

**Board Of Water Works
REGULAR CALLED MEETING MINUTES
October 19, 2021
Virtual Meeting**

Board Members Present:

Dr. Sharon Kerrick, Chair
Dr. Sundeep “Sunny” Dronawat, Vice Chair
Mr. Greg Dearing
Mr. Paul Esselman
Ms. Jennifer Fust-Rutherford
Mr. William E. Summers, IV

Not Present:

Greg Fischer

Others Present:

Mr. Spencer Bruce, President and Chief Executive Officer
Mr. Aaron Jackson, Chief Financial Officer, Louisville Metro
Mr. Dave Vogel, Executive Vice President, Customer Service and Distribution Operations
Mr. Jeff Knott, Vice President, Information Technology
Mr. Tim Kraus, Vice President, Engineering and Production Operations, and Chief Engineer
Ms. Lynn Pearson, Vice President and Treasurer
Ms. Kelley Dearing Smith, VP, Strategic Communications
Mr. Terrence Spence, Vice President, Human Resources and Labor Relations
Mr. Michael Tigue, Vice President, General Counsel and Corporate Secretary
Mr. Adam Carter, Union President, Local 1683, AFSCME
Mr. Larry Bryant, Director, Production Operations
Ms. Jenni Schelling, Director, Internal Audit
Ms. Sue Purdy, Director, Finance
Mr. Matthew Griffith, Manager, Strategic Business
Mr. Andrew Winslow, Manager, Finance
Ms. Ramiza Carpenter, Senior Accountant
Ms. Megan Starnes, Budget Specialist II
Mr. Brian Sturgeon, Computer Network Administrator
Ms. Beverly Soice, Paralegal

Visitors:

The regular called meeting of the Board of Water Works (BOWW) was held on Tuesday, October 19, 2021 by video teleconference via Zoom. Chair, Dr. Sharon Kerrick called the meeting to order at 11:03 a.m.

Minutes of the Previous Regular BOWW Meeting Approved

Greg Dearing moved to approve the Regular Monthly Meeting Minutes of September 21, 2021. Dr. Sunny Dronawat seconded and the motion unanimously carried.

Report Provided by the President/Chief Executive Officer

Spencer Bruce advised that recently, Kentucky Governor Andy Beshear presented Larry Bryant, Louisville Water’s Director of Production Operations, with the Kentucky Labor-Management

Conference's 2021 Management Award. The award recognizes a leader who promotes cooperative partnerships with labor and management. Larry has been with Louisville Water for more than 18 years, starting as an electrical engineer. He oversees the production of drinking water at the Crescent Hill Water Treatment Plant and B.E. Payne Water Treatment Plant.

Larry was nominated by two members of ASFME Local 1683 who say Larry is an exceptional manager who has created a collaborative environment and truly understands the jobs in the plant. Larry thanked Adam Carter and the union.

Along with the award, Larry received \$1,000 to give to a charity of his choice, which he donated to the Jimmy Stone Memorial Locker Room Project.

Dr. Kerrick, on behalf of the Board, thanked Larry for his service and generosity to the foundation.

External Audit Firm Appointed

Lynn Pearson advised that Louisville Water's 2009 Master Bond Resolution requires that an independent firm of certified public accountants be chosen and appointed by the BOWW. The contract with the Company's current audit firm, Crowe LLP, ends effective December 1, 2021. Accordingly, staff recently conducted a Request for Proposal (RFP) for audit services.

Ms. Pearson provided an overview of the RFP process which included three rounds: Technical Proposals, Interviews/Presentations and Cost Proposals. A total of six audit firms provided proposals, four of which have local offices and qualified for the Company's local preference program. The two finalists were Crowe, LLP and Strothman and Company.

Ms. Pearson stated that following calculation of the assigned points for the three rounds, the winning proposal was determined to have been submitted by the incumbent, Crowe, LLP. Staff is requesting that the Board appoint Crowe, LLP as Louisville Water's external audit firm. If approved by the Board, staff will begin negotiations with Crowe on specific contract terms. The contract will be for one year, with the provision to renew up to four additional one year terms.

Paul Esselman stated the process and costs are reasonable.

Jenni Schelling, Louisville Water's Internal Auditor, advised that the review committee conducted a very thorough process and had extensive debate and discussion in arriving at their decision.

Mr. Esselman moved to appoint Crowe, LLP as Louisville Water's independent firm of certified public accounts. Mr. Dearing seconded, and the motion unanimously carried.

Compensation and Benefits Committee

Jennifer Fust-Rutherford provided a summary of the discussions held during the October 11, 2021 meeting of the Compensation and Benefits Committee.

Ms. Fust-Rutherford advised that in terms of the salary structure movement, Mercer recommends a 2.0% to 2.5% increase be made and recommends budgeting for front-line, non-union employees a base salary average merit increase of 3.0% overall. The committee concurred.

Ms. Fust-Rutherford advised that Rob Gipperich with Aon was present at the committee meeting to review the projected premiums for employee health insurance for 2022. She informed the Board that a recommendation was made by the committee at its October 11 meeting to utilize Anthem BlueCross BlueShield as the Company's health insurance for 2022.

Anthem initially presented a renewal rate 13.7% higher than the current premiums being paid for 2021. At that point, Louisville Water advised Anthem that it would most likely issue a Request for Proposal (RFP) for insurance coverage for 2022. Anthem replied with a lower rate. After continued negotiations, the final rate proposed by Anthem was a 5.46% increase. To arrive at this rate, small increases were agreed to for copays.

Ms. Fust-Rutherford added that Anthem is also waiving its 2022 Wellness Program Fee as they did in 2021. Anthem is also updating its Wellness Program App to make it more user friendly.

Mr. Bruce reminded the Board that they approved Juneteenth as a paid holiday for employees this year.

Leadership is proposing to add Juneteenth as a regular, reoccurring Company holiday. Terrence Spence added that 49 out of the 50 states observe Juneteenth as a holiday.

Louisville Water employees are made up of individuals with a wide range of cultural backgrounds and religions. Mr. Bruce asked that a floating holiday be added so employees can use it for a religious or cultural day of significance that they celebrate or practice.

Following a short discussion, Dr. Kerrick moved to approve a 2.0% to 2.5% increase in the salary structure, budgeting 3.0% overall for 2022 merit-based increases for front-line, non-union employees, to utilize Anthem BlueCross BlueShield for Louisville Water’s employee health insurance for the 2022 benefit plan year and adding Juneteenth and a floating day as recurring Company holidays. William Summers seconded, and the motion unanimously carried.

Ms. Fust-Rutherford added that the committee also reviewed the mid-year performance report for the Shared Executive Operating Goals, Management Incentive Plan Goals and Corporate Performance Goals.

2022 Preliminary Operating and Capital Budget

Ms. Pearson and Tim Kraus provided highlights of the preliminary 2022 Operating and Capital Budget. The presentation included a 2021 year in review, a full year forecast for 2021, an overview of the budget process and timetable along with a look at Louisville Water’s 2022 funding priorities with key drivers and assumptions for revenue and expenses. A summary of the budgeted capital by category was also presented.

WaterPro

Kelley Dearing Smith and Matthew Griffith provide a summary of the WaterPro, Louisville Water’s Water Leak Protection Plan that will be rolled out to approximately 15,000 customers beginning November 1, 2021.

Third Quarter Certification of Projects & Change Actions

Mr. Bruce certified that the following Projects and Change Actions were authorized during the Third Quarter of 2021 in accordance with the Capital Projects Authorization Policy and Procedure.

Project Proposals Requiring Board Approval:

Project Number	Project Name	Requested Total	Contribution	LWC Net Cost	Current Year
Total					

Project Change Actions/Admin Notifications Requiring Board Approval:

Project Number	Project Name	Previously Approved Total Estimate	Change In Total Estimate	Requested Total Estimate	Change In Current Year Estimate
16107	N 26th St Area-2021 MRRP	\$ 2,677,000	\$ 307,648	\$ 2,984,648	\$ (10,000)
Total		\$ 2,677,000	\$ 307,648	\$ 2,984,648	\$ (10,000)

Project Proposals Approved by the President:

Project Number	Project Name	Requested Total Estimate	Contribution	LWCNet Cost	Current Year Estimate
XXXXX	2022 MRRP Prelim Engr Milton, McMahan, Sunshine	\$ 190,000	\$ -	\$ 190,000	\$ 190,000
16219	Control System Infrastructure Upgrade	\$ 365,000	\$ -	\$ 365,000	\$ 365,000
Total		\$ 555,000	\$ -	\$ 555,000	\$ 555,000

Project Change Actions Approved by the President with Total Estimate Changes:

Project Number	Project Name	Previously Approved Total Estimate	Change In Total Estimate	Requested Total Estimate	Change In Current Year Estimate
14252	Relocation 2014 - River Road main from Edith Road	\$ 397,600	\$ (288,600)	\$ 109,000	\$ 5,000
16107	N 26th St Area-2021 MRRP	\$ 2,181,000	\$ 496,000	\$ 2,677,000	\$ 200,000
16116	Critical Main Reduction-2021	\$ 400,000	\$ 271,000	\$ 671,000	\$ 260,000
Total		\$ 2,978,600	\$ 478,400	\$ 3,457,000	\$ 465,000

Project Change Actions Approved by the President with no change Total Estimate Changes:

Project Number	Project Name	Previously Approved Total Estimate	Change In Total Estimate	Requested Total Estimate	Change In Current Year Estimate
15607	CHFP - North/South Filter Gallery Rehab	\$ 13,951,100	\$ -	\$13,951,100	\$ 2,150,000
16095	Trans Valve Cond Assess 2021	\$ 2,000,000	\$ -	\$2,000,000	\$ 700,000
16096	1900 River Road - 2021 RR	\$ 151,300	\$ -	\$151,300	\$ 20,000
Total		\$ 16,102,400	\$ -	\$16,102,400	\$ 2,870,000

Status of Open Projects with Total Estimates over \$2,000,000:

Project Number	Project Name	Total Estimate	Total Cost To Date	Status	Budget Year Category
11264	Transmission - Cardinal Hill Second Supply Phase 2B	\$ 3,708,490	\$ 125,621	Pending Capital	2005 Budget
11310	BEP - Renovate Sludge Lagoons #1, #2, #3, and #4	\$ 19,970,280	\$ 13,182,491	Work In Progress	2006 Budget
11615	Transmission - Gene Snyder Freeway Section 1B	\$ 9,133,000	\$ 383,107	Pending Capital	2007 Budget
11616	Transmission - Gene Snyder Freeway Section 2A	\$ 6,641,500	\$ 64,331	Pending Capital	2007 Budget -
13109	ZPS - Standby Generator	\$ 15,408,083	\$ 13,235,315	Work In Progress	2011 Budget
13264	CHPS - Replace Slate Roof and Improve Masonry	\$ 6,137,000	\$ 215,725	Pending Capital	2012 Budget
13274	Metering - AMI for Jefferson County	\$ 61,000,000	\$ 18,039,816	Design In Progress	2013 Budget
14325	CHFP - Chemical Building and Lab Fire Protection and Office Space Improvements for Productions	\$ 9,982,740	\$ 3,797,738	Work In Progress	2015 Budget
14330	CHWTP - Standby Generator	\$ 12,987,000	\$ 12,594,361	Completed Not	2015 Budget -
14524	ATT RBF for CH	\$ 221,905,253	\$ 5,724,658	Pending Capital	2017 Budget
14534	I.T. - Oracle Utilities CCB,MWM Enhancements	\$ 3,500,000	\$ 3,289,380	Work In Progress	2016 Budget
14536	I.T. - Work and Asset Management System - WAM	\$ 23,526,488	\$ 23,398,248	Work In Progress	2016 Budget
14542	Transmission - Urton Lane	\$ 5,297,725	\$ 232,853	Pending Capital	2017 Budget
15036	Condition 2017 - Reservoir Yard Piping and Valves	\$ 5,000,000	\$ 56,031	Design In Progress	2017 Budget -
15253	900 Plan - Old Henry Rd to Terra Crossing Blvd	\$ 2,374,551	\$ 60,257	Pending Capital	2018 Budget
15438	660 Plan-SW Jefferson Cty Improvements-Lower Hunters Trace 20"	\$ 4,857,300	\$ 1,223,533	Work In Progress	2019 Budget
15458	Condition 2019 - PCCP	\$ 8,074,818	\$ 11,764,139	Completed Not	2019 Budget -

Status of Open Projects with Total Estimates over \$2,000,000:

Project Number	Project Name	Total Estimate	Total Cost To Date	Status	Budget Year Category
15468	Kentucky,Oak,Glenmary Transmission Main Rehab 2019	\$ 11,500,000	\$ 301,970	Design In Progress	2019 Budget
15506	660 Plan-SW Jefferson County Improvements-Blanton Lane 20 inch	\$ 5,464,300	\$ 445,279	Design In Progress	2019 Budget - Unbudgeted
15509	Belmont Road BPS	\$ 2,245,000	\$ 2,048,757	Work In Progress	2019 Budget
15511	690 Plan:Preston Hwy Area	\$ 7,476,000	\$ 3,841,277	Work In Progress	2019 Budget -

- Pending - An approved project that has not yet begun. Some projects may go to Design and back to Pending if put on 'hold' with no construction.
- Design - The project is currently in Preliminary or Final Design, but a contract has not yet been awarded for construction.
- Work in Progress - Project has full approval to move forward, construction has begun, and a contract has been executed, if applicable.
- Complete Not Closed - Construction is complete, assets are in-service, but the project has not yet been closed due to various reasons.
- Contributed Capital is excluded from the Total Cost.

* This information is time sensitive

Third Quarter Certification of Contracts & Bids

Mr. Bruce certified that the following contracts were awarded during the Third Quarter of 2021 in accordance with the Purchasing Policy and Procedure.

Construction

17-150

Assignment to Master Agreement - Transmission System Repairs and/or Capital Improvements-2021 Transmission Valve Condition Assessment Clay Street 36" Corridor

16095 Southern Pipeline Construction Co. \$709,963

20-97

BE Payne Water Treatment Plant Chloride Dioxide Change Order #1

15606 Thieneman Construction \$130,377

21-08

SW Jefferson County Improvements Lower Hunters Trace 20" Transmission Main Co #1

15438 Basham Construction & Rental Co., Inc. \$272,950

21-27

Kramers Lane-National Turnpike Water Main Replacement

15063 Basham Construction & Rental Co., Inc. \$727,000

21-37

Mud Lane Service Renewals, Fire Hydrant Relocates Water Main Abandonment

16125 Allterrain Paving & Construction, LLC (CWBE) (LWC-SBE) \$285,000

21-69

West Shelby II Master Meter Renovation

15621 MAC Construction & Excavating, Inc. \$223,500

21-88

6107 Strawberry Lane Water Main Replacement

15631 Basham Construction & Rental Co., Inc. \$227,000

SUM BY BIDS AND AWARDS CATEGORY \$2,575,790

Procurement of Materials and Services

Insurance Program Renewal

ACE American Insurance Company- \$109,706

Cincinnati Insurance Company

Intact Insurance Company (Management Liability

(Directors & Officers and Employment Practices)

Affiliated FM Insurance Company (Property Insurance) \$320,555

AIG (Cyber Liability Insurance) \$116,368

Allied World Insurance Company-(Primary Automobile / \$71,816

General Liability Insurance)

Allied World National Assurance Company-Great \$234,862

American Assurance Company-Berkley National

Insurance Company (Excess / Umbrella Liability

Insurance)

	Federal Insurance Company (Louisville Water Foundation Directors & Officers Liability Insurance)	\$738
	Global Aerospace (Aircraft Liability)	\$1,873
	Great American Insurance Company (Pollution Legal Liability Insurance)	3 year contract \$59,191
	Hanover Insurance Company (Commercial Crime)	3 year contract \$12,735
	Liberty Mutual (Workers' Compensation Insurance)	\$70,588
	Peleus Insurance Company (Errors & Omissions Insurance)	\$30,268
	Request Open Market Purchase of (5) 2021 RHD Jeep Wrangler 4WD	
16-126	Galena Chrysler Assignment to Master Contract for Contingency Pump Repairs-Rework of Zorn #2 Pump change order #1	Estimate \$219,425
	Layne	Estimate \$129,897
17-122	Barricade Rental, Worksite Security, and Safety Sign Purchase-4th CPI Renewal	
	Off Duty Police Services Inc- Non- Sworn Uniformed Police	Estimate \$202,317
	Off Duty Police Services Inc -Sworn Uniformed Police	Estimate \$107,504
17-61	Assignment to Contingency Contract for Motor Repairs-CHPS #4 Motor Rewind	
	Horner Industrial Group	Estimate \$352,790
18-96	Concrete Paved Services 2nd CPI Renewal	
	Allterrain Paving & Construction LLC	\$573,704
19-0919	Paving Restoration 1st CPI Renewal	
	Reid Brothers	\$525,001
19-10	Zorn Pump Standby Generators Change order #3	
<i>13109</i>	Pace Contracting, LLC	\$257,775
19-75	Vehicle Parts Supply and Management (Metro Louisville Cooperative Agreement through Sourcewell) Contract Extension	
	Napa Auto Parts	\$515,000
20-101	Assignment to -IT Project Consulting Services - Master Agreement-Enhancements 2021 for Oracle Utilities O&M Support Change order	
<i>GSAG535F474GA</i>	TMG Consulting, Inc	\$142,000
20-23	Frames & Covers and Monitor Castings 1st PPI Renewal (Negotiated Rate)	
	General Foundries, Inc	Estimate \$217,429
21-107	Barricade Rentals and Traffic Control Package, Signage	
	AWP, Inc.	Estimate \$435,406
21-108	Meter Reading Services (2 year contract)	
	Olameter	Estimate \$1,313,387
21-124	Omnia Partners-IT Solutions-Microsoft License Renewal	
<i>2018011-02</i>	Software House International (SHI)	\$247,782
21-45	Ultra Low Sulfur #2 Diesel Fuel -Joint Bid with TARC for Diesel Fuel (2year contract)	
	Colonial Oil Industries, Inc	Estimate \$817,520
21-82	Water Treatment Chemicals	
	Airgas Specialty Products-Aqua Ammonia	Estimate \$159,198
	American Welding & Gas-Liquid Carbon Dioxide	\$44,520
	Atlas Carbon-Powdered Activated Carbon PAC (Taste & Odor)	\$355,196
	Brenntag Mid-South-Liquid Sodium Bisulfite	\$30,400
	Brenntag Mid-South-Liquid Sodium Chlorite	\$67,320
	Caus, LLC (FKA Carus Corp)-Liquid Sodium Permanganate	\$86,500
	Gunther Salt-Sodium Chloride	\$571,954
	Kemira Water Solutions-Liquid Ferric Sulfate*	\$1,354,245
	Mississippi-Quicklime	\$1,448,413
	Polydyne-Poly (diallyl dimethylammonium Chloride)	\$232,000
	Univar-Fluorosilicic Acid	\$227,557
	USALCO-Liquid Polyaluminum Chloride (PACL)	\$46,000
21-86	Copper Tubing Purchase and Delivery	
	Masters Supply Company	\$211,607
21-96	Meter Setters	
	Hayes Pipe Supply	Estimate \$231,670
Naspo Contract	Dell EMC Transformational License Agreement Renewal (TLA)	
<i>C00000766003</i>	AHEAD formally RoundTower	Estimate \$1,491,115
WKU-553	Disaster Recovery as a Service	
	Volta, Inc	\$445,593
	SUM BY BIDS AND AWARDS CATEGORY	\$14,073,579

Procurement of Professional Services

	Market property located at 207 & 209 N English Station Road	
	SVN Menish Commercial Real Estate	Estimate \$500,000
	ZPS Roadway and Parking Improvements	
15637	AECOM Technical Services, Inc	NTE \$243,758
16-03	Transmission Pipeline System Design Engineering Services (RFP - 75% Technical, 25% Cost) 5th & Final CPI Renewal	
	CDM Smith	
	GRW	
	HDR Engineering	
19-110	Louisville Water's Advanced Metering Project (AMI) Engineering Consulting and Design Services. Change order #1	
	HDR	\$100,000
20-91	Continuation to provide facilitation of Louisville Water Company's (Louisville Water/the Company) Diversity, Equity & Inclusion (DEI) initiative.	
	Integrity Development Corporation	Estimate \$255,000
GSA	CC&B 2.8 Enhancement Support	
GS35F474GA	TMG Consulting	\$252,000
	SUM BY BIDS AND AWARDS CATEGORY	\$1,350,758
	GRAND TOTAL	\$18,000,127

Financial Report Given

Ms. Pearson advised that the Company had another month of strong financial results in September, despite water revenue and non-operating income coming in under budget. These shortfalls were more than offset by favorable budget variances in other operating revenue, total operating expenses and non-operating expenses. As a result, net income for September is \$814,000 higher than budget.

Consumption of 3.4 billion gallons for September is 58 million gallons lower than budget, and 158 million gallons higher than September 2020. All customer classes except wholesale and private fire services are lower than budget in September. These shortfalls were driven primarily by timing differences on the meters read during the month. Year-to-date, consumption is 134 million gallons under budget driven by residential, commercial, industrial and Metro government offset to a great extent by favorable variances in wholesale and irrigation. For the year-to-date period, consumption is 4.3% higher than prior year, with all customer classes higher with the exception of residential, reflecting ongoing recovery from the impact of the pandemic.

Water Revenue for September 2021 is \$532,000 lower than budget and \$968,000 higher than the prior year. All customer classes are under budget for the month with the exception of wholesale and public fire hydrants. For the year-to-date period, water revenue is 0.9% lower than budget and 5.7% higher than prior year levels.

Other Operating Revenue for September is \$25,000 higher than budget and \$250,000 higher than September 2020. The variance to budget is due to higher late charges, service line protection, and contract revenue, somewhat offset by lower service deactivation fees. The favorable variance to prior year is driven by higher revenue from late charges, service deactivation fees, service line protection and property leases. Year-to-date, other operating revenue is \$420,000 below budget and \$223,000 higher than prior year. The year-to-date unfavorable variance to budget is primarily due to lower revenue from late charges and service deactivation fees, which were budgeted to resume in April. These shortfalls were partially offset by higher revenue in numerous categories including contract operations, property leases and service line protection.

Operating and Maintenance Expenses for September are \$1.1 million lower than budget and \$168,000 higher than September 2020. The September variance to budget is due to lower costs in numerous areas including bad debt, chemicals, materials and supplies, contractual services, fleet costs and labor

and labor related costs. The unfavorable variance to September 2020 is driven by higher equipment maintenance, utilities, contractual services, and insurance reserves partially offset by lower fleet costs and bad debt expense. Fleet costs were lower in September due to a reclass to capital of costs previously expensed to O&M. September year-to-date operating and maintenance expenses are \$4.1 million lower than budget and \$1.4 million higher than year-ago levels. Labor and labor related, bad debt, contractual services, materials and supplies, equipment maintenance and insurance reserves costs are all considerably lower than budget through September.

Total Operating Expenses for September are \$1.3 million lower than budget and \$548,000 higher than prior year. Total operating expenses year-to-date are 4.6% lower than budget and 3.4% over year-ago levels. The September budget variance is primarily the result of lower operating and maintenance expenses. The year-to-date budget variance is primarily due to lower operating and maintenance expenses along with lower depreciation and loss from disposition of property.

Non-Operating Income through September is \$105,000 lower than budget and \$852,000 less than prior year. The budget shortfall is primarily the result of the termination of two repurchase agreements held in the bond reserve account which had very favorable rates as compared to the current market rates in which the funds were reinvested. The variance to prior year is due to lower interest earned as a result of market rates declining significantly due to the pandemic's impact on the economy, along with a lower dollar amount invested in 2020.

Non-Operating Expense through September is \$582,000 less than budgeted and \$1.1 million lower than year-ago levels. Variance to budget is due to higher amounts of interest capitalized than anticipated. Interest expense through September is lower than prior year due to higher capitalized interest along with principal payments on bonds made in 2020.

Communication and Marketing Report Given

Ms. Dearing Smith advised that as crews uncovered the original 1877 pipe that was installed on Frankfort Avenue, a video news release was a good opportunity to highlight Louisville Water's ongoing investment in its infrastructure. Our work to proactively communicate the ongoing investment was also featured to a national audience through the American Water Works Association.

Overall, in September, Louisville Water's efforts through traditional and social media reached more than 69 million people through local and national outlets.

Staff participated in more than 20 events in September that featured Louisville Pure Tap™ and education. A new partnership with Young Professionals Association of Louisville (YPAL) is helping Louisville Water reach new homeowners/customers and those new to Louisville. We recently hosted YPAL at Louisville Water Tower Park for a behind-the-scenes tour. With our partnership, several employees also receive a membership to YPAL.

In 2021, Louisville Water has added branding to more than a dozen bottle filling stations. The newest addition is at the outdoor facility for the Urban League's Sports and Learning Complex. This partnership also includes indoor bottle filling stations and education events.

Customer Service and Distribution Operations Report Given

Dave Vogel advised that the Winter Emergency Plan is being updated to prepare for cold weather operating conditions.

Mr. Vogel stated that efforts to convert Jefferson County customers to monthly billing continued in September. Cycle 42 with 4,300 customers was successfully transitioned to monthly billing, and three additional cycles with a total of 24,000 customers will be converted in November and December. Estimates were slightly higher for the month primarily driven by new employees to the area, however 181,187 meters were read during September which was the most for any month this year. A vendor has been selected to assist with meter reading for the balance of the transition to AMI.

Engineering and Production Operations Report Given

Mr. Kraus advised that 2021 capital program expenditures through September totaled \$52,628,144, which is \$7,708,070 or 12.78% lower than the same period last year. These expenditures equate to 44.92% of the 2021 total capital program of \$117,158,160.

The amount of water produced and delivered to the system in September 2021 was 131.2 MGD, which was 0.8% higher than September 2020 and 1.4% lower than the September five-year average.

All water-quality goals for September 2021 were achieved. No water-quality violations occurred.

Five chemical spills were reported upstream of the Zorn intake; none impacted water treatment. All treatment goals continue to be achieved.

Mr. Kraus added that Kentucky Governor Andy Beshear will be awarding Louisville Water \$8.3 million for planned infrastructure investments in Jefferson, Bullitt and Oldham counties. Funding comes from the Better Kentucky Plan's \$250 million Cleaner Water Program. Funded by the American Rescue Plan Act and administered by the Kentucky Infrastructure Authority (KIA), the funding for the Cleaner Water Program was appropriated at the close of the 2021 General Assembly through a bi-partisan agreement for clean drinking water and wastewater grants to fund projects across Kentucky.

Human Resources Report Given

Terrence Spence advised that the Human Resources staff worked with Louisville Water's third-party consultants Mercer Inc. and Aon Corporation on projections, trends and analysis regarding the 2022 compensation merit increases and health premium rates, respectively. Both consultants presented an overview of their research and analysis and provided their recommendations to the Compensation and Benefits Committee.

Louisville Water will partner with the Louisville Urban League as a sponsor and presenter for their upcoming heavy construction training class. The training is a six-week course providing students with valuable tools and work readiness training to aid in future job placement and economic impact. Louisville Water along with MSD has been a sponsor of the heavy construction training program for the past two years.

Mr. Spence advised that the two active grievances filed by Union mentioned in his report have been tabled and are no longer active.

Louisville Water's management team along with representatives from Integrity Development Corporation presented current and on-going initiatives regarding the Company's Diversity Equity & Inclusion efforts with the Metering Services Department.

Legal Report

Michael Tigue stated he had nothing to report this month.

Information Technology Report Given

Jeff Knott advised that Information Technology (IT) continues to concentrate on a regular cadence testing of Disaster Recovery (DR) plans. As a part of this testing plan, we have migrated off Oracle's version of high availability for our main databases to a comparable solution that will enable our targets of a ten-minute Recovery Point Objective (RPO) and a ten-minute Recovery Time Objective (RTO) to be achieved. Now that this work is completed, we have started creating and testing recovery scenarios.

IT is working to provide redundancy to our existing phone system. This will provide the ability to fail the phone system over to our DR site. The new lines have been ordered and the first step of the project has been completed by moving the main phone server from Allmond Avenue to the Corporate offices. Due to ongoing issues with softphones timing out, the vendor has asked us to upgrade to a newer version of the phone system software. That upgrade was completed last month but has not addressed the timeout issues. We are working on short term solutions for these issues while we determine the long-term solution to these problems. That solution will very likely be a new phone system.

The latest version of E-Business Suite (EBS) is operational and in stabilization support status.

There being no further business, adjourn the meeting at 1:25 pm.

Respectfully submitted,



Michael F. Tigue
Vice President, General Counsel and
Corporate Secretary