

PRELIMINARY RESOLUTION

A PRELIMINARY RESOLUTION BY THE BOARD OF THE LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT AMENDING ITS SEPTEMBER 1, 2025 OLDHAM COUNTY SCHEDULE OF RATES, RENTALS AND CHARGES FOR WASTEWATER SERVICE 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, 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, pursuant to the Kentucky Interlocal Cooperation Act, KRS 65.210 et seq., including KRS 65.240 and 65.250, any public agency may enter into agreements with another public agency or agencies pursuant to KRS 65.210 to 65.300 to acquire by purchase or lease, any real or personal property, or any interest, right, easement, or privilege therein, outside of its municipal or jurisdictional boundaries, in connection with the acquisition, construction, operation, repair, or maintenance of any water, sewage, wastewater, or storm water facilities; and

WHEREAS, MSD entered into an Interlocal Cooperation Agreement (“ILA”) with the County of Oldham, Kentucky and the Oldham County Environmental Authority (“OCEA”) which vested in MSD all powers and authority of OCEA and Oldham County necessary and appropriate for the acquisition, ownership, management and operation of the OCEA Wastewater System; and

WHEREAS, on July 1, 2020, MSD acquired the OCEA Wastewater System; and

WHEREAS, per Section 11.2.1 of the ILA, MSD adjusted rates to \$76.92 on August 1, 2022, for the former OCEA customers residing in the Glen Oaks, Moser Farms and The Woods of Glen Oaks subdivisions based on an average usage of 5,000 gallons of water per month; and

WHEREAS, per Section 11.2.2 of the ILA, MSD adjusted rates to \$76.92 on August 1, 2022, for all other former customers of OCEA based on an average usage of 5,000 gallons of water per month; and

WHEREAS, Section 11.3 of the ILA states that for fiscal year 2023 and years thereafter, MSD will not raise existing OCEA customer rates more than 5% per year until the rates equalize with the rates of MSD’s other customers; and

WHEREAS, in order to generate sufficient revenue to maintain adequate debt service coverage, continue the proper operation and maintenance of MSD’s existing wastewater system in Oldham County, and to support the costs of making renewals and replacements of the wastewater system, the Board of MSD is proposing that the schedule of wastewater rates, rentals and charges be amended; and

WHEREAS, pursuant to KRS Chapter 76 and 424, the proposed amended Oldham County Schedule of 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 the Resolution as if set forth fully within, and MSD’s Oldham County Schedule of 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 1.1, Residential Charges, and Section 1.2, Commercial and Industrial Charges, are hereby amended, and shall read as follows:

1.1 Residential Charges:

Monthly	Daily Proration
\$54.98	\$1.80750

1.2 Commercial and Industrial Charges:

Meter Size (inches)	Monthly	Daily Proration
5/8	\$103.46	\$3.40134
3/4	\$103.46	\$3.40134
1	\$135.24	\$4.44630
1 1/2	\$222.14	\$7.30309
2	\$273.75	\$9.00000
3	\$352.69	\$11.59513
4	\$425.07	\$13.97477

- II. Section 2.1, Metered Volume Rate, Section 2.2, Optional (Clean) Volume Rate, and Section 2.3, Regular Volume Rate, are hereby amended, and shall read as follows:

The Wastewater Volume Charge is based on either water used as measured by a meter(s) or 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 that have been certified by the MSD Finance Division for billing purposes. Wastewater Volume Charges may be modified from time to time by contractual agreement with individual customers. Wastewater Volume Charges are calculated based on the following rates:

2.1 Metered Volume Rate

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 3.1 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 3.2.

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.

2.2 Optional (Clean) Volume Rate

The Optional Volume Rate shall be available to customers whose average water use or wastewater discharged to the public sewer during any consecutive twelve-month period exceeds 1,000,000 gallons per month.

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 3.2 below.

2.3 Regular Volume Rate

Residential Volume Rate: \$6.65 per 1,000 gallons of volume billed

Commercial Volume Rate: \$6.65 per 1,000 gallons of volume billed

Industrial Volume Rate: \$6.65 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 3.1 below.

III. Section 3.1, Excess Quality Surcharge, and Section 3.2, Total Quality Surcharge, are hereby amended, and shall read as follows:

3.1. Excess Quality Charges

3.1.1. Excess Quality Charges shall apply to Commercial and Industrial customers paying the Regular Volume Rate as follows:

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

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

3.2. Total Quality Charges

3.2.1. Total Quality Charges shall apply to Commercial and Industrial customers paying the Optional Volume Rate as follows:

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

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

IV. Section 4.0, Wastewater Penalty Charge, is hereby amended, and shall read as follows:

Pursuant to KRS 76.090, whenever any sewer rates, rentals, or charges for services remains unpaid for a period of thirty days (30) days after the same becomes due and payable, the property, the owner thereof, and the user of the service shall be deemed delinquent until such time as all service rates, rentals and charges are fully paid and shall be subject to cut off of sewer connection and service. It is unlawful for any delinquent to use water from any public water service or system and discharge same into a public sewer. No public water service or system shall furnish the delinquent with water to be discharged into a public sewer. MSD may enter into agreements with any public water company or public water service providing for the discontinuance of water service to delinquents.

A Delinquent Bill Penalty or "Late Charge" shall be added to all wastewater service bills not paid by their due dates in accordance with the Late Charges policy in use by MSD's billing and collection agent or as otherwise determined by MSD.

For Louisville Water Company customers, a Payment Extension fee shall be added to all wastewater service bills granted a single payment extension in accordance with the Late Charges policy in use by MSD's billing and collection agent, the Louisville Water Company, or as otherwise determined by MSD.

V. Section 5.0, Unusual Discharge Fee, is hereby amended, and shall read as follows:

Any business, firm or individual introducing into MSD's sewer system a substance detrimental to MSD's sewers, wastewater treatment facilities, pumping facilities or wastewater treatment processes, or which results in abnormal costs for MSD, shall be charged and shall pay the actual total costs incurred as determined by MSD. For additional information, please see <https://louisvillemsd.org/industrial-waste-programs/udr>.

The term "discharge" as used in this Section 5.0 shall mean any spilling, leaking, pumping, pouring, emitting, emptying, injecting, escaping, leaching, dumping or disposing of any substance into the sanitary, combined, or stormwater sewer system.

Any business, firm, or individual proposing to discharge any substance that is not consistent with typical wastewater discharge in composition or flow rate to the sanitary or combined sewer system shall prepare and submit an application for such discharge. MSD will review, comment, modify, and approve or disapprove the application. MSD may charge an application review fee. MSD may also charge fees for accepting or handling the discharge, including inspection, sampling, testing, and monitoring fees. Accidental discharges shall be reported to MSD at the earliest opportunity. MSD may charge field response, review, inspection, investigation, sampling, testing, monitoring, quality charges, sewer rates, and other applicable fees. MSD may pursue enforcement actions, including penalties, fines, and remedial measures, for failure to follow proper discharge procedures.

VI. Section 11.0, 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.

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

11.1.1 The extent to which funds are available.

11.1.2 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.

11.1.3 Whether the project will bring public sewers closer to areas needing service.

11.1.4 Whether the project is necessary to protect public health, safety and welfare.

11.1.5 Whether the project, when completed, will generate significant revenue for MSD's wastewater and drainage system.

11.1.6 Whether the project, when completed, will eliminate existing pump stations.

11.2 Oversized Sewers

11.2.1 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.

11.2.2 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.

11.2.3 When conditions exist other than those described in sections 11.2.1 and 11.2.2, MSD will evaluate each situation and prepare unit calculations based on the current construction cost conditions and other factors as determined by MSD.

11.3 Additional Sewers

11.3.1 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.

11.4 Pump Station Decommissioning and Upsizing

11.4.1 MSD may elect to eliminate existing pump stations within or adjacent to an existing development.

11.4.2 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.

11.5 Design Costs

11.5.1 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.

11.6 Conditions

11.6.1 Available funding as determined by MSD.

11.6.2 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.

11.6.3 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.

11.6.4 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 11.1.

VII. Section 13.0, Emergency Wastewater Rate Assistance Program (EWRAP), is hereby amended, and shall read as follows:

13.1 Definitions

For purposes of this Section only, the words or phrases below shall have the following meanings:

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

13.1.2 "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.

13.1.3 "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.

13.1.4 "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.

13.2 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.

13.3 Eligibility Criteria

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

13.3.1 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.

13.3.2 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.

13.3.3 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.

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

13.3.5 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 13.1.3 computed annually.

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

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

13.4 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.

13.5 Effective Date of EWRAP Discount

Except as set forth in Section 13.7, 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 to continue to receive the discount.

13.6 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.

13.7 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 Oldham County Schedule of Rates, Rentals and Charges not amended herein shall continue in full force and effect. MSD's Oldham County Schedule of Rates, Rentals and Charges as amended herein shall become effective September 1, 2026.