminant Levels (MCL) established for finished water quality, UMG will treat the raw water to reduce said contaminant to an acceptable MCL. The cost of any specific treatment will be in addition to the Annual Fee for the treatment required by this Article C.3.

Radionuclides

Radium	5.0 Pci/L
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Gross Alpha	15.0 Pci/L
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Organic Chemicals

Contaminant	MCL Cmg/U
Alachlor	
Aldicarb	0.002
Aldicarb Sulfone	0.003
Aldicarb Sulfoxide	0.002
Atrazine	0.004
Benzene	0.003
Carbofuran	0.005
Carbon Tetrachloride	0.04
Chlordane	0.005
2,4-D	0.002
Dibromochloropropane (DBCP)	0.07 0.0002
o-Dichlorobenzene	0.6
p-Dichlorobenzene	0.075
1,2-Dichloroethane	0.005
1,1 -Dichloroethylene	0.007
cis-1,2-Dichloroethylene	0.07
trans-1,2-Dichloroethylene	0.1
1,2-Dichloropropane	0.005
Endrin	0.002
Ethylbenzene	0.7
Thylene Dibromide (EDB)	0.00005
Heptachlor	0.0004
Heptachlor Epoxide	0.0002
Lindane	0.0002
Methoxychlor	0.04
Monochlorobenzene	0.1
Pentachlorophenol	0.001
Polychlorinated Biphenyls (PCB)	0.0005 0.1
Styrene	0.005
Tetrachloroethylene	1
Toluene	0.003
Toxaphene	0.05
2,4,5-TP (Silvex)	0.02
1,1,1 -Trichloroethane	0.005
Trichloroethylene	0.1
Total Trihalomethanes	0.002
Vinyl Chloride	10
Xylenes (Total)	

0.001

Inorganic Chemicals

Contamina	MCL
Arsenic	0.05
Asbestos	7 (million fibers/L)
Barium	2
Cadmium	0.005
Chromium	0.1
Fluoride	4
Mercury	0.002 10 (as
Nitrate	nitrogen)
Nitrite	1 (as
Total Nitrate Nitrite	nitrogen) 10
Selenium	0.05
Chloride	300
Copper	1.0
Fluoride	2.0
Silver	0.10
Sulfate	300
Total Dissolved Solids (TDS)	1,000
Zinc	5

20

C.4 UMG will provide laboratory services for monitoring only the following contaminants on an as-requested basis. These contaminants do not have an established MCL.

Aldrin	Hexachlorobenzene
Benzo(a)pyrene	Hexachlorocyclopentadiene
Butachlor	3-Hydroxycarbofiiran
Carbayl	Methomyl
Dalapon	Metolachlor
Di(2-ethylhexy) adipate	Metribuzin
Di(2-ethylhexyl)phthalate	Oxyamyl (vydate)
Didamba	Pictoram
Dichloromethane Dieldrin	Propachlor
Dinoseb	Simazine
Diquat	2,3,7,8-TCDD (Dioxin)
Entodhal	1,2,4-Trichlorobenzene
Glyphosate	1,1,2-Trichloroethane

APPENDIX C-3

WASTEWATER COLLECTION SYSTEM
SCOPE OF SERVICES

(Intentionally left blank)

APPENDIX C-4
DRINKING WATER DISTRIBUTION SYSTEM
SCOPE OF SERVICES

(Intentionally left blank)

APPENDIX D

ARBITRATION PROCEDURES

In the event that DISTRICT and UMG are unable to reach an agreement as to the increase and /or decrease in compensation specified in Section 7, then those issues remaining unresolved shall be submitted to binding arbitration under the following terms, conditions and procedures.

- D.1 Unless specifically provided for herein to the contrary, the rules and procedures of the American Arbitration Association (AAA), as shall from time to time be amended, apply. The arbitration process shall begin 15 days after the parties are unable to reach an agreement. Such date shall be specified in writing and shall be the date from which the following procedures begin.
- D.2 There shall be a three (3) member Arbitration DISTRICT composed of one (1) member selected by the DISTRICT and one (1) member selected by UMG. Each party shall notify the other of its selection on or before 30 days from the date specified in D1. The final member of the three member Arbitration DISTRICT shall be selected by the initial members selected within a reasonable time after their appointment.
- D.3 On or before 60 (insert date approximately twenty-five (25) days after date in opening paragraph), each party shall submit to the Arbitration DISTRICT its written position on each unresolved issue. Such submission shall include not only the party's proposed resolution, but also introduction at the hearing and a list of witnesses each party intends to call shall be submitted as exhibits to the submission.
- D.4 The Arbitration DISTRICT may schedule such pre-hearing conferences as its shall deem advisable.
- D.5 The arbitration hearing shall commence no earlier that 75 (dates from D.3 plus ten (10) days) and no later that 85 (date from D.3 plus twenty (20) days) and shall be concluded no later that ten (10) working days after its commencement.
- D.6 The parties hereby agree and stipulate for purposes of arbitration that the pricing and cost estimates contained in this Agreement or any subsequent modification hereto are fair and reasonable and are not to be a factual issue for determination by the Arbitration DISTRICT. The sole question of fact (s) for the Arbitration shall be confined to changes (or anticipate future changes) in circumstances between the effective date of this Agreement or any

modification(s) hereto (including, but not limited to, negotiated or arbitrated changes to fees and cost estimates pursuant to this Agreement) and the effect such changed circumstance(s) should have on the then effective fees and/or cost estimates.

- D.7 Within ten (10) days of the conclusion of the evidentiary phase of the arbitration hearing the Arbitration DISTRICT shall announce its decision and award. The possible "decision and award" shall be limited on each Individual Issue presented to either the position of the DISTRICT or the position of UMG as set forth in the position submissions described in Subsection "D.3" above.
- D.8 Findings of fact and conclusions of law shall not be required of the Arbitration DISTRICT unless specifically requested by either party within five (5) working days of the announcement of the Decision and Order.
- D.9 Unless specifically requested by either party, the proceedings shall not be recorded by other than a tape recording device. In the event that either party requests the services of a court reporter or other means of transcription of the proceedings, the requesting party shall bear the cost of recordation and transcription.
- D.10 The costs of arbitration services shall be borne equally by the parties; provided, however, that in the event that the Arbitration DISTRICT makes a specific written finding of fact that one party has prosecuted its case frivolously or in bad faith, then the Arbitration DISTRICT shall assess the costs of arbitration services to the offending party.
- D.11 The Decision and Order shall be binding on both parties and shall not be subject to appeal.

APPENDIX E INSURANCE

COVERAGE

UMG SHALL MAINTAIN:

1. Statutory Workers' Compensation for all of UMG's employees at the Project as required by the State of Kentucky.
2. Comprehensive general liability insurance, insuring UMG's negligence, in an amount not less than \$1,000,000 combined single limits for bodily injury and/or property damage.

DISTRICT SHALL MAINTAIN:

1. Statutory Workers' Compensation for all of DISTRICT'S employees associated with the Project as required by the State of Kentucky.
2. Property damage insurance for all property including vehicles owned by DISTRICT and operated by UMG under this Agreement. Any property, including vehicles not properly or fully insured shall be the financial responsibility of the DISTRICT.
3. Automobile liability insurance for collision, comprehensive, and bodily injury.

UMG will provide at least thirty (30) days notice of the cancellation of any policy it is required to maintain under this Agreement. UMG may self-insure reasonable deductible amounts under the policies it is required to maintain to the extent permitted by law but only if such action does not invalidate the property insurance of DISTRICT. UMG and the DISTRICT, on behalf of themselves and their insurers, waive their rights of subrogation with respect to losses occurring to property of the parties.

APPENDIX F

SCHEDULE OF AMORTIZED EXPENDITURES

The parties mutually agree that for all purposes, the beginning principal shall be \$_____. The interest rate applied shall be calculated at _____%. If DISTRICT terminates contract at end of year five per Section 11.1, the unamortized balance to be paid to UMG is \$_____.

APPENDIX G
PERSONNEL
ISSUES

1. All current fulltime employees will receive a 3% salary increase at start of contract.
2. Employees will receive the same holidays as currently provided by DISTRICT.
3. Employees will receive vacation at UMG accrual with time employed with utility credited or paid out the accrued in excess of four weeks.
4. Employees will receive bonuses for obtaining higher certification levels in their respective fields.
5. Employees will be provided with uniforms, safety shoes, and required personal safety equipment.



May 9, 2005

Board of Commissioners
Mountain Water District
P.O. Box 3157
Pikeville, Kentucky 41501

Dear Commissioners:

I would like to thank the commissioners for the additional time for refining the proposal for operations, maintenance and management for the District. However, I thought my proposal addressed all points of the solicitation and I have some concern about extending the time for revisions of the price, adding plans and certain provisions.

Enclosed please find the addendum to the proposal for the Operations, Maintenance and Management of the Mountain Water District as notified in your fax dated: May 4, 2005. The information in the addendum will answer or identify the section's in the proposal in your fax, along with an adjusted price for O M&M for Mountain Water District.

If you have any questions or need further information, please contact me at your convenience at (606) 437-4754.

Sincerely,

A handwritten signature in cursive script that reads 'Greg May'.

Greg May
Utility Management Group

Addendum to Proposal to Mountain Water District

District Employees

1. All employees will be hired by Utility Management Group after successfully passing a drug test. (Referenced in Section I, Page 1 in Executive Summary, Section II, A.4, Page 5, Section III, A, Page 10 of the proposal) and again in the draft contract in Section 2.1.
2. UMG's plan for number of operational staffing after six months will be within a range of fifty-one (51) and fifty-six (56). There are currently eleven (11) persons on the construction crews at Mountain Water. UMG will propose a plan to retain the eleven currently employed for water line construction and add another five (5) for sewer line construction. The construction crews will be totally funded by coal severance tax dollars earmarked for construction for each specific project. UMG will construct specific projects for the amount earmarked with coal severance tax dollars. (Referenced in Section VI, Price Proposal) **Resident Inspectors will remain with the District.** (Referenced in Section VI, Price Proposal).
3. Employees will be paid for all over 100 hours of time accrued. Employee will transfer up to 100 hours of accrued time to UMG. (Referenced in Section VI, Price Proposal and Appendix G in Draft Contract).

4. Mountain Water employee's retirement is currently with County Retirement System. All employees that are vested will freeze their investment in the county system and join UMG's 401k retirement fund. UMG will match the employee's contribution at 50% up to 7% of the employee's contribution. At 7% by employee, total contribution would be 10.5%. Those employee's that are not vested, UMG will invest the District's contribution for each employee into UMG's 401k fund or pay out the District's accumulated total to each employee as a lump sum payment. **NOTE: Employees vested in the CRS will retain benefits @ the level accrued at the time of transition.**

Price Proposal

1. UMG's submittal included a plan to pay off short term debt and capitalize the term of the contract
2. UMG's submittal included all utility bills, i.e. electricity, telephone, pagers, purchased water. (Referenced in Section VI, Price Proposal).
3. UMG's budgetary process relies on standard accounting methods of projecting costs over time, taking into consideration any out of normal overtime expenses or other similar extraordinary cost. UMG's methods will conform to that outlined in the price proposal as submitted. More specifically, UMG would offer for discussion with the District's Board of Commissioners a method to determine future service contract costs, based on a per customer basis.
4. UMG will continue to work on refining the price on O M & M for Mountain Water District.



May 10, 2005

Board of Commissioners
Mountain Water District
P O Box 3157
Pikeville, KY 41501

Re: Request for Statement of Qualifications and Price Proposals—March 2005

Dear Commissioners:

Alliance Water Resources is presenting this additional information in response to your Request for Statements of Qualifications and Price Proposals (RFQ/P) for full contract management and operation of the Mountain Water District. This letter is intended to supplement and expand the information submitted on April 25, 2005 and will specifically give you additional operational initiatives, our approach to staffing, and our pricing information.

As stated in our initial qualifications document we are extremely interested in assisting the Board of Commissioners in providing plentiful safe drinking water and professionally treated wastewater at the lowest reasonable cost. We believe we are uniquely suited for this project because of our extensive experience in managing, operating, and maintaining water districts for over 20 years.

We are looking forward to meeting with the Management Advisory Team and the Board of Commissioners so we can more fully explain who we are and answer your questions. We understand this submittal is a screening tool to help the Team and the Board assess whether or not to take our conversation to the next level in the evaluation process. We hope this offering will address and satisfy some of your concerns relating to:

- 1) Is contract operation right for Mountain Water?
- 2) Control issues
- 3) Staffing issues
- 4) Transition issues/pricing
- 5) Key contract provisions

1. Contract Operations

We see contract operations as a way to share essential resources among a number of clients. Rather than having each client staffed with technical expertise, project management expertise, utility management expertise, human resources, computer, accounting, and engineering expertise, Alliance

provides all these services from a relatively small centralized staff. Each client purchases a piece of the pie, not the entire pie, and still has access when needed, for any and all of the support it needs. To make this concept economical for Mountain Water, our centralized staff will supplement a reduced onsite staff, providing management and administrative assistance in the form of accounting services, computer services, and human resources.

Alliance operates eight water districts, five of which also provide wastewater treatment services to their customers. Although they are all different in many ways, they all share the common challenge of growth. There is no one-size-fits-all solution, but the experience of Alliance will be on your side as you deal with these issues. Alliance's assistance has ranged from strategic planning for orderly and effective expansion to helping our clients negotiate water purchase and wholesale agreements. Our experience and expertise in dealing with these issues will be directly transferable to the Mountain Water District.

If the board ultimately favors Alliance with a contract, the local staff in Pikeville will have the experience and support of over 250 managers, supervisors, technicians, and professionals at Alliance. While it is hard to assess a direct value to this support, your staff will notice a tremendous difference in the way it is supported.

2. Control

One of the most common fears expressed to us by prospective clients is a loss of control. We understand completely our role in this type of service business. We never confuse the fact that we work for the Board and that they have statutory responsibility to make all the key policy and procedural decisions. We see our job as performing all the day-to-day work within Board guidelines and providing the Board with advice, options, and recommendations on any and all related utility issues. Our boards know they are completely in charge and appreciate our responsiveness and willingness to solve problems and make their lives easier.

One huge advantage for our boards is that they are out of the HR business. All employees, benefits, and the many daily employee issues are assumed by Alliance, beginning on day one of the contract.

3. Staffing Issues

Having dealt with staffing transition issues at a number of client locations, we are very aware of the sensitive nature of this matter. We recognize that there will be staffing transition issues at Mountain Water if Alliance is hired. First of all, a number of core services will be performed in Columbia, MO in order to achieve the shared resources inherent with contract operations. Secondly, our initial look at current staffing levels and our current estimate of our "ideal"

staffing level indicates an overall staffing reduction will be necessary to provide quality service at a lower reasonable cost. This is an area that must be openly discussed with the Board before any firm, not-to-exceed pricing is established and any contract for services can be written.

Alliance has experience in transitioning from the public to the private sector. District employees who accept employment with Alliance become "Transfer" employees and will be credited with years of service at the District for the purpose of calculation of time sensitive service benefits such as vacation. Transfer employees also have their years of service count towards waiting periods for enrollments in health, life, AD&D and retirement benefits programs.

Our award winning HR department will offer the employees increased training, a comprehensive benefits program, and performance based Incentives. We will use our utility management expertise to result in better work assignments, more accountability, and less need for Board involvement in day-to-day issues.

Job offers to existing District employees will be subject to their successful completion of our mandatory pre-employment drug screening. Existing staff is uniquely familiar with District facilities and Alliance has determined through past experience that existing staff will perform productively and can become a valuable nucleus to the Alliance on-site staff.

4. Transition Issues/ Pricing

As with any change, a period of transition can be invaluable. We envision our agreement to include a six month assessment effort followed by a year of transition and streamlining. This would then lead to four years of efficient operation for the Board. Accordingly, we would ask for an overall 5 ½ year contract beginning 7/1/05.

Prior to contract start-up, and at the Board's request, we would meet with employees to begin the process of educating them about our company, how they would fit into a transition plan, and the benefits of working for Alliance. This process is critical to a successful and smooth transition, and we are committed to giving it our best effort.

During the first six months of our contract we would utilize our Startup Team to completely assess the District and to finalize our staffing and operations plan. During that six month period, all existing employees would become Alliance employees. We would streamline staff as opportunities present themselves through attrition and transfers, aiming for our "ideal" staffing plan. We would expect to be at or near our desired level by 12/31/06. After that, we would expect four solid years of efficient operations for the Board.

Our pricing budget for the period of July 2005 to January 2006 is \$2,400,000. This budget is issued as a plus-or-minus five percent ($\pm 5\%$) estimate at this time until we can have the chance to more fully understand your needs, especially regarding employee benefits issues. This budget includes a refundable repair budget of \$150,000. This first assessment period provides for offering all Mountain Water District full time employees positions with Alliance for a minimum of six months at comparable wages and with the Alliance benefits program as described in our previous submittal. We have also assumed that the District will maintain responsibility for current vacation and sick balances per your current policies. We will be happy to discuss these and other issues at your convenience.

Our pricing budget for the fiscal year 2006 is \$4,200,000. This budget is issued as a plus-or-minus ten percent ($\pm 10\%$) estimate at this time until we can have the chance to more fully understand your needs. This budget also includes a refundable repair budget of \$300,000.

To assist your analysis of our pricing, a budget comparison between the current operation plan and the proposed operation plan (with Alliance) has been made. In Table 1, revenue and expenses are shown for 2003, 2004, and 2005. These were taken from your Budget Summary supplied to us during the facilities tour. An estimate of revenue and expenses are shown for 2006. The budget estimate was made based on the current rate structure and a projection of historical costs. The two shaded columns in the Table show our best estimate of your budget for 2005 and 2006 with Alliance providing services. You will note that in some cases all of a line item becomes the responsibility of Alliance and in other cases some or most of a line item remains the District responsibility.

As you can see, operation with Alliance will cost more in the first six month period due to transitional costs. This is a result of maintaining your entire staff and assuming operations. We believe this is a justifiable startup cost, to get through the six-month assessment. In the next year, your investment in Alliance will begin paying off. We are projecting a savings of approximately \$120,000 in the first full year and those savings will continue to multiply in the succeeding years. You will gain a more experienced staff, better information, and a professionalism that you need. The expertise that we bring to the District can also reduce costs that remain the District's direct responsibility. Delayed or reduced capital expenditures, power savings, engineering fees, and reduced water loss are examples of possible areas for savings. Alliance has provided such operational efficiencies and produced savings for our clients over the years.

Table 1

Mountain Water District
Net Cash from Operations

DESCRIPTION	ACTUAL 03	BUDGET 04	BUDGET 05	BUDGET 05	BUDGET 06	BUDGET 06	Notes
				w/ Alliance 1/2 year		w/ Alliance full year	
Revenue							
Water Revenue	5,730,529.00	6,027,300.00	6,630,030.00	6,630,030.00	6,960,000.00	6,960,000.00	5% growth in 06
Other Revenue	913,756.00	1,200,000.00	1,320,000.00	1,320,000.00	1,452,000.00	1,452,000.00	10% growth in 06
Service Revenue	190,285.00	250,000.00	262,500.00	262,500.00	262,500.00	262,500.00	
Total	6,834,570.00	7,477,300.00	8,212,530.00	8,212,530.00	8,674,500.00	8,674,500.00	

Operating Expenses							
Wages and Payroll Taxes	2,542,159.00	2,741,211.00	2,924,561.00	1,471,280.00	3,012,000.00	18,000.00	Commissioners +3% in '06
Power	283,973.00	470,000.00	500,000.00	500,000.00	515,000.00	515,000.00	Unchanged
Repairs, Maint., and Supplies	682,906.00	701,900.00	740,000.00	540,000.00	800,000.00	350,000.00	new services & major items
Transportation	342,690.00	350,000.00	367,500.00	183,750.00	400,000.00	-	Alliance covers
Chemicals	72,987.00	170,000.00	178,500.00	89,250.00	195,000.00	-	Alliance covers
Contractual -other	32,547.00	36,050.00	37,853.00	37,853.00	37,853.00	37,853.00	Unchanged
Bad debt	18,335.00	13,751.00	14,439.00	14,439.00	14,439.00	14,439.00	Unchanged
Insurance	254,547.00	266,500.00	302,475.00	210,760.00	325,000.00	125,000.00	Vehicle & Property
Legal, Acct'g, Engineering and Audit	97,889.00	114,260.00	122,673.00	91,300.00	130,000.00	60,000.00	Savings
Regulatory Expense	11,216.00	11,000.00	11,500.00	11,500.00	12,000.00	12,000.00	Unchanged
Miscellaneous	69,763.00	65,500.00	68,775.00	66,830.00	70,000.00	60,000.00	Savings
Depreciation	1,739,690.00	1,995,000.00	2,194,500.00	2,194,500.00	2,400,000.00	2,400,000.00	Unchanged
Purchased Water	1,197,486.00	900,000.00	700,000.00	700,000.00	700,000.00	700,000.00	Unchanged
Alliance (budget estimate)	-	-	-	2,400,000.00	-	4,200,000.00	Alliance Fee

Total	7,346,188.00	7,835,172.00	8,162,776.00	8,511,462.00	8,611,292.00	8,492,292.00	
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NET OPERATING INCOME	(511,618.00)	(357,872.00)	49,754.00	(298,932.00)	63,208.00	182,208.00	
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Plus Depreciation	1,739,690.00	1,995,000.00	2,194,500.00	2,194,500.00	2,400,000.00	2,400,000.00	
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NET CASH BEFORE DEBT	1,228,072.00	1,637,128.00	2,244,254.00	1,895,568.00	2,463,208.00	2,582,208.00	
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5. Key Contract Provisions

We supplied a standard contract for informational purposes with our first submittal. Since that time we've refined our thinking and wish to explain how key contract provisions would work.

Length of Contract – We would propose a 5 ½ year contract beginning 7/1/05. We would ask for a clause permitting automatic 5-year renewals if both parties are satisfied with the arrangement.

Pricing – Alliance contracts provide that pricing is annually negotiated, but once negotiated is a firm, not-to-exceed price for the year. We have had contracts like this for over 20 years and our Boards like the annual justification of our fees. However, because we see the possibility of Alliance further reducing costs in any given year, we would propose a 75/25% refund clause. Under these terms, a firm, not-to-exceed price would be mutually agreed to. If, at the end of the year, Alliance's cost plus its 10% management fee is less than the agreed to price, Mountain Water will receive 75% of the difference. This provides Alliance an incentive to reduce costs and also allows the District to benefit in a substantial way. If on the other hand Alliance exceeds its firm, not-to-exceed price, that is our problem, not yours. Effectively, we have to earn our management fee every year.

Water Treatment – We have assumed that we will produce an average of 2 million gallons per day at your water plant.

We hope we have managed to answer some of your key questions with this submittal, but know we will only be able to satisfactorily answer your most pressing questions in person. We hope to have the opportunity to be able to explain our Company's values and transition strategy in person.

We are looking forward to meeting with the Management Advisory Team and the Board of Commissioners so we can more fully explain who we are and answer all your questions. We would also like to assist you if you wish to schedule inspections and/or tours of our existing Water District clients. For your information, WD#2 of St. Charles County (the largest in Missouri) will be holding its regular board meeting at 1 p.m., Wednesday June 1, 2005. This would be a great opportunity to see our company in action with a similar District to Mountain Water.

Sincerely yours,
ALLIANCE WATER RESOURCES, INC.


Craig E. Edlund, P.E.
Director of Marketing and Business Development

Proposal to Provide
Management and Operation for
Mountain
Water District

April 25, 2005

WATER RESOURCES®
Alliance
Professional Water and Wastewater Operations





April 25, 2005

Board of Directors
Mountain Water District
P O Box 3157
Pikeville, KY 41501

Dear Directors:

Alliance Water Resources is pleased to present this proposal for full contract management and operation of the Mountain Water District in response to your Request for Statements of Qualifications and Price Proposals (RFQ/P).

As discussed with Mr. Will Brown at the mandatory pre-proposal conference and inspection tour, your RFQ/P schedule does not provide sufficient time for preparation of a quality, detailed, and firm priced proposal. The information in this submittal is intended to provide you information about our company, our capabilities and our approach to providing services to the Mountain Water District. If you have interest in proceeding to the next step, we would like to meet with the Management Advisory Team and interested Board Members to discuss your needs and desires in detail. This will allow us to finalize our operations plan and provide you with the best possible proposal in both content and price.

We believe Alliance Water Resources is uniquely suited for this project. Over the last 25 years, we have developed specific expertise in water district management, operations, and maintenance and provide the complete range of experience and services required by a large, growing district like the Mountain Water District. Over half of our clients are districts that are governed by Boards of Directors. We have direct experience with all facets of your operation including water treatment plants, wastewater treatment plants, grinder pump stations, multiple pressure zone distribution systems, customer billing, collections, financial accounting, and customer services.

For example, we provide complete services for the largest water district in Missouri, one that has experienced rapid growth (over 1,200 new customers per year). At that location, our staff of 40 provides excellent service to 26,000 water customers and 9,000 wastewater customers. In Franklin County, MO, we operate 16 wastewater small treatment plants, and in both Lincoln County and Parkville, we operate pressure sewer systems. We are confident that our first hand knowledge of pressure wastewater collection systems will be helpful at the Mountain Water District.

We certainly appreciate the opportunity to present this proposal to the Mountain Water District. Upon review of our proposal and qualifications, we believe you will find that Alliance is uniquely qualified to provide operating services to the District. We are extremely interested in this project and look forward to hearing back from you so we can better understand your needs, objectives, and transition parameters. Please feel free to contact me at your convenience with any questions that might arise and to schedule a work session.

Sincerely yours,

ALLIANCE WATER RESOURCES, INC.



Craig E. Edlund, P.E.
Director of Marketing and Business Development

Table of Contents

Section I	Executive Summary
Section II	Company Background and Experience
Section III	Alliance's Plan of Operations for Mountain Water District
Section IV	Personnel and Staffing
Section V	Cost Proposal and Related Business Considerations
Appendix A	Alliance Water Resources: A Capabilities Overview
Appendix B	Alliance Performance Profiles for 6 Similar Communities
Appendix C	Professional Credentials of the Alliance Team
Appendix D	Draft Service Agreement

Section I

Executive Summary

Introduction

Alliance Water Resources is pleased to present this proposal for full contract operation and maintenance of the Mountain Water District. Alliance feels it will form an excellent partnership with the District and can bring substantial expertise to the utilities.

To make our proposal as easy as possible to review, we have structured this document as follows.

Section II

Company Background and Experience

Alliance is a regional contract operation and management firm with corporate offices located in Columbia, Missouri and 20 additional project offices in the states of Missouri and Iowa. The company is the largest provider of O&M services within the state of Missouri and provides full services for water districts in St. Charles, Lincoln, Platte, Buchanan, Ralls, Henry, and Franklin Counties. You will also find our responses to your Required Minimum Standards in this section. Appendix B has more detailed information on districts similar to yours.

Section III

Plan of Operations

Due to time constraints, and uncertainty on how the Board would like to handle staffing considerations, we would like to meet with the Management Advisory Team and any other interested Board Members to discuss your needs and desires. Alliance will then finalize our operations plan and provide specific details on the operational objectives you feel are important for the District.

An operation and maintenance contract for the District operation will include the water production, distribution, and storage systems. It will include the wastewater collection and treatment systems. It will also include billing, bookkeeping, financial reporting, and customer service. We will furnish management direction, labor, chemicals, parts and supplies necessary to

Section I

Executive Summary



Alliance has the experience and expertise you need.

We will provide specific details on the operational objectives you feel are important.

properly operate and maintain the facilities. A draft service agreement is provided in Appendix D.

In addition to the services described above, Alliance will furnish technical, administrative and management support to the District at no additional cost as part of our basic contract fee. Such services will typically include annual budget preparation, short and long term strategic planning, detailed financial reporting, input to District regulation modifications, and assessment of proposed capital improvements.

Section IV

Personnel and Staffing

Alliance is unable to finalize a staffing plan for the Mountain Water District. We are unclear on your wishes regarding existing employees. Your RFQ/P suggests that only available positions be offered to existing employees, but we were informed at the pre-proposal meeting that all employees should be offered positions. Since we will certainly consolidate some functions (payroll, A/P, etc.) into our corporate office, we would very much like to discuss this important and sensitive issue with you at your convenience. We will also need to determine how best to handle the large amount of vacation and sick time accrual that is on your books.

After we have met with the Management Advisory Team and any other interested Board Members to discuss your needs and desires, Alliance will finalize our staffing plan. Alliance will develop detailed job descriptions and current full time District employees will be encouraged to submit applications for those positions. Employees offered positions with Alliance will receive equal or better compensation levels and be credited with years of full time service at the District for the purpose of calculation of service time sensitive benefits.

Section V

Cost Proposal

Firm pricing will be developed to finalize the operations and staffing plans. Pricing will consist of an annual fee payable in equal monthly payments. The annual fee will include a repair budget that is refundable if not spent.

Section I

Executive Summary

Alliance offers a team of professionals to support your operation.

Section II

Company Background and Experience

Section II

Background and Experience

Overview

Alliance Water Resources is a regional water and wastewater contract operations and maintenance firm. Key information regarding Alliance's background and experience is offered as follows:

- Alliance, with corporate offices located in Columbia, MO, has been providing environmental services for over 25 years and has been active in the contract O&M business since 1979.
- Alliance has a business plan goal of providing services in Missouri and the surrounding border states. We currently provide services in Missouri and Iowa, and we are very excited about the opportunity to add Kentucky to our list of served border states.
- Alliance is the largest provider of water/wastewater contract services within the state of Missouri and currently provides water or sewer contract O&M service to 18 major utilities in the state with design flows ranging from 0.5 mgd to 10.0 mgd.
- Alliance provides similar services to eleven other water or sewer districts.
- Alliance currently employs a staff of over 250 people including environmental engineers, licensed water and wastewater operators, and clerical personnel.
- Alliance has a long history of customer satisfaction. Today we continue to provide services to our first major utility district client, Lake Saint Louis (1980), and our first major municipal client, City of O'Fallon, MO Water and Sewer System (1983).

Experience

A list of Alliance's water and wastewater clients is presented in Appendix A. We would also like to bring your attention to the Client Profile Sheets in Appendix B. Alliance is very proud of its history of customer satisfaction. Consequently, we encourage the District to contact the client representatives regarding Alliance's performance. We will be happy to facilitate tours of any of our operations at your request.



We would like to highlight several areas of specific experience that are pertinent to the District's operation.

Franklin County PWSD #3

Alliance provides full contract operation and maintenance of the Franklin County PWSD #3 water systems. Alliance began operation at Franklin County in January 1994 and subsequently helped the District begin wastewater operations through acquisition of a sewer district.

The two hundred square mile territory of Franklin #3 is located in hilly terrain resulting in many small local wastewater treatment plants. In addition to operation and maintenance of the water and wastewater systems, Alliance also provides meter reading, computerized billing, collection, and financial reporting, as well as day-to-day management of the District.

The District serves a population of about 7,000 and includes:

- 7 wells
- 4 storage facilities
- 17 wastewater treatment facilities
- Over 180 miles of collection and distribution lines.

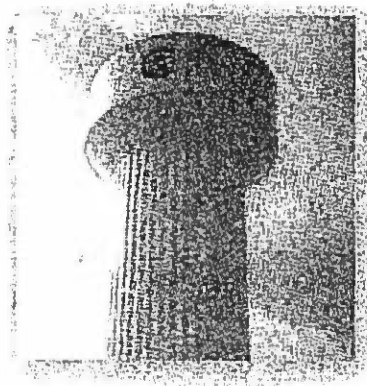
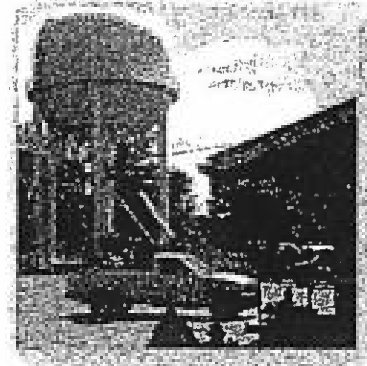
Henry County Water Company/Henry County PWSD #3

In 1983 the City of Clinton had little or no control over its own water system, which was owned by a large electric utility. City officials did not wish to directly incur the long-term debt necessary to acquire the water system from the private electric utility. As an alternative, the Henry County Water Company, a not-for-profit corporation, was formed by the City of Clinton with Alliance's guidance. Its management is vested in a Board of Directors, which includes the City Administrator and four citizen members. Alliance provides complete contract management services, including operations and maintenance of the water treatment plant, maintenance and repair of the water distribution system, and billing, management, and administration for 4,500 customer connections serving some 9,500 people.

The Henry County Public Water Supply District #3 supplies water to approximately 3,000 people both directly and through wholesale agreements with the cities of Urich, Calhoun, and Blairstown, as well as the Henry County PWSD #4. District #3 faced several problems including lack of

Section II

Background and Experience



expertise to address new water treatment requirements, part time office help that did not provide continuity to the District, and a lack of employee benefits needed to attract and retain good employees.

Alliance provided a unique solution to their problem. Alliance entered into a service agreement directly with the District for operation and maintenance of the water treatment plant and the distribution system. Alliance indirectly supplies the billing, collection, office, and administration functions as part of a separate agreement between the District and Henry County Water Company. This solution provided the District Board with the services they needed at an affordable cost.

Lincoln County PWSD #1

The Public Water Supply District #1 of Lincoln County is a growing district located northwest of the St. Louis metropolitan area. Portions of the District are still feeling the after effects of major floods in 1993 and 1994. New customers are continually coming on line and a wastewater collection and treatment system was completed in 1999.

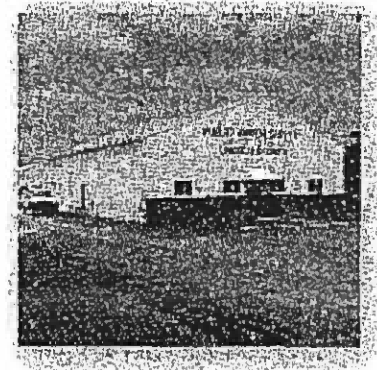
These challenges prompted the Board to evaluate alternative methods of providing service to their customers. After evaluation of several alternatives, Alliance was selected to provide professional operational services to the District beginning in November, 1995. As with all of our water district operations, Alliance provides complete management including water supply/distribution, customer service, billing collection and financial reporting. This provides the Board with complete information allowing them to administer the District most effectively. Rapid growth in wastewater connections will require a new expanded treatment plant in the near future.

The current system serves over 12,400 people and includes:

- 7 deep wells
- One booster pump station
- 3 elevated storage tanks
- 145 miles of distribution system piping
- 650 individual pressure grinder pumps
- One three-cell lagoon.

Section II

Background and Experience



St. Charles County PWSD #2

The Public Water Supply District #2 of St. Charles County is one of the largest and fastest growing water districts in Missouri. Located west of St. Louis, the District serves a combination of rural, suburban and urban customers. Growth has been in the double digits for the last three years. As with all of our water district operations, Alliance provides complete management including water supply/distribution, customer service, billing, collection and financial reporting. Alliance provides all the day-to-day decision making and enables the Board of Directors to focus on the "big picture" issues.

The system serves over 80,000 people and includes:

- 11 deep wells
- 12 storage tanks
- 425 miles of distribution main
- 7 wastewater treatment facilities
- 30 lift stations
- 110 miles of collection system.

Section II

Background and Experience



Other Information Required in RFQ/P

Required Minimum Standards

A. Photocopy of Contractor's certificate of existence, or other type of governmental certification of organizational structure.

Please find this document at the end of this section.

B. Statement from insurance carrier that Contractor is presently insured or is insurable at the limits specified.

A Certificate of Insurance issued to our St. Charles #2 operation can be found at the end of this section which indicates that our coverage more than meets your requirements. A similar certificate will be issued for Mountain Water District upon commencement of operations.

C. Line of credit in the amount of not less than \$2,000,000 if contractor is awarded an O M & M contract.

A proof of line of credit is not submitted at this time. As discussed with Mr. Will Brown at the mandatory pre-proposal conference and inspection tour, it is our understanding that the purpose of this requirement is to demonstrate financial stability in the prospective contractor. Alliance has that stability, but a line of credit is a difficult and expensive way to demonstrate that stability. We feel our long track record of performance, our Dunn and Bradstreet rating of BA3, and our approximate \$18,000,000 annual revenue stream fulfills this requirement while at the same time avoiding unnecessary costs to the service agreement.

D. Most recent PSC or other similar report on a representative client system.

We prepare monthly financial statements for all of our district clients. A representative report from the St. Charles #2 division can also be found at the end of this section.

E. A draft service contract.

A draft service contract can be found in Appendix D.

Section II

Background and Experience

Missouri Secretary of State, Robin Carnahan

- Search
- ④ By Business Name
 - ④ By Charter Number
 - ④ By Registered Agent
 - ④ For New Corporations
 - Verify
 - ④ Verify Certification
 - Annual Report
 - ④ File Online
 - Online Orders
 - ④ Register for Online
 - Orders
 - ④ Order Good Standing
 - ④ Order Certified Documents

Filed Documents

Date: 4/20/2005 (Click above to view
 filed documents that
 are available.)

Business Name History

Name	Name Type
ALLIANCE WATER RESOURCES, INC.	Legal
MID-MISSOURI ENGINEERS, INC.	Prev Legal
STUMP, NOVAK & O'CONNOR ENGINEERS, INC.	Prev Legal

General Business - Domestic - Information

Charter Number: 00185023
 Status: Good Standing
 Entity Creation Date: 7/19/1976
 State of Business.: MO
 Expiration Date: Perpetual
 Last Annual Report Filed
 Date: 4/14/2005
 Last Annual Report Filed: 2005
 Annual Report Month: January

Registered Agent

Agent Name: THOMAS M HARRISON
 Office Address: 1103 EAST BRDWAY STE 101
 COLUMBIA MO 65201

Mailing Address:

ACORD CERTIFICATE OF LIABILITY INSURANCE

OP ID JT
ALLIA-2
DATE (MM/DD/YYYY)
12/28/04

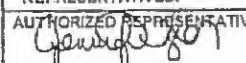
PRODUCER Keith Insurance, Inc. PO Box 388-103 W. Franklin Clinton MO 64735 Phone: 660-885-5581	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
	INSURERS AFFORDING COVERAGE	NAIC #
INSURED Alliance Water Resources Inc. 206 South Keene Street Columbia MO 65201	INSURER A: Savers Prop and Casu Ins. Co.	
	INSURER B: Fidelity & Deposit - Zurich	
	INSURER C:	
	INSURER D:	
	INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRG	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A X	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	CP0002835	01/01/05	01/01/06	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 3,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	CP0002835	01/01/05	01/01/06	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
A	EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$	UM0002835	01/01/05	01/01/06	EACH OCCURRENCE \$ 4,000,000 AGGREGATE \$ 4,000,000 \$ \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below.				<input type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
B	OTHER Crime Section	CCP0050332	01/01/05	01/01/06	\$250,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
 Certificate holder is named as an additional named insured.

CERTIFICATE HOLDER STCHA-1 PWSO #2 of St. Charles County Attn: Board President P.O. Box 967 O'Fallon MO 63366-0967	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 
--	---

PWSD #2 of St. Charles County
 Balance Sheet
 November 30, 2004

FILE COPY

ASSETS

CURRENT ASSETS

Checking Account-Operations	\$5,594,139.30
Investments-USbancorp	203,416.01
GNMA #1106M	2,171.09
GNMA #125270	2,463.71
Meter Deposits Account	(944.28)
Cash on Hand	200.00

Total Cash 5,801,445.83

Accounts Receivable	607,462.98
Allowance for Doubtful Accts	(40,000.00)
Unbilled Accounts Receivable	764,940.00
Accounts Receivable Other	650,401.99
Inventory-Supplies	295,710.48
Accrued Interest Receivable	4,541.00
Prepaid Expenses	43,029.57

Total Other Current Assets 2,326,086.02

Total Current Assets 8,127,531.85

PROPERTY, PLANT & EQUIPMENT

Land	3,251,193.83
Utility System Constructed & Purchased	98,749,669.33
Buildings, Vehicles, Equipment, & Furniture	2,981,055.39
Construction Work in Progress	4,711,404.92
Less Accumulated Depreciation	(17,478,558.56)

Net Property, Plant & Equipment 92,214,764.91

RESTRICTED ASSETS

Debt Service Fund	621,453.43
Depreciation Reserve-2003	240,000.00
Certificate Fund-1996A	362,260.75
Debt Service Reserve-1996A	1,438,370.56
Certificate Fund-1999A&B	1,027,835.04
Debt Service Reserve-1999A&B	4,647,713.77
Debt Service Reserve-2000	390,624.67
Certificate Fund-2000	475,854.35
Construction Fund-2002A	4,262,298.80
Debt Service Reserve-2002A	804,847.44
Debt Service Reserve-2002B	313,240.77
Certificate Fund-2002A	384,842.52
Certificate Fund-2002B	87,796.05
Debt Service Reserve-2003	1,272,610.77
Investments Adjusted to Fair Market Value	(149,596.75)
Accrued Interest Receivable	84,090.00

Total Restricted Assets 16,264,242.17

OTHER ASSETS

Customer Receivable-Constructn	135,699.55
Debt Issuance Cost, Net of Accumulated Amort	3,933,413.11

Total Other Assets 4,069,112.66

Total Assets \$120,675,651.59

PWSD #2 of St. Charles County
 Balance Sheet
 November 30, 2004

FILE COPY

LIABILITIES AND DISTRICT'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$3,123,629.35
Systems Acquisition Payable	222,910.31
Sales Tax Payable	11,980.06
State User Fee Payable	15,203.21
Unearned Rent Income	4,183.37
Long Term Debt-Current	1,760,000.00
Debt Discount/Defrd Loss on Debt Refunding-Current	(493,560.61)
40/61 Easement Obligation-Current	622.02
Accrued Interest Payable	1,948,384.75
Customer Deposits	668,603.00
Total Current Liabilities	<u>7,261,955.46</u>

LONG-TERM DEBT

Certificates-1996A	13,070,000.00
Certificates-1999A	26,485,000.00
Certificates-1999B	14,095,000.00
Certificates-2000	3,575,000.00
Certificates-2002A	15,000,000.00
Certificates-2002B	3,510,000.00
Revenue Bonds-2003	12,160,000.00
40/61 Easement Obligation	3,835.71
Debt Discnt/Defrd Loss, Net of Accumulated Amort.	(5,824,959.32)
Less Current Portion of L-Term Debt (Net of Discnt/Defrd Loss)	(1,266,439.39)
Less Cash with Fiscal Agent	(609,999.78)
Total Long-Term Debt	<u>80,197,437.22</u>

Total Liabilities

87,459,392.68

DISTRICT'S EQUITY

Retained Earnings	32,961,059.40
YTD Net Income (Loss)	255,199.51
Total District's Equity	<u>33,216,258.91</u>

Total Liabilities and District's Equity

\$120,675,651.59

PWSD #2 of St. Charles County
Statements of Revenues and Expenses
For the Twelve Months Ending November 30, 2004
Actual vs Budget

F I L E C O P Y

<u>November</u>					<u>YTD</u>		<u>Annual</u>
<u>Actual</u>	<u>Budget</u>		<u>Actual</u>	<u>Budget</u>	<u>Budget</u>		<u>Budget</u>
Revenues							
\$890,747	\$671,543	Water Sales	\$8,867,823	\$8,712,550		\$8,712,550	
57,012	57,012	Water Sales-40/61 Transmission Main	684,217	684,140		684,140	
0	0	Water Sales-Innsbrook	140,508	141,000		141,000	
248,525	155,931	Sewer Charges	2,212,410	1,815,700		1,815,700	
45,100	134,583	Connection Fees-Water	1,184,354	1,615,000		1,615,000	
23,100	55,000	Connection Fees-Sewer	604,695	660,000		660,000	
14,467	13,583	Late Charge Fees	189,480	163,000		163,000	
10,587	7,500	Reconnect/NSF Check/Other Fees	226,714	90,000		90,000	
4,183	4,183	Rent Income-Nominee Agreement	50,200	50,200		50,200	
21,300	3,750	Rent Income	34,225	45,000		45,000	
63,689	39,167	Investment Income	449,313	470,000		470,000	
(1,499)	1,333	Miscellaneous Income	27,029	16,000		16,000	
<u>1,377,211</u>	<u>1,143,585</u>	Total Revenues	<u>14,670,968</u>	<u>14,462,590</u>		<u>14,462,590</u>	
Operating Expenses							
34,946	120,858	Water Purchased	1,362,312	1,568,000		1,568,000	
273,143	243,384	Mangmnt & Operations Contract	2,911,014	2,920,605		2,920,605	
85,631	67,920	Wholesale Treatment	1,058,673	815,045		815,045	
6,250	6,250	Capital Access Fee	75,000	75,000		75,000	
30,744	30,917	Utilities	341,613	371,000		371,000	
9,411	7,250	Insurance	102,558	87,000		87,000	
59,408	22,917	Repairs & Maintenance	123,143	275,000		275,000	
0	1,182	Professional Outside Services	33,113	25,000		25,000	
1,766	1,250	Engineering	22,788	15,000		15,000	
2,516	3,750	Legal	49,582	45,000		45,000	
1,185	1,185	Accounting	37,232	32,500		32,500	
11,483	833	Bad Debts	20,646	10,000		10,000	
0	375	Dues	2,148	4,500		4,500	
1,177	1,417	MO One Call Expenses	20,937	17,000		17,000	
6,783	9,167	Office Expenses	84,817	110,000		110,000	
0	3,375	Election Expense	219	40,500		40,500	
9,618	833	Miscellaneous Expense	25,263	10,000		10,000	
<u>534,061</u>	<u>522,863</u>	Total Operating Expenses	<u>6,271,058</u>	<u>6,421,150</u>		<u>6,421,150</u>	
<u>843,150</u>	<u>620,722</u>	Net Income B/4 Other (Inc) & Exp	<u>8,399,910</u>	<u>8,041,440</u>		<u>8,041,440</u>	
Other (Income) Expenses							
245,861	355,410	Interest Expense	4,155,918	4,264,918		4,264,918	
430	1,875	Bond Trustee Fees	14,427	22,500		22,500	
61,801	78,333	Amortization	741,615	940,000		940,000	
93,933	185,000	Depreciation	2,128,933	2,220,000		2,220,000	
86,781	(16,667)	Investment Income-Construction Fun	(18,027)	(200,000)		(200,000)	
11,752	0	(Gain) Loss on Sale of Assets	(625,561)	0		0	
(1,197,550)	(100,000)	Capital Contributions - Utility Lines	(1,654,033)	(100,000)		(100,000)	
1,869,133	0	Wholesale Provider Sewer System I	3,401,437	0		0	
<u>1,172,141</u>	<u>503,951</u>	Total Other (Income) Expenses	<u>8,144,709</u>	<u>7,147,418</u>		<u>7,147,418</u>	
<u>(\$328,991)</u>	<u>\$116,771</u>	Net Income (Loss)	<u>\$255,201</u>	<u>\$894,022</u>		<u>\$894,022</u>	

Section III

Alliance's Plan of Operations for Mountain Water District

Section III
Plan of Operations

Introduction

After we have met with the Management Advisory Team and any other interested Board Members to discuss your needs and desires, Alliance will finalize our operations plan. We will provide specific detail on operational objectives you feel are important for the District.

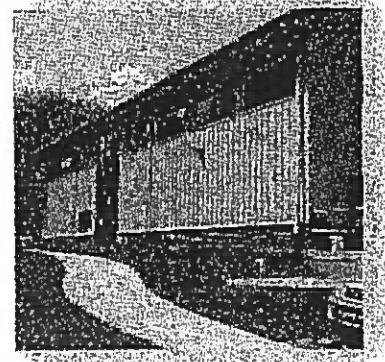
An operation and maintenance contract for the District operation will include the water production, distribution, and storage systems. It will include the wastewater collection and treatment systems. It will also include billing, bookkeeping, financial reporting, and customer service. We will furnish management direction, labor, chemicals, parts and supplies necessary to properly operate and maintain the facilities. We will continue your current practice of hiring local contractors for major repair, line extensions, and other work requiring specialized equipment that the District does not own.

In addition to the services described above, Alliance will furnish technical, administrative and management support to the District at no additional cost as part of our basic contract fee. Such services will typically include annual budget preparation, detailed financial reporting, input to District regulation modifications, and assessment of proposed capital improvements.

We will also address several key Alliance programs which will make the District stronger.

Environmental Compliance Issues

Alliance has a system of review for all environmental compliance reporting. Our ReCAP program consists of a designated Corporate Compliance Officer, monthly review of all reporting data by two levels of management, and annual on-site audits of laboratory procedures and practices. This program provides our Clients an additional level of security that their facilities are being properly operated.



The Alliance ReCAP program provides you additional security.

Alliance's Management Approach

Your System Manager will be responsible for overall site management and direct on-site supervision of staff. Our manager will be an experienced professional, carefully chosen to provide confidence in this important work for your District. This individual will have dual reporting responsibility to the Board and to Alliance's corporate project manager, who is entitled Division Manager. Division Manager responsibilities will include providing support to the System Manager, coordination of management and support services for the on-site Alliance staff and provision of technical and management assistance. Support services available to the Division Manager include financial reporting, computer support and human resources related issues.

System Management/Administration Functions

A key ingredient to Alliance's approach to utility management is the development of detailed operating and maintenance procedures and then the training and use of standard procedures by all personnel. Alliance has also developed key programs to assure optimum levels of operation, maintenance, and safety. In addition, Alliance maintains detailed policies on personnel issues including compensation, attendance, discipline, and drug and alcohol abuse. These policies are effective, in place, and remove liability from the Board.

Communications

Alliance recognizes the importance of effective communications with our clients, the various regulatory agencies, as well as with the public. Our more formal communication with the Board comes through detailed monthly reports and attendance at meetings of the District. More informally, we are always available to answer any questions you might have.

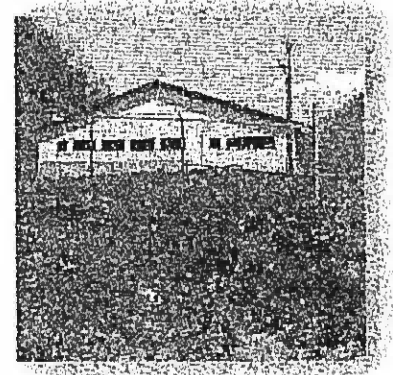
System Facilities

The key to long equipment life and reliable performance is routine equipment maintenance including such tasks as lubrication, oil replacement, equipment inspection, and adjustment. Current O&M Manuals, system maps, and record keeping are essential to performing these tasks. As part of Alliance's standard operating program, we will prepare a preventive maintenance schedule for all key mechanical/electrical equipment, train staff in its use, and fully implement the program.

Section III

Plan of Operations

In Alliance's innovative approach you get not one, but two experienced professionals. Your Alliance System Manager and your Alliance Division Manager.



System Safety

Safety is vital to any operation. Providing a safe working environment and proper equipment is essential to protecting our employees. A safe working environment is also mandated by numerous regulations. Alliance is committed to worker safety. We have developed a comprehensive yet practical program for all of our utility employees, which conforms to industry practice.

Obligations Retained by the District

The District will retain full control and ownership of the water and wastewater systems and as such will provide management direction including but not limited to establishment of policies, rates, rules and regulations, capital improvements, planning, and management oversight. The District also would also typically maintain responsibility for other items outside our proposal including water purchase, debt service, capital construction, taxes, fees, electricity, professional services (legal, engineering, audit, etc.), and major repairs.

Section III Plan of Operations

Safety is vital to any operation.

Section IV

Personnel and Staffing

Section IV

Personnel and Staffing

An Innovative Team Leadership Approach

Alliance maintains an unusually high level of performance through an innovative approach to leading its contract operations teams. At Alliance, operational responsibility for every system is placed in the joint hands of a highly qualified and licensed System Manager, and an experienced senior-level Division Manager.

Your certified, highly qualified Alliance System Manager will be in direct charge of on-site O&M services at The Mountain Water District, around the clock, 365 days a year. The System Manager directs the day-to-day activities of the system and has full authority to make timely decisions. Upon your approval, we will begin immediate recruitment of this critical leader from both within and outside of our company.

Every Alliance System Manager is backed and closely supported by a senior-level Alliance Division Manager, who provides an even greater breadth of technical and management expertise, and ensures continuous direct access for Mountain Water to all Alliance resources.

The System Manager directs the day-to-day activities.

Staffing Plan

Alliance has not finalized a staffing plan for the Mountain Water District. We are unclear on your wishes regarding existing employees. Your RFQ/P suggests that only available positions be offered to existing employees, but we were informed at the pre-proposal meeting that all employees should be offered positions. Since we will certainly consolidate some functions (payroll, A/P, etc.) into our corporate office, we would very much like to discuss this important and sensitive issue with you at your convenience. We will also need to determine how best to handle the large amount of vacation and sick time accrual that is on your books.

Valuing and Retaining the Existing Staff

Alliance will develop detailed job descriptions to fit our finalized staffing plan and current full time District employees will be encouraged to submit

applications for those positions. Employees offered positions with Alliance will receive equal or better compensation levels and will be credited with years of full time service at the District for the purpose of calculation of service time sensitive benefits. Job offers to existing District employees will be subject to their successful completion of our mandatory pre-employment drug screening. Existing staff is uniquely familiar with District facilities and Alliance has determined through past experience that existing staff will perform productively and can become a valuable nucleus to the Alliance on-site staff.

Alliance's benefits package includes health insurance, dental insurance, retirement/401K plan, life insurance, short and long-term disability insurance and a cafeteria plan as shown in our Benefits Summary at the end of this section. District employees who accept employment with Alliance become "Transfer" employees and will be credited with years of service at the District for the purpose of calculation of time sensitive service benefits such as vacation. Transfer employees also have waiting periods waived for enrollments in health, life, AD&D and retirement benefits programs.

Ensuring a Smooth Transition

At The Mountain Water District, Alliance will also provide a Startup Team to provide the transition to operation by Alliance. This team has a wide base of expertise in District management as well as water and wastewater operations and will consist of the following:

Coordinator	Craig Edlund	PE; BS, MS, Civil Engineering Corporate Compliance Officer
Technical Advisor	Bob Hathcock	Manager-Franklin PWS #3 Class A Water & Wastewater
Financial Advisor	Dale Wagner	CPA; BS, Business Administration Corporate Financial Manager
Operations Manager	Dick Tuttle	PE; BS, Civil Engineering
Human Resources	Sandy Neal	Certified Senior Professional in Human Resources

The Startup Team will become active as soon as an agreement with the District is reached. The resumes of all of the above individuals as well as other key company personnel can be found in Appendix C.

Section IV
Personnel and Staffing

Transfer employees are credited with years of service.

Alliance's Start-up Team will provide for a smooth transition.

INSURANCE

RETIREMENT

Benefit	Availability Date	Admin Pays	Employee Pays	Employer Cost	Details/Description of Benefit
Health Insurance	Employee	91st day	100%	0%	None
	Dependents	91st day	50%	50%	\$218.84/month - \$10 office copay - Prescription cost - \$100 individual deductible - \$1,500 family deductible - Monthly benefits
Dental Insurance	Employee	91st day	100%	0%	None
	Dependents	91st day	50%	50%	\$16.00/month - 2 benefits per year, 100% covered - \$25 individual deductible, \$75 family deductible - 3 tier coverage: 100% - 80% - 60% in-network
Vision Insurance	Voluntary benefit	91st day	0%	100%	Varies
	Disability Insurance	Short-Term	91st day	100%	0%
Life Insurance	Employee	91st day	100%	0%	None
	Dependents	91st day	100%	0%	None
Voluntary Term Life	Employee	91st day	0%	100%	Varies
	Dependents	91st day	0%	100%	Varies
AD&D	Employee	91st day	100%	0%	None
	Voluntary AD&D	91st day	0%	100%	Varies
Flexible Spending Account	Employee	91st day	Admin Free	100%	Varies
	Dependents	91st day	Admin Free	100%	Varies
Workers' Compensation	Employee	1st day	100%	0%	None
	Dependents	1st day	100%	0%	None
Employee Assistance Program	Employee	1st day	100%	0%	None
	Dependents	1st day	100%	0%	None
Profit Sharing	Employee	Historically	1% of annual wages	0%	None
	Dependents	Historically	1% of annual wages	0%	None
401(k)	Employee	6 months	100% match up to 2% of wages	Up to 60% of wages	Scaled Contribution
	Dependents	6 months	100% match up to 2% of wages	Admin Fees	Scaled Contribution

This overview describes some of the highlights of our benefit plans. Most benefits are available to employees after completing the 90-day orientation period. The details of the benefits are contained in official plan documents. If there are any differences between this overview and the terms of an official plan document, the plan document will govern. Alliance Human Resources, Inc. reserves the right to terminate or change the benefit plan in any way at any time.

Alliance Water Resources Employee Benefits Summary of

CONTACTS
For questions related to Employee Benefits
Insurance claims, billing and coverage:

The Insurance Group
(800) 752-5376

Insurance enrollment and premium deductions:
Alliance Human Resources Dept.
(573) 874-8030 ext. 235

401(k)/Profit Sharing:
Fidelity Investments
(800) 835-5097
or
Alliance Human Resources Dept.
(573) 874-8030 ext. 235

Flexible Spending Accounts
(for reimbursement of medical or dependent care):
ASL
(800) 639-3035



Alliance Water Resources Summary of Employee Benefits

Vacation	91st day	<ul style="list-style-type: none"> 1-3 years: 10 days 4 years: 11 days 5 years: 12 days 6 years: 13 days 7 years: 14 days 8-11 years: 15 days 12-14 years: 17 days 	<ul style="list-style-type: none"> 15-16 years: 20 days 17-18 years: 21 days 19-20 years: 22 days 21-23 years: 23 days 24-26 years: 24 days 27 or more: 25 days 										
Sick Leave	1st day	<ul style="list-style-type: none"> - 17 days per year (6 days per year) - May be used for family - Minimum amount of 200 hours - Quarterly encumbrance of sick to vacations of 1:1 for accruals over 250 hours - Up to 7 days per year (6 hours) - To be used by December 31st of each year 											
Personal Days	1st day	<ul style="list-style-type: none"> - New Year's Eve (17 day) - New Year's Day - Martin Luther King Jr. Birthday - Memorial Day - Independence Day 	<ul style="list-style-type: none"> - Labor Day - Thanksgiving Day - Day after Thanksgiving - Christmas Eve (17 day) - Christmas Day 										
Holidays	1st day												
Jury Duty	1st day	- Up to 10 days per year											
Bereavement Leave	1st day	- Up to 3 days											
Employee Certification	1st day	<ul style="list-style-type: none"> - All employees are eligible for certification of level or type of position they hold with the company. Employees are provided with training resources, including on-the-job experiences, to prepare them for the certification requirements. All employees who obtain certification of competency or who upgrade the level of an existing certification shall be eligible to a bonus for each new or upgraded certification as follows: <table border="1"> <tr> <td>Level</td> <td>Bonus</td> </tr> <tr> <td>A/IV</td> <td>\$250</td> </tr> <tr> <td>B/III</td> <td>\$300</td> </tr> <tr> <td>C/II</td> <td>\$350</td> </tr> <tr> <td>D/I</td> <td>\$100</td> </tr> </table>	Level	Bonus	A/IV	\$250	B/III	\$300	C/II	\$350	D/I	\$100	
Level	Bonus												
A/IV	\$250												
B/III	\$300												
C/II	\$350												
D/I	\$100												
Supervisor Training	1st day	<ul style="list-style-type: none"> - Supervisors receive training on company policies, performance management, coaching and motivating employees, interviewing and hiring, employment laws, safety issues, ethical decision-making, and other relevant topics. Regular meetings are scheduled to provide internal networking and cooperative effort opportunities for all supervisors. 											
Direct Deposit	1st day	<ul style="list-style-type: none"> - Deposit of paychecks electronically into designated checking or savings account - Allow at least two (2) pay periods for direct deposit to activate - More time for account may be used 											

This overview describes some of the highlights of our benefit plans. Most benefits are available to employees after completing the 90-day probation period. The details of the benefits are contained in official plan documents. If there are any differences between this overview and the terms of an official plan document, the plan document will govern. Alliance Water Resources, Inc. reserves the right to terminate or change the benefit plans in any way, at any time.



Section V

Cost Proposal and Related Business Considerations

Section V Cost Proposal

Cost Proposal

This proposal provides for full professional operation and maintenance of the District's water and wastewater systems, office and administrative functions, water meter reading and customer service. Firm pricing will be developed after meetings to finalize the operations and staffing plans. Pricing will consist of an annual fee payable in equal monthly payments. The annual fee will include a repair budget that is refundable if not spent.

Services could begin 30-60 days after execution of a Service Agreement. Our proposed Agreement is for a period of five (5) years.

Service Agreement Terms

A draft Service Agreement is enclosed in Appendix D. We will of course modify our agreement to meet your needs and desires, but several typical key terms are discussed below.

Guaranteed Lump Sum Cost

Alliance compensation is established as a lump sum amount, payable monthly. Alliance repair costs are capped under the contract. All other routine operating costs are guaranteed by Alliance under the lump sum fee. The contract fee is subject to re-negotiation annually in conjunction with the District budget process.

Repair Expense

In the cost proposal, Alliance will determine a reasonable repair budget to fund routine facility repairs and maintenance. In order to assure the District that Alliance has no economic incentive to under fund repairs, Alliance will refund 100% of the unexpended repair budget at the end of each contract period. Alliance repair expense obligations are, however, limited to the maximum limit established in the contract. Any repairs in excess of the budgeted limit shall be the responsibility of the District subject to the District's prior review and approval.

We have included a refundable repair account.

Utility Expense

The District is typically responsible for all utility expense except telephone.

Guaranteed Compliance

Alliance is responsible for regulatory fines or civil penalties resulting from negligence.

Insurance

Alliance assumes that the District will maintain its existing insurance policies for such things as property damage insurance on all District-owned property, Officers Errors and Omissions, and bonding for the District clerk and treasure. You will have a reduction in premiums because Alliance will be providing part of the coverage. Alliance may be able to save you additional money by including you in our group policies. We can get you a quote if you are interested.

Alliance will provide statutory workers compensation insurance for Alliance employees, and general liability insurance to cover Alliance operations. The District will be named as additional insured and will be provided with a certificate of insurance with a ten (10) day notice of cancellation clause.

Alliance coverage limits for general liability insurance include the following:

General Liability Insurance

General Aggregate	\$3,000,000
Each Occurrence	\$1,000,000
Umbrella Policy Aggregate	\$4,000,000

A certificate of insurance will be provided upon request.

Capital Equipment and Capital Improvements

The District is responsible for furnishing all necessary capital equipment including but not limited to vehicles, tools, safety equipment and rolling stock. All equipment, vehicles, etc. currently assigned to or available to the District will be made available for Alliance's use.

Section V
Cost Proposal

A Capabilities Overview

Company Profile

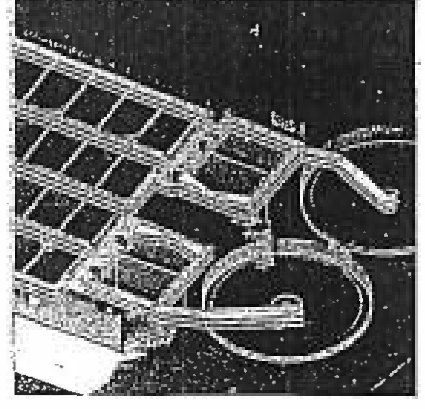
Headquartered in Columbia, Missouri, Alliance Water Resources is a leading provider of professional operations and maintenance services for community water and wastewater systems in the Midwest.

Company Achievements

Since its founding almost 25 years ago, Alliance has quietly won nationwide recognition as an industry pioneer, an innovator, a business and financial problem solver, and a technology leader with an unusual understanding of the needs of local communities.

Company Size

Alliance is a steadily growing enterprise with more than \$10 million in annual revenues and more than 200 employees in Missouri and surrounding states.



Alliance structures its contract operations to maintain local control, providing a flow of useful information for decision-making.

Industries Served

Alliance operates and serves state-of-the-art water and wastewater treatment systems that specifically meet the needs of leading manufacturers, major correctional centers, colleges and universities, resort areas, and a variety of other commercial users.

Performance Challenges

In the past three decades, Missouri communities have had to contend with a cluster of performance challenges for their water resource infrastructures:

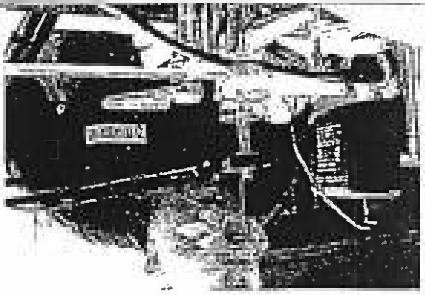
- Water and wastewater treatment technologies have grown dramatically more complex.
- Technical skills have become much more difficult to recruit and retain.
- Regulatory burdens have mushroomed.
- Cost pressures on local governments and agencies are greater today than they have ever been.
- Outside funding support has continued to shrink.

Performance Profile

In some communities Alliance provides high-performance full service management, operations, and maintenance of some of the most sophisticated water and wastewater treatment facilities in the industry. In others Alliance is demonstrating that highly professional operations and maintenance can often bring water and wastewater systems into full compliance without expensive new facilities.

Regulatory Accomplishments

No one has solved more water and wastewater regulatory problems for Missouri communities than Alliance.



The Alliance Services Mix

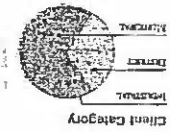
Service Category	Internal	External	Hybrid
Water Treatment	13%	68%	19%
Water Distribution	0%	82%	18%
Wastewater Treatment	0%	82%	18%
Wastewater Collection	0%	82%	18%
Water and Wastewater	13%	68%	19%
Water Reuse	0%	82%	18%
Financial Reporting	0%	82%	18%
Complete Management	0%	82%	18%
Plant Work	0%	82%	18%



Cities and communities turn to Alliance for a wide range of services, from water and wastewater treatment to complete system management and financial consulting.

Representative Clients

Municipal water and wastewater systems, investor-owned utilities, non-for-profit utilities, and rural water and wastewater districts.



Communities Served

The communities served by Alliance range from bustling cities like Cape Girardeau, Fulton, and O'Fallon, to rural Missouri's largest and fastest growing water district, to utility districts and some of the state's smallest towns. Alliance also serves communities in surrounding states.



WATER RESOURCES
Alliance
Professional Water and Wastewater Operators

Professional Resources

The Alliance team is made up of more than 200 professional, technical, and administrative people, including registered professional engineers, chemical engineers, sanitary engineers, biologists, microbiologists, chemists, accounting and finance professionals, computer programmers, certified water and wastewater operators, laboratory technicians, and electrical and mechanical technicians.

Professional Services

- Water and wastewater plant operations and maintenance.
- Collection and distribution system operations and maintenance.
- Full-service utility system management.
- Regulatory compliance programs.
- Rate evaluations and financial management.
- Computerized billing and collections.
- Customer service.
- System audits and evaluations.
- Innovative funding approaches for capital expansion programs.
- System acquisition assistance.
- Troubleshooting and startup assistance.
- Public works programs.

Alliance focuses exclusively on contract operations of community water and wastewater systems and related public works programs.



With cost pressures on local communities greater today than ever before, contract operations from Alliance offer a cost effective alternative.

Awards and Honors

Alliance's performance track record is frequently recognized by major awards from professional, trade, and management associations. Recent examples include the Human Resources Management Association's Paragon Award, a number of MWEA and MWWC plant of the year and operator of the year awards, numerous no-lost-time safety awards, the MWEA Biosolids Management Award, and the MWWC Kramer Award.

A Brief History

Alliance Water Resources was founded in Columbia, Missouri, in 1976 as Mid-Missouri Engineers, Inc. to provide specialty services to the water and wastewater industry. In the early 1980s the firm began to play a pioneering role in the professional operation of water and wastewater management systems. Today Alliance focuses exclusively on contract operations and has continuously ranked as the industry leader in Missouri for more than 20 years.

WATER RESOURCES
Alliance
Professional Water and Wastewater Operators

For More Information Contact:

Craig Edlund
Alliance Water Resources, Inc.
206 South Keene Street
Columbia, Missouri 65201
Telephone: (573) 874-8080
Fax: (573) 443-0833
Internet: www.alliancowalet.com

Award-Winning Alliances

In partnerships with cities and public utility districts across the Midwest, Alliance professionals have a proven track record for outstanding performance in water system operations and management. Just a few recent examples:

Gateway Region Environmental Excellence Award

This 2003 award honored the city of O'Fallon, Missouri, for its Alliance-operated biosolids treatment facility, the only one of its kind in the state, which converts excess treatment plant solids into a sterile topsoil product, Nature's Blend. The facility was nominated by a Sierra Club member.
Community Partner: *O'Fallon, Missouri*

MWEA Biosolids Management Award

The Missouri Water Environment Association honored Alliance and the city of Cameron, Missouri, with its 2003 biosolids management award in the small facilities category. Further development of the biosolids management program is under way.
Community Partner: *Cameron, Missouri*

MWEA Plant of the Year Award

The Missouri Water Environment Association honored Alliance with its 2002 Wastewater Treatment Plant of the Year Award for outstanding plant operations and maintenance in the small facilities category.
Community Partner: *Fredericktown, Missouri*

MRWA Operator of the Year Award

Alliance's Allan Decker was singled out as the Missouri Rural Water Association's Operator of the Year for 2002 for system-wide performance at Franklin County, Missouri's Public Water Supply District No. 3.
Community Partner: *Franklin County, Missouri*

MWEA Golden Manhole Award

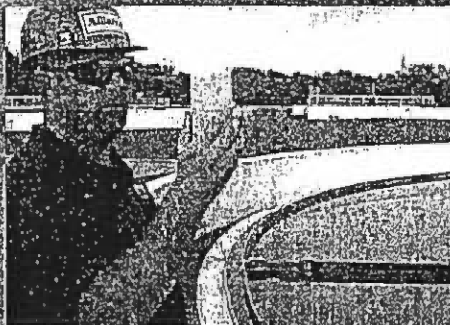
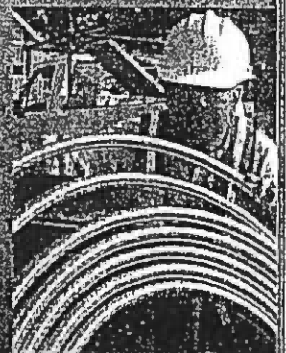
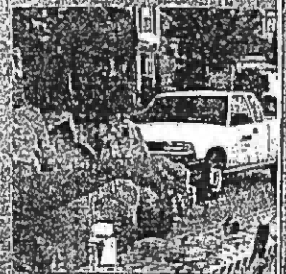
Alliance's Dan Soherer was honored by the Missouri Water Environment Association as the 2002 recipient of the organization's Golden Manhole Award for accomplishments in the collections systems area.
Community Partner: *O'Fallon, Missouri*

Governor's Award for Environmental Excellence and Pollution Prevention

Alliance was honored in 2001 for its efforts in the education and outreach category. In addition, the Missouri House of Representatives passed a special resolution recognizing Alliance as a "superb example of businesses that are environmentally aware."
Community Partner: *Cameron, Missouri*

Paragon Award from the Human Resources Management Association

Alliance was one of only two Missouri companies to win the Human Resources Management Association's prestigious Paragon Award in 2001. Bestowed by the Greater Council of HRMA and the Human Resources Association of Missouri, the award honored Alliance for its practice of human resources management, including its commitment to employee safety and health.
Community Partner: *Scottsdale, Arizona*



Client	Service Area	Contract Dates	Contract Value	Contract Description	Contact Name	Contact Address	Contact Phone
Heavy County Water Company	Water	Nov. 1983 to Present	4,407	O&M of 2.4 mgd water plant, distribution, storage, meter reading, billing	Dave Krieger, President	1023 Hwy. 141, Clark, MD 44735	(607) 415-1011
City of Fulton	Wastewater	Jul. 1983 to Present	13,109	O&M of 10.0-mgd regional ASP wastewater treatment plant, UV distribution, pumping, collection	Jack Caswell, Dir. of Community Development	100 N Main, O'Fallon, MO 63366	(519) 240-2929
City of O'Fallon	Water	Jan. 1984 to Present	10,907	O&M of wells, plant, distribution, meter reading, billing, 2.31-mgd system. Start up of 800-mgd advanced water treatment plant	Jack Caswell, Dir. of Community Development	100 N Main, O'Fallon, MO 63366	(519) 240-2929
East Central Missouri Water and Sewer Authority	Water Wastewater	Aug. 1985 to Present	3,800	O&M of collection, pumping system, well, distribution, storage, billing, customer service, 0.6-mgd system	Mark Finkbe, Attorney	PO Box 129, 1207 Jefferson, Warfield, MO 64599	(660) 239-7747
St. Charles Co. FWSD #1	Water Wastewater	Nov. 1987 to Present	21,000	O&M of wells, distribution, collection, storage, wastewater plant, 1-gpm, pump station, meter reading, billing, 38.0 mgd system	Virginia Dowling, President	100 Water Drive, O'Fallon, MO 63366	(519) 432-4836
City of Cameron	Wastewater	Oct. 1990 to Present	2,250	O&M of 1.6-mgd activated sludge wastewater plant, collection system, pumping station	Paul Lammert, City Administrator	225 N Main, Cameron, MO 64439	(816) 637-2177
City of Cape Girardeau	Water	Jun. 1991 to Present	15,100	O&M of 7.5-mgd ground surface water plant and 3.0-mgd ground water plant, pumping, distribution, meter reading	Doug Leslie, City Manager	401 Independence, Cape Girardeau, MO 63701	(573) 334-0151
City of Fulton	Water	Jan. 1992 to Present	3,400	O&M of 2.3-mgd activated sludge plant, pumping station, collection system	William Johnson, Director of Administration	PO Box 130, 14 E 4th, Fulton, MO 65251	(573) 321-3111
City of Fulton	Water	Mar. 1993 to Present	3,400	O&M of wells, pumping, distribution, storage, meter reading, 1.5-mgd system	William Johnson, Director of Administration	PO Box 130, 14 E 4th, Fulton, MO 65251	(573) 321-3111
City of Lexington	Wastewater	Dec. 1993 to Present	1,750	O&M of 0.75-mgd trickling filter wastewater plant, pump station, collection	Tom Rippe, Mayor	919 Franklin, Lexington, MO 64503	(660) 239-4033
Franklin Co. FWSD #1	Water Wastewater	Jan. 1954 to Present	2,500	O&M of wells, distribution, storage, 12 wastewater plants, 8 lagoons, pump stations, meter reading, billing	Tom Stearn, President	413 Alhambra, Watkinsport, MO 63790	(636) 392-2553
City of Bowling Green	Water Wastewater Public Works	Misc. 1994 to Present	1,500	O&M of 2.0-mgd surface water plant, pumping, distribution, meter reading, O&M of 0.4-mgd activated lagoon, pump station, collection, 0.75-mgd SSB, Public works, streets, grounds, parks, recreation	Bill Probst, Mayor	16 W Clark, Bowling Green, MO 63304	(519) 326-5051
Lincoln Co. FWSD #1	Water Wastewater	Nov. 1994 to Present	3,600 Water 700 Sewer	O&M of wells, distribution, elevated storage, meter reading, collection, waste treatment, billing	Wayne Kesterson, President	3481 S Hwy W, Warfield, MO 64587	(519) 234-9719

CLIENT	PROJECT	START DATE	END DATE	STATUS	DESCRIPTION	CONTACT	PHONE	ADDRESS
City of Tipton	Water	Feb. 1999 to Present			O&M of wells, raw removal, electrical treatment, storage, O&M of 0.75-mgd treated lagoons and 0.5-mgd treated filter wastewater plant	Richard Clark, City Manager	(563) 816-6187	407 Lynn, Tipton, IA 52772
City of Lake Okauchee	Wastewater	Apr. 1993 to Present			O&M of 1.2-mgd oxidation ditch system; O&M of 0.25-mgd treated lagoons and 0.5-mgd treated filter wastewater plant	Richard Clark, City Manager	(563) 816-6187	407 Lynn, Tipton, IA 52772
Orange Beach Joint Sewer Board	Wastewater	Apr. 1993 to Present			O&M of 1.2-mgd oxidation ditch system; O&M of 0.25-mgd treated lagoons and 0.5-mgd treated filter wastewater plant	Richard Clark, City Manager	(563) 816-6187	407 Lynn, Tipton, IA 52772
City of Liberty	Water	Feb. 2000 to Present			O&M of 150-gpm groundwater in storage plant, water distribution, sewer collection, sanitary sewer distribution, stormwater	Carla Peck, Mayor	(573) 898-5588	201 Broadway, Ephraim, MO 63343
Proctor & Gamble	Wastewater	Mar. 2000 to Present			O&M of sanitary wastewater treatment facility serving the Proctor & Gamble production plant	Bruce Martin	(473) 312-2240	Proctor & Gamble
Buckham Co. P.W.S.D. #1	Water	Jan. 2001 to Present			O&M of pump station, distribution, storage, meter reading, billing	Jerry Thomas, President	(816) 688-2544	PO Box 0, 101 Main, Buckham, MO 64414
City of Muskogee	Water	Jul. 2001 to Present			O&M of wells, pumping, distribution, storage, 1.4-mgd system; O&M of 1.03-mgd treated storage plant, pumping station, collection system	Britta Wagner, City Manager	(918) 688-2544	201 Highway, Muskogee, IA 52060
Kalis Co. P.W.S.D. #1	Water	Aug. 2001 to Present			O&M of pumping station, distribution, storage, collection, meter reading, billing	Kathy DeWitt, President	(563) 812-4481	2116 Kismet, Hamlet, MO 63401
Flute Co. CP.W.S.D. #1	Water	Jan. 2002 to Present			O&M of pump station, distribution, storage, meter reading, billing	Kathy DeWitt, President	(573) 221-6615	2116 Kismet, Hamlet, MO 63401
Flute Co. CP.W.S.D. #1	Water	Jan. 2002 to Present			O&M of pump station, distribution, storage, meter reading, billing	Kathy DeWitt, President	(573) 221-6615	2116 Kismet, Hamlet, MO 63401
Henry Co. P.W.S.D. #3	Water	Nov. 2002 to Present			O&M of 0.5-mgd water plant, distribution, storage, meter reading, billing	Mike Fourn, President	(563) 812-2117	PO Box 421, 211 S Washington, Clark, MO 64113
City of Parkville	Wastewater	Jan. 2003 to Present			O&M of 0.75-mgd SBR wastewater plant, collection system, pumping station	Joe Turner, City Administrator	(316) 241-2676	1201 Elm, Parkville, MO 64157
Franklin Co. P.W.S.D. #1	Water	Feb. 2005 to Present			O&M of wells, pumping station, distribution, storage, collection, wastewater plant, lagoons, billing	Joe Fourn, President	(516) 219-2108	3072 Hwy A, Sikeston, Washington, MO 63050

Public Water Supply District
No. 3
Franklin County, Missouri
Water and Wastewater System

AN ALLIANCE PERFORMANCE PROFILE

System Description

- 7 deep wells
- 4 storage tanks
- 160 miles of distribution main
- 17 wastewater treatment facilities
- 26 miles of collection lines

Population Served

7,000

Period of Service

January 1994 to Present

Contact

Don Parr, President
(636) 742-5200

Services

- Water Treatment
- Wastewater Treatment
- Collection/Distribution
- Utility Billing
- Management/
Administration

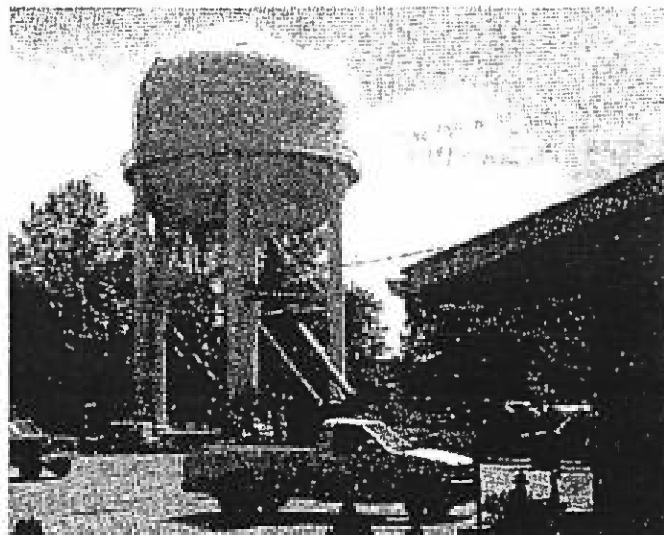
Initial Operations Challenges

- The District was in poor financial condition and in danger of defaulting on its bond payments.
- The District lacked the formal policies, procedures, and regulations needed to govern the provision of its utility services, and was experiencing difficulties in managing its rapidly growing customer base in Franklin County.
- The District staff had not developed routine facility operating procedures and preventive maintenance was seriously lacking.

Project Background

Alliance began providing comprehensive management, operations, and maintenance services to Public Water Supply District #3 in January of 1994, reporting directly to the elected Board of Directors. Other Alliance services include office management, meter reading, and customer service. Alliance assisted the District with the acquisition and consolidation of the Meramec Basin Water and Sewer Authority and the Lake Serene water system, as well as the St. Albans Water and Sewer Authority.

Franklin County is a high-growth participant in the expansion of the St. Louis metropolitan area, with many of its developing communities appealing to upscale demographic groups. Alliance responsibilities include long term planning and full coordination of the capital improvement programs necessary to meet the needs of a growing customer base in the District's 200 square mile service area.



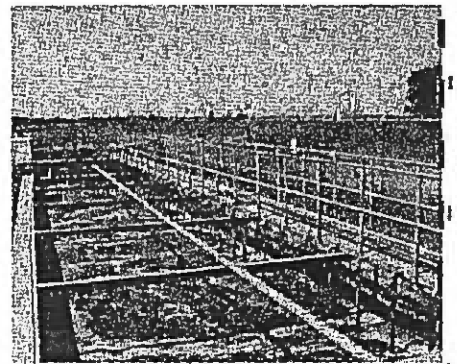
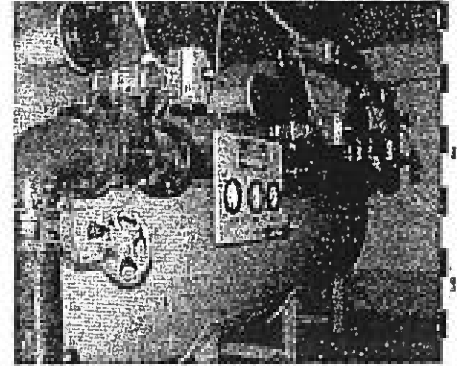
**Public Water Supply District
No. 3**

Franklin County, Missouri

Water and Wastewater System

Alliance Achievements

- Through its financial management support, Alliance helped the Board of Directors reverse the District's fiscal outlook, placing it on a firm financial footing.
- To ensure highly reliable utility service, Alliance developed professional utility rules and regulations for consideration and adoption by the Board, and developed and implemented standardized procedures pertaining to all areas of utility operation, including bookkeeping, utility billing, facility operations, and preventive maintenance.
- Alliance has served as the District's primary professional, technical, and administrative interface with consulting engineers and financial advisers, and has thus been instrumental in helping the District to plan, design, and construct cost effective infrastructures.
- Alliance implemented a state-of-the-art utility billing software package to replace the District's aging system.



AN ALLIANCE PERFORMANCE PROFILE

System Description

- Purchased water capacity of 38 mgd
- 11 deep wells with capacity of 7.8 mgd
- 12 storage tanks with 5.6 mg capacity
- 425 miles of distribution main
- 6 wastewater plants and lagoons
- 30 sewer pumping stations
- 110 miles of sewer collection system

Population Served
80,000

Period of Service

December 1987 to present
(PWSD #2)

1980 to present (Lake Saint
Louis Sewer System)

Contact

Virginia Dowden
Board President
(636) 561-3737

Services

- Water Treatment
- Wastewater Treatment
- Collection/Distribution
- Utility Billing
- Management/
Administration
- Engineering



Initial Operations Challenges

- Assist the District Board of Directors in making the transition from a rural water district to a dynamic public utility.
- Provide the District with the state-of-the-art management, administration, and technical services necessary to meet the challenges of explosive residential growth.
- Expand District utility management capabilities to include wastewater treatment, collection, and administration.
- Develop a plan to provide superior drinking water quality to meet the rapidly increasing water demand in Missouri's fastest growing population center.

Project Background

Alliance provides comprehensive management, operations, and maintenance services for this large high growth water district. The District is unique statewide, in that it provides rural water and wastewater services to a large area in St. Charles and Warren Counties, in addition to several more densely populated areas including the City of Lake Saint Louis, and portions of the cities of O'Fallon and Wentzville.

To meet the rapidly growing demand Alliance Water Resources assisted the District's consulting engineer in implementation of a multimillion dollar improvements plans. The first plan was initiated in 1997, and was on line in 2000. The second plan was initiated in 2003 and is now underway.



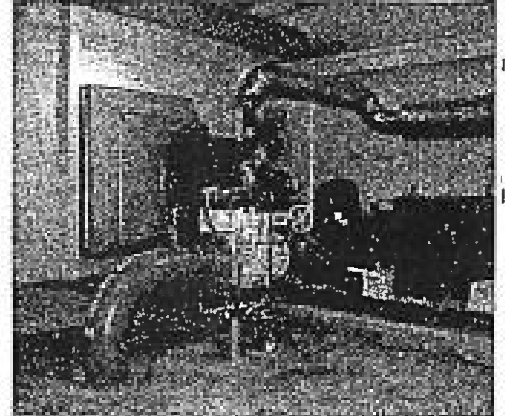
**Public Water Supply District
No. 2**

St. Charles County, Missouri

Water and Wastewater System

Alliance Achievements

- Alliance's planning and administration services have made it possible to accommodate new water supply and distribution systems for more than 1,400 new customers per year over the last 5 years.
- Alliance successfully operates, maintains, and manages St. Charles PWSD #2, the largest public water supply district in the state. Over 26,000 customer water accounts and 9,000 customer sewer accounts serve a population of more than 80,000.
- Alliance developed and implemented an award-winning water supply plan to replace the District's problematic deep well potable water supply with an innovative wholesale water supply configuration.
- The project involved negotiation of a cost-effective long-term agreement with the City of St. Louis, followed by design and construction of transmission and storage facilities.
- Facilities include a 42-inch transmission main under the Missouri River, 13 miles of transmission main ranging from 24 to 42 inches in diameter, and a two million gallon ground storage tank and pumping station with an overall supply capability of 38 million gallons per day.
- Alliance coordinated with District consulting engineers to provide potable water in a service area of over four hundred thirty square miles in two counties, serving all or part of three sizeable cities, numerous smaller communities, and a large unincorporated area.
- Alliance negotiated territorial agreements with several adjacent public utilities and wholesale supply agreements with secondary municipal users.
- Reporting directly to the district Board of Directors, Alliance provides full business management services, including utility billing, customer collections, engineering, customer service, planning, administration, and management.



PWSD District #1
Lincoln County, Missouri
Water and Wastewater System
Operation and Administration

AN ALLIANCE PERFORMANCE PROFILE

System Description

Water System:

- 7 deep wells (combined capacity of 1,850 gpm) with disinfection
- 3 elevated water storage towers (totaling 1,55 million gallons)
- 1 booster pump station
- Distribution main and pressure reducing valves

Wastewater System:

- Pressurized sewer system with 650 individual pressure grinder pumps
- 11 submersible pumping stations
- 3 cell wastewater lagoon
- 1 sand filter

Population Served

12,400

Period of Alliance Service

November 1995 to Present

Contact

Wayne Keeteman, President
(636) 665-5683

Alliance Services

- Water Treatment
- Wastewater Treatment
- Collection/Distribution
- Utility Billing
- Management/Administration

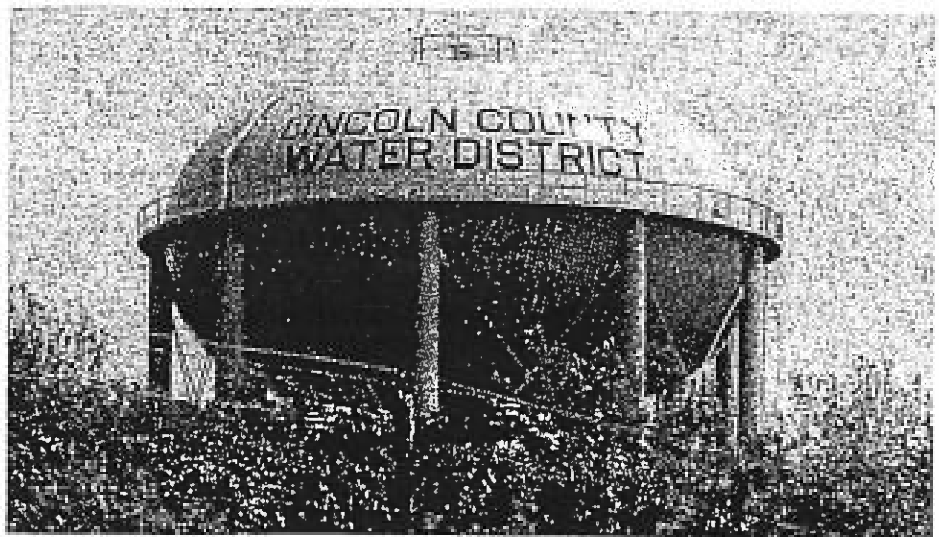
Alliance WATER RESOURCES®
Professional Water and Wastewater Operations

Initial Operations Challenges

- Despite the passage of a \$2.9 million bond issue, an additional \$450,000 would be needed to fund the District's new pressurized sewer collection and treatment system.
- As part of the new pressurized wastewater treatment system, more than 300 separate easements and property acquisitions would need to be coordinated. On-site system start-up assistance would also be required at a majority of customer locations to ensure that pressure grinding pumps worked correctly.
- Built more than three decades ago, the District's water system lacked the capacity to accommodate growth. Customers often complained of low water pressure and volume.
- Both the water and the wastewater systems suffered from a lack of formalized general and preventive maintenance plans, advance planning, and customer service.

Project Background

In addition to a complete range of operation and maintenance services, Alliance provides the Lincoln County PWSD #1 with a variety of administrative services



Water supply and storage capacity have been improved greatly by adding a new deep well and an elevated storage tank.

**PWSD District #1
Lincoln County, Missouri**

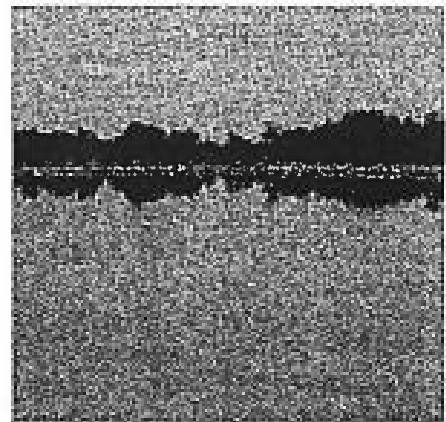
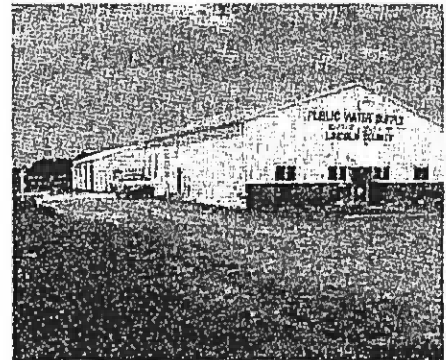
Water and Wastewater System
Operation and Administration

These services include meter reading, computerized billing, collection, financial reporting, and day-to-day management of the utility.

Since Alliance came on board in 1995, numerous water and wastewater system improvements have been made. These improvements include: a new pressurized sewer collection and treatment system which uses individual two-horsepower pressure grinder pumps located in underground chambers adjacent to each customer's home; an upgrade of the water distribution system by replacing or adding more than 17 miles of larger-capacity pipe (just in the year 2000); and substantially increasing water supply and storage capacity by adding a new deep well and an elevated storage tank.

Alliance Achievements

- Alliance has helped the District transform itself from a family-run operation into a sophisticated business. Alliance has implemented numerous operational and maintenance procedures to effectively guide day-to-day operations and accommodate future growth and system improvements. Customers have already seen a much improved service, such as emergency maintenance services around the clock.
- Alliance was instrumental in securing for the District a \$450,000 grant from the Environmental Improvement and Energy Resource Authority (EIERA) to help start one of the few truly rural wastewater systems in Missouri. Alliance's experience allowed the District to comfortably expand into this new area of service.
- Financially, the District is now stronger than ever before. It has restructured its fees so that the burden of expanding services is assumed by new customers rather than the District itself or existing customers. Other Alliance cost saving measures include bringing meter reading services in-house rather than paying an outside contractor.



Under Alliance's direction, Lincoln County PWSD #1 is now financially stronger than ever before.

**City of Cape Girardeau,
Missouri**

Water Treatment and Distribution
System

AN ALLIANCE PERFORMANCE PROFILE

System Description

- 7.25 mgd alluvial groundwater lime softening treatment plant
- 2.8 mgd alluvial groundwater iron removal treatment facilities
- 300 miles of distribution main

Population Served

37,500

Period of Service

June 1992 to Present

Contact

Douglas Leslie
City Manager
(573) 334-1212

Services

- Water Treatment
- Water Distribution
- Meter Reading
- Full Customer Service

Initial Operations Challenges

- The City of Cape Girardeau did not exercise control of its public water system, which was owned by a large private power utility.
- The power utility had elected to offer the water system for sale and rate increases on the order of 35-50% were anticipated if the system were acquired by another private utility company.
- The water system needed major infrastructure improvements, including the projected expansion of an aging surface water treatment plant and the replacement of undersized and deteriorating galvanized water mains.
- Additional rate increases would be necessary to fund major capital requirements.
- Lacking a water department, the City was faced with the complex task of forming a complete new utility, including professional and technical staff, all management and administrative resources, and policies and procedures.

Project Background

Following years of on again, off again discussions, Cape Girardeau entered into earnest negotiation with Union Electric Company in 1991 with an eye toward acquisition of the water system serving City residents. The City asked Alliance to provide the necessary professional, business, and financial expertise needed for contract negotiations, possible formation of a complete new water utility department, and, if successful, management, operations, and maintenance of the new water system.

On June 2, 1992, with Alliance's assistance, the City successfully acquired its water system and began providing municipal water service to its 35,000-plus citizens. Well in advance of the startup, Alliance recruited and trained a complete new water staff to replace the departing Union Electric staff.

Under a cost effective long-term agreement with the City of Cape Girardeau, Alliance provides complete water system operation and maintenance services, including operations of a recently expanded 7.25 mgd alluvial groundwater treatment plant and a 2.8 mgd alluvial groundwater plant, distribution system maintenance, meter reading, and full customer service.



City of Cape Girardeau, Missouri

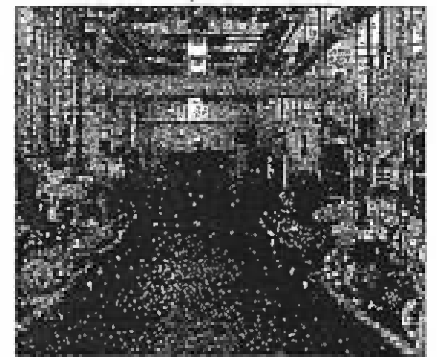
Water Treatment and Distribution System

Alliance has also provided substantial assistance to the City and its consulting engineers with the upgrade and expansion of the Cape Rock Treatment plant from a 4.5 mgd surface water plant to 7.25 mgd and conversion of the raw water source to alluvial wells. This ambitious improvement program will allow the plant to achieve full compliance with future drinking water regulations and provide higher quality water to City customers.



Alliance Achievements

- Alliance represented the City as a professional, technical, and financial consultant in negotiations with the water system owner, enabling the City to acquire the water system at a substantial discount off of book price.
- Under a contract O&M services agreement, Alliance recruited and trained a completely new staff, and achieved a seamless startup and transition to City ownership and management.
- Alliance assisted City staff with the development of policies, procedures, and business practices necessary for the formation of the new water department.
- In the first year of operation, Alliance reduced operating and maintenance costs to more than 25% below established levels.
- In the first five years of contract O&M services, Alliance produced operational and capital cost savings of more than \$1.75 million.
- Alliance has replaced over 40 miles of corroding two-inch galvanized mains in the City distribution system.
- Despite an aging water plant, Alliance staff has dramatically improved water quality, achieving full compliance with drinking water regulations, and routinely producing finished water at turbidity levels below 0.1 NTU.
- In the "Great Flood" of 1993, the City's raw water intake on the banks of the Mississippi River was inundated and unserviceable. Anticipating the loss, Alliance secured and installed three large diesel powered, portable pumps to temporarily replace the permanent intake with no interruption of service.
- Local media praised the Alliance/Cape Girardeau partnership for "a job well done."



Alliance assisted the City of Cape Girardeau in acquiring their water utility, and then recruited and trained an operation staff.

City of O Fallon, Missouri

Water and Wastewater
Treatment System

AN ALLIANCE PERFORMANCE PROFILE

System Description

Water System:

- 6 deep wells with ion exchange softening
- 2.9 mg of water storage
- 134 miles of water main

Wastewater System:

- 10.0 mgd ABF Wastewater Treatment Plant
- Class A biosolids facility
- 17 sewage pumping stations
- 235 miles of sewer line

Population Served

60,000

Period of Alliance Service

July 1983 to Present

Contact

Ken Morgan,
Managing Director/
Community Services
(636) 240-2000

Alliance Services

- Water Treatment
- Wastewater Treatment
- Collection/Distribution
- Utility Billing
- Biosolids Management
- Stormwater

Initial Operations Challenges

- Effective management of the operational and administrative challenges associated with successive major expansions designed to deliver wastewater treatment services to one of the fastest growing communities in the state.
- Help the City navigate the complexities of moving from a patchwork system which utilized more than 20 small mechanical plants spread throughout the 72-square-mile service area to a centralized treatment facility.
- Assist the City in planning a conversion from lagoon storage of biosolids to a state-of-the-art treatment facility.
- Provide reliable potable water treatment and excellent customer service during rapid increases in system demand and complexity.
- Develop and implement a comprehensive pretreatment program for the continually expanding industrial and commercial enterprises flocking into the O'Fallon service area.

Project Background

Alliance Water Resources provides complete system operation and maintenance for municipal water and wastewater facilities serving the City of O'Fallon and a substantial unincorporated adjacent area. Alliance has provided comprehensive management services for O'Fallon since 1983. During this time the population served has grown from 9,000 to more than 60,000.

Alliance is responsible for operation and maintenance of the City's three secondary treatment plants, eight waste stabilization ponds, 11 pumping stations, and the entire sewer collection system. In 1984, Alliance initiated the start-up and operation of a new 5.5 mgd activated biofilter treatment (ABF) facility which replaced all existing treatment facilities. The ABF facility provides state-of-the-art primary and secondary treatment technologies. The plant was expanded in 1993 to a capacity of 7.5 mgd and in 2003 to a capacity of 10.0 mgd.

Alliance is also responsible for operation and maintenance of the City's potable water system. This system consists of deep wells with ion exchange softening and a distribution system with elevated storage. Construction of a new 6.0 mgd D.O. membrane water plant is nearing completion. This new plant will replace the existing wells.



City of O'Fallon, Missouri

Water and Wastewater
Treatment System

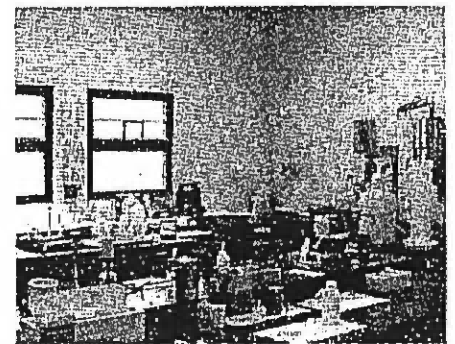
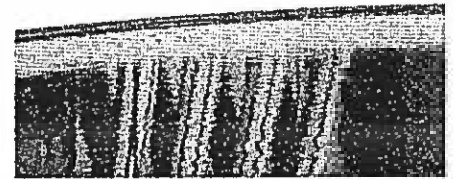
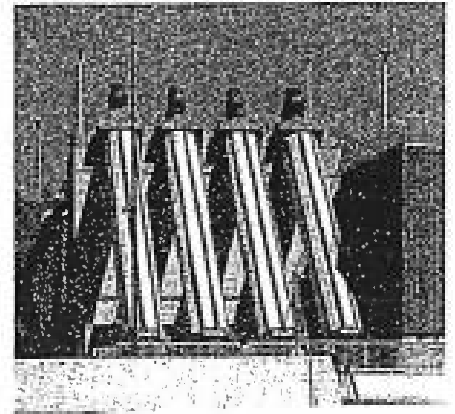
Alliance's comprehensive management services also include computerized billing and customer collection services. The company provides inspection, evaluation and repair services for the 235 mile wastewater collection system. Alliance also oversees the development of pretreatment permits, plant surveys and inspections, routine monitoring, and data evaluation.

As part of O'Fallon's progressive approach to wastewater treatment, Alliance also oversees operations and maintenance of a new Class A Biosolids Manufacturing Facility which came on line in August 2001. This facility is among the first of its kind in the nation. The new facility converts 34,000 pounds/day of biosolids into a fertilizer supplement of such high quality that it is registered and approved for use on parks, golf courses, and home gardens. Initially available in bulk form, the product will soon be available in bagged form for distribution through local retail outlets.

Alliance Achievements

- Just five years after it was built in 1984, O'Fallon's new 5.5 mgd plant had reached 75 percent of its capacity. A flow equalization basin was constructed which allowed Alliance to divert and store peak flows, then treat the excess during low-flow night operations. This produced substantial cost savings by allowing the City to delay major plant expansions until 1993 and 2003.
- Alliance developed and implemented an extensive industrial pretreatment program approved by the U.S. EPA and the Missouri Department of Natural Resources. In addition to providing regulatory guidelines for all connected industries, the program is attractive to businesses who are investigating O'Fallon as a potential new location.
- The discharge at the plant continues to exhibit average values of 11 mg/l BOD and 9 mg/l, well within allowable maximum effluent concentration limits of 30 mg/l BOD and 30 mg/l.
- Plant facilities have been maintained in pristine condition and the plant received the Missouri Water Environment Association's Treatment Plant of the Year award (in the large facility category) for 1996.
- Alliance has worked closely with the City during periods of rapid expansion of the water system to maintain production, treatment, and storage capacity. Wholesale purchase interconnections have been secured, and a new water treatment facility is planned for 2004.

Alliance helped the City of O'Fallon move from a patchwork system of multiple small plants to a modern, centralized treatment facility which serves the 72-sq-mi service area.



Alliance provides a comprehensive range of management services, including computer billing and customer collection services.

Henry County Water
Company
Clinton, Missouri
Water Treatment System

AN ALLIANCE PERFORMANCE PROFILE

System Description

- 2.4 mgd water treatment plant
- 2 elevated storage tanks totaling 1 million gallons
- Distribution system

Population Served

9,500

Period of Service

November 1983 to Present

Contact

David Kempker, President
(660) 885-5104

Services

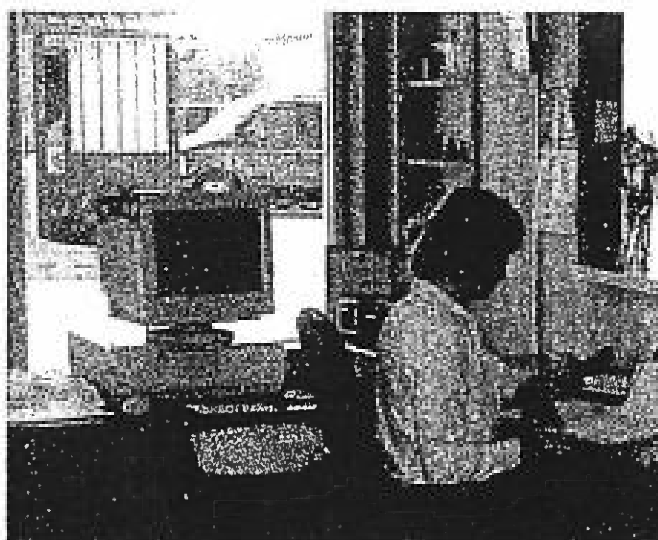
- Water Treatment
- Collection/Distribution
- Utility Billing
- Management/ Administration

Initial Operations Challenges

- The City of Clinton had little or no control over its own water system, which was owned by a large electric utility.
- City officials did not wish to incur the long-term debt necessary to acquire the water system from the private electric utility.
- The system's raw water source on the Grand River in the upper reaches of the Truman Reservoir was of poor quality. Raw water quality was highly variable, ranging from high turbidity to high algae concentrations. There were periods of extremely high organic content and odor-causing compounds.
- The surface water treatment plant consisted of an aging, single stage system with limited capabilities for handling occasional water taste and odor problems stemming from the raw water source.

Project Background

The Henry County Water Company is a not-for-profit corporation formed by the City of Clinton in 1983 with Alliance's guidance. Its management is vested in a board of directors, which includes the City Administrator and four citizen members. Alliance provides complete contract management services, including operations and maintenance of the water treatment plant, maintenance and repair of the water distribution system, and billing, management, and administration for 4,500 customer connections serving some 9,500 people.



**Henry County Water
Company**
Clinton, Missouri

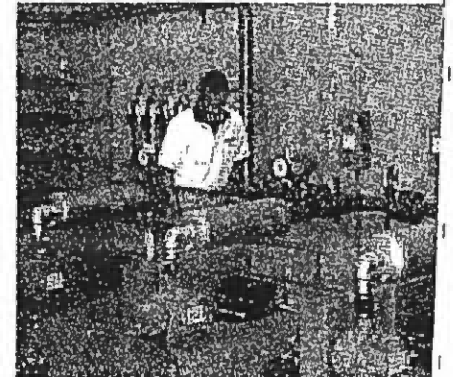
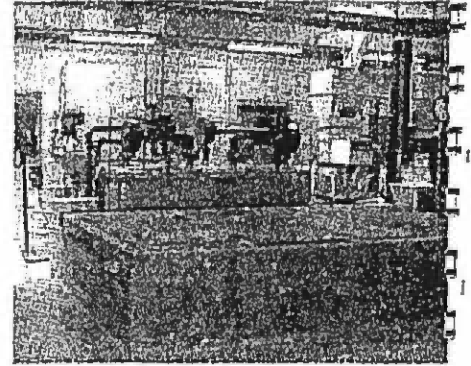
Water Treatment System

In 1999, the Water Company constructed and placed into service a new 2.4 mgd water supply to treat a high quality raw water source from an underground quarry. The new plant is a single pass pulsator flocculator/clarifier with dual media gravity filtration.

Alliance Water Resources has furnished the entire management, administrative, operations, and maintenance staff for the water utility since its inception in 1983.

Alliance Achievements

- Calling upon its expertise with financing and funding structures for water and wastewater systems, Alliance assisted the City of Clinton with the formation of a City-owned not-for-profit corporation to acquire and operate the water system on behalf of the citizens of Clinton.
- Alliance conducted negotiations on behalf of the City to acquire the system, essentially forming a complete utility. Alliance recruited and trained staff, acquired all necessary equipment, and set up an automated business office with computerized billing, collection, administration and management services.
- To address existing water quality problems, Alliance tested and selected an alternative chemical treatment regime and improved operation.
- In 1999, with guidance from Alliance, Henry County Water Company completed construction of an innovative new water supply which draws on a high quality underground quarry raw water source and uses a new single stage water treatment plant.
- Alliance provided management and planning for the financing, design, and construction of the new supply facilities, resulting in a capital savings of over \$1.5 million. The new supply provides increased capacity and a high quality finished water supply for the citizens of Clinton.
- In 2002, plant improvements were made to comply with the THM and HAA regulations effective in January 2004.



GARY F. ANGER

President

Profile

With more than 26 years experience in the environmental field, Mr. Anger is an engineering professional with specialty expertise in the areas of water and wastewater processes, equipment application, and utility management.

Current Responsibilities

Mr. Anger is directly responsible for overall management and direction of the company. He also provides direct consulting expertise to various Alliance clients and operating divisions.

He provides high-level management and technical assistance to municipal, district, utility, and industrial clients. His specialties include long-range planning, engineering consulting, operations, technical support, coordination with regulatory agencies, and system funding and financing.

Prior Experience

Mr. Anger joined Alliance Water Resources in 1988 as Chief Engineer. His work included management of the company's construction division, which facilitated construction projects at numerous Alliance Water Resources client locations.

In 1989, Mr. Anger's responsibilities were expanded to include Division Management of four Alliance client locations. As Division Manager, he was involved in environmental and contract compliance, short- and long-term strategic planning, budgeting, finance, safety, project management and policy administration.

In 1995, Mr. Anger became Vice-President, Director of Operations. In that position he was responsible for overseeing all of Alliance's field operating divisions, which include municipal and industrial clients, public water supply districts, and several not-for-profit corporations. In that role he directed operation and maintenance activities, and he addressed planning, environmental compliance, client service and satisfaction, and personnel administration issues.



Areas of Special Expertise

- Utility Management and Administration
- Plant and System Operations and Technical Support
- System Financing, Funding, Business Operations
- Project Planning and Management

Education

- B.S. in Nuclear Science -- State University of New York - Maritime College
- M.S. in Civil Engineering -- Stanford University

Certifications/ Registrations/ Memberships

- American Water Works Association
- Missouri Water and Wastewater Conference

PROFESSIONAL CREDENTIALS

CRAIG E. EDLUND, P.E.

Vice President, Director of Marketing and Business Development, and Corporate Compliance Officer

Profile

Mr. Edlund has over 30 years experience in the water and wastewater industry, with specific experience in the areas of compliance monitoring, equipment selection, process applications, and O&M evaluations. His direct experience in both technical and engineering areas as well as business operations make him a critical member of the Alliance management team.

Current Responsibilities

As Director of Marketing and Business Development, Mr. Edlund's responsibilities include the development of Alliance's corporate marketing plan, budget development, and proposal development for numerous business opportunities. Through this process, he becomes intimately familiar with our client's operational and budgetary needs and concerns, assuring that Alliance's response will address these issues for our clients. Key to his duties is identifying operational efficiencies, which can lead to reduced costs.

Mr. Edlund also serves as Corporate Compliance Officer, where he has developed and administers a company-wide ReCAP program. This program provides for a series of reviews, audits, and notification documents at each of our client sites in order to assure compliance with environmental regulations.

Prior Experience

Prior to joining Alliance Water Resources, Mr. Edlund was responsible for sales management in the southeast quadrant of the United States for a major process equipment manufacturer. In this position, he worked closely with engineers, owners, and manufacturer representatives to correctly apply water, wastewater, and sludge treatment equipment. In other positions with the company, he was involved with product development and process application.

While working for the Environmental Protection Agency, Mr. Edlund was involved in a wide variety of compliance monitoring and other field studies. He participated in stream surveys, sampled a wide variety of air and water discharges, and was involved in discharge permit writing.



Areas of Special Expertise

- Plant Evaluation
- Treatment Processes
- Environmental Compliance

Education

- B.S. in Civil Engineering -- Colorado State University
- M.S. in Environmental Engineering -- Oregon State University

Certifications/ Registrations/ Memberships

- Registered Professional Engineer
- American Water Works Association
- Water Environment Federation
- National Rural Water Association

PROFESSIONAL CREDENTIALS

DALE H. WAGNER, CPA

Vice President, Director of Finance and Administration

Profile

An experienced financial operations manager and planner, Mr. Wagner has specific expertise in the areas of financial reporting, including automated accounting and billing systems. A Certified Public Accountant, he has been a valued member of the Alliance management team since 1995.

Current Responsibilities

Mr. Wagner is responsible for monitoring company financial performance as well as overseeing all financial activities including accounts payable, accounts receivable, payroll, employee benefits, taxes, insurance, cash management, budgeting, and preparation of financial statements. In addition, he oversees the preparation of client financial statements, client billing systems and he establishes the direction of company and client computer systems.

Mr. Wagner joined the company in 1995 as Director of Finance. He was promoted to Vice President in 1997.

Prior Experience

Prior to joining Alliance, Mr. Wagner was Chief Financial Officer for a \$20-million distributor of electrical, plumbing, and building products. His responsibilities included developing internal control policies and procedures, managing accounting functions, accounts receivable, accounts payable, credit and collection, data processing, budgeting, performance analysis, cash management, insurance, taxes, and personnel/employee benefits administration.

Prior to this, Mr. Wagner was Controller for a \$50-million, nationally known manufacturer. He was responsible for administration of the annual operating plan and acted as liaison between the company and its attorneys, bankers, auditors, and board of directors. He also handled the recruiting, hiring, training, and continuing education for accounting department managers.



Areas of Special Expertise

- Computer Accounting Systems
- Financial Reporting
- Billing Software
- Budgeting

Education

- B.S. in Business Administration
-- Kansas State University
- B.S. in Agriculture -- Kansas
State University

Certifications/ Registrations/ Memberships

- American Institute of Certified
Public Accountants

PROFESSIONAL CREDENTIALS

RICHARD J. TUTTLE, P.E.

Director of Operations

Profile

Mr. Tuttle is a highly experienced utility and public works engineer and manager with over 25 years of water, wastewater and public works experience. He has been a member of the Alliance Water Resources management team since 1999.

Current Responsibilities

As Director of Operations, Mr. Tuttle is responsible for overseeing all of Alliance's field operating divisions, which include municipal and industrial clients, public water supply districts, and several not-for-profit corporations. In this role he directs operations activities, and he addresses planning, environmental compliance, client service and satisfaction, and personnel administration issues. He also handles company wide bids for materials and services, the development of Consumer Confidence Reports, and compliance with Risk Management Planning requirements. Mr. Tuttle has spearheaded special company-wide projects such as Vulnerability Assessments required by the USEPA. He also is the Division Manager for several Alliance clients and periodically conducts startup for new Alliance contracts.

Prior Experience

Mr. Tuttle joined Alliance in 1999 as Division Manager. He was involved in environmental and contract compliance, strategic planning, budgeting, finance, safety, project management and policy administration.

Prior to joining Alliance, Mr. Tuttle spent 22 years in the field of utility and public works management and engineering. He has served as Village Engineer where his responsibilities included management of the Public Works Department, the Utilities Department, all new development, and the Village's capital improvement program.

Mr. Tuttle has also served as Assistant Director and Chief Engineer for two large, innovative utility systems (each serving populations over 250,000) where he effectively managed design and construction of many water and wastewater treatment and reuse projects, including ozone and reverse osmosis water treatment, use of highly treated wastewater for golf course irrigation, and studies of wetlands for wastewater treatment.



Areas of Special Expertise

- Construction and Project Planning and Management
- Federal Grants and Loans
- Public Works
- Plan Reviews
- Plant Evaluations
- Development of Water and Sewer Ordinances
- Contract Administration
- Plant Start-up

Education

- B.S. in Civil Engineering -- University of Lowell

Certifications/ Registrations/ Memberships

- Registered Professional Engineer, Missouri, Louisiana and Florida
- American Water Works Association
- Water Environment Federation
- American Society of Civil Engineering

PROFESSIONAL CREDENTIALS

SANDRA NEAL, SPHR

Human Resources Manager

Profile

With more than 10 years experience in the human resource management field, Ms. Neal directs Alliance's human resource function for approximately 250 employees company-wide. Under her leadership, Alliance was the winner of the Human Resources Management Association's prestigious Paragon Award for 2001. Bestowed by the Greater Kansas City HRMA chapter, the award honors Missouri firms who "have advanced the practice of human resources and made their companies models for others to emulate."

Current Responsibilities

As Human Resources Manager, Ms. Neal is responsible for evaluating and overseeing all Human Resources needs for the company. Specific areas under her direction include compliance with federal and state regulations, recruitment, benefits, employee relations, policy and procedure writing, training, developing job descriptions, workers compensation, and payroll.

Prior Experience

Prior to joining Alliance, Ms. Neal was employed with the University of Missouri-Columbia as the Assistant Director of Human Resource Services. She provided leadership for the human resource functions in the areas of recruitment and selection, classification and compensation, employee relations, training, and employee records. Ms. Neal also had responsibilities for grievance and dispute resolution and human resource information systems development.

Ms. Neal was also Human Resource Manager for the Private Industry Council, a private not-for-profit organization established through the Job Training Partnership Act to address labor needs through employment and training services. Ms. Neal assisted employers to identify their staffing needs, and helped aid employees through workplace readiness workshops.

Ms. Neal has served as Guest Speaker for the Human Resource Management Program offered by the University of Missouri-Columbia on Compensation Philosophy & Strategy; for the Whiteman Air Force Base on transitioning from the military to the civilian workforce; and on various human resources topics at the Missouri Rural Water Association Operators Conference. Ms. Neal also served as a judge for the Missouri Team Quality Award administered by the Excellence in Missouri Foundation.



Areas of Special Expertise

- Recruiting
- Employee Benefits
- Employee Relations
- Supervisor Training

Education

- B.S. In Management -- William Woods University

Certifications/ Registrations/ Memberships

- Senior Human Resources Professional certification
- Human Resource Association of Central Missouri, President (2003)
- Human Resource Association of Central Missouri, Board
- Society of Human Resource Management
- Human Resource Management Association of Greater Kansas City
- Class D Wastewater Certification

BOB HATHCOCK

System Manager - PWSD #3 of Franklin County

Profile

A veteran of more than 10 years in water and wastewater operations and related public works areas, Mr. Hathcock has successfully operated systems in communities in both Missouri and Kansas. His experience includes business systems operations as well as technical and maintenance areas, and he holds Class A certifications in both water and wastewater operations.

Current Responsibilities

As System Manager at PWSD #3 of Franklin County, Mr. Hathcock is responsible for providing water and wastewater services to approximately 3,100 customers over a 200 square mile area southwest of St. Louis, Missouri. His responsibilities include providing oversight and management of 17 wastewater package plants, 50 lift stations, approximately 26 miles of sewer main, seven deep wells, and 160 miles of distribution main. In addition, he is in charge of billing, customer service, finance, and public relations. Mr. Hathcock has held this position with Alliance since 1998.

Prior Experience

Prior to joining Alliance, Mr. Hathcock served as the Public Works Director for the City of DeSoto, Kansas. He has operated water plants ranging from 0.3 mgd to 12.0 mgd and wastewater plants up to 4.0 mgd. While with the City of DeSoto, he was in charge of the water and wastewater as well as streets, parks, and recreation. His experience also includes planning and directing programs to lay lines to operating water and wastewater plants.

Areas of Special Expertise

- Distribution Systems
- Wastewater Plant Operations
- Public Works

Certifications/ Registrations/ Memberships

- Class "A" Water Certification, Missouri
- Class "A" Wastewater Certification, Missouri

DRAFT SERVICE AGREEMENT

THIS AGREEMENT made and entered into as of the _____ day of _____ by and between _____, a political corporation of the State of Kentucky, organized pursuant to Chapter 74 of the Kentucky Revised Statues (hereinafter referred to as "District") and ALLIANCE WATER RESOURCES, INC., a Missouri corporation, (hereinafter referred to as "Alliance"),

WHEREAS, Alliance is engaged in the business of providing management, operation and maintenance services for public water and wastewater utilities; and

WHEREAS, District owns a water and wastewater utility system (hereinafter referred to as "Utility") and is engaged in providing public water and wastewater utility service; and

WHEREAS, District is desirous of retaining Alliance to perform management, operation and maintenance services in accordance with the terms and conditions of this Agreement,

NOW, THEREFORE, for and in consideration of the mutual promises herein contained and subject to the terms and conditions herein stated, District and Alliance hereby agree as follows:

WITNESSETH:

1. INTRODUCTION

1.1 The foregoing recitals are adopted as part of this Agreement.

1.2 This Agreement shall supersede and nullify, as of the date hereof, any and all prior agreements, offers, service fees, quotations, estimates, representations and warranties between the parties with respect to the management, operation and maintenance of District's Utility.

1.3 This Agreement, including any and all Exhibits, Addendums and Amendments thereto, is the entire Agreement between District and Alliance with respect to the operation and maintenance of District's Utility.

2. DEFINITIONS

2.1 The "Utility" means the water pumping, storage and distribution systems; the wastewater collection and treatment systems; the office; and all equipment owned by the District and used in providing public water service.

2.2 "Capital Expenditures" means any expenditures for (1) the purchase of new equipment or Utility items that cost more than Two Hundred Dollars (\$200.00); or (2) major repairs which significantly extend equipment or Utility service life and cost more than One Thousand Dollars (\$1,000.00); or (3) expenditures that are planned, non-routine and budgeted by District.

2.3 "Contract Fee" means a fixed sum for Alliance services. The Contract Fee includes all direct operating costs including repair expenses (except as otherwise noted), labor, overhead and profit for Alliance performance of operation and maintenance of the Utility as expressly required hereunder.

2.4 "Preventive Maintenance" means the cost of those routine and/or repetitive activities required by the equipment manufacturer or Alliance to maximize the service life of the equipment, vehicles, and Utility.

2.5 "Corrective Maintenance" means those non-routine/non-repetitive activities required for operational continuity, safety, and performance generally due to failure or to avert a failure of the equipment, vehicle or Utility or some component thereof.

2.6 "Repair Limit" means the total dollar budget requirement of Alliance during a contract period for Preventive Maintenance and Corrective Maintenance and Repairs. Alliance shall rebate all unexpended budgeted dollars for same if actual expenditures are less than the Repair Limit.

2.7 "Force Majeure" means any event beyond the reasonable control of Alliance, including but not limited to war, earthquake, fire, flood, explosion or other casualty loss, strikes and labor disputes (other than a legal strike by, or labor dispute of, Alliance employees), civil commotion, epidemic, acts or omissions of the District, its employees, agents or representatives, wrecks or delays in transportation of supplies, materials, and equipment, or other abnormal conditions; i.e. changes in source water supply due to contamination or degradation resulting from earthquakes, absence of water shed protection or man made disposal of pollutants.

2.8 "Biologically Toxic Substances" means any substance or combination of substances contained in the plant influent in sufficiently high concentration so as to interfere with the biological processes necessary for the removal of the organic and chemical constituents of the wastewater required to meet the discharge required by District's NPDES permits. Biologically Toxic

Substances include but are not limited to heavy metals, phenols, cyanides, pesticides, and herbicides.

2.9 "Adequate Nutrients" means plant influent nitrogen, phosphorus and iron contents proportional to BOD5 in the ratio of five (5) parts nitrogen, one (1) part phosphorus and one-half (0.5) part iron for each one hundred (100) parts BOD5.

2.10 "Abnormal Condition" means (a) the presence in influent of substances which cannot be removed or treated by the Facility, including but not limited to those relating to an interference or pass-through; (b) influent which violates applicable law; (c) a flow or loading of influent which is beyond the Facility's capacity; (d) changes in source water supply due to contamination or degradation resulting from earthquakes, absence of water shed protection or man made disposal of pollutants.

2.11 "Active customer" is defined as any water or wastewater user receiving service from the District, including but not limited to, each mobile home, apartment, house or other individual dwelling unit or business receiving service from the District.

3. GENERAL

3.1 It is understood that the relationship of Alliance to District is that of independent contractor.

3.2 All grounds, facilities, equipment and vehicles now owned by District or acquired by District shall remain the property of the District.

3.3 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Missouri.

3.4 This Agreement shall be binding upon the respective successors and assignees of each of the parties hereto.

3.5 All notices shall be in writing and transmitted by certified mail to the appropriate address as follows:

District:

Alliance: Alliance Water Resources, Inc.
206 South Keene Street
Columbia, MO 65201

If any address change occurs the other party shall be notified in writing but until such other party receives such written change the above shall be the address used for all notices.

3.6 This Agreement may be modified only in writing and signed by the parties. District agrees that its remedies against Alliance and its affiliates and Alliance's remedies against the District shall be limited to those expressly provided in this Agreement. All releases, indemnities and limitations on liability and remedies stated herein shall apply, regardless of whether the liability or remedies arise in contract, warranty, negligence, strict liability or otherwise.

4. SCOPE OF SERVICES

4.1 Alliance shall manage, operate and maintain the Utility on a day-to-day basis in accordance with all applicable laws, regulations and this Agreement and, more specifically, shall provide the following services:

- a. Routine operational inspection and maintenance of water treatment, pumping, distribution and storage facilities and the wastewater collection and treatment facilities.
- b. Provide utility billing, collection, administrative and bookkeeping services.
- c. Submission of all bacteriological samples and other water and wastewater samples as required by the State of Kentucky or the EPA within the time frames required. Coordinate with regulatory agencies regarding utility system performance and compliance.
- d. Maintain communications with the District to keep client fully informed regarding all aspects of Utility operations, maintenance, regulatory requirements, etc.
- e. Submit to the District a monthly report describing the general operation and maintenance activities undertaken and their associated costs. Maintain adequate records to document this report in detail.
- f. Develop and implement a comprehensive preventive maintenance program in accordance with manufacturer's recommendations and the system's operation and maintenance manual.
- g. Perform corrective maintenance and repair of all Utility equipment.

- h. Provide twenty-four (24) hour emergency service seven (7) days per week.
- i. Staff the operation with qualified personnel who meet certification requirements of the State of Kentucky.
- j. Assist District with system capital improvements planning, annual budget preparation and other miscellaneous technical services.
- k. Provide all necessary chemicals and consumable materials and supplies.
- l. Pay for all Preventive Maintenance and Corrective Maintenance and Repairs (except as otherwise specifically noted herein) including all necessary parts up to an annual dollar amount as specified by this Agreement (i.e. Repair Limit.) The cost of capital expenditures shall be the responsibility of the District.
- m. Perform routine disconnects and turn-ons as required by the rules of the District.
- n. Provide meter reading services in accordance with District policy.
- o. Perform other services that are incidental to the Scope of Services as directed by the District. Such services will be invoiced to District at Alliance's cost plus fifteen percent (15%).

4.2 District shall:

- a. Provide for Alliance use of all necessary land, equipment, rolling stock, improvements, buildings, structures and facilities under District ownership and presently located at the Utility or currently available to or assigned for Utility use.
- b. Make Capital Expenditures for the Utility. Alliance will cooperate with the District to determine the necessity and cost for these Capital Expenditures.
- c. Pay all taxes or governmental fees, if any, associated with the Utility.
- d. Perform all functions and retain all responsibilities and obligations related to Utility not expressly assumed herein by Alliance.

5. COMPENSATION

5.1 During the initial term of this Agreement, the Alliance Contract Fee shall be a annual fee of \$_____. The Repair Limit for this period shall be \$_____.

5.2 The Contract Fee shall be due and payable on the first day of the month for which services are rendered.

5.3 Alliance will rebate to the District the difference between the Repair Limit and actual documented expenditures for each contract term. If actual expenditures exceed the Repair Limit, the District will reimburse Alliance for such expenditures, subject to prior approval of the District.

5.4 The Contract Fee and the Repair Limit shall be subject to renegotiation on an annual basis and may be revised with the written consent of both parties on the contract anniversary date. In the event that the parties fail to agree, the Contract Fee shall be adjusted in proportion to the change in the Consumer Price Index for all urban consumers (U.S. City Average) in the prior twelve (12) month period as published by the U.S. Department of Labor but in no case will be less than 3% nor more than 6%.

5.5 The Contract Fee shall be subject to renegotiation due to any substantial change in the costs of Utility operation and maintenance, including but not limited to changes in flow, customer accounts, monitoring or reporting requirements, personnel or staffing requirements, or increased costs due to Force Majeure occurrences.

6. TERM AND TERMINATION

6.1 This Agreement shall commence on _____ and shall extend through _____. Thereafter, this Agreement shall be renewed automatically for successive terms of five (5) years each unless canceled by either party in writing no less than ninety (90) days prior to expiration.

6.2 Either party may terminate this Agreement for a material breach of the Agreement by the other party after giving written notice of breach and allowing the other party thirty (30) days to correct the breach. Excepting breaches by District for nonpayment of Alliance's invoices, neither party shall terminate this Agreement without giving the other party sixty (60) days written notice of intent to terminate after failure of the other party to correct the breach.

6.3 Upon notice of termination of this Agreement, District and Alliance shall agree to an action plan that will enable District to resume operation in an

organized fashion. Alliance agrees to assist and cooperate with District in any such transition.

7. INDEMNITY, LIABILITY AND INSURANCE

7.1 Alliance shall indemnify, save harmless and defend District from any and all claims, liabilities, penalties, fines, forfeitures, suits and costs and expenses incident thereto, including reasonable attorneys' fees, which District may incur, pay in settlement, or become responsible for as result of death or bodily injury to any person, damage to any property, adverse effects on the environment, or violation of any law arising out of or relating to Alliance's material breach of any term of this Agreement, or any negligent or willful act or omission of Alliance, its employees, or subcontractors in the performance of this Agreement.

District shall indemnify, save harmless and defend Alliance from any and all claims, liabilities, penalties, fines, forfeitures, suits and costs and expenses incident thereto, including reasonable attorney's fees, which Alliance may incur, pay in settlement, or becoming responsible for as a result of death or bodily injury to any person, damage to any property, adverse effects on the environment, or violation of any law arising out of or relating to District's material breach of any term of this Agreement, or any negligent or willful act or omission of District, its employees, or subcontractors in the performance of this Agreement.

District and Alliance shall each provide the other with prompt and timely written notice of any event or proceeding of which either acquires knowledge and for which indemnification may be sought so that each shall have any opportunity which exists to take such actions as may be desirable to contain or minimize the consequences of any such event or proceeding and to defend or settle at such party's expense any such proceeding.

7.2 Alliance shall be liable for fines or civil penalties imposed by regulatory agencies for violation of the District's KPDES permits or rules or regulations of the Kentucky Department for Environmental Protection or the United States Environmental Protection Agency which occur during the term of this Agreement and which were caused by Alliance negligence or willful conduct. Alliance shall be given full authority to contest such violations and District shall assist Alliance in such proceedings. Except to the extent caused by Alliance's negligence, willful conduct, or breach of its obligations under this Agreement, Alliance shall not be responsible for fines or penalties or any other liability if influent characteristics exceed Facility design parameters influent contains biologically toxic substances, source water contains non-treatable substances or the Facility is inoperable due to circumstances beyond Alliance's control.

7.3 Alliance's liability under this Agreement specifically excludes any and all indirect or consequential damages arising from the operation, maintenance, and management of the Facility. Alliance shall not be responsible for damages caused by any defects or flaws inherent in the water distribution or sewer collection system as it exists prior to Alliance beginning operations. Additionally, Alliance shall not be responsible for such damages in the event that Alliance has notified District of any defects and District fails to authorize appropriate corrective action. Alliance and the District agree that throughout the life of this Agreement any and all damage claims related to the water distribution system or the wastewater collection system shall continue to be processed and resolved in accord with current District practice.

7.4 Each party shall obtain and maintain insurance coverage of a type and in amounts described in Exhibit A. Each party, to the extent permitted by law, shall name the other party as an additional insured on all insurance policies covering the Facility and shall provide the other party with satisfactory proof of insurance upon written request.

8. WARRANTY

8.1 Alliance warrants that it will operate and maintain the Facility in accordance with the Scope of Services set forth in this Agreement and generally accepted industry principles and practices for maintenance and operation of similar facilities within Facility's design capacity.

9. EXCUSE OF PERFORMANCE

9.1 The parties agree that any delay or failure of either party to perform its obligations under this Agreement, except for indemnification required hereunder or the payment of money, shall be excused if and to the extent caused by acts of God, strikes, fire, flood, windstorm, explosion, riot, war, sabotage, or other similar cause beyond the reasonable control of the party affected, provided that prompt notice of such delay is given by such party to the other and each of the parties shall be diligent in attempting to remove or overcome the effects of such cause or causes.

10. MISCELLANEOUS

10.1 The parties intend that there shall not be any third party beneficiaries to this Agreement.

10.2 If any provision of this Agreement is held invalid or unenforceable, such provision shall be modified consistent with the original intent of the parties

so as to be enforceable and the remainder of the Agreement shall remain in full force and effect.

10.3 The failure of either party to enforce any right hereunder shall not be construed as a waiver of its right to enforce that or any other right hereunder in the future.

10.4 Alliance, in conjunction with the District will prepare an inventory within forty-five (45) days of service commencement date and shall update as required for the District's insurance requirements.

Both parties indicate their approval of this Agreement by their signatures below

ALLIANCE WATER RESOURCES, INC.

(SIGNATURE)

Name

Title

Attest:

(SIGNATURE)

Name

Title

(SIGNATURE)

Name

Title

(SIGNATURE)

Name

Title

EXHIBIT A

Alliance shall maintain:

1. Statutory Worker's Compensation Insurance for all Alliance employees at the Facility as required by law.
2. Comprehensive or commercial general liability insurance for bodily injury and/or property damage as follows:

General Aggregate	\$3,000,000
Each Occurrence Limit	1,000,000
3. Umbrella Policy Limit \$4,000,000

Each Party:

1. Shall maintain adequate property insurance for its equipment and real and personal property, including but not limited to extended coverage.
2. Shall provide, with respect to its owned vehicles, Commercial Automobile Liability Insurance for bodily injury and/or property damage with \$500,000 combined single limits per occurrence and in the aggregate.

MEMO

TO: MOUNTAIN WATER BOARD OF COMMISSIONERS

FROM: MANAGEMENT ADVISORY COMMITTEE

RE: REQUEST FOR STATEMENTS OF QUALIFICATION AND PRICE PROPOSALS FOR THE OPERATION, MAINTENANCE AND MANAGEMENT OF ALL FACILITIES

DATE: May 18, 2005

At the Board meeting held on April 27, 2005, the Board authorized management to issue a request for statements of qualification and price proposals for the operation, maintenance and management of all facilities. Pursuant to said request, management appointment a management advisory committee of the following individuals: Brian Bentley, John Collins, Moss Keesee, Grondall Potter III, Mike Spears, Dan Stratton, Jack Sykes.

The committee's duties are set out under Article IV, Section A of the request for proposal. The committee has completed steps 1-5 and this report is to summarize our findings and conclusions to date.

The Request for Proposal was advertised in the Appalachian News Express and the Lexington Herald Leader on April 8, 2005.

As a result of the advertisements, the District received two proposals, the first from Utility Management Group (UMG), a startup management company out of Corbin, Kentucky and the second from Alliance Water Resources (AWR), a twenty-five year company who operates eight rural water systems, from Columbia, Missouri. Both groups attended a mandatory pre-proposal conference and inspection tour of the District's facilities on April 18, 2005 and were provided data and information necessary for a response.

Both groups provided a response by the April 25, 2005 deadline. UMG provided a complete response. AWR's initial response was incomplete and they said they did not believe that they had sufficient time to present a price proposal.

The committee met on May 4, 2005 to review and discuss the respective proposals. AWR had two open issues concerning pricing and requirement of maintaining existing personnel for the first six month period. It was agreed that additional time would be granted to both parties to supplement their responses, but particularly to allow AWR to submit a price proposal and address the issue of personnel.

Mike Spears was asked to develop a before and after balance sheet and income statement showing the impact of a contract of this nature on the District's financial statements. UMG was the only company to provide numbers at that time, so he was to use their numbers as a sample. See Exhibit A.

At that meeting, the committee graded the two proposals on five of the six criteria provided for in the request for proposal. Mike Spears abstained from this voting as he had not had an opportunity to review the materials. Based on the point system provided in the request for proposal the vote was as follows:

CRITERIA	TOTAL POINTS	UMG	AWR
1.) Completeness	5	27	13
2.) Qualifications	15	70	60
3.) Operating Plan	30	152	105
4.) Transition Plan	20	116	68
5.) References	15	86	72
6.) <u>Price (Not rated)</u>	<u>15</u>	<u>86</u>	<u>72</u>
TOTAL	100	451	318

The committee met next on Friday, May 13, 2005 and reviewed the pricing proposals. While it initially appeared that AWR's proposal was substantially cheaper, an apples to apples comparison was made which reflected that the pricing was essentially the same, however, there was a premium of approximately \$350,000.00 for the first six months of the AWR contract that was not applicable to UMG. Mike Spears has prepared the attached Exhibit B outlining in detail the price differentiations between the two companies. There was not a vote on pricing as totals would not have otherwise changed as AWR fees were higher based on the additional fee for the first six months.

Other items discussed that the committee wanted to note for the Board were:

1) That the AWR contract also entailed certain inherent risks for future cost to the District that were not present with the UMG contract being cost of purchased water and electricity. Therefore if the actual costs exceed the projected budget numbers for these items this would be an additional expense to the District under the AWR proposal, but not the UMG proposal. This is UMG's incentive to operate efficiently.

2) The AWR contract provides pricing will be negotiated annually at a not-to-exceed price for the year. They provide a refund clause based on a 75/25% ratio. If at the end of the year AWR cost, plus it's 10% management fee, is less than the agreed price, Mountain Water District will receive 75% of the difference, which is AWR's incentive to reduce cost and allow the District to benefit. If, on the other hand, AWR exceeds its firm not-to-exceed price, then they must assume the difference. UMG has no such provision.

3) AWR does not have a provision to adjust the fee otherwise if no agreement can be reached. UMG has a cost adjuster based on the C.P.I. Index.

4) The transition period for AWR was eighteen months before they felt they could get everything operating under their system. UMG did not provide a specific time period for transition, but it would appear to be much shorter in that they are utilizing the existing staff in its entirety.

5) It would appear that AWR will substantially reduce staff (in order to get economies of scale) after the initial six-month period.

6) The employee's benefits package offered by UMG appears on average to be much more beneficial to the employees than the one proposed by AWR.

7) ARW's proposal would require the District to pay the current vacation and sick day balance per current policies. This liability is estimated to be up to \$450,000.00.

8) Customer service issues would be managed through AWR's central office, which would then require customers with billing and service issues to deal over the phone with a central office, as opposed to locally with UMG.

Based on all of the above, it is the recommendation of the management advisory team that UMG's proposal should be selected over the AWR proposal. If approved by the Board, the team would work on steps 6-8 as set forth in the request for proposal.

Respectfully submitted,

Daniel P. Stratton, Chairman

Exhibit A

Pg 1

Mountain Water District
Projected Balance Sheet
End of First Fiscal Year of Operations w/ UMG Contract
,000's Omitted

Assets

Cash Unrestricted		\$	175
Accounts Recievable			698
Utility Plant and Equipment			
Less: Accum Depreciation	70,000		
Restricted Cash (less Construction)	<u>(18,976)</u>		51,024
Prepaid expenses			783
Total Assets			209
		<u>\$</u>	<u>52,889</u>

Liabilities and Equity

Liabilities

Accounts payble - UMG		\$	284
Customer Deposits			255
Payroll Liabilities			1
Notes Payable - KIA			6,457
Bonds Payable			9,277
Total Liabilities			<u>16,274</u>

Equity

Total Liabilities and Equity			38,015
		<u>\$</u>	<u>52,889</u>

Exhibit A

Pg 2

Mountain Water District Projected Income Statement First Fiscal Year of Operations w/ UMG Contract ,000's Omitted

	<u>Current Customers</u>	<u>Projected New</u>	<u>Projected Customers</u>
Revenues			
Water and Sewer Revenues	\$ 7,491	\$ 434	\$ 7,925
Service Billings	-		
Late Payment Fees	156	9	165
Service Charges	21	1	22
Trip Fees	3	0	3
Total Revenues	<u>7,671</u>	<u>445</u>	<u>8,116</u>
Expenses			
UMG Contract	6,820		6,820
Board of Commissioners Salary	30		30
Regulatory Fees- PSC	16		16
Legal Fees	50		50
Financial Advisor to the board	24		24
Audit	25		25
Depreciation	1,700		1,700
Interest on Bonds	418		418
Interest on KIA Notes	162		162
Total Expenses	<u>9,245</u>	<u>-</u>	<u>9,245</u>
Net Income	<u>\$ (1,574)</u>	<u>\$ 445</u>	<u>\$ (1,129)</u>

Exhibit A

Pg 3

Mountain Water District
Projected Increase(Decrease) in Operating Accounts
First Fiscal Year of Operations w/ UMG Contract
,000's Omitted

Net Income per Income Statement	\$ (1,129)
Add back: Depreciation	1,700
Less: Principal payments on Bonds	(121)
Principal payments on KIA Notes	(305)
Transfer to Reserve Accounts	<u>(88)</u>
Projected Increase(Decrease) in Operating Cash	<u>\$ 57</u>

Exhibit B

Mountain Water District Cost Comparison between UMG and AWR Proposals

<u>ITEM DESCRIPTION</u>	<u>UMG</u>	<u>AWR</u>
Operating Costs	\$ 6,820,000	\$ 4,200,000 (1)
Power		515,000
Repair and Maintenance		350,000
Contractual		37,853
Insurance		125,000
Miscellaneous		60,000
Purchased Water		700,000
Short Term Debt		240,000
Reduction in Repair and Maintenance Budget		106,140
Sewage Treatment Costs		120,000
AWR budget reduction to 2004 Financials		155,697
First Full Year of Operations Cost	<u>\$ 6,820,000</u>	<u>\$ 6,609,690</u>
 <u>INITIAL ONE TIME COST TO CONTRACT IN AWR PROPOSAL</u>		
Premium in First 6 Months of Operation - AWR		\$ 350,000 (2)
District's Cost to buy Employee's Time		450,000 (3)
Total One Time Cost to District		<u>\$ 800,000</u>

(1) This estimate is based on a plus/minus 10 % cost. This would create a Total Cost range of \$6,189,690 to \$7,029,690 per year.

(2) This is additional cost that AWR feels the district might recoup over the life of the Contract.

(3) This is cost to buy out employees time in excess of hours transferable to UMG Proposal.

MOUNTAIN WATER DISTRICT

RESOLUTION 05-06-003

ACCEPTANCE OF OPERATIONS, MAINTENANCE & MANAGEMENT PROPOSAL

WHEREAS, THE BOARD OF COMMISSIONERS of the Mountain Water District agreed and requested statements of qualifications and price proposals (RFQ/P) from capable governmental entities, non-profit corporations, or private companies, interested in providing operations, maintenance, and management services to the District by means of a contractual agreement, and,

WHEREAS, THE BOARD OF COMMISSIONERS of the Mountain Water District agreed and appointed an Advisory Committee, consisting of one Board member, one attorney, one certified public accountant, one engineer, one District administrative employee, one District salaried employee and one District hourly employee to review and assess the two proposals submitted to the Board from Alliance Water Resources, Columbia, Missouri, and Utility Management Group, Corbin, Kentucky. The Advisory Committee completed their review and assessment of these two proposals and submitted to the Board of Commissioners their recommendation, and,

WHEREAS, THE BOARD OF COMMISSIONERS of the Mountain Water District agrees to accept the recommendation of the Advisory Committee and approve entering into an Agreement with Utility Management Group for the Operations, Maintenance & Management Agreement submitted to the Board of Commissioners by Utility Management Group, Corbin, Kentucky, subject to the changes outlined by the Board of Commissioners during executive session held this same date, and,

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Mountain Water District votes to approve entering into an Agreement with Utility Management Group for the Operations, Maintenance & Management Agreement submitted to the Board of Commissioners by Utility Management Group, Corbin, Kentucky, subject to the changes outlined by the Board of Commissioners.

MOTION FOR ADOPTION of this resolution was made the 6th day of June, 2005, by Commissioner Litafik and seconded by Commissioner Collins. Commissioner voting as follows:

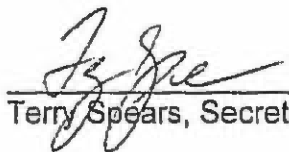
Chairperson Akers	Aye
Commissioner Collins	Aye
Commissioner Litafik	Aye
Commissioner Spears	Aye
Commissioner Sullivan	Aye

THEREUPON, said motion was declared passed and the resolution adopted.

Dated this the 6th day of June, 2005.



Toni Akers, Chairperson



Terry Spears, Secretary

Grading Criteria

U M G

A.

A. Completeness

$$\begin{array}{r|l} 5 & 27 \\ 4 & 4 \\ \hline 5 & 4 \\ \hline & 27 \end{array}$$

$$\begin{array}{r|l} 2 & 2 \\ 2 & 7 \\ \hline 2 & 2 \\ \hline & 13 \end{array}$$

B. Qualifications

$$\begin{array}{r|l} 5 & 13 \\ 12 & 15 \\ \hline 22 & 13 \\ \hline & 70 \end{array}$$

$$\begin{array}{r|l} 3 & 10 \\ 10 & 15 \\ \hline 10 & 12 \\ \hline & 60 \end{array}$$

C. Operating Plan

$$\begin{array}{r|l} 27 & 27 \\ 25 & 20 \\ \hline 28 & 25 \\ \hline & 152 \end{array}$$

$$\begin{array}{r|l} 10 & 20 \\ 10 & 25 \\ \hline 20 & 20 \\ \hline & 105 \end{array}$$

D. Transition Plan

$$\begin{array}{r|l} 20 & 18 \\ 20 & 20 \\ \hline 20 & 18 \\ \hline & 116 \end{array}$$

$$\begin{array}{r|l} 10 & 10 \\ 10 & 18 \\ \hline 10 & 10 \\ \hline & 68 \end{array}$$

E. References

$$\begin{array}{r|l} 13 & 14 \\ 15 & 15 \\ \hline 15 & 14 \\ \hline & 86 \end{array}$$

$$\begin{array}{r|l} 7 & 10 \\ 15 & 15 \\ \hline 15 & 10 \\ \hline & 72 \end{array}$$

F. Price

E. RANKING OF CONTRACTORS/NEGOTIATION PROCEDURE

1. The Management Assessment Advisory Team will begin the review of proposals on May 2nd, 2005. During the review and selection process, the Board will select one or more proposals deemed to be most responsive and may elect to conduct interviews with the Contractor(s) as part of the evaluation process. If such interviews are deemed appropriate, these will be conducted during the week of May 16, 2005. Subsequently, if on site visit(s) are deemed appropriate, these will be scheduled with the respondent as appropriate.

2. If these negotiations are not successful they will be terminated and the firm which received the next highest score will then be invited to negotiate, and so on. Once verbal agreement has been reached with a firm, the Board of Commissioners will then announce the name of the selected firm and conduct a special meeting to introduce representatives of the firm to the general public and invite public comment. Subsequently, the Board shall place the consideration of a service contract on a regular meeting agenda.

3. Presentation to Board on May 25, 2005 (tentative).

V. CRITERIA FOR REVIEW AND EVALUATION OF PROPOSALS

		<u>UMG</u>	<u>Alliance</u>
A) <u>Completeness of Submission</u>			
Submission include all information requested in the RFQ/P document.	5 points	4	2
B) <u>Qualifications</u>			
Contractor appears to be exceptionally well qualified to perform the services sought in the RFQ/P, and has extensive experience in providing services requested.	15 points	13	12
C) <u>Credibility of Proposed Operating Plan</u>			
Contractor's proposed system Operating Plan is Comprehensive, appears to meet all system requirements, and is conceptually reasonable, and realistic.	30 points	25	20
D) <u>Credibility of Proposed Transition Plan</u>			
The Contractor appears to fully understand the District's needs, made evident by suggestions for transition, improvements, and innovations. The methodology to deal appropriately with the transition from District operations to contractor operations and the method of	20 points	18	10

staffing the facilities is realistic and will work well.

4.11.6 All items

E) Professional References

Excellent references from existing or former rural client-communities past clients.

15 points

14 10

F) Price Competitiveness

Price offered for the initial contract services period is very competitive and favors the District; and the price adjustment formula is fair and equitable.

15 points

VI. CONTENT & FORMAT OF STATEMENT OF QUALIFICATION

The Contractor is required to address completely each time in this section, identifying the respective response with the corresponding letter, and number, as appropriate, such as Section VI, A1., A2., etc.

A) In narrative form provide a **Statement of Qualification**. Specifically:

1. Clearly identify the Contractor, providing the full corporate name, address, phone and fax numbers, and the name and date of organization or incorporation, indicate whether the entity is a unit of government, corporation, partnership, or other; provide the names of the board members, principal stock holders, or partners as appropriate; note the state and/or country of registration of the corporation; provide the Federal Employee identification Number.
2. Provide a brief narrative history of the Contractor's experience dealing specifically with complete operation, maintenances, and general management of public water distribution systems, either singularly, or as a component of a broader service responsibility or contract; and,
3. Provide a listing of all full-service contract operations, maintenance and management contracts which the Contractor has currently, citing the gross annual amount of each contract and the start date and term of each.
4. List the number of staff to be assigned to this project providing a brief resume of the training and related experiential qualifications of each; name and provide the license number of the individual to serve as system operator/manager, providing a full resume of training and work experience.
5. Provide a list with names and phone numbers of clients/customers for which operation, maintenance, and management services involving water systems similar to the District's have been provided in the last five (5) years.

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B) <u>Qualifications</u> Contractor appears to be exceptionally well qualified to perform the services sought in the RFQ/P, and has extensive experience in providing services requested.	15 points	15	15
C) <u>Credibility of Proposed Operating Plan</u> Contractor's proposed system Operating Plan is Comprehensive, appears to meet all system requirements, and is conceptually reasonable, and realistic.	30 points	28	29
D) <u>Credibility of Proposed Transition Plan</u> The Contractor appears to fully understand the District's needs, made evident by suggestions for transition, improvements, and innovations. The methodology to deal appropriately with the transition from District operations to contractor operations and the method of	20 points	20	18

staffing the facilities is realistic and will work well.

E) Professional References

Excellent references from existing or former rural client-communities past clients.

15 points

15

15

F) Price Competitiveness

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15 points

15

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B) <u>Qualifications</u>			
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C) <u>Credibility of Proposed Operating Plan</u>			
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D) <u>Credibility of Proposed Transition Plan</u>			
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15 points

10

14

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		6 mg-	A
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15 points

15

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V. CRITERIA FOR REVIEW AND EVALUATION OF PROPOSALS

<p>A) <u>Completeness of Submission</u> Submission include all information requested in the RFQ/P document.</p>	<p>5 points</p>	<p><u>UMG</u> 4</p>	<p><u>Alliance</u> 2</p>
<p>B) <u>Qualifications</u> Contractor appears to be exceptionally well qualified to perform the services sought in the RFQ/P, and has extensive experience in providing services requested.</p>	<p>15 points</p>	<p>12</p>	<p>10</p>
<p>C) <u>Credibility of Proposed Operating Plan</u> Contractor's proposed system Operating Plan is Comprehensive, appears to meet all system requirements, and is conceptually reasonable, and realistic.</p>	<p>30 points</p>	<p>25</p>	<p>15</p>
<p>D) <u>Credibility of Proposed Transition Plan</u> The Contractor appears to fully understand the District's needs, made evident by suggestions for transition, improvements, and innovations. The methodology to deal appropriately with the transition from District operations to contractor operations and the method of</p>	<p>20 points</p>	<p>20</p>	<p>10</p>

*Alliance does not
- 1. - system operator*

*Alliance 5/19/05
incomplete*

*Alliance Transition
Plan including employee
Retention
Transition Plan 1/20/07*

staffing the facilities is realistic and will work well.

E) Professional References

Excellent references from existing or former rural client-communities past clients.

15 points

15

15

F) Price Competitiveness

Price offered for the initial contract services period is very competitive and favors the District; and the price adjustment formula is fair and equitable.

15 points

TOTAL (Less PRC)

76

52

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A) In narrative form provide a Statement of Qualification. Specifically:

1. Clearly identify the Contractor, providing the full corporate name, address, phone and fax numbers, and the name and date of organization or incorporation, indicate whether the entity is a unit of government, corporation, partnership, or other; provide the names of the board members, principal stock holders, or partners as appropriate; note the state and/or country of registration of the corporation; provide the Federal Employee identification Number.
2. Provide a brief narrative history of the Contractor's experience dealing specifically with complete operation, maintenances, and general management of public water distribution systems, either singularly, or as a component of a broader service responsibility or contract; and,
3. Provide a listing of all full-service contract operations, maintenance and management contracts which the Contractor has currently, citing the gross annual amount of each contract and the start date and term of each.
4. List the number of staff to be assigned to this project providing a brief resume of the training and related experiential qualifications of each; name and provide the license number of the individual to serve as system operator/manager, providing a full resume of training and work experience.
5. Provide a list with names and phone numbers of clients/customers for which operation, maintenance, and management services involving water systems similar to the District's have been provided in the last five (5) years.

E. RANKING OF CONTRACTORS/NEGOTIATION PROCEDURE

1. The Management Assessment Advisory Team will begin the review of proposals on May 2nd, 2005. During the review and selection process, the Board will select one or more proposals deemed to be most responsive and may elect to conduct interviews with the Contractor(s) as part of the evaluation process. If such interviews are deemed appropriate, these will be conducted during the week of May 16, 2005. Subsequently, if on site visit(s) are deemed appropriate, these will be scheduled with the respondent as appropriate.

2. If these negotiations are not successful they will be terminated and the firm which received the next highest score will then be invited to negotiate, and so on. Once verbal agreement has been reached with a firm, the Board of Commissioners will then announce the name of the selected firm and conduct a special meeting to introduce representatives of the firm to the general public and invite public comment. Subsequently, the Board shall place the consideration of a service contract on a regular meeting agenda.

3. Presentation to Board on May 25, 2005 (tentative).

V. CRITERIA FOR REVIEW AND EVALUATION OF PROPOSALS

<p>A) <u>Completeness of Submission</u> Submission include all information requested in the RFQ/P document.</p>	<p>5 points</p>	<p>5</p>	<p>2</p>
<p>B) <u>Qualifications</u> Contractor appears to be exceptionally well qualified to perform the services sought in the RFQ/P, and has extensive experience in providing services requested.</p>	<p>15 points</p>	<p>5</p>	<p>3</p>
<p>C) <u>Credibility of Proposed Operating Plan</u> Contractor's proposed system Operating Plan is Comprehensive, appears to meet all system requirements, and is conceptually reasonable, and realistic.</p>	<p>30 points</p>	<p>27</p>	<p>10</p>
<p>D) <u>Credibility of Proposed Transition Plan</u> The Contractor appears to fully understand the District's needs, made evident by suggestions for transition, improvements, and innovations. The methodology to deal appropriately with the transition from District operations to contractor operations and the method of</p>	<p>20 points</p>	<p>22</p>	<p>10</p>

staffing the facilities is realistic and will work well.

E) Professional References

Excellent references from existing or former rural client-communities past clients.

15 points

13

7

F) Price Competitiveness

Price offered for the initial contract services period is very competitive and favors the District; and the price adjustment formula is fair and equitable.

15 points

15

1

VI. CONTENT & FORMAT OF STATEMENT OF QUALIFICATION

The Contractor is required to address completely each time in this section, identifying the respective response with the corresponding letter, and number, as appropriate, such as Section VI, A1., A2., etc.

A) In narrative form provide a **Statement of Qualification**. Specifically:

1. Clearly identify the Contractor, providing the full corporate name, address, phone and fax numbers, and the name and date of organization or incorporation, indicate whether the entity is a unit of government, corporation, partnership, or other; provide the names of the board members, principal stock holders, or partners as appropriate; note the state and/or country of registration of the corporation; provide the Federal Employee identification Number.
2. Provide a brief narrative history of the Contractor's experience dealing specifically with complete operation, maintenances, and general management of public water distribution systems, either singularly, or as a component of a broader service responsibility or contract; and,
3. Provide a listing of all full-service contract operations, maintenance and management contracts which the Contractor has currently, citing the gross annual amount of each contract and the start date and term of each.
4. List the number of staff to be assigned to this project providing a brief resume of the training and related experiential qualifications of each; name and provide the license number of the individual to serve as system operator/manager, providing a full resume of training and work experience.
5. Provide a list with names and phone numbers of clients/customers for which operation, maintenance, and management services involving water systems similar to the District's have been provided in the last five (5) years.

E. RANKING OF CONTRACTORS/NEGOTIATION PROCEDURE

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3. Presentation to Board on May 25, 2005 (tentative).

ABSTAIN^W
UMG ALLIANCE

V. CRITERIA FOR REVIEW AND EVALUATION OF PROPOSALS

- A) Completeness of Submission
Submission include all information requested in the RFQ/P document. **5 points**

- B) Qualifications
Contractor appears to be exceptionally well qualified to perform the services sought in the RFQ/P, and has extensive experience in providing services requested. **15 points**

- C) Credibility of Proposed Operating Plan
Contractor's proposed system Operating Plan is Comprehensive, appears to meet all system requirements, and is conceptually reasonable, and realistic. **30 points**

- D) Credibility of Proposed Transition Plan
The Contractor appears to fully understand the District's needs, made evident by suggestions for transition, improvements, and innovations. The methodology to deal appropriately with the transition from District operations to contractor operations and the method of **20 points**

staffing the facilities is realistic and will work well.

UMG Alliance

E) Professional References

Excellent references from existing or former rural client-communities past clients. **15 points**

F) Price Competitiveness

Price offered for the initial contract services period is very competitive and favors the District; and the price adjustment formula is fair and equitable. **15 points**

VI. CONTENT & FORMAT OF STATEMENT OF QUALIFICATION

The Contractor is required to address completely each time in this section, identifying the respective response with the corresponding letter, and number, as appropriate, such as Section VI, A1., A2., etc.

A) In narrative form provide a **Statement of Qualification**. Specifically:

1. Clearly identify the Contractor, providing the full corporate name, address, phone and fax numbers, and the name and date of organization or incorporation, indicate whether the entity is a unit of government, corporation, partnership, or other; provide the names of the board members, principal stock holders, or partners as appropriate; note the state and/or country of registration of the corporation; provide the Federal Employee identification Number.
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4. List the number of staff to be assigned to this project providing a brief resume of the training and related experiential qualifications of each; name and provide the license number of the individual to serve as system operator/manager, providing a full resume of training and work experience.
5. Provide a list with names and phone numbers of clients/customers for which operation, maintenance, and management services involving water systems similar to the District's have been provided in the last five (5) years.

MEMO

TO: MOUNTAIN WATER BOARD OF COMMISSIONERS

FROM: MANAGEMENT ADVISORY COMMITTEE

RE: REQUEST FOR STATEMENTS OF QUALIFICATION AND PRICE PROPOSALS FOR THE OPERATION, MAINTENANCE AND MANAGEMENT OF ALL FACILITIES

DATE: May 18, 2005

At the Board meeting held on April 27, 2005, the Board authorized management to issue a request for statements of qualification and price proposals for the operation, maintenance and management of all facilities. Pursuant to said request, management appointed a management advisory committee of the following individuals: Brian Bentley, John Collins, Moss Keesee, Grondall Potter III, Mike Spears, Dan Stratton, Jack Sykes.

The committee's duties are set out under Article IV, Section A of the request for proposal. The committee has completed steps 1-5 and this report is to summarize our findings and conclusions to date.

The Request for Proposal was advertised in the Appalachian News Express and the Lexington Herald Leader on April 8, 2005.

As a result of the advertisements, the District received two proposals, the first from Utility Management Group (UMG), a startup management company out of Corbin, Kentucky and the second from Alliance Water Resources (AWR), a twenty-five year company who operates eight rural water systems, from Columbia, Missouri. Both groups attended a mandatory pre-proposal conference and inspection tour of the District's facilities on April 18, 2005 and were provided data and information necessary for a response.

Both groups provided a response by the April 25, 2005 deadline. UMG provided a complete response. AWR's initial response was incomplete and they said they did not believe that they had sufficient time to present a price proposal.

The committee met on May 4, 2005 to review and discuss the respective proposals. AWR had two open issues concerning pricing and requirement of maintaining existing personnel for the first six month period. It was agreed that additional time would be granted to both parties to supplement their responses, but particularly to allow AWR to submit a price proposal and address the issue of personnel.

Mike Spears was asked to develop a before and after balance sheet and income statement showing the impact of a contract of this nature on the District's financial statements. UMG was the only company to provide numbers at that time, so he was to use their numbers as a sample. See Exhibit A.

At that meeting, the committee graded the two proposals on five of the six criteria provided for in the request for proposal. Mike Spears abstained from this voting as he had not had an opportunity to review the materials. Based on the point system provided in the request for proposal the vote was as follows:

CRITERIA	TOTAL POINTS	UMG	AWR
1.) Completeness	5	27	13
2.) Qualifications	15	70	60
3.) Operating Plan	30	152	105
4.) Transition Plan	20	116	68
5.) References	15	86	72
6.) <u>Price (Not rated)</u>	<u>15</u>		
TOTAL	100	451	318

The committee met next on Friday, May 13, 2005 and reviewed the pricing proposals. While it initially appeared that AWR's proposal was substantially cheaper, an apples to apples comparison was made which reflected that the pricing was essentially the same, however, there was a premium of approximately \$350,000.00 for the first six months of the AWR contract that was not applicable to UMG. Mike Spears has prepared the attached Exhibit B outlining in detail the price differentiations between the two companies. There was not a vote on pricing as totals would not have otherwise changed as AWR fees were higher based on the additional fee for the first six months.

Other items discussed that the committee wanted to note for the Board were:

1) That the AWR contract also entailed certain inherent risks for future cost to the District that were not present with the UMG contract being cost of purchased water and electricity. Therefore if the actual costs exceed the projected budget numbers for these items this would be an additional expense to the District under the AWR proposal, but not the UMG proposal. This is UMG's incentive to operate efficiently.

2) The AWR contract provides pricing will be negotiated annually at a not-to-exceed price for the year. They provide a refund clause based on a 75/25% ratio. If at the end of the year AWR cost, plus it's 10% management fee, is less than the agreed price, Mountain Water District will receive 75% of the difference, which is AWR's incentive to reduce cost and allow the District to benefit. If, on the other hand, AWR exceeds its firm not-to-exceed price, then they must assume the difference. UMG has no such provision.

3) AWR does not have a provision to adjust the fee otherwise if no agreement can be reached. UMG has a cost adjuster based on the C.P.I. Index.

4) The transition period for AWR was eighteen months before they felt they could get everything operating under their system. UMG did not provide a specific time period for transition, but it would appear to be much shorter in that they are utilizing the existing staff in its entirety.

5) It would appear that AWR will substantially reduce staff (in order to get economies of scale) after the initial six-month period.

6) The employee's benefits package offered by UMG appears on average to be much more beneficial to the employees than the one proposed by AWR.

7) ARW's proposal would require the District to pay the current vacation and sick day balance per current policies. This liability is estimated to be up to \$450,000.00.

8) Customer service issues would be managed through AWR's central office, which would then require customers with billing and service issues to deal over the phone with a central office, as opposed to locally with UMG.

Based on all of the above, it is the recommendation of the management advisory team that UMG's proposal should be selected over the AWR proposal. If approved by the Board, the team would work on steps 6-8 as set forth in the request for proposal.

Respectfully submitted,

Daniel P. Stratton, Chairman

Exhibit A

Pg 1

Mountain Water District Projected Balance Sheet End of First Fiscal Year of Operations w/ UMG Contract ,000's Omitted

Assets

Cash Unrestricted		\$	175
Accounts Receivable			698
Utility Plant and Equipment	70,000		
Less: Accum Depreciation	(18,976)		51,024
Restricted Cash (less Construction)			783
Prepaid expenses			209
Total Assets		\$	<u>52,889</u>

Liabilities and Equity

Liabilities			
Accounts payable - UMG		\$	284
Customer Deposits			255
Payroll Liabilities			1
Notes Payable - KIA			6,457
Bonds Payable			9,277
Total Liabilities			<u>16,274</u>
Equity			36,615
Total Liabilities and Equity		\$	<u>52,889</u>

Exhibit A

Pg 2

Mountain Water District Projected Income Statement First Fiscal Year of Operations w/ UMG Contract ,000's Omitted

	Current Customers	Projected New	Projected Customers
Revenues			
Water and Sewer Revenues	\$ 7,491	\$ 434	\$ 7,925
Service Billings	-		
Late Payment Fees	156	9	165
Service Charges	21	1	22
Trip Fees	3	0	3
Total Revenues	7,671	445	8,116
Expenses			
UMG Contract	6,820		6,820
Board of Commissioners Salary	30		30
Regulatory Fees- PSC	16		16
Legal Fees	50		50
Financial Advisor to the board	24		24
Audit	25		25
Depreciation	1,700		1,700
Interest on Bonds	418		418
Interest on KIA Notes	162		162
Total Expenses	9,245	-	9,245
Net Income	\$ (1,574)	\$ 445	\$ (1,129)

Exhibit A

Pg 3

Mountain Water District
Projected Increase(Decrease) in Operating Accounts
First Fiscal Year of Operations w/ UMG Contract
,000's Omitted

Net Income per Income Statement	\$ (1,129)
Add back: Depreciation	1,700
Less: Principal payments on Bonds	(121)
Principal payments on KIA Notes	(305)
Transfer to Reserve Accounts	<u>(86)</u>
Projected Increase(Decrease) in Operating Cash	<u>\$ 57</u>

Exhibit B

Mountain Water District Cost Comparison between UMG and AWR Proposals

<u>ITEM DESCRIPTION</u>	<u>UMG</u>	<u>AWR</u>
Operating Costs	\$ 6,820,000	\$ 4,200,000 (1)
Power		515,000
Repair and Maintenance		350,000
Contractual		37,853
Insurance		125,000
Miscellaneous		60,000
Purchased Water		700,000
Short Term Debt		240,000
Reduction in Repair and Maintenance Budget		106,140
Sewage Treatment Costs		120,000
AWR budget reduction to 2004 Financials		155,697
First Full Year of Operations Cost	<u>\$ 6,820,000</u>	<u>\$ 6,609,690</u>
 <u>INITIAL ONE TIME COST TO CONTRACT IN AWR PROPOSAL</u>		
Premium in First 6 Months of Operation - AWR		\$ 350,000 (2)
District's Cost to buy Employee's Time		450,000 (3)
Total One Time Cost to District		<u>\$ 800,000</u>

(1) This estimate is based on a plus/minus 10 % cost. This would create a Total Cost range of \$6,189,690 to \$7,029,690 per year.

(2) This is additional cost that AWR feels the district might recoup over the life of the Contract.

(3) This is cost to buy out employees time in excess of hours transferable to UMG Proposal.

MOUNTAIN WATER DISTRICT

P.O BOX 3157
PIKEVILLE, KY 41501
606/631-9162-PHONE
606/631-3087-FAX

FACSIMILE TRANSMITTAL SHEET

TO: DAN STRATTON	FROM: WILL BROWN
COMPANY: STRATTON, HOGG & MADDOX	DATE: MAY 26, 2005
FAX NUMBER: 606-437-7569	TOTAL NO. OF PAGES INCLUDING COVER: 3
PHONE NUMBER: 606-437-7800	SENDER'S REFERENCE NUMBER:
RE: RESOLUTION	YOUR REFERENCE NUMBER:

Dan:

Please read the attached and advise.

Thank you

CONFIDENTIALITY NOTICE

Rec. 5/26/05

MOUNTAIN WATER DISTRICT

RESOLUTION 05-05-013

APPROVAL OF NEGOTIATIONS OF OPERATIONS, MAINTENANCE & MANAGEMENT PROPOSAL

WHEREAS, THE BOARD OF COMMISSIONERS of the Mountain Water District agreed and requested statements of qualifications and price proposals (RFQ/P) from capable governmental entities, non-profit corporations, or private companies, interested in providing operations, maintenance, and management services to the District by means of a contractual agreement, and,

WHEREAS, THE BOARD OF COMMISSIONERS of the Mountain Water District agreed and appointed an Advisory Committee, consisting of one Board member, one attorney, one certified public accountant, one engineer, one District administrative employee, one District salaried employee and one District hourly employee to review and assess the two proposals submitted to the Board from Alliance Water Resources, Columbia, Missouri, and Utility Management Group, Corbin, Kentucky. The Advisory Committee completed their review and assessment of these two proposals and submitted to the Board of Commissioners their recommendation, and,

WHEREAS, THE BOARD OF COMMISSIONERS of the Mountain Water District agrees to accept the recommendation of the Advisory Committee and approve entering into negotiations with Utility Management Group for the Operations, Maintenance & Management Agreement submitted to the Board of Commissioners by Utility Management Group, Corbin, Kentucky, and,

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Mountain Water District votes to approve entering into negotiations with Utility Management Group for the Operations, Maintenance & Management Agreement submitted to the Board of Commissioners by Utility Management Group, Corbin, Kentucky.

MOTION FOR ADOPTION of this resolution was made the 25th day of May, 2005, by Commissioner Litafik and seconded by Commissioner Collins. Commissioner voting as follows:

Chairperson Akers	Aye
Commissioner Collins	Aye
Commissioner Litafik	Aye
Commissioner Spears	Aye
Commissioner Sullivan	Aye

THEREUPON, said motion was declared passed and the resolution adopted.

Dated this the 25th day of May, 2005.

Toni Akers, Chairperson

Terry Spears, Secretary

Exhibit B

Mountain Water District Cost Comparison between UMG and AWR Proposals

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(1) This estimate is based on a plus/minus 10 % cost. This would create a Total Cost range of \$6,189,690 to \$7,029,690 per year.

(2) This is additional cost that AWR feels the district might recoup over the life of the Contract.

(3) This is cost to buy out employees time in excess of hours transferable to UMG Proposal.

Exhibit A

Pg 2

Mountain Water District Projected Income Statement First Fiscal Year of Operations w/ UMG Contract ,000's Omitted

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MOUNTAIN WATER DISTRICT

P. O. BOX 3157
 PIKEVILLE, KY 41501
 606/631-9162 - PHONE
 606/631-3087 - FAX

FACSIMILE TRANSMITTAL SHEET

TO: DAN STRATTON	FROM: KIM HUNT
COMPANY: STRATTON, HOGG & MADDOX	DATE: MAY 17, 2005
FAX NUMBER: 606-437-7569	TOTAL NO. OF PAGES INCLUDING COVER: 1
PHONE NUMBER: 606-437-7800	SENDER'S REFERENCE NUMBER:
RE: RFQ/P TIMELINE	YOUR REFERENCE NUMBER:

RFQ/P advertisement – Appalachian News Express & Lexington Herald Leader	04-08-05
RFQ/P submittals – Received and opened	04-25-05
RFQ/P Advisory Committee convened for proposal(s) review	05-04-05
RFQ/P Additional information requested from proposing entities	05-04-05
Additional information to be submitted by	05-11-05
RFQ/P Advisory Committee reconvened for review of additional info	05-13-05

Hope this is helpful.

Kim

CONFIDENTIALITY NOTICE

The information contained in this facsimile message and in any accompanying documents contain confidential communication which belong to Mountain Water District. This information is intended for the use of the individual or entity named above. If this communication has been obtained by you or if you are not the named recipient of this information, you are notified that any disclosure, use, copying, distribution or the taking of any action based on this information is prohibited. If you received this message in error, please call 606/631-9162 to arrange to return it. Thank you.



May 10, 2005

Board of Commissioners
Mountain Water District
P.O. Box 3157
Pikeville, KY 41501

Re: Request for Statement of Qualifications and Price Proposals—March 2005

Dear Commissioners:

Alliance Water Resources is presenting this additional information in response to your Request for Statements of Qualifications and Price Proposals (RFQ/P) for full contract management and operation of the Mountain Water District. This letter is intended to supplement and expand the information submitted on April 25, 2005 and will specifically give you additional operational initiatives, our approach to staffing, and our pricing information.

As stated in our initial qualifications document we are extremely interested in assisting the Board of Commissioners in providing plentiful safe drinking water and professionally treated wastewater at the lowest reasonable cost. We believe we are uniquely suited for this project because of our extensive experience in managing, operating, and maintaining water districts for over 20 years.

We are looking forward to meeting with the Management Advisory Team and the Board of Commissioners so we can more fully explain who we are and answer your questions. We understand this submittal is a screening tool to help the Team and the Board assess whether or not to take our conversation to the next level in the evaluation process. We hope this offering will address and satisfy some of your concerns relating to:

- 1) Is contract operation right for Mountain Water?
- 2) Control issues
- 3) Staffing issues
- 4) Transition issues/pricing
- 5) Key contract provisions

1. Contract Operations

We see contract operations as a way to share essential resources among a number of clients. Rather than having each client staffed with technical expertise, project management expertise, utility management expertise, human resources, computer, accounting, and engineering expertise, Alliance

provides all these services from a relatively small centralized staff. Each client purchases a piece of the pie, not the entire pie, and still has access when needed, for any and all of the support it needs. To make this concept economical for Mountain Water, our centralized staff will supplement a reduced onsite staff, providing management and administrative assistance in the form of accounting services, computer services, and human resources.

Alliance operates eight water districts, five of which also provide wastewater treatment services to their customers. Although they are all different in many ways, they all share the common challenge of growth. There is no one-size-fits-all solution, but the experience of Alliance will be on your side as you deal with these issues. Alliance's assistance has ranged from strategic planning for orderly and effective expansion to helping our clients negotiate water purchase and wholesale agreements. Our experience and expertise in dealing with these issues will be directly transferable to the Mountain Water District.

If the board ultimately favors Alliance with a contract, the local staff in Pikeville will have the experience and support of over 250 managers, supervisors, technicians, and professionals at Alliance. While it is hard to assess a direct value to this support, your staff will notice a tremendous difference in the way it is supported.

2. Control

One of the most common fears expressed to us by prospective clients is a loss of control. We understand completely our role in this type of service business. We never confuse the fact that we work for the Board and that they have statutory responsibility to make all the key policy and procedural decisions. We see our job as performing all the day-to-day work within Board guidelines and providing the Board with advice, options, and recommendations on any and all related utility issues. Our boards know they are completely in charge and appreciate our responsiveness and willingness to solve problems and make their lives easier.

One huge advantage for our boards is that they are out of the HR business. All employees, benefits, and the many daily employee issues are assumed by Alliance, beginning on day one of the contract.

3. Staffing Issues

Having dealt with staffing transition issues at a number of client locations, we are very aware of the sensitive nature of this matter. We recognize that there will be staffing transition issues at Mountain Water if Alliance is hired. First of all, a number of core services will be performed in Columbia, MO in order to achieve the shared resources inherent with contract operations. Secondly, our initial look at current staffing levels and our current estimate of our "ideal"

staffing level indicates an overall staffing reduction will be necessary to provide quality service at a lower reasonable cost. This is an area that must be openly discussed with the Board before any firm, not-to-exceed pricing is established and any contract for services can be written.

Alliance has experience in transitioning from the public to the private sector. District employees who accept employment with Alliance become "Transfer" employees and will be credited with years of service at the District for the purpose of calculation of time sensitive service benefits such as vacation. Transfer employees also have their years of service count towards waiting periods for enrollments in health, life, AD&D and retirement benefits programs.

Our award winning HR department will offer the employees increased training, a comprehensive benefits program, and performance based incentives. We will use our utility management expertise to result in better work assignments, more accountability, and less need for Board involvement in day-to-day issues.

Job offers to existing District employees will be subject to their successful completion of our mandatory pre-employment drug screening. Existing staff is uniquely familiar with District facilities and Alliance has determined through past experience that existing staff will perform productively and can become a valuable nucleus to the Alliance on-site staff.

4 Transition Issues/ Pricing

As with any change, a period of transition can be invaluable. We envision our agreement to include a six month assessment effort followed by a year of transition and streamlining. This would then lead to four years of efficient operation for the Board. Accordingly, we would ask for an overall 5 ½ year contract beginning 7/1/05.

Prior to contract start-up, and at the Board's request, we would meet with employees to begin the process of educating them about our company, how they would fit into a transition plan, and the benefits of working for Alliance. This process is critical to a successful and smooth transition, and we are committed to giving it our best effort.

During the first six months of our contract we would utilize our Startup Team to completely assess the District and to finalize our staffing and operations plan. During that six month period, all existing employees would become Alliance employees. We would streamline staff as opportunities present themselves through attrition and transfers, aiming for our "ideal" staffing plan. We would expect to be at or near our desired level by 12/31/06. After that, we would expect four solid years of efficient operations for the Board.

Our pricing budget for the period of July 2005 to January 2006 is \$2,400,000. This budget is issued as a plus-or-minus five percent ($\pm 5\%$) estimate at this time until we can have the chance to more fully understand your needs, especially regarding employee benefits issues. This budget includes a refundable repair budget of \$150,000. This first assessment period provides for offering all Mountain Water District full time employees positions with Alliance for a minimum of six months at comparable wages and with the Alliance benefits program as described in our previous submittal. We have also assumed that the District will maintain responsibility for current vacation and sick balances per your current policies. We will be happy to discuss these and other issues at your convenience.

Our pricing budget for the fiscal year 2006 is \$4,200,000. This budget is issued as a plus-or-minus ten percent ($\pm 10\%$) estimate at this time until we can have the chance to more fully understand your needs. This budget also includes a refundable repair budget of \$300,000.

To assist your analysis of our pricing, a budget comparison between the current operation plan and the proposed operation plan (with Alliance) has been made. In Table 1, revenue and expenses are shown for 2003, 2004, and 2005. These were taken from your Budget Summary supplied to us during the facilities tour. An estimate of revenue and expenses are shown for 2006. The budget estimate was made based on the current rate structure and a projection of historical costs. The two shaded columns in the Table show our best estimate of your budget for 2005 and 2006 with Alliance providing services. You will note that in some cases all of a line item becomes the responsibility of Alliance and in other cases some or most of a line item remains the District responsibility.

As you can see, operation with Alliance will cost more in the first six month period due to transitional costs. This is a result of maintaining your entire staff and assuming operations. We believe this is a justifiable startup cost, to get through the six-month assessment. In the next year, your investment in Alliance will begin paying off. We are projecting a savings of approximately \$120,000 in the first full year and those savings will continue to multiply in the succeeding years. You will gain a more experienced staff, better information, and a professionalism that you need. The expertise that we bring to the District can also reduce costs that remain the District's direct responsibility. Delayed or reduced capital expenditures, power savings, engineering fees, and reduced water loss are examples of possible areas for savings. Alliance has provided such operational efficiencies and produced savings for our clients over the years.

Table 1

Mountain Water District
 Net Cash from Operations

DESCRIPTION	ACTUAL #3	BUDGET #4	BUDGET #5	BUDGET #6	BUDGET #7	NOTES
Revenue						
Water Revenue	5,730,520.00	6,027,500.00	6,630,000.00	6,630,000.00	6,950,000.00	5% growth in 05
Other Revenue	913,750.00	1,200,000.00	1,920,000.00	1,920,000.00	1,452,000.00	10% growth in 05
Service Revenue	180,285.00	290,000.00	262,500.00	262,500.00	262,500.00	
Total	6,824,555.00	7,477,500.00	8,212,500.00	8,212,500.00	8,674,500.00	
Operating Expenses						
Wages and Payroll Taxes	2,542,159.00	2,741,211.00	2,824,561.00	2,824,561.00	3,012,000.00	Contingencies 40% in 06
Power	289,973.00	470,000.00	500,000.00	500,000.00	515,000.00	Unchanged
Repairs, Maint, and Supplies	682,908.00	701,900.00	740,000.00	740,000.00	800,000.00	new services & major items
Transportation	342,690.00	350,000.00	367,500.00	367,500.00	400,000.00	Allegiance covers
Chemicals	72,987.00	170,000.00	176,500.00	176,500.00	195,000.00	Allegiance covers
Contractual - other	32,547.00	36,050.00	37,653.00	37,653.00	37,653.00	Unchanged
Bad Debt	18,315.00	13,751.00	14,439.00	14,439.00	14,439.00	Unchanged
Insurance	254,547.00	286,500.00	302,476.00	302,476.00	325,000.00	Unchanged
Legal, Acctg, Engineering and Audit	97,889.00	114,260.00	122,673.00	122,673.00	130,000.00	Value & Property
Regulatory Expenses	11,216.00	11,200.00	11,500.00	11,500.00	12,000.00	Savings
Miscellaneous	60,763.00	65,500.00	68,775.00	68,775.00	70,000.00	Unchanged
Depreciation	1,730,000.00	1,995,000.00	2,194,500.00	2,194,500.00	2,400,000.00	Savings
Purchased Waste	1,197,489.00	800,000.00	700,000.00	700,000.00	700,000.00	Unchanged
Allegiance (budget estimate)						Unchanged
Total	7,346,188.00	7,836,172.00	8,162,778.00	8,162,778.00	8,611,292.00	Allegiance Fee
NET OPERATING INCOME	(511,619.00)	(357,872.00)	49,754.00	49,754.00	63,208.00	
Plus Depreciation	1,730,000.00	1,995,000.00	2,194,500.00	2,194,500.00	2,400,000.00	
NET CASH BEFORE DEBT	1,218,381.00	1,637,128.00	2,244,254.00	2,244,254.00	2,463,208.00	

5. Key Contract Provisions

We supplied a standard contract for informational purposes with our first submittal. Since that time we've refined our thinking and wish to explain how key contract provisions would work.

Length of Contract – We would propose a 5 ½ year contract beginning 7/1/05. We would ask for a clause permitting automatic 5-year renewals if both parties are satisfied with the arrangement.

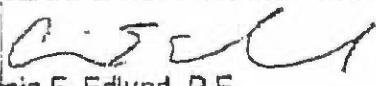
Pricing – Alliance contracts provide that pricing is annually negotiated, but once negotiated is a firm, not-to-exceed price for the year. We have had contracts like this for over 20 years and our Boards like the annual justification of our fees. However, because we see the possibility of Alliance further reducing costs in any given year, we would propose a 75/25% refund clause. Under these terms, a firm, not-to-exceed price would be mutually agreed to. If, at the end of the year, Alliance's cost plus its 10% management fee is less than the agreed to price, Mountain Water will receive 75% of the difference. This provides Alliance an incentive to reduce costs and also allows the District to benefit in a substantial way. If on the other hand Alliance exceeds its firm, not-to-exceed price, that is our problem, not yours. Effectively, we have to earn our management fee every year.

Water Treatment – We have assumed that we will produce an average of 2 million gallons per day at your water plant.

We hope we have managed to answer some of your key questions with this submittal, but know we will only be able to satisfactorily answer your most pressing questions in person. We hope to have the opportunity to be able to explain our Company's values and transition strategy in person.

We are looking forward to meeting with the Management Advisory Team and the Board of Commissioners so we can more fully explain who we are and answer all your questions. We would also like to assist you if you wish to schedule inspections and/or tours of our existing Water District clients. For your information, WD#2 of St. Charles County (the largest in Missouri) will be holding its regular board meeting at 1 p.m., Wednesday June 1, 2005. This would be a great opportunity to see our company in action with a similar District to Mountain Water.

Sincerely yours,
ALLIANCE WATER RESOURCES, INC.


Craig E. Edlund, P.E.
Director of Marketing and Business Development

May 9, 2005

Board of Commissioners
Mountain Water District
P.O. Box 3157
Pikeville, Kentucky 41501

Dear Commissioners:

I would like to thank the commissioners for the additional time for refining the proposal for operations, maintenance and management for the District. However, I thought my proposal addressed all points of the solicitation and I have some concern about extending the time for revisions of the price, adding plans and certain provisions.

Enclosed please find the addendum to the proposal for the Operations, Maintenance and Management of the Mountain Water District as notified in your fax dated: May 4, 2005. The information in the addendum will answer or identify the section's in the proposal in your fax, along with an adjusted price for O M&M for Mountain Water District.

If you have any questions or need further information, please contact me at your convenience at (606) 437-4754.

Sincerely,

Greg May
Utility Management Group

Addendum to Proposal to Mountain Water District

District Employees

1. All employees will be hired by Utility Management Group after successfully passing a drug test. (Referenced in Section I, Page 1 in Executive Summary, Section II, A.4, Page 5, Section III, A, Page 10 of the proposal) and again in the draft contract in Section 2.1.
2. UMG's plan for number of operational staffing after six months will be within a range of fifty-one (51) and fifty-six (56). There are currently eleven (11) persons on the construction crews at Mountain Water. UMG will propose a plan to retain the eleven currently employed for water line construction and add another five (5) for sewer line construction. The construction crews will be totally funded by coal severance tax dollars earmarked for construction for each specific project. UMG will construct specific projects for the amount earmarked with coal severance tax dollars. (Referenced in Section VI, Price Proposal) **Resident Inspectors will remain with the District.** (Referenced in Section VI, Price Proposal).
3. Employees will be paid for all over 100 hours of time accrued. Employee will transfer up to 100 hours of accrued time to UMG. (Referenced in Section VI, Price Proposal and Appendix G in Draft Contract).

4. Mountain Water employee's retirement is currently with County Retirement System. All employees that are vested will freeze their investment in the county system and join UMG's 401k retirement fund. UMG will match the employee's contribution at 50% up to 7% of the employee's contribution. At 7% by employee, total contribution would be 10.5%. Those employee's that are not vested, UMG will invest the District's contribution for each employee into UMG's 401k fund or pay out the District's accumulated total to each employee as a lump sum payment. **NOTE: Employees vested in the CRS will retain benefits @ the level accrued at the time of transition.**

Price Proposal

1. UMG's submittal included a plan to pay off short term debt and capitalize the term of the contract
2. UMG's submittal included all utility bills, i.e. electricity, telephone, pagers, purchased water. (Referenced in Section VI, Price Proposal).
3. UMG's budgetary process relies on standard accounting methods of projecting costs over time, taking into consideration any out of normal overtime expenses or other similar extraordinary cost. UMG's methods will conform to that outlined in the price proposal as submitted. More specifically, UMG would offer for discussion with the District's Board of Commissioners a method to determine future service contract costs, based on a per customer basis.
4. UMG will continue to work on refining the price on O M & M for Mountain Water District

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General First Data Request

Q 23. Please reference Exhibit B-2, Schedule W-B, p. 1 of 3 of the Application. Provide a breakdown of expenses listed under "Contract Services - R&M" for \$465,864 as well as the pro forma adjustment for \$470,523.

- a) Please explain in full R&M's job duties provided to MWD.
- b) Did MWD engage in competitive bidding when awarding this contract to ensure that this is the most cost effective option for its customers?
 - i) If so, please provide all documentation pertaining to the competitive bidding process, including but not limited to any and all internal emails, memoranda, and correspondence. If any RFPs were issued, provide any and all documents with such, and identify all parties to whom any RFPs were forwarded.
 - ii) If not, why not? Please explain your answer in detail.

WITNESS : Sawyer

RESPONSE : 23

See Response to PSC Request No. 1, Item 7, p. 287, Acct. No: 6360.09.

RESPONSE : 23(a)

The reference to "Contract Services – R&M" is a provision in the UMG Contract is for repair and maintenance items. UMG's Contract is for operation and maintenance of the system. Under the various contracts, MWD and UMG have allocated a fixed contract amount for repair and maintenance of the system. Any repairs and maintenance that exceed that allocation are the responsibility

of MWD. If there was a major infrastructure breakdown, or an excess number of breakdowns, they would be beyond the scope of UMG's agreement, and therefore, the responsibility of MWD. The R&M allocation is an estimate for R&M expenses during any given year of the UMG Contract.

RESPONSE : 23(b)

See response to Question 23(a).

RESPONSE : 23(b)(i)

Not applicable.

RESPONSE : 23(b)(ii)

See response to Question 23(a).

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General First Data Request

Q 24

Reference Exhibit B-2, Schedule W-B, p. 1 of 3 of the Application. Provide a complete and detailed breakdown of expenses listed under "Contract Services - Assumed Expenses by UMG" for \$350,460 that decreases in the pro forma adjustment by almost \$100,000.

WITNESS: Spears

RESPONSE:

The amounts included under Assumed Expense of UMG in the test year are expenses or costs that UMG incurs but does not bill the district for. Such items as the forgiveness of debt, debt service payments that are in Mountain's name but UMG pays the payments as part of their contract to keep up and replace our equipment. Specific detail can be found in the response to the Staff's Request Number 1, Item 7(a) General Ledger account number 6361.08. The difference between the historic and pro forma year is the \$99,229 final forgiveness of debt by UMG which will not be reoccurring in future periods.

CASE: Mountain Water District
CASE NO: 2014-00342
RE: Atty General First Data Request

Q25

Reference Exhibit B-2, Schedule W-B, p. 1 of 3 of the Application. Provide a complete and detailed breakdown of expenses listed under "Other Legal PSC Expense" for \$4,918, as well as what jobs were performed. Please also provide the name of the attorney, firm, address that was paid and completed each

WITNESS: Sawyers

RESPONSE:

The only expense that was put under Other Legal PSC Expense was for John Hughes, 124 West Todd St. Frankfort, KY 40601. The statement of account is attached as Exhibit 25.

Attorney General's Request for Information
Case No. 2014-00342

Exhibit 25

STATEMENT OF ACCOUNT

John N. Hughes, PSC
 Attorney at Law
 124 West Todd St.
 Frankfort, KY 40601

Invoice to:
 Mountain Water District
 % Dan Stratton
 111 Pike St.
 Box 1530
 Pikeville, KY 41502

Date of Invoice: November 8, 2013

Date	Reference	Time (Hrs)
10/1	Tele. DS re: McCoy issues	.83
10/2	PSC teleconference - McCoy	.75
10/9	Tele. DS re: McCoy; UMG contract issues	.16
10/22	Tele. DS re: McCoy	.16
10/25	Tele. DS re: McCoy; draft and file motion to hold hearing in abeyance	1.25
10/28	Review DS draft of McCoy settlement; revise	.67
10/30	Review revised settlement; letter to CH	.5
10/31	Tele. DS re: McCoy (2); rate case issues; tele. PSC re: rate case procedural issues; tele. DS	.91
Expenses		\$ 0
Sub total		5.23 <u>hrs@ \$350.00</u> = \$1,830.50
Previous balance		\$ 3,087.00
Total Due		\$4,917.50

CASE : Mountain Water District
CASE NO : 2014-00342
RE : Atty General First Data Request

Q 26. Please reference Exhibit B-2, Schedule W-B, p. 1 of 3 of the Application. Provide a complete and detailed breakdown of expenses listed under "Contract Services - Legal" for \$39,034.

WITNESS : Sawyer

RESPONSE :

See response to Question 21.