

Attention

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PUBLIC SERVICE  
COMMISSION

James Wood

Case # 2000-306

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Thomas Crumbacker  
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HOME

## AMENDMENT TO THE MERGER AGREEMENT

This Amendment, by and between THE LOUISVILLE WATER COMPANY, 550 South Third Street, Louisville, Kentucky 40202 (hereinafter "LWC") and the BULLITT COUNTY FISCAL COURT, 300 South Buckman Street, Shepherdsville, Kentucky 40165 (hereinafter "Fiscal Court") amends the terms and conditions of the Merger Agreement between LWC and the Kentucky Turnpike Water District Nos. 1 and 2 (hereinafter "KTWD"), with Fiscal Court as a Third Party Beneficiary, which was entered into on August 11, 2000 and which incorporated the Statement of Intent entered into February 17, 2000 and amended June 28, 2000 and August 1, 2000 between LWC and KTWD (collectively referred to as the "Merger Agreement").

**Whereas**, the parties have operated under and fulfilled the terms and conditions of the Merger Agreement; and

**Whereas**, LWC and Fiscal Court have discussed and decided the appropriate course of action with regard to outstanding matters under the Merger Agreement and now desire to incorporate the terms and conditions necessary to address the outstanding matters into an Amendment of the Merger Agreement;

**Now therefore**, in consideration of the terms and conditions stated herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, LWC and Fiscal Court agree as follows:"

1. Pursuit of Grants. Fiscal Court and LWC will continue to partner to pursue grant funding for water infrastructure improvements in Bullitt County.
2. Bullitt County Water Reserve Balance. As of September 30, 2011, the Bullitt County Water Reserve (Reserve) has a negative balance of \$16,891,620.32. LWC will reduce the balance in the Reserve to an amount that is approximately equal to the existing debt on a per customer basis in all LWC retail service areas outside of Bullitt County multiplied by the number of customers in the Kentucky Turnpike Water Districts Nos. 1 & 2. LWC will also extend an interest rate of 3% on the Reserve balance. The 3% interest rate will be retroactive to the date of LWC's last bond issue in December 2009. With the reduction of the Reserve balance, the KTWD Office property located at 3396 Burkland Boulevard, if sold, will not be applied to the Reserve.
3. Tapping Fees and Service Fees. For water mains installed as part of the Bullitt County Water Improvement Program, tapping fees will continue to be applied until the 20<sup>th</sup> anniversary of the date the water main was placed in-service as is the practice in other retail service areas of LWC for tapping fee mains; thereafter, LWC Service Rules and Regulations and Tariff and Rate Schedule shall apply. Bullitt County Water Improvement Program tapping fees collected until January 1, 2017, will be deposited into the Reserve. The System Development Charge (SDC) and service installation fees will be as specified in the LWC Tariff and Rate Schedule as approved by the LWC Board of Water Works.
4. Water Rates. As of January 1, 2017, the Reserve debt will be adjusted to a zero balance and cease to exist. LWC agrees to equalize water rates in the Kentucky Turnpike Water

District Nos. 1 and 2 areas to LWC's current applicable rates no later than January 1, 2017. Water rates applied until that time will continue to be as specified in the Merger Agreement; thereafter, LWC Service Rules and Regulations and Tariff and Rate Schedule shall apply to LWC's Bullitt County customers.

5. Bullitt County Extension Program. The ten year Bullitt County Extension Program was initiated at the completion of the report that was published in December 2001 by the Bullitt County Extension Program Workgroup. The Bullitt County Extension Program was completed on December 31, 2011. LWC has completed the remaining components of the Bullitt County Water Improvement Program as outlined in the Merger Agreement including:

- a. I-65 Transmission Main System.
- b. KTWD Division #1 and #2 System Improvements,
- c. backbone water mains associated with the Bullitt County Extension Program, and
- d. Bullitt County Extension Program distribution water mains.

The Bullitt County Advisory Board (BCAB) members and Fiscal Court agree that LWC has completed and complied with all elements of the Merger Agreement including the components listed above in items a-d. as of December 31, 2011.

- e. LWC agrees to defend, indemnify and hold harmless the current and future members of the BCAB and Shepherdsville Advisory Boards from any and all liability they may incur as a result of service in the capacity of an advisory board member.
7. Advisory Boards. The Shepherdsville Advisory Board and the BCAB will be merged into one board composed of 5 members: three appointed by the Bullitt County Judge-Executive and two members appointed by the Mayor of Shepherdsville. This Board will be called the Bullitt County Water Advisory Board (the "Advisory Board") and will meet up to four times per year with representatives of LWC to receive information and to advise LWC on water related matters as they affect LWC customers in Bullitt County. Each Advisory Board member will receive \$100 for each meeting for which he or she attends.
8. Dissolution of the KTWD. Bullitt County Fiscal Court agrees to take the necessary procedural steps to dissolve the Kentucky Turnpike Water District by December 31, 2012, pending Public Service Commission (PSC) review and approval.
9. LWC's Bullitt County Office. In the event that LWC's Bullitt County office is closed or no longer accepts water bill payments, LWC agrees to provide an alternative location in Shepherdsville such as a bank branch, retail store, or government agency, etc., or alternative payment methods that are acceptable to the Advisory Board, for customers to make their LWC water bill payment.

All other terms and conditions of the Merger Agreement remain in full force and effect as if fully entered herein. Should there be any inconsistency between the terms of the Merger Agreement, including the Statement of Intent and its Amendments, and this Amendment to the Merger Agreement, this Amendment shall control.