



Louisville Water Company
Presentation to
Georgetown City Council

August 20, 2007



Introduction

- Securing a safe and reliable water supply is an important issue for Central Kentucky.
- Determining the source of this water supply needs to be resolved by the water supply professionals, community and elected leaders of Central Kentucky.
- LWC has an unlimited source of supply in the Ohio River with enough reserve capacity to supply the current and future water supply deficits of Central Kentucky.
- LWC is a low-cost component of a twin rivers solution for reliability and drought protection for Central Kentucky.

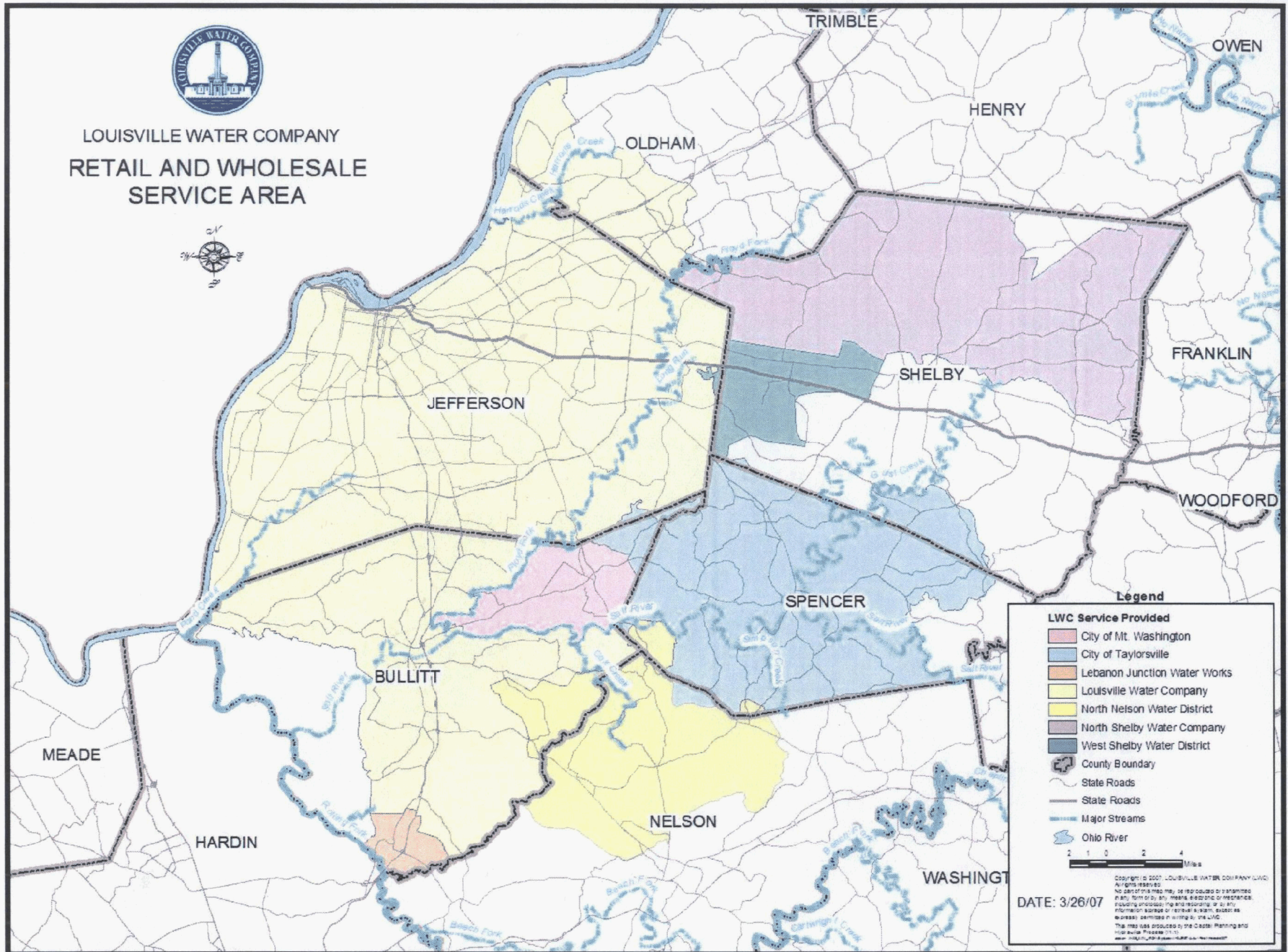


Background

- LWC was chartered in 1854 as a municipal corporation.
- LWC is a nationally recognized utility with demonstrated technical, managerial and financial capacity in all areas of water utility operations.
- LWC water quality exceeds all US EPA and KY Division of Water regulatory requirements, as well as the high standards of the EPA Partnership for Safe Drinking Water.
- LWC provides retail and wholesale water service to 850,000 people in Metro Louisville and the following counties:
 - Bullitt County
 - Nelson County
 - Oldham County
 - Shelby County
 - Spencer County



LOUISVILLE WATER COMPANY
RETAIL AND WHOLESALE
SERVICE AREA



Legend

- LWC Service Provided
- City of Mt. Washington
- City of Taylorsville
- Lebanon Junction Water Works
- Louisville Water Company
- North Nelson Water District
- North Shelby Water Company
- West Shelby Water District
- County Boundary
- State Roads
- State Roads
- Major Streams
- Ohio River

0 1 2 3 4 Miles

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LWC Supply Capacity

- LWC's water source is the Ohio River, an abundant, reliable source that will meet all water supply requirements in the region.
- The Ohio River is virtually an unlimited source of water for Kentucky, with an average flow of nearly 90 billion gallons of water per day. During the 1999 drought, LWC used less than one-half of one percent of the available capacity of the Ohio River.
- LWC has two treatment plants with a current capacity of 240 million gallons per day (MGD) which can be easily expanded to 300 MGD. LWC's historical maximum day pumping was 205 MGD in 2005.
- LWC has enough reserve capacity to meet the water supply needs of Central Kentucky. LWC has existing reserve capacity of 35 MGD that can easily be increased to 95 MGD.



LWC Technical and Managerial Capacity

- LWC is an industry leader in water quality and treatment research and was instrumental in the establishment of the Partnership for Safe Drinking Water with the USEPA.
- LWC is an industry leader in drinking water quality, with performance consistently better than regulatory standards.
- LWC is an industry leader in infrastructure rehabilitation and renewal and benchmarked by utilities from around the world.
- LWC is an industry leader in customer satisfaction, with high ratings for quality, service and value.



LWC Financial Capacity

- LWC Revenue Bonds are rated AA+ by Standard and Poor's Corporation and Aa1 by Moody's Investors Service. These ratings are among the highest in the United States.
- LWC has the capacity to finance capital improvements to extend service to Central Kentucky.
- LWC has the organizational flexibility to enter into a wide range of partnership opportunities.




LWC Water Rates

- LWC establishes water rates on cost-of-service principles established by the American Water Works Association (AWWA).
- LWC water rates are among the lowest in the state. The typical residential monthly water bill for 2007 is \$18.40 for 6,000 gallons of consumption.
- LWC standard wholesale rate for 2007 is \$1.71 per thousand gallons.
- LWC will provide alternative wholesale rates based upon minimum purchase, duration of contract, capacity reserved, and contributed capital.



Shelby County, Frankfort and Georgetown Pipeline Solution

- The Interstate 64 pipeline is a regional water solution with potential partners including North Shelby Water Company, West Shelby Water District, US 60 Water District, and the cities of Shelbyville, Frankfort and Georgetown.
- LWC has been meeting monthly with the Shelby County water providers and attending the Bluegrass Water Supply Commission meetings.
- LWC has presented regional pipeline solutions to –
 - Frankfort Plant Board on May 15, 2007.
 - Shelbyville Water and Sewer Commission on June 18, 2007.
 - Lexington-Fayette Urban County Council on July 10, 2007.
 - Capital Community Economic and Industrial Development Authority of Franklin County on July 19, 2007.

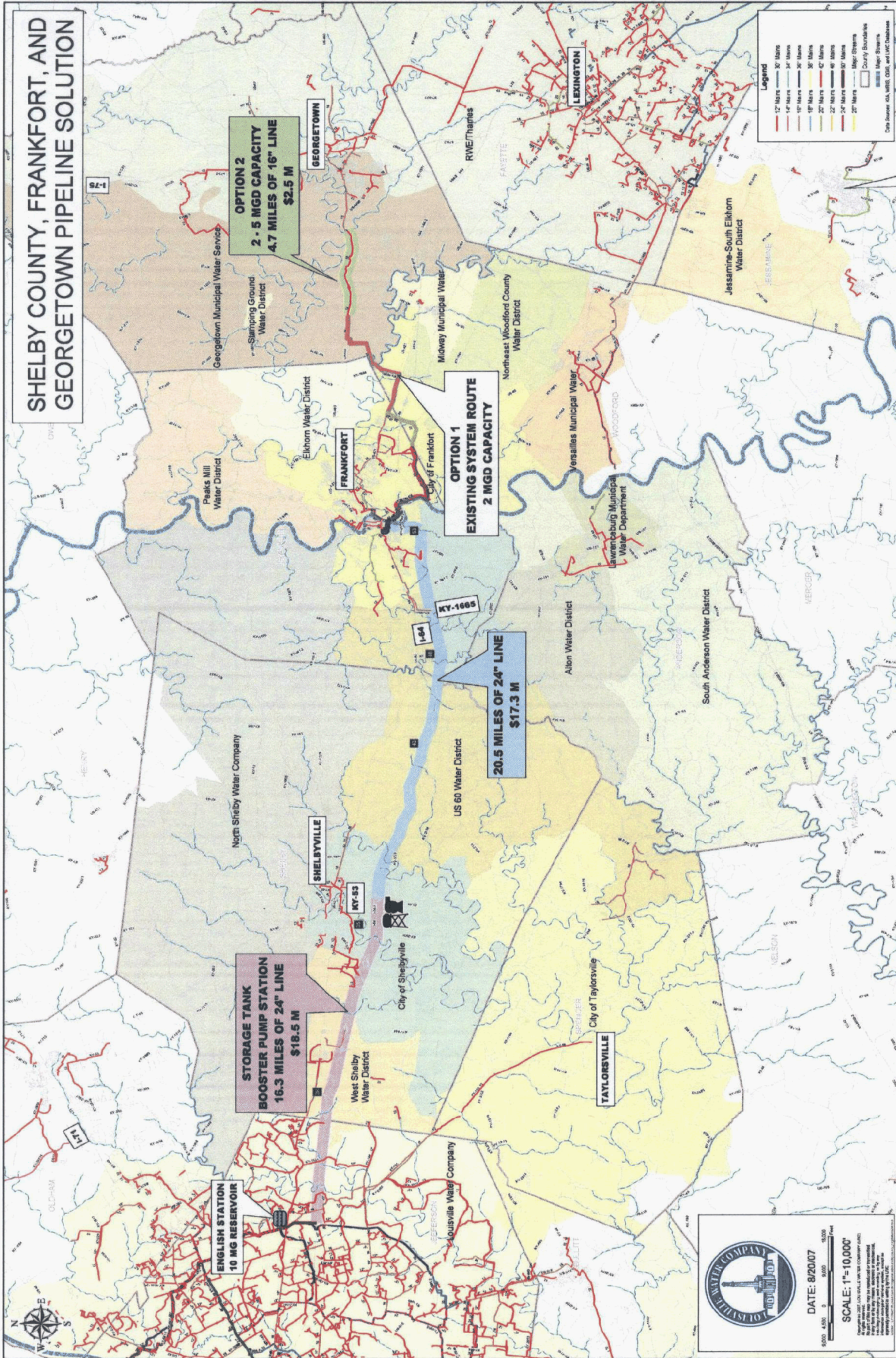


Shelby County, Frankfort and Georgetown Pipeline Solution

- LWC will build a 24 inch transmission line along Interstate 64 from Jefferson County to Frankfort.
 - LWC will build and fund the portion of the main from Jefferson County to KY Hwy 53, approximately 86,000 feet, at an estimated cost of \$18.5 million.
 - If needed, LWC will finance the portion of the main from KY Hwy 53 to Frankfort, approximately 108,000 feet, at an estimated cost of \$17.3 million.

- Georgetown water supply is available from Frankfort (FPB).
 - Option 1 -- 2 MGD requires no additional investment to received water from FPB.
 - Option 2 -- 2 to 5 MGD requires construction of a 16 inch water main parallel to the existing 12 inch water main in Hwy 460, approximately 24,800 feet, at a cost of \$2.5 million.

SHELBY COUNTY, FRANKFORT, AND GEORGETOWN PIPELINE SOLUTION





Shelby County, Frankfort and Georgetown Pipeline Solution

- 24 inch transmission line provides 10 MGD capacity.
- Pipeline flow of 2 MGD is necessary to assure water quality, and financial feasibility of project.
- LWC will provide water service to wholesale customers connecting to the pipeline at the LWC wholesale rate of \$1.71 per thousand gallons (2007 standard wholesale rate).
- Pipeline can be built by 2010.



Benefits of a Regional Pipeline Solution

- Provides an unlimited source of supply from the Ohio River.
- Provides a low cost and timely regional solution.
- Is attractive for state and federal grants.
- Provides long term drought protection and a reliable, redundant source.
- Provides connectivity for water providers in the Central Kentucky Region.



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