

**Board Of Water Works
REGULAR CALLED MEETING MINUTES
October 22, 2024
Louisville Water Tower**

Board Members Present:

Dr. Sundeeep "Sunny" Dronawat, Chair
Ms. Jennifer Fust-Rutherford, Vice Chair
Mr. Jacob Brown
Ms. Cathe Dykstra
Dr. Sharon Kerrick
Mr. William "Bill" E. Summers, IV

Not Present:

Mayor Craig Greenberg

Others Present:

Mr. Spencer Bruce, President and Chief Executive Officer
Ms. Dana Mayton, Louisville Metro, Deputy Mayor
Mr. Dave Vogel, Executive Vice President, Customer Service and Distribution Operations
Mr. Larry Bryant, Vice President, Production Operations and Chief Engineer
Ms. Kelley Dearing Smith, Vice President, Communications and Marketing
Mr. Jeff Knott, Vice President, Information Technology
Mr. Tim Kraus, Vice President, Production Operations and Chief Engineer - retiring
Ms. Lynn Pearson, Vice President and Treasurer
Mr. Terrence Spence, Vice President, Human Resources and Labor Relations
Mr. Michael Tigue, Vice President, Compliance, General Counsel and Corporate Secretary
Mr. Homer Barger, Vice President, Local 1683 of the AFSCME, AFL-CIO
Mr. Jordan Basham, Director, Infrastructure Planning and Records
Ms. Sue Purdy, Director, Finance and Accounting
Mr. Jeremy Raney, Director, Engineering
Ms. Jenni Schelling, Director, Internal Audit
Mr. Andrew Winslow, Manager, Finance
Ms. Elizabeth Davis, Financial Analyst
Ms. Meghan Starnes, Budget Specialist II
Mr. Brian Sturgeon, Computer Network Administrator
Ms. Beverly Soice, Senior Paralegal

Visitors:

Mr. Erik Whitehead
Mr. Alex P. Herrington, Stites

The meeting of the Board of Water Works (BOWW) was held at the Louisville Water Tower located at 3005 River Road, Louisville, KY on Tuesday, October 22, 2024. Vice Chair, Jennifer Fust-Rutherford called the meeting to order at 11:02 a.m.

Minutes of the Previous Regular BOWW Meeting Approved

Bill Summers moved to approve the regular monthly meeting minutes of September 17, 2024. Dr. Sharon Kerrick seconded, and the motion unanimously carried.

Erik Whitehead addressed the Board on behalf of the African American leaders of Local 1683 of the ASFCME.

Beverly Soice administered the Oath of Office to the Board's new appointee, Jacob Brown. Board members and staff welcomed Mr. Brown.

President/CEO Report Given

Spencer Bruce advised that Louisville Water will begin rolling out WaterPro Water Leak Protection PlanSM to our entire service area. A pilot program launched in late 2021 - early 2022 was successful, and we believe the product is ready for broader exposure.

WaterPro was created to help customers cover the costs of excess water usage as the result of a leak. The message is "Leaks happen. Be protected." Even a small leak can add up quickly to hundreds of dollars more than a customer's average water bill. WaterPro is a low-cost option for customers who prefer to avoid the risk of hundreds or even thousands of dollars more on their water bill.

All residential customers can now choose to sign up for this plan for a minimal monthly fee, and if they discover a leak, Louisville Water will cover 100% of the excess water usage costs up to \$3,000.

Mr. Bruce stated that there are currently more than a thousand subscribers. This is the first protection plan of its kind developed by and offered from a water utility.

Dana Mayton asked the cost to participate in the program. Mr. Bruce advised it is \$3.00 per month.

Budget Increased and Contract Award Approved for Project 16604: BE Payne Plan – Raw Water Supply Evaluation

Larry Bryant requested Board authorization to establish a new project budget of \$8,200,000 and to award a contract in the amount of \$5,745,300 for the B.E. Payne Water Treatment Plant Plan – Raw Water Supply Evaluation project.

The source water for the B.E. Payne Water treatment plant comes from collector wells along the Ohio River. These wells were built in 2012. The scope of the work for this project will include inspection, re-development, rehabilitation, improved access and performance evaluation of the collector wells and tunnel system.

The original budget was created during a high-level B.E. Payne Water Treatment Plant upgrade study in 2023 with a scope of work focused on inspection. It was anticipated to have two contractors; one to perform inspection and one to perform rehabilitation. However, during the RFP phase it was recognized that the same firms that inspect this type of work also perform well rehabilitation work, both of which is needed. Two proposals were received and evaluated in August 2024 for both inspection and rehabilitation. The team recommended award to Layne Christensen Company in the amount of \$5,745,300 to perform this work.

Cathe Dykstra moved to establish a new project budget and award a contract for the BE Payne Plan – Raw Water Supply Evaluation to Layne Christensen Company. Mr. Summers seconded, and the motion unanimously carried.

Budget Increased and Contract Award Approved for Project 16376: 690 Plan HCWD2 – Wilson Creek Tank

Mr. Bryant requested authorization to establish a new project budget of \$20,300,000 and to award a contract to MAC Construction and Excavating, Inc. in the amount of \$17,900,000 for the 690 Plan HCWD2 – Wilson Creek Tank project.

The scope of work for this project is to construct a three million gallon elevated water storage tank to serve as storage in the southern 760 pressure zone that supplies Hardin County Water District 2 (HCWD2).

The original planning budget amount was created early in the 690 Plan development to supply HCWD2 based on historical tank estimates. The revised budget accounts for current market price increases, retaining wall and site improvement installations, installing 36" water mains including a section along Preston Highway, and overhead electric extension. These items were not in the original scope.

Ms. Dykstra moved to establish a new budget and award the 690 Plan HCWD2-Wilson Creek Tank contract to MAC Construction and Excavating. Mr. Summers seconded, and the motion unanimously carried.

Vice President, Production Operations & Chief Engineer and/or the President/CEO Designated as the Authorized Official to Execute Documents Related to the Kentucky State Revolving Loan Funds for the Private Lead Service Program-Economically Disadvantaged Area

Mr. Bryant requested that the Board of Water Works officially designate the Vice President, Production Operation & Chief Engineer and/or the President/CEO as the authorized official to sign documents related to acceptance of repayable and forgivable loan funds provided through the Kentucky Drinking Water State Revolving Loan Fund (DWSRF) for the Private Lead Service Line Replacement – Economically Disadvantaged Area project.

Louisville Water was awarded a total of \$32,134,730 in funding from KIA for this project, of which \$22,791,330 will be provided as a forgivable loan and \$9,343,400 will be provided as a 20-year loan repayable at 0.5%.

Mr. Summers moved to authorize Vice President, Production Operations & Chief Engineer and/or the President/CEO to be the Authorized Official to execute documents related to the Kentucky State Revolving Loan Funds for the Private Lead Service Program-Economically Disadvantaged Area. Ms. Dykstra seconded, and the motion unanimously carried.

Kelley Dearing Smith briefly discussed the communication plan for this project which will begin in January 2025.

Vice President, Production Operations & Chief Engineer Authorized to Execute a Resolution Accepting Relocated Cleaner Water Grant Program Funds for the Huckleberry Lane/Oaks Way Project and to be the Authorized Official to Sign All Necessary Documents

Mr. Bryant requested that the Board of Water Works pass a resolution accepting reallocated funds for the Huckleberry Lane/Oaks Way project (Louisville Water project #16653) and to designate the Vice President, Production Operations and Chief Engineer as the authorized official to execute documents related to acceptance of funds from the Cleaner Water Grant Program provided through the American Rescue Plan Act of 2021 and funds from House Bill 1 from the 2022 Regular Session of the Kentucky General Assembly.

Louisville Water was awarded a total of \$18,919,689.00 in Round 2 grant funding from Kentucky Infrastructure Authority (KIA) for nine projects. These projects were approved by the Board in April of 2023. The Highway 1694 8-inch water main extension project was bid earlier this year and was awarded below the estimated project cost of construction. This resulted in excess funds from the Cleaner Water Grant Program for Oldham County. Staff requested and KIA approved utilizing these excess funds for the Huckleberry Lane/Oaks Way project.

Mr. Summers moved to designate the Vice President, Production Operations and Chief Engineer as the authorized official to execute documents related to accepting relocated Cleaner Water Grant Program Funds for the Huckleberry Lane/Oaks Way Project. Ms. Dykstra seconded and the motion unanimously carried.

Compensation and Benefits Committee

Ms. Fust-Rutherford, chair of the Compensation and Benefits Committee presented a summary of the discussions held during the October 8, 2024 meeting.

David Miller with Mercer, Louisville Water’s third-party compensation expert, attended the committee meeting and provided preliminary information concerning current labor market challenges and discussed planning for 2025.

Mr. Miller advised that preliminary results from Mercer’s Compensation Market Trends Analysis indicate that companies project budgets for merit increases for 2025 range between 3.0% to 3.5%.

Ms. Fust-Rutherford, for the Compensation & Benefits Committee moved to recommend budgeting 3.5% for 2025 merit increases. Ms. Dykstra seconded, and the motion unanimously carried.

Mr. Bruce stated that any updated information received from Mercer before the November Board meeting that substantially changes the 3.0% to 3.5% merit increase recommendation by Mercer will be brought to the Board at that meeting.

2025 Preliminary Operating and Capital Budget Discussed

Lynn Pearson provided highlights of the preliminary 2025 Operating Budget. The presentation included a 2024 year in review, a full year forecast for 2024, an overview of the budget process and timetable along with a look at Louisville Water’s 2025 funding priorities with key drivers and assumptions for revenue and expenses. A summary of the budgeted capital by category was presented Larry Bryant.

Ms. Pearson took a moment to thank her budget team for their hard work on the 2025 proposed budget. She recognized Sue Purdy, Andrew Winslow, Meghan Starnes, and Elizabeth Davis.

Third Quarter Certification of Projects & Change Actions Authorized

Mr. Bruce certified that the following Projects and Change Actions were authorized during the Third Quarter of 2024 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 Estimate
Total					

Project Change Actions/Admin Notifications Requiring Board Approval:

Project Number	Project Name	Previously	Change In Total	Requested Total Estimate	Change In Current Year
15468	Kentucky,Oak,Glenmary Transmission Main Rehab 2019	\$4,850,203	\$6,649,797	\$11,500,000	\$1,900,510
15634	2020 RR - 3218 7th Street Rd	(\$793,410)	\$793,410	\$0	(\$78,000)
15638	WRTS - Standby Generator	(\$7,218,476)	\$7,218,476	\$0	(\$394,829)
16365	2023 MRRP - Fern Villy Rd Area	(\$483,000)	\$483,000	\$0	\$0
16397	Private Lead Svc Line Repl 2023	(\$1,500,000)	\$1,500,000	\$0	\$1,250,000
16427	690 Plan N Nelson Water Dist New Hwy 245 BPS	(\$1,725,720)	\$1,725,720	\$0	\$0
16441	CHFP-Activated Carbon Feed Sys Upg	(\$8,975,000)	\$8,975,000	\$0	\$0
16632	Trans&Dist Viv Inst/Repl 2024	(\$400,000)	\$400,000	\$0	\$450,000
16644	Ld Svc,Cop Svc,FS,Lrg Mtr 2024	(\$492,000)	\$492,000	\$0	\$492,000
Total		(\$16,737,403)	\$28,237,403	\$11,500,000	\$3,619,681

Project Proposals Approved by the President:

Project Number	Project Name	Requested Total	Contribution	LWCNet Cost	Current Year Estimate
Total					

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

Project Number	Project Name	Previously	Change In Total	Requested Total Estimate	Change In Current Year
15468	Kentucky,Oak,Glenmary Transmission Main Rehab	\$4,850,203	\$6,649,797	\$11,500,000	\$1,900,510
15634	2020 RR - 3218 7th Street Rd	(\$793,410)	\$793,410	\$0	(\$78,000)
15638	WRTS - Standby Generator	(\$7,218,476)	\$7,218,476	\$0	(\$394,829)
16080	Brentwood Subd Sec 9	(\$114,013)	\$114,013	\$0	\$114,013
16365	2023 MRRP - Fern Villy Rd Area	(\$483,000)	\$483,000	\$0	\$0
16397	Private Lead Svc Line Repl 2023	(\$1,500,000)	\$1,500,000	\$0	\$1,250,000
16427	690 Plan N Nelson Water Dist New Hwy 245 BPS	(\$1,725,720)	\$1,725,720	\$0	\$0
16441	CHFP-Activated Carbon Feed Sys Upg	(\$8,975,000)	\$8,975,000	\$0	\$0
16475	Glengrove Apartments	(\$154,226)	\$154,226	\$0	\$125,957
16632	Trans&Dist Viv Inst/Repl 2024	(\$400,000)	\$400,000	\$0	\$450,000
16638	New Lrg Svc, FH & FS 2024	(\$240,840)	\$240,840	\$0	\$240,840
16644	Ld Svc,Cop Svc,FS,Lrg Mtr 2024	(\$492,000)	\$492,000	\$0	\$492,000
Total		(\$17,246,482)	\$28,746,482	\$11,500,000	\$4,100,492

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

Project Number	Project Name	Total Estimate	Total Cost To	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	\$19,220,051	Work In Progress	2006 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	\$65,628,871	Work In Progress	2013 Budget
14325	CHFP - Chemical Building and Lab Fire Protection and Office Space Improvements for Productions	\$14,107,740	\$19,311,362	Work In Progress	2015 Budget
14524	ATT RBF for CH	\$221,905,253	\$5,724,658	Pending Capital	2017 Budget
14542	Transmission - Urton Lane	\$5,297,725	\$789,366	Pending Capital	2017 Budget
15036	Condition 2017 - Reservoir Yard Piping and Valves	\$5,000,000	\$61,536	Design In Progress	2017 Budget - Program
15468	Kentucky,Oak,Glenmary Transmission Main Rehab 2019	\$11,500,000	\$3,665,109	Work In Progress	2019 Budget
15515	E Manslick Rd - MRRP 2019	\$2,928,001	\$1,567,379	Pending Capital	2019 Budget - Unbudgeted

Third Quarter Certification of Contracts & Bids Awarded

Mr. Bruce certified that the following contracts were awarded during the Third Quarter of 2024 in accordance with the Purchasing Policy and Procedure.

Construction

20-86	Pavement Restoration Utilizing Louisville Metro Contract 4th & Final Renewal	
	Hall Contracting	Estimate \$1,400,000
22-112	Assignment to Master Agreement Transmission Main Contingency Contract-West Kentucky Street 16-inch Main Repair	
17043	Basham Construction and Rental Co., Inc.	\$215,000

22-112	Assignment to Transmission System Repairs and or Capital Improvements Master Agreement-24" Transmission Main Break Preston Hwy at Maple Spring Dr.	
17054	Southern Pipeline Construction Co.	\$299,020
22-112	Assignment to Transmission System Repairs and or Capital Improvements Master Agreement-BEP 60" Valve Replacement & Inspection	
17038	Southern Pipeline Construction Co.	\$1,426,195
23-63	Private Lead Service Line Replacement Group G CO# 5	
16397	Argenbright Dirt Works, LLC	\$343,247
23-67	Private Lead Service Line Replacement- Known Group H- CO #6	
16367	Lee Le' Plumber	\$135,859
23-84	Private Lead Service Line Replacement Group I CO #1	
16397	Basham Construction and Rental Company	\$264,857
24-81	Castlevale Area Water Main Replacement	
17019	Argenbright Dirt Works (LWC-SBE)	\$704,377
24-84	Tom Wallace Road Water Main Extension	
16449	Basham Construction & Rental Co., Inc.	\$777,000
24-89	3218 7th Street Rd. Area Railroad Water Main	
15634	TRC, LLC (CWBE & LWC SBE)	\$882,391
	SUM BY BIDS AND AWARDS CATEGORY	\$6,447,946

Procurement of Emergency Materials and Services

23-80	EMERGENCY-Water Treatment Chemicals - Powdered activated Carbon (PAC)	
	Atlas Carbon	\$250,000
	SUM BY BIDS AND AWARDS CATEGORY	\$250,000

Procurement of Materials and Services

	Benefit Contracts-Basic Life and AD&D Insurance Renewal	
	Minnesota Life Insurance Company	\$348,000
	Benefit Contracts-Dental/Vision Insurance Renewal	
	Delta Dental	\$348,000
		LWC Cost \$261,000
	Benefit Contracts-Short-Term Disability / Long-Term Disability Renewal	
	Madison National Life	\$69,000
	Louisville Water Company Policies Insurance Program Renewal	
	Architects E&O-Peleus/Argo	\$41,934
	Cyber-CRC / Ambridge	\$78,074
	Cyber-Houston Casualty Company	\$32,955
	D&O and EPL-Chubb-Ace American	\$105,681
	Excess Management Liability-Cincinnati	\$31,415
	Excess Management Liability-Intact One Beacon	\$22,619
	Excess Workers Comp-Liberty Mutual	\$91,786
	Gallagher Fee	\$70,000
	GL & Auto Excess-Aureity / Vantage Risk	\$124,074
	GL & Auto Excess-Berkley National Insurance	\$140,500
	GL & Auto Excess-Great American	\$101,800
	GL & Auto Excess-Liberty Mutual Excess	\$148,879
	GL & Auto Excess-Upland Specialty	\$144,936
	GL & Auto-Liberty Mutual	\$316,057
	Pollution-Great American	\$59,417
	Terrorism/Property-Aegis/UK Lloyds of London	\$22,500
	WaterSmart Platform Support Fees and Premium Integration Fees for SaaS solution	
	License Renewal	
	WaterSmart Software Inc	\$282,985
21-108	Meter Reading Services Contract Extension - 6 months	
	Olameter	\$225,000
21-126	Single Axle 6yd Hydro-Excavating Truck 3rd PPI Renewal	
	BEC Enterprises LLC	Estimate \$373,924
22-22	Emergency Response 2nd CPI Renewal	
	Pro4mance Fire & Water	Estimate \$250,000
22-92	Fire Hydrants 2nd PPI Renewal	
	American Cast Iron Pipe Company	\$1,243,210
24-63	Precast Concrete Vaults	
	S&M Precast Inc. (CWBE)	\$208,278

24-69	Water Treatment Chemicals		
	Airgas Specialty Products-Aqua Ammonia	Estimate	\$189,189
	American Welding & Gas-Liquid Carbon Dioxide		\$41,760
	Arq Purification		\$683,476
	Brenntag Mid-South-Hydrochloric Acid		\$23,100
	Chemical Resources-Liquid Sodium Bisulfite		\$62,700
	Chemical Resources-Liquid Sodium Chlorite (Drums)		\$70,028
	Evoqua Water Technologies-Liquid Sodium Chlorite (Bulk)		\$77,880
	Morton Salt-Sodium Chloride		\$771,600
	Polydyne-Poly (diallyl dimethylammonium chloride)		\$400,680
	Shannon Chemical-Liquid Sodium Permanganate		\$85,429
	Univar Solutions-Fluorosilicic Acid		\$264,440
	USALCO-Liquid Polyaluminum Chloride (PACL)		\$57,720
24-73	Fire Hydrant Coating		
	All Painting Plus	Estimate	\$800,000
GSA Contract	PFAS Laboratory Analysis		
<i>GS-07F-0559X-17003</i>	Waters™		\$391,000
KY State Contract	Purchase of Three (3) 2026 Freightliner M2 106 Crew Trucks/Bus		
<i>MA605200000452</i>	Kentucky Truck Sales Inc. (Jeffersonville, IN)		\$622,566
KY State Contract	Purchase of Two (2) 2025 Freightliner (108SD) Tandem Dump Trucks		
<i>MA605200000452-16635</i>	Kentucky Truck Sales Inc. (Jeffersonville, IN)	Purchase & Delivery	\$330,680
KY State Contract	Wireless Services (cell phone & Data) Renewal		
<i>MA758210000436-24-86</i>	Verizon Wireless	Estimate	\$300,000
	SUM BY BIDS AND AWARDS CATEGORY		\$10,053,272

Procurement of Professional Services

	Louisville Water Company Property Coverage Insurance Renewal		
	Arthur J. Gallagher		\$734,229
20-03	Assignment to Plant & Facilities Engineering Services Master Agreement -BEP Plan – Raw		
	Water Supply Evaluation		
<i>16604</i>	Black & Veatch	NTE	\$429,831
24-91	KYTC Road Improvement Water Main Relocation - St Andrews Church Rd. - Section 2		
	HDR Engineering Inc.	NTE	\$207,299
	SUM BY BIDS AND AWARDS CATEGORY		\$1,371,359

Procurement of Sole Source Materials and Services

24-76	Kentucky Underground Protection, Inc.		
	Kentucky 811	Estimate	\$290,000
	SUM BY BIDS AND AWARDS CATEGORY		\$290,000
	GRAND TOTAL		\$18,412,577

The BOWW took a short break for lunch 12:16 p.m. and resumed the meeting at 12:26 p.m.

Financial Report Given

Ms. Pearson advised that September financial results are exceptionally strong, with consumption and water revenue coming in well above budget for the month. Total operating and non-operating expenses are also performing favorably to budget and as a result, net income for the month exceeds budget by \$1.4 million. Details of the Company’s financial performance as compared to budget and prior year are as follows.

Consumption of 3.1 billion gallons for September is 125 million gallons higher than budget, and 431 million gallons lower than September 2023. The irrigation customer class is the primary contributor to the positive budget variance, with the wholesale, residential, and commercial classes adding to the overage to a lesser degree. Year-to-date consumption exceeds budget by 2.1% and is slightly lower than prior year. Residential, irrigation, and wholesale are the primary drivers of the year-to-date favorable budget variance.

Water Revenue for September 2024 is \$486,000 above budget and \$2 million lower than the prior year. The irrigation customer class is primarily responsible for the positive variance for the month with wholesale and residential contributing to a lesser extent. For the year-to-date period, water revenue is 0.7% higher than budget and 4.1% above prior year levels.

Other Operating Revenue for September is \$22,000 lower than budget and \$7,000 over year-ago levels. The variance to budget is mainly due to shortfalls in revenue from cross connection fees and service line protection, partially offset by positive variances on profit on sale of materials and service activation/deactivation fees. The increase from September 2023 is a result of higher revenue from sewer billing charges, sale of materials, and rental fees from the Water Tower which was not operating last year due to renovations. Year-to-date, other operating revenue is \$422,000 above budget and \$877,000 higher than prior year. The year-to-date variance to budget is due to higher revenue from service activation/deactivation fees, service line protection, and to a lesser degree profit on sale of materials, slightly offset by lower revenue from late charges.

Operating and Maintenance Expenses for September of \$8.6 million are \$787,000 lower than budget and \$359,000 lower than September 2023. The September variance to budget is primarily a result of lower labor and labor-related, contractual services, insurance reserves, systems support and maintenance and bad debt costs, offset to an extent by higher chemical costs. Insurance reserves, bad debt, reimbursements and contractual services are the largest drivers of the decrease compared to prior year, with labor and labor-related and chemicals costs partially offsetting the decrease. September year-to-date operating and maintenance expenses are \$2.0 million lower than budget and \$3.9 million higher than year-ago levels. Labor and labor-related expenses, contractual services and bad debt all contribute to the positive budget variance through September, although these favorable variances are partially offset by higher chemicals, materials and supplies and insurance reserves. The increased costs from the previous year through September reflect higher labor and labor-related, chemicals and insurance reserves, as well as less significant overages in materials and supplies and utilities costs. The favorable variances in these categories are partially offset by lower system support and bad debt expenses.

Total Operating Expenses for September of \$15.4 million are \$950,000 lower than budget and \$59,000 higher than the previous year. The budget variance is due to lower operating and maintenance expenses and depreciation. The variance to September 2023 is due to lower operating and maintenance expense offset by higher depreciation and loss from disposition of property. Total operating expenses year-to-date are 2.3% lower than budget and 4.3% above prior year. The year-to-date budget variance is primarily the result of lower operating and maintenance costs.

Interest Income through September of \$5.3 million is essentially flat to budget with a variance of only \$8,000. Year-to-date through September, interest income is \$535,000 less than the prior year due primarily to a lower dollar amount invested.

Interest Expense through September is \$5.6 million which is \$359,000 lower than budgeted due to higher amounts of interest capitalized than anticipated. Compared to prior year, interest expense through September is down \$651,000 due to principal repayments made in 2023.

Net Income before Distributions and Contributions for September is \$12.5 million, which is \$1.4 million more than budgeted. In comparison between years, net income for September is \$5.2 million higher than the prior year. September year-to-date net income of \$55.9 million is \$5.2 million in excess of budget and \$11.1 million above prior year.

Contributions through September of \$12.3 million are \$1.4 million higher than budget and \$4.7 million more than 2023.

Cash and Short-term Investments totaled \$86.3 million at the end of September, well in excess of our target of 250 days of estimated Operating and Maintenance expense.

Communication and Marketing Report Given

Ms. Dearing Smith advised that Louisville Water's connection to the community garnered positive attention in September, both in traditional media and with digital content. Overall sentiment was 88% positive or neutral.

In early September, Louisville Water hosted Mayor Greenberg's weekly media event at Louisville Water Tower. This event featured the "Made with Pure Tap" series that highlights local businesses that use Louisville Water in their products.

Three large events in September highlighted Louisville Water's value to the community. The annual Pure Tap 5k race at Louisville Water Tower sold out with 700 registrants. The race is a partnership with the Louisville Sports Commission and starts and ends where your drinking water begins.

More than 2,000 people attended the Water Professionals Conference in Louisville. September marked the last month for the Waterfront Wednesday concert season. Louisville Water is at every concert, providing free Pure Tap. In total, these events reached 45,550 people.

Louisville Water partnered with the Louisville Economic Development Alliance (LEDA) and other local entities to add an economic development perspective to the Bourbon and Beyond music festival. Five selectors visited the four-day festival and spent time experiencing Louisville's unique culture. Louisville Water hosted the selectors and guests at the Louisville Water Tower for a tour and presentation. The guests also experienced a water and bourbon tasting.

Louisville Water partners with Danny Wimmer Productions to provide bottle filling stations at both September music festivals. Guests can bring an empty, reusable bottle to use at the events.

Louisville Water provided a one-day course on communication and community engagement to more than 40 rural water providers that serve small and medium-sized towns in Kentucky. The attendees were part of Kentucky Rural Water's Utility Management Class.

Customer Service and Distribution Operations Report Given

Dave Vogel advised that Call Center operations received 27,916 calls in September with an abandonment rate of 11.6%. Our abandonment rate has been improving as staff have been added. A new class of two agents started this month and we expect to hire one more class between now and year-end.

The New Service Applications team (NSA) completed 200 applications in September and the year to date completion time remains under three days.

Bad debt continues to run lower than budget and past periods. Text messages continue to be used for collections activities and final bill notifications. We continue to meet with customer service AI companies on agent assist tools and our Integrated Virtual Assistant initiative will begin user acceptance testing later this month.

As of the end of September, 281,713 AMI endpoints have been installed and 181,701 Jefferson County customers have been converted to monthly billing.

Engineering and Production Operations Report Given

Mr. Bryant advised that 2024 capital program expenditures through September totaled \$84,199,470, which is 17.11% higher than the same period last year. These YTD expenditures equate to 57.08% of the 2024 total capital program of \$147,518,045.

The amount of water produced and delivered to the system in September 2024 was 147.2 MGD, which was 1.0% lower than September 2023 and 7.5% higher than the September five-year average. For year-to-date, the amount of water delivered to the system was 1.8% higher than 2023, and 7.5% higher than the five-year average.

Due to a historic river taste and odor event in 2024 caused by seasonal increases in algae and bacteria that resulted in historic levels of the taste and odor compound Methylisoborneol (MIB), we did not meet our internal stretch goals for customer complaints. All other water quality goals were achieved. No water quality violations were incurred.

Water Quality personnel analyzed 1,206 water quality parameters. Personnel collected 280 routine distribution system (RTCR) compliance samples. Zero Total Coliform and zero E. coli detections were noted. Personnel also collected 89 main-break compliance samples for 44 repairs. Ten local boil-water advisories (BWAs) were issued due to field conditions. Two BWAs were issued due to initial water-quality monitoring results.

Four chemical spills were reported upstream of the Zorn intake. An odor event in the river impacted treatment for 30 days.

Human Resources and Labor Relation Report Given

Terrence Spence provided a summary regarding recent and current activity between the Louisville Water's Labor Management and Local Union 1683 of the American Federation of State, County and Municipal Employees, AFL-CIO (the Union).

- There were seven active grievances filed by the union for review/resolution.
- Union and Company leadership conducted their monthly Labor Management meeting to review various on-going and future joint initiatives and status updates.
- The Company is currently recruiting eight full-time external Field Technician positions.

Human Resources Initiatives

- Transitioned employees from Humana Health Insurance Plan to Anthem effective October 1, 2024.
- Facilitated all-employee Anti-Harassment/Anti-Discrimination Training.
- Conducted behavioral-based interview training for managers.

Employer of Choice

- Louisville Water's management and union leadership participated in an off-site retreat to discuss strategies of enhancing the partnership and the overall company improvements.
- The Company's Employee Activities Committee (EAC) facilitated Employee Appreciation Week of events and activities that included a picnic at George Rogers Park.
- HR's Learning & Development facilitated Leadership Academy for employee project and presentation skills development.
- HR facilitated New Employee Orientation on-boarding twelve recently hired staff from various departments.

Mr. Spence also reviewed the results of the Affirmative Action Programs established for each Louisville Water facility. These programs are required by the Office of Federal Contract Compliance Program and help to ensure equal employment opportunities.

Information Technology Report Given

Jeff Knott advised that on October 8, Information Technology (IT) presented plans for the Data Classification initiative to the Executive Leadership Team. The advantages and disadvantages of utilizing an outside resource, Info-Tech was discussed and it was agreed that an Info-Tech led workshop involving all Louisville Water stakeholders compared to a “guided” implementation would significantly improve the process; therefore, making it the best approach. IT is currently working to finalize the workshop schedule which is anticipated to occur by the end of the year.

The Team is on track to move all servers, storage devices and network gear from the Corporate Office Datacenter to the Flexential Datacenter later this week.

The Disaster Recovery database server has been created and the DBA Team is working on production sync to enable a four to six hour recovery target.


Louisville Water’s Human Capital Management (HCM) project is making substantial progress, as evidenced by the comprehensive project timeline and dashboard. The project is currently in a critical phase, with change requests being evaluated and go-live dates expected to be completed after the CRP2 sessions.

Ms. Dearing Smith announced that Louisville Water recently received the Kentucky Excellence in Cultural Heritage Tourism Award from Preservation Kentucky for its restoration work on the Louisville Water Tower.

Tim Kraus announced that Louisville Water recently received the American Institute of Architects (AIA) Citation Award for the restoration of the Louisville Water Tower. The AIA presented the award and honored Louisville Water contractors K. Norman Barry Associates Architects and Corbett Construction Company during an October 17 ceremony in Lexington.

There being no further business, the meeting was adjourned at 12:53 p.m.

Respectfully submitted,



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