

PRELIMINARY RESOLUTION

A PRELIMINARY RESOLUTION BY THE BOARD OF THE LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT AMENDING ITS SEPTEMBER 1, 2025 JEFFERSON COUNTY SCHEDULE OF RATES, RENTALS AND CHARGES FOR WASTEWATER, DRAINAGE AND FLOOD PROTECTION SERVICES PURSUANT TO KRS CHAPTER 76.

WHEREAS, the Louisville and Jefferson County Metropolitan Sewer District (“MSD”) was created and established pursuant to Chapter 76 of the Kentucky Revised Statutes (“KRS”) in the interest of public health for the purpose of providing adequate wastewater and drainage facilities in the City of Louisville and Jefferson County, Kentucky; and

WHEREAS, on May 10, 1947, by Resolution of its Board, the Louisville and Jefferson County Metropolitan Sewer District adopted and established a schedule of rates, rentals and charges for its services and thereafter has amended said schedule from time to time as authorized pursuant to KRS Chapter 76; and

WHEREAS, pursuant to KRS Chapter 76, the schedule of rates, rentals and charges shall be established and revised from time to time so as to produce aggregate revenues to MSD sufficient for the payment of interest on and principal of all revenue bonds and other obligations of MSD, all costs and expenses of operating and maintaining MSD’s wastewater and drainage system, and for the payment of all costs of renewals and replacements of such system; and

WHEREAS, on August 12, 2005, MSD entered into a Consent Decree with the United States Environmental Protection Agency and the Commonwealth of Kentucky in the United States District Court for the Western District of Kentucky, pursuant to civil action number 3:05-cv-236-S, subsequently amended and superseded by the Amended Consent Decree entered on April 15, 2009 pursuant to civil action number 3:08-cv-00608-CRS, whereby MSD committed to rehabilitating portions of its wastewater systems and to construct other capital improvements to reduce and/or eliminate combined sewer overflows and sanitary sewer overflows to comply with state and federal environmental laws with all work to be completed by the year 2024; and

WHEREAS, on July 23, 2007, the MSD Board approved a final rate resolution that authorized a Consent Decree Surcharge and identified the District’s wastewater and drainage projects to be financed through the rates, rentals and charges and through the Consent Decree Surcharge; and

WHEREAS, on February 12, 2010, an Integrated Overflow Abatement Plan (“IOAP”) was incorporated into the Amended Consent Decree which includes as components the final Sanitary Sewer Discharge Plan (“SSDP”) and final Long-Term Control Plan (“LTCP”) as required by the Amended Consent Decree; and

WHEREAS, a non-material modification to the Amended Consent Decree occurred through adjustments set forth in a revised IOAP (the “2012 IOAP Modification”) approved on June 19, 2014; and

WHEREAS, after approval of the 2012 IOAP Modification, MSD began experiencing changed circumstances including an increase in the failures of aging critical interceptor sewers, and accelerated deterioration of biosolids processing equipment due to higher solids and grit loadings, creating risks of non-compliance with its KPDES permits and potential risks to public health and safety; and

WHEREAS, in 2016 MSD initiated a partnership with the U.S. Army Corps of Engineers (“USACE”), to complete a Preliminary Feasibility Study for sixteen (16) Ohio River Flood Pump Stations which identified approximately \$188.1 million in critical projects for ensuring that flood protection infrastructure will meet current standards for both the protection of public health and safety and protection of the combined sewer system, including new infrastructure constructed in compliance with MSD’s final LTCP; and

WHEREAS, in 2019 due to the changed circumstances and the Feasibility Study, MSD, the Commonwealth of Kentucky and United States Environmental Protection Agency began negotiations on a Second Amended Consent Decree; and

WHEREAS, in order to address odor complaints coming from MSD catch basins and the Morris Forman Water Quality Treatment Center in 2019, MSD and the Louisville Metro Air Pollution Control Board (“APCD”) entered into an Order pursuant to KRS Chapter 77, effective February 17, 2021, which required MSD to perform certain tasks, including development and implementation of a county-wide Odor Control Master Plan, and established interim milestones and deadlines; and

WHEREAS, the findings and recommendations of the Feasibility Study led to Federal authorization of the Louisville Metropolitan Flood Protection System Reconstruction project in the Water Resources Development Act of 2020; and

WHEREAS, on March 25, 2021 MSD executed In-Kind Memoranda of Understanding with USACE for construction work prior to execution of a Project Partnership Agreement for the Paddy’s Run Flood Pump Station and Canal Station Floodwall components, under which MSD—as the non-federal sponsor—has completed design for Canal Station and advanced construction for Paddy’s Run, accelerating project delivery and providing a higher level of protection to the community; and

WHEREAS, on May 19 2021, the Commonwealth of Kentucky and United States Environmental Protection Cabinet approved the 2021 IOAP Modification, conditioned and effective upon entry of the Second Amended Consent Decree, that requires the replacement of the Paddy’s Run Pump Station by December 31, 2026, replacement of the Morris Forman Biosolids Facility by December 31, 2030, repair and replacement of 9 critical interceptor sewers by December 31, 2026, and development of an asset management plan that provides for a long-term maintenance and funding strategy for rehabilitation and renewal of MSD’s aging sewer system and wastewater treatment plant infrastructure, particularly aging interceptors and other critical assets; and

WHEREAS, in November 2021, the Order with APCD was amended at MSD’s request to extend the time to complete required components; and

WHEREAS, on September 14, 2022, the Second Amended Consent Decree, which supersedes and replaces the 2009 Amended Consent Decree and updates the 2012 IOAP Modification with the 2021 IOAP Modification, received final approval from the Commonwealth of Kentucky and United States Environmental Protection Cabinet; and

WHEREAS, following a period of extended high temperatures and drought in 2023, MSD and APCD entered a Second Amended Order that requires, among other things, the development of Short-Term, Medium-Term and Long-Term Action Plans which shall be part of MSD’s statutory capital budget planning, subject to Board approval; and

WHEREAS, on April 27, 2026, the MSD Board authorized entering into a Section 204 agreement with the Department of the Army to lead rehabilitation work at 14 Ohio River flood pump stations; consistent with the Federally authorized project scope. The total cost is approximately \$273 million (2024 certification) with a \$177.5 million federal cost share and a \$95.5 million non-federal match from MSD; and

WHEREAS, in order to comply with the terms of the Second Amended Consent Decree and other agreed orders, and to operate and maintain its wastewater and drainage system in compliance with the Federal Water Pollution Control Act Amendments of 1972 (Pub. L. 92-500), the Clean Water Act of 1977 (Pub. L. 95-217), and United States Environmental Protection Agency rules and regulations, MSD must maintain a schedule of wastewater service rates that will proportionally charge operation and maintenance costs to all users of the MSD wastewater and drainage system and that will generate sufficient revenue to offset the cost of repair and replacement of its aging biosolids system, failing interceptor sewers and flood protection system; and

WHEREAS, compliance with the Federal Water Pollution Control Act Amendments of 1972 (Pub. L. 92-500), the Clean Water Act of 1977 (Pub. L. 95-217), and United States Environmental Protection Agency rules and regulations continues after the Second Amended Consent Decree ends in 2035 and requires ongoing investment and rehabilitation of MSD's wastewater and drainage systems; and

WHEREAS, pursuant to KRS Chapter 76, the Board of Aldermen of the City of Louisville, by Ordinance No. 152, Series 1979, as amended by Ordinance No. 388, Series 1986, and the Fiscal Court of Jefferson County, by Ordinance No. 25, Series 1979, as amended by Ordinance No. 32, Series 1986, and Louisville Metro Ordinance No. 62, Series 2003, as amended by Ordinance No. 155, Series 2007, which ratified the aforementioned ordinances, approved a schedule of wastewater and drainage service charges for MSD which includes the following Debt Service Adjustments provision:

"Whenever MSD's net revenues are less than 1.10 times the debt service on MSD's outstanding revenue bonds for any consecutive six-month period, by order of the Board of MSD, the schedule of wastewater service charges and drainage service charges shall be amended in order to maintain a 1.10 debt service coverage required by MSD's 1971 Bond Authorizing Resolution which was approved by City of Louisville Ordinance Number 86, Series 1971; provided the aggregate of such adjustments for any 12-month period shall not generate additional revenue from wastewater service charges and drainage service charges in excess of 7%.

The term 'net revenues' is defined as gross revenue from wastewater service charges and drainage service charges, less operating expenses and debt payments other than debt service payments on MSD's outstanding revenue bonds"; and

WHEREAS, the Board of MSD has been advised by MSD's Chief Financial Officer that net revenues, as defined by Louisville Metro Ordinance No. 155, Series 2007, for the six-month period ended March 31, 2026, are less than 1.10 times the debt service on MSD's outstanding revenue bonds for the same six-month period; and

WHEREAS, MSD's current Jefferson County Schedule of Rates, Rentals and Charges (wastewater and drainage service charges) will not continue to generate sufficient revenue for the proper operation and maintenance of the existing wastewater, drainage, and flood protection system and for the retirement of MSD's outstanding debt and, therefore, will not be in compliance with the Kentucky Revised Statutes, MSD's Bond Authorizing Resolutions and relevant ordinances; and

WHEREAS, in order to generate sufficient revenue to maintain the required debt service coverage, continue the proper operation and maintenance of MSD's existing wastewater, drainage, and flood protection system, and meet the obligations of MSD's Second Amended Consent Decree and other agreed orders, the Board is proposing that the Jefferson County Schedule Rates, Rentals and Charges be amended; and

WHEREAS, in 2025 MSD completed a cost of service study to determine the cost of providing wastewater, drainage and flood protection services comparing system costs to revenues for use in developing wastewater and drainage rates; and

WHEREAS, pursuant to KRS Chapter 76 and 424, the proposed amended Jefferson County Schedule Rates, Rentals and Charges will be published, giving notice that objections and/or comments on the schedule may be filed within a period of thirty (30) days from the date of said publication.

NOW, THEREFORE, BE IT RESOLVED by the Board of MSD that,

The above recitals are hereby incorporated into this Resolution as if set forth fully within, and MSD's Jefferson County Schedule Rates, Rentals, and Charges be, and they are hereby amended to include the following new rates in addition to current rates and said new rates shall be used for billings rendered on and after September 1, 2026:

I. Section 1.0, Wastewater Service Charges, is hereby amended, and shall read as follows:

The Wastewater Service Charge is a fixed service charge based on the size of the water meter and applies to all wastewater service connections. The Wastewater Service Charge shall be calculated using the table below and may be prorated based on the number of actual days in a billing cycle:

1.1. Residential Service Charges:

| Meter Size | Monthly | Daily Proration |
|------------|----------|-----------------|
| 5/8-3/4 | \$24.48 | \$0.80482 |
| 1 | \$46.32 | \$1.52285 |
| 1 1/2 | \$74.65 | \$2.45425 |
| 2 | \$101.90 | \$3.35014 |
| 3 | \$223.87 | \$7.36011 |
| 4 | \$360.12 | \$11.83956 |

1.2. Commercial and Industrial Service Charges

| Meter Size | Monthly | Daily Proration |
|------------|------------|-----------------|
| 5/8-3/4 | \$24.48 | \$0.80482 |
| 1 | \$46.32 | \$1.52285 |
| 1 1/2 | \$74.65 | \$2.45425 |
| 2 | \$101.90 | \$3.35014 |
| 3 | \$223.87 | \$7.36011 |
| 4 | \$360.12 | \$11.83956 |
| 6 | \$704.62 | \$23.16559 |
| 8 | \$1,055.62 | \$34.70532 |
| 10 | \$1,386.07 | \$45.56942 |
| 12 | \$2,040.91 | \$67.09841 |
| 16 | \$2,473.00 | \$81.30411 |

II. Section 2.1, Metered Volume Rate, is hereby amended, and shall read as follows:

2.1.1. The Metered Volume Rate (or “Sewer-Only” Rate) shall be applicable to wastewater discharged to the public sewer that is directly measured by either a private effluent flow meter(s) or calculated using a combination of addition meters and subtraction meters. All effluent flow meters, addition and subtraction meters shall be inspected and certified by the MSD Finance Division prior to being used for billing purposes.

Residential Metered Volume Rate: \$7.71 per 1,000 gallons of volume billed
 Commercial Metered Volume Rate: \$8.47 per 1,000 gallons of volume billed
 Industrial Metered Volume Rate: \$8.47 per 1,000 gallons of volume billed

Commercial and Industrial customers on the Metered Volume Rate that are subject to a Quality Charge Rate shall pay Total Quality Charges as described in Section 4.1 below.

2.1.2. The Optional Metered (“Sewer-Only”) Volume Rate shall be available to customers whose average water use or average wastewater discharged to the public during any consecutive twelve-month period exceeds 1,000,000 gallons per month per service address.

Commercial Optional Metered Volume Rate: \$5.76 per 1,000 gallons of volume billed
Industrial Optional Metered Volume Rate: \$5.76 per 1,000 gallons of volume billed

Commercial and Industrial customers on the Optional Metered Volume Rate that are subject to a Quality Charge Rate shall pay Total Quality Charges as described in Section 4.2.

2.1.3. A Meter Reading Charge of \$100.00 shall be applicable for the first regular meter reading for the purpose of determining billable consumption per location. Each additional meter will be charged at \$10.00 per reading per location.

Customers on AMI meters shall pay a fee of \$50 for the first regular meter reading for the purpose of determining billable consumption per location. Each additional meter will be charged at \$5.00 per reading per location.

III. Section 2.2, Optional (Clean) Volume Rate, is hereby amended, and shall read as follows:

The Optional (Clean) Volume Rate shall be available to customers whose average water use during any consecutive twelve-month period exceeds 1,000,000 gallons per month per service address.

Commercial Option (Clean) Volume Rate: \$5.34 per 1,000 gallons of volume billed
Industrial Option (Clean) Volume Rate: \$5.34 per 1,000 gallons of volume billed

Commercial and Industrial customers on the Optional Volume Rate that are subject to a Quality Charge Rate shall pay Total Quality Charges as described in Section 4.2 below.

IV. Section 2.3, Regular Volume Rate, is hereby amended, and shall read as follows:

The Regular Volume Rate shall be applicable to all water used and not meeting the requirements of the Metered or Optional Volume Rates as described in Section 2.1 or 2.2.

The Regular Volume Rate is calculated to provide a year-round discount for lawn watering and other uses of water which do not enter the public sewer. The Residential Rate is discounted 15% off the Metered Residential Volume Rate, the Commercial Rate is discounted 10% off the Metered Commercial Volume Rate and the Industrial Rate is discounted 5% off the Metered Industrial Volume Rate.

Residential Regular Volume Rate: \$6.56 per 1,000 gallons of volume billed
Commercial Regular Volume Rate: \$7.62 per 1,000 gallons of volume billed
Industrial Regular Volume Rate: \$8.05 per 1,000 gallons of volume billed

Commercial and Industrial facilities on the Regular Volume Rate that are subject to a Quality Charge Rate shall pay Excess Quality Charges as described in Section 4.1 below.

- V. Section 3.0, Consent Decree Surcharge, is hereby renamed Infrastructure Surcharge, amended, and shall read as follows:

A volumetric Infrastructure Surcharge shall be applicable for the following service types and billed at the greater of the Monthly Minimum Charge or the Volume Rate multiplied by 1,000 gallons of volume billed.

| Customer Rate Class | Monthly Minimum Charge | Daily Proration | Volume Rate (per con) |
|--------------------------------|------------------------|-----------------|-----------------------|
| Residential | \$20.01 | \$0.065786 | N/A |
| Condominiums w/master meter | \$20.01 | \$0.065786 | \$3.36 |
| Commercial Regular Volume Rate | \$20.01 | \$0.065786 | \$2.39 |
| Commercial Metered Volume Rate | \$20.01 | \$0.065786 | \$2.66 |
| Industrial Regular Volume Rate | \$20.01 | \$0.065786 | \$2.49 |
| Industrial Metered Volume Rate | \$20.01 | \$0.065786 | \$2.66 |
| Optional Volume Rate | \$20.01 | \$0.065786 | \$1.44 |
| Optional Metered Volume Rate | \$20.01 | \$0.065786 | \$1.53 |

- VI. Section 4.0, Water Quality Charges, is hereby amended, and shall read as follows:

A Water Quality Surcharge (also called Quality Charge) is applicable to Commercial and Industrial customers that discharge wastewater to the public sewer characterized by strengths in excess of 250 mg/l of biochemical oxygen demand (BOD) and/or 270 mg/l of total suspended solids (TSS).

Customers placed on a Quality Charge rate by MSD shall have their wastewater tested for the purpose of assessing a Quality Charge billing rate in addition to the Volume Rate applied.

MSD shall, at all times, have access to the premises of a customer for the purpose of determining an appropriate Quality Charge rate. Quality Charge rates shall be based on sampling and analyses conducted by MSD personnel using MSD protocols and methods, unless otherwise approved by the MSD Board.

MSD shall set the frequency and duration for Quality Charge Rate sampling events. MSD will take business cycle fluctuations that may affect loadings into consideration when determining sampling frequency and duration.

MSD may establish standard BOD and TSS loadings for a specific customer class which shall be used to assess applicable Quality Charge rates.

MSD may use other methods such as contractual agreements to determine a Quality Charge rate for individual customers for which standard sampling and analyses do not represent the actual BOD and/or TSS concentrations being discharged to the public sewer.

4.1. Excess Quality Charges

- 4.1.1. Excess Quality Charges shall apply to Commercial and Industrial customers paying the Regular Volume or Metered Volume Rates as follows:

4.1.1.1. BOD Concentration: \$0.006135 per mg/liter in excess of 250 mg/liter billed per 1,000 gallons of water recorded by a Louisville Water Company meter or wastewater discharged to the public sewer as directly measured by an effluent flow meter; and/or

4.1.1.2. TSS Concentration: \$0.00252706 per mg/liter in excess of 270 mg/liter billed per 1,000 gallons of water recorded by a Louisville Water Company meter or wastewater discharged to the public sewer as directly measured by an effluent flow meter.

4.2. Total Quality Charges

4.2.1. Total Quality Charges shall apply to Commercial and Industrial customers paying the Optional (Clean) Volume or Optional Metered Volume Rates as follows:

4.2.1.1. BOD Concentration: \$0.006135 per mg/liter billed per 1,000 gallons of water recorded by a Louisville Water Company meter or wastewater discharged to the public sewer as directly measured by an effluent flow meter; and/or

4.2.1.2. TSS Concentration: \$0.00252706 per mg/liter billed per 1,000 gallons of water recorded by a Louisville Water Company meter or wastewater discharged to the public sewer as directly measured by an effluent flow meter.

4.2.2. Hospital Water Quality Rate Class

MSD has established a hospital rate class for purposes of assessing the Water Quality Surcharge. Hospitals that meet requirements and are currently permitted under a Pretreatment General Discharge Permit will not require a permit after August 1, 2024. Hospitals will be required to meet MSD Local Limits and Wastewater/Stormwater Discharge Regulations (WDRs) but will not have to sample or submit semi-annual sampling results. Hospitals are subject to periodic inspections for administration of the Hazardous Materials Ordinance or WDRs for applicable purposes. MSD reserves the right to re-establish permit requirements at any time in the future based on regulatory requirements, the need to protect MSD wastewater treatment and collection assets, to prevent potential pollutants from entering discharge waters, or for other identified purposes. Excess Quality Charges shall apply to hospital customers paying the Optional Volume rate as follows:

4.2.2.1. BOD Concentration: 250 mg/L billed at \$0.006135 per 1,000 gallons of water recorded by a Louisville Water Company meter or wastewater discharged to the public sewer as directly measured by an effluent flow meter; and/or

4.2.2.2. TSS Concentration: 300 mg/L billed at \$0.00252706 per 1,000 gallons of water recorded by a Louisville Water Company meter or wastewater discharged to the public sewer as directly measured by an effluent flow meter.

VII. Section 5.0, Flat Rate Wastewater Charges for Residential Customers, is hereby amended, and shall read as follows:

5.1. The following flat rate wastewater service charges shall be applicable to any single-family residential customer without metered public water service:

\$57.90 monthly plus \$20.01 Consent Decree Surcharge

5.2. The following flat rate wastewater service charges shall be applicable to any single-family residential customer connected to a master-metered public water service:

\$24.48 monthly plus \$20.01 Consent Decree Surcharge

VIII. Section 10.2.2, Drainage Service Charge, is hereby amended and shall read as follows:

The following charges are hereby established and imposed for all parcels of real property within the drainage service area, excluding exempted properties, and may be prorated based on the actual number of days in the billing cycle.

10.2.2.1. Class A Properties or Single-Family Residential

The single-family residential charge rate shall be \$15.39 per month (daily proration of \$0.50597) for each parcel having one or two residential dwelling unit(s) and single unit condominiums. This flat rate fee is based on each single-family residential parcel being equal to one equivalent service unit (ESU).

10.2.2.2. Class B or other Parcels

The charge for all other parcels within the drainage service area shall be based upon the number of square feet of measured impervious surface, as determined by MSD through aerial photography and surface feature evaluation processes, expressed in whole ESUs and rounded to the next highest integer. The monthly charge for Class B property may be computed by multiplying the number of ESUs for a given parcel by the unit rate established by MSD of \$15.39 per month (daily proration \$0.50597).

Any owner of Class B property may request a drainage charge credit adjustment for approved on-site stormwater retention or detention facilities provided:

- 10.2.2.2.1. The property owner remains responsible for all costs of operation and maintenance of the facility;
- 10.2.2.2.2. The facility has been constructed in accordance with all approved plans;
- 10.2.2.2.3. The owner has obtained the MSD required permits for the facility; and
- 10.2.2.2.4. MSD has access to the facility for purposes of inspecting for compliance with design, maintenance, and operating standards.

IX. Section 14, Excess Cost Payments for Sewer Extension, is hereby amended and shall read as follows:

If a wastewater sewer extension funded by a private developer provides the opportunity to affect MSD's long-term sewer plans, MSD may participate in the cost of construction of the facilities.

14.1. When determining whether to contribute money to and/or obtain easements for the construction of sewer facilities, MSD shall consider the following factors:

- 14.1.1. The extent to which funds are available.
- 14.1.2. Whether the project is consistent with MSD's Design Manual, Standard Specifications, and Master Plan or Action Plan, taking into consideration the location of the infrastructure, timing of construction, sizing of the infrastructure and the service area.
- 14.1.3. Whether the project will bring public sewers closer to areas needing service.
- 14.1.4. Whether the project is necessary to protect public health, safety and welfare.

- 14.1.5. Whether the project, when completed, will generate significant revenue for MSD's wastewater and drainage system.
- 14.1.6. Whether the project, when completed, will eliminate existing pump stations.
- 14.2. Oversized Sewers
 - 14.2.1. When sewers to or through a development are required to be oversized in order to serve properties upstream or adjacent to a proposed development, MSD may participate in the cost of sewers as determined by MSD.
 - 14.2.2. When the oversized sewer is deeper than required to serve the development and will result in additional excavation beyond the applicant's needs, MSD may reimburse for additional trench and rock excavation as determined by MSD.
 - 14.2.3. When conditions exist other than those described in sections 14.2.1 and 14.2.2, MSD will evaluate each situation and prepare unit calculations based on the current construction cost conditions and other factors as determined by MSD.
- 14.3. Additional Sewers
 - 14.3.1. MSD may require additional infrastructure to be installed and/or easements to be obtained within or outside a development in accordance with MSD's Master Plan, Action Plan or Regulatory Enforcement Action.
- 14.4. Pump Station Decommissioning and Upsizing
 - 14.4.1. MSD may elect to eliminate existing pump stations within or adjacent to an existing development.
 - 14.4.2. When a pump station must be constructed to serve a development and there is an opportunity to upsize the pump station to serve additional properties, MSD may require the pump station to be upsized and pay excess costs as determined by MSD.
- 14.5. Design Costs
 - 14.5.1. MSD may share in the design costs of sewer infrastructure constructed by private developers when the planned facilities must be altered to meet MSD's Master Plan or Action Plan. The excess design costs shall be determined prior to the start of final design.
- 14.6. Conditions
 - 14.6.1. Available funding as determined by MSD.
 - 14.6.2. A written agreement between MSD and the developer as to the excess costs having been executed prior to the execution of a Lateral Extension Agreement.
 - 14.6.3. Agreement by the developer to obtain additional bonding and insurance as determined by MSD. Additional bonding and insurance requirements shall be included in the written agreement.
 - 14.6.4. A determination by MSD that the payment of excess cost is equitable and in the best interest of MSD based on consideration of the factors set forth at section 14.1.

X. Section 17.0, Emergency Wastewater Rate Assistance Program (EWRAP), is hereby amended and shall read as follows:

17.1. Definitions

17.1.1. "Household" means an individual or group of individuals who are living together in the principal residence sharing common living arrangements.

17.1.2. "Gross household income" means all earned and unearned income, including lump sum payments received by a household during the calendar month preceding the month of application.

17.1.3. "Income-eligible residential customer" means a direct residential customer of MSD having a gross total household income at or below one hundred seventy five percent (175%) of the official poverty income guidelines updated annually in the Federal Register by the U.S. Department of Health and Human Services under authority of 42 U.S.C. 9902(2), or who is eligible for the Low Income Home Energy Assistance Program state plan prepared by the Kentucky Cabinet for Health and Family Services, Department for Community Based Services at the time of application.

17.1.4. "Principal residence means the place where the customer is living voluntarily and not on a temporary basis; the place the customer considers home; the place to which, when absent, the customer intends to return; and is identifiable from another residence, commercial establishment or institution.

17.2. Wastewater Discount

The prior EWRAP discount authorized in the FY26 Schedule of Rates, Rentals and Charges is continued through October 31, 2026.

Beginning November 1, 2026, income-eligible residential customers may receive a thirty percent (30%) EWRAP discount on the wastewater charges on their sewer bill. The EWRAP discount shall apply to wastewater charges. Program participation is limited to 3,000 customers and/or will only be offered until available funding is expended. Existing EWRAP discount customers at November 1, 2026 must reapply.

17.3. Eligibility Criteria

The EWRAP discount shall be available to income-eligible residential customers who:

17.3.1. Apply for and are approved for the discount. Customers shall provide required information upon forms and in the manner required by Program rules to certify their eligibility.

17.3.2. Are receiving water by separate metered water service for a property or dwelling used solely for residential purposes owned or leased by the customer as his or her principal residence.

17.3.3. Are named customers with MSD and are responsible for paying the sewer bill received from MSD's billing service provider for the customer's principal residence.

17.3.4. Verify and certify gross household income and ownership or leasehold of their principal residence in the manner required by the Program.

17.3.5. Have total gross household income, when computed annually, including the income of all occupants, and regardless of age, that does not exceed 175% of the official poverty income guidelines referenced in section 17.1.3 computed annually.

17.3.6. Are not receiving and have not been approved to receive MSD's Senior Citizen discount as of the date of application for the Program.

17.3.7. Satisfy all other terms and conditions established by the Program for eligibility.

17.4. Exclusions

MSD customers, age 65 years of age or older, receiving or who have been approved to receive MSD's Senior Citizen discount, shall not be eligible for the EWRAP discount.

17.5. Effective Date of EWRAP Discount

Except as set forth in Section 17.7, the EWRAP discount shall commence on the next subsequent billing date following approval of the customer's application and shall continue until October 31, 2027, conditioned upon the customer's continued eligibility. If the program is continued after October 31, 2027, customers will be required to re-apply.

17.6. Program Administration

The Executive Director or his designee may prescribe such policies, regulations and procedures, consistent with the provisions of this Section, as deemed necessary and appropriate to administer and enforce the EWRAP.

17.7. Program Modification / Termination

The EWRAP discount shall continue through October 31, 2027, unless earlier termination at the discretion of MSD, and may be modified by MSD at any time.

XI. Additional Provisions Affecting Schedule:

All remaining provisions of MSD's current Jefferson County Schedule of Rates, Rentals and Charges not amended herein shall continue in full force and effect. MSD's Jefferson County Schedule of Rates, Rentals and Charges as amended herein shall become effective September 1, 2026.