

**Board Of Water Works  
REGULAR CALLED MEETING MINUTES  
December 16, 2025  
Louisville Water Tower**

Board Members Present:

Dr. Sundeep “Sunny” Dronawat, Chair  
Ms. Jennifer Fust-Rutherford, Vice Chair  
Mr. Jacob Brown  
Ms. Cathe Dykstra  
Mr. Ken Marshall  
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 Operations  
Mr. Larry Bryant, Vice President, Production Operations and Chief Engineer  
Ms. Jennifer Crough, Vice President, Finance and Treasurer  
Ms. Kelley Dearing Smith, Vice President, Communication and Marketing  
Mr. Carlos Felix, Vice President, Information Technology  
Mr. Terrence Spence, Vice President, Human Resources and Labor Relations  
Mr. Michael Tigue, Vice President, Compliance, General Counsel and Corporate Secretary  
Mr. Homer Barger, III, President, Local 1683 of AFSCME, AFL-CIO  
Mr. Adam Purvis, Vice President, Local 1683 of AFSCME, AFL-CIO  
Mr. Andrew Winslow, Director, Finance  
Ms. Jenni Schelling, Internal Audit  
Mr. Matthew Griffith, Manager, Strategic Business  
Mr. Tim McKenna, Manager, Finance  
Mr. Steve Berry, Microcomputer and Network Analyst  
Ms. Beverly Soice, Senior Paralegal

Visitors:

The meeting of the Board of Water Works (BOWW/Board) was held at the Louisville Water Tower located at 3005 River Road, Louisville, KY on Tuesday, December 16, 2025. Chair Sunny Dronawat called the meeting to order at 11:03 a.m.

**Minutes of the Previous Regular BOWW Meeting Approved**

William Summers, IV moved to approve the regular monthly meeting minutes of November 18, 2025. Cathe Dykstra seconded, and the motion unanimously carried.

**President/CEO Report Given**

Spencer Bruce stated that there are a few extra visitors on the grounds today at Louisville Water. Representatives from the Environmental Protection Agency (EPA) are onsite conducting an inspection pursuant to the Safe Drinking Water Act (SDWA). The inspection will include an opening conference, a facility walkthrough, sampling, records review and finally, a closing conference. The inspection is anticipated to last through Friday.

Mr. Bruce stated that on October 16, 2025 Louisville Water celebrated 165 years of innovation and an unwavering commitment to delivering safe drinking water. This achievement would not be possible without the contributions of our union members who often perform difficult jobs to keep Louisville Pure Tap® flowing.

On December 15, we marked 75 years of Local 1683. It is believed to be the oldest local charter of the American Federation of State, County, and Municipal Employees (AFSCME). As far as we can tell from recordkeeping, there have not been any layoffs or strikes in the charter's long history.

Louisville Water and Local 1683 have a strong relationship. While we may not always agree on issues, we have a mutual respect and commitment to working through any differences.

Local 1683's commitment extends to the community. They continuously give back whether it's cleaning up local parks, building beds for local children in need, participating in our company's Angel Tree program, or stepping up to help our nonprofit partners with Bikes or Bust and Boxes of Love initiatives.

## **2026 Tariff and Cost of Service Approved**

### **2026 Tariff and Water Rate Schedule**

At the November 18, 2025 meeting of the Board of Water Works, the 2026 Annual Budget was adopted, and staff were directed to prepare rate schedules with an average rate increase of 4.25%, effective for water service beginning January 1, 2026 and thereafter.

The proposed 2026 Tariff and Water Rate Schedule was developed in accordance with a cost-of-service study based upon the methods promulgated in the American Water Works Association Manual M1, Water Rates.

Staff recommend retail water rates increase January 1, 2026 and wholesale rates July 1, 2026. The wholesale rates will require approval by the Public Service Commission (PSC) for utilities that are under its jurisdiction. Upon approval, staff will meet with wholesale customers and begin the process of obtaining approval from the PSC.

Staff recommends and requests the Board of Water Works approve the proposed 2026 Tariff and Water Rate Schedule.

Kelley Dearing Smith added that a bill insert will be included in all December mailings as we want to be transparent with regard to our rates.

### **2026 Service Installation Fees, Customer Account Charges and System Development Charge**

Dave Vogel advised that the Company's Service Rules and Regulations authorize certain fees and charges for providing service to customers. Service Rule 1.03.3 authorizes service installation fees for specific sizes installed under typical construction conditions. Service Rules 1.14.1 through 1.14.16 authorizes service deposits and other account charges for items including late payments, returned checks, and service activation or deactivation. Service Rule 3.07 authorizes a system development charge for all new services installed on public mains.

Each year, staff reviews these charges and fees as part of the annual Tariff and Water Rate Schedule and recommends appropriate changes as needed.

Mr. Summers moved to approve the proposed 2026 Tariff and Water Rate Schedule and service installation fees, customer account charges and deposits and system development charge effective January 1, 2026. Ms. Dykstra seconded, and the motion unanimously carried.

#### **Fourth Quarter 2025 Dividend Declared**

Jennifer Crough advised that Section 508 of the Series 2009 Water System Revenue Bond Resolution provides that the Louisville Water Company will pay to the Louisville / Jefferson County Revenue Commission an annual dividend on the Louisville Water Company stock owned by Louisville / Jefferson County Metro Government, Kentucky. The dividend declared for 2024 based upon estimated net income, is required to be adjusted after completion of the annual audit to reflect any difference between estimated and actual net income. The amount of such adjustments is to be paid with or deducted from the regular quarterly dividend payments in 2025.

The annual audit has been completed. Net income of \$90,809,883, requires a total 2024 dividend to Louisville / Jefferson County Metro Government, Kentucky of \$32,243,827. The total dividends paid during 2024 were \$25,101,534. The difference between the dividend paid for 2024 and the actual dividend computed and declared for 2024 is \$7,142,293. The difference was added to the dividend payment in the third quarter as directed by Louisville Metro Office of Management and Budget.

The 2025 Annual Budget provides for a budgeted annual dividend of \$30,039,324. Ms. Dykstra moved to declare the fourth quarterly 2025 dividend in the amount of \$7,509,831. Mr. Summers seconded, and the motion unanimously carried.

**WHEREAS**, it has been the long-established policy of Louisville Water Company to pay a dividend on its common stock related to its net earnings, after giving consideration to any requirements for debt amortization and bond reserve requirements, and

**WHEREAS**, a covenant written into the 2009 Water System Revenue Bond Resolution sets forth a formula for determining the amount of any such dividend, and

**WHEREAS**, such covenant requires payment of a dividend each year based on estimated annual Adjusted Net Income, with adjustment upon completion of the annual audit to reflect any difference between estimated and actual net income, such adjustment to be made in the quarterly dividend payments of the following year, and

**WHEREAS**, an estimated dividend of \$25,101,534 was paid in 2024 based on estimated Adjusted Net Income of \$49,009,992 and

**WHEREAS**, the annual audit for 2024 has been completed which establishes the full dividend for 2024 as \$32,243,827 based on actual Adjusted Net Income of \$72,080,288, and the Board resolution of December 17, 2024 was amended on June 17, 2025 to increase the 2024 annual dividend by \$7,142,293 from \$25,101,534 to \$32,243,827, and the difference was added to the third quarter 2025 dividend payment as directed by Louisville Metro, and

**WHEREAS**, the 2009 Bond Resolution requires that the Board of Water Works pay a quarterly dividend based on the formula contained therein, such quarterly payments to be as nearly equal in amount as possible, and

**WHEREAS**, the 2025 Louisville Water Company Annual Budget reflects the 2025 annual dividend to be \$30,039,324, it would be in order at this time to declare a regular fourth quarter dividend of \$7,509,831; therefore, be it

**RESOLVED**, the regular fourth quarter 2025 dividend of \$7,509,831 is hereby declared, and further

**RESOLVED**, that the President of the Company hereby is authorized and directed to pay \$7,509,831 to the Louisville / Jefferson County Revenue Commission on December 31, 2025, this being the fourth quarterly dividend payment for 2025.

### **2026 Service Rules and Regulations Approved**

Mr. Vogel advised that annually, staff review the rules and regulations to determine if any changes should be made. Staff recommends changes in the service rules to incorporate new initiatives and to provide clarification to existing regulations.

Mr. Vogel provided a brief overview of the proposed changes which included various changes to address formatting and sentence structure and modifications to use of fire services and charges.

Mr. Vogel advised that Louisville Water's General Counsel has reviewed these proposed revisions, and staff recommends approval by the Board, effective January 1, 2026.

Mr. Summers moved to approve the proposed changes to the Service Rules and Regulation. Ms. Dykstra seconded, and the motion unanimously carried.

### **2026 Board of Water Works Regular Monthly Meeting Dates Approved**

Mr. Bruce advised that under the By Laws, Board of Water Works meetings are to be approved by the Board. The following dates were proposed for 2026 Board meetings: Tuesday, January 20, Tuesday, February 17, Tuesday, March 17, Tuesday, April 21, Tuesday, May 19, Tuesday, June 16, Tuesday, July 28, Tuesday, August 18, Tuesday, September 22, Tuesday, October 20, Tuesday, November 17, and Tuesday, December 15.

Mr. Summers moved to approve the above meeting dates as regular meetings of the Board of Water Works for 2026 with the Annual meeting to be held immediately prior to the April 21, 2026 Board meeting. Ms. Dykstra seconded, and the motion unanimously carried.

### **2025 Operating and Maintenance Budget Amended**

Ms. Crough advised that the 2025 operating budget as approved by the Board of Water Works in November of 2024 included a \$15,522,053 funding to the Infrastructure Replacement Reserve (IRR). This funding is a cash transfer made to the infrastructure reserve account and is designated to be used for capital expenditures. Funding made to the IRR is subtracted from net income to arrive at the adjusted net income used in the dividend calculation, as directed by the 2009 Revised Master Bond Resolution.

The IRR funding amount budgeted for 2025 was directly correlated to the amount budgeted for grant revenue in order to offset the impact of grant revenue to the 2025 budgeted dividend. It is necessary to amend the 2025 budgeted IRR funding due to the difference between budgeted grant revenue and forecasted grant revenue. Also factored in the budget amendment for the IRR are the PFAS settlement funds that were unknown at the time the 2025 budget was established.

Jennifer Fust-Rutherford moved to amend the 2025 budget to increase the IRR funding by \$6,211,913 to \$21,733,966. Ms. Dykstra seconded, and the motion unanimously carried.

### **Budget Increase Approved for Project No. 16087 - CHWTP North and South Coagulation Building Roof Replacement**

Larry Bryant requested the Board of Water Work's authorization to increase the budget of record greater than \$500,000 for the Crescent Hill Water Treatment Plant North and South Coagulation Buildings Roof Replacement due to a change in project scope.

The referenced project includes slate and flat roof replacement, masonry rehabilitation, and structural repair/replacement of the interior stairs at both the North and South Coagulation Buildings at the Crescent Hill Filter Plant.

The original budget for this project was set in 2020 at \$556,000. In February 2025, it was decided to address structural issues on the internal stairwell of the building. This work was estimated at \$173,000. In September 2025 after further detailed investigation of the masonry and tuck pointing it was determined to be badly deteriorated and in need of rehabilitation. This work was estimated at \$223,000. These two items (\$396,000) in addition to inflation from 2020 to 2025 and internal project management and engineering (\$179,000) increase the overall project to \$1,131,000.

Ms. Dykstra moved to increase the budget of record a total of \$575,000, from \$556,000 to \$1,131,000 for Project 16087 - CHWTP North and South Coagulation Building Roof Replacement. Jacob Brown seconded, and the motion unanimously carried.

### **2019-2025 Strategic Business Plan Results Reviewed**

Mr. Bruce stated he is pleased to present the company's Strategic Plan Accomplishments for 2019-2025. He stated that each Vice President will present the accomplishments achieved as part of the plan.

Mr. Bryant advised that Louisville Water's Water Quality goal is to maintain and deliver high-quality water that meets or surpasses regulatory standards and maintains public trust. To achieve this goal, we have (1) maintained 100% compliance with more than 90 health-based drinking water standards for 18 consecutive years; (2) spearheaded a Lead Task Force to develop and implement a comprehensive action plan, which included the completion of critical projects and studies; (3) developed a best-practical strategy for PFAS removal using powdered activated carbon treatment, achieving the PFAS removal goals with operational simplicity, saving the Company more than \$300 million in alternate treatment technology costs; and (4) maintained its Partnership for Safe Water Rankings; both treatment plants were recognized as two of the top 19 in North America for excellence in utility operations and water quality.

Mr. Bryant also explained that Infrastructure Investment is the management and investment in Louisville Water's assets to ensure a reliable and sustainable structure. To achieve this goal Louisville Water expanded existing wholesale contracts with Hardin County Water District #2 and North Nelson Water District to fuel economic growth. We also completed several significant infrastructure projects including the major repair to the Frankfort 60" transmission main, construction of backup generators at the Zorn Pump Station and Crescent Hill Water Treatment Plant, and rehabilitation of the North/South Filter Gallery. Additionally, several critical projects were executed including Work and Assessment Management System, Removal of all known public lead services lines, Development of a Transmission Valve Condition Assessment Program, Expansion of the Main Replacement and Rehabilitation Program and Chemical optimization.

Ms. Crough provided a report on the Financial Viability goal, which protects the long-term financial health and integrity of Louisville Water. To accomplish this goal, we (1) maintained AAA/AAa rating through three bond issuances (2019, 2022, and 2025) including the largest issuance in the Company's history; (2) redesigned cost-of-service model to align with industry best practices and phased in changes to the water rate structure to support revenue stability and economic development; and (3) successfully increased shareholder value.

Michael Tigue explained that the Risk goal is to protect the long-term financial health and integrity of Louisville Water. To accomplish this goals, we (1) unified all risk-related functions into an enterprise risk mitigation team to streamline initiatives, improve resource sharing, and strengthen organizational

alignment; (2) launched a Physical Security Capital Program with annual funding to enhance security infrastructure, prioritizing remote sites to support regionalization; (3) expanded Environmental Health and Safety to deliver consistent, best-in-class support across the organization; and, (4) established Emergency Preparedness and Operational Resiliency as a dedicated program, led by an industry professional and supported by a leading consultant, to strengthen organizational readiness,

Carlos Felix added that we also strengthened cybersecurity to mitigate the rapidly increasing number of cyber threats.

Ms. Dearing Smith and Dave Vogel advised that Louisville Water's goal with regard to our customers and stakeholders is to continue to grow the trust, value, and respect from our community. This was accomplished by (1) improved customer experience and stakeholder engagement for large engineering projects; (2) completed an affordability rebrand with Drops of Kindness; (3) implemented a new customer portal, Pure Connect; (4) completed Automated Meter Infrastructure (AMI) project and transitioned all Jefferson County customers to monthly billing; and, (5) through the Louisville Pure Tap marketing strategy, built awareness with customers (research shows that 87% of customers recognize Pure Tap as the name for Louisville's drinking water).

Terrence Spence advised that Louisville Water's goal to be an Employer of Choice was to cultivate an inclusive and safe work environment where people desire to work and develop fulfilling careers. This was accomplished through (1) expanded leadership training programs (include Leadership Academy, New leadership orientation, and Technical assessments); (2) increased focus on an inclusive environment with training for all employees that emphasized a culture of respect and belonging, regular manager team meetings, and community engagement; (3) established employee-driven activities and programs to strengthen team culture, boost engagement, and raise morale, such as the Employees Activities Committee, CORE Council, Allmond Joy, Service Board, and others; and (4) improved the employee compensation program, making Louisville Water more competitive in the labor market, resulting in improved talent acquisition and retention.

Mr. Bruce advised that that the Company's Business Transformation goal sought to create transformational value for our Company, owner, and the communities we serve. This goal supported the region through (1) the addition of two major wholesale contracts, (2) \$35M in state funding for growth-related water supply projects, (3) increased wholesale water volume provided from 2.5 billion gallons in 2018 to 3.7 billion gallons in 2025; (4) supported regional economic development activities with Greater Louisville, Inc., the Louisville Economic Development Alliance, and the Kentucky Economic Development Cabinet; (5) launched new Strategic Business Unit and a subsidiary company, Blue Focus, to drive innovation and create transformational value, like maximizing the HomeServe partnership and developing the WaterPro Leak Protection Program; and (6) completed the first Digital Innovation Strategy to better utilize data, improve technology adoption, and leverage future technologies like Artificial Intelligence (AI).

The Board thanked Mr. Bruce and the Vice Presidents for such a thorough report of the Company's Strategic Plan accomplishments.

### **Financial Report Given**

Ms. Crough advised that Consumption and water revenue for November came in slightly below budget, but overall total operating revenue was flat. Operating and maintenance expenses were above budget but were offset by favorable variances in other operating and non-operating expenses and as a result, net income for the month exceeded budget by 2.9%. Details of the Company's financial performance as compared to budget and prior year follows.

Consumption of 2.7 billion gallons for November was 26 million gallons below budget, but 143 million gallons higher than November 2024. The budget miss was driven by the industrial, Metro government, and irrigation classes, partially offset by positive variances with the wholesale and residential classes. Year-to-date consumption was 250 million gallons above budget and 148 million gallons higher than prior year driven by commercial and wholesale.

Water Revenue for November 2025 of \$18.4 million was essentially flat to budget and \$2.1 million higher than the prior year. Unfavorable budget variances within the industrial and Metro government classes were offset by favorability in all other classes, led by wholesale. For the year-to-date period, water revenue was 0.6% lower than budget, but 4.5% above prior year levels.

Other Operating Revenue for November of \$1.9 million was 2.1% higher than budget and 10.4% over the prior year. The variances were primarily driven by higher revenue from the home warranty program with additional changes from prior year due to customer fees and the contractual increase of sewer billing. On a year-to-date basis, other operating revenue was \$0.6 million above budget and \$1.1 million higher than prior year driven by growth with the home warranty program.

Operating and Maintenance Expenses for November of \$9.1 million were \$0.6 million above budget and \$0.4 million higher than November 2024. The variances to budget were driven by higher labor and labor-related expenses, chemicals, and materials and supplies, partially offset by a favorable variance with fleet expenses. The increase from November 2024 was primarily due to power and chemicals, labor and labor-related expenses, and materials and supplies, partially offset by contractual services. November year-to-date operating and maintenance expenses were \$0.7 million above budget and \$8.0 million higher than the prior year. Chemicals, insurance reserves, and materials and supplies were all higher than budget through November, partially offset by favorable variances in contractual services, labor and labor-related expenses, utilities, and bad debt. The variance to prior year through November was driven by increased labor and labor-related costs, contractual services, power and chemicals, insurance reserves, and systems support and maintenance.

Total Operating Expenses for November of \$16.0 million were essentially flat to budget and \$0.8 million higher than prior year. Depreciation, amortization, and loss from disposition of property were all lower than budget in November, offset by the unfavorable variance in operating and maintenance expenses. The variance to prior year was driven by higher operating and maintenance expenses, depreciation, and loss from the disposition of property. Total operating expenses year-to-date were \$2.2 million lower than budget and \$10.3 million higher than prior year. The favorable year-to-date budget variance was driven by lower depreciation expense primarily due to the timing of closing projects.

Interest Income through November of \$5.0 million was \$0.2 million favorable to budget due to a higher effective interest rate earned than anticipated. Year-to-date through November, interest income was \$1.2 million less than the prior year due to a lower average dollar amount invested than in 2024 and to a lesser extent, lower interest rates.

Interest Expense through November of \$7.5 million was \$1.3 million less than budgeted due to higher amounts of interest capitalized than anticipated. Compared to prior year, interest expense through November was up 9.7% due to the interest from the 2025 bond issuance partially offset by lower interest on prior year bonds from principal repayments made in 2024 in addition to slightly higher capitalized interest.

Net Income before Distributions and Contributions for November of \$3.9 million was \$0.1 million more than budgeted, and \$1.3 million higher than the prior year. November year-to-date net income of \$63.1 million was \$3.0 million over budget, but \$7.3 million below prior year.

## **Communication and Marketing Report Given**

Ms. Dearing Smith shared that she and Michael Tigue recently attended a meeting with the Metro Ad Hoc Committee on Efficiency of Boards and Commissions at its request.

Ms. Dearing Smith reported that Louisville Water's annual brand perception research shows quality and trust continue to be the foundation for brand equity. The research conducted in late October included responses from 406 customers.

Highlights include:

- Top words to describe Louisville Water: quality, reliable, friendly, respectful, and trustworthy
- 53% say Louisville's drinking water is the "best they've ever had."
- 46% say they have an emotional attachment to Louisville Water
- 68% say drinking water outside of Louisville influences their perception of Louisville's water
- 82% recognize Louisville Pure Tap® as Louisville's drinking water

The research also highlights areas for continued focus:

- Louisville Water trails cable and internet providers for an "excellent" modern customer experience
- Customers ages 45 to 54 were least likely to choose Louisville Water if they had a choice.

Louisville Water uses this research for strategic communication and identifying zip codes and demographics for outreach and engagement.

## **Customer Service and Distribution Operations Report Given**

Mr. Vogel reported that outbound leak alerts, which were paused after the launch of the new portal in September, are being tested and are scheduled to resume in mid-December.

After a rough start, the Distribution group has worked injury free for the past six months. To date, there has only been one at-fault utility damage for the team.

Final items are being wrapped up on the Winter Operations Plan in preparation for colder weather.

Interviews for the bill print RFP finalists have been completed, and we are currently reviewing the cost elements to finish the evaluation process.

## **Engineering and Production Operations Report Given**

Mr. Bryant advised that 2025 capital program expenditures through November totaled \$163,146,897 which is \$47,606,664 or 41.20% higher than the same period last year. These expenditures equate to 74.23% of the 2025 total capital program of \$219,793,657.

The amount of water produced and delivered to the system in November was 129.7 MGD, which was 7.4% higher than November 2024 and 13.3% higher than the November five-year average. For year-to-date, the amount of water delivered to the system was 4.0% higher than 2024, and 9.4% higher than the five-year average.

All water quality goals for November 2025 were achieved. No water-quality violations were incurred. A total of 11 distribution system water-quality customer complaints were received in November (the five-year average is 10 complaints). A total of zero treatment-related taste & odor complaints were reported in November.

Water Quality personnel completed 6,061 analyses on 2,502 samples. Personnel collected 280 routine distribution-system compliance samples and zero repeat samples. Zero Total Coliform and zero E. coli detections were noted. Personnel also collected 86 main-break compliance samples associated with 43 repairs. Nine local boil-water advisories were issued due to field conditions and zero due to initial water-quality monitoring results.

Three chemical spills were reported upstream of the Zorn intake but had no impact on water treatment. Powdered-activated carbon (PAC) was applied for 14 days during November 2025 in response to elevated PFAS detections in the Ohio River at our intake. The seven-day rolling average of combined MIB and Geosmin taste-and-odor measurements in Crescent Hill Filter Plant's finished water exceeded the maximum goal of 6 ppt for zero days in November 2025.

### **Information Technology Report Given**

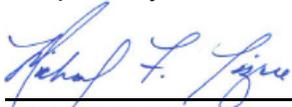
Mr. Felix reported that the IT Infrastructure and Enterprise Application Development teams are in the final stages of the Disaster Recovery (DR) initiative. Mr. Felix reported that the team successfully transitioned CCB UAT to the Phoenix site earlier this month and is leaving it there for several days to minimize downtime and validate configurations. Additional failover and fail-back cycles are scheduled to ensure resilience. Preparations for SOA and Automic failover are underway, with testing scenarios defined to confirm application stability and integration sync during DR drills. Automic servers are fully built at Phoenix. SOA readiness depends on final database work and composite deployments. Next steps include complete failover testing for all UAT environments and finalizing documentation before year-end, balancing holiday schedules and HCM go-live priorities.

Mr. Felix reported that Louisville Water's Oracle HCM Cloud implementation is on track for its December 21, 2025 go-live. Mr. Felix reported that the implementation stands at 93% overall completion, with User Acceptance Testing (UAT) successfully concluded on December 5, confirming system readiness. Parallel payroll testing achieved near-perfect accuracy, reinforcing confidence in the cutover plan. Critical defects have been reduced to one remaining go-live bug, which is actively being addressed. End-user training and Oracle Guided Learning content are finalized, ensuring smooth adoption.

This milestone positions Louisville Water for a modernized HR platform that enhances operational efficiency and employee experience.

There being no further business, the meeting was adjourned at 1:20 p.m.

Respectfully submitted,



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