

AMENDMENT TO AGREEMENT BETWEEN
INDIANA-AMERICAN WATER COMPANY, INC.
AND
THE DAMON RUN CONSERVANCY DISTRICT

THIS AMENDMENT is executed this 31st day of January, 2011 by and between Indiana-American Water Company, Inc. ("Indiana American"), an Indiana corporation, and the Damon Run Conservancy District ("District"), a governmental unit in the State of Indiana pursuant to Indiana Code 14-33 *et seq.* as amended from time to time.

RECITALS:

WHEREAS, Indiana American and the District are parties to a certain Agreement Between Indiana-American Water Company, Inc. And The Damon Run Conservancy District dated February 28, 2005 ("Original Agreement");

WHEREAS, Indiana American has been providing water utility service to the District pursuant to the Original Agreement and the District has issued its Series 2010 A and 2010 B Ad Valorem Special Benefits Property Tax Bonds ("District Bonds") as contemplated by the Original Agreement; and

WHEREAS, the parties desire to amend the Original Agreement as provided for herein to reflect the parties' understanding of their respective roles and obligations arising from the Original Agreement and services to be provided by and through the Original Agreement throughout its term.

NOW THEREFORE, in consideration of the terms of the Original Agreement, and the covenants and agreements herein contained, Indiana American and the District agree as follows:

1. Incorporation of Recitals. The above and foregoing recitals are true and correct and are incorporated into and made a part of this Amendment.
2. Water Distribution System and Ownership. The Water Distribution System, as that term is defined in the Original Agreement, shall be deemed to include all existing or future water lines, connections and other appurtenances installed by any customer of the District or the District for the provision of water utility service, whether such customer or the property serviced is located within the annexed boundaries of the District or whether such customer or property is located outside the District boundaries and is serviced pursuant to an agreement with such customer or property owner. The District shall retain ownership of the Water Distribution System as contemplated by the Original Agreement and further defined herein until the District Bonds mature or are paid in full (whichever is first to occur), which pursuant to the terms of the District Bonds, is scheduled to occur July 1, 2030 ("Bonds Maturity Date"); provided, however, that the District reserves the right to refinance the District Bonds and retain ownership of the Water Distribution System so long as the term of the refinanced debt does not extend beyond the

Bond Maturity Date of July 1, 2030. As a result, Indiana-American shall have the right to exercise the option provided in Sections 1.6 and 3 of the Original Agreement no later than July 1, 2030. Indiana American shall not be responsible for the installation or costs of construction for the Water Distribution System as such system is expanded or extended from time to time.

3. Properties To Be Serviced.

A. Annexed Property. From time to time, the District may annex property to its boundaries pursuant to IC 14-33-4-2, and Indiana American agrees to provide water utility service to these properties according to the Original Agreement terms and this Amendment once such territory has been lawfully added to the District boundaries.

B. Unannexed Property. From time to time, the District may desire to provide water utility service to properties not located within the boundaries of the District. This subsection shall apply to all such properties not listed in subsection 3.C. herein. Prior to entering into any agreement for water utility service outside the boundaries of the District, the District shall notify Indiana American of the proposed service, and shall obtain the written approval of Indiana American and the Indiana Utility Regulatory Commission ("IURC") pursuant to IC 14-33-20-7 before entering any such agreement. The District shall provide Indiana American all reasonable and necessary information requested by Indiana American in order for Indiana American to fully understand the proposed service.

C. Liberty Intermediate and Elementary Schools and Porter Hospital. The District has entered contracts to provide water service to the Liberty Intermediate and Elementary Schools owned by Duneland School Corporation and to a hospital to be constructed and owned by Porter Hospital LLC, both of which are outside the District's boundaries. Service to these two customers is subject to a pending petition filed with the IURC in Cause No. 43966. To the extent the IURC authorizes the District to provide water service to the Liberty Intermediate School and/or the Porter Hospital, Indiana-American agrees to provide water utility service for these properties according to the Original Agreement as amended by this Amendment.

4. Types of Water Utility Service. The parties anticipate and agree that the District may provide water utility service by and through the Original Agreement and this Amendment to residential, commercial and industrial users.

5. Miscellaneous Amendments.

A. Section 2.3 of the Original Agreement preserving the terms and conditions of a referenced Water Supply Agreement dated February ____, 2005 is hereby deleted. The Original Agreement as amended by this Amendment sets forth the complete terms and conditions of the agreement between the parties.

B. Section 2.1 of the Original Agreement is hereby amended by replacing in both places where it is found the phrase "cause service levels to drop below levels established by the IURC" with "cause normal operating pressure to drop below the level established by 327 IAC 8-3.2-11(b)."

C. Section 7 of the Original Agreement is hereby amended to state: "This agreement shall remain in full force and effect through the exercise of Indiana American's option set forth in Sections 1.6 and 3 herein or the 50 year period referred to in Section 6.1 herein for capital improvements, whichever is first to occur. If Indiana-American exercises the option set forth in Sections 1.6 and 3 herein, the District's responsibilities for capital improvements set forth in Section 6.1 shall terminate upon the transfer of ownership of the Water Distribution System to Indiana American. Either party may terminate this agreement for cause if the other party breaches any of its material obligations herein and fails to cure such breach within ninety (90) days following the receipt of written notice of such breach by the other party."

D. In addition to notice at the address set forth in Section 8, a copy of all notices to Indiana American required under the Original Agreement and this Amendment shall be sent to: 555 East County Line Road, Suite 201, Greenwood, IN 46143, Attention: Corporate Counsel.

5. Scope and Effect. This Amendment shall be effective as of the last date it is signed by the parties hereto. Except as to those terms expressly modified by this Amendment, the Original Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment by their respective duly authorized representatives on the dates provided below.

Indiana-American Water Company, Inc.

By: Alan J. De Boy

Printed: Alan J. De Boy

Title: President

Damon Run Conservancy District

By: Richard W. Hardin

Printed: Richard W. Hardin

Title: Secretary

Attest:

By: Jennifer Beauchamp

Printed: Jennifer Beauchamp

Title: Treasurer