



October 14, 2016

VIA OVERNIGHT COURIER

Mr. Walter L. Thomas, Secretary
Alabama Public Service Commission
100 North Union Street, Suite 850
Montgomery, AL 36104



RE: Community Utilities of Alabama Inc. Request for Modification of Certificate of Financial Viability of Wastewater Management Entity (Docket Number 32553) – Addition of Assets of Canaan Systems, Inc.

Dear Mr. Thomas:

Community Utilities of Alabama Inc. (“CUA”) has filed an electronic copy of the attached Request for Modification of Certificate of Financial Viability of Wastewater Management Entity (Docket No. 32553) pursuant to Alabama Public Service Commission Rule WW-3 (PSC ADMIN. CODE R. 770-X-9-.03) and CODE OF ALABAMA (2013 Repl. Vol.) § 22-25B-1 *et seq.* An original and one copy of the attached petition are being sent herewith, along with a check in the amount of three hundred dollars (\$300.00) for the applicable certification fee.

This request relates to CUA’s anticipated operation of the following twenty-one (21) wastewater systems currently operated by Canaan Systems, Inc. (“Canaan”):

#	System Name	System Capacity (gpd)	County	Regulatory Authority
1	Alabama Belle (formerly Alabama Queen)	12,500	Cherokee	ADEM
2	Asbury Parc (formerly Asbury Park)	12,000	Jefferson	JCDH
3	Bent River (formerly Bent River – 3 rd Sector)	8,000	Shelby	ADPH
4	Carrington Lakes	52,000	St. Clair	ADEM
5	Chase Springs (formerly Chase Springs Subdivision)	34,000	Madison	ADEM
6	Cherokee Landing	7,000	Cherokee	ADPH
7	Creek Crossing	19,000	Randolph	ADEM
8	Golden Pond (formerly Golden Pond Road Properties)	3,000	St. Clair	ADPH
9	King's Ridge (formerly King's Loop Road)	37,125	Tuscaloosa	ADEM
10	Laurel Lakes	9,200	Jefferson	JCDH
11	Mountain Lakes	12,500	Shelby	ADPH
12	River Bend	13,125	Jefferson	ADEM
13	Sand Valley	2,000	Cherokee	ADPH
14	Sterling Lakes	49,500	Jefferson	ADEM
15	Sunset Point	5,100	Randolph	ADPH

#	System Name	System Capacity (gpd)	County	Regulatory Authority
16	Three Mile Resort	4,200	Cherokee	ADPH
17	Tranquility	12,375	Randolph	ADPH
18	Water's Edge	21,000	Etowah	ADEM
19	Willow Point	14,000	Calhoun	ADPH
20	Woodland Industrial Park	3,000	Jefferson	JCDH
21	Woodruff Farms (formerly Woodruff Farms #1)	111,650	Jefferson	ADEM

All of the wastewater systems listed above have been constructed and are in operation. The remaining wastewater systems for which Canaan has obtained financial viability determinations from the PSC are either not yet constructed or not operational, and none have permits to operate from either ADEM or ADPH.

Because all of the above wastewater systems are currently listed under Canaan's Certificate # 31183 (and Tariff Docket # U-5047), much of the information required by Rule WW-3 has been previously provided to the PSC for review and approval. CUA intends to adopt Canaan's tariff without substantive revision, as described in the attached application.

Canaan has already filed its petition to modify or terminate its certificate of financial viability and request for approval of transfer of systems (which is currently not assigned to a docket number). We understand that this request will have to receive approval before CUA's requested modification for operation of the affected systems can be approved, and that we will need to work closely with the PSC staff to coordinate an efficient and functional procedure for accomplishing those tasks. To that end, **we request that this petition and Canaan's petition to modify or terminate NOT be combined with CUA's currently-pending Application for Certificate of Financial Viability and request for approval to transfer systems from Utility Management LLC** (filed August 10, 2016).

We understand that you may have questions or need additional information regarding these items. If so, please do not hesitate to contact Regence Norwoods at (847) 897-6482.

Sincerely,



Don Sudduth
President
Community Utilities of Alabama Inc.

c: Rebecca W. Pritchett, Esq. (w/encl.)
Roger D. Rader (Canaan)
Regence Norwoods, Sr. Financial Analyst (CUA)

2016

**APPLICATION TO
ALABAMA PUBLIC SERVICE COMMISSION**

FOR

**MODIFICATION OF
COMMUNITY UTILITIES OF ALABAMA INC.
CERTIFICATE OF FINANCIAL VIABILITY**

CONTENTS

	Page
Introduction	1
Section I – Application Fee - Rule WW-3(1)	2
Section II – Name and Address of Applicant - Rule WW-3(2)(c)(1)	2
Section III – Character of the Organization - Rule WW-3(2)(c)(2)	3
Section IV – Proposed Tariffs - Rule WW-3(2)(c)(3)	3
Section V – Rate Worksheets - Rule WW-3(c)(4)	4
Section VI – Detailed Description of Proposed Service Area - Rule WW-3(c)(5)	4
Section VII – Description of Wastewater Systems - Rule WW-3(c)(6)	4
Section VIII – Franchise Agreement and/or Municipal Approvals - Rule WW-3(c)(7)	5
Section IX – Estimated Cost of Proposed Construction - Rule WW-3(c)(8)	5
Section X – Draft Operational Permit Numbers - Rule WW-3(c)(9)	5
Section XI – Records & Reports – Rule WW-6(1) & (2)	5
Section XII – Financial Assurance – Rule (WW-7) (1), (2) & (3)	6
Section XIII – Estimated Annual Revenue for First 5 Years – Rule WW-3(c)(11)	6
Section XIV – Copies of Operators’ Licenses – Rule WW-3(c)(12)	6
Section XV – Copies of Contracts Pertaining to Wastewater Systems – Rule WW-3(c)(13)	7
Section XVI – Copies of Deeds – Rule WW-3(c)(14)	7
Section XVII – Copies of All Compliance Enforcement Documents – Rule WW-3(c)(15)	7
Section XVIII – Proof of Insurance – Rule WW-7(3)	8
Signatures.....	8

Exhibits

Exhibit IV – Proposed Tariffs

Exhibit V – Rate Base Worksheets

Exhibit VI – Detailed Description of Proposed Service Area

Exhibit IX – Estimated Cost of Capital Expenditures within First 18 Months

Exhibit X – Operational Permit Numbers

Exhibit XIII – Estimated Annual Revenue for First 5 Years

Exhibit XIV – Copies of Operators’ Licenses

Exhibit XV – Copies of Contracts Pertaining to Wastewater Systems

Exhibit XVI – Summary of Real Estate Interests

Introduction

Community Utilities of Alabama Inc. (“CUA”) is seeking a modification of its Certificate of Financial Viability in order to take over operation of the twenty-one (21) wastewater utilities listed herein, currently operated by Canaan Systems, Inc. (“Canaan”) and regulated by the Alabama Public Service Commission (“PSC”). To that end, we are submitting herein the information necessary for said modification pursuant to Alabama Code Section 22-25B-6 and PSC Admin. Code R. 770-X-9-.03 for our anticipated operation of those wastewater systems. CUA further requests that the Commission initiate a docket in order to consider a Commission Order approving the asset sale and specifically determine the rate base, pursuant to Alabama Code §§ 37-1-80 and 22-25B-6(g), for the acquisition at the purchase price of the transferred assets plus transactional costs, as detailed in Exhibit V. A copy of the Asset Purchase Agreement between the parties is attached as Exhibit XV. The agreement is contingent upon the parties receiving the PSC’s approval of all related petitions.

Canaan has already submitted its petition to modify and/or terminate its certificate of financial viability and request for approval of transfer of systems to effectuate the transfer of the wastewater systems enumerated herein. We understand that Canaan’s request will have to receive approval before CUA’s requested modification of its Certificate of Financial Viability can be approved as it relates to the Canaan systems, and that we will need to work closely with the PSC staff to coordinate an efficient and functional procedure for transferring Canaan’s system assets.

We believe that CUA can provide substantial benefits to the affected systems’ ratepayers through the proposed acquisition. As indicated in CUA’s initial application for a Certificate of Financial Viability filed August 10, 2016, CUA’s parent company is well-funded, with a significant amount of experience in the wastewater treatment business. CUA commits to work with the appropriate regulatory agencies to insure continued environmental and safety compliance.

The proposed acquisition will benefit the systems’ existing ratepayers by providing higher quality and more reliable service, and by keeping rates affordable. CUA will provide the ratepayers with better service capabilities and quality, and improved community relations. CUA ratepayers will enjoy the benefits of CUA’s information technology investments, as well as its vendor relationships that improve the level of service through electronic communication, online account access, increased payment options, and customer contact center tools that provide flexibility and effective service. Because of the consolidation of operations of the Canaan systems with CUA’s parent company’s existing operations, cost efficiencies will likely be realized as a result of shared overhead and synergies. Additionally, economies of scale from the pooling of resources will produce cost benefits when implemented. Utilities, Inc.’s extensive experience will also yield additional efficiencies. CUA’s available equity capital will introduce improvements in service and compliance. CUA, through its parent company, also has considerable expertise and dedicated resources to support the operation of the systems, including engineering, environmental, and operational expertise. In addition, the parent company’s aggressive growth strategy will enable further consolidation, and improve service and environmental compliance for additional systems which could be acquired in Alabama.

Section I

Application Fee

RULE WW-3(1):

All MEs that seek a Certificate of Financial Viability shall file an application with the PSC accompanied by a \$700 certification fee. A Certificate of Financial Viability must be issued by the PSC prior to the issuance of a new operating permit by ADEM or ADPH. Such applications for a Certificate of Financial Viability may apply to multiple systems for the \$700.00 certification fee.

This application is being filed electronically. Confidential business information included with the filing has been redacted. An original and one copy are being sent under separate cover with a check in the amount of three hundred dollars (\$300.00) for the modification fee.

Section II

Name and Address of Applicant

RULE WW-3(2)(c)(1):

Full and accurate name and address of the applicant.

Community Utilities of Alabama Inc. (sometimes referred to herein as “CUA”)

Mailing Address: Community Utilities of Alabama Inc.
2335 Sanders Road
Northbrook, IL 60062 -6108

Phone Number: (847) 498-6440

Facsimile Number: (847) 498-6498

Email:

DESudduth@uiwater.com

President

Don Sudduth

AMAccardo@uiwater.com

Vice President

Aaron Accardo

RRMedders@uiwater.com

Regional Manager

Ron Medders

Section III

Character of the Organization

RULE WW-3(2)(c)(2):

Character of the organization; e.g., corporation, LLC, partnership, or individual proprietorship.

Community Utilities of Alabama Inc. is an Alabama Domestic Corporation.

Entity ID	334-101
Entity Type	Domestic Corporation
Principle Address	2335 Sanders Rd. Northbrook, IL 60062
Place of Formation	Montgomery County, Alabama
Formation Date	5-12-2015
Registered Agent Name	CSC-Lawyers Incorporating Service Inc.
Registered Office Street Address	150 South Perry Street, Montgomery, AL 36104
Registered Office Mailing Address	150 South Perry Street, Montgomery, AL 36104

Community Utilities of Alabama Inc. is a wholly-owned subsidiary of Utilities, Inc., an Illinois corporation which owns and operates a portfolio of regulated utilities providing water and wastewater services to over 290,000 residential and commercial customers across 15 states.

Section IV

Proposed Tariffs

RULE WW-3(2)(c)(3):

Proposed tariff showing all rates, classifications and charges for service of every kind furnished or to be furnished and all Rules and Regulations.

With the exceptions noted in this Section IV, CUA proposes to maintain the acquired systems' existing rate and classification structure, as approved by the Commission on October 6, 2015 at Docket ## U-5047 and 31183 with an effective date of October 29, 2015, for a period of at least 12 months. CUA proposes to amend the acquired systems' existing tariff rules and regulations as follows:

- (1) to substitute CUA's name for Canaan's;
- (2) to add Alabama Belle to Commercial Customers on page 7 of 18; and
- (3) to add the City of Leeds to Local and State Revenue-Based Taxes and Fees on page 8.

CUA's proposed tariff rules and regulations are attached as Exhibit IV, with the above-noted exceptions incorporated.

Section V

Rate Worksheets

RULE WW-3(2)(c)(4):

Worksheets for rates, detailing the data and calculations used to arrive at such rates which must be cost-based.

CUA will continue to use Canaan's current rate structure, with the noted exceptions in Section IV, for a period of 12 months. As noted in the introduction, CUA is requesting that the Commission approve a rate base at purchase price plus transaction costs for the purpose of future rate determinations. Exhibit V details the purchase price and transaction costs totaling \$2,220,790 compared to the net book value of \$5,649,556 by system and provides a comparative pricing analysis of rate base versus operating margin methods of pricing.

Section VI

Detailed Description of Proposed Service Area

RULE WW-3(2)(c)(5):

Detailed description of proposed service area including service area map.

A detailed description of the services areas for each system subject of this Petition was previously submitted to the PSC by Canaan. See Exhibit VI for a list of systems, addresses (where assigned), and coordinates for each treatment system.

Section VII

Description of Wastewater Systems

RULE WW-3(2)(c)(6):

Detailed description of the wastewater system(s) including a description of the collection system(s) and the treatment facility(s).

Detailed descriptions of the wastewater systems, including descriptions of the collection systems and treatment facilities, were previously submitted to the PSC by Canaan.

Section VIII

Franchise Agreements and/or Municipal Approvals

RULE WW-3(2)(c)(7):

Copy of franchise agreement(s) and/or approval(s) of municipal authorities (or county permits).

CUA understands from Canaan that there are no franchise agreements and/or approvals of municipal authorities (or county permits) required or obtained for the systems subject of this petition.

Section IX

Estimated Cost of Proposed Construction

RULE WW-3(2)(c)(8):

Estimate of the cost of proposed construction.

The systems subject of this petition have already been constructed and are operational. However, several are in need of upgrade or repair to conform to CUA's standards. CUA's anticipated capital expenditures within the first eighteen (18) months of operation are shown on Exhibit IX. These costs of anticipated construction, in addition to inflation, are not factored into the rate calculations in Exhibit V. However, CUA will maintain Canaan's current rate structure for a minimum of 12 months, as referenced in Exhibit XIII.

Section X

Draft Operational Permit Numbers

RULE WW-3(2)(c)(9):

Draft operational permit number(s)

Permit information was previously submitted to the PSC by Canaan. However, a current list of operational permit numbers and the issuing agencies is attached as Exhibit X.

Section XI

Records & Reports

RULE WW-3(2)(c)(10):

All documents pursuant to 770-X-9-.06

At the time of this filing, CUA is still awaiting issuance of its initial Certificate of Financial Viability and approval of an initial transfer of systems to CUA. Consequently, none of the documents referenced in PSC Admin. Code R. 770-X-9-.06 exist.

Section XII

Financial Assurance

RULE WW-3(2)(c)(10):

All documents pursuant to . . . 770-X-9-.07.

PSC Admin. Code R. 770-X-9-.07

Each ME shall obtain financial security in the form of a surety bond or irrevocable letter of credit in an amount equal to fifty percent (50%) of the ME's gross wastewater plant with a maximum required amount of \$300,000. The bond or letter of credit shall contain a provision which renders the full amount available to the Commission upon the presentation of a Commission Order which states that the Commission is taking possession of the wastewater system in accordance with Ala. Code § 22-25B-1 et seq. Upon request, the Commission will provide a sample bond and letter of credit which meet the requirements of these rules. If a ME proposes to post financial security other than the type or amount permitted here, it must file a separate petition with the Commission and obtain PSC approval for such other financial security.

A bond is being provided as part of CUA's currently-pending petition for an initial Certificate of Financial Viability.

Section XIII

Estimated Annual Revenue for First 5 Years

RULE WW-3(2)(c)(11):

Estimated annual revenue for each of the first five years of operation, indicating the estimated number of consumers in each classification of service. Include and itemize estimated revenue to be derived from vacant lot fees or sewer system access fees.

See estimated revenues attached as Exhibit XIII. The estimates provided assume (1) residential growth over the five-year period and (2) Canaan's current rate structure. The current rate structure will be maintained for a minimum of 12 months, after which CUA will review the need for any adjustments.

Section XIV

Copies of Operators' Licenses

RULE WW-3(2)(c)(12):

Copies of operators/installers licenses.

CUA intends to retain the operators currently being used by Canaan. License information for those operators/installers was previously submitted to the PSC by Canaan. Nevertheless, copies of licenses for operators/installers are attached at Exhibit XIV.

Section XV

Copies of Contracts Pertaining to Wastewater Systems

RULE WW-3(2)(c)(13):

Copies of all contracts pertaining to wastewater system(s) to which the ME is a party.

Canaan's contracts, which will be assigned to CUA upon transfer of the systems, were previously submitted to the PSC by Canaan. CUA's Asset Purchase Agreement with Canaan (dated May 6, 2016) is attached at Exhibit XV.

Section XVI

Copies of Deeds

RULE WW-3(2)(c)(14):

Copies of all relevant deeds.

A summary of all relevant real property documents is attached as Exhibit XVI. The summary provides information regarding each easement and other real property interest which is to be transferred or which will automatically inure to CUA's benefit as successor in interest to Canaan. Some minor issues with real property interests have come to CUA's attention during the due diligence process, and CUA is working with Canaan to remedy them. CUA will keep the PSC staff updated regarding its progress in clearing up those issues.

Section XVII

Copies of All Compliance Enforcement Documents

RULE WW-3(2)(c)(15):

Copies of all regulatory compliance enforcement documents received by applicant in the last two years.

CUA has received no regulatory compliance enforcement documents in the last two years.

Section XVIII
Proof of Insurance

RULE WW-7(3):

Each ME shall provide proof of general commercial, pollution, and environmental liability insurance in the amount of \$2,000,000 general aggregate.

Proof of insurance was previously provided in support of CUA's pending Application for Certificate of Financial Viability.

Signature

Respectfully submitted this 17th day of October, 2016.

Community Utilities of Alabama Inc.



By Don Sudduth
As Its President

STATE OF Illinois)
Cook COUNTY)

I, the undersigned, a notary public in and for said county and state, hereby certify that Don Sudduth, whose name as President of Community Utilities of Alabama Inc., an Alabama corporation, is signed to the foregoing Request for Modification of Certificate of Financial Viability of Wastewater Management Entity and who is known to me, acknowledged that, being informed of the contents of said application, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal this 17th day of October, 2016.



Deborah Ring
Notary Public
My Commission Expires: 01/29/18

Exhibit IV

Proposed Tariffs

Community Utilities of Alabama Inc.

**Application for Modification of
Certificate of Financial Viability**

COMMUNITY UTILITIES OF ALABAMA INC.

TARIFF

FOR

SEWER SERVICES IN

THE STATE OF ALABAMA

INDEX TO TARIFF

SEWER SERVICE RATES

Residential	3
Recreational Vehicle Lot.....	4
Commercial.....	5
Local and State Revenue-Based Taxes and Fee	8
Definition of Terms	9

INDEX OF RULES AND REGULATIONS	11
I. Required of Customers	12
II. Obligations of the Company.....	16
III. Requirements after service has been furnished	17

SEWER SERVICE RATES

Residential

(Class of Service)

AVAILABILITY:

Sewer service is available to each single family residence located within the service area-Certified by either the Alabama Public Service Commission or the Alabama Department of Public Health (prior to May 22, 2009).

RATE:

Residential Rate.....\$ 52.99 per month

Recreational Vehicle Lot

(Class of Service)

AVAILABILITY:

Sewer service is available to each single family residence located within the service area-Certified by either the Alabama Public Service Commission.

RATE:

Recreational Rate\$ 39.06 per month

Commercial

AVAILABILITY: Sewer service is available to each commercial installation located within the service area permitted by either the Alabama Department of Public Health or by the Alabama Department of Environmental Management. Commercial rates will be as follows:

$$\text{Rate} = \text{Testing} \times (\text{Expected individual Usage Volume} / \text{Total System Capacity}) + (\text{O \& M Rate} \times 1.40) + \text{Ancillary Costs}$$

Testing:	Cost of Quarterly (or more frequent if required) performance testing
Individual Usage Volume:	*Expected usage volume for an individual account (annual audits of water usage will be conducted to verify volume and make adjustments if required)
Total System Capacity Volume:	Design volume for the total system
O & M Rate:	Graduated O & M rate based on expected usage and scaled according to the Residential Operations and Maintenance costs (less testing) x Commercial rider.
Ancillary Costs:	Pass-through charge for requested/required items such as weekly or biweekly landscape maintenance

*It is critical for the financial viability of the Utility that the Utility be able to monitor expected usage volume versus actual usage. Surcharges will apply when accounts exceed their expected usage volume. For any month that the water meter reading for an account exceeds the expected usage volume the following surcharge will apply:

Usage Volume (In excess of Expected Volume)	Surcharge
1 – 1,000 gallons	\$250
1,001 – 2,000 gallons	\$350
Greater than 2,001 gallons above Expected Volume	\$500 per 1,000 gallons

If the actual usage volume (based on water meter reading) exceeds the expected usage volume for 3 consecutive months the expected usage rate will be adjusted to reflect the actual usage volume. In addition, any required capital improvements to the collection, treatment and disposal system will be charged to the individual account(s) whose excess

usage necessitates the improvements.

The following chart presents the graduated scale for daily commercial volume usage:

<u>Volume</u>	<u>O & M Fee</u>
0 – 300 gallons	\$68.68
301 – 600 gallons	\$117.36
601 – 900 gallons	\$176.04
901 – 1,200 gallons	\$234.72
1,201 – 1,500 gallons	\$293.40
1,501 – 1,800 gallons	\$352.08
1,801 – 2,100 gallons	\$410.76
2,101 – 2,400 gallons	\$528.12
2,401 – 2,700 gallons	\$586.80
2,701 – 3,000 gallons	\$645.48
3,001 – 3,300 gallons	\$704.16
3,301 – 3,600 gallons	\$762.84
3,601 – 3,900 gallons	\$821.52

COMMERCIAL CUSTOMERS

Woodland Industrial Park	\$107.89 per month plus any additional local or state revenue-based taxes or fees.
Lloyd's By the Pier Restaurant.....	\$87.65 per month plus any additional local or state revenue-based taxes or fees.
Alabama Belle ¹	\$1,068.66 per month plus any additional local or state revenue-based taxes or fees.

¹ Alabama Belle was not included in original Canaan Systems, Inc. Tariff filed in 2011

Local and State Revenue-Based Taxes and Fees

Cherokee County – only applies to premises within their jurisdiction – 4%

City of Leeds – only applies to premises within their jurisdiction – 3%

City of Trussville – only applies to premises within their jurisdiction – 3%

City of Ohatchee – only applies to premises within their jurisdiction – 10%

Permitting Authority (ADEM or ADPH) – applies to all Customers – 4%

Alabama Dept of Revenue – applies to all Customers – 2.2%

RULES AND REGULATIONS

Definition of Terms

Availability-	Sewer service is available to each single family residence located within the service area-Certified by either the Alabama Public Service Commission or the Alabama Department of Public Health (prior to May 22, 2009).
Company -	The provider of sewer services. The Company may also be referred to herein as the Utility and Entity providing sewer services.
Customer -	Any person, association, corporation or governmental agency connected or entitled to be connected with sewer service by the Company in accordance with the Tariff.
Month-	One-twelfth of a year.
Sanitary Lateral-	The sewer pipe that connects Customer's plumbing system from inside the Premises and terminates at the Connection Point at the Customer's property boundary.
Connection Point-	The location where the Customer's Sanitary Lateral connects to the Company's Sewer System.
Connection Fee-	A charge for connection onto the sewer system as applicable.
Reconnection Fee-	A fee for reconnection of sewer service
Interceptor Tank-	The tank with or without a pump, located on the Customer's premises and operated and maintained by the Company after installation that meets the standards of Company and that collects sewage from the Sanitary Lateral and discharges the sewage through the Sewer (Collection) System to the Treatment Facility.-
Sewer System-	A system of connected underground pipes, pumps and appurtenances that collects, transports and treats

	Customer's sewage.
Sewage-	Wastewater discharged by the Customer to the Sewer System.
Closing-	The date of the transaction when the Premise or Lot is legally sold and conveyed from one Customer to another.
Sewer Service Agreement-	The agreement between the Developer of the property and the Company that sets the understandings, expectations and obligations of both parties before, during and after construction of the sewer system that will serve the Premises or Lots.
Terms of Service-	The requirements as sets forth by the Company that must be met by the Customer to obtain and continue to receive sewer service.
Lock-out Water Valve-	The lockable water valve installed on the water service to the Premises, on the Premises side of the water meter box. The Lock-out Water Valves is owned by the Company and may be closed in the event of Customer default or non-payment.
Treatment Plant-	Also called the Treatment Facility, which includes tanks and equipment to treat or transform sewage or otherwise eliminate pollutants so that the product of treatment meets standards set forth by governmental agencies for the protection and enhancement of public health and the environment.
Premises-	Building or structure built, set or parked on a Lot, whether for residential, commercial or recreational use and that is or will be connected to the Sewer System.
Lot-	Real estate, on which a Premise is planned, that is or will be
System Maintenance Fee-	Until such time that a Premises is constructed and occupied, a monthly System Maintenance Fee of \$10.00 per month is to be paid to the Company by the owner of each unoccupied lot or premise in the area served by the sewer system to maintain its readiness to provide future sewer service to the vacant lot or house.

INDEX OF RULES AND REGULATIONS

I. Required of Customers:

1. System Maintenance Fee
2. Compliance with laws and rules and regulations
3. Notification of Problems
4. Application for Service
5. Install Customer Components
6. Customer ownership of Components
7. Access to valve boxes and access lids
8. Deposit or guarantee
9. Prohibited substances

II. Obligation of the Company

1. Provide sewer
2. Right to disconnect service
3. Cost of repair
4. Requirement to protect the Company's equipment
5. Customer operation and maintenance
6. Sale of Company assets

III. Requirements After Service Has Been Supplied

1. Notification of Company of defect or trouble
2. Company access to equipment
3. Copies of rates, rules and regulations
4. Billing
5. Legally Binding Company
6. Conflict with Rules and Regulations.

RULES AND REGULATIONS

I.Required of Customers

1. Until such time that a Premises is constructed and occupied, a monthly System Maintenance Fee of \$ 10.00 per month is to be paid to the Company by the owner of each unoccupied lot or premise in the area served by the sewer system to maintain its readiness to provide future sewer service to the vacant lot or house.
2. It is understood that sewer service is provided by the Company which is a private utility and management entity operating under the laws of the State of Alabama. Connecting onto the Company's system obligates the Customer(s) to comply with all local, state and federal laws and in accordance with Company's Rules and Regulations.
3. The Customer shall give prompt notice of any difficulty, deficiencies or operating problems with the sewer service in order that prompt attention may be given to alleviate and repair the system and to mitigate any detriment to the public health.
4. The Customer shall complete the Company form to open an account for sewer service. The Customer shall inform the Company the earliest date sewer service shall be required. In no way shall the Company be held responsible for any delays in construction due to any conflict or delays in connecting onto the system. The Customer shall also be responsible to obtain any necessary permits from other authorities as applicable.
5. At his cost the Customer shall install the lot components from the building plumbing to the connection point of the collection system. It is the responsibility of the Customer to insure that the lot components shall be in accordance with local building codes and inspected both by local authorities and the Company. The Customer shall notify the Company 48 hours in advance of the date the construction is to commence. The Customer shall assure that all connections and joints are in accordance with Company specifications and procedures.
6. All service components located within the property boundary, including the outfall line to the interceptor tank, the interceptor tank, pumps and outfall line to the property line is owned by the Customer. The Company is responsible only for the routine operation and maintenance of the Customer's components.
7. The Customer shall install a lockable water valve at the Customer's side of the water meter and the Company shall have exclusive right to close the valve for non-payment of services. However, the use of this valve does not in any way relieve the Customer of the obligation to pay for water service to the water service provider. In addition, the Customer(s) understands that if they fail to pay for services or operates and discharges wastewater harmful to the system, the

Company has the right to shut off the water or sewer service. The Customer(s)

agree to indemnify and hold harmless the Company, its successors or assignees from any liability stemming from the disconnection of service.

If the Customer fails to install a lockable water valve, the Company reserves the right to install a lockable water valve at its discretion on the Customer(s) side of the water meter.

8. The Customer shall insure that all valve boxes and access lids are fully visible and accessible by Company personnel. Access to the interceptor tank, its openings and appurtenances, and its associated piping for inspection, repair or other purposes shall be permitted by the Customer to authorized agents of the Company at all reasonable hours.
9. A Customer that connects to the Company's Sewer System illegally or without properly notifying the Company shall be assessed a minimum fee of \$ 500 plus any fees or penalties provided by law.
10. If anyone shall tamper with the Company's equipment including the valve box and lockout valve a minimum fee of \$ 250 shall be assessed plus any civil penalties provided by law.
11. The Customer shall not allow the following prohibited materials from entering the sewer system. Any and all costs associated with repairs or damages to the sewer system caused by Customer's failure to abide with these prohibitions will be at the expense of the Customer including any legal or court costs and shall be paid within thirty (30) days from receipt.

Coffee grinds	Dental floss	Kitty Litter	Tampons
Disposal diapers	Sanitary napkins	Cigarette butts	Condoms
Fats, grease or oil	Paper towels	Paints	Varnishes
Thinners	Motor oil	Pesticides	Fuels
Photographic solutions	Septic Tank Additives		

and any materials meeting the following:

A. GENERAL:

- a. No storm water from pavements, area roads and ways, roof runoff water, foundation drains, subsurface drains, water from springs, cooling water, basement sump pump discharge, photographic developing or processing chemicals, unpolluted industrial or commercial process water, or other sources shall be discharged into the Company's sewer system.
- b. When expressly authorized by the Company. Normal household shredded garbage from the kitchen residential garbage disposal is permitted.

B. DISCHARGE:

No person shall cause or permit to be discharged into the Company's wastewater sewage system any toxic substance or waste having any of the following characteristics:

- a. Waste containing any gasoline, naphtha, fuel, oil or other liquids, solids or gases which by reason of their nature or quality may cause fire or explosion or be in any other way injurious to persons, the structures of the wastewater sewage system or its operation.
- b. Wastewater containing any photographic developing or processing fluids or chemicals.
- c. Waste having a temperature in excess of 120 Degrees Fahrenheit or lower than 20 Degrees Fahrenheit.
- d. Washes having a pH lower than 6.0 or higher than 9.0 having any corrosive property capable of causing damage or hazards to structures, components, equipment or personnel of the wastewater sewage system.
- e. Waste containing any noxious or malodorous gas or substance that either singly or by interaction with sewage or other waste is likely, in the opinion of the appropriate governmental authority or the Utility, to create a public nuisance or hazard to life or prevent entry to sewers for their maintenance or repair.
- f. Waste containing ashes, cinders, sand, mud, straw, shavings, metal, paint, glass, rags, feathers, tar, plastic, wood, cotton or other fibers, lime, slurry or any other solid or viscous material of such character or in such quantity as in the opinion of the Utility may cause an obstruction to the flow in sewers or otherwise interfere with the proper operation of the sewer system.
- g. Waste containing insoluble, non-flocculent substances having a specific gravity in excess of 2.65.
- h. Waste water containing soluble substances in such concentrations as to cause the specific gravity to be greater than 1.1.
- i. Waste containing any of the following substances in concentrations exceeding those shown in the following tables as measured by an acceptable method:

SUBSTANCE	MAXIMUM PERMISSIBLE CONCENTRATIONS (mg per 1000 gallons)
Phenolic Compounds, e.g.,	
As C ₆ H ₅ OH	1.00
Cyanides as CN	0.00
Cyanates as CNO	0.00
C.B.O.D. (5day)	300.00
Iron as FE	3.00
Trivalent Chromium as CR plus three	0.05
Hexavalent Chromium as CR plus six	0.05
Nickel as Ni	0.05
Copper as Cu	0.50
Lead as Pb	0.50
Zinc as Zn	0.50
Mercury as Hg	0.00

- j. Waste containing other matter detrimental to the operation of a sewage treatment plant or sanitary sewers causing erosion, corrosion or deterioration in sewers, equipment and structures of a sanitary or sewer plant.
- k. Waste containing more than 100 mg per 1000 gallons by weight of tar, fat, oil or grease.
- l. Waste containing more than 10 mg per 100 gallons of any of the following gases: hydrogen sulfide, sulfur dioxide, nitrous oxide, or any of the halogens.
- m. Waste containing toxic substances in quantities sufficient to injure or interfere with any sewage treatment process, constitute a hazard humans or animals or create any hazard in the sewer system operation and such toxic waste shall include, but not be limited to, waste containing cyanide, chromium and/or copper ions.
- n. Any waste containing toxic substances in quantities sufficient to interfere with biochemical processes of the sewage treatment works or that will pass through the sewage treatment works and exceed the local, state and/or federal requirements in respect thereof.
- o. Any waste containing radioactive isotopes.

RULES AND REGULATIONS

II. OBLIGATIONS OF THE COMPANY

1. The Company will use all reasonable diligence to provide uninterrupted service, but in the event service is interrupted or fails:
 - a) By reason of accident, strike, legal process, governmental order, fire, extraordinary repairs or other causes beyond the control of the Company, or
 - b) By action of the Company when, in the sole judgment of the Company, such interruption will prevent or alleviate an emergency threatening the integrity of the system or aid in the restoration of its service in such an emergency,

Then the Company shall not be held liable for damages because of such interruption or failure and the Customer shall make no claim for such damages.

2. The Company reserves the right to disconnect its services in accordance with Section III below should the Customer fail to comply with any of the provisions of the Company's rate schedules or any of its rules and regulations on file with and approved by the Alabama Public Services Commission or other governing authority.
3. The Customer shall exercise proper care to protect the property of the Company located adjacent to the Customer's property. In the event of loss or damage to Company's equipment arising from neglect of the Customer to properly protect said equipment, the cost of repairs or replacement shall be the responsibility of the Customer.
4. The Company shall provide routine operation and maintenance of the Customer's components which includes pumping out the interceptor tank, if so equipped, cleaning filters, securing access lids, and checking pump operation and controls. All other services shall be considered non-routine and subject to payment by the Customer.
5. The Company shall not sale, encumber, assign or otherwise divest itself of any interest in the lands or fixed assets of the treatment systems and appurtenances without the expressed written consent of the Alabama Public Service Commission, the Alabama Department of Public Health or other governing authority.

RULES AND REGULATIONS

III. REQUIREMENTS AFTER SERVICE HAS BEEN FURNISHED

1. The Customer shall give prompt notice to the Company of any defect in or operating problems with the sewer service
2. The authorized agents of the Company shall have free access to the components located on the Customer's property, as is necessary to inspect, maintain and operate the sewer system. The Customer shall use reasonable diligence to protect all components and shall reimburse the Company for injury or damage suffered by it, resulting from actions or negligence of the Customer.
3. A copy of the rates, rules and regulations, under which sewer service will be provided is on file with the Alabama Public Service Commission and is open to inspection at offices of the Company.
4. The amount of one-month's billing will be collected in advance from each Customer prior to rendering services to the Premises. Bills for sewer service will be issued monthly and will be payable at offices of the Company within ten (10) days from the due date.
 - A) Any such bill that is not paid within ten (10) days from the due date shall be considered delinquent. A monthly penalty of five dollars or two percent (2%) of the delinquent bill whichever is more, will be assessed for all delinquent accounts.
 - B) At any time after a Customer's account has become delinquent the Company may provide a written delinquency notice to the Customer including notice of the Company's intention to disconnect service if his account is not paid within ten (10) days. The Company shall also inform the local health department in writing of the intent to disconnect. The water lock-out valve will be used for disconnect for nonpayment. Upon Customers failure to meet the conditions of the notice the Company may disconnect service without further notice, subject to the following provisions:
 - (1) No service shall be disconnected for nonpayment until after 12:00 am on the last day of the notice.
 - C) Notice of the Company's intention to discontinue service as required in paragraph (b) shall be considered to be given to Customer when copy of such notice is left with such Customer, left at the premises where service is rendered, or posted in the United States mail, addressed to the Customer's last known post office address.
 - D) Whenever sewer service is disconnected for nonpayment and Customer requests that service be restored, a disconnect/reconnected fee in the amount of \$ 180.00 dollars shall be paid to the Company before the service is reconnected.

- e) If the bill is paid when the company's agent arrives to disconnect service, a collection fee of \$ 90.00 will be assessed to the customer's account.
 - f) The Company may extend to the Customer on terms satisfactory to the Company, payment of any delinquent account, or any part thereof and its action in so doing shall be without prejudice to its rights to disconnect service.
 - g) It is the responsibility of the Customer to notify the Company regarding existing conditions that might require special consideration prior to the termination of services for nonpayment of a delinquent bill.
 - h) An administrative charge of twenty-five dollars (\$25.00) will be billed to each Customer for which payment for sewer service made is subsequently returned for nonpayment. Such charge shall become a part of the total amount owed by the Customer for which sewer service may be disconnected.
 - i) The Company may decline to serve an applicant or disconnect a Customer who is indebted to the Company for similar sewer service.
5. It is understood that no statement or representative of any employee or officer of the Company shall bind the Company, unless the same be in writing and approved by the signature of an authorized representative of the Company. No employee or officer of the Company is authorized to waive this condition.
6. These rules shall be construed together with the General Rules of the Alabama Public Service Commission. However, in the event these rules conflict with the General Rules of the Alabama Public Service Commission, the latter shall govern.

Exhibit V

Rate Base Worksheets

Community Utilities of Alabama Inc.

**Application for Modification of
Certificate of Financial Viability**

Exhibit V
Community Utilities of Alabama Inc.
Rate Base Worksheet

System	NBV (\$)	Purchase Price (\$)	ESA ⁽¹⁾ Cost (\$)	Rate Base (\$)
Alabama Belle	101,958	39,704	990	40,694
Asbury Parc	148,274	57,739	990	58,729
Bent River	100,208	39,022	990	40,012
Carrington Lakes	660,285	257,122	990	258,112
Chase Springs	296,530	115,472	990	116,462
Cherokee Landing	123,114	47,942	990	48,932
Creek Crossing	227,584	88,624	990	89,614
Golden Pond	71,857	27,982	990	28,972
King's Ridge	398,394	155,139	990	156,129
Laurel Lakes	141,138	54,961	990	55,951
Mountain Lakes	130,204	50,703	990	51,693
River Bend	241,610	94,086	990	95,076
Sand Valley	92,466	36,007	990	36,997
Sterling Lakes	650,107	253,159	990	254,149
Sunset Point	148,831	57,956	990	58,946
Three Mile Resort	142,980	55,678	990	56,668
Tranquility	181,270	70,588	990	71,578
Water's Edge	237,327	92,418	990	93,408
Willow Point	224,551	87,443	990	88,433
Woodland Industrial Park	134,601	52,415	990	53,405
Woodruff Farms	1,196,269	465,840	990	466,830
Total	5,649,556	2,200,000	20,790	2,220,790

⁽¹⁾ Environmental Site Assessment estimation; assessments to be completed prior to closing

Exhibit VI

Detailed Description of Proposed Service Area

Community Utilities of Alabama Inc.

**Application for Modification of
Certificate of Financial Viability**

EXHIBIT VI
Community Utilities of Alabama Inc.
Service Area

System	County	Long/Lat.
Alabama Belle	Cherokee	34.156575,-85.603695
Asbury Parc	Jefferson	33.293330,-86.926796
Bent River	Shelby	33.373572,-86.773846
Carrington Lakes	St. Clair	33.639909,-86.528097
Chase Springs	Madison	34.792000,-86.541683
Cherokee Landing	Cherokee	34.181199,-85.571031
Creek Crossing	Randolph	33.260316,-85.583692
Golden Pond	St. Clair	33.862405,-86.107750
King's Ridge	Tuscaloosa	33.068430,-87.586459
Laurel Lakes	Jefferson	33.293356,-86.934694
Mountain Lakes	Shelby	33.203085,-86.824973
River Bend	Jefferson	33.744480,-86.815883
Sand Valley	Cherokee	34.185726,-85.657939
Sterling Lakes	Jefferson	33.276797,-86.937762
Sunset Point	Randolph	33.345138,-85.541370
Three Mile Resort	Cherokee	34.168447,-85.575290
Tranquility	Randolph	33.254430,-85.595701
Water's Edge	Etowah	33.955534,-85.971428
Willow Point	Calhoun	33.836816,-86.053952
Woodland Industrial Park	Jefferson	33.561649,-86.617187 33.557414,-86.619619
Woodruff Farms	Jefferson	33.525847,-86.582010

Exhibit IX

Estimated Cost of Capital Expenditures within First 18 Months

Community Utilities of Alabama Inc.

**Application for Modification of
Certificate of Financial Viability**

EXHIBIT IX Community Utilities of Alabama Inc. Capital Expenditures Within first 18 months			
System	Project	Estimated Project Costs	Comment
Alabama Belle	Fence needed UV bulb replacement	\$3,200.00 \$300.00	Treatment system is in center of development and is easily accessible This was noted as an annual cost so including here
Asbury Parc	Pipework and supports	\$400.00	Pipe supports fabricated from PVC pipe and secured with zip ties. Need more permanent and secure
Bent River	Roadwork and drainage upgrades Potential Fence required Potential move or alter LS	\$1,800.00 \$1,200.00 \$3,500.00	Long entry rd. with a portion that is below flood plane of the Cahaba River Secondary cable and fencing to secure area directly surrounding the treatment area. Lift station wet well is below flood plane. Current owner noted no I&I, but there is much potential. Panel is located approx. 15' higher on the hillside. Steps & handrail may be required for Safety.
Carrington Lakes	Minor plumbing & electrical Potential Fence	\$500.00 \$3,000.00	Minor plumbing and electrical work needed to improve reliability and safety Site is easily accessible by public. 580 Lf of fence if required to improve security.
Chase Springs	Heavy mowing of drip field Potential repair replacement of drip field FM	\$1,250.00 \$1,000.00	Drip field had heavy brush which would need to be removed for proper maintenance Drip field is .5 Miles from treatment site. Long runs of control wiring and small diameter force main may present problems.
Cherokee Landing	N/A	\$0.00	N/A
Creek Crossing	N/A	\$0.00	N/A
Golden Pond	Potential Fencing	\$2,400.00	This site is very easily accessible. Price is to fence around the treatment site only. Alternative would be to fence across the front of the property only to deter vandals and entry.
King's Ridge	Effluent Pump replacements Plumbing and Electrical upgrades UV bulb replacement	\$1,900.00 \$1,000.00 \$300.00	Both pumps and controls appeared to be older with a great deal of exterior corrosion Various wiring not in conduit and pipe work and solenoid valves in need of replacement This was noted as an annual cost so including in this plan
Laurel Lakes	Grade and repair erosion on entry road Site security/fence	\$900.00 \$2,400.00	Entry may become difficult in wet weather. Signs of washing across roadway. Comment was made that someone had driven around gate and drove into treatment and disposal area doing damage to the facilities. No security fence only a bar type gate. Capital is to add 4' fence or cable on each side of entry gate and chain link around treatment area (not disposal)
Mountain Lakes	Potential need to fence Minor electrical and plumbing	\$1,250.00 \$500.00	Price to fence treatment area using cattle type fencing with drive through gate Minor conduit and plumbing needed
River Bend	Electrical work & install sludge removal line Grade employee entry or install steps/rails Brush removal	\$1,800.00 \$2,500.00 \$1,500.00	Electrical upgrades needed to maintain safety. Install permanent sludge line to eliminate issues with sludge disposal. Steep grade leading to plant with no cleared entryway. Either need to clear and grade or install steps and handrail. Heavy brush overhanging plant and surrounding immediate area which limits proper management
Sand Valley	Replace Peat Lift station pump replacement	\$10,000.00 \$350.00	From discussions with others, the peat in these systems is rated to last 5-10 years. This system is 10 years old. Owner eluded to issues with the station and one particular owner which calls frequently
Sterling Lakes	Road work and erosion control Fence/Security UV bulb replacement	\$2,500.00 \$3,000.00 \$300.00	Entry road shows signs of heavy washing. May be partially maintained by developer at least for now. Cattle type fencing to deter vandals This was noted as an annual cost so including here
Sunset Point	Electrical Work	\$400.00	Safety issue- no arc shields and exposed wire or broken conduit
Three Mile Resort	Peat replacement/alternative treatment	\$14,000.00	The peat in these systems is rated to last 5-10 years. This system is 10 years old.
Tranquility	N/A	\$0.00	N/A
Water's Edge	Fencing Controls, wiring, and conduit Leak/liner repair	\$3,100.00 \$1,200.00 \$500.00	This treatment plant sits right in the middle of the subdivision with no type of security. HOA and developer prefer nothing above ground so fence would need to be some type of decorative fencing. Wiring and conduit was extended from an underground vault with several issues. Control panel needs to be raised to proper height. Evidence of a leak on the recirculating line which was leaking to the outside of the filter bed. Liner could also be damaged and in need of repair.
Willow Point	N/A	\$0.00	N/A
Woodland Industrial Park	Peat exchange/alternative treatment	\$15,000.00	Peat is near end of life and replacement/alternatives need to be reviewed
Woodruff Farms	N/A	\$0.00	N/A
Total Capital Spending		\$82,950.00	

Exhibit X

Operational Permit Numbers

Community Utilities of Alabama Inc.

**Application for Modification of
Certificate of Financial Viability**

EXHIBIT X Community Utilities of Alabama Inc. Canaan Systems Permit Numbers				
System	County	Permit #	Valid Through	Issuing Authority
Alabama Belle	Cherokee	AL0081698	11/30/2017	ADEM
Asbury Parc	Jefferson	(1)	N/A	JCDH
Bent River	Shelby	AL0000029	11/30/2017	ADPH
Carrington Lakes	St. Clair	ALSI9958670	12/9/2018	ADEM
Chase Springs	Madison	ALSI9945797	9/11/2016 (2)	ADEM
Cherokee Landing	Cherokee	(3)		ADPH
Creek Crossing	Randolph	ALSI9956872	3/26/2018	ADEM
Golden Pond	St. Clair	AL0000115	12/8/2016	ADPH
King's Ridge	Tuscaloosa	ALSI9963832	7/27/2021	ADEM
Laurel Lakes	Jefferson	(1)	N/A	JCDH
Mountain Lakes	Shelby	AL0000202	5/16/2017	ADPH
River Bend	Jefferson	AL0054011	12/31/2018	ADEM
Sand Valley	Cherokee	AL000076	8/12/2020	ADPH
Sterling Lakes	Jefferson	ALSI9937798	1/9/2017	ADEM
Sunset Point	Randolph	AL0000086	12/8/2016	ADPH
Three Mile Resort	Cherokee	AL0000024	5/9/2017	ADPH
Tranquility	Randolph	AL0000207	2/5/2017	ADPH
Water's Edge	Etowah	ALSI9928847	10/1/2017	ADEM
Willow Point	Calhoun	AL0000333	9/14/2021	ADPH
Woodland Industrial Park	Jefferson	(1)	N/A	JCDH
Woodruff Farms (NPDES)	Jefferson	AL0082813 (4)	5/31/2021	ADEM
Woodruff Farms (UIC)	Jefferson	ALSI9937645 (4)	1/21/2020	ADEM

(1) *Jefferson County does not issue permit numbers*

(2) *PENDING - Renewal permit is in progress*

(3) *PENDING - Awaiting final permit from ADPH*

(4) *Request to terminate UIC permit will be made upon the completion of the outfall line for direct discharge subject of NPDES AL0082813*

Exhibit XIII

Estimated Annual Revenue for First 5 Years

Community Utilities of Alabama Inc.

**Application for Modification of
Certificate of Financial Viability**

EXHIBIT XIII ESTIMATED ANNUAL REVENUE FOR 5 YEARS @ CURRENT RATES (2)(3)											
Customer Type	Res	RV	Lots	AL Belle	Pruett Camp	Woodland					
Rates- Current Monthly Flat Rate	\$52.99	\$39.06	\$10.00	\$1,068.66	\$585.75	\$107.89					
Community Utilities of Alabama Inc.											
System	County	Customer Base (1)					Current Annual Revenue (2)(3)				
		Residential	RV	Lots	Commercial	Total Customers	Residential Revenue	Recreational Revenue	Vacant Lot	Commercial Revenue	Total
Alabama Belle	Cherokee	11			1	12	6,995	0	0	12,824	19,819
Asbury Parc	Jefferson	20				20	12,718	0	0	0	12,718
Bent River	Jefferson	41				41	26,071	0	0	0	26,071
Carrington Lakes	Jefferson	153				153	97,290	0	0	0	97,290
Chase Springs	Jefferson	30				30	19,076	0	0	0	19,076
Cherokee Landing	Cherokee	15				15	9,538	0	0	0	9,538
Creek Crossing	Randolph	11				11	6,995	0	0	0	6,995
Golden Pond	St. Clair	5				5	3,179	0	0	0	3,179
King's Ridge	Tuscaloosa	64				64	40,696	0	0	0	40,696
Laurel Lakes	Jefferson	26				26	16,533	0	0	0	16,533
Mountain Lakes	Shelby	14				14	8,902	0	0	0	8,902
River Bend	Jefferson	50				50	31,794	0	0	0	31,794
Sand Valley	Cherokee		29			29	0	13,593	0	0	13,593
Sterling Lakes	Jefferson	26				26	16,533	0	0	0	16,533
Sunset Point	Randolph		33			33	0	15,468	0	0	15,468
Three Mile Resort	Cherokee		57			57	0	26,717	0	0	26,717
Tranquility	Randolph	8				8	5,087	0	0	0	5,087
Water's Edge	Etowah	16				16	10,174	0	0	0	10,174
Willow Point	St. Clair	18				18	11,446	0	0	0	11,446
Woodland Industrial Park	Jefferson				12	12	0	0	0	15,536	15,536
Woodruff Farms	Jefferson	359				359	228,281	0	0	0	228,281
TOTAL REVENUE YEAR 1		867	119	0	13	999	551,308	55,778	0	28,360	635,446
TOTAL REVENUE YEAR 2		942	119	0	13	1074	598,999	55,778	0	28,360	683,137
TOTAL REVENUE YEAR 3		1034	119	0	13	1166	657,500	55,778	0	28,360	741,638
TOTAL REVENUE YEAR 4		1149	119	0	13	1281	730,626	55,778	0	28,360	814,764
TOTAL REVENUE YEAR 5		1286	119	0	13	1418	817,742	55,778	0	28,360	901,879
(1) NOTE: Assumes growth in residential customer base only											
(2) NOTE: CUA will maintain Canaan Systems current rate structure for a minimum of 12 months											
(3) NOTE: Revenue projections are subject to change if/when we need a rate increase after the 12 month rate hold											
Residential Customer Growth Schedule:											
	Year 2	Year 3	Year 4	Year 5	Total		Year 2	Year 3	Year 4	Year 5	Total
Alabama Belle	6	0	0	0	6	River Bend	0	0	0	0	0
Asbury Parc	5	5	5	5	20	Sand Valley	3	3	3	5	14
Bent River	0	0	0	0	0	Sterling Lakes	5	5	10	15	35
Carrington Lakes	10	10	10	10	40	Sunset Point	1	1	1	1	4
Chase Springs	5	10	15	15	45	Three Mile Resort	0	0	0	0	0
Cherokee Landing	2	2	2	2	8	Tranquility	5	5	10	14	34
Creek Crossing	5	5	5	5	20	Water's Edge	2	2	3	3	10
Golden Pond	1	1	1	1	4	Willow Point	4	5	6	7	22
King's Ridge	5	5	10	10	30	Woodland Industrial Park	0	0	0	0	0
Laurel Lakes	1	1	2	2	6	Woodruff Farms	15	30	30	40	115
Mountain Lakes	0	2	2	2	6	ADDITIONAL CUSTOMERS	75	92	115	137	419
						EXISTING CUSTOMERS	867	942	1034	1149	1149
						TOTAL CUSTOMERS	942	1034	1149	1286	1286

Exhibit XIV

Copies of Operators' Licenses

Community Utilities of Alabama Inc.

**Application for Modification of
Certificate of Financial Viability**

ALABAMA ONSITE WASTEWATER BOARD



2016



ALABAMA ONSITE WASTEWATER BOARD *Certificate of License*

Ronald Dean Garner
470 Washington Lane
Alpine, AL 35014

Basic Installer # 2856
Pumper # ---
Manufacturer # ---
Portable Toilet # ---

450 SOUTH UNION STREET • P.O. BOX 303552
MONTGOMERY, ALABAMA 36130-3552
PH: 334-269-6800 FAX: 334-269-5953
www.aowb.alabama.gov
Expires: December 31, 2016

08630

RONALD DEAN GARNER
is Licensed as a(n)
Installer License #: 2856,

01/01/2016

ISSUE DATE

Mike Talley

EXECUTIVE DIRECTOR

12/31/2016

EXPIRATION DATE

08630

ALABAMA ONSITE WASTEWATER BOARD



2016



ALABAMA ONSITE WASTEWATER BOARD Certificate of License

Gary A. Burton
PO Box 380545
Birmingham, AL 35238

Basic Installer # 2958
Pumper # ---
Manufacturer # ---
Portable Toilet # ---

450 SOUTH UNION STREET • P.O. BOX 303552
MONTGOMERY, ALABAMA 36130-3552
PH: 334-269-6800 FAX: 334-269-5953
www.aowb.alabama.gov
Expires: December 31, 2016

08625

GARY A. BURTON
is Licensed as a(n)
Installer License #: 2958,

01/01/2016

ISSUE DATE

Mike Talley

EXECUTIVE DIRECTOR

12/31/2016

EXPIRATION DATE

08625

State of Alabama



Alabama Department of Environmental Management

This is to certify that

CHRISTOPHER W. MATTHEWS JR.

having given satisfactory evidence of the necessary qualifications required by the laws of the State of Alabama is hereby granted this

Wastewater Grade II

certificate of competency to be effective this 1st day of June, 2016.

Operator Number: C008182

Pursuant to Section 22-25-11 of the Code of Alabama, this certificate is the property of the Alabama Department of Environmental Management.

Permits and Services Division

Exhibit XV

Copies of Contracts Pertaining to Wastewater Systems

Community Utilities of Alabama Inc.

**Application for Modification of
Certificate of Financial Viability**

Canaan Systems, Inc. Asset Purchase Agreement

THIS UTILITY ASSET PURCHASE AGREEMENT (“**Agreement**”) is made and entered into as of the 6th day of May, 2016 (the “**Effective Date**”), by and between Community Utilities of Alabama Inc., an Alabama corporation with an address of 2335 Sanders Rd., Northbrook, IL 60062, or its assignee or designee (the “**Buyer**”), and Canaan Systems, Inc., an Alabama corporation with an address of 166 Cheshire Rd, Westover, AL 35147 (the “**Seller**”).

W I T N E S S E T H:

WHEREAS, Seller owns utility assets that consist generally of wastewater collection, treatment and disposal facilities used to provide wastewater utility service in the Service Area;

WHEREAS, Buyer desires to purchase, and Seller desires to sell, the Purchased Assets upon the terms and conditions set forth in this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants, conditions, representations and agreements contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION SECTION

As used in this Agreement, the following terms shall have the meanings as defined herein unless the context requires otherwise:

“**Assigned Permits**” has the meaning set forth in Section 2.02(A)(6).

“**Bill of Sale**” means the Bill of Sale in all material respects in the form attached hereto as **Exhibit F** conveying to Buyer title to all of the Purchased Assets consisting of movable property.

“Business” means the Utility System and the Purchased Assets.

“Business Day” means any day except Saturday, Sunday or any other day on which commercial banks located in Birmingham, Alabama are authorized or required by law to be closed for business.

“Closing” or **“Closing Date”** has the meaning set forth in Section 9.01 of this Agreement.

“Connection Charges” means the funds collected from new customers of the Utility System at or prior to initial connection to the Utility System in order to defray the cost of making utility service available, to the extent such funds have not yet been used to make such utility service available.

“Easements” means easements and servitudes not within a plat or dedicated roadway as set forth in **Exhibit B**.

“Encumbrance” means any charge, claim, condition, equitable interest, lien, privilege, option, pledge, security interest, mortgage, right of way, easement, encroachment, servitude, right of first option, right of first refusal or similar restriction, including any restriction on use, voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership.

“ESA” has the meaning set forth in Section 3.04(F).

“Excluded Assets” means those assets, properties and rights, tangible and intangible, real and personal, listed on **Exhibit C**.

“Fee Parcels” means the fee simple real property held in full ownership listed in **Exhibit D**, including all right, title and interest of Seller in and to all adjacent streets, alleys, rights-of-way, any strips or gores between such real property and adjacent properties, all easements and appurtenances thereto, access rights and parking rights benefiting such real property.

“Governmental Authorization” means any approval, license, certificate of public convenience and necessity, registration or permit issued, granted, given or otherwise made available by or under the authority of any Governmental Body.

“Governmental Body” means any governmental authority of any nature, including, but not limited to, the Alabama Public Service Commission (“**APSC**”) and the Alabama Department of Environmental Management (“**ADEM**”).

“Intellectual Property” has the meaning set forth in Section 2.02(A)(5).

“Permitted Real Estate Encumbrances” shall mean all rights of way, easements, servitudes and covenants of record pertaining to the Fee Parcels and the Easements so long as the same do not materially impair the use, value or marketability of any Fee Parcel or Easement. Materiality of impairment shall be determined by Buyer at its sole, reasonable discretion. Permitted Real Estate Encumbrances shall not include any equitable interest, lien, privilege, option, pledge, security interest, mortgage, right of first option, right of first refusal or similar restriction, including any restriction on voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership.

“Personal Property” means the personal (movable) property that is owned and used by Seller in operation of the Utility System and identified on **Exhibit E**.

“Purchased Assets” has the meaning set forth in Section 2.02 hereof.

“Service Area” means the service areas identified in **Exhibit A**.

“Title Commitment” means the title insurance commitment with respect to the Fee Parcels in an amount not to exceed the Purchase Price, issued by the Title Company committing the Title Company to issue and deliver the Title Policy to Buyer at Buyer's expense upon compliance with the requirements stated in Schedule B, Section 1 thereof, subject to the terms and conditions contained therein.

“Title Company” means the company identified by Buyer to issue the Title Commitment and Title Policy.

“Title Policy” means the ALTA owner's policy of title insurance, issued by the Title Company in accordance with the Title Commitment that meets the requirements of Section 3.03 of this Agreement.

“Transfer Order” means the order of the APSC pertaining to the transfer of all transferable Governmental Authorizations issued by the APSC relating to the Utility System.

“Utility System” means (1) the Fee Parcels, (2) the Easements, and (3) the Personal Property used to provide wastewater collection, treatment and disposal facilities used by Seller to provide wastewater utility service in the Service Area.

“Violation Citations” has the meaning set forth in Section 2.02(A)(7).

“Warranty Deed” means the Statutory Warranty Deed in all material respects in the form attached hereto as **Exhibit G** conveying to Buyer title to (i) the Fee Parcels and (ii) any of the Purchased Assets consisting of real property or related real rights therein, free and clear of all liens, encumbrances, easements and restrictions except the Permitted Real Estate Encumbrances.

ARTICLE II

PURCHASE AND SALE OF ASSETS

SECTION 2.01. PURCHASE AND SALE COVENANT. At Closing, Buyer shall purchase from Seller and Seller shall sell to Buyer the Purchased Assets, upon the terms and subject to the conditions set forth in this Agreement.

SECTION 2.02. PURCHASED ASSETS.

(A) The Purchased Assets consist of the following:

- (1) The Fee Parcels.
- (2) The Easements, together with any other easement, servitude, or right-of-way rights possessed by Seller at Closing, whether identified prior to or after Closing.
- (3) The Governmental Authorizations, to the extent transferrable.
- (4) The Personal Property, including, but not limited to, all wastewater collection, treatment and disposal facilities, collection mains, lift stations, office buildings and all other physical facilities, equipment, appurtenances and property installations used in the operation of the Utility System, and third party warranties that relate to the Personal Property or completed or in-progress construction.
- (5) To the extent transferable under applicable law or with the consent of any third-party, if necessary and obtained, any intellectual property owned by Seller including (i) patents, patent disclosures, trademarks, service marks, trade dress, trade names, logos, copyrights and mask works, and all registrations, applications and goodwill associated with the foregoing, (ii) trade secrets, know-how and confidential business information (including current and planned methods and processes, client and customer lists and files, current and anticipated client and customer requirements, vendor and supplier lists and files, price lists, market studies, business plans, business opportunities and financial data), and (iii) rights in electronic mail addresses and in telephone, facsimile, cable or similar numbers used by Seller (collectively, the “**Intellectual Property**”).
- (6) To the extent transferable under applicable law or with the consent of any third-party, if necessary and obtained, all permits, authorizations, filings, approvals and licenses possessed by Seller, or through which Seller has rights, that are used, useable or useful in the operation of the Business or the use or enjoyment or benefit of the Purchased Assets (collectively, “**Assigned Permits**”).

(7) To the extent transferable under applicable law or with the consent of any third-party, if necessary and obtained all consent orders issued by a Governmental Body to which Seller is subject, or through which Seller has obligations, that relate to the operation of the Business or the use or enjoyment or benefit of the Purchased Assets (collectively, “**Violation Citations**”).

(8) All records and documents, whether written, electronic, recorded or any other form, related to the Business, including all production records, engineering records, purchasing and sales records, accounting records, business plans, budgets, cost and pricing information, correspondence, prospective client information, customer and vendor lists and data and other records and files, wherever located (including any such records maintained in connection with any computer system) related to the Business. Seller may retain copies of any records it deems necessary to substantiate any government or business returns or reports filed or due to be filed, including tax returns, which relate to events prior to Closing. Seller, at its expense, will provide originals of such records to Buyer upon Buyer’s request.

(9) All purchase order forms, forms, labels, stationery, shipping materials, catalogues, brochures, art work, photographs and advertising materials which relate to the Business.

(10) All vehicles and related spare parts owned or used by Seller in connection with the Business (the “**Acquired Vehicles**”).

(B) Without limiting the foregoing, no later than the Closing, Seller shall provide Buyer (or provide Buyer with unrestricted, 24-hour access to) copies of current customer records, as-built surveys and water and wastewater plans, plats, engineering and other drawings, designs, blueprints, plans and specifications, maintenance and operating manuals, engineering reports, calculations, studies, reports made to Governmental Bodies, Assigned Permits, permit applications, non-corporate accounting, and non-corporate business records, controlled by or in the possession of Seller that relate to the description and operation of the Utility System.

SECTION 2.03. EXCLUDED ASSETS. Notwithstanding any other provision of this Agreement that may be construed to the contrary, the Purchased Assets do not include the Excluded Assets as shown on **Exhibit C**.

SECTION 2.04. PURCHASE PRICE.

(A) The purchase price for the Purchased Assets is Two Million Two Hundred Thousand and no/dollars (\$2,200,000.00) (the “**Purchase Price**”), subject to prorations and adjustments set forth in this Agreement. The Purchase Price shall be payable as follows:

1. An initial partial payment of One Million Two Hundred Thousand and no/dollars (\$1,200,000) (the “**Initial Partial Payment**”) will be paid at Closing. After Closing, Buyer and Seller will work cooperatively to obtain transfers by Governmental Bodies of all permits, licenses, approvals and other authorizations necessary for operation of the Purchased Assets.
2. A deferred payment (the “**Deferred Payment**”) of Eight Hundred Fifty Thousand and no/dollars (\$850,000.00), to be due one hundred eighty (180) days following the Closing Date (“Deferred Payment Due Date”). The payment will be remitted within thirty (30) Business Days following the Deferred Payment Due Date.
3. Buyer shall pay Community Environmental Systems Inc. (“CES”) One Hundred Fifty Thousand and no/dollars (\$150,000.00) at Closing to satisfy Seller’s obligations under the CES Agreement as defined in Section 6.03(B).
4. In addition to the Purchase Price, additional payments will be paid at a rate of \$1,490.34 per new customer connection, in excess of the existing 989 connections, for the first 671 customer connections in the Utility System (each an “**Incentive Payment**”) that are made semi-annually for a period not to exceed 10 years following the Closing (the “**Incentive**”).

Period”). Each Incentive Payment based on the number of new connections will be remitted semi-annually in arrears, based on the number of new additions in the preceding six (6) month period. Any due Incentive Payments will be submitted within sixty (60) Business Days following the last day of each six (6) month period. Buyer will provide Seller with a summary listing of service addresses added as substantiation with each Incentive Payment.

5. The total of all Incentive Payments shall not exceed One Million and no/dollars (\$1,000,000.00).

(B) Buyer shall provide an irrevocable letter of credit (the **“Letter of Credit”**), in a form mutually satisfactory to both Seller and Buyer, in an amount equal to the Deferred Payment. The Letter of Credit shall be furnished by Buyer at Closing. The Letter of Credit will be cancelled upon payment of the Deferred Payment.

(C) All payments, shall be due and payable in immediately available funds by wire transfer at the intervals described in Section 2.04(A)(1), (2), (3) and (4) pursuant to wire instructions to be provided by Seller to Buyer at or prior to Closing.

(D) The parties agree that the Initial Partial Payment will not be wired by Buyer to Seller until Buyer receives all documents required to be executed by CES pursuant to Section 6.03 of the Agreement.

SECTION 2.05. ASSUMED OBLIGATIONS. With the sole exception of Buyer’s agreement to provide wastewater service to individual customers through the Utility System following the Closing, Buyer shall not assume and shall not be liable for any debt, liabilities or contractual obligations of any other party of any nature whatsoever. Seller shall remain fully and solely liable for any and all debts, obligations or liabilities arising from the Purchased Assets and/or Seller’s operation of the Utility System prior to the Closing.

SECTION 2.06. WITHHOLDING TAX. Buyer shall be entitled to deduct and withhold from the Purchase Price all taxes that Buyer may be required to deduct and withhold under any provision of any applicable federal, state or other tax law or regulation. All such withheld amounts shall be treated as delivered to Seller hereunder. All withholding tax issues will be determined by Buyer and submitted to Seller at least fifteen (15) days before Closing.

ARTICLE III

DUE DILIGENCE ISSUES

SECTION 3.01. PROVISION OF INFORMATION BY SELLER.

(A) Seller has provided or will provide to Buyer within 15 days after the Effective Date an inventory, updated through the Effective Date, of equipment, parts and other Personal Property used by Seller in connection with the operation of the Utility System.

(B) After the Effective Date, Seller shall cooperate with Buyer in providing updated information and access to the Utility System to Buyer's representatives during normal business hours upon reasonable advance notice.

(C) After the Effective Date, Seller shall make any existing plats, surveys, plans or specifications for the Utility System in Seller's possession available to Buyer, or its representatives, for inspection during normal business hours upon reasonable advance notice.

SECTION 3.02. DUE DILIGENCE DETERMINATIONS. Buyer shall have ninety (90) days from the Effective Date, or such additional time as Seller may agree to in writing, within which to conduct its due diligence. Thereafter, Buyer shall have ten (10) Business Days within which to terminate this Agreement in its sole discretion by delivering notice of its termination as provided in Section 11.02; otherwise, Buyer and Seller shall proceed to Closing as set forth in Article IX. Upon a termination of this

Agreement under this Section 3.02, Seller and Buyer shall have no liability and no further obligation to each other under this Agreement.

SECTION 3.03. CURRENT EVIDENCE OF TITLE.

(A) Buyer may have delivered from the Title Company within sixty (60) days after the Effective Date, at Buyer's discretion and expense, the following:

(1) A Title Commitment issued by the Title Company to insure title to each Fee Parcel in an amount selected by Buyer in its discretion, naming Buyer as the proposed insured and having the effective date as set forth therein, wherein the Title Company will have agreed to issue an ALTA form owner's title insurance policy, with Alabama modifications; and

(2) Copies of all deeds vesting title in and to Seller, and all recorded documents listed as special Schedule B-2 exceptions thereunder.

(B) The Title Commitment shall include the Title Company's requirements for issuing the Title Policy, which shall be met by Seller as provided in Section 3.03(E) on or before the Closing Date (including those requirements that must be met by releasing or satisfying monetary Encumbrances, but excluding Encumbrances that will remain after Closing as agreed to by the Buyer).

(C) If any of the following occur, they shall constitute a Title Objection (each a “**Title Objection**”):

(1) The Title Commitment or other evidence of title or search of the appropriate real estate records discloses that any party other than Seller has title to the insured estate covered by the Title Commitment;

(2) Any title exception is disclosed in Schedule B to any Title Commitment that is not one of the Permitted Real Estate Encumbrances; or

(3) Any current survey discloses any matter that Buyer reasonably believes could materially and adversely affect Buyer's material use and enjoyment of the Fee Parcels described therein; then Buyer shall notify Seller in writing of such matters within 30 days prior to the Closing Date.

(D) Seller shall use its reasonable best efforts to cure each Title Objection and take all steps required by the Title Company to eliminate each Title Objection as an exception to the Title Commitment, including the payment of money to cure any such Title Objections that may require such payment or the escrow of funds with the Title Company as may be required by the Title Company. Any Title Objection that the Title Company is willing to insure over, on terms acceptable to Seller and Buyer, is herein referred to as an “**Insured Exception.**” The Insured Exceptions, together with any title exception or matters disclosed by any survey and not objected to by the Buyer in the manner aforesaid, shall be deemed to be acceptable to Buyer. In the event Seller is unable to cure a Title Objection, and/or Buyer objects to an Insured Exception, Buyer shall have the right to terminate this Agreement and shall have no liability or further obligation under this Agreement.

(E) Seller shall use its best efforts to comply with the requirements of Schedule B Section 1 of the Title Commitment. At the Closing, Seller shall identify any Schedule B Section 1 requirements that cannot be satisfied as of the Closing (“**Post-Closing Schedule B Requirements**”). Buyer and Seller shall use their commercially reasonable efforts to agree on a post-Closing process to satisfy these requirements. Seller shall indemnify Buyer as to all Post-Closing Schedule B Requirements that (i) are not satisfied in accordance with the agreed upon post-Closing process, or (ii) in the event a post-Closing process is not agreed upon, that are not satisfied within six (6) months of Closing. Seller shall cooperate with Buyer in satisfying the Post-Closing Schedule B Requirements. The indemnity set forth in this Section 3.03(E) shall not exceed the total sum or consideration of One Hundred Thousand and No/100 (\$100,000.00) Dollars.

(F) Buyer shall have the right, but not the obligation, to do such surveys on the Fee Parcels as Buyer desires. Surveys procured by Buyer shall be at the sole cost and expense of Buyer.

(G) If Buyer desires to have any standard survey exceptions deleted or modified in the Title Policy, Buyer shall have included in the Title Policy a “blanket exception” as to the applicable fee parcel/survey.

SECTION 3.04. ENVIRONMENTAL PROVISIONS.

(A) For purposes of this Section:

(1) “**Hazardous Materials**” means any substance or material subject to regulation by any federal, state or local Governmental Body under any Environmental Law as a “hazardous material,” “hazardous substance,” “hazardous waste,” “pollutant,” “contaminant,” “toxic waste,” or “toxic substance” as those terms or terms of similar import are defined, identified or regulated under any Environmental Laws, and any petroleum and petroleum products, by-products or breakdown products and any substance or material present in concentrations which exceed applicable standards or allowable limits implemented and enforced by the U.S. Environmental Protection Agency (“EPA”), the Alabama Department of Public Health (“ADPH”), ADEM, or any local Governmental Body with authority to implement and/or enforce Environmental Laws.

(2) “**Environmental Laws**” means any statute, law, regulation, ordinance, injunction, judgment, order, or other decree of any Governmental Body pertaining to the protection of the environment, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; the Federal Water Pollution Control Act; the Oil Pollution Act of 1990; the Toxic Substances Control Act; the Superfund Amendments and Reauthorization Act of 1986; the Clean Air Act; the Emergency Planning and Community Right-to-Know Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; and any comparable state or local

statute, law, regulation, ordinance, injunction, judgment, order, or other decree. Any reference to statute, law, regulation, or ordinance shall be deemed to include all amendments thereto and any and all regulations, orders, decrees, judgments or notices issued thereunder.

(B) Except as set forth on Schedule 3.04(B), Seller warrants that it has obtained all environmental permits and other Governmental Authorizations that are required in connection with the business and operation of the Utility System.

(C) Except as set forth in Schedule 3.04(C), Seller warrants that the Utility System is in full compliance with all applicable Environmental Laws and environmental permits. Except as set forth in Schedule 3.04(C), Seller has no knowledge of any basis for a violation, alleged violation or liability.

(D) Except as set forth in Schedule 3.04(D), Seller warrants that it has not received notice of any violation, alleged violation or liability arising under any applicable federal, state or local statutes, laws and regulations (including, without limitation, any applicable environmental, building, zoning, or other law, ordinance or regulation) that would have a material adverse effect on the Purchased Assets or Utility System.

(E) Except as set forth in Schedule 3.04(E), Seller warrants that there are no Hazardous Materials present on, in or under, or in the environment of the Utility System that are not in compliance with Environmental Laws, including any Hazardous Materials contained in barrels, aboveground or underground storage tanks, equipment (whether moveable or fixed) or other containers, either temporary or permanent. Seller has not disposed of any Hazardous Materials on the Fee Parcels or Easements, nor has Seller removed Hazardous Materials from the Fee Parcels or Easements, except in accordance with applicable laws. For purposes of this Section, “material” means any matter reasonably expected to result in the expenditure of over Twenty-Five Thousand and No/Dollars (\$25,000.00) to correct the non-compliance or satisfy the liability.

(F) Buyer, at its expense, may perform assessments, as it deems appropriate, including Phase I Environmental Site Assessments (“ESA”) pursuant to applicable ASTM standards and Phase II Environmental Site Assessments for recognized environmental conditions identified in the Phase I Environmental Site Assessments. Seller shall cooperate with Buyer and its agents by providing reasonable access to the Utility System and Fee Parcels so that Buyer or its agents may conduct any Environmental Site Assessments.

(G) If any ESA reveals Hazardous Materials on the Fee Parcels or Easements that require remedial action, Buyer, in its sole discretion, shall either: (a) demand that Seller take prompt action as necessary to expeditiously remediate the reported Hazardous Materials and provide the Buyer with copies of all documentation verifying that all remediation has occurred and applicable regulatory requirements have been satisfied; (b) attempt to negotiate with Seller a lesser Purchase Price for the Purchased Assets and proceed to Closing under the terms contained herein; provided, however, that if Seller and Buyer are unable to negotiate a lesser Purchase Price within twenty (20) days of Buyer's first offer to Seller, Buyer may terminate this Agreement; or (c) terminate this Agreement. Seller shall be required to remediate under Section 3.04(G)(a) unless the total cost is estimated to exceed \$200,000, in which case Seller shall have the option to terminate this Agreement, or renegotiate the purchase price with Buyer in accordance with Section 3.04(G)(b). Upon any termination under this Section 3.04, Seller and Buyer shall have no liability and no further obligation to each other under this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. REPRESENTATIONS AND WARRANTIES OF SELLER. Seller represents and warrants to Buyer as follows:

(A) Seller is duly organized, validly existing and has an active status under the laws of the State of Alabama. Seller has the power and authority to enter into this Agreement and to perform the terms and conditions of this Agreement.

(B) Except as set forth on Schedule 4.01(B), there are no pending or threatened legal actions, suits, mediations, arbitrations, or other legal or administrative proceedings pending or threatened against Seller that could affect the Purchased Assets and there exist no facts that might result in any action, suit, mediation, arbitration, or other proceedings that might result in any adverse change in the Purchased Assets.

(C) Except as set forth in Schedule 4.01(C), Seller is not in default under any Governmental Authorization and Seller has not received notice of any claim of default with respect to any Governmental Authorization. Seller is not in default with respect to any judgment, order, writ, verdict, injunction, decree or award applicable to it of any court or other government instrumentality or arbitrator having jurisdiction over it as pertaining to the Purchased Assets.

(D) The execution and performance of this Agreement by Seller does not and will not violate or result in the breach of any term, or condition, or require the consent of any person not a party hereto under: (i) the by-laws of Seller or (ii) any material mortgage, indenture, contract, lease, license or other instrument, document or understanding, oral or written, to which Seller is a party or subject.

(E) Seller is not in default under any contract, agreement, lease or other instrument to which it or the Purchased Assets are bound. Except as set forth on Schedule 4.01(E), Seller has no knowledge of any outstanding debts or accounts payable relating to the Purchased Assets to which Seller is a party.

(F) All returns of taxes, information and other reports required to be filed in any jurisdiction by Seller have been timely filed and all such tax returns are true, correct and complete in all material respects. All taxes applicable to Seller for the Purchased Assets that are due and payable have been paid.

(G) In the event any broker, salesman, or finder is used by Seller in connection with any transaction contemplated by this Agreement, Seller is solely responsible for any commissions or fees paid such broker, salesman or other person with respect to such transaction.

(H) Except as set forth in Schedule 4.01(H) and the Permitted Real Estate Encumbrances, and without limiting the generality of any other provision of this Section 4.01, Seller is the sole legal owner and has full right, power and ability to convey the fee simple absolute and full ownership interest and good, merchantable, and marketable title to the Fee Parcels, free and clear of all liens, privileges, claims, encumbrances and interests in the Fee Parcels. As of Closing, each of the Fee Parcels is a separate lot of record.

(I) Except as set forth in Schedule 4.01(I), and without limiting the generality of any other provision of this Section 4.01, Seller warrants that, as of Closing, Seller is the sole legal owner and has full right, power and ability to convey to Buyer clear and merchantable title to all of the Purchased Assets.

(J) Seller's environmental representations and warranties contained in Section 3.04 are true and accurate and incorporated by reference into this Section 4.01.

(K) The material elements of the Intellectual Property are set forth on Schedule 4.01(K). Seller owns the Intellectual Property. There is no claim, suit, action or proceeding pending or, to the best of Seller's knowledge, threatened against Seller asserting that its use of any Intellectual Property infringes upon the rights of any third parties. To the best of Seller's knowledge, Seller is not infringing upon the rights of any Person, and no Person is infringing upon the rights of Seller, in the Intellectual Property. To the best of Seller's knowledge, none of the former or present employees, officers, directors or independent contractors of Seller holds any contractual right, title or interest, directly or indirectly, in whole or in part, in or to any part of the Intellectual Property, or has asserted any claim with regard to any Intellectual Property. To the best of Seller's knowledge, the Intellectual Property was developed by either employees of Seller during

the time they were employed by Seller or independent contractors hired by Seller, and all rights arising from the work of such employees and independent contractors are owned by Seller and included in the Purchased Assets. To the best of Seller's knowledge, there have been no written claims, applications, disputes, oppositions or proceedings in relation to the Intellectual Property.

SECTION 4.02. REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer represents and warrants to Seller as follows:

(A) Buyer is duly organized, validly existing and has an active status under the laws of the State of Alabama. Buyer has the power and authority to enter into this Agreement and to perform the terms and conditions of this Agreement.

(B) Buyer is not subject to, nor a party to any proceeding, legal requirement or any other restriction of any kind or character that would prevent consummation of the transactions contemplated by this Agreement.

(C) In the event any broker, salesman, or finder is used by Buyer in connection with any transaction contemplated by this Agreement, Buyer is solely responsible for any commissions or fees to be paid such broker, salesman or other person with respect to such transaction.

(D) The execution and performance of this Agreement by Buyer does not and will not violate or result in the breach of any term or condition, or require the consent of any person not a party hereto under: (i) the by-laws of Buyer; or (ii) any material mortgage, indenture, contract, lease, license or other instrument, document or understanding, oral or written, to which Buyer is a party or subject.

ARTICLE V

ISSUANCE AND TRANSFER OF GOVERNMENTAL AUTHORIZATIONS

SECTION 5.01. ISSUANCE AND TRANSFER OF GOVERNMENTAL AUTHORIZATIONS. Within fifteen (15) days of the expiration of the due diligence period provided in Section 3.02 above, or as soon thereafter as is reasonably feasible, Seller and Buyer jointly shall apply for, and thereafter diligently seek and pursue, the issuance, cancellation and/or transfer of all Governmental Authorizations necessary to operate the Utility System. Each party shall be responsible for its own fees and costs in this regard. Any filing fees incurred in seeking such Governmental Authorizations shall be split evenly between the parties.

ARTICLE VI

CONDITIONS PRECEDENT TO THE BUYER'S OBLIGATION TO CLOSE

Buyer's obligation to purchase the Purchased Assets and to take the other actions required to be taken by Buyer at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by the Buyer, in whole or in part):

SECTION 6.01. SELLER'S PERFORMANCE. All of the covenants and obligations that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

SECTION 6.02. SELLER'S REPRESENTATIONS AND WARRANTIES. All representations and warranties made by Seller in this Agreement shall be true, correct and complete as of the Effective Date, and no breach or violation of such representations and warranties shall have occurred from the Effective Date up to and including the Closing Date.

SECTION 6.03. ADDITIONAL DOCUMENTS. Seller shall have caused the documents and instruments required by this Agreement and the following documents to be delivered (or made available) to the Buyer, in a form reasonably satisfactory to the Buyer:

- (A) Resolutions reflecting approval of this Agreement by Seller;
- (B) A written release signed by an authorized officer of CES releasing Seller of all obligations and waiving any rights of CES under the Agreement between Canaan Systems Inc. and CES, dated December 13, 2006 (“CES Agreement”), to Buyer’s satisfaction in Buyer’s sole discretion and prior to Closing.
- (C) Such other documents as Buyer may reasonably request for the purpose of:
 - (1) Evidencing the performance by Seller of, or the compliance by Seller with, any covenant or obligation required to be performed or complied with by Seller; or
 - (2) Evidencing the release of all liens, privileges, mortgages, security interests, and other encumbrances other than Permitted Real Estate Encumbrances.

SECTION 6.04. NO CONFLICT. Neither the consummation nor the performance of this Agreement will, directly or indirectly, materially contravene or conflict with or result in a material violation of or cause Buyer to suffer any material adverse consequence under any applicable Governmental Authorization or other legal order.

SECTION 6.05. GOVERNMENTAL AUTHORIZATIONS. All Governmental Authorizations shall have been issued, cancelled or transferred or their transfer to Buyer formally approved in writing by the appropriate Governmental Body, as the case may be, in accordance with Article V on terms satisfactory to Buyer. The Transfer Order shall have been entered by the APSC and shall contain stipulations satisfactory to Buyer in its sole discretion.

ARTICLE VII

CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE

Seller's obligation to sell the Purchased Assets and to take the other actions required to be taken by Seller at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Seller in whole or in part):

SECTION 7.01. BUYER'S PERFORMANCE. All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been performed and complied with in all material respects.

SECTION 7.02. BUYER'S REPRESENTATIONS AND WARRANTIES. All representations and warranties made by Buyer in this Agreement shall be true, correct and complete as of the Effective Date, and no breach or violation of such representations and warranties shall have occurred from the Effective Date up to and including the Closing Date.

ARTICLE VIII

COVENANTS OF SELLER

SECTION 8.01. OPERATION OF THE BUSINESS OF SELLER. Between the Effective Date and the Closing, Seller shall:

- (A) Conduct its business in the ordinary course of business consistent with past practice;
- (B) Confer with Buyer prior to implementing operational decisions relating to the Utility System of a material nature;
- (C) Maintain the Purchased Assets in the same or better state of repair and condition that exists on the Effective Date and which is consistent with the requirements and normal conduct of Seller's business;

(D) Comply with all legal requirements and contractual obligations applicable to the operation of Seller's business;

(E) Use its best efforts to maintain its relations and good-will with its suppliers, customers and any others having business relations with it;

(F) Cooperate with Buyer and assist Buyer in identifying the Governmental Authorizations required by Buyer to operate the business from and after the Closing Date and either (i) transferring existing Governmental Authorizations of Seller to Buyer, where permissible, or (ii) assisting Buyer in obtaining new Governmental Authorizations;

(G) Upon request from time to time, execute and deliver all documents, make all truthful oaths, testify in any proceedings, whether before or after Closing, and do all other acts that may be reasonably necessary to consummate this Agreement, all without further consideration;

(H) Maintain all books and records of Seller relating to Seller's business in the ordinary course of business;

(I) Notify and consult with Buyer prior to the initiation, development, or execution of any plans for expansion of or improvements to the Utility System;

(J) Cooperate with Buyer in sending any customer notices that in Buyer's judgment are necessary or desirable in connection with the transactions contemplated herein;

(K) Not allow the levels of raw materials, supplies or other materials included in the Purchased Assets to vary materially from the levels customarily maintained;

(L) Not make any material modification to any Governmental Authorization that relates to the Purchased Assets without notice to and consent of Buyer; and

(M) Promptly notify Buyer of (i) any actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting Seller or the Business that relate to the consummation of the transactions contemplated by this Agreement; and (ii) the damage or destruction by fire or other casualty of any material portion of the Purchased Assets or if any material portion of Purchased Assets becomes the subject of any proceeding or, to the knowledge of Seller, threatened proceeding, for the taking thereof or any part thereof or of any right relating thereto by condemnation, eminent domain or other similar governmental action.

SECTION 8.02. NOTIFICATION. Between the Effective Date and Closing, Seller shall promptly notify Buyer, in writing, if it becomes aware of (a) any fact or condition that causes or constitutes a breach of this Agreement or (b) the occurrence after the Effective Date of any fact or condition that would or would be reasonably likely to (except as expressly contemplated by this Agreement) cause or constitute a breach of this Agreement. During the same period, Seller also shall promptly notify the Buyer of the occurrence of any breach of any covenant of Seller in this Agreement or the occurrence of any event that may make the satisfaction of the conditions in this Agreement impossible or unlikely.

SECTION 8.03. PAYMENT OF LIABILITIES. Seller shall pay or otherwise satisfy in the ordinary course of business all of its liabilities and obligations as they come due.

ARTICLE IX

CLOSING AND RELATED PROCEDURES AND ADJUSTMENTS

SECTION 9.01. CLOSING DATE AND PLACE. The closing of the transactions contemplated by this Agreement (the “**Closing**”) shall be held at such place as is mutually agreed upon by the parties within thirty (30) days after receiving all Governmental Authorizations, including, but not limited to, approval by the APSC, or as otherwise agreed upon by Buyer and Seller. The “**Closing Date**” is the date on which the Closing occurs.

SECTION 9.02. RECORDING FEES AND TAXES.

(A) Fees to record the deeds and any other instruments necessary to deliver title to Buyer shall be paid by Buyer.

(B) To the extent that taxes or other charges are due and payable with respect to the deeds and other instruments necessary to deliver title to the Purchased Assets to Buyer, said transfer taxes shall be paid by Buyer. Any income taxes due and payable by Seller as a result of the sale of the Purchased Assets shall be paid by Seller.

SECTION 9.03. ACCOUNTS RECEIVABLE; ACCOUNTS PAYABLE; CUSTOMER DEPOSITS.

(A) All accounts receivable generated for services provided to customers prior to the Closing Date shall belong to Seller and Seller shall have the right and obligation to collect such accounts receivable. All accounts receivable generated for services provided to customers on and after the Closing Date shall belong to Buyer and Buyer shall have the right and obligation to collect such accounts receivable.

(B) All bills for services, materials and supplies rendered in connection with the operation of the Utility System prior to the Closing Date (“Accounts Payable”), shall be paid by Seller.

(C) Seller shall be responsible for all ad valorem or property taxes, prorated through the Closing Date. Taxes due thereafter, if any, shall be paid by Buyer.

SECTION 9.04. CONNECTION CHARGES.

(A) Connection Charges collected by Seller prior to the Closing Date shall be a Purchased Asset.

(B) Connection Charges collected from and after Closing shall be Buyer's sole and separate property, with the exception as stated in the Settlement Agreement between CES and Canaan Systems, Inc.

SECTION 9.05. COSTS AND PROFESSIONAL FEES.

(A) Each party shall be responsible for securing its own counsel and advisors for representation in connection with the negotiation of this Agreement and all other matters associated with performance, cancellation or closing hereunder, unless otherwise specified herein. Each party shall be responsible for the payment of the fees of its own attorneys, bankers, engineers, accountants, and other professional advisors or consultants in connection herewith. The Title Company will be responsible for the recording of the deeds and other instruments necessary to deliver title to Buyer, at Buyer's expense.

SECTION 9.06. RISK OF LOSS. At all times prior to and through the time of Closing, Seller shall maintain adequate fire and extended insurance coverage for the cost of any repairs to the Purchased Assets that may be required as a result of casualty damage. The risk of loss to the Utility System prior to Closing shall be borne by Seller. The risk of loss to the Utility System after Closing shall be borne by Buyer.

SECTION 9.07. CLOSING PROCEDURE.

(A) On or prior to the Closing Date, Seller and Buyer shall execute all documents necessary to close the transaction.

(B) At the Closing, Seller shall deliver to Buyer the tangible Purchased Assets in substantially the same operating condition and repair, ordinary wear and tear excepted, as of the Effective Date.

(C) At Closing, the appropriate party shall execute and deliver, or cause to be executed and delivered to the Closing the following documents in final form, together with any exhibits or appendices:

(1) Warranty Deed in a form customarily used in the State of Alabama, with full substitution and subrogation in and to any and all rights and actions of warranty which Seller has or may

have against all preceding owners and vendors, in recordable form, for the conveyance of Fee Parcels to be conveyed.

(2) Assignment of Easements conveying the Easements to Buyer, substantially in the same form as set forth in **Exhibit I**.

(3) If necessary, general assignment of any Government Authorizations;

(4) Bills of Sale or other documents of assignment and transfer with full warranties of title to the personal property portion of Purchased Assets;

(5) Instruments transferring title to the Acquired Vehicles to Buyer and odometer certifications for the Acquired Vehicles in the form attached hereto as **Exhibit H**;

(6) Post closing agreements, affidavits, assignment certificates, estoppel certificates, corrective instruments, releases, satisfactions or terminations necessary or required pursuant to this Agreement;

(6) Title Commitments consistent with Section 3.03 of this Agreement.

(7) Non-foreign affidavit;

(8) Any affidavits, assignments, certificates, estoppel certificates, corrective instruments, releases, satisfactions, terminations or waivers necessary to close, including, but not limited to, a no lien affidavit, a “gap” affidavit and those instruments identified by the Title Company insuring the Fee Parcels;

(9) Documents, in a form reasonably satisfactory to Buyer, evidencing the release of all liens, security interests, and other encumbrances other than Permitted Real Estate Encumbrances.

SECTION 9.08. DOCUMENTS AFTER THE CLOSING. From time-to-time after the Closing, each party hereto shall, upon request of the other, execute, acknowledge and deliver, or shall cause to be executed, acknowledged and delivered, all such further acts, deeds, assignments, bills of sale, transfers or other documentation for (1) confirming or correcting title in the name of Buyer or its successor(s) or perfecting possession by Buyer or its successor(s) of any or all of the Purchased Assets, including the establishment of a record of Easements without resort to litigation, expenditure of monies or other extraordinary means, for all facilities that are a part of the Utility System in existence or use at the time of Closing, or (2) otherwise fulfilling the obligations of the parties hereunder. Further, from time-to-time after Closing, should the parties discover that certain land parcels, easements, or other rights owned or enjoyed by Seller at Closing and necessary to the proper operation and maintenance of the Utility System were not included in the Appendices hereto, and thus not transferred to the Buyer or its successor(s) at Closing in accordance with this Agreement, then the parties agree that Seller shall execute or cause to be executed the documents including, but not limited to, acts of sale or transfer, deeds, easements, servitudes, and bills of sale necessary to convey such ownership or rights to Buyer or its successor(s), at no cost to Buyer, provided such conveyances may be accomplished without resort to litigation, expenditure of monies or other extraordinary means. Seller shall provide the required Notice of Transfer of Vehicle to the Alabama Office of Motor Vehicles for each vehicle included in the Acquired Vehicles.

ARTICLE X

INDEMNITY AND ATTORNEYS FEES

SECTION 10.01. INDEMNITY

Seller agrees to indemnify (or defend at Buyer's sole option) Buyer, its successors and assigns, and hold them harmless against any loss, claim, damage, liability, expense or cost (including business interruption or other special or consequential damages, and attorney's fees and expenses and other legal

costs), arising out of or attributable to: (1) any act or omission of Seller or its agents, employees or contractors relating to Seller's ownership, maintenance, or operation of the Utility System prior to Closing, or (2) any misrepresentation or breach of any representation, warranty or covenant on the part of Seller under this Agreement.

SECTION 10.02. ATTORNEYS FEES

In the event litigation is necessary to resolve any dispute arising under this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and expenses to the extent allowed by Alabama law.

ARTICLE XI

GENERAL PROVISIONS

SECTION 11.01. APPLICABLE LAW; JURISDICTION AND VENUE. This Agreement shall be governed by and construed in accordance with the laws of the State of Alabama excluding any choice of law rules that may direct the application of the laws of any other jurisdiction. ANY ACTION OR PROCEEDING BROUGHT AGAINST A PARTY HERETO MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF ALABAMA LOCATED IN JEFFERSON COUNTY, AND EACH PARTY CONSENTS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS (AND OF THE APPROPRIATE APPELLATE COURTS) IN ANY SUCH ACTION OR PROCEEDING AND WAIVES OBJECTION TO VENUE LAID THEREIN. PROCESS IN ANY ACTION OR PROCEEDING REFERRED TO IN THE PRECEDING SENTENCE MAY BE SERVED ON A PARTY ANYWHERE IN THE WORLD. This Section 11.01 shall survive the termination of this Agreement for any reason.

SECTION 11.02. NOTICE.

(A) All notices, certificates or other communications hereunder shall be sufficiently given when hand delivered or mailed by registered or certified mail, postage prepaid, or by courier service, charges prepaid, or when delivered by facsimile transmission to the parties at the following addresses:

To Seller	Canaan Systems, Inc. P. O. Box 380545 Birmingham, AL 35238 Attn: Roger D. Rader, President Phone: (205) 910-1159
with copy to:	Townes & Woods, PC 717 Kerr Drive P. O. Box 96 Gardendale, AL 35071 Attn: Robert V. Townes, III Phone: 205-631-4019 Fax: 205-271-7998
To Buyer:	Community Utilities of Alabama, Inc. c/o Utilities, Inc. 2335 Sanders Road Northbrook, IL 60062-6108 Attn: Don Sudduth, President Phone: (847) 498-6440 Fax: (847) 498-6498
with a copy to:	Utilities, Inc. 2335 Sanders Road Northbrook, IL 60062-6108 Attn: John Stover, General Counsel Phone: (847) 498-6440 Fax: (847) 498-6498

(B) Any written notice given to one person in subsection (A) of this Section shall also be copied and provided to all other persons identified in subsection (A).

(C) The parties may, by notice in writing given to the others, designate any future or different addresses to which the subsequent notices, certificates or other communications shall be sent. Any notice

shall be deemed given on the date such notice is delivered by hand, courier, or by facsimile transmission or five (5) days after the date mailed.

SECTION 11.03. ASSIGNMENT AND JOINDER.

(A) This Agreement may not be assigned without the prior written consent of the non-assigning party, which consent shall not be unreasonably withheld, except that Buyer may assign this Agreement to any affiliated entity controlled by or under common control with Buyer.

(B) This Agreement shall be construed as solely for the benefit of Seller and Buyer and their successors and assigns, and no claim or cause of action shall accrue to or for the benefit of any other party.

(C) This Agreement shall be binding on and shall inure to the benefit of the parties to it and their respective successors and permitted assigns.

SECTION 11.04. AMENDMENTS AND WAIVERS. Except as otherwise provided in this Agreement, no amendment, supplement, modification or waiver of this Agreement shall be binding upon any party hereto unless executed in writing by such party. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision of this Agreement, whether or not similar, unless otherwise expressly provided in writing.

SECTION 11.05. SURVIVAL. All covenants, agreements, representations and warranties made herein and in documents delivered in support of this Agreement shall be deemed to have been material and relied on by the parties and shall survive the Closing and delivery of the Warranty Deed.

SECTION 11.06. ENTIRE AGREEMENT. This Agreement is the entire agreement between the parties and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions of the agreements, understandings, negotiations and discussions of the parties, whether oral or written, pertaining to the subject matter hereof, and there are no warranties, representations or other

agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein.

SECTION 11.07. TERMINATION EVENTS. By notice given prior to or at the Closing, this Agreement may be terminated as follows:

(A) Without limiting the rights and remedies available to Buyer arising from Seller's failure to comply with its obligations under this Agreement, if the Governmental Authorizations set out in Article V, or if all conditions precedent to Buyer's obligation to close set out in Article VI have not been satisfied within 10 months after the Effective Date, Buyer shall have the right of termination, without further recourse by or liability to Seller, by delivery of written notice to Seller.

(B) Without limiting the rights and remedies available to Seller arising from Buyer's failure to comply with its obligations under this Agreement, if the Governmental Authorizations set out in Article V, or if all conditions precedent to Seller's obligation to close set out in Article VII have not been satisfied within 10 months after the Effective Date, Seller shall have the right of termination, without further recourse by or liability to Buyer, by delivery of written notice to Buyer.

(C) As otherwise provided in this Agreement.

(D) By mutual written agreement of Buyer and Seller.

(E) If, between the time this Agreement has been fully executed and the Closing, any of the Purchased Assets shall be destroyed or damaged in whole or in part by fire, earthquake, flood, other casualty or any other cause (“**Casualty**”), then Buyer shall have the option to: (a) acquire such Purchased Assets on an “as is” basis and take an assignment from Seller of all insurance proceeds payable to Seller in respect of the Casualty, or (b) in the event that the Casualty would have a material adverse effect on the value or use of the Purchased Assets, terminate this Agreement.

SECTION 11.08. EFFECT OF TERMINATION.

(A) Each party's right of termination under Section 11.07 is in addition to any other rights it may have under this Agreement or otherwise and the exercise of such right of termination is not an election of remedies. If this Agreement is terminated pursuant to Section 11.07, all obligations of the parties under this Agreement shall terminate unless otherwise stated in this Agreement; provided, however, that if this Agreement is terminated because of a breach of this Agreement by the non-terminating party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

(B) Neither Seller nor Buyer shall be liable to the other in the event that after the Effective Date there occurs (1) a change of law that prevents the Closing, (2) any action by an unrelated third party that prevents the Closing, or (3) any legal order that prevents the Closing. Both parties shall diligently defend against a third party's attempt to prevent a Closing or Governmental Authorization.

(C) If a material breach of any provision of this Agreement has been committed by Buyer and such breach has not been waived by Seller, but does not result in termination of the Agreement, Seller retains all remedies available to it at law or in equity with respect to such breach.

(D) If a material breach of any provision of this Agreement has been committed by Seller and such Breach has not been waived by Buyer, but does not result in termination of this Agreement, Buyer retains all remedies available to it at law or in equity with respect to such breach.

SECTION 11.09. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be considered an original. The Parties expect that the Seller will execute this Agreement before execution by the Buyer. Seller understands and agrees that Buyer will not execute this Agreement

without the prior approval of its Board of Directors, whose discretion to accept or reject this Agreement prior to execution by Buyer shall in no way be limited by Seller's execution hereof.

SECTION 11.10. SECTION HEADINGS. Any headings preceding the texts of the several articles, sections or exhibits in this Agreement shall be solely for the convenience of reference and shall not constitute a part of this Agreement, nor affect its meaning, construction or effect.

SECTION 11.11. SEVERABILITY. In the event any term or provision of this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement and the remainder of this Agreement shall be construed to be in full force and effect.

SECTION 11.12. EXHIBITS AND SCHEDULES. All exhibits, schedules and attachments referred to herein are intended to be and hereby are made specifically a part of this Agreement.

SECTION 11.13. INTERPRETATION. Each party agrees that (a) it has participated substantially in the negotiation and drafting of this Agreement and is thoroughly aware of all of the terms of this Agreement and the intent of same, and (b) all presumptions and/or burdens of proof concerning any interpretation of this Agreement shall not be affected by any statutory or judicial principles casting such presumptions against and/or burdens of proof on a party responsible for the drafting and/or written form of an agreement or contract.

[Signature Page Follows]

IN WITNESS WHEREOF, the Seller and Buyer have caused this Agreement to be duly executed and entered into on the date first above written.

Canaan Systems, Inc.

By: 

Roger D. Rader, President

Community Utilities of Alabama Inc.

By: 

Don Sudduth, President

Exhibit A – Service Area
Exhibit B – Easements
Exhibit C – Excluded Assets
Exhibit D – Fee Parcels
Exhibit E – Personal Property
Exhibit F – Bill of Sale
Exhibit G – Warranty Deed
Exhibit H – Bill of Sale of Vehicle and Odometer Certification
Exhibit I – Assignment of Easements

Schedule 3.04(B) – Environmental Permits & Government Authorizations
Schedule 3.04(C) – Environmental Compliance
Schedule 3.04(D) – Violations
Schedule 3.04(E) – Hazardous Materials
Schedule 4.01(B) – Pending Legal Actions
Schedule 4.01(C) – Default of Government Authorizations
Schedule 4.01(E) – Other Defaults
Schedule 4.01(H) – Conveyance of the Parcels
Schedule 4.01(I) – Sole Owner
Schedule 4.01(K) – Intellectual Property

Exhibit A
Service Area

Canaan Systems, Inc.				
No.	Subdivision	County	GPS	Description
1	3 Mile Resort	Cherokee	34.168447,-85.575290	WWTP & Disposal
2	Alabama Belle	Cherokee	34.156575,-85.603695	WWTP
3	Asbury Park	Jefferson	33.293330,-86.926796	WWTP & Disposal
4	Bent River	Shelby	33.373572,-86.773846	WWTP & Disposal
5	Carrington Lakes	St. Clair	33.639909,-86.528097	WWTP
6	Chase Springs	Madison	34.792000,-86.541683	WWTP & Disposal
7	Cherokee Landing	Cherokee	34.181199,-85.571031	WWTP & Disposal
8	Creek Crossing	Randolph	33.260316,-85.583692	WWTP & Disposal
9	Golden Pond Road	St. Clair	33°51'44.66"N, 86° 6'27.90"W	WWTP & Disposal
10	King's Ridge	Tuscaloosa	33.068430,-87.586459	WWTP
11	Laurel Lakes	Jefferson	33.293356,-86.934694	Lower Area
12	Mountain Lakes	Shelby	33.203085,-86.824973	WWTP & Disposal
13	River Bend	Jefferson	33.744480,-86.815883	WWTP
14	Sand Valley	Cherokee	34.185726,-85.657939	WWTP & Disposal
15	Sterling Lakes	Shelby	33.276797,-86.937762	WWTP
16	Sunset Point	Randolph	33.345138,-85.541370	WWTP & Disposal
17	Tranquility	Randolph	33.254430,-85.595701	WWTP & Disposal
18	Water's Edge	Etowah	33.955534,-85.971428	WWTP
19	Willow Point	Calhoun	33.836816,-86.053952	WWTP & Disposal
20	Woodland Industrial Park	Jefferson	33.561649,-86.617187	Upper WWTP & Disposal
			33.557414,-86.619619	Lower WWTP & Disposal
21	Woodruff Farms	Jefferson	33.525847,-86.582010	WWTP & Disposal 3

Exhibit B
Easements

Canaan Systems, Inc. Easements		
Subdivision	County	Parcel ID
3 Mile Resort	Cherokee	13 13 05 15 0 000 006.002
Carrington Lakes	St. Clair	25-05-15-0-001-004.067
		25-05-15-0-001-004.069
Chase Springs	Madison	13-03-08-000-3029.65

Exhibit C
Excluded Assets

- Customer Deposits if used by Seller
- Office furniture and fixtures
- Office Supplies
- Computers
- Software, other than software related to system monitoring & telemetry
- Company Logos
- Company Name
- Connection fees up to the original 512 lots as described in the plat for Woodruff Farms if the lot is owned by Charles G. Kessler, Jr. or an entity of which he or his immediate family members are owners, or their successors or assigns.
- Connection fees up to 18 lots on the Mountain Lakes Sewer system provided the lot is owned by Charles G. Kessler, Jr. or an entity of which he or his immediate family members are owners, or their successors or assigns.
- Connection fees up to 42 lots as described in the plat for Bent River provided the lot is owned by Charles G. Kessler, Jr. or an entity of which he or his immediate family members are owners, or their successors or assigns.
- Any connection fees to the Spring Valley Sewer System
- Any rights, title, or interest in any treated wastewater reuse from the Woodruff Farms, Mountain Lakes, and Bent River sewer systems.

Exhibit D
Fee Parcels

Canaan Systems, Inc.			
Fee Parcels			
Subdivision	County	Parcel ID	*
Alabama Belle	Cherokee	13-13-04-20-0-000-083.000	X
Asbury Park	Jefferson	42 00 14 3 000 108.000	X
		42 00 14 3 000 107.000	X
Bent River	Shelby	10 4 20 0 001 007.012	
Cherokee Landing	Cherokee	13-13-02-10-0-000-051.000	X
Creek Crossing	Randolph	56-10-08-27-0-000-001.002	X
Golden Pond Road	St. Clair		
King's Ridge	Tuscaloosa	63-43-02-09-0-000-016.003	X
		63-43-02-09-0-000-016.004	X
Laurel Lakes	Jefferson	42-00-154-000-003.000	X
		42-00-154-000-002.000	X
Mountain Lakes	Shelby	23-6-14-3-001-013.004	
River Bend	Jefferson	07 00 11 4 000 001.002	X
Sand Valley	Cherokee	13-14-01-11-0-000-003.015	X
Sunset Point	Randolph	56-08-09-30-0-001-003.047	X
Tranquility	Randolph	Parcels F & G	X
Water's Edge	Etowah	15-07-25-0-001-017.072	X
		15-07-25-0-001-017.089	X
		15-07-25-0-001-017.072	X
Willow Point	Calhoun	14-030-700-0-02-001.004	X
		14-030-700-0-02-001.005	X
Woodland Industrial Park	Jefferson	24 00 11 3 000 033.000	X
		24 00 14 2 000 001.010	X
Sterling Lakes	Jefferson	42 00 22 4 000 0013002	
		42 00 22 4 000 001.003	
		42 00 22 4 000 054.000	
Woodruff Farms	Jefferson	25 00 30 2 000 004.000	
		24 00 25 4 000 003.000	

* Seller has copy of Deed on File

Exhibit E
Personal Property

Personal Property, includes, but is not limited to, wastewater collection, treatment and disposal facilities, collection mains, lift stations, office buildings and all other physical facilities, equipment, appurtenances and property installations used in the operation of the Utility System, and third party warranties that relate to the Personal Property or completed or in-progress construction.

2010 Dodge Ram 2500, 3D7LP2EL1AG186738
2006 GMC Savana 2500, 1GTGG29V361171526
Utility Trailer, 12', 5JTAU1220BA033324
ExMark Mower, Model PNS740KC604, S/N 312630952
Miscellaneous tools and lawn equipment

Exhibit F
Bill of Sale

KNOW ALL MEN BY THESE PRESENTS, that _____ (“**Seller**”), for and in consideration of Ten And No/100 Dollars (\$10.00) and other valuable consideration, to it in hand paid by Community Utilities of Alabama, Inc., an Alabama corporation (“**Buyer**”), the receipt and sufficiency of which are hereby acknowledged, by these presents does grant, bargain, sell, transfer, convey and assign unto Buyer all right, title, and interest of Seller in and to the following:

All of the Purchased Assets constituting personal property that are used in the operation of the water and/or wastewater systems for the service areas as shown in Exhibit A of the Asset Purchase Agreement dated _____, 2016 (the “**Purchase Agreement**”) between Seller and Buyer, it being the intent of the parties hereto to include in this conveyance all personal property described in Exhibit E and elsewhere in the Purchase Agreement, together with all fixtures, machinery, equipment, and other tangible personal property of every kind and description owned by Seller and located on, attached to, or used in connection with the management, operation, maintenance and repair of the premises described on Exhibit A attached hereto (the “**Premises**”).

TO HAVE AND TO HOLD THE SAME, unto Buyer, its successors and assigns for its own use and behalf forever.

Seller represents that Seller is the owner of the Purchased Assets and is transferring the Purchased Assets to Buyer free and clear of all encumbrances. Seller for itself, its successors and assigns, hereby covenants and agrees that, at any time and from time to time upon the written request of Buyer, Seller will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably required by Buyer in order to assign, transfer, set over, convey, assure and confirm unto and vest in Buyer, its successors and assigns, title to the assets sold, conveyed and transferred by this Bill of Sale.

2016. **IN WITNESS WHEREOF**, Seller has set its hand this ____ day of _____,

SELLER:

By: _____

Name: _____

Title: _____

STATE OF ALABAMA)

_____ COUNTY)

I, the undersigned authority, a Notary Public in and for said County, in said State, hereby certify that _____, whose name as _____ of _____, a _____, is signed to the foregoing Bill of Sale and who is known to me, acknowledged before me on this day that, being informed of the contents of this Bill of Sale, he/she, in his/her capacity as such _____ and with full authority, executed the same voluntarily for and as the act of said _____ on the day the same bears date.

Given under my hand this the ____ day of _____, _____.

EXHIBIT A
Premises

Exhibit G
Warranty Deed

STATE OF ALABAMA)

COUNTY OF _____)

ARTICLE XII STATUTORY WARRANTY DEED

THIS IS A STATUTORY WARRANTY DEED executed and delivered this ____ day
of _____, 2016, by _____, a _____
(hereinafter referred to as the “Grantor”), to **Community Utilities of Alabama Inc.**, an Alabama
corporation (hereinafter referred to as the “Grantee”).

KNOW ALL MEN BY THESE PRESENTS:

That in consideration of the sum of One Hundred and 00/100 Dollars and (\$100.00) in hand
paid by Grantee to Grantor and other good and valuable consideration, the receipt and sufficiency
of which are hereby acknowledged by Grantor, Grantor does by these presents grant, bargain, sell
and convey unto Grantee that certain real property situated in _____ County,
Alabama, as more particularly described on Exhibit A attached hereto and incorporated herein
(the “Property”);

TOGETHER WITH all appurtenances thereto belonging or in anywise appertaining and all right, title and interest of Grantor in and to all roads, alleys and ways bounding the Property.

This conveyance is subject to those matters set forth on Exhibit B attached hereto.

TO HAVE AND TO HOLD, to the said Grantee, its successors and assigns forever.

Grantor does for itself, its successors and assigns, covenant with Grantee, its successors and assigns, that Grantor, and its successors and assigns, shall warrant and defend the same to Grantee, its successors and assigns, forever, against the lawful claims (unless otherwise noted above) of all persons claiming by, through, or under Grantor, but not further or otherwise.

The consideration recited hereinabove was paid in cash by Grantee.

Grantor hereby warrants that the Property does not constitute the homestead of Grantor or Grantor's spouse, if any.

Pursuant to the provisions of Ala. Code § 40-22-1 (1975), the following information is offered in lieu of submitting Form RT-1:

Grantor's Name and Mailing Address:

Grantee's Name and Mailing Address:

Community Utilities of Alabama Inc.
c/o Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062-6108
Attn: Don Sudduth, President

Property Address:

Purchase Price: \$

The Purchase Price of the Property can be verified by the closing statement.

[Signature appears on following page.]

IN WITNESS WHEREOF, the Grantor has caused this Statutory Warranty Deed to be executed as of the date first written above.

GRANTOR:

[Name]

By: _____

Name: _____

Title: _____

STATE OF ALABAMA)

_____ **COUNTY)**

I, the undersigned authority, a Notary Public in and for said County, in said State, hereby certify that _____ whose name as _____ of _____, a _____, is signed to the foregoing Statutory Warranty Deed and who is known to me, acknowledged before me on this day that, being informed of the contents of said Statutory Warranty Deed, he/she, in his/her capacity as such _____ and with full

authority, executed the same voluntarily for and as the act of said _____, on the day the same bears date.

Given under my hand and seal this the ____ day of _____, 2016.

Notary Public

[NOTARIAL SEAL]

My Commission Expires: _____

EXHIBIT A

LEGAL DESCRIPTION

Exhibit H
Bill of Sale of Vehicle and Odometer Certification

BILL OF SALE

SELLER: Canaan Systems, Inc.
 P. O. Box 380545
 Birmingham, AL 35238

BUYER: Community Utilities of Alabama Inc.
 2335 Sanders Road
 Northbrook, IL 60062-6108

WITNESSETH:

FOR AND IN CONSIDERATION of the sum of Ten Dollars (\$10.00) paid by the Buyer to the Seller and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Seller does hereby grant, bargain, sell, transfer, convey, assign and deliver unto the Buyer the following motor vehicle (the “**Vehicle**”):

[make, model, year, series number, and body type]

VIN: []

TO HAVE AND TO HOLD to the Buyer, its successors and assigns, for its own use and behalf forever.

The Seller hereby covenants with the Buyer, its successors and assigns that (1) the Seller is the lawful owner of the Vehicle, (2) the Vehicle is hereby sold free and clear of all liens, mortgages, security interests, claims, encumbrances, interests and liabilities, (3) the Seller has a good right to sell the Vehicle as aforesaid and (4) the Seller shall warrant and defend the same against the lawful claims and demands of all persons. Seller conveys the Vehicle, and Buyer accepts the Vehicle, in

consideration of and pursuant to the terms of that certain Asset Purchase Agreement dated _____, 2016 to which Buyer and Seller are parties. Seller agrees to provide original certificates of title to Buyer within three (3) days hereof.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the Seller and the Buyer have executed this Bill of Sale on _____, 2016 (the "Effective Date").

SELLER:

Canaan Systems, Inc.

By: _____

Name: _____

Its: _____

STATE OF ALABAMA)

_____ COUNTY)

I, the undersigned authority, a Notary Public in and for said County, in said State, hereby certify that _____, whose name as _____ of _____, a _____, is signed to the foregoing Bill of Sale and who is known to me, acknowledged before me on this day that, being informed of the contents of this Bill of Sale, he/she, in his/her capacity as such _____ and with full authority, executed the same voluntarily for and as the act of said _____ on the day the same bears date.

Given under my hand this the _____ day of _____, _____.

Notary Public

[NOTARIAL SEAL]

My Commission Expires:_____

AND NOW COMES Buyer, who accepts the sale of the aforementioned Vehicle, to be effective as of the Effective Date.

BUYER:

Community Utilities of Alabama Inc.

By: _____
Don Sudduth, President

Exhibit I
Assignment of Easements

ASSIGNMENT OF EASEMENTS

THIS ASSIGNMENT OF EASEMENTS (this "**Assignment**") was executed on the ____ day of _____, 2016, by _____, a ____ (the "**Grantor**") in favor of Community Utilities of Alabama Inc., an Alabama corporation (the "**Grantee**").

R E C I T A L S

- A. _____ is the grantee under the "**Easement**" agreement with _____, as grantor, dated _____ and recorded in _____ in the Office of the Judge of Probate of _____ County, Alabama, in Real Property Book _____, Page _____.
- B. Grantor desires to assign to Grantee all of Grantor's right, title and interest in, to and under the Easement.

NOW, THEREFORE, in consideration of the premises, the sum of Ten Dollars (\$10.00) paid by the Grantee to the Grantor, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Grantor and Grantee hereby agree as follows:

1. **Assignment:** In accordance with the terms and conditions of the Easement, Grantor does by these presents SELL, ASSIGN, TRANSFER and CONVEY to Grantee and Grantee does hereby ACCEPT AND ASSUME all of Grantor's right, title and interests in and to the

Easement accruing after the date hereof. Grantee hereby accepts such right, title and interest of Grantor, and hereby assumes and agrees to perform the covenants and obligations of Grantor under the Easement accruing after the date hereof. Grantee does hereby indemnify and hold the Grantor harmless from and against any and all liabilities, claims or causes of action arising as of the date hereof and hereafter in connection with Easement. Grantor does hereby indemnify and hold Grantee harmless from and against any and all liabilities, claims or causes of action arising before the date hereof in connection with the Easement.

2. **Binding Effect:** The easements granted herein shall constitute a covenant running with the land in favor of the Premises and shall be binding upon and inure to the benefit of the Grantor, the Grantee, and their respective heirs, successors and assigns.
3. **Governing Law.** This Assignment shall be construed and enforced in accordance with and governed by the laws of the State of Alabama.
4. **Counterpart:** This Assignment may be executed in one or more counterparts and the signature of any party to any counterpart may be appended to any other counterpart, all of which counterparts when taken together shall constitute one Assignment.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Grantor and Grantee have executed this Grant of Easements on the day and year first shown above.

GRANTOR:

By: _____

Its: _____

GRANTEE:

Community Utilities of Alabama Inc.

By: _____

Don Sudduth, President

STATE OF ALABAMA)

_____ COUNTY)

I, the undersigned authority, a Notary Public in and for said County, in said State, hereby certify that _____, whose name as _____ of _____, a _____, is signed to the foregoing Assignment of Easements and who is known to me, acknowledged before me on this day that, being informed of the contents of this Assignment of Easements, he/she, in his/her capacity as such _____ and with full authority, executed the same voluntarily for and as the act of said _____ on the day the same bears date.

Given under my hand this the _____ day of _____, _____.

Notary Public

[NOTARIAL SEAL]

My Commission Expires:_____

Schedule 3.04(B)
Environmental Permits & Government Authorizations

None

Schedule 3.04(C)
Environmental Compliance

None

Schedule 3.04(D)
Violations

None

Schedule 3.04(E)
Hazardous Materials

None

Schedule 4.01(B)
Pending Legal Actions

None

Schedule 4.01(C)
Default of Government Authorizations

None

Schedule 4.01(E)
Other Defaults

None

Schedule 4.01(H)
Conveyance of Fee Parcels

None

Schedule 4.01(I)
Sole Owner

None

Schedule 4.01(K)
Intellectual Property

All design, software and hardware related to Utility Systems monitoring and telemetry

Exhibit XVI

Summary of Real Estate Interests

Community Utilities of Alabama Inc.

Application for Modification of Certificate of Financial Viability

EXHIBIT XVI
Community Utilities of Alabama Inc.
Summary of Real Estate Interests

System	County	Type	Recording Reference	Recording Date
Alabama Belle	Cherokee	Warranty Deed	Instrument Number 180205, Pages 1-3	7/25/2013
Asbury Parc	Jefferson	Warranty Deed	Book LR200862, Page 5566	5/6/2008
Bent River	Shelby	(1)	(1)	(1)
Carrington Lakes	St. Clair	Easement	(1)	(1)
Chase Springs	Madison	Quitclaim Deed	Instrument Number 20140627000342668 (2)	6/27/2014
Cherokee Landing	Cherokee	Warranty Deed	Instrument Number 148100, Pages 1-2	6/21/2007
Creek Crossing	Randolph	Warranty Deed	Deed Book 374, Pages 313-317	9/30/2014
Golden Pond	St. Clair	Quitclaim Deed	Deed Book 2015, Pages 13142	11/5/2015
King's Ridge	Tuscaloosa	Warranty Deed	Deed Book 2010, Pages 16556-16559	10/19/2010
Laurel Lakes	Jefferson	Warranty Deed	Instrument Number 200512/7491	9/15/2005
Mountain Lakes	Shelby	(1)	(1)	(1)
River Bend	Jefferson	Warranty Deed	(1)	(1)
Sand Valley	Cherokee	Quitclaim Deed	Instrument Number 0182643	2/6/2014
Sterling Lakes	Jefferson	Quitclaim Deed	Instrument Number 2016040110, Pages 1-3	4/26/2016
Sunset Point	Randolph	Warranty Deed	Deed Book 374, Pages 278-280	9/29/2014
Three Mile Resort	Cherokee	Warranty Deed	Book A332, Pages 046-047 (2)	3/28/2000
Tranquility	Randolph	Warranty Deed	Deed Book 386, Pages 562-563	6/22/2016
Water's Edge	Etowah	Warranty Deed	Instrument Number 3326472, Pages 1-3	1/21/2010
Willow Point	Calhoun	Warranty Deed	Deed Book 3101, Pages 217-220	2/11/2008
Woodland Industrial Park	Jefferson	Quitclaim Deed	Book LR201007, Page 14372	9/2/2010
Woodruff Farms	Jefferson	(3)	(3)	(3)

OPEN items:

- (1) Canaan to provide CUA a recorded copy of current Easement/Deed prior to closing
- (2) Canaan to provide CUA an updated recorded Deed that includes Canaan as the Grantee prior to closing
- (3) Canaan to provide CUA a recorded copy of Deed pursuant with SECTION 6.03 of Asset Purchase Agreement during closing (re: CES agreement)