PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 7, 2025

NEW ISSUE - Book-Entry-Only

See "RATINGS" herein

In the opinion of Bond Counsel, subject to the conditions and exceptions set forth in "Tax Treatment" herein, under current law, interest on the Series 2025 Bonds (i) is excluded from gross income for federal income tax purposes and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. Bond Counsel is further of the opinion that interest on the Series 2025 Bonds is exempt from Kentucky income tax, and the Series 2025 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and its political subdivisions. For a more complete discussion of tax aspects, see "Tax Treatment" in this Official Statement.

$231,050,000*
BOARD OF WATER WORKS OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY
Louisville Water Company
Water System Revenue Bonds, Series 2025

Dated: As of their Delivery Date | **Due: November 15, as shown on inside cover**

The Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky (the "Board" or the "Issuer") has authorized the issuance of $231,050,000* of its Louisville Water Company Water System Revenue Bonds, Series 2025 (the "Series 2025 Bonds") secured under the Board's Amended and Restated Water System Revenue Bond Resolution Authorizing the Issuance of Water System Revenue Bonds, adopted by the Board on November 10, 2009 (the "Master Resolution"), as amended and supplemented by the Eighth Supplemental Resolution adopted by the Board on July 22, 2025 (the "Eighth Supplemental Resolution" together with the Master Resolution, the "Resolution"). The Series 2025 Bonds are being issued for the purposes of: (i) financing the cost of the Series 2025 Project, (ii) partially funding the Reserve Account of the Bond Fund up to the Bond Reserve Requirement, and (iii) paying a portion of the costs of issuance of the Series 2025 Bonds and other related costs.

The Series 2025 Bonds are issuable only as fully registered bonds without coupons, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as a securities depository for the Series 2025 Bonds. Purchasers will not receive certificates representing their ownership interests in the Series 2025 Bonds. Purchases will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Interest on the Series 2025 Bonds is payable beginning on November 15, 2025, and semiannually each May 15 and November 15 thereafter to maturity. The Series 2025 Bonds are subject to optional redemption and sinking fund redemption prior to maturity.

The Series 2025 Bonds are payable solely from Revenues (as defined in the Resolution) of the Louisville Water Company (the "Company" or "Louisville Water") as pledged by the Board under the Resolution and certain other funds pledged therefor.

The Series 2025 Bonds do not constitute an indebtedness of the Louisville/Jefferson County Metro Government, Kentucky ("Metro"), the Commonwealth of Kentucky (the "Commonwealth"), the Company or the Board within the meaning of the Constitution of the Commonwealth or a pledge of the faith and credit of Metro, the Commonwealth, the Company or the Board, and are payable solely as provided in the Resolution from Revenues of the Company and other funds pledged therefor and none of Metro, the Commonwealth, the Company nor the Board is obligated to pay the Series 2025 Bonds except as provided in the Resolution. The issuance of the Series 2025 Bonds under the Resolution shall not directly, indirectly or contingently obligate the Commonwealth or Metro to levy or to pledge any taxes whatsoever for the payment of such Series 2025 Bonds or to make any appropriations for such payment except from the Funds and Accounts as defined and provided in the Resolution.

The Board has hereby deemed the information contained herein to be "final" as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission, except for information permitted by the Rule to be excluded.

The Series 2025 Bonds will be issued when, as and if issued, subject to the approval of their validity by Stites & Harbison, PLLC, Louisville, Kentucky, Bond Counsel, as described herein. Certain legal matters in connection with the Series 2025 Bonds will be passed upon for the Board by Michael F. Tigue, Esq., and for the Initial Purchasers by Stites & Harbison, PLLC, Disclosure Counsel. It is expected that the Series 2025 Bonds will be available in definitive form for delivery to DTC in New York, New York, on or about September 9, 2025.

Dated: __________________, 2025

* Preliminary, subject to change.

$231,050,000*
Board of Water Works of
The Louisville/Jefferson County Metro Government, Kentucky
Louisville Water Company
Water System Revenue Bonds, Series 2025

Maturity Schedule

Maturity	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers[1]
	$	%	%		54659R

[1] Copyright 2025, CUSIP Global Services. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data herein are provided by CUSIP Global Services. The CUSIP numbers listed are being provided solely for the convenience of the holders only at the time of issuance of the Series 2025 Bonds and the Issuer does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2025 Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2025 Bonds.

* Preliminary, subject to change.

NO DEALER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED HEREIN, IN CONNECTION WITH THE OFFERING OF THE SERIES 2025 BONDS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE BOARD. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2025 BONDS, NOR SHALL THERE BE ANY SALE OF THE SERIES 2025 BONDS IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION, OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF SUCH JURISDICTION. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE BOARD AND THE PURCHASERS OR OWNERS OF THE SERIES 2025 BONDS. THE INFORMATION AND EXPRESSIONS OF OPINION STATED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE. THE DELIVERY OF THIS OFFICIAL STATEMENT OR ANY SALE MADE HEREUNDER SHALL NOT, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOARD OR THE COMPANY SINCE THE DATE HEREOF.

ALL QUOTATIONS FROM AND SUMMARIES AND EXPLANATIONS OF PROVISIONS OF LAWS AND DOCUMENTS HEREIN DO NOT PURPORT TO BE COMPLETE AND REFERENCE IS MADE TO SUCH LAWS AND DOCUMENTS FOR FULL AND COMPLETE STATEMENTS OF THEIR PROVISIONS. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE ISSUER AND THE PURCHASERS OR OWNERS OF ANY OF THE SERIES 2025 BONDS. ALL STATEMENTS MADE IN THIS OFFICIAL STATEMENT INVOLVING ESTIMATES OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO STATED, ARE INTENDED MERELY AS ESTIMATES OR OPINIONS AND NOT AS REPRESENTATIONS OF FACT. THE COVER PAGE HEREOF, INSIDE FRONT COVER, AND THE APPENDICES ATTACHED HERETO ARE PART OF THIS OFFICIAL STATEMENT. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE OF THE SERIES 2025 BONDS SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR THE COMPANY SINCE THE DATE HEREOF.

THIS OFFICIAL STATEMENT CONTAINS CERTAIN FINANCIAL PREDICTIONS, FORECASTS AND PROJECTIONS WHICH CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE FEDERAL SECURITIES LAWS. ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE FINANCIAL PREDICTIONS, FORECASTS AND PROJECTIONS AND THERE CAN BE NO ASSURANCE THAT EITHER THE BOARD OR THE COMPANY WILL ACHIEVE SUCH FINANCIAL PREDICTIONS, FORECASTS AND PROJECTIONS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR AUTHORITY, NOR HAS SUCH FEDERAL OR ANY STATE COMMISSION OR AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR PURPOSES OF RULE 15c2-12 PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION, THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED FINAL IN CONNECTION WITH THE SERIES 2025 BONDS, SUBJECT TO REVISION, AMENDMENT, AND COMPLETION IN A FINAL OFFICIAL STATEMENT.

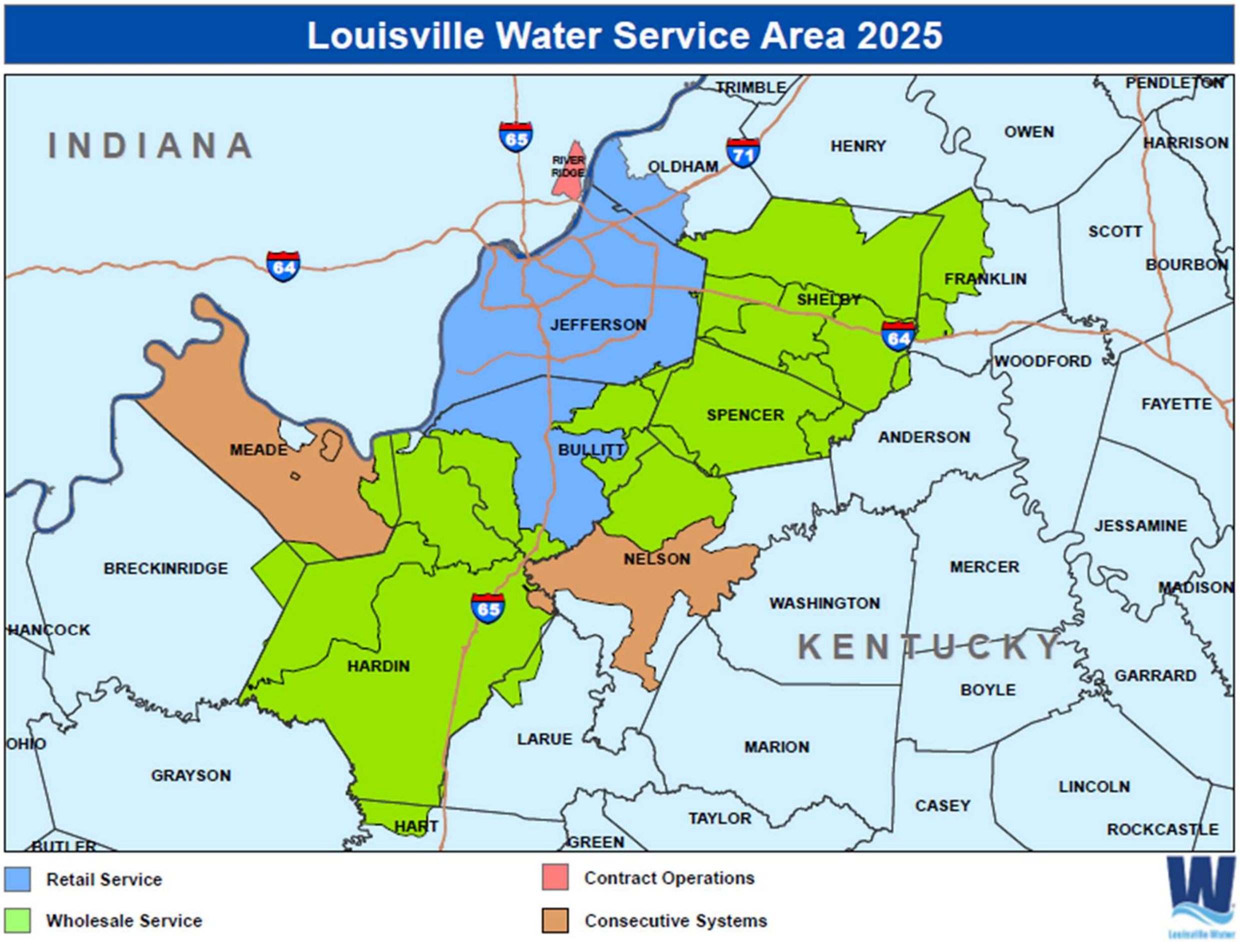
CIRCULAR 230

THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT IS NOT INTENDED TO BE USED, AND CANNOT BE USED, BY A PURCHASER OF THE SERIES 2025 BONDS FOR THE PURPOSE OF AVOIDING FEDERAL TAX PENALTIES. EACH PURCHASER OF THE SERIES 2025 BONDS IS URGED TO CONTACT AN INDEPENDENT TAX ADVISOR CONCERNING AN INVESTMENT IN THE SERIES 2025 BONDS.

TABLE OF CONTENTS

APPENDIX A	SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION
APPENDIX B	AUDITED FINANCIAL STATEMENTS OF LOUISVILLE WATER COMPANY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024
APPENDIX C	ECONOMIC AND DEMOGRAPHIC PROFILE OF LOUISVILLE AND JEFFERSON COUNTY, KENTUCKY
APPENDIX D	SERIES 2025 WATER REVENUE BONDS ENGINEER'S REPORT
APPENDIX E	PROPOSED FORM OF BOND COUNSEL OPINION
APPENDIX F	FORM OF THE DISCLOSURE DISSEMINATION AGENT AGREEMENT
APPENDIX G	INFORMATION RELATED TO THE DEPOSITORY TRUST COMPANY

MAP OF SYSTEM



THE BOARD OF WATER WORKS

OF
THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY

* Upon Ms. Pearson's expected retirement in the fall of 2025, Jennifer Crough will become Vice President, Finance-Treasurer.

IMPORTANT! - This Summary Statement is not intended to be complete. Before making an offer to purchase the Series 2025 Bonds, the prospective purchaser should read the Official Statement carefully, in its entirety. Capitalized Terms used but not defined herein have the meanings ascribed to the terms in the Master Resolution.

SUMMARY OF THE OFFERING

THE SERIES 2025 BONDS	\$231,050,000* Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky, Louisville Water Company Water System Revenue Bonds, Series 2025 (the "Series 2025 Bonds").
MASTER RESOLUTION	On November 10, 2009, the Board passed its "Louisville Water Company Water System Amended and Restated Revenue Bond Resolution Authorizing the Issuance of Water System Revenue Bonds" (the "Master Resolution"). The Master Resolution amended and restated the Board of Water Works of the City of Louisville, Kentucky, Louisville Water Company Water System Revenue Bond Resolution Authorizing the Issuance of Water System Revenue Bonds, adopted July 14, 1992.
EIGHTH SUPPLEMENTAL RESOLUTION	On July 22, 2025, the Board passed its Eighth Supplemental Resolution Authorizing the Issuance of the Series 2025 Bonds (the "Eighth Supplemental Resolution"), further supplementing the Master Resolution to authorize the issuance and delivery of the Series 2025 Bonds for the purposes of: (i) financing the cost of the Series 2025 Project, (ii) partially funding the Reserve Account of the Bond Fund up to the Bond Reserve Requirement, and (iii) paying a portion of the costs of issuance of the Series 2025 Bonds and other related costs.
INTEREST PAYMENTS	Interest is payable on November 15 and May 15 of each year to maturity, commencing November 15, 2025.
REDEMPTION	The Series 2025 Bonds maturing on or prior to November 15, 2034, will not be subject to optional redemption prior to their respective maturity dates. The Series 2025 Bonds maturing on and after November 15, 2035, are subject to optional redemption at par on or after November 15, 2034, at the option of the Board. See "DESCRIPTION OF THE SERIES 2025 BONDS – Optional Redemption."
BOOK-ENTRY-ONLY SYSTEM	The Series 2025 Bonds will initially be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which principal and interest payments on the Series 2025 Bonds will be made. Individual purchases will be made in book-entry form only, in principal amounts of \$5,000 or any integral multiple thereof. Actual purchasers of a Series 2025 Bond will not receive physical delivery of a bond certificate, but the ownership interests of such beneficial owners will be recorded through the records of a DTC Participant (as defined herein) from whom the beneficial owner purchased the Series 2025 Bond. Each beneficial owner will receive a written confirmation of its purchase providing details of the Series 2025 Bond or Bonds acquired. Each DTC Participant shall receive a credit balance in the records of DTC of their ownership interest. See "DESCRIPTION OF THE SERIES 2025 BONDS - Book-Entry-Only System" and Appendix G.
PURPOSE	The Series 2025 Bonds are being issued to: (i) finance the cost of the Series 2025 Project, (ii) partially fund the Reserve Account of the Bond Fund up to the Bond Reserve Requirement, and (iii) pay a portion of the costs of issuance of the Series 2025 Bonds and other related costs.
RESERVE ACCOUNT	The Bond Reserve Requirement will be approximately \$24,998,084.38* upon the closing of the Series 2025 Bonds.
SECURITY	The Series 2025 Bonds are secured by (i) all Revenues, and (ii) all amounts held in the Funds and Accounts (with the exception of the Rebate Fund). The pledges of proceeds, Revenues and amounts in the Funds and Accounts contained in the Master Resolution are subject to the applications thereof permitted by the Master Resolution. See "SECURITY FOR THE SERIES 2025 BONDS".
RATE COVENANT	The Board has covenanted in the Master Resolution that the Company's water rates and charges will be adjusted from time to time, and as often as it shall be necessary or proper,

* Preliminary, subject to change.

so that Net Revenues in each Fiscal Year will not be less than 130% of the maximum Aggregate Bond Service for each Bond Fiscal Year in respect of all then Outstanding Bonds. See "SECURITY FOR THE SERIES 2025 BONDS – Rate Covenant" and Appendix A.

ADDITIONAL BONDS	The Board may issue additional bonds on a parity with the Series 2025 Bonds and the other parity bonds Outstanding under the Master Resolution for the purpose of acquiring and constructing improvements to the System or refunding Outstanding Series of Bonds; upon the satisfaction of certain conditions. See "SECURITY FOR THE SERIES 2025 BONDS – Additional Bonds" and Appendix A.
TAX STATUS	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Company, interest on the Series 2025 Bonds will be excluded from gross income for federal income tax purposes and will not be a specific item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, under existing law the Series 2025 Bonds will be exempt from ad valorem taxation, and the interest thereon is exempt from income taxation by the Commonwealth and all of its political subdivisions and taxing authorities. (See "TAX TREATMENT" herein for an explanation of certain tax consequences under federal law that may result from the ownership of the Series 2025 Bonds.)
GENERAL	The Official Statement speaks only as of its date, and the information contained herein is subject to change. All summaries of documents and agreements in the Official Statement are qualified in their entirety by reference to such documents and agreements, copies of which are available from the Company.

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OFFICIAL STATEMENT

$231,050,000*
Board of Water Works of
The Louisville/Jefferson County Metro Government, Kentucky
Louisville Water Company
Water System Revenue Bonds, Series 2025

INTRODUCTION

This Official Statement of the Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky (the "Board" or the "Issuer") is provided for the purpose of setting forth information concerning the Board, the Louisville Water Company (the "Company" or "Louisville Water"), the $231,050,000* principal amount of Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky, Louisville Water Company Water System Revenue Bonds, Series 2025 (the "Series 2025 Bonds"), the Amended and Restated Water System Revenue Bond Resolution Authorizing the Issuance of Water System Revenue Bonds (the "Master Resolution"), adopted by the Board on November 10, 2009, as amended and supplemented by the Eighth Supplemental Resolution adopted by the Board on July 22, 2025 (the "Eighth Supplemental Resolution", and together with the Master Resolution, the "Resolution") authorizing the issuance of the Series 2025 Bonds in the aggregate principal amount of up to $260,000,000. The Board has previously adopted on November 10, 2009, the First Supplemental Resolution and the Second Supplemental Resolution, respectively, in connection with the issuance on December 17, 2009, of the $116,220,000 Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky Louisville Water Company Water System Revenue Bonds, Series 2009A and the $86,710,000 Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky Louisville Water Company Water System Revenue Bonds, Series 2009B (Federally Taxable – Build America Bonds – Direct Payment). In addition, the Board adopted on July 15, 2014, the Third Supplemental Resolution in connection with the issuance on September 3, 2014, of the $63,195,000 Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky, Louisville Water Company Water System Refunding Revenue Bonds, Series 2014A (the "Series 2014A Bonds"), on October 20, 2015, the Fourth Supplemental Resolution in connection with the issuance on December 16, 2015, of the $119,445,000 Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky, Louisville Water Company Water System Revenue Bonds, Series 2015 (the "Series 2015 Bonds"), on September 17, 2019, the Sixth Supplemental Resolution in connection with the issuance on October 30, 2019, of the $155,540,000 Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky, Louisville Water Company Water System Revenue and Refunding Revenue Bonds, Series 2019 (the "Series 2019 Bonds"), and on August 16, 2022, the Seventh Supplemental Resolution in connection with the issuance on October 6, 2022, of the $125,160,000 Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky, Louisville Water Company Water System Revenue and Refunding Revenue Bonds, Series 2022 (the "Series 2022 Bonds"). The Board also adopted on March 15, 2016, the Fifth Supplemental Resolution in connection with authorizing the clarification of the definition of Investment Securities.

Certain capitalized terms used herein are defined hereinafter in Appendix A. Terms used but not defined herein or in Appendix A shall have the meanings as ascribed to those terms in the Resolution. The Board proposes to issue the Series 2025 Bonds in order to provide, the amounts required to: (i) finance the cost of the Series 2025 Project, (ii) partially fund the Reserve Account of the Bond Fund up to the Bond Reserve Requirement, and (iii) pay a portion of the costs of issuance of the Series 2025 Bonds and other related costs.

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* Preliminary, subject to change.

The Master Resolution amended and restated the Board of Water Works of the City of Louisville, Kentucky, Louisville Water Company Water System Revenue Bond Resolution Authorizing the Issuance of Water System Revenue Bonds, adopted July 14, 1992. The Series 2025 Bonds are to be issued pursuant to the Constitution and Statutes of the Commonwealth of Kentucky (the "Commonwealth"), and particularly Sections 58.010 through 58.190, inclusive, and Sections 96.230 through 96.316, inclusive, of the Kentucky Revised Statutes, the Resolution, and a Sale Resolution adopted on ______________, 2025, by the Pricing and Sale Committee, created by the Eighth Supplemental Resolution and comprised of the Chair of the Board (or in his absence, the Vice Chair of the Board), the President, and the Vice President, Finance - Treasurer of the Company.

The Series 2025 Bonds and any additional bonds to be subsequently issued under the Resolution (collectively, the "Bonds") are secured by a pledge of the Revenues of the Company, and of the Funds and Accounts pledged by the Resolution for their payment (See "PLAN OF FINANCE").

DESCRIPTION OF THE SERIES 2025 BONDS

General

The Series 2025 Bonds will be issued in the aggregate principal amount of $231,050,000*. The Series 2025 Bonds will be dated the date of their delivery, and will bear interest to maturity, payable semiannually on November 15 and May 15 each year, commencing November 15, 2025 (each, an "Interest Payment Date") each at the rates per annum, and will mature as set forth on the cover page of this Official Statement.

The Series 2025 Bonds initially will be issued as one fully registered bond for each maturity, each in the aggregate principal amount for such maturity as set forth on the cover page of this Official Statement and shall be delivered to and initially registered in the name of Cede & Co., as registered owner and nominee for DTC. The principal of and interest on the Series 2025 Bonds will be paid by U.S. Bank Trust Company, National Association, as Trustee (the "Trustee"). As long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2025 Bonds, such payments will be made directly to Cede & Co. See "Book-Entry-Only System".

If for any reason the book-entry-only system is discontinued, the Series 2025 Bond certificates will be delivered as described in the Master Resolution and each Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the registered Bondholder. Thereafter, Series 2025 Bonds may be exchanged for an equal aggregate principal amount of Series 2025 Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the designated corporate trust office of the Trustee. The transfer of any Series 2025 Bonds may be registered on the books maintained by the Trustee for such purpose only upon the surrender thereof to the Trustee with a duly executed assignment in form satisfactory to the Trustee for each series of bonds. For every exchange or registration of transfer of Series 2025 Bonds, the Company and the Trustee may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2025 Bonds. The Trustee will not be required to register the transfer or exchange of any of the Series 2025 Bonds during the period from each Record Date to the next succeeding Interest Payment Date or during the forty-five (45) days preceding the date of redemption, if such Series 2025 Bonds (or any part thereof) are eligible to be selected or have been selected for redemption.

* Preliminary, subject to change.

In the event that the book-entry-only system is discontinued, principal of the Series 2025 Bonds will be payable upon surrender of such Series 2025 Bonds at the designated corporate trust office of the Trustee when the Series 2025 Bonds become due, and interest on the Series 2025 Bonds will be payable on each Interest Payment Date by check or draft mailed to the Bondholders by the Trustee as of the close of business on the Record Date.

Book-Entry-Only System

DTC will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond will be issued for each maturity of the Series 2025 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Information relating to DTC and the Book-Entry-Only system is contained in Appendix G.

The Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2025 Bond certificates will be printed and delivered. The information contained in Appendix G concerning DTC and DTC's book-entry-only system has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Board.

Optional Redemption

The Series 2025 Bonds maturing on or after November 15, 2035, are subject to redemption, at the option of the Board, on or after November 15, 2034, in whole or in part, on any date (less than all Series 2025 Bonds of such maturities to be selected by lot), at par together with accrued interest to the redemption date.

Notice of Redemption Series 2025 Bonds

With regard to the Series 2025 Bonds, at least thirty (30) days before the redemption date of any Bonds, the Bond Registrar shall cause a notice of redemption to be mailed, by regular United States first class mail, postage prepaid, to all Holders of Bonds to be redeemed in whole or in part at their registered addresses.

Failure to mail any notice or any defect therein in respect of any Bond shall not affect the validity of the redemption of any other Bond. Such redemption notice shall set forth the details with respect to redemption. Any Holder owning at least $1,000,000 in principal amount of the Bonds may request that a second copy of the notice of redemption be sent to a second address provided to the Bond Registrar in writing. The notice of redemption shall set forth the complete title of the issue, CUSIP numbers, date of the issue, serial numbers, interest rate, maturity, date fixed for redemption, redemption price to be paid and, if less than all of the Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, and the place or places of redemption, including the name, address and phone number of a contact person.

A second notice of redemption shall be given within sixty (60) days after the redemption date in the manner required above by certified mail with return receipt requested within seventy (70) days after the redemption date to the registered owners of redeemed Bonds which have not been presented for payment.

Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given on mailing, whether or not the owner of such Bonds receives the notice.

On the giving of notice and the deposit of funds for redemption, interest on the Bonds so called for redemption shall cease to accrue after the date fixed for redemption.

SECURITY FOR THE SERIES 2025 BONDS

Pledged Revenues and Funds

The Series 2025 Bonds are secured by (i) all Revenues, and (ii) all amounts held in the Funds and Accounts (with the exception of the Rebate Fund). The pledges of proceeds, Revenues and amounts in the Funds and Accounts contained in the Resolution are subject to the applications thereof permitted by the Resolution. Upon issuance of the Series 2025 Bonds, the Series 2025 Bonds will be on a parity basis with the Series 2015 Bonds, the Series 2019 Bonds, and the Series 2022 Bonds. The Series 2015 Bonds have a balance of $82,990,000 principal amount Outstanding as of August 1, 2025. The Series 2019 Bonds have a balance of $110,495,000 principal amount Outstanding as of August 1, 2025. The Series 2022 Bonds have a balance of $115,130,000 principal amount Outstanding as of August 1, 2025. See "OPERATIONS, REVENUES AND EXPENSES - Company Debt." Additionally, the Company has a subordinate loan (the "2009 Subordinated KIA Loan") outstanding as of August 1, 2025, in the principal amount of $708,659, maturing on December 1, 2031, with the Kentucky Infrastructure Authority (the "KIA") based upon an Assistance Agreement, dated as of December 1, 2009, between the Company and the KIA. The Company also has a subordinate loan (the "2024 Subordinated KIA Loan") outstanding as of August 1, 2025, in the principal amount of $32,134,730 (none of the proceeds of which have been disbursed) with a fixed interest rate of 0.5%, with the KIA based upon an Assistance Agreement, dated as of October 22, 2024, of which 70.9% of the principal, not to exceed $22,791,330, is eligible for forgiveness. The 2009 Subordinated KIA Loan and the 2024 Subordinated KIA Loan are referred to herein collectively as the "Subordinated KIA Loans."

The Series 2025 Bonds do not constitute an indebtedness of the Louisville/Jefferson County Metro Government ("Metro"), the Commonwealth, the Company, or the Board within the meaning of the Constitution of the Commonwealth or a pledge of the faith and credit of Metro, the Commonwealth, the Company, or the Board, and are payable solely as provided in the Resolution from Revenues (as defined therein) of the Company and other funds pledged therefor and none of Metro, the Commonwealth, the Company nor the Board is obligated to pay the Series 2025 Bonds except as provided in the Resolution. The issuance of the Series 2025 Bonds under the Resolution shall not directly, indirectly or contingently obligate the Commonwealth or Metro to levy or to pledge any taxes whatsoever for the payment of such Series 2025 Bonds or to make any appropriations for such payment except from the Funds and Accounts as provided in the Resolution.

Reserve Account

The Resolution requires that the Reserve Account (an amount equal to 50% of the maximum Aggregate Bond Service in the current or any future Bond Fiscal Year and in any event subject to the requirements for a reasonably required reserve or replacement fund under the Internal Revenue Code of 1986, as amended (the "Code")) be maintained at an amount equal to the Bond Reserve Requirement, and any increase in the Bond Reserve Requirement occurring as a result of the issuance of any Additional Bonds or any expenditure from such Reserve Account to provide payment of principal and interest on such Bonds.

The Bond Reserve Requirement will be approximately $24,998,084.38* upon the closing of the Series 2025 Bonds.

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* Preliminary, subject to change.

Rate Covenant

The Board has covenanted in the Resolution that the Company's water rates and charges will be adjusted from time to time, and as often as it shall be necessary or proper, so that Net Revenues in each Fiscal Year will not be less than 130% of the maximum Aggregate Bond Service for each Bond Fiscal Year in respect of all then Outstanding Bonds. This requirement is also contained in Section 96.300 of the Kentucky Revised Statutes. See Appendix A.

Additional Bonds

Additional Bonds may be issued under the Resolution to pay the cost of construction of Projects for which Bonds have not been previously issued. Additional Bonds may also be issued to complete the construction of a Project previously financed and to refund any Outstanding Bonds or bond anticipation notes. See Appendix A.

ESTIMATED SOURCES AND APPLICATION OF FUNDS

The sources and uses of funds for the plan of financing are as follows (rounded to the nearest whole dollar):

Sources of Funds	
Par Amount of Bonds	$
Reoffering Premium/(Original Issue Discount)	
Total Sources	$
Uses of Funds	
Project Fund	$
Debt Service Reserve Fund	
Costs of Issuance (including Underwriter's Discount)	
Total Uses	$

PLAN OF FINANCE

Proceeds from the sale of the Series 2025 Bonds will be used to: (i) finance the cost of the Series 2025 Project, (ii) partially fund the Reserve Account of the Bond Fund up to the Bond Reserve Requirement, and (iii) pay a portion of the costs of issuance of the Series 2025 Bonds and other related costs.

DEBT SERVICE REQUIREMENTS

The following schedule sets forth the anticipated Aggregate Bond Service including the Series 2025 Bonds Bond Service.

		Series 2025 Bonds			
Year Ending	Outstanding Parity Debt Service	Principal	Interest	Total	Aggregate Bond Debt Service
12/31/2025	$ 34,278,069				**$**
12/31/2026	33,379,619	$	$	$	
12/31/2027	32,478,319				
12/31/2028	31,632,519				
12/31/2029	30,129,669				
12/31/2030	28,622,619				
12/31/2031	27,113,931				
12/31/2032	25,668,831				
12/31/2033	24,161,931				
12/31/2034	22,650,681				
12/31/2035	21,139,531				
12/31/2036	19,628,750				
12/31/2037	18,128,881				
12/31/2038	16,549,994				
12/31/2039	15,722,981				
12/31/2040	6,919,744				
12/31/2041	6,917,500				
12/31/2042	6,916,988				
12/31/2043					
12/31/2044					
12/31/2045					
Total[1]	$402,040,556	$	$	$	$

Notes: [1] Numbers may not total due to rounding.

LOUISVILLE WATER COMPANY

Louisville Water provides drinking water service to approximately one million people through retail service in Jefferson County and parts of Oldham and Bullitt Counties in Kentucky and wholesale service to utility customers in Spencer, Nelson, Bullitt, Shelby and Hardin Counties in Kentucky. From 2020 to 2024 the Company delivered an average of 125 million gallons per day ("MGD") of finished water.

In 1854, a special act of the Legislature of the Commonwealth chartered the Company. It became a quasi-municipal corporation in 1856 when the City of Louisville (the "City") acquired 51 shares of the original stock. Construction of the original facilities began in 1856 and the Company began operations on October 16, 1860. Subsequently, the City acquired the remainder of the Company's stock prior to 1906, thus becoming its sole shareholder. The capital stock is now a part of the resources of the Commissioners of the Sinking Fund of Metro, as governmental successors to the City.

Facilities

The Company's treatment facilities are located on the Ohio River upstream from downtown Louisville. Treatment and pumping facilities are constructed with redundancy and excess capacity to ensure a continuous supply of water even under adverse conditions.

The operations system of the Company consists of five major facilities: (i) a business office in downtown Louisville, (ii) a primary water treatment and pumping complex east of downtown Louisville, (iii) a river-water intake station four and a half miles upstream of downtown Louisville, (iv) a riverbank filtration treatment plant and pumping complex ten miles upstream from downtown Louisville, and (v) a distribution and operations center located five miles south of downtown Louisville. All properties comprising the facilities of the Company and used in connection therewith are exempt from Commonwealth and local ad valorem taxation under the exemption provided for in Section 170 of the Kentucky Constitution.

A majority of the water supply for the Company is secured directly from the Ohio River at the Zorn Avenue Pumping Station, which is part of the Crescent Hill Water Treatment Plant ("Crescent Hill"). The Company also secures water from a series of riverbank filtration wells in the aquifer adjacent to the Ohio River at the B.E. Payne Water Treatment Plant ("B.E. Payne"). Both facilities use conventional drinking water treatment. The Company is permitted by the Kentucky Division of Water to withdraw water from the Ohio River at levels equivalent to its rated treatment capacity. Due to the abundant supply of water in the Ohio River, the Company anticipates no volume restrictions on its licenses to withdraw water from the Ohio River or the aquifer in the future. The Company's daily withdrawal from the Ohio River and its adjacent aquifer is less than 0.2 percent of the 75-billion-gallon average daily flow.

Louisville Water's distribution storage capacity is provided by 33 elevated tanks, standpipes, and reservoirs located throughout the system with a total of approximately 66.5 million gallons ("MG") of storage capacity. The Company also has approximately 31 MG of storage in clear wells at Crescent Hill and B.E. Payne that would be utilized in an emergency. Further, 67 booster pumping stations and 63 pressure reducing stations are located throughout the distribution system which, along with storage, help maintain system pressure. The Company's facilities have a substantial amount of reserve capacity available to handle future growth and peaks in demand. The capacity of the Company's facilities, based on the aggregate firm capacity of Crescent Hill and B.E. Payne, is approximately 240 MGD. The maximum daily pumpage for the Company's facilities of approximately 205 MGD occurred in 2005. The five-year, average daily pumpage for the distribution system was approximately 125 MGD for the 2020 to 2025 period.

The Company maintains over 4,300 miles of transmission and distribution mains which include pipes as large as 72 inches in diameter. Louisville Water makes a focused effort to maintain its infrastructure. In 2006, the Company completed a 15-year campaign to renovate or replace all cast-iron water mains installed before 1935, and it continues to invest in a "best-in-class" water main rehabilitation and replacement program with an annual budget of approximately $20 million, which promotes long-term reliability of the distribution system. To ensure quality water reaches customers' taps, the Company operates a laboratory certified by the Commonwealth under U.S. Environmental Protection Agency ("U.S. EPA") standards. During 2024, scientists performed more than 124,000 water quality tests.

Water Treatment Facilities

Crescent Hill, originally placed in service in 1909, is the largest water treatment facility in Kentucky. Crescent Hill receives its raw water supply from the Zorn Avenue Pumping Station, which has a river intake capacity of 300 MGD. There are seven raw water pumps located in this station, consisting of three 60-MGD units and four 30-MGD units. Raw water is pumped approximately two miles to Crescent Hill, which has a firm treatment capacity of 180 MGD. Crescent Hill treatment facilities include two raw water settling basins with a combined volume of 110 million gallons, eight flocculation/sedimentation basins, six softening basins, three recarbonation and reaction basins, 20 dual media, rapid sand filters, and a 25-MG clear well. The finished water pumping facility at the Crescent Hill Pump Station houses seven pumps consisting of three 30-MGD, one 40-MGD and three 50-MGD pumping units. All major pumping facilities have been rehabilitated according to a preventative maintenance schedule. The last major renovation to Crescent Hill was completed in 2013 at a cost of approximately $90 million. The 2024 average daily production of Crescent Hill Plant was 99.2 MGD. The peak daily production was 154 MGD, in July 1999.

B.E. Payne, placed in service in 1977, was originally built with a raw water intake facility with a capacity of 105 MGD, and a low-lift pumping station with four low-lift pumps consisting of three 30-MGD units and one 15-MGD unit. These facilities are currently in reserve but could be returned to service. Raw water is now drawn from the aquifer adjacent to the river through a riverbank filtration collector well system and low-lift pump station completed in 2010 with a capacity of 75 MGD. The capacity of this treatment facility is rated at 60 MGD and consists of three softening basins; three recarbonation and reaction basins; eight 15-MGD filters; and a 6-MG clear well. There are six high service pumping units, four rated at 15 MGD each and two rated at 14 MGD each. All of the major pumping units are rehabilitated according to a preventative maintenance schedule. All eight filters were rehabilitated and upgraded to 15 MGD in 2004 and 2005. The 2024 average daily production of B.E. Payne was 32.6 MGD. The peak daily production was 57 MGD, in August 2007.

Both plants use conventional processes that include softening, corrosion stabilization, disinfection, filtration and fluoridation. Crescent Hill also uses coagulation in primary treatment.

A Supervisory Control and Data Acquisition ("SCADA") system has been installed at both plants, booster pumping stations and storage tanks. The SCADA system was upgraded in 2023, with additional improvements made annually. A third-party security evaluation on the system is completed bi-annually. Each treatment plant can be remotely operated from the other plant.

The commitment to maintaining the Company's assets ensures high-quality water at both treatment plants. In 2010, Louisville Water completed a $55 million project to construct a collector well and tunnel system at B.E. Payne. Called "riverbank filtration," the system consists of four collector wells that pull water from the aquifer and then connect to a 7,700-foot tunnel 120-feet below the surface. A single pumping house pulls water from the tunnel and into the treatment plant. Riverbank filtration uses the natural filtering qualities of the riverbank and aquifer to produce quality source water. Riverbank filtration provides all the source water for B.E. Payne. Surface water intakes are also maintained, thus affording the plant the ability to deliver water from dual sources. Projects currently under design include additional backup power generation ($11.2 million) and increased clearwell / finished water pumping capabilities ($54 million).

Louisville Water was the first utility to combine collector wells and a tunnel as a source for drinking water, and in 2011 the American Society of Civil Engineers honored the Company with its "Outstanding Civil Engineering Achievement Award." Established in 1960, the award honors projects that best illustrate engineering feats that contribute to society and civil engineering progress. The international recognition placed Louisville Water in elite company within engineering projects that included the restoration of the Statue of Liberty and the Golden Gate Bridge.

Louisville Water completed a $90 million renovation in the fall of 2013 to its largest treatment plant, Crescent Hill, to ensure long-term reliable operation and compliance with the U.S. EPA's Enhanced Surface Water Treatment Rule. The work included rehabilitation and upgrade of the east filters and filter backwash system, rehabilitation and upgrade of its chemical feed systems, rehabilitation and upgrade of softening and coagulation basins, and construction of an on-site chlorine generation facility. Since 2019, Louisville Water has invested nearly $60 million in upgrades to the plant including an emergency generator, upgrades to the South Filters and building, the Chemical building, and the replacement of a 36-inch main installed in 1877 immediately outside the plant with a 60-inch main to improve the efficiency and redundancy of the distribution system. A significant upgrade to the finished water pumping station, addition of a secondary pumping station, and discharge piping systems improvements ($96 million) are presently in construction at Crescent Hill and are estimated to be completed in 2030. A reservoir liner and residuals removal project ($39.8 million) and a carbon system improvement project ($16 million) are also underway, which are estimated to be completed in 2029 and 2027, respectively.

The Company's two treatment plants are among 19 plants in North America to receive the "Excellence in Water Treatment Award", the highest award from the Partnership for Safe Water, in recognition of their commitment to continuous improvement. Excellence Award winners must demonstrate fully optimized utility operations and meet strict water quality performance goals that go above and beyond U.S. EPA regulations. In 2025, both treatment plants were recognized for maintaining the Excellence Award for 15 and 10 consecutive years, respectively.

In 2022, the Company became one of only 10 water utilities to achieve the Partnership for Safe Water's "Presidents Award" for distribution system optimization. The President's Award recognizes water systems that consistently meet strict optimization goals for managing disinfectant residual, main breaks, and pressures.

The American Water Works Association awarded the Company the "People's Choice for Best-Tasting Tap Water in North America" in 2013. In 2016, the Company was one of five metropolitan utilities to receive the Sustainable Utility Management Award from the Association of Metropolitan Water Agencies.

Water Supply

Louisville Water uses the Ohio River and adjacent aquifer as its sources for drinking water and draws water from the Zorn Avenue Pumping Station and a riverbank filtration system at B.E. Payne. The Ohio River and adjacent alluvial aquifer are highly treatable, reliable and abundant water supplies and are expected to provide for the long-term needs of the Company. The Company maintains a source water protection program that outlines monitoring and protection efforts and spill-response coordination for the Ohio River, including the immediate vicinity of the intake structure. The presence of contaminants contained in water taken from the Ohio River and aquifer are treated to surpass drinking water regulatory standards. Inorganic chemicals, volatile organics, and synthetic organics have not posed a serious problem to the Company's treatment operations. The river's overall quality has steadily improved over the past two decades due to stricter treatment requirements for discharges into the river as required by the Clean Water Act, and as documented by the monitoring efforts of the Ohio River Valley Water Sanitation Commission ("ORSANCO"). ORSANCO is an interstate commission charged with protecting the Ohio River for all uses. Over the past 50 years, ORSANCO has addressed problems including sewage treatment, spills from industrial sources, agricultural runoff, and combined sewer overflows. ORSANCO is recognized internationally for its accomplishments in improving water quality on the Ohio River through interstate cooperation. The Company maintains an active role in ORSANCO, with the CEO serving currently as a Commissioner and the Water Quality Manager serving as chair of the Water Users Advisory Committee. ORSANCO plays an integral role in the multi-state spill monitoring and detection network.

If a significant chemical spill or other contamination event were to happen, the Company has established emergency response procedures to minimize the impact by using existing raw water and finished water storage facilities and treatment capabilities. The treatment capabilities include an early warning system, an enhanced monitoring program during the spill and three powdered activated carbon feeding treatment locations. The riverbank filtration collector well system provides a significant source of naturally filtered raw water to meet emergency supply needs at B.E. Payne. In recent years there have been no chemical spills that have had a significant adverse impact on the ability to treat the Company's water supply. Louisville Water scientists effectively managed more than 90 spills on the Ohio River in 2024 with zero water quality issues.

Organization

Pursuant to the provisions of Sections 96.230 to 96.315, inclusive, of the Kentucky Revised Statutes, Metro controls, manages and operates the Company by and through the Board. The Board is vested with the authority and privileges, exercises the franchises, and has possession, control and management of the property of the Company.

The Mayor of Metro serves ex officio as a member of the Board and appoints six additional persons, no more than three of whom shall be members of the same political party. The Board members serve staggered four-year terms and may be reappointed. The terms expire on the date of the annual meeting of the Board.

The present members of the Board, the dates of expiration of their terms as members, and certain other identifying information are as follows:

HONORABLE CRAIG GREENBERG, Mayor of Metro, (Term of Mayor expires December 31, 2027). Craig Greenberg was elected Louisville's 51st mayor in 2022 and was sworn in for a four-year term in January 2023. Mayor Greenberg is a businessman and attorney, having assisted in the creation of 21C Museum Hotels, started in Louisville. Prior to his affiliation with 21C Museum Hotels, Mr. Greenberg worked with Frost Brown Todd LLP as a business lawyer. Mr. Greenberg is a graduate of the University of Michigan with a law degree from Harvard University.

DR. SUNDEEP (SUNNY) DRONAWAT (Term expires April 30, 2027) serves as Chairman. Dr. Dronawat moved to Louisville in 1992 from Hubli, Karnataka India to attend University of Louisville's Speed School of Engineering. He completed his Doctorate in Chemical Engineering and MBA in Entrepreneurship from University of Louisville. He co-founded and led multiple companies, including POS on Cloud (acquired by Newtek in 2019) and Samiteon, a leading provider of AI and IT Services, which was recently given a State Trade Expansion Program grant for export promotion. Dr. Dronawat also co-founded

West Wind Power that developed a patented Solar and Wind Energy device for off grid green energy. Dr. Dronawat is also a partner in Triple Crown Holdings, a real estate fund with over $75 million in assets under management. Dr. Dronawat serves as an Adjunct Professor at Bellarmine University and Indiana University Southeast. Dr. Dronawat has also served as the Chairman of the India Community Foundation of Louisville. Dr. Dronawat is a Fellow of the Financial Services Institute and Life Office Management Institute. He serves on the Board of Jefferson Community and Technical College, and the University of Louisville, School of Business. He was recognized as a Kentucky Colonel and a recipient of the MOSAIC Award for outstanding immigrant in Louisville. He has been appointed for a second term by Governor Beshear as a Member of the Commission on Small Business Advocacy.

MS. CATHE DYKSTRA (Term expires April 30, 2027) is the Chief Executive Officer, President and CEO of Family Scholar House and parent company, Family, Inc. Ms. Dykstra is committed to promoting the importance of education as an asset that appreciates over time and provides long-term self-sufficiency through career-track employment. Ms. Dykstra has served as an advisor for Ascend National Advisors cohort and on Transition Teams for Governor Andy Beshear and Mayor Craig Greenberg. She was also selected for Louisville Business First's 2025 Power 50, a curated list identifying the most influential leaders in the Greater Louisville business community. In August 2024, Ms. Dykstra was featured by Authority Magazine, a national publication, as a "Female Disruptor," as a part of a series about women who are shaking things up in their industry. In March 2023, Ms. Dykstra was named to the inaugural Biz Women 100, a national listing of women who are making an impact in their local communities. She also co-chaired Louisville Metro's 2040 Comprehensive Plan for Louisville Metro Government. In September 2020, Governor Beshear appointed Ms. Dykstra to serve as a Board Member for the combined Kentucky Higher Education Assistance Authority and the Kentucky Higher Education Student Loan Corporation. In 2014, Ms. Dykstra received a Doctor of Public Service honoris causa from Spalding University.

MS. JENNIFER FUST-RUTHERFORD, JD (Term expires April 30, 2028) serves as Vice Chair. Ms. Fust-Rutherford is the Charitable Principal at The Glenview Trust Company. Ms. Fust-Rutherford graduated from Indiana University's School of Public and Environmental Affairs in 1993 and from the University of Louisville's Brandeis School of Law in 2000. Prior to joining Glenview Trust, Ms. Fust-Rutherford was the Director of Gift Planning at the Community Foundation of Louisville and practiced law with a local civil litigation firm for eighteen years. She is a member of both the Kentucky and the Louisville Bar Associations.

MR. JAKE BROWN (Term expires April 30, 2028) is the founder of The Marian Group. The Marian Group, formed in 2001, develops residential, multi-family and commercial real estate with a portfolio that includes multiple locations in the southeastern United States. Mr. Brown has led over $750 million in development, management, and construction work. His expertise includes real estate development; undertaking low income housing tax credit transactions; liaising with federal, state, and local government entities and their funding mechanisms; general contracting and construction management; and environmental consulting and remediation. Mr. Brown is a board member of the Kentucky Council on Post-secondary Education, and a member of the Affordable Housing Association of Indiana, the Affordable Housing Tax Credit Coalition, the University of Louisville Family Business Center, the National Association of Home Builders, the Building Industry Association of Greater Louisville, the Urban Land Institute, and the CCIM Institute.

MR. KEN MARSHALL (Term expires April 30, 2029) has over 30 years of experience in executive leadership in hospitals and health systems. He is currently the Chief Operations Officer of UofL Health, an academic-focused health care system in Louisville, Kentucky. UofL Health is home to collaborative teaching and non-teaching physician practices, seven hospitals, five outpatient centers, and over 14,000 employees. Ken has held leadership positions in for-profit, not-for-profit, and academic health systems. His professional experience includes leading mergers and acquisitions through operations transition. He was a leader in forming UofL Health from a single hospital to a health system. Throughout his career he has focused on collaborative partnerships not only inside organization but across communities. At UofL Health, he is not only responsible for operation of the system, but also policy and advocacy. In 2019, Mr. Marshall led an effort in the Kentucky legislature to secure $35 million of support funding for the formation of UofL Health. He is currently working with state and federal policy makers regarding preservation of Medicaid funding for Kentucky. He serves on the boards of Kentucky Hospital Association, American Red Cross, and was a former American Hospital Association - Regional Policy Board 3 member. Mr. Marshall's undergraduate bachelor's degree is from Indiana University and his MBA is from Bellarmine University. He is a Fellow in the American College of Healthcare Executives.

MR. WILLIAM E. SUMMERS, IV (Term expires April 30, 2029) served as Deputy Mayor for Louisville Metro for 21 years. His career also included being the Executive Vice President for Greater Louisville Inc. and serving on the Metro Chamber of Commerce. His leadership roles include appointments to the Kentucky Economic Development Partnership, the University of Louisville Board of Trustees, and the Central Bank of Jefferson County Board of Directors. He also served as Chair of both the Louisville Urban League and Big Brothers/Big Sisters boards. In recognition of his lifetime of service, Mr. Summers has received numerous honors, including the National Conference on Community and Justice Humanitarian Award, the Louisville Urban League Lifetime Achievement Award, the Ottenheimer Award from the Jewish Community Center, and the Lyman T. Johnson Award from the Louisville Central Community Center. He has been awarded honorary doctorates from Simmons College of Kentucky (Doctor of Humanities, 2012) and Spalding University (Doctor of Public Service, 2024) in honor of his contributions to the Louisville community. Mr. Summers is also a veteran of the U.S. Army.

The Board appoints eight officers of the Company who also serve as non-voting members of the Board. The current officers of the Company who serve on the Board are:

SPENCER W. BRUCE, PE, President and CEO since 2016. Mr. Bruce is a graduate of the University of Kentucky with a bachelor's degree in Mechanical Engineering. He is licensed as a Professional Engineer with over 30 years of professional experience joining the Company in 2006. Mr. Bruce is a member of the American Water Works Association and Association of Metropolitan Water Agencies. He is also active in his local church having held multiple leadership positions and is a graduate of both Leadership Louisville and Leadership Kentucky. He currently serves on the following Boards: Louisville Water Foundation, Greater Louisville, Inc., ORSANCO, Louisville/Jefferson County Information Consortium, Louisville Labor Management Committee and the University of Kentucky Mechanical Engineering Advisory Board.

DAVID VOGEL, Executive Vice President since 2016. Mr. Vogel is responsible for Customer Service, Metering & Billing, and Distribution Operations. Mr. Vogel is a graduate of the University of Maryland where he earned a Bachelor of Science Degree in Mechanical Engineering, as well as an MBA. Mr. Vogel has spent the last 33 years in the utility business. He is a volunteer for the Kentucky Derby Festival and a graduate of Leadership Louisville and Leadership Kentucky.

KELLEY DEARING SMITH, Vice President, Communications and Marketing since 2016. In her 25-year career at the Company, Ms. Smith has developed strategic partnerships and communication efforts that focus on building the utility's brand and highlighting the value of water. She directs the Company's internal and external communications, brand development, education and outreach, public affairs and economic development efforts. Ms. Smith has authored a book highlighting Louisville Water's history and oversaw the development of the "WaterWorks Museum" at the Company's 1860 original pumping station. Prior to working with the Company, Ms. Smith worked in television news. Ms. Smith frequently speaks to utilities and organizations on best-practices for branding and communication. She holds a Bachelor of Arts in Broadcast Journalism from Eastern Kentucky University.

LARRY BRYANT, PE, Vice President, Production Operations and Chief Engineer since 2024. Mr. Bryant has over 33 years of engineering experience in the consulting, manufacturing, and water industry. Mr. Bryant received his Bachelor of Science and Master of Engineering degrees from the University of Louisville. He has worked four years in the defense industry, eight years in industrial manufacturing, and 22 years in water treatment process engineering, maintenance, and production. Mr. Bryant is a member of the American Water Works Association, the Institute of Electrical and Electronic Engineers ("IEEE"), and the Kentucky Society of Professional Engineers. Mr. Bryant is a licensed Professional Engineer in Kentucky. He also holds a Class-IVA water treatment license in Kentucky and a WTP-3 water treatment license in Indiana. He has served as Louisville Section Chair of IEEE and received their Louisville Section Service Award. He has also received the Julian Carroll Kentucky Management Award from the Kentucky Labor-Management Conference.

JEFF L. KNOTT, Vice President, Chief Information Officer since 2021. Mr. Knott holds a BS in Computer Science from Troy State University in Alabama and an MBA from Bowling Green State University in Bowling Green, Ohio. Mr. Knott has over 35 years in IT working in a variety of industries: retail, manufacturing, oil and gas, and warehouse and distribution operations where he planned and led numerous IT implementations prior to coming to the Company in 2019.

LYNN O. PEARSON, CPA, Vice-President, Finance-Treasurer since 2015. Ms. Pearson directs all finance related functions including accounting, accounts payable, payroll, budget and rates and procurement. Ms. Pearson is a Certified Public Accountant and a graduate of the University of Kentucky, with a bachelor's degree in Accounting and an MBA. Prior to joining the Company, Ms. Pearson spent 18 years with Community Newspaper Holdings, Inc. a large, privately owned media company headquartered in Alabama, serving as its Executive Vice-President, CFO from 2006. She has also worked in banking and public accounting. She is a member of the American Water Works Association, the AICPA and the Kentucky Society of CPAs. Ms. Pearson also served as a board member of the Louisville Water Foundation from 2016 to 2025 and as its treasurer from 2019 to 2025.

TERRENCE T. SPENCE, Vice President, Human Resources and Labor Relations since 2016. Mr. Spence is responsible for leading and overseeing human resource department functions including corporate strategy planning and implementation, workplace policies/procedures, talent acquisition/retention, compensation/benefits, employee/labor relations, performance management, internal equity, and regulatory compliance. He has provided human resources leadership to various past local and regional employers including WHAS-TV/WVEC-TV/WBIR-TV, Coca-Cola Enterprises, High Speed Access (now Spectrum Communications), and Kentucky Higher Education Student Loan Corporation. Mr. Spence has over 25 years in the human resources profession and is a member of the National Society of Human Resources Managers. A native of Louisville, Mr. Spence grew up in the Louisville's West End. He is a graduate of the University of Louisville with a bachelor's degree in Communications. He served on several local boards (WHAS Crusade for Children, Louisville Sports Commission, Family & Children's Place, University of Louisville's African American Alumni Council and the Louisville Water Foundation). He volunteers as a youth mentor with local public schools and coached local youth sports.

MICHAEL TIGUE, Vice President, Regulatory Compliance, Risk, Security and General Counsel since 2015. Mr. Tigue is responsible for the administration and oversight of all internal and external legal services, regulatory compliance, risk and security administration provided to the Company. Mr. Tigue holds a Bachelor of Arts in Psychology from the University of Louisville and a Juris Doctor from the University of Notre Dame. Prior to joining Louisville Water, Mr. Tigue began practice at Greenebaum Doll & McDonald, PLLC in 1999 followed by fourteen years as a Member of Middleton Reutlinger, both in

Louisville, Kentucky. At Middleton Reutlinger, Mr. Tigue's practice focused on all aspects of land use and development, including complex real property transactions, general commercial and real property litigation, eminent domain, planning and zoning as well as municipal and administrative agency representation. Mr. Tigue has been recognized by *Chambers USA*® 2008 through 2015 as a leading lawyer in real estate and zoning in Kentucky, by *The Best Lawyers in America*® 2012 through 2015 in commercial and municipal litigation, *Kentucky Super Lawyers*® 2012, 2013 and 2015 in commercial litigation and municipal litigation and by *Louisville Magazine's* Top Lawyers 2012, 2013 and 2014 in real estate law and land use and zoning law.

In the fall of 2025, Lynn O. Pearson will be retiring from the Company. Upon her retirement, JENNIFER CROUGH will become Vice President, Finance-Treasurer and will assume all the responsibilities of that position. Ms. Crough is a Certified Public Accountant with a bachelor's degree in Finance from Ohio University and a Master of Science in Accountancy from the University of Phoenix. Prior to joining the Company, Ms. Crough spent the last 25 years in finance and accounting leadership roles for global, growth-oriented private organizations within the manufacturing, consumer-packaged goods, and transportation industries. She also volunteers as Treasurer for a local public school's band booster program.

Louisville Water's Strategic Business Plan ("SBP") is a foundational document that establishes the organization's vision and a framework to drive progress toward its most important priorities. It serves as a blueprint for future decision-making and resource allocation, providing a structure for periodic reviews to ensure the Company's priorities, performance measures, and strategies remain relevant. The SBP establishes significant areas of focus for the Company, including water quality, infrastructure investment, financial viability, customers and stakeholders, employer of choice, and business transformation. The 2019-2025 Strategic Plan, developed in 2018 through an effort that sought input from the Board, employees, customers, and external stakeholders, has guided the organization for the last seven years. As this planning cycle concludes, Louisville Water is undertaking a comprehensive process to develop its next SBP for the 2026-2030 timeframe. This new planning effort will begin with a review of the accomplishments associated with the current plan and will incorporate modifications where organizational priorities have evolved. A driver of this process is stakeholder engagement, which includes soliciting input from the Board, leadership, union representatives, and employees to identify priorities and issues for the upcoming years. The process will involve updating the strategic framework, reviewing and prioritizing strategies, and refining metrics to support organizational decision-making. The result of this multi-phased project is to create an updated strategic plan to guide the Company in achieving its organizational vision: for Louisville Water to lead the industry with superior quality, service, innovation, and value.

Activities of the Company, with 465 full-time positions set forth in its 2025 budget, are aligned into the Office of the President and seven departments: Engineering and Production Operations; Customer Service and Distribution Operations; Finance and Procurement; Legal and Risk Management; Human Resources and Labor Relations; Information Technology and Strategic Communications and Marketing. The Engineering and Production Operations group, with 129 full-time employees, is responsible for producing and delivering water that meets Company and regulatory standards and customer expectations by operating and maintaining pumping, treatment and storage facilities, monitoring water quality compliance, and researching water quality and treatment. Additionally, this area is responsible for designing and constructing a long-lived, cost-effective water delivery system meeting customer and regulatory requirements for quality, quantity, and reliability. The Customer Service and Distribution Operations area, with 230 full-time employees, is responsible for anticipating and satisfying customer needs for service and information, customer billing and collections. Additionally, Customer Service operates and maintains the transmission and distribution systems. The Finance and Procurement area with 22 full-time employees is responsible for all of Louisville Water's financial functions including payroll processing and accounts payable, general and project accounting, investment and debt management, budgeting and forecasting, and ratemaking. The group also manages the procurement process to provide the Company with the goods and services needed to conduct operations. The Legal and Risk Management area, with 13 full-time employees, is responsible for legal services, safety and managing risk. Human Resources and Labor Relations, with 14 full-time employees, is responsible for attracting and hiring qualified candidates to meet the needs of the Company while striving to achieve a diverse workforce. The department develops and administers employee policies and procedures and provides monitoring and guidance to promote and maintain a positive work environment and strong labor/management relations. It also manages the Company's compensation and benefits programs. The Information Technology group, with 36 full-time employees, is responsible for information technology resources. The Strategic Communications and Marketing group, with 11 full-time employees, is responsible for internal and external communications, brand development, customer education, government and stakeholder relations and economic development. The Office of the President, with 10 full-time employees, is responsible for corporate and business development and internal audit.

Customers/Accounts

The Company's customer base consists of approximately 304,000 active individual metered accounts (less public fire hydrants) including 274,000 located within the geographic boundaries of Metro, being Jefferson County, Kentucky, and 30,000 located outside of Metro. Additionally, the Company sells water at wholesale rates to nine Kentucky utilities (West Shelby Water District, North Shelby Water Company, Shelbyville Municipal Water and Sewer, City of Taylorsville, North Nelson Water District, Lebanon Junction, Hardin County Water District No. 2, Hardin County Water District No.1 and the City of Mt. Washington). Approximately 86 percent of the active accounts are residential customers.

The following table sets forth the total number of accounts of the Company in each of eight customer categories and the total number of accounts of the Company as of the end of calendar years 2020 through 2024.

Number of Accounts

	2020	% Chg from Prior Year	2021	% Chg from Prior Year	2022	% Chg from Prior Year	2023	% Chg from Prior Year	2024	% Chg from Prior Year
Residential	255,571	1.36	257,083	0.59	257,813	0.28	258,633	0.32	259,862	0.48
Commercial	23,404	0.95	23,498	0.40	23,573	0.32	23,646	0.31	23,792	0.62
Industrial	436	0.23	443	1.61	455	2.71	460	1.10	469	1.96
Irrigation	13,164	-0.96	13,686	3.97	14,079	2.87	14,219	0.99	14,132	-0.61
Wholesale	9	0.00	9	0.00	9	0.00	9	0.00	9	0.00
Public Fire Hydrants	24,695	0.37	24,817	0.49	24,953	0.55	25,079	0.50	25,224	0.58
Fire Services	4,731	1.28	4,773	0.89	4,817	0.92	4,869	1.08	4,930	1.25
Metro Govt	636	-0.16	634	-0.31	641	1.10	608	-5.15	608	0.00
Total	322,646	1.15	324,943	0.71	326,340	0.43	327,523	0.36	329,026	0.46
Less Public Fire Hydrants	24,695	0.37	24,817	0.49	24,953	0.55	25,079	0.50	25,224	0.58
Total Net Customers	297,951	1.22	300,126	0.73	301,387	0.42	302,444	0.35	303,802	0.45

Source: Louisville Water Company

The Company's account base has increased from 297,951 accounts as of December 31, 2020, to 303,802 as of December 31, 2024, an increase of 2.0 percent, which can be attributed to growth in existing distribution areas and expansion into new areas.

The following table sets forth the total number of gallons of water sold for the calendar years 2020 through 2024. Revenue from Public Fire Hydrants is based upon the number of public fire hydrants and not water usage. Consequently, there is no category listed in the following table for Public Fire Hydrants.

Historical Metered Water Usage (1,000 gallons)

	2020	% Chg from Prior Year	2021	% Chg from Prior Year	2022	% Chg from Prior Year	2023	% Chg from Prior Year	2024	% Chg from Prior Year
Residential	12,540,650	1.20	12,511,872	-0.23	11,893,884	-4.94	12,307,836	3.48	12,653,829	2.81
Commercial	10,884,664	-7.10	11,255,019	3.40	11,843,880	5.23	12,000,338	1.32	12,072,383	0.60
Industrial	3,262,518	-12.48	3,372,248	3.36	3,395,836	0.70	3,484,011	2.60	3,491,731	0.22
Irrigation	1,832,614	-13.36	2,003,808	9.34	2,149,253	7.26	2,202,902	2.50	2,314,797	5.08
Wholesale	2,523,463	2.58	3,449,690	36.70	3,188,498	-7.57	3,167,400	-0.66	3,294,978	4.03
Fire Services	51,874	-0.53	51,460	-0.80	52,358	1.75	60,742	16.01	55,972	-7.85
Metro Govt	675,620	-29.31	838,472	24.10	933,120	11.29	969,210	3.87	915,119	-5.58
Total	31,771,403	-4.93	33,482,569	5.39	33,456,829	-0.08	34,192,439	2.20	34,798,809	1.77

Source: Louisville Water Company

Water Rates

The Board is directed by statute to set and collect reasonable rates for water furnished to customers other than Metro and is statutorily exempt from any control by the Kentucky Public Service Commission as to such rates except for rates for water sold to other utilities regulated by the Commission.

The practice of the Board is to review water rates annually, with the latest review completed in December 2024. The review process includes an analysis of revenue and expenditure projections, Capital Improvement Plan requirements, and the City's dividend calculated in accordance with the Resolution. The magnitude and effective date of any adjustment in water rates is then chosen to comply with the Resolution and management's strategic and financial planning.

The Company's finance team performs an annual cost of service rate study that follows the American Water Works Association M1 cost of service rate manual. In addition, periodically the Company has a third-party review of its cost of service and rate structure. The most recent third-party review was in 2018.

Over the last ten years, the Board has increased the Company's water rates annually. The following table reflects rate increases from 2016-2025. The Company's current forecast of income and expenses for the period 2026 through 2030, as set forth in the Company's current long-range financial plan, incorporates an average annual rate increase of approximately 5.1 percent, subject to Board review and approval.

Year	Overall Rate Increase %
2016	3.50
2017	3.50
2018	3.50
2019	3.90
2020	3.50
2021	3.50
2022	3.50
2023	4.25
2024	4.80
2025	4.25

Approximately 48 percent of the Company's customers reside in elevated areas. To offset additional pumping charges, customers in elevated areas pay a surcharge of $0.56 per thousand gallons above the normal water rates. In general, water rates charged by the Company compare favorably to other cities served by municipally owned water companies.

The following table sets forth the average monthly water bills, as of December 31, 2024, in several cities.

Comparison of Water Rates
(Cost per 4,000 gallons)
5/8” meter

City	Inside City	Outside City
Milwaukee	$22.94	$28.70
Nashville	$23.55	$23.55
Atlanta	$26.84	$32.30
Cincinnati	$26.87	$32.66
Indianapolis	$27.93	$27.93
Louisville	**$28.17**	**$28.17**
Columbus	$30.71	$39.93
Knoxville	$34.39	$38.00
Lexington	$41.90	$41.90
St. Louis	$43.85	$44.80

Source: Data Compiled by Louisville Water Company

Public utilities that purchase water from the Company for resale are currently charged $2.23 per thousand gallons for all water purchased, service charges based on meter size, and an elevated area service surcharge of $0.56 per thousand gallons (where applicable). The Company has nine utility customers which serve an estimated 75,000 people in the Kentucky counties of Bullitt (2), Nelson, Shelby (3), Spencer and Hardin (2) and accounted for approximately 4.3 percent of total Company water revenues in 2024, excluding free water and fire hydrants furnished to Metro in lieu of taxes. The duration of the contracts is long-term in nature although subject to termination upon the happening of certain events contained therein. The Company does not anticipate any contract terminations.

The Company, in accordance with existing statutes, furnishes to Metro, free of charge, all the water necessary for use in all Metro buildings, parks, Metro-owned golf courses, and for irrigation of Metro street and highway areas. The Company also furnishes, free of charge within Metro, water for fire protection and furnishes fire hydrants within incorporated and unincorporated areas of Metro (Jefferson County).

Water provided free of charge is valued as if the connection were a paying user. The value of free water is included in revenues and offset as an operating expense (treated as in lieu of tax payments). The Board covenants in the Resolution that, except as now required by Commonwealth law, the Company shall provide no new free services (other than fire protection and water representing a minimum amount for community and charitable events as designated by the Company from time to time) rendered by the Company and all customers (other than those who, on the date of adoption of the Resolution, receive free service) receiving water from the Company shall pay therefore at the established rates.

Financial Planning and Rate Design

In 2018, Louisville Water completed a comprehensive review and update of its cost-of-service model and rate structure design with the assistance of Raftelis, a financial consulting firm specializing in the utility sector. The project also included the development of an enhanced financial modeling tool. The Company established three key priorities to guide the evaluation and update of its rate design: Revenue Stability, Economic Development and Customers. The Company and Raftelis conducted a detailed analysis to ensure the new rate structure design addresses these priorities, while achieving the Company's financial objectives and meeting cost of service requirements.

Enhancing Revenue Stability provides risk mitigation for declining retail water sales, infrastructure and technology needs and a cost structure that is largely fixed. Focusing on this priority, the Company has increased the fixed portion of its water charges. In 2018, fixed charges comprised 50% of the average residential bill. At the conclusion of the five-year phase-in period in 2023, fixed charges are now 58% of the average residential bill. To lessen the impact of a higher fixed charge on low volume residential customers, the new rate structure lowers the charge for the first volumetric tier in the residential category.

The Company's rates should support the region's economy, benefit small and large business, and promote regionalization. To address the priority of Economic Development, the Company's rate structure offers a lower priced small-business rate, while maintaining a declining rate structure for the Company's largest users.

Louisville Water exists to provide service to its customers, who benefit from some of the lowest water rates in the region. The Company will continue to maintain favorable rates through operational efficiency, proactive asset management, effective financial planning, regionalization, and alternative revenue streams.

OPERATIONS

Summary of Operations

Except as expressly provided in the following sentence, the following summary of the Company's net revenues and net debt service coverage was prepared from the information set forth in Appendix B to this Official Statement and other audited financial statements not included in Appendix B examined by Crowe LLP. The figures for aggregate net debt service and debt service coverage were prepared by the Company, based upon actual debt service for the years set forth in the summary.

Louisville Water achieved improved financial performance in 2024 as compared to 2023. Water consumption, which comprises the largest portion of the Company's operating revenue, was 34.8 billion gallons in 2024, with wholesale, residential and irrigation categories driving an overall increase of 1.8 percent over 2023. Growth in wholesale water consumption increased 4.0 percent, reflecting the continued success of Louisville Water's strategy of expanding its regional footprint outside of the Metro area. The growth in water consumption, along with the 4.80 percent rate increase implemented on January 1, 2024, and an increase in other operating revenue of 4.9 percent resulted in an overall increase in operating revenues of 6.3 percent over the prior year.

The growth in operating revenues, along with a reduction in the Governmental Accounting Standards Board 68/75 pension actuarial adjustment enabled the Company to post an increase of 27.0 percent in net income before distributions and contributions.

Summary of Net Revenues and Debt Service Coverage

	Year Ended Dec. 31, 2020	**Year Ended Dec. 31, 2021**	**Year Ended Dec. 31, 2022**	**Year Ended Dec. 31, 2023**	**Year Ended Dec. 31, 2024**
Operating Revenues	$201,752,264	$214,600,036	$224,134,477	$238,351,396	$253,317,959
Non-operating Income	1,622,999	1,290,790	1,736,902	11,124,820	21,883,509
Total Revenues	203,375,263	215,890,826	225,871,379	249,476,216	275,201,468

Operation & Maintenance Expenses	86,699,450	87,935,720	96,107,394	103,224,026	110,996,700
Other Operating Expenses & Depreciation (1)	63,046,101	66,943,341	71,063,981	74,778,996	77,166,854
Total Expenses	149,745,551	154,879,061	167,171,375	178,003,022	188,163,554
Net Income available for debt service	53,629,712	61,011,765	58,700,004	71,473,194	87,037,914
Aggregate net debt service	28,277,060	29,019,969	29,906,220	33,172,818	35,186,818
Coverage	1.90	2.10	1.96	2.15	2.47

(1) The Company cash funds depreciation under the Resolution and therefore deducts depreciation in calculating net income available for debt service.

Water Revenue

The following table sets forth the total water revenues for the calendar years 2020 through 2024.

	2020	% Chg from Prior Year	2021	% Chg from Prior Year	2022	% Chg from Prior Year	2023	% Chg from Prior Year	2024	% Chg from Prior Year
Residential	$78,954,867	5.48	$81,618,617	3.37	$82,273,018	0.80	$88,676,665	7.78	$94,520,214	6.59
Commercial	52,933,323	-1.69	56,504,352	6.75	60,494,301	7.06	64,312,782	6.31	68,371,204	6.31
Industrial	11,500,749	-7.02	12,182,106	5.92	12,666,934	3.98	13,583,210	7.23	14,205,763	4.58
Irrigation	12,053,313	-5.78	13,370,731	10.93	14,706,616	9.99	15,728,332	6.95	17,336,651	10.23
Wholesale	6,196,179	5.24	8,588,180	38.60	8,119,321	-5.46	8,275,473	1.92	8,888,330	7.41
Public Fire Hydrants*	15,357,875	3.90	15,976,142	4.03	16,626,606	4.07	17,419,345	4.77	18,353,626	5.36
Fire Services	3,794,520	5.41	3,974,952	4.76	4,098,706	3.11	4,498,434	9.75	4,735,183	5.26
Metro Govt*	3,048,359	-22.34	3,747,275	22.93	4,201,244	12.11	4,570,067	8.78	4,569,317	-0.02
Total	$183,839,185	0.98	$195,962,355	6.59	$203,186,745	3.69	$217,064,307	6.83	$230,980,288	6.41

*Public Fire Hydrants and Metro Government are provided free water and are recorded as revenue and backed out as an expense.

Source: Louisville Water Company

Operating revenues have continued to increase as a result of increased water sales as well as the Company concentrating efforts on other sources of revenue generation. Other sources of income include home warranty services, contracts with other utilities for sewer billing services and a contract with River Ridge Development Authority related to River Ridge Commerce Center in Clark County, Indiana, to operate its water plant.

For the 2025 budget, the Company decreased consumption slightly to 34.3 billion gallons. This is based on a slight decrease in residential and commercial consumption compared to prior year somewhat offset by an increase in wholesale consumption. The Company has been working to increase water sales by pursuing opportunities to serve wholesale customers in surrounding counties. The Company began delivering water to Hardin County Water District No. 2 (HCWD2) through a wholesale agreement in May 2017. The contract with HCWD2 was amended in September 2022 and mandates a minimum purchase of 730 million gallons in 2025 and increasing to 2.5 billion gallons annually by 2036. Through an agreement with Hardin County Water District No. 1 in 2017, the Company can provide drinking water to customers who do not live in a community adjacent to Jefferson County. This water district can purchase a supply from the Company and then deliver that water to Meade County and the city of Westpoint. Beginning in late 2019, the Company began selling to Shelbyville Municipal Water and Sewer with a new contract that requires a minimum purchase of 0.5 MGD during the first five years of the contract which escalates to 1 MGD in 2026. In 2024, The Company negotiated a new contract with North Nelson Water District which will supply drinking water to the city of Bardstown. The signed contract requires a minimum purchase of 1 MGD.

Approximately 26.6% of all water leaving the treatment plants is either not delivered to customers for their use or is not reflected due to water not being accurately registered on their meters. The water loss percentage has increased over the past several years mainly due to main breaks and leaks in the older parts of the distribution system and aging and slowing meters that the Company is remedying with the implementation of Advanced Metering Infrastructure ("AMI") that is expected to be completed in 2025. AMI is discussed in more detail in the technology section. The Company is also seeking to reduce this percentage through the implementation of leak detection technology in addition to existing leak detection field surveys and the continuation of the water main replacement and rehabilitation (MRRP) program which in 2025 will target about 10 miles of water main. The Company is also looking at properly accounting for the flushing of water by customers (primarily for testing fire services) by adding full-sized meters to fire services.

The ten largest retail customers of the Company set forth in the table below accounted for 7.61 percent of total water sold and 4.39 percent of water revenues for the twelve months ending December 31, 2024. In addition, public utility customers buying water at wholesale accounted for approximately 4.30 percent of water revenues. The percentages stated in this paragraph and in the table below are percentages of revenues of water sold excluding free water and fire hydrants furnished to Metro Government accounts in lieu of taxes.

Ten Largest Retail Customers of the Company (1,000 gallons)

	Monthly Average Metered Consumption 12 Months Ended Dec. 31, 2024	Percent of Total Monthly Average Consumption	Monthly Average Revenues 12 Months Ended Dec. 31, 2024	Annual Revenues Ended Dec. 31, 2024	Percent of Total Monthly Revenues 12 Months Dec. 31, 2024
American Synthetic Rubber	31,985	1.13%	$110,929	$1,331,144	0.64%
Lubrizol Advanced Material	30,005	1.06%	95,008	1,140,102	0.55%
The Chemours Company	29,343	1.04%	91,052	1,092,619	0.53%
MSD (Morris Forman)	24,898	0.88%	85,700	1,028,397	0.49%
Ford Motor Co (Chamberlain)	24,549	0.87%	100,481	1,205,777	0.58%
Brown-Forman Corp	18,777	0.66%	73,086	877,030	0.42%
Haier US Appliance	15,700	0.56%	57,544	690,529	0.33%
Jeff Co Med Ctr Water Plant	14,938	0.53%	55,588	667,057	0.32%
Bakelite LLC	12,314	0.44%	48,112	577,340	0.28%
Ford Motor Co (Fern Valley)	12,304	0.44%	43,660	523,925	0.25%
Totals	214,814	7.61%	761,160	$9,133,921	4.39%

Source: Louisville Water Company

Contract Operations

The Company is under contract with the River Ridge Development Authority for the operation and maintenance of its water treatment, pumping and storage facilities in Jeffersonville, Indiana. The Company also provides emergency response services, engineering and technical support, and construction services. A four-year contract extension was signed in May 2022 that includes a volumetric usage fee of $0.10 for every 1,000 gallons of water sold in River Ridge during each calendar year.

Company Debt

The Company currently has three outstanding bond issuances with an aggregate of three series as of August 1, 2025, as well as the Subordinated KIA Loans. The outstanding bonds, their remaining principal, and the bond maturity dates are as follows:

The current outstanding principal of the Series 2015 Bonds is $82,990,000. The Series 2015 Bonds will mature on November 15, 2035.

The current outstanding principal of the Series 2019 Bonds is $110,495,000. The Series 2019 Bonds will mature on November 15, 2039.

The current outstanding principal of the Series 2022 Bonds is $115,130,000. The Series 2022 Bonds will mature on November 15, 2042.

The current outstanding principal of the 2009 Subordinated KIA Loan is $708,659. The Subordinated KIA Loan matures on December 1, 2031.

The current outstanding principal of the 2024 Subordinated KIA Loan is $32,134,730, none of the proceeds of which have been disbursed.

Billing and Collection Procedures

Over the last four years, the Company has been converting all customers in Jefferson County to monthly billing. At the end of 2024, there were approximately 202,000 customers on monthly billing in Jefferson County. The remaining customers will be converted to monthly billing in 2025. The remainder of the Company's customers are in Bullitt County and Oldham County, Kentucky (mainly residential) which use automated meter reading and are read and billed monthly. Meters are read at the end of each billing period.

When payment for any charge is not made within 22 days from the billing date, the net amount of the bill increases by 5 percent, and the gross amount thus determined must be paid. A delinquency notice is mailed 27 days after the billing date, and it is the Company's policy to terminate water service if payment is not received within 36 days of the billing date. The Company replaced its billing system in March 2015.

At the end of 2024, accounts receivable that were delinquent for more than 90 days amounted to $412,000, which is approximately 0.2 percent of total annual billings of $231 million.

Budget and Accounting

The Fiscal Year of the Company begins on the first day of January. The Board must approve a budget prior to the beginning of each Fiscal Year. As required by the Resolution, the Trustee is provided with annual reports on revenues and expenditures.

The Company operates as a financially independent entity. The Company's accounting system is maintained on an accrual basis in accordance with generally accepted accounting principles. At the close of each month a complete set of financial reports is prepared and presented to management and the Board.

The Company carries its utility plant on its balance sheet at cost, including costs arising from the acquisition of properties. Provision for depreciation is made monthly on a straight-line basis with respect to the costs of the various classes of depreciable property over their respective estimated useful lives. This practice has yielded an effective average annual rate of depreciation of 2.48 percent per year for the five years ending December 31, 2024. As required by the Resolution, the Company cash funds depreciation expense monthly for capital expenditures. A comparative statement of the combined utility plant account and the accumulated depreciation thereon, excluding land and construction work in progress, as of December 31 for each of the past five years, is as follows:

Water Plant Account

Fiscal Year End	2020	2021	2022	2023	2024
Water Plant at Cost	$1,823,050,346	$1,886,101,462	$1,984,223,494	$2,083,757,243	$2,154,090,696
Less:					
Accumulated Depreciation	(633,060,382)	(675,697,695)	(724,182,913)	(773,310,308)	(825,911,836)
Net Water Plant	$1,189,989,964	$1,210,403,767	$1,260,040,581	$1,310,446,935	$1,328,178,860

Capital Improvement Plan

The Company employs a comprehensive capital planning process. Every five years, a twenty-year Facilities Plan is prepared by the Company and its Consulting Engineer. The most recent facilities plan was adopted by the Board in September 2021. The project for the updated facilities plan kicked off recently with planned completion date in Fall 2026. The Company utilizes the Facilities Plan and recommendations from biennial inspections of facilities to develop its five-year Capital Improvement Plan which is updated annually.

The Company's current Capital Improvement Plan was adopted by the Board in November of 2024. The Plan shows planned expenditures of $789 million for the five-year period of 2025 to 2029. Infrastructure renewal projects account for the largest portion of these planned expenditures at close to 67 percent, with growth-related improvements coming in second at 21 percent. The proposed expenditures for these years are consistent with the priorities identified in the 2021 Facilities Plan and the 2021 and 2023 biennial inspections.

The Capital Improvement Plan includes $137.3 million for distribution, transmission, and service replacement and rehabilitation in 2025 and $525.2 million for the five-year planning period. There is also approximately $97.9 million over the five-year period for water purchase agreements related to wholesale customer expansion. The Capital Improvement Plan also includes about $67.0 million in spending over the 2025 to 2029 period for new transmission, boosted pumping, and storage facilities and to serve growth needs, $5.1 million for developer extensions, and $62.4 million for technology and facility improvements.

Proposed capital expenditures for the years 2025 to 2029 from the five-year capital plan of the Board are summarized in the table below:

	Year Ended Dec. 31, 2025	Year Ended Dec. 31, 2026	Year Ended Dec. 31, 2027	Year Ended Dec. 31, 2028	Year Ended Dec. 31, 2029
Infrastructure Replace/Rehabilitation:					
Treatment & Pumping	68,495,788	62,296,578	58,816,950	37,765,118	30,294,642
Distribution & Transmission	55,985,944	44,987,549	45,438,754	39,518,871	40,129,527
Building, Facilities, & Grounds	9,292,992	7,711,179	5,954,860	5,624,224	4,831,495
Equipment & Vehicles/Intangible	3,507,029	1,500,000	1,000,000	1,000,000	1,000,000
Self-Financing Improvements:					
Developer Extensions	2,700,410	610,200	610,200	610,200	610,200
New Services	6,373,900	5,271,206	5,271,206	5,271,206	5,271,206
Relocations	1,025,592	576,140	376,899	190,000	190,000
System Improvements:					
Advanced Treatment	40,000	-	-	-	-
Treatment, Pumpings, & Supply	4,110,361	5,099,877	4,063,304	-	25,000
Facilities	866,386	650,000	650,000	17,150,000	15,150,000
Technology Improvements	9,612,012	1,835,000	1,290,000	975,000	925,000
Growth-Related Improvements:					
Transmission	30,624,434	18,670,976	1,800,000	-	3,582,869
Boosted Pumping	-	-	-	-	267,739
Storage Facilities	7,000,000	4,600,000	500,000	-	-
Water Purchase Agreements	10,550,750	28,915,476	26,606,148	25,366,966	6,432,000
Major Asset Demolition Program:					
Major Asset Demolition Program	475,000	-	-	-	-
Intangible Assets:					
Intangible Assets	617,948	485,659	50,000	50,000	50,000
Inflation Adjustment	-	5,496,295	9,145,699	12,016,943	13,051,161
TOTAL	211,278,546	188,706,135	161,574,020	145,538,528	121,810,839
SOURCES OF FUNDS					
Reimbursement/Contributions (Cash)	6,071,338	5,876,519	6,038,180	5,599,430	10,554,180
Grants	14,022,053	3,255,904	3,255,904	3,255,904	3,255,904
Other Funding	-	25,000,000*	-	-	-
Cash	55,305,313	102,367,976	152,279,936	67,386,467	72,616,744
Debt Financed†	135,879,842	52,205,736	-	69,296,727	35,384,011
TOTAL	211,278,546	188,706,135	161,574,020	145,538,528	121,810,839

* The Company is a participant in a multi-district litigation that has been resolved in favor of the plaintiffs, including the Company. A global settlement amount has been determined and is pending final allocation among the plaintiffs. Although the Company's entitlement to a portion of the settlement is confirmed, the specific amount to be received has not yet been determined. The Company has estimated that $25,000,000 will be received from the settlement. If the Company does not receive its estimate, or any portion thereof, the Company may be required to delay the initiation of certain projects, but not anticipated to be beyond the period of this five-year Capital Improvement Plan.

† The Series 2025 Bond issuance of $240,000,000 includes $51,914,422 of 2024 capital expenditures to be reimbursed to the Board per the resolution adopted on August 20, 2024. Future amounts and dates are projected to change.

The table above represents the sources of funds for a fully funded capital improvement plan. The typical amount expended each year is about 85 to 90 percent of the Capital Improvement Plan**.** The next planned borrowing in the financial plan is 2028.

Employee Relations

As of December 31, 2024, a total of 147 employees are members of Union Local 1683 of the American Federation of State, County and Municipal Employees of the AFL-CIO. The union contract became effective on March 1, 2023 and will expire on February 29, 2028. Labor relations are good and there has never been a strike against the Company.

Employee Pension Plan

All full-time employees of the Company, after one year of service, participate in the County Employee Retirement System ("CERS"), which is a cost-sharing multiple-employer defined benefit retirement plan administered by the Kentucky Public Pensions Authority ("KPPA"), an agency of the Commonwealth. CERS provides for retirement, disability and death benefits to plan members and beneficiaries. KPPA issues a publicly available financial report that includes financial statements and required supplemental information for CERS. That report may be obtained by writing to KPPA, 1260 Louisville Road, Frankfort, Kentucky 40601-6124.

Plan members are required to contribute 5 percent of creditable compensation if hired before September 1, 2008. Plan members hired on or after that date are required to contribute 6 percent of creditable compensation. Participating employees contributed creditable compensation to CERS as shown in the table below.

The Company is required to contribute the remaining amounts necessary to pay benefits when due. The Company's contribution rate, determined by CERS, was 26.79% effective July 1, 2022, 23.34% effective July 1, 2023, 19.71% effective July 1, 2024, and 18.62% effective July 1, 2025. Employer contribution rates are intended to fund the normal cost on a current basis plus an amount equal to the amortization of unfunded past service costs over 30 years. The annual cost to the Company is equal to the annual required contributions. The Company contributions, total payroll and CERS covered payroll are shown below:

December 31,	Employee Contributions	Employer Contributions	Total Payroll	Covered Payroll
2024	$2,135,715	$8,575,899	$43,788,466	$38,363,144
2023	1,944,078	9,136,968	39,911,104	32,215,632
2022	1,812,245	9,181,399	37,161,473	33,053,390
2021	1,828,214	8,800,833	36,561,954	33,449,857

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit. All Company employees participating in the CERS defined benefit retirement plan are nonhazardous employees.

According to the KPPA 2024 Annual Report as of June 30, 2024, the funding level for the CERS non-hazardous pension fund was at 58.4%, up from 56.1% as of June 30, 2023. House Bill 362 that passed during the 2018 legislative session caps CERS employer contribution rate increases up to 12% per year over the prior year for the period of July 1, 2018, to June 30, 2028.

Enterprise Risk Management

The Company utilizes an Enterprise Risk Management Program to identify, assess and manage risks while ensuring adequate controls are in place. Risk controls are the processes, procedures, structures, and systems put into place to mitigate risk. Management continuously monitors these controls to identify the needed updates and improvements. In 2024, the Company completed a vulnerability assessment of its operations and systems in compliance with federal regulations requiring water utilities to complete a "risk and resiliency assessment" that considers risks posed by both natural disasters and terrorist attacks. The Company, as well as water utilities generally, are required to certify that they have reviewed the risk and resiliency assessment at least once every five years to make any required revisions. In addition to the periodic five-year risk and resiliency assessment, the Company's leadership likewise embarked on a multi-department Enterprise Risk Management Assessment, which will be updated on an annual basis to improve corporate risk management practices. This ongoing assessment of Company risks is being led by a dedicated internal risk resource with the support of executive leadership. Risks are categorized, and the highest-level risks are given special attention from a mitigation standpoint through an intuitive heat-mapping approach. Individual department and business unit leadership have an active role in controlling these risks as they are monitored by our Risk Management area. The Company has also leveraged the resources of our insurance broker partner to conduct an external review of all managed risks to further solidify our understanding and control of the inherent risks that the organization faces. The Company is consolidating its risk management functions (i.e., corporate insurance, physical security, and environmental, health, and safety) into one business unit alongside legal and claims professionals to promote resource sharing and strategic planning.

Economic Factors

Management believes that while the nationwide trend of declining water consumption has moderated to some extent, it will continue to be a challenging issue for the Company. Management has implemented strategies to enhance revenue stability via both traditional and non-traditional avenues to offset the negative impact of lower retail water sales. The Company has had notable success in its regionalization efforts, through additional sales to existing customers and the execution of new wholesale contracts. Management will continue to actively pursue these opportunities. The Company has also had positive results with non-traditional revenue initiatives such as its service line protection program and sewer billing services. Management will seek new growth opportunities that capitalize on the existing competencies, expertise and strengths of the Company, focusing on innovative new products and services.

Business Transformation

The Company has a long-established commitment to operational excellence and is now additionally focused on transformational change. The Company is transforming its business through strategic initiatives, each of which is intended to impact the way the Company operates. Louisville Water is committed to assuring organizational focus and resources are applied to develop and implement these initiatives.

Key strategies for business transformation include: increase focus on innovation; develop revenue streams by implementing entrepreneurial growth strategies; pursue traditional and non-traditional revenue enhancement opportunities; utilize leading technologies in its operations; and leverage the One Water partnership. See “OPERATIONS, REVENUES AND EXPENSES - Interlocal Agreement with Louisville and Jefferson County Metropolitan Sewer District”.

Technology

The Company has made significant strides in modernizing its information technology infrastructure to enhance operational efficiency, data security, and customer service. These efforts reflect a broader strategic commitment to digital transformation and long-term resilience. A major milestone was the full migration to a cloud-based environment by early 2024, which improved system reliability, scalability, and disaster recovery capabilities. This move also enabled the automation of recovery processes to ensure business continuity during system failures. To further strengthen data protection, the Company launched a Data Classification Project in 2024, aimed at systematically categorizing and securing sensitive information in compliance with privacy standards and cybersecurity best practices. Customer-facing technologies received substantial upgrades as well. Legacy call center systems were replaced with a modern, cloud-based Interactive Voice Response and contact center platform (Nextidia/Five9), resulting in improved call handling, shorter wait times, and omni-channel support. Additionally, a new Integrated Virtual Assistant was implemented to streamline customer interactions and ease call center demand. Enterprise software and licensing were also modernized. The Company renewed and expanded its Microsoft Enterprise Agreements (2024–2027) to support productivity, collaboration, and endpoint security. Furthermore, the Oracle Utilities Customer Care & Billing system was upgraded and transitioned to Oracle Cloud Infrastructure, improving performance and integration across systems. In the area of human capital management, a multi-year implementation of Oracle’s HCM Cloud solution was initiated to replace current HR and payroll systems. The rollout of Advanced Metering Infrastructure continued, with over 284,000 endpoints installed at the end of 2024 and the full conversion of Jefferson County customers to monthly billing to be completed in Fall 2025. This technology supports real-time usage monitoring, leak detection, and more accurate billing. Finally, the Company prioritized cybersecurity and risk management through updated assessments, improved monitoring, and enhanced response capabilities. IT operations were more closely aligned with enterprise risk management to ensure that technology investments support overall organizational resilience.

Interlocal Agreement with Louisville and Jefferson County Metropolitan Sewer District

The Louisville One Water Partnership (the “One Water Partnership”) is an innovative collaboration between Louisville Water and Louisville Metropolitan Sewer District (“MSD”). The One Water Partnership is governed by an Interlocal Cooperative Agreement and activities are overseen by the One Water Advisory Council which consists of sixteen members: eight members each from the executive leadership of Louisville Water and MSD.

The One Water Partnership initiative focuses on developing strategic ways the two utilities can partner on projects and programs to benefit the community. Louisville Water and MSD manage the water cycle for nearly one million people in the community and the One Water Partnership creates a framework that allows the two organizations to leverage and share their individual strengths and expertise to continuously improve the customer experience and address affordability, drive operational efficiencies, and fuel advancement and innovation in water management.

ENVIRONMENTAL MATTERS

The Safe Drinking Water Act (“SDWA”), Public Law 93-523, was enacted December 6, 1974, and amended several times. The SDWA requires the U.S. EPA to develop, establish and enforce national drinking water standards. The SDWA also mandates specific procedures including public notification, as well as penalties for drinking water supplies that do not meet these standards. Kentucky is a “primacy” state wherein the Kentucky Division of Water has been granted the authority to administer and enforce these standards for the state.

Prior to mid-1986 the U.S. EPA, under the SDWA, initiated and finalized both Primary and Secondary Drinking Water Regulations which limited the concentration of specific organic and inorganic chemicals allowable in public drinking water. In 1986, Congress re-authorized the SDWA with amendments that were designed to guard public health more closely. The amendments called for more stringent regulations and the periodic regulation of additional organic and inorganic contaminant levels for treatment. In August 1996, the SDWA was again re-authorized with a focus on providing a sound scientific basis for any new regulations, examining the costs and benefits of proposed regulations, and providing more water-quality information to the public. All public water suppliers are required to prepare an annual Consumer Confidence Report informing its customers how the water supplier has complied with the drinking water regulations. Louisville Water published its water quality results for many years prior to it becoming mandatory.

Since passage of SDWA in 1974, Louisville Water staff has been actively involved in the regulatory development process. Through the American Water Works Association (“AWWA”), Company personnel have held key leadership positions in the rulemaking processes for disinfection and the treatment of surface water. This activity has helped the Company to stay ahead of critical regulatory issues affecting the waterworks system and has provided Company personnel a role in shaping regulations.

Through involvement in the rule-making process, the Company has been able to develop plans in anticipation of upcoming regulatory requirements. This has been manifested with the incorporation of advanced water treatment technologies including riverbank filtration (a process now implemented at the Company) as an identified treatment for meeting the requirements of the Long-term 2 Enhanced Surface Water Treatment Rule (“LT2”) and the Stage 2 Disinfection By-Products Rule (“Stage 2”) that were promulgated in December 2005. The Company has been able to comply with regulatory requirements and is well-positioned to continue to meet the compliance requirements of these two regulations.

In addition, the Company operates water-quality facilities staffed with experienced scientific and engineering personnel to ensure operational resiliency. The water-quality laboratory and treatment facilities are equipped with up-to-date instrumentation controls and monitoring devices. The Company closely monitors regulatory proposals and changes and participates in research projects sponsored by the Water Research Foundation (“WRF”). The Company has been a longstanding WRF subscriber and participating utility. Regular communication and participation with other utilities, regulatory agencies, and industrial organizations keep the Company abreast of changes that may impact the water utility industry.

Long-term 2 Enhanced Surface Water Treatment Rule and Stage 2 Disinfection By-product Rule

The objectives of LT2 and Stage 2 are to reduce and balance the health risks associated with microbial and chemical contaminants in drinking water. U.S. EPA required large water utilities, including the Company, to fully comply with these regulations after April 2012.

Louisville Water is able to comply with the LT2 requirements and the Stage 2 regulation with safety margins because of optimizations the Company implemented in its water-treatment process as well as additional capital investments made at its water treatment plants. For example, the levels of disinfection by-products in the finished product have been less than 50% of the Stage 2 limit and an extra 1-log disinfection credit has always been achieved for the LT2 requirements. The Company's philosophy is to provide water quality that surpasses the requirements of regulations, and based on that approach, the Company continues to invest in water-treatment technologies that are intended to provide for a reduction in the risk elements of public water supply in an efficient, economical manner, beyond the requirements of regulation.

Other Water Quality Concerns and Future Regulations

The Company conducts monitoring for a number of seasonal issues that can impact water quality or treatment process performance if not mitigated. Runoff from agriculture is a primary source of atrazine and other regulated contaminants that threaten many Midwest surface water supplies, typically during spring runoff. The Company initiated monitoring for these compounds in the mid-1990s and has characterized the occurrence of these compounds in the Ohio River. Enhanced monitoring ensures that timely treatment changes are made to effectively manage changes in source water quality. Louisville Water also tracks nutrient levels in the river, turbidity, total organic carbon, bacteria, and the occurrence of algae, including harmful algae and algae that can cause taste and odor issues or other treatment issues. Monitoring data are used to optimize treatment and ensure finished water quality. Riverbank filtration is also effective in reducing these types of contaminants in the water supply.

The Company continues to stay abreast of new regulatory developments by its participation in state and federal regulatory processes and industry-sponsored scientific research. Contaminants of emerging concern for water systems include pharmaceuticals and personal care products, Chromium (VI), per- and polyfluoroalkyl substances ("PFAS"), chlorate and perchlorate. The Company's research has shown existing technologies like activated carbon and riverbank filtration provide effective treatment for many of these contaminants and the Company is well positioned to meet future regulatory challenges. In April 2024, the U.S. EPA finalized maximum contaminant levels ("MCLs") for perfluorooctanoic acid and perfluorooctane sulfonate at 4 ng/L, respectively. The U.S. EPA also finalized MCLs for three other PFAS, including hexafluoropropyloxide-dimer acid, perfluorohexanoic sulfonate, and perfluorononoic acid which were subsequently rescinded, pending further review as of May 2025.

In 2021, the U.S. EPA finalized the Lead and Copper Rule Revisions ("LCRR"). Louisville Water developed a comprehensive action plan for the successful implementation of LCRR requirements, ahead of the October 2024 compliance deadline. In 2024, the U.S. EPA finalized the Lead and Copper Rule Improvements ("LCRI") which go into effect November 2027. In preparation for these requirements, the Company has proactively implemented several programs to ensure early implementation of the LCRR/LCRI requirements. The Company successfully launched a "Find & Fix" program that provides identification of unknown pipes and full replacement of customer-owned lead and galvanized pipes, at no cost to the customer. The Company is also actively engaged in water quality studies using harvested lead and galvanized pipe to further optimize corrosion control treatment. The Company has also launched free inspection and sampling services for all schools and childcare facilities. All these program offerings are aimed at communicating effectively to our customers, increasing awareness of the risks associated with lead pipes, and helping them take steps to ensure the safety and wellbeing of their families.

System Sanitary Survey

Water systems are required to conduct a system sanitary survey every three years to assure the water systems are adequately designed, well maintained and operated, well managed and in compliance with drinking water regulations. The survey for the Company's systems was conducted by the Kentucky Division of Water in 2002, 2005, 2008, 2011, 2014, 2017, 2020 and 2023. No significant findings were identified in those surveys.

Partnership for Safe Water ("PSW")

Since its inception in 1995, Louisville Water has held a key leadership role in the PSW. The PSW is an alliance between the drinking water industry (AWWA, WRF, NAWC, AMWA, WateReuse Association) and regulators (U.S. EPA and ASDWA) focused on improving public health through voluntary optimization of water system operations, both treatment and distribution. Company staff actively serve on treatment and distribution program committees, including the current chair of the treatment committee. By setting operational water-quality goals as more stringent than current regulatory standards and providing tools to help systems voluntarily optimize performance, the PSW has resulted in measurable improvements in drinking water quality for over 100 million people served by its participating utilities. A Center for Disease Control report (May 2000) noted that a dramatic decrease in disease outbreaks associated with surface water treatment plants could be the result of "efforts of the drinking water industry (*e.g.*, Partnership for Safe Drinking Water)".

The Company has maintained the "Directors Award" for both water treatment plants since 2000. The Directors Award recognizes plants that have committed to a process of continuous self-assessment and performance improvement. The Company has also achieved and maintained the "Excellence in Water Treatment Award" - the highest level of PSW recognition - for both treatment plants (B.E. Payne since 2010 and Crescent Hill since 2015). The Excellence Award recognizes plants that have demonstrated to industry peers having achieved full optimization of water quality and operations. These plants are two of only 19 plants to receive this award nationwide.

In 2010, the PSW expanded from its flagship treatment optimization program to create a new distribution system optimization program to assure water quality and operational resiliency in distribution systems. The Company was a charter member of the PSW distribution system optimization program and, in 2013, became the first large water system in the nation (serving more than 500,000 people) to receive the "Director's Award". In 2022, the Company became one of only ten water utilities nationwide to achieve the "President's Award" for distribution system optimization. The President's Award recognizes systems that continuously meet more stringent water-quality goals.

REPORT OF CONSULTING ENGINEERS

Hazen and Sawyer ("Hazen") have studied and analyzed the Company's financial results and projections, the facilities of the Company, the Company's operations and certain projections relating thereto. Their report (the "Report") in connection with their study and analysis is included as Appendix D hereto. The findings stated in the Report are as follows:

(1) Louisville Water is operating and maintaining its facilities to allow for adequate drinking water production and supply, as well as making recommended facility improvements based on biennial inspections conducted by Hazen.

(2) Louisville Water is currently in compliance with all state and federal drinking water requirements. The system is in an advantageous position to address future regulations should they be implemented. Louisville Water is investing in its distribution system water quality management programs to cover any potential regulatory issues that may arise with the introduction of more stringent regulations.

(3) Louisville Water's key staff are qualified to manage its system and make decisions regarding improvements to maintain compliance with regulatory requirements.

(4) The water demand projections presented in the Report show a small overall increase in total consumption throughout the study period. Slow population growth and increasing water conservation and efficiency contribute to a trend of declining residential consumption. Commercial and industrial consumption remain flat throughout the planning period. An increase in wholesale consumption (projected in Fiscal Year 2029) yields a total increase in demand over the planning period despite flat projections in consumption in other customer classes. Louisville Water continues to expand its customer base to offset the per account decrease in residential demand. Louisville Water has sufficient physical capacity to continue to expand its customer base.

(5) Water demand and financial projections presented in the financial analysis of the Report were prepared by Louisville Water. Conservative assumptions used in the financial analysis should mitigate financial risks even in the event of an unexpected economic downturn.

(6) The findings in the financial analysis of the Report are based on an assumed annual rate adjustment based on the financial needs of the system.

(7) The rate adjustments over the study period and increases in non-rate revenue are deemed to be sufficient to counter limited water demand growth to boost overall revenue generation.

(8) The 5-year forecast of projected revenues indicates a strong financial position with an operating surplus in each year forecasted.

It is Hazen's opinion that the Issuer's issuance of the Series 2025 Bonds in support of approximately $240 million in projects and other purposes described in the Report is advisable and meets the requirements of Sections 202, 203 and 603 of the Resolution.

INVESTMENT CONSIDERATIONS

General

The purchase of the Series 2025 Bonds is subject to a number of investment considerations. The following is a discussion of certain investment considerations, which, among others, could affect the ability of the Company to pay the principal of and interest on the Series 2025 Bonds and which could also affect the marketability of, or the market price for, the Series 2025 Bonds. Such discussion is not, and is not intended to be, a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement, including the appendices attached hereto. Each prospective purchaser of any Series 2025 Bond should read this Official Statement, including the appendices attached hereto, in its entirety and consult such prospective purchaser's own investment or legal advisor for a more complete explanation of the matters that should be considered when purchasing an investment such as the Series 2025 Bonds.

Enforceability of Remedies

The remedies available to the Beneficial Owners of the Series 2025 Bonds upon any event of default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay.

The enforceability of remedies or rights with respect to the Series 2025 Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Under existing law, municipalities must obtain the consent of state governments in order to avail themselves of federal bankruptcy protection under Title 11 of the United States Code. The various legal opinions to be delivered concurrently with the delivery of the Series 2025 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, moratorium, or other similar laws affecting the rights of creditors generally or as to the availability of any particular remedy.

Redemption Prior to Maturity

The Series 2025 Bonds are subject to optional redemption prior to maturity, as more fully described herein. See "DESCRIPTION OF THE SERIES 2025 BONDS – Optional Redemption" herein. A prospective investor should consider these redemption rights when making any investment decision. Following redemption, the Beneficial Owners of the Series 2025 Bonds may not be able to reinvest their funds at a comparable interest rate.

Secondary Market Prices

No assurance can be given that a secondary market for any of the Series 2025 Bonds will be available and no assurance can be given that the initial offering prices for the Series 2025 Bonds will continue for any period of time.

The Series 2025 Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Series 2025 Bonds in the event a Beneficial Owner thereof determines to solicit purchasers of the Series 2025 Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Series 2025 Bonds may be sold. Such price may be lower than that paid by the current Beneficial Owner of the Series 2025 Bonds, depending on existing market conditions and other factors.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Company's location next to the Ohio River increases its vulnerability to flooding. In addition to flooding, the Company faces other threats due to climate change, including drought, extreme heat and damaging wind that could become more severe and frequent. The Company cannot predict the timing, extent or severity of climate change and its impact on the Company's operations and finances.

Cyber Security

The Company utilizes various computer systems and network technology to perform many of its vital operations. Such operations often include the storage and transmission of sensitive information. As a result, the Company may be the target of cyberattacks attempting to gain access to such information. In addition to intentional attacks, information breaches may occur due to unintentional employee error. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt municipal services and operations and subject the Company to legal action. The Company has no knowledge of, nor historical record of, any material cyber security breach or related attack. Attempted cyber security attacks, whether anonymous or targeted, occur on a periodic frequency that is not uncommon to organizations or entities similar to the Company. To mitigate against such risks, the Company has instituted various policies and procedures to protect its network infrastructure, including general cyber security training and awareness for all employees. The Company also maintains insurance against cyber security incidents. Despite the Company's measures to safeguard its network infrastructure, there are no guarantees that such measures will be successful.

TAX TREATMENT

It is the opinion of Bond Counsel, Stites & Harbison, PLLC, assuming the correctness and accuracy of certain representations and warranties of the Board, the Company, public officials and others made in connection with the issuance of the Series 2025 Bonds, that under existing law, (a) interest on the Series 2025 Bonds (i) is excluded from gross income for federal income tax purposes and is exempt from income taxation by the Commonwealth, and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax (however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations), and (b) the Series 2025 Bonds are exempt from ad valorem taxation by the Commonwealth and its political subdivisions.

The opinion of Bond Counsel set forth above is based upon and assumes the accuracy of certain representations and compliance by the Board, the Company, public officials and others with certain representations and covenants set forth in the proceedings authorizing the Series 2025 Bonds which are intended to assure that the Series 2025 Bonds are and will remain obligations the interest on which is not includable in gross income of the recipients thereof under the law in effect on the date of such opinion. On the date of the opinion and subsequent to the original delivery of the Series 2025 Bonds, such representations must be accurate and complete and such covenants must continue to be complied with in order that interest on the Series 2025 Bonds be and remain excludable from gross income of the recipients thereof for federal income tax purposes under existing law.

The opinion of Bond Counsel as to the exclusion of interest on the Series 2025 Bonds from gross income for federal income tax purposes will be subject to the following exceptions and qualifications:

(a) The Code provides for a "branch profits tax" which subjects to tax, at a rate of 30%, the effectively connected earnings and profits of a foreign corporation which engages in a United States trade or business. Interest on the Series 2025 Bonds would be includable in the amount of effectively connected earnings and profits and thus would increase the branch profits tax liability.

(b) The Code also provides that passive investment income, including interest on the Series 2025 Bonds, may be subject to taxation for any S corporation with Subchapter C earnings and profits at the close of its taxable year if greater than 25% of its gross receipts is passive investment income.

Except as stated above, Bond Counsel will express no opinion as to any federal or Kentucky tax consequences resulting from the receipt of interest on the Series 2025 Bonds.

Holders of the Series 2025 Bonds should be aware that the ownership of the Series 2025 Bonds may result in collateral federal income tax consequences. For instance, the Code provides that property and casualty insurance companies will be required to reduce their loss reserve deductions by 15% of the tax-exempt interest received on certain obligations, such as the Series 2025 Bonds, acquired after August 7, 1986. (For purposes of the immediately preceding sentence, a portion of dividends paid to an affiliated insurance company may be treated as tax-exempt interest.) The Code further provides for the disallowance of any deduction for interest expenses incurred by banks and certain other financial institutions attributable to carrying certain tax-exempt obligations, such as the Series 2025 Bonds, acquired after August 7, 1986. The Code also provides that, with respect to taxpayers other than such financial institutions, such taxpayers will be unable to deduct any portion of the interest expenses incurred or continued to purchase or carry the Series 2025 Bonds. The Code also provides, with respect to individuals, that interest on tax-exempt obligations, including the Series 2025 Bonds, is included in modified adjusted gross income for purposes of determining the taxability of social security and railroad retirement benefits. Further, the earned income credit is not allowed for individuals with an aggregate amount of disqualified income other than within the meaning of Section 32 of the Code which exceeds $2,200. Interest on the Series 2025 Bonds will be taken into account in the calculation of the disqualified income.

A draft of the opinion of Bond Counsel relating to the Series 2025 Bonds in substantially the form in which it is expected to be delivered is included as Appendix E.

Original Issue Discount

Certain of the Series 2025 Bonds (collectively the "Discount Bonds"), may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (original principal amount) over the "issue price" of each Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons or financial intermediaries acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity are sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of the Discount Bond over the period to maturity based on the constant interest rate method, compounded semi-annually. With respect to a purchaser of a Discount Bond at its issue price in the initial offering, the portion of OID that accrues during the period that the purchaser owns the Discount Bond (i) is interest excludable from that purchaser's gross income for federal income tax purposes to the same extent and subject to the same extent and subject to the same considerations discussed above as to other interest on the Series 2025 Bonds, and (ii) is added to that purchaser's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond.

Owners of Discount Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID accruable each year with respect to such Bonds and as to other federal tax consequences and the treatment of OID for state and local tax purposes.

Original Issue Premium

The initial public offering prices of certain of the Series 2025 Bonds (the "Premium Bonds") may be greater than the amounts payable at maturity with respect to such Premium Bonds. The difference between (a) the amount payable at maturity of the Premium Bonds and (b) the initial offering price to the public (excluding bond houses, brokers or similar persons or financial intermediaries acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Premium Bonds of such maturities are sold, will constitute "original issue premium" ("OIP"). Under certain circumstances, as a result of the tax cost reduction requirements of the Code relating to the amortization of bond premium, the owner of a Premium Bond may realize a taxable gain upon its disposition even though the Premium Bond is sold or redeemed for an amount not greater than the owner's original acquisition cost.

Owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the amount of OIP properly accruable with respect to such Premium Bonds, other tax consequences of owning Premium Bonds, and with respect to the local tax consequences of holding such Premium Bonds.

PURCHASE

The Series 2025 Bonds are being purchased from the Board by _________ (the "Purchaser"). The Purchaser has agreed to purchase the Series 2025 Bonds for an aggregate purchase price of $_________ (which represents the face amount of the Series 2025 Bonds less purchaser's discount of $_________ plus net original issue premium of $_________).

The initial public offering price set forth on the inside cover page may be changed by the Purchaser, and the Purchaser may offer and sell the Series 2025 Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the offering price set forth on the inside cover page. The Purchaser will purchase all the Series 2025 Bonds if any are purchased.

RATINGS

Standard & Poor's Ratings Services ("S&P") and Moody's Investors Service, Inc. ("Moody's") have assigned ratings of AAA and Aaa, respectively. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by either or both of the rating agencies, if in the judgment of either or both of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings could have an adverse effect on the market price of the Series 2025 Bonds.

LITIGATION

There is no litigation pending against Metro, the Board or the Company nor, to the knowledge of their officers and counsel, threatened, which in any way questions or affects the validity of the 2025 Bonds or the authority of the Board or the Company to pay debt service on the Series 2025 Bonds, or any proceedings or transactions relating to their issuance, sale and delivery. There is no litigation pending that in any manner questions the right of Metro, the Board or the Company to operate the Company's facilities or their right to conduct their activities in accordance with the provisions of Sections 96.230 to 96.316, inclusive, of the Kentucky Revised Statutes or of the Resolution.

While there is currently no other pending litigation, the Company does become involved in litigation from time to time in the normal course of business.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Series 2025 Bonds are subject to the approval of Stites & Harbison, PLLC, Bond Counsel, Louisville, Kentucky. Certain legal matters will be passed upon by Michael F. Tigue, Esq. on behalf of the Company. Certain legal matters will be passed upon for the Purchaser of the Series 2025 Bonds by Stites & Harbison, PLLC, Disclosure Counsel, Louisville, Kentucky.

FINANCIAL ADVISOR

Raymond James & Associates, Inc. ("Raymond James") has been employed by the Board to perform professional services in the capacity of Financial Advisor to the Board and the Company in connection with the issuance of the Series 2025 Bonds and will receive a fee for their services as Financial Advisor. As Financial Advisor for this transaction, Raymond James has provided advice on the plan of financing and structure of the issue, reviewed and commented on certain legal and disclosure documents, and drafted certain portions of the Official Statement based upon information provided by various sources that are believed to be reliable. The Financial Advisor has not verified the factual information contained herein and does not guarantee the accuracy thereof.

If the Board or the Company purchases open market securities to be held in the Project Fund, Raymond James may act as registered investment advisor to the Board or Company in its capacity as bidding agent in conducting a competitive bid procurement process for such securities. Raymond James may receive compensation for bidding agent services contingent on the sale and delivery of the Series 2025 Bonds.

INDEPENDENT ACCOUNTANTS

The financial statements of the Company as of December 31, 2024, and for the fiscal year then ended have been audited by Crowe LLP.

CONTINUING DISCLOSURE

The Company and Digital Assurance Certification, LLC ("DAC"), a Florida limited liability company, will enter into a Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of September 1, 2025, a form of which is attached hereto and incorporated herein by reference as Appendix F, for the benefit of the holders of the Series 2025 Bonds upon their issuance. The Company will covenant and agree to provide, consistent with the requirements of Rule 15c2-12, to each nationally recognized municipal securities information repository ("NRMSIR") or the Municipal Securities Rulemaking Board (the "MSRB"), and the appropriate state information depository, if any: (a) annual financial information and operating data for the Company, including audited financial statements of the Company for each fiscal year of the Company, commencing with their fiscal year ending December 31, 2025; (b) in a timely manner, not later than ten business days after the event, notices of certain events with respect to the Series 2025 Bonds, (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security; (vii) modifications to rights of security holders, if material; (viii) bond calls (except in the case of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event, if the terms under which the redemption is to occur are set forth in detail in the Official Statement and the only open issue is which Series 2025 Bonds will be redeemed in the case of a partial redemption, provided notice of the redemption is given to the Bondholders and the public; see Exchange Act Release No. 23856, Dec. 3, 1986) and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the securities, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person); (xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties. Effective on July 1, 2009, the MSRB became the sole NRMSIR and the Company's filings with the MSRB will be in accordance with the MSRB's Electronic Municipal Market Access (EMMA) system, as applicable to the Disclosure Agreement. The continuing obligation of the Company to provide annual financial information and notices referred to above will terminate with respect to the Series 2025 Bonds when the Series 2025 Bonds are no longer Outstanding. Any failure by the Company to comply with the foregoing will not constitute a default with respect to the Series 2025 Bonds.

MISCELLANEOUS

The appendices to the Official Statement are hereby incorporated as integral parts of this Official Statement.

The summaries or descriptions of provisions in the Resolution, and all reference to other materials not purporting to be quoted in full, are only brief outlines of certain provisions thereof and do not constitute complete statements of the content of such documents or provisions, and reference is hereby made to the complete documents relating to such matters for further information, copies of which will be furnished by the Company or the Financial Advisor on request.

This Official Statement and any advertisement of the Series 2025 Bonds are not to be construed as a contract with the purchasers of the Series 2025 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly identified, are set forth as such and not as representations of fact, and no representation is made that any of these estimates will be realized.

BOARD OF WATER WORKS OF THE LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY

By ____

Lynn O. Pearson
Vice President, Finance - Treasurer

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a short summary of certain provisions of the Resolution. Certain capitalized words and terms used in this summary are defined in the Resolution and shall have the same meanings herein as contained in the Resolution. The following statements are in all respects subject to and qualified in their entirety by reference to the Resolution.

Definitions

"Aggregate Bond Service" for any period shall mean, as of any date of calculation and with respect to all Bonds, the sum of the amounts of Bond Service for such period. Aggregate Bond Service shall be reduced by the amount of any federal, state, or local subsidies, like, for example, Build America Bonds, that are designed to impact the amount of interest paid by the Company.

"Bond Fiscal Year" shall mean the period of twelve (12) consecutive months beginning on the fifteenth day of November in any calendar year and ending on the fourteenth day of November in the next succeeding calendar year.

"Bond Reserve Requirement" shall mean an amount equal to 50% of the maximum Aggregate Bond Service in the current or any future Bond Fiscal Year.

"Bond Service" for any period shall mean, as of any date of calculation and with respect to any Series Outstanding, an amount equal to the sum of (i) interest accrued during such period on Bonds of such Series and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, if there shall be no such preceding Principal Installment due date, from a date one year preceding the due date of such Principal Installment). Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof. The calculation of interest on Bonds bearing a variable rate of interest shall be made on the assumption that the rate of interest applicable for such period will be the same as the average annual rate of interest on such Bonds for the 12-month period immediately preceding the date of calculation or, if such Bonds were not Outstanding during such entire 12-month period, the average interest rate for the portion of such period during which such Bonds were Outstanding, or if such Bonds were not Outstanding during any part of such 12-month period, at a fixed rate equal to the Bond Buyer Revenue Index or such similar index if the Bond Buyer Revenue Index is no longer available.

"City" shall mean the City of Louisville, Kentucky.

"Commissioners" shall mean the Commissioners of the Revenue Commission of Metro or any successor thereto.

"Consulting Engineers" shall mean any engineer, engineers or engineering firm or corporation having skill, experience, a national and favorable reputation. The Trustee shall be given prompt written notice of the appointment of a new Consulting Engineer.

"Current Expenses" shall mean the Company's reasonable and necessary current expenses of maintenance, repair and operation of the Company, and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance, repair and operation, which may include expenses not annually recurring, all administrative and engineering expenses, any reasonable payments to pension or retirement funds properly chargeable to the Company, insurance premiums, fees and expenses of the Trustee and of the Paying Agents, legal expenses, interest on any indebtedness issued for the Company with a lien subordinate to the lien on the Bonds, and any other expenses required to be paid by the Company under the provisions of the Resolution or by law, but shall not include any reserves for extraordinary maintenance or repair, or any allowance for depreciation, or any deposits or transfers to the credit of the Bond Fund, the Depreciation Fund, the Operating Reserve Fund and the Infrastructure Replacement Reserve Fund.

"Depository" shall mean any bank or trust company selected by the Board as a depository of Company moneys to be held under the provisions of the Resolution, which may include the Trustee.

"Fiscal Year" shall mean that period of twelve consecutive calendar months which shall be determined and ordered by the Board from time to time to constitute the Fiscal Year of the Company and the Board.

"Government Obligations" shall mean direct obligations of, or obligations guaranteed by, the United States of America and, to the extent permitted by law, any certificate or other evidence of an ownership interest in any such securities or in specified portions thereof consisting of the principal thereof or the interest thereon or any combination thereof.

"Investment Securities" shall mean (i) Government Obligations and to the extent permitted by law, obligations the principal of and interest on which are fully secured thereby, (ii) to the extent permitted by law, obligations issued by any of the following agencies: Export-Import Bank, Government National Mortgage Association, Farmers Home Administration, the Federal National Mortgage Association to the extent that such obligations are guaranteed by the Government National Mortgage Association, any federal agency to the extent that such obligations are backed by the full faith and credit of the United States and interest on obligations issued by the Resolution Trust Funding Corporation, (iii) to the extent permitted by law, public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public housing authorities, or project notes issued by local public agencies, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America, (iv) to the extent permitted by law, deposits in interest-bearing time deposits or certificates of deposit issued by banks which are members of the Federal Reserve System ("FRS") and are FDIC Insured, corporate fixed income securities, collateralized repurchase agreements, or similar arrangements issued or provided by any bank, trust company or national banking association, including the Trustee, which is a member of the FRS and has a capital stock and surplus of at least $25,000,000, (v) to the extent permitted by law, fixed income securities (including securities with variable rates of interest or no interest) of any corporation organized and existing under the laws of any state of the United States of America or the District of Columbia, (vi) to the extent permitted by law, commercial paper or finance company paper of an issuer, (vii) to the extent permitted by law, direct obligations of the World Bank, (viii) money market funds (including those with respect to which the Trustee receives a fee) consisting of the investments described in this definition of "Investment Securities," (ix) to the extent permitted by law, repurchase agreements with any bank, trust company or national banking association (including the Trustee) described in clause (iv); provided, however, that any such repurchase agreement shall include the following terms: (a) any purchases or sales made thereunder shall include only investments that are direct obligations of, or obligations guaranteed by, the United States of America, (b) at all times subsequent to the Trustee's initial entry into any such agreement and prior to the repurchase by and delivery of such securities to a banking entity described above, possession and title to such securities shall vest in the Trustee, (c) in the event that the banking entity chooses to deliver certificates representing securities purchased under the agreement, rather than to effect delivery and the transfer of title through the "Book Entry System" at one of the Federal Reserve Banks, then such certificates shall be in bearer form, (d) in the event that certificates representing the securities purchased under the agreement are to be delivered, the Trustee or its Paying Agent shall release payment for the securities only upon receipt of delivery of the certificates, and (e) all payments of any interest becoming due on securities purchased under the agreement during the term of the agreement shall be made directly to the entity who holds title to the securities at the time such interest becomes due, and (x) to the extent permitted by law, bonds or notes issued by any state or municipality. Items (iv), (v), (vi), and (x) above shall meet the rating standards found in the Company's then current Investment Policy from at least two of the following: S&P, Moody's, or Fitch. Investments in addition to the above may include items in the Company's Investment Policy as allowed by applicable law.

"Metro" shall mean the Louisville/Jefferson County Metro Government, Kentucky, governmental successor by operation of law to the prior City of Louisville, Kentucky and Jefferson County, Kentucky.

"Net Revenues" shall mean for any particular period the amount of the excess of Revenues over Current Expenses plus depreciation for such period.

"Office of Management and Budget" means Metro's Office of Management and Budget or any successor thereto.

"Outstanding", when used with reference to a Bond or Bonds of a Series, shall mean, as of any date, a Bond or Bonds of such Series theretofore or thereupon being authenticated and delivered under the Resolution except:

(i) any Bonds cancelled by the Trustee at or prior to such date,

(ii) Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by one or more Fiduciaries in trust for such purpose (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as in Article IV provided or irrevocable instructions and provisions satisfactory to the Trustee shall have been made for the giving of such notice,

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered, and

(iv) Bonds deemed to have been paid as provided in the Resolution, unless the Company, at its option, elected to hold such Bonds.

"Principal" or "principal" shall mean (a) as such term references the principal amount of a Discount Bond, the Accreted Value thereof, and (b) as such term references the principal amount of any other Bond, the principal amount at maturity of such Bond.

"Principal Installment" shall mean, as of the date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, the sum of (i) the principal amount of Serial Bonds Outstanding of such Series due on a certain future date, and (ii) the Sinking Fund Installment due on a certain future date for Term Bonds Outstanding of such Series, in each case in the amounts and on the dates as provided in the Supplemental Resolution or the Sale Resolution authorizing such Series regardless of any retirements of Bonds.

"Project" shall mean any project directly or indirectly related to the supply and distribution of water by the Waterworks System or any other Capital Expenditure and which is permitted under the provisions of the Act. Project shall include but not be limited to any of the following:

(a) Such pumping stations, pumps, telemetry and communications facilities as necessary to provide for remote, automatic and supervisory control of facilities to support those areas of the Waterworks System existing at an elevation higher than that which can be served from the System's plant;

(b) Storage facilities to provide water storage adequate to better support demands in the Waterworks System.

(c) Transmission mains to strengthen the existing distribution system and system demands throughout the Waterworks System.

(d) Distribution main improvements and connections to improve service to customers and system reliability.

(e) Water quality laboratory additions and improvements to support attainment of regulatory requirements, and construction of facilities supporting newly defined water quality needs.

(f) Additional computers, machinery, equipment, meters, facilities, renewals, relocations, additions, extensions and betterments of and to the Waterworks System to increase the general capacity of the System or to place and maintain the System in proper condition for safe, efficient and economic operation or to preserve, expand, increase or improve the services rendered by the System or to meet requirements for services in areas to which no service is being rendered at the time for the adoption of the Resolution.

(g) Data Processing and other administrative systems and facilities to increase productivity and improve customer service.

(h) Construction of new or replacement or reconstruction of water treatment plant facilities and/or new construction of water treatment plant facilities.

(i) Projects for monitoring and communicating distribution, water quality, booster chlorination stations, and other related processes.

(j) Projects for automated meter reading or automated meter information systems.

(k) Source water projects and intakes.

(i) Other Special Investments.

"Real Property" shall mean land, whatever is erected on, growing upon or affixed to land; buildings, other appurtenances thereto; and other real estate.

"Revenues" shall mean all revenues, rates, fees, charges, rents and other income and receipts, as derived by or for the account of the Company, including income in any Fund or Account, determined in accordance with GAAP, but Revenues shall not include customer deposits, proceeds from the sale of property, grants and contributions in aid of construction, including, but not limited to, system development charges, assessment levies and other similar capital investment recovery fees and charges. The Company may in its discretion, but shall not be required to, designate rates fees, charges, rents and other income and receipts of Special Investments as Revenue. Provided, however, that if such Special Investments are financed with Bonds under the Resolution, revenues from such investments shall be included as Revenues. Nothing shall prevent the Company from financing Special Investments under a separate resolution.

"Special Investments" shall mean investments by the Company in water related businesses or water or other utility related systems or parts of water or other utility related systems approved by the Board, provided such investments do not compete with or adversely impact the Revenues pledged under the General Bond Resolution as determined by the Company and the Board. The Company shall notify the Trustee of any Special Investments made. The Trustee shall be entitled to conclusively rely on an opinion of bond counsel or other reputable counsel regarding a determination of adverse impact on Revenues.

"Waterworks System" or "System" shall mean the waterworks system of the Company, consisting of administrative offices, pumping plants, water softening and treatment plants, reservoirs, mains, service connections, machinery, equipment, wells, tunnels, storage facilities, and other property appurtenant thereto, including all Projects, which at any time are supplying and distributing water to users within and outside Metro.

Establishment of Funds and Accounts

Funds and Accounts listed in items (1) – (7) below were established under the 1992 Resolution, as amended, and the Resolution, and the Fund listed in item (8) below was established in the Resolution, and all of the same shall be maintained and continued in effect at all times while any Bonds remain Outstanding, as follows:

(1) Construction and Acquisition Fund, to be held by the Trustee; (individual accounts shall be established, maintained and accounted for within such Fund in respect of each relevant Series of Bonds), including the Cost of Issuance Account, to be held by the Trustee in a separate account within the Construction Fund;

(2) Revenue Fund, to be held by a Depository designated by the Company;

(3) Bond Fund, to be held by the Trustee, including

   (i) a Bond Service Account, and

   (ii) a Reserve Account;

(4) Depreciation Fund, to be held by a Depository designated by the Company; and

(5) Operation Fund, to be held by a Depository designated by the Company;

(6) Rebate Fund, to be held by the Trustee;

(7) Infrastructure Replacement Reserve Fund to be held by a Depository designated by the Company; and

(8) Operating Reserve Fund to be held by a Depository designated by the Company.

Application of Series 2025 Bond Proceeds. Accrued interest received from the sale of the Series 2025 Bonds shall be deposited in the Series 2025 Subaccount in the Bond Fund. In addition, the proceeds of the Series 2025 Bonds shall be used for payment and reimbursement to the Company of any amounts directly advanced from Company funds for the interim financing of the Series 2025 Project. Proceeds will also be deposited to the Series 2025 Construction Account, in the Construction and Acquisition Fund for and acquisition of the Series 2025 Project. There shall be funded for deposit into the Reserve Account an amount at least equal to the Bond Reserve Requirement. An amount necessary to pay costs of issuance of the Series 2025 Bonds shall be deposited in the Series 2025 Cost of Issuance Account within the Construction and Acquisition Fund and applied to that purpose.

Construction and Acquisition Fund. Amounts in the Series 2025 Construction Account in the Construction Fund shall be applied to the cost of construction of any Project upon receipt by the Trustee of requisitions and certificates as required by the Resolution. To the extent that any other moneys are not available therefor, amounts in such Fund shall be applied to the payment of principal of and interest on Series 2025 Bonds when due. When the acquisition and construction of the Series 2025 Project shall have been completed, as evidenced by a certificate of the chief engineer of the Company, any balance in the Construction Account in the Construction and Acquisition Fund not reserved by the Company for the payment of any other costs of construction shall be transferred by the Trustee to the credit of the Bond Fund to redeem the Series 2025 Bonds, including payment of current principal and interest.

Application of Revenues. All Revenues received by the Company, and not required by the Resolution to be deposited elsewhere shall be deposited as received with a Depository to the credit of the Revenue Fund and applied as described below.

Bond Fund. Each month the Company shall withdraw from the Revenue Fund and deposit with the Trustee in the following order at the following times:

(i) to the credit of the Bond Service Account, one-sixth of the amount necessary to pay interest on all Bonds of each series then Outstanding on the interest payment date next succeeding, except to the extent that such amounts shall be payable from amounts available from other sources; provided, however, that the amount so deposited on account of interest in each month after the delivery of the Series 2025 Bonds up to and including the month immediately preceding the first interest payment date thereafter of the Series 2025 Bonds shall be that amount which when multiplied by the number of such deposits will be equal to the amount of interest payable on such Bonds on such first interest payment date and that the amount required to be so deposited shall be reduced by any accrued interest paid on such Bonds and any other amount deposited with the Trustee to the credit of the Bond Service Account for the payment of interest;

(ii) to the credit of the Bond Service Account, beginning with the twelfth month preceding the first maturity of any Bonds, one-twelfth, in the case of annual payments of Principal Installments or one-sixth in the case of semi-annual payments of Principal Installments of the next Principal Installment of all Bonds of each series then Outstanding whether by reason of maturity or redemption by operation of sinking fund installments, except to the extent that such amounts shall be payable from amounts available from other sources; provided, however, that such amount so deposited on account of Principal Installments in each month after the delivery of the Series 2025 Bonds up to and including the month immediately preceding the first Principal Installment payment date thereafter of the Series 2025 Bonds shall be that amount which when multiplied by the number of such deposits will be equal to the amount of the Principal Installment payable on such Bonds on such Principal Installment payment date and that the amount required to be so deposited shall be reduced by any other amount deposited with the Trustee to the credit of the Bond Service Account for the payment of such Principal Installments; and

(iii) to the credit of the Reserve Account, such amount as may be required to make the amount then to the credit of the Reserve Account equal to the Bond Reserve Requirement, provided however, that (a) the Sale Resolution authorizing the issuance of a series of Bonds shall provide for payments into the Reserve Account from the proceeds of such series of Bonds or otherwise or for required monthly payments from the Revenue Fund into the Reserve Account in accordance with a schedule of such payments set forth in such Sale Resolution, or for some combination of the foregoing, such payments to be made in each calendar month after the calendar month in which such series of Bonds is issued, in such equal amounts and at such times so that, by no later than five years from the calendar month in which such series of Bonds was issued, the total amount deposited to the Reserve Account pursuant to such schedule plus the amount deposited to the Reserve Account from the proceeds of such series of Bonds shall be equal to the difference between the Bond Reserve Requirement immediately prior to the issuance of such series of Bonds and the Bond Reserve Requirement immediately following the issuance of such series of Bonds, and (b) the amount required to be deposited to the credit of the Reserve Account in any calendar month pursuant to this paragraph (iii) on account of any increase in the Bond Reserve Requirement resulting from the issuance of any series of Bonds shall at no time exceed the amount or the sum of the amounts required to be so deposited in such calendar month pursuant to any such schedule or all such schedules. The First Supplemental Resolution authorizes an alternative funding of the Bond Reserve Requirement through delivery to the Trustee of a Debt Service Reserve Credit Enhancement.

The Trustee shall, from time to time, withdraw moneys from the Bond Service Account in the Bond Fund and (a) remit by mail to each owner of Bonds the amounts required for paying interest upon such Bonds as such interest becomes due, and (b) set aside or deposit in trust with itself and the appropriate Paying Agents, if any, sufficient moneys for paying Principal Installments of all Bonds as such Principal Installment becomes due.

Moneys held for the credit of the Reserve Account shall be used for the purpose of paying interest on or the Principal Installment of the Series 2025 Bonds whenever and to the extent that the moneys held for the credit of the Bond Service Account shall be insufficient for such purpose.

As soon as practicable after the 40th day (which period may be waived by the Trustee) preceding the due date of any sinking fund installment, the Trustee shall, subject to the following paragraph, proceed to call for redemption, pursuant to the Resolution on such due date, Term Bonds of the series and maturity for which such sinking fund installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such sinking fund installment of the Term Bonds of such series and maturity. The Trustee shall so call such Term Bonds for redemption whether or not it then has monies in the Bond Service Account sufficient to pay the applicable principal amount thereof, together with interest thereon to the redemption date.

The Company may, at any time subsequent to a Principal Installment payment date but in no event less than 40 days, which period may be waived by the Trustee, prior to the succeeding Principal Installment payment date on which a sinking fund installment is scheduled to be due, direct the Trustee to purchase, with monies in the Bond Service Account at a price not in excess of par, plus unpaid interest accrued to the date of such purchase. Term Bonds payable from such sinking fund installment and any Term Bonds so purchased prior to a Principal Installment payment date shall be cancelled by the Trustee and evidence of such cancellation shall be given to the Company and the aggregate principal amount of the Term Bonds so purchased shall be credited against the sinking fund installment due on such Principal Installment payment date.

After provision shall be made for the payment of all Bonds Outstanding and all expenses and charges required to be paid, the Trustee shall pay any balance in the Bond Fund to the Company.

Depreciation Fund. Each month the Company shall, after making required payments to the Bond Fund, withdraw from the Revenue Fund and deposit with a Depository in the name of the Company, to the credit of the Depreciation Fund an amount equal to one-twelfth of an amount not less than the annual depreciation charges for the Company, computed by an authorized officer of the Company in accordance with generally accepted accounting principles ("GAAP").

Except as described in the succeeding paragraph or in the case of an emergency caused by some extraordinary occurrence, and an insufficiency of moneys to the credit of the Operation Fund to meet such emergency, moneys held for the credit of the Depreciation Fund shall be disbursed only for capital expenditures.

Moneys held for the credit of the Depreciation Fund shall be deposited with the Trustee to the credit of the Bond Service Account for the purpose of paying the interest on or the Principal Installment of the Series 2025 Bonds whenever and to the extent moneys in the Bond Service Account and the Reserve Account shall be insufficient for such purpose.

To the extent that moneys held for the credit of the Depreciation Fund shall not be required for any of the foregoing purposes, such moneys may at the end of such bond year be withdrawn by the Board and deposited with the Trustee to the credit of the Bond Service Account.

Operation Fund. Each month the Company shall, after making required payments to the Bond Fund and the Depreciation Fund, withdraw from the Revenue Fund and deposit with a Depository in the name of the Company to the credit of the Operation Fund the balance remaining in the Revenue Fund.

The Current Expenses shall be paid by the Company from the Operation Fund as the same become due and payable. After provision has been made for payment of Current Expenses and the dividend, as described below, any remaining amounts in the Operation Fund may be used by the Company for (i) the payment of capital expenditures; (ii) the redemption or purchase of Bonds; or (iii) payment of principal on any indebtedness of the Company subordinate to the lien of the Series 2025 Bonds. Any remaining amounts as described above in excess of 30% of the Bond Reserve Requirement may be used by the Company for any of its general corporate purposes.

Payment of Dividend. If from time to time during any Fiscal Year there shall have been deposited to the credit of the Bond Service Account, the Reserve Account and the Depreciation Fund all sums then required to be so deposited under the provisions of Sections 504, 505, and 506 of the Resolution, then the Board shall, on March 31, June 30, September 30 and December 31 (or, if any such date is not a business day, on the preceding business day) and during each Fiscal Year thereafter, withdraw from the Operation Fund and pay to the Commissioners a dividend on the stock owned by Metro in the Company, such payments being in continuation of annual payments heretofore made by the Board to the Commissioners and provided further, that such payments and deposits shall be made only and to the extent that the same shall be lawful, the dividend in installments to be as nearly equal in amount as possible, notwithstanding the rights of the Holders of any Bonds Outstanding, and notwithstanding the other provisions contained in the Resolution. The dividend to the Commissioners on the stock owned by Metro shall be the Dividend Declared and Paid. The "Dividend Declared and Paid" shall be equal to fifty percent (50%) of the average of the current and prior two Fiscal Years' Adjusted Net Income. After completion of the annual audit required by Section 610 of the Resolution, the Board shall adjust the preceding Fiscal Year's dividend payments to reflect any difference between estimated and actual Income Before Distributions and Contributions (as set forth in the Statement of Revenues, Expenses and Net Assets for the

Company), the amount of such adjustment may be spread as equally as may be practical or as directed by the Office of Management and Budget among the current Fiscal Year's dividend payments or in a lump sum amount. Except as otherwise provided in the Resolution, Income Before Distributions and Contributions thus determined shall be in accordance with GAAP and with the requirements of regulatory agencies, if any. For the first year of dividend calculation under the Resolution, the Dividend Declared and Paid shall be the average of 50% of the current Fiscal Year's Adjusted Net Income and the actual dividend calculated in the prior two years, utilizing the dividend calculation as defined in the 1992 Resolution. For the second year of dividend calculation under the Resolution, the Dividend Declared and Paid shall be the average of 50% of the current Fiscal Year's Adjusted Net Income, 50% of the prior Fiscal Year's Adjusted Net Income and the actual dividend calculated in the Fiscal Year two years prior to the current Fiscal Year, utilizing the dividend calculation as defined in the 1992 Resolution. The transfer of Real Property to Metro for nominal consideration pursuant to provisions of the Resolution shall not constitute a dividend within the meaning of the Resolution.

Rebate Fund. The Rebate Fund is created by the Resolution. Moneys credited to the Rebate Fund shall be free from the lien of the Resolution. Payments shall be made by the Board and the Company within 15 days following each five year computation period for the calculation of excess rebatable arbitrage under the Code. The Board and the Company have covenanted to rebate excess earnings to the United States in accordance with law.

Investment of Funds and Accounts. Moneys held for the credit of the Construction and Acquisition Fund and Bond Service Account shall, and moneys held for the credit of the Depreciation Fund, Revenue Fund and Operation Fund may, be invested in Investment Securities which, in the case of moneys in the Construction and Acquisition Fund and Bond Service Account, shall mature or shall be subject to redemption at the option of the holder thereof, not later than the respective dates when moneys held for the credit of such Fund or Account will be required for the purposes intended.

Open Market Purchases. The Company may purchase Bonds Outstanding, whether or not such Bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, having regard to maturity, option to redeem, coupon rate and price, such price not to exceed the principal of such Bonds plus the amount of the premium, if any, which would be payable on the next redemption date to the holders of such Bonds under the provisions of the Resolution, if such Bonds should be called for redemption on such date. Upon making each such purchase, an authorized officer of the Board shall file with the Trustee a statement in writing directing the Trustee to pay the purchase price of the Series 2025 Bonds so purchased upon their delivery and cancellation, which statement shall set forth a description of such Bonds, the purchase price to be paid therefor, the name of the seller and the place of delivery of the Series 2025 Bonds. The Company shall withdraw from the Operation Fund, the Revenue Fund or any Fund or Account permitted by the Resolution and deposit in the Bond Service Account the purchase price of the Series 2025 Bonds to be purchased and the Trustee shall purchase such Bonds from the amounts deposited in the Bond Service Account, but no such purchase shall be made within the period of 45 days next preceding any interest payment date on which such Bonds are subject to a call for redemption under the provisions of the Resolution. In the event that one or more Term Bonds are purchased pursuant to this paragraph, there shall be credited against such sinking fund installments for such Term Bonds, as the Company shall direct, the principal amount of the Term Bonds so purchased.

Conditions for Issuance of Bonds

Bonds for a Project. One or more series of Bonds may be issued for the purpose of paying all or a portion of the cost of construction of one or more Projects in an amount that will provide the Company with funds not in excess of the estimated cost of construction of such Project as estimated by the Consulting Engineers. After the issuance of Bonds in such aggregate Principal amount for a Project, one or more additional series of Bonds may be issued, in each case so that the aggregate Principal amount of such additional series will provide the Company with funds not in excess of the amount necessary as nearly as practicable to complete payment of the cost of construction of such Project.

Each such series of Bonds, any portion of the proceeds of which are to be applied to pay the cost of construction of any Project for which Bonds have not theretofore been issued, shall be authenticated and delivered by the Trustee only upon receipt by the Trustee of (in addition to other documents required by the Resolution) (i) an engineer's certificate which sets forth the estimated cost of construction of each uncompleted Project, or, in the case of each completed Project, a certificate of an authorized officer of the Company which sets forth the cost of construction thereof, including any Project specified in the Bond Resolution authorizing such series of Bonds for which the proceeds of such Bonds will be applied; (ii) a certificate of an authorized officer of the Company setting forth the total principal amount of Bonds then estimated to be Outstanding upon completion of the Project for which Bonds have not theretofore been issued and the resulting amount of Aggregate Bond Service for each Bond Fiscal Year to and including the year of estimated final retirement of all Outstanding Bonds previously issued; and (iii) a certificate of an authorized officer of the Company setting forth that in the Fiscal Year immediately preceding the date of such certificate, the estimated Net Revenues will be at least 1.30 times the maximum Aggregate Bond Service for any future Fiscal Year. Such Net Revenues may be adjusted to reflect: (i) any revisions in the rate structure for water service at the time of issuance of such Bonds and (ii) increases in Net Revenues projected to be produced by the extensions and improvements to the System, limited to contracts with other municipal corporations for take or pay service and for service to existing facilities.

Rate Covenant

The Board covenants that the present schedule of rates and charges for water furnished by the Company both within and without the territorial limits of Metro, including the service charges, minimum deposits, connection charges and meter rate, and the rules and regulations of the Board and the Company will not be revised so as to result in a decrease of Revenues, except as provided in the Resolution. Except as now required by law of the Commonwealth, there shall be no new free services (other than fire protection and water for community and charitable events as designated by the Company from time to time) rendered by the Waterworks System and all customers (other than those who, on the date of adoption of the Resolution, receive free service) receiving water from the Company shall pay therefor at the established rates.

The Board covenants that the water rates and charges referred to in the immediately preceding paragraph will not be reduced nor any discount greater than the discount now in effect allowed thereon for the prompt payment thereof unless: (i) all deposits shall have been made to the credit of the Bond Fund which are required by the Resolution to have been made prior to the time of such reduction of rates or increases of such discount; and (ii) the Net Revenues for the preceding Fiscal Year shall have been not less than 130% of the maximum Aggregate Bond Service for each Bond Fiscal Year in respect of all Outstanding Bonds of the Company.

The Board further covenants that, from time to time and as often as it shall appear necessary, the water rates and charges will be adjusted as may be necessary or proper so that Net Revenues in each Bond

Fiscal Year will be not less than 130% of the maximum Aggregate Bond Service for each Bond Fiscal Year in respect of all then Outstanding Bonds.

Other Covenants

Insurance. The Company covenants that it will insure and at all times keep insured, in a responsible insurance company or companies authorized and qualified under the laws of the Commonwealth to assume the risks thereof, all buildings and all machinery and equipment thereon against such loss or damage as the Consulting Engineer shall from time to time approve as appropriate and customary for similar properties as similarly situated. The Company may enter into a plan of self-insurance in order to provide the insurance required subject to the approval of the Trustee.

Covenant as to Additional Supplemental Resolutions and Permitted Indebtedness. The Board and the Company covenant and agree that none of the Revenues of the Company will be used for any purpose other than as provided in the Resolution, and that no contract or contracts will be entered into or any action taken by which the rights of the Trustee or of the Bondholders might be impaired or diminished. However, nothing contained in the Resolution shall prevent the Board or the Company from issuing bonds, notes, or any other obligations of the Company under another and separate resolution or resolution so long as the charge or lien created by such resolution or resolution is not prior or equal to the charge or lien created by the Resolution.

Sale or *Lease of Properties.* The Company covenants that except as in the Resolution otherwise permitted, it will not sell, lease or otherwise dispose of or encumber the Waterworks System or any part thereof.

(a) The Company may, however, from time to time, sell "Personal Property" which is defined to be any machinery, apparatus, tools, instruments, or other movable property acquired by the Company in connection with the Waterworks System, or any materials used in connection therewith, if the Company shall determine that such articles are no longer needed or are no longer useful in connection with the operation or maintenance of the Waterworks System, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of or shall be deposited to the credit of the Depreciation Fund. Sales of Personal Property are allowable with the prior written approval of the Treasurer of the Company and the Chief Engineer.

(b) The Company may from time to time sell or lease such other Real Property forming part of the Waterworks System which it may determine is not needed or serves no useful purpose in connection with the maintenance and operation of the Waterworks System, if the Consulting Engineers, the Board, and the Chief Engineer shall in writing approve such sale or lease; the proceeds of any such sale to be deposited to the Credit of the Depreciation Fund. The rents of any lease as described above shall be treated as Revenues of the Waterworks System. Nothing in the Resolution shall prevent the Company from transferring for nominal consideration Real Property that is not needed or is no longer useful in connection with the operation or maintenance of the Waterworks System to Metro for the exclusive use and enjoyment of Metro.

(c) Site licenses and nominal leases shall not be subject to the approval provisions of the Resolution.

No Amendment of Board Resolution. The Board covenants that it will not modify or amend the Resolution in any way which would affect the Board's and the Company's undertakings in the Resolution to comply with the provisions of all of the covenants and agreements of the Board relating to the Waterworks Systems.

Covenant as to Continued Existence. The Board and the Company covenant that they will take no action to terminate their respective corporate existences.

Supplemental Resolutions

Any of the provisions of the Resolution may be amended by the Board by a supplemental resolution, upon the consent of the holders of at least 60% in principal amount in each case of (i) all bonds then Outstanding and (ii) if less than all of the several series of Bonds then Outstanding are affected the Bonds of each affected series (excluding, in each case, from such consent and from the Outstanding Bonds, the Bonds of any specified series and maturity, if such amendment by its terms will not take effect so long as any of such Bonds remain Outstanding); provided that no such amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the Principal Installment or redemption price thereof or in the rate of interest thereon without the consent of the owner of such Bond or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such amendment, or shall change or modify any of the rights or obligations without the written consent of the affected holder.

The Board may adopt, without the consent of any holders of the Bonds, supplemental resolutions to provide for the issuance, execution, delivery, authentication, payment, registration, transfer and exchange of Bonds, and the terms and conditions pursuant to which such Bonds may be issued; to add to the covenants and agreements of, or limitations and restrictions on, the Company or the Board which are not contrary to or inconsistent with the Resolution; to surrender any right, power or privilege reserved to or conferred upon the Company or the Board by the Resolution; to confirm any pledge under the Resolution of Revenues or any other moneys; to modify any provisions of the Resolution (but no such modification may be effective until all Bonds theretofore issued are no longer Outstanding); to provide for a continuing disclosure agreement, if necessary; to modify any provisions of the Resolution in any other respect whatever, provided that such modification does not materially adversely affect the rights of the Bondholders (with the consent of the Trustee); or to cure any ambiguity or correct any defect or inconsistent provision in the Resolution.

Events of Default and Remedies

Each of the following shall constitute an Event of Default: (i) a failure to make due and punctual payment of the principal or redemption price or any Sinking Fund Installment, of any Bond when due; (ii) a failure to make due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable, and such default shall continue for a period of 30 days; (iii) the Board or the Company shall fail to perform or observe any of the other covenants, agreements or conditions on its part contained in the Resolution or in the Bonds, and such default shall continue for a period of 60 days after written notice thereof to the Board by the Trustee or to the Board and to the Trustee by the holders of a majority in principal amount of the Bonds Outstanding; or (iv) the Company or the Board shall file a petition for relief under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the Commonwealth.

If there is a failure to make due and punctual payment of the principal or any redemption price of, or of any installment of interest on, any of the Prior Bonds when and as the same shall become due and payable, then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the Board), or the Holders of twenty-five percent (25%) in principal amount of the Bonds Outstanding, may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in this Resolution or in any of the Bonds contained to the contrary notwithstanding.

If one or more Events of Default shall occur the Trustee or the holders of 25% in principal amount of the Bonds Outstanding may declare the principal of all the Bonds then Outstanding and the interest accrued thereon, to be due and payable immediately, subject, however, to rescission of such declaration and annulment of the default upon the remedying thereof.

The Board covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Company and the Board relating to the Waterworks System and all other records relating to the Waterworks System shall be subject to inspection by the Trustee, and that the Board, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under the Resolution.

If an Event of Default shall happen and shall not have been remedied, then the Trustee may protect and enforce its rights and the rights of the holders of the Bonds under the Resolution by a suit in equity or at law, whether for the specific performance of any covenant contained in the Resolution, or in aid of the execution of any power therein granted, or for an accounting against the Company or Board as if the Company or Board were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee shall deem most effectual to enforce its rights or to perform its duties under the Resolution. No holder of any Bond has any right to institute any suit to enforce any provision of the Resolution or the execution of any trust thereunder unless such holder shall have previously given to the Trustee written notice of the happening of an Event of Default and the holders of at least 25% in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee and offered adequate indemnity to the Trustee who shall have refused to comply with such request within a reasonable time.

Defeasance

If the Board shall pay or cause to be paid to the holders of all Bonds then Outstanding the principal and interest and redemption price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Board, the lien of the pledge established by the Resolution, the covenants, agreements and other obligations of the Board and the Company to the Bondholders shall be discharged and satisfied. One or more Outstanding Bonds of any series shall, prior to the maturity or redemption date thereof, be deemed to have been paid if (i) in the case of Bonds to be redeemed prior to their maturity, the Board shall have given to the Trustee irrevocable instructions to mail therefor notice of redemption, it being permissible for such instructions to state that Bonds are to be redeemed during a certain period only upon the happening of a subsequent event, (ii) there shall have been deposited with the Trustee either (a) moneys in an amount which shall be sufficient, or (b) Government Obligations or (c) obligations (1) validly issued by or on behalf of a state or political subdivision thereof and (2) fully secured by a first lien on Government Obligations, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or redemption price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Board shall have given the Trustee irrevocable instructions to mail, as soon as practicable, in accordance with the Resolution, a notice to the holders of such Bonds that the above deposit has been made with the Trustee and that said Bonds are deemed to have been paid and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds or stating, if such dates are not then known, that a notice of any redemption date shall be subsequently mailed, no later than 30 days prior to the date of redemption as provided by the Resolution.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF LOUISVILLE WATER COMPANY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

LOUISVILLE WATER COMPANY
Louisville, Kentucky

FINANCIAL STATEMENTS
December 31, 2024

A component unit of Louisville/Jefferson County Metro Government

LOUISVILLE WATER COMPANY
Louisville, Kentucky

FINANCIAL STATEMENTS
December 31, 2024

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Board of Water Works
Louisville Water Company
Louisville, Kentucky

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Louisville Water Company ("Company"), a component unit of Louisville/Jefferson County Metro Government, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Louisville Water Company's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Louisville Water Company, as of December 31, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisville Water Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisville Water Company's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Louisville Water Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisville Water Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Louisville Water Company's 2023 financial statements, and we expressed an unmodified audit opinion on the financial statements of Louisville Water Company in our report dated May 23, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the schedule of the Company's proportionate share of the net pension liability, the schedule of the Company's proportionate share of the net other postemployment benefits ("OPEB") liability, the schedule of the Company's pension contributions, and the schedule of the Company's OPEB contributions on pages 4-11 and 38-52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Louisville Water Company's basic financial statements. The supplemental schedule of investments, summarized schedule of bond issues, schedule of outstanding bond indebtedness and annual debt service requirements, and schedule of operating and maintenance expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of investments, summarized schedule of bond issues, schedule of outstanding bond indebtedness and annual debt service requirements, and schedule of operating and maintenance expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated May 22, 2025 on our consideration of Louisville Water Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisville Water Company's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisville Water Company's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Louisville, Kentucky
May 22, 2025

The following management's discussion and analysis of Louisville Water Company's (the "Company" or "Louisville Water") financial performance provides an overview of the Company's financial activities for the fiscal year ended December 31, 2024 as compared with the prior year.

Overview of the Financial Statements

This annual financial report consists of four parts: Management's Discussion and Analysis, Financial Statements, Required Supplementary Information and Supplementary Information. The Financial Statements also include notes that provide additional details and are an integral part of the statements. The Supplementary Information further explains and supports the information within the Financial Statements.

The Financial Statements of the Company report information using accounting methods similar to those used by private-sector water utility companies, except for the reporting of contributions in aid of construction, equity capital and retained earnings. These statements offer short-term and long-term financial information about the Company's activities.

The Statement of Net Position includes all of the Company's assets and liabilities. It provides information about the nature and amounts of investments in resources (assets) and the obligations owed to outside entities and individuals (liabilities). It also provides the basis for evaluating the capital structure of Louisville Water and assessing the liquidity and financial flexibility of the Company.

All of the current year revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the Company's operations over the past year and can be used to help determine whether the Company has successfully met its financial objectives, recovered all of its costs through its water rates and other charges, increased its net position and maintained credit-worthiness.

The Statement of Cash Flows provides information about the Company's cash receipts and cash payments, along with net changes in cash resulting from operating, financing and investing activities. The statement provides information on the sources and uses of cash and the changes in the balance of cash during the year.

Summary of 2024 Performance

Operating Revenue grew substantially in 2024, as a result of increased water revenue, and to a lesser extent other operating revenue. Water revenue from every customer category with the exception of Metro Government increased in 2024, with growth in residential, commercial and irrigation water consumption accounting for the majority of the overall increase. Higher consumption, along with a 2024 average rate increase of 4.8%, resulted in growth in water revenue of $13.9 million or 6.4%. Other Operating Revenue also grew in 2024, increasing by $1.1 million or 4.9%. Operating Expense increased by $7.2 million or 4.2%, driven primarily by increases in Operating and Maintenance Expense and Depreciation and Amortization, offset to an extent by a decline in Pension/OPEB actuarial adjustment expense. As a result, Net Operating Revenue increased by $7.8 million for the year.

Net income before Distributions and Contributions totaled $90.8 million in 2024. The resulting dividend of $32.2 million, combined with free water and fire protection valued at $22.9 million, provided a total shareholder value of $55.1 million, a 9% increase from 2023. This improvement was a result of a higher dividend, and to a lesser extent an increase in the combined value of free water and fire protection provided to Louisville Metro.

(Continued)

Financial Highlights

- Total Net Position increased by $75 million, or 6.6% primarily due to funds generated from operations, net of dividend paid to the Company's shareholder.

- Operating Revenues increased by $15 million or 6.3%, due to higher water consumption and a water rate increase of 4.8% effective January 1, 2024 along with higher revenue from non-water sources. Water sales in 2024 of 34.8 billion gallons were 1.8% higher than 2023 sales.

- Operating Expenses increased by $7.2 million, or 4.2%, primarily as a result of increases in Operating and Maintenance Expense of $7.8 million, Depreciation and Amortization Expense of $1.5 million and Water and Fire Service Provided in Lieu of Taxes of $1 million, offset to an extent by a decline in Pension/OPEB Actuarial Adjustment expense of $2.7 million.

- Net Non-Operating Income/Expense went from net income of $2.9 million in 2023 to net income of $14.5 million in 2024, a net positive change of $11.6 million, due to an increase in grant revenue and a decrease in interest costs in 2024, partially offset by lower interest income.

- Net Income before Distributions and Contributions increased by $19.4 million, or 27%.

- Dividends Paid and Payable were up by $3.7 million, as the three-year average of adjusted net income utilized for the dividend calculation increased by $7.3 million.

Statement of Net Position

Total Net Position increased by $75 million, or 6.6%, in 2024 (see Figure 1). The largest portion of Net Position is Net Utility Plant, which increased by $69.3 million in 2024 as a result of additional investment in capital assets. The capital assets were funded by cash generated from operations, grants and Contributions in Aid of Construction from developers, customers, and governmental agencies. Current Assets decreased by $19.6 million in 2024, primarily due to a decline in Short-term Liquid Investments, partially offset by an increase in Cash and Accounts Receivable. Non-current Assets fell by $3.7 million. This reduction was a result of a decline in Restricted Reserves of $9 million, offset by an increase in Prepaid Regulatory Assets of $5 million. Current Liabilities increased by $8 million in 2024, with Accounts Payable responsible for the largest portion of the growth. Long-term Liabilities fell by $30.8 million due to decreases in Bonds Payable and related Unamortized Premium and Discount of $25.2 million and Net Pension Liability of $5.7 million.

Figure 1
Condensed Statement of Net Position

	2024	2023	Difference	Percent
Current Assets	$ 118,593,086	$ 138,206,511	$ (19,613,425)	(14.2%)
Noncurrent Assets	53,964,758	57,685,407	(3,720,649)	(6.4%)
Deferred Outflows of Resources	11,124,460	13,643,609	(2,519,149)	(18.5%)
Net Utility Plant	1,522,422,679	1,453,124,277	69,298,402	4.8%
Total Assets and Deferred Outflows of Resources	1,706,104,983	1,662,659,804	43,445,179	2.6%
Current Liabilities	73,364,152	65,343,936	8,020,216	12.3%
Long-term Liabilities	379,270,247	410,078,777	(30,808,530)	(7.5%)
Deferred Inflows of Resources	29,391,631	38,449,420	(9,057,789)	(23.6%)
Total Liabilities and Deferred Inflows of Resources	482,026,030	513,872,133	(31,846,103)	(6.2%)
Total Net Position	$ 1,224,078,953	$ 1,148,787,671	$ 75,291,282	6.6%

(Continued)

Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues grew by $15 million, or 6.3%, in 2024 (see Figure 2) due to an increase in Water Revenue and to a lesser extent, Other Operating Revenue. The increase in Water Revenue is attributable to higher rates and increased water consumption. Every customer category with the exception of private fire services and Metro Government increased in 2024, with growth in residential, irrigation and wholesale consumption accounting for the majority of the overall increase. Other Operating Revenue increased by $1.1 million or 4.9% in 2024, primarily as a result of higher revenue from the service line protection program and sewer billing services.

The key components of Operating Expenses are: Operating and Maintenance Expenses; GASB 68/75 Pension and OPEB Actuarial Adjustments; Depreciation and Amortization; Water and Fire Service Provided in Lieu of Taxes; and Loss from Sale and Salvage of Retired Assets. Operating Expenses increased $7.2 million, or 4.2% in 2024. An increase in positive actuarial adjustments of $2.7 million related to pension and other post-retirement benefits provided a significant offset to operating expenses and limited the overall increase. Excluding these actuarial adjustments, the increase in operating expenses was 5.5%. Operating and Maintenance Expenses increased $7.8 million in 2024. The most significant increases were in chemicals, contractual services, insurance, donation to the Louisville Water Foundation and labor and labor-related costs. Depreciation and Amortization increased by $1.5 million due to additional investment in capital assets. Water and Fire Service Provided in Lieu of Taxes increased by $1 million as a result of the water rate increase implemented on January 1, 2024. Loss from Sale and Salvage of Retired Assets decreased by $268 thousand.

Net Non-Operating Income grew by $11.6 million in 2024, due to an increase in grant revenue and a decrease in interest costs in 2024, partially offset by lower interest income. Grant revenue increased by $11.9 million as the company received American Rescue Plan grants and Community Development Block grants to fund capital projects. Interest costs related to outstanding bonds declined by $887 thousand as a result of principal payments made during the year. Interest income fell by $1.1 million due to a decrease in funds invested along with lower interest rates. Net Income before Distributions and Contributions increased by $19.4 million, or 27%. The formula for computing the dividend, as established by covenant in the Series 2009 Bond Resolution (the Master Bond Resolution), is 50% of the average of current year and prior two fiscal years' net income after certain stated adjustments. Three-year averaging is used to compensate for the volatility in Net Income that results principally from the unpredictability of water consumption. Dividends Paid and Payable for 2024 increased by $3.7 million or 12.8%.

Contributions in Aid of Construction are comprised of: pipeline contributions from developers for water main extensions and from governmental agencies for water main relocations; service installation fees from customers; apportionment warrant fees and tapping fees from customers to extend water service to unserved areas; and system development charges from customers for growth-related expansion. The level of capital contributions varies from year to year and is affected by economic cycles. These types of projects are fully funded or nearly fully funded by outside entities in advance of construction. Contributions in Aid of Construction increased by $5.7 million or 51.4%, from the previous year.

Figure 2
Condensed Statement of Revenues, Expenses and Changes in Net Position

	2024	2023	Difference	Percent
Operating Revenue	$ 253,317,959	$ 238,351,396	$ 14,966,563	6.3%
Operating Expenses	177,027,332	169,829,745	7,197,587	4.2%
Net Operating Revenue	76,290,627	68,521,651	7,768,976	11.3%
Net Non-Operating Income	14,519,256	2,873,476	11,645,780	405.3%
Net Income Before Distributions and Contributions	90,809,883	71,395,127	19,414,756	27.2%
Dividends	32,243,827	28,580,363	3,663,464	12.8%
Contributions in aid of Construction	16,725,226	11,048,486	5,676,740	51.4%
Change in Net Position	75,291,282	53,863,250	21,428,032	39.8%
Net Position, Beginning of Year	1,148,787,671	1,094,924,421	53,863,250	4.9%
Net Position, End of Year	$ 1,224,078,953	$ 1,148,787,671	$ 75,291,282	6.6%

(Continued)

Statement of Cash Flows

Cash at the end of 2024 was $4.3 million higher than at the end of 2023 (see Figure 3).

- Cash from Operating Activities was $121.4 million, increasing by $3.5 million as compared to the prior year. More cash was received from customers compared to 2023 as a result of higher Water Revenue, while the total of cash paid to employees, suppliers and others increased, partially offsetting that growth.
- Cash used by Capital and Related Financing Activities was $136 million in 2024, up $9 million from 2023. This change was a result of a $17 million increase in cash expended on the acquisition and construction of utility plant and non-utility property and an increase in bond principal and interest paid of $2 million, offset by an increase in grant funds received of $9 million.
- Cash provided by Investing Activities was $50.3 million in 2024, an increase of $18.6 million from the prior year. An increase in investment maturities of $29 million, offset by an increase of $10 million in investment purchases accounts for the difference.

In addition to the amounts held in unrestricted Cash and Investments, Louisville Water also held funds in restricted capital and bond related accounts and reserves totaling $36 million, reported as part of Restricted, Expendable Bond Accounts in Current Assets and Restricted Reserves in Noncurrent Assets on the Statement of Net Position and described in Note 3.

Figure 3
Condensed Statement of Cash Flows

	2024	2023	Difference	Percent
Cash Flows From				
Operating Activities	$121,412,349	$ 117,904,060	$ 3,508,289	3.0%
Non-Capital Financing Activities	(31,451,384)	(25,676,342)	(5,775,042)	(22.5%)
Capital and Related Financing Activities	(135,974,544)	(126,982,539)	(8,992,005)	(7.1%)
Investing Activities	50,319,348	31,753,512	18,565,836	58.5%
Net Change in Cash	4,305,769	(3,001,309)	7,307,078	(243.5%)
Cash, Beginning of Year	42,715,595	45,716,904	(3,001,309)	(6.6%)
Cash, End of Year	$ 47,021,364	$ 42,715,595	$ 4,305,769	10.1%

Capital Assets

Louisville Water uses a five-year Capital Improvement Program ("CIP") that is updated annually. Periodically, a twenty-year facility plan is prepared by our Consulting Engineer. The most recent Comprehensive Facilities Plan was prepared by Hazen and Sawyer and was adopted by the Board of Water Works in September 2021. Development of the CIP is based on the Company's current Comprehensive Facilities Plan and recommendations from the biennial inspection of facilities. The Company's current Comprehensive Facilities Plan covers the years from 2021 through 2040. The CIP approved by the Board of Water Works in late 2024 shows the Company plans to invest $789.2 million in improvements during 2025-2029.

(Continued)

The Company spent $110.7 million on its capital program in 2024, with the largest portion being spent on infrastructure renewal. As shown in Figure 4, total investment in Utility Plant was $1.5 billion as of the end of 2024, an increase of $69.3 million from the prior year. Infrastructure renewal projects account for 66% of the planned 2025 capital expenditures. In 2025, the Company will make significant investments in water treatment plant improvements, main replacement and rehabilitation and projects related to its regionalization initiatives. Please see Note 6 for capital assets detail.

Figure 4
Condensed Summary of Capital Assets

	2024	2023	Difference	Percent
Capital Assets	$ 2,154,090,696	$ 2,083,757,243	$ 70,333,453	3.4%
Less Accumulated Depreciation	(825,911,836)	(773,310,308)	(52,601,528)	(6.8%)
Capital Assets, Net	1,328,178,860	1,310,446,935	17,731,925	1.4%
Capital Assets not being Depreciated	194,243,819	142,677,342	51,566,477	36.1%
Utility Plant, Net	$ 1,522,422,679	$ 1,453,124,277	$ 69,298,402	4.8%

Debt Administration

As of December 31, 2024, the Company has principal outstanding of $83 million for the Series 2015 Bonds, $110.5 million for the Series 2019 Bonds, $115.1 million for the Series 2022 Bonds and $759 thousand for the KIA loan for a total of $309.4 million. The Series 2015 Bonds are not insured and are callable beginning in 2025. The Series 2019 Bonds are not insured and are callable beginning in 2029. The Series 2022 Bonds are not insured and are callable beginning in 2032. All the Company's bonds carry ratings of Aaa from Moody's and ratings of AAA from Standard & Poor's. The ratings on all of the Company's previously issued bonds were affirmed in August and September 2022, concurrent with the assignment of Aaa/AAA to its newly issued Series 2022 bonds. The Company's debt rating is among the highest in the United States for water utility revenue bonds. As shown in Figure 5, the Company's debt service coverage was 2.47 times in 2024, an increase from the prior year. Please see Notes 7 and 8 for long-term debt detail.

Figure 5
Debt Service Coverage

	2024	2023	Difference	Percent
Income Available for Debt Service	$ 87,037,914	$ 71,473,194	$15,564,720	21.8%
Current Aggregate Net Debt Service	35,186,818	33,172,818	2,014,000	6.1%
Debt Service Coverage Times	2.47	2.15	0.32	14.9%

Economic Factors and Next Year's Budgets and Rates

The long-term trend of declining water consumption has been a challenging issue for water utilities nationwide including Louisville Water, though the Company has seen stabilization in recent years. Management has implemented strategies to enhance revenue growth via both traditional and non-traditional avenues to offset the negative impact of lower water sales. The Company has had notable success in its regionalization efforts, through additional sales to existing customers and the execution of new wholesale contracts. Management will continue to actively pursue these opportunities. The Company has also had positive results with non-traditional revenue initiatives. Management will continue to work to optimize revenue from existing revenue streams and will seek new growth opportunities that capitalize on our existing competencies, expertise and strengths, focusing on innovative new products and services.

(Continued)

Management believes that the 2025 Budget adequately addresses all revenue requirements, which are defined as the summation of the operating, maintenance and capital costs that a utility must recover during the time period for which the rates will be in place. Water rates increased for retail water service by 4.25% on January 1, 2025. Water rates for wholesale customers are recommended to increase on July 1, 2025. Rate changes for five wholesale customers are subject to approval by the Kentucky Public Service Commission

Computation of Stockholder's Equity

Stockholder's equity for Louisville Water is no longer published in the audited Financial Statements following adoption of GASB 34 in 2002. Using the common stock, retained earnings, and total equity capital reported in the 2001 audited Financial Statements and using Income before Distributions and Contributions less Dividends Paid and Payable from audited Financial Statements for subsequent years, Figure 6 below shows management's computation of stockholder's equity for the years ended December 31, 2024 and 2023.

Figure 6
Computation of Stockholder's Equity

	2024	2023	Difference	Percent
Total Equity Capital - Beginning of Year	$ 754,872,749	$ 712,057,985	$ 42,814,764	6.0%
Plus: Income Before Distributions and Contributions	90,809,883	71,395,127	19,414,756	27.2%
Less: Dividends	32,243,827	28,580,363	3,663,464	12.8%
Total Equity Capital - End of Year	813,438,805	754,872,749	58,566,056	7.8%
Less: Cumulative Deposits to Infrastructure Replacement Reserve	75,157,839	56,428,244	18,729,595	33.2%
Stockholder's Equity Eligible for Return Computation	$ 738,280,966	$ 698,444,505	$ 39,836,461	5.7%

Certain stated adjustments are made to Net Income before Distributions and Contributions to arrive at Adjusted Net Income, which is utilized for the dividend and return on equity computations. For 2024, Adjusted Net Income was $72.1 million. The return on equity earned by Louisville Water in 2024 was 9.76%.

(Continued)

Comparative Analysis of Financial Results

To optimize long-term financial viability, Louisville Water management plans for and monitors five groups of financial metrics: liquidity, capitalization, coverage, profitability and dividend payout. Figure 7 below shows management's computation of certain financial ratios within each of these groups of metrics.

Figure 7
Comparative Analysis of Financial Results

Liquidity	**Access Readily Available Assets to Meet Near-Term Obligations**	**2023**	**2024**	**2025 Budget**	**Target**
Days of Funded Operations	(Cash + Short-Term Liquid Inv.) / (O&M Expense / 365)	381	254	534	>250
Capitalization	**Reliance on Debt Financing for Capital Investments**	**2023**	**2024**	**2025 Budget**	**Target**
Debt to Net Utility Plant	Debt / Net Utility Plant	22.80%	20.32%	31.93%	<35%
Debt to Capitalization	Debt / (Debt + Net Position)	22.38%	20.18%	18.87%	<24%
Coverage	**Capacity to Make Debt Service Payments**	**2023**	**2024**	**2025 Budget**	**Target**
Debt Service Coverage	Income Available for Debt Service / Debt Service	2.15	2.47	2.17	Current Target >2.0
Section 603 Rate Covenant	Net Revenue / Max Agg. Debt Service	363%	389%	248%	>130%
Debt Service Safety Margin	(1 - O&M Expense + Debt Service) / (Operating Revenue + Non-Operating Revenue)	44.57%	43.76%	42.01%	>30%
Profitability	**Profitability of the Company**	**2023**	**2024**	**2025 Budget**	**Target**
Return on Equity	(Net Income – Infrastructure Reserve Replacement ("IRR") + Bond Reserve Adjustment) / Stockholder Equity Eligible for Return	10.01%	9.76%	6.88%	>7.5%
Return on Net Utility Plant	Net Income / Net Utility Plant	4.91%	5.96%	4.38%	>3.5%
Net Profit Margin	Net Income / Operating Revenue	29.95%	35.85%	25.97%	>20%
Dividend Payout	**Measurement of Distribution of Profit as a Dividend**	**2023**	**2024**	**2025 Budget**	
Dividend Payout	Dividends Declared / (Net Income - IRR)	40.89%	44.73%	57.18%	
Total Transfers	(Water in Lieu of Taxes + Dividends) / Operating Revenue	21.26%	21.81%	20.64%	

(Continued)

Contacting the Company's Financial Management

This financial report is designed to provide our citizens, customers, creditors and stockholder with a general overview of the Company's finances and to show the Company's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Vice-President, Finance – Treasurer at Louisville Water Company, 550 South Third Street, Louisville, KY 40202.

LOUISVILLE WATER COMPANY
STATEMENT OF NET POSITION
December 31, 2024
(With Summarized Financial Information as of December 31, 2023)

	2024	2023
ASSETS		
Current Assets		
Cash	$ 47,021,364	$ 42,715,595
Short-term liquid investments	30,078,982	64,913,117
Cash and short-term liquid investments	77,100,346	107,628,712
Accounts receivable, net	21,504,496	12,665,348
Contracts receivable, current portion	594,259	585,028
Materials and supplies	10,214,388	9,626,297
Restricted, expendable bond accounts	3,534,071	3,414,795
Other current assets	5,554,582	4,233,064
Accrued interest receivable	90,944	53,267
Total Current Assets	118,593,086	138,206,511
Utility Plant, net of accumulated depreciation	1,522,422,679	1,453,124,277
Noncurrent Assets		
Restricted reserves	32,596,558	41,612,805
Non-utility property	2,160,119	2,240,270
Unamortized bond issuance costs	1,045,335	1,202,122
Net OPEB asset	2,051,249	1,645,994
Contracts receivable	282,899	329,682
Preliminary engineering charges	550,386	397,308
Prepaid regulatory assets	15,278,212	10,257,226
Total Noncurrent Assets	53,964,758	57,685,407
Total Assets	1,694,980,523	1,649,016,195
Deferred Outflows of Resources		
Pension	7,468,172	7,925,772
OPEB	3,656,288	5,717,837
Total Deferred Outflows of Resources	11,124,460	13,643,609
Total Assets and Deferred Outflows of Resources	$ 1,706,104,983	$ 1,662,659,804

(Continued)

LOUISVILLE WATER COMPANY
STATEMENT OF NET POSITION
December 31, 2024
(With Summarized Financial Information as of December 31, 2023)

	2024	2023
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	28,529,919	$ 22,623,739
Sewer collections (contra)	2,173,241	2,474,810
Customer deposits and advances	5,569,363	5,329,175
Tax collections payable	933,135	688,767
Accrued interest payable	1,541,648	1,677,909
Contracts payable, retainage percentage	7,262,474	5,997,933
Accrued payroll	687,879	465,969
Accrued compensated absences	2,036,620	1,705,442
Insurance reserve	2,572,746	2,505,078
Bonds and notes payable, current portion	22,057,127	21,875,114
Total Current Liabilities	73,364,152	65,343,936
Long-Term Liabilities		
Net pension liability	70,847,927	76,498,832
Unamortized debt premium and discount	21,104,978	24,205,477
Bonds and notes payable, less current portion	287,317,342	309,374,468
Total Long-Term Liabilities	379,270,247	410,078,777
Total Liabilities	452,634,399	475,422,713
Deferred Inflows of Resources		
Pension	8,828,897	10,797,509
OPEB	20,497,100	27,371,924
Gain on refunding of debt	65,634	279,987
Total Deferred Inflows of Resources	29,391,631	38,449,420
Total Liabilities and Deferred Inflows of Resources	482,026,030	513,872,133
Net Position		
Net investment in capital assets	1,197,243,748	1,098,644,764
Unrestricted	(9,295,494)	5,115,308
Restricted, expendable – debt service	36,130,629	45,027,599
Total Net Position	1,224,078,953	1,148,787,671
Total Liabilities and Net Position	$ 1,706,104,983	$ 1,662,659,804

See accompanying Notes to Financial Statements.

LOUISVILLE WATER COMPANY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended December 31, 2024
(With Summarized Financial Information for the Year Ended December 31, 2023)

	2024	2023
Revenues		
Operating revenues	$ 253,317,959	$ 238,351,396
Operating Expenses		
Operating and maintenance expenses	110,996,700	103,224,026
GASB 68 pension actuarial adjustment	(7,161,917)	(4,874,022)
GASB 75 OPEB actuarial adjustment	(5,218,530)	(4,811,907)
Depreciation and amortization	54,161,362	52,686,470
Water and fire service provided in lieu of taxes	23,005,492	22,092,526
Loss from sale and salvage of retired assets	1,244,225	1,512,652
Total Operating Expenses	177,027,332	169,829,745
Net Operating Revenue	76,290,627	68,521,651
Non-Operating Income (Expense)		
Interest income	6,625,918	7,738,805
Interest expense	(7,364,253)	(8,251,344)
Grant revenue	15,257,591	3,386,015
Net Non-Operating Income	14,519,256	2,873,476
Net Income Before Distributions and Contributions	90,809,883	71,395,127
Distributions and Contributions		
Dividends	(32,243,827)	(28,580,363)
Contributions in aid of construction	16,725,226	11,048,486
Total Distributions and Contributions, Net	(15,518,601)	(17,531,877)
Change in Net Position	75,291,282	53,863,250
Net Position, Beginning of Year	1,148,787,671	1,094,924,421
Net Position, End of Year	$ 1,224,078,953	$ 1,148,787,671

See accompanying Notes to Financial Statements.

LOUISVILLE WATER COMPANY
STATEMENT OF CASH FLOWS
Year ended December 31, 2024
(With Summarized Financial Information for the Year Ended December 31, 2023)

	2024	2023
Cash Flows from Operating Activities		
Cash received from customers	$ 226,611,240	$ 216,059,112
Cash paid to suppliers and others	(66,972,225)	(63,122,648)
Cash paid to employees for services or benefits	(38,226,666)	(35,032,404)
Net Cash Provided by Operating Activities	121,412,349	117,904,060
Cash Flows from Non-capital Financing Activities		
Dividends paid to stockholder	(31,451,384)	(25,676,342)
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of utility plant	(108,400,327)	(91,090,128)
Acquisition of non-utility property	(2,254,738)	(3,014,228)
Grant funds	10,058,289	779,250
Contributions in aid of construction	78,936	126,068
Preliminary engineering charges	(153,078)	(493,359)
Principal paid	(21,875,114)	(18,918,142)
Interest paid	(13,428,512)	(14,372,000)
Net Cash Used in Capital and Related Financing Activities	(135,974,544)	(126,982,539)
Cash Flows from Investing Activities		
Investment – purchases	(29,873,698)	(20,273,495)
Investment – maturities	66,554,400	37,811,000
Restricted cash reserves	9,016,247	(4,876,328)
Restricted, expendable bond accounts	(119,276)	14,412,540
Interest received	4,741,675	4,679,795
Net Cash Provided by Investing Activities	50,319,348	31,753,512
Net Change in Cash	4,305,769	(3,001,309)
Cash, Beginning of Year	42,715,595	45,716,904
Cash, End of Year	$ 47,021,364	$ 42,715,595

(Continued)

LOUISVILLE WATER COMPANY
STATEMENT OF CASH FLOWS
Year ended December 31, 2024
(With Summarized Financial Information for the Year Ended December 31, 2023)

	2024	2023
Reconciliation of Net Operating Revenue to Net Cash Provided by Operating Activities		
Net operating revenue	$ 76,290,627	$ 68,521,651
Adjustments to reconcile net operating revenue to cash provided by operating activities		
Depreciation	53,555,032	51,404,056
Amortization	2,334,889	3,094,379
Loss from sale and salvage of retired assets	1,244,225	1,512,652
Changes in current assets and liabilities		
Accounts receivable	(3,639,846)	153,883
Materials and supplies	(588,091)	(2,105,083)
Net OPEB asset	(405,255)	(1,645,994)
Other current assets	5,028,330	(26,541)
Accounts payable	(1,236,113)	4,478,145
Accounts payable, sewer collections	(301,569)	158,544
Customer deposits	240,188	(512,185)
Tax collections payable	244,368	172,726
Accrued compensated absences	331,178	102,512
Accrued payroll	221,910	17,851
Net pension liability	(5,650,905)	(11,239,126)
Net OPEB liability	-	(23,948,469)
Deferred outflows of resources – pension	457,600	(657,587)
Deferred outflows of resources – OPEB	2,061,549	3,354,739
Deferred inflows of resources – pension	(1,968,612)	7,022,691
Deferred inflows of resources – OPEB	(6,874,824)	17,427,817
Insurance reserve	67,668	617,399
Net Cash Provided by Operating Activities	$ 121,412,349	$ 117,904,060
Supplemental Information		
Non-cash capital and related financing activities		
Accrued utility plant acquisitions	$ 6,237,745	$ 6,866,152
Contributions in aid of construction	$ 17,948,383	$ 13,647,780

See accompanying Notes to Financial Statements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Description of the Business: Louisville Water Company (the "Company" or "Louisville Water") is a provider of retail water and related services to residential, commercial, industrial and fire customers in Jefferson County and parts of Oldham and Bullitt counties in Kentucky. The Company also provides wholesale water service to nine utility customers located in Bullitt, Nelson, Shelby and Spencer counties in Kentucky and has a contract to operate a water treatment facility in southern Indiana. Throughout its 164-year history, the Company has engaged the communities it serves through philanthropic and charitable outreach activities, directly contributing to improving the health and well-being of those communities.

The Company is a component unit of Louisville/Jefferson County Metro Government ("Louisville Metro"). The Company is a legally separate entity that provides water utility services to the residents of the Louisville metropolitan area and charges fees for those services. It is shown as a discreetly presented Component Unit because Louisville Metro is the sole shareholder of Louisville Water's stock, receives a quarterly dividend, and the Mayor appoints the Company's Board of Directors. Water and fire services valued at $23 million were provided to Louisville Metro in lieu of taxes during the year ended December 31, 2024. The Company remitted $27,111,853 in dividends to Louisville Metro during Louisville Metro's fiscal year ended June 30, 2024.

The Company has demonstrated its commitment to the community by founding a nonprofit organization, the Louisville Water Foundation (the "Foundation"). The Foundation's mission is to improve the health and wellbeing of the communities it serves and around the world by providing water assistance and water education. The creation of a separate, nonprofit entity allows financial and/or in-kind support to flow into the Foundation from a broad base of public and private sources. The related financial activity of the Foundation is not deemed to be a component unit of the Company.

Basis of Presentation: The accompanying Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for governmental organizations reporting as a business-type activity and enterprise fund accounting, a type of proprietary fund. Business-type activities are those activities that are financed in whole or in part by fees charged to external parties for goods and services. An enterprise fund is accounted for under the economic resource measurement focus and uses the accrual basis of accounting which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, gains and losses. The Financial Statements have been prepared on the accrual basis of accounting, which allows for revenues to be recognized when earned and expenses to be recorded when an obligation has been incurred.

Method of Accounting: The Company adopts common industry accounting policies for water utilities. Although the Company is not subject to regulation, the accounts are maintained in accordance with the uniform system of accounts prescribed by the National Association of Regulatory Utility Commissioners, except with respect to the treatment of gains and losses from the retirement or disposition of utility plant. The Company recognizes gain or loss, including cost of removal, upon the retirement or disposition of utility plant rather than the transfer of cost to accumulated depreciation, as provided by the National Association of Regulatory Utility Commissioners. Due to the election as a regulated operation under GASB 62, to meet industry accounting standards and follow transactional intent, the Company uses, as applicable, Accounting Standards Codification ("ASC") 980, Regulated Accounting.

Estimates in the Financial Statements: The preparation of Financial Statements in conformity with accounting principles generally accepted in the United States of America requires, at times, management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior-Year Comparative Information: The Financial Statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Company's Financial Statements for the year ended December 31, 2023, from which summarized information was derived.

(Continued)

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassification: Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the Company's reported results of operations.

Statement of Cash Flows: For purposes of the Statement of Cash Flows, the Company considers all unrestricted highly liquid investments with a remaining maturity of twelve months or less to be short-term investments. Significant non-cash transactions during the year that were excluded from the Statement of Cash Flows consisted of accrued utility plant acquisitions of $6,237,745 and contributions in aid of construction of $17,948,383.

Implementation of Accounting Standards: The Company adopted the following accounting standards during the year:

- GASB Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Adoption of this standard had no material impact on the Company's financial position or results of operations.

- GASB Statement No. 101, "Compensated Absences". The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Adoption of this standard had no material impact on the Company's financial position or results of operations.

Accounts Receivable and Allowance for Credit Losses: Accounts receivable are stated at the estimated amount management expects to collect from outstanding customer accounts. The allowance for credit losses is established based on historical collection experience and a review of the status of existing water, contract and miscellaneous receivables. See Note 2 for more information.

Inventory: Materials and supplies inventories are stated at the average cost.

Investments: Investments are reported at fair value with gains and losses included in the Statements of Revenues, Expenses and Changes in Net Position. Gains or losses on dispositions are determined using the specific identification method. Treasury securities with maturity of one year or less at the time of purchases are recorded at amortized cost in accordance with GASB 72.

Capitalized Interest: In accordance with the provisions for regulated utility entities under GASB 62, the Company follows the practice of capitalizing the portion of interest incurred as part of the cost of acquiring assets that are debt-financed for rate-making purposes. Total interest cost of $10,134,188 was incurred during the year, of which $2,769,917 was capitalized as a regulatory asset.

Utility Plant: Utility plant is stated at cost of acquisition or construction, including certain indirect costs. Direct purchases with a unit cost of $2,500 or more and a useful life of greater than one year are capitalized. The Company applies the straight-line method of depreciation to the estimated useful lives of the various classes of depreciable property. The estimated useful lives of some significant asset categories are as follows:

Buildings	50 to 100 years
Pipelines	65 to 100 years
Fire hydrants	50 years
Services	40 years
Meters	15 years
Equipment	5 to 25 years
Trucks and autos	5 years

Depreciation and amortization expense related to utility plant was $53,555,032 for 2024 of which $1,728,559 was allocated to other operating expenses.

(Continued)

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-utility Property: Non-utility property is stated at cost of acquisition or construction, including certain indirect costs. Direct purchases with a unit cost of $2,500 or more and a useful life of greater than one year are capitalized. The Company applies the straight-line method of depreciation to the estimated useful lives of the various classes of depreciable property. Depreciation expense of non-utility plant was $2,334,889 for 2024.

Prepaid Regulatory Assets: Prepaid regulatory assets include abandoned plant assets and capitalized interest. The Company capitalizes and depreciates abandoned plant assets generally over five to eight years. The Company depreciates capitalized interest over the life of the related asset. The prepaid regulatory assets have historical cost of $21,296,570. The carrying value, stated net of depreciation, was $15,278,212 as of December 31, 2024.

Customer Deposits: The Company has implemented a security deposit policy for all customers applying for residential, commercial or industrial water service who: (i) have had a previous account in bad debt or bankruptcy status; or (ii) have had a service disconnected due to nonpayment within the last three years of service; or (iii) have a utility score below the threshold set by the Company. The Company refunds the security deposit when a customer closes the account and any unrefunded deposit on an active account will be applied to the account after three years. Additionally, the Company charges a security deposit for temporary meters for construction which is applied to charges incurred on the account. Total security deposits at December 31, 2024 were $2,596,514.

The Company also requires customers to make a deposit for the cost of construction of pipelines and special services. Deposits are refundable to the extent the deposit is in excess of the construction cost. Total construction deposits were $2,972,849 at December 31, 2024. All customer and security deposits are included as customer deposits and advances in current liabilities on the Statement of Net Position.

Accrued Compensated Absences: Employees' vested and accumulated absence is recorded as a liability on the Statement of Net Position. Accrued absence balances were $2,036,620 as of December 31, 2024.

Pensions and Other Postemployment Benefits ("OPEB"): For purposes of measuring the net pension and OPEB liabilities, deferred outflows and inflows of resources related to pensions and OPEB, pension and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to and deductions from CERS' fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows and Inflows of Resources: Deferred outflows represent the consumption of resources that are applicable to a future reporting period, but do not require any further exchange of goods or services. Deferred outflows of resources in the Company's Financial Statements consist of any unamortized deferred loss on refunding of debt and CERS pension and OPEB related unamortized balances. Deferred inflows of resources consist of the CERS pension and OPEB related unamortized balances and unamortized deferred gains on refunding of debt.

Debt and Bond-related Costs: Debt-related policies include the following:

- Bonds payable are recorded at the principal amount outstanding, net of any applicable premium or discount.
- Original issue discounts and premiums on bonds are amortized as a component of interest expense using the effective interest method over the lives of the bonds to which they relate.
- Refunding bonds outstanding, which have been refunded and economically defeased, are not included in long-term debt. The related assets are not included in investments. Gains or loss on refunding, which is the difference between the reacquisition price and the net carrying amount of the old debt, is deferred inflow or outflow of resources and amortized as a component of interest expense over the average remaining life of the old debt.
- Bond issue costs are capitalized and amortized over the life of the respective bond issue using the effective interest method, pursuant to the election of regulatory operation under GASB 62, as they are deemed recoverable through future rates.

(Continued)

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Capital and Construction Grants: Construction and acquisition of water lines and other facilities and plants are financed, in part, from governmental grants and contributions in aid of construction from property owners and developers. Governmental grants in aid of construction represent the portion of construction cost incurred where paperwork has been submitted to the entity. These amounts are recorded as a receivable and revenues from contributions at the time the documentation is submitted. The revenues from contributions are part of the change in net position.

Restricted and Unrestricted Funds: Restricted funds are externally reserved for the purpose of bond debt service, funding of capital expenditures and debt service reserves. Unrestricted funds are used to pay operating expenses. When an expense or outlay is incurred for which both restricted and unrestricted funds are available, it is the Company's practice to use revenue from operations to finance construction, then reimburse from restricted funds as needed. Restricted funds can be used to pay operating expenses in the case of an emergency caused by some extraordinary occurrence, so characterized in a Certificate of an Authorized Officer filed with the Trustee, and an insufficiency of moneys to the credit of the Operation Fund to meet such emergency.

Net Position: The Company classifies resources for accounting and reporting purposes into the following net position categories:

- *Net Investment in Capital Assets:*
  Capital assets, net of accumulated depreciation and outstanding principal balances of debt and related liabilities attributable to the acquisition, construction or improvement of those assets.

- *Restricted: Restricted net position includes two categories:*
  Nonexpendable - Net position subject to externally imposed stipulations that they be maintained permanently by the Company.

  Expendable - Net position whose use by the Company is subject to externally imposed stipulations that can be fulfilled by actions of the Company pursuant to those stipulations or that expire by the passage of time.

- *Unrestricted:*
  Net position whose use by the Company is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Water Works or may otherwise be limited by contractual agreements with outside parties.

Operating / Non-Operating Revenues and Expenses: Operating Revenues are those revenues that are generated directly from the primary activities of the Company. These revenues include water service and commodity charges, late and other water-related fees, contract operations and service line warranty fees, and compensation for service provided to others. Operating expenses are expenses incurred through the activities of operating and maintaining the Company, including depreciation, water provided in lieu of taxes, and loss on disposition of assets. Non-operating revenues and expenses are comprised of investment earnings, grant revenue, financing interest cost, and any other revenues or expenses that do not meet the definition of operating revenues or operating expenses.

Revenue: Operating revenue is recognized in the period in which billings are rendered to customers. The Company does not accrue revenue for water delivered but not billed.

Taxes: The Company, by virtue of its ownership by Louisville Metro, is exempt from taxation by federal, state and local taxing authorities. However, the Company is liable for certain other taxes and provides water and fire services in lieu of taxes to Louisville Metro. Tax expense, which includes water and fire service provided in lieu of taxes, for 2024 was $23,005,492.

Union Employees: The Company has employees who are covered by a collective bargaining agreement. At December 31, 2024, approximately 34% of the Company's full-time employees were covered by the collective bargaining agreement. The 5-year agreement currently in effect expires on February 29, 2028.

(Continued)

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable, net, as of December 31, 2024 includes:

Water	$ 13,309,084
Other	9,094,129
	22,403,213
Allowance for doubtful accounts	(898,717)
	$ 21,504,496

NOTE 3 – 2009 MASTER BOND RESOLUTION FUNDS

The Company maintains a 2009 Master Bond Resolution ("Resolution") that documents the legal requirements for the outstanding bonds payable for the 2015, 2019 and 2022 bond series. The following accounts and funds are established by the Resolution:

Construction and Acquisition Fund: The Resolution establishes a Construction and Acquisition Fund. Individual accounts are established, maintained and accounted for within this fund for each Series of Bonds. The Company pays into such accounts amounts received from the proceeds of the sale of Bonds, to be applied to the cost of construction or acquisition of capital projects and to the Cost of Issuance for the Series of Bonds.

Bond Service Account: Except to the extent that the interest and principal are to be paid from other available sources, the Company is required to deposit monthly, into the Trustee's Bond Service Accounts, one-sixth of the amount of the next succeeding interest payment on the Series 2015, 2019 and 2022 Bonds outstanding and one-twelfth of the next maturing principal of those related bonds. The Bond Service Accounts are invested in government obligation mutual funds stated at fair value.

Bond Reserve Account: The Resolution requires that the Bond Reserve Account be established at one-half of the highest future annual maximum aggregate debt service. The fund is to be used to pay maturing bonds and interest in the event funds in the Bond Service Account are not sufficient. Otherwise, funds may not be withdrawn until the bond issue is paid in full. However, the income earned on investments may be transferred to the Bond Service Account. The reserve is invested in government obligation mutual funds, stated at fair value.

Depreciation Fund: The Resolution requires the Company to make monthly deposits of an amount equal to one-twelfth of an amount not less than the annual depreciation charges into the Depreciation Fund. The balance also includes interest income earned. These funds are available to fund capital expenditures. The Depreciation Fund is collateralized by pledged assets with the Federal Reserve for those funds that exceed the $250,000 FDIC insurance limit.

Infrastructure Replacement Reserve Fund: The Resolution provides for the funding of the Infrastructure Replacement Reserve Fund to support infrastructure replacement and rehabilitation projects. Budgeted funding was $20.1 million for 2024. This fund is collateralized by pledged assets with the Federal Reserve for those funds that exceed the $250,000 FDIC insurance limit.

Revenue Fund: The Resolution requires all revenues received by the Company, and not required to be deposited elsewhere or otherwise reserved for Special Investments, will be collected by the Company and deposited with a Depository or Depositories to the credit of the Revenue Fund.

Operating Reserve Fund: Per the Resolution, each month the Company shall, after making required payments to the Bond Service Account, the Bond Reserve Account, and the Depreciation Fund, withdraw from the Revenue Fund and deposit with a Depository in the name of the Company to the credit of the Operation Fund the balance remaining in the Revenue Fund. The current expenses of the Company are paid from the Operation Fund.

(Continued)

NOTE 3 – 2009 MASTER BOND RESOLUTION FUNDS (Continued)

Rebate Fund: The Board and the Company have covenanted to rebate excess earnings to the United States in accordance with law. The Rebate Fund is established for this purpose and amounts credited to the Rebate Fund shall be free from the lien of the Resolution. Payment of any amount due shall be made by the Board of Water Works and the Company within 15 days following each five-year computation period for the calculation of excess rebate arbitrage under the Internal Revenue Code. There were no deposits required to be made to this fund during 2024.

The Company has Bond and Capital-related accounts within cash and investments as of December 31, 2024 as follows:

Restricted, Expendable Bond Accounts:	
Bond Service Accounts:	
Series 2015	$ 1,157,322
Series 2019	1,195,695
Series 2022	1,181,054
Total restricted, expendable bond service accounts	3,534,071
Total Restricted, Expendable Bond Accounts	$ 3,534,071
Restricted Reserves – Noncurrent Assets:	
Bond Related Reserves:	
Bond reserve account	$ 17,419,071
Capital Related Reserves:	
Depreciation Fund	120,111
Infrastructure Replacement Reserve Fund	15,057,376
Total capital related reserves	15,177,487
Total Restricted Reserves – Noncurrent Assets	32,596,558
Total	$ 36,130,629

NOTE 4 – CASH AND INVESTMENTS

The Company's investment policy specifies that the primary objectives, in priority order, of investment activities are safety, liquidity and yield. In addition, funds are to be invested in conformity with federal, state and other legal requirements, including the Resolution.

At December 31, 2024, in addition to the reserve funds and the bond service account balances with trustees, as reflected in Note 3, the Company had $44,598,549 of cash deposits with financial institutions, collateralized by the financial institutions with pledged assets.

NOTE 4 – CASH AND INVESTMENTS (Continued)

Information related to all cash and investments for December 31, 2024 is included below. Investments (long-term) are presented at fair value.

		Weighted Average Maturity in Years	Credit Rating
Reserve and Bond Accounts:			
Money market mutual funds	$ 20,953,142	0.08	Aaa
Total bond reserve and bond service	20,953,142		
Cash in bank – capital related reserves	15,177,487		
Total restricted reserves and restricted, expendable bond accounts	36,130,629		
Short-term liquid investments:			
U.S. Treasury securities	30,470,000	0.33	N/A
Unamortized discount	(391,018)		
Total short-term liquid investments	30,078,982		
Cash:			
Cash in bank	44,598,549		
Petty cash	4,369		
Checks outstanding and deposits in transit	2,418,446		
Cash and temporary investments	47,021,364		
Total cash and investments	$ 113,230,975		

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Company's deposits may not be returned to it. The Company does not have a formal deposit policy for custodial credit risk; however, the Company has mitigated this risk as all deposits with depository institutions are collateralized by pledged assets with the Federal Reserve for those funds that exceed the $250,000 FDIC insurance limit.

Custodial Credit Risk – Investments: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Company will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Company's bond reserve and bond service investments are held in the name of the Company by a trustee. All other investments currently held are invested in or collateralized by U.S Treasury securities.

Credit Risk: The Company's Investment Guidelines ("the Guidelines") allow it to invest only in certain authorized investments which include only "Investment Securities" as defined in the Amended and Restated Revenue Bond Resolution adopted on November 10, 2009, as supplemented on March 15, 2016. These authorized investments consist of U.S. Government and Federal Agency securities, money market mutual funds, repurchase agreements, highly rated commercial paper and corporate fixed income securities, FDIC insured bank deposits and other high quality, low risk investments. The Guidelines also require diversification of the overall portfolio to eliminate the risk of loss from an overconcentration of assets in a specific class of security, a specific maturity, or a specific issuer.

NOTE 4 – CASH AND INVESTMENTS (Continued)

Interest Rate Risk: The Company does not have a formal policy limiting maturities of its investments. Investments are made based on the prevailing market conditions and anticipated cash needs at the time of the transaction. The Company's interest rate risk is mitigated by the relatively short maturity of the securities in which it invests.

NOTE 5 – FAIR VALUE MEASUREMENTS OF INVESTMENTS

The Company categorizes its fair value measurements using the fair value hierarchy established in GASB 72. The hierarchy is based on the valuation inputs used to measure fair value. Assets classified in Level 1 of the fair value hierarchy are valued using prices quoted for identical assets in active markets. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing approach. Matrix pricing is used to value securities based on the securities' relationship to the benchmark quoted prices. Assets classified in Level 3 are valued based on unobservable inputs.

The Company's fair value measurements as of December 31, 2024 of investments held in operating, reserves and bond funds are:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments by fair value level:				
Money market mutual funds	$ 20,953,142	$ -	$ -	$ 20,953,142
U.S. Treasury Securities	-	-	-	-
Total	$ 20,953,142	$ -	$ -	$ 20,953,142

At December 31, 2024, a portion of U.S. Treasury securities had maturities at the time of purchase of less than twelve months. These securities are recorded at amortized cost of $30,078,982.

NOTE 6 – UTILITY PLANT, NET

The following is a schedule of utility plant for the year ended December 31, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets, depreciable				
Buildings	$ 269,967,731	$ 3,008,750	$ (1,117,915)	$ 271,858,566
Machinery and equipment	150,738,089	14,734,188	(1,163,482)	164,308,795
Infrastructure	1,663,051,423	59,684,633	(4,812,721)	1,717,923,335
Total	2,083,757,243	77,427,571	(7,094,118)	2,154,090,696
Less accumulated depreciation for				
Buildings	(112,679,141)	(9,145,831)	58,358	(121,766,614)
Machinery and equipment	(99,092,885)	(12,556,826)	850,314	(110,799,397)
Infrastructure	(561,538,282)	(34,020,186)	2,212,643	(593,345,825)
Total	(773,310,308)	(55,722,843)	3,121,315	(825,911,836)
Capital assets, net	1,310,446,935	21,704,728	(3,972,803)	1,328,178,860
Capital assets not being depreciated				
Land	18,018,814	281,143	-	18,299,957
Construction in progress	124,658,528	155,621,128	(104,335,794)	175,943,862
Total	142,677,342	155,902,271	(104,335,794)	194,243,819
Utility plant, net	$ 1,453,124,277	$ 177,606,999	$(108,308,597)	$ 1,522,422,679

Some project costs tracked in construction in progress as additions may ultimately be expensed during the year or when the project closes.

NOTE 7 – LONG-TERM LIABILITIES

Long-term liabilities at December 31, 2024, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Bonds payable	$ 330,390,000	$ -	$(21,775,000)	$ 308,615,000	$ 21,955,000	$ 286,660,000
KIA note payable	859,582	-	(100,113)	759,469	102,127	657,342
Unamortized debt premiums and discounts	24,205,477	-	(3,100,499)	21,104,978	-	21,104,978
Net pension liability	76,498,832	-	(5,650,905)	70,847,927	-	70,847,927
Total long-term liabilities	$ 431,953,891	$ -	$(30,626,517)	$ 401,327,374	$ 22,057,127	$ 379,270,247

(Continued)

NOTE 8 – BONDS AND NOTES PAYABLE

Bonds and notes payable (without bond premium or discounts) consisted of the following at December 31, 2024:

Bonds payable (publicly traded)	
Water System Revenue Bonds, 2015 tax exempt, fixed interest rates ranging from 2.0% to 5.0% with maturities from 2016 through 2035	$ 82,990,000
Water System Revenue and Refunding Revenue Bonds, 2019 tax exempt, interest rates ranging from 2.75% to 5.0% with maturities from 2020 through 2039	110,495,000
Water System Revenue Bonds, 2022 tax exempt, fixed interest rates ranging from 3.875% to 5.0% with maturities from 2024 through 2042	115,130,000
Total bonds payable (publicly traded)	308,615,000
Notes payable (direct borrowing)	
Kentucky Infrastructure Authority (“KIA”), Drinking Water State Revolving Fund Loan Program, fixed interest rate of 2.0% and maturities from 2012 through 2031, with remaining interest payments totaling $58,188	759,469
Total bonds and notes payable	309,374,469
Less current portion	22,057,127
Bonds and notes payable, less current portion	$ 287,317,342

All bonds are subject to optional redemption provisions.

The 2009 Master Bond Resolution contains a rate covenant requiring that the schedule of rates and charges, and the rules and regulations for water services will not be revised so as to result in a decrease of revenues. Also, future adjustments to water rates and charges are required, as necessary, so that annual net revenues will not be less than 130% of the maximum Aggregate Bond Service for each Bond Fiscal Year in respect of all outstanding bonds. All revenues of the Company are pledged for the revenue bonds.

The outstanding bonds payable are publicly traded debt. According to the Master Bond Resolution, if there is an event of default (non-payment for principal or interest, bankruptcy, or violation of covenants that aren’t remedied), a vote of 25% or more of the bondholders can cause an acceleration of the bonds.

The KIA loan program is considered a direct borrowing. Under the assistance agreements entered into with the KIA, upon the occurrence and continuance of any events of default, the KIA may declare all payments due. Additionally, when an event of default occurs and is continuing, the KIA can declare all payments due, exercise all rights and remedies, take legal action to enforce its rights under the agreement, and submit a formal referral to the appropriate federal agency.

The Company currently has two loan agreements with KIA, the first of which originated in 2009. A second loan agreement with KIA was executed in October 2024 to fund the identification and replacement of private lead services in economically disadvantaged areas of Louisville Metro. There were no draws made on this loan during 2024. The available principal on this loan is $32,134,730 and it bears a fixed interest rate of 0.5%. The initial draw of funds is expected to take place in 2025, with interest payments commencing six months after the initial draw. A total of 70.9% of the principal, not to exceed $22,791,330, is eligible for forgiveness. Principal that is forgiven will be credited to the loan balance on a pro-rata basis as principal is disbursed during construction. Principal payments will commence within one year of the completion of the project which is currently estimated to be June 2028.

(Continued)

NOTE 8 – BONDS AND NOTES PAYABLE (Continued)

Maturities of bonds and notes payable, as of December 31, 2024, are as follows:

	Principal	Interest	Total
Year ended December 31			
2025	$ 22,057,127	$ 12,337,750	$ 34,394,877
2026	22,194,180	11,302,248	33,496,428
2027	22,266,273	10,328,854	32,595,127
2028	22,393,410	9,355,917	31,749,327
2029	21,865,589	8,380,888	30,246,477
2030-2034	99,937,890	28,513,719	128,451,609
2035-2039	79,545,000	11,625,135	91,170,135
2040-2042	19,115,000	1,639,232	20,754,232
	$ 309,374,469	$ 93,483,743	$ 402,858,212

NOTE 9 – DIVIDENDS

The Company is required by the 2009 Master Bond Resolution to pay a dividend to Louisville Metro, the sole stockholder. The annual dividend, calculated in accordance with the provisions of the 2009 Master Bond Resolution, is equal to fifty percent (50%) of the average of the current and prior two fiscal years' net income before distributions and contributions with certain adjustments and exclusions (adjusted net income). The dividend is paid quarterly each year based on estimated annual adjusted net income. The dividend is adjusted upon completion of the annual audit to reflect any difference between estimated and actual net income, with such adjustment to be made in the quarterly dividend payments of the following year. The 2024 dividend computed under this provision was $32,243,827, resulting in an underpayment of $7,142,293 which will be added to the 2025 dividend payments. The underpayment is included in accounts payable.

NOTE 10 – DEFERRED COMPENSATION PLANS

The Company offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits participating employees to defer a portion of their salary until future years. An employee may defer up to 100% of adjusted gross compensation or $23,000, whichever is less, to the plan. Participants over 50 can utilize additional catch-up limits as regulated by the IRS. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. Plan assets and liabilities are not recorded by the Company. The plan was amended effective July 1, 2023 to establish separate maximum Company contribution amounts for employees in each of the three tiers of the County Employee Retirement System (CERS) pension plan (see Note 11 for information regarding the CERS pension plan). For employees in all three CERS tiers, the Company contributes $0.60 for every $1.00 of an employee's contribution. However, the maximum Company contribution for employees in each tier is as follows: Tier One - $500; Tier Two - $625; Tier Three - $1,500. The amount contributed to the plan by the Company and charged to expense was $253,832 for the year ended December 31, 2024.

The Company also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). An eligible employee may defer up to 100% of adjusted gross compensation or $23,000, whichever is less, to the plan. As of January 1, 2015, the Company no longer contributes to this plan.

(Continued)

NOTE 11 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING – CERS

General Information about the Pension and OPEB Plan: All full-time and eligible part-time employees of the Company participate in County Employee Retirement System ("CERS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky Retirement System ("KRS"), an agency of the Commonwealth. Under the provisions of Kentucky Revised Statute Section 78.520, the Board of Trustees (the Board) of KRS administers CERS, Kentucky Employee Retirement System, and State Police Retirement System. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to members of that plan, and a pro rata share of administrative costs.

The plan provides for retirement, disability and death benefits to plan members. Retirement benefits may also be extended to beneficiaries of plan members under certain circumstances. Under the provisions of Kentucky Revised Statute Section 61.701, the Board of KRS also administers the Kentucky Retirement Systems Insurance Fund. The statutes provide for a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the three pension funds administered by KRS. The assets of the insurance fund are invested as a whole. KRS and the Commonwealth have statutory authority to determine Plan benefits and employer contributions.

KRS issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report may be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KRS website at www.kyret.ky.gov.

Basis of Accounting: For purposes of measuring the net pension and OPEB liabilities, deferred outflow of resources and deferred inflow of resources related to pensions and OPEB, pension and OPEB expense, information about the fiduciary net position of CERS and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Benefits Provided: The information below summarizes the major retirement benefit provisions of CERS-Non-Hazardous. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

***Members whose participation began before 8/1/2004*:**

Age and Service Requirement: Age 65 with at least one month of Non-hazardous duty service credit, or at any age with 27 or more years of service credit.

Benefit: If a member has at least 48 months of service, the monthly benefit is 2.20% times final average compensation times years of service depending on participation and retirement dates. Final compensation is calculated by taking the average of the highest five (5) fiscal years of salary. If the number of months of service credit during the five (5) year period is less than forty-eight (48), one (1) or more additional fiscal years shall be used. If a member has less than 48 months of service, the monthly benefit is the actuarial equivalent of two times the member's contributions with interest.

Members whose participation began on or after 8/1/2004, but before 9/1/2008:

Age and Service Requirement: Age 65 with at least one month of Non-hazardous duty service credit, or at any age with 27 or more years of service credit.

Benefit: If a member has at least 48 months of service, the monthly benefit is 2.00% multiplied by final average compensation, multiplied by years of service. Final compensation is calculated by taking the average of the highest five (5) fiscal years of salary. If the number of months of service credit during the five (5) year period is less than forty-eight (48), one (1) or more additional fiscal years shall be used. If a member has less than 48 months of service, the monthly benefit is the actuarial equivalent of two times the member's contributions with interest.

(Continued)

NOTE 11 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING – CERS (Continued)

Members whose participation began on or after 9/1/2008 but before 1/1/2014:

Age and Service Requirement: Age 65 with 60 months of Non-hazardous duty service credit, or age 57 if age plus service equals at least 87.

Benefit: The monthly benefit is the following benefit factor based on service credit at retirement plus 2.00% for each year of service greater than 30 years, multiplied by final average compensation, multiplied by years of service.

Service Credit	Benefit Factor
10 years or less	1.10%
10+ - 20 years	1.30%
20+ - 26 years	1.50%
26+ - 30 years	1.75%

Final compensation is calculated by taking the average of the last (not highest) five (5) complete fiscal years of salary. Each fiscal year used to determine final compensation must contain twelve (12) months of service credit.

Members whose participation began on or after 1/1/2014:

Age and Service Requirement: Age 65 with 60 months of Non-hazardous duty service credit, or age 57 if age plus service equals at least 87.

Benefit: Each year that a member is an active contributing member to the System, the member contributes 5.00% of creditable compensation, and the member's employer contributes 4.00% of creditable compensation, which is a portion of the total employer contribution, into a hypothetical account. The hypothetical account will earn interest annually on both the member's and employer's contribution at a minimum rate of 4.00%. If the System's geometric average net investment return for the previous five years exceeds 4.00%, then the hypothetical account will be credited with an additional amount of interest equal to 75.00% of the amount of the return which exceeds 4.00%. All interest credits will be applied to the hypothetical account balance on June 30 based on the account balance as of June 30 of the previous year. Upon retirement the hypothetical account which includes member contributions, employer contributions and interest credits can be withdrawn from the System as a lump sum or annuitized into a single life annuity option.

OPEB Benefits Provided: The information below summarizes the major retirement benefit provisions of CERS-Non-Hazardous. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

Insurance Tier 1: Participation began before 7/1/2003

Benefit Eligibility: Recipient of a retirement allowance

Benefit: The percentage of member premiums paid by the retirement system are dependent on the number of years of service. Benefits also include duty disability retirements, duty death in service, non-duty death in service and surviving spouse of a retiree.

Insurance Tier 2: Participation began on or after 7/1/2003, but before 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 120 months of service at retirement

Benefit: The system provides a monthly contribution subsidy of $10 for each year of earned service. The monthly contribution is increased by 1.5% each July 1. Benefits also include duty disability retirements, duty death in service and non-duty death in service.

(Continued)

NOTE 11 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING – CERS (Continued)

Insurance Tier 3: Participation began on or after 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 180 months of service at retirement

Benefit: The system provides a monthly contribution subsidy of $10 for each year of earned service. The monthly contribution is increased by 1.5% each July 1. Benefits also include duty disability retirements, duty death in service and non-duty death in service.

Contributions: The Company was required to contribute at an actuarially determined rate determined by Statute. Per Kentucky Revised Statute Section 78.545(33) normal contribution and past service contribution rates shall be determined by the KRS Board on the basis of an annual valuation last preceding July 1 of a new biennium. The KRS Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board.

For the fiscal year ended December 31, 2024, participating employers contributed 23.34% (23.34% allocated to pension and 0.00% allocated to OPEB) as set by KRS, respectively, of each Non-hazardous employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KRS are financed through employer contributions and investments earnings.

The Company has met 100% of the contribution funding requirement for the year ended December 31, 2024. Total contributions for the year were $8,575,899 for pension and $0 for OPEB.

Members whose participation began before 9/1/2008:

Non-hazardous contributions equal 5% of all creditable compensation. Interest paid on the members' accounts is currently 2.5%; and per statute shall not be less than 2.0%. Members are entitled to a full refund of contributions with interest.

Members whose participation began on or after 9/1/2008:

Non-hazardous contributions equal to 6% of all creditable compensation, with 5% being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Members are entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

Members whose participation began on or after 1/1/2014

Non-hazardous contribution equal to 6% of all creditable compensation, with 5% being credited to the member's account and 1% deposited to the KRS 401(h) Account. Members are entitled to a full refund of contributions and interest on the member's portion of the hypothetical account, however, the 1% contributed to the insurance fund is non-refundable.

PENSION INFORMATION

Total Pension Liability: The total pension liability ("TPL") was determined by an actuarial valuation as of June 30, 2023. An expected TPL was determined at June 30, 2024 using standard roll-forward techniques. The following actuarial assumptions were applied to all periods included in the measurement:

Price inflation	2.30%
Salary increases	3.30% to 10.30%, varying by service years, including inflation
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

NOTE 11 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING – CERS (Continued)

The mortality table used for active members is PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, the mortality table used is the PUB-2010 General Mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019 (set back 3 years for males). For disabled members, the mortality table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

Discount rate assumptions:

(a) **Discount Rate**: The discount rate used to measure the TPL was 6.50%, which did not change from the prior year.

(b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

(c) **Long-Term Expected Rate of Return**: The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2013 through 2018 is outlined in a report dated April 12, 2019. However, the Board of KRS has the authority to review the assumptions on a more frequent basis and adopt new assumptions prior to the next scheduled experience study. The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

(d) **Municipal Bond Rate**: The discount rate determination does not use a municipal bond rate. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the non-hazardous and hazardous pension plans' fiduciary net position and future contributions were separately projected and were each sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

(e) **Periods of Projected Benefit Payments**: The long-term assumed rate of return was applied to all periods of projected benefit payments to determine the TPL.

(Continued)

NOTE 11 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING – CERS (Continued)

(f) **Assumed Asset Allocation:** The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity:		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income:		
Core Bonds	10.00%	2.85%
Specialty Credit/High Yield	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected:		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Total	100.00%	

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 7.19% based on a blending of the factors described above.

(g) **Sensitivity Analysis:** This paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the Company's allocated portion of the net pension liability ("NPL") of the System, calculated using the discount rate of 6.5%, as well as what the Company's allocated portion of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower 5.5% or 1 percentage-point higher 7.5% than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability - Non-hazardous	$ 91,334,554	$ 70,847,927	$ 53,849,425

Employer's Portion of the Collective Net Pension Liability: The Company's proportionate share of the NPL, as indicated in the prior table, is $70,847,927 or approximately 1.18%. The NPL was distributed based on 2023 actual employer contributions to the plan. The Company's previous year's proportionate share of the NPL was approximately 1.19%.

Measurement Date: The total pension liability, net pension liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2023. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2024 using generally accepted actuarial principles.

Changes in Assumptions and Benefit Terms: Since the prior measurement date, there were no changes in assumptions and benefit terms.

Changes Since Measurement Date: There were no changes between the measurement date of the collective NPL and the employer's reporting date.

Pension Expense: The Company was allocated pension expense of $1,652,097 related to the CERS for the year ending June 30, 2024.

(Continued)

NOTE 11 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING – CERS (Continued)

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled as deferred inflows. If they will increase pension expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. Deferred inflows and outflows as of the Measurement Date include:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,429,170	$ -
Change of assumptions	-	3,200,935
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	1,072,822
Differences between expected and actual investment earnings on plan investments	-	4,555,140
	3,429,170	8,828,897
Contributions subsequent to the measurement date	4,039,002	-
Total	$ 7,468,172	$ 8,828,897

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $4,039,002 will be recognized as a reduction of NPL in the year ending December 31, 2025. The remainder of the deferred outflows and deferred inflows of resources are amortized over two to four years with remaining amortization as follows:

Year ending June 30:	
2025	$ (3,728,318)
2026	1,094,798
2027	(1,751,048)
2028	(1,015,159)
	$ (5,399,727)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued pension plan financial reports.

OPEB INFORMATION

Total OPEB Liability: The total other postemployment benefits plan ("OPEB") liability was determined by an actuarial valuation as of June 30, 2023. An expected total OPEB liability was determined at June 30, 2024 using standard roll-forward techniques. The following actuarial assumptions were applied to all periods included in the measurement:

Price inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varying by service years, including inflation
Investment rate of return	6.25%, net of pension plan investment expense, including inflation
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.20% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Post-65	Initial trend starting at 9.00% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.

(Continued)

NOTE 11 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING – CERS (Continued)

The mortality table used for active members is PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, the mortality table used is the PUB-2010 General Mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019 (set back 3 years for males). For disabled members, the mortality table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

Discount rate assumptions:

(a) **Discount Rate:** The discount rate used to measure the total OPEB liability was 5.99%, which increased from the prior year rate of 5.93%.

(b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the actuarially determined contribution rate of projected compensation for each future year calculated in accordance with the current funding policy.

(c) **Long-Term Expected Rate of Return:** The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2013 through 2018 is outlined in a report dated April 12, 2019. However, the Board of KRS has the authority to review the assumptions on a more frequent basis and adopt new assumptions prior to the next scheduled experience study. The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

(d) **Municipal Bond Rate**: The discount rate determination used a municipal bond rate of 3.97% as reported in Fidelity Index's "20 – Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

(e) **Period of Projected Benefit Payments:** Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is the actuary's understanding that any cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

(Continued)

NOTE 11 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING – CERS (Continued)

(f) **Assumed Asset Allocations**: The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity:		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income:		
Core Bonds	10.00%	2.85%
Specialty Credit/High Yield	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected:		
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Total	100.00%	

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 7.19% based on a blending of the factors described above.

(g) **Sensitivity Analysis**: This paragraph requires disclosure of the sensitivity of the net OPEB liability to changes in the discount rate and changes in the healthcare cost trend rate.

The following presents the Company's allocated portion of the net OPEB liability of the System, calculated using the discount rate of 5.99%, as well as what the Company's allocated portion of the System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 4.99% or 1-percentage-point higher 6.99% than the current rate for non-hazardous:

	1% Decrease (4.99%)	Current Discount Rate (5.99%)	1% Increase (6.99%)
Net OPEB (asset) liability	$ 2,773,520	$ (2,051,249)	$ (6,107,923)

The following presents the Company's allocated portion of the net OPEB liability of the System, calculated using the healthcare cost trend rate of percent, as well as what the Company's allocated portion of the System's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for non-hazardous:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB (asset) liability	$ (4,935,056)	$ (2,051,249)	$ 1,308,183

(Continued)

NOTE 11 – DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLAN – COST SHARING – CERS (Continued)

Employer's Portion of the Collective OPEB (Asset) Liability: The Company's proportionate share of the net OPEB (asset) liability, as indicated in the prior table, is $(2,051,249), or approximately 1.19%. The net OPEB liability was distributed based on 2024 actual employer contributions to the plan. The Company's previous year's proportionate share of the net OPEB liability was approximately 1.19%.

Measurement Date: The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles.

Changes in Assumptions and Benefit Terms: Since the prior measurement date, there were changes in assumptions and benefit terms. See required supplementary information.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net OPEB liability and the employer's reporting date.

OPEB Expense: The Company was allocated OPEB expense of $(5,205,172) related to the CERS for the year ending June 30, 2024.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense they are labeled as deferred inflows. If they will increase OPEB expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. Deferred inflows and outflows as of the Measurement Date include:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,138,009	$ 16,139,287
Change of assumptions	1,858,679	1,447,373
Changes in proportion and differences between employer contributions and proportionate shares of contributions	101,736	1,038,555
Differences between expected and actual investment earnings on plan investments	-	1,871,885
	3,098,424	20,497,100
Contributions subsequent to the measurement date	557,864	-
Total	$ 3,656,288	$ 20,497,100

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $557,864, which includes the implicit subsidy reported of $557,864, will be recognized as a reduction of net OPEB liability in the year ending December 31, 2025. The remainder of the deferred outflows and deferred inflows of resources are amortized over two to four years with remaining amortization as follows:

Year ending June 30:	
2025	$ (7,000,763)
2026	(5,536,005)
2027	(4,649,827)
2028	(212,081)
	$ (17,398,676)

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPEB plan financial reports.

(Continued)

NOTE 12 – CONTINGENCIES AND COMMITMENTS

Self-Insurance: The Company retains certain insurable risks up to a fixed maximum per claim exposure. The risk is mitigated by maintaining a self-insured retention ("S.I.R.") of $1,000,000 per occurrence for auto and general liability claims and lawsuits with excess liability insurance above the S.I.R. in multiple layers totaling $40,000,000. Claims and suits are managed by the Company with the assistance of outside counsel.

The Company is self-insured for workers' compensation claims with excess insurance in place with a specific (per occurrence) retention of $600,000, and an aggregate limit of $3,000,000. Workers' compensation claims are managed by a third-party administrator with oversight by the Company.

Changes in the liability for self-insurance for liability and workers' compensation claims are as follows:

	2024	2023
Liability – beginning of year	$ 2,505,078	$ 1,887,679
Accruals for current year claims and changes in estimate	1,300,077	1,333,478
Claims paid	(1,232,409)	(716,079)
Liability – end of year	$ 2,572,746	$ 2,505,078

Claims have not exceeded coverage for the last two years.

Claims and Litigation: The Company is involved in litigation, which has arisen out of operations in the ordinary course of business. The Company accrues losses from litigation as a liability based on estimates. While it is not possible to forecast the outcomes of litigation, it is the opinion of the Company's management, based on evaluations by outside counsel, that they will not have a material adverse effect on the Financial Statements of the Company.

Construction Commitments: The estimated cost to complete construction projects under contract was approximately $49.4 million at December 31, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISVILLE WATER COMPANY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMPANY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS
For the last 10 years

	2024	2023	2022
Company's proportion of the net pension liability	1.18%	1.19%	1.21%
Company's proportionate share of the net pension liability	$ 70,847,927	$ 76,498,832	$ 87,737,958
Company's covered payroll	$ 37,183,349	$ 34,607,213	$ 32,935,091
Company's proportionate share of the net pension liability as a percentage of its covered payroll	190.54%	221.05%	266.40%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%

Notes:

1) The amounts presented for each fiscal year were determined as of the June 30 year-end that occurred within the fiscal year.

(Continued)

LOUISVILLE WATER COMPANY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMPANY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS
For the last 10 years

	2021	2020	2019
Company's proportion of the net pension liability	1.28%	1.25%	1.26%
Company's proportionate share of the net pension liability	$ 81,675,519	$ 95,654,375	$ 88,788,390
Company's covered payroll	$ 32,541,243	$ 31,946,178	$ 31,845,498
Company's proportionate share of the net pension liability as a percentage of its covered payroll	250.99%	299.42%	278.81%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%

Notes:

1) The amounts presented for each fiscal year were determined as of the June 30 year-end that occurred within the fiscal year.

(Continued)

LOUISVILLE WATER COMPANY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMPANY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS
For the last 10 years

	2018	2017	2016
Company's proportion of the net pension liability	1.27%	1.24%	1.19%
Company's proportionate share of the net pension liability	$ 77,085,962	$ 72,516,743	$ 58,797,619
Company's covered payroll	$ 31,370,897	$ 29,830,808	$ 28,494,478
Company's proportionate share of the net pension liability as a percentage of its covered payroll	245.72%	243.09%	206.35%
Plan fiduciary net position as a percentage of the total pension liability	53.54%	53.30%	55.50%

Notes:

1) The amounts presented for each fiscal year were determined as of the June 30 year-end that occurred within the fiscal year.

(Continued)

LOUISVILLE WATER COMPANY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMPANY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS
For the last 10 years

	2015
Company's proportion of the net pension liability	1.28%
Company's proportionate share of the net pension liability	$ 55,122,691
Company's covered payroll	$ 29,911,208
Company's proportionate share of the net pension liability as a percentage of its covered payroll	184.29%
Plan fiduciary net position as a percentage of the total pension liability	59.97%

Notes:

1) The amounts presented for each fiscal year were determined as of the June 30 year-end that occurred within the fiscal year.

SCHEDULE OF THE COMPANY'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET) LIABILITY COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS
For the last 10 years

	2024	2023	2022
Company's proportion of the net OPEB (asset) liability	1.19%	1.19%	1.21%
Company's proportionate share of the net OPEB (asset) liability	$ (2,051,249)	$ (1,645,994)	$ 23,948,469
Company's covered payroll	$ 37,183,349	$ 34,607,213	$ 32,935,091
Company's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.52%)	(4.76%)	72.71%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	104.89%	104.23%	60.95%

Notes:

1) The amounts presented for each fiscal year were determined as of the June 30 year-end that occurred within the fiscal year.
2) GASB 75 requires this schedule to show information for 10 years. However, until a full 10-year trend is compiled, the Company is presenting information for those years for which information is available.

(Continued)

LOUISVILLE WATER COMPANY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMPANY'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET) LIABILITY COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS
For the last 10 years

	2021	2020	2019
Company's proportion of the net OPEB (asset) liability	1.28%	1.25%	1.26%
Company's proportionate share of the net OPEB (asset) liability	$ 24,518,858	$ 30,106,670	$ 21,229,097
Company's covered payroll	$ 32,541,243	$ 31,946,178	$ 31,845,498
Company's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	75.35%	94.24%	66.66%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	62.91%	51.67%	60.44%

Notes:

1) The amounts presented for each fiscal year were determined as of the June 30 year-end that occurred within the fiscal year.
2) GASB 75 requires this schedule to show information for 10 years. However, until a full 10-year trend is compiled, the Company is presenting information for those years for which information is available.

(Continued)

LOUISVILLE WATER COMPANY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMPANY'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET) LIABILITY COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS
For the last 10 years

	2018
Company's proportion of the net OPEB (asset) liability	1.27%
Company's proportionate share of the net OPEB (asset) liability	$ 22,471,844
Company's covered payroll	$ 31,370,897
Company's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	71.63%
Plan fiduciary net position as a percentage of the total OPEB (asset) liability	57.62%

Notes:

1) The amounts presented for each fiscal year were determined as of the June 30 year-end that occurred within the fiscal year.
2) GASB 75 requires this schedule to show information for 10 years. However, until a full 10-year trend is compiled, the Company is presenting information for those years for which information is available.

LOUISVILLE WATER COMPANY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMPANY'S PENSION CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS
For the last 10 years

	2024	2023	2022	2021	2020
Statutorily required contribution	$ 8,575,899	$ 7,980,779	$ 7,760,752	$ 7,059,687	$ 6,481,652
Contributions in relation to the statutorily required contribution	(8,575,899)	(7,980,779)	(7,760,752)	(7,059,687)	(6,481,652)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Company's contributions as a percentage of statutorily required contribution for pension	100%	100.00%	100.00%	100.00%	100.00%
Company's covered payroll	$ 38,363,144	$ 32,215,632	$ 33,053,390	$ 33,449,857	$ 32,757,355
Contributions as a percentage of its covered payroll	22.35%	24.77%	23.48%	21.11%	19.79%

(Continued)

LOUISVILLE WATER COMPANY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMPANY'S PENSION CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS
For the last 10 years

	2019	2018	2017	2016	2015
Statutorily required contribution	$ 5,651,953	$ 4,994,870	$ 4,402,741	$ 3,848,753	$ 3,680,646
Contributions in relation to the statutorily required contribution	(5,651,953)	(4,994,870)	(4,402,741)	(3,848,753)	(3,680,646)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Company's contributions as a percentage of statutorily required contribution for pension	100.00%	100.00%	100.00%	100.00%	100.00%
Company's covered payroll	$ 32,166,042	$ 31,805,010	$ 30,405,336	$29,125,528	$ 29,787,416
Contributions as a percentage of its covered payroll	17.57%	15.70%	14.48%	13.21%	12.36%

(Continued)

Changes in Assumptions and Benefit Terms:

2024: There were no changes in assumptions and benefit terms since the prior measurement date.

2023: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as follows:

- The assumed rate of inflation was increased from 2.30% to 2.50%.
- The assumed investment rate of return was increased from 6.25% to 6.50%.
- The assumed Short-Service Salary Increase rate was increased for members with four to seven years of service from a range of 4.80%-4.30% to a range of 5.30%-4.55%.
- The assumed Cash Balance Interest Credit was increased to 6.50%.
- The Mortality Table was changed to the 2024 Public Retirees of Kentucky Mortality Table (2024 PRK).
- The assumed rates of Termination and Disability were updated to more accurately reflect experience.

2022: There were no changes in assumptions and benefit terms since the prior measurement date.

2021: There were no changes in assumptions and benefit terms since the prior measurement date.

2020: Since the prior measurement date, there were no changes in assumptions, however, benefit terms were updated as follows, which did not have a material impact on the total pension liability:

- The monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse was reduced.
- Benefits were increased for a small number of beneficiaries.

2019: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as follows:

- Salary increases were increased from 3.05% to range of 3.30% - 10.30%.
- The Mortality Table was changed from RP-2000 to Pub-2010.

2018: There were no changes in assumptions and benefit terms since the prior measurement date.

2017: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as follows:

- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- Payroll growth assumption was reduced from 4.00% to 3.05%.

2016: There were no changes in assumptions and benefit terms since the prior measurement date.

2015: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as described in Schedule D of the CERS actuary report. The changes are noted below:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).

(Continued)

- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (setback 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

LOUISVILLE WATER COMPANY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMPANY'S OPEB CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS
For the last 10 years

	2024	2023	2022
Statutorily required contribution	$ -	$ 1,156,190	$ 1,420,647
Contributions in relation to the statutorily required contribution	-	(1,156,190)	(1,420,647)
Annual contribution deficiency (excess)	$ -	$ -	$ -
Company's contributions as a percentage of statutorily required contribution for OPEB	100%	100.00%	100.00%
Company's covered payroll	$ 38,363,144	$ 32,215,632	$ 33,053,390
Contributions as a percentage of its covered payroll	0.00%	3.59%	4.30%

Note:

1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Company is presenting information for those years for which information is available.

(Continued)

LOUISVILLE WATER COMPANY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMPANY'S OPEB CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS
For the last 10 years

	2021	2020	2019
Statutorily required contribution	$ 1,741,146	$ 1,598,584	$ 1,832,878
Contributions in relation to the statutorily required contribution	(1,741,146)	(1,598,584)	(1,832,878)
Annual contribution deficiency (excess)	$ -	$ -	$ -
Company's contributions as a percentage of statutorily required contribution for OPEB	100.00%	100.00%	100.00%
Company's covered payroll	$ 33,449,875	$ 32,757,355	$ 32,166,042
Contributions as a percentage of its covered payroll	5.21%	4.88%	5.70%

Note:

1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Company is presenting information for those years for which information is available.

(Continued)

LOUISVILLE WATER COMPANY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMPANY'S OPEB CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM – NON-HAZARDOUS
For the last 10 years

	2018
Statutorily required contribution	$ 1,621,263
Contributions in relation to the statutorily required contribution	(1,621,263)
Annual contribution deficiency (excess)	$ -
Company's contributions as a percentage of statutorily required contribution for OPEB	100.00%
Company's covered payroll	$ 31,805,010
Contributions as a percentage of its covered payroll	5.10%

Note:

1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Company is presenting information for those years for which information is available.

(Continued)

Changes in Assumptions and Benefit Terms:

2024: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99%.
- The assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis and was updated (i.e., increased) to better reflect more current expectations relating to anticipated future increases in the medical costs.

2023: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The discount rate used to calculate the total OPEB liability increased from 5.70% to 5.93%.
- The assumed rate of inflation was increased from 2.30% to 2.50%.
- The assumed investment rate of return was increased from 6.25% to 6.50%.
- The assumed Short-Service Salary Increase rate was increased for members with four to seven years of service from a range of 4.80%-4.30% to a range of 5.30%-4.55%.
- The assumed Cash Balance Interest Credit was increased to 6.50%.
- The Mortality Table was changed to the 2024 Public Retirees of Kentucky Mortality Table (2024 PRK).
- The assumed rates of Termination and Disability were updated to more accurately reflect experience.

2022: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The discount rate used to calculate the total OPEB liability increased from 5.20% to 5.70%.

2021: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The discount rate used to calculate the total OPEB liability decreased from 5.34% to 5.20%.
- The assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis and was updated (i.e., increased) to better reflect more current expectations relating to anticipated future increases in the medical costs.

2020: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The discount rate used to calculate the total OPEB liability decreased from 5.68% to 5.34%.
- The assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis and was updated (i.e., increased) to better reflect more current expectations relating to anticipated future increases in the medical costs.
- Actuarial information has been updated to reflect anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee", which occurred in December 2019

2019: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as follows:

- Salary increases were increased from 3.05% to range of 3.30% - 10.30%.
- The Mortality Table was changed from RP-2000 to Pub-2010.

2018: There were no changes in assumptions and benefit terms since the prior measurement date.

2017: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Payroll growth assumption was reduced from 4.00% to 3.05%.

SUPPLEMENTARY INFORMATION

LOUISVILLE WATER COMPANY
SCHEDULE OF INVESTMENTS
December 31, 2024

	Yield	Maturity	Cost
Bond Reserve and Service Accounts			
Treasury Obligation Fund (FOCXX)	4.980%	01/31/25	$ 20,953,142
Short-term Liquid Investments			
US Treasury Note	4.331%	04/30/25	$ 30,078,982

2022 Series Bond Issue

The tax-exempt Water System Revenue Bonds were issued by the Board of Water Works and are payable only from revenue of the Company.

Master Resolution Date	November 10, 2022
Seventh supplemental resolution date	August 16, 2022
Original amount	$125,160,000
Interest rate	3.875% to 5.00%
Bonds payable	November 15
Interest payable	May 15 and November 15
Call provisions in whole or in part	100% after November 15, 2032

2019 Series Bond Issue

The tax-exempt Water System Revenue Bonds and Refunding Revenue Bonds were issued by the Board of Water Works and are payable only from revenue of the Company.

Master Resolution Date	November 10, 2009
Sixth supplemental resolution date	September 17, 2019
Original amount	$155,540,000
Interest rate	2.75% to 5.00%
Bonds payable	November 15
Interest payable	May 15 and November 15
Call provisions in whole or in part	100% after November 15, 2029

2015 Series Bond Issue

The tax-exempt Water System Revenue Bonds were issued by the Board of Water Works and are payable only from revenue of the Company.

Master Resolution Date	November 10, 2009
Fourth supplemental resolution date	October 20, 2015
Original amount	$119,445,000
Interest rate	2.00% to 5.00%
Bonds payable	November 15
Interest payable	May 15 and November 15
Call provisions in whole or in part	100% after November 15, 2025

Kentucky Infrastructure Authority (KIA)

Date of Assistance Agreement	December 1, 2009
Original amount	$1,915,499
Interest rate	2.00%
Principal & Interest payable	June 1 and December 1
Loan Maturity	December 1, 2031

LOUISVILLE WATER COMPANY
SCHEDULE OF OUTSTANDING BOND INDEBTEDNESS
AND ANNUAL DEBT SERVICE REQUIREMENTS
December 31, 2024

	2022 Bonds		Aggregate
Year ending December 31	**Principal Installments**	**Interest**	**Bond Service**
2025	$ 6,850,000	$ 5,384,600	$ 12,234,600
2026	7,170,000	5,042,100	12,212,100
2027	7,510,000	4,683,600	12,193,600
2028	7,860,000	4,308,100	12,168,100
2029	8,240,000	3,915,100	12,155,100
2030	8,630,000	3,503,100	12,133,100
2031	9,050,000	3,071,600	12,121,600
2032	4,300,000	2,619,100	6,919,100
2033	4,515,000	2,404,100	6,919,100
2034	4,740,000	2,178,350	6,918,350
2035	4,980,000	1,941,350	6,921,350
2036	5,225,000	1,692,350	6,917,350
2037	5,430,000	1,489,881	6,919,881
2038	5,645,000	1,272,681	6,917,681
2039	5,870,000	1,046,881	6,916,881
2040	6,115,000	804,744	6,919,744
2041	6,365,000	552,500	6,917,500
2042	6,635,000	281,988	6,916,988
	$ 115,130,000	$ 46,192,125	$ 161,322,125

(Continued)

LOUISVILLE WATER COMPANY
SCHEDULE OF OUTSTANDING BOND INDEBTEDNESS
AND ANNUAL DEBT SERVICE REQUIREMENTS
December 31, 2024

	2019 Bonds		Aggregate
Year ending December 31	**Principal Installments**	**Interest**	**Bond Service**
2025	$ 8,675,000	$ 4,353,550	$ 13,028,550
2026	8,260,000	3,919,800	12,179,800
2027	7,790,000	3,506,800	11,296,800
2028	7,355,000	3,117,300	10,472,300
2029	6,230,000	2,749,550	8,979,550
2030	5,050,000	2,438,050	7,488,050
2031	3,805,000	2,185,550	5,990,550
2032	7,750,000	1,995,300	9,745,300
2033	6,625,000	1,607,800	8,232,800
2034	5,305,000	1,409,050	6,714,050
2035	3,950,000	1,249,900	5,199,900
2036	11,580,000	1,131,400	12,711,400
2037	10,425,000	784,000	11,209,000
2038	9,135,000	497,313	9,632,313
2039	8,560,000	246,100	8,806,100
	$ 110,495,000	$ 31,191,463	$ 141,686,463

(Continued)

	2015 Bonds		Aggregate
Year ending December 31	**Principal Installments**	**Interest**	**Bond Service**
2025	$ 6,430,000	$ 2,584,919	$ 9,014,919
2026	6,660,000	2,327,719	8,987,719
2027	6,860,000	2,127,919	8,987,919
2028	7,070,000	1,922,119	8,992,119
2029	7,285,000	1,710,019	8,995,019
2030	7,510,000	1,491,469	9,001,469
2031	7,745,000	1,256,781	9,001,781
2032	7,980,000	1,024,431	9,004,431
2033	8,225,000	785,031	9,010,031
2034	8,480,000	538,281	9,018,281
2035	8,745,000	273,279	9,018,279
	$ 82,990,000	$ 16,041,967	$ 99,031,967

(Continued)

LOUISVILLE WATER COMPANY
SCHEDULE OF OUTSTANDING BOND INDEBTEDNESS
AND ANNUAL DEBT SERVICE REQUIREMENTS
December 31, 2024

	KIA Note		Aggregate
Year ending December 31	**Principal Installments**	**Interest**	**Note Service**
2025	$ 102,127	$ 14,681	$ 116,808
2026	104,180	12,629	116,809
2027	106,273	10,535	116,808
2028	108,410	8,398	116,808
2029	110,589	6,219	116,808
2030	112,811	3,997	116,808
2031	115,079	1,729	116,808
	$ 759,469	$ 58,188	$ 817,657

Operating and maintenance expenses for year ended December 31, 2024

Pumping	$ 9,343,038
Water Treatment	16,994,732
Transmission and distribution	20,363,884
Customer accounts expenses	10,330,531
Administrative and general expenses	52,347,403
Operating expenses over (under) applied	1,617,112
Total operating and maintenance expenses	$ 110,996,700

APPENDIX C

ECONOMIC AND DEMOGRAPHIC PROFILE
OF LOUISVILLE AND JEFFERSON COUNTY, KENTUCKY

THE METRO GOVERNMENT

Organization

General. In 2003, Louisville and Jefferson County merged to form the Louisville/Jefferson County Metro Government, now referred to as Metro Government. Metro Government operates under a mayor-council form of government. The mayor is elected to a four-year term via an at-large, partisan election. Council members are also chosen to four-year terms but in partisan elections according to the district of their residence. There are 26 council districts. Metro Government is responsible for providing a broad array of services to residents, including police and fire protection, ambulance services, infrastructure maintenance, solid waste and recycling collection, as well as amenities, such as public parks and libraries. In addition to these services, Metro Government also reports for various component units, including the Louisville Water Co., Parking Authority of River City Inc., Transit Authority of River City Inc., Riverport Authority, Metropolitan Sewer District, KentuckianaWorks, Kentucky Science Center Inc., Board of Health, Louisville Affordable Housing Trust Fund, and Waterfront Development Corporation.

Fiscal Year

The Metro Government operates on a fiscal year, which commences July 1 and ends June 30.

Budgeting Procedures

General. An annual appropriated budget is adopted for the General Fund on a cash basis (non-GAAP). This appropriated budget includes all transfers to capital projects funds for which transfers are designated for subsequent years' capital expenditures or for transfer to other capital or debt service funds or accounts. Formal budgets are not adopted for the Special Revenue Fund or for the Debt Service Funds because bond covenants and other relevant contractual provisions require specific payments to and from these funds annually and transfers are budgeted in the General Fund to comply with these requirements. All annual appropriations from the General Fund lapse at year-end. Departments may request Metro Council authorization for budgetary carryforwards into the next fiscal year. When authorized, those are reported as committed fund balance.

Each year, the mayor and council must work to produce and to approve a budget that funds these essential services and works to accomplish the goal of creating a city of lifelong learning, great jobs, wellness, and compassion. This cyclical process begins each year as soon as the previous budget is signed by the mayor. All budget adjustments at the department level must be approved by the Chief Financial Officer consistent with the approved budget.

In August, each department is tasked with a review of its strategic plan. In December, departments report on the status of their strategic plans. The budget process formally begins with the dissemination of questionnaire designed to help the Office of Management and Budget ("OMB") understand departmental objectives. After analysis of these questionnaires, follow-up meetings are conducted between departments and OMB. In March and early April, budgetary objectives are presented to the mayor. The mayor's recommended budget is presented to the council in late April. This is followed by department budget hearings before the council in May and June. The council has until July 1 of each year to pass a budget, which is then signed by the mayor.

Capital Improvements Budget. The capital improvements budget and program for the Metro Government is prepared annually to include a program of proposed capital expenditures for the ensuing fiscal year. The Mayor submits the capital improvements budget, based on information from all officers, departments, boards, commissions and other agencies requesting funds from the Metro Government for capital improvements, to the Metro Council and recommends those projects to be undertaken during the ensuing fiscal year and the method of financing them. The Mayor's recommendation notes the impact of proposed projects on the debt structure of the Metro Government and includes in the appropriate current operating budget any projects to be financed from current revenues for the ensuing fiscal year.

The Metro Council has the power to accept, with or without amendment, or reject, the proposed program and proposed means of financing. The Metro Council cannot authorize an expenditure for the construction of any building, structure, work or improvement, unless the appropriation for such project is included in its capital improvements budget, except to meet a public emergency threatening the lives, health or property of the inhabitants, when passed by two-thirds vote of the membership of the Metro Council.

Accounting

Pursuant to Kentucky statute, independent auditors annually audit the financial statements of the Metro Government. The Basic Financial Statements and other financial information are prepared in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. In addition to meeting the requirements set forth in state statutes, Metro Government audits are also designed to meet the requirements of the federal Single Audit Act of 1984 and the Single Audit Amendments of 1996, and related OMB Circular A-133. Copies of the Annual Comprehensive Financial Report ("ACFR") are available through the Chief Financial Officer, Office of Management and Budget, Metro Government, 611 West Jefferson Street, Louisville, Kentucky 40202 and at https://louisvilleky.gov/government/management-budget/comprehensive-annual-financial-report-louisville-financials

The Metro Government manages its financial reporting through the use of categories of fund types and account groups. Funds are classified into three categories: governmental, proprietary, and fiduciary.

The Metro Government reports the following major governmental funds:

The **General Fund** is the Government's primary operating fund that accounts for all of the activities of the general operations of the Government, except those required to be accounted for in another fund.

The **Special Revenue Fund** is used to account for the collection and disbursement of earmarked money, primarily federal and state grant money.

The **Capital Projects Fund** is used to account for the acquisition or construction of general capital assets.

The Metro Government reports the following non-major governmental funds:

The **Debt Service Fund** is used to account for resources set aside to meet current and future debt service requirements on general long-term debt.

The **Capital Projects Fund** of certain blended component units accounts for the acquisition or construction of general capital assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items.

The **Internal Service Fund**, a proprietary fund, accounts for the cost of purchased insurance, the operation and administration of the Metro Government's self-insurance programs, and the cost of administering and collecting the Metro Government's occupational tax.

All other Metro Government proprietary activities qualify and are reported as discretely presented component units:

The **Louisville and Jefferson County Riverport Authority ("Riverport")** is a legally separate entity that was established in order to develop and maintain an industrial riverport complex on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to fund debt service requirements, operating expenses and adequate working capital.

The **Louisville Water Company ("LWC")** is a legally separate entity that provides water services to customers on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to fund debt service requirements, operating expenses and adequate working capital.

The **Parking Authority of River City, Inc. ("PARC")**, a non-profit corporation, agency, and instrument of Louisville Metro, provides parking services to customers on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to fund debt service requirements, operating expenses, and adequate working capital. PARC's debt obligations are secured by PARC's revenues and PARC leasing a portion of its parking facilities to Louisville Metro.

The **Transit Authority of River City ("TARC")** is a legally separate entity that operates the mass transit system in the metropolitan area. Metro Government does not provide any funding to TARC, but it does administer the Mass Transit Trust Fund, which receives occupational tax revenues and remits those amounts to TARC.

The **Metropolitan Sewer District ("MSD")** is a legally separate entity that provides sewer services to the residents of the metropolitan area on a self-supporting basis utilizing a rate structure designed to produce revenues sufficient to fund debt service requirements, operating expenses and adequate working capital.

The **Kentucky Science Center, Inc. ("KSC")** provides museum exhibits and scientific programs to the public. Financial support is received from admissions, merchandise sales, memberships, parking fees, donations, and an appropriation from the Metro Government.

Waterfront Development Corporation ("WDC") is a legally separate entity that provides planning, construction services, maintenance and event production and coordination for public parks along the Ohio River waterfront in the Louisville Metro area.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. Metro Government reports the following fiduciary funds:

Agency Funds, which are custodial in nature, are used to account for assets held by elected officials and other departments as agents for individuals, governmental entities and others.

The **Private Purpose Trust** is used to account for a discount loan program and funds held for the inmate commissary program.

Pension Benefit and Trust Funds are used to account for the Firefighters' Pension Fund and the Policemen's Retirement Fund.

Revenues

The Metro Government derives its revenues from a direct tax levy on real and personal property, occupational tax, bank and franchise taxes, earned income, fees and fines, Commonwealth of Kentucky and Federal payments. Financial data for the fiscal year ended June 30, 2023 indicate that occupational taxes accounted for 47.6% of all revenues available to the General Fund and property tax collections accounted for 19.2% (Annual Comprehensive Financial Report – page 27). A description of each major revenue category follows:

Taxes – These include occupational taxes, ad valorem property taxes, bank and life insurance shares, franchises, public service corporations, agricultural products, whiskey, deeds and other miscellaneous taxes.

Intergovernmental – Under this revenue category are payments made to the Metro Government by other governmental entities (Federal, Commonwealth or other governmental units or agencies).

Licenses and Permits – This category includes charges for licenses and permits issued by departments, agencies, boards and commissions of the Metro Government.

Fees and Fines – This category includes collections of obligations imposed by the courts, law enforcements and agencies charged with the care of prisoners.

Charges for Services – These are fees and charges for activities and services provided by agencies of the Metro Government.

Donations – Revenue received from various sources for specific purposes.

Dividends – Revenue received from the Louisville Water Company stock that is wholly owned by Metro Government.

Investment Income – Interest on investments.

Miscellaneous Revenue – Includes (i) commissions and fees collected by certain officials for certain activities of the Metro Government not falling within the other itemized categories; (ii) proceeds from confiscation of property; (iii) compensation for loss, sale or damage to property; and (iv) miscellaneous revenues.

The occupational tax is levied at the statutory rate of 2.2% (1.25% to Metro Louisville ; 0.75% to Jefferson County Public Schools (JCPS) for Jefferson County residents; and 0.2% to the Transit Authority of River City (TARC) on employee withholdings and business net profits. Occupational taxes are collected by the Louisville & Jefferson County Revenue Commission (the "Revenue Commission"). In addition, a 5.0% license tax on the amount of premiums written by insurance companies doing business within Metro Louisville is also collected by the Revenue Commission. After setting aside sufficient funds to cover General Obligation annual debt service requirements and annual Revenue Commission operating expenses, the balance of collections is remitted monthly to the Metro Government.

The property tax is levied each August or September by the Metro Council on the assessed value listed as of the prior January 1 for all real and certain personal property within Metro Louisville. Taxable values are assessed periodically by the Property Valuation Administrator who is required by law to maintain total assessments at approximately 100% of fair market value. The Property Valuation Administrator must provide an official assessment for each class of property each year. The State Local Finance Officer must certify to the Metro Government the maximum permissible ad valorem tax rates on the basis of that assessment and the Metro Government may levy the maximum permissible rate or a lower rate. However, if a tax rate is levied on real property that will produce more revenue than the maximum permissible rate, the excess levy is subject to a recall vote.

INVESTMENT PRACTICES

The funds of the Metro Government are managed and invested pursuant to applicable standards of the Metro Council, the Kentucky Revised Statutes, specifically (KRS § 66.480) and respective bond ordinances that allow investment in the following types of securities: Obligations of the United States and of its agencies and instrumentalities, including repurchase agreements; obligations backed by the full faith and credit of the United States, United States government agency, or of any corporation of the United States government; certificates of deposit issued by any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation; highly rated uncollateralized certificates of deposit, bankers acceptances, and commercial paper; bonds or certificates of indebtedness of the Commonwealth of Kentucky and its agencies and instrumentalities; highly rated securities issued by a state or local government, or any instrumentality or agency in the United States; and mutual funds which include the above eligible investments.

The investments of the Metro Government are managed to accomplish the following hierarchy of objectives: (1) preservation of principal; (2) maintenance of liquidity; and (3) maximization of returns.

In addition to managing the funds of Metro Government pursuant to applicable standards of the Metro Council and the Kentucky Revised Statutes, Metro Government adopted and implemented a formal investment policy on July 13, 2016. A link to the investment policy is available at the following link: https://louisvilleky.gov/government/management-budget/key-policies

PENSION PLANS

Metro Government, LWC, TARC, MSD and Riverport contribute to the County Employees Retirement System ("CERS"), which is a cost-sharing, multiple-employer defined benefit pension plan administered by Kentucky Retirement Systems, an agency of the Commonwealth of Kentucky. PARC and WDC participate as part of Metro Government's contribution. The CERS provides for retirement, disability and death benefits to plan members and beneficiaries. The contribution requirements of plan members and Metro Government are established and may be amended by the CERS Board of Trustees. Members of the CERS Board of Trustees closely observe the future costs of both benefit improvements and changes in pension trends of employees. Recommendations of actuaries are carefully considered and appropriate measures are taken to ensure that the pension plans are actuarially sound.

Most of the former City's firemen and policemen transferred to CERS in 1989 and 1986, respectively. For those who did not transfer, Metro Government contributes to the Firefighter's Pension Fund and the Policemen's Retirement Fund (the "Funds"). Both of these are single employer defined benefit pension plans. The Funds provide retirement benefits and both Funds include death and disability benefits whereby the surviving spouse or disabled employee is entitled to receive certain benefits. Per information provided by the administrators of each plan, membership of each plan consisted of the following at January 1, 2022:

	Firefighter's Pension Fund	Policemen's Retirement Fund
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	98	77
Vested active plan participants	0	0

In June of 2012, the Governmental Accounting Standards Board ("GASB") issued Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 68, Accounting and Financial Reporting for Pensions. These statements have been implemented by Metro Government as applicable during fiscal years 2021, 2022, and 2023 respectively.

PUBLIC EMPLOYEES' REPRESENTATION

As of the end of fiscal year 2024, Louisville Metro Government has 5,194 full-time employees of which an estimated 69% are represented by unions, according to the FY25 budget. Metro government currently has 22 collective bargaining units. Of these, 2 are working under contract extensions, since their previous contracts expired on December 31, 2024. 13 contracts are settled. Metro Government has moved to a labor strategy based on standardizing the definition of overtime eligible labor throughout all contracts and limiting the growth in total compensation (cost of living adjustments, step increases, or other terms of compensation) not to exceed overall average revenue growth.

ECONOMIC AND DEMOGRAPHIC PROFILE OF LOUISVILLE AND JEFFERSON COUNTY

Introduction

The City of Louisville, located in Jefferson County, is the largest city in the Commonwealth of Kentucky. Situated along the banks of the Ohio River in the central region of the state, Louisville is located approximately 100 miles south of Indianapolis, 100 miles southwest of Cincinnati, and 170 miles northeast of Nashville. Metro Louisville encompasses more than 397 square miles and is located at a focal point where railroads, highways and the Ohio River converge, offering excellent accessibility to all major markets and proximity to the population center of the United States.

Population Growth

The following table sets forth information regarding population growth in Metro Louisville. Comparison with the Commonwealth of Kentucky and the United States serves to illustrate relative growth.

	2017	2018	2019	2020	2021	2022	2023
Jefferson County	764,378	767,154	767,419	768,419	780,449	779,232	772,144
Louisville MSA	1,260,344	1,262,810	1,266,200	1,361,955	1,361,424	1,361,300	1,365,557
Kentucky	4,454,189	4,468,402	4,467,673	4,505,836	4,509,394	4,511,563	4,526,154
United States	325,719,178	327,167,434	328,239,523	331,449,281	331,893,745	333,287,557	334,914,895

Source: Bureau of the Census website www.census.gov

Local Economy

From its earliest days, Louisville Metro has capitalized on its prime location to serve as a shipping hub. In addition to serving as a river port, it was also the founding site of the Louisville and Nashville Railroad. With access to river and rail transportation, as well as three major interstates and the Louisville Muhammad Ali International Airport, Louisville Metro has much to offer as a major transportation hub.

Employment demographics in the city reflect this. United Parcel Service is currently the largest local employer with a workforce of 26,328. Louisville Metro's central location has also proven attractive to other logistics and customer service companies such as Amazon, whose employment count is nearly 6,000 in the area. Additionally, Jefferson Riverport International is home to more than 120 companies employing more than 6,500 people engaged primarily in manufacturing or logistics and distribution.

As an added incentive, Jefferson Riverport International offers financial incentives for importers and exporters of raw materials, semi-finished and finished goods because of its status as a Foreign-Trade Zone. Other industries that play a major role in the Louisville Metro economic engine are healthcare and aging innovation and advanced manufacturing.

Louisville Metro is home to major innovative healthcare providers, including Baptist Healthcare Systems, Norton Healthcare, and the University of Louisville Hospital. Humana, a Fortune 500 company and leading provider of health insurance, is also headquartered in Louisville.

Ford Motor Company operates two Louisville facilities – the Louisville Assembly Plant, which manufactures the Ford Escape and Lincoln MKC models among others, sits on a 180-acre site with more than 3 million sq. feet of production space, and the Ford Kentucky Truck Plant, located in the eastern end of Louisville on a 500-acre site and features 6 million sq. feet of production space.

This plant produces larger vehicles such as the Ford F250. Between the two plants, Ford employs around 13,000 workers in Louisville. GE Appliances, a Haier company, also has a major manufacturing site with a 1,000-acre campus in its own zip code and employs 8,500 people locally.

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Employment Statistics

The following table shows the labor force segments of the Louisville Metropolitan Statistical Area for calendar years 2015 through 2023.

Louisville MSA: Employment By Industry (In Thousands)

Industry	2015	2016	2017	2018	2019	2020	2021	2022	2023
Construction & Mining	31.5	32.1	33.1	34.6	35.3	36.9	37.5	38.0	35.3
Manufacturing	82.1	84.8	86.7	88.2	84.3	85.1	85.8	85.6	89.5
Trade, Transportation & Utilities	44.4	45.3	47.3	48.2	48.7	52.2	53.6	55.0	60.3
Financial Activities	45.2	46.7	46.7	46.7	46.5	48.5	48.9	49.8	53.6
Information	11.4	11.8	11.3	11.7	10.7	10.9	10.6	10.5	11.1
Professional & Business Services	53.6	54.3	55.3	57.6	58.5	60.5	63.2	64.6	65.3
Education and Health Services	139.0	140.4	142.3	142.0	141.0	140.1	142.7	144.6	148.0
Leisure & Hospitality	54.3	56.1	57.2	59.2	58.3	56.2	55.2	53.4	50.6
Other Services	27.5	27.7	28.1	28.5	28.4	27.6	28.3	28.5	30.4
Government	20.8	20.2	20.1	19.5	19.6	20.1	20.5	21.0	20.4
Total	600.1	612.4	622.2	630.9	621.8	626.5	635.6	639.8	

Source: Bureau of Labor Statistics website www.census.gov, ACS 1-Year Estimates, as of August 2024

Unemployment Rate

The following table sets forth the unemployment percentage rates in Louisville/Jefferson County, the Metropolitan Statistical Area (MSA), the Commonwealth of Kentucky and the United States for the calendar years 2012-2023.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Jefferson County	8.0%	7.4%	6.0%	4.7%	4.%	4.3%	3.9%	3.9%	6.7%	4.5%	3.8%	3.9%
Louisville MSA	8.6	7.2	5.8	4.6	4.3	4.1	3.8	3.8	6.7	4.23	3.5	3.8
Kentucky	8.2	7.9	6.4	5.2	5.0	4.8	4.2	4.1	6.5	4.4	3.9	4.3
United States	8.1	7.4	6.2	5.3	4.9	4.4	3.9	3.7	8.1	5.3	3.6	3.7

Source: Labor Market Statistics, St. Louis Federal Reserve FRED
US Department of Labor, Bureau of Labor Statistics, as of December 2023

Per Capita Personal Income

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Jefferson County	$44,018	$45,538	$46,457	$47,590	$49,034	$52,081	$54,293	$57,863	$63,117	$64,075	(1)
Louisville MSA	41,477	42,996	44,556	45,966	47,294	50,313	52,288	55,676	60,373	61,490	(1)
Kentucky	36,214	37,654	38,592	39,452	40,597	42,193	43,881	47,339	50,155	51,921	$54,326
United States	44,765	46,129	48,112	49,831	51,640	54,526	55,539	59,161	64,413	65,471	68,499

Source: FRED, Economic Data, St. Louis Federal Reserve
(1) Data not available

Largest Employers
in the Louisville MSA, excluding government agencies

Employer	Product / Service	Number of Employees
1. United Parcel Services Inc.*	Global commerce services	24,000
2. Norton Healthcare Inc.*	Healthcare	16,785
3. Ford Motor Company	Automotive production	12,531
4. Baptist Healthcare Inc.*	Healthcare	11,085
5. Humana Inc.*	Healthcare services	10,000
6. GE Appliances, a Haier company*	Appliance manufacturer	8,400
7. Walmart Inc.	Retailer	7,000
8. Amazon	Logistics, customer service	5,700
9. The Kroger Co.	Retailer	5,000
10. Catholic Archdiocese of Louisville*	Schools/churches/related activities	2,322
11. Manna Inc.	Quick-service, casual dining	2,300
12. Churchill Downs Inc.	Racing, gaming	1,551
13. Rawlings Group*	Health insurance	1,495
14. Texas Roadhouse Inc.	Food service	1,408
15. Anthem Blue Cross and Blue Shield	Health insurance	1,400
16. Samtec Inc.	Electronic connectors	1,332
17. Seven Counties Services Inc.	Behavioral health care, addiction care	1,223
18. JBS USA	Pork Products	1,200
19. Spectrum	Call center, cable, internet	1,189
20. LG&E and KU Energy	Gas and electric generation	

* Indicates Corporate, U.S. Division, or Regional Headquarters.
Source: Business First of Louisville, July 18, 2024

Major Public Employers
in Louisville/Jefferson County Area

Employer	Product / Service	Number of Employees
1. University of Louisville Health Inc.	Healthcare	14,654
2. Jefferson County Public Schools	K-12 Public Education	14,000
3. University of Louisville	Higher Education	7,302
4. Louisville-Jefferson Co Metro Govt	Government Service	5,815
5. Bullitt County Public Schools	K-12 Public Education	1,691
6. New Albany-Floyd County School Corp (IN)	K-12 Public Education	1,689
7. Oldham County Public Schools	K-12 Public Education	1,578
8. Greater Clark County Schools (IN)	K-12 Public Education	1,067
9. Shelby County Public Schools	K-12 Public Education	1,000
10. U.S. Census Bureau	Government Services	913

Source: Business First of Louisville, July 18, 2024.

Education

A driving force in the supply of workforce to these and other employers is Louisville's educational system. Louisville Metro is home to Jefferson County Public Schools ("JCPS"), which is Kentucky's largest public-school system and the 30th largest school district in the United States.

JCPS serves around 96,000 students at 172 schools and offers advanced learning and college readiness programs to help students transition successfully to secondary education and future careers. Through a Louisville Metro-supported effort called Evolve502, all eligible JCPS students through the class of 2026 are being provided the opportunity for a tuition-free, two-year college degree, certificate, or training.

Those who wish to continue their education in Louisville Metro find many options. The city is home to public and private secondary institutions offering training and certifications in technology and healthcare, as well as baccalaureate, graduate, and doctoral educational opportunities.

The University of Louisville ("UofL") is a public university established in 1798 with three campuses that house 12 colleges and schools. Approximately 23,000 students have the opportunity to study more than 70 baccalaureate programs, as well as graduate, doctoral, and first professional programs. This includes the School of Medicine, which is home to a state-of-the-art research facility; the School of Dentistry; and the Brandeis School of Law. UofL is also home to several highly celebrated Division I athletic teams.

Bellarmine University sits on a 175-acre campus in the heart of Louisville. This private university offers more than 60 majors in the arts and sciences, business, education, communication, nursing, and health field. These include baccalaureate, master's, and doctoral degrees.

Jefferson Community and Technical College ("JCTC") is part of the state-wide Kentucky Community and Technical College System. JCTC is home to more than 11,000 students, who earn certificates and associate degrees in fields such as healthcare, technology, and manufacturing.

Louisville also is home to Simmons College, recognized by the U.S. Department of Education as a member of Historically Black Colleges and Universities.

School System
Public Education Facilities

Educational Level	Number of Buildings 2022-23	School Year Enrollment 2022-23(1)
Elementary	88	34,596
Middle	21	20,749
High	18	28,988
Special Education	18	2,119
Other Learning Centers/Pre-K Centers	20	10,081
Total	165	96,533

Source: Jefferson County Public Schools
(1) Reflects first month enrollment

School System
Public Schools
Enrollment and Attendance

School Year	Enrollment [1]	Average Daily Attendance
2012-2013	99,767	86,604
2013-2014	100,070	87,017
2014-2015	100,106	87,185
2015-2016	100,319	87,151
2016-2017	100,533	86,975
2017-2018	99,244	86,296
2018-2019	98,506	84,323
2019-2020[1][2]	98,506	84,323
2020-2021[1][2]	98,506	84,323
2021-2022[1][2]	98,506	87,753
2022-2023[1]	93,685	87,753
2023-2024[1]	93,418	83,586

Source: Jefferson County Public Schools

[1] Includes funding for full-day kindergarten instead of half-day.

[2] According to guidance from the Kentucky Department of Education, due to the COVID-19 remote learning, official enrollment and ADA numbers were not calculated for FY19-FY22.

Transportation

The Louisville Metro Area is a regional transportation center with major rail and river lines and three interstates running through its boundaries. The metropolitan area is a major air and logistics hub. Louisville is home to the $1.1 billion UPS Worldport hub. Louisville Metro is home to a thriving public transportation network with annual bus ridership on TARC of approximately 6.7 million people.

Three major interstate highways pass directly through Metro Louisville; Interstates 65 and 71 are north-south routes while Interstate 64 is a major east-west route. Interstate 264 (Henry Watterson Expressway), and Interstate 265 (Gene Snyder Freeway) serve as limited-access bypasses around the City. Metro Louisville is served by six railroad companies, which provide freight service to principal markets throughout the United States. Scheduled commercial airline service is available at Louisville Muhammad Ali International Airport, four miles south of downtown Metro Louisville. Bowman Field, five miles east of downtown, maintains three paved runways for private plane use. Riverport and several privately owned facilities provide public-use port facilities. Metro Louisville also serves as a U.S. Customs Port of Entry.

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Construction

Construction in Metro Louisville is illustrated in the following table describing the number and value of building permits issued by the Department of Codes & Regulations of the Metro Government. For the period 2009 through August 2024, Metro Louisville has seen over $18 billion in permit activity.

METRO GOVERNMENT
CONSTRUCTION AND BUILDING PERMIT ACTIVITY
Summary

	RESIDENTIAL CONSTRUCTION		**NON-RESIDENTIAL CONSTRUCTION**		**REPAIRS, ALTERATIONS, & INSTALLATIONS**		**OTHER**		
CALENDAR YEAR	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	TOTAL PERMIT VALUE
2009	841	$138,622,193	104	$111,108,476	2,826	$200,567,673	320	$11,674,096	$461,972,437
2010	684	157,998,084	123	175,653,882	2,937	182,105,683	390	19,750,134	535,507,782
2011	718	138,168,979	114	97,838,858	2,826	217,422,605	339	19,057,976	472,488,417
2012	1,003	237,839,092	135	76,793,899	3,110	216,080,618	392	13,681,882	544,395,490
2013	1,092	276,543,135	134	151,334,653	2,898	290,958,428	464	15,611,813	734,448,029
2014	1,203	346,815,657	216	356,549,193	2,741	335,660,600	750	71,526,418	1,110,551,868
2015	993	288,385,641	176	202,352,201	3,016	373,869,999	499	32,727,010	897,334,851
2016	1,182	368,713,623	189	458,128,624	3,047	556,020,110	491	25,739,893	1,408,602,250
2017	1,411	390,044,254	176	395,511,026	2,995	368,050,741	575	19,082,257	1,172,688,279
2018	1,361	585,300,532	186	803,434,027	3,104	531,640,629	329	21,034,321	1,941,409,509
2019	1,406	741,277,773	318	575,220,852	4,193	463,978,937	927	32,663,844	1,813,141,406
2020	1,581	403,229,995	288	534,052,719	3,516	355,295,970	860	57,599,176	1,350,177,860
2021	2,015	470,805,191	344	654,307,556	4,303	485,338,044	743	73,874,640	1,684,325,431
2022	1,555	552,849,553	251	848,915,497	2,960	500,415,506	503	31,149,017	1,933,329,573
2023	1,179	359,215,457	237	634,555,429	2,656	676,857,039	387	196,289,876	1,866,917,801
2024	1,090	241,294,822	142	411,048,405	1,513	253,002,528	283	50,375,547	955,721,302

Source: Metro Louisville/Jefferson County Department of Codes & Regulations.

Tourism

Everyone worldwide turns their eyes to Louisville on the first Saturday in May as hundreds of thousands come to be a part of the Kentucky Derby festivities and the Run for the Roses. Derby Day is the culmination of a month long series of more than 70 celebratory events known as the Kentucky Derby Festival. The series begins each April with Thunder Over Louisville, one of the nation’s largest annual fireworks shows. Other events include the Pegasus Parade, Great Steamboat Race, Tour de Lou (bicycle race), and Waterfront weekly music events. The city also hosts the Kentucky Derby Festival Marathon and Mini-Marathon in the week preceding the Kentucky Derby. The Kentucky Derby Festival Marathon is ranked among the nation’s top 100 races by USA Track and Field and attracts around 15,000 participants annually.

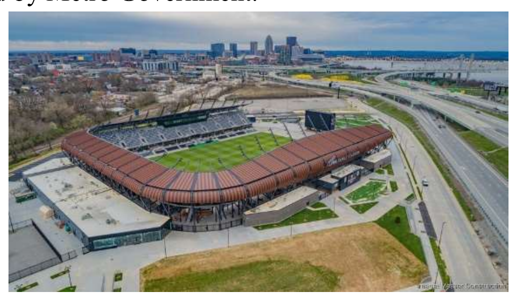
The bourbon industry is also in a period of expansion and rebirth and that is evident in Louisville Metro, which is referred to by some as Bourbon City. There are many active distillers in Louisville Metro and the surrounding counties, as well as 10 distillery tours and experiences in the downtown Louisville area alone. Those experiences combine with incomparable culinary experiences to make Louisville the center of “Bourbonism,” the marriage of bourbon and tourism. Louisville Metro has been hailed as one of the up and coming “foodie” towns in America. Tourists and visitors alike have many other treasures to explore.

In August 2024, the state announced a $400 million expansion was coming to the Kentucky Exposition Center, located within Louisville Metro, which will be funded by the State Legislature. The project is scheduled to begin in 2025 and will create a melting pot for both intrastate and interstate tourism alike. Also, the Louisville Zoo, which opened in 1969, provides fun for all ages with award winning exhibits and annual special events.

Sports

Sports also provide a major attraction to the recreational scene in Louisville. Kentucky is synonymous with college basketball, and the University of Louisville Cardinals continue year after year to enjoy success in not only basketball, but also in a variety of Division I sports. The basketball, football, and baseball teams maintain a continued presence in rankings and post-season tournament play. The football and basketball teams play in state-of-the-art facilities Cardinal Stadium and the KFC Yum! Center, respectively.

Louisville Metro is also home to a Triple-A minor league affiliate of the Cincinnati Reds, the Louisville Bats. The team plays their home games in one of the finest minor league baseball parks in the country, Slugger Field. The park was opened in downtown Louisville in the year 2000 and is owned by Metro Government.



Louisville also is a growing soccer community. Its Louisville City Football Club ("LouCity") competes in the United Soccer League ("USL"), the second-highest division of professional soccer teams in the United States. LouCity has advanced to the USL's Eastern Conference final every season since starting play in 2015, and it boasts back-to-back USL Cup championships in 2017 and 2018. Since 2020, LouCity has played at Lynn Family Stadium, an 11,000-seat state-of-the-art facility in the Butchertown neighborhood.

Metro Government's purchase of the land in 2018 contributed to the stadium project. Beginning in 2021, the stadium also became home to Racing Louisville, an expansion franchise in the top-tier National Women's Soccer League. Racing finished second in The Women's Cup, an international tournament held in August at Lynn Family Stadium that brought global powers AC Milan and Club América to town.

Medical Facilities

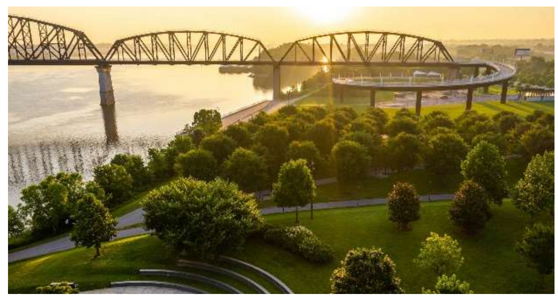
Metro Louisville's strong medical complexes include Norton Hospital, Norton Children's Hospital, UofL Health, Baptist Health, and LOUMED, the cities' medical and education district. Norton's Louisville complexes include five hospitals, a cancer center, a spine institute, and Norton Children's Hospital, which was named a Best Children's Hospital by the U.S. News & World Report last year. UofL Health is a fully integrated regional academic health system with nine hospitals, four medical centers, a cancer center, an eye institute, nearly 200 physician practice locations, and more than 1,000 providers in Louisville and the surrounding counties, including southern Indiana. Baptist Health Louisville is a 519-bed hospital that offers a wide range of healthcare services.

The Department of Veterans Affairs is in the construction phase of a new state-of-the-art medical center in Louisville, Kentucky, expected to be completed in 2026. The new $900 million Robley Rex VA Medical Center will have clinics specializing in primary care, surgery, and mental health, in addition to 110 inpatient beds. The new facility will also have a geriatric and extended care program, a home-based primary care program, and a substance abuse residential rehabilitation treatment program.

UofL Health is undertaking two substantial projects to expand operations. The system is planning the construction and equipping of a new seven-story tower adjacent to the University Medical Center's main hospital downtown. This project, estimated at $144 million, is expected to provide 24 observation beds, 34 PACU beds, 6 new operating rooms and 68 private rooms. Construction of the first floor of the West Tower is expected to be completed by March of 2025

Recreation and Cultural

Louisville Metro is noted for its extensive and well-designed parks system, which consists of 120 parks covering more than 13,000 acres. Eighteen of Louisville Metro's parks were designed by well-known landscape architect Frederick Law Olmsted, who also designed New York's Central Park, and his firm. Currently in process is an estimated 100-mile trail system known as the Louisville Loop. This trail will eventually circle the city and provide a link between neighborhoods providing new recreation opportunities to residents. There are more than 50 miles of the Loop completed to date.



In addition to parks operated by Metro Government, Louisville Metro is home to Waterfront Park, which is located in the downtown area on the banks of the Ohio River. The Big Four Bridge, also located in downtown Louisville, is a former railroad bridge turned pedestrian bridge connecting Waterfront Park to Jeffersonville, Indiana. The Big Four Bridge sees more than 1,000,000 walkers, runners, and cyclists each year.

Louisville Metro is also home to a thriving arts and music scene that includes multiple annual festivals. The Old Louisville neighborhood is host to the St. James Court Art Show, a large, well-attended regional festival showcasing local, national, and international artists.

Waterfront Park is home to Waterfront Wednesday, a series of free concerts at the Big Four Lawn that have hosted some of the biggest names in music. Louisville Metro also has played host to other music festivals, including Bourbon and Beyond and Louder Than Life, a rock and metal event held at the Kentucky Exposition Center.

MISCELLANEOUS

The information contained in this Information Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Information Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representation of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Information Statement nor any sale of securities made using this Information Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Metro Government since the date hereof.

APPENDIX D

SERIES 2025 WATER REVENUE BONDS ENGINEER'S REPORT

Hazen and Sawyer
9920 Corporate Campus Drive, Suite 2000
Louisville, KY 40223 • 502-290-6187

Series 2025 Water Revenue Bonds Engineer's Report

July 21, 2025

Table of Contents

List of Tables

List of Figures

List of Abbreviations

Abbreviation	Definition
AMI	Advanced metering infrastructure
BG	Billion gallons
BPS	Booster pump station
BOWW	Board of Water Works of Louisville and Jefferson County Metropolitan Government, KY
CEO	Chief Executive Officer
CIP	Capital improvement plan
ECV	Electronic control valve
EPA	U.S. Environmental Protection Agency
FY	Fiscal year
GASB	Governmental Accounting Standards Board
Hazen	Hazen and Sawyer
KDOW	Kentucky Division of Water
LCRI	Lead and Copper Rule Improvements
LCRR	Lead and Copper Rule Revisions
Louisville Water	Louisville Water Company
MG	Million gallons
MGD	Million gallons per day
MHI	Median Household Income
MRRP	Main Replacement & Rehabilitation Program
MSD	Louisville and Jefferson County Metropolitan Sewer District
O&M	Operations and maintenance
PCCP	Prestressed concrete cylinder pipe
PRV	Pressure-reducing valve
PS	Pump Station
RBF	Riverbank filtration
VP	Vice President
WAM	Work and Asset Management
WTP	Water treatment plant

Executive Summary

The Board of Water Works of Louisville and Jefferson County Metropolitan Government, KY (BOWW) and Louisville Water Company (Louisville Water) authorized Hazen and Sawyer (Hazen) to prepare this Engineer's Report to analyze the feasibility of BOWW issuing on its own behalf and on behalf of Louisville Water the Water System Revenue, Series 2025 (the "2025 Bonds").

BOWW is proposing to issue the 2025 Bonds to (a) support approximately $240 million in planned capital improvements to its water system, (b) fund the debt service reserve fund, and (c) pay the cost of issuance. The purpose of this report is to provide information pertinent to the issuance of the 2025 Bonds for inclusion in the Official Statement for the 2025 Bonds.

An overview of current and projected financial operations of Louisville Water's potable water treatment and distribution system are provided for fiscal year (FY) 2025 through FY 2029. This financial analysis also provides an evaluation of historical and future system operations. The findings of this report are summarized as follows:

1. Louisville Water is operating and maintaining its facilities to allow for adequate drinking water production and supply, as well as making recommended facility improvements based on biennial inspections conducted by Hazen.
2. Louisville Water is currently in compliance with all state and federal drinking water requirements. The system is in an advantageous position to address future regulations should they be implemented. Louisville Water is investing in its distribution system water quality management programs to cover any potential regulatory issues that may arise with the introduction of more stringent regulations.
3. Louisville Water's key staff are qualified to manage its system and make decisions regarding improvements to maintain compliance with regulatory requirements.
4. The water demand projections presented in this report show a small overall increase in total consumption throughout the study period. Slow population growth and increasing water conservation and efficiency contribute to a trend of declining residential consumption. Commercial and Industrial consumption remains flat throughout the planning period. An increase in Wholesale consumption (projected in FY2029) yields a total increase in demand over the planning period despite flat projections in consumption in other customer classes. Louisville Water continues to expand its customer base to offset the per account decrease in residential demand. Louisville Water has sufficient physical capacity to continue to expand its customer base.

5. Water demand and financial projections presented in the financial analysis of this report were prepared by Louisville Water. Conservative assumptions used in the financial analysis should mitigate financial risks even in the event of an unexpected economic downturn.

6. The findings in the financial analysis of this report are based on an assumed annual rate adjustment based on the financial needs of the system.

7. The rate adjustments over the study period and increases in non-rate revenue are deemed to be sufficient to counter limited water demand growth to boost overall revenue generation.

8. The 5-year forecast of projected revenues indicates a strong financial position with an operating surplus in each year forecasted.

Overall, it is Hazen's opinion that BOWW's issuance of the Series 2025 Bonds in support of approximately $240 million in projects and other purposes described in this report is advisable and meets the requirements of Sections 202, 203, and 603 of the Bond Resolution adopted November 10, 2009, as supplemented.

1. Introduction

1.1 Authorization and Purpose

The BOWW and Louisville Water authorized Hazen to prepare this Engineer's Report to analyze the feasibility of BOWW issuing on its behalf and on behalf of Louisville Water, the Water System Revenue Bonds, Series 2025. BOWW is proposing to issue the 2025 Bonds to (a) support approximately $240 million in planned capital improvements to its water system, (b) fund the debt service reserve fund, and (c) pay the cost of issuance. The purpose of this report is to provide information pertinent to the issuance of the 2025 Bonds for inclusion in the Official Statement for the 2025 Bonds and compliance with Section 202 of the Indenture.

This report describes the organization and management of Louisville Water, its service area, facilities, operations, capital improvement plan (CIP), and historical and projected financial performance. Louisville Water's operating year is the calendar year from January 1 to December 31. Historical operating results are presented for 2024. Operating results for 2025 are estimated, as the calendar year was not completed at the time of preparation of this report. Projected operating results are presented for 2025 through Fiscal Year (FY) 2029 (the "Study Period"). Descriptions of the principal assumptions and limitations of the analysis are also included.

1.2 Study Assumptions

In preparing this report, Hazen relied on information provided by Louisville Water. While offering no assurances with respect to this information, which has not been independently verified, Hazen believes that this information is valid for the purposes of this report. The following Louisville Water sources of information were used to prepare this report:

- Louisville Water 2025 Tariff, Rate Schedule, and Customer Fees and Charges
- Louisville Water 2024 Annual Comprehensive Financial Report
- Louisville Water Finance Tables; Louisville Water 2025
- 2019-2025 Louisville Water Strategic Business Plan
- 2019, 2021, and 2023 Biennial Inspection Reports (Hazen)

In preparing this report, Hazen made assumptions about future conditions; however, actual conditions may differ from those assumed. To the extent that future conditions differ from those assumed, results will vary from those forecasted. The principal assumption regarding future conditions is that the local economy remains relatively stable, growing according to the projected rate of population growth through 2029.

1.3 Hazen Qualifications

Beginning in May 2017 and continuing to the present day, Hazen is serving as the Engineer of Record for Louisville Water. In that role, Hazen performs reviews and prepares reports on various aspects of facilities engineering, management, operations, maintenance, and finances of Louisville Water's water treatment and distribution system, as described herein, and its facilities and operations.

2. Louisville Water

2.1 History

Louisville Water began operations in October of 1860 as Kentucky's first public water provider. Service was provided to 512 customers with one pump station (Pump Station No. 1), which now serves as a historic landmark and educational museum. Louisville Water serves approximately one million people in Louisville Metro and surrounding Kentucky communities in Bullitt, Hardin, Nelson, Oldham, Shelby, and Spencer Counties. Louisville Water strives to provide safe, high-quality water to its customers.

2.2 Organizational Structure

As of April 2025, Louisville Water employed 445 full-time employees (155 union and 290 non-union). Louisville Water is composed of the Office of the President and seven departments, which include:

1. Communications, Marketing, and Economic Development
2. Compliance, Risk Management, and General Counsel
3. Human Resources and Labor Relations
4. Engineering and Production Operations
5. Customer Service and Distribution Operations
6. Finance, Accounting and Procurement
7. Information Technology

BOWW is the governing body of Louisville Water and is composed of six members appointed by the Mayor of Louisville Metro, who also serves as an ex officio member of BOWW. Board members serve staggered four-year terms and may succeed themselves. No greater than three of the board members may be of the same political party.

In September 2016, BOWW unanimously appointed Spencer Bruce as President and Chief Executive Officer (CEO) of Louisville Water Company after serving as interim President and CEO since January 2016, following the retirement of President and CEO Jim Brammell. At the time Mr. Bruce was appointed, he had over 23 years of experience in engineering and management. He has been with Louisville Water since 2006 and managed distribution operations and water treatment facilities. From December 2013 to January 2016, Mr. Bruce served as the company's Vice President of Production Operations and Chief Engineer. Prior to his work with Louisville Water, Mr. Bruce held various management positions in maintenance, production, engineering, customer service, and supply chain with Rohm and Haas. Mr. Bruce continues a legacy of quality, innovation, value, and service as the 19th president of Louisville Water.

Table 2-1 includes the name, title, years of service in their current role and total years with Louisville Water for its leadership team members. Figure 2-1 provides an overview of the organization of Louisville Water. The divisions and subdivisions composing Louisville Water are also shown on Figure 2-1.

Table 2-1: Names, Titles, and Years in Current Role for Louisville Water Leadership Team

Name	Title	Years in Current Role	Years with Louisville Water
Spencer Bruce	President and CEO	9	19
Dave Vogel	Executive Vice President (VP) Customer Service	9	17
Larry Bryant	VP Operations and Chief Engineer	1	22
Jeff Knott	VP Information Technology and Chief Information Officer	4	5
Lynn Pearson	VP Finance and Treasurer	9	9
Kelley Dearing Smith	VP Strategic Communications & Marketing	8	26
Terrence Spence	VP Human Resources and Labor Relations	8	9
Michael Tigue	VP Compliance and General Counsel	8	8

Source: Louisville Water, 2025.

Table 2-2: Louisville Water Organization Chart – April 2025

100 OFFICE OF THE PRESIDENT	**100**	**ROLL UP**
101 Office of the President	**101**	**ROLL UP**
110 Office of the President	110	Spencer Bruce
112 Strategic Business	112	Vacant
112 Strategic Business	112	Matthew Griffith
115 One Water	115	Shannon Tivitt
120 Internal Audit	120	Jenni Schelling
335 Regional Development Group	**335**	**ROLL UP**
321 Regional Development	321	Jim Smith
325 River Ridge	325	Jim Smith
770 COMMUNICATIONS, MARKETING AND ECONOMIC DEVELOPMENT	**770**	**ROLL UP**
324 Business Development	324	Kelley Dearing Smith
374 Communications & Marketing	374	Kelley Dearing Smith
376 Education & Outreach	376	Channa Newman
377 Event Operations	377	Megan Jones
130 COMPLIANCE, RISK MANAGEMENT AND GENERAL COUNSEL	**130**	**ROLL UP**
140 General Counsel	140	Michael Tigue
462 Corporate Insurance	462	Gregory Thielmeier
466 Loss Control Services	466	David Simmons
460 Risk Management	**460**	**ROLL UP**
461 Claims	461	Bradley Hart
464 Security & Emergency Preparedness	464	Justin Capps
520 HUMAN RESOURCES AND LABOR RELATIONS	**520**	**ROLL UP**
520 Human Resources & Labor Relations	**520**	**ROLL UP**
521 Human Resources & Labor Relations	521	Terrence Spence
522 Human Resources	522	Michael Simon
542 Labor & Employee Relations	542	Kendall Boyd
561 Learning & Development	561	Amy Vallin
562 Training & Development	562	Cathy Scrivner
200 ENGINEERING AND PRODUCTION OPERATIONS	**200**	**ROLL UP**
210 Engineering & Production Operations	210	Larry Bryant
327 Infrastructure Records	327	Jordan Basham
320 Infrastructure Records	**320**	**ROLL UP**
322 Infrastructure Planning	322	David Mulloy

323 Construction Inspection	323	Wayne Whitehouse
326 GIS	326	Dan Lambert
329 Surveying Services	329	Todd Lopp

260 Production Operations	**260**	**ROLL UP**
261 Production Operations Support	261	Scott Smith
710 Plant Operations	**710**	**ROLL UP**
222 Engineering - Process & Production	222	Bart Potts
262 Plant Operations	262	Eric Gant
262 Plant Operations	262	John Terry
262 Plant Operations	262	Charles Owens
262 Plant Operations	262	Vince Ilari
720 Plant Maintenance	**720**	**ROLL UP**
264 Plant Maintenance	264	John Azzara
264 Plant Maintenance	264	Andrew Leung
264 Plant Maintenance	264	David Hudson

730 Water Quality & Research	**730**	**ROLL UP**
266 Water Quality & Research	266	Peter Goodmann
267 Cross Connection	267	Vacant
269 Water Quality & Compliance	269	Christopher Bobay
269 Water Quality & Compliance	269	Emily Fritz
269 Water Quality & Compliance	269	Autumn Gibson
273 Distribution Water Quality	273	Will Willis
273 Distribution Water Quality	273	Casey Doyle
391 Water Research & Development	391	Xueqing (Eric) Zhu

360 Engineering	**360**	**ROLL UP**
224 Facility Management	224	Patrick Langley
224 Facility Management	224	Matthew Miller
342 Engineering - MRRP	342	James (Pat) Howard
361 Engineering	361	Jeremy Raney
366 Engineering - Distribution Extensions	366	Shanaka Winters

300 CUSTOMER SERVICE AND DISTRIBUTION OPERATIONS	**300**	**ROLL UP**

301 Customer Service	**301**	**ROLL UP**
310 Customer Service	310	David Vogel

370 Customer Service & Business Operations	**370**	**ROLL UP**
371 Customer Service & Business Operations	371	Megan Hancock
630 Customer Care	**630**	ROLLUP
372 Customer Care	372	Tendra Burnett
375 Customer Care	375	Rodessa Knox
375 Customer Care	375	Alicia Overall

375 Customer Care	375	Sarita Cox
640 Business Operations	**640**	**ROLL UP**
362 Service Application Processing	362	Chelsey Whitfill
378 Cash Applications	378	Benita Long
379 Business Operations	379	Kimberly Cox
385 Delinquent Accounts Administration	385	Vacant
380 Metering Services	**380**	**ROLL UP**
381 Metering Services	381	Mark Hall
381 Metering Services	381	Scott Clark
650 Billing & Metering Support	**650**	**ROLL UP**
387 Billing and Metering Support	387	Joseph Sivado
388 Billing	388	Jennifer Linville
670 Metering Field Operations	**670**	**ROLL UP**
382 Metering Maintenance	382	Maleka Williams-Planchat
383 Metering Field Operations	383	Megan Talley
384 Meter Reading	384	Christopher Harris
280 Distribution Operations & Logistics	**280**	**ROLL UP**
281 Distribution Operations & Logistics	281	Joesph Schmitt
282 Fleet Services	282	David Chism
570 Distribution Operations	**570**	**ROLL UP**
289 Distribution Operations	289	Charles Armenta
Distribution Operations	289	Harold Hunt
Distribution Operations	289	Brandon Drake
Distribution Operations	289	Patrika Barlow
620 Distribution Logistics	**620**	**ROLL UP**
244 Warehouse Services	244	Brian Matherly
283 Distribution Support	283	Vacant
284 Distribution Planning & Administration	284	Steve Witt
286 Distribution Logistics	286	Eric McGiveney
288 Emergency Field Response	288	Vacant
287 Radio Room	287	Vacant
400 FINANCE, ACCOUNTING AND PROCUREMENT	**400**	**ROLL UP**
410 VP of Finance	**410**	**ROLL UP**
410 VP of Finance	410	Lynn Pearson
420 Finance	**420**	**ROLL UP**
421 Finance & Payroll	421	Sue Purdy
422 Accounting, Payroll & Projects	422	Alice Dawson
422 Accounting, Payroll & Projects	422	Anelia Malone
424 Budget, Rates & Analysis	424	Andrew Winslow

426 Supplier Diversity	426	Carol Lyons
428 Procurement Services	428	Carol Lyons
600 INFORMATION TECHNOLOGY	**600**	**ROLL UP**
610 VP of Information Technology	**610**	**ROLL UP**
610 VP of Information Technology	610	Jeffrey Knott
440 Information Technology Resources	**440**	**ROLL UP**
308 IT-PMO and System Support	308	Karambir Yadav
308 IT-PMO and System Support	308	Obe Everett
441 IT-Technical Services	441	Carlos Felix
444 IT-Development and Operations	444	Christina Gnadinger
445 IT-End User Support	445	Christopher Clark
446 IT-Infrastructure Support	446	Willie Buckner

Legend:

- VP Roll Up
- Director Roll Up
- Manager Roll Up
- VP
- Manager
- Director
- Supervisor

Source: Louisville Water, 2025.

2.3 Management Priorities

In 2018, Louisville Water launched the 2019-2025 Strategic Business Plan. Built on the legacy of the 2013-2018 Strategic Business Plan, the latest business plan expands on priorities identified before and introduces new priorities for the next seven years.

Louisville Water's priorities were developed based on engagement with BOWW, Louisville Water's leadership team, employees, customers, and community stakeholders, with consideration to the industry's Effective Utility Management initiative. These priorities are listed below:

- **Water Quality.** Louisville Water will continue to maintain public health by providing water to its customers that meets or exceeds regulatory requirements and customer expectations. Louisville Water plans to achieve this by ensuring and enhancing source water protection, optimizing and modernizing water treatment to ensure drinking water regulation compliance, providing high-quality water from the water treatment plants, enhancing water quality and service to regional customers, and remaining a national leader in water quality and treatment.
- **Infrastructure Investment.** To provide clean water to the community, Louisville Water will manage and invest in reliable and sustainable infrastructure. Louisville Water will continue development of a best-in-class Enterprise Asset Management program and optimize

performance and investments and leverage innovations in water treatment and delivery systems.

- **Financial Viability.** Utility operation requires protecting long-term financial health and integrity. Louisville Water plans to do this by enhancing revenue stability; practicing effective financial planning; maximizing operational efficiency and vendor diversity; and protecting its assets, operations, and financial condition through effective Enterprise Risk Management.
- **Customers and Stakeholders.** Louisville Water strives to be transparent with its customers and stakeholders to establish a culture of trust. Customer satisfaction is vital to Louisville Water's long-term success and will be achieved through leveraging new technologies and business practices, equipping customers with the ability to better manage their bill payments, and engaging with stakeholders who will share the vitality of Louisville Water's role in the community.
- **Employer of Choice.** Louisville Water plans to attract, retain, motivate, and develop employees who make up the utility's success. This will be done by promoting a culture of employee safety and wellness, supporting inclusive recruitment and retention strategies, providing employee support with training and development, promoting an environment of employee engagement and teamwork, and continuing to support collaboration between Louisville Water and Local 1683.
- **Business Transformation.** Preparing for the future requires change. Louisville Water is transforming the way it operates with several major strategic initiatives to identify synergies, increasing innovation focus, pursuing revenue enhancement opportunities, embracing innovation and utilizing top technologies to execute projects, and expanding revenue streams by implementing entrepreneurial growth strategies.

2.3.1 Proactive Financial Management

As part of its strategic framework, Louisville Water plans to maintain financial viability to protect its long-term financial health and integrity. Financial viability is measured by the following metrics:

- Fixed and non-water revenue as a percentage of total operating revenue
- Debt service coverage
- Days cash outstanding
- Total transfers ratio
- Net profit margin

Louisville Water will employ the following strategies to maintain financial viability:

- **Enhance revenue stability** through applying best practice ratemaking principles, establishing an equitable rate structure, maintaining an effective yet competitive rate strategy, and optimizing revenue generation from non-water sources to assist in offsetting the impact of declines in water consumption due to lower per capita demands.

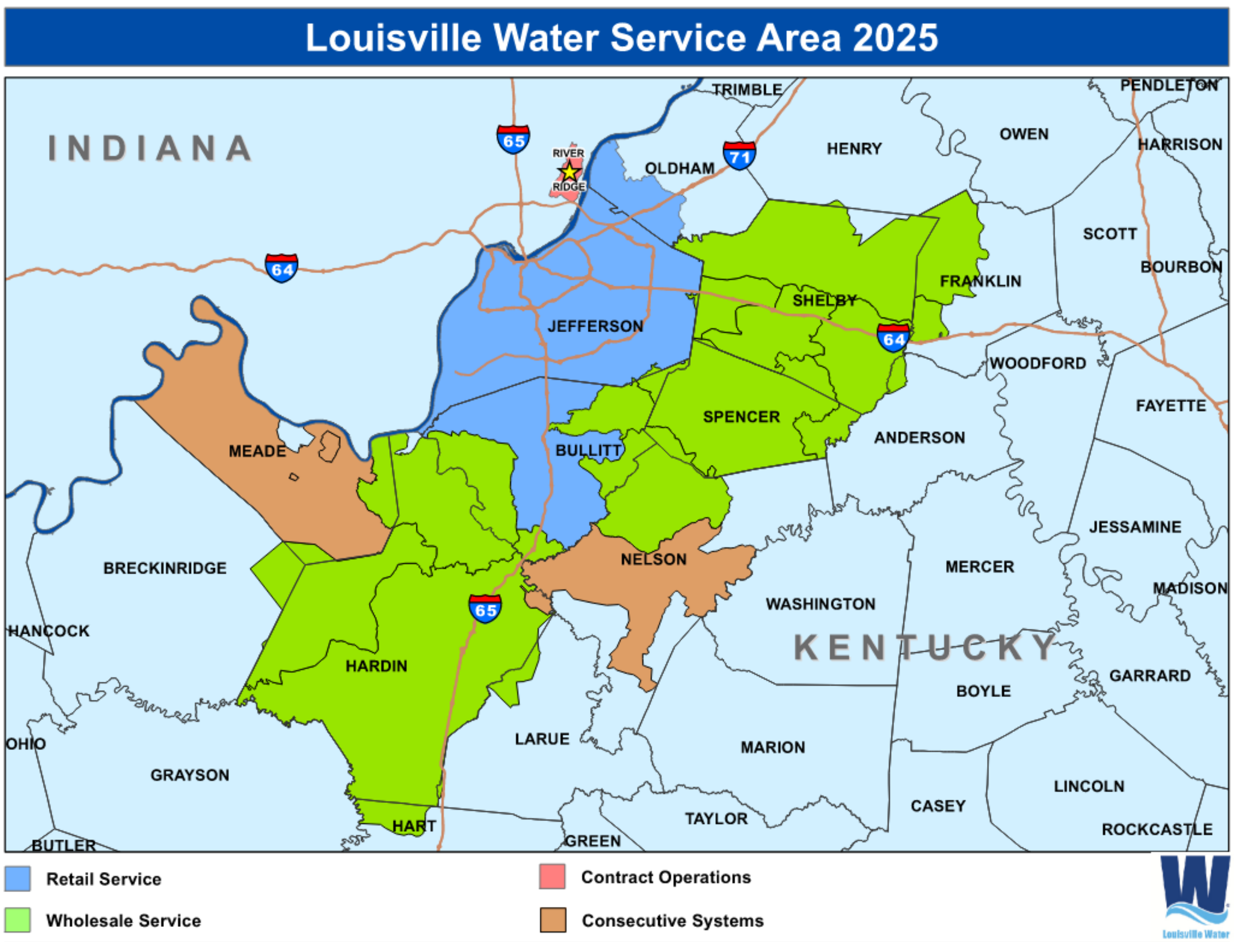
- **Practice effective financial planning** by managing cash flow, investment, and debt portfolios to maintain a favorable bond rating, ensuring availability of adequate financial resources to fund Louisville Water's operations and CIP, providing a reasonable dividend to the stockholder within the constraints of approved rate increases and the impact of GASB 68 and 75, and complying with all bond covenants.
- **Maximize operational efficiency and vendor diversity** with the utilization of sound financial and operational analyses and tools to support effective decision making, carry out initiatives that save money or improve efficiency, develop and maintain procurement practices that drive efficiencies, and encourage a diverse pool of contractors, vendors, and consultants to support community growth and the highest quality of services and products.
- **Protect Louisville Water assets, operations, and financial condition through effective Enterprise Risk Management.** Louisville Water will incorporate risk assessment and tolerance into company-wide decision making, work with departments to update, expand, and centralize action plan location to address critical risks, and finalize a formal business Continuity or Operations Plan that includes training and monitoring.

3. Water System

3.1 General Description

Louisville Water provides retail service to the City of Louisville and Jefferson County, as well as portions of Oldham and Bullitt Counties (Kentucky). Wholesale service is provided to communities in Bullitt, Hardin, Nelson, Shelby, and Spencer Counties (Kentucky). Service is provided to over 300,000 customer accounts, consuming approximately 35 billion gallons (BG) annually. Figure 3-1 shows the geographical coverage of Louisville Water's service area.

Figure 3-1: Louisville Water Existing Service Area



*Consecutive systems are systems that purchase water from another system who is a wholesale customer of Louisville Water.

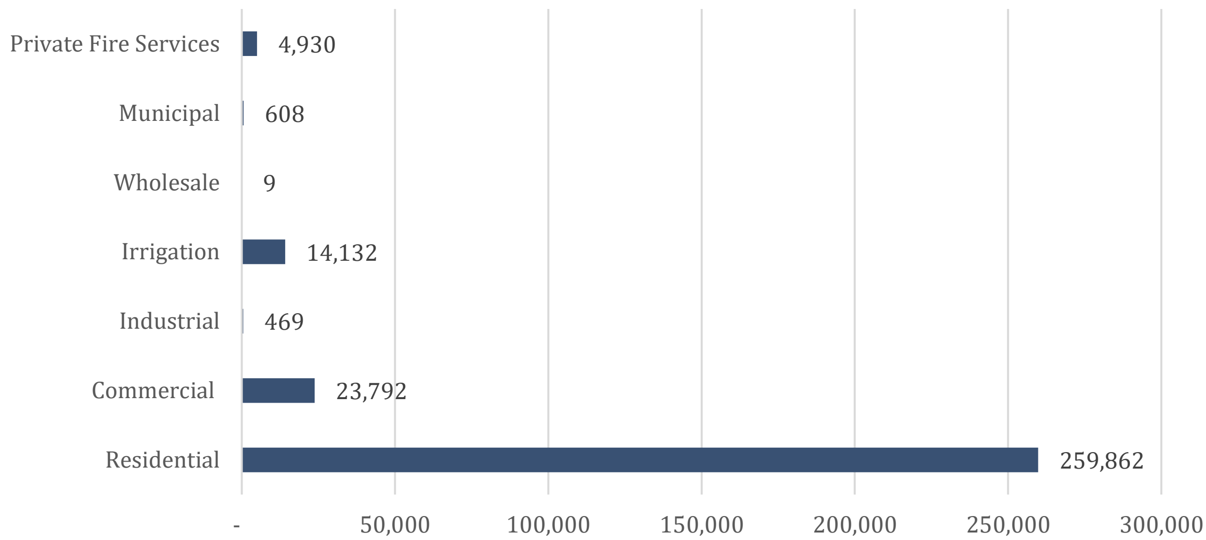
Source: Louisville Water, 2025.

The following sections describe trends in Louisville Water's customer base and water usage.

3.2 Customers

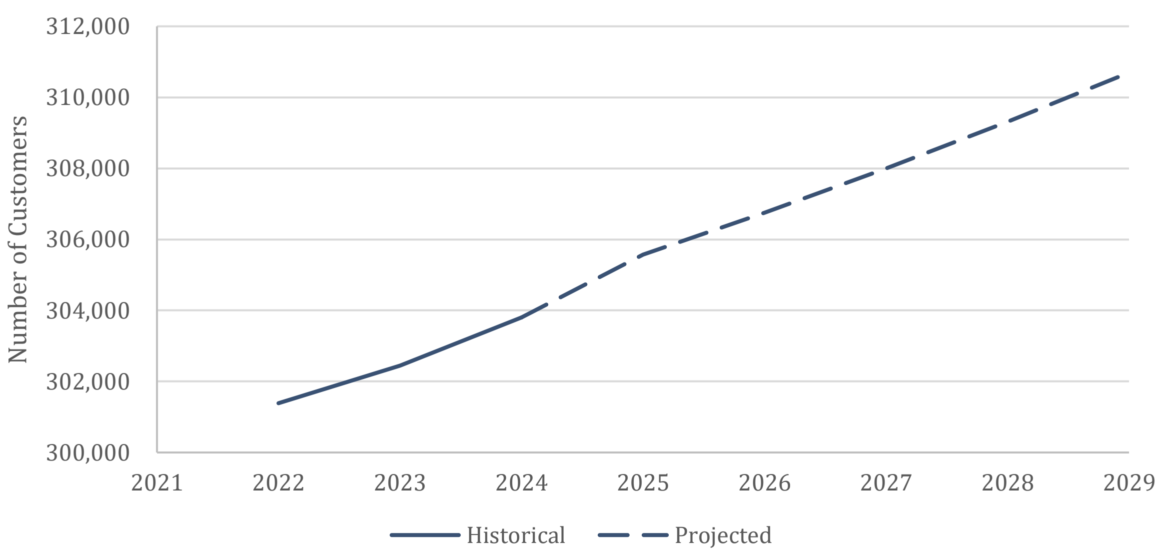
Figure 3-2 shows customers by account type for 2024. Residential customers make up more than 85% of the total accounts. Figure 3-3 shows the change in number of customers from 2022 to present, and projections of customer growth into 2029.

Figure 3-2: Number of Customers by Service Type



Source: Louisville Water, 2025.

Figure 3-3: Historical Number of Customers and Projected Growth



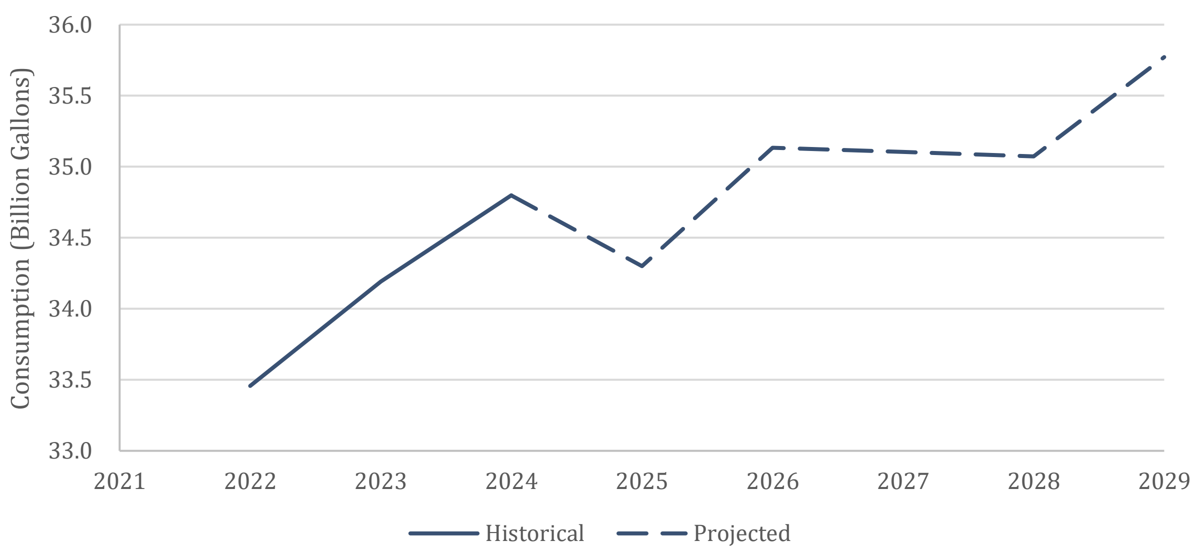
Source: Louisville Water, 2025.

3.3 Water Demand Projections

Figure 3-4 shows historical data and projections for future total water demand of Louisville Water's customers. As water conservation and efficiency become more prominent, per capita consumption has the potential to continue to decrease. The combination of slow population growth and decreasing per capita usage will allow Louisville Water to supply its customer base without expanding production capacity well into the future.

However, Louisville Water continues to expand its customer base, reaching areas outside of Louisville/Jefferson County. Among other projects, the Highway 245 transmission project is under construction in Nelson County, Kentucky to provide up to seven million gallons per day of water to North Nelson Water District and the City of Bardstown. The growth in wholesale water supply is offsetting the decline in per capita usage. Projected wholesale growth in demand is expected to boost overall revenue generation over the next 5 years.

Figure 3-4: Water Demand Historical Data and Projections

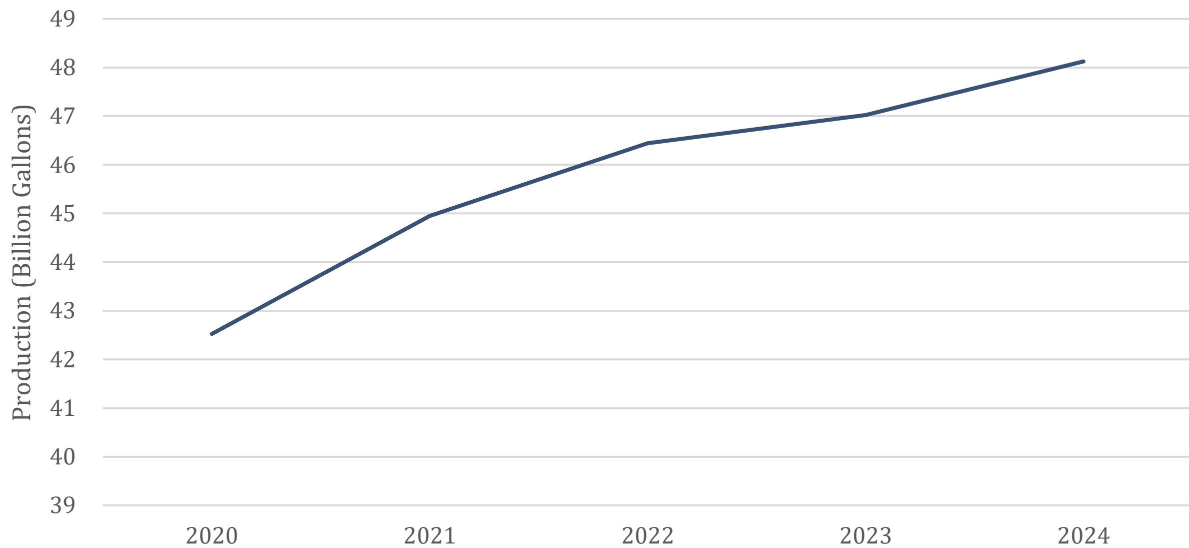


Source: Louisville Water, 2025.

3.4 Water Production

Louisville Water operates two water treatment plants (WTPs), Crescent Hill WTP and B.E. Payne WTP, to serve its retail and wholesale service areas and consecutive systems. These plants have a combined treatment capacity of 240 million gallons per day (MGD). Figure 3-5 summarizes water production from 2020-2024.

Figure 3-5: Water Production – Annual Net System Delivery



Source: Louisville Water, 2025.

3.5 Treatment

3.5.1 Crescent Hill Water Treatment Plant

Crescent Hill WTP is fed from the Ohio River through Zorn Avenue No. 2 and No. 3 Pump Stations (PS's). Crescent Hill WTP has the capacity to treat approximately 240 MGD of water but has a hydraulic capacity of 180 MGD when operating its softening basins. Raw water is pumped from Zorn Avenue PS to the Crescent Hill Reservoir before being conveyed by gravity to mixing basins, coagulation basins, softening clarifiers, recarbonation basins, reaction basins, filters, and clearwell. Finished water is then pumped into the distribution system by the Crescent Hill WTP High Service Pump Station.

3.5.2 B.E. Payne Water Treatment Plant

An intake on the Ohio River previously served as the raw water supply for B.E. Payne WTP through a low lift pump station onsite. The supply was converted from surface water in 2010 with the completion of the Phase 2 Riverbank Filtration (RBF) project. With an average capacity of approximately 15 MGD each, four horizontal collector wells discharge by gravity into a 10-foot diameter tunnel located in bedrock. The water flows through the tunnel into an RBF pump station wet well. The raw groundwater is then pumped to the plant influent. A single horizontal collector well installed in 1999 (Phase 1 RBF) is equipped with its own pumps, and also pumps groundwater to the plant influent. The combined total RBF pumping capacity is approximately 75 MGD.

RBF water is conveyed by gravity from the plant influent to mixing basins, softening clarifiers, recarbonation basins, reaction basins, filters, and clearwell. Finished water is then pumped into the distribution system. No treatment with flocculation or coagulation is required due to the extremely low turbidity of the raw groundwater. For stability and pH adjustment, water is now partially softened with lime addition followed by recarbonation. The treatment capacity of B.E. Payne WTP is approximately 60 MGD.

3.6 Storage

Louisville Water's finished water storage includes clearwells at both water treatment plants and storage within the distribution system. The Crescent Hill WTP clearwell has a capacity to store 25 million gallons (MG) while the clearwell at B.E. Payne WTP has a capacity to store 6 MG. Within the distribution system, approximately 52 MG of storage is available in the form of reservoirs, elevated tanks, and standpipes. The combined volume of finished water storage for Louisville Water is 83 MG.

3.7 Transmission/Distribution System

The Louisville Water transmission and distribution system consists of approximately 4,311 miles of transmission and distribution mains covering an area of 615 square miles. Based on Louisville Water's latest Facility Inspection Schedule for Annual/Biennial Inspections, within the system there are:

- 33 elevated tanks, standpipes, and reservoirs,
- 67 booster pump stations (BPS's),
- 54 control valves, and
- 22 wholesale customer master meters.

3.8 Asset Management

Louisville Water employs an asset management system that encompasses a set of activities and programs to optimize asset useful life and reduce catastrophic failure risk. These programs include the following:

- Transmission Main and Valve Condition Assessment Program
- Main Replacement & Rehabilitation Program (MRRP)
- Lead Service Replacement Program
- Fire Hydrant Rehabilitation and Replacement Program
- Water Storage Tank Inspection and Rehabilitation Program
- BPS, PRV, and electronic control valve (ECV) Rehabilitation Program
- Facility Masonry Maintenance Program
- Plant/Production Programs
- Facilities Programs
- Distribution System Programs
- Metering – Fleet Maintenance
- IT Programs

Louisville Water continues to use Oracle's Work and Asset Management (WAM) system to manage facility maintenance at the water treatment plants and to prioritize critical work within the distribution system.

3.9 Biennial Inspection/Condition of Facilities

Louisville Water's Water System Revenue Bonds require an inspection report every other fiscal year per the Amended and Restated Revenue Bond Resolution, adopted November 10, 2009. Since Hazen was selected as Louisville Water's Engineer of Record in May 2017, 2019, 2021, and 2023 Biennial Inspections have been completed. The 2025 inspection is underway and anticipated to be completed in July 2025.

Data from these Biennial Inspections have allowed Hazen to conclude that Louisville Water's maintenance and operation of the inspected facilities contribute to continued industry recognition and facilitate excellent drinking water production and supply. Observations gathered during the Biennial Inspections allow Louisville Water to prioritize capital projects and modify/expand the scope of such projects during the planning phase.

A list of select capital projects that have been modified or expanded by Louisville Water as a result of the 2023 Biennial Inspection are:

- Crescent Hill WTP Sodium Hypochlorite System Renovation
- Crescent Hill WTP Filter Gallery Structural Repairs
- Crescent Hill WTP Clarifier and Reaction Basin Rehabilitation
- Crescent Hill WTP North and South Coagulation Building Roof Replacement
- Zorn Avenue PS Structural Improvements
- Zorn Avenue PS Raw Water Intake and Pumping Improvements
- Zorn Avenue PS Boiler Building Concrete and Mortar

3.10 Billing and Collection

Louisville Water implemented the Oracle Customer Care and Billing system in Spring 2015. The system provides information to Louisville Water internal management and its customers and can accommodate changes to the utility's rate structure/fees.

Implementation of Advanced Metering Infrastructure (AMI) for Jefferson County began in the fall of 2019 and is anticipated to be complete in 2025. AMI replaces aged meters and will provide Louisville Water with a wealth of usage data and will facilitate the change from the current bimonthly billing process to monthly billing. The project is substantially complete as of June 2025, with approximately 98% of meters replaced and 90% of customers transitioned to monthly billing.

3.11 Regulatory Impacts

The primacy agency for Louisville Water is the Commonwealth of Kentucky Department for Environmental Protection, Division of Water (KDOW). KDOW adopts and dictates rules that provide public health protection by achieving minimum requirements set by the Safe Drinking Water Act. As part of being a primacy agency, KDOW must adopt state rules for Kentucky that meet the minimum federal requirements. Public water supply regulations for Kentucky are described in the Legislative Research Commission, Title 401 Kentucky Administrative Regulations Chapter 8. Federal drinking water regulations are codified at 40 *Code of Federal Regulations,* Parts 141 and 143. The U.S. Environmental Protection Agency (EPA) enforces these regulations.

Louisville Water is currently in compliance with KDOW's drinking water regulations. In 2010, B.E. Payne WTP's water supply source was changed to 100% groundwater with the completion of the Phase 2 RBF project. Changing the water source from the Ohio River to 100% groundwater reduced the treatment risk and regulatory challenges at the WTP in addition to improving source water quality.

In October 2024, the EPA published the Lead and Copper Rule Improvements (LCRI), which expanded requirements for utilities to provide a lead service line inventory, lead service line replacement plan, and a sampling plan prior to November 1, 2027. Louisville Water is working diligently with internal staff and assistance from consultants on this effort and is ahead of schedule for the compliance deadline.

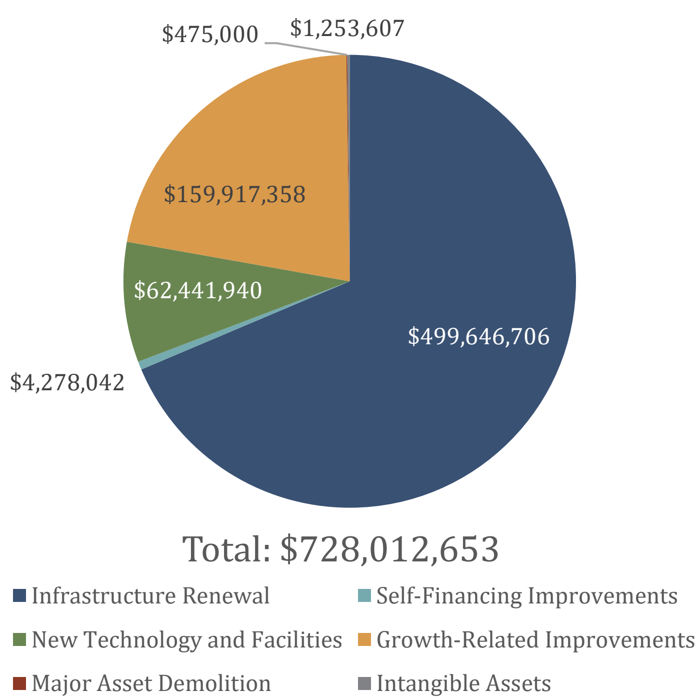
Future additional regulations regarding water treatment are under consideration by EPA and KDOW. These would have a greater effect at Crescent Hill WTP which utilizes the Ohio River as its supply source. Louisville Water is in an advantageous position to address future regulations should they be implemented. As distribution system regulations also become more stringent, Louisville Water is investing in its distribution system water quality management programs to address any potential issues.

4. Capital Improvement Program

This section summarizes planned and proposed capital improvements in Louisville Water's 2025-2029 Capital Improvement Plan (CIP). The CIP proposes a five-year total budget of $789,197,969. After subtracting grants and cash reimbursements, the budget is $728,012,653. The CIP is divided into six major components: Infrastructure Renewal, Self-Financing Improvements, New Technology and Facilities, Growth-Related Improvements, Major Asset Demolition Program, and Intangible Assets. Further subdivisions of these six major components provide additional detail. The major components of the 2025-2029 CIP, less grants and cash reimbursements, are summarized below and are presented graphically as Figure 4-1. The largest expenditure category is infrastructure renewal, followed by growth-related improvements. Estimated capital expenditures for new technology and facilities are $62,441,940. Self-financing improvements are $4,278,042, while major asset demolition and intangible assets comprise $475,000 and $1,253,607, respectively.

Table 4-1 summarizes planned capital expenditures for the next five years. The table represents the uses of funds for a fully funded CIP. The actual amount expended each year is typically 85-90% of the CIP. The next borrowing in the financial plan is in FY 2028, for an estimated $100 million.

Figure 4-1: 2025-2029 Capital Improvement Plan Less Grants and Cash Reimbursements



Source: Louisville Water, 2025.

Table 4-1: Planned Capital Expenditures 2025 – 2029

Division	2025	2026	2027	2028	2029	2025 – 2029
1. Infrastructure Renewal						
1.1 Treatment, Pumping, Storage	$68,495,788	$62,296,578	$58,816,950	$37,765,118	$30,294,642	**$257,669,076**
1.2 Transmission, Distribution, Services	$55,985,944	$44,987,549	$45,438,754	$39,518,871	$40,129,527	**$226,060,644**
1.3 Buildings, Facilities, Grounds	$9,292,292	$7,711,179	$5,954,860	$5,624,224	$4,831,495	**$33,414,750**
1.4 Equipment, Vehicles	$3,507,029	$1,500,000	$1,000,000	$1,000,000	$1,000,000	**$8,007,029**
Total Infrastructure Renewal	**$137,281,753**	**$116,495,306**	**$111,210,564**	**$83,908,213**	**$76,255,663**	**$525,151,499**
2. Self-Financing Improvements						
2.1 Main Extensions	$2,700,410	$610,200	$610,200	$610,200	$610,200	**$5,141,210**
2.2 New Services	$6,373,900	$5,271,206	$5,271,206	$5,271,206	$5,271,206	**$27,458,724**
2.3 Relocations	$1,025,592	$576,140	$376,899	$190,000	$190,000	**$2,358,631**
Total Self-Financing Improvements	**$10,099,902**	**$6,457,546**	**$6,258,305**	**$6,071,406**	**$6,071,406**	**$34,958,565**
3. New Technology and Facilities						
3.1 Advanced Treatment	$40,000	-	-	-	-	**$40,000**
3.2 Treatment, Pumping, Storage	$4,110,361	$5,099,877	$4,063,304	-	$25,000	**$13,298,542**
3.3 Facilities	$866,386	$650,000	$650,000	$17,150,000	$15,150,000	**$34,466,386**
3.4 Technology Improvements	$9,612,012	$1,835,000	$1,290,000	$975,000	$925,000	**$14,637,012**
Total New Technology and Facilities	**$14,628,759**	**$7,584,877**	**$6,003,304**	**$18,125,000**	**$16,100,000**	**$62,441,940**
4. Growth-Related Improvements						
4.1 Transmission	$30,624,434	$18,670,976	$1,800,000	-	$3,582,869	**$54,678,279**
4.2 Booster Pump Systems	-	-	-	-	$267,739	**$267,739**
4.3 Storage Facilities	$7,000,000	$4,600,000	$500,000	-	-	**$12,100,000**
4.5 Water Purchase Agreements	$10,550,750	$28,915,476	$26,606,148	$25,366,966	$6,432,000	**$97,871,340**
Total Growth-Related Improvements	**$48,175,184**	**$52,186,452**	**$28,906,148**	**$25,366,966**	**$10,282,608**	**$164,917,358**
5. Major Asset Demolition Program						
5.0 Major Asset Demolition Program	$475,000	-	-	-	-	**$475,000**
Total Major Asset Demolition Program	**$475,000**	**-**	**-**	**-**	**-**	**$475,000**
6. Intangible Assets						
6.0 Intangible Assets	$617,948	$485,659	$50,000	$50,000	$50,000	**$1,253,607**
Total Intangible Assets	**$617,948**	**$485,659**	**$50,000**	**$50,000**	**$50,000**	**$1,253,607**
Total Louisville Water Cost	**$211,278,546**	**$183,209,840**	**$152,428,321**	**$133,521,585**	**$108,759,677**	**$789,197,969**
Less: Grants	**($14,022,053)**	**($3,255,904)**	**($3,255,904)**	**($3,255,904)**	**($3,255,904)**	**($27,045,669)**
Total Louisville Water Cost Less Grants	**$197,256,493**	**$179,953,936**	**$149,172,417**	**$130,265,681**	**$105,503,773**	**$762,152,300**
Less: Reimbursement/Contributions (Cash)	**($6,071,338)**	**($5,876,519)**	**($6,038,180)**	**($5,599,430)**	**($10,554,180)**	**($34,139,647)**
Louisville Water Net Cost Expenditure	**$191,185,155**	**$174,077,417**	**$143,134,237**	**$124,666,251**	**$94,949,593**	**$728,012,653**
Contributed Capital (Non-Cash)	**$3,811,025**	**$5,811,089**	**$7,654,069**	**$2,773,660**	**$1,443,800**	**$21,493,673**
Total Asset Cost (Total Louisville Water Cost + Contributed Capital)	**$215,089,571**	**$189,020,929**	**$160,082,390**	**$136,295,245**	**$110,203,477**	**$810,691,612**

Source: Louisville Water, 2025.

4.1 Infrastructure Renewal

Infrastructure renewal projects have a 2025-2029 budget of $525,151,499, or 66.5% of the 2025-2029 total capital budget (see Table 4-2). Upcoming projects are described in the following paragraphs.

Table 4-2: Infrastructure Renewal 2025-2029 Budget

Subdivision	Budget	Percent of Total Capital Budget
Treatment, Pumping, Storage	$257,669,076	32.7%
Transmission, Distribution, Services	$226,060,644	28.6%
Buildings, Facilities, Grounds	$33,414,750	4.2%
Equipment, Vehicles	$8,007,029	1.0%
2025-2029 Budget	**$525,151,499**	**66.5%**
Less Grants	$24,723,474	
Less Cash Reimbursements	$781,319	
2025-2029 Budget Less Grants and Cash Reimbursements	**$499,646,706**	

Source: Louisville Water, 2025.

4.1.1 Water Treatment Plants

Major reinvestments at Louisville Water's water treatment plants will begin in 2025 and continue early into the next decade. In March 2025, construction began on a new redundant residual main from the Crescent Hill WTP to the lagoons at B.E. Payne WTP. The new main will replace the existing residuals main which has operated continuously for the last 50 years but is difficult to access for inspection and maintenance.

A project to improve the Crescent Hill WTP High-Service Pump Station discharge system by replacing aging pipes and valves has been designed and construction is anticipated to begin in 2027. Construction has already begun on the 105-MGD redundant Crescent Hill Secondary Pump Station, which, once completed, will allow for the rehabilitation of the existing high service station and replacement of the discharge headers to ensure the continuity of production, transmission, and distribution. Following completion of the existing station discharge system improvements, the Secondary Pump Station will provide long-term redundancy to Crescent Hill WTP's high service pumping capacity.

Construction began in 2025 for the Crescent Hill Reservoir Cleaning and Liner Replacement project. Originally constructed in the 1880s, the Reservoir was improved with a geomembrane liner in the early 2000s to waterproof the reservoir and add stability to the embankment. The age and condition of the existing liner warrants replacement. In order to replace the geomembrane liner, the project includes removal and disposal of accumulated sediment (approximately 118,000 cubic yards of Ohio River sediment and activated carbon) and necessary concrete repairs to the liner substrate. Because the Reservoir is critical to the operation of Crescent Hill WTP, the project will be completed one basin at a time while the other basin remains in service. As a result, the overall timeline for the project is approximately four years.

Various roof and masonry replacement projects at Crescent Hill WTP will be completed from 2025-2026.

Construction is anticipated to start in 2026 for an Activated Carbon Feed System Upgrade at Crescent Hill WTP. This project will allow Louisville Water to comply with the newly implemented PFAS regulations as well as better manage taste and odor events from the Ohio River surface water supply.

At the B.E. Payne WTP, the first phase of a suite of projects to increase plant capacity will begin in 2025, including a new clearwell and high service pump station, renovation of the existing clearwell, inspection and cleanings of the infiltration wells, rehabilitation of the raw water pumps, and a new emergency generator. A recoating project in the filter gallery is planned to begin in 2028 and be completed in 2030.

4.1.2 Water Distribution System

Louisville Water has long been a leader in the renewal of buried infrastructure, with the Main Replacement and Rehabilitation Program (MRRP) benchmarked nationwide as a logical and effective approach to the management of distribution pipes. To continue ensuring that safe drinking water is provided to its customers, Louisville Water plans to continue rehabilitating and replacing aging mains in its distribution system. The MRRP is planned to be funded at $10 million annually through 2029. Although economic factors like supply chain issues, labor market conditions, and material prices have stabilized to an extent, they are still relatively high compared to historical norms. As a result, Louisville Water's ability to replace distribution mains has been reduced. Over these five years, Louisville Water's MRRP program budget allows for the replacement of approximately 10.5 miles of distribution main annually. Louisville Water continues to maximize this investment by prioritizing mains system-wide utilizing a Net Present Value analysis.

Condition assessment provides a proactive approach for maximizing the useful life of large-diameter transmission mains, and Louisville Water plans to continue the condition assessment program for pre-stressed concrete cylinder pipe (PCCP) at an average annual funding rate of $2.8 million. In 2020, Louisville Water completed the initial inspection of all PCCP mains within Louisville Water's system. Pilot corridors from the first few PCCP corridors inspected will be re-inspected to see if any of the minor wire breaks identified in the first inspection have deteriorated further or if the condition has held constant over the past 10 years. This work will reduce reactive repair costs and damage claims for Louisville Water. The Westport Road 48" main from the Westport Transfer Station to Chamberlain Lane and the 60" main from Stilz Avenue to Glenmary Avenue will be reinspected in 2025. In late 2023, Louisville Water conducted a condition assessment inspection of a ductile iron transmission main for the first time with no major deficiencies noted.

As part of its asset management programs, Louisville Water is fully engaged in recoating steel water storage tanks, replacement of pumps, rehabilitation of remote pump and pressure-reducing stations, management of fire hydrants, removal of lead and copper services required by the new Lead and Copper Rule Revisions (LCRR), and roof replacement for key facilities. New programs like the Railroad Crossing Rehabilitation Program, Transmission Leak Detection, Cathodic Protection, and Critical Main Reduction will reduce Louisville Water's distribution risk. Annual funding for these four programs is approximately $3.25 million.

The Transmission Valve Condition Assessment began in 2019 and will continue at an annual funding rate of $3 million. This assessment focuses on accessibility and functionality of transmission in-line and connecting gates to maximize the operability of these valves, which are critical to isolate breaks on large-diameter transmission mains. In addition, Louisville Water is developing a valve management program to ensure all 54,000+ valves are inspected and operated at least once per decade. Valves on or required to isolate transmission main and valves near critical services will be inspected more frequently. The Railroad Crossing Rehabilitation Program will focus on reducing Louisville Water's risk by strategically replacing uncased railroad crossings.

The first of three phases to rehabilitate an 1890s-era 48" cast iron main from Cherokee Park to the California neighborhood was completed early 2025, and construction began on the second phase. The first phase involved installing a 42" welded steel pipe within the existing 48" pipe and stretched from 12th Street to Brook Street. The second phase started at Brook Street and will extend to Vine Street and will be a direct replacement of the existing 48" cast iron main with a new 48" ductile iron main. This phase will last two to three years with construction work only occurring in the non-peak season (November to April), with approximately half of the project cost being covered by grant funding. The third and final phase will enter design in 2026 and is expected to be completed by the end of the decade.

Another priority for Louisville Water is the replacement of lead service lines. As of March 2020, Louisville Water's distribution system was free of all known public lead service lines. The LCRR which took effect in 2021 require additional coordination with property owners for identification and replacement of private lead service lines. The Lead and Copper Rule Improvements (LCRI), published in October 2024, provided a regulatory compliance timeline and additional reporting requirements for utilities. Louisville Water has prepared a plan based on the LCRR and LCRI. Louisville Water's Private Lead Service Replacement project will be a major initiative in the last half of the decade. The project will focus on approximately 30,000 unknown services within economically disadvantaged census blocks with a forgivable loan covering approximately half the project cost. Additional funds have been set aside for the replacement of private lead services in non-economically disadvantaged areas on a smaller scale.

4.2 Self-Financing Improvements

In previous years, self-financing projects accounted for as much as 20-25% of the annual budget. In 2025-2029, this category accounts for $34,958,565, or 4.4% of the total capital budget (see Table 4-3). Distribution Extensions continue to see steady growth in residential development as does the New Services Department across all service classes. Additionally, Louisville Water continues to see strong growth for new services for development adjacent to existing mains, particularly large domestic and fire services.

Table 4-3: Self-Financing Improvements 2025-2029 Budget

Subdivision	Budget	Percent of Total Capital Budget
New Services	$27,458,724	3.5%
Main Extensions	$5,141,210	0.6%
Relocations	$2,358,631	0.3%
2025-2029 Budget	**$34,958,565**	**4.4%**
Less Grants	$2,322,195	
Less Cash Reimbursements	$28,358,328	
2025-2029 Budget Less Grants and Reimbursements	**$4,278,042**	

Source: Louisville Water, 2025.

4.3 New Technology and Facilities

New technology expenditures are anticipated to comprise approximately $62,441,940, or 7.9% of the total capital budget through FY 2029 (see Table 4-4).

Table 4-4: New Technology and Facilities 2025-2029 Budget

Subdivision	Budget	Percent of Total Capital Budget
Facilities	$34,466,386	4.4%
Technology Improvements	$14,637,012	1.8%
Treatment, Pumping, Storage	$13,298,542	1.7%
Advanced Treatment	$40,000	0.0%
2025-2029 Budget	**$62,441,940**	**7.9%**

Source: Louisville Water, 2025.

Implementation of the AMI system for Jefferson County will be complete in late 2025 with plans being made to install AMI in Louisville Water's retail service area in Bullitt and Oldham Counties starting within the next few years. Capital expenditures to improve business intelligence and data storage will increase Louisville Water's ability to handle and analyze the wealth of data that will become available through these new technologies. AMI replaces aged meters and allows for monthly billing. To increase Louisville Water's analysis of data available through new technologies, capital expenditures to improve business intelligence and data storage will increase.

The use of asset management principles aided by the implementation of Oracle's Work and Asset Management (WAM) software continues to direct the future renewal of all asset classes for Louisville Water. WAM has enhanced Louisville Water's preventative maintenance program to further extend the life of assets, as well as development of life cycle asset costing. Louisville Water has completed the implementation of the WAM software but continues to make small adjustments as needed.

A programmatic approach to capital budgeting for long-term information technology (I.T.) needs began in 2018 and has expanded as the focus has increased on cyber security and Louisville Water grows more reliant on technology for day-to-day operations. While Louisville Water continues to make capital investments in I.T. needs, these costs are trending away from the capital program as the industry shifts to cloud-based software and a Software as a Service (SaaS) model.

The backup generator for the Westport Road Transfer Station will begin construction in 2025. It, along with recently completed generator projects at the Zorn Avenue Pump Station and the Crescent Hill WTP campus, reduces Louisville Water's vulnerability to severe storms and power outages to ensure reliable supply to Louisville Water's distribution and transmission systems.

Towards the end of the decade, Louisville Water will embark on substantial improvements to its two primary employee-occupied facilities, the John L. Huber Corporate Office and the Allmond Avenue Campus. The Corporate Office will see complete interior renovations, the first since the building's construction in the late 1990s, while Allmond Avenue will see a phased, multiyear reconstruction of the entire campus.

4.4 Growth-Related Improvements

Growth-related improvements are expected to cost $164,917,358, or 20.9% of the total capital budget through 2029 (see Table 4-5).

Table 4-5: Growth-Related Improvements 2025-2029 Budget

Subdivision	Budget	Percent of Total Capital Budget
Water Purchase Agreements	$97,871,340	12.4%
Transmission	$54,678,279	7.0%
Storage Facilities	$12,100,000	1.5%
Booster Pump Systems	$267,739	0.0%
2025-2029 Budget	**$164,917,358**	**20.9%**
Less Grants	-	
Less Cash Reimbursements	$5,000,000	
2025-2029 Budget Less Grants and Reimbursements	**$159,917,358**	

Source: Louisville Water, 2025.

In 2022, Louisville Water collaborated with Hardin County Water District #2 (HCWD2), North Nelson Water District (NNWD), the City of Bardstown, and Bullitt County to develop a plan to meet new demands associated with economic development throughout the region. Construction of the first phase of projects to increase Louisville Water's supply capacity to HCWD2 from 5 MGD to 7 MGD is underway and expected to be completed in late 2026. The second phase of projects to increase supply capacity to HCWD2 from 7 MGD to 11 MGD will enter the design phase in 2025 and be completed by the end of 2029.

Louisville Water and NNWD recently reached an agreement on a new wholesale contract to construct a new 24" pipeline, pump station, and master meter along Hwy 245 to provide upwards of 7 MGD to North Nelson and the city of Bardstown. This main and pump station will leverage the capacity improvements along the I-65 corridor for HCWD2 and are expected to have a firm capacity of 4 MGD by the end of 2026 and 5 MGD by the end of 2029.

Additionally, Louisville Water continues to see strong and growing demand from its existing wholesale customers in Shelby, Spencer, and Bullitt Counties. While no major capital projects are currently planned for these areas, Louisville Water is keeping a close eye on demand patterns to maintain a high level of service to these customers.

4.5 Major Asset Demolition Program

The 10 MG English Station Standpipe will be demolished in 2025. The standpipe has not been used since the completion of the adjacent 3 MG tank in 2017 but was kept mothballed in case of an emergency. Louisville Water staff have determined that the standpipe has deteriorated to a point where it is no longer viable economically or schedule-wise to return to service and should be demolished. This is anticipated to cost $475,000, or 0.1% of the total 2025-2029 budget.

4.6 Intangible Assets

Intangible assets are anticipated to cost $1,253,607, or 0.2% of the 2025-2029 budget.

In 2022, Louisville Water initiated a major update to its public-facing website. The existing website platform is no longer supported by the developer, which means that any issues with the website are more difficult to resolve. This limits Louisville Water's ability to maintain effective analytics and provide the highest quality customer experience. The new website will resolve these issues and allow Louisville Water to present relevant information to customers in a more efficient manner. This project has since been expanded to include the employee-facing website (H2Info). Both are expected to be completed in 2025.

Other line items in this category include Louisville Water's annual payment to the Louisville Jefferson County Information Consortium (LOJIC) and the Comprehensive Facilities Plan, which is completed every five years with the next version due to be published in 2026.

5. Financial Analysis

This section summarizes Louisville Water's current finances and presents projections of annual revenue and operations, and debt service expenditures through the year 2029. The annual revenue and expenditure projections are then utilized to calculate key financial indicators, including revenue sufficiency requirements and debt service coverage ratios. The main purpose of the evaluation is to determine if the projected revenues will be sufficient to proceed with the planned bond issuances while meeting Louisville Water's financial objectives. We note that Louisville Water prepared the water demand and financial projections presented in this section and form the basis for the evaluation's key findings regarding future annual revenues and expenses. As with all forecasts, future actual performance could fall short; however, conservative assumptions used in this analysis should mitigate financial risks from an economic downturn should one occur.

5.1 Revenue Sources: User Charges

Louisville Water imposes several types of user fees on its retail and wholesale customers. Retail accounts for all customer categories are subject to the following charges:

- Monthly service charge varying with meter size
- Commodity fee based on usage
- Surcharge based on location in elevated service area

Louisville Water also imposes a system development charge for all new connections that vary with meter size when a new connection is installed.

5.1.1 Service Charge

Table 5-1a shows the existing schedule for the monthly service charge within Louisville Water's Retail Service Area based on meter size.

Table 5-1a: Retail Service – Monthly Service Charge by Meter Size (Effective January 1, 2025)

Meter Size	Monthly Charge
5/8" or 5/8"x3/4"	$17.09
3/4"	$17.09
1"	$36.68
1-1/2"	$73.35
2"	$117.38
3"	$256.72
4"	$440.06
6"	$1,026.82
8"	$1,833.59
10"	$2,787.06
12"	$4,253.94
16"	$8,434.51

Source: Louisville Water 2025 Tariff, Rate Schedule, and Customer Fees and Charges.

5.1.2 Commodity Charge

Table 5-1b presents the commodity charge for monthly water usage for customers within Louisville Water's Retail Service Area (Effective January 1, 2025). Louisville Water has defined nine separate customer categories for the purpose of classifying revenue. Residential commodity charges are based on an increasing block tariff structure. Under the current rate structure, residential customers pay an increasing commodity charge when their consumption exceeds a defined threshold. In contrast, commercial, industrial, municipal, and multi-family customers are subject to an increasing block schedule only from the first to the second block and then a decreasing block schedule after the second block. A uniform rate is applied to irrigation accounts.

Table 5-1b: Monthly Commodity Charge (Effective January 1, 2025)

	Thousand Gallons Per Month	Units
Residential		
First	2 at $1.63	Per 1,000 gallons
Next	8 at $4.51	Per 1,000 gallons
All Over	10 at $4.67	Per 1,000 gallons
Commercial/Municipal/Industrial/Multi-Family		
First	25 at $4.14	Per 1,000 gallons
Next	975 at $4.59	Per 1,000 gallons
Next	6,500 at $3.86	Per 1,000 gallons
All Over	7,500 at $2.93	Per 1,000 gallons
Irrigation		
All Usage	$5.48	Per 1,000 gallons

Source: Louisville Water 2025 Tariff, Rate Schedule, and Customer Fees and Charges

5.1.3 Elevated Service Area Surcharge

For water delivered to customers at a higher elevation than the general pressure plan served by the Crescent Hill / Cardinal Hill System, a surcharge of $0.56 per thousand gallons is imposed.

5.1.4 Wholesale Customers

Wholesale customers purchasing water for resale are charged the following, effective July 1, 2025:

- $2.23 per thousand gallons for water purchased up to 150 MG per month.
- Surcharge of $0.56 per thousand gallons in elevated areas up to 150 MG.
- Usage rates above 150 MG per month are per individual wholesale contract. Wholesale customers may be charged different service charges based on contracts.

Louisville Water imposes a separate service charge for its wholesale customers. The 2025 Wholesale Customer Service charges by meter size are shown in Table 5-1c.

Table 5-1c: Wholesale Customers – Monthly Service Charge by Meter Size (Effective July 1, 2025)

Meter Size	Monthly Charge
5/8" or 5/8"x3/4"	$6.09
3/4"	$6.09
1"	$13.72
1-1/2"	$27.44
2"	$43.92
3"	$96.06
4"	$164.67
6"	$384.72
8"	$686.12
10"	$1,042.89
12"	$1,591.80
16"	$3,156.13

Source: Louisville Water 2025 Tariff, Rate Schedule, and Customer Fees and Charges.

5.1.5 Fire Service Charges

Charges for fire service are per the schedule outlined in Table 5-1d.

Table 5-1d: Fire Service Charges

Meter Size	Monthly Charge
4"	$31.73
6"	$63.38
8"	$123.13
10"	$242.59
12''	$487.02

Source: Louisville Water 2025 Tariff, Rate Schedule, and Customer Fees and Charges.

5.2 Customer/Usage Growth

Table 5-2a shows the number of customers by account type for FY 2024 and the projected number of customers by account type from FY 2025 through FY 2029. Residential accounts comprise the largest customer category, followed by commercial. As shown in Table 5-2a, the annual percentage growth in the number of accounts across all categories is projected to average 0.4% from FY 2025 through FY 2029.

Table 5-2a: Water Customers by Account Type

Account Type	Actual	Projected				
	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Residential	259,862	259,843	260,462	261,130	261,851	262,626
Commercial	23,792	23,919	24,001	24,088	24,181	24,280
Industrial	469	522	532	543	554	566
Irrigation	14,132	15,699	16,111	16,536	16,973	17,423
Wholesale	9	9	9	9	9	9
Municipal	608	610	610	610	610	610
Private Fire Services	4,930	4,973	5,025	5,077	5,130	5,183
Total	**303,802**	**305,575**	**306,750**	**307,993**	**309,308**	**310,696**
Percent Change		**0.6%**	**0.4%**	**0.4%**	**0.4%**	**0.4%**

Source: Louisville Water, 2025.

Table 5-2b shows water consumption by account type for FY 2024 and the projected water consumption by account type for FY 2025 through FY 2029. Louisville Water forecasts that overall water consumption will increase by about 4% from FY 2025 through FY 2029, with all the projected increase in demand attributable to wholesale customers. Residential demand, the largest customer base, is projected to decrease both at the customer category level and on a per-account basis. Louisville Water projects that demand from all the other customer categories in 2029 will remain unchanged from 2025.

Table 5-2b: Water Consumption (Thousands of Gallons)

Account Type	Actual	Projected				
	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Residential	12,653,829	12,400,000	12,369,000	12,338,078	12,307,232	12,276,464
Commercial	12,072,383	11,800,000	11,800,000	11,800,000	11,800,000	11,800,000
Industrial	3,491,731	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000
Irrigation	2,314,797	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Wholesale	3,294,978	3,500,000	4,365,000	4,365,000	4,365,000	5,095,000
Municipal	915,119	950,000	950,000	950,000	950,000	950,000
Private Fire Services	55,972	50,000	50,000	50,000	50,000	50,000
Total	**34,798,809**	**34,300,000**	**35,134,000**	**35,103,078**	**35,072,232**	**35,771,464**
Percent Change		**-1.4%**	**2.4%**	**-0.1%**	**-0.1%**	**2.0%**

Source: Louisville Water, 2025.

Table 5-2c shows Louisville Water's top ten water customers by average monthly consumption. These large customers account for about 7.6% of 2024 consumption (water sold less municipal water usage).

Table 5-2c: Ten Largest Water Customers by Consumption (Based on 2024 Usage)

Customer	Average Monthly Consumption (Thousands of Gallons)
American Synthetic Rubber	31,985
Lubrizol Advanced Material	30,005
The Chemours Company	29,343
MSD (Morris Forman)	24,898
Ford Motor Co - Chamberlain	24,549
Brown-Forman Corp	18,777
Haier US Appliance	15,700
Jeff Co Med Ctr Water Plant	14,938
Bakelite	12,314
Ford Motor Co - Fern Valley	12,304
Total	**214,813**

Source: Louisville Water, 2025.

5.3 Projected Annual Revenues and Expenditures, Fiscal Years 2025-2029

5.3.1 Projected Annual Revenues

Louisville Water generates revenues to cover its operations and debt service costs through both rate-generated revenues and non-rate sources such as investments and other fees and charges, including system development fees, service line protection, sewer billings, and contract operations. Rate-generated revenues accounted for about 84% of Louisville Water's total revenue in FY 2024 and are projected to account to about 89% of the total revenue in 2029. The revenue base is relatively well balanced with residential and commercial rates generating revenue accounting for 34% and 25% of the total FY 2024 revenue, respectively. Industrial and irrigation accounts generated about 5% and 6%, respectively, in FY 2024. Municipal and fire hydrants (including private fire) revenue accounted for another 10%.

Table 5-3a shows rate revenues by account type for FY 2024 and projected rate revenues by account type for FY 2025 through FY 2029, as well as non-rate generated revenues. Louisville Water has projected average annual rate increases of 4.0% from 2023 through 2026. As shown in Table 5-3a, the combined annual rate and non-rate-generated revenues are projected to increase by an average of 4.2% through FY2029, sufficient to counter the overall slow increase in water demand and cover the projected expenditure increases.

Table 5-3a: Revenues FY 2024 to FY 2029

	FY 2024	Projected				
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Revenues						
Residential	$94,520,214	$97,810,740	$102,350,821	$107,841,416	$113,650,361	$119,797,391
Commercial	$68,371,204	$70,736,675	$74,152,654	$78,420,787	$82,949,060	$87,753,868
Industrial	$14,205,763	$14,560,347	$15,258,146	$16,095,567	$16,980,230	$17,914,851
Irrigation	$17,336,651	$17,481,759	$18,247,978	$19,331,307	$20,485,512	$21,715,489
Municipal	$4,569,317	$4,854,138	$4,989,248	$5,260,833	$5,547,354	$5,849,635
Wholesale	$8,888,330	$9,744,449	$12,807,087	$13,346,866	$13,953,704	$16,977,384
Private Fire	$4,735,183	$4,917,680	$5,217,325	$5,563,987	$5,933,831	$6,328,416
Public Fire Hydrants	$18,353,626	$19,136,897	$20,239,618	$21,459,560	$22,753,035	$24,124,475
Total Rate Revenue	**$230,980,288**	**$239,242,685**	**$253,262,877**	**$267,320,323**	**$282,253,087**	**$300,461,509**
Non-Rate Revenues						
Other Operating	$22,337,671	$22,805,731	$23,561,036	$24,033,218	$24,504,170	$25,449,865
Non-Operating	$21,883,509	$19,578,107	$11,589,986	$10,756,577	$10,006,510	$11,694,162
Total Non-Rate Revenue	**$44,221,181**	**$42,383,838**	**$35,151,022**	**$34,789,795**	**$34,510,680**	**$37,144,027**
Total Revenues	**$275,201,468**	**$281,626,523**	**$288,413,900**	**$302,110,118**	**$316,763,767**	**$337,605,536**
Percent Change	**-**	**2.3%**	**2.4%**	**4.7%**	**4.9%**	**6.6%**

Source: Louisville Water, 2025.

5.3.2 Projected Annual Expenditures

A projection of water expenditures from FY 2025 through FY 2029 was prepared to determine Louisville Water's capacity to adequately cover the costs associated with the issuance of the FY 2025 Bonds. These projections were developed as conservative estimates of future expenditures. Total water system expenditures include operations and maintenance (O&M), capital, water service in lieu of taxes, dividend payment, and debt service costs.

O&M cost projections were based on the 10-year proforma developed as part of the FY 2025 Louisville Water budget. O&M costs include all the expenditures associated with operating and maintaining the water system and include labor, power, chemicals, materials, and contractual service costs. From FY 2025 to FY 2029, the average annual increase in O&M expenditures is projected to be 4.2%, increasing from $117.9 million in FY 2025 to $139.1 million in FY 2029. Table 5-3b shows actual O&M expenditures by category for FY 2024 and projected O&M expenditures by category for FY 2025 through FY 2029.

Table 5-3b: Operations and Maintenance Expenditures by Category, FY 2024 to FY 2029

		Projected				
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Labor	$51,779,750	$56,831,490	$59,562,053	$62,097,292	$65,087,919	$67,505,095
Power	$10,594,517	$10,280,254	$10,691,464	$11,332,952	$11,786,270	$12,257,721
Chemicals	$8,434,735	$7,656,666	$7,962,932	$8,440,708	$8,778,337	$9,129,470
Materials and Supplies	$4,627,189	$4,987,407	$5,186,904	$5,394,380	$5,610,155	$5,834,561
Contractual Services	$20,402,345	$24,242,042	$25,211,724	$26,220,193	$27,269,001	$28,359,761
Other	$15,158,164	$13,907,488	$14,387,596	$14,916,053	$15,439,662	$15,985,919
Total Operating	**$110,996,700**	**$117,905,347**	**$123,002,673**	**$128,401,578**	**$133,971,344**	**$139,072,527**
Percent Change		**6.2%**	**4.3%**	**4.4%**	**4.3%**	**3.8%**

Louisville Water uses available cash (equity contribution) in addition to long-term debt obligations to fund its capital improvements program. Over the next five years, Louisville Water is projecting an average annual equity contribution to fund capital projects of over $69 million.

Louisville Water is owned by a single shareholder, Louisville/Jefferson County Metro Government (Louisville Metro). Louisville Water and Louisville Metro have an agreement that Louisville Water will provide water services to Louisville Metro in lieu of payment of taxes. This agreement results in no actual funds being transferred between the two entities but is an annual expense for Louisville Water. A projection of the water service expenditures in lieu of taxes provided to Louisville Metro was developed for the next five-year period. It is anticipated that the average in lieu of taxes expense during that period will be $26.9 million.

As the sole shareholder in Louisville Water, Louisville Metro collects an annual dividend from Louisville Water. The dividend payment amount is based on a formula established in the Series 2009 Bond Resolution and is equal to 50% of the most recent three-year average of adjusted net income. Dividend payments are anticipated to grow slightly through the five-year projection period, growing at a similar rate as adjusted net income. Total annual dividend payments are projected to range from $30.1 million in FY 2025 to $32.6 million in FY 2029.

Another method of funding capital projects utilized by Louisville Water is debt financing through the issuance of bonds. As of December 31, 2024, Louisville Water had a total of $308.6 million outstanding principal from three existing bond or loan issuances. All existing bond issuances carry a AAA rating from Standard and Poor's Rating Services and a Aaa from Moody's Investors Service, Inc. Louisville Water plans to continue to use debt issuance as one method to finance needed capital projects as evidenced by the proposed issuance of $240 million of 2025 Bonds, which is incorporated in their expense forecasts. Louisville Water is also projected to issue an additional $100 million bond issuance in 2028, and the projected debt service for that issuance is also accounted for in the financial projections. A summary of existing and forecasted debt service schedules through FY 2029 is presented in Table 5-3c.

Table 5-3c: Existing and Projected Debt Service

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Existing Obligations						
Series 2015	$9,037,169	$9,014,919	$8,987,719	$8,987,919	$8,992,119	$8,995,019
Series 2019	$13,892,800	$13,028,550	$12,179,800	$11,296,800	$10,472,300	$8,979,550
Series 2022	$12,256,850	$12,234,600	$12,212,100	$12,193,600	$12,168,100	$12,155,100
Total Existing	**$35,186,819**	**$34,278,069**	**$33,379,619**	**$32,478,319**	**$31,632,519**	**$30,129,669**
Projected Obligations						
Series 2025	-	$2,125,567	$14,594,000	$18,174,000	$18,907,500	$18,917,500
Series 2028	-	-	-	-	$1,408,225	$5,007,958
	-	$2,125,567	$14,594,000	$18,174,000	$20,315,725	$23,925,458
Total Debt Service	**$35,186,819**	**$36,403,636**	**$47,973,619**	**$50,652,319**	**$51,948,244**	**$54,055,127**

Source: Louisville Water, 2025.

Louisville Water is anticipated to have between approximately $279 million and $333 million of annual total expenditures between FY 2025 and FY 2029. Capital cost requirements in the form of equity-funded capital and debt service requirements on bond issuances are projected to account for between 38% and 40% of total annual expenditure over the 2025-2029 forecast period. Annual operating costs range from 40% to 43% during the same period. The remaining expenditures encompass water services and dividend payments provided to the Louisville Metro. A summary of the expenditures by category for FY 2024 and projected expenditures by category from FY 2025 to FY 2029 is presented in Table 5-3d.

Table 5-3d: Expenditures by Category, FY 2024 to FY 2029

		Projected				
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operations and Maintenance	$110,996,700	$117,905,347	$123,002,673	$128,401,578	$133,971,344	$139,072,527
Equity Funded Capital	$75,435,297	$69,327,366	$65,264,312	$68,151,900	$70,642,371	$75,872,648
Water Service in Lieu of Taxes	$23,005,492	$24,061,035	$25,298,865	$26,790,393	$28,370,390	$30,044,110
Dividend Payments	$32,577,160	$30,039,324	$27,696,766	$28,094,594	$30,056,640	$32,595,747
Subtotal	**$242,014,649**	**$241,333,072**	**$241,262,616**	**$251,438,465**	**$263,040,745**	**$277,585,032**
Existing Debt Service	$35,186,819	$34,278,069	$33,379,619	$32,478,319	$31,632,519	$30,129,669
Projected New Debt Service	-	$2,125,567	$14,594,000	$18,174,000	$20,315,725	$23,925,458
Total Debt Service	**$35,186,819**	**$36,403,636**	**$47,973,619**	**$50,652,319**	**$51,948,244**	**$54,055,127**
Total Expenditures	**$275,201,468**	**$277,736,708**	**$289,236,235**	**$302,090,784**	**$314,988,989**	**$331,640,159**

Source: Louisville Water, 2025.

5.4 Adequacy of Projected Revenues

Table 5-4a shows actual financial performance for FY 2024 and projected annual financial performance for FY 2025 through FY 2029 using the assumptions presented in the previous sections. The projections indicate an overall strong financial position throughout the forecast period from FY 2025 through FY 2029 with an operating surplus in each year forecasted.

Table 5-4a: Financial Performance – Sources and Uses

Projections with Rate Increases	FY 2024	Projected				
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Increases	4.80%	4.25%	4.75%	5.50%	5.50%	5.50%
Sources						
Rate Revenue	$230,980,288	$239,242,685	$253,262,877	$267,320,323	$282,253,087	$300,461,509
Other Operating	$22,337,671	$22,805,731	$23,561,036	$24,033,218	$24,504,170	$25,449,865
Non-Operating	$21,883,509	$19,578,107	$11,589,986	$10,756,577	$10,006,510	$11,694,162
Total All Sources	**$275,201,468**	**$281,626,523**	**$288,413,899**	**$302,110,118**	**$316,763,767**	**$337,605,536**
Uses						
Operating Expenditures	$110,996,700	$117,905,347	$123,002,673	$128,401,578	$133,971,344	$139,072,527
Existing Debt Service	$35,186,819	$34,278,069	$33,379,619	$32,478,319	$31,632,519	$30,129,669
Projected Debt Service	-	$2,125,567	$14,594,000	$18,174,000	$20,315,725	$23,925,458
Water Service in Lieu of Taxes	$23,005,492	$24,061,035	$25,298,865	$26,790,393	$28,370,390	$30,044,110
Dividend Payment	$32,243,827	$30,039,324	$27,696,766	$28,094,594	$30,056,640	$32,595,747
Total All Uses	**$201,432,838**	**$208,409,342**	**$223,971,923**	**$233,938,884**	**$244,346,618**	**$255,767,511**
Excess Revenue Available for CIP	**$73,768,630**	**$73,217,181**	**$64,441,976**	**$68,171,234**	**$72,417,149**	**$81,838,025**

Source: Louisville Water, 2025.

5.4.1 2009 Bond Resolution and Rate Covenant Requirements

Louisville Water must exceed certain financial metrics established in its 2009 Bond Resolution to issue additional bonds. It is required that in the year before the bond issuance, Louisville Water generates annual net revenue over 1.3 times the estimated maximum aggregate bond service for future fiscal years. As shown in Table 5-4b, 2024 net revenue was $134.7 million, and the projected maximum annual bond year debt service requirement associated with the proposed 2025 bond issuance is $50 million. This yields a ratio of 2.69, which meets the requirement for issuing additional bonds.

The 2009 Bond Resolution also requires satisfaction of a rate covenant on an annual basis. The Section 603 Rate Covenant requires that Louisville Water's annual net revenue available for debt service exceeds 1.3 times the maximum annual bond year debt service associated with outstanding bonds. Table 5-4b shows that Louisville Water's ratio in 2024 was 3.89, which meets the rate covenant requirement. Table 5-4b also shows that Louisville Water meets the 603 Rate Covenant requirement in all future years, based on estimated future net revenues and projected maximum annual bond year debt service associated with bonds currently outstanding and future bond issuances.

Table 5-4b: Annual Net Revenue

		Projected				
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Revenue	$230,980,288	$239,242,685	$253,262,877	$267,320,323	$282,253,087	$300,461,509
Other Operating	$22,337,671	$22,805,731	$23,561,036	$24,033,218	$24,504,170	$25,449,865
Non-Operating	$6,625,919	$5,556,054	$8,334,082	$7,500,673	$6,750,606	$8,438,258
Total Revenue*	**$259,943,878**	**$267,604,470**	**$285,157,995**	**$298,854,214**	**$313,507,863**	**$334,349,632**
Operating and maintenance	$110,996,700	$117,905,347	$123,002,673	$128,401,578	$133,971,344	$139,072,527
GASB 68 pension expense adjustment	($12,380,447)	$1,000,000	-	-	-	-
Amortization	$2,334,889	$2,527,146	$2,653,503	$2,786,178	$2,925,487	$3,071,762
Water service provided in lieu of taxes	$23,005,492	$24,061,035	$25,298,865	$26,790,393	$28,370,390	$30,044,110
Loss from the sale and salvage of retired assets	$1,244,225	$1,776,935	$1,812,474	$1,848,724	$1,885,698	$1,923,412
Total	**$125,200,859**	**$147,270,463**	**$152,767,515**	**$159,826,873**	**$167,152,919**	**$174,111,811**
Net Revenues	$134,743,018	$120,334,007	$132,390,480	$139,027,341	$146,354,943	$160,237,821
Maximum Annual Debt Service**	$34,642,444	$49,998,669	$49,998,669	$49,998,669	$53,507,761	$53,507,761
Additional Bonds Requirement***		269%			260%	
Section 603 Rate Covenant	389%	241%	265%	278%	274%	299%

*Total Revenue does not include grant money and, therefore, is lower than the Total Revenue shown in Table 5-4a.
**Maximum annual debt service is calculated on a modified bond year basis.
***See Section 5.4.1. In years preceding bond issuance, annual net revenue must exceed 1.3 times (130%) the maximum aggregate bond service for future fiscal years.

Source: Louisville Water, 2025.

5.5 Affordability and Comparison to Bills in Other Regional Communities

Figure 5-1 shows the average monthly water bill for Louisville Water's residential customers from 2024-2029. The estimated average residential monthly bill for each year through 2029 is based on 4,000 gallons monthly usage with 5/8" meter service. Despite planned annual increases in water rates, the average monthly bill will likely remain well below the 2% of median household income used by EPA to define the affordability of water and sewer service.

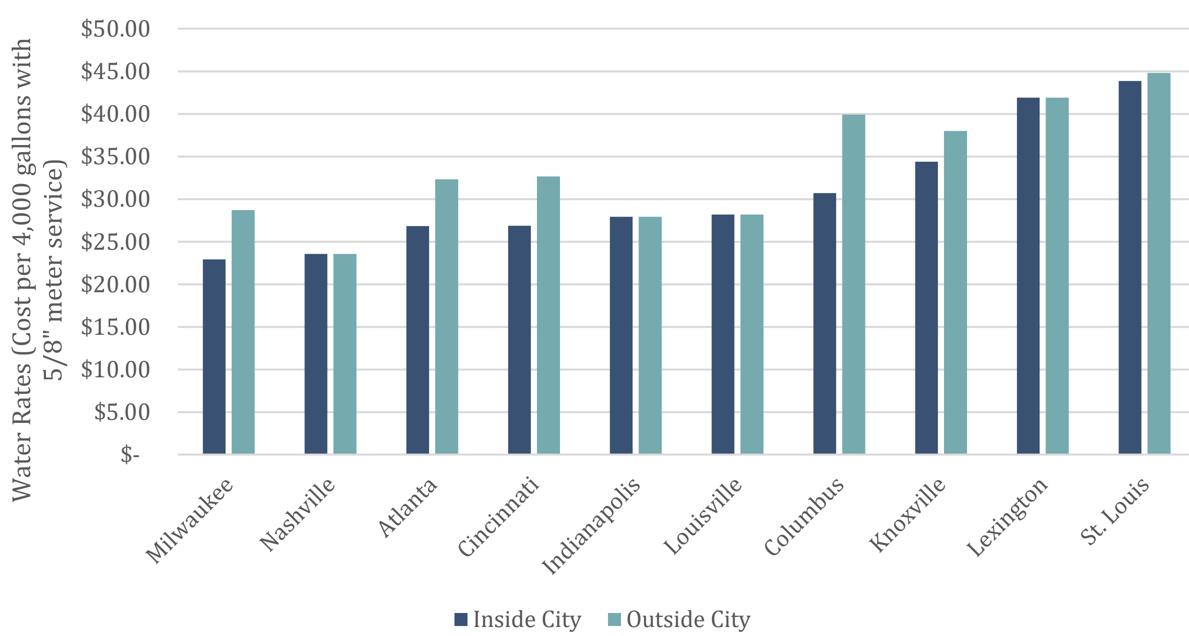
According to the latest data from the Bureau of Census American Community Survey, the Median Household Income (MHI) for the Louisville/Jefferson County metro government, Kentucky, was $67,849 in 2023 ($70,400 in 2025 dollars). A 2025 average monthly household bill of $29.37 would translate to less than 0.5% of the 2023 MHI being spent on water. Even if MHI were to remain unchanged, the planned rate increases would translate to 0.6% of MHI in 2029. The affordability metric would imply that the risk of revenue shortfalls due to residential accounts not paying water bills because of affordability would be low.

Figure 5-1: Average Monthly Residential Water Bill for Louisville Water 2024-2029

Source: Louisville Water Historical and Projected Rates

It is also noteworthy that Louisville Water rates are relatively low compared to many of their peer utilities in the region. Figure 5-2 compares Louisville Water's 2025 water rates with other water utilities similar to Louisville Water.

Figure 5-2: Average 2025 Monthly Bills for Louisville Water and Peer Utilities



6. Works Cited

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APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

[___________], 2025

Board of Water Works of the
Louisville/Jefferson County Metro Government, Kentucky
Louisville Water Company
550 South Third Street
Louisville, Kentucky 40202

Re: $231,050,000* Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky, Louisville Water Company Water System Revenue Bonds, Series 2025

Dear Sir or Madam:

We hereby certify that we have examined the Constitution and laws of the Commonwealth of Kentucky, together with a certified copy of the proceedings adopted by the Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky (the "Board"), a de jure political subdivision of the Commonwealth of Kentucky, precedent to and in the authorization, issuance and validity of $231,050,000* principal amount of "Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky, Louisville Water Company Water System Revenue Bonds, Series 2025", dated [___________], 2025 (the "Series 2025 Bonds").

The Series 2025 Bonds have been authorized and issued by the Board pursuant to the provisions of (a) Sections 58.010 to 58.180, inclusive and Sections 96.230 to 96.315, inclusive, of the Kentucky Revised Statutes (collectively, the "Act"), (b) the Amended and Restated Water System Revenue Bond Resolution (the "General Resolution") adopted by the Board on November 10, 2009 and (c) the Eighth Supplemental Resolution adopted by the Board on July 22, 2025 (collectively with the General Resolution, the "Resolution"). Pursuant to the Resolution, the Board has authorized the issuance of the Series 2025 Bonds for the purposes of (i) financing the cost of the Series 2025 Project, (ii) partially funding the Reserve Account of the Bond Fund up to the Bond Reserve Requirement, and (iii) paying a portion of the costs of issuance of the Series 2025 Bonds and other related costs.

The Series 2025 Bonds are dated the date of issuance and mature as to principal, bear interest and are subject to optional and mandatory redemption, as set forth in the Resolution.

All of the Series 2025 Bonds are issuable only in fully registered form in the denomination of $5,000 or any integral multiple thereof and are lettered and numbered from one upward.

In our capacity as Bond Counsel we have examined such documents and matters and conducted such research as we have deemed necessary to enable us to express the opinions set forth herein. As to certain questions of fact, we have relied upon statements, representations, and certifications of certain of the officers, officials, directors and employees of the Board, the Company, financial experts and public officials. In rendering the opinions set forth herein, we have assumed the authenticity of all documents submitted to us as originals, the legal capacity of natural persons and the conformity to the originals of all documents submitted to us as copies. We have assumed that parties to contracts and documents other than

* Preliminary, subject to change.

the Board and the Company had the requisite power and authority to enter into and perform all obligations of all contracts and documents to which they are parties. We have assumed the due authorization by all requisite action, and the execution and delivery by such other parties of such contracts and documents, and the validity and binding effect thereof on such other parties. We have also relied, for purposes of the opinions set forth below, on the accuracy and completeness of the representations and warranties made in such documents by all parties thereto.

We have examined certified copies of proofs relative to the issuance and delivery of the Series 2025 Bonds and payment therefor. We have examined the form of the Series 2025 Bonds and find same to be in due form of law. We have further received and relied on, in rendering the opinions set forth below, (a) the opinion of General Counsel to the Board and the Company, as to the matters set forth in such opinion, and (b) a certificate of the Trustee with respect to its legal authority to enter upon the trusts created by the Resolution and to accept and administer such trusts.

Based upon the foregoing and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we have deemed relevant in the circumstances, it is our opinion that:

1. The Board is a duly organized and existing de jure political subdivision of the Commonwealth of Kentucky, pursuant to the Constitution and laws of the Commonwealth of Kentucky. The Board has valid right and lawful authority to institute and carry out the actions described in the Resolution and to provide funding therefor by the adoption of the Resolution and by the issuance of the Series 2025 Bonds, and to perform its duties, obligations and covenants pursuant to the terms and conditions of the Resolution, all as set forth with particularity in the Resolution.

2. The Resolution has been duly authorized, executed and delivered by the Board, is in full force and effect, and constitutes the legal, valid and binding obligation of the Board and the Company enforceable in accordance with its terms, subject to the qualification that the enforcement thereof may be limited by laws relating to judicial discretion, the constitutional powers of the United States of America and to any bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, including equitable principles where equitable remedies are sought.

3. The Series 2025 Bonds are special and limited obligations of the Board and are valid and binding upon the Board and the Company, secured as provided in the Resolution and enforceable in accordance with their terms according to the Constitution and laws of the Commonwealth of Kentucky, including the Act and the Resolution, and pursuant to the Act are issued by the Board for essential public and governmental purposes, subject to the qualification that the enforcement thereof may be limited by laws relating to judicial discretion, the Constitutional powers of the United States of America and to any bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, including equitable principles where equitable remedies are sought.

4. The Series 2025 Bonds do not constitute a debt of the Board, the Louisville/Jefferson County Metro Government, Kentucky, the Company, the Commonwealth of Kentucky or any political subdivision thereof, and neither the faith and credit nor the taxing power, if any, of the Board, the Louisville/Jefferson County Metro Government, Kentucky, the Company, the Commonwealth of Kentucky or any political subdivision thereof is pledged to payment of the principal of or interest on the Series 2025 Bonds.

5. Under existing laws, including current statutes, regulations, administrative rulings and official interpretations by the Internal Revenue Service, subject to the exceptions and qualifications contained in the succeeding paragraphs hereof, interest on the Series 2025 Bonds (i) is excluded from the gross income of the recipients thereof for federal income tax purposes, and (ii) is not a specific item of tax

preference in determining the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"); however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. In arriving at the opinion set forth in this paragraph as to the exclusion from gross income of interest on the Series 2025 Bonds, we have assumed and this opinion is conditioned on, and continuing compliance by the Board and the Company with, representations and covenants set forth in the Resolution and related documents which are intended to assure compliance with certain tax-exempt interest provisions of the Code. Such representations must be complete and accurate and such covenants must be complied with subsequent to the issuance of the Series 2025 Bonds in order that interest on the Series 2025 Bonds be excluded from gross income for federal income tax purposes. We are further of the opinion that interest on the Series 2025 Bonds is exempt from Kentucky income tax and that the Series 2025 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all political subdivisions thereof.

Our opinion as to the exclusion of interest on the Series 2025 Bonds from gross income for federal income tax purposes and federal tax treatment of interest on the Series 2025 Bonds is subject to the following exceptions and qualifications:

(a) The Code provides for a "branch profits tax" which subjects to tax, at a rate of 30%, the effectively connected earnings and profits of a foreign corporation which engages in a United States trade or business. Interest on the Series 2025 Bonds would be includable in the amount of effectively connected earnings and profits and thus would increase the branch profits tax liability.

(b) The Code also provides that passive investment income, including interest on the Series 2025 Bonds, may be subject to taxation for any S corporation with Subchapter C earnings and profits at the close of its taxable year if greater than 25% of its gross receipts is passive investment income.

Except as stated above, we express no opinion as to any federal or Kentucky tax consequences resulting from the receipt of interest on the Series 2025 Bonds.

In rendering the foregoing opinions, we are passing upon only those matters specifically set forth in such opinions and we express no opinion as to the title to, the description of, or the existence or priority of any liens, charges or encumbrances on, the Waterworks System. We express no opinion on the investment quality of the Series 2025 Bonds. The opinions herein are expressed as of the date hereof and we assume no obligation to supplement or update such opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We are members of the Bar of the Commonwealth of Kentucky and do not purport to be experts on the laws of any jurisdiction other than the Commonwealth of Kentucky and the United States of America, and we express no opinion as to the laws of any jurisdiction other than those specified.

Respectfully submitted,

STITES & HARBISON, PLLC

APPENDIX F

FORM OF THE DISCLOSURE DISSEMINATION AGENT AGREEMENT

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of September 1, 2025, is executed and delivered by the Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky (the "Issuer") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the Issuer in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the annual financial statements of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual

Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

"Disclosure Representative" means Jennifer Crough, Vice President, Finance-Treasurer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the Issuer's failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" as used in this Disclosure Agreement is defined in the Rule, as may be amended, as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the Issuer in connection with the Bonds, as listed in Exhibit A.

"Trustee" means the institution, if any, identified as such in the document under which the Bonds were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than the 30th day of June following the end of each fiscal year of the Issuer, commencing with the fiscal year ending December 31, 2025. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the

Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, if any, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"

2. "Non-Payment related defaults, if material;"

3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"

4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"

5. "Substitution of credit or liquidity providers, or their failure to perform;"

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. "Modifications to rights of securities holders, if material;"

8. Bond calls, if material, and tender offers;

9. "Defeasances;"

10. "Release, substitution, or sale of property securing repayment of the securities, if material;"

11. "Rating changes;"

12. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"

15. "Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material;" and

16. "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"

2. "change in obligated person;"

3. "notice to investors pursuant to bond documents;"

4. "certain communications from the Internal Revenue Service;" other than those communications included in the Rule;

5. "secondary market purchases;"

6. "bid for auction rate or other securities;"

7. "capital or other financing plan;"

8. "litigation/enforcement action;"

9. "change of tender agent, remarketing agent, or other on-going party;" and

10. "other event-based disclosures."

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"

2. "change in fiscal year/timing of annual disclosure;"

3. "change in accounting standard;"

4. "interim/additional financial information/operating data;"

5. "budget;"

6. "investment/debt/financial policy;"

7. "information provided to rating agency, credit/liquidity provider or other third party;"

8. "consultant reports;" and

9. “other financial/operating data.”

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 10:00 a.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the financial and statistical information provided in the Official Statement under the headings:

- “LOUISVILLE WATER COMPANY – Customers/Accounts” and – Water Rates”; and
- “OPERATIONS – Summary of Operations, – Budget and Accounting, – Water Revenue”, and – Capital Improvement Plan”.

(b) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then unaudited financial statements, prepared in accordance with Generally Accepted Accounting Principles as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Bonds, the Issuer is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The Issuer shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10^{th}) business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two (2) business days of receipt of such notice (but in any event not later than the tenth (10^{th}) business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth (10^{th}) business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2(e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty (30) days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty (30) days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than twenty (20) days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within ten (10) days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, if any, for the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the Commonwealth of Kentucky.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By:_______________________________________
Name:_____________________________________
Title:______________________________________

BOARD OF WATER WORKS OF THE
LOUISVILLE/JEFFERSON COUNTY METRO
GOVERNMENT, KENTUCKY,
as Issuer

By:_______________________________________
Name:_____________________________________
Title:______________________________________

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer	Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky
Obligated Person(s)	Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky
Name of Bond Issue:	Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky Louisville Water Company Water System Revenue Bonds, Series 2025
Date of Issuance:	September 9, 2025
Date of Official Statement	August 29, 2025

CUSIP Number:	54659R	CUSIP Number:	54659R
CUSIP Number:	54659R	CUSIP Number:	54659R
CUSIP Number:	54659R	CUSIP Number:	54659R
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CUSIP Number:	54659R	CUSIP Number:	54659R
CUSIP Number:	54659R	CUSIP Number:	54659R

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer:	Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky
Obligated Person:	Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky
Name(s) of Bond Issue(s):	Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky Louisville Water Company Water System Revenue Bonds, Series 2025
Date(s) of Issuance:	September 9, 2025
Date(s) of Disclosure Agreement:	September 1, 2025
CUSIP Number:	54659R ___

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by ______________].

Dated: _________________

Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the Issuer

____

cc:

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky

Issuer's Six-Digit CUSIP Number:

54659R

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

____

Number of pages attached: _____

____ Description of Notice Events (Check One):

1. ______"Principal and interest payment delinquencies;"
2. ______"Non-Payment related defaults, if material;"
3. ______"Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. ______"Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. ______"Substitution of credit or liquidity providers, or their failure to perform;"
6. ______"Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. ______"Modifications to rights of securities holders, if material;"
8. ______"Bond calls, if material;" Tender offers;
9. ______"Defeasances;"
10. _____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____"Rating changes;"
12. _____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. _____"Merger, consolidation, or acquisition of the obligated person, if material;"
14. _____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
15. _____"Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;" and
16. _____"Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

____

Name: ______________________________ Title: ______________________________

Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of ________, 2025, between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky

Issuer's Six-Digit CUSIP Number:

54659R

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

____

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1.______"amendment to continuing disclosure undertaking;"
2.______"change in obligated person;"
3.______"notice to investors pursuant to bond documents;"
4.______"certain communications from the Internal Revenue Service;"
5.______"secondary market purchases;"
6.______"bid for auction rate or other securities;"
7.______"capital or other financing plan;"
8.______"litigation/enforcement action;"
9.______"change of tender agent, remarketing agent, or other on-going party; and"
10._____"other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

____

Name: ______________________________ Title: ______________________________

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of ________, 2025, between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

Board of Water Works of the Louisville/Jefferson County Metro Government, Kentucky

Issuer's Six-Digit CUSIP Number:

54659R

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

____

Number of pages attached: _____

____ Description of Voluntary Financial Disclosure (Check One):

1.______"quarterly/monthly financial information;"
2.______"change in fiscal year/timing of annual disclosure;"
3.______"change in accounting standard;"
4.______"interim/additional financial information/operating data;"
5.______"budget;"
6.______"investment/debt/financial policy;"
7.______"information provided to rating agency, credit/liquidity provider or other third party;"
8.______"consultant reports;" and
9.______"other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

____

Name: ____________________________ Title: ____________________________

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

APPENDIX G

INFORMATION RELATED TO THE DEPOSITORY TRUST COMPANY

INFORMATION RELATED TO THE DEPOSITORY TRUST COMPANY

The information in this Appendix G concerning The Depository Trust Company, New York, New York ("DTC"), and DTC's book-entry-only system has been obtained from DTC and neither the Board nor the Underwriter make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

1. DTC will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.