MSD
Metropolitan Sewer District

Louisville and Jefferson County
Metropolitan Sewer District

WASTEWATER SERVICE CHARGES

EFFECTIVE FOR ALL BILLS ISSUED ON AND AFTER AUGUST 1, 2010

A. WASTEWATER SERVICE CHARGES
Applicable to all bills rendered.

Fixed charges by water service meter sizes applicable to all wastewater service charge billings:

Meter Size Inches	Monthly Billing $/Bill	Bi-Monthly Billing $/Bill	Meter Size Inches	Monthly Billing $/Bill	Bi-Monthly Billing $/Bill
5/8 or 3/4	14.82	19.31	6	318.78	626.52
1	25.83	38.77	8	479.13	939.80
1-1/2	38.77	64.50	10	626.52	1,234.67
2	49.78	88.46	12	909.60	1,819.20
3	105.29	197.20	15 or 16	1,102.56	2,205.06
4	165.87	318.84	18 or 20	1,447.08	2,894.16

Plus $68.63 for each reading of each meter owned by a customer for the purpose of determining billable consumption. Service Charges may be pro-rated based on the number of actual days in a billing cycle.

B. WASTEWATER VOLUME CHARGES

Regular volume rates described below are calculated by using 85% of the actual metered water used by residential customers, providing an automatic year-long 15% discount for lawn watering and other uses of water which does not enter the sanitary sewer system. Automatic volume rate discounts of 10% for commercial customers and 5% for industrial customers are also provided. The "sewer only" volume rates exclude these automatic discounts and are used for customers who are charged for only the water entering the sanitary sewer system as determined by metering systems.

*May be modified from time to time by contractual agreement with individual customers.

1. **Regular volume rate** applicable to all water used and not meeting the requirements for the optional volume rate (see below):

   Residential - $2.65 per 1,000 gallons of volume billed
   Commercial - $3.05 per 1,000 gallons of volume billed
   Industrial - $3.17 per 1,000 gallons of volume billed

2. **Optional (clean) volume rate** available to customers whose average water use during any consecutive twelve-month period exceeds 1,000,000 gallons per month. Such customers may, until such volume is less than 1,000,000 gallons per month, have the option of being charged the following optional volume rate for water used plus quality charges for total properly certified and approved **BOD** and **SS** loadings.

   $1.80 per 1,000 gallons of volume billed; or

3. **Sewer only volume rates** applicable where billable volumes are based on either the wastewater discharged to the sewer system as determined by metering, or metered water use less exemptions approved by MSD for water not ultimately discharged to the sewer system as determined by separated metering.

   Residential - $3.04 regular rate
   Commercial - $3.41 regular rate or $1.93 optional rate/1,000 gallons
   Industrial - $3.42 regular rate or $1.93 optional rate/1,000 gallons

4. **EPA Consent Decree Surcharge** applicable to the following billings:

Residential - $7.88 per month or $15.76 bi-monthly
Condominium complexes without water meters for each condominium - greater of $7.88 per month or $1.31 per thousand gallons of water billed
Commercial Regular Volume Rate - greater of $7.88 per month or $.94 per thousand gallons of water billed
Commercial Sewer Only Volume Rate - greater of $7.88 per month or $1.05 per thousand gallons of wastewater discharged
Industrial Regular Volume Rate - greater of $7.88 per month or $.99 per thousand gallons of water billed
Industrial Sewer Only Volume Rate - greater of $7.88 per month or $1.05 per thousand gallons of wastewater discharged
Optional (clean) Volume Rate - greater of $7.88 per month or $.55 per thousand gallons of water billed
Optional (sewer only) Volume Rate - greater of $7.88 per month or $.60 per thousand gallons of wastewater discharged

C. QUALITY CHARGES*

Applicable to contributed wastewater strengths in excess of 250 mg/liter of biochemical oxygen demand (BOD) or 270 mg/liter of suspended solids (SS):

$0.3013 per pound of BOD loading in excess of 250 mg/liter (or $0.002513 per mg/liter per 1,000 gallons); and

$0.1242 per pound of SS loading in excess of 270 mg/liter (or $0.00103535 per mg/liter per 1,000 gallons).

Any commercial, institutional or industrial customer who is deemed eligible to be placed on quality charges by MSD will have their wastewater tested for the purpose of accessing a quality charge billing rate in addition to the volume rate applied. MSD shall at all times have access to the premises of a customer for the purpose of determining appropriate quality charges. Quality charge billing rates will be based on sampling and analyses conducted by MSD personnel using MSD protocols and methods.

MSD will set the frequency and duration for quality charge sampling events. MSD will take business cycle fluctuations that may affect loadings into consideration when determining sampling frequency and duration.

MSD may establish standard BOD and SS loadings for a specific customer class which shall be used to assess applicable quality charge billing rates, using the quality charge rate multipliers stated above. In addition, MSD may use other methods to determine a quality charge billing rate for those customers for which standard sampling and analyzes do not represent the actual loadings being discharged.

*May be modified from time to time by contractual agreement with individual customer.

D. FLAT RATE FOR RESIDENTIAL CUSTOMER

Applicable to any single-family residential customer without a metered public water service:

$30.72 monthly plus $7.88 EPA Consent Decree Surcharge or
$51.11 bi-monthly plus $15.76 EPA Consent Decree Surcharge

E. PENALTY CHARGE

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

F. UNUSUAL INCIDENT CHARGE

Any business, firm or individual introducing into MSD's sewer system substance detrimental to MSD's sewers, wastewater treatment facilities, pumping facilities or wastewater treatment processes, which result in abnormal costs for MSD, shall be charged and shall pay the actual total costs incurred as determined by MSD.

G. DEBT SERVICE ADJUSTMENT

Whenever MSD's net revenues are less than 1.10 times the debt service on MSD's outstanding revenue bonds for any consecutive six-month period, by order of the Board of MSD, a schedule of wastewater service charges shall be amended in order to maintain a 1.10 debt service coverage required by MSD's 1971 Bond Authorizing Resolution which was approved by the City of Louisville Ordinance Number 86, Series 1971; provided the aggregate of such adjustments for any twelve-month period shall not generate additional revenue from wastewater service charges in excess of 7%.

The term, "net revenues" is defined as gross revenue from wastewater service charges less operating expenses and debt payments other than debt service payments on MSD's outstanding revenue bonds.

H. CONNECTION FEES

1. MSD's Connection Fee is due and payable to MSD for connections to MSD's sanitary sewer system under any of the following circumstances:

   a. whenever a physical connection from the property to be served to MSD's public sewer is required to be constructed;

   b. a working and usable connection is present but there exists a previous commitment or obligation to pay a connection fee to MSD on the part of the current property owner or previous property owners;

2. MSD's Connection Fee is not due for connections to MSD's sanitary sewer system under any of the following circumstances.

   a. a working and usable connection exists that serves the property that was constructed and accepted by MSD prior to August 1, 1998;

   b. a property is being served by an MSD assessment project and the property is being assessed.

   c. a property is being served as part of a new development being constructed under the provisions of an MSD's Lateral Extension (LE) Contract and the property owner is a third party beneficiary of the LE Contract;

   d. connections to MSD's sewer system are exempted by a previously executed agreement with MSD;

   e. the connection fee is exempted from payment by another provision of these Rates, Rental and Charges;

   f. the connection fee has been specifically exempted by action of the MSD Board; or

   g. Connection Fees are not applicable to homes:

      i. built by, or on behalf of, an organization which is either exempt from Federal income tax under 26 U.S.C. & 501 (c))(3)of the Internal

Revenue Code, or is a government entity; and

ii. sold to buyers who qualify according to the income guidelines established by MSD and

iii. a property for which a federal low income housing tax credit is not being taken by any entity or individual and

iv. a property which has a sales price which qualifies under price guidelines established by MSD.

3. A special MSD connection fee is due and payable for those properties to be served in the vicinity of a MSD Assessment Project (whether connecting to an interceptor or a collector line) that will be equal to the most similar Guaranteed Maximum Assessment Project (GMA). After three years from the issuance of warrants for the assessment project, the amount paid shall be the greater of the GMA or the current applicable connection fee.

4. Connection Fees may be paid by any method approved by MSD including the use of installment plans in accordance with the procedures and at interest rates approved by the MSD Board. However, if MSD's installment plan is used, the property owner shall grant MSD a mortgage on the real property to be served.

The Connection Fee shall be equal to the actual construction cost plus a $250.00 administrative fee.

AMENDMENT NO. 1
ADDITIONS TO MSD WASTEWATER SERVICE CHARGES

I. CAPACITY CHARGE

MSD is the designated management agency for the implementation of the Master Plan for sewering Jefferson County, and must eventually provide capacity within the comprehensive public sewerage system for all developed properties within Jefferson County. New development, even when using MSD's existing capacity, contributes to future capacity needs. Therefore, Capacity Charges shall be collected from developers of properties to help defray the future cost of providing Master Plan sewerage facilities.

When a developer of property wishes to provide sewer service by extension of or connection to MSD's sewer system, the developer, in addition to providing and paying for sewerage facilities necessary for the development, shall pay a Capacity Charge in advance of connection to MSD's wastewater treatment facilities. For developments served by MSD sewer extensions, the developer shall pay the applicable Capacity Charge irrevocable Letter of Credit from a local bank or other financial institution which guarantees MSD payment in full at MSD's request after the sewers are installed and connected to MSD's sewer system and before MSD issues its formal acceptance to the sewer extensions.

The Capacity Charge shall be calculated by multiplying the unit capacity charge times the gallons per day estimated to flow from a new development connecting to MSD's sewer system as determined by MSD. The unit capacity charge (value per gallon) shall be calculated by dividing MSD's Net Worth (system value) by MSD's total system-wide design capacity. For any calendar year, the unit capacity charge shall be based on MSD's net worth as reported in the Annual Audit Report for the fiscal year ended the June 30 prior to the calendar year.

Capacity Charges are not applicable to the following:

1. Existing developed properties connecting to MSD's system but previously served by another (non MSD) sewer system or on-lot wastewater disposal system.

2. Properties to be served by a new wastewater treatment plant to be owned by MSD and constructed and financed jointly by agreement between MSD and one or more developers; however, the prorated shares of the developers' capital costs based on their estimated use of design capacity, shall not be less than the amounts MSD would recover by using the Capacity Charge calculations. Properties in the service area not party to the agreement will pay the Capacity Charges.

3. Properties owned by the City of Louisville, Jefferson County, or joint agencies of the City of Louisville and Jefferson County.

4. Properties which connect prior to January 1, 1993 to an MSD sewer which was installed and available in an abutting right of way or easement as of January 1, 1987, provided said properties were annexed into MSD's wastewater service area at the written request of the owners dated and received by MSD prior to January 1, 1987, and provided the properties are being developed, or have recently been developed, at the time of connection.

5. Properties within the boundaries of the City of Louisville which, in 1946, transferred the then existing City sewerage system to MSD at no cost to MSD. Funds collected by the capacity charge shall be used to finance future sewerage expansion that will serve new development.

6. Property located within designated Louisville and Jefferson County Enterprise Zones is exempt from the Capacity Charge imposed by MSD on new property development pursuant to Metro Codified Ordinance Section 50.48(C).

J. DRAINAGE SERVICE CHARGES

A system and structure of drainage service charges to be applied to all developed parcels of land within the MSD drainage service area and other drainage service fees are hereby established in accordance with the following:

1. Definitions

For the purpose of this Amendment, the words or phrases below shall have the following meanings:

a. **"MSD"** shall mean the Louisville and Jefferson County Metropolitan Sewer District

b. **"Developed"** shall mean that condition of real property altered from its natural state by the addition to or construction on such property of impervious ground cover or other man-made physical improvements such that the hydrology of the property or a portion thereof is affected.

c. An **"Equivalent Service Unit"** (ESU) is the measure of impervious ground cover for a typical single-family residential property and is used by MSD in assessing the drainage service charges for each parcel of property.

d. **"Impervious Surface"** shall mean those hard surface areas either which prevent or retard the entry of water into the soil in the manner that such water entered the soil under natural conditions pre-existent to development, or which cause water to run off the surface in greater quantities or at an increase rate of flow than that present under natural conditions pre-existent to development, including, without limitations, such surfaces as roof tops, asphalt or concrete paving, driveways and parking lots, walkways, patio areas, storage areas, or other surfaces which similarly affect the natural infiltration or runoff patterns existing prior to development.

e. **"Drainage Master Plan"** shall mean the plan for managing storm drainage and surface water runoff facilities and features within MSD's drainage service area and the drainage basins therein.

f. **"Drainage Service Charge"** means the fee levied by MSD upon all developed real property within the boundaries of MSD's drainage service area as authorized by this amendment.

g. The **"System"** shall mean the entire system of flood protection and stormwater drainage and surface water runoff facilities owned or leased by MSD or over which MSD has right of use for the movement and control of storm drainage and surface water runoff, including both naturally occurring and man-made facilities.

h. **"Drainage Service Area"** shall mean the existing service area of MSD as defined by KRS 76.005(3), and any expansion thereof pursuant to KRS 76.175.

i. **"Underdeveloped"** shall mean that condition of real property unaltered by the construction or addition to such property by man of impervious ground cover or physical man-made improvements of any kind which change the hydrology of the property from its natural state.

j. **"Residence"** shall mean a building or structure or portion thereof, designed for and used by human beings. The term residence includes the term "residential" and "residential unit" as referring to the type of or intended use of a building or structure.

k. **"Single -Family Residential Property or Parcel"** means any property or parcel which contains one structure with one or two residential dwelling units.

l. **"Non-Single-Family Residential Property or Parcels"** shall mean properties or parcels which contain more than one residential structure or one residential structure with more than two residential dwelling units and institutional, commercial, or industrial properties.

2. Service Charge

A drainage service charge is imposed on every parcel of land within the drainage service area except of the following exempted properties:

a. City-owned property where that incorporated city has entered into an interlocal drainage service agreement with MSD providing for detention basin sites, easements, drainage rights-of-way or other assets of value comparable to applicable drainage service charges;

b. Properties owned by the City of Louisville or by Jefferson County, or their budgeted agencies, which have offset their drainage service charges by the dedication of drainage facilities and future considerations through concomitant cooperative agreements;

12 14 Bi-Monthly

c. MSD-owned property;

d. Public roads;

e. All undeveloped parcels of land.

The following charges are hereby established and imposed for all parcels or real property within the drainage service area, excluding exempted properties.

Class A properties or Single-Family Residential

The single-family residential charge rate shall be $6.07 per month for each parcel having one or two residential dwelling unit(s). This flat rate fee is based on each single-family residential parcel being equal to one equivalent service unit (ESU). MSD shall determine the number of single-family residential parcels in the drainage service area and designate each as a single ESU irrespective of the size of parcel is segregated or the use of the land is modified to other than single-family. Drainage Charges may be pro-rated based on the number of actual days in a billing cycle.

Class B or other Parcels

The charge for all other parcels within the drainage service area shall be based upon the number of square feet of measured impervious surface, as determined by MSD through aerial photography and surface feature evaluation processes, expressed in whole ESUs by rounding to the next highest ESU (an ESU has been determined to be 2,500 square feet of impervious surface). The charge for Class B property may be computed by multiplying the number of ESUs for a given parcel by the unit rate established by MSD of $6.07 per month. Drainage Charges may be pro-rated based on the number of actual days in a billing cycle. Any owner of Class B property may request a drainage charge credit adjustment for approved on-site stormwater retention or detention facilities provided:

1. The property owner remains responsible for all costs of operation and maintenance of the facility;

2. The facility has been constructed in accordance with all approved plans; "and drainage service charges" following the term "Wastewater Service Charges" whenever said term appears in said provision.

3. The owner has obtained MSD required permits for the facility; and

4. MSD has access to the facility for purposes of inspecting for compliance with design, maintenance and operating standards.

If MSD approves a drainage charge credit for on-site stormwater retention or detention facilities, the credit will be applied by reducing the number of billable ESUs by the percent of reduction in stormwater runoff due to such on-site facilities, as determined by MSD. The net billable ESUs after such credit is applied shall be expressed in whole ESUs by rounding to the next highest ESU, and the adjusted drainage service charge shall not be less than 18% of the drainage service charge before the credit adjustment.

Other Drainage Fees

The Board of MSD may establish fees for the review an approval of plans or designs of drainage facilities, an for the inspection of the construction of drainage facilities, all in accordance with KRS Section 76.085, and may establish policies for the sharing of the costs of developing regional drainage systems serving multiple developments/properties.

Billing and Collection

Drainage service charges shall be billed and made payable using the same frequencies and billing cycles used by the Louisville Water Company for its billing system. The amounts to be billed shall be included as additions to the billings of the Louisville Water Company for water and/or sewer service, or by separate billings and billing cycles for accounts not maintained by the Louisville Water Company. Drainage Charges may be pro-rated based on the number of actual days in a billing cycle.

The owner(s), tenant(s) or person(s) responsible for the payment of water service charges and/or sewer service charges shall also be responsible for the payment of drainage service charges for the same parcel(s) except for multiple occupancy such as shopping centers, apartment, condominiums, etc., in which cases MSD may either allocate the drainage service charges among the occupants of the parcel or may deem that a single billing to the parcel's owner(s), agent or association is appropriate. In either case, the billed party shall be responsible for payment of drainage service charges. For properties not billed by the Louisville Water Company for water service charges and/or

sewer service charges, the owners of such properties shall be billed drainage service charges and shall be responsible for payment of same. In all situations, the owners of properties subject to drainage service charges shall be fully responsible for payment of said charges regardless of any other parties herein above identified as also being responsible for payment of drainage service charges.

When any drainage service charges remain unpaid for a period of thirty (30) days after the amount becomes due and payable, the property, tenant and the owner thereof shall be deemed delinquent until such time as the charges are fully paid. MSD may terminate or cause to be terminated public sewer, water, and/or drainage services against the tenant or owner to obtain payment, all in accordance with KRS 76.090(4). A penalty shall be applied to delinquent drainage charges in the same manner that penalties are applied to delinquent sewer and water charges by the Louisville Water Company or as otherwise determined by MSD.

Drainage Revenues/Expenses

All monies collected through drainage service charges and drainage fees authorized herein shall be separately identified and accounted for in MSD's financial records, and all expenses related to stormwater drainage and flood control shall be separately identified and accounted for by MSD. The **DEBT SERVICE ADJUSTMENT** provision within MSD's existing schedule or rates, rentals and charges is hereby amended by adding "and drainage service charges" following the term "Wastewater Service Charges" wherever said term appears in said provisions.

Adjustment of Charge, Appeals

Any owner who considers that drainage service charges applied to the owner's parcel are inaccurate or otherwise disagrees with the determination may apply to MSD's Financial Director for a rate review, stating in writing the grounds for the adjustment. The Financial Director will review the case and report findings to the Executive Director. The Executive Director shall consider the complaint and staff recommendations and determine whether an adjustment is necessary to provide for reasonable and equitable application of the drainage service charge.

Appeal of decisions made by the Executive Director may be brought before the MSD Board in writing with notice and substance of the appeal sent to the Board's secretary within fifteen (15) days after the owner receives the Executive Director's decision. Upon reviewing the documentation, the Board shall render a final decision.

K. INFLOW AND INFILTRATION (I/I) SURCHARGE

1. Applicable to individuals and/or entities ("hereinafter "Developers") who provide sewer service by extension of or connection to MSD's separate sanitary sewer system:

   $1 per gallon per day calculated by multiplying $1 times the gallons per day estimated to flow from a new development connecting to MSD's sewer system as determined by MSD, with a minimum charge of $400.00 for a single project.

2. I/I fees are due and payable to MSD in full at time of the Developer's payment of Capacity Charges.

3. I/I fees are not applicable to the following:

   a. Properties located within an area of an MSD sewershed subject to "recapture fees" but exempted from such fees as "Non-Subject Properties" pursuant to express terms and conditions of the applicable Recapture Agreement between MSD and Developer, provided the Facilities constructed pursuant to the Agreement were constructed according to MSD's Master Plan for sewering Jefferson County.

   b. Properties at which I/I reduction work has been approved by MSD and performed in accordance with the MSD Capacity Assurance Program.

   c. Properties which do not impact documented sanitary sewer overflows as determined by MSD, and for which a Reservation of Capacity Agreement was executed prior to August 1, 2008, and a Lateral Extension Agreement was executed prior to September 1, 2008.

   d. Properties which will discharge flow directly into an MSD combined sewer and for which a separate MSD sanitary sewer is not available.

4. I/I surcharge fees will terminate at such time MSD terminates its Capacity Assurance Program.

L. RECAPUTURE AGREEMENTS

MSD may negotiate and execute agreements with individuals and/or entities (herein "Developers") whereby Developers may construct and pay for regional sanitary sewer facilities that serve the Developers' property and other property located within a region determined by MSD (herein "Sewershed"). The Developer must submit plans for the proposed regional sanitary sewer facilities (herein "Facilities") to MSD and MSD must approve such plans prior to construction. The Developer also must receive approval from MSD that the Facilities' construction was in accordance with its prior approved plans and specifications. Developers must transfer right, title and interest of said Facilities to MSD at no cost. When other properties within the Sewershed are developed, MSD may charge customers located within that determined Sewershed, or other customers permitted by MSD to use such Facilities, Recapture Fees on behalf of the Developers in order to recapture the cost expended by the Developers in constructing such Facilities. MSD will calculate the Recapture Fees by determining the number of developable lots within the Sewershed and dividing it into the total final cost of the Facilities. MSD will collect the Recapture Fees and, after retaining a reasonable administrative fee from the Recapture Fees, remit the balance of the Recapture Fees to the Developers in accordance with the terms of the agreements and with this section. MSD will approve future developers to use the Facilities and collect the Recapture Fees as determined in this action.

M. SENIOR CITIZENS DISCOUNT

Senior Citizens are eligible for a 30% discount off wastewater service charges, wastewater volume charges and the EPA Consent Decree Surcharge. This discount will be made available to customers of MSD that are 65 years or older, have a gross household income of $35,000 or less, and are the primary titleholder or leaseholder on the property subject to the bill. An application will be sent to those customers that request one and the discount shall begin on the billing period following the date that the application is approved by MSD. In order to qualify for this discount, proof of age such as a birth certificate or driver's license must be provided. In addition, proof of income such as a Federal Income Tax Form 1040 must be provided and proof of residency such as a warranty deed or lease agreement must be provided. Customers that qualify for this discount may be asked to complete a renewal application on an annual basis or as otherwise determined by MSD.

N. ADJUSTMENT OF CHARGES AND APPEALS

Any owner who considers that wastewater or drainage charges applied to the owner's parcel are inaccurate or otherwise disagrees with the determination may apply to MSD's Financial Director for a rate review, stating in writing the grounds for the adjustment. The Financial Director will review the case and report findings to the Executive Director. The Executive Director shall consider the complaint and staff recommendations and determine whether an adjustment is necessary to provide for reasonable and equitable application of the charge(s).

Appeal of decisions made by the Executive Director may be brought before the MSD Board in writing with notice and substance of the appeal sent to the Board's secretary within fifteen (15) days after the owner receives the Executive Director's decision. Upon reviewing the documentation, the Board shall render a final decision.

Severability

If any section, clause or provision of this amendment be declared by the courts to be invalid, the same shall not affect the validity of the amendment as a whole or any part thereof, other than the part so declared to be invalid.