



# LOUISVILLE WATER COMPANY

550 SOUTH THIRD STREET • LOUISVILLE, KENTUCKY 40202  
TEL 502-569-3600 FAX 502-569-0815

August 1, 2007

The Honorable Harry Moberly, Jr.  
House of Representatives  
Capitol Annex, Room 366  
702 Capitol Avenue  
Frankfort, KY 40601

Dear Representative Moberly:

This is a follow up to your request of June 18, 2007 for information regarding Louisville Water Company's ability to meet the water supply needs of Central Kentucky. Following is a response to each question outlined in your letter.

## Scope and Costs of an I-64 Pipeline

Louisville Water Company (LWC) proposes to build a 36 inch pipeline from Jefferson County to Fayette County, along Interstate 64. The pipeline would be in public right-of-way or immediately adjacent to I-64. The total estimated cost is \$82 million. LWC will build and fund the portion from Jefferson County to KY Hwy 53 in Shelby County, at an estimated \$26 million. The balance of the project at \$56 million can be financed with grants and low interest loans, or by municipalities or water suppliers in the region.

## Capacity and Benefits

A 36 inch pipeline will provide up to 30 million gallons a day (MGD) of supply capacity and the minimum amount required to be purchased is 5 MGD. Louisville Water Company's current wholesale rate is \$1.71 per 1,000 gallons. The benefits of an I-64 pipeline include:

- Provides access to the unlimited source of supply of the Ohio River
- Provides 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

## Regulatory Requirements and Timing

Louisville Water Company believes a pipeline can be built from Jefferson to Fayette County in 2-3 years. We would have to receive approval of pipeline plans from the KY Division of Water and approvals from the KY Transportation

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Cabinet and Army Corp of Engineers for routine permits associated with water main projects. Additionally, we will need approval from the KY Public Service Commission if a wholesale contract is signed with a PSC regulated utility. Pipelines of this length and magnitude are not un-common in the industry and will not pose any significant technical problems. We believe an I-64 pipeline can be built by the 2010 Equestrian Games. It is doubtful we or any other current proposal could have the pipeline built in time to meet the City of Winchester's additional needs by 2009.

#### EPA Drinking Water Regulations

Louisville Water Company has started construction at our BE Payne water treatment plant on an advanced treatment alternative called Riverbank Filtration (RBF). With the completion of the RBF project, LWC will be able to continue to exceed all EPA water quality standards including the Enhanced Surface Water Treatment Rule and the Disinfection By Product Rule. This construction project will be completed in 2010. Furthermore, the cost of the project has already been built into our capital plan budgets and projections of water rate increases. We anticipate annual water rate increases to average 5 percent over the next 10 years.

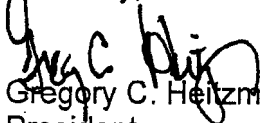
#### Questions Related to KY River Authority

Finally, Louisville Water Company understands the importance of the KY River Authority's mission to maintain and improve the locks and dams of the KY River and we are open to solutions including appropriate fees that would assure the continued viability of KRA.

I have also included a copy of the power point presentation and responses to questions presented July 10th to the Lexington-Fayette Urban County Council.

Thank you, for the opportunity to respond to your letter. If you have any questions or would like to discuss this in more detail please call me at 502-569-3681 or Vince Guenthner, LWC's Manger of Government Affairs at 502-569-3640.

Sincerely,

  
Gregory C. Heitzman, P. E.  
President

cc: Vince Guenthner



# LOUISVILLE WATER COMPANY

550 SOUTH THIRD STREET • LOUISVILLE, KENTUCKY 40202  
TEL 502-569-3600 WWW.LOUISVILLEWATER.COM

July 9, 2007

The Honorable \*First Name\* \*Last Name\*  
KY House of Representatives  
702 Capitol Avenue  
Frankfort, KY 40601

Dear Representative \*Last Name\*:

This is to inform you that Louisville Water Company (LWC) will make a presentation to the Lexington-Fayette Urban County Government on Tuesday July 10, 2007. Lexington is faced with having to make a decision on their long term water supply needs and LWC has been asked to present information on a proposed pipeline from Louisville to Lexington.

Louisville Water Company has had a series of meetings with regional water suppliers from Shelby, Franklin and Scott Counties regarding a proposed regional pipeline. Under the proposal, LWC will finance, build and own the main from Jefferson County to KY Hwy 53 in Shelby County. The portion from Hwy 53 to Lexington can be financed from any combination of grants, state/federal low interest loans and water rates.

Louisville Water Company has a regional philosophy of entering into business partnerships with other water utilities if it benefits the customers and stakeholders of both communities. With the unlimited source of supply in the Ohio River and enough reserve capacity to meet the water supply needs of our current customers and Central KY, we believe this proposal can be mutually beneficial for all the communities involved.

Over the coming weeks, you may be asked about this proposal. Please call me at 569-3640, if you have any questions or need additional information.

Sincerely,

Vince Guenther  
Manger, Government Affairs

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# Louisville Water Company



Crescent Hill Reservoir  
and Gate House



# **Louisville Water Company**

## **Presentation to Frankfort Plant Board**

**May 15, 2007**



## **Introduction**

- Securing a safe, 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.
- Louisville Water Company has an unlimited source of supply in the Ohio River and enough reserve capacity to supply the Bluegrass Region.
- LWC is a low-cost, twin rivers solution for reliability and drought protection for the Bluegrass Region.

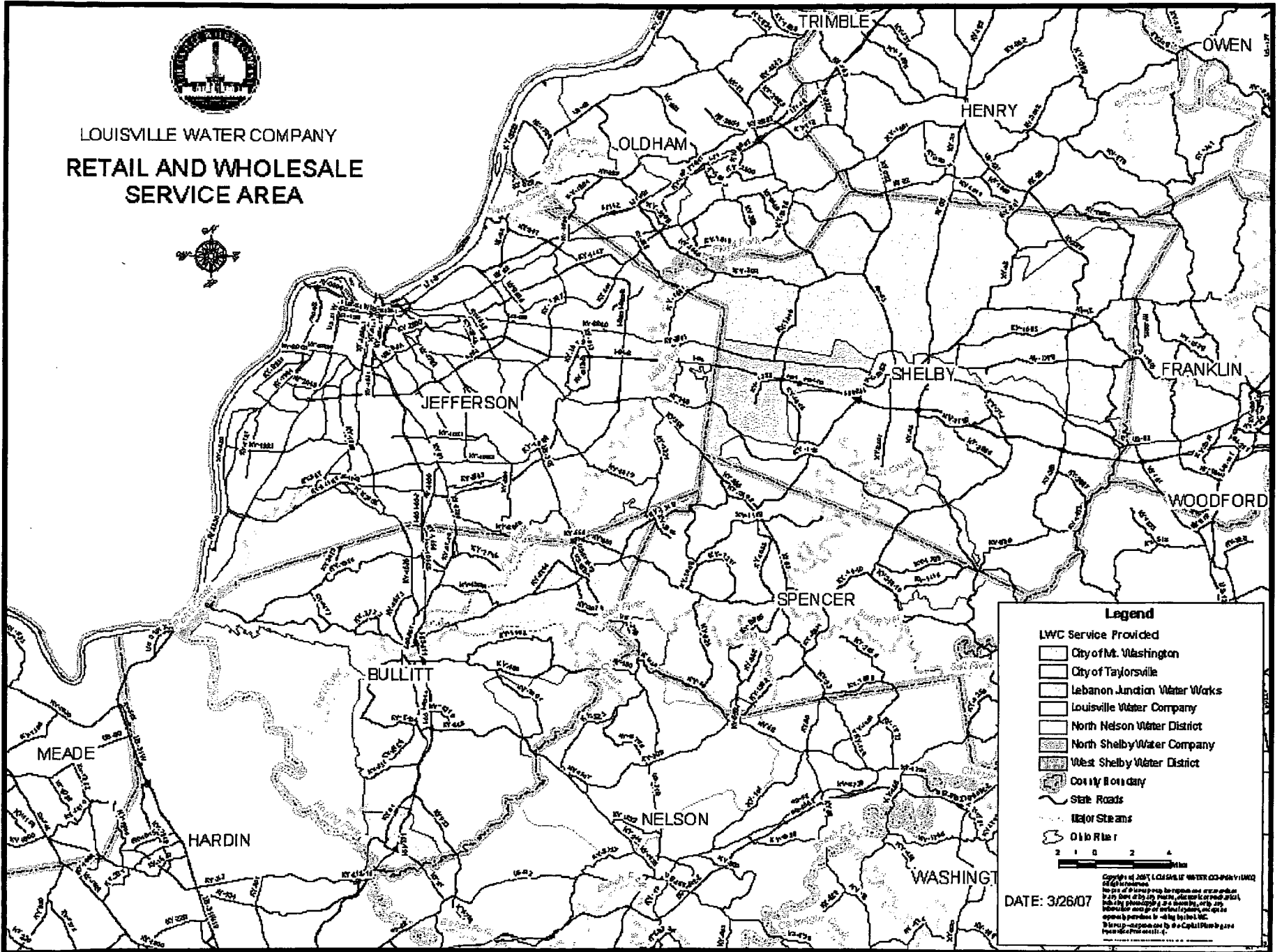


## **Background**

- **Louisville Water Company (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**
  - **Jefferson 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

Water Streams

City of Ft. Rucker

2 1 0 2 4 Miles

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DATE: 3/26/07





## **LWC Supply Capacity**

- LWC's raw water source is the Ohio River, an abundant, reliable source that will meet all water supply requirements beyond the 21<sup>st</sup> century.
- The Ohio River is virtually an unlimited source of water for Kentucky, with an average flow of nearly 90 billion gallons of water a day. During the 1999 drought, LWC used less than 0.5% of the available capacity of the Ohio River.
- LWC delivers an average of 130 million gallons of water a day (MGD), through nearly 3,900 miles of water main.
- LWC has two treatment plants with a current capacity of 240 MGD and can be easily expanded to 300 MGD. Currently, average day production is 130 MGD and maximum day production is 205 MGD (summer 2005).



## **Water Rates**

- LWC establishes water rates on cost-of-service principles established by the American Water Works Association (AWWA).
- LWC maintains competitive water rates compared to suppliers in the region, with the typical residential customer paying an average monthly water bill of \$18.40 for 6,000 gallons of consumption.
- LWC standard 2007 wholesale rate is \$1.71 per thousand gallons.
- LWC will provide alternative wholesale rates based upon minimum purchase considering duration of contract, capacity reserved, and contributed capital.



## **Production and Technical Capacity**

- LWC has enough reserve capacity to meet the water supply needs of the Bluegrass Region. Reserve Capacity of 35 MGD (240 MGD total) can easily be increased to 95 MGD (300 MGD total).
- LWC is an industry leader in water quality and treatment research, drinking water quality, infrastructure renewal and customer satisfaction.
- Staff of Class IV Treatment Plant and Distribution System Operators, and professional engineers.
- 24/7 operation and local emergency response capability.



## **Financial Capacity**

- Standard and Poor's Bond Rating of AA+, and Moody's Bond Rating of Aa1.
- 2006 debt service coverage of 2.74.
- Ability to finance capital improvements and pursue partnering opportunities.
- In house expertise for rate-making, cost of service and feasibility studies, capital budgeting and planning.



## **Regional Philosophy**

- LWC will enter into business partnerships with other water utilities if it benefits the customers and stakeholders of both utilities.
- LWC will consider partnership opportunities within 75 miles of current retail service area.
- Partnership options include:
  - wholesale water service
  - mutual aid agreements
  - operating agreements



## **Shelby County - Frankfort Pipeline Solution**

- LWC will build and fund a pipeline along Interstate 64 from Snyder Freeway (I-265) to KY Hwy 53 in Shelby County, estimated at \$18.5 million.
- Pipeline flow of 2 MGD to assure water quality, and financial feasibility of project.
- Provide water at current LWC wholesale rate of \$1.71 per 1,000 gallons.
- 24 inch pipeline provides 10 MGD capacity.



## **Shelby County - Frankfort Pipeline Solution**

- Reserve Capacity of 35 MGD (240 MGD total), which can easily be increased to 95 MGD (300 MGD total).
  
- Pipeline sizes available:
  - 16 inch pipeline provides 5 MGD capacity
  - 20 inch pipeline provides 7 MGD capacity
  - 24 inch pipeline provides 10 MGD capacity
  - 30 inch pipeline provides 16 MGD capacity
  - 36 inch pipeline provides 23 MGD capacity
  - 42 inch pipeline provides 31 MGD capacity
  
- Pipeline can be built by 2010.
  
- I-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.







## **Benefits of a Twin-River Solution**

- Provides an unlimited source of supply from the Ohio River.
- Provides a cost effective and timely regional solution.
- Is attractive for state and federal grants.
- Provides long term drought protection, and availability of an emergency supply.
- Provides connectivity for regional water providers.



# **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.

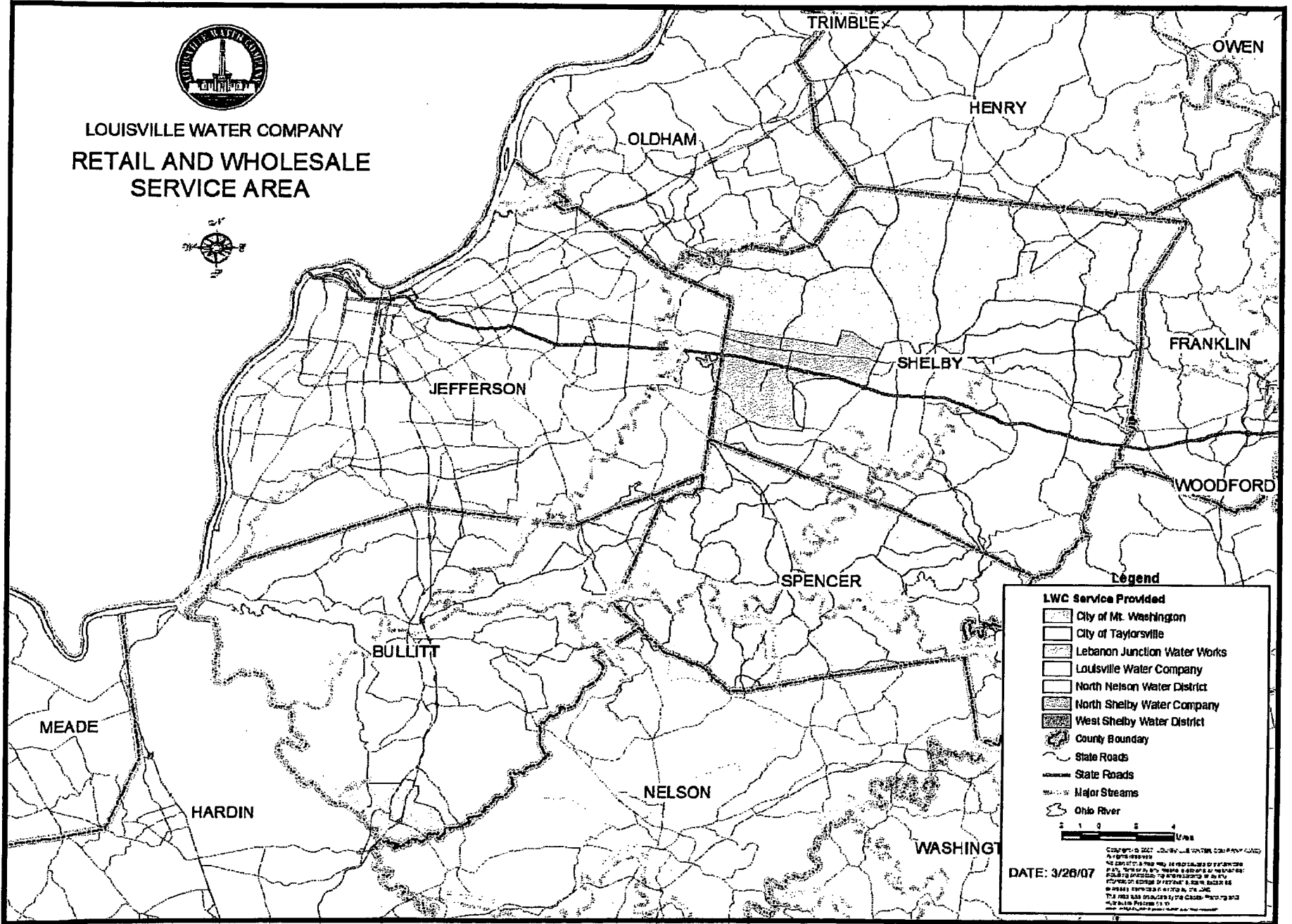


## **Background**

- 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



- 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

- Legend**
- County Boundary
  - State Roads
  - State Roads
  - Major Streams
  - Ohio River

DATE: 3/28/07

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No part of this map may be reproduced or transmitted in any form or by any means electronic or mechanical, including photocopying, recording, or by any information storage or retrieval system, without the express written permission of the Louisville Water Company.  
The map data provided by the Census Bureau and the U.S. Geological Survey is not guaranteed.



## **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.



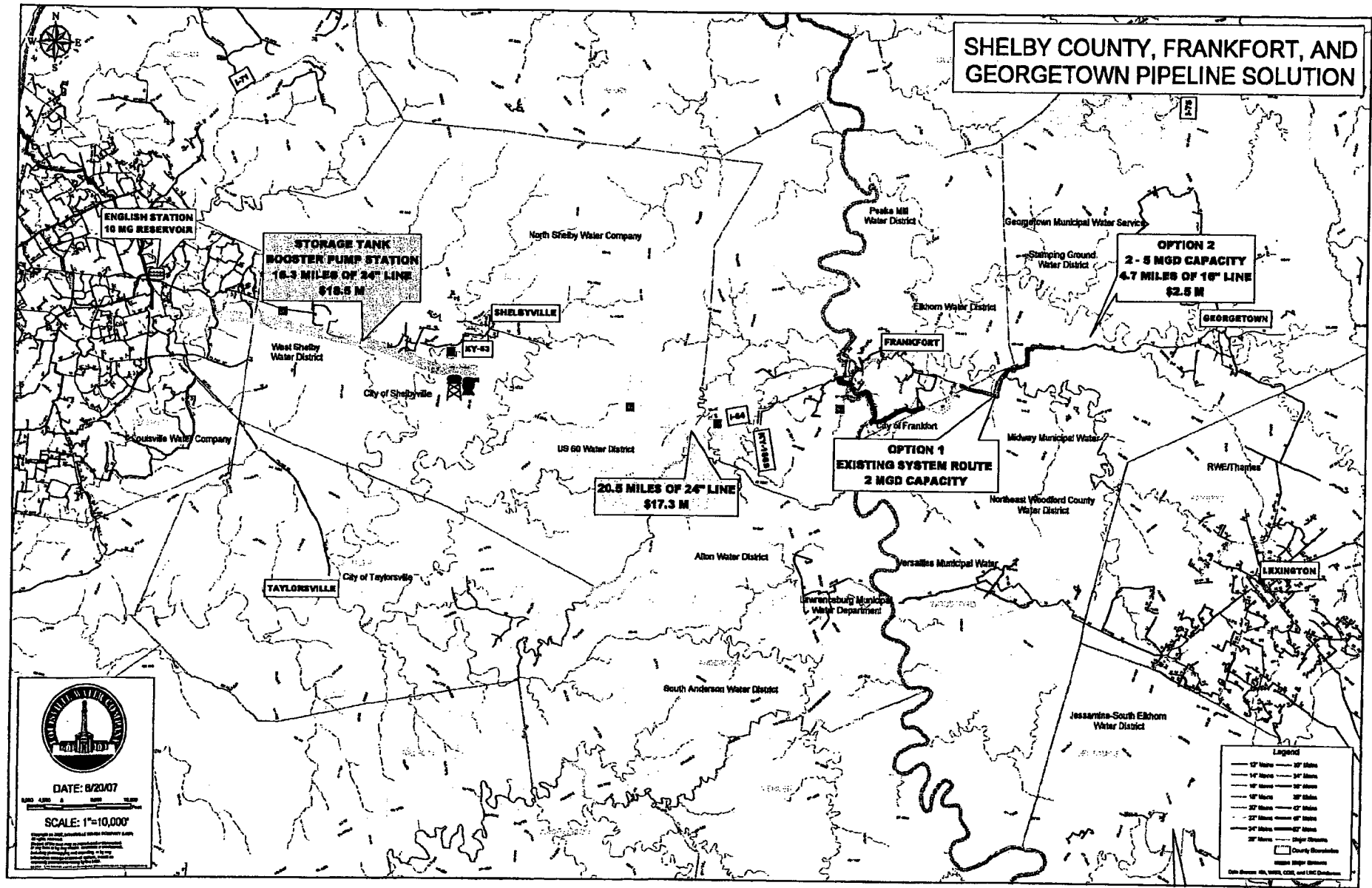
## **Shelby County, Frankfort and Georgetown** **Pipeline Solution**

- 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 WATER BOARD**

DATE: 8/20/07

SCALE: 1"=10,000'

Prepared by: LMC  
Checked by: LMC  
Reviewed by: LMC  
Approved by: LMC



## **Contact Information**

### **Louisville Water Company**

550 South Third Street

Louisville, KY 40202

### **Greg Heitzman**

President

502-569-3681

[gheitzman@lwcky.com](mailto:gheitzman@lwcky.com)

### **Jim Smith**

Infrastructure Planning Manager

502-569-3687

[jsmith@lwcky.com](mailto:jsmith@lwcky.com)

### **Vince Guenther**

Government Affairs Manager

502-569-3640

[vguenther@lwcky.com](mailto:vguenther@lwcky.com)



**Louisville Water Company  
Presentation  
to the Planning Committee  
Lexington - Fayette Urban County Council  
August 21, 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.



## **Central Kentucky Water Supply Needs**

- Additional reliable source of supply by 2010.
- Additional capacity of 20 – 25 MGD.
- Low cost solution.





# **The Louisville Pipeline Solution**

## **The Scope of the Project:**

- LWC proposes a 36-inch pipeline be built along Interstate 64 from Jefferson County to Fayette County.
- LWC will invest \$26 million to build the portion of the pipeline from Jefferson County to Ky Hwy 53 in Shelby County.
- The pipeline will provide wholesale water service to water providers in Shelby County and Central Kentucky.





# **The Louisville Pipeline Solution**

## **The Pipeline Capacity and Benefits:**

- A 36-inch pipeline has a design capacity of 23 MGD (5 feet per second) and can carry up to 35 MGD (7.5 feet per second).
- Pipelines have the ability to transfer greater flow volumes under emergency and peak demand conditions.
- Pipelines have a longer life of 75 to 100 years, compared to treatment plants with 40 years.
- Longer life assets are more cost effective to finance, build, operate, maintain, and replace.
- Pipelines connect communities and provide regional solutions along the route.



# The Louisville Pipeline Solution

## The Pipeline Cost:

- The estimated construction cost to build the 36-inch pipeline is \$82 million.
- This cost was developed using 2005 cost estimates for pipelines built in Jefferson County.
- LWC has retained RW Beck Consultants to update the cost estimate for 2007 using a consistent cost methodology.
- RW Beck is also completing a detailed financial analysis of the Louisville Pipeline and Pool 3 Treatment Plant Alternatives.
- The RW Beck study will be complete in September, 2007 and made available for public review and comment.

# The Louisville Pipeline Solution

## The Pipeline Funding Alternatives:

- LWC will build and fund a 36 inch pipeline to KY Hwy 53 in Shelby County at an estimated cost of \$26 million.
- The portion of the pipeline from KY Hwy 53 to Fayette County can be financed by:
  - Federal and state grants.
  - Contributions from participating water suppliers in Shelby County and Central Kentucky.
  - Low interest loans from KLC, KACO, KIA or other governmental agencies.
  - Financing from Louisville Water Company.

will build a 36 inch pipe from Hwy 53 to Fayette County

Private debt from KLC



# The Louisville Pipeline Solution

## The Louisville Cost of Water:

- LWC's current wholesale water rate for 2007 is \$1.71 per 1,000 gallons.
- Water rates are reviewed and adjusted annually by the LWC Board of Water Works.
- Over the past 10 years, wholesale water rates have increased <sup>an</sup> and average of 2 percent.
- Alternative wholesale water rates are available, based upon duration of contract, minimum purchase, capacity reserved, and contributed capital.



## **Benefits of a Louisville Pipeline Solution**

### **1. Provides an unlimited supply from the Ohio River.**

- The Ohio River averages 90 billion gallons of water a day.
- LWC uses an average of 0.13 billion gallons of water a day (130 MGD).
- LWC record pumping day is 205 MGD in 2005, less than 0.5% of the available Ohio River supply.
- Provides access to LWC's reserve production capacity.



# **Benefits of a Louisville Pipeline Solution**

## **2. Provides a low cost solution.**

- Pipelines cost less to construct than treatment plants.
- Pipelines are scalable to increase flow during emergencies and peak demand conditions.
- Pipelines are long life assets lasting 75 to 100 years.
- Pipelines have lower operating and maintenance costs.





## **Benefits of a Louisville Pipeline Solution**

### **3. Provides regional solution.**

- The pipeline route along Interstate 64 provides water for Shelby County and Central Kentucky.
- The pipeline provides wholesale water service to the regions' water suppliers for resale in and beyond their service area.
- Regional solutions are endorsed by EPA, KIA, and the Kentucky Division of Water.



## **Benefits of a Louisville Pipeline Solution**

### **4. Project is attractive for grants and low interest loans.**

- Grants from Federal and State appropriations.
- Low interest loans from KLC, KACO, KIA and others.



## **Benefits of a Louisville Pipeline Solution**

### **5. Provides a reliable solution for Central Kentucky.**

- Long term drought protection.
- Redundant and independent source of supply from Ohio River.
- Interconnectivity for emergency use during natural and man-made disasters.
- Water supply through 2030 for planned and managed growth.
- Expandable source for water supply <sup>beyond 2030</sup> through ~~2050~~.



## **Contact Information**

### **Louisville Water Company**

550 South Third Street  
Louisville, KY 40202

### **Greg Heitzman**

President  
502-569-3681  
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**Louisville Water Company  
Presentation  
to the Planning Committee  
Lexington - Fayette Urban County Council  
August 21, 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.



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- Additional reliable source of supply by 2010.
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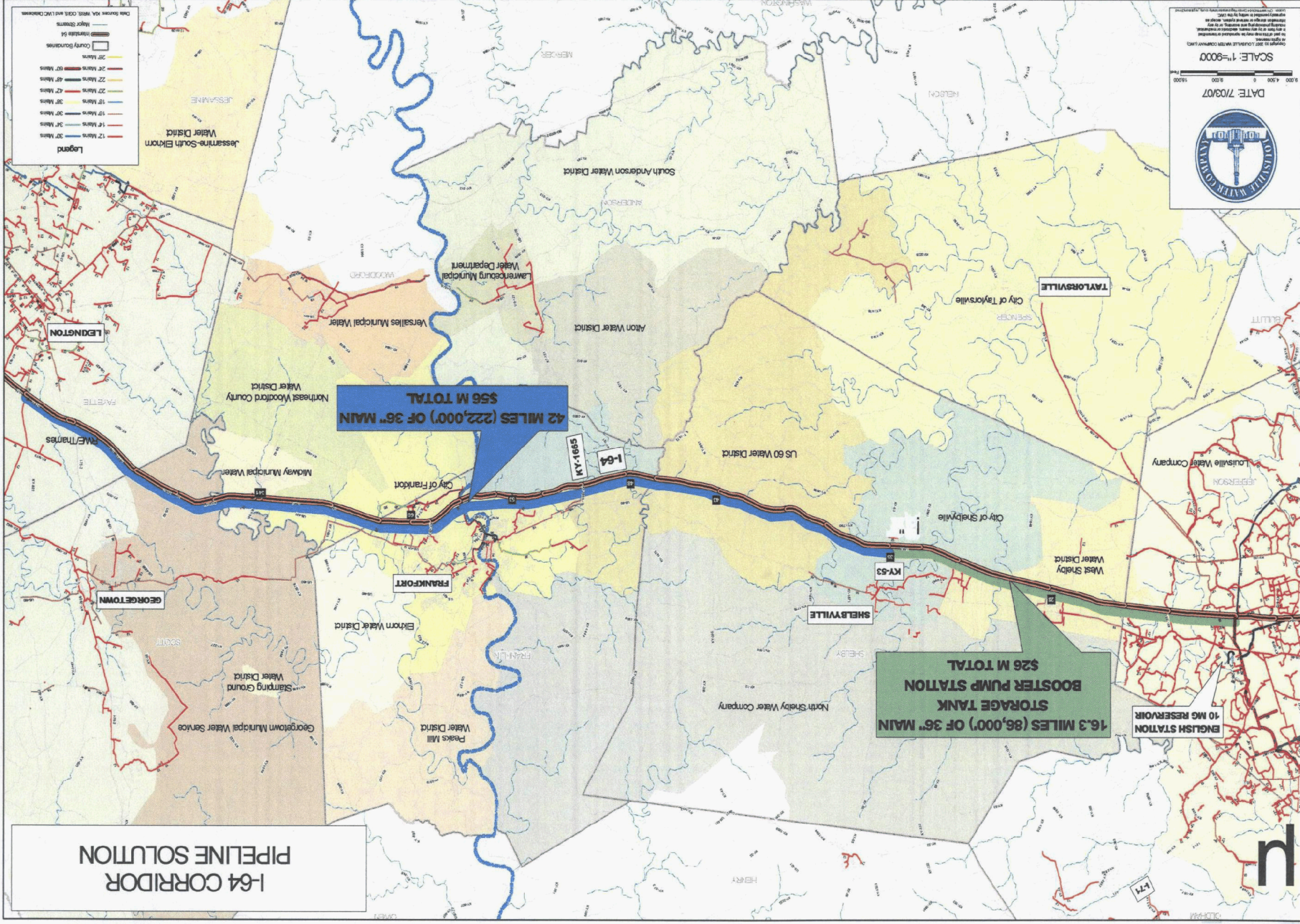
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- LWC proposes a 36-inch pipeline be built along Interstate 64 from Jefferson County to Fayette County.
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- The pipeline will provide wholesale water service to water providers in Shelby County and Central Kentucky.



# I-64 CORRIDOR PIPELINE SOLUTION




  
 DATE: 7/03/07
   
 SCALE: 1"=8000'
   

 This map was prepared by the Louisville Water Company for the purpose of illustrating the proposed pipeline solution. It is not intended to be used for any other purpose. The Louisville Water Company is not responsible for any errors or omissions in this map.

**Legend**

- 36" Main
- 24" Main
- 22" Main
- 20" Main
- 18" Main
- 16" Main
- 14" Main
- 12" Main
- Water District
- County Boundaries
- Major Roads
- Other Water Mains



# The Louisville Pipeline Solution

## The Pipeline Capacity and Benefits:

- A 36-inch pipeline has a design capacity of 23 MGD (5 feet per second).
- A 36-inch pipeline has a maximum flow capacity up to 35 MGD (7.5 feet per second).
- Other pipeline sizes are available.

Size	Capacity Range	Minimum Take or Pay
42 inch	31 – 47 MGD	6 MGD
36 inch	23 – 35 MGD	5 MGD
30 inch	16 – 24 MGD	3 MGD
24 inch	10 – 15 MGD	2 MGD



## The Louisville Pipeline Solution

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